

ASX ANNOUNCEMENT

30 August 2021

FY21 Results Announcement

Advanced Braking Technology Ltd (ASX: ABV) ('ABT' or 'the Company' or 'the ABT Group'), the pre-eminent supplier of fail-safe brakes for commercial vehicles in Australia, provides an overview of the FY21 results.

FY21 Highlights

- **Total Revenue** of \$10.45m, up 15% on previous corresponding period (pcp)
- **Operating Sales** increased to \$9.70m, up 16% on pcp with **product sales margins** of 46% stable on pcp
- **Net Profit** result of \$0.62m (FY20: \$0.17m) and **EBITDA** result of \$0.91m (FY20: \$0.65m), a 263% and 40% improvement respectively
- Improved **cash position of \$1.41m** (FY20: \$0.52m) delivering positive operating cashflow of \$1.2m
- Ongoing **resilience in business operations** delivers record financial year results despite global impact of COVID-19
- Participated in both the **EuroBrake 2021** virtual conference and **Land Forces 2021** conference
- **Focused on identifying organic and inorganic growth opportunities** to drive scale and revenue diversification

John Annand, Chief Executive Officer, stated, "We revised our strategy and structure nearly two years ago and continue to demonstrate the success of these initiatives in our results at each reporting period. We are pleased, once more, to deliver growth in our key metrics and assess how we can deliver further growth in the business.

The delivery of our organic growth strategy is evidenced in our numbers. We are pleased with the progress made to date to increase sales, control costs and maintain margins across our core product portfolio. As previously communicated, we also continue to assess inorganic growth opportunities that can accelerate our growth and broaden our product offering."

SUMMARY FINANCIAL RESULTS	FY21	FY20	Change
Total Revenue	\$10.45m	\$9.08m	15%
Operating Revenue	\$9.70m	\$8.35m	16%
Gross Margin	46.3%	46.3%	-
Total Expenses	\$4.62m	\$4.43m	4%
EBITDA	\$0.91m	\$0.65m	40%
Profit / (Loss) for the period	\$0.62m	\$0.17m	263%
Operating cashflow	\$1.21m	\$0.24m	403%
Cash and cash equivalents	\$1.41m	\$0.52m	173%

Financial Update

ABT continues to demonstrate demand for its core products, FailSafe and Terra Dura, with \$9.7m in operating revenue, driving a 15% uplift in total revenue to \$10.45m. The sale of braking systems accounted for approximately 55% of operating revenue, with the remainder comprising of engineering design services, installation services and a strong proportion from the ongoing sale of spares and consumables (40%).

Product sales margins were stable during FY21, with an FY21 product margin and gross margin result of 46.3%. The Company has continued to deliver improvements in the EBITDA result, at \$0.91m for the year compared to \$0.65m for FY20, as a result of cost management initiatives. A focus on driving improvements in sales and cost management, alongside stable gross margins, has resulted in a FY21 net profit of \$0.62m (FY20: \$0.17m).

ABT continues to prudently manage the cash position, with \$1.41m in cash on hand as at 30 June 2021 (31 December 2020: \$1.48m). These funds remain broadly stable whilst the Company continues to invest in operations, including in-house assembly, manufacturing and product innovation. During FY21 the Company was awarded a Defence Global Competitiveness Grant of up to \$0.24m, of which \$0.096m was received in FY21, with the balance of \$0.144m expected to be received in the first half of FY22.

Over FY21, ABT received \$0.105m in COVID-19 related financial assistance payments, provided by both the Federal and Western Australian governments.

Operational Update

ABT has progressed its strategy of driving further diversification across its customer base and industries. The Company has made significant progress with a number of notable operational events over the year, including participating in both the EuroBrake virtual conference and Land Forces conference in Brisbane, which provide significant opportunities for product demonstrations and education. These conferences are critical to drive product awareness in the broader marketplace and to demonstrate product differentiation. The Company has leveraged both opportunities to continue engagement post the event.

The Company has an expanded sales pipeline covering a diverse customer and industry base and remains focused on expanding through existing market segments and new segments in due course. This includes investigating opportunities that exist within the heavy vehicle transport sector where maintenance and safety issues have identified a need for a sealed heavy duty brake solution.

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 59% of the agreed components for park brake mechanisms to be manufactured and supplied by VEEM for this project.

ABT actively manages its patent portfolio and intends to progress the patent applications for its sealed brake technology within selected jurisdictions.

The Board and Management of ABT remain alive to 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 due to the resilience of ABT's Australia-based supply partners. However, ABT continues to monitor the situation and any potential impacts to its supply chain.

Corporate Update

The Company is well positioned with the right team, financial structure and strategy in place to address the growing market opportunity within this sector. During the year, ABT appointed Andrew Booth, as Director of Strategy and Commercial; Ben Suda, Director of Sales and Marketing and David Newcombe as Engineering Manager. Alongside the Executive Management team and the Board, the Company is well placed to drive forward with its organic and inorganic growth strategy.

Outlook

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

Full Year Investor Webinar

ABT will provide an investor webinar to provide an overview of the business, discuss the full year results and the outlook. To register for the webinar please follow the link below.

Date: Monday, 13 September 2021

Time: 12:30pm AEST

Registration Link: https://us02web.zoom.us/webinar/register/WN_IbDbC1D8QU2sY9ncwmTc_A

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.