

ASX RELEASE

31 July 2020

ASX code: ABV

Appendix 4C – Quarterly Cash Flow Report & Quarterly Activities Report

Highlights:

- **FY20 Total Operating Sales are \$8.35m (unaudited), 22% increase on FY19**
- **FY20 Net Profit result \$171k (unaudited)**
- **Q4 FY20 operating sales 5% greater than Q4 FY19 and 30% greater than Q4 FY18**
- **ABT enters into a Technology Licence Agreement with VEEM Ltd to provide a braking solution for the Hawkei PMV-L project**
- **ABT receives Australian Design Rule approval for Terra Dura for Toyota Hilux**

Advanced Braking Technology Limited (ASX: ABV) ('ABT' or 'the Company') is pleased to provide the Quarterly Activities Report and Appendix 4C – Quarterly Cash Flow Report for Q4 FY20.

1. Quarterly cash flow summary

The ABT Group had a cash position of \$0.516m at 30 June 2020. Net cash flows from operating activities for the quarter is an inflow of \$175k, with Q4 net cash flows across all activities being an inflow of \$63k.

FY20 net cash flows from operating activities is an inflow of \$242k. FY20 net cash flows across all activities was an outflow of \$200k, due to the repayment of borrowings during H1 FY20.

2. Revenues and Product Margin

The Company achieved a strong sales result for Q4 FY20, with operating sales of \$2.128m. This unaudited result represents:

- a 11% increase over the prior Q3 FY20 period;
- a 5% increase over the corresponding Q4 FY19 period; and
- a 30% increase over the corresponding Q4 FY18 period.

Total Operating Sales for FY20 total \$8.35m (unaudited), an increase of \$1.5m, represents a 22% increase, over FY19 Total Operating Sales of \$6.85m.

ABT is pleased to advise that the unaudited result for FY20 is a Net Profit of \$171k (FY19: Net Loss of \$1.71m) and a positive EBITDA of \$0.653m (FY19: negative \$1.27m).

Product sales margins for Q4 FY20 were 49%, which is consistent with the margins achieved each quarter in FY20. The FY20 YTD product margin remains consistent at 48.5% which an improvement on the full FY19 product margin result of 46%.

These results highlight that the Company has been able to continue the strong financial turnaround that first commenced back in February 2019, which has placed the Company in a stronger position to allow it to capitalise on the numerous market opportunities that it has in front of it.

3. COVID-19

ABT is continually reviewing COVID-19 operating environment and will amend its business operations to reflect the changing operating environment. ABT maintains a disciplined approach to costs and this will continue to be the focus of the business in these uncertain economic times. The Company's primary customer base remains within the mining and civil construction industries which to-date continue to operate during this challenging period.

The Company has benefited from the financial assistance measures provided by both the Federal and Western Australian governments, to help protect both the business and its employees, and will seek to utilise government assistance, should it become eligible. During FY20, the Company received approximately \$0.11 million in financial assistance.

4. Technology Licence Agreement with VEEM Ltd to provide a braking solution for the Hawkei PMV-L project

During the quarter, the Company entered into a Technology Licence Agreement ('Agreement') with VEEM Ltd (ASX: VEE) ('VEEM') for VEEM to manufacture and supply ABT's specialised park brake mechanism for Thales' Hawkei Protected Mobility Vehicle – Light project. The Customer, Thales Australia Limited ('Thales') is part of the Thales Group, the world leading aerospace, defence, transport and security technology company headquartered in Paris, France.

The Agreement is to licence the manufacture and supply of 1,100 park brake mechanisms for the Hawkei Light Protected Mobility Vehicle for a value of approx. \$630k, in licence and engineering support fees and product revenue for the supply of specified components for 1,100 brake mechanisms over an estimated 24 month period. Refer to the Company's ASX announcement on 3 July 2020 for further details.

Minister for Defence Industry, Melissa Price stated, *"this world-leading technology is an example of the know-how Australian industry can provide for our Army and beyond"* and *"the equipment has been developed from the proven Failsafe brake system, which has been used extensively within the mining sector for many years, both in Australia and globally."*

5. Electric Light Vehicle trials

The use of electric vehicles within the global mining industry continues to gather pace and ABT continues to be actively engaged with the developers of this emerging technology. ABT has aligned itself with a number of providers of electric light vehicles to the global mining industry and our brakes are now installed on multiple electric vehicle platforms around the world. These electric light vehicles are either being demonstrated or trialed within various mine site environments in Australia, Europe, Canada and South Africa.

6. ABT receives Australian Design Rule approval for Terra Dura for Toyota HiLux

Following a comprehensive testing process undertaken during February 2020, ABT received formal notification from the Department of Infrastructure, Transport, Regional Development and Communications in June 2020, that the Terra Dura sealed braking solution had received Australian Design Rules ('ADR') approval for use on the Toyota HiLux. ABT has previously received ADR approval for the Terra Dura sealed braking solution for use on the Toyota Landcruiser with this application already being successfully used in operations across a number of mine sites in Australia. The ADR approval for Toyota HiLux increases the vehicle applications to which the ABT product portfolio can be fitted, in line with the Company's strategic objectives.

7. Appointment of Director of Sales & Marketing

During the quarter, Mr Ben Suda was appointed to the role of Director of Sales & Marketing. Mr Suda commenced on 1 June 2020 and is a member of the ABT Executive Management Team. Mr Suda brings significant sales and business development experience to the role of Director of Sales and Marketing gained in executive roles predominantly within the mining industry, but also with exposure to the construction, agricultural and chemical industries. Refer to the Company's ASX announcement on 11 May 2020 for further details.

8. Payments to related parties of the entity and their associates during the quarter

Payments to related parties and their associates included in operating activities totalled \$75k, and were comprised of:

- ABT's Non-Executive Directors received directors' fees and superannuation totalling \$69k, which were paid to Directors' personally or via a related entity.
- ABT received company secretarial services from AE Administrative Services Pty Ltd, a company associated with a director of the company and made payments for those services in the amount of \$6k.

Further Information

For a more detailed outline of the Company's recent activities, please refer to the Company announcements during the quarter.

This release is authorised by the Board of Directors.

- ENDS -

For further information, please contact:

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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")

30 JUNE 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		2,218	8,955
1.2 Payments for			
(a) research and development		(54)	(109)
(b) product manufacturing and operating costs		(1,216)	(5,334)
(c) advertising and marketing		(9)	(26)
(d) leased assets		(23)	(145)
(e) staff costs		(575)	(2,237)
(f) administration and corporate costs		(275)	(1,437)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	3
1.5 Interest and other costs of finance paid		(1)	(227)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		110	799
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		175	242
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(4)	(26)
(d) investments		-	-
(e) intellectual property		-	-
(f) other non-current assets		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	79
	(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)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(4)	53

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	-	214
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(48)
3.5	Proceeds from borrowings	-	303
3.6	Repayment of borrowings	(103)	(723)
3.7	Transaction costs related to loans and borrowings	(5)	(20)
3.8	Dividends paid	-	-
3.9	Other (Repayment of convertible debt)	-	(221)
3.10	Net cash from / (used in) financing activities	(108)	(495)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	453	716
4.2	Net cash from / (used in) operating activities (item 1.9 above)	175	242
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	53

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(108)	(495)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	516	516

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	475	412
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Term Deposits)	41	41
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	516	453

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

75

-

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

- 6.1 a) Non-Executive directors fees and superannuation - \$69k
- b) Provision of company secretarial services from AE Administrative Services Pty Ltd, a company associated with a director of the company - \$6k

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	-	-
7.2 Credit standby arrangements	500	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	500	-

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 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 5.85%.

Other Arrangements

The Company has two other finance arrangements that it does not consider financing facilities, as funds are not able to be drawn upon for working capital. The details of the arrangements totalling \$207,443 are below.

The Company has 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 \$183,975. The interest rate of the funding is approx. 4.5% pa.

The Company has a secured vehicle finance arrangement with Toyota Finance Australia Limited for the purchase of a Toyota Hilux, at an interest rate of 5.43%. The outstanding balance for the remaining period of the arrangement, being 1.5 years, is \$23,468.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	175
8.2 Cash and cash equivalents at quarter end (Item 4.6)	516
8.3 Unused finance facilities available at quarter end (Item 7.5)	500
8.4 Total available funding (Item 8.2 + Item 8.3)	1,016
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	5.8

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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?

N/A

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?

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

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:31 July 2020.....

Authorised by: the Board of Advanced Braking Technology Limited
(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.