

ASX ANNOUNCEMENT

21 April 2022

March 2022 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 Q3 FY22 along with the Quarterly Activities Report and Appendix 4C.

Q3 FY22 Highlights

- Record result in **Operating Sales** of \$2.74 million¹ (up 4.6% on Q2 FY22 and 20.4% on previous corresponding period (pcp))
- **Stable Product Sales Margins** of 46.2% for the quarter, up 1% on Q2 FY22 and a 4.83% margin decrease on pcp
- Positive net operating cash inflow of \$0.457 million with a **cash position of \$1.96 million** (\$1.57 million at 31 December 2021)
- **Continuing positive trend** in unaudited net profit and EBITDA
- **Strategic growth opportunities explored** to drive scale and revenue diversification

ABT continues to build on the quality of its product offering, providing a safe and cost-effective braking solution for customers within the mining services, defence and similar industries. The Company delivered a record quarter with solid results across all key metrics with operating sales revenue of \$2.74 million. Underpinning these results is the strength of the underlying demand from new and existing customers in domestic and export markets.

Recently appointed CEO, Andrew Booth commented that, "*The record results achieved in Q3 reflect sound and methodical execution of the ABT strategic plan combined with continued market demand for Failsafe brake products. We remain keenly focussed on the strength of our customer relationships to ensure that we continue to deliver product whilst navigating the ongoing global supply chain impacts caused by current global events.*"

"As we look towards the new financial year, we will leverage our strong strategic customer relationships, expand our current product offering and accelerate our new customer acquisition strategy."

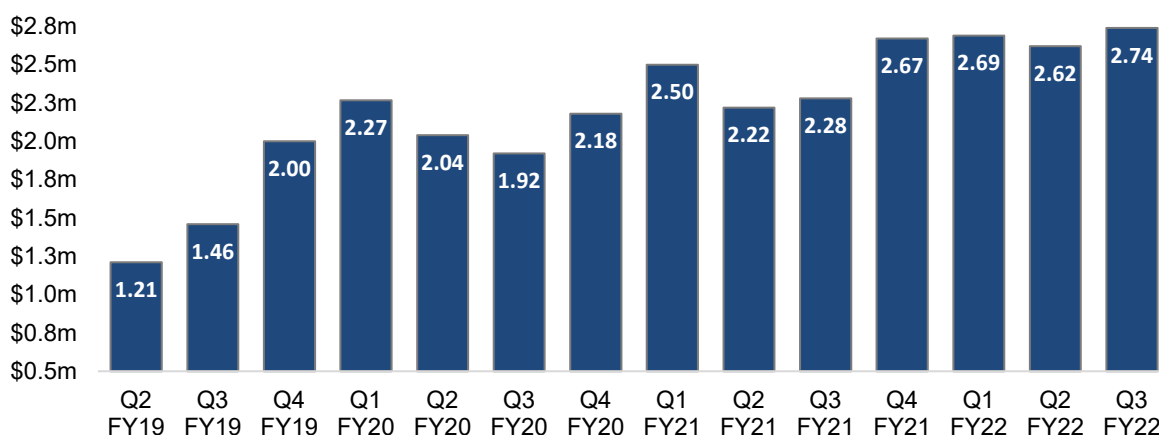
"We are progressing strategic conversations with a number of key customers and strategic partners on the applications of ABT products which have the potential to accelerate growth and revenue diversification as part of our growth strategy."

¹ All revenue, sales and profit metrics are unaudited

Financial Update

The Q3 Sales results were strong with total operating sales of \$2.74 million, showing continued demand for Failsafe products. The Company delivered an increase of 4.6% in sales over Q2 FY22 and 20.4% on Q3 FY21, demonstrating momentum and continued benefits of the diversification strategy implemented in the past few years.

Total Operating Sales by Quarter



Product sales margins for the quarter were 46.2% (Q2 FY22: 45.2%), a 1% margin increase on the prior quarter. Overall, braking systems sales account for approximately 51.4% (FY21: 54.8%) of operating sales with the 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 net operating cash inflow of \$0.457 million, including the receipt of the R&D tax offset and defence grants totalling \$0.653 million. ABT has an improved cash position, with a record balance of \$1.96 million, as of 31 March 2022 (Q2 FY22: \$1.57 million).

The Company continues to improve its financial position via diversification of the domestic customer base, driving sales of all products in ABT's portfolio and continuous focus on internal cost controls. ABT has adequate funding for working capital and further product innovation within the business.

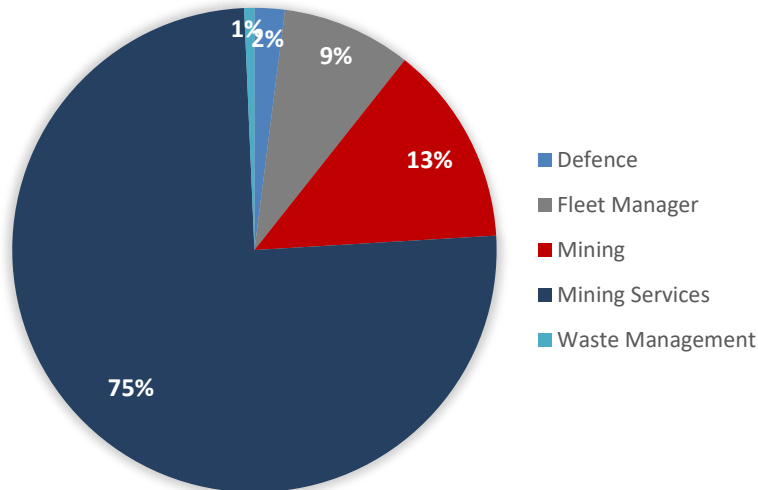
Operational Update

ABT marked a key milestone recently in successfully delivering a total of 1,100 Hill Hold Brake Systems to Thales for the Hawkei Protected Mobility Vehicle. The Hawkei is delivering a new generation of protected vehicle and meets the requirements of the modern defence force for a highly protected, versatile and fully C4I integrated vehicle able to operate in high threat environments.

This milestone reflects ABT's engineering capability to meet stringent defence standards and provides ABT with the ability to engage with other international specialised fleet providers with our customised design solutions

ABT continues to focus on the relevance of Environment, Social and Governance (ESG) trending across Industries in Australia and Globally. ABT SIBs FailSafe solutions are strongly positioned to address all aspects of ESG encompassed within good corporate governance and the social impact by addressing the working environments of our customers in challenging industrial workplace settings.

Q3 FY22 Sales by Industry



ABT is proactively addressing industrial supply chain uncertainty through forward inventory planning and remains in constant dialogue with its suppliers. The ongoing impact on transport and supply chain is having a moderate impact on the length of time to procure certain component parts. However, given the structure of ABT's business and procurement, the Company has seen minimal financial impact and continues to monitor the operating environment.

Further, ABT retains an acute focus on the supply chains of its customers. In particular, the Toyota Land Cruiser model which among other Auto OEM Brands, continues to experience record demand and unprecedented waiting lead times for delivery.

Corporate Update

During the quarter, Andrew Booth, previously in the role of Director of Strategy and Commercial was formally appointed as Chief Executive Officer for ABT in March 2022. Andrew has Corporate Development and Strategic leadership experience across a range of industries in the Asia Pacific region.

Payments to related parties and their associates during the quarter included in operating activities totalled \$84,000, which included non-executive directors' fees and superannuation totalling \$69,000, which were paid to Directors' personally or via a related entity. Payments for services rendered of \$9,000 to AE Administrative Services Pty Ltd for company secretarial services, is associated with a director of the Company. Payments for legal services rendered of \$6,000 to Rockwell Bates, is associated with a director of the Company.

Change in Chief Financial Officer

ABT is pleased to announce the appointment of Ms Angela Godbeer as Chief Financial Officer, effective from 2 May 2022. Ms Godbeer will take over from Ms Paige Exley who has resigned as ABT's Chief Financial Officer to pursue external opportunities. Ms Exley will work with Ms Godbeer to ensure a timely and smooth transition.

Ms Godbeer brings substantial corporate, strategic and finance leadership experience to ABT with significant experience in an ASX listed manufacturing environment. Ms Godbeer is a Global Chartered Management Accountant (GCMA) and is a Certified Practising Accountant.

The Board would also like to recognise and thank Paige Exley for her efforts in leading the Finance function over the past 2½ years. Since joining as Financial Controller in November 2018 and transitioning to CFO in October 2019, she has been an instrumental part of the executive team, steering ABT through the pandemic and strengthening the Company's competitive position, balance sheet and capital management

position which is fundamental to our strategic growth agenda. We wish her the best with her future endeavours.

Outlook

A key driver of innovation and product development is the industry's strong focus on safety and compliance as. ABT is well positioned with a solid foundation for growth, with quality products and service underpinned by a culture of both safety and environmental impacts. 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.

On the outlook for ABT, CEO Andrew Booth stated, *"ABT's record quarterly and YTD result reflect an unwavering focus on methodical implementation of the Strategic Plan. We remain keenly focussed on ensuring that ABT is well positioned to participate in technology-driven industrial trends and remain true to our core ethos of safety and the environment. Additionally, we are continuing to progress our strategic mandate to identify additional market opportunities and pursue these opportunities with vigour over the coming months."*

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 2022

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	2,517	8,161
1.2 Payments for		
(a) research and development	(28)	(79)
(b) product manufacturing and operating costs	(1,613)	(4,766)
(c) advertising and marketing	(14)	(41)
(d) leased assets	(35)	(83)
(e) staff costs	(708)	(1,978)
(f) administration and corporate costs	(313)	(1,093)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(3)	(8)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	653	653
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	457	769
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(19)	(35)
(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	26	26
	(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	(7)	(9)

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)	(193)
3.7	Transaction costs related to loans and borrowings	(4)	(15)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(68)	(208)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,567	1,411
4.2	Net cash from / (used in) operating activities (item 1.9 above)	457	769
4.3	Net cash from / (used in) investing activities (item 2.6 above)	7	(9)

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)	(68)	(208)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,963	1,963

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	1,963	1,525
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	-	42
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,963	1,567

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	84
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 - \$9k
- c) Provision of legal services from Rockwell Bates, a company associated with a director of the company - \$6k

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.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	20	20
7.2	500	-
7.3	-	-
7.4	520	20
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 1 month is \$19,996. 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 5.16%.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1	457
8.2	1,963
8.3	500
8.4	2,463
8.5	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: 21 April 2022

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.