

Energy Technologies Limited (ASX:EGY)

A specialised cable & wires manufacturer
supplying the high value infrastructure sector

Entitlement Offer Presentation
September 2021



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Executive Summary

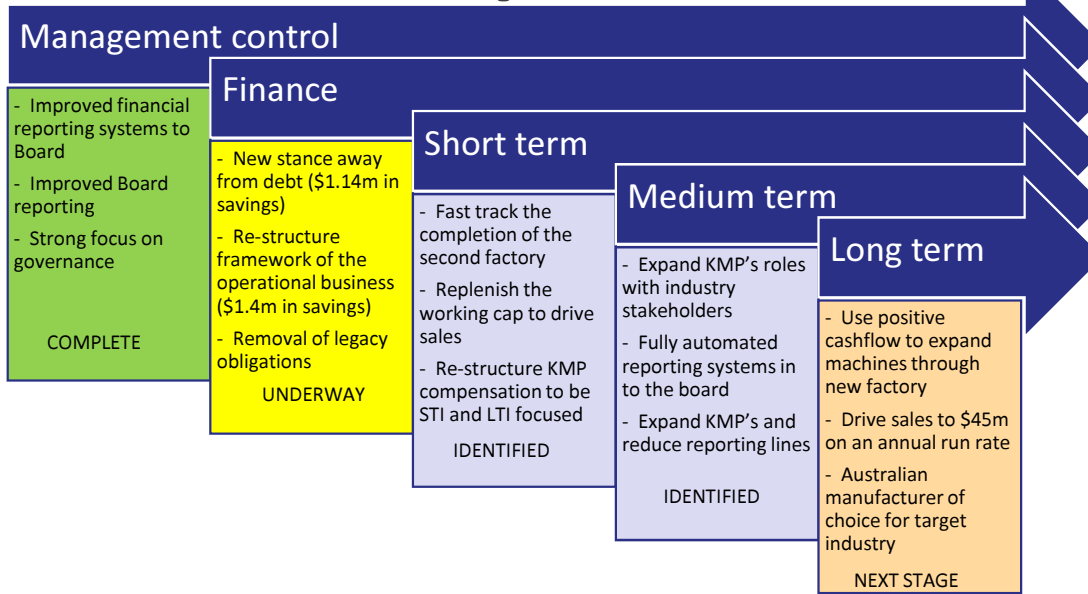


| | |
|--------------------------|--|
| Company | Energy Technologies Limited (ASX:EGY) is 100% owner of Bambach Wires and Cables (Bambach), a major supplier of Australian manufactured low voltage copper cable products targeting specialised uses |
| Industry Focus | <p>The Australian cables industry is a growing >\$3.3bn opportunity with Bambach targeting multiple high value industries in the \$1bn-\$1.5bn low voltage sub-industry</p> <p>In the low voltage category, Bambach targets:</p> <ul style="list-style-type: none">• Rail and Road Infrastructure: ~\$110m pa• Defence: ~\$130m pa• Mining: ~\$60m pa• Construction: ~\$600m pa• Power/Energy: ~\$100m pa |
| Entitlement Issue | <ul style="list-style-type: none">• Raise ~\$10.3m net of costs through a 1 for 1.72 rights issue at 11c with a 1 for 4 attaching option• Issue price is at a 9.03% discount to the 10-day volume weighted average and 8.33% to the last traded price• Increases working capital by \$1.794m to capitalise on a sharp increase in Sales and Orders• Capital Expenditure increase of \$805k to expand Factory and Silicon Line to launch new products• \$1.1m to fund re-structuring costs (\$1.4m in cost savings)• Replenish Balance Sheet by \$6.599m (\$1.18m in cost savings)• Total Initial Forecast Savings \$2.6m |

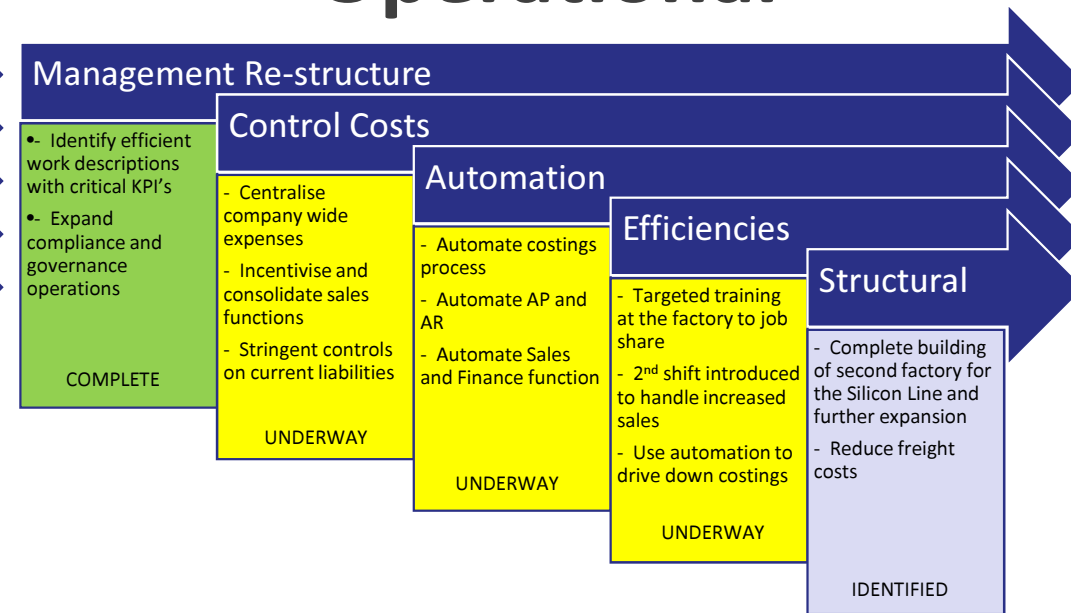
Strategic Plan



Corporate



Operational



Why EGY?



Strategic Advantages

- Specialised branded cables targeting ~38% gross margin (not commoditised)
- Considerable 'know how' & IP for new and custom product development
- Australian designed & manufactured (fast turnaround, high standards) using locally sourced input materials
- Capitalisation allows Rosedale, VIC the capacity for significant expansion & earnings growth
- Australian made – true downstream industry using Australian Copper
- Short lead times and certainty of delivery
- Competitive pricing
- Post the expansion the company is well placed for an increase in Defence spending
- Innovation culture identifying new market opportunities, designing and manufacturing new products

Company Capability



Bambach Wire and Cables



Bambach Wire and Cables manufactures low voltage industrial and specialised copper cables

Founded in 1936 and is the oldest existing Australian cable manufacturer and 100% owned by Energy Technologies since 2012

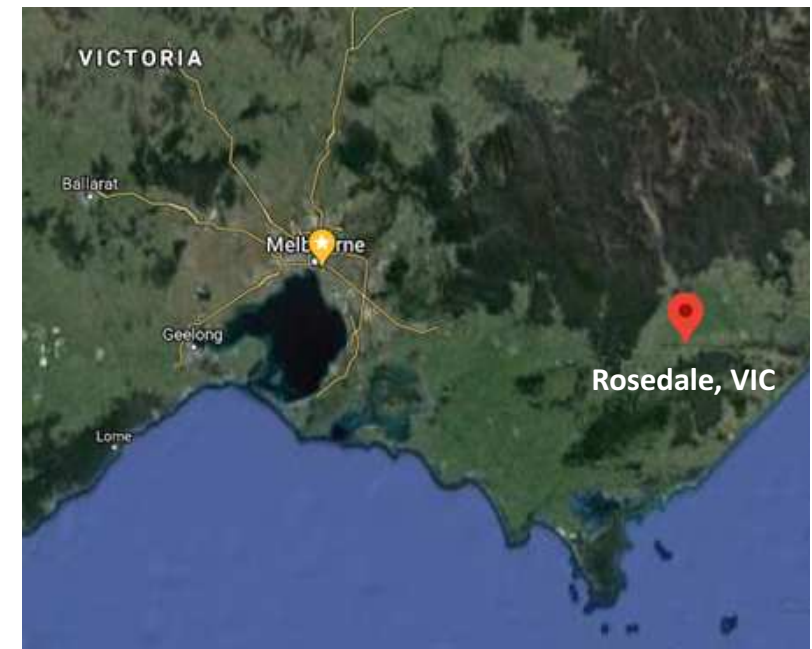
Factory in Rosedale, VIC capable of processing up to 250 tonnes of finished product per month

Significant investment to R&D leading to complete new ranges of cables for high value heavy industries

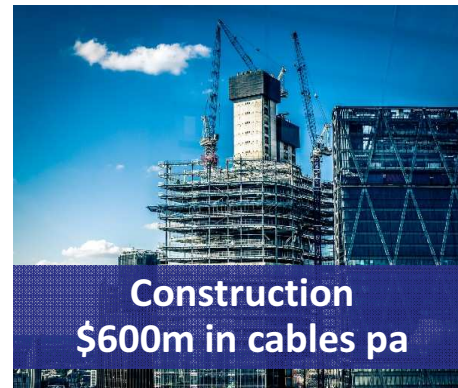
Main manufacturer (out of only two manufacturers) with braiding capability in Australia

Manufacturing inputs (eg copper) from Australian sources

The addition of silicon cable capability would make Bambach the only end-to-end supplier of locally manufactured silicon cables



High Value Industry Focus



Provision of specialised and customised cables and wires for large scale projects

>\$400m in annual demand in addressable market from target sectors plus \$60m from bespoke cable projects in the short to medium term

Captures upfront value from major projects and long tail of products for maintenance

Significant pent-up and increasing demand to supply major projects

Previously limited by lack of working capital, legacy debt issues, low inventory and manufacturing limitation

Source: Internal estimates

Top Tier Client List



Supplying some of the world's largest companies.
Many relationships established in last two years with opportunity to grow revenue.

Rail

ARTC ALSTOM

QueenslandRail

BOMBARDIER

Transport Sydney Trains

RCS AUSTRALIA



Public Transport Authority

Sigtech Solutions Australia

Wabtec CORPORATION

Rail

BHP

RioTinto

Defence

THALES

ASC

NAVAL GROUP

Road & Traffic

Downer
Relationships creating success

JOHN HOLLAND

Fulton Hogan

LAING O'ROURKE

lendlease

Other

Brookfield

HITACHI

MIDDY'S

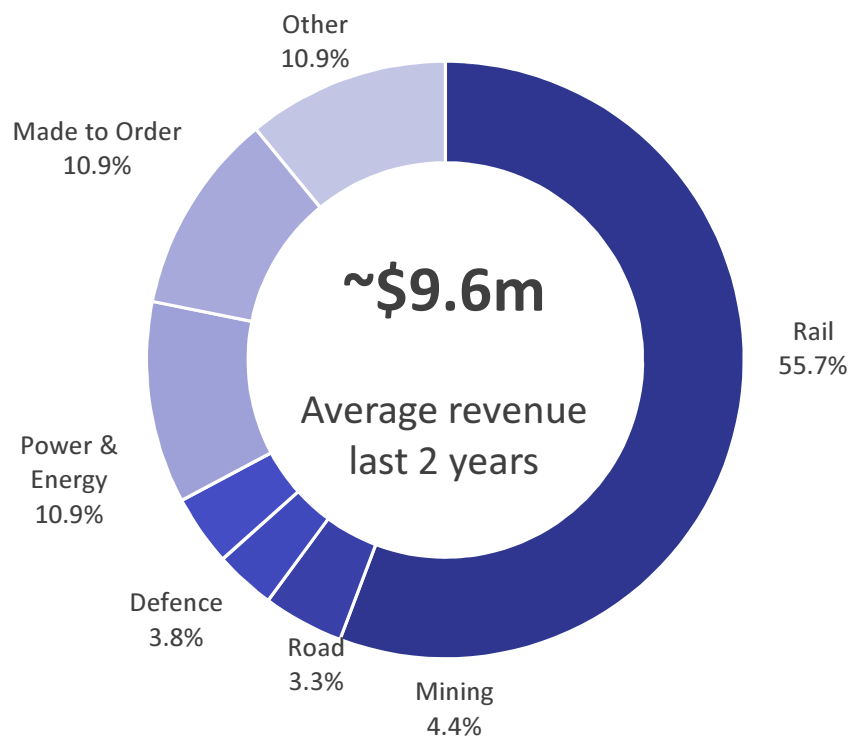
REXEL

TLE

Revenue Mix and Uplift Potential



Revenue mix by industry



| | Current | 12 Month Revenue Goal Run Rate | Target Market (Low Voltage) Size |
|----------------|---------------|--------------------------------|----------------------------------|
| Rail | \$5.1m | \$5.7m | \$60m-\$80m |
| Mining | \$400k | \$6m | \$600m |
| Road | \$300k | \$4.2m | \$60m |
| Defence | \$350k | \$5.7m | \$60m |
| Power & Energy | \$1m | \$3.8m | \$50-80m |
| Made to Order | \$1m | \$5m | \$60m |
| Other | \$1m | \$2m | \$400m+ |
| Total | \$9.1m | \$32.4m | >\$1.0bn |

Primed for New Growth



Rosedale, VIC

| | |
|-------------------|--|
| Factory | <ul style="list-style-type: none"> Large factory with high throughput |
| Capacity | <ul style="list-style-type: none"> Expansion to ~250 tonnes of copper wire cable / month + located next to rail line |
| Revenue | <ul style="list-style-type: none"> Significant capacity to increase revenue Expansion into silicon cables to service Navy construction contracts, add plugs / harnesses, enter medium voltage product market |
| Expansion | <ul style="list-style-type: none"> Currently expanding factory footprint by 60% to house new silicon line and defence capacity |
| Workflow | <ul style="list-style-type: none"> Optimised through fit-out to maximise efficiency |
| Order | <ul style="list-style-type: none"> Order Book at levels not seen for 3 (three) years |
| Sales | <ul style="list-style-type: none"> Constricted by working cap albeit up 68% and continuing through July and August |
| Demand | <ul style="list-style-type: none"> Ability to meet demand and grow post raise Many immediate contracts to fulfil |
| Fulfilment | <ul style="list-style-type: none"> Ability to fulfil order quickly (~4 weeks) |



Large machines can process 200-250 tonnes of copper per month



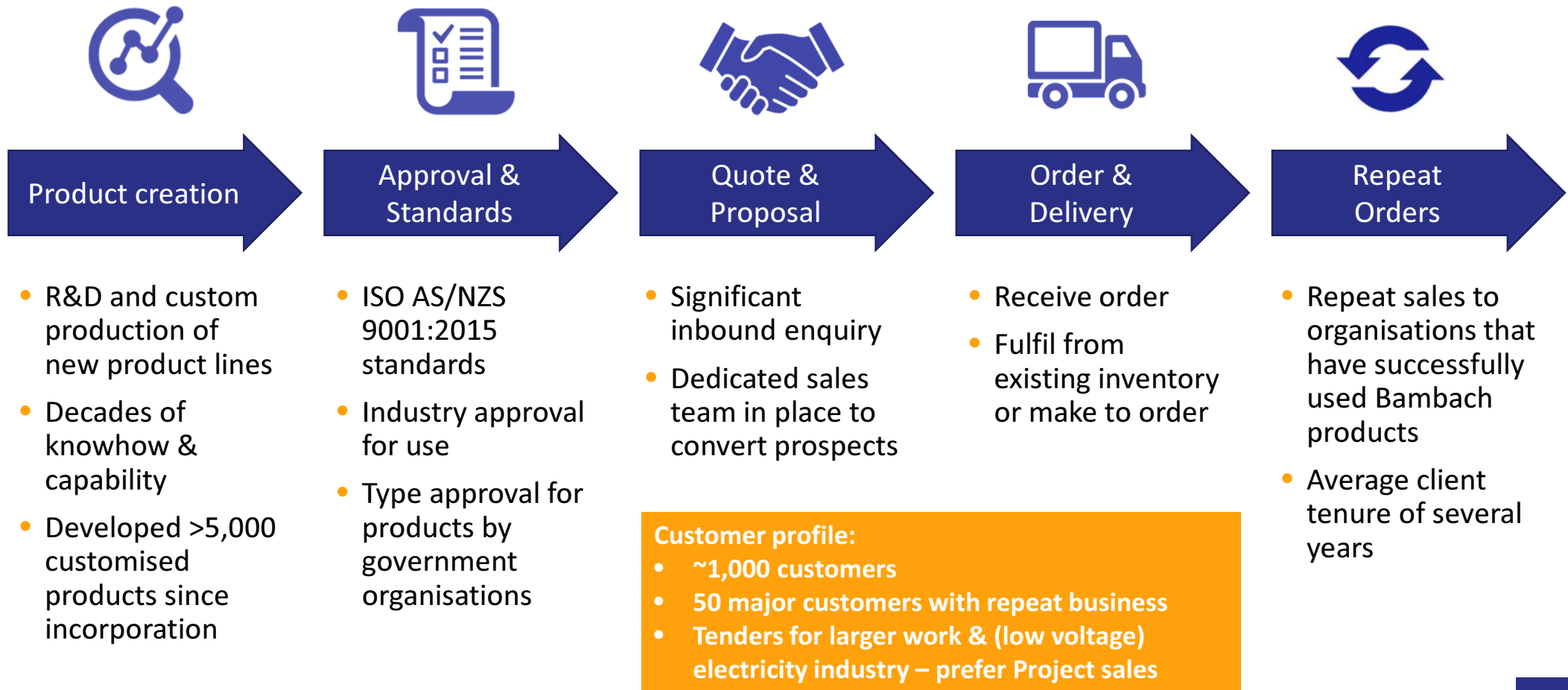
10x increased capacity and expanding, plus Government support for regional development & employment

Strategic Advantage



| | Specialised Cables | Asian-sourced Cables | Eu-sourced Cables |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| High value & margin industries | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Approved for specific projects | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> |
| Turnaround times for custom product | ~4 weeks | ~8-12 weeks | >12 weeks |
| Custom manufacturing capability | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Knowledge & process advantage | <input checked="" type="checkbox"/> | | |
| Sales channels developed | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Suitable for Australian Defence & essential industries | <input checked="" type="checkbox"/> | | |
| Suitable for 'Brand Australia' insourcing initiatives | <input checked="" type="checkbox"/> | | |
| Price of goods | Competitive | Competitive | Expensive |
| Quality of output | High | Variable | High |
| Manufacturing input costs | AUD linked | Relies on imports | High |
| Preference to local manufacturing | <input checked="" type="checkbox"/> | | |
| Reseller/importer of other/s manufactured product | | <input checked="" type="checkbox"/> | |

Client Lifecycle



Market Opportunity



Significant Market Opportunity



Fulfil existing demand from heavy industries

Generate new demand from adjacent markets and export

Develop new in-demand products (eg silicon cable)

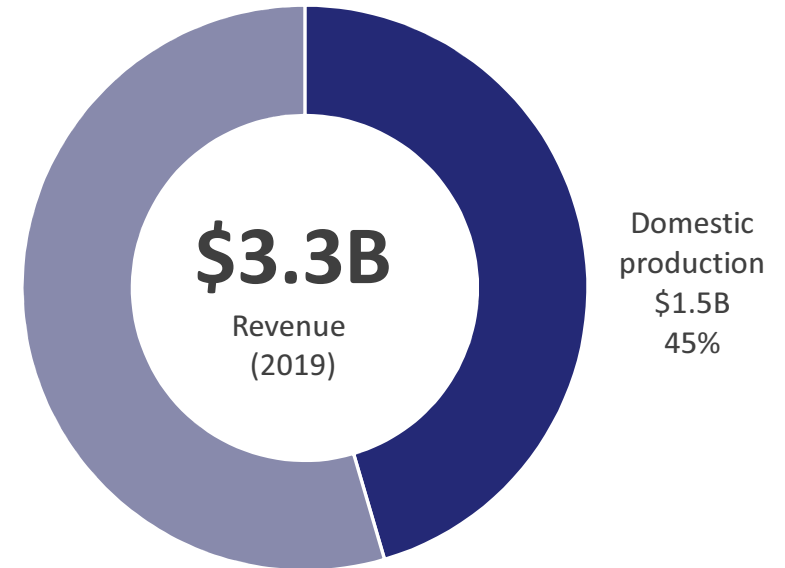


Imported cable and wires
\$1.8B
55%

Of the \$3.3bn cables industry, sub-industries are estimated as:

- Low Voltage (\$1-1.5bn)
- Fibre (~\$1bn)
- Medium Voltage, High Voltage & Extra High Voltage (~\$1bn)

Market Size (2020)



Source: IBISWorld, 2020

Market Tailwinds



- Major Federal and State Govt spend planned (~\$110 billion) over next decade on infrastructure



- ~\$200 billion in defence spend planned
- >\$65 billion of major rail projects, regional rail upgrades and rail crossing removals planned and underway



- Require high Australian standards
- Federal and State Govt policies to support 'economic sovereignty'
- Remove supply chain bottlenecks

Australian Made Advantages



Made in Australia with ~92% composition of Australian materials



Quicker turnaround for production (4 weeks vs ~8-12 weeks for China and >12 weeks for Europe)



Weaker AUD makes **pricing comparable** to imported products



Satisfies **local procurement** and Australian Government **'economic sovereignty'** initiatives



Australian Standards and Industry Type Approval provides ongoing advantage



Leverage post-COVID environment for **insourced manufacturing** due to Govt requirement or **supply chain security**

Appendices



EGY Corporate Overview



| Key Metrics | | Share Price (\$) | |
|-----------------------------|-------|------------------|-------|
| Shares on issue (m) | 172.2 | 12 month high | 0.18 |
| Last traded price (\$) | 0.14 | 12 month low | 0.075 |
| Market capitalisation (\$m) | 24.1 | 5 day VWAP | 0.135 |
| Net debt (\$m)* | -0.8 | 15 day VWAP | 0.135 |
| Enterprise valuation (\$m) | 23.3 | 30 day VWAP | 0.142 |

Source: IRESS, Sentieo

| Top 5 Shareholders | | |
|---|-------------------|---------------|
| J P Morgan Nominees Australia Pty Limited | 28,274,193 | 16.4% |
| Cashel Family Office | 12,591,949 | 7.3% |
| Advance Cables Pty Ltd | 10,782,839 | 6.3% |
| Alfred Chown (MD & Founder) | 8,243,575 | 4.8% |
| Howe Automotive Limited | 4,989,465 | 2.9% |
| Other shareholders (#933) | 94,701,244 | 62.3% |
| Total | 85,730,955 | 100.0% |

*Pro Forma
Chart Source: IRESS

Board of Directors

Brian Jamieson Non- Executive Chairman

Mr. Jamieson has over 40 years' experience in the advisory, manufacturing, resources and technology industries in Australia and offshore. Mr. Jamieson was Chief Executive of Minter Ellison Melbourne from 2002-2005, Chief Executive Officer at KPMG Australia from 1998-2000, Managing Partner of KPMG Melbourne and Southern Regions from 1993-1998 and Chairman of KPMG Melbourne from 2001- 2002. Prior to the merger of Touche Ross & Co and Peat Marwick Hungerfords to form KPMG, Mr. Jamieson was the Managing Partner for Australia for Touche Ross & Co. He has over 30 years' experience in providing advisory and audit services to a diverse range of public and large private companies. He is also a Fellow of the Institute of Chartered Accountants in Australia and New Zealand and a Fellow of the Australian Institute of Company Directors

Matthew Driscoll BA, Grad. Dip. App Fin. SF Fin., GAICD Non- Executive Director

30 years' experience in capital markets, financial services and as a Company Director. NED for Blina Minerals (ASX:BDI) and NED for BuyMyPlace.com.au (ASX:BMP). Experienced in online technologies, fintech, property and resources.

Ian Campbell Non-Executive Director

Mr Campbell joined Olex Cables in 1989 as Group General Manager and then as Managing Director of the Pacific Dunlop Cables Group until 1998. In 1998 Mr Campbell joined ASX-200 listed GUD Holdings Ltd as its Managing Director and CEO until his retirement in mid-2013. Mr Campbell joined the BWX board in 2015 and was appointed Chairman in September 2018. Mr Campbell has been a non-executive director of Mirrabooka Investments Ltd since 2007. He was formerly a national councillor and Victorian Vice-President of the Australian Industry Group

Anthony Smith Non-Executive Director

Mr. Smith has over 30 years' experience in finance with a variety of firms concentrating on small to medium sized companies in regard to corporate finance, institutional research sales and private wealth advice. During this time, he was charged with running these businesses along with titles of Head of Securities and Country Director of Austock Group and Phillip Capital. Mr Smith currently handles the investments at Cashel Family Office, a Melbourne based multi family office company and is a Non-Executive Director of IODM Limited

Yulin Hu Non-Executive Director

An Australian resident and leading businessman whose roles include the President of China City Construction Holdings Limited, a construction business in China with approximately 6bn RMB (A\$1.1bn) turnover.

Historical Operating Results



Energy Technologies - Profit & Loss

(A\$'000, unless indicated)

| | HY21 | FY20 | FY21 |
|-----------------------|----------------|----------------|----------------|
| Sales revenue | 4,054 | 10,058 | 9,428 |
| COS | (4,455) | (7,642) | (6,794) |
| | (401) | 2,416 | 2,634 |
| Administrative | (2,544) | (5,113) | (5,668) |
| Finance costs | (743) | (1,242) | (1,594) |
| D&A | (1,120) | (1,236) | (2,503) |
| Operating Loss | (4,808) | (5,175) | (9,765) |
| Other Revenue | 1,173 | 760 | 2,163 |
| PBT | (3,635) | (4,402) | (5,344) |

- Sales strengthened in the last quarter due to sharp increase in June as a result of working cap restructuring

- Finance costs to remain high until all debt commitments are re-financed

- D & A higher due to decision to write down and impair multiple items

- Loss lower in the second half due to accounting for R & D claim

Balance Sheet



Energy Technologies – Balance Sheet (FY18 – 1H FY20)

(A\$'000, unless indicated)

| | Period to Jul 21* | FY20 | Pro Forma post Entitlement Issue |
|-----------------------------|-------------------|---------------|----------------------------------|
| Assets | | | |
| Cash | -25 | 27 | 2,922 |
| Trade and other Receivables | 4,341 | 4,188 | 4,341 |
| Inventory | 4,342 | 2,327 | 4,342 |
| Other | 673 | 358 | 673 |
| | 9,381 | 6,900 | 12,327 |
| PP&E | 12,126 | 12,871 | 12,126 |
| Deferred Tax | 0 | 229 | 0 |
| Right of Use Asset | 3,155 | 3,876 | 3,155 |
| Intangibles | 6,246 | 4,737 | 6,246 |
| Other | 497 | 216 | 497 |
| | 22,024 | 21,929 | 22,024 |
| Total Assets | 31,406 | 28,830 | 34,352 |
| Liabilities | | | |
| Trade and other Payables | 4,482 | 6,269 | 3,832 |
| Debt | 5,690 | 3,865 | 681 |
| Other | 2,439 | 882 | 2,439 |
| Provisions | 0 | 846 | 0 |
| | 12,612 | 11,862 | 12,612 |
| Debt | 2,395 | 339 | 0 |
| Leasing | 2,765 | 3,395 | 2,765 |
| Other | 132 | 157 | 132 |
| | 5,292 | 3,891 | 2,897 |
| Total Liabilities | 17,905 | 15,753 | 9,851 |
| Net Assets | 13,500 | 13,076 | 24,501 |

FOCUS POINTS

- Working cap facilities removed reducing finance costs and cash used for working cap to support \$3.4m Sales per month
- Intangibles higher due to R&D investment
- Legacy debt is Invoice Financing which will extinguish on normal trade terms
- Other liabilities includes Leasing of 923k and Staff provisions of 1.03m
- Debt extinguished to reduce financing costs

*Unaudited to July 2021

Appendix: Key Risks



| Risk | Risk Management |
|----------------------|--|
| Demand Risk | <ul style="list-style-type: none">• The target industries are varied and demand can be affected in numerous ways, not the least Covid related, Government and Defence spending, Construction industry, Private infrastructure and lack of confidence in delivery and pricing. |
| Capacity Risk | <ul style="list-style-type: none">• Access to raw materials has been restricted due to limited capital. Capacity issues are a risk to Sales as Sales are booked once the product has been processed and delivered. Issues with machinery would also affect the capacity of production depending on timing and the relevant machine |
| Product Risk | <ul style="list-style-type: none">• Each product is manufactured to ISO AS/NZS 9001:2015 and other Federal and State Government standards and by quality assured by industry in the majority of its uses |
| Delivery Risk | <ul style="list-style-type: none">• The company had previously lacked inventory, working capital and manufacturing capacity to be able to meet delivery timeframes in a timely manner. Delivery times are extremely important in the industry |
| Competition | <ul style="list-style-type: none">• Bambach's main competition in specialised cables and wires is from offshore suppliers. The Company's offering is competitive in a weaker AUD rate environment and delivery time |
| COVID-19 | <ul style="list-style-type: none">• The Company has experienced a decline in orders in relation to COVID-19 through the first half of FY21. |



ENERGY
TECHNOLOGIES LTD.

Bambach
AUSTRALIAN ADVANCED CABLE MANUFACTURERS