FBR Limited Quarterly Report | June 2020

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

Hadrian X® completes walls of first display home

Subsequent to the end of the period, FBR announced that the Hadrian X® had finished building the structural walls of its first display home in Dayton, Western Australia. This was the first display home built by an end-to-end autonomous bricklaying robot anywhere in the world.

Announced to the ASX on Monday, 13 July 2020, the Hadrian X® completed the three-bedroom, two-bathroom structure in three and a half standard shifts. The site was bordered by seven occupied homes and attracted a number of visitors and interested members of the public.

The Hadrian X® operated in light rain and low light conditions in the mornings and evenings, with block wastage less than one fifth of what is typically generated in a house build using traditional bricklaying methods.

A video detailing the Dayton display home building process can be viewed at the following link: https://youtu.be/HYsWbDA0xlc

Hadrian X® achieves commercial lay speed

On Wednesday, 3 June 2020, it was announced to the ASX that the Hadrian X® had achieved a peak lay speed of over 200 blocks per hour, representing a major milestone in the commercialisation journey of the Hadrian X®.

The top speed of over 200 blocks per hour was achieved periodically during routine testing as part of FBR's continuous improvement program. A sustained laying rate of over 200 blocks per hour throughout the course of a full house build makes the Hadrian X® commercially competitive and its use case highly compelling when measured against traditional manual bricklaying in most markets around the world.

Discontinuation of Fastbrick Australia joint venture

On Tuesday, 23 June 2020, it was announced that FBR and Brickworks had mutually agreed to discontinue the Fastbrick Australia joint venture, citing uncertainty in the residential construction market and the broader economy stemming from the COVID-19 pandemic, and the escalating nature of the obligations of each party under the joint venture agreements.

FBR has received increasing attention and demand for its technology from Northern Hemisphere markets during the COVID-19 crisis, and the dissolution of Fastbrick Australia freed up equipment and resources previously committed to the joint venture, enabling FBR to accelerate the progress of its global opportunities.

Advanced payment of R&D tax rebate

On Monday, 29 June 2020, FBR received an advance payment from Radium Capital secured against the Company's research and development tax incentive refund for the year ended 30 June 2020. Issued at an annual interest rate of 15% per annum, the agreement with Radium Capital saw the Company receive a $2.8 million portion of its anticipated R&D tax incentive rebate. FBR will repay the advanced funds issued upon receipt of the current year R&D tax incentive refund. Based on the previous two years, FBR expects to receive the R&D tax incentive cash refund in September 2020.

This announcement has been authorised for release to the ASX 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	Quarter ended ("current quarter")
58 090 000 276	30 June 2020

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		-	-
1.2	Payments for			
	(a)	research and development	-	-
	(b)	product manufacturing and operating costs	-	-
	(c)	advertising, marketing and business development	(126)	(842)
	(d)	leased assets	-	-
	(e)	staff costs - administration	(2,014)	(5,775)
	(f)	administration and corporate costs	(580)	(1,350)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		3	118
1.5	Interest and other costs of finance paid		(3)	(17)
1.6	Income taxes paid		-	-
1.7	Government grants and tax incentives		257	257
1.8	Other (provide details if material)		-	-
1.9	**Net cash from / (used in) operating activities**		**(2,463)**	**(7,609)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire:			
	(a)	entities	-	-
	(b)	businesses	-	-
	(c)	property, plant and equipment	(7)	(2,226)
	(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:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	21	21
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(25)	(190)
2.4	Dividends received (see note 3)	-	-
2.5	Other		
	- Hadrian Development costs	(1,239)	(7,683)
	- Staff costs – Hadrian Development	(1,290)	(11,307)
	- R & D tax refund	-	9,450
	- Intellectual Property, Patents and Trademarks	(64)	(772)
2.6	**Net cash from / (used in) investing activities**	**(2,604)**	**(12,707)**

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	69	(296)
3.5	Proceeds from borrowings	2,800	2,800
3.6	Repayment of borrowings	(27)	(61)
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**	**2,842**	**10,972**

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	7,307	14,426
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,463)	(7,609)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,604)	(12,707)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,842	10,972
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**5,082**	**5,082**

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	1,082	4,909
5.2	Call deposits	3,167	1,566
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)**	**5,082**	**7,307**

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(25)

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

Item 6.2 represents an unsecured interest bearing loan to Executive Director Mark Pivac.

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	2,800	2,800
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.

As announced to the ASX on 29 June 2020, the Company has a loan of $2.8 million at a 15% p.a. interest rate in place from Radium Capital. The loan is an advance on the Company's expected R&D tax refund for the year ended 30 June 2020. The Company will repay the loan upon receipt of its R&D tax refund.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1a	Net cash from / (used in) operating activities (Item 1.9)	(2,463)
8.1b	Net cash from / (used in) other investing activities (Item 2.5)	(2,593)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,082
8.3	Unused finance facilities available at quarter end (Item 7.5)	200
8.4	Total available funding (Item 8.2 + Item 8.3)	5,282
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	1

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: The Company does not expect to continue to have the current level of net operating and other investing cash flows for the time being. Since March 2020 the Company has been undertaking a cost rationalisation program in response to the Covid-19 pandemic and global economic environment. The cost rationalisation program included a significant amount of redundancies implemented in March to June 2020. In addition, in June 2020 the Company made approximately $1.5 million of prepayments relating to expenses for the next 12 months. As a result the Company cash outflows are expected to be less than $1 million per month for the time being. Based on the reduced cash outflows going forward and the expected R&D tax refund receivable, the Company has more than two quarters of funding available as at 30 June 2020.

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 expects to receive an R&D tax cash refund in September 2020 of at least $4 million. The Company received R&D tax cash refunds in September 2019 and in September 2018. The Company is currently in the process of finalising its annual budgeting and strategy review, and will provide further information to the ASX on its funding strategy going forward at an appropriate time.

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 based on the significant cost rationalisation program already implemented, the matured stage of the Hadrian technology development program, the prepayments made and the short term receipt of the R&D tax cash refund. Based on the reduced cash outflows going forward and the expected R&D tax refund receivable, the Company has more than two quarters of funding available as at 30 June 2020.

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 July 2020

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.