

## K-TIG signs share purchase agreement to acquire a specialist UK advanced manufacturer to the UK nuclear decommissioning industry

### Highlights:

- K-TIG signs definitive share purchase agreement to acquire Graham Engineering Limited ("GEL"), a UK-based specialist manufacturer, of highly engineered, large scale metal fabrications to the UK nuclear decommissioning sector
- K-TIG has completed due diligence on GEL to its satisfaction and intends to proceed with the acquisition

22 March 2023: K-TIG Limited ("K-TIG" or the "Company") is pleased to announce that it has executed a definitive sale and purchase agreement ("SPA") to acquire 100% of Graham Engineering Limited ("GEL") ("Acquisition"), subject to the satisfaction of conditions precedent.

The SPA supersedes the binding term sheet announced on 27 January 2023 and represents a further significant milestone in K-TIG's proposed Acquisition of GEL.

In connection with the execution of the SPA, K-TIG has completed its due diligence on GEL and intends to proceed with the Acquisition.

### Key Acquisition Terms

The Acquisition is subject to the following key terms and conditions:

#### 1. Consideration

K-TIG will pay up to £17,550,000 in consideration for the Acquisition, consisting of:

- an upfront cash payment of £10,000,000 payable on completion;
- cash payment for the GEL's freehold property (£4,550,000) payable on completion; and
- a deferred cash payment of up to £3,000,000 to be calculated based GEL's EBITDA for FY2023, being the financial year ending 31 August 2023 (**Deferred Payment**).

The Deferred Payment is to be calculated as follows:

EBITDA*	Deferred Payment
< £1,700,000	Nil
£1,700,000 - £2,289,999.99 (inclusive)	(i) £500,000; plus (ii) £2.933333 for each £1 in EBITDA above £1,700,000 EBITDA.
£2,290,000 - £2,449,999.99 (inclusive)	(i) £650,000; plus (ii) £2.933333 for each £1 in EBITDA above £1,700,000 EBITDA.
>£2,450,000	£3,000,000.

\* Based on audited accounts of GEL for the financial year ending 31 August 2023.

## 2. Conditions Precedent

The Acquisition is subject to a number of conditions being satisfied, including:

- (i) **(ASX Approval)** ASX providing a conditional admission letter to the Company on terms satisfactory to the Company (acting reasonably);
- (ii) **(Shareholder Approval)** The Company's shareholders approving the Acquisition;
- (iii) **(Funding)** the Company obtaining funding for the Acquisition; and
- (iv) **(Receipt of clearance under the *National Security and Investment Act 2021* (the "NSI Act"))** the Secretary of State notifying the Company pursuant to section 14(8)(b)(ii) of the NSI Act that no further action will be taken in relation to the Acquisition or, if a call in notice is given by the Secretary of State under s.1(1) of the NSI Act, the Secretary of State giving a final notification that no further action will be taken in relation to the Acquisition.

## 3. Warranties and Indemnities

The SPA contains standard warranties and indemnities for an agreement of this nature. It is a condition to completion that the Company enters into a warranty and indemnity insurance policy to cover risks associated with the capped seller warranties.

## Acquisition update

The Company continues to progress the Acquisition and intends to dispatch its notice of meeting seeking shareholder approval shortly. The notice of meeting will provide an update to the transaction timetable previously disclosed by the Company.

## Suspension from Trading on ASX

In accordance with ASX's policy for entities undertaking back door listing transactions, the Company's securities will remain suspended from trading on ASX until the Company has complied with Chapters 1 and 2 of the ASX Listing Rules in accordance with listing rule 11.1.3.

For further information on GEL please refer to the website [www.graham-eng.co.uk](http://www.graham-eng.co.uk)

--ENDS--

*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.