

ASX ANNOUNCEMENT

27 JANUARY 2023

December 2022 Quarterly Activities Report and Appendix 4C

Advanced Braking Technology Ltd (ASX: ABV) ('ABT' or 'the Company' or 'the ABT Group'), the leading supplier of fail-safe brakes for commercial vehicles, is pleased to provide an overview of the results for Q2 FY23 along with the Quarterly Activities Report and Appendix 4C.

Q2 FY23 Highlights

- **Operating Sales** of \$3.96m¹ for the quarter (a **50.8%** increase on prior year Q2 results)
- **Operating Sales** of \$6.99m¹ for the half year (a **31.5%** increase on prior year H1 results)
- **Product Sales Margins** of 49.1% for the quarter, reflecting a +4.1% margin increase on prior year Q2 results.
- Closing **cash position of \$2.14m** (\$1.74m at 30 June 2022)
- **Q2 Net Profit After Tax** of \$328,000 (**+238% on prior year Q2 results**)
- **Year To Date Net Profit After Tax** of \$773,000 (**+478% on prior year H1 results**)

The Company delivered a record second quarter for the first half of the year with solid results across all key metrics with operating sales revenue of \$3.96m (+50.8%), and strong underlying demand from new and existing customers. The Q2 Net Profit before tax of \$328,000 (+238% on pcp) demonstrates a sustained operating leverage driven by revenue growth, combined with higher margins and overhead cost management. The outlook for sales growth remains positive for FY23.

ABT continues to build on the quality of its product offering, providing a failsafe, reliable and cost-effective braking solution for customers within the mining services, defence and similar industries.

"ABT has delivered strong second quarter financial results, with a record quarterly operating revenue and sustained profitability." said CEO Andrew Booth. "We are successfully executing against our strategic roadmap and benefiting from a portfolio of products which are well-aligned to important Environmental, Safety and Governance (ESG) trends occurring within a buoyant mining and heavy industrial markets. We continue to invest in our people and the product innovation to drive future shareholder value"

In Q2, ABT has maintained strong strategic engagement with our customer base in the region, yielding material deal wins and a robust global pipeline of qualified opportunities on the horizon. Highlights of which include:

- The recently announced 'Joint Production Development Agreement' between Glencore and ABT is progressing in line with the advised time frame. The parties are proceeding with the expectation that upon successful development, testing and validation of the SIBS, subject to Glencore's

¹ All revenue, sales and profit metrics are unaudited

approval, Glencore will consider progressive deployment of the SIBS across its fleet of Volvo FMX Trucks globally. Further, following successful validation and subsequent period of exclusivity, ABT will offer the product to the global market.

- ABT has cemented its position as the preferred supplier of Sealed Integrated Braking Systems (SIBS) having received additional orders from BHP to supply (SIBS) with Failsafe capability to its most recent order of light vehicle fleet at its Olympic Dam site. BHP Olympic Dam continues to demonstrate high benchmarks in safety standards. ABT’s CEO Andrew Booth commented: “I am very encouraged by our continued developments in the mining market, and the strength relationship with BHP across multiple sites is a reflection of both our strategy and our world leading engineering capabilities.”
- ABT had growing interest and subsequent orders from some of our largest domestic customers’ African operations. In December, the ABT Sales team spent time on the ground meeting with and supporting ABT’s value-added partners and customers to realise these opportunities and better understand the potential for the region. ABT have shipped brakes to global gold producer, Newmont’s Ghana operations, as well as supporting several partners in deployments with local operators; further strengthens ABT’s position in the region.

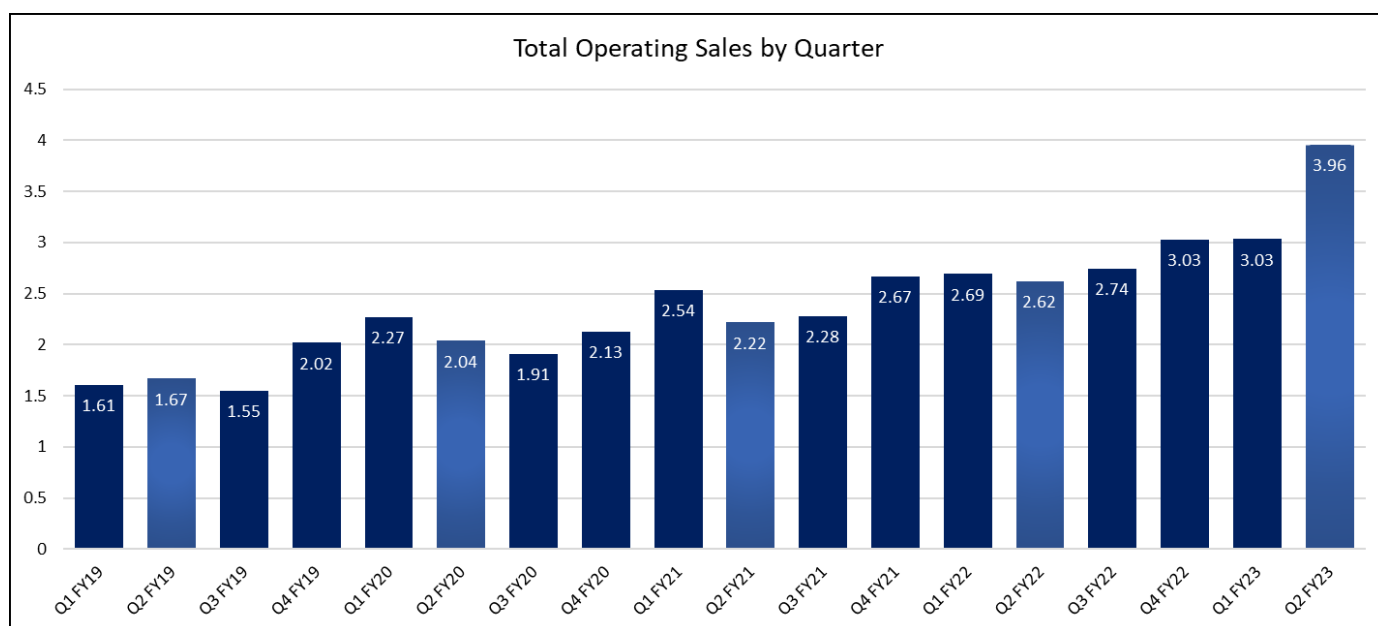
Financial Update

Operating sales of \$3.96m were strong for the second quarter of FY23. The Company has focussed on several profitability measures which have resulted in product sales margin improvement during the period to 49.1% (Q2 FY22: 45.0%).

Revenue in the quarter also includes a portion of revenue for the development stage of the ABT Glencore joint product development (See ASX Announcement 11 November 2022: ABT & Glencore enter joint product development agreement – Sealed integrated Braking System for Volvo Haul Truck

[Company ASX Announcements | Advanced Braking Technology Ltd \(ABT\)](#)

Total Operating Sales by Quarter



The Company continues to generate positive, unaudited net profit and EBITDA results. During the quarter, ABT had a net operating cash inflow of \$560k. Unaudited quarter end cash balance is \$2.14m (\$1.74m at June 2022 year-end).

Macro-Economic Outlook and Trends

Underground mining remains a core element of to ABT's revenue base and underground mines account for 40 percent of global mining operations across numerous commodities and deposit types ⁽¹⁾.

The continuing demand for electric vehicles and battery-based energy storage systems is driving global demand for underground sourced minerals such as nickel, cobalt, graphite, tin, tantalum and vanadium⁴. For example, BMO Capital Markets notes Inventory levels for industrial metals had reduced over the past couple of years due to a stronger than expected recovery from the pandemic and weakness in scrap metal markets due to logistical constraints and political moves ⁽²⁾. For example, Gold is currently around its highest level in seven months at \$1964/oz. Central bank purchases of gold hit a record high in Q3 last year and interest from monetary authorities, supporting gold prices against a weak macro backdrop ⁽³⁾. According to Benchmark Mineral Intelligence, nickel demand from the electric vehicle sector increased by 22.7% in 2022 ⁽⁴⁾.

Corporate Update

Payments to related parties and their associates during the quarter included in operating activities totalled \$69k, which included non-executive directors' fees, superannuation. Payments for services rendered of \$2k to AE Administrative Services Pty Ltd for company secretarial services, is associated with a director of the Company.

ABT Outlook

Our FY23 agenda is underpinned by 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.

"Our Strategy is driving organic growth, product innovation and optimising our engineering resources as well as fostering important partnership relationships regionally and the potential for future investment opportunities to support inorganic growth." CEO Andrew Booth, "I am very pleased with the outcomes of the F23 Q2 period and remain vigilantly focussed, but optimistic about the next 2 quarters for ABT and our strategic roadmap ahead."

This release is authorised by the Board of Directors.

- ENDS-

[1 McKinsey.com: Digging deeper: Trends in underground hard-rock mining for gold and base metals](#)

[2. Base metal inventories 'critically low' - miningnews.net/base-metals/news/1446141](#)

[3. Gold to exceed \\$2000 in coming months: BofA - miningnews.net/research/news/1446120/gold-to-exceed-usd2000-in-coming-months-bofa](#)

[4. 2023-preview-nickel - miningnews.net/research/news/1446275/2023-preview-nickel](#)

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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 DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	4,152	7,649
1.2 Payments for		
(a) research and development	1	(2)
(b) product manufacturing and operating costs	(2,124)	(4,319)
(c) advertising and marketing	(51)	(79)
(d) leased assets	-	-
(e) staff costs	(908)	(1,716)
(f) administration and corporate costs	(488)	(866)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	5
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	(24)	14
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	560	662
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	-
(c) property, plant and equipment	(8)	(128)
(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	-	-
(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)	-	-

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

2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(8)	(128)

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	(57)	(115)
3.7 Transaction costs related to loans and borrowings	(10)	(19)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.1 Net cash from / (used in) financing activities	(67)	(134)

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,654	1,739
4.2 Net cash from / (used in) operating activities (item 1.9 above)	560	662
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(8)	(128)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(67)	(134)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	2,139	2,139

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	2,097	1,612
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)	2,139	1,654

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	69
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 - \$66k
- b) Provision of company secretarial services from AE Administrative Services Pty Ltd, a company associated with a director of the company - \$2k (exc GST)
- c) Provision of legal services from Rockwell Bates, a company associated with a director of the company - \$nil (exc. GST)

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

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	76	76
7.2	Credit standby arrangements	500	-
7.3	Other (Vehicle Finance)	-	-
7.4	Total financing facilities	576	76
7.5	Unused financing facilities available at quarter end		500
7.6	<p>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> <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 \$72,267. 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 8.85%.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	560
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,139
8.3	Unused finance facilities available at quarter end (item 7.5)	500
8.4	Total available funding (item 8.2 + item 8.3)	2,639
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	
	<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: 27 January 2023

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.