

Titomic Limited
Appendix 4D

1. Company details

Name of entity Titomic Limited
ABN: 77 602 793 644
Reporting period: For the half-year ended 31 December 2024
Previous period: For the half-year ended 31 December 2023

2. Results for announcement to the market

				\$
Revenues from ordinary activities	up	6.1%	to	3,950,939
Loss from ordinary activities after tax	down	11.3%	to	(6,570,998)
Total comprehensive loss attributable to owners	down	11.8%	to	(6,525,287)

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 previous financial period.

4. Net tangible assets

	31-Dec-24	30-Jun-24
	Cents	Cents
Net tangible assets per ordinary security	<u>0.0177</u>	<u>0.0010</u>

5. Explanation of results

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

6. Control gained over entities

N/A

7. Loss of control over entities

N/A

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Titomic Limited
Appendix 4D

8. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to net profit / (loss)	
	31-Dec-24 %	30-Jun-24 %	31-Dec-24 \$000s	30-Jun-24 \$000s
Repkon Titomic Üretim Teknolojileri Sanayi Ve Ticaret Anonim Şirketi (Repkon Joint Venture)	49.00	49.00	-	-

9. Independent review of the financial report

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

10. Attachments

The Interim Report of Titomic Limited for the half-year ended 31 December 2024 is attached.

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TITOMIC LIMITED

ABN 77 602 793 644

Interim Financial Report - Half-Year Ended 31 December 2024

TITOMIC

Titomic Limited Ground floor, 365 Ferntree Gully Road
Mount Waverley, Victoria 3149, Australia

info@titomic.com | titomic.com

ABN 77 602 793 644

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Titomic Limited
Corporate directory
For the half-year ended 31 December 2024

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 Richard Willson (*Independent Non-Executive Director*)
Mr Jim Simpson (*Managing Director*) (*appointed 10 January 2025*)

Company Secretary Mr Geoff Hollis

Registered Office in Australia Ground Floor, 365 Ferntree Gully Road
Mount Waverley, Victoria, 3149, Australia

Principal Place of Business 15091 Al Hwy 20
(United States of America) Madison, Huntsville, AL 35756

Principal Place of Business 1 / 371 Ferntree Gully Road
(Australia) Mount Waverley, Victoria, 3149, Australia

Principal Place of Business It Vegelinskampke 9
(Netherlands) 8491 PD Akkrum
The Netherlands

Share Registry Computershare
GPO Box 3224
Melbourne, Victoria, 3001, Australia

Auditors RSM Australia Pty Ltd
Level 27, 120 Collins Street
Melbourne, Victoria, 3000, Australia

ASX ticker ASX: TTT

Website <http://titomic.com/>

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Titomic Limited
Directors' Report
For the half-year ended 31 December 2024

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 31 December 2024.

Directors

The following persons were directors of Titomic Limited during the whole of the financial half-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 Richard Willson	Independent Non-Executive Director
Mr Jim Simpson	Managing Director (appointed 10 January 2025)
Mr Herbert Koeck	Managing Director (retired 31 December 2024)
Mr Christopher Healy	Joint Company Secretary (resigned 31 January 2025)
Mr Geoff Hollis	Chief Financial Officer & Joint Company Secretary

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 defence, aerospace, mining, energy and transport industries.

Review of operations

Operating loss for the half-year after providing for income tax of \$6,570,998 (31 December 2023: \$5,903,996 loss) was materially in line with expectations and increased from the prior half-year predominantly due to increased sales revenue being offset by the delay in receiving the research and development tax incentive. Expenses were reasonably consistent half on half. Refer below and prior in this report for further discussion.

Revenue and other income

Total revenue decreased by \$255,871 to \$3,950,939 (31 December 2023: \$4,206,810). Increased sales revenue was offset by the delay in receiving the research and development tax incentive in respect of the 2024 financial year.

Revenue from contracts with customers increased by \$1,432,795 to \$3,740,306 (31 December 2023: \$2,307,511). Underpinning revenues in the half-year was a \$1,263,088 sale of ten low-pressure cold spray systems and consumables to The Royal Dutch Army recognised in July 2024. In addition to other sales of low and medium pressure cold spray machines there was also an increase in project revenue and powder and consumables in relation to our installed base of cold spray machines.

Other revenue reduced by \$1,688,666 to \$210,633 (31 December 2023: \$1,899,299). In the prior half-year \$581,988 was received for the last instalment of the Space Grant and \$1,011,607 was received in respect of the 2023 financial year research and development tax incentive. The research and development tax incentive in respect of the 2024 financial year is expected to be received in the second quarter of 2025 with the refund anticipated to be \$695,297.

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Titomic Limited
Directors' Report
For the half-year ended 31 December 2024

Operating expenses

Total expenses decreased by \$288,595 to \$10,551,396 (31 December 2023: \$10,262,801). Included in expenses are non-cash related costs (share based payments, depreciation, amortisation and notional interest expenses) of \$1,327,778 (31 December 2023: \$2,046,125).

Production and related expenses

Production and related expenses increased by \$275,323 to \$3,214,763 (31 December 2023: \$2,939,440). 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 compared to the increase in revenue for the year shows improved utilisation of the consolidated entity's facilities. The consolidated entity anticipates further improvement in margin as it continues to expand its sales revenue base.

Corporate and administrative expenses

Corporate and administrative expenses increased by \$144,014 to \$3,972,974 (31 December 2023: \$3,828,960). The small increase in corporate and administrative expenses whilst seeing sales growth reflects the benefit of continual monitoring and optimisation of expenses. It is anticipated that there will be some growth in corporate and administrative expenses as the business continues to grow although the consolidated entity is and will continue to maintain a focus of strict cost control in this and other areas.

Sales, marketing and promotion expenses

Sales, marketing and promotion expenses increased by \$684,322 to \$1,966,170 (31 December 2023: \$1,281,848). 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 compared to the prior half can be attributed to increases in our sales and marketing efforts in the U.S., including the commencement of Dr. Patti Dare to head U.S. sales efforts. The consolidated entity anticipates increased spending in this area to support increased sales growth.

Liquidity

The consolidated entity had cash at 31 December 2024 of \$24,110,576 (30 June 2024: \$2,729,484). The increased cash balance is due to the \$30 million (before costs) capital raise completed during the half-year. The funds raised provide a platform for the consolidated entity to move forward with previously announced initiatives to setup a manufacturing facility (and move operational headquarters) to Huntsville, Alabama in the United States of America as well as expand the consolidated entities' European manufacturing capabilities in The Netherlands. The Board will continue to oversee the growth aspirations of the consolidated entity with the need to maintain a strict cost discipline.

Outlook

The consolidated entity anticipates sales revenue in the 2025 financial year to be greater than sales revenue achieved in the 2024 financial year. This is underpinned by an increased order pipeline from the 2024 financial year that is being delivered throughout 2025.

The consolidated entity anticipates increased spending in the second half of the 2025 financial year as it sets up its operational headquarters and manufacturing facility in the U.S. and moves to a new facility in The Netherlands. The consolidated entity also anticipated higher salaries and wages in the second half of the financial year in relation to its U.S. expansion and investment to increase organisational capability.

Significant changes in state of affairs

There were no significant changes in state of affairs to the consolidated entity during the year other than identified in this report.

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Titomic Limited
Directors' Report
For the half-year ended 31 December 2024

Matters subsequent to the end of the financial year

On 24 January 2025, the consolidated entity entered into an agreement to purchase premises in Huntsville, Alabama for a purchase price of US\$7.2 million. The consolidated entity has received a financing commitment from First National Bank, Alabama to fund US\$5.75 million of the purchase price over a period of 25 years. The agreement is subject to a 60 day due diligence period whereby the consolidated entity has the option to terminate the agreement.

No other matter or circumstance has arisen since 31 December 2024 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

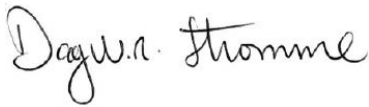
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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 February 2025

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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 31 December 2024, 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.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 28 February 2025
Melbourne, Victoria

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Titomic Limited
Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the half-year ended 31 December 2024

	Note	31-Dec-24	31-Dec-23
		\$	\$
Revenue			
Sales revenue	3	3,740,306	2,307,511
Other revenue	3	210,633	1,899,299
		3,950,939	4,206,810
Fair value adjustment		(65,443)	222,466
Expenses			
Production and related expenses		(3,214,763)	(2,939,440)
Corporate and administrative expenses		(3,972,974)	(3,828,960)
Sales, marketing and promotion expenses		(1,966,170)	(1,281,848)
Other expenses		(4,706)	(35,930)
Remuneration expense on Tri-D and Dycomet acquisition		(18,181)	(79,548)
Corporate and administrative - share based payments expenses	5	(1,206,174)	(1,892,510)
Depreciation expenses	4	(114,690)	(58,702)
Amortisation expenses	4	-	(39,367)
Finance costs	4	(53,738)	(106,496)
		(10,551,396)	(10,262,801)
Loss before income tax benefit/(expense)		(6,665,900)	(5,833,525)
Income tax benefit/(expense)		94,902	(70,471)
Net loss after income tax benefit/(expense)		(6,570,998)	(5,903,996)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve	13	45,711	65,009
Income tax relating to these items		-	-
Other comprehensive income/(loss), net of tax		45,711	65,009
Total comprehensive Income (loss) for the half-year Attributable to the Owners of Titomic Limited		(6,525,287)	(5,838,987)
		Cents	Cents
Basic earnings (loss) per share		(0.0060)	(0.6900)
Diluted earnings (loss) per share		(0.0060)	(0.6900)

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

Titomic Limited
Consolidated Statement of Financial Position
As at 31 December 2024

	Note	31-Dec-24 \$	30-Jun-24 \$
Current Assets			
Cash and cash equivalents		24,110,576	2,729,484
Trade and other receivables	6	822,268	644,416
Inventories	7	4,544,333	3,463,468
Other current assets		611,692	651,111
Total Current Assets		30,088,869	7,488,479
Non-Current Assets			
Property, plant and equipment		1,031,178	536,538
Right-of-use assets		2,519,400	19,313
Other non-current assets		30,897	30,897
Total Non-Current Assets		3,581,475	586,748
Total Assets		33,670,344	8,075,227
Current Liabilities			
Trade and other payables	8	2,105,548	1,712,776
Provisions	9	657,631	686,419
Provision for income tax		28,873	151,491
Lease liabilities	10	294,884	340,179
Other financial liabilities	11	2,510,353	1,766,076
Borrowings		138,035	387,123
Total Current Liabilities		5,735,324	5,044,064
Non-Current Liabilities			
Provisions	9	152,429	101,711
Lease liabilities	10	2,707,866	387,141
Other financial liabilities	11	1,569,234	1,511,877
Total Non-Current Liabilities		4,429,529	2,000,729
Total Liabilities		10,164,853	7,044,793
Net Assets		23,505,491	1,030,434
Equity			
Issued capital	12	104,624,190	75,211,575
Reserves	13	10,051,094	10,417,654
Accumulated losses		(91,169,793)	(84,598,795)
Total Equity		23,505,491	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 half-year ended 31 December 2024

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2023	63,790,575	7,824,513	(72,330,046)	(714,958)
Net loss after income tax	-	-	(5,903,996)	(5,903,996)
Other comprehensive income/(loss) after tax	-	65,009	-	65,009
Total comprehensive income/(loss)	-	65,009	(5,903,996)	(5,838,987)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity	6,496,244	-	-	6,496,244
Costs of contributions of equity	(483,981)	-	-	(483,981)
Share based payments	934,419	1,037,639	-	1,972,058
Reversal of advance payment for share capital	-	(750,000)	-	(750,000)
Balance as at 31 December 2023	<u>70,737,257</u>	<u>8,177,161</u>	<u>(78,234,042)</u>	<u>680,376</u>
	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	-	-	(6,570,998)	(6,570,998)
Other comprehensive income/(loss) after tax	-	45,711	-	45,711
Total comprehensive income/(loss)	-	45,711	(6,570,998)	(6,525,287)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity	30,100,000	-	-	30,100,000
Costs of contributions of equity	(1,928,458)	-	-	(1,928,458)
Share based payments	1,241,073	(412,271)	-	828,802
Balance as at 31 December 2024	<u>104,624,190</u>	<u>10,051,094</u>	<u>(91,169,793)</u>	<u>23,505,491</u>

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

Titomic Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2024

	Note	31-Dec-24	31-Dec-23
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		4,506,915	3,495,927
Payments to suppliers and employees (inclusive of GST)		(10,617,105)	(7,099,927)
Interest received		84,951	24,495
Interest and other finance costs paid		(13,819)	(11,441)
Income tax paid		(30,955)	-
Government grants and tax incentives		214,999	36,600
Net cash outflow from operating activities		(5,855,014)	(3,554,346)
Cash Flows from Investing Activities			
Payments for deferred consideration in relation to business acquisition		(263,935)	(248,385)
Payment for property, plant and equipment		(343,275)	(510,599)
Net cash outflow from investing activities		(607,210)	(758,984)
Cash Flows from Financing Activities			
Proceeds from the issue of shares		30,000,000	5,746,244
Proceeds from the exercise of options		100,000	-
Payment for the principal portion of lease liabilities		(260,163)	(148,263)
Share issue transactions costs		(1,838,924)	(571,469)
Repayment of borrowings		(320,142)	(600,000)
Net cash inflow from financing activities		27,680,771	4,426,512
Net increase (decrease) in cash and cash equivalents		21,218,547	113,182
Cash and cash equivalents at start of year		2,729,484	1,470,969
Effects of exchange rate changes on cash and cash equivalents		162,545	(20,532)
Cash and cash equivalents at end of year		24,110,576	1,563,619

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 31 December 2024

1 Material accounting policies

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 30 June 2024 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.

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.

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.

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 thousand dollars, or in certain cases, the nearest dollar.

Comparatives

The comparative results presented refer to the six month period up to 31 December 2023 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 30 June 2024.

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Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

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 Australia, USA 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:

- Australia: High pressure, large scale cold spray additive manufacturing machines and manufactured products for customers in the aerospace and defence industry segments.
- USA: Sales, marketing and customer relationship activities in the US and globally to develop business with the aerospace and defence industry customers, particularly in the USA.
- 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.

31-Dec-24	Australia \$	USA \$	Europe \$	Consolidated \$
Revenue				
External customer sales	560,889	581,764	2,597,653	3,740,306
<i>Intersegment sales</i>	253,792	-	1,006,979	1,260,771
<i>Intersegment management fees</i>	1,115,177	-	84,531	1,199,708
Total sales revenue	1,929,858	581,764	3,689,163	6,200,785
Grant revenue	36,600	-	24,802	61,402
R&D tax incentive	-	-	-	-
Interest revenue	157,588	-	(8,857)	148,731
Other revenue	500	-	-	500
Segment revenue	2,124,546	581,764	3,705,108	6,411,418
<i>Intersegment eliminations</i>				<u>(2,460,479)</u>
Total revenue				<u>3,950,939</u>

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

2 Segment information (continued)

	Australia	USA	Europe	Consolidated
	\$	\$	\$	\$
31-Dec-24				
EBITDA	(3,535,487)	(2,302,292)	(473,434)	(6,311,213)
Depreciation and amortisation	(35,082)	(687)	(78,921)	(114,690)
Impairment of assets	-	-	-	-
Interest	(40,958)	-	(12,780)	(53,738)
<i>Intersegment eliminations</i>				(186,259)
Loss before income tax expense	(3,611,527)	(2,302,979)	(565,135)	(6,665,900)
Income tax expense	-	-	94,902	94,902
Loss after income tax expense	(3,611,527)	(2,302,979)	(470,233)	(6,570,998)
Assets				
Segment assets	35,133,469	1,340,900	5,693,047	42,167,416
<i>Intersegment eliminations</i>				(8,497,072)
Total assets				33,670,344
Liabilities				
Segment liabilities	5,330,370	8,463,849	5,077,545	18,871,764
<i>Intersegment eliminations</i>				(8,706,911)
Total liabilities				10,164,853
31-Dec-23				
Revenue				
External customer sales	491,419	128,362	1,687,730	2,307,511
<i>Intersegment sales</i>	16,877	-	160,701	177,578
Total sales revenue	508,296	128,362	1,848,431	2,485,089
Grant revenue	618,588	-	148,589	767,177
R&D tax incentive	1,011,607	-	-	1,011,607
Interest revenue	24,495	-	-	24,495
Other revenue	96,020	-	-	96,020
Segment revenue	2,259,006	128,362	1,997,020	4,384,388
<i>Intersegment eliminations</i>				(177,578)
Total revenue				4,206,810
EBITDA	(4,159,315)	(574,086)	(810,109)	(5,543,510)
Depreciation and amortisation	(51,814)	-	(46,257)	(98,071)
Interest	(191,944)	-	-	(191,944)
Loss before income tax expense	(4,403,073)	(574,086)	(856,366)	(5,833,525)
Income tax expense	-	-	-	(70,471)
Loss after income tax expense				(5,903,996)
Assets				
Segment assets	8,886,073	187,471	2,490,648	11,564,192
<i>Intersegment eliminations</i>				(3,413,897)
Total assets				8,150,295
Liabilities				
Segment liabilities	4,931,423	3,364,164	2,480,698	10,776,285
<i>Intersegment eliminations</i>				(3,306,366)
Total liabilities				7,469,919

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Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

3 Revenue

	31-Dec-24	31-Dec-23
	\$	\$
Sales revenue		
Revenue from contracts with customers	3,740,306	2,307,511
	<u>3,740,306</u>	<u>2,307,511</u>
Other revenue		
Research and development tax incentive (a)	-	1,011,607
Space grant revenue	-	581,988
Other grants	61,402	185,189
Interest received	148,731	24,495
Other revenue	500	96,020
	<u>210,633</u>	<u>1,899,299</u>
	<u>3,950,939</u>	<u>4,206,810</u>

(a) The consolidated entity's research and development tax incentive claim has recently been lodged in conjunction with its 30 June 2024 tax return. The consolidated entity is expecting a refund of \$695,297 upon processing by the Australian Taxation Office.

Disaggregation of revenue

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

	31-Dec-24	31-Dec-23
	\$	\$
Major product lines		
Machines	2,380,354	1,133,085
Projects	996,152	839,333
Consumables	363,800	335,093
	<u>3,740,306</u>	<u>2,307,511</u>
Geographical regions		
Australia	560,889	491,419
USA	581,764	128,362
Europe	2,597,653	1,687,730
	<u>3,740,306</u>	<u>2,307,511</u>

Timing of revenue recognition

	Machines	Projects	Consumables	Total
	\$	\$	\$	\$
31-Dec-24				
Goods transferred at a point in time	2,367,754	996,152	363,800	3,727,706
Services transferred over time	12,600	-	-	12,600
	<u>2,380,354</u>	<u>996,152</u>	<u>363,800</u>	<u>3,740,306</u>
31-Dec-23				
Goods transferred at a point in time	1,120,485	839,333	335,093	2,294,911
Services transferred over time	12,600	-	-	12,600
	<u>1,133,085</u>	<u>839,333</u>	<u>335,093</u>	<u>2,307,511</u>

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

4 Expenses

Employee benefits expenses

	31-Dec-24	31-Dec-23
	\$	\$
Share-based payments	1,206,174	1,892,510
Superannuation	427,665	309,575
Salaries, wages and other employee benefits	3,860,112	2,578,648
	<u>5,493,951</u>	<u>4,780,733</u>

Depreciation and amortisation expenses

Depreciation on property, plant and equipment	71,023	58,702
Depreciation on right of use assets	43,667	-
Amortisation of intangible assets	-	39,367
	<u>114,690</u>	<u>98,069</u>

Finance costs

Other interest	14,878	20,269
Lease liabilities	31,946	30,681
Notional interest on other liabilities	6,914	55,546
	<u>53,738</u>	<u>106,496</u>

5 Share based payment expenses

	31-Dec-24	31-Dec-23
	\$	\$
Share-based payments - directors	835,933	1,841,590
Share-based payments - employees	370,241	50,920
	<u>1,206,174</u>	<u>1,892,510</u>

6 Trade and other receivables

	31-Dec-24	30-Jun-24
	\$	\$
<i>Current</i>		
Trade receivables	610,587	640,773
less provision for estimated credit losses	-	(53,181)
Other receivables	211,681	56,824
	<u>822,268</u>	<u>644,416</u>

7 Inventories

	31-Dec-24	30-Jun-24
	\$	\$
Raw materials at cost	1,929,071	1,691,297
Less: Provision for obsolescence	(251,382)	(253,454)
Work in progress at cost	2,923,203	2,261,958
Less: Provision for obsolescence	(611,891)	(523,264)
Finished goods at cost	555,332	286,931
	<u>4,544,333</u>	<u>3,463,468</u>

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Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

8 Trade and other payables

	31-Dec-24	30-Jun-24
	\$	\$
Trade payables	765,126	548,255
Accrued expenses	821,708	958,003
Other payables	518,714	206,518
	<u>2,105,548</u>	<u>1,712,776</u>

9 Provisions

	31-Dec-24	30-Jun-24
	\$	\$
Current		
Employee benefits	390,089	379,896
Lease make good	28,000	32,500
Warranties	58,587	104,748
Taxes payable on Tri-D transaction	180,955	169,275
	<u>657,631</u>	<u>686,419</u>
Non-current		
Employee benefits	82,617	75,341
Lease make good	69,812	26,370
	<u>152,429</u>	<u>101,711</u>

10 Lease liabilities

	31-Dec-24	30-Jun-24
	\$	\$
Current		
Lease liabilities	294,884	340,179
Non-current		
Lease liabilities	2,707,866	387,141

Information in relation to the lease liabilities is below:

Maturity analysis - contractual undiscounted cash flows

Less than one year	482,247	350,586
One to two years	457,549	231,194
Two to five years	727,829	177,268
More than 5 years	2,210,556	-
Total undiscounted lease liabilities	<u>3,878,181</u>	<u>759,048</u>

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

Melbourne head office

The consolidated entity entered into a new lease for corporate office space in the building next door to the existing factory location. The lease commenced on 1 Mar 2022 for an initial term of three years with an expiry date of 28 February 2025. The lease includes an option to exercise for a further term of two years which the consolidated entity won't be exercising.

Melbourne manufacturing facility

The lease for the existing location of the Melbourne manufacturing facility was extended effective from 1 Apr 2022 for a further five years with an expiry date of 31 Mar 2027.

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.

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Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

11 Other financial liabilities

	31-Dec-24	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	2,420,353	1,419,104
	<u>2,510,353</u>	<u>1,766,076</u>
Non-current		
CSIRO IP liability	1,332,321	1,291,436
Variable deferred consideration for Dycomet (now Titomic Europe B.V.) acquisition	236,913	220,441
	<u>1,569,234</u>	<u>1,511,877</u>

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 7.42% pa and has been spread over the period to determine the value of the intangible asset acquired.

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

11 Other financial liabilities (continued)

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:

	31-Dec-24	30-Jun-24
	\$	\$
	Half-year	Full-year
CSIRO IP liability at the start of the financial year	1,366,436	1,654,499
Interest on unwinding of discount	(9,558)	139,319
Fair value (gain)/loss on contract amendment during the year	65,443	(427,382)
Closing balance	<u>1,422,321</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.

In addition, there are two earn out components calculated as a percentage of revenue payable three years and five years after the acquisition date. The first of these payments 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:

	31-Dec-24	30-Jun-24
	\$	\$
	Half-year	Full-year
Deferred and contingent consideration at the start of the financial year	492,413	878,097
Payment for deferred consideration	(263,935)	(248,385)
Interest on unwinding of discount	16,472	51,352
Foreign exchange movement	(8,037)	-
Fair value (gain)/loss on remeasurement on deferred and contingent consideration	-	(188,651)
Closing balance	<u>236,913</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:

	31-Dec-24	30-Jun-24
	\$	\$
	Half-year	Full-year
Contract liabilities at the start of the financial year	1,419,104	819,108
Payments received in advance	1,348,588	4,251,261
Transfer to revenue - performance obligations satisfied	(347,339)	(3,651,265)
Closing balance	<u>2,420,353</u>	<u>1,419,104</u>

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Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

11 Other financial liabilities (continued)

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 \$3,971,791 as at 31 December 2024 (\$2,604,234 as at 30 June 2024) and is expected to be recognised as revenue in future periods as follows:

	31-Dec-24	30-Jun-24
	\$	\$
Within 6 months	1,891,415	988,456
6 to 12 months	2,080,377	1,615,778
	<u>3,971,792</u>	<u>2,604,234</u>

12 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.

	31-Dec-24	30-Jun-24	31-Dec-24	30-Jun-24
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,325,758,397</u>	<u>1,010,635,855</u>	<u>104,624,190</u>	<u>75,211,575</u>

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	0.01	750,000
Issue of share capital	24-Jul-23	549,624,440	0.01	5,496,245
Issue of share capital to employees	31-Jul-23	96,083	0.16	15,297
Issue of share capital to employees	7-Aug-23	1,818,095	0.04	72,058
Issue of share capital to employees	22-Aug-23	115,601	0.14	16,543
Issue of share capital to employees	13-Sep-23	450,000	0.43	193,500
Issue of share capital to employees	27-Sep-23	110,427	0.14	15,504
Issue of share capital to directors	8-Nov-23	187,344	0.12	22,500
Issue of share capital to employees	8-Nov-23	123,893	0.12	14,880
Issue of share capital to employees	16-Nov-23	99,068	0.09	9,233
Issue of share capital to directors	6-Dec-23	25,000,000	0.01	250,000
Issue of share capital to employees	8-Dec-23	153,785	0.06	8,904
Issue of share capital to employees	8-Dec-23	473,016	0.25	120,619
Issue of share capital for Dycomet consideration	12-Dec-23	500,000	0.21	105,381
Issue of share capital to directors	20-Dec-23	20,000,000	0.02	340,000
Issue of share capital to employees	15-Apr-24	7,842,571	0.02	141,166
Issue of share capital to employees	16-Apr-24	51,577	0.26	13,152
Issue of share capital	2-May-24	90,000,000	0.05	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>

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

12 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-24	1,010,635,855		75,211,575
Issue of share capital to employees	9-Jul-24	342,265	0.08	28,408
Issue of share capital to employees	7-Aug-24	12,260,000	0.02	220,680
Issue of share capital to consultants	8-Aug-24	2,000,000	0.05	100,000
Issue of share capital to employees	3-Sep-24	461,935	0.26	117,793
Issue of share capital to employees	3-Sep-24	6,178,672	0.02	111,216
Issue of share capital	22-Oct-24	143,211,735	0.12	17,185,408
Issue of share capital	4-Dec-24	106,788,265	0.12	12,814,592
Issue of share capital for Dycomet consideration	11-Dec-24	500,000	0.20	101,889
Issue of share capital to directors	13-Dec-24	40,000,000	0.01	592,000
Issue of share capital to employees	20-Dec-24	99,763	0.26	25,440
Issue of share capital to employees	20-Dec-24	3,279,907	0.02	59,038
Adjustment for carried forward misstatement				(15,391)
Less: transaction costs arising on issue of shares				(1,928,458)
Closing balance	31-Dec-24	<u>1,325,758,397</u>		<u>104,624,190</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.

13 Reserves

	31-Dec-24	30-Jun-24
	\$	\$
Foreign currency translation reserve	(55,045)	(100,756)
Share based payment reserves (a)	10,106,139	10,518,410
	<u>10,051,094</u>	<u>10,417,654</u>

(a) share based payment reserves comprises:

	31-Dec-24	30-Jun-24
	\$	\$
Directors and employee incentive plans	678,658	1,297,156
Options reserve	1,208,317	911,701
Forfeited shares, rights and options reserve	8,219,164	8,225,691
Shares reserves as a result of acquisitions	-	83,862
	<u>10,106,139</u>	<u>10,518,410</u>

Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

13 Reserves (continued)

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.

Acquisition shares reserve

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. All tranches have now been issued.

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	<u>(102,304)</u>
Balance at 30-Jun-24	<u>(100,756)</u>
Movements in revaluation of foreign currency	<u>45,711</u>
Balance at 31-Dec-24	<u>(55,045)</u>

	Pre-share placement funds reserve \$	Acquisition shares reserves \$	Directors and employee incentive plans \$	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 expense	-	97,073	2,749,888	915,144	55,492	3,817,597
Transfer to equity upon issue of shares	(750,000)	(370,939)	(377,798)	-	-	(1,498,737)
Transfer upon forfeiture	-	(61,935)	(3,164,529)	(121,162)	3,347,626	-
Transfer between reserves	-	(914)	914	-	-	-
Balance at 30-Jun-24	<u>-</u>	<u>83,862</u>	<u>1,297,156</u>	<u>911,701</u>	<u>8,225,691</u>	<u>10,518,410</u>

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Titomic Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2024

13 Reserves (continued)

	Pre-share placement funds reserve	Acquisition shares reserves	Directors and employee incentive plans	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 expense	-	18,027	515,355	340,016	(29,205)	844,193
Transfer to equity upon issue of shares	-	(101,889)	(1,154,575)	-	-	(1,256,464)
Transfer between reserves	-	-	20,722	-	(20,722)	-
Transfer upon forfeiture	-	-	-	(43,400)	43,400	-
Balance at 31-Dec-24	-	-	678,658	1,208,317	8,219,164	10,106,139

14 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 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. The directors are of the opinion, based on external legal advice obtained, 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 31 December 2024.

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 11, should future revenues exceed predetermined thresholds.

The consolidated entity has no contingent assets as at 31 December 2024 (30 June 2024: \$nil).

15 Events after the reporting period

On 24 January 2025, the consolidated entity entered into an agreement to purchase premises in Huntsville, Alabama for a purchase price of US\$7.2 million. The consolidated entity has received a financing commitment from First National Bank, Alabama to fund US\$5.75 million of the purchase price over a period of 25 years. The agreement is subject to a 60 day due diligence period whereby the consolidated entity has the option to terminate the agreement.

No other matter or circumstance has arisen since 31 December 2024 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
Directors' Declaration
For the half-year ended 31 December 2024

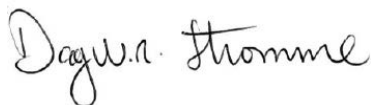
In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard 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 31 December 2024 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 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 February 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of Titomic Limited

Conclusion

We have reviewed the accompanying half-year financial report of Titomic Limited ("the company") and its controlled entities ("the consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2024, 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 material 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 consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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 review report.

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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 consolidated entity's financial position as at 31 December 2024 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.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 28 February 2025
Melbourne, Victoria

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