

**ASX ANNOUNCEMENT**

**28 February 2022**

## **Interim 1H FY22 Results Announcement**

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 in Australia, provides an overview of the 1st Half (1H) FY22 results period.

### **1H FY22 Highlights**

- **Total revenue** of \$5.56m, up 8.4% on previous corresponding period (pcp)
- **Operating Sales** increased to \$5.32m, up 11.8% on pcp with a **gross margin** of 44.5% broadly stable compared to pcp of 44.7%
- **Net Profit** result of \$0.13m (1H21: \$0.24m)
- **EBITDA** result of \$0.29m (1H21: \$0.39m)
- Improved **cash position of \$1.57m** (\$1.4m at 30 June 2021)
- Continued **trend** in unaudited net profit and EBITDA
- **Actively assessing strategic growth opportunities** to drive scale and revenue diversification

Andrew Booth, Acting Chief Executive Officer, stated, "ABT continues to build on its strong and established reputation as a quality provider of sealed braking systems with an embedded blue-chip customer base predominantly within the mining services sector. Over the period we were pleased to deliver operating revenue growth of 11.8% to \$5.32 million and sustainable operating expenditure of \$2.48 million. The Company now has a clear record of delivering EBITDA results and net profit, \$0.29 million and \$0.13 million respectively, following 18-24 months of solid financial results.

Additionally, the high quality of our existing customer base and a continued focus on further customer diversification ensures we provide a growing core business. Our focus on ESG, incorporating workplace safety, brake dust emissions reduction and operating efficiencies, have positioned us to benefit from the growing global demand to address these challenges with ABT experiencing strong growth in export sales the preceding 12 months and the potential to accelerate our customer acquisition strategy. We are progressing strategic conversations with several key customers and strategic partners on the applications of our products to drive accelerated growth and revenue diversification."

<b>SUMMARY FINANCIAL RESULTS</b>	<b>1H22</b>	<b>1H21</b>	<b>Change</b>
Total Revenue	\$5.56m	\$5.13m	8.4%
Operating Revenue	\$5.32m	\$4.76m	11.8%
Gross Margin	44.5%	44.7%	(0.4%)
Total Expenses	\$2.48m	\$2.26m	9.6%
EBITDA	\$0.29m	\$0.39m	(26.6%)
Profit / (Loss) for the period	\$0.13m	\$0.24m	(44.2%)
Operating cashflow	\$0.31m	\$0.99m	(68.8%)
Cash and cash equivalents	\$1.57m	\$1.48m	5.9%

## Financial Update

ABT delivered a strong half year result with total revenue of \$5.56m, an 8.4% increase on 31 December 2020. The Company's core products, FailSafe and Terra Dura, continue to achieve solid sales results with \$5.32m in operating revenue for the half, predominantly from the sale of the FailSafe products. Revenue associated with the sale of braking systems accounted for approximately 50.4% of operating revenue with the remainder comprising of engineering design services, installation services and a strong proportion from the ongoing sale of spares and consumables.

Gross margins for 1H22 were 44.5% (1H20: 44.7%), broadly stable on pcp. The Company continues to see solid EBITDA results with \$0.29m for the half (1H21: \$0.39m) and a 1H22 net profit of \$0.13m (1H21: net profit \$0.24m). Total expenses increased by 9.6% on pcp due to an increase in corporate overheads related to inorganic growth activities and new business systems implementation.

ABT has been able to maintain and improve its cash position from 30 June 2021 of \$1.4m to \$1.57m at 31 December 2021 (31 December 2020: \$1.48m), despite net operating cash flow being down in 1H22 at \$0.31m compared to the pcp of \$0.99m. As ABT is awaiting the receipt of the R&D tax offset refund of \$0.54m for the FY21 claim, whereas the R&D tax offset for FY20 was received in 1H21 of \$0.53m.

ABT has not received any COVID-19 related financial assistance payments during 1H22.

## Operational Update

ABT continues to progress its diversification strategy across its customer base and industries over the half year period. Demand from the core industry segments being mining services remains strong and ABT continues to assess additional opportunities in adjacent and complimentary industries. ABT's sales pipeline covers a diverse customer and industry base with a focus on expanding through existing market segments and new segments in due course, both domestically and internationally. This includes investigating opportunities that exist within the heavy vehicle transport sector where maintenance and safety issues have identified a need for a sealed heavy duty brake solution.

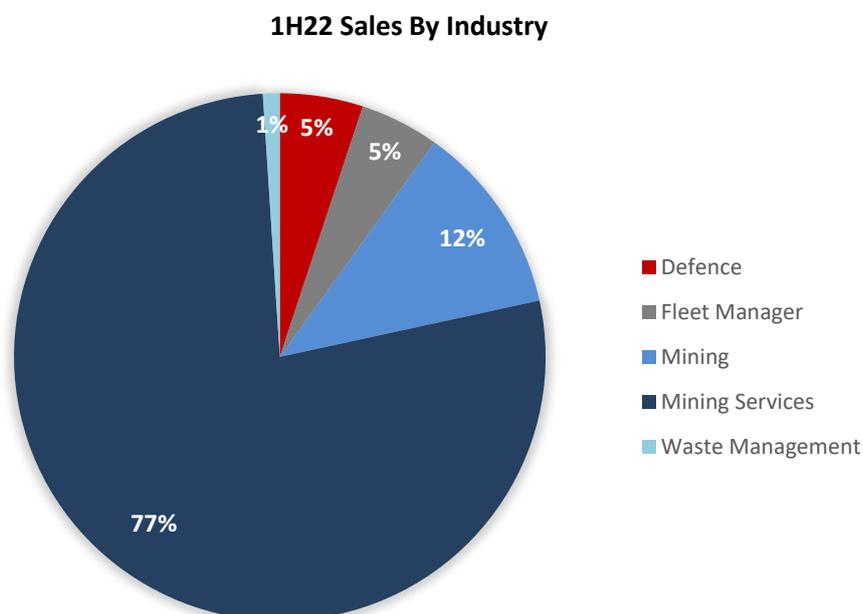
Western Australia is a recognised world leader in the field of automation for the mining sector, strongly positioning ABT in the epicentre of this innovative technology driven industrial revolution. ABT continues to engage in conversations relating to industry trends and progress within the automated, electric, and connected vehicles industry.

With the increasing focus on ESG in the industrial sector worldwide, ABT has experienced strong growth in export sales. ABT has seen an increasing demand within the Asian and African regions with a new customer relationship in Africa, yielding strong initial order flow.

ABT is nearing completion of the VEEM/Thales' Hawkei Protected Mobility Vehicle Light project. This project has provided a clear market example of ABT's ability to deliver bespoke solutions to end customers and provides a co-development framework for future projects and strategic customer relationships. The Company has established a strong relationship with all project participants and maintained a growing pipeline of opportunities from both new and existing customers.

The operating environment during COVID-19 continues to be considered and assessed both within Australia and internationally. Although ABT's main customer base is in the mining and mining services industries in Australia, the business has experienced some impact for its logistics partners and delays for select international customers due to the decrease in international flights and global pressure on shipping options. To offset the impacts from COVID-19, ABT has proactively taken measures to address this changed operating environment through improved forward inventory planning management and

remaining in close, routine conversations with ABT suppliers and the supply chains of its customers, resulting in minimal financial impact. The ongoing impact on transport and supply chains are moderately impacting the length of time to acquire certain component parts.



### Corporate Update

Post period end, John Annand stepped down as Chief Executive Officer by mutual agreement with the Board. The Board has commenced an executive search to appoint a suitable replacement. During the interim period, Andrew Booth, Director of Strategy and Commercial has assumed the role of Acting Chief Executive Officer.

### Outlook

The industry is seeing a strong focus on safety and compliance as a key driver of innovation and product development. ABT is well positioned with a solid foundation for growth with quality products and service underpinned by a culture of both safety and environmental impacts. The Company is focused on strategic growth opportunities and are currently assessing key initiatives to drive scale, revenue diversification and enhance innovation for the business.

Acting CEO Andrew Booth stated, *“Over the past six months we have once more delivered strong results that position ABT well for the future and enable the Company to actively participate in technology-driven industrial trends and remain true to our core ethos of safety and the environment.”*

*Our focus over the coming months will continue to be delivering strong underlying results from our core business. Additionally, we will be focused on proactively progressing our strategic mandate to identify additional market opportunities, both organic through strategic partnerships for our sealed braking solutions, and inorganic opportunities that will enhance the scale and scope of our offering. We intend to pursue these opportunities with vigour over the coming months.”*

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.