

30 July 2021

## **June 2021 Quarterly Report**

### **Key Points**

- **As announced in ASX release of 27 April 2021 development of the Palma Wentworth camp remains suspended**
- **Accrued revenues from the project of circa. A\$2.4 million outstanding for the January to June period (RBR equity share 50%)**
- **The camp at Wentworth appears to be largely intact**
- **Camp contract with CCS JV remains in place**

Labour and training specialist RBR Group (ASX: RBR) presents its June 2021 Quarterly Report.

### **Wentworth Camp Project in Palma, Mozambique**

Further to the Company's ASX announcement on 27 April 2021 regarding Total's suspension of all development of the Mozambique LNG Project, RBR's 50%-owned company Projectos Dinamicos Lda ("PD") ceased further construction of the Wentworth camp and has not incurred any additional material expenditure on the camp project since.

PD has a contract with the CCS Joint Venture to build and operate a 668-bed accommodation camp at the Wentworth facility (see ASX release dated 28 January 2021). The CCS JV is the Engineering, Procurement and Construction ("EPC") contractor developing the Mozambique LNG project on behalf of the operator (Total). To date, 340 beds and associated infrastructure have been installed on the site.

As of 30 June 2021, PD has remitted Service Acceptance Papers ("SAP", which are essentially preliminary invoices) for the 6 months of January to June to the contract client, CCS Joint Venture, totalling US\$1,817,100 (RBR equity share 50%).

These amounts remain unpaid and are now subject to "without prejudice" discussions between the parties, in accordance with the "Settlement of Disputes" clause of the contract. The contract itself remains in force and neither party has attempted to cancel it.

PD management are of the view that these discussions will result in a settlement in the coming weeks.

In the absence of a timely, mutually agreed settlement, PD will proceed to formal Arbitration in accordance with the Settlement of Disputes procedure and is confident of a favourable outcome.

There is evidence that the LNG project's developers intend to return to the site and restart the construction activities as soon as the security forces declare the threat over. Support in the form of military personnel and police officers has been deployed (or are in the process of being deployed) to the region by Southern African Development Community (SADC) members, notably Rwanda, South Africa, Botswana and Zimbabwe. Press articles suggest that they are making an immediate positive impact.

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## Business Development

### Mozambique

Although construction activities on the major LNG projects in the far northern province of Cabo Delgado are currently suspended, other business opportunities of scale for RBR exist in other regions, such as the project works about to start for Sasol (a South-African listed petroleum and chemicals company) in Inhambane province, and other prospects in Maputo and Nacala provinces. Staff are being redeployed to afford RBR the best chance of securing this work.

### Australia

The Company continues to explore Australian opportunities leveraged off its existing registered training organisation ("RTO"), structured around a partnership model given RBR does not presently have a training facility in-country.

Further, the Company has received investment proposals from brokers and other interested investors, which are currently under review and assessment.

## Technology

In previous reports, the Company detailed its white-labelled mobile device-based remote learning and assessment app, which operates across all three platforms (Apple/iOS, Android, Huawei). It allows users to access training and/or refresher modules, with assessments, in English or Portuguese and without using mobile data.

The widespread requirement for workers to quarantine ahead of deployment into the workplace has further advanced the relevance of technology. Using this app, individuals are able to undertake quick and flexible, workplace-relevant refresher training and their employers gain some benefit during this "idle" quarantine time. The Mozambican government has recently suspended face-to-learning at schools, universities and training venues in some regions. Without a suitable distance learning substitute, many people are losing out on learning opportunities.

Further, RBR has exclusive rights to implement a geolocation technology in Mozambique which combines productivity analysis, health monitoring (including early-warning of elevated body temperature as a COVID-19 symptom) and contact tracing. This is a proven product already in use in Australia.

RBR's implementation and deployment of these technologies was predicated on offering it to residents of the Wentworth accommodation camp (through their employers) as an add-on service. The suspension of the LNG projects as covered earlier in this report, has required the Company to reconsider how to implement and monetise this technology in the near term.

## Revenue and Balance Sheet

At quarter end, RBR (excluding PD) had \$1.907m in cash, a 50% interest in PD and (indirectly) the Wentworth Camp contract with the CCS JV and contract debtors of circa \$1.2m.

Included in the cash flow report are payments to related parties of the entity and their associates of \$204k for Director's fees and salaries. Included in this amount are payments of \$73k for fees suspended since May 2020.

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Notwithstanding the continuing issues and suspension of activities in Palma, the Company is well positioned to maintain business development as outlined in both Mozambique and in Australia.

The expected positive settlement of outstanding contract receipts and resolution of the Wentworth camp contract dispute in the near term will place RBR in a reasonable financial position to both maintain its existing business operations and look for further investment with a stronger geographical focus on Australian-based labour services opportunities.

## Reconciliation of Appendix 4C from March 21 to June 21

Following the Company's investment in Projectos Dinamicos, Lda ("PD") effective March 2021, in line with AASB 10 the Company has determined that for the purpose of consolidation, the investment meets the criteria of "control of the entity". Accordingly, the financial statements of PD for the June 2021 quarter have been consolidated with the Group financials requiring an adjustment to the March YTD position to accurately reflect the movements for the June quarter. The following table reconciles the balances reflected in the March 2021 Appendix 4C to the June 2021 Appendix 4C.

	YTD Mar 21			Qtr Jun 21	YTD Jun 21
	Previously Reported	PD Adjust	Consol	Consol	Consol
Net cash from / (used in) operating activities	(982)	(769)	(1,751)	(796)	(2,547)
Net cash from / (used in) investing activities	(989)	769	(220)	(1,584)	(1,804)

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**Ian Macpherson**  
Executive Chairman

For the purpose of ASX Listing Rule 15.5, this announcement has been authorised for release by the board.

The information in this announcement has been disclosed by RBR and is the responsibility of RBR. Neither CCS JV, nor their directors, officers, employees or agents assume any responsibility for the accuracy or completeness of that information.

## Appendix 4C

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

**Name of entity**

RBR Group Limited

**ABN**

38 115 857 988

**Quarter ended ("current quarter")**

30 June 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	60	308
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs (PD Mar reallocation -431)	(74)	(561)
(c) advertising and marketing	-	-
(d) leased assets	(31)	(123)
(e) staff costs	(222)	(677)
(f) administration and corporate costs (PD Mar reallocation -338)	(445)	(1,396)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(83)	(148)
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	-	51
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(796)</b>	<b>(2,547)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment (PD Mar reallocation -305)	(1,584)	(1,899)
(d) investments (Proyectos Dinamicos Lda investment From Mar 21 has been reallocated on consolidation this quarter across operating and investing)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	95
	(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)	-	-
2.6	<b>Net cash from / (used in) investing activities</b>	<b>(1,584)</b>	<b>(1,804)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,375
3.2	Proceeds from issue of convertible debt securities	-	1,750
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(289)
3.5	Proceeds from borrowings (This quarter includes loan funds from Proyectos Dinamicos partner following consolidation)	1,945	1,974
3.6	Repayment of borrowings	-	(41)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>1,945</b>	<b>5,769</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,368	494
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(796)	(2,547)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,584)	(1,804)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,945	5,769
4.5	Effect of movement in exchange rates on cash held	53	74
4.6	<b>Cash and cash equivalents at end of period</b>	<b>1,986</b>	<b>1,986</b>

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	1,547	1,949
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Africa Subsidiaries)	439	419
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,986</b>	<b>2,368</b>

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	204
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Item 6.1 includes aggregate amounts paid to directors including salary and director's fees. This quarters payment includes fees of \$73k suspended since May 2020.</p>		

<b>7.</b>	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Convertible Notes)	2,150	2,150
7.4	<b>Total financing facilities</b>	2,150	2,150
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		
	Convertible Note interest is at 12% per annum.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(796)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,986
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	1,986
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.49
	<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: 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	
	<i>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.</i>	

## 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: 30 July 2021

Authorised by: The Board  
(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.