

ASX Announcement

31st January 2024

Energy Technologies Limited 2Q FY2024 Quarterly Activities Report and Appendix 4C

Key highlights:

- **Achieved quarterly cash receipts of A\$4.211m, up 3.08% on the Previous Corresponding Period (PCP).**
- **Net Cash operating outflows improved 37% on Previous Quarter.**
- **Raised \$2,750,000 by way of the issue of convertible notes. These notes mature two years from the date of issue.**
- **First shipment of Purchased sales received, sold and delivered with higher margins than expected**

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 December 2023 (“2Q, FY2024”).

During the quarter, Energy Technologies Limited maintained recorded cash receipts above A\$4m despite the continued issues. As previously disclosed, these issues will start to ease as our exclusive tinned copper supplier comes on stream at the end of February.

PURCHASED SALES DIVISION

On the 12th of December, the company updated the market to its additional new strategy of purchasing imported product to deliver into the domestic market.

The company detailed that it had finalised the necessary due diligence to commence the strategy and is pleased to announce that it has now landed its first small order, sold the product and in the first part of January has delivered it and received payment.

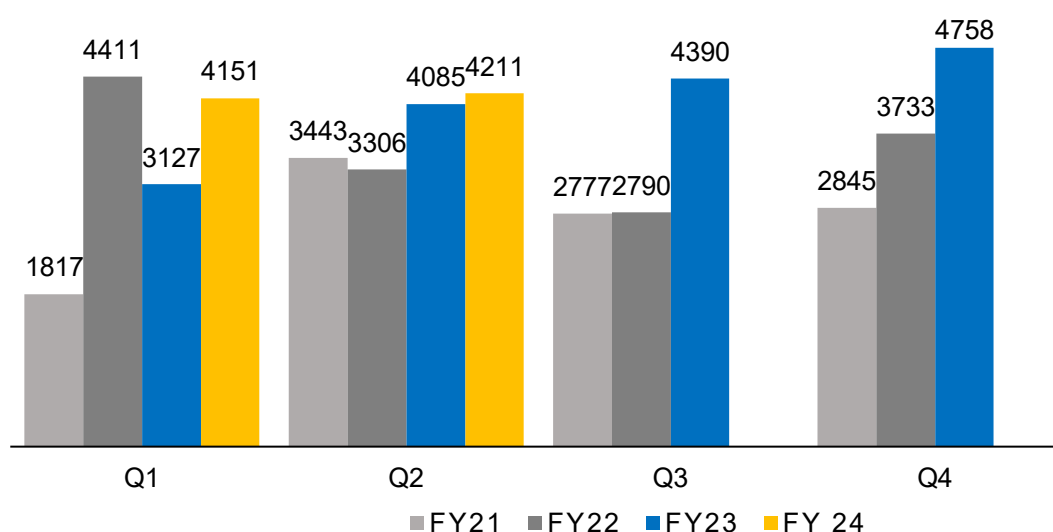
This recent success allows the company to further expand the division. The first shipment, of approximately \$299k, resulted in a gross margin of 67%. The company was able to take advantage of the opportunity to overlay value add materials on this particular shipment but it is above the 10% margin that the company had in its forecast and with this in mind, there may be some adjustments to this estimate.

The company is excited with the prospect of rolling this out over the coming year and is looking to place a larger order next month, noting it is ahead of schedule on the business plan.

Copper consumption by kilograms at the factory for the second quarter was 88k k/g versus 135k k/g during the Previous Corresponding Period (PCP).

There were no substantive business activities during the period.

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



Bambach CEO, Alf Chown said, *“The company is excited by the recent purchased sales findings, which have exceeded expectation and paint a way forward across multiple product categories for the company to grow its business and increase competitiveness.”*

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

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Company Secretary

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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 DECEMBER 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	4,211	8,362
1.2	Payments for		
	(a) research and development	(18)	(18)
	(b) product manufacturing and operating costs	(4,116)	(8,778)
	(c) advertising and marketing	(7)	(27)
	(d) leased assets	(5)	(10)
	(e) staff costs	(980)	(1,975)
	(f) administration and corporate costs	(272)	(814)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(417)	(854)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	22	22
1.8	Other (restructure)	-	-
1.9	Net cash from / (used in) operating activities	(1,582)	(4,092)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(34)	(54)
	(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	30	31
	(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	Government Grant	-	-
2.6	Net cash from / (used in) investing activities	(4)	(23)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds /(Repayment) from issue of convertible debt securities	2,750	5,357
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	29	315
3.6	Repayment of borrowings	(1,086)	(1,413)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	1,693	4,259
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	86	49
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,582)	(4,092)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(23)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,693	4,259
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	193	193

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	193	86
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)	193	86

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	97
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>		

6.1 \$23K Director's Fee and \$74 K Salary

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	8,100	4,645
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	11,905	11,905
7.4	Total financing facilities	20,005	16,550
7.5	Unused financing facilities available at quarter end		3,455
7.6	<p>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.</p> <p>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 12.85% and margin rate is 1.85%. Balance drawn at end of quarter \$ 1,541,949. No maturity date.</p> <p>7.1 Secured Trade Finance Facility - lender Cash Flow Finance Pty Ltd trading as Earlypay. Term Charges 5.85% per 120 days. Balance drawn at end of quarter \$3,103,105. No maturity date.</p> <p>7.3: Hire purchase and finance lease liabilities secured by the underlying assets – various maturity dates. The main liability \$166,759 matures on 5 March 2026. The remainder \$15,138 (have maturity by 28 February 2024)</p> <p>7.3 Secured loan from director of subsidiary Bambach Wires and Cables Pty Ltd for \$190,000. Interest rate 10.00% per annum. Maturity Date is April 2024 or as agreed by the parties.</p> <p>7.3 Secured loan of \$1,000,000. Interest rate 10.00% per annum. No maturity date.</p> <p>7.3 Secured Equipment Finance loan with balance outstanding at end of quarter \$1,576,867. Interest rate 13.29% per annum and Lender Grow Finance Pty Ltd. Matures August 2027.</p> <p>7.3 Secured Convertible Notes issued of \$3,600,000 to noteholders. These notes have a face value of \$1.00, attract a coupon rate of 10% and are convertible at \$0.08. Of these notes \$0.6m matures in October 2024 and the remaining \$3.0m matures in October 2025.</p> <p>7.3 Secured Convertible Notes issued of \$5,356,500 which was received during August 2023 to December 2023. These notes have a face value of \$1.00, attract a coupon rate of 10% and are convertible at \$0.08. Maturity dates are 24 months from the date of issue.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,582
8.2	Cash and cash equivalents at quarter end (item 4.6)	193
8.3	Unused finance facilities available at quarter end (item 7.5)	3,455
8.4	Total available funding (item 8.2 + item 8.3)	3,648
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.31
<p><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></p>		
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?	
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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?	
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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?	
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<p><i>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.</i></p>		

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: 31st January 2024

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.