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ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2025

Titomic Limited

ABN 77 602 793 644

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TITOMIC OVERVIEW

The world's leading provider
OF
COLD SPRAY SOLUTIONS

Titomic is the world's only publicly listed company with cold spray at the core of its operations. With this technology, Titomic is providing new capabilities for the manufacture, coating, and repair of metal parts.



SYSTEMS



D523 | D623

Faster, stronger metal coatings and repairs

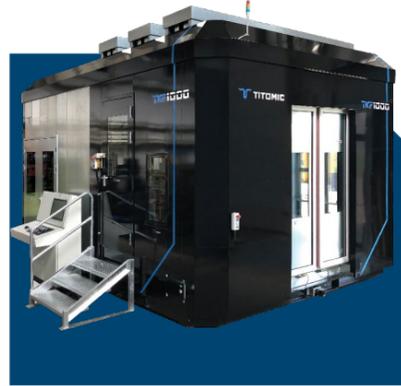
For the repair and restoration of numerous metal parts like engine components and moulds, sealing, corrosion protection, electrical conductivity and special applications.



ISB-L

Greater process control and efficiency

Titomic's turnkey Integrated Spray Booth systems bring together low-to-medium pressure cold spray, handling, and dust extraction.



TKF™ 1000

Create large, strong multi-metal parts

Titomic's TKF™1000 is a modular additive manufacturing system. Limitless possibilities including prototyping to R&D, small-run production and on-demand manufacturing.

TKF™ 3250

Leading cold spray manufacturing capability

Titomic's capability to meet industry demands with high-performance cold spray systems. Designed and optimised for aerospace and defense manufacturing.



ADDITIVE MANUFACTURING APPLICATIONS

STRUCTURES

Cold spray creates large structures with minimal size constraints from titanium, steel, and more, comparable to the properties of cast or forged parts with shorter lead time.

TOOLING

Produce stronger, lighter, thinner and corrosion-resistant near-net shape faceplates – with reduced welding, assembly and lead times.

BALLISTICS SHIELDING

Create complex, freeform ballistics protection from multiple metals or titanium to produce larger, lighter, more versatile armour.



COATING & REPAIR APPLICATIONS

FUNCTIONAL COATINGS

Heat-resistant layers, electrical conductivity, anti-fouling properties, and antibacterial surfaces, all achievable with significant thickness, no thermal distortion, unlimited size capacity, and on-site application.

CORROSION

Apply corrosion-resistant materials such as titanium, aluminium, zinc, and nickel to new or existing parts, enhancing their lifespan in corrosive environments across marine, chemical, and oil and gas applications.

WEAR RESISTANCE

Protect moulds, handling equipment, and more from wear, and replace hard chrome coatings

ENGINE REMANUFACTURING

Refurbish engines without heat to restore and protect components, enhancing durability and performance with a cost-effective, easy to use solution.

EMBEDDED SENSORS

Build and incorporate electronic sensors directly into parts, providing hard-wearing and anti-corrosion analytical sensors for offshore oil and gas, subterranean piping and more.

REPAIRS

Rapidly repair metal parts, restoring them to working order in applications across aerospace, mining, defense, boilermaking and more. Spray metal in seconds, so you Coating & repair applications can restore parts in minutes.

HOW DOES COLD SPRAY WORK?

Cold spray accelerates metal powders to supersonic speeds, carried by air or nitrogen. As the powders exit the nozzle, they collide and mechanically bond to the surface and each other. As millions of powder particles collide every minute, they quickly build up strong, high-adhesion layers of metal to create coatings or free-form, 3D parts. Unlike traditional manufacturing methods like casting or forging, the particles don't need to melt to be bonded together. This results in several significant capabilities, including:

- Parts are made to a near-net shape, reducing the amount of material that needs to be removed from the part by up to 90%, significantly reducing material costs.
- As the metals aren't melted, cumulative thermal stress is mitigated and an inert environment is not needed, enabling Titomic to manufacture parts with minimal size constraints.
- Metals with different melting points are still able to be combined into a single, seamless part, such as aluminium and titanium, steel and copper, and much more. This allows manufacturers to leverage the strengths of multiple metals in a single part or coating.



FASTER
OUTPUT



SCALABLE
SYSTEMS



COMBINE
METALS



NO SIZE
RESTRICTIONS



COST
COMPETITIVE

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Executive Chair of the Board, Dag W.R. Stromme's and Managing Director & CEO, Jim Simpson's Statement

FY2025 was a year of expansion into key markets:

- **United States:** Commissioning of our 59,000 sq. ft. Huntsville, Alabama headquarters in June 2025 established Titomic's global hub in the world's largest defense and aerospace ecosystem. Proximity to primes such as Northrop Grumman and Boeing has already translated into active qualification programs and contracted production.
- **Europe:** Expansion of our manufacturing capabilities, secured €800k 3D PK grant from Dutch Ministry of Economic Affairs, Airbus MRO integration, and system sales to Université de Limoges, Fraunhofer, and Efee broadened our footprint across the EU.
- **Australia:** Continued delivery of corrosion remediation for Woodside Energy and repeat rail component repairs validated **Titomic Kinetic Fusion™** as a permanent sustainment solution.
- **United Kingdom:** Establishment of Titomic UK in July 2025 reinforced our NATO and AUKUS alignment and positions us within critical U.K. defense and industrial supply chains.



We are now a global advanced manufacturing company, with established facilities in Australia and the United States, and a growing footprint in Europe. Our European presence will be further strengthened with the opening of an expanded manufacturing facility in Heerenveen, The Netherlands on 22nd September 2025.. This expansion reflects a deliberate strategy to scale operations, deepen engagement with key regions, and position Titomic within critical supply chains closer to the industries we serve. At the heart of this growth is **Titomic Kinetic Fusion™ (TKF™)**, our patented cold spray additive manufacturing technology:

- Produces fully dense components at industrially relevant rates, enabling both rapid prototyping and high-value production.
- Eliminates heat-affected zones, distortion, or changes to base materials, making it uniquely suited for sustainment and repair.
- Enables in-situ restoration of sensitive and high-value assets in aerospace, defense, marine, and energy applications.
- Supported by industry certifications, including co-development of the AMS 7057 aerospace standard and ongoing engagement with DNV for maritime and offshore validation.

These advantages translate directly into faster qualification cycles, lower total cost of ownership, and the ability for customers to commercialize new products and repair services more quickly. By enabling efficiency, sustainability, and compliance with sovereign requirements, **Titomic Kinetic Fusion™** is a commercially compelling technology, with these significant benefits the key driver of commercial adoption across our target markets.

Our focus remains on the five sectors that represent the greatest potential for adoption of **Titomic Kinetic Fusion™**: aerospace, maritime / oil & gas and transportation. These industries demand compliance with strict standards, long service life of assets, and improved lifecycle economics. Together they represent a global market opportunity of around US\$5 billion, shaped by structural drivers including rising defense investment, ageing infrastructure, and the global shift toward resilient and sovereign supply chains.

FY2025 saw important milestones across all of our target sectors:

- **Defense and Aerospace Manufacturing:** Northrop Grumman pressure vessel production commenced in Huntsville; European Tier-One engineering validation trials advanced toward sustained output; Boeing qualification programs moved forward.
- **Defense and Aerospace Sustainment:** Ukraine successfully deployed nine D523 systems for in situ battle repair, NAVSEA acquired a D523 system; Airbus MRO pilots opened a pathway into 40 owned and 400+ affiliate sites; Naval Group and USACE trials demonstrated at-sea and in-field repair capability.
- **Maritime / Oil & Gas:** Woodside Energy corrosion remediation, Efee system deployments, and DNV certification programs advanced adoption across offshore and maritime applications. Transport and Heavy Industry: Repeat rail repairs in Australia and new system sales to Metric Auto and Hydralex demonstrated **TKF™**'s breadth in industrial markets.
- **Research and Academia:** Installations at University of North Texas, OMIC R&D, Université de Limoges, and Fraunhofer strengthened our reference base and innovation partnerships.

Together they represent a growing global market opportunity of around US\$5 billion, shaped by structural drivers including rising defense investment, ageing infrastructure, and the global shift towards resilient and sovereign supply chains.

In the United States, the commissioning of our Huntsville facility in June 2025 placed us in direct proximity to major aerospace and defense primes. Production of pressure vessels commenced with Northrop Grumman shortly after the facility opened, demonstrating both readiness and compliance with U.S. sourcing requirements. Engagements with Boeing and other leading contractors advanced in parallel, reinforcing the importance of this presence. In Europe, validation trials with a major engineering group progressed toward sustained output, and our integration with Airbus maintenance operations created a pathway into global sustainment networks. In Australia, **Titomic Kinetic Fusion™** was applied in energy, transport, and defense programs, from corrosion remediation for Woodside Energy to more than 50 repeat component repairs for a major rail operator. In the marine sector, successful repair demonstrations with the Naval Group and progress toward DNV certification strengthened the foundation for broader adoption in naval and offshore applications.

In relation to our supply chain we have signed supply agreements with five U.S. based metal powder companies helping to secure U.S. sourced titanium and refractory metal supply.

System sales also supported our strategy by extending the installed base and enabling customer adoption in regulated environments. D523 and D623 systems were deployed across Europe, Asia Pacific, and the United States. High-pressure **Titomic Kinetic Fusion™** systems were delivered to leading institutions such as the University of North Texas and OMIC R&D, building strong reference points in research and industry collaboration.

To support this growth, Titomic reinforced its leadership team and governance structures:

- **Board:** Appointment of Lt. Gen. (Ret.) John Frewen AO, DSC strengthened defense procurement and strategic oversight.
- **Executive Team:** Appointments of Jim Simpson (CEO/Managing Director), Dr. Patricia Dare (President, U.S.), Sarah Neeley (COO, U.S.), and Kirk Pysher (SVP Manufacturing, U.S.) added decades of aerospace and defense leadership experience.
- **U.S. Strategic Advisory Group:** Comprised of former senior leaders from NASA, Boeing, Lockheed Martin, and the U.S. Air Force, this group provides guidance and accelerates our engagement with U.S. primes and government agencies.

The Board considers the progress toward securing long-term contracts with major aerospace, defense and energy organizations as evidence of Titomic's maturity and scalability. These opportunities, together with system sales and sustainment projects, provide a diversified revenue base and establish the foundation for recurring income streams.

The macro environment is highly favorable:

- U.S. defense spending is projected to exceed US\$1 trillion in FY2026.
- The European Union is forecast to invest €800 billion in defense by 2030.
- Structural demand for sovereign manufacturing, resilient supply chains, and sustainment solutions continues to accelerate adoption of Titomic's technology.

Building on these drivers, Titomic has set an ambitious target of US\$750 million in annual revenue by 2030. Our staged roadmap is clear:

- **CY2025:** Demonstrations and validation (Northrop, Airbus MRO, NAVSEA, USACE, DNV, NASA, and NATO/Ukraine). Expanding European operations.
- **CY2026–CY2027:** Initial production and rapid expansion across defense, aerospace, oil & gas and MRO roll-out activities.
- **CY2028–CY2029:** Multi-sector penetration and NATO deployments.
- **CY2030:** Scale achieved with – diversified annual revenues from Defense & Aerospace; Oil & Gas/Maritime; MRO/Aviation; Transportation; and Systems, Powder & Leasing.

As we enter FY2026, Titomic is financially strong, strategically positioned, and technologically validated. With our pivot to a services and recurring revenue model, global footprint, and growing Tier One engagements, we are confident in our ability to deliver sustainable growth, recurring income, and long-term value for shareholders. On behalf of the Board and leadership team, we thank our shareholders for their continued support, our partners and customers for their trust, and our employees for their commitment. Together, we are driving innovation, securing the future, and building Titomic into a global advanced manufacturing leader.

DAG W.R. STORMME
Executive Chair of the Board

JIM SIMPSON
Managing Director & CEO

STRATEGY
SCALING
TITOMIC KINETIC FUSION™
ADOPTION



FOCUS SECTORS

Titomic's commercial strategy is built around key sectors with the greatest potential for adoption of **Titomic Kinetic Fusion™**: aerospace, defense, and transportation. These industries share common characteristics, including high performance standards, strict regulatory oversight, and a demand for improved lifecycle economics. Together they represent a serviceable addressable market of approximately US\$5 billion, with strong underlying growth drivers including increased global defense spending, ageing infrastructure, and a shift toward sovereign manufacturing capabilities.



TECHNOLOGY ADVANTAGE

Titomic Kinetic Fusion™ is a patented cold spray additive manufacturing process capable of producing fully dense metal components and coatings without melting. This solid-state process offers a credible alternative to traditional manufacturing methods such as casting and forging, delivering components in hours rather than the days or weeks required by conventional techniques. With typical build rates of 5 kilograms (11 pounds) per hour, **Titomic Kinetic Fusion™** enables the efficient production of large, near-net-shape parts while significantly improving material utilization compared to manufacturing through subtractive machining. This efficiency reduces material waste and unit costs while also enabling novel capabilities for high-performance manufacturing.

In maintenance and sustainment, the technology replaces or complements welding by depositing metal in a solid state, avoiding heat-affected zones, distortion, or changes to original material properties. This allows in-situ repairs of high-value or heat-sensitive assets, eliminating the need for costly disassembly or transport. By enabling rapid corrosion remediation, geometry restoration, and surface enhancement, **Titomic Kinetic Fusion™** reduces downtime and extends the service life of critical infrastructure across defense platforms, marine vessels, energy installations, and heavy transport fleets.



COMMERCIALISATION PATHWAY

In FY2025, Titomic accelerated the shift from machine sales to recurring manufacturing and sustainment revenue. The Company commissioned its U.S. headquarters and 59,000 sq. ft manufacturing facility in Huntsville, Alabama (in June 2025), advanced expansion of its European site (due to open in Heerenveen, The Netherlands on 22 September 2025), and maintained strong capacity in Australia. This global footprint supports localised production, compliance with domestic sourcing requirements, and proximity to Tier-One aerospace and defense primes.

Qualification and certification remain central to adoption. Development of SAE International's Cold Spray Additive Manufacturing Specification, AMS 7057, provided the first globally recognised standard for cold spray in manufacturing and repair, streamlining procurement in regulated industries. Engagements with major defense contractors, aerospace OEMs, and government agencies — including Airbus, Boeing, Northrop Grumman, DNV, Woodside and the U.S. Navy — progressed from trials toward pilot programs and initial production, reinforcing Titomic's position as a strategic partner in high-value supply chains.

INDUSTRY PROGRESS AND ENGAGEMENTS

During FY2025, Titomic advanced commercial activity across aerospace, defense, maritime / oil & gas, and transportation — each representing significant addressable markets and aligned to the Company's strategy of scaling **Titomic Kinetic Fusion™** into regulated manufacturing and sustainment supply chains.



AEROSPACE AND DEFENSE | MANUFACTURING

NORTHROP GRUMMAN PRESSURE VESSEL PROGRAM

Following the opening of the Huntsville, Alabama facility, Titomic commenced contracted production of high-performance pressure vessels for Northrop Grumman. The facility's proximity to Northrop's missile defense site enabled co-located manufacturing, reduced logistics time, and ensured compliance with U.S. domestic sourcing requirements.

EUROPEAN TIER-ONE ENGINEERING DEVELOPMENT CONTINUES

A major European engineering group progressed validation trials using **Titomic Kinetic Fusion™** to address production bottlenecks in functionally critical components. The program generated FY2025 revenue and moved toward sustained output, with the potential to transition into long-term supply.

U.S. PRIME CONTRACTOR PROGRAMS

Active programs with a major U.S. aerospace and defense prime continued in FY2025, with cumulative revenue from the engagement being more than A\$1.0 million. Parts are progressing through qualification stages for entry into regulated manufacturing supply chains.

AEROSPACE AND DEFENSE | SUSTAINMENT

AIRBUS MRO INTEGRATION

Titomic continued integration of its systems into Airbus' European maintenance operations, with coating applications under development and potential for wider implementation across Airbus' global MRO network.

U.S. NAVY NAVSEA ADOPTION

NAVSEA purchased a D523 system for corrosion remediation and geometry restoration, marking Titomic's first sale to the U.S. Navy and establishing a pathway toward broader adoption in naval maintenance.

UKRAINE IN SITU BATTLE DAMAGE REPAIR

Ukraine successfully deployed nine D523 systems, donated by the Royal Dutch Army, for in-situ battle damage repair.

NAVAL GROUP REPAIR TRIALS

Naval Group completed successful at-sea trials restoring hull steel and mechanical components using **Titomic Kinetic Fusion™**, reducing drydock time and improving fleet readiness.

U.S. ARMY CORPS OF ENGINEERS FIELD MAINTENANCE

Titomic delivered a proof of concept for rapid in-field maintenance of defense infrastructure, demonstrating solid-state repair capabilities without heat input.

AUSTRALIAN DEPARTMENT OF DEFENCE COATINGS PROGRAM

Work commenced on developing and testing functional coatings designed to extend service life and reduce maintenance requirements in harsh operational environments.

MARITIME

DNV MARITIME CERTIFICATION

Progress continued toward achieving DNV maritime certification for **Titomic Kinetic Fusion™**, a prerequisite for large-scale marine repair and coating contracts. Engagements also advanced with Lloyd's Register, ABS, and Bureau Veritas for broader classification body recognition.

EFFEE OSR SYSTEM DEPLOYMENT

Effee OSR of Norway purchased a D523 system for corrosion control and field restoration in offshore and maritime applications, providing a base for repeatable certified repairs in the North Sea market.



OIL & GAS

WOODSIDE ENERGY CORROSION REMEDIATION

In Australia, Titomic continued corrosion remediation work for Woodside Energy's offshore assets. The process enabled in-situ application without thermal distortion or extended shutdowns, extending asset life and avoiding costly replacement.

CERTIFICATION SUPPORT FOR OFFSHORE ENERGY

Progress toward DNV certification also supported offshore energy applications, validating **Titomic Kinetic Fusion™** for harsh marine environments.



TRANSPORTATION & HEAVY INDUSTRY

AUSTRALIAN RAIL COMPONENT REPAIRS

Since February 2024, Titomic has completed more than 50 repeat cold spray repairs for a major Australian rail operator. The process restored components without disassembly, preserved original material properties, and returned them to service faster than conventional methods. The repairs of these parts have been fully assessed, with **Titomic Kinetic Fusion™** accepted as a permanent sustainment technology for the platform.

METRIC AUTO SYSTEM SALE

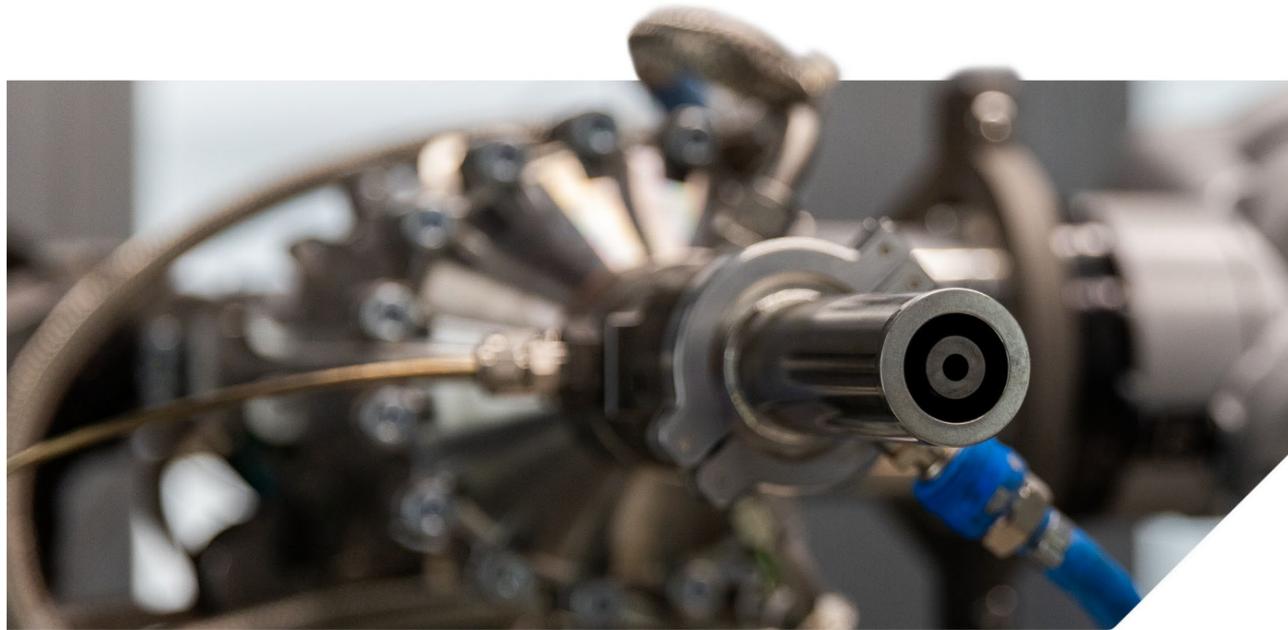
Metric Auto in Europe purchased a D523 system to improve automotive repair and restoration processes, positioning cold spray within high-throughput MRO environments. The D523 has strong applicability in heavy automotive sustainment, and Metric Auto joins a list of Titomic's customers in this space, among Volvo, Penske, MTU by Rolls Royce, and many others.

HYDRAULEX SYSTEM SALE

Hydraulex, part of BBB Industries, purchased a D523 system for hydraulic and valve component repairs across its national network, creating opportunities for multi-site adoption and enabling new sustainment capability. As these parts are sensitive to heat, they cannot be repaired using welding or other high-heat methods, meaning Titomic's D523 will save more components from being scrapped.

SALE OF TITOMIC KINETIC FUSION™ SYSTEMS

System sales to Research and Academic institutions remained an important enabler of Titomic's long-term commercialisation strategy in FY2025. Each installation expanded the global installed base, provided new reference sites, and created opportunities for future manufacturing, sustainment, and standards-aligned qualification work.



HIGH AND MEDIUM PRESSURE SYSTEMS

🇺🇸 UNIVERSITY OF NORTH TEXAS – TKF™ SYSTEM

Titomic sold a custom high-pressure **Titomic Kinetic Fusion™** system to the Center for Agile and Adaptive Additive Manufacturing at the University of North Texas for US\$0.7 million (A\$1.1 million). The platform will be used for research, education, and industry collaboration across aerospace, defense, and energy, building the North American reference base for high-performance cold spray applications.

🇺🇸 OMIC R&D – TKF™ SYSTEM

The high-pressure TKF system at OMIC R&D in the U.S. Pacific Northwest is now fully installed and commissioned. Serving a consortium of aerospace and industrial partners, OMIC's site will act as a demonstration and development hub for large-format additive builds and multi-metal coatings, and further enhances their suite of advanced manufacturing systems.

🇺🇸 TRITON SYSTEMS – TKF™ SYSTEM

Titomic sold a high-pressure **TKF™** system and a D623 system to Triton Systems in the United States for US\$1.2 million (A\$1.8 million). The system will support production of large, high-performance components for aerospace and defense programs, expanding an earlier engagement that included an integrated D623 system, which included an enclosed spray booth, robotic gantry, and digital controls.

🇫🇷 UNIVERSITÉ DE LIMOGES – D623 SYSTEM

Université de Limoges in France purchased a D623 system for €110,000 (A\$197,000) to support education, industrial R&D, and collaborative development in cold spray additive manufacturing. The system expands the Company's mid-pressure footprint in Europe and builds pathways into aerospace and energy coatings markets.

🇩🇪 FRAUNHOFER GERMANY – D623 SYSTEM

Fraunhofer, Europe's leading applied research network, ordered a D623 system for €10,000 (A\$261,000). The installation provides exposure to multiple industrial sectors and supports qualification work aligned with European manufacturing standards. Fraunhofer is not only a key research organization in Germany, but is recognized globally for their excellence in materials science and further scientific research.

LOW PRESSURE SYSTEMS

🇺🇸 NAVSEA, U.S. NAVY – D523 SYSTEM

The U.S. Navy's Naval Sea Systems Command (NAVSEA) acquired a D523 system for US\$68,000 (A\$104,000) for corrosion remediation and component restoration, marking Titomic's first sale to the U.S. Navy. The placement serves as a foundation for broader adoption in naval maintenance, as NAVSEA is the largest of the U.S. Navy's five system commands and is responsible for engineering, building, buying, and maintaining vessels and combat systems.

🇳🇴 EFFEE OSR, NORWAY – D523 SYSTEM

Effee OSR purchased a D523 system for NOK 750,000 (A\$106,000) for offshore and maritime applications in the North Sea. The system supports corrosion control and field restoration work within certified marine environments.

🇺🇸 CAPPSCO, TEXAS – D523 SYSTEM

Cappsco acquired a D523 system for US\$80,000 (A\$122,000) to expand maintenance and repair services in industrial MRO markets, demonstrating low-pressure cold spray's adaptability beyond aerospace and defense.

🇪🇺 METRIC AUTO, EUROPE – D523 SYSTEM

Metric Auto purchased a D523 system for €55,000 (A\$90,000) for automotive repair and restoration, enabling high-throughput, repeatable coatings and restorations in a regulated industrial setting.

🇺🇸 HYDRAULEX, UNITED STATES – D523 SYSTEM

Hydraulex, part of BBB Industries, purchased a D523 system for US\$80,000 (A\$122,000) for hydraulic and valve component repairs across its national network, creating opportunities for multi-site cold spray adoption.





STRENGTHENED LEADERSHIP TEAM

In January 2025, Jim Simpson was appointed Managing Director, bringing over 40 years of leadership experience in aerospace, defense, and satellite systems. Dr Patricia Dare joined as President of Titomic USA, supported by Sarah Neeley as Chief Operating Officer and Kirk Pysher as Senior Vice President of U.S. Manufacturing and Production. Together, the leadership team brings extensive experience delivering for major defense programs and managing large-scale manufacturing operations. This capability is central to converting strategic engagements into long-term contracts and scaling Titomic's presence in key global markets.



SENIOR ADVISORY GROUP ESTABLISHED

In FY2025, Titomic USA established a Senior Advisory Group to enhance sales, accelerate qualification processes, and guide the Company's growth strategy in the United States. The group is comprised of former senior leaders from NASA, Boeing, Lockheed Martin, the U.S. Air Force, and other key defense and aerospace organizations. Members bring extensive experience in acquisition leadership, government and industry engagement, and technical program delivery across aerospace, defense, energy, and space sectors.

The Senior Advisory Group will provide both strategic and tactical recommendations, facilitate relationships with industry stakeholders, and help advance applications of **Titomic Kinetic Fusion™** in regulated U.S. markets. The group's expertise is expected to strengthen alignment with major procurement pathways, support entry into long-term defense and aerospace programs, and expand Titomic's presence in key U.S. industrial supply chains.



APPOINTED RETIRED LIEUTENANT GENERAL JOHN FREWEN, AO, DSC TO THE BOARD

During the year, Retired Lieutenant General John Frewen joined the Board of Titomic Limited. Lieutenant General Frewen served more than 40 years in the Australian Defence Force (ADF), including as Chief of Joint Capabilities, Coordinator General of the National COVID-19 Vaccine Taskforce, and Principal Deputy Director General of the Australian Signals Directorate. His leadership of large, complex organizations and multi-billion-dollar capability programs provides the Board with deep insight into defense procurement, sustainment, and sovereign manufacturing priorities. His appointment strengthens the Board's capacity to guide Titomic as it pursues strategic manufacturing and sustainment contracts with both the Australian and U.S. defense sectors.



A\$80M RAISED TO FUND U.S. EXPANSION GROWTH INITIATIVES

Titomic completed an upsized institutional equity placement of A\$30.0 million in October 2024 and A\$50.0 million in July 2025 to fund the establishment of U.S. operations, expand manufacturing capacity in Europe, and pursue targeted growth initiatives. This strengthened capital base supports the Company's transition from a predominantly system sales model toward a scalable manufacturing and sustainment business, enabling investment in strategic contracts and positioning Titomic to meet increased global demand.



TITOMIC UK LIMITED – MARKET EXPANSION IN THE UNITED KINGDOM

In July 2025, Titomic established U.K.-based subsidiary, Titomic UK, to serve as a regional hub for delivering high-performance protective coatings, structural repairs, and additive manufacturing of components. The subsidiary strengthens Titomic's presence in aerospace, defense, energy, and infrastructure markets across the United Kingdom.

Les Gregory was appointed Vice President for Business Development in the U.K., bringing over 40 years of senior management experience in defense and manufacturing, including with BAE Systems.

The U.K. operation will focus on engaging with the U.K. Government, Ministry of Defence, civil sector, and NATO/AUKUS-aligned partners, supporting sovereign manufacturing and contributing to regulated industrial programs. This expansion complements Titomic's existing facilities in Europe, Australia, and the United States, reinforcing its global growth strategy and ability to meet domestic sourcing and certification requirements in multiple markets.

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FOR CONSIDERATION

FY2025 MILESTONES & FINANCIALS

Driving Innovation, Securing the Future

FINANCIAL PERFORMANCE



Revenue from customers

FY2025: A\$8.1m
vs
FY2024: A\$5.9m



Capital Raised A\$80m

Oct '24: A\$30m
Jul '25: A\$50m



Balance Sheet

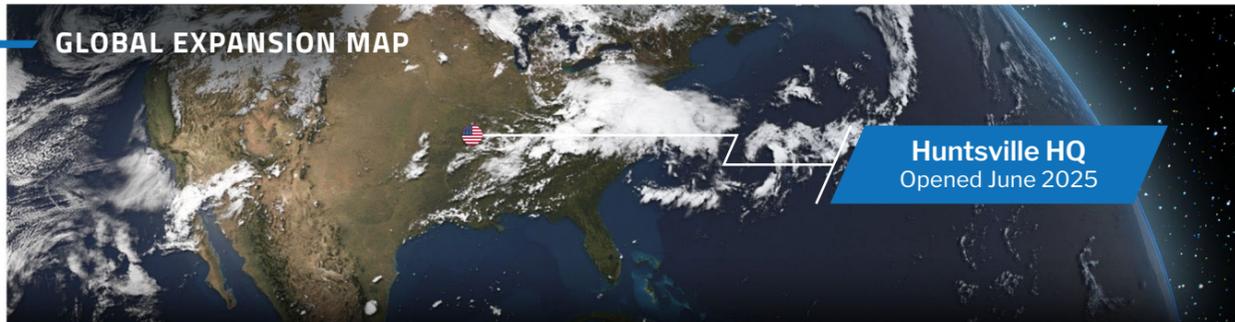
Strengthened for global expansion



Change of Year-End

Changing to a December year-end for global alignment

GLOBAL EXPANSION MAP



TECHNOLOGY ADVANTAGE

Fully dense build rates

In-situ cold spray repairs

No heat distortion

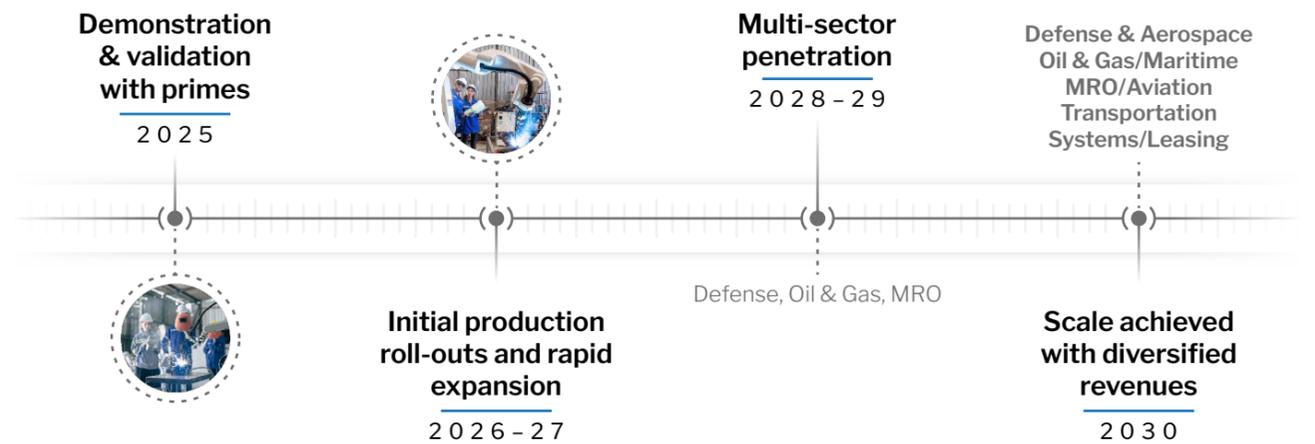
Certification leadership
AMS 7057, DNV



COMMERCIAL PROGRESS

<p>Aerospace/Defense Northrop production, Tier 1 prime engagement, NAVSEA sales</p>	<p>Marine/Energy Woodside, Naval Group, Effe OSR</p>	<p>Transport/Industry 50+ rail repairs; Hydralex & Metric Auto sales</p>	<p>Academia UNT, OMIC R&D, Limoges, Fraunhofer</p>
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ROADMAP TO 2030



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DIRECTORS' REPORT



THE DIRECTORS

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' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

DIRECTORS AND COMPANY SECRETARY

The following persons were directors and company secretary of Titomic Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

MR. DAG W.R. STROMME
EXECUTIVE CHAIR

MR. HUMPHREY NOLAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

MR. ANDREAS SCHWER
INDEPENDENT NON-EXECUTIVE DIRECTOR

MS. MIRA RICARDEL
INDEPENDENT NON-EXECUTIVE DIRECTOR

MR. JOHN FREWEN, AO, DSC
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTED 1 JULY 2025

MR. RICHARD WILLSON
INDEPENDENT NON-EXECUTIVE DIRECTOR
RETIRED 1 JULY 2025

MR. JIM SIMPSON
MANAGING DIRECTOR
APPOINTED 10 JANUARY 2025

MR. HERBERT KOECK
MANAGING DIRECTOR
RETIRED 31 DECEMBER 2024

MR. GEOFF HOLLIS
CFO AND COMPANY SECRETARY
APPOINTED AS COMPANY SECRETARY
ON 20 DECEMBER 2024

MR. CHRISTOPHER HEALY
COMPANY SECRETARY
RETIRED 31 JANUARY 2025

PRINCIPAL ACTIVITIES

Titomic Limited is an Australian publicly listed company specialising in manufacturing and technology solutions for high-performance metal additive manufacturing, metal coatings, and repairs using its unique patented **Titomic Kinetic Fusion™** cold spray technology with its principal activities in the global defense & aerospace, oil & gas/maritime, MRO/aviation, transportation and systems/leasing industries.

INFORMATION ON DIRECTOR AND KEY MANAGEMENT PERSONNEL



MR. DAG W.R. STROMME
EXECUTIVE CHAIR

Dag W.R. Stromme is an investor and entrepreneur with over 30 years of experience from successful private ownership and leading European, as well as global, financial institutions. He has been running his own family investment office, PAACS Invest, since 2015.

Mr. Stromme was previously a senior industry advisor to Triton, an investment firm with €17B under management. He joined Morgan Stanley in New York in 1990, focusing on mergers and acquisitions and was a Managing Director of Morgan Stanley London from 2001 to 2007 and Co-Head of Nordic Investment Banking from 2000 to 2007. Mr. Stromme has been a director of various public and non-public companies. He is currently controlling shareholder and Chairman of Racom AS, a technology company focused on security for public and private sector, and a director of software company Arundo.



THE HONORABLE MIRA RICARDEL
INDEPENDENT NON-EXECUTIVE DIRECTOR

The Honorable Mira Ricardel is a recognised leader and national security expert with extensive experience in aerospace and defense, geopolitical risk, and regulatory matters with a focus on international investment, export controls, and supply chain security. She serves on the Proxy Board of Astroscale U.S. Inc., a subsidiary of Japan-based Astroscale. Ms. Ricardel is on the board of the non-profit organization, the Center for American Medicine Resiliency. She is a Senior Advisor at The Chertoff Group.

Ms. Ricardel has held Presidential appointments at the U.S. Department of Commerce and The White House. At The White House she served as the Deputy National Security Advisor and Assistant to the President. Prior to that she was confirmed by the U.S. Senate as the Under Secretary of Commerce for Export Administration, leading the Bureau of Industry and Security. For nearly a decade Ms. Ricardel was a vice president of business development in Network & Space Systems at The Boeing Company. Immediately prior to and following 9/11, Ms. Ricardel served as Deputy Assistant Secretary of Defense for Eurasia and then Acting Assistant Secretary of Defense for International Security Policy. Earlier in her career, Ms. Ricardel held positions at the State Department and on Capitol Hill.



MR. HUMPHREY NOLAN
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Nolan is a seasoned Board Director and CEO with 30 years' experience driving strategic and operational change across industrial, logistics and distribution industries.

Mr. Nolan has held senior leadership positions within global logistics companies, including at the P&O Group. Mr. Nolan is currently Chairman of both the Nolan Group and Tapex Group, both leading distributors of technical and industrial textiles operating across Australia and New Zealand.



MR. JOHN FREWEN AO, DSC
INDEPENDENT NON-EXECUTIVE DIRECTOR
APPOINTED 1 JULY 2025

Lieutenant General (Ret.) John Frewen, AO, DSC served over 40 years in the Australian Defence Force, commanding at every level from Infantry Platoon to all Australian Forces in the Middle East. He later held senior roles including Principal Deputy Director General of the Australian Signals Directorate, Chief of Joint Capabilities, and Coordinator General of the National COVID-19 Vaccine Task Force. Honored with the AO and DSC, Mr. Frewen now advises leading defense and technology organisations.



DR. ANDREAS SCHWER
INDEPENDENT NON-EXECUTIVE DIRECTOR

Through his extensive 25-year executive career across the global defense and aerospace industries, Dr. Schwer has gained a wealth of experience, insight and a deep understanding, which he brings to the board of Titomic Limited. Dr. Schwer's executive track record is world-class, holding executive positions across a multitude of high-value industries, including Saudi Arabian Military Industries' inaugural CEO, where he grew the business from a greenfield operation to become a prominent entity in the international defense market. Prior to this achievement, Dr. Schwer held the role of Chairman, President, and CEO of Rheinmetall International and CEO of Combat Systems Division, both branches of international defense prime, Rheinmetall AG. Prior to joining Rheinmetall, Dr. Schwer held various executive management positions, including 12 years at Airbus Group's Defense & Space and Helicopters divisions and an executive role at the equipment manufacturing group, The Manitowoc Company. Dr. Schwer is the Managing Director of Electro Optic Systems Ltd.



MR. JIM SIMPSON
MANAGING DIRECTOR
APPOINTED 10 JANUARY 2025

Jim Simpson brings more than 40 years of experience in the satellite, aerospace, and defense sectors, holding executive leadership positions across prestigious organisations. His career highlights include serving as CEO of Saturn Satellite Networks and ABS Corporation, as well as senior leadership roles at Virgin Orbit, Aerojet Rocketdyne, and Boeing. With a deep understanding of U.S. national security, international, commercial, and civil space operations, Jim is recognised as a visionary leader in the industry. Mr. Simpson holds a B.S. and M.S. in Engineering from UCLA and an M.B.A. from USC. He is a distinguished member of the American Institute of Aeronautics and Astronautics (AIAA) and the Beta Gamma Sigma Business Honor Society. As Managing Director and CEO of Titomic, Mr. Simpson is spearheading efforts to accelerate the commercial adoption of Titomic's cutting-edge cold spray technology, particularly within the defense and aerospace sectors. His leadership is driving strategic partnerships and positioning Titomic as a transformative force in advanced manufacturing, delivering innovative solutions to meet the evolving needs of mission-critical industries.



MR. GEOFF HOLLIS
CFO AND COMPANY SECRETARY
APPOINTED AS COMPANY SECRETARY
ON 20 DECEMBER 2024

Mr. Hollis brings a wealth of financial expertise and strategic leadership to Titomic. With a strong background in guiding ASX-listed companies through significant growth and transformation, he has a proven track record in enhancing operational efficiency and financial performance. Previously, Mr. Hollis has served a CFO and Company Secretary of Lifestyle Communities Limited, Victory Offices Limited and Imagion Biosystems Limited after ten years in a prominent chartered accounting firm. His comprehensive skill set in capital markets, debt financing, and investor relations positions him as a key contributor to Titomic's ongoing success and innovation.

DR. PATRICIA DARE
PRESIDENT, USA



Dr. Patti Dare is a highly accomplished leader with over 30 years of expertise in the aerospace and defense sectors. As Titomic USA's Aerospace & Defense Lead, Dr. Dare is at the forefront of commercialising Titomic's innovative cold spray technology, enabling advanced manufacturing solutions for mission-critical applications. Her work is driving transformation in the industry, offering cutting-edge repair, restoration, and manufacturing capabilities to support the needs of defense and aerospace customers across the United States.

Dr. Dare's distinguished career includes senior leadership roles at Raytheon Technologies, Boeing, Lockheed Martin, and Honeywell International, where she excelled in program management, business development, and strategic growth. With a Doctor of Philosophy in Chemistry, Dr. Dare combines technical insight with a deep understanding of the defense and aerospace landscapes, making her a trusted advisor and industry expert.

MR. KLAAS ROZEMA
PRESIDENT, EMEA



Klaas Rozema is a leading innovator and expert in cold spray technology, with a distinguished career marked by significant contributions to the field. As the founder of Dycomet, Mr. Rozema spearheaded advancements in cold spray solutions, bringing cutting-edge technology to over 100 customers across various industries. Following Titomic's acquisition of Dycomet, Mr. Rozema transitioned to serve as President of the EMEA region, where he continues to drive growth and innovation. In his role at Titomic, Mr. Rozema leads the team and activities in Europe, the Middle East, and Africa, leveraging his expertise to expand the reach of Titomic's revolutionary cold spray systems. His leadership and vision ensure that Titomic remains at the forefront of additive manufacturing and advanced repair solutions for mission-critical applications.

Titomic Limited
Directors' Report
For the year ended 30 June 2025

Directors' Report

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' or 'parent entity' or 'Titomic') and the entities it controlled at the end of, or during the year ended 30 June 2025.

Directors

The following persons were directors and company secretary of Titomic Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Dag W.R. Stromme	Executive Chair
Mr Humphrey Nolan	Independent Non-Executive Director
Mr Andreas Schwer	Independent Non-Executive Director
Ms Mira Ricardel	Independent Non-Executive Director
Mr John Frewen, AO, DSC	Independent Non-Executive Director (appointed 1 July 2025)
Mr Richard Willson	Independent Non-Executive Director (retired 1 July 2025)
Mr Jim Simpson	Managing Director (appointed 10 January 2025)
Mr Herbert Koeck	Managing Director (retired 31 December 2024)
Mr Geoff Hollis	CFO and Company Secretary (appointed as Company Secretary on 20 December 2024)
Mr Christopher Healy	Company Secretary (retired 31 January 2025)

Principal activities

Titomic Limited is an ASX listed company headquartered in Huntsville, Alabama, United States with operations in Melbourne, Australia and Akkrum, The Netherlands. Titomic, with its patented cold spray technology, Titomic Kinetic Fusion™, delivers efficient production-scale capabilities for the manufacture and sustainment of large, high-performance components and critical assets. By delivering new manufacturing possibilities and enhanced performance, Titomic offers novel, rapid, and efficient manufacturing outcomes across aerospace, defense, energy, and other advanced industrial sectors.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

Operating loss for the year after providing for income tax of \$19,886,876 (30 June 2024: \$11,892,164 loss) was materially in line with expectations and increased from the prior year predominantly due to increased costs in relation to the U.S. expansion, increased share based payments expenses partially offset by increased realisation of sales revenue. During the 2025 financial year, the consolidated entity accelerated its transition from one-off system sales toward recurring, high-margin revenue streams. This includes service-based repair contracts, equipment leasing, powder supply, and long-term sustainment agreements. This strategic pivot provides the foundation for predictable cash flows and aligns the consolidated entity with customer preferences for integrated lifecycle solutions. Refer below and prior in this report for further discussion.

Revenue and other income

Total revenue increased by \$1,729,732 to \$9,427,102 (30 June 2024: \$7,697,370).

Revenue from contracts with customers increased by \$2,190,173 to \$8,114,049 (30 June 2024: \$5,923,876). Underpinning revenues in the 2025 financial year was revenue from a \$1,042,155 sale of a high-pressure cold spray system to University of North Texas of which \$474,304 was reflected in revenue and a \$1,431,171 sale of a high-pressure cold spray system to OMIC R&D of which \$1,303,272 was reflected in revenue. The remaining revenue from these two projects will be recorded in the 2026 financial year. Earlier in the year, the consolidated entity also delivered ten D523 machines to the Royal Netherlands Army worth \$1,095,314 as well as the sale of integrated solutions to Airbus, CTME and Epcor with combined revenues of \$1,670,882. In addition to these key sales the consolidated entity increased in project activity and continued sales of its low and medium pressure D523 and D623 cold spray machines.

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Other revenue decreased to \$1,313,053 (30 June 2024: \$1,773,494), due to decreased research and development tax incentive and space grant revenue (completed in previous financial year), offset by an increase in interest received.

Operating expenses

Total expenses increased by \$9,552,373 to \$29,517,601 (30 June 2024: \$19,965,228). Included in expenses are non-cash related costs (share based payments, impairment, depreciation, amortisation and notional interest expenses) of \$6,496,163 (30 June 2024: \$5,335,849). Share based payments expenses increased by \$1,965,751 to \$6,026,275 (30 June 2024: \$4,060,524) due to the implementation of a senior executive share plan (including CEO and key executives) during the year and continued expenses in relation to director related plans.

Production and related expenses

Production and related expenses increased by \$3,362,567 to \$8,297,785 (30 June 2024: \$4,935,218). Included are all costs of production such as material, salaries and wages factory related costs as well as research and development expenses. The increase in production and related expenses is partially related to the increase in revenue from customers with the majority of the increase due to the consolidated entity's significant expansion in the United States with expenses increasing by \$2,470,611 to \$3,487,602 (30 June 2024: \$1,016,991).

Corporate and administrative expenses

Corporate and administrative expenses increased by \$4,211,739 to \$11,174,198 (30 June 2024: \$6,962,459). The increase is mainly due to the consolidated entity's significant expansion in the United States with expenses increasing by \$4,074,369 to \$4,272,006 (30 June 2024: \$197,637). Corporate and administrative expenses in Australia and Europe have remained relatively consistent.

Sales, marketing and promotion expenses

Sales, marketing and promotion expenses increased by \$808,541 to \$3,269,775 (30 June 2024: \$2,461,234). Sales, marketing and promotion expenses include direct marketing costs, salaries and wages related to sales and marketing employees and sales related travel expenses (i.e. for trade shows). The increase is mainly due to the consolidated entity's significant expansion in the United States with expenses increasing by \$783,269 to \$1,836,625 (30 June 2024: \$1,053,356). Sales and marketing expenses in Australia and Europe have remained relatively consistent.

Liquidity

The consolidated entity had cash at 30 June 2025 of \$8,926,447 (30 June 2024: \$2,729,484). Following the completion of capital raises totalling \$80,000,000 million in October 2024 and July 2025, the consolidated entity is positioned with sufficient funding to execute its strategic growth initiatives in the United States, Europe and Australia without reliance on near-term equity raising. The strengthened balance sheet de-risks execution and provides flexibility to pursue large-scale defense and aerospace opportunities.

Outlook

The consolidated entity expects continued revenue growth in the 2026 financial year, driven by the commencement of recurring service contracts, equipment leasing arrangements, and expanded sustainment work with Tier One defense and aerospace primes. With a strengthened balance sheet and improving gross margins, the consolidated entity anticipates operating leverage as Huntsville production matures. While the consolidated entity remains in an investment phase, management is targeting significant progress toward operating cash flow breakeven over the next two financial years.

Significant changes in state of affairs

On 2 June 2025, the consolidated entity opened its new U.S. facility in Huntsville, Alabama. The facility was purchased outright and funded by a combination of equity and bank debt. The opening of this facility solidified the U.S. business as the global headquarters of Titomic aligning with the strategic hires of Jim Simpson (CEO and Managing Director), Patricia Dare (President, U.S.) and Sarah Neeley (COO) during the 2025 financial year. The commissioning of the consolidated entity's 59,000 sq. ft. Huntsville, Alabama headquarters established the consolidated entity's global hub. Located in one of the world's most sophisticated aerospace and defense ecosystems, the facility places the consolidated entity in direct proximity to customers such as Boeing, Northrop Grumman, NASA, and NAVSEA. Huntsville also serves as the base for the U.S. management team and Strategic Advisory Group, reinforcing the consolidated entity's position as an American-headquartered company aligned with U.S. defense and industrial policy.

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Titomic Limited
Directors' Report
For the year ended 30 June 2025

Matters subsequent to the end of the financial year

On 30 July 2025, the consolidated entity announced the completion of an equity raising for \$50,350,000 (pre-costs) across two tranches at an issue price of \$0.25 per share. The first tranche of \$50,000,000 resulted in the issue of 200,000,000 shares on 31 July 2025. The second tranche of \$350,000 to the consolidated entity's board of directors is subject to shareholder approval the the next AGM.

No other matter or circumstance has arisen since 30 June 2025 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.

Likely developments and expected results of operations

The consolidated entity anticipates further expansion of its United States operations in the 2026 financial year, increasing operational capacity to service the anticipated demand. In Europe, the new facility in Heerenveen, The Netherlands will open in September 2025 providing further manufacturing capacity to meet the expected growth in European demand. The Australian operations are anticipated to remain relatively consistent in the 2026 financial year. Global defense and sovereign manufacturing investment continues to expand. The U.S. defense budget for FY2026 exceeds US\$1 trillion, while the European Union has announced more than €800 billion in defense funding through 2030. These structural demand drivers, coupled with the global push for resilient and sovereign supply chains, provide a supportive environment for the consolidated entity's growth strategy.

Environmental regulation

The consolidated entity is not subject to any significant environment regulation under Australian Commonwealth or State Law, United States Federal or State law or the Netherlands Civil Code. Titomic Kinetic Fusion™ is a resource-efficient process that minimizes waste and energy consumption compared to traditional casting, forging, and welding. By enabling in-situ repair and life extension of high-value assets, the technology reduces the carbon footprint associated with replacement manufacturing and logistics. The Board recognizes the importance of ESG considerations, and the consolidated entity's technology inherently supports sustainability outcomes for customers and industries worldwide.

Material business risks

There are material business risks and uncertainties that have the potential to impact the future prospects of the consolidated entity. These risk factors and other general risks applicable to all investments in listed securities may affect the value of the securities in the future. An investment in the consolidated entity should be considered speculative. Investors may lose some or all of their investment.

A list of the key risk factors affecting the consolidated entity is provided below. The occurrence of any one of the risks below could adversely impact the consolidated entity's operating and financial performance and prospects.

Failure to attract new customers

The success of the consolidated entity's business relies on its ability to attract new business from existing customers and attract new customers across the regions where it operates. The capacity to attract new customers and attract new business from existing customers will be dependent on many factors including the capability, cost-effectiveness and value of the consolidated entity's products and services compared to competing technologies. If the consolidated entity fails to execute on its business strategy, its business, financial condition and results of operations could be materially and adversely affected. This risk is expected to reduce as the consolidated entity advances current programs to pilot and production phases.

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Product quality and manufacturing risks

Risks are involved in the ability to translate customer technical objectives into a solution that provides the expected quality of product in a cost-effective manner. The products and technology supplied by the consolidated entity may not be functional or not meet customers' expectations. This may lead to requirements for the consolidated entity to improve or refine its products, which may diminish operating margins or lead to losses. The products and technology supplied by the consolidated entity, while extensively tested prior to collection, can be damaged in transit. While this risk is insurable, it may diminish operating margins. Some solutions in development need further qualification and testing to achieve required certification levels or may not be developed in a timely manner which could negatively impact the consolidated entity's financial performance. This risk is not expected to impact financial performance as the consolidated entity is undertaking various certification and improvement programs that will help mitigate this risk.

Regulation and compliance risk

The consolidated entity is subject to regulation relating to export control compliance and quality regulations applicable to the manufacture of its products and various reporting regulations. There can be no guarantee that the regulatory environment in which the consolidated entity or its customers currently operates may not change in the future which may impact on the consolidated entity's existing products. Depending upon the severity of any failure of the consolidated entity or its customers to comply with any applicable regulations, the consolidated entity or its customers could be subject to enforcement actions. If any such actions are imposed against the consolidated entity they could harm the consolidated entity's reputation, and depending upon the severity, could have significant adverse impact upon the consolidated entity's ability to provide services and on its financial condition. The consolidated entity continues to ensure it has appropriate in-house and external knowledge in this area to mitigate against this risk having a material impact on financial results.

Supplier risk

The consolidated entity sources certain key components for its systems from third party suppliers. The delivery of such components may be delayed, or a specific supplier may not be able to deliver at all, which may lead to a longer sales cycle. The goods received may not meet the specifications requested or be of the appropriate quality which may also lead to a longer sales cycle. A mitigating factor is to shift to another supplier where possible. In relation to metal powders, a key component, the consolidated entity has contractual arrangements with many of the key global powder suppliers to help ensure consistent and timely supply.

Currency risks

With operations in USA, Europe and Australia, the consolidated entity is exposed to foreign exchange risk from currency exposure due to fluctuations and volatility in exchange rates. In particular, while the consolidated entity continues to be in a pre-cash flow positive phase, it is difficult to hedge against this foreign exchange exposure other than by having bank accounts in, and holding cash balances in, the countries in which the consolidated entity operates to form a natural hedge for part of the currency risk exposure. Adverse exchange rate fluctuations or volatility could have an adverse effect on the consolidated entity's future financial performance and position. Foreign currency risk is expected to continue until the business is cash flow positive so the consolidated entity doesn't expect any changes to this risk over the next couple of years.

Key personnel risk

The consolidated entity's operational success will substantially depend on the continued employment of key executives, technical staff and other key personnel who have substantial strategic, technical, functional, marketing and customer expertise with the consolidated entity's technology and are familiar with the consolidated entity's business and structure. Although these individuals have entered into contracts with the consolidated entity, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, new personnel will need to be employed, which may adversely affect the business. The consolidated entity is substantially dependent on the continued service of its existing personnel because of the complexity of its services and technologies. The departure of any key personnel may also lead to disruptions of customer relationships or delays in the manufacturing and product development efforts. There is no assurance that the consolidated entity will be able to retain the services of these persons. The consolidated entity mitigates against this risk by building a positive global workplace culture and ensuring its remuneration framework is competitive.

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Directors' Report
For the year ended 30 June 2025

Development risks

The consolidated entity is currently investing into new research and development initiatives and new technologies. While the consolidated entity is not presently aware of any potential problems, the commerciality of new technologies and products based on innovative and new technology is uncertain. There are no guarantees that the consolidated entity will be able to undertake such research and development successfully. Failure to successfully undertake such research and development, anticipate technical problems, or estimate research and development costs or timeframes accurately may adversely affect the consolidated entity's results and viability. This risk is expected to diminish over the next two years as the consolidated entity has employed key materials experts and engineers across its global workforce.

Government contracts

A portion of the consolidated entity's revenues may depend on the consolidated entity's ability to do business with the U.S. as well as foreign governments and their various agencies, whether directly or indirectly. Such customers may: award or terminate contracts at their convenience; terminate, reduce or modify contracts or subcontracts if its requirements or budgetary constraints change; cancel multi-year contracts and related orders if funds become unavailable; shift their spending priorities; adjust contract costs and fees on the basis of audits done by its agencies; use and practice intellectual property developed in the performance of a government contract or subcontract; claim rights to intellectual property not properly protected pursuant to applicable contract terms; seek penalties and fines exceeding the value of a contract for contract activity that results in the submission of a false claim to the government; debar the consolidated entity or its subsidiaries because of legal and other actions undertaken by or against the consolidated entity, the consolidated entity's officers, directors, shareholders, employees and affiliates, or convictions of the consolidated entity's officers, directors, shareholders, employees or affiliates; and inquire about and investigate business practices and audit compliance with applicable rules and regulations. The consolidated entity has appropriate skills within its board or directors, senior management and senior advisory group to help mitigate this risk.

Product liability and warranty risk

The consolidated entity's products are subject to customers' manufacturing standards. There is a risk that the consolidated entity's products may have actual or perceived safety or quality failures or defects which could result in: (a) litigation or claims alleging negligence, product liability or breach of warranty against the consolidated entity; (b) regulatory action; (c) damage to the consolidated entity's brand and reputation; or (d) the consolidated entity being forced to terminate or delay sales or operations. Despite best practice by the consolidated entity with respect to the manufacture and supply of its products and any insurance that the consolidated entity may hold, the risk of defective products remains and may negatively impact the consolidated entity's reputation, operations and financial prospects. This risk has been historically low and is expected to remain low as each global location ensures appropriate certification of its manufacturing procedures.

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Titomic Limited
Directors' Report
For the year ended 30 June 2025

Information on Directors, Company Secretary and Chief Financial Officer

The listed directorships, special responsibilities and shareholdings of each person who has been a Director of the consolidated entity at any time during or since 1 July 2024 is provided below, together with details of the Company Secretary and the Chief Financial Officer as at year end.

Name and title:	Mr Dag W.R. Stromme (Executive Chair)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	Audit and Risk Committee member, Remuneration and Nomination Committee
Interest in shares:	30,188,441 shares
Interest in rights and options:	52,734,375 options

Name and title:	Mr Humphrey Nolan (Independent Non-Executive Director)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	Audit and Risk Committee Chair, Remuneration and Nomination Committee Chair
Interest in shares:	17,830,000 shares
Interest in rights and options:	35,000,000 rights

Name and title:	Dr Andreas Schwer (Independent Non-Executive Director)
Other current directorships:	Managing Director - Electro Optic Systems Limited (ASX:EOS) (appointed 11 December 2023)
Former directorships (last three years):	None
Membership of committees:	None
Interest in shares:	10,215,384 shares
Interest in rights and options:	20,000,000 rights

Name and title:	The Honorable Mira Ricardel (Independent Non-Executive Director)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	None
Interest in shares:	96,154 shares
Interest in rights and options:	30,000,000 options

Name and title:	Mr John Frewen AO, DSC (Independent Non-Executive Director)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	Audit and Risk Committee member, Remuneration and Nomination Committee
Interest in shares:	Nil
Interest in rights and options:	Nil

Name and title:	Mr Richard Willson (Independent Non-Executive Director) (resigned 01 July 2025)
Other current directorships:	Non-executive director - Clara Resources Limited (ASX:C7A) (appointed 18 January 2013)
	Non-executive director - Orpheus Uranium Limited (ASX:ORP) (appointed 25 October 2023)
Former directorships (last three years):	Non-executive director - PNX Metals Limited (ASX:PNX) (appointed 18 June 2021, resigned 6 April 2023)
	Non-executive director - Thomson Resources Limited (ASX:TMZ) (appointed 31 July 2019, resigned 13 October 2023)
Membership of committees:	Audit and Risk Committee member, Remuneration and Nomination Committee
Interest in shares:	12,620,000 shares
Interest in rights and options:	Nil

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Name and title:	Mr Jim Simpson (Managing Director) (appointed 10 January 2025)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	None
Interest in shares:	Nil
Interest in rights and options:	Entitled to 5,000,000 rights and 25,000,000 options pursuant to his employment agreement to be ratified by shareholders at the consolidated entity's next AGM.

Name and title:	Mr Herbert Koeck (former Managing Director) (retired 31 December 2024)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	None

Mr Koeck was no longer a key management personnel at 30 June 2025 therefore his interests in shares, options and rights are not shown.

Name and title:	Mr Geoff Hollis (Chief Financial Officer and Company Secretary)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	None
Interest in shares:	Nil
Interest in rights and options:	6,900,000 rights

Name and title:	Mr Christopher Healy (Legal Counsel and former Company Secretary) (retired 31 January 2025)
Other current directorships:	None
Former directorships (last three years):	None
Membership of committees:	None

Mr Healy was no longer a key management personnel at 30 June 2025 therefore his interests in shares, options and rights are not shown.

Other current listed directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Board		Audit & Risk Committee		Remuneration and Nomination Committee	
	No. of meetings eligible to attend	Attended	No. of meetings eligible to attend	Attended	No. of meetings eligible to attend	Attended
Mr Dag W.R. Stromme	7	7	3	3	4	4
Mr Humphrey Nolan	7	7	3	3	4	4
Mr Andreas Schwer	7	6	-	-	-	-
Ms Mira Ricardel	7	7	-	-	-	-
Mr John Frewen, AO, DSC	-	-	-	-	-	-
Mr Richard Willson	7	6	3	2	4	4
Mr Jim Simpson	3	3	-	-	-	-
Mr Herbert Koeck	4	2	-	-	-	-

Titomic Limited
Directors' Report
For the year ended 30 June 2025

Remuneration Report (audited)

The remuneration report details the key management personnel remuneration (KMP) arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The Directors present the Titomic Limited 2025 Remuneration Report, outlining key aspects of our remuneration policy and framework and remuneration awarded this year to Titomic Limited's Executive Directors, Non-Executive Directors and other Key Management Personnel.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Remuneration expense and other interest held by key management personnel;
- Options and performance rights holdings;
- Share-based compensation; and
- Additional information.

Principles used to determine the nature and amount of remuneration

- (a) The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- Having strategic objectives as a core component of the reward framework design;
 - Focusing on sustained growth in shareholder wealth, which may comprise growth in share price, increasing opportunities for the consolidated entity as well as focusing the executive on key non-financial drivers of value;
 - Alignment of executive compensation to performance; and
 - Acceptability to shareholders.
- (b) The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel. Accordingly, the reward framework should seek to enhance executives' interests by:
- Rewarding capability and application of relevant experience;
 - Being competitive and providing a reasonable framework with regard to applicable industry standards;
 - Reflecting competitive rewards for contribution to growth in shareholder wealth; and
 - Providing a clear and transparent structure for earning rewards.

The Remuneration and Nomination Committee reviews, recommends and reports to the Board on remuneration and performance appraisal policies and practices.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration are treated separately.

Non-executive director's remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with applicable industry standards.

ASX listing rules require the aggregate non-executive director's remuneration be determined periodically by a general meeting. At the 2018 Annual General Meeting, the non-executive directors cash related fee pool was approved at \$600,000.

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Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has following components:

- Base pay and non-monetary benefits;
- Short-term performance incentives;
- Long-term performance incentives; and
- Other remuneration such as superannuation and leave.

The combination of these components comprises the executive's total remuneration.

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of the reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The CEO consults with the Remuneration and Nomination Committee in relation to executive remuneration. Executive fixed remuneration, consisting of base salary and non-monetary benefits, are reviewed annually based on individual and business performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executive directors and executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's are determined by the Nomination and Remuneration Committee.

The long-term incentives ('LTI') include long service leave and share-based payments. Share rights and options are awarded to executives over longer-term periods based on long-term incentive measures (including share price performance and additional tenure). These are aligned to the increase in shareholders' value.

The Board has aligned short-term and long-term incentive structures with shareholder outcomes. Key metrics include revenue growth, gross margin expansion, contract wins with Tier One primes, and progress toward breakeven. Equity-based incentives are tied to sustained financial performance, ensuring management interests remain aligned with long-term shareholder value creation.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the role of the individual and the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

Refer to the section 'Additional information' below for details of the earnings and total shareholders' return for the last five years.

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Titomic Limited
Directors' Report
For the year ended 30 June 2025

Details of remuneration

Details of the remuneration of key management personnel (KMP) of the consolidated entity are set out in the following tables.

Year ended 30 June 2025	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments expense	Total
	Cash salary, bonus and fees	Non-monetary benefits	Annual leave	Super-annuation	Long service leave		
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors</i>							
Humphrey Nolan	66,452	-	-	-	-	328,758	395,210
Andreas Schwer	40,625	-	-	-	-	187,861	228,486
Mira Ricardel	40,625	-	-	-	-	187,861	228,486
Richard Willson ⁽¹⁾⁽²⁾	45,000	-	-	5,175	-	(23,262)	26,913
<i>Executive Directors</i>							
Dag W.R. Stromme ⁽³⁾	212,292	-	-	-	-	328,758	541,050
Jim Simpson ⁽⁴⁾⁽⁵⁾⁽⁶⁾	439,123	177,400	26,148	21,956	-	3,661,906	4,326,533
Herbert Koeck ⁽⁷⁾⁽⁸⁾⁽⁹⁾	562,841	-	-	26,324	-	(927)	588,238
<i>Other Key Management Personnel</i>							
Geoff Hollis	320,000	-	(4,923)	29,932	762	41,962	387,733
Patricia Dare ⁽¹⁰⁾⁽¹¹⁾	333,986	35,821	21,286	11,847	-	535,359	938,299
Klaas Rozema ⁽¹²⁾	288,902	-	23,140	44,352	-	18,668	375,062
Christopher Healy ⁽¹³⁾	150,451	-	-	12,478	(6,515)	-	156,414
Total	2,500,297	213,221	65,651	152,064	(5,753)	5,266,944	8,192,424

Share-based payments expense for Directors include expenses in relation to rights and options approved by shareholders at the Annual General Meeting held on 23 November 2023.

⁽¹⁾ Mr Willson resigned as Non-Executive Director on 1 July 2025.

⁽²⁾ Included in Mr Willson's share-based payments expense were reversed expenses for forfeited rights totalling \$178,236.

⁽³⁾ Mr Stromme commenced as Executive Chairman in October 2024.

⁽⁴⁾ Mr Simpson commenced as President of Titomic USA, Inc. on 1 October 2024 and transitioned to CEO on 1 January 2025 and was appointed as Managing Director on 10 January 2025.

⁽⁵⁾ Included in Mr Simpson's share-based payments expense are \$1,027,523 of expenses related to the proposed issue of 5,000,000 rights as sign on bonus pursuant to his executive employment agreement, subject to shareholder approval at the 2025 AGM.

⁽⁶⁾ Included in Mr Simpson's share-based payments expense were \$2,634,383 of expenses related to the proposed issue of 25,000,000 options as long term incentive pursuant to his executive employment agreement, subject to shareholder approval at the 2025 AGM.

⁽⁷⁾ Mr Koeck retired as Managing Director and CEO on 31 December 2024.

⁽⁸⁾ Included in Mr Koeck's remuneration was a six month notice payment plus post employment benefits.

⁽⁹⁾ Included in Mr Koeck's share-based payments expense were reversed expenses for forfeited options totalling \$148,523.

⁽¹⁰⁾ Ms Dare became KMP as President, USA (Titomic USA Inc.) on 1 January 2025.

⁽¹¹⁾ Included in Ms Dare's share-based payments expense were \$218,112 of expenses related to the issue of 2,321,429 rights as sign on bonus upon execution of her executive employment agreement

⁽¹²⁾ Mr Rozema is a KMP since 1 July 2024 and is President of Titomic Europe B.V..

⁽¹³⁾ Mr Healy retired as Legal Counsel and Company Secretary on 31 January 2025.

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Year ended 30 June 2024	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments expense (restated) ⁽¹⁾	Total
	Cash salary, bonus and fees	Non-monetary benefits	Annual leave	Super-annuation	Long service leave		
	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors</i>							
Dag W.R. Stromme ⁽¹⁾	52,500	-	-	-	-	532,662	585,162
Humphrey Nolan ⁽²⁾	48,750	-	-	-	-	716,142	764,892
Richard Willson ⁽³⁾	43,750	-	-	4,813	-	417,094	465,657
Andreas Schwer ⁽⁴⁾	30,000	-	-	-	-	350,085	380,085
Mira Ricardel ⁽⁵⁾	30,000	-	-	-	-	170,052	200,052
<i>Executive Directors</i>							
Herbert Koeck ⁽⁶⁾⁽⁷⁾⁽⁸⁾	571,500	11,961	4,146	27,662	-	1,055,865	1,671,134
<i>Other Key Management Personnel</i>							
Christopher Healy ⁽⁹⁾	162,938	-	21,491	17,923	1,138	53,207	256,697
Geoff Hollis ⁽¹⁰⁾	44,058	-	3,389	4,196	31	-	51,674
Jonathan Nield ⁽¹¹⁾⁽¹²⁾	267,246	-	17,796	24,183	(5,906)	37,699	341,018
Total	1,250,742	11,961	46,822	78,777	(4,737)	3,332,806	4,716,371

Share-based payments expense for Directors include expenses in relation to rights and options approved by shareholders at the Annual General Meeting held on 23 November 2023.

⁽¹⁾ Included in Mr Stromme's share-based payments expense were accelerated expenses for modified (cancelled) rights totalling \$241,097.

⁽²⁾ Included in Mr Nolan's share-based payments expense were accelerated expenses for modified (cancelled) rights totalling \$424,577.

⁽³⁾ Included in Mr Willson's share-based payments expense were accelerated expenses for modified (cancelled) rights totalling \$208,832.

⁽⁴⁾ Included in Mr Schwer's share-based payments expense were accelerated expenses for modified (cancelled) rights totalling \$183,476.

⁽⁵⁾ Included in Ms Ricardel's share-based payments expense were accelerated expenses for modified (cancelled) options totalling \$3,443.

⁽⁶⁾ Included in Mr Koeck's share-based payments expense were accelerated expenses for modified (cancelled) rights totalling \$322,438.

⁽⁷⁾ Included in Mr Koeck's share-based payments expense were \$340,000 of expenses relating to the issue of 20,000,000 ordinary shares in December 2023 in consideration for Mr Koeck extending his executive employment agreement.

⁽⁸⁾ Included in Mr Koeck's remuneration was a cash bonus of \$90,500 paid in November 2023 in respect of the 2023 financial year.

⁽⁹⁾ Included in Mr Healy's remuneration was a cash bonus of \$7,875 paid in September 2023 in respect of the 2023 financial year.

⁽¹⁰⁾ Mr Hollis commenced as Chief Financial Officer on 13 May 2024.

⁽¹¹⁾ Included in Mr Nield's remuneration was a cash bonus of \$10,350 paid in September 2023 in respect of the 2023 financial year.

⁽¹²⁾ Mr Nield retired as Chief Financial Officer on 17 May 2024.

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The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24
<i>Non-Executive Directors</i>						
Humphrey Nolan	17%	6%	-	-	83%	94%
Andreas Schwer	18%	8%	-	-	82%	92%
Mira Ricardel	18%	15%	-	-	82%	85%
Richard Willson	186%	10%	-	-	(86%)	90%
<i>Executive Directors</i>						
Dag W.R. Stromme	39%	9%	-	-	61%	91%
Jim Simpson	15%	N/A	24%	N/A	61%	N/A
Herbert Koeck	100%	31%	-	5%	-	63%
<i>Other Key Management Personnel</i>						
Geoff Hollis	89%	100%	-	-	11%	-
Patricia Dare	43%	N/A	23%	-	34%	N/A
Klaas Rozema	95%	N/A	-	-	5%	N/A
Christopher Healy	100%	76%	-	3%	-	21%
Jonathan Nield	-	86%	-	3%	-	11%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Jim Simpson
Title:	CEO and Managing Director
Agreement commenced:	18 November 2024 (with recognition of remuneration from 1 October 2024)
Term of agreement:	On going
Details:	<ul style="list-style-type: none"> - Base salary is USD 375,000 - Monthly reimbursements up to USD 9,750 per month for insurance and housing. - Eligible for annual STI as determined by the Board no more than 100% of base salary with payment in cash and shares - STI not applicable up to 30 June 2025. - Eligible to receive 5,000,000 sign-on rights (as an STI) subject to approval at the 2025 AGM. - Eligible to receive 25,000,000 options (as an LTI) subject to approval at the 2025 AGM. - at will employment and 12 month post employment restraint

Name:	Mr Geoff Hollis
Title:	Chief Financial Officer and Company Secretary
Agreement commenced:	13 May 2024
Term of agreement:	Ongoing
Details:	<ul style="list-style-type: none"> - Base salary is AUD 320,000 plus statutory superannuation - Eligibility to participate in STI program up to 20% of base salary - 6,900,000 options awarded as an LTI. - 3 month notice period and 12 month post employment restraint

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Name:	Dr Patricia Dare
Title:	President, USA
Agreement commenced:	1 January 2025 (with recognition of remuneration from 1 December 2024)
Term of agreement:	Ongoing
Details:	<ul style="list-style-type: none"> - Base salary is USD 362,500 - Monthly reimbursements up to USD 3,750 per month for insurance. - Eligible for annual STI as determined by the Board no more than 50% of base salary with payment in cash and shares - STI not applicable up to 30 June 2025. - 2,321,429 sign-on rights awarded as an STI. - 11,607,143 options awarded as an LTI. - at will employment and 12 month post employment restraint

Name:	Mr Klaas Rozema
Title:	President, EMEA
Agreement commenced:	1 December 2021
Term of agreement:	Ongoing
Details:	<ul style="list-style-type: none"> - Base salary is EUR 173,077 plus statutory pension and company car - 6,000,000 options awarded as an LTI. - 1 month notice period and 12 month post employment restraint

Number of ordinary shares held by key management personnel

	Balance at the start of the year	Balance at the appointment date	Granted as compensation	Net changes (other)	Adjustment	Balance at the end of the year
Year ended 30 June 2025						
<i>Non-Executive Directors</i>						
Humphrey Nolan ⁽¹⁾	330,000	-	-	17,500,000	-	17,830,000
Andreas Schwer ⁽¹⁾	215,384	-	-	10,000,000	-	10,215,384
Mira Ricardel	96,154	-	-	-	-	96,154
Richard Willson ⁽¹⁾	120,000	-	-	12,500,000	-	12,620,000
<i>Executive Directors</i>						
Dag W.R. Stromme	30,188,441	-	-	-	-	30,188,441
Jim Simpson	-	-	-	-	-	-
Herbert Koeck ⁽²⁾	25,723,850	-	-	-	(25,723,850)	-
<i>Other Key Management Personnel</i>						
Geoff Hollis	-	-	-	-	-	-
Patricia Dare	-	-	-	-	-	-
Klaas Rozema ⁽³⁾	1,592,160	-	1,010,000	500,000		3,102,160
Christopher Healy ⁽²⁾	534,383	-	2,000,000	(234,383)	(2,300,000)	-
Total	58,800,372	-	3,010,000	40,265,617	(28,023,850)	74,052,139

Issue of shares to key management personnel

⁽¹⁾Net changes other as a results of the vesting of rights for Mr Nolan, Mr Willson and Mr Schwer.

⁽²⁾Mr Koeck retired effective 31 December 2024 and Mr Healy retired effective 31 January 2025 therefore no balances are reflected at year end.

⁽³⁾Mr Rozema was issued 500,000 shares in relation to business acquisition payments in November 2024.

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Options and performance rights to key management personnel

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting and exercisable date	Expiry date	Hurdle price (15-day VWAP)	Fair value per option at grant date	Exercise price
Herbert Koeck	25,000,000	4-Dec-23	4-Dec-24	4-Dec-26	\$ 0.03	\$ 0.015	-
Herbert Koeck ⁽¹⁾	35,000,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.05	\$ 0.014	-
Dag Stromme	17,500,000	4-Dec-23	4-Dec-24	4-Dec-26	\$ 0.03	\$ 0.015	-
Dag Stromme	17,500,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.05	\$ 0.014	-
Dag Stromme	17,500,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.07	\$ 0.012	-
Mira Ricardel	10,000,000	4-Dec-23	4-Dec-24	4-Dec-26	\$ 0.03	\$ 0.015	-
Mira Ricardel	10,000,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.05	\$ 0.014	-
Mira Ricardel	10,000,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.07	\$ 0.012	-
Jim Simpson ⁽²⁾	5,000,000	18-Nov-24	18-Nov-25	18-Nov-32	\$ 0.15	\$ 0.300	-
Jim Simpson ⁽²⁾	10,000,000	18-Nov-24	18-Nov-26	18-Nov-33	\$ 0.18	\$ 0.300	-
Jim Simpson ⁽²⁾	10,000,000	18-Nov-24	18-Nov-27	18-Nov-34	\$ 0.30	\$ 0.300	-
Geoff Hollis	2,300,000	18-Jun-25	31-Dec-25	18-Jun-32	\$ 0.33	\$ 0.222	-
Geoff Hollis	2,300,000	18-Jun-25	31-Dec-26	18-Jun-32	\$ 0.44	\$ 0.238	-
Geoff Hollis	2,300,000	18-Jun-25	31-Dec-27	18-Jun-32	\$ 0.77	\$ 0.235	-
Patricia Dare	2,321,429	1-Jan-25	31-Dec-25	31-Dec-32	\$ 0.33	\$ 0.080	\$ 0.22
Patricia Dare	4,642,857	1-Jan-25	31-Dec-26	31-Dec-33	\$ 0.44	\$ 0.110	\$ 0.22
Patricia Dare	4,642,857	1-Jan-25	31-Dec-27	31-Dec-34	\$ 0.77	\$ 0.130	\$ 0.22
Klaas Rozema	2,000,000	18-Jun-25	31-Dec-25	18-Jun-32	\$ 0.33	\$ 0.222	-
Klaas Rozema	2,000,000	18-Jun-25	31-Dec-26	18-Jun-32	\$ 0.44	\$ 0.238	-
Klaas Rozema	2,000,000	18-Jun-25	31-Dec-27	18-Jun-32	\$ 0.77	\$ 0.235	-

Options granted carry no dividend or voting rights.

⁽¹⁾ Mr Koeck's 35,000,000 options were forfeited following his retirement in January 2025.

⁽²⁾ Options for Mr Simpson are subject to shareholder approval at the 2025 AGM prior to issue.

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Directors' Report
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The number of options over ordinary shares held by key management personnel are as follows:

Year ended 30 June 2025	Balance at the start of the year	Additions	Vested/ lapsed/ cancelled/ other	Balance at the end of the year
<i>Non-Executive Directors</i>				
Humphrey Nolan	-	-	-	-
Andreas Schwer	-	-	-	-
Mira Ricardel	30,000,000	-	-	30,000,000
Richard Willson	-	-	-	-
<i>Executive Directors</i>				
Dag W.R. Stromme	52,734,375	-	-	52,734,375
Jim Simpson	-	25,000,000	-	25,000,000
Herbert Koeck	60,312,500	-	(35,000,000)	25,312,500
<i>Other Key Management Personnel</i>				
Geoff Hollis	-	6,900,000	-	6,900,000
Patricia Dare	-	11,607,143	-	11,607,143
Klaas Rozema	-	6,000,000	-	6,000,000
Christopher Healy	-	-	-	-
Total	143,046,875	49,507,143	(35,000,000)	157,554,018

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting are as follows:

Name	Number of rights granted	Grant date	Vesting date	Expiry Date	Hurdle price (15-day VWAP)	Fair value per right at grant date
Humphrey Nolan ⁽¹⁾	17,500,000	4-Dec-23	4-Dec-24	4-Dec-26	\$ 0.03	\$ 0.015
Humphrey Nolan	17,500,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.05	\$ 0.014
Humphrey Nolan	17,500,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.07	\$ 0.012
Richard Willson ⁽²⁾	12,500,000	4-Dec-23	4-Dec-24	4-Dec-26	\$ 0.03	\$ 0.015
Richard Willson ⁽³⁾	12,500,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.05	\$ 0.014
Richard Willson ⁽³⁾	12,500,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.07	\$ 0.012
Andreas Schwer ⁽⁴⁾	10,000,000	4-Dec-23	4-Dec-24	4-Dec-26	\$ 0.03	\$ 0.015
Andreas Schwer	10,000,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.05	\$ 0.014
Andreas Schwer	10,000,000	4-Dec-23	4-Dec-25	4-Dec-27	\$ 0.07	\$ 0.012
Jim Simpson ⁽⁵⁾	5,000,000	18-Nov-24	18-Nov-25	18-Nov-25	\$ -	\$ 0.300
Patricia Dare	2,321,429	1-Jan-25	31-Dec-25	31-Dec-25	\$ -	\$ 0.190

Performance rights granted carry no dividend or voting rights.

⁽¹⁾ Mr Nolan's 17,500,000 rights vested and 17,500,000 shares were issued in December 2024 upon achieving vesting conditions.

⁽²⁾ Mr Willson's 12,500,000 rights vested and 12,500,000 shares were issued in December 2024 upon achieving vesting conditions.

⁽³⁾ Mr Willson's 25,000,000 rights were forfeited following his resignation in July 2025.

⁽⁴⁾ Mr Schwer's 10,000,000 rights vested and 10,000,000 shares were issued in December 2024 upon achieving vesting conditions.

⁽⁵⁾ Rights for Mr Simpson are subject to shareholder approval at the 2025 AGM prior to issue.

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The number of performance rights over ordinary shares held by key management personnel are as follows:

	Balance at the start of the year	Additions	Vested/ lapsed/ cancelled/ other	Balance at the end of the year
Year ended 30 June 2025				
<i>Non-Executive Directors</i>				
Humphrey Nolan	52,500,000	-	(17,500,000)	35,000,000
Andreas Schwer	30,000,000	-	(10,000,000)	20,000,000
Mira Ricardel	-	-	-	-
Richard Willson	37,500,000	-	(37,500,000)	-
<i>Executive Directors</i>				
Dag W.R. Stromme	-	-	-	-
Jim Simpson	-	5,000,000	-	5,000,000
Herbert Koeck	-	-	-	-
<i>Other Key Management</i>				
Geoff Hollis	-	-	-	-
Patricia Dare	-	2,321,429	-	2,321,429
Klaas Rozema	-	-	-	-
Christopher Healy	-	-	-	-
Total	120,000,000	7,321,429	(65,000,000)	62,321,429

Additional information

The historical earnings of the Consolidated Entity are summarised below:

	30-Jun-25	30-Jun-24	30-Jun-23	30-Jun-22	30-Jun-21
	\$	\$	\$	\$	\$
Revenue	9,427,102	7,697,370	4,488,394	5,320,623	1,984,951
Net loss after tax	(19,886,876)	(11,892,164)	(15,709,484)	(16,971,886)	(17,175,346)
Total remuneration of KMP	8,192,424	4,716,371	2,439,859	3,756,876	1,774,354
Total performance-based remuneration	5,266,944	2,145,483	1,307,101	1,904,543	886,612

Note: total performance based remuneration for the 2024 financial year excludes expenses relating to cancellation of rights and options.

Increase / (decrease) in revenue (%)	22%	71%	(16%)	168%	(1%)
Change in share price (%)	311%	265%	(93%)	(35%)	33%

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2025	2024	2023	2022	2021
Share price - start of the financial year (\$)	0.07	0.02	0.26	0.40	0.60
Share price - end of the financial year (\$)	0.30	0.07	0.02	0.26	0.40

Basic earnings per share (cents)	(0.0164)	(0.0136)	(7.1565)	(9.0500)	(11.2100)
Diluted earnings per share (cents)	(0.0164)	(0.0136)	(7.1565)	(9.0500)	(11.2100)

Voting and comments made at the Company's 2024 Annual General Meeting

At the 2024 Annual General Meeting, 99.32% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2024. The consolidated entity did not receive any specific feedback at the Annual General Meeting regarding its remuneration practices.

This concludes the remuneration report, which has been audited.

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Shares under option

Unissued ordinary shares of Titomic Limited under option at the date of this report are as follows:

Grant date	Expiry date	Hurdle price	Exercise price	Number under option
8-May-23	8-May-26	\$0.00	\$0.40	22,312,500
4-Dec-23	4-Dec-26	\$0.03	\$0.00	52,500,000
4-Dec-23	4-Dec-27	\$0.05	\$0.00	27,500,000
4-Dec-23	4-Dec-27	\$0.07	\$0.00	27,500,000
19-Mar-24	18-Mar-27	\$0.00	\$0.07	2,000,000
18-Nov-24	18-Nov-32	\$0.15	\$0.00	5,000,000
18-Nov-24	18-Jan-33	\$0.18	\$0.00	10,000,000
18-Nov-24	18-Nov-34	\$0.30	\$0.00	10,000,000
1-Jan-25	31-Dec-32	\$0.33	\$0.22	4,642,858
1-Jan-25	31-Dec-33	\$0.44	\$0.22	9,285,714
1-Jan-25	31-Dec-34	\$0.77	\$0.22	9,285,714
20-Jun-25	21-Apr-33	\$0.33	\$0.22	1,250,000
20-Jun-25	21-Apr-34	\$0.44	\$0.22	2,500,000
20-Jun-25	21-Apr-35	\$0.77	\$0.22	2,500,000
20-Jun-25	20-Jun-33	\$0.33	\$0.22	250,000
20-Jun-25	20-Jun-34	\$0.44	\$0.22	500,000
20-Jun-25	20-Jun-35	\$0.77	\$0.22	500,000
18-Jun-25	18-Jun-32	\$0.33	\$0.00	4,595,500
18-Jun-25	18-Jun-32	\$0.44	\$0.00	4,595,500
18-Jun-25	18-Jun-32	\$0.77	\$0.00	4,595,500
				<u>201,313,286</u>

Performance rights outstanding

Performance rights outstanding for Titomic Limited as at the date of this report are as follows:

Grant date	Expiry date	Hurdle price	Exercise price	Number of rights
4-Dec-23	4-Dec-27	\$0.05	\$0.00	27,500,000
4-Dec-23	4-Dec-27	\$0.07	\$0.00	27,500,000
18-Nov-24	18-Nov-25	\$0.00	\$0.00	5,000,000
1-Jan-25	31-Dec-25	\$0.00	\$0.00	4,642,858
21-Apr-25	21-Apr-26	\$0.00	\$0.00	1,250,000
				<u>65,892,858</u>

Shares issued on the exercise of options

The following ordinary shares of Titomic Limited were issued during the prior year and up to the date of this report on the exercise of options.

Date shares issued	Exercise price	Number of shares issued
8-Aug-24	\$0.0500	2,000,000

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Titomic Limited
Directors' Report
For the year ended 30 June 2025

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

During the financial year, the auditor provided pre-approved non-audit services totaling \$4,000. These services related to corporate finance matters. The Directors are satisfied that the provision of these services complies with the auditor independence requirements under the Corporations Act 2001. The nature and scope of the services provided did not compromise auditor independence.

Rounding of amounts

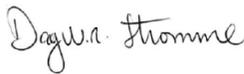
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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



Dag W.R. Stromme
Chair

28 August 2025

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RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

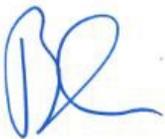
T +61(0) 3 9286 8000
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www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Titomic Limited and its controlled entities for the year 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**RSM AUSTRALIA PARTNERS****B Y CHAN**
Partner

Melbourne, VIC
Dated: 28 August 2025

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Titomic Limited
Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the year ended 30 June 2025

	Note	30-Jun-25 \$	30-Jun-24 \$
Revenue			
Sales revenue	6	8,114,049	5,923,876
Other revenue	6	1,313,053	1,773,494
		9,427,102	7,697,370
Fair value adjustment	4	145,385	616,033
Expenses			
Production and related expenses		(8,297,785)	(4,935,218)
Corporate and administrative expenses		(11,174,198)	(6,962,459)
Sales, marketing and promotion expenses		(3,269,775)	(2,461,234)
Other expenses		(92,893)	(48,874)
Remuneration expense on Tri-D and Dycomet acquisition	8	(18,181)	(113,400)
Share based payments expenses	9	(6,026,275)	(4,060,524)
Impairment loss	10	-	(913,639)
Depreciation expenses	7	(342,415)	(160,649)
Finance costs	7	(296,079)	(309,231)
		(29,517,601)	(19,965,228)
Loss before income tax expense		(19,945,114)	(11,651,825)
Income tax expense	11	58,238	(240,339)
Net Loss after Income Tax Expense		(19,886,876)	(11,892,164)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve	26	(554,215)	(102,304)
Income tax relating to these items		-	-
Other comprehensive loss, net of tax		(554,215)	(102,304)
Total comprehensive loss for the year Attributable to the Owners of Titomic Limited		(20,441,091)	(11,994,468)
		Cents	Cents
Basic earnings (loss) per share	12	(0.0164)	(0.0136)
Diluted earnings (loss) per share	12	(0.0164)	(0.0136)

These financial statements should be read in conjunction with the accompanying notes.

Titomic Limited
Consolidated Statement of Financial Position
As at 30 June 2025

	Note	30-Jun-25 \$	30-Jun-24 \$
Current Assets			
Cash and cash equivalents	13	8,926,447	2,729,484
Trade and other receivables	14	351,612	644,416
Inventories	15	4,173,516	3,463,468
Contract assets	16	581,585	-
Other current assets	17	935,598	651,111
Income tax receivable		2,821	-
Total Current Assets		14,971,579	7,488,479
Non-Current Assets			
Property, plant and equipment	18	17,493,988	536,538
Right-of-use assets	19	2,603,574	19,313
Other non-current assets		30,897	30,897
Total Non-Current Assets		20,128,459	586,748
Total Assets		35,100,038	8,075,227
Current Liabilities			
Trade and other payables	20	3,564,257	1,712,776
Provisions	21	729,765	686,419
Borrowings	22	502,067	387,123
Lease liabilities	23	346,154	340,179
Other financial liabilities	24	2,250,697	1,766,076
Provision for income tax		-	151,491
Total Current Liabilities		7,392,940	5,044,064
Non-Current Liabilities			
Provisions	21	162,616	101,711
Borrowings	22	8,706,090	-
Lease liabilities	23	2,634,381	387,141
Other financial liabilities	24	1,388,964	1,511,877
Total Non-Current Liabilities		12,892,051	2,000,729
Total Liabilities		20,284,991	7,044,793
Net Assets		14,815,047	1,030,434
Equity			
Issued capital	25	23,130,710	75,211,575
Reserves	26	14,666,822	10,417,654
Accumulated losses	27	(22,982,485)	(84,598,795)
Total Equity		14,815,047	1,030,434

These financial statements should be read in conjunction with the accompanying notes.

Titomic Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2025

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2023	63,790,575	8,201,098	(72,706,631)	(714,958)
Net loss after income tax	-	-	(11,892,164)	(11,892,164)
Other comprehensive loss after tax	-	(102,304)	-	(102,304)
Total comprehensive loss	-	(102,304)	(11,892,164)	(11,994,468)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity	10,246,245	-	-	10,246,245
Advance payment of share capital received in the prior year	750,000	(750,000)	-	-
Costs of contributions of equity	(663,981)	-	-	(663,981)
Share based payments	1,088,736	3,068,860	-	4,157,596
Balance as at 30 June 2024	75,211,575	10,417,654	(84,598,795)	1,030,434
	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2024	75,211,575	10,417,654	(84,598,795)	1,030,434
Net loss after income tax	-	-	(19,886,876)	(19,886,876)
Other comprehensive loss after tax	-	(554,215)	-	(554,215)
Total comprehensive loss	-	(554,215)	(19,886,876)	(20,441,091)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity	30,100,000	-	-	30,100,000
Costs of contributions of equity	(1,928,457)	-	-	(1,928,457)
Share based payments	1,250,778	4,803,383	-	6,054,161
Technical adjustment to share capital	(81,503,186)	-	81,503,186	-
Balance as at 30 June 2025	23,130,710	14,666,822	(22,982,485)	14,815,047

These financial statements should be read in conjunction with the accompanying notes.

Titomic Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2025

	Note	30-Jun-25 \$	30-Jun-24 \$
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		8,578,384	6,305,026
Payments to suppliers and employees (inclusive of GST)		(24,535,833)	(14,010,699)
Interest received		449,825	39,092
Interest and other finance costs paid		(106,914)	(74,691)
Income tax paid		(31,811)	(88,848)
Government grants and tax incentives		924,134	1,599,413
Net cash outflow from operating activities	30	(14,722,215)	(6,230,707)
Cash Flows from Investing Activities			
Payments for deferred consideration in relation to business acquisition		(263,935)	(248,385)
Payments for investment in other assets		-	(30,897)
Payment for property, plant and equipment		(14,903,075)	(897,071)
Proceeds from / (payment for) other assets (security deposits)		124,888	107,553
Net cash outflow from investing activities		(15,042,121)	(1,068,800)
Cash Flows from Financing Activities			
Proceeds from the issue of shares	25	30,009,706	10,246,245
Proceeds from the exercise of options	25	100,000	-
Proceeds from borrowings	22	8,970,565	-
Payment for the principal portion of lease liabilities		(465,766)	(305,020)
Share issue transactions costs	25	(1,881,421)	(751,468)
Repayment of borrowings		(531,232)	(614,192)
Net cash inflow from financing activities		36,201,852	8,575,565
Net increase (decrease) in cash and cash equivalents		6,437,516	1,276,058
Cash and cash equivalents at start of year		2,729,484	1,470,969
Effects of exchange rate changes on cash and cash equivalents		(240,553)	(17,543)
Cash and cash equivalents at end of year	13	8,926,447	2,729,484

These financial statements should be read in conjunction with the accompanying notes.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

1 Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 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 are Unit 1, 371 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, as of the date of the directors' report. The directors have the power to amend and reissue the financial statements.

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 34.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Titomic Limited ('Company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the 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.

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

1 Material accounting policies (continued)

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.

Comparatives

Comparative figures for the prior year have been re-classified where appropriate to align with current year disclosures.

b) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss from ordinary activities of \$19,886,876 during the year ended 30 June 2025 (30 June 2024: \$11,892,164 loss) and had a net cash outflow from operating activities of \$14,722,215 (30 June 2024: \$6,230,707).

The Directors believe it is reasonably foreseeable that the consolidated entity will continue as a going concern and consider it appropriate to prepare the financial report on that basis, noting that the \$50,000,000 capital raise completed in July 2025 (before costs) is expected to provide sufficient funding to support forecast cash flows and net outgoings (refer to Note 37: Events after the reporting period).

c) Foreign currency translation

The financial statements are presented in Australian dollars, which is Titomic Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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1 Material accounting policies (continued)

d) Revenue recognition

Revenue recognition

Revenue is measured at an amount that reflects the consideration to which the Consolidated entity expects to be entitled in exchange for the goods or services. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Manufacturing and sale of machines, projects and consumables

Revenue from the sale of goods, including consumables, spare parts and low-value systems, is recognised at the point in time when control passes to the customer, generally upon delivery.

Revenue from long-term projects, such as high-value bespoke systems, is recognised over time when the customer controls the asset as it is created, the Group's work is performed at the customer's site, and the Group has an enforceable right to payment for work completed to date. Progress is measured using a method that faithfully depicts performance to date.

Rental of machinery

Rental of machinery revenue is recognised as income in the period when earned.

Interest

Interest revenue is recognised using the effective interest rate method.

Grant revenue and Research & Development incentives

Government grants are recognised when they are received or when the right to receive payment is established. The Consolidated entity may undertake R&D activities under competitive grants and be part-funded by other incentive programs (for example R&D tax incentives). There is no certainty that grants or incentive programs will continue to be available to the Consolidated entity, and changes in government policy may reduce their applicability. R&D tax incentives are recorded as revenue when the company has determined that it has a valid claim.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

1 Material accounting policies (continued)

Receivables from contracts with customers

A receivable from a contract with a customer represents the company's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is measured net of the amount of Goods and Services Tax (GST).

e) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

f) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

g) Inventories

Inventories including raw materials and consumables are valued using a standard costing method, which is reviewed and recalculated periodically on an annual or bi-annual basis. Standard costs include supplier's nominated prices or latest actual purchase cost and an additional proportion of anticipated in-bound freight or inventory handling costs. Quantitative movements are conducted and recorded on a first-in-first-out basis, incorporating standard costs to determine transactional financial values.

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1 Material accounting policies (continued)

Inventories including finished goods and work in progress (WIP) are measured as a combination of value of raw materials consumed, direct labour costs assigned and appropriate allocation of overhead expenses.

h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit loss. Trade receivables are generally due for settlement within 30 days. See note 14 for further information about the consolidated entity's accounting for trade receivables.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

j) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items. For capital work in progress (WIP), depreciation commences upon the asset becoming operational. For all other assets except land, depreciation commences upon the date of purchase.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the consolidated entity and the cost of the asset can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method of depreciation to allocate the cost or revalued amounts of the asset, net of the residual values, over the estimated useful life of the asset or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	30 years
Building fitouts	Lesser of lease life or 10 years
Computer equipment & software	3 - 5 years
Factory equipment & machinery	3 - 10 years
Land	Not depreciated
Capital WIP	Not depreciated

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

1 Material accounting policies (continued)

k) Right-of-use assets

Right-of-use assets are measured at cost less depreciation and impairment and adjusted for any remeasurement of the lease liability.

The cost of the asset includes: the amount of the initial measurement of the lease liability; any lease payments made at or before lease commencement date less any lease incentives received; and initial direct costs; and present value of expected restoration costs.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The consolidated entity tests right-of-use assets for impairment where there is an indicator that the asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Consolidated entity determines the lease term as the non-cancellable period of a lease together with both: the periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Management considers all the facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

l) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

m) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

n) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the consolidated entity's incremental borrowing rate is used.

Lease liabilities are subsequently measured by: increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Interest on the lease liabilities and any variable lease payments not included in the measurement of the lease liabilities are recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income in the period in which they relate.

o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

1 Material accounting policies (continued)

p) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

q) Employee benefits

Short-term employee benefits

Liabilities arising in respect of wages and salaries, annual leave, and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

Other long-term employee benefits

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the consolidated entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

Defined contribution superannuation plan

The Company makes superannuation contributions (as per statutory rates) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year.

These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Company's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

1 Material accounting policies (continued)

Share-based payments

Share-based compensation benefits may be provided through the issue of fully paid ordinary shares under the Employee Share and Option Plan. Options may also be granted to employees and consultants in accordance with the terms of their respective employment and consultancy agreements. Any options granted to employees are made in accordance with the terms of the consolidated entity's Employee Share and Option Plan (ESOP) and Employee Incentive Plan (EIP).

The fair value of options granted under employment and consultancy agreements are recognised as share based payment expenses with a corresponding increase in equity. The fair value of the options are measured at grant date and recognised over the period during which the employees or consultants become unconditionally entitled to the options.

The fair value of the options at grant date is determined using either Black Scholes or Monte Carlo method pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of any equity granted may include the impact of market (for example, share price target) and non-market vesting conditions (for example, profitability and sales growth targets). These vesting conditions are included in assumptions about the number of securities that are expected to be issued or become exercisable. At each reporting date, the entity assesses, and when necessary revises the estimated number of securities that are expected to be issued or become exercisable. The expense recognised each period takes into account the most recent estimate. The impact of any revision to original estimates is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to contributed equity.

The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

1 Material accounting policies (continued)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

r) Contract assets and liabilities

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

s) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests.

For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

t) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

1 Material accounting policies (continued)

u) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Titomic Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

v) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

w) Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

x) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2025. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

2 Critical Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Research and development tax incentive

The consolidated entity adopts the income approach to accounting for the research and development tax incentive pursuant to AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance'. The directors have concluded that the consolidated entity has developed sufficient systems and knowledge to allow reasonable assurance to be obtained with respect to the measurement and recognition of the tax rebates at a point when they believe they have a valid claim. The claim incorporates estimates around R&D apportionment for certain shared assets (such as machines and employees) and judgements around the expense's eligibility under the Tax Incentive Application.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by either Black Scholes or Monte-Carlo method pricing model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other events. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill

The consolidated entity assesses the impairment of non-financial assets other than goodwill at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of property, plant and equipment

The consolidated entity assesses impairment of property, plant and equipment at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

2 Critical Accounting Estimates, Assumptions and Judgements (continued)

Deferred consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Incremental borrowing rate implicit in lease arrangements

The incremental borrowing rate in the lease is for the purpose of lease classification and measurement. The interest rate 'implicit' in the lease is the discount rate and is used to sum of the present value of the lease payments for measurement purposes.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

Contract assets and liabilities

Significant judgement is required in measuring contract assets and liabilities, particularly in assessing progress towards completion, estimating future costs to complete (including the impact of scope changes), and recognising obligations for maintenance and defect rectification. Judgement is also applied in assessing the likelihood and amount of performance bonuses or penalties. These estimates affect the timing and amount of revenue recognised and may result in gains or losses on individual contracts.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

3 Financial risk management

(a) Financial instruments

The consolidated entity's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables. Financial instruments are set out below:

	30-Jun-25	30-Jun-24
	\$	\$
Cash and cash equivalents	8,926,447	2,729,484
Trade and other receivables	351,612	644,416
Other current assets	935,598	651,111
Trade and other payables	3,564,257	1,712,776
Other financial liabilities	3,639,661	3,277,953
Lease liabilities	2,980,535	727,320
Borrowings	9,208,157	387,123

The fair values of cash and cash equivalents, trade and other receivables, other current assets, trade and other payables, other financial liabilities, lease liabilities and borrowings approximate to their carrying amounts largely due to being liquid assets or liabilities.

(b) Risk management policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the consolidated entity's implementation of that system on a regular basis.

The Board and Senior Management identify the general areas of risk and assess the potential impact of any of these risks on the activities of the consolidated entity, with Management performing a regular review of:

- the major risks that may or do occur within the business;
- the degree of risk involved;
- the current approach of managing or mitigating the risk; and
- if appropriate, determine: any inadequacies of the current approach; and possible new approaches that more efficiently and effectively address the risk.

Financial risk management

Management report risks identified to the Board through regular reporting.

The consolidated entity seeks to ensure that its exposure to undue risk which may impact its financial performance, continued growth, and viability is minimised in a cost-effective manner.

The main risks the consolidated entity is exposed to through its operations are interest rate risk, credit risk, currency and liquidity risk.

Interest rate risk

The consolidated entity is exposed to interest rate risks via the cash and cash equivalents and borrowings that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate because of changes in market interest rates. The objective of managing interest rate risk is to minimise the consolidated entity's exposure to fluctuations in interest rates that might impact its interest revenue, interest expense and cash flow.

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

3 Financial risk management (continued)

The consolidated entity has increased its borrowings during the year via a loan to acquire land and buildings, there have been no other material changes to the consolidated entity's exposure to interest rate risk. There has been no change to the manner in which it manages and measures its risk in the year ended 30 June 2025.

The following table outlines the Consolidated entity's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities:

	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average effective interest rate	Fixed / variable rate
	\$	\$	\$		
30-Jun-25					
<i>Financial assets</i>					
Cash	4,239,537	4,686,910	8,926,447	3.31%	Variable
Trade and other receivables	-	351,612	351,612	-	
Prepayments	-	788,598	788,598	-	
Other current assets - security deposits	147,000	-	147,000	4.14%	Variable
Total financial assets	4,386,537	5,827,120	10,213,657		
<i>Financial liabilities</i>					
Trade and other payables	-	3,564,257	3,564,257	-	
Borrowings - bank loans	8,717,221	-	8,717,221	6.83%	Fixed
Borrowings - Insurance premium funding	339,566	-	339,566	4.49%	Fixed
Borrowings - other	151,370	-	151,370	8.03%	Fixed
Other financial liabilities - CSIRO	1,453,645	-	1,453,645	7.17%	Variable
Other financial liabilities - deferred consideration	25,319	-	25,319	7.17%	Variable
Contract liabilities	-	2,160,697	2,160,697	-	
Lease liabilities	2,980,535	-	2,980,535	4.80%	Fixed
Total financial liabilities	13,667,656	5,724,954	19,392,610		
30-Jun-24					
<i>Financial assets</i>					
Cash	1,450,165	1,279,319	2,729,484	2.40%	Variable
Trade and other receivables	-	644,416	644,416	-	
Prepayments	-	388,764	388,764	-	
Other current assets - security deposits	262,347	-	262,347	4.15%	Variable
Total financial assets	1,712,512	2,312,499	4,025,011		
<i>Financial liabilities</i>					
Trade and other payables	-	1,712,776	1,712,776	-	
Borrowings - Insurance premium funding	344,631	-	344,631	4.15%	Fixed
Borrowings - other	42,492	-	42,492	13.75%	Fixed
Other financial liabilities - CSIRO	1,366,436	-	1,366,436	7.32%	Variable
Other financial liabilities - deferred and contingent consideration	492,413	-	492,413	7.32%	Variable
Contract liabilities	-	1,419,104	1,419,104	-	
Lease liabilities	727,320	-	727,320	6.67%	Fixed
Total financial liabilities	2,973,292	3,131,880	6,105,172		

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

3 Financial risk management (continued)

Profit and loss is sensitive to changes in interest income earned on cash and cash equivalents as a result in changes to deposit interest rates.

	30-Jun-25	30-Jun-24
	\$	\$
1% change in interest rates		
Impact on loss after tax for the period	92,811	12,608
Impact on equity	(92,811)	(12,608)

The choice of 1% change in interest rates was determined having regard to the level of prevailing interest rates in Australia and the United States during FY2025 and FY2024.

Interest rate risk

The consolidated entity is exposed to interest rate risk via long-term borrowings.

The consolidated entity's bank loans outstanding, totalling \$8,717,221, are principal and interest payment loans and have a fixed interest rate through to May 2030.

Credit risk

The consolidated entity is exposed to credit risk via its cash and cash equivalents and trade and other receivables. Credit risk is the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the consolidated entity. To reduce risk exposure for the consolidated entity's cash and cash equivalents, it places them with high credit quality financial institutions and performs background credit checks on counterparties where appropriate.

The consolidated entity holds the view that it does not have significant credit risk at this time in respect of its receivables.

Trade receivables consisted of a small number of transactions with multiple counterparties in the year ended 30 June 2025. Ongoing credit evaluations are performed on the financial condition of each account receivable.

The maximum exposure to credit risk at balance date of recognised financial assets is the carrying amount of those assets net of any allowance for credit losses as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The consolidated entity from time to time may be exposed to foreign currency fluctuations due to overseas amounts receivable from customers, or payable to suppliers denominated in foreign currencies. The consolidated entity has bank accounts in, and holds cash balances in, the countries in which it operates therefore resulting in a natural hedge for part of its currency risk exposure.

Liquidity risk

The consolidated entity is exposed to liquidity risk via trade and other payables and borrowings.

Liquidity risk is the risk that the consolidated entity will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the consolidated entity's Management to ensure that the consolidated entity continues to be able to meet its debts as and when they fall due.

Contracts are not entered into unless the Board believes that there are sufficient cash flows to fund the additional activity. The Board considers whether the consolidated entity needs to raise additional funding from the equity markets when reviewing its undiscounted cash flow forecasts.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

3 Financial risk management (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore, these totals may differ from their carrying amount in the statement of financial position.

	Less than 12 months	1-2 years	2-5 years	Over 5 years	Total contractual maturities
	\$	\$	\$	\$	\$
30-Jun-25					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	2,916,483	-	-	-	2,916,483
Accrued expenses	533,156	-	-	-	533,156
Other payables	114,618	-	-	-	114,618
<i>Interest bearing</i>					
Borrowings - bank loans	734,272	734,272	7,130,282	9,696,796	18,295,623
Borrowings - Insurance premium funding	339,566	-	-	-	339,566
Borrowings - other	41,005	29,163	87,488	29,163	186,818
Other financial liabilities - CSIRO	90,000	90,000	330,000	1,875,000	2,385,000
Lease liabilities	475,018	421,091	731,472	2,275,689	3,903,270
Total non-derivatives	5,244,118	1,274,527	8,279,242	13,876,647	28,674,533
30-Jun-24					
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	548,255	-	-	-	548,255
Accrued expenses	958,003	-	-	-	958,003
Other payables	206,518	-	-	-	206,518
<i>Interest bearing</i>					
Borrowings - Insurance premium funding	344,632	-	-	-	344,632
Borrowings - other	42,492	-	-	-	42,492
Other financial liabilities - CSIRO	75,000	75,000	225,000	2,025,000	2,400,000
Lease liabilities	350,586	231,194	177,268	-	759,048
Total non-derivatives	2,525,486	306,194	402,268	2,025,000	5,258,948

4 Fair value measurement

	30-Jun-25	30-Jun-24
	\$	\$
Fair value adjustment		
Fair value gain/(loss) on CSIRO IP liability	(65,443)	427,382
Fair value gain/(loss) on deferred and contingent acquisition consideration	210,828	188,651
	145,385	616,033

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

4 Fair value measurement (continued)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30-Jun-25				
<i>Assets</i>				
Property, plant & equipment	-	-	-	-
Total assets	-	-	-	-
<i>Liabilities</i>				
Provision for deferred acquisition consideration	-	-	25,319	25,319
Total liabilities	-	-	25,319	25,319
30-Jun-24				
<i>Assets</i>				
Property, plant & equipment	-	-	-	-
Total assets	-	-	-	-
<i>Liabilities</i>				
Provision for deferred & contingent acquisition consideration	-	-	492,413	492,413
Total liabilities	-	-	492,413	492,413

There were no transfers between levels during the current or prior financial year.

5 Segment information

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 the U.S, Australia 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:

- U.S.: High, medium and low pressure cold spray additive manufacturing machines for use by end customers. Strategic sales activities in aerospace and defence industries. Operational headquarters of the consolidated entity.
- Australia: High pressure, large scale cold spray additive manufacturing machines and manufactured products for customers in the aerospace, defence, oil and gas industries. R&D hub.
- Europe: Low and medium pressure cold spray additive manufacturing machines for use by end customers in providing various metal coating and repair services.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

5 Segment information (continued)

Intersegment transactions

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

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.

30-Jun-25	Australia \$	U.S. \$	Europe \$	Consolidated \$
Revenue				
External customer sales	796,342	2,846,409	4,471,298	8,114,049
<i>Intersegment sales</i>	495,762	-	2,336,407	2,832,169
<i>Intersegment management fees</i>	1,598,118	(474,398)	(1,040,744)	82,976
Total sales revenue	2,890,222	2,372,011	5,766,961	11,029,194
Grant revenue	56,600	-	95,821	152,421
R&D tax incentive	695,937	-	-	695,937
Interest revenue	417,263	5,810	6,834	429,907
Other revenue	7,030	28,595	(837)	34,788
Segment revenue	4,067,052	2,406,416	5,868,779	12,342,247
<i>Intersegment eliminations</i>				(2,915,145)
Total revenue				9,427,102
EBITDA				
Depreciation and amortisation	(11,995,402)	(6,701,003)	(146,009)	(18,842,414)
Impairment of assets	(83,210)	(28,255)	(230,950)	(342,415)
Interest	-	-	-	-
Interest	(185,361)	(50,781)	(59,937)	(296,079)
<i>Intersegment eliminations</i>				(464,206)
Loss before income tax expense	(12,263,973)	(6,780,039)	(436,896)	(19,945,114)
Income tax expense	-	-	58,238	58,238
Loss after income tax expense	(12,263,973)	(6,780,039)	(378,658)	(19,886,876)
Assets				
Segment assets	33,703,172	20,447,136	8,898,989	63,049,297
<i>Intersegment eliminations</i>				(27,949,259)
Total assets				35,100,038
Liabilities				
Segment liabilities	7,313,348	31,641,297	8,345,113	47,299,758
<i>Intersegment eliminations</i>				(27,014,767)
Total liabilities				20,284,991

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

5 Segment information (continued)

30-Jun-24	Australia \$	U.S. \$	Europe \$	Consolidated \$
Revenue				
External customer sales	899,604	543,152	4,481,120	5,923,876
<i>Intersegment sales</i>	<i>84,200</i>	<i>-</i>	<i>583,690</i>	<i>667,890</i>
<i>Intersegment management fees</i>	<i>1,096,906</i>	<i>-</i>	<i>130,078</i>	<i>1,226,984</i>
Total sales revenue	<u>2,080,710</u>	<u>543,152</u>	<u>5,194,888</u>	<u>7,818,750</u>
Grant revenue	618,588	-	7,956	626,544
R&D tax incentive	1,011,607	-	-	1,011,607
Interest revenue	38,897	-	195	39,092
Other revenue	96,251	-	-	96,251
Segment revenue	<u>3,846,053</u>	<u>543,152</u>	<u>5,203,039</u>	<u>9,592,244</u>
<i>Intersegment eliminations</i>				<i>(1,894,874)</i>
Total revenue				<u>7,697,370</u>
EBITDA				
Depreciation and amortisation	(9,053,217)	(1,728,698)	498,791	(10,283,124)
Impairment of assets	(23,739)	(8,482)	(128,428)	(160,649)
Interest	(913,639)	-	-	(913,639)
<i>Intersegment eliminations</i>	<i>(310,580)</i>	<i>-</i>	<i>1,349</i>	<i>(309,231)</i>
Loss before income tax expense	<u>(10,301,175)</u>	<u>(1,737,180)</u>	<u>371,712</u>	<u>(11,651,825)</u>
Income tax expense	-	-	(240,339)	(240,339)
Loss after income tax expense				<u>(11,892,164)</u>
Assets				
Segment assets	<u>9,974,403</u>	<u>681,967</u>	<u>2,998,275</u>	<u>13,654,645</u>
<i>Intersegment eliminations</i>				<i>(5,579,418)</i>
Total assets				<u>8,075,227</u>
Liabilities				
Segment liabilities	<u>5,546,309</u>	<u>5,116,040</u>	<u>1,957,678</u>	<u>12,620,027</u>
<i>Intersegment eliminations</i>				<i>(5,575,234)</i>
Total liabilities				<u>7,044,793</u>

6 Revenue

	30-Jun-25 \$	30-Jun-24 \$
Sales revenue		
Revenue from contracts with customers	8,114,049	5,923,876
	<u>8,114,049</u>	<u>5,923,876</u>
Other revenue		
Research and development tax incentive	695,937	1,011,607
Space grant revenue	-	581,988
Other grants	152,421	44,556
Interest received	429,907	39,092
Other revenue	34,788	96,251
	<u>1,313,053</u>	<u>1,773,494</u>
	<u>9,427,102</u>	<u>7,697,370</u>

Titomic Limited
Notes to the Consolidated Financial Statements
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6 Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	30-Jun-25	30-Jun-24
	\$	\$
<i>Major product lines</i>		
Machines	6,200,089	4,144,874
Projects	1,161,742	1,122,414
Consumables	752,218	656,588
	<u>8,114,049</u>	<u>5,923,876</u>
<i>Geographical regions</i>		
Australia	796,342	899,604
Europe	4,471,298	4,481,120
USA	2,846,409	543,152
	<u>8,114,049</u>	<u>5,923,876</u>

Timing of revenue recognition

	Machines	Projects	Consumables	Total
	\$	\$	\$	\$
<i>30-Jun-25</i>				
Goods transferred at a point in time	4,985,059	1,161,742	752,218	6,899,019
Services transferred over time	1,215,030	-	-	1,215,030
	<u>6,200,089</u>	<u>1,161,742</u>	<u>752,218</u>	<u>8,114,049</u>
<i>30-Jun-24</i>				
Goods transferred at a point in time	4,119,674	1,122,414	656,588	5,898,676
Services transferred over time	25,200	-	-	25,200
	<u>4,144,874</u>	<u>1,122,414</u>	<u>656,588</u>	<u>5,923,876</u>

7 Expenses

	Note	30-Jun-25	30-Jun-24
		\$	\$
<i>Employee benefits expenses</i>			
Share-based payments		6,026,275	4,060,524
Superannuation		987,865	671,052
Salaries, wages and other employee benefits		8,684,841	6,151,699
		<u>15,698,981</u>	<u>10,883,275</u>
<i>Depreciation and amortisation expenses</i>			
Depreciation on property, plant and equipment	18	211,625	121,125
Depreciation on right of use assets	19	130,790	39,524
		<u>342,415</u>	<u>160,649</u>
<i>Finance costs</i>			
Other interest		17,528	47,241
Lease liabilities		100,297	60,953
Interest on loans (U.S. premises)		50,781	-
Notional interest on other liabilities		127,473	201,037
		<u>296,079</u>	<u>309,231</u>

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Notes to the Consolidated Financial Statements
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8 Remuneration expense on Tri-D transaction and Dycomet acquisition

	30-Jun-25	30-Jun-24
	\$	\$
Share-based payments (EU - Dycomet)	18,181	58,699
Share-based payments (US - Tri-D)	-	38,374
Taxes due (US - Tri-D)	-	16,327
	<u>18,181</u>	<u>113,400</u>

Tri-D Dynamic Inc. Transaction

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. The expenses above reflect accelerated share-based payments to one of the Tri-D Dynamics founders.

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.

Dycomet Europe B.V. acquisition (now trading as Titomic Europe B.V.)

Pursuant to the acquisition of Dycomet Europe B.V., the consideration included cash and equity. The share-based payment above reflects the expense in the 2025 financial year for the third and final tranche of 500,000 shares pursuant to the contract.

9 Share based payment expenses

	30-Jun-25	30-Jun-24
	\$	\$
Share-based payments - directors	4,997,714	2,054,577
Share-based payments - directors - cancellation	-	1,187,323
Share-based payments - directors - forfeiture	(326,759)	-
Share-based payments - employees & consultants	1,355,320	818,624
	<u>6,026,275</u>	<u>4,060,524</u>

10 Impairment loss

	30-Jun-25	30-Jun-24
	\$	\$
Impairment of property, plant and equipment - space grant	-	913,639

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Notes to the Consolidated Financial Statements
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11 Income tax expense

	30-Jun-25	30-Jun-24
	\$	\$
<i>Income tax expense</i>		
Income tax expense	(58,238)	240,339
Aggregate income tax expense	(58,238)	240,339
<i>Reconciliation of income tax expense to prima facie tax payable</i>		
Loss before income tax expense	(19,945,114)	(11,651,825)
Tax at the statutory rate 25% (30 June 2024: 25%)	(4,986,279)	(2,912,956)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable research and development tax incentive income	(173,824)	(172)
Non-allowable expenses	1,890,438	1,030,918
Tax losses for which no deferred tax asset is recognised	1,206,441	1,520,292
Timing differences for which no deferred tax asset is recognised	442,204	442,857
Impact of different subsidiary tax rates	360,950	(120,551)
Tax losses of foreign controlled entities not recognised	1,201,831	279,951
Income tax expense	(58,238)	240,339

The income tax expense relates to Titomic Europe B.V. (domiciled in The Netherlands).

Unrecognised potential tax benefits

Unused tax losses for which no deferred tax asset has been recognised - Australia	16,463,747	15,337,316
Unused tax losses for which no deferred tax asset has been recognised - USA	1,786,253	630,261
Unused tax losses for which no deferred tax asset has been recognised - Netherlands	7,772	-

The potential tax benefits can only be utilised by the consolidated entity in the future if it generates sufficient tax profits and in relation to tax losses, the continuity of ownership test is passed or failing that, the same business test is passed.

12 Earnings / (loss) per share

	30-Jun-25	30-Jun-24
	\$	\$
<i>Earnings / (loss) per share from continuing operations</i>		
Net loss after income tax	(19,886,876)	(11,892,164)
Net loss after income tax attributable to the owners of Titomic Limited	(19,886,876)	(11,892,164)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share (a)	1,213,259,615	872,667,571
Weighted average number of ordinary shares used in calculating diluted earnings per share (a)	1,213,259,615	872,667,571
	Cents	Cents
Basic earnings / (loss) per share	(0.0164)	(0.0136)
Diluted earning / (loss) per share	(0.0164)	(0.0136)

During a loss period, the effect of the potential exercise of stock options and performance rights is not considered in the diluted loss per share calculation since the effect would be anti-dilutive.

65,892,858 (30 June 2024: 120,000,000) rights and 201,313,286 (30 June 2024: 168,812,500) options have been excluded from the above calculations as their inclusion would be anti-dilutive.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

13 Cash and cash equivalents

	30-Jun-25	30-Jun-24
	\$	\$
Cash at bank	8,926,447	2,729,484

14 Trade and other receivables

	30-Jun-25	30-Jun-24
	\$	\$
Trade receivables	305,358	640,773
Less: provision for estimated credit losses	(11,927)	(53,181)
Other receivables	58,181	56,824
	<u>351,612</u>	<u>644,416</u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$18,693 in profit or loss in respect of the expected credit losses for the year ended 30 June 2025.

The ageing of the receivables and the provision for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24
Consolidated	%	%	\$	\$	\$	\$
Not overdue	-	-	121,409	505,921	-	-
0 to 3 months overdue	-	-	164,906	74,540	-	-
3 to 6 months overdue	-	-	-	7,131	-	-
Over 6 months overdue	63	100	19,043	53,181	(11,927)	(53,181)
			<u>305,358</u>	<u>640,773</u>	<u>(11,927)</u>	<u>(53,181)</u>

Movements in the provision for expected credit losses are as follows:

	30-Jun-25	30-Jun-24
	\$	\$
Opening balance	53,181	33,379
Additional provisions recognised	11,927	19,802
Provision written-off	(53,181)	-
Closing balance	<u>11,927</u>	<u>53,181</u>

15 Inventories

	30-Jun-25	30-Jun-24
	\$	\$
Raw materials at cost	1,714,321	1,691,297
Less: Provision for obsolescence	(349,904)	(253,454)
Work in progress at cost	2,547,862	2,261,958
Less: Provision for obsolescence	(642,730)	(523,264)
Finished goods at cost	903,967	286,931
	<u>4,173,516</u>	<u>3,463,468</u>

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

16 Contract assets

	30-Jun-25	30-Jun-24
	\$	\$
Contract assets	581,585	-

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods and services but has not yet established an unconditional right to receive consideration. The balances represent the consolidated entity's right to consideration for goods and services provided in relation to the sale of Titomic Kinetic Fusion systems.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Australia	U.S.	Europe	Consolidated
Balance at 1-Jul-23	-	-	-	-
Additions	-	-	-	-
Balance at 30-Jun-24	-	-	-	-
Additions	-	581,585	-	581,585
Balance at 30-Jun-25	-	581,585	-	581,585

17 Other current assets

	30-Jun-25	30-Jun-24
	\$	\$
Prepayments	788,598	388,764
Security deposits	147,000	262,347
	935,598	651,111

18 Property, plant and equipment

	30-Jun-25	30-Jun-24
	\$	\$
Building fitouts	624,487	493,511
Less: accumulated depreciation	(341,420)	(373,453)
Less: provision for impairment	(22,540)	(22,540)
	260,527	97,518
Factory equipment & machinery	8,208,815	7,085,078
Less: accumulated depreciation	(6,025,376)	(5,957,595)
Less: provision for impairment	(720,694)	(720,694)
	1,462,745	406,789
Computer equipment & software	688,373	365,314
Less: accumulated depreciation	(359,858)	(302,314)
Less: provision for impairment	(30,769)	(30,769)
	297,746	32,231
Land & building	11,028,359	-
Less: accumulated depreciation	(21,728)	-
	11,006,631	-
Capital work in progress	4,466,339	-
	17,493,988	536,538

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18 Property, plant and equipment (continued)

U.S. premises purchase

On 29 May 2025, the consolidated entity executed an agreement to acquire premises located at 15091 US Highway 20, Madison, Alabama 35756 in the United States. The purchase price was US\$7,200,000 (AU\$10,992,366) plus acquisition costs.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Building fitouts	Factory equipment & machinery	Computer equipment & software	Land & building	Capital work in progress	Total
	\$	\$	\$	\$	\$	\$
Balance at 1-Jul-23	151,480	325,662	8,331	-	-	485,473
Additions	38,430	166,186	36,359	-	913,639	1,154,614
Impairment of assets	-	-	-	-	(913,639)	(913,639)
Assets written off	(64,221)	-	-	-	-	(64,221)
Depreciation expense	(26,374)	(82,142)	(12,609)	-	-	(121,125)
Effect of foreign exchange	(1,797)	(2,917)	150	-	-	(4,564)
Balance at 30-Jun-24	97,518	406,789	32,231	-	-	536,538
Additions	77,404	1,269,257	278,609	11,028,359	3,554,193	16,207,822
Transfer	103,259	(133,227)	29,968	-	133,227	133,227
Transfer from inventory	-	-	-	-	778,919	778,919
Asset written off	-	-	(893)	-	-	(893)
Depreciation expense	(33,360)	(110,831)	(45,478)	(21,955)	-	(211,625)
Effect of foreign exchange	15,706	30,757	3,310	228	-	50,000
Balance at 30-Jun-25	260,527	1,462,745	297,746	11,006,631	4,466,339	17,493,988

19 Right-of-use assets

	30-Jun-25	30-Jun-24
	\$	\$
Buildings: right-of-use	3,698,389	1,531,856
Less: accumulated depreciation	(364,526)	(538,394)
Less: provision for impairment	(730,289)	(974,149)
	2,603,574	19,313

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19 Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

	Australian factory	Australian head office	Netherlands manufacturing facility (old)	Netherlands manufacturing facility (new)	Total
	\$	\$	\$	\$	\$
Balance at 1-Jul-23	-	-	55,291	-	55,291
Additions	-	-	5,498	-	5,498
Depreciation expense	-	-	(39,524)	-	(39,524)
Effect of foreign exchange	-	-	(1,952)	-	(1,952)
Balance at 30-Jun-24	-	-	19,313	-	19,313
Additions	-	-	-	2,724,670	2,724,670
End of lease - Right of use asset	-	(438,930)	(132,225)	-	(571,155)
End of lease - accumulated depreciation	-	195,080	132,225	-	327,305
End of lease - impairment provision	-	243,850	-	-	243,850
Depreciation expense	-	-	(19,313)	(111,477)	(130,790)
Effect of foreign exchange	-	-	-	(9,619)	(9,619)
Balance at 30-Jun-25	-	-	-	2,603,574	2,603,574

The details in relation to material lease arrangements are explained in note 23.

20 Trade and other payables

	30-Jun-25	30-Jun-24
	\$	\$
Trade payables	2,916,483	548,255
Accrued expenses	533,156	958,003
Other payables	114,618	206,518
	<u>3,564,257</u>	<u>1,712,776</u>

21 Provisions

	30-Jun-25	30-Jun-24
	\$	\$
Current		
Employee benefits	472,244	379,896
Lease make good	-	32,500
Warranties	85,765	104,748
Taxes payable on Tri-D transaction	171,756	169,275
	<u>729,765</u>	<u>686,419</u>
Non-current		
Employee benefits	88,748	75,341
Lease make good	73,868	26,370
	<u>162,616</u>	<u>101,711</u>

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22 Borrowings

	30-Jun-25	30-Jun-24
	\$	\$
<i>Current</i>		
Insurance premium funding	339,566	344,631
Interest-bearing loans (U.S. premises)	131,654	-
Other	30,847	42,492
	<u>502,067</u>	<u>387,123</u>
<i>Non-current</i>		
Interest-bearing loans (U.S. premises)	8,585,567	-
Other	120,523	-
	<u>8,706,090</u>	<u>-</u>

During the current and prior years, the consolidated entity utilised an insurance premium funding facility which is repaid in monthly instalments across the duration of the insurance premium.

Interest-bearing loans (U.S. premises)

On 29 May 2025, the consolidated entity entered into two interest-bearing loans with First National Bank of Pulaski. The loans are in two tranches of \$5,740,458 (US\$3,760,000) and \$3,053,435 (US\$2,000,000). Titomic USA, Inc. has granted a first mortgage to First National Bank of Pulaski as security for both loans over the land and buildings located at 15091 US Highway 20, Madison, Alabama 35756.

The US\$3,760,000 tranche incurs interest at a rate of 7% p.a. (WSJ Prime Rate minus 0.5% p.a. fixed for five years) with principal and interest repayments over 25 years.

The US\$2,000,000 tranche incurs interest at a rate of 6.5% p.a. (fixed for five years) and is repayable after five years with principal and interest repayments calculated using a 25 year schedule. This tranche is also secured by US\$1,000,000 collateral provided by Innovate Alabama to the First National Bank of Pulaski.

The bank loans are subjects to certain covenants with the material covenants being as follows:

- establishment of an escrow account equal to 18 months worth of principal and interest payments. These funds, totalling \$1,118,695 (USD \$732,745) will be released from escrow when a debt service coverage of 1.25 times is reached.
- borrower is expected to reach a debt service coverage of 1.25 times by 30 June 2027.
- borrower's capital level will remain at the same level on the day of the loan's origination.

The financial covenants are assessed at the end of each fiscal year. The loans could be repayable immediately if the covenants are breached. The consolidated entity is not aware of any facts or circumstances that indicate that it may have difficulty complying with the covenants within 12 months after the reporting period.

In June 2025, the consolidated entity entered into a vehicle loan with First National Bank of Pulaski for \$139,528 (USD \$91,391), incurring a fixed interest rate of 7.65% p.a. with repayments over 6 years.

As at 30 June 2025, the consolidated entity had unused bank overdraft facility of \$179,019 (EUR €100,000) with Rabobank in the Netherlands.

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23 Lease liabilities

	30-Jun-25	30-Jun-24
	\$	\$
Current		
Lease liabilities	346,154	340,179
Non-current		
Lease liabilities	2,634,381	387,141

Information in relation to the lease liabilities is below:

Maturity analysis - contractual undiscounted cash flows

Less than one year	475,018	350,586
One to two years	421,091	231,194
Two to five years	731,472	177,268
More than five years	2,275,689	-
Total undiscounted lease liabilities	3,903,270	759,048

The consolidated entity has two material leases for premises as follows:

Australian head office

The lease for the existing location of Australian head office concluded on 28 February 2025 and was not extended. The premises have been vacated and all Australian activities are now conducted in the Australian factory location.

Australian factory

The lease for the existing location of the factory was extended effective from 1 April 2022 for a further five years with an expiry date of 31 March 2027. There is a five year option to extend at the end of the initial term.

Netherlands manufacturing facility (old)

The lease for the existing location of Netherlands manufacturing facility concluded on 31 December 2024 and was not extended. Titomic Europe continues to occupy the premises on month-to-month terms, with the new principal place of business having moved to the new Netherlands manufacturing facility.

Netherlands manufacturing facility (new)

The lease for a new location for Titomic Europe's manufacturing facility located in Heerenveen, the Netherlands was executed effective from 1 November 2024 for an initial term of ten years with an expiry date of 31 October 2034. There is a five year option to extend at the end of the initial term.

The consolidated entity leases low value office equipment under lease, these leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

24 Other financial liabilities

	30-Jun-25	30-Jun-24
	\$	\$
Current		
CSIRO IP liability	90,000	75,000
Fixed deferred consideration for Dycomet (now Titomic Europe B.V.) acquisition	-	242,092
Contingent consideration for Dycomet (now Titomic Europe B.V.) acquisition	-	29,880
Contract liabilities	2,160,697	1,419,104
	2,250,697	1,766,076
Non-current		
CSIRO IP liability	1,363,645	1,291,436
Variable deferred consideration for Dycomet (now Titomic Europe B.V.) acquisition	25,319	220,441
	1,388,964	1,511,877

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24 Other financial liabilities (continued)

CSIRO IP liability

The consolidated entity has three core pieces of Intellectual Property (IP) around its Titomic Kinetic Fusion (TKF) Cold Spray robotic technology manufacturing process. TKF is the process of spraying metal powders at supersonic speed (up to two times the speed of sound) onto a scaffold surface, resulting in the powder particles plastically deforming at the edges and, on impact, bonding at a particle level with the surrounding particles.

The consolidated entity 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.

The term of these licences is to the expiration, lapsing or cessation of all licenced patents, a maximum of 20 years or the life of the underlying patent.

Under the agreement, the consolidated entity must pay CSIRO 1.5% of attributable gross sales revenue attributed to products produced utilising the licensed patented technologies within the licensed field and 20% of non-sales revenue attributable to products produced using the licensed patented process within the licensed field.

Minimum royalty payments are structured as follows:

Period	\$
FY2025-FY2029	90,000
FY2030-FY2032	150,000
FY2033-FY2035	225,000
FY2036-FY2038	300,000

The above performance criteria is discounted using an indicative discount rate of 7.17% p.a. and has been spread over the period to determine the value of the intangible asset acquired.

Reconciliation of the balance of the CSIRO IP liability at the beginning and end of the current and previous financial years are set out below:

	30-Jun-25	30-Jun-24
	\$	\$
CSIRO IP liability at the start of the financial year	1,366,436	1,654,499
Payments made during the year	(90,000)	-
Interest on unwinding of discount	111,766	139,319
Fair value (gain)/loss on contract amendment during the year	65,443	(427,382)
Closing balance	<u>1,453,645</u>	<u>1,366,436</u>

Deferred and contingent consideration for Dycomet (now Titomic Europe B.V.) acquisition

On 30 November 2021, Titomic Limited acquired 100% of the ordinary shares of Dycomet Europe B.V. (now Titomic Europe B.V.). Pursuant to the agreement the seller was owed a deferred payment of EUR €150,000 eighteen months after the acquisition date (this was paid during the 2024 financial year) and a further payment of EUR €150,000 three years after the acquisition date (this was paid in November 2024).

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24 Other financial liabilities (continued)

In addition, there are two earnout components calculated as a percentage of revenue payable three years and five years after the acquisition date. The first earnout is contingent upon a key employee being in continued employment on 30 November 2024 (this was paid in November 2024). The second of these payments is not subject to the employment conditions.

Reconciliation of the balance of deferred and contingent consideration for Dycomet at the beginning and end of the current and previous financial years are set out below:

	30-Jun-25	30-Jun-24
	\$	\$
Deferred and contingent consideration at the start of the financial year	492,413	878,097
Payment for deferred consideration	(271,973)	(248,385)
Interest on unwinding of discount	15,707	51,352
Fair value (gain)/loss on remeasurement on deferred and contingent consideration	(210,828)	(188,651)
Closing balance	<u>25,319</u>	<u>492,413</u>

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

Reconciliation of the balance of contract liabilities at the beginning and end of the current and previous financial years are set out below:

	30-Jun-25	30-Jun-24
	\$	\$
Contract liabilities at the start of the financial year	1,419,104	819,108
Payments received in advance	3,439,945	4,251,261
Transfer to revenue - performance obligations satisfied	(2,698,352)	(3,651,265)
Closing balance	<u>2,160,697</u>	<u>1,419,104</u>

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$4,109,776 as at 30 June 2025 (30 June 2024: \$2,604,234) and is expected to be recognised as revenue in future periods as follows:

	30-Jun-25	30-Jun-24
	\$	\$
Within 6 months	3,682,152	988,456
6 to 12 months	427,624	1,615,778
	<u>4,109,776</u>	<u>2,604,234</u>

25 Issued capital

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,325,758,397</u>	<u>1,010,635,855</u>	<u>23,130,710</u>	<u>75,211,575</u>

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

25 Issued capital (continued)

Movements in ordinary share capital - for the year ended 30 June 2024

Details	Date	Shares	Issue price / value	\$
Opening balance	1-Jul-23	238,989,955		63,790,574
Issue of share capital	3-Jul-23	75,000,000	0.010	750,000
Issue of share capital	24-Jul-23	549,624,440	0.010	5,496,245
Issue of share capital to employees	31-Jul-23	96,083	0.159	15,297
Issue of share capital to employees	7-Aug-23	1,818,095	0.040	72,058
Issue of share capital to employees	22-Aug-23	115,601	0.143	16,543
Issue of share capital to employees	13-Sep-23	450,000	0.430	193,500
Issue of share capital to employees	27-Sep-23	110,427	0.140	15,504
Issue of share capital to directors	8-Nov-23	187,344	0.120	22,500
Issue of share capital to employees	8-Nov-23	123,893	0.120	14,880
Issue of share capital to employees	16-Nov-23	99,068	0.093	9,233
Issue of share capital to directors	6-Dec-23	25,000,000	0.010	250,000
Issue of share capital to employees	8-Dec-23	153,785	0.058	8,904
Issue of share capital to employees	8-Dec-23	473,016	0.255	120,619
Issue of share capital for Dycomet consideration	12-Dec-23	500,000	0.211	105,381
Issue of share capital to directors	20-Dec-23	20,000,000	0.017	340,000
Issue of share capital to employees	15-Apr-24	7,842,571	0.018	141,166
Issue of share capital to employees	16-Apr-24	51,577	0.255	13,152
Issue of share capital	2-May-24	90,000,000	0.050	4,500,000
Less: transaction costs arising on issue of shares				(663,981)
Closing balance	30-Jun-24	<u>1,010,635,855</u>		<u>75,211,575</u>

Movements in ordinary share capital - for the year ended 30 June 2025

Details	Date	Shares	Issue price / value	\$
Opening balance	1-Jul-24	1,010,635,855		75,211,575
Issue of share capital to employees	9-Jul-24	342,265	0.083	28,408
Issue of share capital to employees	7-Aug-24	12,260,000	0.018	220,680
Issue of share capital to consultants	8-Aug-24	2,000,000	0.050	100,000
Issue of share capital to employees	3-Sep-24	461,935	0.255	117,793
Issue of share capital to employees	3-Sep-24	6,178,672	0.018	111,216
Issue of share capital	22-Oct-24	143,211,735	0.120	17,185,408
Issue of share capital	4-Dec-24	106,788,265	0.120	12,814,592
Issue of share capital for Dycomet consideration	11-Dec-24	500,000	0.204	101,889
Issue of share capital to directors	13-Dec-24	40,000,000	0.015	592,000
Issue of share capital to employees	20-Dec-24	99,763	0.255	25,440
Issue of share capital to employees	20-Dec-24	3,279,907	0.018	59,038
Less: technical adjustment to share capital	28-Feb-25			(81,503,186)
Less: other adjustments				(5,686)
Less: transaction costs arising on issue of shares				(1,928,457)
Closing balance	30-Jun-25	<u>1,325,758,397</u>		<u>23,130,710</u>

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

25 Issued capital (continued)

Technical adjustment to share capital

In February 2025, the consolidated entity's Board of Directors resolved to reduce the share capital of the Company by \$81,503,186 in accordance with Section 258F of the Corporations Act 2001 (Cth) (Corporation Act).

The capital adjustment had the effect of reducing the share capital account and reducing 'Accumulated Losses' in the Company's financial statements. This is a technical adjustment which does not impact the net assets, financial results, cash flow or funding of the Company or its consolidated group.

The adjustment was made to ensure the Company's European subsidiary, Titomic Europe, was eligible for material grant funding that relies on the Company meeting pre-determined financial metrics.

Under Section 258F(1) of the Corporation Act, a company may reduce its share capital by cancelling any paid up share capital that is not represented by available assets. As at 31 December 2024 the Company had accumulated losses of AU\$91,169,793 and its net assets (at the parent entity level) were less than its share capital.

The number of securities on issue in the Company was not affected and no amount was unpaid on any of its securities pursuant to the capital reduction; and there are no fractional entitlements arisen from the capital reduction.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure and considers adjustments to it in light of changes to economic conditions and the risk characteristics of its economic activities. In order to maintain or adjust the capital structure, the Company may issue new shares.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

26 Reserves

	30-Jun-25	30-Jun-24
	\$	\$
Foreign currency translation reserve	(654,971)	(100,756)
Share based payment reserves (a)	15,321,793	10,518,410
	<u>14,666,822</u>	<u>10,417,654</u>
<i>(a) share based payment reserves comprises:</i>		
	30-Jun-25	30-Jun-24
	\$	\$
Rights reserve	2,258,004	1,297,156
Options reserve	4,844,626	911,701
Forfeited shares, rights and options reserve	8,219,163	8,225,691
Shares reserve as a result of acquisitions	-	83,862
	<u>15,321,793</u>	<u>10,518,410</u>

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

26 Reserves (continued)

Rights reserve

The rights reserve reflects directors and employee rights.

Directors rights - approved at the 2023 AGM

At the Annual General Meeting held 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 below table reflects rights that were issued:

Grant date	Number of rights	Hurdle price	Exercise price	Expiry date	Fair value (\$)
4-Dec-23	40,000,000	\$0.03	\$0.00	4-Dec-26	592,000
4-Dec-23	40,000,000	\$0.05	\$0.00	4-Dec-27	564,000
4-Dec-23	40,000,000	\$0.07	\$0.00	4-Dec-27	468,000
	<u>120,000,000</u>				<u>1,624,000</u>

The performance hurdle for the rights issued on 4-Dec-23 was based on the company's 15-day VWAP share price and set in three tranches at \$0.03, \$0.05 and \$0.07.

The fair value of the performance rights granted on 4-Dec-23 have been calculated using the Monte Carlo simulation model using the following key assumptions and inputs, explained below:

Grant date	Number of rights	Spot price	Risk-free rate (%)	Expiry date	Volatility rate (%)	Fair value (\$)
4-Dec-23	40,000,000	\$0.02	4.14%	4-Dec-26	100.00%	592,000
4-Dec-23	40,000,000	\$0.02	4.16%	4-Dec-27	100.00%	564,000
4-Dec-23	40,000,000	\$0.02	4.16%	4-Dec-27	100.00%	468,000
	<u>120,000,000</u>					<u>1,624,000</u>

Risk-Free rate: Observed by reference to Commonwealth Government securities for the applicable periods.

The 40,000,000 rights with a hurdle price of \$0.03 have been converted to ordinary shares in December 2024.

Managing director rights - November 2024

On 18 November 2024, Jim Simpson has entered agreement contract with the consolidated entity to become its Managing Director. As per the contract, Mr Simpson will receive 5,000,000 rights at no cost which shall vest on 18 November 2025, subject to shareholder approval at the 2025 AGM.

The consolidated entity has accrued for Mr Simpson's rights expense at a fair value of \$0.30 per right, totalling \$1,500,000, which will be reviewed for accuracy should they be approved at the 2025 AGM.

Employees rights

Senior management employees incentive plan

On 30 May 2025, the Board of Directors approved the issue of 5,892,858 rights to senior management employees, following the recommendation from the Remuneration and Nomination Committee Meeting held on 8 May 2025. The issued rights are related to a sign on bonus as part of employment agreements with US based senior management, as per below:

Grant date	Number of rights	Hurdle price	Exercise price	Expiry date	Fair value (\$)
1-Jan-25	4,642,858	\$0.00	\$0.00	31-Dec-25	882,143
21-Apr-25	1,250,000	\$0.00	\$0.00	21-Apr-26	281,250
	<u>5,892,858</u>				<u>1,163,393</u>

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Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

26 Reserves (continued)

The hurdle price for the options issued are based on the company's 15-day VWAP share price.

The fair value of the options has been calculated on the basis of the Monte Carlo model using the following key assumptions:

Grant date	Number of options	Spot price	Risk-free rate (%)	Expiry date	Volatility rate (%)	Fair value (\$)
1-Jan-25	4,642,858	\$0.19	3.83%	31-Dec-25	110.00%	882,143
21-Apr-25	1,250,000	\$0.23	3.29%	21-Apr-26	110.00%	281,250
	<u>5,892,858</u>					<u>1,163,393</u>

Risk-Free rate: Observed by reference to Commonwealth Government securities for the applicable periods.

Employee incentive plan

In September 2023, the directors established an 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 consolidated entity by providing an opportunity for eligible employees to receive an equity interest in the consolidated entity. Certain employees were allotted share rights in three tranches, which would vest over time.

The first tranche vested immediately and the shares were issued in April 2024. The second tranche vested in September 2024 and the shares were issued in September 2024 (for Australian employees) and December 2024 (for European employees). The third tranche shall vest and the shares are expected to be issued in September 2025.

The share rights were valued at the market closing price on 8 Sept 2023 of \$0.018. There was no adjustment for the impact of discounting as it is deemed to be immaterial.

Options reserve

The options reserve reflects directors and employee rights.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.76 years (2024: 2.89 years)

Director options - AGM 2023

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 options to be issued at the same time. The below table reflects options that were issued:

Grant date	Number of options	Hurdle price	Exercise price	Expiry date	Fair value (\$)
4-Dec-23	52,500,000	\$0.03	\$0.00	4-Dec-26	777,000
4-Dec-23	62,500,000	\$0.05	\$0.00	4-Dec-27	881,250
4-Dec-23	27,500,000	\$0.07	\$0.00	4-Dec-27	321,750
	<u>142,500,000</u>				<u>1,980,000</u>

The performance hurdle for the options issued on 4-Dec-23 was based on the company's 15-day VWAP share price and set in three tranches at \$0.03, \$0.05 and \$0.07.

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Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

26 Reserves (continued)

The fair value of the options has been calculated on the basis of the Black Scholes model using the following key assumptions:

Grant date	Number of options	Spot price	Risk-free rate (%)	Expiry date	Volatility rate (%)	Fair value (\$)
4-Dec-23	52,500,000	\$0.02	4.14%	4-Dec-26	100.00%	777,000
4-Dec-23	62,500,000	\$0.02	4.16%	4-Dec-27	100.00%	881,250
4-Dec-23	27,500,000	\$0.02	4.16%	4-Dec-27	100.00%	321,750
	<u>142,500,000</u>					<u>1,980,000</u>

Risk-Free rate: Observed by reference to Commonwealth Government securities for the applicable periods.

Director options - Managing Director - November 2024

On 18 November 2024, Jim Simpson executed an executive employment agreement with the consolidated entity to become Managing Director. As per the agreement, Mr Simpson is entitled to receive options in three tranches of 5,000,000 options, 10,000,000 options and 10,000,000 options which shall vest on 18 November of calendar year 2025, 2026 and 2027 respectively. The grant of these options is subject to shareholder approval at the 2025 AGM.

The performance hurdles for the three tranches are based on the company's 15-day VWAP share price at \$0.15, \$0.18 and \$0.30 respectively.

The consolidated entity has accrued for Mr Simpson's options expense at a fair value of \$0.30 per option, totalling \$7,500,000, which will be reviewed for accuracy should they be approved at the 2025 AGM.

Senior management employee options

Senior management employees incentive plan

On 30 May 2025, the Board of Directors approved the issue of 44,500,786 options to senior management employees, following the recommendation from the Remuneration and Nomination Committee Meeting held on 8 May 2025 as per below:

Grant date	Number of options	Hurdle price	Exercise price	Expiry date	Fair value (\$)
1-Jan-25	4,642,858	\$0.33	\$0.22	31-Dec-32	371,429
1-Jan-25	9,285,714	\$0.44	\$0.22	31-Dec-33	1,021,429
1-Jan-25	9,285,714	\$0.77	\$0.22	31-Dec-34	1,207,143
20-Jun-25	1,250,000	\$0.33	\$0.22	21-Apr-33	133,750
20-Jun-25	2,500,000	\$0.44	\$0.22	21-Apr-34	352,500
20-Jun-25	2,500,000	\$0.77	\$0.22	21-Apr-35	365,000
20-Jun-25	250,000	\$0.33	\$0.22	20-Jun-33	43,750
20-Jun-25	500,000	\$0.44	\$0.22	20-Jun-34	103,500
20-Jun-25	500,000	\$0.77	\$0.22	20-Jun-35	103,500
18-Jun-25	4,595,500	\$0.33	\$0.00	18-Jun-32	1,020,201
18-Jun-25	4,595,500	\$0.44	\$0.00	18-Jun-32	1,093,729
18-Jun-25	4,595,500	\$0.77	\$0.00	18-Jun-32	1,079,943
	<u>44,500,786</u>				<u>6,895,874</u>

The hurdle price for the options issued are based on the company's 15-day VWAP share price.

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Notes to the Consolidated Financial Statements
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26 Reserves (continued)

The fair value of the options has been calculated on the basis of the Monte Carlo model using the following key assumptions:

Grant date	Number of options	Spot price	Risk-free rate (%)	Expiry date	Volatility rate (%)	Fair value (\$)
1-Jan-25	4,642,858	\$0.19	3.83%	31-Dec-32	110.00%	371,429
1-Jan-25	9,285,714	\$0.19	3.83%	31-Dec-33	110.00%	1,021,429
1-Jan-25	9,285,714	\$0.19	3.82%	31-Dec-34	110.00%	1,207,143
20-Jun-25	1,250,000	\$0.23	3.29%	21-Apr-33	110.00%	133,750
20-Jun-25	2,500,000	\$0.23	3.29%	21-Apr-34	110.00%	352,500
20-Jun-25	2,500,000	\$0.23	3.34%	21-Apr-35	110.00%	365,000
20-Jun-25	250,000	\$0.30	3.27%	20-Jun-33	110.00%	43,750
20-Jun-25	500,000	\$0.30	3.27%	20-Jun-34	110.00%	103,500
20-Jun-25	500,000	\$0.30	3.32%	20-Jun-35	110.00%	103,500
18-Jun-25	4,595,500	\$0.30	3.27%	18-Jun-32	110.00%	1,020,201
18-Jun-25	4,595,500	\$0.30	3.27%	18-Jun-32	110.00%	1,093,729
18-Jun-25	4,595,500	\$0.30	3.32%	18-Jun-32	110.00%	1,079,943
	<u>44,500,786</u>					<u>6,895,874</u>

Risk-Free rate: Observed by reference to Commonwealth Government securities for the applicable periods.

Forfeited shares, rights and options reserve

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.

Shares reserve as a result of acquisitions

Tri-D Dynamics Inc.

On 9 July 2021, the consolidated entity acquired the assets and liabilities of Tri-D Dynamics Inc. As part of the consideration, the consolidated entity 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.

On 13 September 2023, all employees under the contingent consideration agreement had departed the consolidated entity 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 Europe B.V. (now trading as Titomic Europe B.V.)

On 30 November 2021, as part of the acquisition of Dycomet Europe B.V., the consolidated entity agreed to issue 500,000 shares in Titomic Limited 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, December 2023 and December 2024, all shares of the three tranches were issued as the contingent condition was met.

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26 Reserves (continued)

Movements in reserves

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

	Foreign currency reserve \$
Balance as at 1-Jul-23	1,548
Movements in revaluation of foreign currency	(102,304)
Balance at 30-Jun-24	(100,756)
Movements in revaluation of foreign currency	(554,215)
Balance at 30-Jun-25	(654,971)

	Pre-share placement funds reserve \$	Shares reserve as a result of acquisitions \$	Rights reserve \$	Options reserve \$	Forfeited shares, rights and options reserve \$	Total share based payments reserves \$
Balance as at 1-Jul-23	750,000	420,577	2,088,681	117,719	4,822,573	8,199,550
Share based payments	-	97,073	2,749,888	915,144	55,492	3,817,597
Transfer to equity upon	(750,000)	(370,939)	(377,798)	-	-	(1,498,737)
Transfer between reserves	-	(914)	914	-	-	-
Transfer upon forfeiture	-	(61,935)	(3,164,529)	(121,162)	3,347,626	-
Balance at 30-Jun-24	-	83,862	1,297,156	911,701	8,225,691	10,518,410

	Pre-share placement funds reserve \$	Shares reserve as a result of acquisitions \$	Rights reserve \$	Options reserve \$	Forfeited shares, rights and options reserve \$	Total share based payments reserves \$
Balance as at 1-Jul-24	-	83,862	1,297,156	911,701	8,225,691	10,518,410
Share based payments	-	18,181	2,094,547	3,976,325	(29,206)	6,059,847
Transfer to equity upon issue of shares	-	(101,889)	(1,154,575)	-	-	(1,256,464)
Transfer between reserves	-	(154)	154	-	-	-
Transfer upon forfeiture	-	-	20,722	(43,400)	22,678	-
Effect of foreign exchange	-	-	-	-	-	-
Balance at 30-Jun-25	-	-	2,258,004	4,844,626	8,219,163	15,321,793

27 Accumulated losses

	30-Jun-25 \$	30-Jun-24 \$
Accumulated losses at the beginning of the financial year	(84,598,795)	(72,706,631)
Technical adjustment to share capital	81,503,186	-
Losses after income tax expense for the year	(19,886,876)	(11,892,164)
Accumulated losses at the end of the financial year	(22,982,485)	(84,598,795)

The details in relation to the technical adjustment to share capital is explained in note 25.

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Titomic Limited
Notes to the Consolidated Financial Statements
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28 Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

29 Remuneration of auditors

The consolidated entity's auditors, RSM Australia Pty Ltd (RSM) and BDO Audit Pty Ltd (BDO) supplied the below audit and non-audit services during the reporting period. RSM were appointed as auditors effective 20 December 2024.

	30-Jun-25	30-Jun-24
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements - BDO	30,658	221,960
Audit of the space grant acquittal - BDO	-	22,536
Audit or review of the financial statements - RSM	150,000	-
<i>Non-audit services</i>		
Tax advice on international payroll for employees - BDO	-	17,500
Corporate finance matters - RSM	4,000	-
	184,658	261,996

30 Cash flow information

Reconciliation of loss after income tax to net cash flows from operating activities

	30-Jun-25	30-Jun-24
	\$	\$
<i>Loss after income tax expense for the year</i>	(19,886,876)	(11,892,164)
<i>Adjustments for:</i>		
Depreciation and amortisation	342,415	160,649
Notional interest on other liabilities	127,473	201,036
Impairment	-	913,639
Share based payments expense	6,026,275	4,157,596
Loss on write-off of property, plant and equipment	-	64,221
	(13,390,713)	(6,395,023)
<i>Changes in operating assets and liabilities:</i>		
(Increase) / decrease in trade and other receivables	292,804	(235,235)
(Increase) / decrease in inventories	(1,488,967)	(730,215)
(Increase) / decrease in other current assets	(591,126)	440,221
Increase / (decrease) in trade payables	(231,573)	354,211
Increase / (decrease) in provisions	104,251	238,618
Increase / (decrease) in other liabilities	741,593	(54,775)
Increase / (decrease) in provision for tax	(158,483)	151,491
Net cash used in operating activities	(14,722,215)	(6,230,707)
<i>Non-cash investing activities</i>		
Additions to the right of use assets	2,724,670	5,498
Additions to property, plant and equipment	11,220,565	252,979
<i>Non-cash operating and financing activities</i>		
Insurance prepayments funded through a premium funding arrangement	403,919	481,341

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31 Key management personnel

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	30-Jun-25	30-Jun-24
	\$	\$
Short-term employee benefits	2,779,169	1,309,525
Post-employment benefits	152,064	78,777
Long-term benefits	(5,753)	(4,737)
Share-based payments	5,266,944	3,332,806
	<u>8,192,424</u>	<u>4,716,371</u>

The above Key Management Personnel disclosures represent the remuneration of Key Management Personnel defined in the Remuneration Report and paid or payable for the period ended 30 June 2025 and 30 June 2024.

For more information on Key Management Personnel Compensation disclosed under the Corporations Act 2001, please refer to Remuneration Report contained within the Directors' Report.

32 Interests in subsidiaries and joint ventures

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30-Jun-25	30-Jun-24
		%	%
Titomic USA Inc. (previously Tri-D Dynamics Inc.)	Unites States of America	100.00	100.00
Titomic Europe B.V. (previously Dycomet Europe B.V.)	Netherlands	100.00	100.00
Repkon Titomic Üretim Teknolojileri Sanayi Ve Ticaret Anonim Şirketi (Repkon Joint Venture)	Turkey	49.00	49.00

33 Commitments

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:
Inventories

30-Jun-25	30-Jun-24
\$	\$
1,720,784	-

As at 30 June 2025 the consolidated entity had commitments of \$239,398 in relation to Titomic Kinetic Fusion systems on order, \$1,222,627 in relation to the order of components for internal high pressure cold spray systems and \$258,760 in relation to the expansion to a new facility in the Netherlands.

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

34 Parent entity information

Set out below is the supplementary information about the parent entity.

<i>Statement of profit or loss and other comprehensive income</i>	30-Jun-25	30-Jun-24
	\$	\$
(Loss) after income tax	(29,182,440)	(11,965,250)
Total comprehensive income / (loss)	(29,182,440)	(11,965,250)
<i>Statement of financial position</i>		
Total current assets	11,257,796	5,408,281
Total assets	12,330,781	5,520,478
Total current liabilities	5,635,750	3,545,581
Total liabilities	7,313,348	5,546,311
Equity		
Issued capital	23,130,711	75,211,575
Reserves	15,321,793	10,518,409
Retained earnings	(33,435,071)	(85,755,817)
Total equity / (deficiency)	5,017,433	(25,833)

Contingent liabilities

The parent entity has no contingent liabilities towards the acquisition cost of its subsidiaries as disclosed in note 8.

Capital commitments

As at 30 June 2025 the parent entity had a commitment of \$1,222,627 in relation to the order of components for an internal high pressure cold spray system.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 (30 June 2024: \$Nil).

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

35 Related party transactions

Parent entity

Titomic Limited is the parent entity.

Subsidiaries

Interest in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 31 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	30-Jun-25	30-Jun-24
	\$	\$
Payment for considerations related to Dycomet B.V. acquisition (purchased from an entity controlled by Klaas Rozema)	263,935	248,385
Payment for lease and ongoing rental of old Netherlands manufacturing facility to De Seisde Verhuur (related entity of Klaas Rozema)	58,764	54,314
Payment for corporate and administrative costs to Obsidian, LLC. (related entity of Patricia Dare)	1,059,955	-
	<u>1,382,654</u>	<u>302,699</u>

In November 2021, Titomic acquired 100% of the ordinary shares of Dycomet B.V. (now Titomic Europe B.V.) controlled by Mr Rozema, details of which are explained in note 24.

After the acquisition of Dycomet B.V. in November 2021, the consolidated entity continues to pay De Seide Verhuur, a related entity of Mr Rozema, for lease of existing manufacturing in Akkrum, Netherlands.

Titomic USA, Inc. entered into a consulting service agreement with Obsidian, LLC., a company in which Ms Dare is a director. Obsidian have provided back office support, office space, and other sales, general and administrative services to Titomic USA, Inc. prior to the new premises being available. Obsidian also has employed several employees prior to them commencing with Titomic USA, Inc and still does so as at year end in relation to some services.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

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Titomic Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2025

36 Contingent liabilities and contingent assets

As announced on December 6, 2022, Titomic Limited was 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 Limited. The claim set out in the Summons is an allegation of commercially misleading conduct which the Company denies and continues to vigorously defend. Titomic Limited has filed its defence to the Summons and has now issued a Cross Claim Summons. Both Titomic Limited's and Composite Technology R&D Pty Ltd's lay evidence has been served. On May 23, 2025 Composite Technology was ordered to provide security for Titomic Limited's costs of the proceedings in the amount of \$1,006,600, by way of a payment into Court. That amount was paid by Composite Technology in August 2025. The directors are of the opinion that Titomic Limited will successfully defend the allegations set out in Composite Technology R&D Pty Ltd's claim, but have accounted for a provision of legal fees at 30 June 2025.

The Directors of the consolidated entity are not aware of any other significant contingencies at the balance sheet date other than a requirement for the payment of royalties pursuant to a certain license agreement, disclosed in note 24, should future revenues exceed predetermined thresholds.

The consolidated entity has no contingent assets as at 30 June 2025 (30 June 2024: \$Nil).

37 Events after the reporting period

On 30 July 2025, the consolidated entity announced the completion of an equity raising for \$50,350,000 (pre-costs) across two tranches at an issue price of \$0.25 per share. The first tranche of \$50,000,000 resulted in the issue of 200,000,000 shares on 31 July 2025. The second tranche of \$350,000 to the consolidated entity's board of directors is subject to shareholder approval the next AGM.

No other matter or circumstance has arisen since 30 June 2025 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.

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Titomic Limited
Consolidated Entity Disclosure Statement
As at 30 June 2025

The consolidated entity provides the following information in accordance with *Corporations Act 2001* s295(3A(a)):

Name	Relationship	% Ownership	Entity type	Country of Incorporation	Tax Jurisdiction
Titomic Limited	Parent	N/A	Body corporate	Australia Unites States of	Australia Unites States of
Titomic USA Inc.	Subsidiary	100%	Body corporate	America	America
Titomic Europe B.V.	Subsidiary	100%	Body corporate	Netherlands	Netherlands

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporations Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the Income Tax Assessment Act 1997 are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

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Titomic Limited
Directors' Declaration
For the year ended 30 June 2025

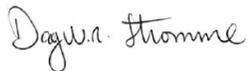
In the directors' opinion:

- the attached financial statements and notes and the remuneration disclosures that are contained within the Remuneration report within the Directors' report comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable, subject to the matters disclosed under going concern in note 1 to the financial statements; and
- the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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
Chair
Titomic Limited

28 August 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of Titomic Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT**Opinion**

We have audited the financial report of Titomic Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, 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 year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
<p>Recognition of Revenue</p> <p>Refer to Note 6 in the financial statements</p>	
<p>Revenue recognition was considered a key audit matter, as it may be complex and involves significant management judgements. It is also a presumed significant risk under the Auditing Standards due to inherent incentives and pressures associated with revenue generation.</p> <p>Given its materiality and significance to the financial statements, there is an increased risk of material misstatement arising from inappropriate recognition.</p> <p>This includes premature or incomplete recognition, misapplication of contract terms (particularly in complex arrangements such as high-pressure machines), incorrect cut-off at year-end, and related misstatement of contract assets, contract liabilities and deferred revenue.</p>	<p>Our audit procedures in relation to the recognition of revenue included:</p> <ul style="list-style-type: none"> • Assessing whether the Group’s revenue recognition policies were in compliance with <i>AASB 15 Revenue from Contracts with Customers</i>; • Evaluating and testing the operating effectiveness, of management’s controls related to revenue recognition; • Performing tests of detail on a sample basis to test the validity and accuracy of revenue transactions, including the inspection of sales contracts and delivery documentation; • Performing cut-off testing over transactions recorded either side of the period end, to ensure that revenues were recorded in the appropriate period; and • Assessing the appropriateness of the disclosures in the financial report.

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Key Audit Matters (continued)

Share-based payments	
Refer to Note 9 in the financial statements	
<p>Share-based payments were considered a key audit matter as they are a complex accounting area involving significant estimates in determining fair values and subjectivity in management's assessment of vesting conditions for performance rights.</p> <p>There is a risk that options and performance rights have not been valued or accounted for in accordance with AASB 2 <i>Share-Based Payments</i>.</p>	<p>Our audit procedures in relation to share-based payments included:</p> <ul style="list-style-type: none"> • Recalculating the share-based payment expense to verify that it is appropriately recognized over the vesting period and aligns with the applicable accounting policy; • Reconciling the share-based payment transactions to the general ledger and confirmed completeness by checking ASX announcements for any unrecorded awards; • Reviewing new shares and options granted and performed substantive testing of samples on reserves and agreeing them to supporting documentation (agreements, valuation reports) and performed a recalculation of said shares and options; • Assessing on reasonableness of inputs for options and shares granted with the assistance of the Corporate Finance team; and • Reviewing disclosures in the financial statements to ensure completeness and compliance with AASB 2.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and
- b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 38 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Titomic Limited., for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



RSM AUSTRALIA PARTNERS



B Y CHAN

Dated: 28 August 2025
Melbourne, Victoria

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Titomic Limited
Shareholder Information
For the year ended 30 June 2025

Corporate Governance Statement

The Company's Directors and management are committed to conducting the business of the consolidate entity in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the *ASX Corporate Governance Principles and Recommendations* (Fourth Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.titomic.com), and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with the ASX.

The Appendix 4G will particularise each Recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on the Company's website (www.titomic.com).

Additional Securities Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 25 August 2024 (**Reporting Date**).

Quoted equity securities - ordinary shares

As at the Reporting Date, the Company had a total of 1,525,758,398 fully paid ordinary shares on issue. The Company's shares are quoted on the ASX, and form the only class of securities on issue in the Company that is quoted on the ASX, and that carries voting rights.

At a general meeting of the Company, every holder of ordinary shares is entitled to vote in person or by proxy or attorney; and on a show of hands (every person present who is a member has one vote); and on a poll (every person present in person or by proxy or attorney has one vote for each ordinary share they hold).

Range of holdings

An analysis of the number of shareholders in the Company by size of holding is as follows:

Share Range	Number of		
	Holders	Units	%
1-1,000	758	382,292	0.025%
1,001-5,000	1,441	4,112,147	0.270%
5,001-10,000	635	5,067,625	0.332%
10,001-100,000	1,511	57,250,390	3.752%
100,001 and over	639	1,458,945,944	95.621%
Total	4,984	1,525,758,398	100.000%

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel of shares as at the Reporting Date (based on a closing price of \$0.245 per share) was 1,298 shareholders (holding 1,280,142 ordinary shares).

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Titomic Limited
Shareholder Information
For the year ended 30 June 2025

Top 20 Shareholders

The names of the 20 largest holders of ordinary shares as at the Reporting Date are listed below:

Rank	Name	No. of shares	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	172,963,049	11.336%
2	CITICORP NOMINEES PTY LIMITED	143,689,853	9.418%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	134,906,249	8.842%
4	BUTTONWOOD NOMINEES PTY LTD	93,009,447	6.096%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	65,620,250	4.301%
6	QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	59,427,939	3.895%
7	UBS NOMINEES PTY LTD	47,340,828	3.103%
8	PATRICK BERGIN SMSF PTY LTD <PATRICK BERGIN SMSF A/C>	42,987,757	2.817%
9	MR PATRICK THOMAS BERGIN	38,063,048	2.495%
10	GLENEAGLE SECURITIES NOMINEES PTY LIMITED	33,444,687	2.192%
11	VELROSSO PTY LTD <HARVEY 1995 A/C>	24,043,051	1.576%
12	HERBERT KOECK	23,736,506	1.556%
13	REPON MAKINA VE KALIP SANAYI VE TICARET ANONIM SIRKETI	23,661,078	1.551%
14	PALM BEACH NOMINEES PTY LIMITED	20,000,000	1.311%
15	CURRAWEEA PTY LIMITED <CURRAWEEA INVESTMENT A/C>	18,862,573	1.236%
16	MR HUMPHREY WILLIAM MARDEN NOLAN	17,500,000	1.147%
17	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	16,914,212	1.109%
18	QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	14,328,333	0.939%
19	RED DOG #1 PTY LTD <RED DOG A/C>	12,570,000	0.824%
20	MR MARK PHILIP ARNOLD	12,000,000	0.786%
	Total	1,015,068,860	66.529%
		Balance of register	510,689,538
		Grand total	1,525,758,398
			33.471%
			100.000%

Substantial Shareholders

Substantial shareholders in the Company are set out below:

Name	No. of shares	Current at % (last notification date)
Maybank Securities	124,738,430	8.18% 31-Jul-25
Regal Funds Management Pty Ltd	117,089,438	7.67% 31-Jul-25

Escrowed securities

There are no escrowed securities in the Company as at the Reporting Date.

Unquoted equity securities

The Company has two classes of unquoted equity securities on issue, being Performance Rights and Options.

Performance Rights

The Performance Rights will vest into ordinary shares (on a 1-for-1 basis), subject to satisfaction of prescribed vesting conditions.

None of the Performance Rights carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the Performance Rights will carry equal voting rights with the other share on issue in the Company.

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Titomic Limited
Shareholder Information
For the year ended 30 June 2025

As at the Reporting Date, there were a total of 65,892,858 Performance Rights on issue, held by six holders.

An analysis of the number of Performance Rights holders by size of holding is as follows:

Range	Number of Holders	Units	%
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001 and over	6	65,892,858	100.000%
Total	6	65,892,858	100.000%

Options

The Options upon exercise will convert into ordinary shares (on a 1-for-1 basis), subject to various exercise prices and expiry dates.

None of the Options carry any voting rights. However, any underlying shares issued upon the vesting or conversion of the Options will carry equal voting rights with the other share on issue in the Company.

As at the Reporting Date, there were a total of 201,313,286 Options on issue, held by 69 holders.

An analysis of the number of Option holders by size of holding is as follows:

Range	Number of Holders	Units	%
1-1,000	-	-	-
1,001-5,000	1	3,562	0.002%
5,001-10,000	1	10,000	0.005%
10,001-100,000	30	1,580,753	0.785%
100,001 and over	37	199,718,971	99.208%
Total	69	201,313,286	100.000%

Shareholder enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Computershare
GPO Box 3224
Melbourne VIC
Phone 1300 850 505

Shareholder enquiries

Shareholders should contact the share registry to obtain details of the procedure required for these changes.

Annual Report mailing list

We encourage shareholders to update their preferences to opt-out of receiving a hard copy of the Annual Report by contacting the share registry.

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Titomic Limited
Corporate directory
For the year ended 30 June 2025

Directors

Mr Dag W.R. Stromme (*Executive Chair*)
Mr Humphrey Nolan (*Independent Non-Executive Director*)
Mr Andreas Schwer (*Independent Non-Executive Director*)
Ms Mira Ricardel (*Independent Non-Executive Director*)
Mr John Frewen, AO, DSC (*Independent Non-Executive Director*) (*app. 1 July 2025*)
Mr Jim Simpson (*Managing Director*) (*app. 10 January 2025*)

Company Secretary Mr Geoff Hollis

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Principal Place of Business Unit 1, 371 Ferntree Gully Road
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Principal Place of Business It Vegelinskampke 9
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The Netherlands

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Auditors RSM Australia Pty Ltd
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