

ASX ANNOUNCEMENT

29 July 2022

June 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, is pleased to provide an overview of the results for Q4 FY22 along with the Quarterly Activities Report and Appendix 4C.

Q4 FY22 Highlights

- Record result in **Operating Sales** of \$3.03m¹ (an increase of 10.4% on Q3 FY22 and a 13.5% increase on previous corresponding period (pcp))
- **Slightly reduced Product Sales Margins** of 44.7% for the quarter, reflecting a 1.5% margin decrease on Q3 FY22 and a 0.3% margin decrease on pcp
- Strong FY22 closing **cash position of \$1.73m** (\$1.57m at 31 December 2021 & \$1.96 at March 2022)
- **Positive trend continued** in unaudited net profit and EBITDA
- **Actively assessing strategic growth opportunities** to drive scale and revenue diversification

ABT continues to build momentum globally, providing a reliable 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 key metrics with operating sales revenue of \$3.03m, and strong underlying demand from new and existing customers.

CEO, Andrew Booth commented that, *"The results over this past quarter point to the progression of ABT's strategic plan and our disciplined execution on this strategy. I want to take the opportunity to acknowledge this achievement and to personally thank our dedicated, capable team."*

ABT continues to deepen our strong base of customers and channel partners, expanding our domestic and regional business via both customer acquisition and the deepening of existing customer relationships.

We remain focussed on navigating the impacts of a volatile global market and we are proactively managing these challenges with the support of our strong partner relationships.

We are advancing a number of key projects which will drive accelerated growth and revenue diversification as part of our organic and inorganic growth agenda. We look forward to sharing further detail in due course."

¹ All revenue, sales and profit metrics are unaudited

Financial Update

Operating sales of \$3.03m were strong for the final quarter of FY22. The Company delivered growth of 10.6% in sales over Q3 FY22 and a 13.5% increase on Q4 FY21, marking the 11th consecutive quarter of growth over the prior year comparable quarter.

Total Operating Sales by Quarter



Product sales margins for the quarter were 44.7% and overall braking systems sales account for approximately 53.9% (FY21: 57.3%) of operating sales. This reflects a strong contribution from recurring spares and consumables revenue directly resulting from previous strong periods of new brake system sales.

The Company continues to generate positive, unaudited net profit and EBITDA results. During the quarter, ABT had a net operating cash outflow of (\$179k), contributed by increased inventory holdings to support an increased order book and mitigate supply chain disruptions, bringing the cash back in line to prior periods. Unaudited year end cash balance is \$1.74m (Q2 FY22: \$1.57m & Q3 FY22 \$1.96m).

The Company continued to improve its financial position by diversifying its regional and domestic customer base, driving sales across the product portfolio and ongoing rigor in cost controls. As a result, ABT has ensured adequate funding for working capital and further progressed product innovation within the business.

Macro-Economic Outlook and Trends

The global underground mining market is anticipated to grow ~18% Cumulative Annual Growth Rate between 2022 – 2030 driven by rapid industrialisation and the increasing implementation of technology.¹ Globally, the Mining Industry needs an estimated \$1.0 Trillion in investment to meet demand for underground metals, about twice the investment of the last supercycle.²

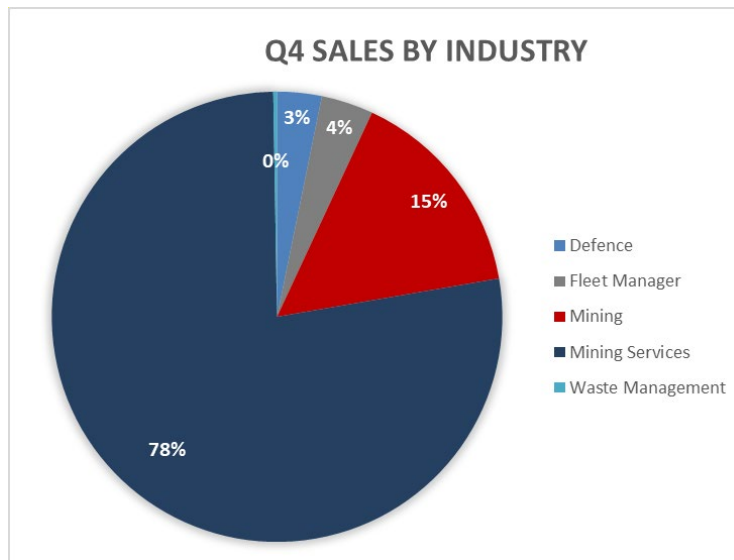
Underground mining presents inherently hazardous environments with risk of work-related injuries and fatalities. Conversely however, hazards in underground mining can be effectively mitigated with the safety of workers being of primary importance. At ABT safety remains core to our brand, our ethos and is central to everything we do. Our high performing Failsafe brakes protect our customers' people and assets

¹ https://www.marketwatch.com/press-release/global-underground-mining-market-analysis-by-size-share-news-demand-opportunity-during-2030-2022-07-22?mod=search_headline

² [Four ESG trends in the mining and metals industry | EY - US](#)

operating in rugged, high-risk environments. Through embracing these fundamental safety principles, we are offering sustainable business practices to our customers' long term mining projects balancing their financial bottom line with societal value, people, local community, and the environment. ² The global pandemic has accelerated this shift to Environment, Safety and Governance (ESG), empowering miners willing to adjust to a increasingly hi-tech, ESG - driven business models. ² As a result the industry continues to see strong focus on safety and compliance as a key driver for innovation in safety, technology and environmental solutioning. ABT is positioned strongly to this market dynamic with quality products and technical service support underpinned by a culture of both, safety and environmental undertaking.

Q4 FY22 Sales by Industry



The pandemic and geopolitical related impacts on the global operating environment remains a key area of focus for the Company. ABT has proactively implemented measures to address the changeable operating environment through forward inventory planning management leveraging a close strategic dialogue with our supply chain partners.

Corporate Update

During the quarter, ABT appointed Angela Godbeer as Chief Financial Officer. Angela brings to ABT significant experience in ASX listed manufacturing environments with a successful track record leading significant transformation aligned to strategic objectives.

Payments to related parties and their associates during the quarter included in operating activities totalled \$79k, which included non-executive directors' fees, superannuation and travel re-imbursments totalling \$62k, which were paid to Directors' personally or via a related entity. Payments for services rendered of \$12k to AE Administrative Services Pty Ltd for company secretarial services, is associated with a director of the Company. Payments for legal services rendered of \$5k to Rockwell Bates, is associated with a director of the Company.

¹ https://www.marketwatch.com/press-release/global-underground-mining-market-analysis-by-size-share-news-demand-opportunity-during-2030-2022-07-22?mod=search_headline

² [Four ESG trends in the mining and metals industry | EY - US](#)

ABT Outlook

Our FY23 agenda is underpinned by a strong focus on solutioning the safety needs of our customers operating in both developed and developing markets globally. This includes a clear and aligned channel to market strategy supported by a fully integrated sales & marketing framework targeting heavy industrial, mining, mining services and international distribution.

The Company also continues to focus on strategic growth opportunities and are currently assessing key initiatives to drive scale, revenue diversification and enhanced innovation for the business.

On the outlook for ABT, CEO Andrew Booth stated, “We are excited about the journey ahead in FY 23. *ABT’s record quarter on quarter result reflects an unwavering focus on ensuring that ABT is well positioned to participate in technology-driven industrial trends and we are remaining true to our core ethos of safety and the environment.*”

This release is authorised by the Board of Directors.

- ENDS-

For further information, please contact:

Corporate

Andrew Booth

Chief Executive Officer

T: +61 (0) 8 9302 1922

www.advancedbraking.com

Investors

Kaitlin Smith

Company Secretary

T: +61 (0) 8 9302 1922

E: kaitlin.smith@advancedbraking.com

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.

¹ https://www.marketwatch.com/press-release/global-underground-mining-market-analysis-by-size-share-news-demand-opportunity-during-2030-2022-07-22?mod=search_headline

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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 JUNE 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	3,003	11,164
1.2 Payments for		
(a) research and development	(28)	(107)
(b) product manufacturing and operating costs	(1,984)	(6,750)
(c) advertising and marketing	(16)	(57)
(d) leased assets	(24)	(107)
(e) staff costs	(781)	(2,759)
(f) administration and corporate costs	(352)	(1,446)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	(2)	(10)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	653
1.8 Other (provide details if material)	4	4
1.9 Net cash from / (used in) operating activities	(179)	589
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	-
(c) property, plant and equipment	(20)	(54)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	26

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

(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	(20)	(28)

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	(20)	(213)
3.7 Transaction costs related to loans and borrowings	(5)	(20)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.1 Net cash from / (used in) financing activities	(25)	(233)

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,963	1,411
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(179)	589
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(20)	(28)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(25)	(233)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	1,739	1,739

5 Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1 Bank balances	1,739	1,936
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term deposits)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,739	1,936

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	79
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

- a) Non-Executive directors fees and superannuation - \$62k which includes the reimbursement of travel costs for \$1.4k (exc GST)
- b) Provision of company secretarial services from AE Administrative Services Pty Ltd, a company associated with a director of the company - \$12k (exc GST)
- c) Provision of legal services from Rockwell Bates, a company associated with a director of the company - \$5k (exc. GST)

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	Loan facilities	191	191
7.2	Credit standby arrangements	500	-
7.3	Other (Vehicle Finance)	-	-
7.4	Total financing facilities	691	191
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 \$191,043. The interest rate of the funding is approx. 4.3% 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 6.54%.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(179)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,739
8.3 Unused finance facilities available at quarter end (item 7.5)	500
8.4 Total available funding (item 8.2 + item 8.3)	2,239
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	12.51
<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	
<i>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.</i>	

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 July 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.

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

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.