

ASX Announcement

28th April 2023

Energy Technologies Limited 3Q FY2023 Quarterly Activities Report and Appendix 4C

Key highlights:

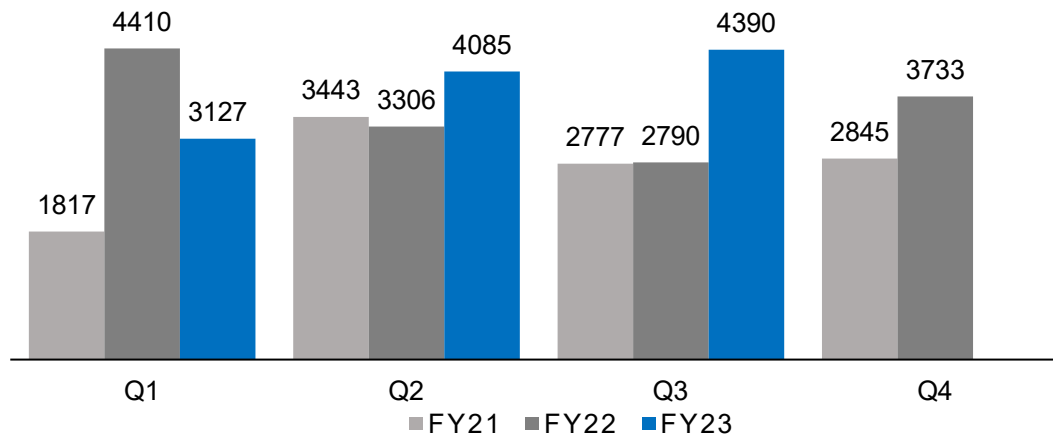
- **Achieved quarterly cash receipts of A\$4.390m taking the year-to-date cash receipts to \$11.602m, up 7% on the previous quarter and up 57% on the Previous Corresponding Period (PCP);**
- **Order book and Tender book remain in excess of \$3M reflecting the strength in the industry;**
- **Successful completion of a capital raising of \$3.4 million by way of a share placement;**
- **Uplift in inventory to restock branches and load the factory raw material requirements.**

Energy Technologies Limited (ASX: EGY or “the Company”), a 100% owner of Bambach Wires and Cables Pty Ltd (Bambach) which manufactures low voltage copper insulated cables, is pleased to release its Quarterly Activities Report and Appendix 4C Quarterly Cash Flow Report for the period ended 31 March 2023 (“3Q FY23”).

During the quarter, Energy Technology raised \$3.4m by way of a share placement to continue its focus on moving to a two-shift production facility. A two-shift production plan greatly enables the company to generate more sales which has been seen in part in the cash receipts this quarter. The investment in people, which is continuing, and the investment in raw materials has seen an increase in Work in Progress from \$1.7m to \$2.4m at the end of March. The investment in people will continue through the next quarter as the company aims to move to a full two-shift schedule by the September quarter.

While production and sales have increased, the order book continues to stay above \$3m demonstrating that the market remains robust despite the issues facing the economy. The construction of the second factory at Rosedale has now completed and is awaiting the final concrete pour and permits associated with making it operational. The final grant money paid under the SICP scheme of ~\$375k is expected to be received in the current quarter (4QFY23).

Figure 1: EGY Quarterly Cash Receipts (A\$'000)



Bambach CEO, Alf Chown said, *“The company is working hard to finalise the foundations for growth in FY24. The expanded capacity at the factory and the finalisation on the second factory bodes well to increase both production and revenue lines in to a strong sector .”*

ASX Listing Rule 4.7C.3

In accordance with ASX Listing Rule 4.7C, payments made to related parties included in item 6.1 of the Appendix 4C incorporate director’s fees and salary.

– END –

About Energy Technologies

Energy Technologies Limited (ABN 38 002 679 469) has a 100% ownership of Bambach Wires and Cables Pty Ltd, a manufacturer of low voltage copper insulated cables. Learn more about Energy Technologies at website www.energytechnologies.com.au.

For more information, please contact:

General enquiries

Corporate Communications
Mr. Gregory Knoke
Company Secretary
greg.knoke@energytechnologies.com.au

This announcement is authorised by Energy Technologies Limited’s Board of Directors

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ENERGY TECHNOLOGIES LIMITED

ABN

38 002 679 469

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	4,390	11,602
1.2	Payments for		
	(a) research and development	-	(2)
	(b) product manufacturing and operating costs	(4,483)	(13,230)
	(c) advertising and marketing	-	(23)
	(d) leased assets	(5)	(14)
	(e) staff costs	(869)	(2,857)
	(f) administration and corporate costs	(560)	(1,469)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(482)	(1,456)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2	1,124
1.8	Other (restructure)	-	-
1.9	Net cash from / (used in) operating activities	(2,006)	(6,324)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(503)	(742)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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	-	-
2.6	Net cash from / (used in) investing activities	(503)	(742)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,400	3,400
3.2	Proceeds /(Repayment) from issue of convertible debt securities	-	4,600
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(137)	(137)
3.5	Proceeds from borrowings	-	8,281
3.6	Repayment of borrowings	(794)	(8,809)
3.7	Transaction costs related to loans and borrowings	(13)	(42)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	2,456	7,293

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	362	82
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,006)	(6,324)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(503)	(742)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,456	7,293
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	309	309

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	309	362
5.2	Call deposits	-	-
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)	309	362

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	147
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

6.1 \$73K Director's Fee and \$74 K Salary

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	7,400	4,736
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	6,695	6,695
7.4	Total financing facilities	14,095	11,431
7.5	Unused financing facilities available at quarter end		2,664
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.		
	7.1: Secured Debtor Finance Facility - lender Cash Flow Finance Pty Ltd trading as EarlyPay. Interest is charged on the facility at rate of the base rate, currently 10.60% and margin rate is 1.85%. Balance drawn at end of quarter \$ 1,413,697. No maturity date.		
	7.1 Secured Trade Finance Facility - lender Cash Flow Finance Pty Ltd trading as EarlyPay. Term Charges 3.83% per 90 days. Balance drawn at end of quarter \$3,322,367. No maturity date.		
	7.3: Hire purchase and finance lease liabilities secured by the underlying assets \$50,499 Lender: Various financiers. Interest Rates varies between 5.90% to 12.50% per annum.		
	7.3 Secured loan from director of subsidiary Bambach Wires and Cables Pty Ltd for \$200,000. Interest rate 10.00% per annum. Maturity Date is April 2024 or as agreed by the parties.		
	7.3 Secured Equipment Finance loan with balance outstanding at end of quarter \$1,845,107. Interest rate 13.29% per annum and Lender Grow Finance Pty Ltd.		
	7.3 Secured Convertible Notes issued of \$4,600,000 to noteholders. These notes have a face value of \$1.00, attract a coupon rate of 10% and are convertible at \$0.08		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	2,006
8.2 Cash and cash equivalents at quarter end (item 4.6)	309
8.3 Unused finance facilities available at quarter end (item 7.5)	2,664
8.4 Total available funding (item 8.2 + item 8.3)	2,973
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.48

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.

- 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: No. The company expects to continue to reduce net cash outflow from operating activities, from the current reported net cash outflow, after taking into account the following:

- The Factory's ability to further increase capacity at the factory;
- The order book currently standing around all-time highs;
- The tender book is at similar levels;
- The prospect of high margin project work;
- The final payment of the SCIP grant totalling ~375k is due to be paid this quarter (4QFY23);
- This quarter's increase in expenses due to investment in higher materials which have resulted in Work In Progress increasing by ~\$700k; and
- The company is comfortable with the current level of facilities and the ability to raise capital or debt on a need's basis.

- 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: No. The company has already put steps in place to manage its capital needs pursuant to the growth of the business. It raised \$3.4m during the quarter by way of a share placement and is due to receive the final SCIP grant payment of \$375k this quarter (4QFY23). It has the ability, subject to meeting conditions, to further increase the working capital facility that it will draw down as sales increase. It further reserves the right to raise additional funds through capital and/or debt on a need's basis.

- 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, as discussed in Questions 8.6.1 and 8.6.2. Furthermore, the sectors that the company are focused on continue to show strength and the company is comfortable with the longer-term outlook pursuant to maintaining a strong tender and order book which has been demonstrated by the recent sales growth through a difficult period in manufacturing. Moreover, there was an increase in cash payments to fund an increase in capacity that has resulted in a sharp increase in Work In Progress that will be collected over the next quarter and the final payment of the SCIP grant totalling ~375k is due to be paid this quarter (4QFY23). Additional efficiencies at the factory level are being put in place of which the benefit will be evident by September quarter 2023.

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: 28 April 2023

Authorised by: EGY BOARD OF DIRECTORS.....

(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.