



ENERGY TECHNOLOGIES LIMITED

A.B.N. 38 002 679 469

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Australian Stock Exchange
Company announcements platform
30 July 2020

ABN 38 002 679 469

Quarterly Activity Report and Appendix 4C Cash Flow Statement

Energy Technologies Limited (ASX:EGY), including subsidiary Bambach Wires and Cables Pty Ltd (Bambach), an Australian owned manufacturer of specialist and industrial cables, provides this Trading Update and Appendix 4C Cash Flow Statement for the FY2020 fourth quarter ended 30 June 2020.

Highlights

- Announcement of a capital raising of \$5 million, comprising a \$1.6 million Placement and a non-renounceable \$3.4 million Rights Issue, with the initial placement oversubscribed by a number of institutional investors, existing shareholders and a family office.
- A significant decline in Bambach sales over the final quarter of FY2020 due to the dislocation caused by the COVID-19 pandemic and associated shut-down restrictions and project delays, together with the final transition of all manufacturing operations and machinery from Brookvale, Sydney to the new Rosedale facility in Victoria. The factory relocation is now complete and no further impact is anticipated.
- Bambach approved as a recipient of jobkeeper government assistance.

Financial Update

The Company's wholly-owned subsidiary, Bambach Wires and Cables Pty Ltd, has received ongoing orders exceeding \$2.5 million in the fourth quarter ended 30 June 2020. Although this is 12% down on the corresponding period last financial year, orders continue to provide the base for strong sales into FY 2021.

Sales were down 62% on the previous corresponding period, due to the combined impact of COVID-19 and the transition of manufacturing operations to Rosedale. Sales remain strongest among road and rail infrastructure customers who are predicting vigorous project flow going forward and a strong sales recovery is anticipated over the next half year.

Operations Update

Bambach further advises that its new manufacturing plant at Rosedale, in the Gippsland region of eastern Victoria, is now operational with most equipment installed and the facility producing a wide range of cables.

Closure of the Bambach manufacturing plant in Brookvale, Sydney is now complete and the company will realise large cost savings from 1 July 2020.

Business activities in the quarter were in the normal course of the business as a cable manufacturer and there was no substantive other business during the quarter.

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 salary.

Financial Facilities and Working Capital Update

In conjunction with the transition of Bambach manufacturing facilities to Rosedale, VIC and the completion of the initial restructure, EGY announced on 24 June 2020 a capital raising of \$5 million, comprising a \$1.6 million Placement and a non-renounceable Rights Issue of up to \$3.4 million. Capital raised will be used to fund general working capital and be applied to the execution of EGY's strategic growth plan, including replenishment of Bambach tendering facilities and the further development of its facility in Rosedale, Victoria.

Subsequent to 30 June 2020 the completion of the Placement and the Rights Issue successfully raised \$5 million through the allocation of 20,000,000 ordinary shares in the placement, raising \$1.6 million, and a further 42,500,000 ordinary shares under the Rights Issue raising a further \$3.4 million.

Outlook for FY2021

Current sales orders, as well as projections for future sales, indicate that Bambach, at this point, in what is very uncertain times, remains positioned to operate robustly in the coming months despite the economic impact of COVID-19 elsewhere in the economy.

ENDS

This ASX release has been approved for release by Gregory Knoke on behalf of the Managing Director of Energy Technologies Limited

For further information please contact:

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About Energy Technologies

Energy Technologies Limited (ABN 38 002 679 469) seeks to develop business opportunities in niche sectors of the electric power industry either by the introduction and manufacturing of innovative new products with market dominance potential due to their unique nature or by the acquisition of established but tired manufacturing brands that offer market dominance potential via a sustained turnaround and the infusion of new ideas, people and capital. In both cases the company follows strict investment criteria and relies on the proven experience of its management and advisory team to determine which products or companies it should develop and how such development should take place. The Company has a 100% ownership of Bambach Wire and Cables Pty Ltd, a manufacturer of low voltage copper insulated cables, as well as a strategic holding in Dulhunty Poles Pty Ltd, a manufacturer of fiber reinforced cement distribution poles. It also owns 100% of Cogenic Pty Ltd, a development company focused on the renewable energy sector. **Learn more about Energy Technologies at www.energytechnologies.com.au**

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 30 JUNE 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,114	10,219
1.2 Payments for		
(a) research and development	(15)	(17)
(b) product manufacturing and operating costs	(1,633)	(7,869)
(c) advertising and marketing	(41)	(72)
(d) leased assets	(261)	(1,279)
(e) staff costs	(449)	(2,090)
(f) administration and corporate costs	(76)	(1,116)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(321)	(738)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	679	2,826
1.8 Other (provide details if material)	(4)	(4)
1.9 Net cash from / (used in) operating activities	(7)	(139)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(364)	(1,849)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	11
	(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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(364)	(1,838)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
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	1,131	4,094
3.6	Repayment of borrowings	(803)	(2,119)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	328	1,975

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	72	30
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7)	(139)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(364)	(1,838)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	328	1,975
4.5	Effect of movement in exchange rates on cash held	(1)	-
4.6	Cash and cash equivalents at end of period	28	28

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	28	72
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)	28	72

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
81
-

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 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	6,945	2,890
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	1,343	1,343
7.4 Total financing facilities	8,288	4,233

7.5 **Unused financing facilities available at quarter end** 4,055

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 MoneyTech Finance Pty.Ltd, with a limit of \$5,000,000. Interest is charged on the facility at rate of 2.65% above base rate, currently 6.09%. Balance drawn at end of quarter \$1,398,684. No maturity Date.

7.1 Secured Trade Finance Facility, lender MoneyTech Finance Pty Ltd, with a limit of \$1,500,000. Interest Rate: 14.17% per annum. Balance drawn at end of quarter \$1,046,406. No maturity date.

7.1 Secured Equipment Finance Facility, lender MoneyTech Finance Pty Ltd, fully drawn balance at end of quarter \$445,327. Interest: 16% per annum. Maturity date 30 November 2023

7.3: Hire purchase and finance lease liabilities secured by the underlying assets \$393,037. Lender: Various financiers. Interest Rates varies between 4.90% to 11.75% per annum.

7.3 Unsecured Loan from director for \$500,000. Interest rate 15% per annum. Maturity date is 12 February 2021.

7.3 Other unsecured loan \$450,000. Interest rate 14.50%. No fixed maturity date.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(7)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	28
8.3 Unused finance facilities available at quarter end (Item 7.5)	4,055
8.4 Total available funding (Item 8.2 + Item 8.3)	4,083
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	583

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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?

N/A

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?

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

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: 30/07/2020.....

Authorised by: THE 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.