

**ASX ANNOUNCEMENT**

**27 February 2023**

## **Interim FY23 H1 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 1st Half (H1) FY23 results period.

### **H1 FY23 Highlights**

- **Revenue from ordinary activities** of \$7.239m, up 30.1% on previous corresponding period (pcp)
- **Revenue from continuing operations** increased to \$6.99m, up 31.5% on pcp with a **gross margin** of 50.4% an increase compared to pcp of 44.5%
- **Net Profit** result of \$0.77m (FY22 H1: \$0.13m)
- **EBITDA** result of \$0.87m (FY22 H1: \$0.29m)
- Improved **cash position of \$2.14m** (\$1.74m at 30 June 2022 & FY21 H1: \$1.57m)
- **Actively assessing strategic growth opportunities** to drive scale and revenue diversification

Andrew Booth, Chief Executive Officer, stated, *"ABT performed strongly, with record sales, product margins and strong continuing EBITDA. With a sound cash flow and balance sheet. We remain well positioned to continue to grow and deliver value accretion. These results reflect a targeted and disciplined approach; utilising our Customer Relationship Management (CRM) platform, strategic Account Planning and rigorous Sales Pipeline Management that is recently supplemented by an investment in a Sales Data integration program linking the ERP (Enterprise Resource Planning) system, to deliver enhanced, predictive Spare Parts and Consumables ordering. These initiatives have contributed to deepening our established base of customers and channel partners, as well as increasing new customer acquisition. At the half year mark, we are progressing the execution of our FY23 Strategic Projects; notably a Heavy Vehicle Strategy which will provide ABT the opportunity to solution for a new group of fleet assets operating in heavy industrial conditions"*

### **Strategy and Key Projects**

The FY23 agenda is underpinned by a clear and aligned channel to market strategy supported by a sales and marketing framework targeting heavy industrial, mining, mining services and international market development. ABT has a highly valued bluechip customer base of Australian and international mining and mining services companies. Engaging and solutioning the asset management and fleet safety needs of these customers is key and driving strong domestic sales results in the last six months.

The increasing ESG (Environment, Social and Governance) focus within industrial sectors has benefited ABT with consistently strong advocacy for sealed failsafe brake systems. And further; underground mining is growing due to an increasing take-up of automotive electrification and demand for battery metals. ABT's F23 strategic roadmap has been clear. Maintain and deepen our mining market penetration combined with a pursuit of new industry opportunities for our Failsafe products.

In November 2022, ABT and Glencore entered into joint product development agreement for a world-leading Integrated Braking System (SIBS) for Heavy Vehicle mine haulage fleet. The first step in the next generation of mining vehicles for haulage and will diversify ABT's vehicle applications.

In December 2022, the company expanded the deployment of their Failsafe brake to cover over 50 percent of the BHP light vehicle mining fleet and has fostered a strong relationship with BHP.

<b>SUMMARY FINANCIAL RESULTS</b>	<b>FY23 H1</b>	<b>FY22 H1</b>	<b>Change</b>
Total Revenue	\$7.24m	\$5.56m	30.1%
Operating Revenue	\$6.99m	\$5.32m	31.5%
Gross Margin	50.4%	44.5%	5.9%
Total Expenses	(\$3.00m)	(\$2.48m)	21.0%
EBITDA	\$0.87m	\$0.29m	206.5%
Profit / (Loss) for the period	\$0.77m	\$0.13m	476.4%
Operating cashflow	\$0.66m	\$0.31m	112.2%
Cash and cash equivalents	\$2.14m	\$1.57m	36.3%

### **Financial Update**

The Company delivered a record first half year with solid results across all key metrics with revenue from ordinary activities of \$7.239m (+30.1%), and strong underlying demand from new and existing customers. The FY23 H1 Net Profit before tax of \$0.774m (+476% 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.

Gross margins on revenue from continuing operations for FY23 H1 were 50.4% (FY22 H1: 44.5%). The Company has focussed on several profitability measures which have resulted in product sales margin improvement during the period.

ABT has been able to maintain and improve its cash position from 30 June 2022 of \$1.74m to \$2.14m at 31 December 2022.

The company has included a provision for inventory write down of \$0.15m which includes the planned obsolescence of prototype inventory relating to Tera Dura 1.3 stock. Management continue to explore market opportunities for Tera Dura 2.0.

### **Outlook**

ABT has established a solid foundation for growth with quality products and service, underpinned by a culture which prioritises both safety and the environmental impact to our customers' businesses. 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 participates in the automotive megatrends of automated, electric and connected vehicles. As we look to grow the business through organic growth, the Company will also continue to investigate opportunities that will allow it to achieve size and significantly upscale the business through acquisitions, strategic partnerships or joint ventures.

This release is authorised by the Board of Directors.

**- ENDS-**

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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.