

# K-TIG Limited and Its Controlled Entities

## Appendix 4E

### 1. Company details

Name of entity:	K-TIG Limited
ABN:	28 158 307 549
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

### 2. Results for announcement to the market

Revenues from ordinary activities	Down	16%	to	\$ 3,095,724
Loss from ordinary activities after tax attributable to the owners of K-TIG Limited	Up	4%	to	(6,200,385)
Loss for the year attributable to the owners of K-TIG Limited	Up	4%	to	(6,200,385)

#### Dividends

No dividend has been declared or paid for the year ended 30 June 2023 (30 June 2022: \$nil).

#### A brief explanation of any of the figures reported above

The Group recorded \$3,095,724 of revenue for the current year (2022: \$3,702,512). The reduction in revenue was mainly attributable to customers delaying their commitment to purchases due to their uncertainty of the economic situation arising from higher interest rates and the slowing down of economies across our major markets.

Loss from ordinary activities for the Group after providing for income tax amounted to \$6,200,385 (30 June 2022: \$5,962,663). The increase in loss is mainly attributable to lower revenue and gross margin, acquisition and recompliance costs associated with the Graham's Engineering Limited acquisition, amounting to \$1,756,807 and continued significant investment in several strategic areas focused on defence, nuclear, USA, and UK and higher costs for travel and general expenses.

Net operating expenses (pre acquisition and recompliance costs) of \$6,689,468 for the current year (2022: \$8,428,722) were lower by 21% year on year.

K-TIG continued working with Defence Primes and Nuclear decommissioning market participants during the year to demonstrate the advantages of keyhole TIG welding to their applications. In addition, K-TIG continues to invest in R&D to expand the range of metals that can be used utilising the K-TIG technology.

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets / (liabilities) per ordinary security	2.96	2.31

Right-of-use assets recognised under AASB 16 Leases are classified as intangible assets for the purpose of determining the net tangible assets.

### 4. Control gained over entities

There were no additions of entities during the period.

### 5. Loss of control over entities

There was no loss of entities during the period or the previous reporting period.

### 6. Details of associates and joint venture entities

There are no associates or joint ventures during the period or previous reporting period.

### 7. Audit qualification or review

The financial statements contained within this Appendix 4E are in the process of being audited, and as such, the accounts are presented unaudited.

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**8. Statement of profit or loss and other comprehensive income**

	Note	Consolidated	
		2023 \$	2022 \$
Sales revenue	1	3,095,724	3,702,512
Cost of sales		(1,503,759)	(1,427,035)
<b>Gross profit/(loss)</b>		<b>1,591,964</b>	<b>2,275,477</b>
Other income	2	653,925	190,583
<b>Expenses</b>			
Marketing expenses		(325,291)	(494,464)
Corporate expense		(695,209)	(1,381,117)
Service expense		(290,230)	(453,022)
Employee benefits expense		(4,507,582)	(5,544,729)
Office/workshop expense		(409,035)	(292,907)
Travel expense		(343,727)	(189,891)
R&D expense		(78,975)	(59,067)
Other expenses		(39,419)	(13,526)
Due Diligence and Pre-Acquisition Costs		(1,756,807)	-
<b>Total operating expenses</b>		<b>(8,446,275)</b>	<b>(8,428,722)</b>
<b>(Loss) before income tax expense</b>		<b>(6,200,385)</b>	<b>(5,962,663)</b>
Income tax expense		-	-
<b>(Loss) for the year</b>		<b>(6,200,385)</b>	<b>(5,962,663)</b>
Other comprehensive income / (expense)		330,012	18,474
<b>Total comprehensive loss for the year</b>		<b>(5,870,373)</b>	<b>(5,944,188)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share to owners of K-TIG Limited</b>			
Basic loss per share		(2.96)	(3.43)
Diluted loss per share		(2.93)	(3.35)

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**9. Statement of financial position**

	Note	Consolidated	
		2023	2022
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	818,859	3,726,745
Trade and other receivables	4	872,105	856,547
Inventories	5	1,841,307	1,309,187
Financial assets		40,000	40,000
<b>Total current assets</b>		<b>3,572,271</b>	<b>5,932,479</b>
<b>Non-current assets</b>			
Other receivables	4	14,150	14,150
Property, plant and equipment	6	513,578	426,366
Right-of-use-assets	7	661,114	437,320
Intangibles	8	19,819	30,876
<b>Total non-current assets</b>		<b>1,208,661</b>	<b>908,712</b>
<b>Total assets</b>		<b>4,780,932</b>	<b>6,841,191</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	2,491,141	1,211,147
Amounts received in advance	10	444,259	322,256
Borrowings		-	-
Lease Liabilities	11	111,135	77,730
Employee benefits	12	266,697	199,935
<b>Total current liabilities</b>		<b>3,313,232</b>	<b>1,811,068</b>
<b>Non-current liabilities</b>			
Lease liabilities	11	565,162	359,590
Employee benefits	12	-	16,715
<b>Total non-current liabilities</b>		<b>565,162</b>	<b>376,305</b>
<b>Total liabilities</b>		<b>3,878,394</b>	<b>2,187,373</b>
<b>Net assets</b>		<b>902,538</b>	<b>4,653,818</b>
<b>Equity</b>			
Issued capital	13	27,714,304	27,299,304
Convertible Note		2,000,000	-
Share based payment reserve	14	2,270,878	2,566,786
Foreign currency translation reserve		335,347	5,335
Accumulated losses		(31,417,991)	(25,217,606)
<b>Total Equity</b>		<b>902,538</b>	<b>4,653,818</b>

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**10. Statement of cash flows**

	Note	Consolidated	
		2023	2022
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,202,171	4,068,951
Payments to suppliers and employees		(8,373,677)	(8,747,202)
		<b>(5,171,506)</b>	<b>(4,678,251)</b>
Interest received		10,088	683
Other income		643,838	2,953
Interest and other finance costs paid		(7,909)	(8,402)
<b>Net cash used / (provided) in operating activities</b>		<b>(4,525,490)</b>	<b>(4,683,017)</b>
<b>Cash flows from investing activities</b>			
Payments for financial assets		-	-
Payments for property, plant and equipment		(266,021)	(154,526)
Net cash used in investing activities		<b>(266,021)</b>	<b>(154,526)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		2,150,000	3,585,570
Payments for rights issue cost		(140,000)	-
Repayment of lease liabilities		(126,376)	(88,920)
Net cash provided / (used) by financing activities		<b>1,883,625</b>	<b>3,496,650</b>
Net increase / (decrease) in cash and cash equivalents		(2,907,886)	(1,340,893)
Cash and cash equivalents at beginning of period		3,726,745	5,067,638
<b>Cash and cash equivalents at end of the period</b>	3	<b>818,859</b>	<b>3,726,745</b>

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11. Statement of changes in equity

	Issued Capital	Convertible Note	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 year	-	-	-	-	(5,962,663)	(5,962,663)
Other comprehensive	-	-	-	18,476	-	18,476
<b>Total comprehensive loss for the year</b>	-	-	-	<b>18,476</b>	<b>(5,962,663)</b>	<b>(5,944,186)</b>
<i>Transactions with owners in their capacity as owners</i>						
Issue of shares, net of transaction costs	3,585,570	-	-	-	-	3,585,570
Share-based payments - performance rights, net of	-	-	1,097,121	-	-	1,097,121
Share-based payments -	270,000	-	(270,000)	-	-	-
<b>Balance at 30 June 2022</b>	<b>27,299,303</b>	<b>-</b>	<b>2,566,785</b>	<b>5,335</b>	<b>(25,217,606)</b>	<b>4,653,818</b>

	Issued Capital	Convertible Note	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	-	-	-	-	(6,200,385)	(6,200,385)
Other comprehensive	-	-	-	330,012	-	330,012
<b>Total comprehensive loss for the year</b>	-	-	-	<b>330,012</b>	<b>(6,200,385)</b>	<b>(5,870,373)</b>
<i>Transactions with owners in</i>						
Issue of shares, net of transaction costs	150,000	-	-	-	-	150,000
Cost of Capital Raise	(140,000)	-	-	-	-	(140,000)
Convertible Note Issued	-	2,000,000	-	-	-	2,000,000
Share-based payments - performance rights, net of transaction costs	-	-	109,091	-	-	109,091
Conversion of long term incentive shares to director	405,000	-	(405,000)	-	-	-
<b>Balance at 30 June 2023</b>	<b>27,714,304</b>	<b>2,000,000</b>	<b>2,270,877</b>	<b>335,347</b>	<b>(31,417,991)</b>	<b>902,538</b>

12. Note 1: Revenue

	Consolidated	
	2023	2022
	\$	\$
<b>Revenue from contracts with customers</b>		
Sale of goods	2,700,073	3,380,832
Rendering services	297,128	179,676
Other trading revenue	35,752	18,267
	<b>3,032,953</b>	<b>3,578,775</b>
Revenue from Waas lessor arrangements	62,770	123,737
	<b>3,095,724</b>	<b>3,702,512</b>

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**13. Note 2: Other income**

	Consolidated	
	2023	2022
	\$	\$
Interest received	10,088	683
Research & development tax incentive	635,262	186,947
	<b>653,925</b>	<b>190,583</b>

**14. Note 3: Cash and cash equivalents**

	Consolidated	
	2023	2022
	\$	\$
Cash at bank	818,859	3,726,745

**15. Note 4: Trade and other receivables**

	Consolidated	
	2023	2022
	\$	\$
<b>Current</b>		
<b>Trade Receivables</b>		
Trade receivables	237,207	322,956
Provision for expected losses	-	(10,071)
	<b>237,207</b>	<b>312,884</b>
<b>Other Receivables</b>		
GST and VAT receivables	94,760	86,547
Prepayments	246,033	217,688
Other receivables	294,104	239,428
	<b>634,898</b>	<b>543,663</b>
Trade and Other Receivables	<b>872,105</b>	<b>856,547</b>
<b>Non-current</b>		
<b>Other Receivables</b>		
Other receivables	14,150	14,150
	<b>14,150</b>	<b>14,150</b>

**16. Note 5: Inventories**

	Consolidated	
	2023	2022
	\$	\$
Materials and components	581,099	776,438
Finished goods	1,260,208	265,098
Goods in transit	-	267,651
	<b>1,841,307</b>	<b>1,309,187</b>

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**17. Note 6: Property, plant and equipment**

	Consolidated	
	2023	2022
	\$	\$
Leasehold improvements - at cost	224,814	183,307
Less: Accumulated depreciation	(189,232)	(183,285)
	<u>35,583</u>	<u>22</u>
Plant and equipment - at cost	666,558	449,015
Less: Accumulated depreciation	(288,395)	(175,723)
	<u>378,163</u>	<u>273,292</u>
Computer and equipment - at cost	139,644	132,673
Less: Accumulated depreciation	(91,363)	(55,425)
	<u>48,281</u>	<u>77,248</u>
WaaS assets - at cost	121,266	121,267
Less: Accumulated depreciation	(69,716)	(45,463)
	<u>51,550</u>	<u>75,804</u>
	<b>513,578</b>	<b>426,366</b>

**18. Note 7: Right-of-use-assets**

	Consolidated	
	2023	2022
	\$	\$
Land and buildings	767,771	437,320
Less: Accumulated depreciation	(106,657)	-
	<u>661,114</u>	<u>437,320</u>

**19. Note 8: Intangibles**

	Consolidated	
	2023	2022
	\$	\$
Trademarks - at cost	110,569	110,569
Less: Accumulated amortisation	(90,750)	(79,693)
	<u>19,819</u>	<u>30,876</u>

**20. Note 9: Trade and other payables**

	Consolidated	
	2023	2022
	\$	\$
Trade payables	1,416,857	411,148
Other payables	247,875	438,592
Accrued expenses	826,409	361,407
	<u>2,491,141</u>	<u>1,211,147</u>

**21. Note 10: Amounts received in advance**

	Consolidated	
	2023	2022
	\$	\$
Amounts Received in Advance	444,259	322,256
	<u>444,259</u>	<u>322,256</u>

**22. Note 11: Lease Liabilities**

	Consolidated	
	2023	2022
	\$	\$
Current	111,135	77,730
Non current	565,162	359,590
	<u>676,296</u>	<u>437,320</u>

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**23. Note 12: Employee benefits**

	Consolidated	
	2023	2022
	\$	\$
Current	266,697	199,935
Non-current	-	16,715
	<b>266,697</b>	<b>216,650</b>

**24. Note 13: Issued capital**

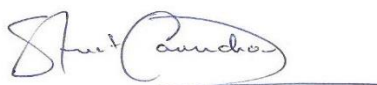
Consolidated	2023	30 June 2022	2023	30 June 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	73,328,415	181,111,261	27,714,304	27,299,304
Series A preference shares	-	-	-	-
	<b>73,328,415</b>	<b>181,111,261</b>	<b>27,714,304</b>	<b>27,299,304</b>

Date	Details	Number of Shares	\$
1 Jul 2022	Balance	181,111,261	27,299,304
30 Dec 2022	Conversion of long term shares to director	1,500,000	405,000
30 Dec 2022	Directors placement of shares	428,571	150,000
20 Mar 2023	Cost of Capital Raise	-	(140,000)
31 Mar 2023	Employee Incentive shares	280,000	-
5 Jun 2023	Consolidated Conversion (1 to 2.5 basis)	(109,991,417)	-
31 Dec 2022	Balance	<b>73,328,415</b>	<b>27,714,304</b>

**25. Note 14: Shared-based payment reserve**

	Consolidated	
	2023	2022
	\$	\$
Options reserve	871,990	871,990
Performance rights reserve	1,398,887	1,694,796
	<b>2,270,878</b>	<b>2,566,786</b>

Signature:



Stuart Carmichael  
Chairman

31 August 2023

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