

ASX Announcement 30 August 2024

JUNE 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 30 June 2024.

Operations

During the quarter the Company generated cash receipts of \$92k. In July 2024, subsequent to June 2024 quarter end, the Company received approx.\$300k in cash receipts through the sale of K-TIG systems to customers in Europe and the USA.

The Company wishes to advise that it is continuing to fulfil customer orders with a number of fully integrated turnkey welding systems currently in development due for delivery to USA customers in second half of calendar year 2024.

Corporate

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.

As part of the Deed of Company Arrangement an amount of \$500,000 was made to the Deed of Company Arrangement Fund (administered by the Deed Administrator) by way of a convertible note to be issued by the Company post effectuation of the Deed of Company Arrangement.

Under the Deed of Company Arrangement the Deed of Company Arrangement Proponent agreed to provide an amount of \$500,000, which was made to Deed Administrators to provide working capital to the Company, before effectuation of the Deed of Company Arrangement.

Post effectuation of the Deed of Company Arrangement the contributions noted above have been structured by way of a convertible note with the issuance of 1,000 convertible debt notes with a face value of \$1,000 each. Please refer to the ASX release dated 2 July 2024

Financial Summary

The attached Appendix 4C provides details on the cashflows for the quarter ended 30 June 2024. As at 30 June 2024, the Company had a cash balance of \$0.305m. The Company's net cash used in operating activities for the quarter amounted to \$1.275m comprising \$0.674m relating to the administration process, \$0.092m from receipts from customers, \$0.237m for product manufacturing and operating costs, \$0.250m for staff costs and \$0.213m for administrative and corporate costs.

As disclosed in item 6.1 of the attached Appendix 4C, \$Nil was paid in respect of related parties during the June 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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	92	2,512
1.2 Payments for		
(a) research and development		(7)
(b) product manufacturing and operating costs	(237)	(1,191)
(c) advertising and marketing	(6)	(92)
(d) leased assets		
(e) staff costs	(250)	(1,851)
(f) administration and corporate costs	(213)	(641)
1.3 Dividends received (see note 3)		
1.4 Interest received	13	20
1.5 Interest and other costs of finance paid		(21)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		321
1.8 Other (provide details if material)*	(674)	(464)
1.9 Net cash from / (used in) operating activities	(1,275)	(1,414)
*Other relates to Administrator/VA costs		
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		(48)
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of: (a) entities (b) businesses (c) property, plant and equipment (d) investments (e) intellectual property (f) other non-current assets		63
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		15

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities	1,000	1,000
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)		
3.10	Net cash from / (used in) financing activities	1,000	846

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	580	859
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,275)	(1,414)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		15

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,000	846
4.5	Effect of movement in exchange rates on cash held		(1)
4.6	Cash and cash equivalents at end of period	305	305

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	300	575
5.2	Call deposits	5	5
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)	305	580

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
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	-
<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>		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,275)
8.2	Cash and cash equivalents at quarter end (item 4.6)	305
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	305
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.24
<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: The June 2024 quarter operating cashflow included cash outflows associated with the administration process. A DOCA was effectuated in April 2024. With revenue/sales from customers and further reduced operating costs, the Company anticipates lower net operating cash flows.	
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: The Company expects to meet its operational costs from revenue/sales, existing reserves and, if required, from additional funding.	

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: Yes, the Company expects to be able to continue its operations and meet its objectives through a combination of sales to customers, existing reserves, and potential to obtain future capital through the issue of equity and/or debt.

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.

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.