

MARCH 2022 QUARTERLY ACTIVITIES REPORT

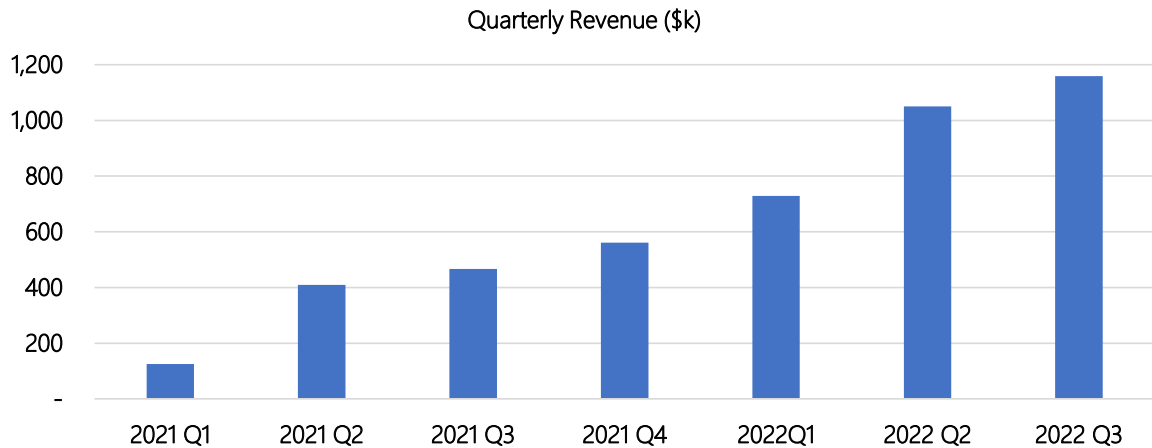
Highlights

- Record quarterly revenue of \$1.159m, which is a 10% growth over the December 2021 quarter and 148% year on year. This growth was achieved through direct sales and distributors actively selling K-TIG systems
- Quarterly cash receipts of \$0.931m representing 329% growth over the March 2021 quarter
- K-TIG raised \$4M (before costs) in new equity via a fully committed share placement to institutional and sophisticated investors
- K-TIG continued its engagement with the GBP 1.5bn UK nuclear decommission waste containers sector with signing of agreement with UK NAMRC and is actively targeting the current phase of 3m³ waste boxes
- The Company actively progressed the engagement with Defence Primes in the Australian Maritime Defence sector to target the light weight structures of current awarded contracts with K-TIG announcing that it will build an R&D facility within BAE Systems Australia's Factory of the Future at the Tonsley Innovation District in South Australia
- Appointment of experienced non-executive director Mr Darryl Abotomey
- The Company had c.\$4.8m cash as at 31 March 2022

K-TIG Limited (ASX: KTG) ("K-TIG" or the "Company"), a technology company deploying a fully commercialised industry-disruptive high-speed welding technology provides the following summary of activities during the Quarter ended 31 March 2022.

The Company is pleased to report the following March 2022 quarterly results:

- Quarterly sales revenue of \$1.159m representing 10% growth over December 2021 quarter
- Quarterly cash receipts of \$0.931m representing 329% growth over the March 2021 quarter
- Cash at bank of \$4.884m



The March quarter has seen continued significant progress with the achievement of a number of strategically important milestones being achieved across key strategic pillars.

UK Nuclear

During the March quarter K-TIG signed a formal agreement with the Nuclear Advanced Manufacturing Research Centre (Nuclear AMRC) to develop a turnkey robotic welding cell which may be used for the production of nuclear storage containers, each holding 3 m³ of intermediate level waste (ILW). The project will see K-TIG and the Nuclear AMRC collaborate to develop the robotic welding cell within a Nuclear Industry Technology Demonstration Facility. This will optimise the Sellafield Tranche 2 ILW container design and steady state manufacturing processes. K-TIG will own all Intellectual Property developed by the project meaning it can commercialise ILW welding cells and create a competitive advantage to become a supplier to Sellafield in its future procurement activities.

The project will harness the latest robotic automation technology, sensor integration, statistical process control, QC, QA and welding procedure automation to develop a world-leading robotic welding cell. The intention is for it to be adaptable to service the decommissioning of nuclear power sites around the world.

The project will be delivered in three phases concluding no later than December 2023.

While the primary focus of the K-TIG Nuclear AMRC collaboration is to develop a turnkey robotic welding cell suitable for Sellafield Tranche 2 ILW containers, the project paves the way for an adaptable solution to what is a global issue.

According to the International Energy Agency around 200 commercial reactors are to be shut down between 2020 and 2040. Across the globe nuclear facilities are ageing with two-thirds of reactors 30 years or older.

Up to 17,000 3 m³ stainless steel boxes are expected to be needed by Sellafield as part of its GBP £1.5 billion procurement plan currently scheduled to commence in FY 2023/24. There is also the potential for a further 50,000 containers.

Storing nuclear waste requires containers which must maintain integrity for a minimum of 150 years. K-TIG technology will provide that through consistently repeatable high-quality welds and integration of cutting-edge real time quality inspection capability, such as ultrasonic and acoustic sensors.

The Company is actively working on becoming a supplier to Sellafeld for the Tranche 1 (2,000 units) of decommission. This strategy will allow the Company to work with the regulator to develop the next generation welding cells in a commercial setting.

Customer Acceleration

The Company continues to build sales momentum with strong progress made during the quarter both in the US and UK markets.

During the quarter, the Company saw its sales pipeline continue to grow month on month both in the US and UK markets as potential customers responded to the increased capabilities.

Following the successful build out of infrastructure in both the US and UK with on the ground sales force and demonstration sites, K-TIG continues to expand third-party sales channels to complement K-TIG's direct sales force with the recent appointment of Samjin Wel-Tech, a subsidiary of Samjin Industrial Co LTD, a South Korean specialist steel structure construction company with high end fabrication lines producing products in steel frame construction, plant equipment, scaffolds and nuclear energy facilities.

K-TIG currently has six distributors across multiple jurisdictions including USA, UK, Japan, Israel, Vietnam, Spain and Turkey. We are actively investing in local branding and marketing campaigns to collaborate and support local distributor efforts.

The distributor pipeline is healthy with K-TIG in discussions with multiple tier one (welding automation system manufacturers and integrators) where we anticipate adding additional distributors in coming quarters.

K-TIG continues to invest in its marketing assets and automation, making significant progress this quarter in the upgrade of its website and Customer Relationship Management systems to reflect the new brand positioning and market messaging developed in calendar year 2021, as well as improved campaign effectiveness reporting to better target marketing investments.

These upgrades have included the incorporation of SMART messaging and outreach based upon the individual persona and geo-location characteristics of the recipient.

Defence

During the quarter K-TIG announced that it will build an R&D facility within BAE Systems Australia's Factory of the Future at the Tonsley Innovation District in South Australia where it will demonstrate and further evolve the application of its robotic welding capabilities for shipbuilding and other applications.

The Tonsley Manufacturing Innovation District has been established as a catalyst for the growth of advanced manufacturing and adoption of the Industry 4.0 agenda in South Australia. The Factory of the Future is under development by BAE Systems and Flinders University and will connect businesses and sectors which are of growing importance to the national economy, including the \$90 billion defence shipbuilding industry.

K-TIG is actively working with global primes on assisting them to deliver Australia's next generation or maritime capability to provide pipe spooling, deck plate and light weight structure solutions to dramatically lower fabrication costs.

K-TIG continues discussions with Hanwha Defence regarding technical qualification of Redback subsystems in support of the Australian Land 400 manufacturing program. Further updates will be provided in due course.

Research and Development

With regard to R&D, we continue to make good progress with the Evolve 3 product development, having achieved the major software milestone of a stable prototype human machine interface in the last quarter and expect to commence weld testing using this software in the upcoming quarter.

Work will also commence this upcoming quarter on an enhanced hardware design for the controller, to enable additional functionality and 3rd party welding actuators and sensors to be integrated into the K-TIG offering, as well as to reduce manufacturing costs and improve product reliability

Corporate

During the quarter the Company announced the appointment of Mr Darryl Abotomey to the Board of Directors as non-executive director.

Mr Abotomey brings over 30 years of executive leadership and financial expertise having held Board and executive leadership roles across manufacturing, global paper and packaging distribution and automotive aftermarket industries.

Mr Abotomey was most recently Chief Executive Officer and Managing Director of Bapcor Limited, Asia Pacific's leading provider of vehicle parts, accessories, equipment, service and solutions, where during his 10 years in that role he was instrumental to the successful growth and expansion of the business in line with its strategic growth plan, including expanding the businesses base and growing it internationally. Under his leadership the business grew from having revenue of \$300 million to \$1.9 billion per annum.

In February 2022, the Company received binding commitments to raise \$4m (before costs) at \$0.35 per shares via a private placement to institutional and sophisticated investors. On 18 February 2022 the Company issued a total of 11,000,000 fully paid ordinary shares with a further total of 428,571 ordinary shares to be issued to Directors Ms White and Mr McIntosh (and/or their nominees), subject to shareholder approval to be sought at the earlier of an extraordinary general meeting of the Company or an Annual General Meeting anticipated to be held in November 2022.

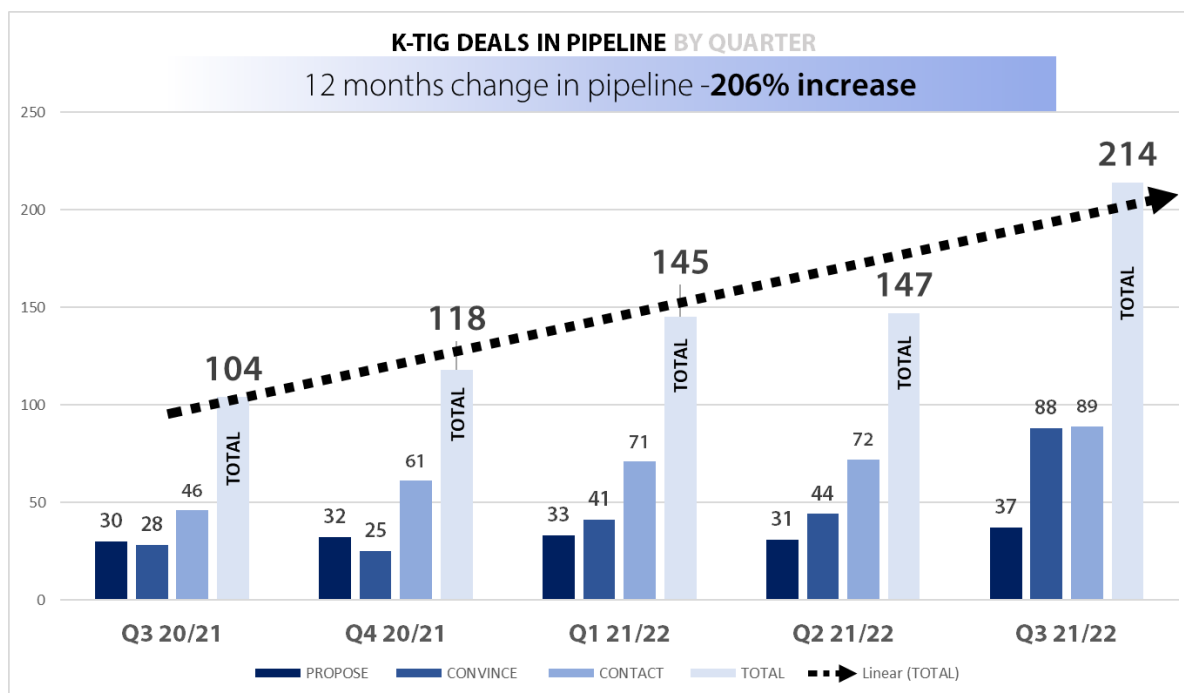
Financial Summary

The attached Appendix 4C provides details on the cashflows for the quarter ended 31 March 2022. As at 31 March 2022 the Company had a cash balance of \$4.88m. The Company's net cash used in operating activities for the quarter amounted to \$1.6m comprising \$0.9m receipts from customers, \$0.1m for research and development, \$0.7m for product manufacturing and operating costs, \$0.1m for advertising and marketing, \$1.3m for staff costs and \$0.3m for administrative and corporate costs.

As disclosed in item 6.1 of the attached Appendix 4C, \$0.2m was paid in respect of directors' fees and consulting fees to entities associated with the directors including company secretarial and accounting & bookkeeping services during the March 2022 quarter.

Pipeline

A summary of the current lead pipeline broken down by sales stage as at 31 March 2022 is set out below.



This announcement was authorised for issue by the Board of K-TIG Limited.

For more information, please contact:

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About K-TIG Limited

K-TIG is a transformative, industry disrupting welding technology that seeks to change the economics of fabrication. K-TIG’s high speed precision technology welds up to 100 times faster than traditional TIG welding, achieving full penetration in a single pass in materials up to 16mm in thickness and typically operates at twice the speed of plasma welding. K-TIG works across a wide range of applications and is particularly well suited to corrosion resistant materials such as stainless steel, nickel alloys, titanium alloys and most exotic materials. It easily handles longitudinal and circumferential welds on pipes, spooling, vessels, tanks and other materials in a single pass. Originally developed by the CSIRO, K-TIG owns all rights, title and interest in and to the proprietary and patented technology and has been awarded Australian Industrial Product of the Year and the DTC Defence Industry Award.

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of K-TIG Limited, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

K-TIG Limited

ABN

28 158 307 549

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	931	3,426
1.2 Payments for		
(a) research and development	(74)	(293)
(b) product manufacturing and operating costs	(760)	(2,157)
(c) advertising and marketing	(163)	(258)
(d) leased assets	-	-
(e) staff costs	(1,293)	(3,252)
(f) administration and corporate costs	(284)	(1,092)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	1
1.9 Net cash from / (used in) operating activities	(1,643)	(3,625)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(6)	(56)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(56)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,850	3,850
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(290)	(290)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(32)	(112)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – subscription funds held on trust	50	50
3.10	Net cash from / (used in) financing activities	3,578	3,498

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,983	5,104
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,643)	(3,625)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(56)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,578	3,498

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(28)	(37)
4.6	Cash and cash equivalents at end of period	4,884	4,884

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,844	2,943
5.2	Call deposits	40	40
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,884	2,983

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

171

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Included in payments to related parties are payments for Director Fees as well as related entities performing services on behalf of K-TIG Limited.

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(1,643)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

4,884

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

4,884

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

3.0

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2022

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.