

FBR Limited Quarterly Report | March 2020

Thursday, 30 April 2020 – Robotic technology company **FBR Limited (ASX:FBR)** ('FBR' or 'the Company') is pleased to provide its quarterly update for the three months ending 31 March 2020.

Strategy Update

On 18 March 2020, FBR released a corporate strategy update to the ASX in light of the COVID-19 pandemic, which included the announcement of a cost rationalisation program.

FBR has undertaken a strategic resizing of the team designed to protect the Company's financial position and its valuable portfolio of intellectual property through a significant reduction in payroll costs of approximately \$10 million per annum. Critically, FBR has maintained a core team with the capability to both continue the Hadrian X® testing and development program as well as deploy and operate Hadrian X® robots once global conditions have improved. Most importantly, the Company is positioned for success despite the headwinds of a subdued global economy.

A number of initiatives have been implemented in FBR's cost rationalisation program, and while spend will naturally decrease in the coming months due to a reduced headcount, FBR will take further steps to reduce the cost of running the business, with all members of the FBR team committed to ensuring the long term prosperity of the Company.

As part of the strategy update, FBR announced that the decision had been made to postpone the first display home build using the Hadrian X®. This decision came during final testing outdoors at FBR's facility in Perth prior to deployment and was driven primarily by health considerations and an estimation of return on investment at the time given global conditions. Soon after the decision was made to postpone the build, Government directives on social distancing and working from home policies were released which would have required FBR to cease the outdoor build program mid-stream to comply.

When FBR builds its first display home structure in a residential development, it intends to extract maximum value for its Shareholders. The global media cycle is currently focused on the COVID-19 crisis and the economic, social and political outcomes associated with it. In addition, companies around the world, including in key markets for FBR's technology, have turned their focus inward as they look to implement their own initiatives to ensure the longevity of their businesses during the COVID-19 pandemic. For these reasons, and for the wellbeing of FBR's staff, FBR made the decision to postpone the first display home build for at least the next few months.

The Company remains well positioned to deploy to a residential site and present its technology to the world when the timing is right for its Shareholders to be adequately rewarded for their patience and support.

Hadrian X® Upgrades

Following postponement of the display home build, FBR's technical team has been implementing speed and reliability upgrades on the Hadrian X® robots. Hadrian 2 is being kept in a steady state ready to be demonstrated or deployed on short notice, while Hadrian 1 is receiving a significant upgrade of both mechanical componentry and software. This will allow FBR to best utilise the Team based at its facility in High Wycombe, Western Australia, and to maximise the efforts of those that are currently working from home due to COVID-19.



The technical team has continued to set new records for laying rates using Hadrian 2 despite the unusual circumstances. A video of Hadrian 2 captured in real time working at FBR's facility has been uploaded to FBR's website and social media channels, and can be viewed at the following link:

<https://youtu.be/xSd1uSSDjic>

Postponement of International Events

On 21 April 2020, the Bureau International des Expositions ('BIE') Executive Committee recommended the support of a request by the United Arab Emirates Government and Expo 2020's Steering Committee to postpone Expo 2020 for one year to 1 October 2021 to 31 March 2022.

As changing the dates of an Expo requires the support of a two-thirds majority of Member States of the BIE, the General Assembly will now be called upon to vote on the Executive Committee's recommendation. Voting will be carried out remotely between Friday 24 April and Friday 29 May.

FBR had also accepted invitations to showcase its technology at the CleanEquity Monaco 2020 conference and Webit.Festival, one of Europe's largest tech festivals, which have both now been postponed.

While the postponement of these major events has prompted changes to FBR's international marketing strategy, the Company intends to use the time to focus on making improvements to the Hadrian X® construction robots that have been in the pipeline waiting for implementation.

Change to Board of Directors

On 16 January 2020, FBR advised that Ms Nancy Milne had resigned as a Non-Executive Director of the Company. A search for a suitable replacement for Ms Milne has commenced.

This announcement is authorised by the Company Secretary.

Ends

For more information please contact:

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About FBR

FBR Limited (ASX:FBR) designs, develops and builds dynamically stabilised robots to address global needs. These robots are designed to work outdoors using the company's core Dynamic Stabilisation Technology (DST™). FBR is commercialising products for the construction sector together with DST™-enabled solutions for other industries.

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")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising, marketing and business development	(250)	(716)
(d) leased assets	-	-
(e) staff costs - administration	(1,510)	(3,761)
(f) administration and corporate costs	(457)	(1,277)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	115
1.5 Interest and other costs of finance paid	(13)	(14)
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	(2,195)	(5,653)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(511)	(2,238)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities		(165)
2.4	Dividends received (see note 3)	-	-
2.5	Other		
	- Hadrian Development costs	(2,043)	(5,918)
	- Staff costs – Hadrian Development	(3,623)	(10,017)
	- R & D tax refund	-	9,450
	- Intellectual Property, Patents and Trademarks	(329)	(708)
2.6	Net cash from / (used in) investing activities	(6,506)	(9,596)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,495
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	34
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(365)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(17)	(34)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(17)	8,130

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	16,025	14,426
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,195)	(5,653)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,506)	(9,596)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(17)	8,130
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	7,307	7,307

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	4,909	1,332
5.2	Call deposits	1,566	5,857
5.3	Bank overdrafts	-	-
5.4	Other (provide details)		
	- Guarantee facilities	832	833
	- Term deposits	-	8,003
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,307	16,025

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
-
-

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	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (corporate credit cards)	200	-
7.4 Total financing facilities	200	-

7.5 **Unused financing facilities available at quarter end** 200

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.

N/A

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,195)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	7,307
8.3 Unused finance facilities available at quarter end (Item 7.5)	200
8.4 Total available funding (Item 8.2 + Item 8.3)	7,507
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.4

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

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

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


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

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:



Authorised by: Rachelle Brunet, 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.