

ASX ANNOUNCEMENT

27 April 2021

March 2021 Quarterly Activities Report and Appendix 4C

Advanced Braking Technology Limited (ASX: ABV) ('ABT' or 'the Company'), the pre-eminent supplier of fail-safe brakes for commercial vehicles in Australia, is pleased to provide an overview of the results for Q3 FY21 along with the Quarterly Activities Report and Appendix 4C.

Q3 FY21 Highlights

- **Operating Sales** increased to \$2.28m¹ (a 2.6% increase on Q3 FY21 and 19.1% increase on previous corresponding period (pcp))
- **Record March Operating Sales** of \$1.0m achieved
- **Product sales margin** of 51.1% for the quarter, reflecting a 5.5% margin increase on Q2 FY21 and 2.8% margin increase on pcp
- Stable **cash position of \$1.52m** (\$1.48m at 31 December 2020) following a net cash inflow for the quarter of \$0.046m
- Continued **positive trend** in unaudited net profit and EBITDA of \$0.4m and \$0.62m
- Two **new trials commencing** for Terra Dura
- **Strong focus on strategic growth** opportunities to drive scale and revenue diversification

John Annand, Chief Executive Officer, stated, "We have continued to produce steady improvements in our results over the last quarter. Despite what is normally a quieter period and with the ongoing international transport issues caused by COVID, we have delivered a 19% increase in operating sales over the prior corresponding period. Additionally, we saw a strong finish to the quarter with over \$1m in sales in March alone.

We have continued to make advancements in our technology with the release of the Terra Dura X, a metal cover variant, and a number of exciting trials for our products have commenced. We are also pleased to have been selected to present at the EuroBrake 2021 Virtual Conference in May. This, alongside our focus on driving both our organic and inorganic growth strategies is a pleasing start to the final quarter of FY21 and we expect to continue to demonstrate execution against our strategic objectives over the remainder of the calendar year."

¹ All revenue, sales and profit metrics are unaudited

Financial Update

ABT achieved consistent sales results for Q3 FY21, with total operating sales of \$2.28m, demonstrating a steady increase in results off the back of a focused marketing and product positioning campaign, under the leadership of Ben Suda over the last nine months. Additionally, the gradual easing of interstate travel restrictions, in particular in QLD and WA, have allowed for renewed sales opportunities. This resulted in a steady 2.6% increase in Operating Sales over the prior quarter. Overall, the Company continues to see solid revenue increases with a +19% improvement compared to Q3 FY20 (pcp was only minimally impacted by COVID) and the results continue to demonstrate the benefits of the diversification strategy implemented over recent years.

Product sales margins for Q3 FY21 were 51.1% (Q3 FY20: 48.3%) an increase on pcp and a 5.5% margin increase on the previous quarter (Q2 FY21: 45.6%). Overall, braking systems sales account for approximately 59% of operating sales YTD, with the residual of sales revenue from engineering design services, installation services and a strong proportion (36%), from the ongoing sale of spares and consumables.

The Company continues to see improvements in net profit and EBITDA, delivering \$0.4m and \$0.62m respectively. ABT had a cash inflow of \$0.046 million for the quarter resulting in an improved cash position of \$1.52 million as at 31 March 2021.

The Company was successful in securing a Defence Global Competitiveness Grant to a maximum value of \$240,000 from the Centre for Defence Industry Capability. ABT has committed funding to the purchase of the CNC Lathe machine, which was delivered within the quarter and will be commissioned for use in Q4. The bulk of the grant funds, \$144k, will be received in early FY22, with \$96k received during the quarter.

The Company continues to improve its financial position by diversifying its domestic customer base, maintaining its international customers, driving sales of all products in ABT's portfolio and through internal rigorous cost controls. ABT is now positioned to ensure adequate funding is available for working capital, to further progress product innovation for the business and to progress in-house manufacturing capability.

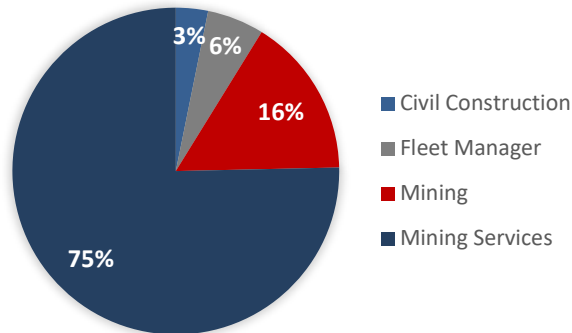
Operational Update

ABT continues to progress its strategy of driving diversification across its customer base and industries. The Company has released a number of new innovative product advancements, including Terra Dura X, a metal cover variant suited for use within the harshest operating environments. Additionally, the Company has entered into a trial for ABT's Terra Dura brakes, in association with Bruno Fritsch Toyota, for use within an established underground mine in Chile. This trial will take place over approximately a six month period.

A further trial has commenced with ABT's Terra Dura brakes in conjunction with a national retailer for the potential use in the recreational 4WD market. These trials remain at an early stage and commercial outcomes and revenue generating agreements cannot be guaranteed at this time, but it demonstrates the proactivity of the ABT team in seeking out alternative applications of ABT's product portfolio.

The Company continues to see strong demand from its core industry segment, mining services, and continues to explore additional opportunities. ABT continues to expand the sales pipeline covering a diverse customer and industry base and will continue to focus on expanding through existing market segments and new segments in due course.

Q3 Sales by Industry



ABT continues to supply and support its existing customer base, including the VEEM/Thales' Hawkei Protected Mobility Vehicle —Light project. ABT has to date supplied 36% of the agreed components for park brake mechanisms to be manufactured and supplied by VEEM for this project.

ABT is continually reviewing the COVID-19 operating environment both within Australia and internationally. ABT's primary customer base is in the mining and civil construction industries within Australia, however, the business has experienced some impact from its logistics partners and delays for select international customers due to the decrease in international flights and global pressure on shipping options. The financial impact to the business has not been material with only a small number of international customers currently impacted, however we continue to monitor the situation.

Corporate Update

ABT has an ongoing priority to invest in its manufacturing capability with the purchase of a CNC lathe machine to allow for customisation and enhanced product development. During the quarter, the Company appointed a new Engineering Manager, David Newcombe. David will be driving the strategic direction of the Company's future product innovation and releases. With 10+ years at GM Holden and extensive experience in design and innovation within original equipment manufacturing in the automotive industry, David will provide strong insight and direction in to ABT's product design and processes. Additionally, David has a strong background in automation and robotics and in supplying automotive solutions to the defence industry. David commenced with ABT on 22 March 2021. His appointment follows the resignation of Anthony van Litsenborgh, who has overseen the Engineering division of ABT for the last two years.

Payments to related parties and their associates included in operating activities totalled \$81k, which included non-executive directors' fees and superannuation totalling \$69k, which were paid to Directors' personally or via a related entity. Payments for services rendered in the amount of \$12k to AE Administrative Services Pty Ltd, a company secretarial services associated with a director of the Company.

Outlook

ABT has established a solid foundation for growth with quality products and service underpinned by a culture of both safety and the environmental impact of the business. The Company is focused on strategic growth opportunities and are currently assessing key initiatives to drive scale, revenue diversification and enhanced innovation for the business. The Company is taking the strategic steps needed to position itself for the future and actively participate in the automotive megatrends of automated, electric and connected vehicles.

On the outlook for ABT, John Annand, CEO stated, *“As we enter the final quarter of the financial year we are pleased with the results to date and continue to focus on revenue growth, cost management and investment for future growth. We remain confident that we have the appropriate structure to deliver long-term value for our shareholders.”*

This release is authorised by the Board of Directors.

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About Advanced Braking Technology

Advanced Braking Technology Ltd (ABT) designs, manufactures and distributes its innovative braking solutions worldwide. From its head office in Perth, Western Australia, ABT continues to develop its product portfolio for a diverse range of industries that have a strong requirement for safety and environmental responsibility, including the mining, defence, civil construction and waste management industries.

ABT's innovative braking solutions are well known for their unparalleled safety, improved productivity, zero emissions and durability in the world's harshest conditions. As its reputation has grown, demand for ABT's brakes has expanded internationally with its braking solutions being used in all seven continents across the globe.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ADVANCED BRAKING TECHNOLOGY LTD

ABN

66 099 107 623

Quarter ended ("current quarter")

31 MARCH 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,326	7,646
1.2 Payments for		
(a) research and development	(6)	(27)
(b) product manufacturing and operating costs	(1,077)	(3,955)
(c) advertising and marketing	(16)	(40)
(d) leased assets	(24)	(70)
(e) staff costs	(659)	(1,848)
(f) administration and corporate costs	(350)	(1,146)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(2)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	96	731
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	289	1,288
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(239)	(261)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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	(239)	(261)

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	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(4)	(18)
3.8	Dividends paid	-	-
3.9	Other (Repayment of convertible debt)	-	-
3.10	Net cash from / (used in) financing activities	(4)	(18)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,479	516
4.2	Net cash from / (used in) operating activities (item 1.9 above)	289	1,288
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(239)	(261)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	(18)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,525	1,525

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	1,483	1,437
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits)	42	42
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,525	1,479

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 a) Non-Executive directors fees and superannuation - \$69k
b) Provision of company secretarial services from AE Administrative Services Pty Ltd, a company associated with a director of the company - \$12k

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	500	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	-

7.5 **Unused financing facilities available at quarter end** 500

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.

The facility at 7.2 above is a NAB Invoice Finance Facility, which provides finance of 80% of Australian Trade Receivables up to the value of \$500,000. This facility is secured by the Company's debtors and by a general security over the assets of the Company. This facility been in place since 2013. The interest rate for the NAB Invoice Finance Facility is currently 4.72%.

Other Arrangements

The Company has two other finance arrangements that it does not consider financing facilities, as funds are not able to be drawn upon for working capital. The details of the arrangements totalling \$36,983 are below.

The Company has an unsecured finance arrangement for the Company's annual insurance premiums with Attvest Finance Pty Ltd. The amount outstanding for the remaining period of the arrangement, being 1 month is \$18,566. The interest rate of the funding is approx. 4.5% pa.

The Company has a secured vehicle finance arrangement with Toyota Finance Australia Limited for the purchase of a Toyota Hilux, at an interest rate of 5.43%. The outstanding balance for the remaining period of the arrangement, being approximately 9 months, is \$18,417.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	289
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,525
8.3 Unused finance facilities available at quarter end (Item 7.5)	500
8.4 Total available funding (Item 8.2 + Item 8.3)	2,025
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A

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: 27 April 2021

Authorised by: the Board of Advanced Braking Technology Limited
(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.