

ASX ANNOUNCEMENT

31 July 2023

June 2023 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 unaudited results for Q4 FY23 along with the Quarterly Activities Report and Appendix 4C.

Q4 FY23 Highlights

- **Revenue from ordinary activities** of \$3.83m¹ for the quarter (a 21.2% increase on pcp)
- **Revenue from continuing operations** of \$3.71m² for the quarter (a 22.5% on pcp) with a gross margin of 50% an increase when compared to pcp of 42.2%
- **Product Sales Margins** of 48.9% for the quarter, reflecting a 5% margin increase on pcp.
- Closing **cash position of \$2.05m** (\$1.74m at 30 June 2022)
- **Q4 Net Profit After Tax** of \$198,000 (+89.4% on prior year Q4 results)
- **Year To Date Net Profit After Tax** of \$1,474,000 **(+129% on pcp)**

The Company delivered quarterly results contributing to year-to-date revenue from continuing operations of \$14.2M (+28%), and Net Profit after tax of \$1.5M (+129% on prior year) reflecting positive operating leverage underscored by revenue growth and overhead cost management.

"ABT has produced a strong quarterly result in both Product Sales and Total Revenue and continues to build on the quality of its product offering as an Original Equipment Manufacturer (OEM) supplying Mining and other heavy industry sectors internationally. As a Brake OEM, ABT supplies the brake system to our customers followed and complimented by the subsequent Spare Parts and Consumables and associated technical support for the life of the brake system. The ABT brand remains synonymous with a failsafe, reliable and cost-effective brake safety solution to protect our customers' people, the operating environment and their assets. ABT's highly engaged and dedicated team are passionate about solutioning our customers' needs and the continuous improvement and innovation which foundations the Company for future growth. Our talented ABT team have been pivotal in supporting this ABT journey throughout FY23."

Highlights this quarter include:

- ABT continues to progress development of the Heavy Vehicle (HV) Sealed Integrated Brake (SIBS) range. ABT's HV Strategy targets road trucks 'mine spec'd' for ore haulage application in the mine

¹ All revenue, sales and profit metrics are unaudited. Revenue from ordinary activities includes Product Sales, Operating Sales and R&D Income

² Unaudited. Revenue from continuing operations includes Product Sales and Operating Sales only

³ www.australianmining.com.au/rio-tinto-turns-to-mining-mosquito-fleet/.

⁴ [Mobile plant for use on mine & petroleum sites | Resources Regulator publication \(nsw.gov.au\)](https://www.resources.gov.au/minerals/energy-and-fuels/road-transport/mobile-plant-for-use-on-mine-and-petroleum-sites)

operation. Effective braking systems are critical for the safe use of mobile and transportable plant. This includes adequate braking measures in the event of the failure of the primary braking system. Unplanned or unexpected movement of mobile plant are a significant source of incidents at mine sites. To control the risks associated with uncontrolled movement, all mobile plant should be fitted with an additional secondary brake system to both the service brake and the park brake.⁴ The ABT HV range solutions a secondary brake system in the form of Failsafe Emergency as well as solutioning for 'ruggedised' Operational Excellence by preventing contamination to the braking system.

The range will include:

- A Driveline Brake offering an Emergency Failsafe Brake solution required for Heavy Road Vehicles in Underground applications.
- And the other being the SIBS HV Wheelend Brake which ruggedises of road vehicles for mining applications.

Mining Operators have expressed interest in the ABT HV SIBS to support smaller, lighter more efficient road vehicles. And ABT HV SIBS Brake 'ruggedises' the vehicle to provide unprecedented confidence in safety and maximises vehicle uptime for a superior Return on Investment.

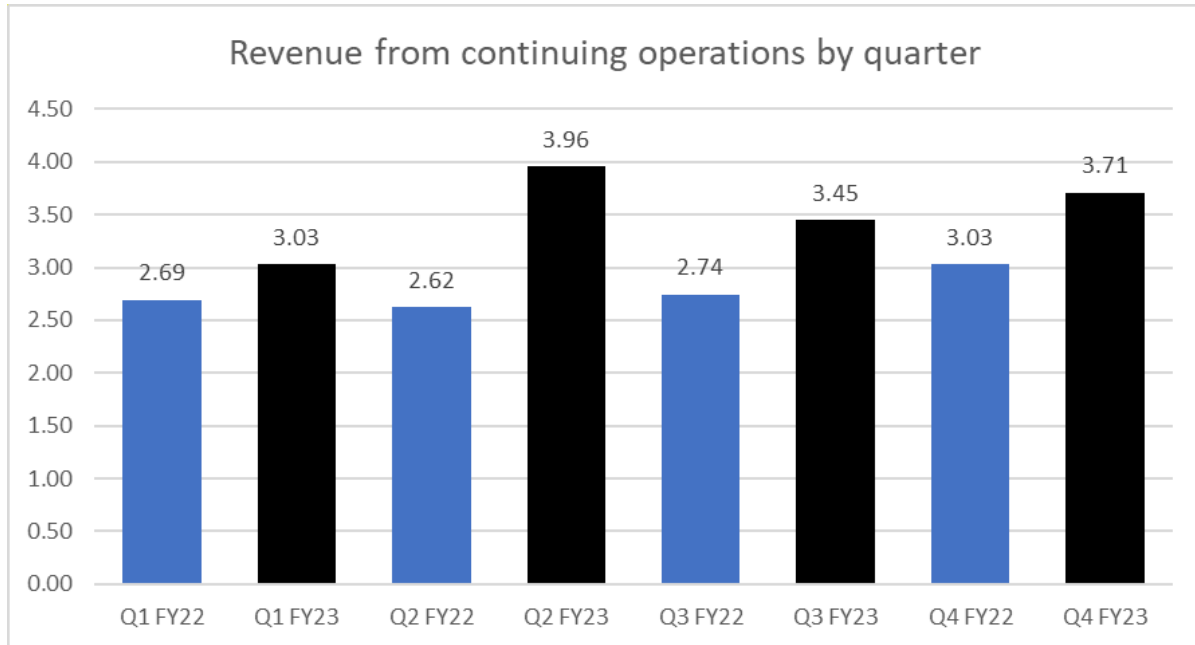
Following the announcement of the SIBS Product Development Agreement with Glencore in March 2023, ABT is partnering with a major international mining company to validate the Failsafe Emergency and the HV SIBS system.

- In the month of June, ABT completed the relocation into our new premises in Wangara, Western Australia. This building offers a standard of facility that symbolises the success of the business in growth aspirations for FY24 and beyond.

Financial Update

Revenue from continuing operations for the quarter amounted to a total of \$3.71m with product sales contributing \$3.52m for the quarter. The company delivered growth of 8% in product sales over Q3 FY23 and a 22.5% increase on Q4 FY22. The overall product sales margin for the quarter is 48.9% (43.9% pcp). Achieving ISO 9001 accreditation provided an opportunity for process improvement implementations which resulted in increased productivity, efficiency and improved costs control measures.

Total Revenue from continuing operations by quarter pcq



The Company continues to generate positive, unaudited net profit and EBITDA results. During the quarter, ABT had a net operating cash outflow of \$142k and an increase in outflows for investing activities that were due to moving into larger headquarters to facilitate the growth of the organisation.

Unaudited quarter end cash balance is \$2.05m (\$1.74m at June 2022 year-end). Payments to related parties and their associates during the quarter included in operating activities totalled \$55k which included non-executive directors' fees and superannuation.

The Company signed a 5 year property lease, with a 5 year option thereafter, effective 8th March 2023. In line with AASB 16 – Leases, A Right of Use Asset and Liability have been taken up on the balance sheet. The higher cash outflow for investing activities during the quarter related to the refurbishment and fit out of the larger facility.

ABT Outlook

CEO Andrew Booth states " As we embrace the New Financial Year with a keen focus on executing our strategic roadmap, we will continue to strive to deliver outstanding value to our customers and stakeholders. A focus on customer lead product innovation and the expansion of our international customer base is key. ABT remains invested in developing our dedicated team of people. We are proud of our ABT culture which fosters innovation, growth, creativity and collaboration. Combined with our valuable global customer base, ABT's FY24 journey ahead is strong."

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")

30 June 2023

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	4,191	15,175
1.2 Payments for		
(a) research and development	(31)	(44)
(b) product manufacturing and operating costs	(2,832)	(8,904)
(c) advertising and marketing	(9)	(95)
(d) leased assets	15	-
(e) staff costs	(977)	(3,639)
(f) administration and corporate costs	(522)	(1,983)
1.3 Dividends received (see note 3)		
1.4 Interest received	7	18
1.5 Interest and other costs of finance	13	6
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	3	447
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(142)	981
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	-
(c) property, plant and equipment	(426)	(665)
(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)	-	-

Appendix 4C
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	(426)	(655)

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	246	246
3.6 Repayment of borrowings	(41)	(213)
3.7 Transaction costs related to loans and borrowings	(12)	(39)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.1 Net cash from / (used in) financing activities	192	(7)

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,423	1,739
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(142)	981
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(426)	(665)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	192	(7)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	2,048	2,048

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	1,943	2,318
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term deposits)	105	105
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,048	2,423

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	55
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 - \$55k
- b) Provision of legal services from Rockwell Bates, a company associated with a director of the company - \$nil (exc. GST)

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	223	22
7.2	Credit standby arrangements	500	-
7.3	Other (Vehicle Finance)	-	-
7.4	Total financing facilities	723	22
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 Elantis Premium Funding Ltd. The amount outstanding for the remaining period of the arrangement, being months is \$223,068. The interest rate of the funding is a flat rate of 4.45%.</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 9.77%.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(142)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,048
8.3	Unused finance facilities available at quarter end (item 7.5)	500
8.4	Total available funding (item 8.2 + item 8.3)	2,548
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	18.00
	<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: 31 July 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.