

Appendix 4E

Preliminary final report

Rule 4.3A
Introduced 1/1/2003

Name of entity: **Advanced Braking Technology Ltd**

ABN: **66 099 107 623**

1. Reporting period (“current period”): **Year ended 30 June 2020**
Previous corresponding period: **Year ended 30 June 2019**

2. Results for announcement to the market

\$A’000

| | | | | | |
|-----|--|----|---------------------------------------|----|---|
| 2.1 | Revenue from ordinary activities | up | 22% | to | 9,079 |
| 2.2 | Profit from ordinary activities after tax attributable to members | up | 110% | to | 171 |
| 2.3 | Profit for the period attributable to members | up | 110% | to | 171 |
| | | | Amount per share cents | | Franked amount per share cents |
| 2.4 | <i>Dividends</i> | | | | |
| | Final | | Nil | | N/A |
| | Interim | | Nil | | N/A |

Record date for determining
entitlements to dividends: **N/A**

Summary

Advanced Braking Technology Limited (“ABT” or the “Company”) advises that for FY20, the Company has achieved revenues of \$9.08m, which represents an increase of approximately 22% on the prior year result of \$7.43m. Revenue from trading activities for FY20 is \$8.35m, which is an increase of 22% on the prior year result of \$6.85m.

In FY20, the impact on ABT’s operations due to coronavirus (COVID-19) was not material. ABT continually reviews the COVID-19 operating environment and has amended its business operations to reflect the changing operating environment. The Company’s primary customer base remains within the mining and civil construction industries, which to-date have continued to operate during this challenging period. The Company has benefited from the financial

assistance measures provided by both the Federal and Western Australian governments, to help protect both the business operations and its employees. During FY20, ABT received approximately \$0.11 million in financial assistance.

During FY20, the Company continued to deliver improvements in our financial and operational performance. These improvements included:

- becoming substantially debt free during the year with \$2.25 million of debt extinguished;
- improving its financial position through increased sales, improved margins and a reduction in expenditure, resulting in a positive cash flow from operations for the year;
- further diversifying our product portfolio, customer base and the industries to which we supply our innovative braking solutions; and
- strengthening our Intellectual Property and patent protection.

The improvements noted above have set the Company up for a strong FY21 and will support the implementation of its aggressive growth strategy.

In addition to product development and sales the Company continues to work on the intangible aspects of the business including corporate culture, systems and processes and stakeholder management, all of which improves business performance and creates the foundation to allow the Company to implement its strategy.

Revenues and Cost Management

It is a pleasure to advise shareholders that significant progress was made to further improve the Company's financial position and performance during FY20.

Revenues from ordinary activities of \$9.08m for FY20 were primarily derived from sales of the Company's core Failsafe product and associated spares and consumables into the mining and civil construction industries.

During FY20, cost saving initiatives by the Company continued which resulted in savings in excess of \$700k on the prior year. The impact of these cost savings have materialised in the business, which when combined with the improved sales and margin performance, has resulted in an unaudited net profit for FY20 of \$171k. The Company's improved performance during FY20 contributed to the extinguishment of \$2.25m of borrowings and resulted in a net cash inflow from operating activities for the year.

For FY21 and beyond, revenues will be derived from a broader product offering. Furthermore, the Company has recently diversified its customer base to include customers not only in our primary mining market, but also the defence, waste management and civil construction industries.

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income

| | Current Period | Previous Corresponding period |
|--|-------------------|-------------------------------------|
| | \$'000 | \$'000 |
| Revenue from trading activities | 8,349 | 6,847 |
| Cost of sales | (4,482) | (4,006) |
| Gross Profit | 3,867 | 2,841 |
| Revenue from other activities | 730 | 583 |
| Expenses | | |
| Amortisation of Intellectual Property | (64) | (64) |
| Audit and accounting fee | (54) | (48) |
| Bad and doubtful debts | (10) | (4) |
| Consulting fees | (311) | (312) |
| Consumables and minor equipment | (113) | (170) |
| Depreciation expense | (206) | (159) |
| Employee expenses | (2,718) | (2,793) |
| Finance expenses | (295) | (361) |
| Information & Technology expenses | (49) | (62) |
| Insurance | (140) | (190) |
| Inventory obsolescence expense | (1) | (143) |
| Legal fees | (33) | (70) |
| Marketing and advertising expenses | (26) | (26) |
| Patents | (40) | (32) |
| Property expenses | (47) | (166) |
| Telephone and other communication | (32) | (38) |
| Travel and accommodation | (114) | (212) |
| Warranty expense | (50) | (54) |
| Other expenses | (123) | (233) |
| Total expenses | (4,426) | (5,137) |
| Profit / (loss) from continuing operations | 171 | (1,713) |
| Profit / (loss) before income tax | 171 | (1,713) |
| Income tax | - | - |
| Profit/loss after income tax | 171 | (1,713) |
| Other comprehensive income / (loss) | - | - |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Total comprehensive income / (loss) for the period | 171 | (1,713) |

4. Consolidated Statement of Financial Position

| | Current Period | Previous Corresponding period |
|--------------------------------------|-------------------|-------------------------------------|
| | \$'000 | \$'000 |
| CURRENT ASSETS | | |
| Cash and Cash equivalents | 516 | 716 |
| Trade and other Receivables | 1,275 | 1,295 |
| Inventories | 2,001 | 1,836 |
| Other current assets | 714 | 677 |
| Total current assets | 4,506 | 4,524 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 292 | 463 |
| Right of use assets | 487 | - |
| Intangibles | 671 | 735 |
| Total non-current assets | 1,450 | 1,198 |
| TOTAL ASSETS | 5,956 | 5,722 |
| CURRENT LIABILITIES | | |
| Trade and other Payables | 1,165 | 1,295 |
| Interest bearing liabilities | 55 | 2,129 |
| Provisions | 257 | 201 |
| Total current liabilities | 1,477 | 3,625 |
| NON-CURRENT LIABILITIES | | |
| Interest-bearing liabilities | 472 | 59 |
| Provisions | 14 | 4 |
| Total non-current liabilities | 486 | 63 |
| TOTAL LIABILITIES | 1,963 | 3,688 |
| NET ASSETS | 3,993 | 2,034 |
| EQUITY | | |
| Issued Capital | 55,819 | 54,200 |
| Reserves | 169 | - |
| Accumulated losses | (51,995) | (52,166) |
| TOTAL EQUITY | 3,993 | 2,034 |

5. Consolidated Statement of Cash Flows

| | Current Period | Previous corresponding period |
|--|-------------------|-------------------------------------|
| | \$ '000 | \$ '000 |
| Net cash flows from operating activities | | |
| Receipts from customers | 8,954 | 7,391 |
| Payments to suppliers, consultants and employees | (9,287) | (9,526) |
| Borrowing costs | (247) | (155) |
| Interest received | 3 | 1 |
| Other – Grants and R&D tax incentive | 799 | 838 |
| Net cash provided by / (used in) operating activities | 222 | (1,451) |
| Cash flows from investing activities | | |
| Proceeds from disposal of property, plant and equipment | 79 | - |
| Purchase of property, plant and equipment | (26) | (133) |
| Net cash provided by / (used in) investing activities | 53 | (133) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 517 | 1,154 |
| Repayment of borrowings | (944) | (866) |
| Proceeds from issue of shares | - | 1,483 |
| Costs of issuing shares | (48) | (98) |
| Net cash (used in) / provided by financing activities | (475) | 1,673 |
| Net increase / (decrease) in cash and cash equivalents held | (200) | 89 |
| Cash and Cash equivalents at the beginning of the year | 716 | 627 |
| Cash and Cash equivalents at the end of the month | 516 | 716 |

6. Dividends

Amount per security

| | Amount per security | Franked amount per security at 27.5% tax cents | Amount per security of foreign source dividend cents |
|---------------------------------|------------------------|--|--|
| | cents | cents | cents |
| Final dividend - current year | Nil | N/A | N/A |
| - previous year | Nil | N/A | N/A |
| Interim dividend - current year | Nil | N/A | N/A |
| - previous year | Nil | N/A | N/A |

Total dividends on all securities for the year

| | Current period | Previous corresponding period |
|--------------------------|-------------------|-------------------------------------|
| | \$'000 | \$'000 |
| Ordinary securities | - | - |
| Preference securities | - | - |
| Other equity instruments | - | - |
| | <hr/> | <hr/> |
| Total | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

7. Dividend reinvestment plans

The dividend reinvestment plans shown below are in operation:

None

Last date for receipt of election notices for the dividend reinvestment plan: N/A

8. Retained earnings

| | Current period | Previous corresponding period |
|--|-------------------|-------------------------------------|
| | \$ '000 | \$ '000 |
| (Accumulated losses) at the beginning of the financial period | (52,166) | (50,453) |
| Net profit / (loss) attributable to members of the parent entity | 171 | (1,713) |
| | <hr/> | <hr/> |
| (Accumulated losses) at the end of the financial period | (51,995) | (52,166) |
| | <hr/> <hr/> | <hr/> <hr/> |

9. Net tangible assets

| | Current period | Previous corresponding period |
|---|---------------------------|--|
| | cents | cents |
| Net tangible asset backing per ordinary share | 0.75 | 0.44 |

10. Details of entities over which control has been gained or lost

| | |
|------------------------------|-----|
| Control gained over entities | N/A |
| Control lost over entities | N/A |

11. Details of associates and joint venture entities

N/A

12. Any other significant information

Details of any other significant information needed by an investor to make an informed assessment of the entity's financial performance and position:

Conversion and redemption of Convertible Notes

During November and December 2019, the Company's convertible notes totalling \$1.631 million, that were due to mature on 31 December 2019, were extinguished by the conversion of \$1.624 million through the issue of 81,243,334 shares at \$0.02 per share and \$0.007 million of the notes were repaid to a note holder in cash.

With the extinguishment of the convertible note liability, the Company is, with the exception of some minor equipment leases, now debt free.

13. Accounting standards

The set of accounting standards used in compiling report are the International Financial Reporting Standards.

14. Results for the period

14.1 Earnings per security

| | Current period cents | Previous corresponding period cents |
|---|--------------------------------|--|
| Basic profit / (loss) per share | 0.05 | (0.61) |
| | Number | Number |
| Weighted average number of ordinary shares during the period used in the calculation of basic EPS | 349,097,424 | 282,473,854 |

Diluted EPS are not shown for either the current period or the previous corresponding period as it would dilute the actual loss per share attributable to existing shareholders.

14.2 Returns to shareholders

N/A

14.3 Significant features of operating performance

Business restructuring costs are now complete and the focus going forward is to increase the effectiveness of ABT's supply chain and continue the expansion of customers within Australia and internationally as a result of being able to supply broader product variants.

Market demand for ABT products remains strong and will drive operating revenue growth during FY21 and beyond.

14.4 Segment results

The Group has identified its operating segment based on the management reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has identified a single operating segment, which is the design, manufacture and distribution of improved vehicle braking systems based on the Failsafe Braking System and Terra Dura Braking System to customers worldwide.

The performance of the operating segment is evaluated based on profit before tax and net finance costs (profit before tax and interest) and is measured in accordance with the Group's accounting policies.

The Group's financing requirements, finance income, finance costs and taxes are managed on a group basis.

14.5 Trends in performance

N/A

14.6 Any other factors which have affected the results in the period or which are likely to affect the results in the future, including those where the effect could not be quantified:

N/A

15. This report is based on accounts to which one of the following applies:

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

16. Description of any likely audit dispute or qualification.

Nil

Date: 24 August 2020

Approved for release by the Board of Directors of Advanced Braking Technology Limited.