ASX Announcement
FBR Limited

FBR Limited Quarterly Report | December 2022

Tuesday, 31 January 2023 – Robotic technology company **FBR Limited (ASX: FBR)** ('**FBR**' or '**the Company**') is pleased to provide its quarterly update for the quarter ended 31 December 2022.

Highlights

- FBR's first next-generation Hadrian X® reaches mechanical completion, commissioning activities ongoing
- FBR receives ICC certification approval for use of Fastbrick Adhesive® in concrete masonry construction
- FBR associated construction activities at southern section of the Willagee development reach completion as FBR sets a new 9.2 metre height record utilising the Hadrian X® 109
- Completed A$20 million Placement to institutional, sophisticated and strategic investors to accelerate completion of the next-generation Hadrian X® Programme, pursue WaaS® global expansion and commercialisation opportunities as well as provide additional working capital for a ramp up in activities and workforce planning
- A$16.4 million cash balance at the end of December quarter, plus a A$5.8 million R&D tax refund expected in February 2023.

Business Activities Update

16-Townhouse Willagee Development

Construction continued during the quarter at the 16-townhouse development in Willagee, Western Australia, the largest and most complex project the Company has undertaken to date. As previously announced, FBR is constructing load bearing walls, internal partition walls, and concrete footings and slabs for the builder of the townhouses. During the quarter, following completion of all the ground floors at both the northern and southern sections in the previous quarter, further progress was made at the southern section where FBR completed its construction activities. During the course of construction at the southern section, the Hadrian 109 set a new height record, having successfully laid a course of blocks at 9.2 metres high.

The complexity of the development at Willagee showcases the versatility of the Hadrian X®, including the construction of eight-metre-high triple-leaf cavity walls between each townhouse with acoustic brick ties.



Progress at Willagee South Section showing internal frames being installed

Next-generation Hadrian X® Progress

On 20 December 2022, FBR advised that mechanical assembly of the first next-generation Hadrian X® had been completed.

The next-generation Hadrian X® is the latest iteration of FBR's bricklaying construction robot, designed to be able to lay at speeds of up to 500 blocks per hour (equating to up to ~120m^2 per hour), with the potential to complete both the external and internal walls of a standard double brick house in a single day. The next-generation Hadrian X® features a shuttle block delivery system designed to lay any existing commercially available blocks, as well as the ability to lay blocks not yet available on the market, including large blocks measuring up to 600mm x 400mm x 300mm and weighing up to 45kg. The shuttle delivery system is also designed to be adaptable to handle other products such as roof tiles subject to further future development.

The lengthened 32 metre telescopic boom arm of the next-generation Hadrian X® provides further reach than its predecessor, enabling construction of walls three storeys high from the roadside as well as the ability to lay blocks within 50mm of existing walls. The improved design of the saw module of the next-generation Hadrian X® enables it to make height, mitre and gable cuts to blocks, further increasing the capability of the Hadrian X®. The next-generation Hadrian X® is designed with distributed control architecture, leading to a highly reliable system which allows for individual modules to be customised, repaired and swapped efficiently. Most of the ancillary equipment of the Hadrian X® is self-contained, greatly improving deployment efficiency. Commissioning activities for the next-generation Hadrian X® have now commenced. Following completion of commissioning activities, the Hadrian X® will be calibrated and tested before being utilised for demonstration activities to potential WaaS® partners domestically and internationally, and commercial activity.

Manufacture and assembly of the second next-generation Hadrian X is progressing and an additional truck base for a third next-generation Hadrian X unit is expected shortly.



FBR's first next-generation Hadrian X® reaches mechanical completion

Corporate and Finance

Receipts from customers for the December quarter totalled A$135,640, down from A$589,000 in the previous quarter.

During the quarter, FBR spent $4.3 million on payroll, overheads and corporate costs, consistent with the previous quarter. FBR spent $3.0 million directly developing and manufacturing the Hadrian X ® technology excluding payroll, which was down slightly from the previous quarter following mechanical completion of the first next-generation Hadrian. FBR spent approximately $1.0 million developing its house and land properties at Wellard and delivering WaaS®.

On 28 December 2022, the Company advised it had issued 100,000,000 ordinary shares as loan funded shares following receipt of shareholder approval at the Company's FY 2022 AGM relating to the issue of loan funded shares to FBR's CEO and Managing Director, Mr Mike Pivac and FBR's CTO and Executive Director, Mr Mark Pivac. Each

subscribed to 25,000,000 Short Term Loan Funded Shares under voluntary escrow for 12 months and 25,000,000 Long Term Loan Funded Shares under voluntary escrow for 36 months respectively, pursuant to the terms and conditions set out in the Company's Notice of Meeting dated 27 October 2022. The shares have a loan value of 4.0 cents per share.

Note to item 6 in Appendix 4C: Payments to related parties and their associates were made in the quarter. Approximately A$361,000 was paid to related parties as Executive and Non-Executive Director fees, salary and superannuation.

$20 million Institutional Placement

On 27 October 2022 the Company advised that it had successfully undertaken a fully underwritten Institutional Placement to raise A$20 million comprising the issue of 500 million new ordinary fully paid FBR shares within the Company's Placement capacity under Listing Rule 7.1. The Placement, underwritten and led by Jarden Australia Pty Ltd, was priced at A$0.04 per new share, representing a 20% discount to the last close price on 25 October 2022 of A$0.05 per share.

Placement participants included new and existing institutional, sophisticated and strategic investors. Funds from the Placement are being used to accelerate the completion of the next-generation Hadrian X® Programme, pursue WaaS® global expansion and commercialisation opportunities as well as provide additional working capital for a ramp up in activities and workforce planning as outlined in the investor presentation accompanying the Placement announcement released to the ASX on 26 October 2022.

Events subsequent to the end of the quarter

On 23 January 2023, the Company advised that it had received confirmation from ICC Evaluation Service, LLC ("ICC-ES"), a subsidiary of the *International Code Council®*, that its Fastbrick Adhesive™ and its use in the construction of concrete masonry walls complies with the provisions of the 2021 and 2018 *International Building Code®* ("IBC") and the 2021 and 2018 *International Residential Code®* ("IRC"), the base code standards for the United States and numerous other international jurisdictions.

This confirmation, as evidenced in ICC-ES evaluation report ESR-4273, provides guidance to code officials faced with approving the use of the Fastbrick Adhesive® in concrete masonry construction under these codes. The evaluation report, including the conditions the use of the Fastbrick Adhesive® in concrete masonry construction is subject to, is available online at www.icc-es.org.

The International Code Council is the leading global source of model codes and standards and building safety solutions that include product evaluation, accreditation, technology, training, and certification. The Code Council's codes, standards, and solutions are used to ensure safe, affordable, and sustainable communities and buildings worldwide. The I-Codes are the most trusted, widely accepted and comprehensive set of model codes used in the United States. All fifty states, the District of Columbia, and many other countries have adopted the I-Codes at the state or jurisdictional level.

This announcement has been authorised for release to the ASX by the FBR Board of Directors.

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About FBR Limited
FBR Limited (ASX: FBR) designs, develops and builds dynamically stabilised robots to address global needs in a safer, more efficient and more sustainable way. These robots are designed to work outdoors using the company's core Dynamic Stabilisation Technology® (DST®).

The first application of DST® is the Hadrian X®, a bricklaying robot that builds structural walls faster, safer, more accurately and with less wastage than traditional manual methods. The Hadrian X® provides Wall as a Service®, FBR's unique commercial offering, to builders on demand.

To learn more please visit www.fbr.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
FBR Limited	
ABN	**Quarter ended ("current quarter")**
58 090 000 276	31 December 2022

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	136	724
1.2	Payments for		
	(a) Hadrian Development costs	(691)	(1,290)
	(b) product manufacturing and operating costs	(978)	(1,410)
	(c) advertising and marketing and business development	(220)	(321)
	(d) leased assets	-	-
	(e) staff costs	(3,356)	(6,546)
	(f) administration and corporate costs	(730)	(1,619)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	13	20
1.5	Interest and other costs of finance paid	(167)	(369)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	73	73
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(5,920)**	**(10,738)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2,066)	(5,002)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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)		
	- Shuttle Development costs	(20)	(341)
	- Intellectual Property, Patents and Trademarks	(218)	(535)
2.6	**Net cash from / (used in) investing activities**	**(2,304)**	**(5,878)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	20,000	23,190
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,218)	(1,367)
3.5	Proceeds from borrowings	293	293
3.6	Repayment of borrowings	(177)	(578)
3.7	Transaction costs related to loans and borrowings	(46)	(91)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**18,852**	**21,447**

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	5,722	11,519
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,920)	(10,738)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,304)	(5,878)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	18,852	21,447
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**16,350**	**16,350**

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	887	1,468
5.2	Call deposits	4,631	3,422
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
	- Guarantee facilities	832	832
	- Term deposits	10,000	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**16,350**	**5,722**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(361)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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	8,796	7,989
7.2	Credit standby arrangements	-	-
7.3	Other (corporate credit cards)	200	-
7.4	**Total financing facilities**	8,996	7,989

7.5	**Unused financing facilities available at quarter end**	1,007

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.

A secured revolving corporate credit card facility with the Commonwealth Bank of Australia at an interest rate of 17.99% p.a.

A senior secured revolving residential construction finance facility with FC Capital at an interest rate of 9.00% p.a., maturing on 31 August 2024

A senior secured revolving R&D tax finance facility with FC Capital at an interest rate of 8.50% p.a., maturing on 31 December 2024.

A senior secured Hadrian construction robot lease finance facility with FC Capital at an interest rate of 12.00% p.a., maturing on 13 May 2025

A secured chattel mortgage equipment loan facility with HP Financial Services (Australia) Pty Ltd at an interest rate of 5.50% p.a., maturing on 30 November 2026.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(5,920)
8.1b	Net cash from / (used in) other investing activities (Item 2.5)	(238)
8.2	Cash and cash equivalents at quarter end (item 4.6)	16,350
8.3	Unused finance facilities available at quarter end (item 7.5)	1,007
8.4	Total available funding (item 8.2 + item 8.3)	17,357
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	2.82

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

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

8.6.1 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?

Answer: N/A

8.6.2 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?

Answer: N/A

8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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 January 2023.....

Authorised by: Aidan Flynn, CFO and Company Secretary.....
(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.