

K-TIG Limited and its Controlled Entities
Appendix 4D

1. Name of Entity

K-TIG Limited (ABN: 28 158 307 549)

Reporting Period

Half-year ended 31 December 2022

Previous Corresponding Reporting Period

Half-year ended 31 December 2021

2. Results for Announcement to Market

Financial results	Up / Down	Change %	2022 \$	2021 \$
Revenue from ordinary activities	Up	4%	1,844,907	1,782,103
(Loss) after tax from ordinary activities attributable to members	Down	(28%)	(2,287,049)	(3,170,438)
(Loss) attributable to members	Down	(28%)	(2,287,049)	(3,170,438)

Dividends

It is not proposed that either a final or interim dividend be paid; no dividends have been declared or paid for the period ended 31 December 2022.

A brief explanation if any of the figures reported above

The Group reported \$1,844,907 of revenue for the current period (31 December 2021: \$1,782,103). After providing for income tax, the loss from ordinary activities for the Group amounted to \$2,287,049 (31 December 2021: \$3,170,438). The loss reported is mainly attributable to the continued focus on accelerating its strategic pillars, including enhancing its presence in the USA, UK and European markets, advancing K-TIG's technology in the multi-billion dollar defence and nuclear industries and undertaking R&D, in-house and in conjunction with innovative customers to develop welding solutions for other metals such as aluminium, other exotics and other highly specialised industries.

3. Net Tangible Asset Backing per Ordinary Share

Cents

Net tangible asset backing per ordinary share – current reporting period	1.38
Net tangible asset backing per ordinary share – previous reporting period	1.91

Right-of-use assets are classified as intangible assets to determine net tangible assets

4. Control Gained Over Entities

Details of entities over which control has been gained or lost

N/A

5. Dividends Paid and Payable

Details of dividends or distribution payments

No dividends or distributions are payable.

6. Dividend Reinvestment Plans

Details of dividends or distribution reinvestment plans

N/A

K-TIG Limited and its Controlled Entities
Appendix 4D

7. Details of Associates

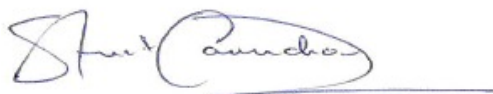
Details of associates and joint ventures entities	N/A
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8. Foreign Entities

Foreign entities to disclose which accounting standards are used in compiling this report	All entities with the consolidated Group comply with International Financial Reporting Standards.
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9. Review of Opinion

Details of any audit dispute or qualification	There are no audit disputes or qualifications to the review opinion.
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Stuart Carmichael
Chairman

28 February 2023

K-TIG Limited and Its Controlled Entities

ABN 28 158 307 549

Consolidated Half-Year Financial Report

For the half-year ended 31 December 2022

K-TIG Limited and its Controlled Entities
Corporate Directory
For the half-year ended 31 December 2022

Directorships as at the date of this report	Stuart Carmichael, Non-Executive Chairman Syed Basar Shueb, Non-Executive Director Adrian Smith, Managing Director Anthony McIntosh, Non-Executive Director Trish White, Non-Executive Director Darryl Abotomey, Non-Executive Director
Company secretaries	Brett Tucker Deborah Ho
Registered office	Ground Floor 16 Ord Street West Perth, WA 6005
Principal place of business	Building 5 9 William Street Mile End SA 5031 Phone: (08) 7324 6800
Share registry	Automic Group Level 2, 267 St Georges Terrace Perth WA 6000
Auditor	BDO Audit Pty Ltd BDO Centre Level 7, 420 King William Street Adelaide SA 500
Solicitors	Hamilton Locke Level 27, 152-158 St Georges Terrace Perth WA 6000
Principal bankers	Westpac Banking Corporation 275 Kent Street Sydney NSW 2000
Stock exchange listing	K-TIG Limited shares are listed on the Australian Securities Exchange (ASX code: KTIG)
Website	www.k-tig.com

K-TIG Limited and its Controlled Entities
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K-TIG Limited and its Controlled Entities
Directors Report
For the half-year ended 31 December 2022

Overview

K-TIG is a transformative, industry-disrupting welding technology that seeks to change the economics of fabrication. K-TIG's high-speed precision welding 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, carbon steels, 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.

31 December 2022 Half-Year Highlights

During the year, K-TIG has made substantial progress and delivered on key business milestones.

Revenue Growth

- Revenue increased by 4% to \$1.84m (2021: \$1.78m)
- Operating cash receipts decreased by 17% to \$1.90m (2021: \$2.30m); mainly due to extended trading terms offered to customers
- Achieved a record secured backlog of \$0.97m (2021: \$0.32m) of which \$0.85m is scheduled to be delivered in H2-23. This has been achieved by our continued sales momentum and the increase in sales pipeline as potential customers responded to the increased capabilities of the USA and UK subsidiaries and the European market expansion.

Strong Balance Sheet

- Cash of \$1.50m
- Net assets of \$3.3m

Business Development and Operations

Despite a challenging macroeconomic environment in view of the global Covid-19 pandemic, interest rate increases and seeing a lengthening in the sales cycle due to economic conditions, K-TIG has seen continued significant progress with the achievement of a number of strategically important milestones being achieved across key pillars during the half-year, including:

- Subsequent to half-year end, K-TIG announced the signing of a binding agreement to acquire UK-based Graham Engineering Ltd (**GEL**). GEL delivers high-integrity manufacturing solutions to a wider variety of market sectors including Nuclear, Aerospace, Medical and Security. GEL has been supplying the nuclear sector since 1985 and has extensive experience in the manufacture of containments of all varieties
- Entered into a non-binding MOU with Darchem Engineering Limited (**Darchem**) regarding the intent to novate an intermediate-level waste Nuclear Storage container contract that Darchem has to K-TIG to facilitate company technology development and optimise the design and manufacturing process for intermediate-level waste containers
- Awarded a research project under National Shipbuilding Research Program (**NSRP**). The NSRP is a collaborative program of the major U.S. naval shipyards, sponsored by the Naval Sea Systems Command which manages the procurement and delivery of ships to the U.S. Navy
- Received \$0.6m (Euro: 385k) purchase order from Ireland-based Brewery Chemical & Dairy Engineering Limited (**BCD**) for the supply and onsite commissioning of a linear precision grow line circumferential welding system to be delivered in H2-23
- Actively progressed the engagement with Defence Primes in the Australian Maritime Defence sector to target lightweight structures of current award contracts
- Continued signing distributor agreements across Europe, South East Asia, the Middle East and the United States
- K-TIG's ongoing R&D development including the development of the Evolve 3 Controller to support optional advanced functionality, development of other features including weld inspection, automated seam tracking, robotic interfaces and multi torch applications and the development of turnkey welding cells integrating K-TIG systems
- During the half-year K-TIG has received \$357k of R&D tax incentives
- Secured facilities in Rotherham for its UK demonstration facility. Consistent with the approach taken in the U.S this facility will provide support and sales reference for our UK and European-based customers as well as easy access to the UK's Nuclear Advanced Manufacturing Centre (**NAMRC**)

**K-TIG Limited and its Controlled Entities
Directors Report (continued)
For the half-year ended 31 December 2022**

K-TIG remains focused on accelerating its strategic pillars, including enhancing its presence in the USA, UK and European markets, advancing K-TIG's technology in the multi-billion dollar defence and nuclear industries and undertaking R&D, in-house and in conjunction with innovative customers to develop welding solutions for other metals such as aluminium, other exotics and other highly specialised industries.

The Directors present their report, together with the financial statements, on K-TIG Limited (**K-TIG or the Company**) and its controlled entities (together referred to as the **Group**) for the half year ended 31 December 2022.

Directors

The following persons were directors of K-TIG Limited during the financial year and up to the date of this report unless otherwise stated:

Stuart Carmichael
Syed Basar Shueb
Adrian Smith
Anthony McIntosh
Trish White
David Acton – resigned 31 December 2022
Darryl Abotomey

Principal activities

K-TIG is a transformative, industry-disrupting welding technology that is changing the economics of fabrication with its proprietary high-speed precision welding technology.

Dividends

No dividends were declared or paid out during the financial year (31 December 2021: Nil).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated group during the financial year.

Review of operations

Refer to the Business Development and Operations in the preceding section.

Matters subsequent to the end of the financial year

As per the ASX announcement dated 27 January 2023, K-TIG signed a conditional binding agreement to acquire 100% of Graham Engineering Limited (**GEL**) a UK advanced manufacturer to the UK nuclear decommissioning industry as part of K-TIG strategic plans. Please refer to www.k-tig.com for the full announcement.

A summary of the proposed GEL acquisition is as follows

- The consideration K-TIG will pay up to £18 million, which comprises of an upfront payment cash payment of £10 million payable on completion, cash payment for the freehold property assumed at £5 million and a deferred cash payment of up to £3 million to be calculated based upon GEL's EBITDA for FY2023 (being the financial year ended 31 August 2023). The acquisition will be subject to various terms and conditions
- The Acquisition will be funded by
 - A capital raise of up to A\$25 million (before costs), pursuant to a public offer under a full prospectus
 - K-TIG is in the process of undertaking an interim capital raise of by way of a convertible note of A\$2 million (before costs) and is due to be finalised in March 2023, the Notes will automatically convert into Shares on the completion of the Capital raising
 - K-TIG will also undertake secured debt A\$8 million to purchase the freehold property
- An indicative timetable for the transaction is for K-TIG re-admission to ASX Official List is expected around 28 April 2023

Likely developments and expected results of operations

The Company continues to build an extensive sales pipeline in key growth markets, including the United States, United Kingdom and Europe.

Environmental regulation

The consolidated group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**K-TIG Limited and its Controlled Entities
Directors Report (continued)
For the half-year ended 31 December 2022**

Auditor's independence declaration

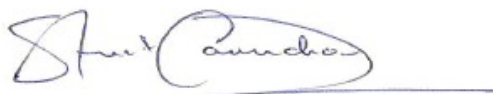
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a director's resolution pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', is written over a horizontal line.

Stuart Carmichael
Chairman

28 February 2023
Perth

DECLARATION OF INDEPENDENCE
BY G K EDWARDS
TO THE DIRECTORS OF K-TIG LIMITED

As lead auditor for the review of K-TIG Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of K-TIG Limited and the entities it controlled during the period.



G K Edwards
Director

BDO Audit Pty Ltd

Adelaide, 28 February 2023

K-TIG Limited and its Controlled Entities
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2022

	Note	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$	\$
Sales revenue	2	1,844,907	1,782,103
Cost of sales		(609,691)	(698,062)
Gross profit/(loss)		1,235,216	1,084,041
Other income	3	362,315	143
Expenses			
Marketing expenses		(242,628)	(213,369)
Corporate expense		(531,106)	(721,351)
Service expense		(136,469)	(219,270)
Employee benefits expense		(2,427,362)	(2,784,087)
Office/workshop expense		(225,315)	(159,449)
Travel expense		(219,721)	(47,931)
R&D expense		(49,433)	(31,256)
Other expenses		(52,545)	(77,909)
Total operating expenses		(3,884,579)	(4,254,622)
(Loss) before income tax expense		(2,287,049)	(3,170,438)
Income tax expense		-	-
(Loss) for the half-year		(2,287,049)	(3,170,438)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Foreign currency translation expense		524,253	(4,437)
Total comprehensive loss for the half-year		(1,762,796)	(3,174,875)
		Cents	Cents
Loss per share to owners of K-TIG Limited			
Basic loss per share		(1.26)	(1.87)
Diluted loss per share		(1.26)	(1.87)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Consolidated Statement of Financial Position
For the half-year ended 31 December 2022

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	1,501,406	3,726,745
Trade and other receivables	5	681,681	856,548
Inventories		2,418,915	1,309,187
Financial assets		40,000	40,000
Total current assets		4,642,002	5,932,480
Non-current assets			
Other receivables		14,150	14,150
Property, plant and equipment	6	573,970	426,365
Right-of-use-assets	7	699,298	437,320
Intangibles		25,302	30,876
Total non-current assets		1,312,720	908,711
Total assets		5,954,722	6,841,191
Liabilities			
Current liabilities			
Trade and other payables	8	1,530,910	1,211,147
Amounts received in advance		208,044	322,256
Lease Liabilities	9	105,989	77,730
Employee benefits	10	207,107	199,935
Total current liabilities		2,052,050	1,811,068
Non-current liabilities			
Lease liabilities	9	601,384	359,590
Employee benefits	10	42,680	16,715
Total non-current liabilities		644,064	376,305
Total liabilities		2,696,114	2,187,373
Net assets		3,258,608	4,653,818
Equity			
Issued capital	11	27,854,304	27,299,304
Share based payment reserve	12	2,379,371	2,566,786
Foreign currency translation reserve		529,588	5,335
Accumulated losses		(27,504,655)	(25,217,606)
Total Equity		3,258,608	4,653,819

The consolidated statement of financial position is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2022

	Issued Capital	Non- Redeemable Series A Preference Shares	Shared Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	23,443,733	-	1,739,664	(13,141)	(19,254,943)	5,915,313
Loss for the half-year	-	-	-	-	(3,170,438)	(3,170,438)
Other comprehensive income for the half-year	-	-	-	(4,437)	-	(4,437)
Total comprehensive loss for the half-year	-	-	-	(4,437)	(3,170,438)	(3,174,875)
Transactions with owners in their capacity as owners						
Conversion of long-term incentive shares to director	270,000	-	(270,000)	-	-	-
Share-based payments -	-	-	630,462	-	-	630,462
Balance at 31 December 2021	23,713,733	-	2,100,126	(17,578)	(22,425,381)	3,370,900

	Issued Capital	Non- Redeemable Series A Preference Shares	Shared Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	27,299,304	-	2,566,786	5,335	(25,217,606)	4,653,819
Loss for the half-year	-	-	-	-	(2,287,049)	(2,287,049)
Other comprehensive income for the half-year	-	-	-	524,253	-	524,253
Total comprehensive loss for the half-year	-	-	-	524,253	(2,287,049)	(1,762,796)
Transactions with owners in						
Issue of shares, net of transaction costs	150,000	-	-	-	-	150,000
Share-based payments - performance rights, net of transaction costs	-	-	217,585	-	-	217,585
Conversion of long-term incentive shares to director	405,000	-	(405,000)	-	-	-
Balance at 31 December 2022	27,854,304	-	2,379,371	529,588	(27,504,655)	3,258,608

The consolidated statement of changes in equity is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2022

	Note	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		1,905,563	2,304,530
Payments to suppliers and employees		(4,356,537)	(4,301,477)
		(2,450,974)	(1,996,947)
Interest received		4,983	143
Other income		357,332	-
Interest and other finance costs paid		(2,470)	(3,280)
Net cash used / (provided) in operating activities	18	(2,091,129)	(2,000,084)
Cash flows from investing activities			
Payments for property, plant and equipment		(228,692)	(74,113)
Net cash used in investing activities		(228,692)	(74,113)
Cash flows from financing activities			
Proceeds from issue of shares		150,000	-
Repayment of lease liabilities		(55,519)	(46,118)
Net cash provided / (used) by financing activities		94,481	(46,118)
Net increase / (decrease) in cash and cash equivalents		(2,225,339)	(2,120,315)
Cash and cash equivalents at beginning of period		3,726,745	5,063,392
Cash and cash equivalents at end of the period	4	1,501,406	2,943,077

The consolidated statement of cash flows is to be read in conjunction with the notes to the half-year consolidated financial statements.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2022

Note 1. Basis of preparation

The Company is a for-profit company limited by shares, incorporated in Australia and whose shares are publicly listed on the Australian Securities Exchange (ASX). The Half Year Financial Report of the Company is for the six months ended 31 December 2022 for the Group.

The Half Year Financial Report for the six months ended 31 December 2022 is a general purpose report prepared in accordance with Australian Accounting Standards Board (AASB) AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB134 ensures compliance with the International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

It is intended to provide users with an update on the latest financial statements of the Group and as such they do not include full disclosures of the type normally included in the annual report. It is recommended that they be read in conjunction with the 2022 Annual Report and any public announcements made by K-TIG during the half-year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules. The functional and presentation currency for the Company is Australian dollars.

The Half Year Financial Report for the six months ended 31 December 2022 has been prepared in accordance with the accounting policies adopted in the 2022 Annual Report and have been consistently applied by the entities in the Group. The Group has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to their operations and effective for the current half year. Adoption of the new and amended accounting standards had no material financial impact on the consolidated group.

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

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

As disclosed in the financial report, the consolidated group reported a loss of \$2,287,049 (2021: \$3,170,438) and cash used in operating activities of \$2,091,129 (2021: \$2,000,084). As at reporting date, the consolidated group has net current assets of \$2,589,951 (2021: \$4,121,412). The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The \$2m Convertible Debt Note capital raise is to be finalised in March 2023
- The ability to raise additional cash through future capital raising if required
- Continued revenue growth as a result of having established operations in key markets such as the UK and USA
- Careful cashflow management, including controlling discretionary spending and prioritisation of capital expenditure
- The continued receipt of R&D tax incentives claims for eligible expenditure incurred in the half-year ended 31 December 2022

Should the Group be unable to maintain sufficient funding outlined above, there are material uncertainties that may cast significant doubt about the Group to continue as a going concern. Therefore the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not continue as a going concern.

The Directors believe that the Group will be successful in the above matters and accordingly, have prepared the financial report on a going concern basis.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2022

Note 2. Revenue

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Revenue from contracts with customers		
Sale of goods	1,643,794	1,542,491
Rendering services	144,166	117,157
Other trading revenue	26,069	35,771
	1,814,029	1,695,419
Revenue from Waas lessor arrangements	30,877	86,684
	1,844,907	1,782,103

Disaggregation of revenue

The disaggregation of revenue from contracts with the customer is as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Geographical regions		
United States	725,905	701,264
United Kingdom	332,654	224,352
Asia Pacific (including New Zealand)	312,665	365,995
Rest of the World	246,627	28,373
Australia	227,056	462,119
	1,844,907	1,782,103

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Timing of revenue recognition		
Revenue recognised at a point in time	1,814,029	1,578,262
Revenue recognised over time	30,877	203,841
	1,844,907	1,782,103

Note 3. Other Income

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Interest received	4,983	143
Research & development tax incentive	357,332	-
	362,315	143

Note 4. Cash and cash equivalents

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Cash at bank	1,501,406	3,726,745

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2022

Note 4. Cash and cash equivalents (continued)

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Australian dollar	1,243,536	3,298,056
British pound	42,200	95,331
Euro	23,995	77,454
United states dollar	191,675	255,904
	1,501,406	3,726,745

The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the above mentioned currencies.

Note 5. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Current		
Trade Receivables		
Trade receivables	403,908	322,956
Provision for expected losses	(10,185)	(10,071)
	393,724	312,885
Other Receivables		
GST and VAT receivables	102,633	86,547
Prepayments	184,948	217,688
Other receivables	377	239,428
	287,958	543,663
Trade and Other Receivables	681,681	856,548
Non-current		
Other Receivables		
Other receivables	14,150	14,150
	14,150	14,150

Allowance for expected credit losses

The consolidated group has recognised \$10,185 (31 December 2021: Nil) of credit losses at 31 December 2022 due to the upfront nature of equipment sales; \$114 was recognised in the profit or loss this half-year ended 31 December 2022.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2022

Note 6. Property, plant and equipment

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Leasehold improvements - at cost	215,947	183,307
Less: Accumulated depreciation	(185,050)	(183,285)
	30,897	22
Plant and equipment - at cost	641,761	449,015
Less: Accumulated depreciation	(224,865)	(175,723)
	416,896	273,292
Computer and equipment - at cost	135,978	132,673
Less: Accumulated depreciation	(73,378)	(55,425)
	62,600	77,248
WaaS assets - at cost	121,266	121,266
Less: Accumulated depreciation	(57,689)	(45,463)
	63,577	75,803
	573,970	426,365

Reconciliations

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

Consolidated	Leasehold Improvements	Plant and Equipment	Computer Equipment	WaaS Assets	Total
Balance as at 1 July 2022	22	273,292	77,248	75,803	426,365
Additions	32,640	192,746	3,305	-	228,691
Depreciation expense	(1,765)	(49,142)	(17,953)	(12,226)	(81,086)
Balance as at 31 December 2022	30,897	416,896	62,600	63,577	573,970

Note 7. Right-of-use assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Land and buildings	746,011	437,320
Less: Accumulated depreciation	(46,713)	-
	699,298	437,320

Note 8. Trade and other payables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Trade payables	698,380	411,148
Other payables	291,840	438,592
Accrued expenses	540,690	361,407
	1,530,910	1,211,147

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2022

Note 9. Lease liabilities

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Current	105,989	77,730
Non current	601,384	359,590
	707,373	437,320

Note 10. Employee benefits

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Current	207,107	199,935
Non-current	42,680	16,715
	249,787	216,650

Note 11. Issued capital

	31 Dec 2022	30 June 2022	31 Dec 2022	30 June 2022
Consolidated	Shares	Shares	\$	\$
Ordinary shares - fully paid	183,039,832	181,111,261	27,854,304	27,299,304
	183,039,832	181,111,261	27,854,304	27,299,304

Movements in ordinary shares for the financial year

Date	Details	Number of Shares	\$
30 Jun 2022	Balance	181,111,261	27,299,304
30 Dec 2022	Issue of shares to director	428,571	150,000
30 Dec 2022	Exercise of options to ordinary shares	1,500,000	405,000
31 Dec 2022	Balance	183,039,832	27,854,304

As at 31 December 2022, up to 30,075,135 deferred consideration shares are to be issued in 3 tranches based on the cumulative revenue over 48 months from 1 January 2020.

- Tranche 1: up to 10,025,045 deferred consideration shares to be issued if K-TIG achieves \$30,000,000 of cumulative revenue within 36 months from 1 January 2020;
- Tranche 2: up to 10,025,045 deferred consideration shares to be issued if K-TIG achieves \$60,000,000 of cumulative revenue within 48 months from 1 January 2020; and
- Tranche 3: up to 10,025,045 deferred consideration shares to be issued if K-TIG achieves \$15,000,000 of cumulative EBITDA within 48 months from 1 January 2020.

Note 12. Reserves

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Options reserve	871,990	871,990
Performance rights reserve	1,507,381	1,694,796
	2,379,371	2,566,786

The reserves are used to recognise share-based payment transactions. Amounts will be transferred to issued share capital upon share options or performance rights being exercised, or long-term incentive shares being converted.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2022

Note 12. Reserves (continued)

Movements in options reserve for the year

Date	Details	Number of Options	\$
30 Jun 2022	Balance	6,612,152	871,990
31 Dec 2022	Balance	6,612,152	871,990

Movements in performance rights reserve for the year

Date	Details	Number of Performance Rights	\$
30 Jun 2022	Balance	10,830,000	1,694,796
30 Dec 2022	Long term incentive rights converted to shares to Director	(1,500,000)	(405,000)
31 Dec 2022	Share based payments - performance rights to Directors	-	207,078
31 Dec 2022	Share based payments - performance rights to Staff	100,000	10,507
		9,430,000	1,507,381

Performance Rights to Staff

The performance rights for staff are subject to the satisfaction of certain milestones; the performance rights are valued using the monte carlo, black sholes methods and KPI milestones.

Note 13. Dividends

No dividends were paid during the financial period ended 31 December 2022 (2021: Nil). Franking credits available for subsequent periods based on a 25% tax rate is Nil (31 December 2021: 26%).

Note 14. Contingent assets and liabilities

Contingent assets

No contingent assets are noted as at 31 December 2022 (31 December 2021: Nil).

Contingent liabilities

In the opinion of the Directors, the consolidated group has contingencies concerning deferred consideration shares as at 31 December 2022 (31 December 2021: deferred consideration shares and consultancy services agreement) as disclosed in note 11.

Deferred Consideration Shares

During the financial year ended 30 June 2020, K-TIG Limited completed the 100% acquisition of Keyhole TIG Limited. Part of the acquisition consideration includes up to 30,075,135 deferred consideration shares as disclosed in note 11.

Note 15. Commitments

There are no lessee commitments as at 31 December 2022 related to equipment operating lease commitments (31 December 2021: \$0). The consolidated group has recognized the facility lease commitments as right-of-use assets at its primary place of business. Refer to Note 7 for right-of-use assets.

Lessor commitments receivable

Lessor commitments relate to operating lease payments to be received from WaaS license agreements. Licenses have a minimum term of 0-3 years (generally 3-year minimum terms). As at 31 December 2022, all operating lease payments to be received are payable in US dollars or Euros, and for the purposes of the maturity analysis have been translated at the spot rate at the reporting date. The maturity analysis of undiscounted operating lease payments to be received is below. The lessor commitments receivable include one license with a customer with no minimum term with a maximum term of 10 years, where the maximum term could likely be 5 years.

K-TIG Limited and its Controlled Entities
Notes to the Financial Statements
For the half-year ended 31 December 2022

Note 15. Commitments (continued)

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Within 1 year	36,369	60,744
1-2 years	23,253	22,540
	59,622	83,284

Note 16. Related party transactions

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Ventnor Capital Pty Ltd provided company secretarial, accounting and corporate advisory services (director-related entity of Mr Carmichael)	73,706	73,730
	73,706	73,730

Note 17. Events after the reporting period (continued)

As per the ASX announcement dated 27 January 2023, K-TIG signed a conditional binding agreement to acquire 100% of Graham Engineering Limited (**GEL**) a UK advanced manufacturer to the UK nuclear decommissioning industry as part of K-TIG strategic plans. Please refer to www.k-tig.com for the full announcement.

A summary of the proposed GEL acquisition is as follows

- The consideration K-TIG will pay up to £18 million, which comprises of an upfront payment cash payment of £10 million payable on completion, cash payment for the freehold property assumed at £5 million and a deferred cash payment of up to £3 million to be calculated based upon GEL's EBITDA for FY2023 (being the financial year ended 31 August 2023). The acquisition will be subject to various terms and conditions
- The Acquisition will be funded by
 - A capital raise of up to A\$25 million (before costs), pursuant to a public offer under a full prospectus
 - K-TIG is in the process of undertaking an interim capital raise of by way of a convertible note of A\$2 million (before costs) and is due to be finalised in March 2023, the Notes will automatically convert into Shares on the completion of the Capital raising
 - K-TIG will also undertake secured debt A\$8 million to purchase the freehold property
- An indicative timetable for the transaction is for K-TIG re-admission to ASX Official List is expected around 28 April 2023

Note 18. Reconciliation of loss after tax to net cash from operating activities

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Loss after income tax expense for the year	(2,287,049)	(3,170,438)
<i>Adjustments for:</i>		
Depreciation	127,799	125,657
Amortisation of trademarks	5,574	5,574
Share based payments	217,585	630,462
Property, plant and equipment written-off	-	-
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade receivables	716,003	(92,038)
(Increase)/decrease in other receivables and prepayments	-	-
(Increase)/decrease in inventories	(1,109,728)	(443,836)
Increase/(decrease) in trade payables	319,763	289,385
Increase/(decrease) in income in advance	(114,212)	572,048
Increase/(Decrease) in employee benefits	33,136	83,102
Net cash to (used in) operating activities	(2,091,129)	(2,000,084)

K-TIG Limited and its Controlled Entities
Directors Declaration
For the half-year ended 31 December 2022

Note 19. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1. Details of the legal parent's subsidiary at the end of the reporting period are as follows:

Name	Principal place of business / Country of Incorporation	Ownership Interest	
		31 Dec 2022	30 Jun 2022
		%	%
Kabuni USA Inc.	United States	100%	100%
Stirling Minerals Pty Limited	Australia	100%	100%
Keyhole TIG Pty Limited	Australia	100%	100%
Keyhole TIG (USA) Inc.	United States	100%	100%
Keyhole TIG (UK) Pty Ltd	United Kingdom	100%	100%

Note 20. Operating segment

The consolidated group is considered to be one operating segment based on products delivered. This operating segment is based on the internal reports reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM') in assessing performance and determining the allocation of resources. Accordingly, the information presented in the financial statements approximates the information of the operating segment.

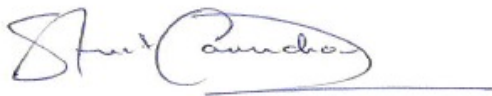
K-TIG Limited and its Controlled Entities
Directors Declaration
For the half-year ended 31 December 2022

In the director's opinion:

- the attached financial statements and notes comply with the Corporations Act 2001 and the 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 group's financial position as at 31 December 2022 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

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

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'Stuart Carmichael', is written over a horizontal line.

Stuart Carmichael
Chairman

28 February 2023
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF K-TIG LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of K-TIG Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) 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 the 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 the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company 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 31 December 2022 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 stylized, handwritten signature of 'BDO' in blue ink.

BDO Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

G K Edwards
Director

Adelaide, 28 February 2023