

ASX: KTG

ASX Announcement 30 August 2024

## MARCH 2024 QUARTERLY ACTIVITIES REPORT

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 2024.

### Graham Engineering Limited

As announced on 16 February 2024 the Company announced that the acquisition of Graham Engineering Limited ("GEL") will not proceed.

Following announcements on 22 March 2023, 24 July 2023 and 1 September 2023 in relation to the acquisition, that as a result of market volatility caused by underlying macro events and the underlying trading performance of GEL, the acquisition will not proceed and the share purchase agreement executed on 22 March 2023 has been terminated by K-TIG.

### Corporate

On 21 February 2024 the Board of Directors appointed Richard Tucker and John Bumback as joint and several administrators of KTIG Limited and Keyhole TIG Pty Ltd, a wholly owned subsidiary of K-TIG. The appointment did not extend to Keyhole TIG (USA) Inc and Keyhole TIG (UK) Pty Ltd, the Company's USA and UK operations.

As announced to the ASX on 17 April 2024, a Deed of Company Arrangement was executed on 12 April 2024 and effectuated on 16 April 2024. Since this date the companies returned to trading with a reduced cost base, reduced and restructured debt profile and additional working capital.

### Management Changes

During the period Mr Adrian Smith and Stephen Urkenov stepped down from the position of Managing Director and Chief Financial Officer. These roles have not been replaced. Mr Smith remains a non-executive director of the Company.

### Operations

During the quarter the Company continued to generate sales and build its sales pipeline in both the US and UK/European markets.

In addition, K-TIG continues its work with General Dynamics Electric Boat (a subsidiary of General Dynamics) as part of a US Department of Defense Navy Manufacturing Technology sponsored program associated with the 'Next Generation Autogenous Welding Process and Equipment Development'. Under this project, K-TIG's research and development team are continuing to develop the keyhole welding process and parameters for the pipe joints and undertake the initial prototype welding.

### Financial Summary

The attached Appendix 4C provides details on the cashflows for the quarter ended 31 March 2024. As at 31 March 2024, the Company had a cash balance of \$0.580m. The Company's net cash from operating activities for the quarter amounted to \$0.227m comprising \$0.663m receipts from customers, \$0.276m for product manufacturing and operating costs, \$0.017m for advertising and marketing, \$0.257m for staff costs and \$0.097m for administrative and corporate costs.

As disclosed in item 6.1 of the attached Appendix 4C, \$18k was paid in respect of Managing Directors' fees during the March 2024 quarter.

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

For more information, please contact:

### Company enquiries

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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 2024

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (9<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 663                                | 2,420  |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              |                                    | (7)  |
| (b) product manufacturing and operating costs             | (276)                              | (954)  |
| (c) advertising and marketing                             | (17)                               | (86)   |
| (d) leased assets   |                                    |  |
| (e) staff costs   | (257)                              | (1,601)  |
| (f) administration and corporate costs                    | (97)                               | (428)  |
| 1.3 Dividends received (see note 3)                       |                                    |  |
| 1.4 Interest received                                     | 6                                  | 7  |
| 1.5 Interest and other costs of finance paid              | (5)                                | (21)   |
| 1.6 Income taxes paid                                     |                                    |  |
| 1.7 Government grants and tax incentives                  |                                    | 321  |
| 1.8 Other (provide details if material)                   | 210                                | 210  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>227</b>                         | <b>(139)</b>                                   |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire or for:                           |                                    |  |
| (a) entities  |                                    |  |
| (b) businesses  |                                    |  |
| (c) property, plant and equipment                         |                                    | (48)   |
| (d) investments   |                                    |  |
| (e) intellectual property                                 |                                    |  |
| (f) other non-current assets                              |                                    |  |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2                                  | Proceeds from disposal of:                            |                            |                                       |
|                                      | (a) entities  |                            |                                       |
|                                      | (b) businesses  |                            |                                       |
|                                      | (c) property, plant and equipment                     |                            | 63                                    |
|                                      | (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)                   |                            |                                       |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> |                            | <b>15</b>                             |

|             |   |  |              |
|-------------|---|--|--------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |  |              |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       |  |              |
| 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 |  |              |
| 3.5         | Proceeds from borrowings  |  |              |
| 3.6         | Repayment of borrowings   |  |              |
| 3.7         | Transaction costs related to loans and borrowings                                       |  | (154)        |
| 3.8         | Dividends paid  |  |              |
| 3.9         | Other (provide details if material)   |  |              |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   |  | <b>(154)</b> |

|           |  |     |       |
|-----------|--|-----|-------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |     |       |
| 4.1       | Cash and cash equivalents at beginning of period                             | 353 | 859   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | 227 | (139) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              |     | 15    |

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.4                                  | Net cash from / (used in) financing activities<br>(item 3.10 above) |                            | (154)                                 |
| 4.5                                  | Effect of movement in exchange rates on<br>cash held                |                            | (1)                                   |
| 4.6                                  | <b>Cash and cash equivalents at end of<br/>period</b>               | <b>580</b>                 | <b>580</b>                            |

| 5.  | Reconciliation of cash and cash<br>equivalents<br>at the end of the quarter (as shown in the<br>consolidated statement of cash flows) to the<br>related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|---|----------------------------|-----------------------------|
| 5.1 | Bank balances   | 575                        | 313                         |
| 5.2 | Call deposits   | 5                          | 40                          |
| 5.3 | Bank overdrafts   |                            |                             |
| 5.4 | Other (provide details)   |                            |                             |
| 5.5 | <b>Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>  | <b>580</b>                 | <b>353</b>                  |

| 6.  | Payments to related parties of the entity and their<br>associates                          | Current quarter<br>\$A'000 |
|---|--|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their<br>associates included in item 1 | 18                         |
| 6.2   | Aggregate amount of payments to related parties and their<br>associates included in item 2 | -                          |
| <i>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.</i> |  |                            |

|           |   |   |  |
|-----------|---|---|--|
| <b>7.</b> | <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i><br><i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  | <b>Total facility<br/>amount at quarter<br/>end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
| 7.1       | Loan facilities   |   |  |
| 7.2       | Credit standby arrangements   |   |  |
| 7.3       | Other (please specify)  |   |  |
| 7.4       | <b>Total financing facilities</b>   |   |  |
| 7.5       | <b>Unused financing facilities available at quarter end</b>   |   |  |
| 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. |   |  |
|           |   |   |  |

|  |  |                |
|--|--|----------------|
| <b>8.</b>  | <b>Estimated cash available for future operating activities</b>  | <b>\$A'000</b> |
| 8.1  | Net cash from / (used in) operating activities (item 1.9)  | 227            |
| 8.2  | Cash and cash equivalents at quarter end (item 4.6)  | 580            |
| 8.3  | Unused finance facilities available at quarter end (item 7.5)  |                |
| 8.4  | Total available funding (item 8.2 + item 8.3)  | 580            |
| 8.5  | <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | N/A            |
| <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i> |  |                |
| 8.6  | If item 8.5 is less than 2 quarters, please provide answers to the following questions:  |                |
| 8.6.1  | 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?  |                |
|  | Answer: N/A  |                |
| 8.6.2  | 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? |                |
|  | Answer: N/A  |                |
| 8.6.3  | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |                |
|  | Answer: N/A  |                |
| <i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>   |  |                |

## 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: 30 August 2024

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.