

FBR Limited Quarterly Report | September 2022

Monday, 31 October 2022 – Robotic technology company **FBR Limited (ASX: FBR)** ('FBR' or 'the Company') is pleased to provide its quarterly update for the quarter ended 30 September 2022.

Highlights

- Wienerberger Porotherm structure (Wellard #5) progresses to lock-up stage
- Construction of the final home in the Wellard portfolio (Wellard #4) progressing with walls erected during the period
- Wellard #1 home sold for A\$460,000
- Construction of all ground floors (North and South) at 16 townhouse Willagee development completed
 - Three upper floors completed, construction activities to re-commence following further trade work
- Manufacture of the next-generation Hadrian X® ~70% complete, with completion of mechanical assembly expected Q4 2022 and completion of commissioning activities expected 31 March 2023
- Registration of U.S. domiciled subsidiaries Fastbrick Americas LLC and Fastbrick Americas Holdings LLC complete ahead of planned demonstration activities next year
- 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\$5.7 million cash balance at the end of the September quarter, with A\$20 million of Placement proceeds received in October and A\$5.8 million in R&D tax refunds expected

Business Activities Update

Wellard Portfolio



Final home in the Wellard portfolio under construction

During the quarter, further progress on the Company's Wellard Portfolio was made with the Wellard Porotherm structure progressing to lock-up stage having installation of roof, windows and doors completed, as well as completion of rendering on external-facing walls. Utilising the largest commercially available clay blocks

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manufactured by global partner Wienerberger, the Wellard Porotherm structure will be put up for sale following completion of further internal trade work and finishings.

Additionally, erection of the walls at the final home in the Wellard portfolio was completed during the quarter, with following trades due to complete the structure in the coming months.

During the period, the Company completed the sale of the first home in the Wellard Portfolio, receiving A\$460,000 in proceeds.

16-Townhouse Willagee Development

The 16-townhouse development in Willagee, Western Australia is 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 townhouses. During the quarter, construction continued at the site, seeing the completion of all the ground floors on both the northern and southern sections of the development. Further work has seen completion of three of the upper floors at the southern end of the site, with Hadrian X® construction activities to re-commence once further trade work has been completed.

The complexities associated with the development at Willagee showcase the versatility of Hadrian X®'s capabilities, including the construction of eight-metre-high common party walls between each townhouse, utilising triple-leaf cavity walls with acoustic brick ties.



Drone image of Willagee construction site showing completion of upper floors

Next-generation Hadrian X® Progress

Continued progress on the mechanical assembly and commissioning of the next-generation Hadrian X® was made during the quarter with manufacture of the new robot reaching ~70% completion. Every module is either in manufacture/assembly phase or completed.

The modular design of the next-generation Hadrian X*, coupled with a distributed control architecture, allows work on individual modules to progress independently, while also providing greater levels of customisation, quicker repair work and interchangeability once in service. A new and simplified Human Machine Interface (HMI) has been tested and is in use commissioning the first modules.





Mike Pivac and Mark Pivac standing in front of H03

In addition to the modular design and distributed control architecture, the next-generation Hadrian X[®] features a 32-metre-long telescopic boom arm and a shuttle block delivery system expected to lay at up to 500 blocks per hour, up to three storeys high. Mechanical completion of the first next-generation Hadrian X[®] is expected to be complete in Q4 of the 2022 calendar year, with commissioning scheduled for completion by 31 March 2023.

As previously announced, FBR has entered into a two-phase Memorandum of Understanding with Liebherr-Mischtechnik, the world's largest privately owned OEM, with the intention of cooperating to industrialise and commercialise the next-generation Hadrian X[®] (see ASX announcement dated 3 March 2022). Phase 1 is well advanced.

Corporate and Finance

Receipts from customers for the quarter totalled A\$589,000, up from A\$188,000 in the June quarter.

During the quarter, FBR spent \$4.2 million on payroll, overheads and corporate costs, up slightly from the previous quarter. FBR spent A\$4.1 million directly developing and manufacturing the Hadrian X[®] technology excluding payroll, which was up from the previous quarter due to a ramp up in activities on the next-generation Hadrian X[®] robots. FBR spent approximately \$0.4 million developing its house and land properties at Wellard and delivering WaaS[®].

On 30 August 2022, the Company advised it had issued 56,000,000 unlisted options under an employee securities incentive plan approved at the Company's 2020 AGM. The options have a strike price of A\$0.035 and an expiry of 31 December 2023.

Note to item 6 in Appendix 4C: Payments to related parties and their associates were made in the quarter. Approximately A\$321,000 was paid to related parties as Executive and Non-Executive Director fees, salary and superannuation.

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During the quarter, the Company received confirmation that two 100% FBR-owned, U.S. domiciled subsidiaries, Fastbrick Americas LLC and Fastbrick Americas Holdings LLC, had been incorporated in the State of Delaware. As FBR executes its Wall as a Service® expansion activities, these subsidiaries will be essential as a platform from which to conduct U.S. operations, including the planned demonstrations of the next-generation Hadrian X® H110 in the U.S. expected to take place in CY2023.

Extraordinary General Meeting

On 16 September 2022, the Company held an Extraordinary General Meeting (EGM) at the Mount Lawley Golf Club. The four resolutions put forward at the EGM sought to ratify equity placements undertaken by the Company in its capacity under Listing Rules 7.1 and 7.1A. Shareholders voted overwhelmingly in favour of all resolutions and as such each was carried as an ordinary resolution, refreshing the Company's placement capacity.

Events subsequent to the end of the quarter

\$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 will be 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. Settlement and allotment of new shares issued under the Placement is expected to take place on Tuesday, 1 November 2022.

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

Ends

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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

58 090 000 276

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	589	589
1.2 Payments for		
(a) Hadrian Development costs	(599)	(599)
(b) product manufacturing and operating costs	(432)	(432)
(c) advertising and marketing and business development	(101)	(101)
(d) leased assets	-	-
(e) staff costs	(3,190)	(3,190)
(f) administration and corporate costs	(890)	(890)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	7
1.5 Interest and other costs of finance paid	(202)	(202)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(4,818)	(4,818)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2,936)	(2,936)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(321)	(321)
	- Intellectual Property, Patents and Trademarks	(317)	(317)
2.6	Net cash from / (used in) investing activities	(3,574)	(3,574)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,190	3,190
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	(149)	(149)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(401)	(401)
3.7	Transaction costs related to loans and borrowings	(45)	(45)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,595	2,595

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	11,519	11,519
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,818)	(4,818)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,574)	(3,574)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,595	2,595
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,722	5,722

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	1,468	660
5.2	Call deposits	3,422	10,027
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
	- Guarantee facilities	832	832
	- Term deposits	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,722	11,519

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	(297)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	8,980	7,880
7.2	Credit standby arrangements	-	-
7.3	Other (corporate credit cards)	200	-
7.4	Total financing facilities	9,180	7,880
7.5	Unused financing facilities available at quarter end		1,300
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)	(4,818)
8.1b	Net cash from / (used in) other investing activities (Item 2.5)	(638)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,722
8.3	Unused finance facilities available at quarter end (item 7.5)	1,300
8.4	Total available funding (item 8.2 + item 8.3)	7,022
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.29
	<i>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.</i>	
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: No, the quarter ended 30 September 2022 had an unusually high amount of cash outflows due to progress on the manufacture of the two next generation Hadrian machines.	

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: The company successfully completed a \$20 million fully underwritten capital raise on 27th October 2022. The company has submitted its tax return for the year ended 30 June 2002 and is forecasted to receive an R&D tax cash refund of \$5.8 million. The company has 4 residential house and land developments in Perth which it plans to sell for cash.

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: The company expects to be able to continue its operations and to meet its business objectives on the basis of the cash on hand from the \$20 million capital raise, the expected R&D tax refund and the sale of 4 residential house and land developments. On this basis the Company has more than 2 quarters of funding available.

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 October 2022.....

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.