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ASX Announcement

FY2024 Earnings Update

Adacel Technologies Limited (Adacel or the Company), an industry leader in advanced air traffic management solutions and simulation and training systems, wishes to provide an update on its FY2024 Earnings Guidance.

FAA Contract for Tower Simulation System Support & Technical Refresh

In October 2023, the Company announced a new contract award from the Federal Aviation Administration (FAA) following a competitive bid process. Valued at USD\$59 million over five years, the contract encompasses a comprehensive range of services connected with the FAA Tower Simulation Systems (TSS).

Shortly following the award of this contract to Adacel, a protest was filed with the Office of Dispute Resolution for Acquisition (ODRA). In early June 2024, the ODRA recommended that the FAA allow a bidder to resubmit certain elements of its proposal and that this new proposal be re-evaluated by the FAA against Adacel's original bid. A decision is expected early September 2024.

Over the last two decades, we have delivered our world-class, proprietary simulation software across the world to some of the world's largest Air Navigation Service Providers and military customers. Adacel remains fully committed to supporting the FAA, and the entirety of the TSS program. Our dedication to excellence and our long-standing partnership with the FAA is unwavering. We are actively engaged in ensuring that our contributions to the program continue seamlessly and without interruption. To that end, Adacel will continue to deliver under the terms of the TSS contract whilst reviewing all legal options.

The Company will keep shareholders informed as the process evolves.

Restructuring & Other Costs

In addition, the Company's financial results will include one-time severances, restructuring and legal & professional charges totaling approximately \$0.7 million. These costs are mainly related to termination costs associated with a reduction of personnel to improve productivity and eliminate inefficiencies. The actions primarily relate to our decision to combine our ATM and Remote Tower business units, thereby streamlining our operations and optimizing our employee skill set.

The Company updates its FY2024 earnings guidance of EBITDA to between USD\$0.8 million and USD\$1 million, , excluding the one-time restructuring costs and loss before taxes of between USD\$2.5 million and USD\$2.7 million, net of the one-time restructuring costs.

-ENDS

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

About Adacel:

Established in 1987, Adacel is a publicly traded company listed on the ASX. The company plays a significant role in global air space safety. A world-leader in its industry, Adacel applies cutting-edge technologies to develop advanced air traffic control simulation and training systems and state-of-the-art air traffic management solutions. Adacel's customers include international air navigation service providers (ANSPs), military, defense & security organizations, universities, and airport authorities. More than 21% of the world's airspace is managed with Adacel's Aurora ATM software. MaxSim Tower Simulator and Training systems lead the industry with the highest number of installations worldwide. Adacel's latest flagship system, REVAL, a virtual Air Traffic Control (ATC) tower system delivers a wide spectrum of virtual tower operational solutions, from consulting services to system design, development, deployment, and support. For more information, please visit adacel.com.

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