

## ASX ANNOUNCEMENT

29 August 2023

### FY23 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 FY23 results.

#### FY23 Highlights

Summary Financial Results	FY23	FY22	Change
Revenue from ordinary activities	\$14.69m	\$11.74m	25.1%
Revenue from continuing operations	\$14.15m	\$11.1m	27.9%
Product Margin	49.9%	43.9%	5.97%
Total expenses	\$6.17m	\$4.93m	25.1%
EBITDA	\$1.5m	\$0.7m	82.6%
Net profit after tax	\$1.47m	\$0.64m	129%
Cash and cash equivalents	\$2.05m	\$1.74m	17.8%

During FY23, the Company progressed the execution of the 2026 Strategic Roadmap. Including:

- Sustained **double-digit revenue growth**;
- **Strengthening financial and working capital position** year-on-year sales growth, yielding positive cash flow from operations for the year;
- Growth in deepening our valuable Bluechip customer relationships;
- Focus on ABT's foundation capabilities to support scalability;
- Research and Development (R&D) investment and strong evidence-based support for ABT Products and their industrial Environmental, Social and Governance (**ESG**) attributes;
- **Supply chain strategy** which increases strategic partnerships and vertical integration where appropriate;
- Investing in new product development which will deliver **revenue diversification and scale opportunities**.

Andrew Booth, Chief Executive Officer stated, "Advanced Braking Technology ('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. FY23 has been a significant year for ABT as we continued to execute our strategy and demonstrate financial results that support our growth objectives."

### **Financial Summary**

The Company reported financial results for the year end 30 June 2023, with revenue from ordinary activities of \$14.69m (FY22: \$11.74m), which represents an 25.1% increase on the prior year. The net profit for the year of \$1.47m (FY22: \$0.64m) was achieved through an increase in sales revenue and controlled expense.

The Company reports a balance sheet with cash and receivables of \$3.99m (FY22: \$3.7m). Net assets as at 30 June 2023 have increased 32% on FY22 balances. Cash balance of \$2.05m, is up from the \$1.74m at 30 June 2022.

### **Revenue**

As an Original Equipment Manufacturer (OEM), ABT's revenue model includes the sale of the Failsafe Brake System (plus Installation where applicable) followed by trailing sales revenue generated from Spare Parts and Consumables for the operating life of the vehicle (Average 3 Year Life).

Revenue from continuing operations in FY23 of \$14.15m (FY22: \$11.1m) was achieved primarily from sales of the Company's core Failsafe products and associated spares and consumables predominantly into the mining industry.

The gross margin for revenue from continuing operations for FY23 is 50.2% (FY22: 44.4%).

The estimated Research and Development (R&D) tax incentive refund for the year of \$480k (FY22: \$400k) is higher than prior years. The company continues to invest in new product development which will deliver revenue diversification and scale opportunities.

During FY23, ABT received funds of \$0.007m (FY22: \$0.12m) in relation to a Defence Global Competitiveness Grant of up to \$0.24m.

### **Cash**

The cash balance of \$2.05m (FY22: \$1.7m) has increased on prior year due to higher revenue, and the Company reports a positive operating cash flow of \$0.9m (FY22: \$0.4m). The Company continues to take a proactive approach to minimise disruption of delivery to customers by purchasing inventory in advance and holding higher stock levels than previously required. The Company has a solid sales pipeline of opportunities 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 FY23 totalled \$6.17m (FY22: \$4.93m) representing a 25% increase on prior year. The increases in expenses are in line with the Company's 2026 strategic horizon to support a step change in growth. Total expenses are 43.6% of revenue from continuing operations (FY22: 44.4%) and aligned to the revenue growth achieved through the year.

## Strategy, Innovation and Product Development

With sustained financial and operational performance achieved during FY23, ABT continues to focus on the ongoing methodical execution of its strategic roadmap.

The growth strategy will be implemented through:

- organic growth of our existing business via focussed Sales and Marketing engagement with ABT's international customer base;
- product innovation and continuous improvement to deliver vehicle diversification and pace with technology advancement;
- pursuing high impact growth opportunities in markets that require innovative braking systems for transport and mobility solutions of the future;
- inorganic growth through Joint Ventures, Partnering and Acquisitions strategy; and
- increasing control of our supply chain.

Diversification is a key strategic theme in FY24 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 partners: Suppliers, Installation and Service Providers, and International Distributors.

With a focus on leveraging our core SIBS intellectual property and existing product range as well as capitalising on our perpetual R&D investment, the Company is positioned to grow sales during FY24 to a broader range of customers and geographic regions. For example, ABT has been actively engaging with a number of international mining operators in Ghana, requiring Failsafe brake systems for their respective Light Vehicle fleets.

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. An example of this diversification is the development of the Heavy Vehicle (HV) Sealed Integrated Brake (SIBS) range. ABT's HV Strategy targets road trucks 'mine spec'd' for ore haulage application in the mine operation. Effective braking systems are critical for the safe use of mobile and transportable plant and this includes adequate braking measures in the event of the failure of the primary braking system. The ABT HV range solutions a secondary brake system in the form of Failsafe Emergency as well as solutioning for 'Operational Excellence by preventing contamination to the braking system through the SIBS HV Wheelend Brake system.

The range will include:

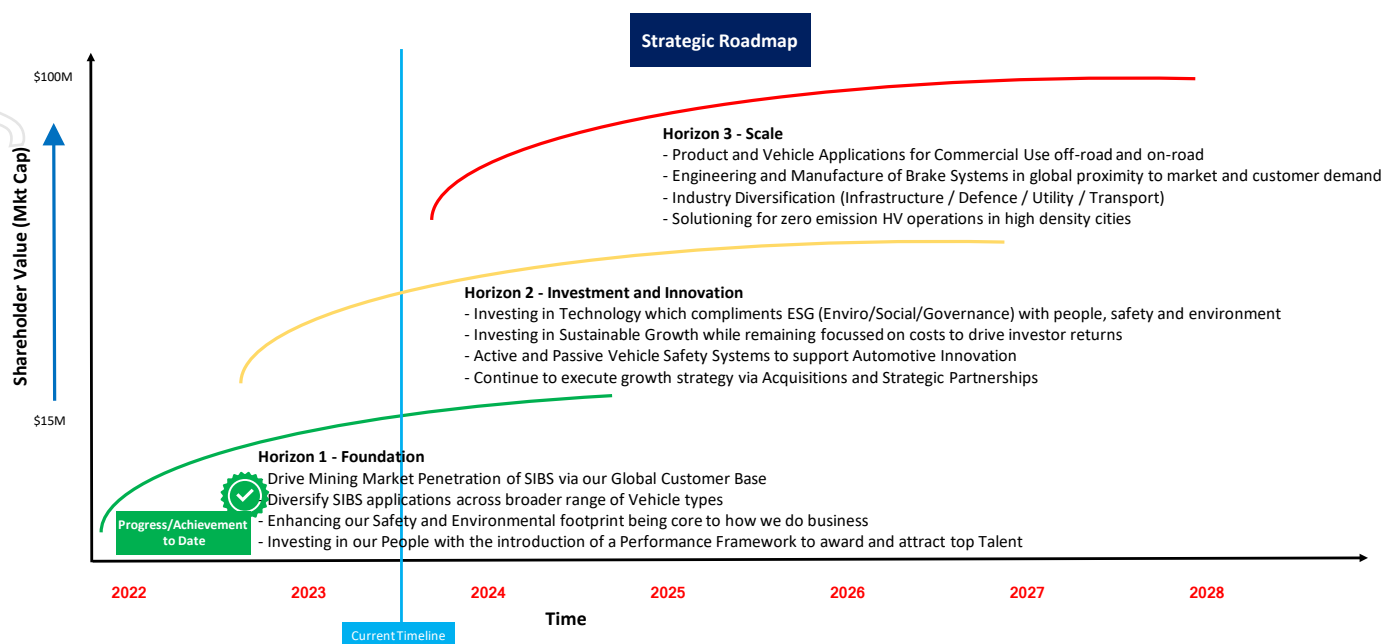
- A Driveline Brake offering an Emergency Failsafe Brake for Heavy Road Vehicles in Underground applications.
- And the other being the SIBS HV Wheelend Brake which ruggedises road vehicles for mining applications.

“We are very pleased with the development progress of the HV strategy and are confident of the successful upcoming trial of the Driveline Emergency Brake, partnering with a major ASX listed international mining company to validate the system. Likewise, Ghana and the region of West Africa presents exciting growth opportunities for ABT as we deepen our engagement with a number of operators adopting Failsafe Brake Systems and in turn strengthening their ESG compliance.” Andrew Booth, Chief Executive Officer.

ABT’s 2027 strategic horizon model illustrates the themes over a medium-term time band. FY24 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 will continue to allocate resources towards the creation and enhancement of new technologies, products and processes through Research and Development (R&D). Investment in R&D is important for the Company to remain competitive, foster innovation and drive long term growth.

## 2027 Strategic Horizon



## Growth and Outlook

The Company's agenda is underpinned by a strong focus on the safety needs of our customers operating in both developed and developing markets globally. This is founded upon 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 is 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: Thursday, 28 September 2023 Time: 1:00pm AEST

Registration Link: [ABT Full Year Investor Webinar](#)

This release is authorised by the Board of Directors.

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**For further information, please contact:**

**Corporate**

Andrew Booth  
Chief Executive Officer  
T: +61 (0) 8 9302 1922

E: [andrew.booth@advancedbraking.com](mailto:andrew.booth@advancedbraking.com)

**Investors**

Kaitlin Smith  
Company Secretary  
T: +61 (0) 8 9302 1922

E: [kaitlin.smith@advancedbraking.com](mailto:kaitlin.smith@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 seven continents across the globe.

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