

ASX ANNOUNCEMENT

29 October 2021

September 2021 Quarterly Activities Report and Appendix 4C

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, is pleased to provide an overview of the results for Q1 FY21 along with the Quarterly Activities Report and Appendix 4C.

Q1 FY22 Highlights

- **Operating Sales** increased to \$2.69m¹ (an increase of 1.0% on Q4 FY21 and a 6% increase on previous corresponding period (pcp))
- **Product sales margins** of 44.1% for the quarter, reflecting a 1.0% margin decrease on Q4 FY21 and a 0.2% margin decrease on pcp
- Stable **cash position of \$1.5m** (\$1.4m at 30 June 2021) following a net cash inflow for the quarter of \$0.95m
- Continued **positive trend** in unaudited net profit and EBITDA
- **Strong focus on strategic growth** opportunities to drive scale and revenue diversification

John Annand, Chief Executive Officer, stated, "As we start this new financial year, ABT continues to deliver across our key metrics with operating sales increasing marginally to \$2.69 million and sales margins remaining consistent. These results are despite the national restrictions on travel which has limited face to face engagement with some customers, in addition to the increased pressure on logistics and supply chain, however the Company remains proactive in managing these challenges and mitigating any impacts.

We continue to engage in strategic conversations commenced in the prior quarter, albeit of a longer lead nature, with a number of OEMs on the applications of ABT's products and we continue to assess further opportunities to drive accelerated growth and revenue diversification as part of our organic and inorganic growth strategies."

Financial Update

Sales results provided steady growth with total operating sales of \$2.69 million (m) showing continued growth and demand for the products. The Company delivered a 6% increase in sales over the prior comparison period, Q1 FY21 and a 1% increase on the prior quarter, Q4 FY21, demonstrating momentum and continued benefits of the diversification strategy implemented over recent years.

Product sales margins for Q1 FY22 were 44.1% (Q4 FY21: 45.1%), a 1% decrease on the prior quarter. Overall, braking systems sales account for approximately 53% (FY21: 55%) of operating sales with the

¹ All revenue, sales and profit metrics are unaudited

balance of sales revenue coming from engineering design services, installation services and a strong proportion from the ongoing sale of spares and consumables.

The Company continues to generate positive, unaudited net profit and EBITDA results. During the quarter, ABT had a cash inflow of \$0.95m and has maintained an ongoing improved cash position of \$1.5m as at 30 September 2021 (Q4 FY21: \$1.4m).

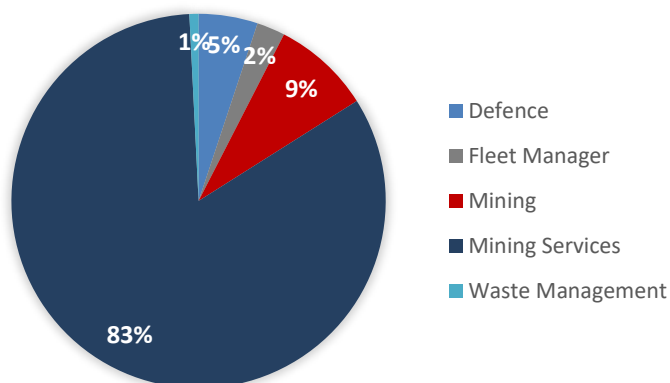
The Company continued to improve its financial position by diversifying its domestic customer base, driving sales of all products in ABT's portfolio and through internal rigorous cost controls. ABT is positioned to ensure adequate funding for working capital and further progress product innovation within the business.

Operational Update

ABT remains abreast of industry trends and progress and is actively engaged in conversations pertaining to the automotive megatrends of automated, electric and connected vehicles. Additionally, management remain committed to the core ethos of the business, being one focused on safety and the environment and continue to assess ways to further advance our products to address these key principles.

ABT continues to progressively diversify its customer base with a number of new customer deployments throughout the quarter. Demand from the core industry segments being mining services remains strong and ABT continues to assess additional opportunities in adjacent and complimentary industries. ABT's sales pipeline covers a diverse customer and industry base with a focus 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.

Q1 FY22 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 73% of the agreed components for park brake mechanisms to be manufactured and supplied by VEEM for this project.

The COVID-19 operating environment both within Australia and internationally continues to be considered and assessed. ABT's primary customer base is in the mining and mining services 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, ABT continues to monitor the situation and any potential impacts to its supply chain.

Corporate Update

Payments to related parties and their associates during the quarter included in operating activities totalled \$88k, 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 of \$11k to AE Administrative Services Pty Ltd for company secretarial services, is associated with a director of the company. Payments for legal services rendered of \$8k to Rockwell Bates, is 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 enhance innovation for the business. 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.

On the outlook for ABT, John Annand, CEO stated, *"We continue to deliver solid results quarter on quarter and remain focused on ensuring that ABT is well positioned to participate in the megatrends of automated, electric and connected vehicles and remain true to our core ethos of safety and the environment. Furthermore, we continue to progress our strategic mandate to identify additional market opportunities for our sealed braking solutions, and we will pursue these opportunities with vigour over the coming months"*.

This release is authorised by the Board of Directors.

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Corporate

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About Advanced Braking Technology

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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")

30 SEPTEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,894	2,894
1.2 Payments for		
(a) research and development	(41)	(41)
(b) product manufacturing and operating costs	(1,595)	(1,595)
(c) advertising and marketing	(20)	(20)
(d) leased assets	(24)	(24)
(e) staff costs	(622)	(622)
(f) administration and corporate costs	(416)	(416)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	174	174
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11)	(11)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(11)	(11)

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	(64)	(64)
3.7	Transaction costs related to loans and borrowings	(4)	(4)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(68)	(68)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,411	1,411
4.2	Net cash from / (used in) operating activities (item 1.9 above)	174	174
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(11)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(68)	(68)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,506	1,506

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	1,464	1,369
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)	1,506	1,411

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	88
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

- 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 - \$11k
- c) Provision of legal services from Rockwell Bates, a company associated with a director of the company - \$8k

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>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.</i>		
7.1	150	150
7.2	500	-
7.3	15	15
7.4	665	165
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.	
	<p>The loan facility at 7.1 above is 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 10 months is \$150,012. The interest rate of the funding is approx. 4.5% pa.</p> <p>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 4.69%.</p> <p>7.3 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 approx. 4 months, is \$14,933.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1	174
8.2	1,506
8.3	500
8.4	2,006
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)
	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:
8.6.1	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?
	Answer: N/A

8.6.2 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?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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: 29 October 2021

Authorised by: Board of Directors
(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.