

**ASX RELEASE**

**30 October 2019**

**ASX code: ABV**

## **Appendix 4C – Quarterly Report**

### **Highlights:**

- **Positive operating cash flow achieved for Q1 FY20**
- **Q1 FY20 operating sales 41% greater than corresponding Q1 FY19 period**
- **Q1 FY20 operating sales 12% greater than previous Q4 FY19 period**
- **Positive EBITDA and net profit result achieved for Q1 FY20, continuing the strong financial turnaround**

**Advanced Braking Technology Limited** (ASX: ABV) ('ABT' or 'the Company') is pleased to advise that the ABT Group had a cash position of \$1.076m at 30 September 2019. Net cash flows from operating activities for the quarter was a positive inflow of \$93k, with net cash flows across all activities being a positive inflow of \$360k.

During the quarter, the Company drew down on the second tranche of the R&D prepayment loan facility with R&D Capital Partners Pty Ltd, in the amount of \$200k. This short-term facility has a limit of \$620k, with the first draw down of \$420k occurring in April 2019. This loan will be repaid upon the receipt of the 2019 R&D claim under the R&D Tax Incentive from the ATO. For further details please refer to the ASX announcement dated 24 April 2019.

The Company's convertible notes, that matured on 30 June 2019, were extended during the quarter for a further 6-month period to 31 December 2019. Subsequent to the maturity of the convertible notes, \$214k of the notes were repaid to the note holders and new convertible notes totalling \$214k were issued on 30 July 2019. For further details please refer to the ASX announcement dated 30 July 2019.

Subsequent to the end of the quarter the Company has received conversion notices from convertible note holders for the conversion of \$29,000 into 1,450,000 ordinary shares. The conversion of the notes into shares does not result in any further funds being received by the Company.

### **Revenues and Cost Management**

The Company achieved a significant increase in sales for Q1 FY20, with operating sales being \$2.267m which represents a 41% increase over the corresponding Q1 FY19 period.

The operating sales revenue for Q1 FY20 was also a 12% increase over the previous Q4 FY19 period.

The increased sales also resulted in another positive EBITDA result, which now means the Company has been able to achieve a positive EBITDA result for each of the last 8 months since February 2019. As such, the Company has been able to achieve its stated objective of returning to a break-even position that was first announced back in Q3 FY19.

Product sales margins for Q1 FY20 have also held steady at 47% which is consistent with the full FY19 product margin result of 46%.

The Company was able to achieve an unaudited positive EBITDA result of \$185k and a small net profit of \$21k for the quarter. Both of these results highlight that the Company has the leadership team now in place, in conjunction with a product portfolio and customer base, to allow it to grow and maintain a profitable business model.

For a more detailed outline of the Company's recent activities, please refer to the Operational Update released to the ASX on 28<sup>th</sup> October 2019.

**- ENDS -**

**For further information, please contact:**

Mr. John Annand

Chief Executive Officer

T: +61 (0) 8 9302 1922

[www.advancedbraking.com](http://www.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 7 continents across the globe.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

ADVANCED BRAKING TECHNOLOGY LTD

**ABN**

66 099 107 623

**Quarter ended ("current quarter")**

30 SEPTEMBER 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,511	2,511
1.2 Payments for		
(a) research and development	(20)	(20)
(b) product manufacturing and operating costs	(1,120)	(1,120)
(c) advertising and marketing	(2)	(2)
(d) leased assets	(58)	(58)
(e) staff costs	(562)	(562)
(f) administration and corporate costs	(565)	(565)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(92)	(92)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>93</b>	<b>93</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(12)	(12)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	79	79
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>67</b>	<b>67</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	214	214
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	200	200
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – Payments for redeemed convertible notes	(214)	(214)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>200</b>	<b>200</b>

		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	716	716
4.2	Net cash from / (used in) operating activities (item 1.9 above)	93	93
4.3	Net cash from / (used in) investing activities (item 2.6 above)	67	67
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	200
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,076</b>	<b>1,076</b>

<b>5. Reconciliation of cash and cash equivalents</b>		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	1,035	675
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposit)	41	41
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,076</b>	<b>716</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	46
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 Directors Fees and superannuation	

7.	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	15
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	<p>Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2</p> <p>Provision of company secretarial services from AE Administrative Services Pty Ltd, a company associated with a director of the company.</p> <p>Provision of legal services from RB Flinders, a company associated with a director of the company.</p>	

8.	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	620	620
8.2	Credit standby arrangements	500	-
8.3	Other – Convertible notes – convertible at \$0.02 for up to 81,585,001 shares, maturing 31 December 2019	1,632	1,632
8.4	<p>Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.</p> <p>8.1 During a previous quarter a R&amp;D prepayment loan facility was entered into with R&amp;D Capital Partners Pty Ltd. The loan facility has a limit of \$620,000, the first \$420,000 was drawn down in April 2019, with the remaining \$200,000 drawn down during September 2019. The loan is repayable upon receipt of the 2019 R&amp;D claim under the R&amp;D Tax Incentive from the ATO, or 30<sup>th</sup> November 2019, whichever occurs first. The interest rate is 1.25% per month on amounts drawn. The lender has a primary security interest of the present and after acquired property of Advanced Braking Pty Ltd.</p> <p>The only facility under 8.2 above is a NAB Invoice Finance Facility, which presently 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 has been in place since 2013. The interest rate for the NAB Invoice Finance Facility is currently 6.31%.</p> <p>8.3 The Company has Convertible Notes totalling \$1,631,700 at 30 September 2019, maturing on 31 December 2019. Should any of these notes be redeemed for cash at maturity, payment will occur within 5 business days. The interest rate associated with the convertible notes is 15%pa, paid quarterly in arrears. Following the end of the quarter, at the note holders option \$29,000 of the notes were converted to 1,450,000 ordinary shares.</p>		

<b>9.1</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.11	Research and development	(24)
9.12	Product manufacturing and operating costs	(1,258)
9.13	Advertising and marketing	(21)
9.14	Leased assets	(15)
9.15	Staff costs	(600)
9.16	Administration and corporate costs	(435)
9.17	Interest and other costs of finance paid	(81)
9.18	Payments to acquire property, plant and equipment	(15)
9.19	Repayment of R&D Loan	(620)
<b>9.1</b>	<b>Total estimated cash outflows</b>	<b>(3,069)</b>

<b>9.2</b>	<b>Estimated cash inflows next quarter</b>	<b>\$A'000</b>
9.21	Receipts from customers	2,308
9.22	Government grants and tax incentives	690
9.23	Interest received	1
9.24	Proceeds from the disposal of property, plant and equipment	-
9.25	Loan draw down	-
9.26	Other – Transaction costs for issue of shares	(10)
<b>9.2</b>	<b>Total estimated cash inflows</b>	<b>2,989</b>

<b>10.</b>	<b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

### **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.



Sign here: \_\_\_\_\_  
(Company secretary)

Date: 30 October 2019

Print name: Kaitlin Smith

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.