

Appendix 4E

Preliminary final report

Rule 4.3A
Introduced 1/1/2003

Name of entity: **Advanced Braking Technology Ltd**

ABN: **66 099 107 623**

1. Reporting period ("current period"): **Year ended 30 June 2021**
Previous corresponding period: **Year ended 30 June 2020**

2. Results for announcement to the market

\$A'000

2.1 Revenue from ordinary activities up 15% to 10,448

2.2 Profit from ordinary activities after tax attributable to members up 263% to 620

2.3 Profit for the period attributable to members up 263% to 620

		Amount per share cents		Franked amount per share cents
2.4 <i>Dividends</i>				
Final		Nil		N/A
Interim		Nil		N/A

Record date for determining entitlements to dividends: N/A

Summary

Advanced Braking Technology Ltd ("ABT" or the "Company") advises that for FY21, the Company has achieved revenues of \$10.45m, which represents an increase of 15% on the prior year result of \$9.08m. Revenue from trading activities for FY21 is \$9.7m, which is an increase of 16% on the prior year result of \$8.35m.

During FY21, the Company continued to deliver improvements in our financial and operational performance. These improvements include:

- improving its financial position through increased sales, consistent margins and a continued focus on expenditure, resulting in a positive cash flow from operations of \$1.21m for the year;

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- further diversifying our customer base to which we supply our innovative braking solutions; and
- strengthening our Intellectual Property and patent protection.

The improvements noted above, have set the Company up for a strong FY22 and will support the implementation of its planned growth strategy.

In addition to product development and increasing sales, the Company continues to work on the intangible aspects of the business including corporate culture, systems and processes and stakeholder management, all of which improves business performance and creates the foundation to allow the Company to implement its strategy.

In FY21, the impact on ABT's operations due to coronavirus (COVID-19) was not material. ABT continually reviews the COVID-19 operating environment and has amended its business operations when required to reflect the changing operating environment. The Company's primary customer base remains within the mining and civil construction industries, which to-date, have continued 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 operations and its employees. During FY21, ABT received \$0.105m in financial assistance (FY20: \$0.11m).

Revenues and Cost Management

Significant progress was made to further improve the Company's financial position and performance during FY21.

Revenues from ordinary activities of \$10.45m (FY20: \$9.08m) for FY21 were primarily derived from sales of the Company's core Failsafe product and associated spares and consumables into the mining and civil construction industries.

Revenues from other activities of \$0.747m relate to the research and development tax offset of approximately \$0.526m, a Defence Global Competitiveness Grant of \$0.096m, \$0.105m in COVID-19 related financial assistance payments and \$0.02m of other income.

During FY21, the focus on expenditure continued. The impact of this cost management when combined with the improved sales and consistent margin performance, has resulted in an unaudited net profit for FY21 of \$0.62m (FY20: \$0.17m).

For FY22 and beyond, the Company expects to further diversify revenue by identifying opportunities to broaden its product offering. The Company has worked to diversify its customer base to include customers not only in our primary mining market, but also the defence, waste management and civil construction industries and will continue to identify new market segment opportunities.

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Current Period	Previous Corresponding period
	2021	2020
	\$'000	\$'000
Revenue from trading activities	9,701	8,349
Cost of sales	(5,211)	(4,482)
Gross Profit	4,490	3,867
Revenue from other activities	747	730
Expenses		
Amortisation of Intellectual Property	(64)	(64)
Audit and accounting fee	(71)	(54)
Bad and doubtful debts	-	(10)
Consulting fees	(305)	(311)
Consumables and minor equipment	(177)	(113)
Depreciation expense	(180)	(206)
Employee expenses	(2,905)	(2,718)
Finance expenses	(83)	(295)
Information & Technology expenses	(84)	(49)
Insurance	(207)	(140)
Inventory obsolescence expense	(79)	(1)
Legal fees	(17)	(33)
Marketing and advertising expenses	(68)	(26)
Patents expense	(49)	(40)
Property expenses	(52)	(47)
Telephone and other communication	(33)	(32)
Travel and accommodation	(70)	(114)
Warranty expense	(24)	(50)
Other expenses	(149)	(123)
Total expenses	(4,617)	(4,426)
Profit / (loss) from continuing operations	620	171
Profit / (loss) before income tax	620	171
Income tax	-	-
Profit/loss after income tax	620	171
Other comprehensive income / (loss)	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive income / (loss) for the period	620	171

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4. Consolidated Statement of Financial Position

	Current Period	Previous Corresponding period
	2021	2020
	\$'000	\$'000
CURRENT ASSETS		
Cash and Cash equivalents	1,411	516
Trade and other Receivables	1,426	1,275
Inventories	1,773	2,001
Other current assets	743	714
Total current assets	5,353	4,506
NON-CURRENT ASSETS		
Property, plant and equipment	450	292
Right of use assets	422	487
Intangibles	607	671
Total non-current assets	1,479	1,450
TOTAL ASSETS	6,832	5,956
CURRENT LIABILITIES		
Trade and other Payables	1,147	1,165
Interest bearing liabilities	283	55
Provisions	256	257
Total current liabilities	1,686	1,477
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	406	472
Provisions	18	14
Total non-current liabilities	424	486
TOTAL LIABILITIES	2,110	1,963
NET ASSETS	4,722	3,993
EQUITY		
Issued Capital	55,819	55,819
Reserves	278	169
Accumulated losses	(51,375)	(51,995)
TOTAL EQUITY	4,722	3,993

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5. Consolidated Statement of Cash Flows

	Current Period	Previous corresponding period
	2021	2020
	\$ '000	\$ '000
Net cash flows from operating activities		
Receipts from customers	10,209	8,941
Payments to suppliers, consultants and employees	(9,727)	(9,274)
Interest paid	(9)	(227)
Interest received	4	3
Other – Grants and R&D tax incentive	735	799
Net cash provided by / (used in) operating activities	1,212	242
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	79
Purchase of property, plant and equipment	(274)	(26)
Net cash provided by / (used in) investing activities	(274)	53
Cash flows from financing activities		
Proceeds from borrowings	-	517
Repayment of borrowings	(18)	(944)
Borrowing costs	(25)	(20)
Proceeds from issue of shares	-	-
Costs of issuing shares	-	(48)
Net cash (used in) / provided by financing activities	(43)	(495)
Net increase / (decrease) in cash and cash equivalents held	895	(200)
Cash and Cash equivalents at the beginning of the year	516	716
Cash and Cash equivalents at the end of the year	1,411	516

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6. Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent			
	Issued Capital \$'000	Accumulated Losses \$'000	Other Reserves \$'000	Total \$'000
Current Period				
CONSOLIDATED GROUP				
At 1 July 2020	55,819	(51,995)	169	3,993
Profit for the year	-	620	-	620
Share-based payments	-	-	109	109
Total comprehensive income / (loss) for the year	-	620	109	729
Issue of ordinary shares	-	-	-	-
Transaction costs relating to share issues	-	-	-	-
Total transactions with owners	-	-	-	-
At 30 June 2021	55,819	(51,375)	278	4,722
Previous corresponding period				
CONSOLIDATED GROUP				
At 1 July 2019	54,200	(52,166)	-	2,034
Profit for the year	-	171	-	171
Share-based payments	-	-	169	169
Total comprehensive income / (loss) for the year	-	171	169	340
Issue of ordinary shares	1,636	-	-	1,636
Transaction costs relating to share issues	(17)	-	-	(17)
Total transactions with owners	1,619	-	-	1,619
At 30 June 2020	55,819	(51,995)	169	3,993

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7. Dividends

Amount per security

	Amount per security	Franked amount per security at 27.5% tax	Amount per security of foreign source dividend
	cents	cents	cents
Final dividend - current year	Nil	N/A	N/A
- previous year	Nil	N/A	N/A
Interim dividend - current year	Nil	N/A	N/A
- previous year	Nil	N/A	N/A

Total dividends on all securities for the year

	Current period	Previous corresponding period
	2021 \$'000	2020 \$'000
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
	<hr/>	<hr/>
Total	-	-
	<hr/> <hr/>	<hr/> <hr/>

8. Dividend reinvestment plans

The dividend reinvestment plans shown below are in operation:

None

Last date for receipt of election notices for the dividend reinvestment plan: N/A

9. Retained earnings

	Current period	Previous corresponding period
	2021 \$ '000	2020 \$ '000
(Accumulated losses) at the beginning of the financial period	(51,955)	(52,166)
Net profit / (loss) attributable to members of the parent entity	620	171
	<hr/>	<hr/>
(Accumulated losses) at the end of the financial period	(51,375)	(51,995)
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10. Net tangible assets

	Current period 2021 cents	Previous corresponding period 2020 cents
Net tangible asset backing per ordinary share	<u>0.97</u>	<u>0.75</u>

11. Details of entities over which control has been gained or lost

Control gained over entities	N/A
Control lost over entities	N/A

12. Details of associates and joint venture entities

N/A

13. Any other significant information

Details of any other significant information needed by an investor to make an informed assessment of the entity's financial performance and position:

N/A

14. Accounting standards

The set of accounting standards used in compiling report are the International Financial Reporting Standards.

15. Results for the period

15.1 Earnings per security

	Current period 2021 cents	Previous corresponding period 2020 cents
Basic profit / (loss) per share	<u>0.16</u>	<u>0.05</u>
	Number	Number
Weighted average number of ordinary shares during the period used in the calculation of basic EPS	<u>379,148,766</u>	<u>349,097,424</u>

Diluted EPS are not shown for either the current period or the previous corresponding period as it would dilute the actual profit per share attributable to existing shareholders.

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15.2 Returns to shareholders

No dividends were declared or paid during the period and no other returns were made to shareholders during the period.

15.3 Significant features of operating performance

Market demand for ABT products remains strong and will drive operating revenue growth during FY22 and beyond.

ABT continues to progress its strategy of driving further diversification across its current customer base and industries, resulting in an expanded sales pipeline, whilst at the same time exploring opportunities in new market segments, including those in the heavy vehicle transport sector where maintenance and safety issues have identified a need for a sealed heavy duty brake solution.

15.4 Segment results

The Group has identified its operating segment based on the management reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Management has identified a single operating segment, which is the design, manufacture and distribution of improved vehicle braking systems based on the Failsafe Braking System and Terra Dura Braking System to customers worldwide.

The performance of the operating segment is evaluated based on profit before tax and net finance costs (profit before tax and interest) and is measured in accordance with the Group's accounting policies.

The Group's financing requirements, finance income, finance costs and taxes are managed on a group basis.

15.5 Trends in performance

Refer to the Summary information on pages 1 - 2 for commentary on year-on-year performance.

15.6 Any other factors which have affected the results in the period or which are likely to affect the results in the future, including those where the effect could not be quantified:

N/A

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16. This report is based on accounts to which one of the following applies:

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

17. Description of any likely audit dispute or qualification.

Nil

Date: 30 August 2021

Approved for release by the Board of Directors of Advanced Braking Technology Limited.

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