

Telephone: +61 8 9302 1922 www.advancedbraking.com

ASX ANNOUNCEMENT

24 April 2024

March 2024 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 Q3 FY24 along with the Quarterly Activities Report and Appendix 4C.

Reporting Highlights

- Q3 Revenue from Product Sales of \$3.56m (+12.5% vs. pcp)¹
- Q3 Gross Margin of 51.7% (vs. 49.8% pcp)
- Q3 Operating Cash Flow of \$638k for the quarter
- Closing cash position of \$2.5m (+672k on Q2 FY24)
- YTD Revenue from Product Sales (+11.6% vs. pcp)¹
- YTD Net profit after tax \$1.20m (-6% vs pcp)

"Well-honed customer engagement has delivered our strongest quarterly product revenue result year to date. This unwavering focus on our highly valued customer base of international mining operators offers ABT growth opportunities as voice of customer continues to be our innovation compass.

Our international revenue growth remains strong as the ABT team progresses market penetration of light and heavy vehicle products across key regions of Africa, North America and Southeast Asia. Despite evident volatility in a number of commodities globally; maintaining a strategic focus on geographic diversification is key to ABT's continued growth roadmap, mitigating concentration risk on single country and mine operations.

Mine Safety, Technology and Sustainability remain a focus for the industry (and ABT) in 2024. ABT's strategic roadmap reflects these trends with focussed solutioning for optimal fleet asset management and the upmost safety of people operating in high-risk operating environments. ABT's FY24 product innovation projects in both light and heavy vehicle fleets continues to make progress. Whilst validation of the Heavy Vehicle is ongoing, ABT is simultaneously developing a number of innovation opportunities with major mine operators offering safety solutions for a broader range of underground fleets and diversification of our heavy vehicle driveline range.

We are pleased to announce that ABT are in the final stages of validation for the Failsafe Sealed Integrated Brake System (SIBS) for the Toyota Hilux for launch in early FY25. Toyota Hilux is a popular light vehicle choice for all mining environments and the ABT SIBS Hilux design will offer Mine Fleet Operators similar benefits to our proven Toyota Landcruiser SIBs. These benefits include ABT's market leading Failsafe technology, as well as Total Cost of Ownership benefit over the useful life of the vehicle of Circa 23%⁴

- 1. This excludes abnormal Engineering Services revenue that occurred during FY23.
- 2. All revenue, sales and profit metrics are unaudited.
- 3. Revenue from ordinary activities includes Product Sales, Operating Sales and R&D Income.
- 4. Source: Advanced Braking Technology Total Cost of Ownership Model

when compared to a standard brake. This demonstrates to our customers a positive return on investment in an ABT SIBS brake.

Our financial performance has been supported by sustained gross margin and operating cash flow results. These results reflect growth across both new brake as well as spare parts and consumables revenue mix during the period.

Once again, I want to express my appreciation to the dedicated and talented ABT team. Our results are a testament to their collective efforts, and I am confident that we are building momentum in the quarters ahead. Thank you to all our stakeholders for your continued support."

Financial Update²

Revenue from ordinary activities³ for the quarter amounted to a total of \$3.88m with product sales contributing \$3.56m for the quarter. The company delivered growth of 12.5% in product sales over Q3 FY23. The overall product sales margin for the quarter is 51.7% (49.8% pcp). The positive change in margin is related to product mix and geographical jurisdiction of sales.

4.00 3.65 Q2 Q3 Q1 3.54 3.45 3.32 3.01 3.00 2.50 2.00 1.50 1.00 0.50 0.00 Q1 FY23 Q1 FY24 Q2 FY23 Q2 FY24 Q3 FY23 Q3 FY24

Normalised Revenue* from Ordinary Activities

The Company continues to generate positive, unaudited net profit and EBITDA results. During the quarter, ABT had a net operating cash inflow of \$638k. Unaudited quarter end cash balance is \$2.5m (\$2.0m at June 2023 year-end). The Company continues to allocate resources to R&D activities.

The YTD net profit after tax has decreased by 6% compared to pcp due to timing considerations and is expected to increase in FY24 Q4.

Payments to related parties and their associates during the quarter included in operating activities totalled \$72k which included non-executive directors' fees and superannuation.

This release is authorised by the Board of Directors.

^{*}Normalised revenue from ordinary activities excludes income from externally and internally funded R&D activities.

- ENDS-

For further information, please contact:

Corporate

Andrew Booth Chief Executive Officer T: +61 (0) 8 9302 1922

www.advancedbraking.com

Investors

Kaitlin Smith

Company Secretary

T: +61 (0) 8 9302 1922

E: kaitlin.smith@advancedbraking.com

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

ABN

ADVANCED BRAKING TECHNOLOGY LTD

Quarter ended ("current quarter")

66 0	99 107 623	31 March 2024		
Cons	Consolidated statement of cash flows		Current Year to date quarter (6 months) \$A'000 \$A'000	
1	Cash flows from operating activities			
1.1	Receipts from customers		3,738	11,242
1.2	Payments for			
	(a) research and development		(107)	(303)
	(b) product manufacturing and operating cost	S	(1,468)	(6,135)
	(c) advertising and marketing		(4)	(36)
	(d) leased assets		(50)	(150)
	(e) staff costs		(1,108)	(3,137)
	(f) administration and corporate costs		(381)	(1,353)
1.3	Dividends received (see note 3)			
1.4	Interest received		8	13
1.5	Interest and other costs of finance		3	(2)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		9	660
1.8	Other (provide details if material)		-	-
1.9	Net cash from / (used in) operating activities		638	799

2	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses	-	-
	(c) property, plant and equipment	(10)	(202)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(10)	(202)

ASX Listing Rules Appendix 4C (17/07/20)

Page 1

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	18	78
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	(91)	(203)
3.7	Transaction costs related to loans and borrowings	(3)	(22)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.1	Net cash from / (used in) financing activities	(77)	(148)

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,947	2,048
4.2	Net cash from / (used in) operating activities (item 1.9 above)	638	799
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10)	(202)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(77)	(148)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,498	2,498

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	2,390	1,839
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term deposits)	108	108
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,498	1,947

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	72
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
1	: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report include a description of, and an explanation for, such payments.	

a) Non-Executive directors fees and superannuation - \$72k

7.	Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	20	20
7.2	Credit standby arrangements	500	-
7.3	Other (Vehicle Finance)	-	-
7.4	Total financing facilities	520	20
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.

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 2 months is \$20,000. The interest rate of the funding is a flat rate of 4.45%.

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 9.88%.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	638
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,498
8.3	Unused finance facilities available at quarter end (item 7.5)	500
8.4	Total available funding (item 8.2 + item 8.3)	2,998
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A

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.

- 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:

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:

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:

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.

Compliance statement

- 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 2024

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.