

ASX ANNOUNCEMENT

31 August 2022

## FY22 Results Announcement

Advanced Braking Technology Ltd (ASX: ABV) ('ABT' or 'the Company' or 'the ABT Group'), the preeminent supplier of fail-safe brakes for commercial vehicles in Australia, provides an overview of the FY22 results.

### FY22 Highlights

- **Total Revenue** of \$11.74m, up 12% on previous corresponding period (pcp)
- **Operating Sales** increased to \$11.08m, up 14% on pcp with product sales margins of 44%
- **Net Profit** result of \$0.64m (FY21: \$0.62) and EBITDA result of \$0.967m (FY21: \$0.914m)
- Improved **cash position** of \$1.739m (FY21: \$1.411m)

SUMMARY FINANCIAL RESULTS	FY22	FY21	Change
Total Revenue	\$11.74M	\$10.45M	12%
Operating Revenue	\$11.09M	\$9.7M	14%
Total Expenses	\$4,934.00	\$4,617.00	7%
EBITDA	\$0.966M	\$0.914M	6%
Profit / (Loss) for the Period	\$0.644M	\$0.62M	4%
Cash and Cash Equivalents	\$1.739M	\$1.411M	23%

During FY22, the Company continued to deliver improvements in our customer engagement and strategic roadmap. These included:

- delivering sustained **double-digit revenue growth**;
- **strengthening financial and working capital position** through record year-on-year sales growth, resulting in a positive cash flow from operations for the year;
- growing our export sales and international partners and deepening our valuable Bluechip customer relationships;
- creating a **2025 roadmap** which includes both organic and inorganic strategy for ABT;
- focusing on strengthening ABT's foundation capabilities to support scalability;
- Invest in R&D and strong evidence-based support for ABT Products and their industrial **ESG attributes**;
- **supply chain strategy** which increases strategic partnerships and a vertical integration where appropriate;
- investing in new product development which will deliver **revenue diversification and scale opportunity**.

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Andrew Booth, Chief Executive Officer stated, "FY22 has been a significant year for Advanced Braking Technology ('ABT') as we continued to execute our strategy and demonstrate financial results that support our growth objectives. ABT performed strongly, with record sales, solid product margins and positive trend continuing in EBITDA. With a sound cash flow and balance sheet, ABT is well positioned to continue to grow and deliver value accretion. ABT has deepened our strong base of customers and channel partners, expanding via both customer acquisition and further developing our existing customer relationships".

## Financial Summary

The Company reported financial results for the year end 30 June 2022, with revenue of \$11.74m for FY22 (FY21: \$10.45m), which represents an 12.4% increase on the prior year. The net profit for the year of \$0.64m (FY21: \$0.62m) was achieved through an increase in sales revenue and controlled expense.

The Company reports a balance sheet with cash and receivables of \$3.7m (FY21: \$2.8m). Net assets as at 30 June 2022 have increased 13% (\$0.6m) on FY21 balances. Cash balance of \$1.7m, is up from the \$1.4m at 30 June 2021. ABT experienced an increase in trade and other payables \$0.7m, which relates primarily to higher levels of inventory purchasing to support the increasing operating sales revenues. The increase in liabilities is offset by a similar increase in trade receivables of \$0.56m to \$1.99m at 30 June 2022 (FY21: \$1.43m).

## Revenue

Operating revenue in FY22 of \$11.1m (FY21: \$9.7m) was achieved primarily from sales of the Company's core Failsafe products and associated spares and consumables into the mining and civil construction industries. The product margin for brake kits and consumable sales was slightly lower than the prior year at 45.1% (FY21: 46.3%) and the gross margin for FY22 is 44.4% (FY21: 46.3%) as a result of product and market mix which has been addressed in the new financial year.

The estimated research and development (R&D) tax incentive refund for the year of \$400k (FY21: \$512k) is lower than prior years. The Company engaged in a focused product research and development program with a core customer who funded a portion of the research and development. The funded portion is not accessible for R&D tax offset and has been excluded from the estimated refund for the year ended 30 June 2022.

During FY22, ABT received funds of \$0.12 (FY21: \$0.1m) in relation to a Defence Global Competitiveness Grant of up to \$0.24m. The balance of the grant funding of \$0.04m is expected to be received in the first half of FY23.

## Cash

The cash balance of \$1.7m (FY21: \$1.4m) has increased on prior year due to higher revenue, however increased costs of materials has influenced both the product margins as well as the cash balances. The ongoing impact of COVID-19 on global supply chains has resulted in the Company taking a proactive approach to minimise disruption to customers by purchasing in advance and holding higher stock levels than previously required. The Company have a solid order book on which to place orders on, and as the Company looks to strengthen operations and build business resilience, the importance of supply chain risk management is more apparent than ever. This is a prudent and mandatory investment in securing the opportunity sales pipeline.

## Expenses

Expenses for FY22 totalled \$4.93m (FY21: \$4.62m) representing a 6.9% increase on FY21 expenses. The increases in expenses were mainly driven by increased employee costs where key skills were required to deliver on the Company's strategy and opportunities.

With the easing of travel restrictions, and most national and international services recommencing, employees were able to commence onsite meetings with key customers and suppliers, building on the business relationships following long periods of virtual meetings. Travel costs in FY22 increased significantly from FY21 and contributed to the overall increase in expenses.

## Strategy implementation and product development

With the sustained financial and operational performance achieved during FY22, ABT is focussing on methodical execution of its growth strategy.

The growth strategy will be implemented through:

- organic growth of our existing business through continual internal innovation;
- pursuing high impact growth opportunities in markets that require innovative braking systems for transport and mobility solutions of the future;
- inorganic growth through implementing our Joint Ventures, Partnering and Acquisitions strategy; and
- increasing control of our supply chain.

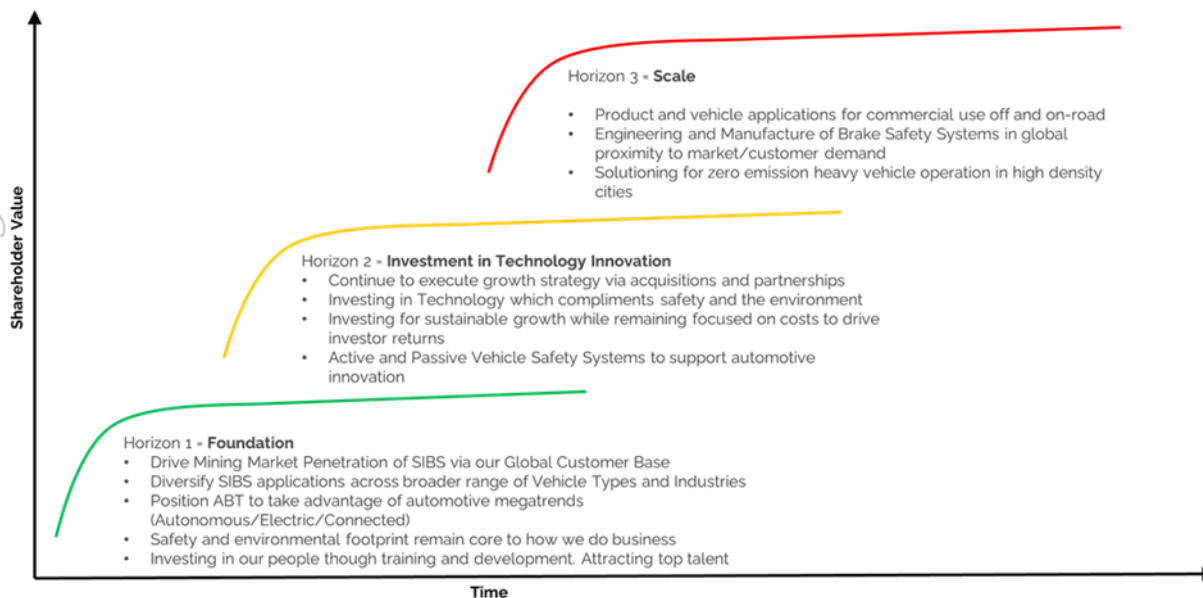
Diversification is a key strategic theme in FY23 through the following:

- our product offering;
- the industries which we supply;
- our customer base;
- the geographic locations in which our products are found; and
- our network of suppliers, installation and service partners, and our international distributors.

With a focus on leveraging our core SIBS intellectual property and existing product range as well as capitalising on our historical R&D, the Company is positioned to grow sales during FY23 to a broader range of customers and geographic regions. The diversification of vehicle variants to which these products can be fitted is based on market intelligence and understanding the fleet and asset management requirements of the customer, with a diligent focus on investment return benchmarks.

ABT's 2025 strategic horizon model illustrates the themes over a medium-term time band. FY23 focuses on deepening our market share across a global customer base parallel to strengthening our operating foundation to support growth. Investing in technology innovation is a strategic theme which points to Industry 4.0, the Internet of Things (IIOT) and the automotive megatrends in play presently. A combination of these two horizons will provide the foundations for scaling ABT's business operations to support a step change in growth.

## ABT's 2025 Strategic Horizon



## Growth and Outlook

The Company's agenda is underpinned by a strong focus on solutioning the safety needs of our customers operating in both developed and developing markets globally. This includes 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.

The Company also continues to focus on strategic growth opportunities and are currently assessing key initiatives to drive scale, revenue diversification and enhanced innovation for the business.

Full Year Investor Webinar ABT will provide an investor webinar to provide an overview of the business, discuss the full year results and the outlook.

To register for the webinar please follow the link below.

Date: 15<sup>th</sup> September 1.00PM (Australian Eastern Standard Time AEST)

[ABT FY22 Webinar Link](#)

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.

[www.advancedbraking.com](http://www.advancedbraking.com)

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