

FBR Limited Quarterly Report | June 2022

Friday, 29 July 2022 – Robotic technology company **FBR Limited (ASX: FBR)** ('FBR' or 'the Company') is pleased to provide its quarterly update for the three months ending 30 June 2022.

Highlights

- Wienerberger Porotherm build completed in Wellard, marking the first time a structure has been completed using Wienerberger Porotherm clay blocks on commercial terms, utilising a robot
- Upgraded Hadrian X® (H01) completes first house structure with zero waste, highlighting ESG benefits of FBR's Wall as a Service® (WaaS®) offering to builders and homeowners
- Establishment of \$4.0 million revolving R&D tax refund loan facility with FC Capital
- Secured lease financing for 2 Hadrian X® construction robots at \$1.15 million per machine
- Completed \$4.0 million placement from new and existing institutional and sophisticated investors with funds raised for working capital and for mechanical completion of the next-generation Hadrian X® machine
- Completed \$1.9 million placement to strategic investor Brickworks Limited (ASX: BKW), now a substantial shareholder
- \$11.5 million cash balance at the end of the quarter

Business Activities Update

Completion of Wienerberger Porotherm structure in Wellard using Hadrian X®

Subsequent to the end of the quarter, FBR announced that it had completed a structure in Wellard, a suburb in Western Australia with the Hadrian X® using Wienerberger Porotherm clay blocks. The build utilised two Porotherm block types – R25 double leaf blocks (equivalent in volume to 12 standard bricks) for external walls and single leaf R12 blocks (equivalent in volume to six standard bricks) for the internal walls, marking the first time in the world Wienerberger's clay blocks had been laid by a robot in the undertaking of commercial real-world work.



Completed structure in Wellard utilising Wienerberger Porotherm R25 & R12 clay blocks

ASX Announcement

FBR Limited



The successful build at Wellard follows the outdoor pilot build testing undertaken in November 2021 (refer ASX release 11 November 2021), which sought to demonstrate Hadrian X®'s ability to address the European clay-block low-rise housing market, which has the potential for 700,000 new homes annually.

The structure is the fourth home in the Company's five home Wellard Portfolio, with wall construction of the fifth structure expected to be complete in the coming months. Each home in the portfolio will be sold as its full construction is completed.

Upgraded Hadrian X® (H01) completes first house structure with zero block waste

During the quarter, Hadrian X® (H01) completed its first house structure since upgrades to the machine were completed and proved its zero-waste design by producing no waste during the build.

A manually built brick house produces 10% brick waste on average, which, applied to the Wellard build, would have equated to approximately three cubic metres of brick waste in landfill, plus the additional cost associated with over-ordering and waste removal.

From an ESG perspective, FBR's WaaS® offering with zero block waste provides significant benefits to waste-conscious builders and homeowners, where in Western Australia alone, construction and demolition waste accounts for 50% of waste produced in the state. Additionally, as H01 lays from pre-cut, sequenced pallets there is no requirement to cut blocks which greatly reduces the risk of exposure to silica dust on site and surrounding areas.



Upgraded Hadrian X® completes third Wellard structure with zero block waste

Progress at Willagee

As previously announced, FBR is constructing load bearing walls, internal partition walls, and concrete footings and slabs for 16 residential townhouses in Willagee, Western Australia for prominent builder Inspired Homes. Pouring of the second storey concrete slabs has commenced with further work to follow shortly after.

Construction of the 16 townhouses at Willagee includes a number of complexities which highlight the versatility of the Hadrian X®'s capabilities such as double storey, eight-metre-high common party walls between each townhouse, a triple-leaf cavity wall system with acoustic brick ties and townhouse construction taking place on varying levels on the rising site.





Corporate and Finance

FBR's receipts from customers for the quarter totalled \$188,000, up from \$76,000 in the March quarter.

During the quarter, FBR spent \$1.8 million on corporate costs, down slightly from the previous quarter. FBR spent \$3.9 million developing the Hadrian X[®] technology, which was up from the previous quarter due to a ramp up in activities on the new Hadrian X[®] robots. FBR spent approximately \$0.9 million developing its house and land properties at Wellard and delivering WaaS and approximately \$0.1 million acquiring plant and equipment for manufacturing Hadrian X[®] technology components.

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

\$4.0 million revolving R&D tax loan facility through to end of 2024

During the quarter, the Company announced that it had established a revolving R&D tax loan facility with FC Capital, in place until 31 December 2024. The facility will allow FBR to draw down on a monthly basis as needed, up to 90% of its presently earned R&D tax incentive refunds or \$4.0 million, whichever is lower at the time.

The facility has an initial interest rate of 8.50% per annum during 2022 and then an interest rate of 8.15% per annum plus the published one month bid rate for the Australian Bank Bill Swap Reference Rate (BBSW) which at the time was 0.33% per annum. The facility also carries a one off 1.5% establishment fee and a 3.0% line fee per annum and placed a General Security Agreement over FBR and Fastbrick Engineering Pty Ltd.

Lease Finance Facility

On 13 May 2022, FBR announced that wholly-owned subsidiary, Fastbrick Engineering Pty Ltd, had established a Lease Finance Facility with FC Capital to provide asset finance for FBR's two existing Hadrian X[®] construction robots at \$1.15 million per Hadrian X[®].

The finance facility comes with a three-year term and a 40% balloon payment at the end of the term, with a 2.0% establishment fee and an interest rate of 12.0% per annum and placed a General Security Agreement over FBR and Fastbrick Engineering Pty Ltd. The facility is in addition to the construction financing facility secured in March 2022 that provides financing for robotically built houses.

\$4.0 million Institutional Placement

On 17 June 2022 the Company advised that it had successfully completed a capital raise following receipt of firm commitments from new and existing institutional and sophisticated investors to raise \$4.0 million via the issue of 222,222,222 shares at \$0.18 per share. MST Financial was the lead manager to the placement, with funds to be used for working capital and to complete mechanical assembly of the next-generation Hadrian X[®] as outlined the corporate presentation released to the ASX on 14 June 2022. The placement was completed and new shares were issued on 24 June 2022.

Events subsequent to the end of the quarter

On 5 July 2022, the Company advised that performance-related vesting conditions for 28,268,200 performance rights had been met. Of these, 20,673,200 performance rights were converted and issued as new fully paid ordinary shares, while 7,595,000 remained unconverted.

On 25 July 2022, FBR announced that it had received a firm commitment from a wholly owned subsidiary of existing strategic investor Brickworks Limited (ASX: BKW), Australia's largest brick producer, to raise \$1,929,628.40 via the issue of 107,201,578 ordinary shares at \$0.18 per share. The placement, completed at the same price as the 24 June 2022 placement, represented a 15% discount to the 30-day VWAP. Included in the strategic share subscription agreement was a clause stipulating that Brickworks retains the right to participate in any future capital raising that FBR undertakes to the extent needed to maintain a 4.93% shareholding in the Company. The placement was

ASX Announcement FBR Limited



completed and new shares issued on 13 July 2022. On the 19 July 2022 Brickworks announced to the ASX that it had further increased its shareholding in FBR and become a substantial shareholder at 5.05%.

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

Ends

For more information please contact:

FBR Limited

Andrew Edge
Investor Relations Manager
T: +61 8 9380 0240
andrew.edge@fbr.com.au

For media:

Jean Perkins
Cannings Purple
T: +61 (0)438 886 954
jperkins@canningspurple.com.au

About FBR Limited

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®).

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 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	188	925
1.2 Payments for		
(a) Hadrian Development costs	(1,943)	(4,805)
(b) Staff costs – Hadrian Development	(1,911)	(4,480)
(c) product manufacturing and operating costs	(881)	(2,016)
(d) advertising and marketing and business development	(143)	(442)
(e) leased assets	-	-
(f) staff costs - administration	(1,125)	(4,013)
(g) administration and corporate costs	(574)	(3,091)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	(128)	(343)
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	(6,517)	(18,262)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(144)	(412)
(d) investments	-	-

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	-	-
	(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)		
	- Hadrian Development costs	-	(1,198)
	- Staff costs – Hadrian Development	-	(2,027)
	- R & D rebate	-	3,987
	- Intellectual Property, Patents and Trademarks	(90)	(646)
2.6	Net cash from / (used in) investing activities	(234)	(296)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,000	14,000
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	(112)	(657)
3.5	Proceeds from borrowings	6,467	8,334
3.6	Repayment of borrowings	(40)	(2,562)
3.7	Transaction costs related to loans and borrowings	(116)	(166)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	10,199	18,949

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	8,071	11,128
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,517)	(18,262)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(234)	(296)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,199	18,949
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	11,519	11,519

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	660	900
5.2	Call deposits	10,027	6,339
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)	11,519	8,071

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	(321)
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	9,046	8,209
7.2	Credit standby arrangements	-	-
7.3	Other (corporate credit cards)	200	-
7.4	Total financing facilities	9,246	8,209
7.5	Unused financing facilities available at quarter end		1,037
7.6	<p>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.</p> <p>A secured revolving corporate credit card facility with the Commonwealth Bank of Australia at an interest rate of 17.99% p.a.</p> <p>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</p> <p>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.</p> <p>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</p> <p>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.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(6,517)
8.1b	Net cash from / (used in) other investing activities (Item 2.5)	(90)
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,519
8.3	Unused finance facilities available at quarter end (item 7.5)	1,037
8.4	Total available funding (item 8.2 + item 8.3)	12,556
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.90
	<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	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: Yes</p>	

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 has forecasted to receive an R&D tax cash refund for the year ended 30 June 2022 of at least \$4 million. The company has 5 residential house and land developments in Perth which it plans to sell for cash. The 30 June 2022 cash balance does not include \$1.9 million of cash that was invested by Brickworks on 13 July 2022.

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, the expected R&D tax refund, the sale of 5 residential house and land developments and \$1.9 million of cash that was invested by Brickworks on 13 July 2022. 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: 29 July 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.