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Adacel Technologies Limited

(ASX: ADA)

ASX & Media Release

Tuesday 17 November 2020

AGM Address by the Chairperson

Dear Shareholders,

Each of us has had to adapt to the reality of Covid this year, in both our professional and personal lives. The Adacel leadership and employees have adapted well and we remain on track to meet our objectives for FY21. Specifically, we are updating our guidance issued in August 2020 and now forecast PBT of between \$6.5M and \$7.0M for FY21.

I would like to refer you to the CEO Presentation which has been lodged separately, which will walk you through several of the key FY21 business objectives and our progress towards them.

I now want to discuss what we call a Balanced Capital Management framework. Over the last 18 months we addressed strategy, operational inefficiencies and installed a series of data driven operating disciplines throughout the business. These together set the foundation for the company going forward. The Board then turned its attention to how to best manage the capital resources, particularly excess capital, of the company. The Company requires very little day to day liquidity to operate; approximately \$2mm to \$3mm. We have three options with excess capital above that level: return of capital/dividends, share repurchases and either inorganic or organic growth investment. Given our current strategy, the Board has determined that it will pay out to shareholders between 50% and 60% of PBT in the form of a dividend, return of capital or combination of both. Additionally, we intend to reinstitute our share buyback authorization. Lastly, we will continue to pursue growth, that aligns with our strategy and core competencies, provided those capital choices are predicated on robust business cases; this can come through organic investment or inorganic M&A activity. We approved this framework because we recognize that we are stewards of your money and believe it our obligation to share with you how we will consider capital choices at Adacel. Also, recognize that depending on strategy and the external environment, the Board reserves the right to modify the framework at any time.

-ENDS-

About Adacel

Adacel is listed on the ASX and is a leading developer of operational air traffic management systems, speech recognition applications and advanced air traffic control simulation and training solutions. Further information on the Company can be found on its website at www.adacel.com

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