

Titomic Limited
Appendix 4D

1. Company details

Name of entity Titomic Limited
ABN: 77 602 793 644
Reporting period: For the half-year ended 30 June 2026
Previous period: For the half-year ended 30 June 2025

Change to the Financial Year

The consolidated entity elected to change its financial year end from 30 June to 31 December to align its reporting dates with its United States and Netherlands based subsidiaries in the immediately preceding reporting period. This financial report is for the half-year ended 30 June 2026 in which the comparative results presented refer to the half-year ended 30 June 2025 for the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows. The Statement of Financial Position contains a comparative Statement of Financial Position as of the end of the immediately preceding reporting period, being 31 December 2025.

2. Results for announcement to the market

Revenues from ordinary activities	down	11.1%	to	\$ 4,869,881
Loss from ordinary activities after tax	up	45.3%	to	(19,351,495)
Total comprehensive loss attributable to owners	up	45.4%	to	(20,231,455)

3. Distributions

Current period

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

Previous period

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

4. Net tangible assets

	Reporting period	Previous period
	\$	\$
Net tangible assets per ordinary security	<u>0.0195</u>	<u>0.0299</u>

5. Explanation of results

Refer to the Review of Operations within the directors' report.

6. Control gained over entities

N/A

Titomic Limited
Appendix 4D

7. Loss of control over entities

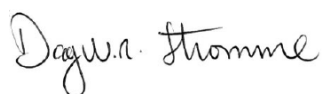
N/A

8. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to net profit / (loss)	
	30-Jun-26 %	30-Jun-25 %	30-Jun-26 \$000s	30-Jun-25 \$000s
Repkon Titomic Üretim Teknolojileri Sanayi Ve Ticaret Anonim Şirketi (Repkon Joint Venture)	49.00	49.00	-	-

9. Review

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



Dag W.R. Stromme
Chair

31 August 2026

Titomic Limited
Corporate directory
For the half-year ended 30 June 2026

Directors	Mr Dag W.R. Stromme (<i>Executive Chair</i>) Mr Humphrey Nolan (<i>Independent Non-Executive Director</i>) Mr Andreas Schwer (<i>Independent Non-Executive Director</i>) Ms Mira Ricardel (<i>Independent Non-Executive Director</i>) Mr John Frewen, AO, DSC (<i>Independent Non-Executive Director</i>) Mr Henry 'Trey' Obering (<i>Independent Non-Executive Director</i>) (<i>appointed 11 March 2026</i>) Mr Jim Simpson (<i>Managing Director</i>)
Company Secretary	Mr Geoff Hollis
Principal Place of Business and Global Headquarters (Titomic USA, Inc.)	15091 Al Hwy 20 Madison, Huntsville, AL 35756 United States of America
Principal Place of Business and Registered Office (Titomic Limited)	Unit 1, 371 Ferntree Gully Road Mount Waverley, Victoria, 3149 Australia
Principal Place of Business (Titomic Europe B.V.)	Mars 14 8448 CP, Heerenveen The Netherlands
Share Registry	Computershare GPO Box 3224 Melbourne, Victoria, 3001, Australia
Auditors	RSM Australia Partners Level 27, 120 Collins Street Melbourne, Victoria, 3000, Australia
ASX ticker	ASX: TTT
Website	http://titomic.com/

Titomic Limited
Directors' Report
For the half-year ended 30 June 2026

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 half-year ended 30 June 2026.

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
Mr Henry 'Trey' Obering	Independent Non-Executive Director (appointed 11 March 2026)
Mr Jim Simpson	Managing Director
Mr Geoff Hollis	CFO and Company Secretary

Principal activities

Titomic Limited is an ASX listed company headquartered in Huntsville, Alabama, United States with operations in Melbourne, Australia and Heerenveen, 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 and sustainment outcomes across aerospace, defense, energy, and other advanced industrial sectors. The consolidated entity's strategic focus prioritises propulsion components, naval sustainment, semiconductor manufacturing support, and energy infrastructure resilience within the U.S. and allied defense industrial base.

Dividends

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

Change of financial year end

The consolidated entity elected to change its financial year end from 30 June to 31 December to align its reporting dates with its United States and Netherlands based subsidiaries in the immediately preceding reporting period. This financial report is for the half-year ended 30 June 2026 in which the comparative results presented refer to the half-year ended 30 June 2025 for the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows. The Statement of Financial Position contains a comparative Statement of Financial Position as of the end of the immediately preceding reporting period, being 31 December 2025.

Review of operations

Operating loss for the half-year ended 30 June 2026 after providing for income tax was \$19,351,495 (half-year ended 30 June 2025: \$13,315,878 loss) and materially in line with expectations. During the half-year the consolidated entity incurred increased operating expenditure reflecting deliberate investment in U.S.-based production capacity, certification progression, and operational scaling aligned with defence industrial demand. The consolidated entity continued its transition toward recurring production and sustainment revenue streams. Refer to this report for further discussion.

Titomic Limited
Directors' Report
For the half-year ended 30 June 2026

Revenue and other income

Total revenue for the half-year ended 30 June 2026 was \$4,869,881 (half-year ended 30 June 2025: \$5,476,163).

Revenue from contracts with customers for the half-year ended 30 June 2026 was \$3,508,590 (half-year ended 30 June 2025: \$4,373,743). Underpinning revenues in the half-year ended 30 June 2026 were revenues from contract with a U.S. defence prime of \$1,279,850. Other sales revenue comprised key prototyping and manufacturing validation contracts with defence primes, government and industrial customer base.

Other revenue for the half-year ended 30 June 2026 was \$1,361,291 (half-year ended 30 June 2025: \$1,102,420), primarily comprised of the Research and Development Tax Incentive, interest received and grant income.

Operating expenses

Total expenses for the half-year ended 30 June 2026 were \$24,221,376 (half-year ended 30 June 2025: \$18,966,205). Included in expenses are non-cash related costs (share based payments, depreciation, amortisation and notional interest expenses) of \$5,288,494 (half-year ended 30 June 2025: \$5,168,385).

Production and related expenses

Production and related expenses for the half-year ended 30 June 2026 were \$5,909,655 (half-year ended 30 June 2025: \$5,083,022). 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 mainly due to the consolidated entity's significant expansion in the United States together with system sales to U.S. based customers with expenses for the half-year ended 30 June 2026 of \$2,777,724 (half-year ended 30 June 2025: \$1,982,210).

Corporate and administrative expenses

Corporate and administrative expenses for the half-year ended 30 June 2026 were \$10,910,835 (half-year ended 30 June 2025: \$7,201,224). The increase in expenses is mainly due to the consolidated entity's significant expansion in the United States including U.S. redomicile related costs, with expenses for the half-year end 30 June 2026 of \$5,611,471 (half-year ended 30 June 2025: \$2,478,874). Corporate and administrative expenses in Australia and Europe have remained relatively consistent.

Sales, marketing and promotion expenses

Sales, marketing and promotion expenses for the half-year ended 30 June 2026 were \$1,606,607 (half-year ended 30 June 2025: \$1,303,605). 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 in expenses is shared across geographical regions and reflects increased sales and marketing efforts by the consolidated entity which is expected to lead to revenue growth in the remainder of 2026 and beyond.

Liquidity

The consolidated entity had cash at 30 June 2026 of \$14,256,743 (31 December 2025: \$35,765,201). The consolidated entity is pursuing a combination of non-dilutive and equity funding to support its strategic growth initiatives in the United States, Europe and Australia. Successful completion of these financing initiatives would strengthen the consolidated entity's balance sheet, reduce execution risk and provide additional flexibility to pursue large-scale defence and aerospace opportunities.

Outlook

Based on its current contracted backlog, awarded programs and anticipated conversion of existing customer opportunities, the consolidated entity expects revenue growth during the remainder of calendar year 2026, driven by production manufacturing contracts with defense primes, expanded sustainment activity within energy and maritime sectors, and machine sales and leasing activity. The timing and extent of revenue growth remains subject to customer schedules, contract execution, qualification activity and delivery timing. As additional financing is secured and gross margins, production utilisation and operating efficiency improve, the consolidated entity expects increased operating leverage as global, and particularly U.S., production activity matures. While the consolidated entity remains in an investment phase, management continues to target progress toward annualised operating cash flow breakeven during 2027, subject to revenue growth, production ramp-up, gross margin improvement and successful execution of the Company's financing and operating plans.

Titomic Limited
Directors' Report
For the half-year ended 30 June 2026

Significant changes in state of affairs

During the half-year ended 30 June 2026, the consolidated entity has announced its plan to redomicile to the United States. The proposed redomicile reflects the deepening of Titomic's activities within U.S. defence, aerospace, and industrial markets. The United States represents the largest global market for advanced manufacturing solutions supporting the modernisation of the defence and domestic industrial base. Under the proposed structure, Titomic has established a U.S. based holding company ("HeadCo"), which is intended to become the new parent company of the Titomic Group following implementation of the proposed Scheme of Arrangement. Subject to the terms of the Scheme of Arrangement, applicable law and the treatment of any ineligible or foreign shareholders, existing eligible shareholders of Titomic Limited are expected to retain substantially equivalent proportional economic interests in HeadCo through Chess Depository Interests. The proposed redomicile is not expected to materially change the Company's underlying global operating strategy or strategic direction.

The Company anticipates completing the redomicile in second half of calendar year 2026. The transaction is expected to be implemented by way of a Scheme of Arrangement between Titomic and its shareholders and will be subject to shareholder approval and approval of the Federal Court of Australia.

Following completion of the redomicile, the Company intends to pursue a listing on a U.S. securities exchange, subject to market conditions, regulatory requirements, applicable approvals and further Board approval. A U.S. listing would further expand access to global capital markets and support Titomic's growth strategy to scale advanced manufacturing production across defence, aerospace, energy, and industrial sectors.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 30 June 2026 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.

Rounding of amounts

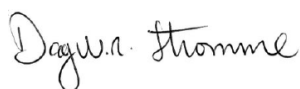
The company is of a kind referred to in Corporations Instrument 2016/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Dag W.R. Stromme
Chair

31 August 2026

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Titomic Limited and its Controlled Entities for the half-year ended 30 June 2026, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to be "RSM".**RSM AUSTRALIA PARTNERS**A handwritten signature in blue ink, appearing to be "BY CHAN".

B Y CHAN
Partner

Dated: 31 August 2026
Melbourne, Victoria

Titomic Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 30 June 2026

	Note	30-Jun-26 \$	30-Jun-25 \$
Revenue			
Sales revenue	3	3,508,590	4,373,743
Other revenue	3	1,361,291	1,102,420
		4,869,881	5,476,163
Fair value adjustment		-	210,828
Expenses			
Production and related expenses		(5,909,655)	(5,083,022)
Corporate and administrative expenses		(10,910,835)	(7,201,224)
Sales, marketing and promotion expenses		(1,606,607)	(1,303,605)
Other expenses		(17,285)	(88,187)
Share based payments expenses	5	(3,777,126)	(4,820,101)
Depreciation expenses	4	(1,392,952)	(227,725)
Finance costs	4	(606,916)	(242,341)
		(24,221,376)	(18,966,205)
Loss before income tax expense		(19,351,495)	(13,279,214)
Income tax expense		-	(36,664)
Net Loss after Income Tax Expense		(19,351,495)	(13,315,878)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve	16	(879,960)	(599,926)
Income tax relating to these items		-	-
Other comprehensive loss, net of tax		(879,960)	(599,926)
Total comprehensive loss for the year Attributable to the Owners of Titomic Limited		(20,231,455)	(13,915,804)
		\$	\$
Basic earnings (loss) per share	6	(0.0120)	(0.0088)
Diluted earnings (loss) per share	6	(0.0120)	(0.0088)

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

Titomic Limited
Consolidated Statement of Financial Position
As at 30 June 2026

	Note	30-Jun-26	31-Dec-25
		\$	\$
Current Assets			
Cash and cash equivalents		14,256,743	35,765,201
Trade and other receivables	7	3,759,872	1,554,880
Inventories	8	6,730,445	3,437,885
Other current assets		734,029	456,254
Total Current Assets		25,481,089	41,214,220
Non-Current Assets			
Property, plant and equipment	9	30,874,784	26,843,936
Right-of-use assets		2,242,110	2,460,769
Other non-current assets		30,897	30,897
Total Non-Current Assets		33,147,791	29,335,602
Total Assets		58,628,880	70,549,822
Current Liabilities			
Trade and other payables	10	6,141,389	3,492,580
Provisions	11	1,373,161	1,004,759
Borrowings	12	5,605,584	4,484,813
Lease liabilities	13	301,749	356,820
Other financial liabilities	14	1,781,892	794,981
Total Current Liabilities		15,203,775	10,133,953
Non-Current Liabilities			
Provisions	11	95,407	135,122
Borrowings	12	8,356,630	8,675,033
Lease liabilities	13	2,149,918	2,401,652
Other financial liabilities	14	1,471,609	1,398,193
Total Non-Current Liabilities		12,073,564	12,610,000
Total Liabilities		27,277,339	22,743,953
Net Assets		31,351,541	47,805,869
Equity			
Issued capital	15	73,970,964	72,655,460
Reserves	16	17,565,856	15,984,193
Accumulated losses		(60,185,279)	(40,833,784)
Total Equity		31,351,541	47,805,869

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

Titomic Limited
Consolidated Statement of Changes in Equity
For the half-year ended 30 June 2026

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 January 2025		104,624,190	10,051,094	(91,169,793)	23,505,491
Net loss after income tax		-	-	(13,315,878)	(13,315,878)
Other comprehensive loss after tax		-	(599,926)	-	(599,926)
Total comprehensive loss		-	(599,926)	(13,315,878)	(13,915,804)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity		-	-	-	-
Costs of contributions of equity		-	-	-	-
Share based payments		9,706	5,215,654	-	5,225,360
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
		Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 January 2026		72,655,460	15,984,193	(40,833,784)	47,805,869
Net loss after income tax		-	-	(19,351,495)	(19,351,495)
Other comprehensive loss after tax		-	(879,960)	-	(879,960)
Total comprehensive loss		-	(879,960)	(19,351,495)	(20,231,455)
<i>Transactions with owners in their capacity as owners</i>					
Contributions of equity		-	-	-	-
Costs of contributions of equity		-	-	-	-
Share based payments		1,315,504	2,461,623	-	3,777,127
Balance as at 30 June 2026		73,970,964	17,565,856	(60,185,279)	31,351,541

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

Titomic Limited
Consolidated Statement of Cash Flows
For the half-year ended 30 June 2026

	Note	30-Jun-26 \$	30-Jun-25 \$
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		4,853,054	4,071,469
Payments to suppliers and employees (inclusive of GST)		(20,446,991)	(13,918,728)
Interest received		772,859	364,874
Interest and other finance costs paid		(494,201)	(93,095)
Income tax (paid) / refunded		-	(856)
Government grants and tax incentives		740,630	709,135
Rental income from U.S. premises		85,654	-
Net cash outflow from operating activities		(14,488,995)	(8,867,201)
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(6,639,828)	(14,559,800)
Proceeds from / (payment for) other assets (security deposits)		15,000	124,888
Net cash outflow from investing activities		(6,624,828)	(14,434,912)
Cash Flows from Financing Activities			
Proceeds from the issue of shares		-	9,706
Share issue transactions costs		-	(42,497)
Proceeds from borrowings		850,461	8,970,565
Repayment of borrowings		(196,581)	(211,090)
Payment for the principal portion of lease liabilities		(175,316)	(205,603)
Net cash inflow from financing activities		478,564	8,521,081
Net increase (decrease) in cash and cash equivalents		(20,635,259)	(14,781,032)
Cash and cash equivalents at start of period		35,765,201	24,110,576
Effects of exchange rate changes on cash and cash equivalents		(873,199)	(403,097)
Cash and cash equivalents at end of period		14,256,743	8,926,447

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

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

1 Material accounting policies information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2026 have been prepared in accordance with Australian Accounting Standards AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the consolidated entity during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Change to the Financial Year

The consolidated entity elected to change its financial year end from 30 June to 31 December to align its reporting dates with its United States and Netherlands based subsidiaries in the immediately preceding reporting period. This financial report is for the half-year ended 30 June 2026 in which the comparative results presented refer to the half-year ended 30 June 2025 for the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows. The Statement of Financial Position contains a comparative Statement of Financial Position as of the end of the immediately preceding reporting period, being 31 December 2025.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates 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 of \$19,351,495 and had net cash outflows from operating activities of \$14,488,995 for the half-year ended 30 June 2026.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- As at 30 June 2026 the consolidated entity had net current assets of \$10,277,314 and net assets of \$31,351,541, including \$14,256,743 of cash and cash equivalents;
- The consolidated entity has prepared cash flow forecasts covering the period of at least 12 months from the date of approval of these financial statements. The forecasts indicate that, based on the assumptions contained therein, the consolidated entity is expected to maintain sufficient liquidity to meet its obligations as they fall due. These forecasts include assumptions regarding the successful completion and timing of additional equity and/or non-dilutive financing; and
- The consolidated entity has demonstrated an ability to manage its operating cost base and, if required, management has identified actions available to further reduce discretionary expenditure and defer certain non-essential capital and operating commitments in order to preserve liquidity.

The Directors have considered the status of the Company's current financing initiatives, available liquidity, contractual commitments, forecast operating cash flows and the ability of management to moderate discretionary expenditure if required. The Directors will continue to closely monitor liquidity and the timing of planned financing initiatives.

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

1 Material accounting policies information (continued)

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

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).

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 cost of transactions settled by share based payments are measured using an appropriate market based valuation model.

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.

New or amended Accounting Standards and Interpretations adopted

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

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

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 Presentation of Financial Statements to improve how entities communicate in their financial statements, with a focus on information about financial performance in the profit or loss.

The adoption of AASB 18 is expected to significantly impact the presentation and disclosure of the Group's financial statements, particularly the statement of profit or loss, through mandatory categorisation of income and expenses, enhanced disclosure of management-defined performance measures, and revised subtotals aimed at improving transparency and comparability.

AASB 18 mandatorily applies to annual reporting periods commencing on or after 1 January 2027 for for-profit entities excluding superannuation entities. It will first apply to the Company in the financial year commencing 1 July 2027. The likely impact of this accounting standard on the Company is yet to be determined.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/183, 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 thousand dollars, or in certain cases, the nearest dollar.

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

2 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.

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.

	Australia \$	U.S. \$	Europe \$	Consolidated \$
30-Jun-26				
Revenue				
External customer sales	382,074	1,832,905	1,293,611	3,508,590
<i>Intersegment sales</i>	<i>155,550</i>	<i>-</i>	<i>1,580,580</i>	<i>1,736,130</i>
Total sales revenue	537,624	1,832,905	2,874,191	5,244,720
Grant revenue	-	-	136,929	136,929
R&D tax incentive	724,815	-	-	724,815
Interest revenue	171,822	194,055	5,247	371,124
Other revenue	38,144	46,547	43,732	128,423
<i>Intersegment management fees</i>	<i>993,197</i>	<i>352,651</i>	<i>-</i>	<i>1,345,848</i>
Segment revenue	2,465,602	2,426,158	3,060,099	7,951,859
<i>Intersegment eliminations</i>				<i>(3,081,978)</i>
Total revenue				4,869,881

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

2 Segment information (continued)

	Australia	U.S.	Europe	Consolidated
	\$	\$	\$	\$
30-Jun-26				
EBITDA	(7,254,196)	(7,090,159)	(1,224,575)	(15,568,930)
Depreciation and amortisation	(169,695)	(854,807)	(368,450)	(1,392,952)
Interest	(147,925)	(407,057)	(51,934)	(606,916)
<i>Intersegment management fees</i>	(176,325)	(509,102)	(660,421)	(1,345,848)
<i>Intersegment eliminations</i>				(436,849)
Loss before income tax expense	(7,748,141)	(8,861,125)	(2,305,380)	(19,351,495)
Income tax expense	-	-	-	-
Loss after income tax expense	(7,748,141)	(8,861,125)	(2,305,380)	(19,351,495)
Assets				
Segment assets	75,701,900	44,531,998	12,563,736	132,797,634
<i>Intersegment eliminations</i>				(74,168,754)
Total assets				58,628,880
Liabilities				
Segment liabilities	10,126,258	71,251,195	16,203,344	97,580,797
<i>Intersegment eliminations</i>				(70,303,458)
Total liabilities				27,277,339
30-Jun-25				
Revenue				
External customer sales	235,453	2,264,645	1,873,645	4,373,743
<i>Intersegment sales</i>	241,970	-	1,329,428	1,571,398
Total sales revenue	477,423	2,264,645	3,203,073	5,945,141
Grant revenue	20,000	-	71,019	91,019
R&D tax incentive	695,937	-	-	695,937
Interest revenue	259,675	5,810	15,691	281,176
Other revenue	6,530	28,595	(837)	34,288
<i>Intersegment management fees</i>	1,379,613	1,034,711	278,653	2,692,977
Segment revenue	2,839,178	3,333,761	3,567,599	9,740,538
<i>Intersegment eliminations</i>				(4,264,375)
Total revenue				5,476,163
EBITDA	(8,459,915)	(4,398,711)	327,425	(12,531,201)
Depreciation and amortisation	(48,128)	(27,568)	(152,029)	(227,725)
Interest	(144,403)	(50,781)	(47,157)	(242,341)
<i>Intersegment management fees</i>	(813,208)	(759,657)	(1,120,112)	(2,692,977)
<i>Intersegment eliminations</i>				2,415,030
Loss before income tax expense	(9,465,654)	(5,236,717)	(991,873)	(13,279,214)
Income tax expense	-	-	(36,664)	(36,664)
Loss after income tax expense	(9,465,654)	(5,236,717)	(1,028,537)	(13,315,878)
Assets as at 31-Dec-25				
Segment assets	76,789,519	40,737,788	11,825,347	129,352,654
<i>Intersegment eliminations</i>				(58,802,832)
Total assets				70,549,822
Liabilities as at 31-Dec-25				
Segment liabilities	7,242,863	58,894,283	13,241,247	79,378,393
<i>Intersegment eliminations</i>				(56,634,440)
Total liabilities				22,743,953

Titomic Limited
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3 Revenue

Sales revenue

Revenue from contracts with customers

Other revenue

Research and development tax incentive

Other grants

Interest received

Other revenue

30-Jun-26 \$	30-Jun-25 \$
3,508,590	4,373,743
3,508,590	4,373,743
724,815	695,937
136,929	91,019
371,124	281,176
128,423	34,288
1,361,291	1,102,420
4,869,881	5,476,163

Disaggregation of revenue

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

Major product lines

Machines

Projects

Consumables

Geographical regions

Australia

USA

Europe

30-Jun-26 \$	30-Jun-25 \$
692,638	3,819,735
2,246,973	165,590
568,979	388,418
3,508,590	4,373,743
382,074	235,453
1,832,905	2,264,645
1,293,611	1,873,645
3,508,590	4,373,743

Timing of revenue recognition

30-Jun-26

Goods and services transferred at a point in time

Goods and services transferred over time

30-Jun-25

Goods and services transferred at a point in time

Goods and services transferred over time

Machines \$	Projects \$	Consumables \$	Total \$
544,071	2,246,973	568,979	3,360,023
148,567			148,567
692,638	2,246,973	568,979	3,508,590
2,617,305	165,590	388,418	3,171,313
1,202,430	-	-	1,202,430
3,819,735	165,590	388,418	4,373,743

Titomic Limited
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4 Expenses

	Note	30-Jun-26 \$	30-Jun-25 \$
Employee benefits expenses			
Share-based payments		3,777,127	4,820,101
Superannuation		526,364	560,200
Salaries, wages and other employee benefits		7,217,024	4,824,729
		11,520,515	10,205,030
Depreciation and amortisation expenses			
Depreciation on property, plant and equipment	9	1,308,722	140,602
Depreciation on right of use assets		84,230	87,123
		1,392,952	227,725
Finance costs			
Interest on lease liabilities		62,631	68,351
Interest on loans (U.S. premises & capital equipment)		407,057	50,781
Notional interest on other liabilities		18,812	2,650
Other interest		118,416	120,559
		606,916	242,341

5 Share based payment expenses

	30-Jun-26 \$	30-Jun-25 \$
Share-based payments - directors	1,012,672	3,835,022
Share-based payments - employees & consultants	2,764,455	985,079
	3,777,127	4,820,101

6 Earnings / (loss) per share

	30-Jun-26 \$	30-Jun-25 \$
Earnings / (loss) per share from continuing operations		
Net loss after income tax	(19,351,495)	(13,315,878)
Net loss after income tax attributable to the owners of Titomic Limited	(19,351,495)	(13,315,878)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,605,970,571	1,505,589,601
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,605,970,571	1,505,589,601
	\$	\$
Basic earnings / (loss) per share	(0.0120)	(0.0088)
Diluted earnings / (loss) per share	(0.0120)	(0.0088)

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.

3,000,000 (30 June 2025: 65,892,858) rights and 191,929,286 (30 June 2025: 201,313,286) 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 half-year ended 30 June 2026

7 Trade and other receivables

	30-Jun-26	31-Dec-25
	\$	\$
Trade receivables	2,631,074	1,092,057
Less: provision for estimated credit losses	(17,724)	(17,724)
Interest receivable	3,203	418,685
Other receivables	1,143,319	61,862
	3,759,872	1,554,880

8 Inventories

	30-Jun-26	31-Dec-25
	\$	\$
Raw materials at cost	5,839,742	1,188,089
Less: Provision for obsolescence	(2,270,742)	(395,885)
Work in progress at cost	2,300,223	1,974,222
Less: Provision for obsolescence	(621,653)	(489,359)
Finished goods at cost	1,482,875	1,160,818
	6,730,445	3,437,885

9 Property, plant and equipment

	30-Jun-26	31-Dec-25
	\$	\$
Building fitouts	5,252,274	2,259,679
Less: accumulated depreciation	(827,669)	(540,906)
Less: provision for impairment	(22,540)	(22,540)
	4,402,065	1,696,233
Factory equipment & machinery	19,102,547	11,038,899
Less: accumulated depreciation	(6,805,182)	(6,081,590)
Less: provision for impairment	(720,694)	(720,694)
	11,576,671	4,236,615
Computer equipment & software	1,081,710	841,247
Less: accumulated depreciation	(495,927)	(411,490)
Less: provision for impairment	(30,768)	(30,768)
	555,015	398,989
Land & building	10,516,196	10,792,731
Less: accumulated depreciation	(268,887)	(148,850)
	10,247,309	10,643,881
Capital work in progress	4,093,724	9,868,218
	30,874,784	26,843,936

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

9 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 USD \$7,200,000 (AUD \$10,481,875) plus acquisition costs.

Reconciliations

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

	Building fitouts	Factory equipment & machinery	Computer equipment & software	Land & building	Capital work in progress	Total
	\$	\$	\$	\$	\$	\$
Balance at 1-Jul-25	260,527	1,462,745	297,746	11,006,631	4,466,339	17,493,988
Additions	1,201,963	3,008,971	169,090	-	5,831,843	10,211,867
Transfer between classes	309,893	(197,595)	(9,836)	-	(102,462)	-
Transfer from inventory	-	192,203	-	-	(201,352)	(9,149)
Depreciation expense	(73,342)	(208,037)	(53,335)	(130,229)	-	(464,943)
Intercompany eliminations	-	-	-	-	(44,519)	(44,519)
Effect of foreign exchange	(2,808)	(21,672)	(4,676)	(232,521)	(81,631)	(343,308)
Balance at 31-Dec-25	1,696,233	4,236,615	398,989	10,643,881	9,868,218	26,843,936
Additions	1,086,439	1,204,680	131,556	-	3,996,150	6,418,825
Transfer between classes	1,968,706	7,172,404	125,673	-	(9,266,783)	-
Transfer from inventory	-	(26,662)	-	-	(223,622)	(250,284)
Depreciation expense	(298,244)	(801,834)	(87,565)	(121,079)	-	(1,308,722)
Intercompany eliminations	-	(105,527)	-	-	90,360	(15,167)
Effect of foreign exchange	(51,069)	(103,005)	(13,638)	(275,493)	(370,599)	(813,804)
Balance at 30-Jun-26	4,402,065	11,576,671	555,015	10,247,309	4,093,724	30,874,784

10 Trade and other payables

	30-Jun-26	31-Dec-25
	\$	\$
Trade payables	5,241,412	2,177,939
Accrued expenses	722,517	1,151,696
Other payables	177,460	162,945
	6,141,389	3,492,580

11 Provisions

	30-Jun-26	31-Dec-25
	\$	\$
Current		
Employee benefits	1,037,568	760,716
Lease make good	30,000	-
Warranties	141,814	75,957
Taxes payable on Tri-D transaction	163,779	168,086
	1,373,161	1,004,759
Non-current		
Employee benefits	49,448	61,197
Lease make good	45,959	73,925
	95,407	135,122

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

12 Borrowings

	30-Jun-26	31-Dec-25
	\$	\$
Current		
Insurance premium funding	442,039	84,885
Interest-bearing loans (U.S. premises)	139,138	132,102
Interest-bearing loans (U.S. capital equipment)	4,949,774	4,183,475
Other	74,633	84,351
	5,605,584	4,484,813
Non-current		
Interest-bearing loans (U.S. premises)	8,047,711	8,337,824
Other	308,919	337,209
	8,356,630	8,675,033

During the current and prior periods, 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 were in two tranches of \$5,473,868 (USD \$3,760,000) and \$2,911,632 (USD \$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 USD \$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 USD \$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 USD \$1,000,000 collateral provided by Innovate Alabama to the First National Bank of Pulaski.

The bank loans are subject 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 \$1,094,793 (US\$732,745) plus interests 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.

Interest-bearing loans (U.S. capital equipment)

On 3 September 2025, the consolidated entity entered into an interest-bearing revolving line of credit (RLOC) loan agreement with First National Bank of Pulaski. The loan capacity was amended on 26 June 2026 and now has a maximum credit capacity of \$5,823,264 (US\$4,000,000) (previous capacity \$10,918,620 (US\$7,500,000)) and is secured by the consolidated entity's US\$4,000,000 cash deposit. Any drawn amount from this RLOC will incur an interest at a rate of 6.12% which is paid monthly.

As at balance date, \$4,949,774 (US\$3,400,000) has been drawn from this line of credit.

Other borrowings

In June 2025, the consolidated entity entered into a vehicle loan with First National Bank of Pulaski for \$133,048 (USD \$91,391), incurring a fixed interest rate of 7.65% p.a. with repayments over 6 years.

In financial year ended 31 December 2025, the consolidated entity entered into two borrowing arrangements for metallurgy equipment for \$137,524 and \$172,658, incurring fixed interest rates of 10.12% p.a. and 10.82% p.a. respectively, with repayments over 5 years.

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

13 Lease liabilities

Current

Lease liabilities - Australian factory
Lease liabilities - Netherlands manufacturing facility

Non-current

Lease liabilities - Australian factory
Lease liabilities - Netherlands manufacturing facility

30-Jun-26	31-Dec-25
\$	\$
173,512	224,129
128,237	132,691
301,749	356,820
-	58,774
2,149,918	2,342,878
2,149,918	2,401,652

Information in relation to the lease liabilities is below:

Maturity analysis - contractual undiscounted cash flows

Less than one year	402,989	473,416
One to two years	225,721	297,869
Two to five years	677,163	716,339
More than five years	1,881,008	2,109,222
Total undiscounted lease liabilities	3,186,881	3,596,846

The consolidated entity has the below material leases for premises as follows:

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 current term.

Netherlands manufacturing facility

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.

Equipment

The consolidated entity also entered leasing arrangements for its equipment. For low value office equipment, these leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets. For high value factory equipment, these leases are accounted as per AASB 16.

14 Other financial liabilities

Current

CSIRO IP liability
Variable deferred consideration for Dycomet (now Titomic Europe B.V.) acquisition
Contract liabilities

Non-current

CSIRO IP liability

30-Jun-26	31-Dec-25
\$	\$
90,000	90,000
24,148	25,545
1,667,744	679,436
1,781,892	794,981
1,471,609	1,398,193
1,471,609	1,398,193

Titomic Limited
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14 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 6.08% 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 periods are set out below:

	30-Jun-26	31-Dec-25
	\$	\$
CSIRO IP liability at the start of the reporting period	1,488,193	1,453,645
Payments made during the reporting period	(45,000)	(45,000)
Interest on unwinding of discount	118,416	79,548
Closing balance	1,561,609	1,488,193

Titomic Limited
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14 Other financial liabilities (continued)

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).

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 periods are set out below:

	30-Jun-26	31-Dec-25
	\$	\$
Deferred and contingent consideration at the start of the reporting period	25,545	25,319
Interest on unwinding of discount	(1,397)	226
Closing balance	24,148	25,545

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 periods are set out below:

	30-Jun-26	31-Dec-25
	\$	\$
Contract liabilities at the start of the reporting period	679,436	2,160,697
Payments received in advance	2,931,697	1,841,844
Transfer to revenue - performance obligations satisfied	(1,913,228)	(3,232,262)
Transfer to other liabilities	-	(50,000)
Effect of foreign exchange	(30,161)	(40,843)
Closing balance	1,667,744	679,436

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 \$4,756,088 as at 30 June 2026 (31 December 2025: \$2,041,384) and is expected to be recognised as revenue in future periods as follows:

	30-Jun-26	31-Dec-25
	\$	\$
Within 6 months	4,333,483	1,594,329
6 to 12 months	422,605	447,055
	4,756,088	2,041,384

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15 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-26	31-Dec-25	30-Jun-26	31-Dec-25
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,607,530,316</u>	<u>1,599,400,057</u>	<u>73,970,964</u>	<u>72,655,460</u>

Movements in ordinary share capital - for the 6 months ended 31 December 2025

Details	Date	Shares	Issue price / value	\$
Opening balance	1-Jul-25	1,325,758,397		23,130,710
Issue of share capital	31-Jul-25	200,000,000	0.250	50,000,000
Issue of share capital to consultant	7-Oct-25	2,000,000	0.070	140,000
Issue of share capital to employees	10-Oct-25	9,161,019	0.018	164,898
Issue of share capital to employees	10-Oct-25	276,123	0.315	86,979
Issue of share capital to directors	4-Dec-25	17,500,000	0.014	246,750
Issue of share capital to directors	4-Dec-25	17,500,000	0.012	204,750
Issue of share capital to directors	19-Dec-25	1,400,000	0.250	350,000
Issue of share capital to directors	19-Dec-25	804,518	0.265	213,197
Issue of share capital to directors	19-Dec-25	10,000,000	0.014	141,000
Issue of share capital to directors	19-Dec-25	10,000,000	0.012	117,000
Issue of share capital to directors	19-Dec-25	5,000,000	0.195	975,000
Less: transaction costs arising on issue of shares				(3,114,824)
Closing balance	31-Dec-25	<u>1,599,400,057</u>		<u>72,655,460</u>

Movements in ordinary share capital - for the half-year ended 30 June 2026

Details	Date	Shares	Issue price / value	\$
Opening balance	1-Jan-26	1,599,400,057		72,655,460
Issue of share capital to employees	8-Jan-26	4,642,858	0.190	882,143
Issue of share capital to directors	9-Jan-26	1,700,000	0.015	25,160
Issue of share capital to employees	12-Jan-26	197,021	0.240	47,285
Issue of share capital to employees	12-Jan-26	156,258	0.240	37,502
Issue of share capital to consultant	12-Jun-26	184,122	0.229	42,164
Issue of share capital to employees	12-Jun-26	1,250,000	0.225	281,250
Closing balance	30-Jun-26	<u>1,607,530,316</u>		<u>73,970,964</u>

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 reporting period.

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16 Reserves

	30-Jun-26	31-Dec-25
	\$	\$
Foreign currency translation reserve	(1,735,130)	(855,170)
Share based payment reserves (a)	19,300,986	16,839,363
	17,565,856	15,984,193
<i>(a) share based payment reserves comprises:</i>		
	30-Jun-26	31-Dec-25
	\$	\$
Shares reserve	-	84,787
Options reserve	10,320,949	7,388,683
Rights reserve	721,674	1,107,530
Forfeited shares, rights and options reserve	8,258,363	8,258,363
	19,300,986	16,839,363

Options reserve

Executive options

During the half-year ended 30 June 2026, the Board of Directors approved the issue of 12,200,000 options in relation to long term incentive (LTI) program as part of employment agreements with Australian, US and Netherlands based executives, as per below:

Grant date	Number of options	Hurdle price	Exercise price	Expiry date	Fair value (\$)
21-Oct-25	1,900,000	\$0.330	\$0.270	21-Oct-33	298,718
21-Oct-25	1,900,000	\$0.440	\$0.270	21-Oct-34	345,641
21-Oct-25	1,900,000	\$0.770	\$0.270	21-Oct-35	395,249
1-Jan-26	1,000,000	\$0.330	\$0.220	20-Jun-33	91,544
1-Jan-26	2,000,000	\$0.440	\$0.220	20-Jun-34	231,725
1-Jan-26	2,000,000	\$0.770	\$0.220	20-Jun-35	225,267
1-Jan-26 ⁽¹⁾	300,000	\$0.330	\$0.220	30-Jun-33	25,800
1-Jan-26 ⁽¹⁾	500,000	\$0.440	\$0.220	31-Dec-33	47,054
1-Jan-26 ⁽¹⁾	700,000	\$0.770	\$0.220	31-Dec-34	67,869
	12,200,000				1,728,867

The performance hurdle for the options issued are based on the company's 15 consecutive trading days share price, unless noted otherwise.

⁽¹⁾ The performance hurdle for these options are based on the company's 15-day average trading share price.

The fair value of the options has been calculated using various simulation models with the following key assumptions and inputs, explained below:

Grant date	Number of options	Spot price	Risk-free rate	Expiry date	Volatility rate	Fair value (\$)
<i>Hull-White model</i>						
21-Oct-25	1,900,000	\$0.265	3.90%	21-Oct-33	102.47%	298,718
21-Oct-25	1,900,000	\$0.265	3.90%	21-Oct-34	102.47%	345,641
21-Oct-25	1,900,000	\$0.265	3.90%	21-Oct-35	102.47%	395,249
<i>Monte Carlo model</i>						
1-Jan-26 ⁽¹⁾	300,000	\$0.245	4.08%	30-Jun-33	69.87%	25,800
<i>Hybrid model (Monte Carlo Simulation and Binomial tree model)</i>						
1-Jan-26	1,000,000	\$0.245	4.63%	20-Jun-33	91.61%	91,544
1-Jan-26	2,000,000	\$0.245	4.69%	20-Jun-34	91.60%	231,725
1-Jan-26	2,000,000	\$0.245	4.75%	20-Jun-35	91.60%	225,267
1-Jan-26 ⁽¹⁾	500,000	\$0.245	4.66%	31-Dec-33	90.73%	47,054
1-Jan-26 ⁽¹⁾	700,000	\$0.245	4.72%	31-Dec-34	91.60%	67,869
	12,200,000					1,728,867

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

16 Reserves (continued)

Rights reserve

Executive rights

During the half-year ended 30 June 2026, the Board of Directors approved the issue of 3,000,000 rights in relation to sign on bonus as part of employment agreements with Australian & US based executives, as per below:

Grant date	Number of rights	Hurdle price	Exercise price	Expiry date	Fair value (\$)
21-Oct-25	1,750,000	\$0.000	\$0.000	20-Oct-26	463,750
1-Jan-26	1,250,000	\$0.000	\$0.000	20-Jun-26	306,250
	<u>3,000,000</u>				<u>770,000</u>

The share rights were valued at the market closing price on respective grant dates.

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.

Movements in reserves

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

	Foreign currency reserve \$
Balance as at 1-Jul-25	(654,971)
Movements in revaluation of foreign currency	(200,199)
Balance at 31-Dec-25	(855,170)
Movements in revaluation of foreign currency	(879,960)
Balance at 30-Jun-26	(1,735,130)

	Shares reserve \$	Options reserve \$	Rights reserve \$	Forfeited shares, rights and options reserve \$	Total share based payments reserves \$
Balance as at 1-Jul-25	-	4,844,626	2,258,004	8,219,163	15,321,793
Share based payments expense	297,984	2,583,257	785,904	-	3,667,145
Transfer to share capital	(213,197)	-	(1,936,378)	-	(2,149,575)
Transfer between reserves	-	(39,200)	-	39,200	-
Balance at 31-Dec-25	84,787	7,388,683	1,107,530	8,258,363	16,839,363
Share based payments expense	-	2,957,426	777,536	-	3,734,962
Transfer to share capital	(84,787)	(25,160)	(1,163,392)	-	(1,273,339)
Balance at 30-Jun-26	-	10,320,949	721,674	8,258,363	19,300,986

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 30 June 2026

17 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 (this was updated on 5 February 2026). Both Titomic Limited's and Composite Technology R&D Pty Ltd's lay evidence has been served. Composite Technology has been ordered to provide security for Titomic Limited's costs of the proceedings in the amount of \$1,106,000 (\$1,006,000 ordered on May 23, 2025 and a further \$100,000 ordered on November 27, 2025), by payment into court. In August 2026, a directions hearing set a date for the case to be heard at trial in July and August 2027. Based on the information currently available and advice received, the Directors consider that Titomic Limited has reasonable grounds to defend the allegations contained in Composite Technology R&D Pty Ltd's claim and the Company continues to vigorously defend the proceedings. The Company has recognised a provision for legal fees as at 30 June 2026.

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 14, should future revenues exceed predetermined thresholds.

The consolidated entity has no contingent assets as at 30 June 2026 (31 December 2025: \$Nil).

18 Events after the reporting period

There are no matters or circumstances that have arisen since 30 June 2026 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Titomic Limited
Directors' Declaration
For the half-year ended 30 June 2026

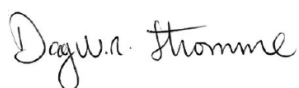
In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standards AASB 134 '*Interim Financial Reporting*', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial half-year ended on that date; and
- 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.

The directors have been given the declarations required by section 303(5)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 303(4)-(5) of the Corporations Act 2001.

On behalf of the directors



Dag W.R. Stromme

Chair

Titomic Limited

31 August 2026

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Titomic Limited and its Controlled Entities

REPORT ON THE HALF-YEAR FINANCIAL REPORT**Conclusion**

We have reviewed the half-year financial report of Titomic Limited ("the Company") and its Controlled Entities (together "the Group") which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss of \$19,351,495 and had net cash outflows from operating activities of \$14,488,995 for the half-year ended 30 June 2026. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD

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Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A handwritten signature in blue ink, appearing to be "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be "BY CHAN".

B Y CHAN

Partner

Dated: 31 August 2026

Melbourne, Victoria