

ASX ANNOUNCEMENT

24 April 2023

March 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 results for Q3 FY23 along with the Quarterly Activities Report and Appendix 4C.

Q3 FY23 Highlights

- **Revenue from ordinary activities** of \$3.62m¹ for the quarter (a 20.0% increase on pc²)
- **Revenue from continuing operations** of \$3.45m² for the quarter (a 25.8% on pc²) with a gross margin of 50.1% an increase when compared to pc² of 46.7%
- **Product Sales Margins** of 49.8% for the quarter, reflecting a +4.2% margin increase on pc².
- Closing **cash position** of **\$2.42m** (\$1.74m at 30 June 2022)
- **Q3 Net Profit After Tax** of \$502,000 (+89.4% on prior year Q3 results)
- **Year To Date Net Profit After Tax** of \$1,275,000 (+181% on pc²)

The Company delivered strong quarterly results contributing to year-to-date revenue from continuing operations of \$10.439M (+30%), and Net Profit after tax of \$502,000 (+89% on prior year) reflecting positive operating leverage underscored by revenue growth and overhead cost management.

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 and defence sectors as well as other similar industries.

"We are pleased to announce another strong quarter of financial results and progress to our strategic growth agenda. Our revenue and profit growth reflect ABT's ongoing commitment to delivering exceptional products and services to our valued customers. The ABT team's dedication to serving and solutioning the needs of our customers has helped us achieve these results and we are proud of what we are accomplishing together with the support of our strategic partners. As we look ahead, we remain acutely focussed on executing our strategic roadmap and continuing to deliver outstanding value to our customers and shareholders." Andrew Booth, CEO.

Highlights this quarter include:

- Advancing the development of the Heavy Vehicle (HV) Sealed Integrated Brake (SIBS) range. The *SIBS HV* range addresses the ruggedisation of heavy road vehicles for mining applications as mining companies downsize to smaller, faster, more fuel-efficient vehicles to deliver environmental and productivity gains. ³ ABT's Heavy Vehicle Strategy targets 'Mine Spec' solutions

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/.

for road trucks in the form of Failsafe Emergency as well as ruggedised Operational Excellence by preventing contamination to the braking system.

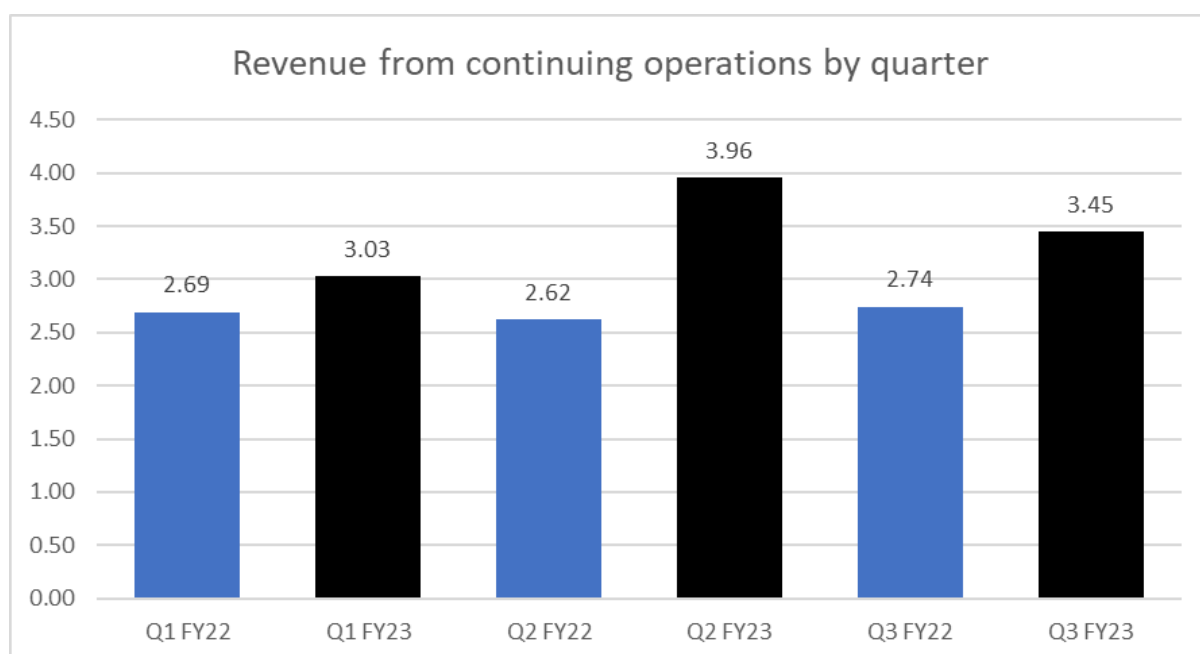
- The ABT team have made significant progress on the prototype testing pathway for the SIBS Truck Brake. In February 2023, ABT and Glencore agreed to vary the 'Joint Production Development Agreement' to enable ABT to more rapidly commercialise the SIBS wheel end for the Volvo Haul Truck. The variation permits ABT to enter into agreements with other mining companies regarding their participation in the development project. Mining Operators have expressed interest in the ABT HV SIBS to support smaller, lighter more efficient vehicles. ABT HV SIBS Brake 'ruggedises' the vehicle to provide unprecedented confidence in function and maximises vehicle uptime for a superior Return on Investment.
- ABT exhibited at the AusIMM Underground Operators Expo 2023 in Brisbane attended by 1,500 members of the global underground mining community. The key themes centred around the evolution of digital technologies, automation and AI and how these innovations are making it possible to mine at greater depths and lower grades. ABT hosted a seminar event featuring a panel session on '*the future of road-going vehicles in underground mining*' where we tabled insights into the challenges faced by the industry and the opportunities for emerging technologies.

Financial Update

Revenue from continuing operations \$3.45m mainly as a result of strong product sales at a margin of 49.8% (45.6% pcg)

Revenue in the quarter also includes a small portion related to the development stage of the ABT Glencore joint product development.

Total Revenue from continuing operations by quarter pcg



The Company continues to generate positive, unaudited net profit and EBITDA results. During the quarter, ABT had a net operating cash inflow of \$651k which included the R&D tax rebate of \$439k. Unaudited quarter end cash balance is \$2.42m (\$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.

Thales Hawkei Braking System

ABT designed and engineered the hill hold braking system for the Thales Hawkei as supplied to the Australian Defence Force. The hill hold system designed by ABT is a secondary safety system that provides additional capability to the vehicles' incumbent brakes allowing it to meet stringent gradient parking requirements. The ABT hill hold brake solution is present on all ADF supplied Hawkei vehicles and will continue to be installed on future deliveries. ABT is proud of the product development innovation for the Hawkei and maintains engagement with the manufacturer Thales in supporting the Hawkei program.

With regards to the recent media coverage relating to the Hawkei, ABT can confirm that the matter is not related to the ABT FailSafe Brake System.

ABT Outlook

CEO Andrew Booth states "ABT remains committed to achieving new heights in business performance in FY23 and beyond, with the expansion of our international customer base as well as a focus on customer lead innovation and product development. Our people remain our most valuable asset and we are invested in the development of a work environment which fosters a culture of innovation, growth, creativity and collaboration. We are embracing technology and leveraging the tools available to enhance efficiency, productivity, and profitability. Our revenue and profit growth continues to be driven by our ongoing commitment to delivering exceptional products and services to our highly valued customer base."

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")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	3,335	10,984
1.2 Payments for		
(a) research and development	(10)	(12)
(b) product manufacturing and operating costs	(1,881)	(6,072)
(c) advertising and marketing	(7)	(87)
(d) leased assets	(15)	(15)
(e) staff costs	(928)	(2,662)
(f) administration and corporate costs	(276)	(1,462)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	11
1.5 Interest and other costs of finance paid	(2)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	429	444
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	651	1,122
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	-	-
(c) property, plant and equipment	(111)	(239)
(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	(111)	(239)

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)	(172)
3.7 Transaction costs related to loans and borrowings	(8)	(27)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.1 Net cash from / (used in) financing activities	(65)	(199)

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,948	1,739
4.2 Net cash from / (used in) operating activities (item 1.9 above)	651	1,122
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(111)	(239)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(65)	(199)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	2,423	2,423

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	2,318	1,906
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term deposits)	105	42
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,423	1,948

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	-
<i>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.</i>	

- 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	38	38
7.2	Credit standby arrangements	500	-
7.3	Other (Vehicle Finance)	-	-
7.4	Total financing facilities	538	38
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 \$38,059. 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 9.16%.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	651
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,423
8.3	Unused finance facilities available at quarter end (item 7.5)	500
8.4	Total available funding (item 8.2 + item 8.3)	2,923
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: 24 April 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.