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Adacel Technologies Limited

(ASX: ADA)

ASX & Media Release

Melbourne, 16 November 2022

CEO's Presentation at 2022 Annual General Meeting

Adacel Technologies Limited attaches a copy of the Chief Executive Officer's 2022 Annual General Meeting Presentation.

-ENDS

This announcement was authorised for release by the Chief Executive Officer.

About Adacel:

Established in 1987, Adacel is a publicly traded company listed on the ASX. The company plays a significant role in global air space safety. A world-leader in its industry, Adacel applies cutting-edge technologies to develop advanced air traffic control simulation and training systems and state-of-the-art air traffic management solutions. Adacel's customers include international air navigation service providers (**ANSPs**), military, defense & security organizations, universities, and airport authorities. More than 21% of the world's airspace is managed with Adacel's Aurora ATM software. MaxSim Tower Simulator and Training systems lead the industry with the highest number of installations worldwide. Adacel's latest flagship system, REVAL, a virtual Air Traffic Control (**ATC**) tower system delivers a wide spectrum of digital tower operational solutions, from consulting services to system design, development, deployment, and support.

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ADACEL

ANNUAL GENERAL MEETING

16 NOVEMBER 2022

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This document contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including Adacel's financial outlook, are also forward-looking statements, as are statements regarding Adacel's plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Adacel, which may cause actual results to differ materially from those expressed or implied in such statements. Adacel cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive, or that Adacel's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this document and Adacel assumes no obligation to update such information.

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All references to dollars are to Australian currency unless otherwise stated.

CEO'S PRESENTATION TO SHAREHOLDERS

FY2022 RECAP

FY2022 HIGHLIGHTS

During FY2022, we signed a number of multi-year contracts with several customers providing us with a stable line of sight for many years to come.

- ATOP - extension to our subcontract with Leidos for the FAA's ATOP Program. This followed on the heels of the FAA extending its contract with Leidos to support the ATOP Program for another 12 years.
- 5-year contract with Nav Portugal for on-site support of our Aurora ATM system.
- 5-year contract with Air Services Australia for Control Tower Simulator support services

ACQUISITION

On 29 April 2022, the Company completed the acquisition of a virtual air traffic control (ATC) tower business for single and multiple aerodrome operations, adding to its current product offering, for €2.5 million

The acquisition of the virtual air traffic control (ATC) tower for single and multiple aerodrome operations, including the intellectual property, **accelerates Adacel's entrance in the fast-growing market segment of virtual ATC tower solutions**, which is estimated to grow from about **US\$40 million in 2019 to over US\$500 million by 2027**.



REVAL

VIRTUAL AIR TRAFFIC CONTROL SOLUTION

FY2022 - ADACEL KEY FIGURES - USD

REVENUE **\$27.6 million**

GROSS MARGIN **\$10.8 million**
39.3% of revenues

NORMALIZED EBITDA **\$7.3 million**
EBITDA **\$6.9 million**

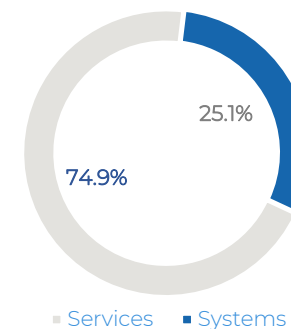
NORMALIZED PROFIT BEFORE TAX (PBT) **\$5.6 million**

PROFIT BEFORE TAXES (PBT) **\$5.2 million**
18.8% of revenues

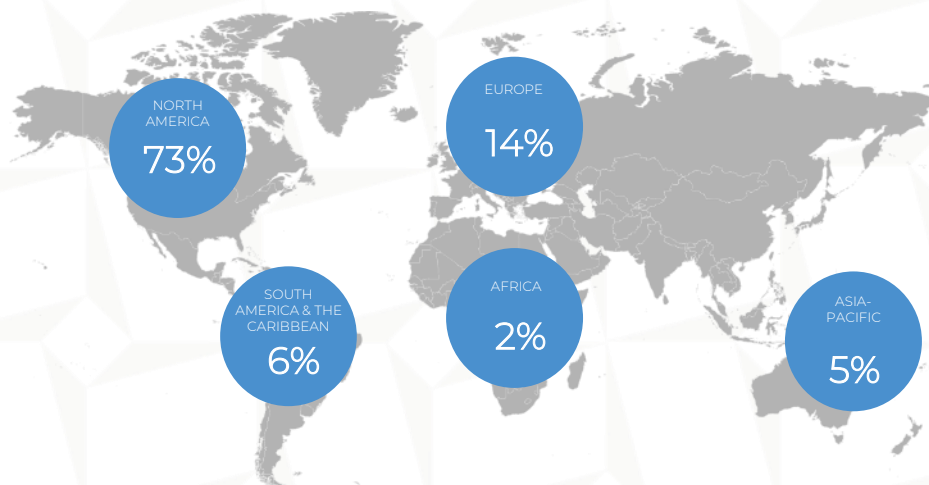
PROFIT AFTER TAX **\$3.3 million**

NET CASH **\$1.9 million**

TWO OPERATING SEGMENTS
(breakdown of sales by operating segment)



DIVERSIFIED GEOGRAPHICAL PRESENCE
(breakdown of sales by geographic region)



FY2023 UPDATES

ACTIVELY INVESTING IN BUSINESS DEVELOPMENT

PARTICIPATION AT TARGETED INDUSTRY EVENTS

- Joint Service ATC Symposium – Myrtle Beach, S.C. - Aug 2022
- ICAO General Assembly – Montreal, Quebec – Sept 2022
- University Aviation Association – Colorado Springs, CO – Oct 5-7, 2022
- FAA Managers Association – Orlando, FL – Oct 23-27, 2022
- Air Traffic Controllers Association (ATCA) – Washington D.C. – Nov 6-9, 2022
- CANSO Latin America – Orlando, FL – Dec 5-9, 2022
- Airspace World – Geneva, Switzerland – March 7-11, 2023

These events have resulted in increased interest in our products and is helping to fuel the potential pipeline of new sales while directly resulting in 1 new confirmed order.

FY2023 HIGHLIGHTS

- We continue to make progress on securing ATC Simulator contracts with a number of customers, the value of which exceeds \$100M
- Our ATM pipeline is approximately \$25M. This includes opportunities we hope to close within the next 12 months
- Our Remote Tower pipeline is growing steadily
- We completed Site Acceptance Testing (SAT) with EANS at the Tartu Airport
- Kuressaare remote virtual tower system received air navigation certification from Estonia Transport Administration

FY2023 FINANCIAL UPDATE

- For FY2023, the Company anticipates EBITDA of between \$6.7 million and \$7.2 million and PBT of between \$4.5 million and \$5.0 million
- On a YTD basis, we have signed new orders in excess of \$11 million from our existing customers
- We have also signed several contracts with new customers
- In October, we completed a refinancing and upsizing of our existing credit facilities. The new credit facility agreement with the Bank of Montreal (BMO) of USD\$13.2 million, replaces the existing credit facility of CAD\$4.2 million. The new credit facility consists of a USD\$5.0 million revolving credit facility (Revolver), a USD\$3.0 million non-revolving demand loan (Demand Loan), a dedicated USD \$2.0M facility for letters of credit, and \$3.2M in other ancillary credit facilities.