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Adacel Technologies Limited (ASX: ADA)

ASX Announcement & Media Release

15 April 2020

Adacel Market Update

Highlights

- Appointment of Daniel Verret as Chief Executive Officer
- Confirms payment of an interim dividend of 1.00 cent per share (unfranked) on 15 April 2020
- Updated FY2020 earnings guidance of profit before tax of approximately \$4.0 million excluding non-recurring litigation costs and the impact of the adoption of AASB 16 Leases of an estimated \$1.1 million to \$1.4 million

Adacel Technologies Limited (**Adacel** or the **Company**) is pleased to confirm Daniel Verret as its Chief Executive Officer, effective 15 April 2020. Mr Verret joined Adacel in October 2018, and has been the Company's Acting Chief Executive Officer since 1 July 2019. Details of Mr Verret's terms of employment will be released to the ASX shortly.

Adacel has been actively monitoring the impact of Covid-19 on its employees, customers and business partners. In mid-March, we initiated social distancing measures and activated our business continuity plan. Importantly, our employees have seamlessly transitioned to working remotely and our operations continue largely uninterrupted.

While the majority of our services segment business operates remotely, our systems segment requires teams to travel and perform on-site software and hardware installations. With global travel restrictions, it has become increasingly evident that we will not be able to complete several projects that require travel as planned for FY2020. Our software development for all projects, however, continue without interruption. Specifically, we had planned to complete two MaxSim upgrades for existing customers and two Aurora Air Traffic Management projects in Fiji and Portugal. Importantly, each of these four projects are contractual and, assuming travel restrictions lift, would be expected to complete in calendar 2020.

CEO, Daniel Verret, said, *"I am extremely proud of our employees for staying focused and engaged despite the significant disruption occurring around the world. We continue to develop industry leading ATM software and to provide value-added services for our customers, all of whom understand the situation and are aligned with our plan forward."*

Dividend

The Company confirms payment of an interim dividend of 1.00 cent per share, unfranked, as planned, on 15 April 2020.

As previously disclosed in February 2020, cash conversion in H2 FY2020 was expected to be higher than H1 FY2020 primarily due to payment of milestones contained in some of our key contracts. Despite the project delays noted above, and taking into account the payment of the dividend, we forecast a cash balance of approximately \$2.0 million at 30 June 2020.

Outlook

The Company updates its FY2020 full-year guidance of profit before tax of approximately \$4.0 million, excluding the effect of one-off items relating to litigation and the impact of the adoption of AASB 16 Leases.

Chairman, Michael McConnell, said: *"On behalf of the Board, I am delighted to confirm the appointment of Daniel Verret as CEO. Having worked closely with Daniel over the past year, I am confident that under his steady leadership, the Company will navigate the current environment well and continue to build upon the foundation established over the last year. Additionally, despite delays in several projects caused by Covid-19, we are seeing the resiliency of our workforce, the strength of our services business model, the flexibility of our cost structure and solid recurring cash flow generation. Assuming modest and steady recovery from the Covid-19 disruption, we anticipate continued improvement in our financial performance in FY2021."*

Results Conference Call

The Company's Chairman, Michael McConnell, and Chief Executive Officer, Daniel Verret, will host a conference call in connection with this update at **8.30 am (AEST)** on Thursday 16 April 2020.

Please register for the call through the following link:

<https://s1.c-conf.com/diamondpass/10005857-invite.html>

Alternatively, at the time of the call investors can dial 1800 954 501 and provide the conference ID 10005857 to the operator.

The conference call will be recorded and archived on the Adacel website at www.adacel.com.

This media release includes references to non-AASB measures including Gross Margin, EBITDA and Normalised PBT. The directors believe the presentation of non-AASB financial measures are useful for the users of this media release as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-AASB financial measures have not been subject to audit or review.

This announcement was authorised for release by the Board of Directors.

-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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