

ASX ANNOUNCEMENT

28th OCTOBER 2022

September 2022 Quarterly Activities Report and Appendix 4C

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, is pleased to provide an overview of the results for Q4 FY22 along with the Quarterly Activities Report and Appendix 4C.

Q1 FY23 Highlights

- **Operating Sales** of \$3.03m¹ (a 12.6% increase on previous corresponding period (pcp))
- **Product Sales Margins** of 50.5% for the quarter, reflecting a 7.60% margin increase on pcp
- Closing **cash position of \$1.65m** (\$1.74m at 30 June 2022)
- Record first quarter **Net Profit Before Tax** of \$446,000 (**+814.00% on pcp**)

The Company delivered a record first quarter for the new financial year with solid results across all key metrics with operating sales revenue of \$3.03m, and strong underlying demand from new and existing customers. The record first quarter Net Profit before tax of \$446,000 (+814.00% on pcp) demonstrates the substantial operating leverage of ABT driven by consistent sales growth (+12.6% in 1st Quarter FY23 on pcp) combined with high margins and controlled overhead costs. The outlook for sales growth remains positive for FY23.

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 services, defence and similar industries.

In Q1, ABT has boosted the level of strategic engagement with our customer base; both in Australia and Internationally, yielding material deal wins and a robust global pipeline of qualified opportunities on the horizon.

CEO, Andrew Booth commented that, "The strong start to FY23 is a result of executing on a key strategy pillar for the business: to leverage our strong customer base; expand our current product offering and accelerate our customer acquisition strategy. As a result, we are advancing the strategic conversations with a number of key customers and strategic partners on the applications of ABT products which will drive accelerated growth and revenue diversification as part of our organic and inorganic growth strategies." Andrew said.

"Our people remain fundamental to ABT's success. Within an unprecedented, constrained labour market currently in Australia, our People and Culture strategy aims to provide a balanced scorecard approach to ongoing human resource development and improvement and a positive workplace culture. This is one of

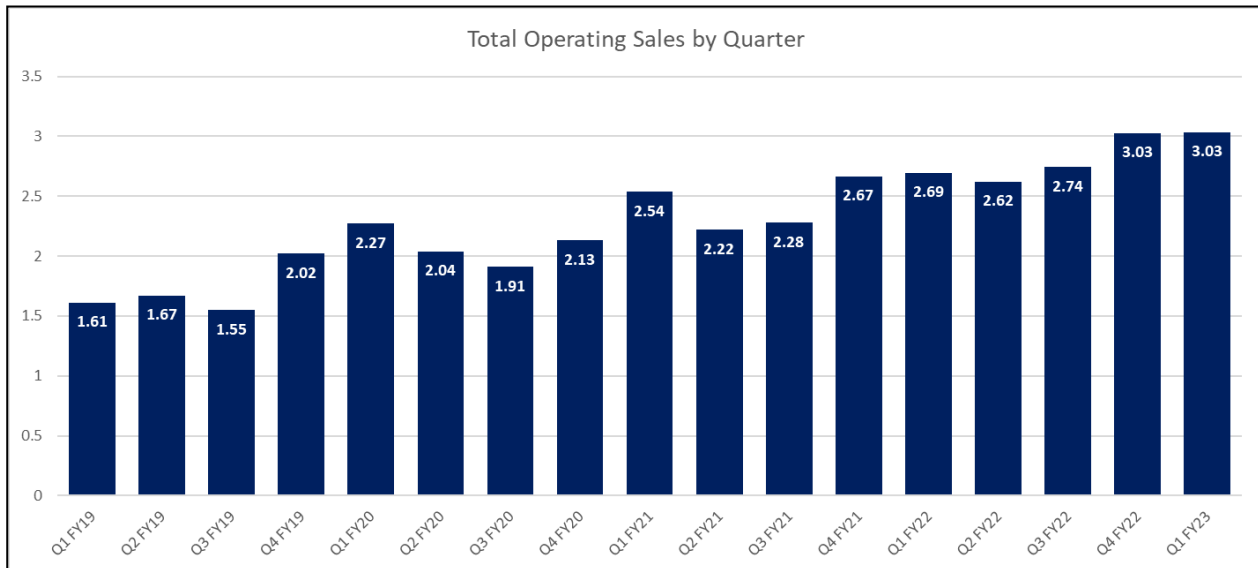
¹ All revenue, sales and profit metrics are unaudited

a number of initiatives that reflect a business model building important foundations for future growth and scale.”

Financial Update

Operating sales of \$3.03m were strong for the first quarter of FY23. The Company has focussed on a number of profitability measures which include supply chain optimisation, product mix and product pricing to address material cost increases which have impacted over the past 12 months. The resultant product sales margins have improved in the quarter to 50.5% (Q4 FY22: 44.7%)

Total Operating Sales by Quarter



The Company continues to generate positive, unaudited net profit and EBITDA results. During the quarter, ABT had a net operating cash inflow of \$102k. Unaudited quarter end cash balance is \$1.65m (\$1.74m at June 2022 year-end).

Macro-Economic Outlook and Trends

Underground mining remains a core element of to ABT’s revenue base and underground mines account for 40 percent of global mining operations across numerous commodities and deposit types². Further, the rapid uptake of electric vehicles and battery-based energy storage systems around the world is driving global demand for underground sourced battery minerals such as nickel, cobalt, graphite, tin, tantalum and vanadium⁴. Electric vehicle and battery manufacturers are securing sources of minerals, materials and components to meet this increase in demand.

At ABT, safety remains core to our brand, our ethos and is central to everything we do. Our high performing Failsafe brakes protect our customers’ people and assets operating in rugged, high-risk

² [McKinsey.com: Digging deeper: Trends in underground hard-rock mining for gold and base metals](#)

³ [Mining Journal Intelligence Global Leadership Report 2021 - Mining-journal.com](#)

⁴ <https://www.cmewa.com.au/about/wa-resources/battery-minerals/#:::text=Battery%20minerals%20refers%20to%20minerals%20used%20in%20rechargeable,world%20is%20driving%20global%20demand%20for%20lithium-ion%20batteries>

⁵ [Four ESG trends in the mining and metals industry | EY - US](#)

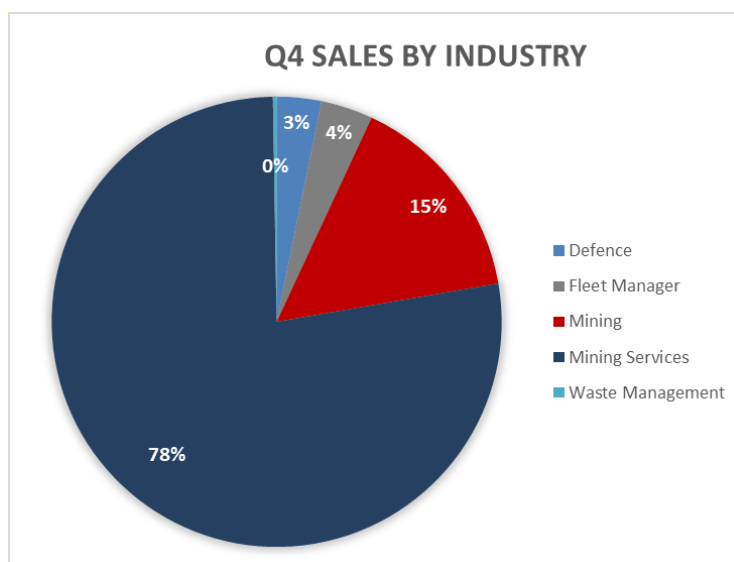
environments. Through embracing these fundamental safety principles, we are offering sustainable business practices to our customers' long term mining projects balancing their financial bottom line with societal value, people, local community, and the environment⁵.

ABT has refined this brand messaging with clear marketing campaigns focussed on Environment, Safety and Governance (ESG) aimed firmly at helping our customers address their ESG strategy. ABT Sealed Integrated Brake Solutions (SIBS), address all aspects of ESG providing solutions for where the environment and safety is paramount.

- ABT 100% sealed brakes protect the environment by eliminating all brake dust emissions emitted and improving air quality.
- ABT Failsafe brakes mitigate against unintended vehicle movements in high-risk settings.
- ABT SIBS offer operational improvement and considerable cost savings on brake and wheel end maintenance in harsh rugged operating environments.

Safety remains a business imperative for the extractive industries....., *a fact borne out by the results of The C-Suite, a recent report by Mining Journal Intelligence*³. However, research produced by Mining Journal Intelligence over the past couple of years has shown the traditional interpretation is evolving faster than ever, not least with the onset of COVID-19 and innovative technologies.

Q4 FY22 Sales by Industry



Corporate Update

Payments to related parties and their associates during the quarter included in operating activities totalled \$78k, which included non-executive directors' fees, superannuation. Payments for services rendered of \$8k to AE Administrative Services Pty Ltd for company secretarial services, is associated with a director of the Company.

ABT Outlook

² [McKinsey.com: Digging deeper: Trends in underground hard-rock mining for gold and base metals](https://www.mckinsey.com/industries/mining-and-metals/articles-insights/digging-deeper-trends-in-underground-hard-rock-mining-for-gold-and-base-metals)

³ [Mining Journal Intelligence Global Leadership Report 2021 - Mining-journal.com](https://www.mining-journal.com/global-leadership-report-2021/)

⁴ <https://www.cmewa.com.au/about/wa-resources/battery-minerals/#:~:text=Battery%20minerals%20refers%20to%20minerals%20used%20in%20rechargeable,world%20is%20driving%20global%20demand%20for%20lithium-ion%20batteries>

⁵ [Four ESG trends in the mining and metals industry | EY - US](https://www.ey.com/en/mining-and-metals/industry-trends)

Our FY23 agenda is underpinned by a clear and aligned channel to market strategy supported by a fully integrated sales & marketing framework targeting heavy industrial, mining, mining services and international distribution. This Strategic Roadmap focusses on execution of the following goals in FY23:

- Drive Mining Market Penetration of SIBS via our Global Customer Base
- Diversify SIBS applications across broader range of Vehicle Types and Industries
- Position ABT to take advantage of automotive megatrends (Autonomous/Electric/Connected)
- Safety and environmental footprint remain core to how we do business
- Investing in our people through training and development.
- Attracting top talent
- Focus on strategic growth opportunities and are currently assessing key initiatives to drive scale, revenue diversification and enhanced innovation for the business.

On the outlook for ABT, CEO Andrew Booth stated, "I am delighted with the outcomes of the F23 Q1 period and immensely excited about the next 3 quarters for ABT and our strategic roadmap ahead." Andrew said.

"ABT's record breaking start to the year reflects an unwavering focus on ensuring that ABT is well positioned to participate in technology-driven industrial trends and we are remaining true to our core ethos of safety and the environment."

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.

[2 McKinsey.com: Digging deeper: Trends in underground hard-rock mining for gold and base metals](#)

[3 Mining Journal Intelligence Global Leadership Report 2021 - Mining-journal.com](#)

[4https://www.cmewa.com.au/about/wa-resources/battery-minerals/#:::text=Battery%20minerals%20refers%20to%20minerals%20used%20in%20rechargeable,world%20is%20driving%20global%20demand%20for%20lithium-ion%20batteries](https://www.cmewa.com.au/about/wa-resources/battery-minerals/#:::text=Battery%20minerals%20refers%20to%20minerals%20used%20in%20rechargeable,world%20is%20driving%20global%20demand%20for%20lithium-ion%20batteries)

[5Four ESG trends in the mining and metals industry | EY - US](#)

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 SEPTEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	3,497	3,497
1.2 Payments for		
(a) research and development	(3)	(3)
(b) product manufacturing and operating costs	(2,195)	(2,195)
(c) advertising and marketing	(28)	(28)
(d) leased assets	-	-
(e) staff costs	(809)	(809)
(f) administration and corporate costs	(398)	(398)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	38	38
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	102	102
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(120)	(120)
(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	-	-

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(120)	(120)

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)	(57)
3.7 Transaction costs related to loans and borrowings	(9)	(9)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.1 Net cash from / (used in) financing activities	(66)	(66)

4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,739	1,739
4.2 Net cash from / (used in) operating activities (item 1.9 above)	102	102
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(120)	(120)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(66)	(66)
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	1,654	1,654

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	1,612	1,697
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (Term deposits)	42	42
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,654	1,739

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	84
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 - \$76k
- b) Provision of company secretarial services from AE Administrative Services Pty Ltd, a company associated with a director of the company - \$8k (exc GST)
- c) 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	134	134
7.2	Credit standby arrangements	500	-
7.3	Other (Vehicle Finance)	-	-
7.4	Total financing facilities	634	134
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 \$133,580. The interest rate of the funding is approx. 4.3% 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 7.97%.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	102
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,654
8.3	Unused finance facilities available at quarter end (item 7.5)	500
8.4	Total available funding (item 8.2 + item 8.3)	2,154
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<p><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></p>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: N/A</p>	

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

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

- 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: 28 October 2022

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.