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ASX: FBR

# Annual Report 2023

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**HADRIAN X® DURING CONSTRUCTION OF A FIFTH RESIDENTIAL HOME IN WELLARD, WESTERN AUSTRALIA.**



## FBR Limited

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®). FBR is commercialising products for the construction sector together with DST®-enabled solutions for other industries.

DST® reacts to wind, vibration and other environmental factors instantly, enabling precise positioning over large distances outside.

DST® delivers accuracy previously only achievable in controlled environments, paving the way for robotic construction and automation outdoors.

The Company's first application of DST® is the Hadrian X®, a revolutionary 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.

**FBR is continuing to develop exciting new technologies for robotic automation outdoors.**

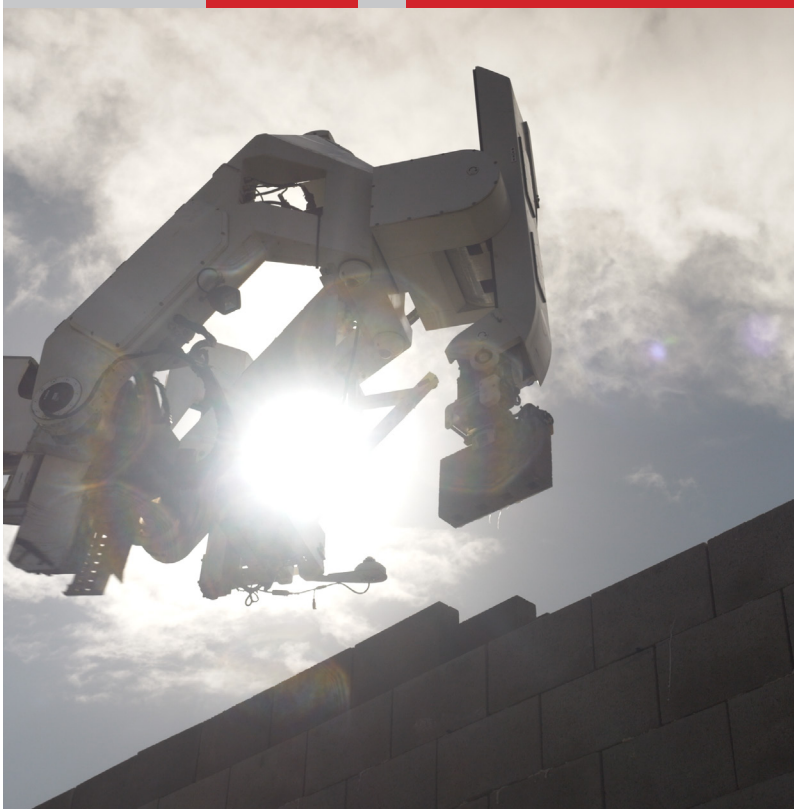
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# Year in Review

Construction

**Completion of Wienerberger PoroTherm residential home in Wellard**

**Fifth and final home in Wellard portfolio completed**



**Next-gen Hadrian X® reaches mechanical completion**

R&D

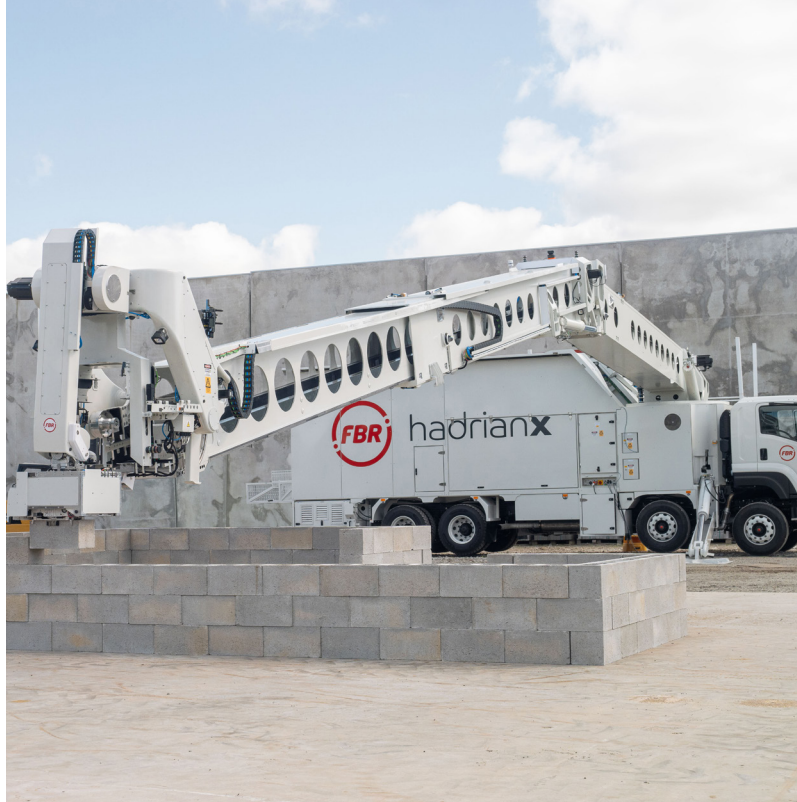


**Next-gen Hadrian X® achieves new sustained lay speed record of more than 300 blocks per hour**

**New 9.2 metre height record utilising Hadrian X® 109 at Willagee development**

**Next-gen Hadrian X® robot lays first blocks autonomously**

## Corporate



**Strategic agreement with M&G to fund the manufacture and deployment of three next-gen Hadrian X® robots for expedited use in the U.S.**

**\$20 million placement to institutional investors to fund completion of next-gen Hadrian X®**

**Establishment of U.S. domiciled operating entities**

**International Code Council (ICC) certification for use of Fastbrick® Adhesive in concrete masonry construction**

**First, second and third houses in Wellard portfolio sold**

**Fastbrick Wall System® receives approved product status from Florida Building Commission**

**Brickworks strategic placement of \$1.9 million**





## Chairman's Review

**Dear Shareholders**



On behalf of the Board and Management, it is my pleasure to present to you FBR's Annual Report for the 2023 financial year.

Our technology has never been more relevant than it is now, in a global context where rising demand for homes is fast outpacing supply while construction labour shortages, particularly in bricklaying, are presenting significant challenges for the construction industry. I am delighted to see the next generation of our Hadrian X® construction robot building structures safely and delivering impressive speed and accuracy, with our outdoor testing now underway and significant opportunities ahead of us.

We remain firmly focused on commercialising our technology and have made significant progress towards this goal over the year, establishing our first operating entity based in the United States and also achieving certification of building code compliance in the United States.

Developing new technologies is a significant challenge and the success FBR has achieved to date has not happened overnight. I am optimistic that the continued concerted effort by our Company will ensure our technology becomes an integral part of the construction industry globally.

Credit for the achievements over the year must go our Managing Director, Mike Pivac, and his executive leadership team. I also thank my fellow Directors for their support and guidance during the year.

On behalf of the Board of Directors, I thank you for your ongoing support of our Company.

**Richard Grellman**  
Non-Executive Chairman



# Managing Director & CEO's Review

**Dear fellow Shareholders**

Since our Company's inception, FBR has sought to bring to market a construction robot that would safely and successfully automate one of the oldest trades known to civilisation. We remain firmly committed to this mission as evidenced in our achievements to date. The 2023 financial year saw our Company enter a new phase and set in place more building blocks for an exciting future.

FBR achieved a number of important technical milestones during the year, none more so than the manufacture of the first next-generation Hadrian X® – which successfully laid its first blocks autonomously shortly after completion of mechanical assembly. While still in the commissioning phase, this next-generation Hadrian X® achieved lay speeds of 300 blocks per hour, far in excess of the speed delivered by its predecessor. The increase in speed along with the capability to lay much larger blocks have the potential to provide significant commercial benefits for FBR, all our stakeholders and the construction industry in general.

During the year, the Company completed construction of the fourth and fifth homes at its Wellard portfolio. One of these Wellard homes was built using the large-format Wienerberger Porotherm clay blocks, which was a world-first for robotic construction. Other construction activities that progressed included work on FBR's largest project to date, the 16-townhouse development at Willagee, which is also the most complex project the Company has tackled.

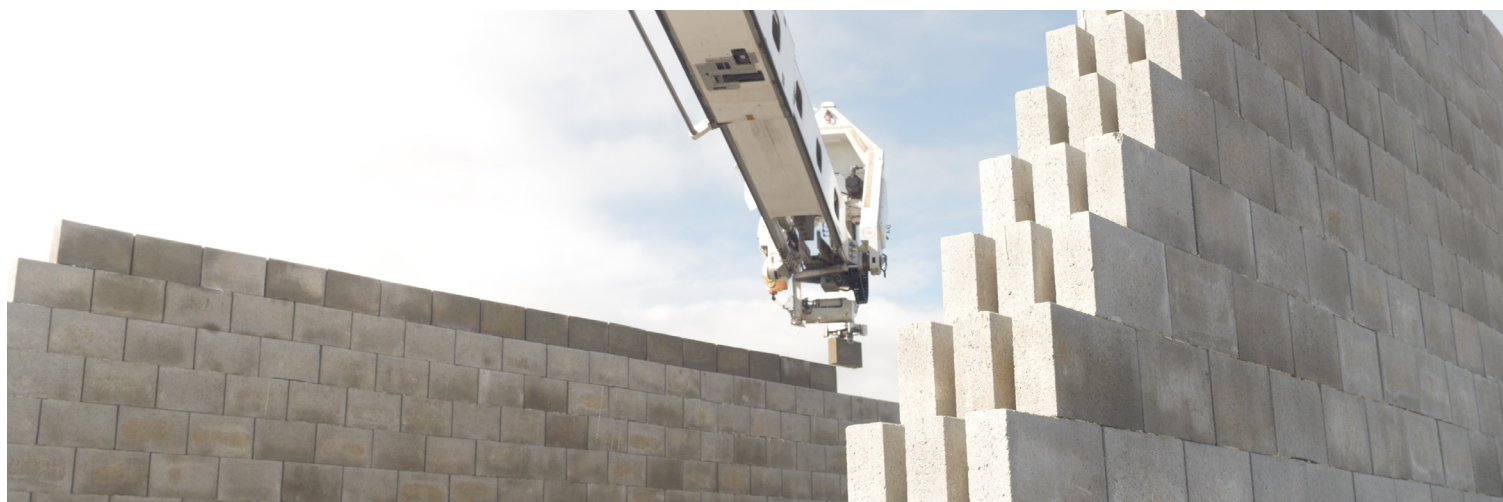
Showcasing the capability of our technology across a range of build scenarios is incredibly valuable in progressing our commercial prospects.

On the commercial front, FBR has been actively seeking – and progressing – discussions with potential Wall as a Service® (WaaS®) partners in domestic and key international markets. This process is imperative to the next phase of the Company's development as we seek to ensure strategic and commercial alignment between FBR and its partners. This will also ensure that the expansion of our WaaS® commercial model is executed with the greatest efficiency and for the greatest benefit.

I want to take this opportunity to thank the FBR team for their dedication and commitment to delivering on our Company's undoubted potential. I also want to thank the Chairman, Richard Grellman, and the Board of Directors for their support and guidance during the year.

I am excited about FBR's future. The outlook for the next years is bright and I look forward to sharing with you further updates as we progress toward the commercialisation of our technology.

**Mike Pivac**  
Managing Director &  
Chief Executive Officer



# FBR Board and Executive Team

**Richard Grellman**  
Non-Executive Chairman



Richard spent 32 years with accounting firm KPMG. He was a partner from 1982 to 2000, a member of KPMG's National Board from 1995 to 1997 and a National Executive from 1997 to 2000. In 2007, Richard was appointed a member of the Order of Australia for service to the community, particularly through leadership roles with Mission Australia and fundraising with Variety,

The Children's Charity, and to the finance and insurance sectors. Richard is a Non-Executive Director of Simonds Group Ltd, a Lead Independent Director of The Salvation Army Australia and a Board Member of Excelsia College.

**Mike Pivac**  
Managing Director &  
Chief Executive Officer



Mike spent 20 years in the aviation sector as an Airborne Mission Coordinator with Australian Border Protection and Search and Rescue, specialising in Electronic Detection Systems and strategic and tactical mission planning, working closely with Australian and international government and military agencies.

He also owned and operated businesses in the retail, hospitality and transport sectors and has been key to developing FBR's technology, business plan and machine development strategy. He has forged relationships with investors, builders, product suppliers and future customers pivotal to bringing the Hadrian X to life.

**Mark Pivac**  
Executive Director &  
Chief Technical Officer



Mark is the primary inventor of FBR's automated bricklaying technology. He is an aeronautical and mechanical engineer with over 32 years' experience working on the development of high-technology equipment ranging from lightweight aircraft to heavy off-road equipment. He has 27 years' experience working with pro/engineer 3D

CAD software as well as high-level mathematics, including matrix mathematics, robot transformations and vector mathematics for machine motion. Mark has also worked extensively with design, commissioning and fault finding on servo controlled motion systems achieving very high dynamic performance.

**Grant Anderson**  
FAICD  
Non-Executive Director



Grant has more than 40 years' experience in the design and manufacturing sectors working with a number of international companies. Grant also has extensive board experience in both ASX-listed and private companies across multiple industries including automotive, automation, technology and robotics.

He has experience as a director in multiple countries including joint venture companies. He is a Non-Executive Director of HGS Pty Ltd (trading as Sutton Tools) and Non-Executive Chairman of Effusiontech Pty Ltd (trading as SPEE3D, a metal 3D printing company.) Grant is a Fellow of the Australian Institute of Company Directors.

**Nancy Milne**  
OAM  
Non-Executive Director



Nancy has extensive business experience as a non-executive director and lawyer specialising in insurance, corporate governance, risk management and commercial dispute resolution. She was a partner at Clayton Utz from 1997 to 2003 and a consultant until 2012. She was awarded the Order of Australia medal in 2008 for services to the legal sector and to the community. Nancy is currently chair of the Accounting Professional and Ethical

Standards Board, Chair of the Securities Exchanges Guarantee Corporation and Deputy Chair of the State Insurance Regulatory Authority. Nancy was previously a Director of ALE Property Group Limited, Australand Property Group and Novion Property Group. In addition to her role as Non-Executive Director, Nancy chairs FBR'S Remuneration sub-committee.

**Greg Smith**  
Non-Executive Director



Greg has 39 years' experience in the building products industry in manufacturing, technical and sales across the clay and concrete products sectors. Greg specialises in operations and project management, safety transformation leadership, lean implementation and contract negotiation. Greg holds a Master of Business Administration (Exec) from the University of

Queensland, a Graduate Diploma in Management from the University of Queensland, a Certificate of Applied Science – Industrial Ceramics from the Holmesglen College of TAFE and a Certificate in Quality Control from the School of Mines Ballarat TAFE. He is a Graduate of the Australian Institute of Company Directors.

**Aidan Flynn**  
Chief Financial Officer &  
Company Secretary



Aidan has more than 20 years' experience including over 15 years in CFO roles. His extensive experience in rapidly growing companies has given him expertise across finance, corporate compliance, technology commercialisation, investor relations and capital raising. He has also devised, implemented and managed complex financial structures and managed significant Australian research and development tax refunds over multiple periods.

Aidan is a Certified Practising Accountant (CPA), has a Bachelor of Commerce (Accounting & Finance) and a Bachelor of Science (Physics) from The University of Melbourne, a Post Graduate Diploma in Renewable Energy from Murdoch University and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. He is a Graduate of the Australian Institute of Company Directors.

**Kiel Chivers**  
Chief Commercial Officer



Kiel has 14 years' experience in commercial, finance and marketing roles and has been responsible for financial analysis and planning for new operating entities and major projects both domestically and internationally. Kiel has extensive experience in marketing, investor relations and communications and has worked closely

with executives and boards across a wide range of industries. Kiel holds a Bachelor of Commerce with a double major in Finance and Property from Curtin University, a Bachelor of Laws from Murdoch University and a Diploma of Investor Relations from the Australasian Investor Relations Association.

**Jonathan Lawe Davies**  
General Counsel



Jonathan is a specialist IP lawyer with more than 20 years' experience. His extensive experience includes senior IP roles in top law firms in Australia and the UK, in-house counsel roles at a global corporation and board-level roles in a commercial patent monetisation business.

He has managed numerous successful high-value patent litigations in the US, Europe and Australia, international in-licensing and out-licensing projects, IP sales and acquisitions and created bespoke holistic IP strategies across a broad range of hardware and software-based technologies.

# Hadrian X<sup>®</sup>

## Operations Update



### Hadrian X<sup>®</sup> in the Field

#### WELLARD

FBR's Wellard portfolio comprised five blocks of land that were purchased by the Company and built on utilising its Hadrian X<sup>®</sup> robot and in conjunction with a range of prominent Perth builders.

#### Lot 861 (Wellard #1)

##### TECHNICAL SPECS

|                |                                      |
|----------------|--------------------------------------|
| Layout:        | 4 Bedroom, 2 Bathroom, Double Garage |
| Wall Area:     | 355m <sup>2</sup>                    |
| Block Type:    | CMU (Concrete Masonry Unit)          |
| Block Size:    | 390mm x 230mm x 90mm                 |
| Blocks Laid:   | 4,390 CMUs (Approx. 22,000 SBEs)     |
| Block Wastage: | < 0.1%                               |
| Wall Type:     | Double Leaf Cavity Wall              |
| Status:        | Sold (Sep 2022)                      |

#### Lot 863 (Wellard #2)

##### TECHNICAL SPECS

|                |                                            |
|----------------|--------------------------------------------|
| Layout:        | 4 Bedroom, 2 Bathroom, Double Garage       |
| Wall Area:     | 355m <sup>2</sup>                          |
| Block Type:    | CMU (Concrete Masonry Unit)                |
| Block Size:    | 390mm x 230mm x 90mm                       |
| Blocks Laid:   | 4,343 CMUs (Approx. 22,000 SBEs)           |
| Block Wastage: | < 0.1%                                     |
| Wall Type:     | Double Leaf Cavity Wall                    |
| Status:        | Walls Complete (Oct 2021); Sold (May 2023) |

#### Lot 862 (Wellard #3)

Wellard #3 was the first project undertaken by the upgraded H01, proving its zero-waste design by producing no on-site waste during the build. A manually built brick house produces 10% brick waste on average, which – if applied to this build – would have equated to approximately three cubic metres of brick waste in landfill plus the additional cost associated with overordering and waste removal.

From an ESG perspective, FBR's WaaS<sup>®</sup> offering with zero block waste provides significant benefits to waste-conscious builders and homeowners. In Western Australia alone, construction and demolition waste accounts for approximately 50% of waste produced according to the Government of Western Australia's Waste Avoidance and Resource Recovery Strategy 2030. 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.

##### TECHNICAL SPECS

|                |                                      |
|----------------|--------------------------------------|
| Layout:        | 4 Bedroom, 2 Bathroom, Double Garage |
| Wall Area:     | 355m <sup>2</sup>                    |
| Block Type:    | CMU (Concrete Masonry Unit)          |
| Block Size:    | 390mm x 230mm x 90mm                 |
| Blocks Laid:   | 4,520 CMUs (Approx. 23,000 SBEs)     |
| Block Wastage: | 0%                                   |
| Wall Type:     | Double Leaf Cavity Wall              |
| Status:        | Walls Complete (May 2022)            |



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### Lot 866 (Wellard #4)

The Wellard #4 build utilised the world's largest commercially available clay blocks. The Porotherm R25 double-leaf blocks (equivalent in volume to 12 standard bricks) were used for external walls while single-leaf Porotherm R12 blocks (equivalent in volume to six standard bricks) were used for the internal walls of the home. This home marked the first time that Wienerberger's clay blocks were laid by a robot in the undertaking of commercial, real-world work. The successful Porotherm build at Wellard followed the outdoor pilot build testing undertaken in November 2021, which sought to demonstrate Hadrian X®'s ability to address the European clay-block low-rise housing market, which has potential for 700,000 new homes per year.

#### TECHNICAL SPECS

|                |                                                           |
|----------------|-----------------------------------------------------------|
| Layout:        | 4 Bedroom, 2 Bathroom, Double Garage                      |
| Wall Area:     | 276m <sup>2</sup>                                         |
| Block Type:    | Porotherm Clay Block (R12 & R25)                          |
| Block Size:    | 500mm x 249mm x 115mm (R12) & 500mm x 250mm x 189mm (R25) |
| Blocks Laid:   | 2,370 Porotherm blocks (Approx. 23,000 SBEs)              |
| Block Wastage: | < 1%                                                      |
| Wall Type:     | Double Leaf Cavity Wall                                   |
| Status:        | Sold (May 2023)                                           |

### Lot 865 (Wellard #5)

Hadrian X® completed construction of the final home in FBR's Wellard five-house portfolio during FY23. The four-bedroom, two-bathroom home will be placed on the market for sale.

FBR has worked with a variety of builders and block types across this project to showcase the potential of Hadrian X® technology as a highly accurate and cost-effective construction alternative.

#### TECHNICAL SPECS

|                |                                      |
|----------------|--------------------------------------|
| Layout:        | 4 Bedroom, 2 Bathroom, Double Garage |
| Wall Area:     | 370m <sup>2</sup>                    |
| Block Type:    | CMU (Concrete Masonry Unit)          |
| Block Size:    | 390mm x 230mm x 90mm                 |
| Blocks Laid:   | 4,612 CMUs (Approx. 23,000 SBEs)     |
| Block Wastage: | < 0.1%                               |
| Wall Type:     | Double Leaf Cavity Wall              |
| Status:        | Walls Complete (Oct 2022)            |





## WILLAGEE

During the year, FBR continued work on its largest and most complex project to date. This project, in the Perth suburb of Willagee, Western Australia, involved the construction of walls of 16 townhouses in conjunction with Inspired Homes, a large builder of both residential and multi-unit dwellings, located at a premier residential development by Satterley, one of Australia's largest land developers.

Located in two groups across the development, the northern and southern sides each contain eight two-storey units. Hadrian X® is robotically constructing the load-bearing walls and internal partition walls.

Given the complexity of the project, which included a number of first-time accomplishments for FBR such as common-party walls between each townhouse, a triple-leaf cavity wall system and acoustic brick ties as well as steel reinforcements and fireproofing, the Company adopted a staged approach – completing all the first-storey courses before the formation and installation of the second-storey slabs and then completing the second storey walls, including up to a record height of 9.2 metres. The townhouses are located on a rising site, with each townhouse standing on a different level. This meant that the Hadrian X® was situated on the adjacent block building below ground level, moving to continue work on the opposite side once a side was complete to enable the next concrete slab to be poured.

FBR mobilised to the site again in July 2023 following the pouring of some of the second-storey slabs at the northern group of townhouses. Hadrian X® will operate at site, completing the second-storey walls before further trades attend and complete follow-up work to complete the project.

|                       |                                                                    |
|-----------------------|--------------------------------------------------------------------|
| Layout:               | 16 Double Storey Townhouses (3 Bedroom, 2 Bathroom, Double Garage) |
| Wall Area (So Far):   | 5,166.2m <sup>2</sup>                                              |
| Block Type:           | CMU (Concrete Masonry Unit)                                        |
| Block Size:           | 390mm x 230mm x 90mm                                               |
| Blocks Laid (So Far): | 62,697 CMUs (Approx. 310,000 SBEs)                                 |
| Block Wastage:        | < 0.1%                                                             |
| Wall Type:            | Single, Double & Triple Leaf Cavity Walls                          |
| Status:               | In-Progress                                                        |

# Next- Generation Hadrian X®

## Mechanical completion of first next-generation Hadrian X®

Over the course of FY23, work on the manufacture and assembly of the next-generation Hadrian X® continued, reaching mechanical completion on 20 December 2022. The next-generation Hadrian X® has a modular design, coupled with distributed-control architecture that allows work on individual modules to progress independently while also providing greater levels of customisation, quicker repair work and interchangeability once in service. Additionally, the next-generation Hadrian X® features a new and simplified Human Machine Interface (HMI), used throughout the testing and commissioning phase and intended to greatly enhance the user experience and provide greater accessibility to operators when operating in the field.

The next-generation Hadrian X® features a 32-metre long telescopic boom arm and a shuttle block delivery system designed to lay at speeds of up to 500 blocks per hour, up to three storeys high.

As previously announced, FBR has entered into a two-phase Memorandum of Understanding with Liebherr-Mischtechnik, a division of the world's largest privately owned OEM, with the intention of cooperating to industrialise and commercialise the next-generation Hadrian X®.

## Next-Generation Hadrian X® achieves lay speed record

During the year, the first next-generation Hadrian X® robot achieved a notable milestone as part of the testing and calibration program, achieving a sustained lay speed of more than 300 blocks per hour using U.S. format cement masonry blocks. This surpassed the previous peak lay speed recorded by its predecessor, the Hadrian X® 109.

The successful testing and calibration of the next-generation Hadrian X® robot will demonstrate the potential of FBR's robotic construction technology in commercial construction applications. At a 300 block per hour lay rate, Hadrian X® can construct more than 70 vertical square meters of wall per hour when working with the largest format blocks.

It is important to note that as the testing and calibration programs progress, the lay speed record is expected to be further improved.

## ICC Certification and Florida State Certification

During the year, the Company announced that it had received confirmation from ICC Evaluation Service, LLC ("ICC-ES"), a subsidiary of the International Code Council®, of compliance of FBR's Fastbrick® Adhesive and its application in constructing concrete masonry walls with the 2021 and 2018 International Building Code® ("IBC") and the 2021 and 2018 International Residential Code® ("IRC"). These codes serve as the foundational standards for the U.S. as well as numerous other international jurisdictions.

This certification from the International Code Council, aligning with the IBC and IRC, marks a significant milestone in FBR's international expansion strategy. Notably, FBR had already achieved compliance with the National Construction Code in Australia. Being certified as compliant with the IBC and IRC, which serve as the foundational codes in many regions worldwide and particularly in the U.S., further validates FBR's innovative building methodology and reinforces its position as a market leader in robotic construction. It is worth highlighting that FBR stands out as one of the few robotic construction providers globally whose building materials are certified for use in the U.S.

The certification acknowledges the effectiveness of FBR's stronger and more durable adhesive-based system, which offers an alternative to traditional wet mortar masonry construction. This recognition is a testament to FBR's commitment to adopting modern, waterless, mortarless and environmentally conscious approaches to building. Such practices are in line with the industry's environmental, social and governance (ESG) targets and aspirations for a greener and less wasteful construction sector.

Building upon this achievement, FBR's Fastbrick Wall System® received approved product status from the Florida Building Commission. Concurrently, FBR is progressing certification processes for other key target markets including in Europe. By preparing another significant geographical area for market entry, FBR continues to expand its global presence and bring its advanced robotic construction solutions to new regions.

# Next- Generation **Hadrian X®**

The next-generation Hadrian X® is the latest iteration of FBR's bricklaying construction robot.

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## **Modular design**

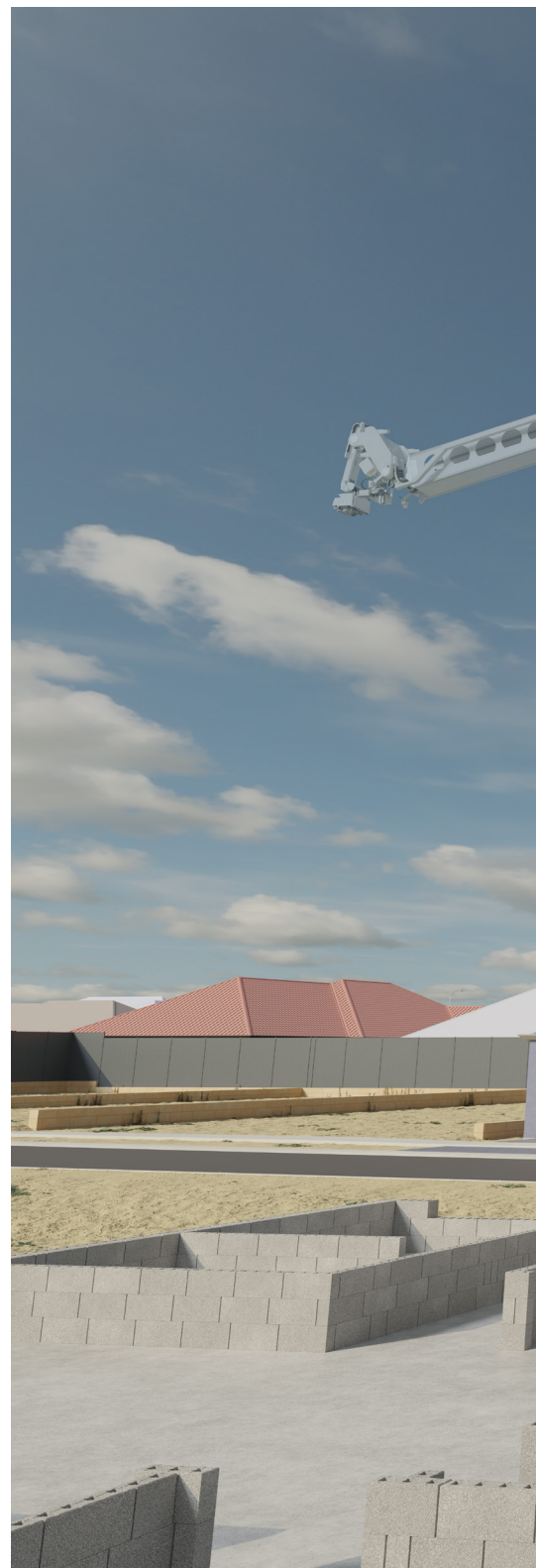
An enhanced saw module design enables height, mitre and gable cuts to blocks, further increasing capability.

The next-generation Hadrian X® is designed with distributed-control architecture, leading to a highly reliable system which allows for individual modules to be customised, repaired and swapped efficiently while in the field.

Most ancillary equipment on the Hadrian X® is self-contained, greatly improving deployment efficiency.

Following completion of commissioning activities, the Hadrian X® will undertake demonstration activities to potential WaaS® partners domestically and internationally and begin commercial activities.

Assembly of the second next-generation Hadrian X® is progressing. As announced subsequent to the end of FY23, significant demand for the Hadrian X® technology in the U.S. has prompted FBR to manufacture the second next-generation Hadrian X®, initially planned to be on an Australian-specification truck base, to be constructed on an American-specification truck base for expedited use in the Company's largest target market.



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## Lengthened boom arm

The lengthened 32-metre telescopic boom arm provides further reach than its predecessor, enabling construction of walls three storeys high from the roadside as well as the ability to lay blocks within 50mm of existing walls.

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## Shuttle Block Delivery System

The Shuttle Block Delivery System is designed to lay existing commercially available blocks as well as have the ability to lay blocks not yet available on the market, including large blocks measuring up to 600mm x 400mm x 300mm and weighing up to 45kg.

The next-generation Hadrian X<sup>®</sup> has been designed to be able to lay at speeds of up to 500 blocks per hour and has the potential to complete both the external and internal walls of a standard double-brick house in a single day.



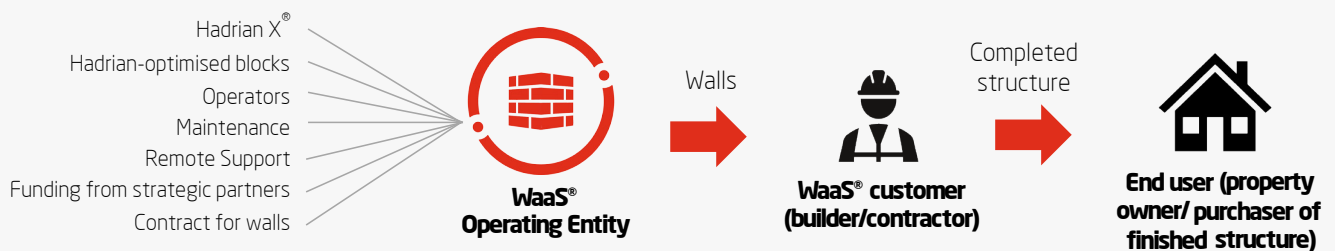
# Commercial Strategy

## Commercial model

Wall as a Service® (WaaS®) is the servitisation and digitalisation of the old way of selling bricks and manual bricklaying labour separately. WaaS® is sold as a fixed-price, delivered service to customers. The WaaS® operating entity supplies the blocks and robotically constructs walls onsite to the precise specification of a digital architectural plan. WaaS® allows customers to directly access the benefits of robotic construction such as improvements in speed, accuracy, safety and waste, without having to build robotics capability into their businesses.

Typically, the acquisition of an order would follow this process:

- Customer asks for quote to build walls of house(s)
- Builder sends architectural plans to FBR, including brick specifications
- FBR runs plans through its proprietary architectural software and delivers fixed-price, lump-sum quote for supply and lay of walls to plan specifications
- FBR sends fixed-price quote to builder, guaranteeing price for 24 months, and provides total estimated build time
- Builder agrees to quote and requests date for service
- FBR orders bricks from local partner and arranges for delivery direct to site on specified day
- FBR sends Hadrian X® to site on appointed day and builds house
- FBR bills for 100% of work



## ADDRESSING THE MARKET

FBR's commercial strategy is to create WaaS® operating entities around the world that deliver erected walls on demand to customers (builders, developers, government bodies etc).

The Hadrian X® improves the commerciality of block structures, helping block manufacturers to sell more blocks and compete against alternative building products.

WaaS® provides a digitalisation and software-driven pathway for residential

and commercial construction and completion, providing efficiency and certainty around scheduling for customers who can organise subsequent trades based on single-data source service provision. This data can also be used in other applications.

The end user (for example, a homebuyer) receives delivery of a higher-quality structure quicker as well as other flow-on benefits of digital construction.

Global WaaS® operating entities will be rapidly scaled by allowing strategic partners to buy into the WaaS® operation

in that region. Funds from strategic partners will be used to procure more Hadrian X® robots and, in some markets, the strategic partner may be a manufacturer of the Hadrian X®.

Maintaining 100% ownership and control of its global intellectual property and the global commercial opportunity give FBR a monopoly position as the only enabling technology for autonomous brick and block wall construction on the planet.

# How does WaaS® work?

WaaS® allows customers to access the benefits of robotic construction such as improvements in speed, accuracy, safety and waste, without having to build robotics capability into their businesses. The benefits of the Hadrian X® methodology and output improve the commerciality of brick and block structures, helping manufacturers to sell more blocks and compete against alternative building products and methodologies.

WaaS® provides a digitalisation and software-driven pathway for house construction and completion and enables more efficient and certain scheduling for customers,



who can organise subsequent trades based on single-data source service provision. The end user (such as a homebuyer) receives delivery of a higher-quality structure quicker as well as all the other flow-on benefits of digital construction.

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## **Hadrian X®**

*The world's first fully autonomous, end-to-end bricklaying robot*

## **Operators**

*Trained in operation of the Hadrian X® construction robot*

## **Maintenance**

*Regular check-ups to ensure Hadrian X® is operating at peak efficiency*

## **Remote Support**

*Ability to offer support off-site to assist with scalability of global operations*

## **Hadrian-optimised blocks**

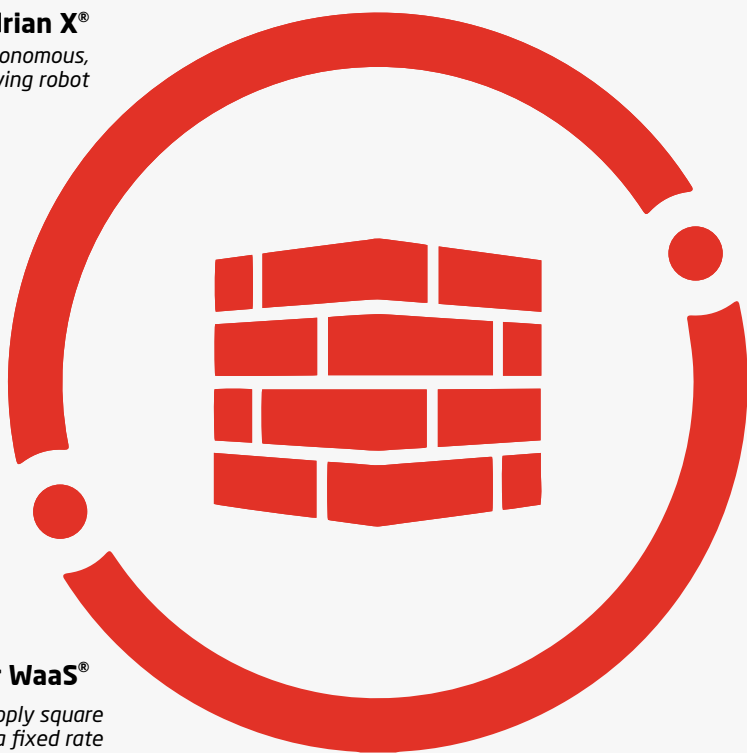
*Provided by brick and block manufacturers, designed to maximise the benefits of Hadrian X®*

## **Funds from Strategic Partners**

*Funding in regional WaaS® operating entities used to procure Hadrian X® robots*

## **Contract for WaaS®**

*Agreed with WaaS® customers to supply square metres of wall at a fixed rate*



## Reporting

FBR confirms there were no improvement notices, prohibition notices or fines received from any Australian regulatory body within the 12 months to 30 June 2023. Our commitment to the

safety and health of FBR employees, contractors, visitors and members of the public is unwavering.

FBR's performance against targets in FY23 is summarised in Table 1 below:

| TARGET                                                                                               | WHAT WE DID                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | RESULT                                                                                   | STATUS   |
|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------|
| Provide safe and healthy working conditions for the prevention of work-related injury and ill-health | <p>Our leaders are in the field, caring for our people, building trust and engagement</p> <ul style="list-style-type: none"> <li>113 engagements since the initiative rolled out in January 2022</li> <li>We celebrate successes for the organisation, praise and acknowledgement is given to those who plan and complete tasks safely</li> <li>We stop those tasks and workshop tasks that can be made safer with engineering solutions, risk assessments, isolations, and PPE</li> </ul> <p>Embedding a strong reporting culture. Ensure that all hazards are reported, controlled with an engineering solution, eliminated, or reduced.</p> <ul style="list-style-type: none"> <li>Hazards and improvements are increasing annually, 14 in 2020 to 42 in June 2023</li> </ul> <p>Department Heat Map Workshops &amp; Culture Action Plans are completed to assist in Department safety responsibility, ownership, and culture improvement.</p> <ul style="list-style-type: none"> <li>Heat Maps is a tool to move safety culture from proactive to generative.</li> </ul> | Zero fatalities, permanent / disabling injuries or disease                               | Achieved |
| Our assets are impeccable and incident free                                                          | <p>Our operators and employees are qualified and competent to the highest standard</p> <ul style="list-style-type: none"> <li>Our people are trained and qualified</li> <li>Employees are always engaged, diligent and therefore incident minimised or free</li> <li>Training and qualifications accessible online, individual ownership</li> <li>Inductions are robust and online</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | No assets damaged<br>Training online qualifications are current                          | Achieved |
| Eliminate hazards, reduce risks, and maximize opportunities to create value.                         | <ul style="list-style-type: none"> <li>All tasks have a FBR Take 5 and tasks that are of medium to high risk with an approved JHA, ensuring success in safety</li> <li>All business risks are managed online in Safety Champion for ease of review, action assignment and mitigation evidence</li> <li>291 business risks are managed on Safety Champion. Hadrian X® risks are managed and reviewed with stakeholders on Safety Champion</li> <li>Department Managers have ownership to ensure risks are controlled and reduced</li> <li>We verify that our previously identified risks and hazards are controlled, eliminated, or reduced to as low as practicable with mitigating evidence</li> </ul>                                                                                                                                                                                                                                                                                                                                                                      | <p>Minor injuries decreased</p> <p>Reporting increased for hazards, and improvements</p> | Achieved |
| We are all informed, and communication is at the highest level                                       | <ul style="list-style-type: none"> <li>Quality investigations by teams to eliminate repeat incidents and shared to workplace</li> <li>We share our SHEQ KPI's Dashboards with our employees to celebrate our successes</li> <li>SHEQ Share and Toolbox Safety Theme program and training</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | SHEQ KPI's Dashboards improve performance                                                | Achieved |
| Our safety culture is at proactive / generative                                                      | <ul style="list-style-type: none"> <li>SHEQ Strategy 2022 implemented and Safety culture benchmarking every 6 months and strategy review</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Safety culture is proactive towards generative                                           | Achieved |
| Protection and prevention of environment                                                             | <ul style="list-style-type: none"> <li>Environment plans, registers, and tools implemented</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Zero environmental incidents                                                             | Achieved |
| Fulfil applicable legal requirements                                                                 | <ul style="list-style-type: none"> <li>Inspections and Audits are scheduled at regular intervals and are completed in Safety Champion. Actions are tracked to completion. Regular inspections include:</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Successful use of Safety Champion with online Audits and Inspections                     | Achieved |

## SHEQ Pillars to Success and Performance

FBR has a four-pillared approach to SHEQ success and performance:

### PROCEDURES FOR IMPROVEMENT

Employees are educated and made aware of FBR safety standards, so expectations are clear and adherence is monitored.

- Employees are provided with the tools to adhere to department procedures and processes
- Continue to share “good safety”, which is an appreciative safety model
- Identify and share learning opportunities of where safety has been improved
- Fatality Prevention Safety concepts are introduced and checklists are available on Safety Champion

### STANDARDS AND EXPECTATIONS

Leaders set the standard from a Safety and People Value perspective.

- Leaders are given the procedures and tools to lead their people
- Team members are trained in investigation techniques, i.e. Supervisors and Managers to understand root causes of risks
- Hadrian Operators and Construction Team members are qualified and competent to the highest standard
- Training manuals are provided for all tasks and equipment and our people are required to complete verification of competence

### CONTRACTOR MANAGEMENT IS EMBEDDED

Continue the journey with contractors and ensure they meet SHEQ requirements and guide them as required.

- Our contractor management provides for a safety win for both Contractors and FBR
- Contractors are a part of FBR’s “One Team”. They are inducted and audited to ensure adherence to FBR’s standards

### CORPORATE GOVERNANCE AND BUSINESS RISK MANAGEMENT

Corporate Governance and Business Risk Management reinvigorated and managed in a simple system.

- Continue to rigorously audit the workplace to ensure adherence to safety standards

- Managers are active to ensure every task has a completed risk assessment
- Incident and hazard taxonomies contribute to our strategies
- Business risks are managed online and reviewed with stakeholders on Safety Champion

## Safety Champion Case Study

### FBR is reaping the benefits of our customised digital Safety Management System (SMS)

Safety Champion has been embraced and embedded to enhance safety management at FBR, thereby assisting to meet the Company’s goals of zero harm activities, lowering risks to the business and ultimately enhancing FBR’s profitability in the future. Our team work as one with one unified vision of safety.

#### What we were doing

FBR was operating a predominately manual, paper-based SMS with documents hosted on the FBR intranet, approvals were wet-signed manually and file transfers were undertaken by email when required. Final scanned PDF-format documents were saved on the file server. A spreadsheet was used to track and summarise safety documents and data. Follow-up actions were required to be logged and monitored manually.

**Business priority** – Safety is the number one priority at FBR. A new SMS has contributed significantly to improving safety in the business. We can see how we are progressing with real-time reporting, there is an increase in improvements and a reduction in the number of incidents and hazards.

**Lower risk of incidents** – The SMS has encouraged staff in all areas of the business to easily raise hazard and incident observations at any time, straight from staff mobile phones or iPads. Investigations have become an easier and more efficient process through an online process.

**Improved auditability** – The digital SMS has provided easy electronic auditing with vastly improved traceability and ownership. FBR conducts several audits relative to our industry, including Construction, General Workplace, Chemical and Plant Hazard. This enables us to always comply to legal requirements.

**Risk management** – The risk management platform allows for identifying, evaluating and managing risk in a methodical and structured way. We have transparency and accountability; the delegated actions function of the SMS creates increased accountability and visibility of required actions that improve safety.

**Improved productivity** – Fewer injuries due to increased hazard awareness, less time away from work, fast incident and hazard reporting and automated safety reports produced by the system improve productivity at FBR.

# Our people

## Purpose & Values



### We are pioneers

- We thrive on pushing the boundaries and achieving the impossible.
- We are innovators and recognise there is no success without failure.

- We are natural explorers.
- We are inquisitive and adventurous – the way things are isn't the way things have to be.



### We are one team

- We always make it our number one priority to make sure everyone goes home safely.
- We understand we all have a role to play and as a team we are stronger.
- We are committed and passionate.
- We always look out for each other.

### We act with integrity

- We aren't afraid to admit our mistakes & work collaboratively on solutions.
- We are open and candid with each other.
- We are authentic, humble and honest.
- We treat everyone equally.



FBR continues to focus on one culture and retention across the wider business despite the challenging labour shortages across the country.

### Recruitment Process:

Our dedicated recruitment team has expertise in recruiting qualified professional talent in a market challenged by various skill shortages across the country. As our employment market continues to be competitive, our recruitment team continuously improves recruitment methods to ensure we are positioned to attract the right talent for FBR along with advances in the Company's gender equality.

We have been able to utilise a number of alternative recruitment methods and project-based engagements. These can include panel interviews and the use of our structured application processes.

### Retention:

As of the 30 June 2023, FBR employed 106 people within the business. On average, the years of services range between 12 months to 6 years.

Our high levels of retention within FBR are achieved through successful strategies including:

- Empowering staff to be self-motivated while providing articulated career pathways
- Engaging with all staff in regular performance assessment and personal development programs including facilitating open communication to address any issues as they arise
- Promoting a supportive management structure and positive organisational culture
- Promoting work life balance

### HR Services and Employment Journey

- KPI Development
- Development of Job Specification
- Strategic Human Resources Consulting
- Opportunity for Career Transition and Development

### Third-Party Products and Services

- Online Training
- Employment Assistance Program (EAP)

### Community Engagement:

Fostering a strong commitment to our community plays a very important part for our business. Since launching our mental health focus team, we have collaborated with various organisations to continue our commitment for community support by donating non-perishable food items and, more recently, gifting pre-loved business wear to Dress for Success.

## Year in Review

### We make it happen

- We are accountable, disciplined and reliable.
- We achieve.
- We pride ourselves on the quality of our work and we execute with precision.
- We move with agility and tenacity to deliver our goals.



# Corporate Governance

## Board & Committees

### Board

The Board is ultimately responsible for all matters relating to the running of the Company. The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

### Audit & Risk Committee

The Audit & Risk Committee is comprised of the following Non-Executive Directors:

- Grant Anderson (Chair);
- Richard Grellman (member);
- Nancy Milne (member); and
- Greg Smith (member).

The role of the Audit & Risk Committee is to assist the Board in fulfilling its statutory responsibilities in relation to financial reporting, risk management and internal control including, but not limited to:

- Assessing the risk and control environment – reviewing accounting policies, internal controls, practices and disclosures to assist the Board in making informed decisions;
- Monitoring and reviewing the integrity of the financial reporting of the Company and reviewing significant financial reporting judgments. Overseeing the financial reporting to ensure it is appropriate and of high quality prior to recommending adoption of the financial statements by the Board for release to the ASX and shareholders;



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## Corporate Governance

Good governance is embedded throughout FBR and is the collective responsibility of the Board and all levels of management. Effective corporate governance is a critical element contributing to the longer-term success of FBR.

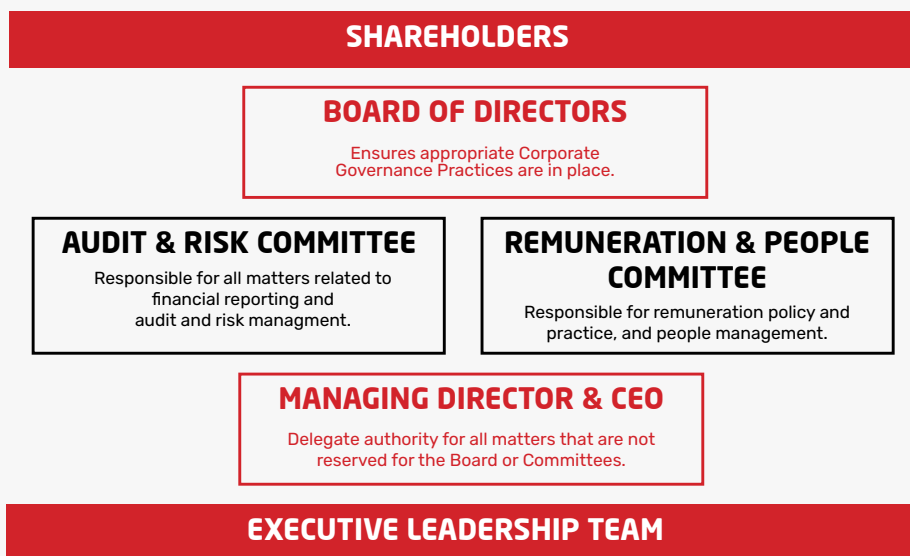
FBR is committed to meeting the requirements of the ASX Corporate Governance Council

Principles and Recommendations 4th Edition (Principles and Recommendations).

A full copy of FBR's Corporate Governance Statement is available on the Company website at [www.fbr.com.au/view/corporate-governance](http://www.fbr.com.au/view/corporate-governance)

FBR's governance framework is illustrated below:

### Governance hierarchy



- Reviewing the Company's internal financial control system and risk management systems including the Company's Risk Management and Internal Compliance and Control policy;
- Monitoring, reviewing and overseeing the external audit function including matters concerning appointment and remuneration, independence and non-audit services;
- Monitoring and reviewing compliance with the Company's Code of Conduct; and
- Performing such other functions as assigned by law or the Company's Constitution.

### Remuneration & People Committee

The Remuneration & People Committee is comprised of the following Non-Executive Directors:

- Nancy Milne (Chair);
- Richard Grellman (member);
- Grant Anderson (member); and
- Greg Smith (member).

The role of the Remuneration & People Committee is to manage remuneration related issues including, but not limited to:

- Remuneration policy and packages (including superannuation arrangements) of Executive Directors, Non-Executive Directors and senior executives;
- Employee incentive and equity based plans including the appropriateness of performance hurdles and total payments proposed; and
- Assessing whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.



# Financial Report

For the year ended 30  
June 2022

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## Directors' Report

The Directors present their report together with the financial statements of FBR LTD ('FBR' or the 'Company') and its controlled entities ('the Group') for the year ended 30 June 2023.

### Directors' details

The following persons were directors of the Company during or since the end of the financial year:

#### Mr Richard Grellman AM

Independent Non-Executive Chairman

Appointed: 15 July 2018

Qualifications: FCA

Experience and expertise: Mr Grellman previously worked with accounting firm KPMG for 32 years and was a member of KPMG's National Board from 1995 to 1997 and a member of the National Executive Committee from 1997 to 2000. Since then he has held numerous positions as a non-executive director of both listed and unlisted companies.

In 2007, Mr Grellman was appointed a member of the Order of Australia for service to the community (particularly through leadership roles with Mission Australia and fundraising with Variety, The Children's Charity) and to the finance and insurance sectors.

Other current directorships: Lead Independent Director of The Salvation Army in Australia and Non-Executive director of Simonds Group Ltd.

Former directorships (last 3 years): Non-Executive Chairman of ASX-listed IPH Limited (ASX: IPH), Lead Independent Director of NYSE listed F45 Training Holdings Inc, Non-Executive Chairman of Bisalloy Steel Group Limited (ASX: BIS) and Director of the National Health Medical Research Council for Institute for Dementia Research.

Special responsibilities: Remuneration Committee member and Audit Committee member

Interests in shares: 1,020,408

Interests in Performance rights: Nil

#### Mr Michael Pivac

Managing Director & Chief Executive Officer

Appointed: 18 November 2015

Qualifications: Business Management

Experience and expertise: Michael Pivac is the Managing Director and Chief Executive Officer of FBR. He spent 20 years in the aviation sector as an Airborne Mission Coordinator with Australian Border Protection and Search and Rescue, specializing in Electronic Detection Systems and strategic and tactical mission planning, working closely with Australian and International Government and Military Agencies. He has been key to developing FBR's technology, business plan and machine development strategy, and has forged relationships with investors, builders, product suppliers and future customers.

Other current directorships: Nil

Former directorships (last 3 years): Nil

Special responsibilities: Nil

Interests in shares: 152,589,371 (includes 75,000,000 Loan Funded Shares)

Interests in Performance rights: Nil

**Mr Mark Pivac**

Chief Technical Officer, Executive Director and Founder

Appointed: 18 November 2015

Qualifications: B.Eng (Aero) Hons.

Experience and expertise: Mark Pivac is the primary inventor of FBR's automated bricklaying technology. He is an aeronautical and mechanical engineer with over 32 years' experience working on the development of high technology equipment ranging from lightweight aircraft to heavy off road equipment and construction robotics. Mr Pivac has 27 years' experience of Pro/Engineer/Creo 3D CAD software. He also has high level mathematical skills and extensive design, commissioning and fault finding experience on servo controlled motion systems achieving very high dynamic performance. Mr Pivac has led the technical development of Hadrian X for over 17 years.

Other current directorships: Nil

Former directorships (last 3 years): Nil

Special responsibilities: Nil

Interests in shares: 358,205,167 (includes 75,000,000 Loan Funded Shares)

Interests in performance rights: Nil

**Mr Grant Anderson**

Independent Non-Executive Director

Appointed: 23 October 2019

Qualifications: FAICD, CPM - FAMI

Experience and expertise: Grant Anderson has over 40 years of experience in the design and manufacturing sectors, at the level of executive, CEO and managing director for a number of public and private best practice international companies. Grant also has extensive Board experience in both ASX-listed and private companies across multiple industries including automation, technology and robotics. He has experience as a Director in multiple countries including joint venture companies. Previous Board experience has included Berklee Limited (Deputy Chairman), Techni Waterjet Pty Ltd. (Chairman) and The ANCA Group Pty Ltd. which included multiple international subsidiaries.

Grant is a Fellow of the Australian Institute of Company Directors, and a life member of the FAPM.

Other current directorships: Non-Executive Director, Member of Remuneration Committee and Chair Audit and Risk Committee of HGS Pty Ltd trading as Sutton Tools. Non-Executive Chairman of Effusiontech Pty Ltd trading as SPEE3D a metal 3D printing company and Member of Audit and Risk Committee and Remuneration Committee.

Former directorships (last 5 years): ANCA Group CEO and Executive Director and Executive Director of the Industry Capability Network Victoria .

Special responsibilities: Audit Committee Chair and Remuneration Committee member

Interests in shares: 1,250,000

Interests in performance rights: Nil

**Mr Greg Smith**

Independent Non-Executive Director

Appointed: 5 August 2020

Qualifications: MBA, Grad Dip Management

Experience and expertise: Greg Smith has 39 years' experience in the building products industry in manufacturing, technical and sales across the clay and concrete products sectors.

Greg specialises in operations and project management, safety transformation leadership, lean implementation and contract negotiation. Mr Smith is also an Officer in the Australian Army Reserve and has served for 40 years, specialising in Operations and Training.

Mr Smith holds a Master of Business Administration (Exec) from the University of Queensland, a Graduate Diploma in Management from the University of Queensland, a Certificate of Applied Science – Industrial Ceramics from the Holmesglen College of TAFE, a Certificate in Quality Control from the School of Mines Ballarat TAFE, and is a graduate of the Company Directors Course run by the Australian Institute of Company Directors.

Other current directorships: Nil

Former directorships (last 3 years): Nil

Special responsibilities: Audit Committee member and Remuneration Committee member

Interests in shares: 205,000

Interests in performance rights: Nil

**Ms Nancy Milne OAM**

B. Law, FAICD

Non-Executive Director

Appointed 26 April 2022

Qualifications: B.Law, FAICD

Experience and expertise: Ms Milne has extensive business experience as a non-executive director and lawyer specialising in insurance, corporate governance, risk management and commercial dispute resolution. She was a partner at Clayton Utz from 1997 to 2003 and a consultant until 2012, and was awarded the Order of Australia Medal in 2008 for services to the legal sector and to the community. Ms Milne has significant experience in risk management, safety, compliance and property development.

Other current directorships: Chair of the Securities Exchanges Guarantee Corporation, Chair of the Accounting Professional and Ethical Standards Board, Deputy Chair of the NSW State Insurance Regulatory Authority, Director of the Benevolent Society.

Former directorships (last 3 years): Crowe Horwath Australasia, ALE Property Group Limited and Director of Pacific Opera.

Special responsibilities: Remuneration Committee Chair and Audit Committee member

Interests in shares: 1,182,000

Interests in performance rights: Nil

## CFO and Company Secretary

Mr Aidan Flynn B Comm, B Sc, CPA, PGrad Dip Energy, GAICD, Grad Dip Applied Corporate Governance.

Mr Aidan Flynn is also the Chief Financial Officer of the Company and was appointed as the Company Secretary on 30 June 2021.

## Principal activities

FBR is the inventor of the Hadrian X®, the world's first automated end-to-end bricklaying robot. Functioning like a 3D printer, the Hadrian X® builds brick structures in situ, course by course, using adhesive to bond the bricks together. The Hadrian X® is capable of working in outdoor environments thanks to the unique Dynamic Stabilisation Technology®, or DST®, which rapidly measures and adjusts for dynamic interference caused by uncontrolled environmental conditions. The Hadrian X® has completed a number of suburban builds under commercial contract, demonstrating its ability to build brick structures safer, faster, and more accurately than traditional bricklaying methods while producing far less waste.

## Significant changes in the state of affairs

On 8 July 2022, the Company announced that it had received a firm commitment from a wholly owned subsidiary of strategic investor Brickworks Limited (ASX: BKW), Australia's largest brick producer, to raise \$1,929,628.40 via 107,201,578 shares at \$0.018 per share, the same price as the placement completed on 24 June 2022 representing at the time a 14% discount to FBR's last closing price and 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.

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. 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 were 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.

On 31 October 2022, FBR announced that during the September quarter the Company received confirmation that two 100% FBR-owned, United States domiciled subsidiaries, Fastbrick Americas LLC and Fastbrick Americas Holdings LLC, had been incorporated in the State of Delaware. These subsidiaries will be platforms from which to conduct Wall as a Service® operations in the United States, including planned demonstrations of the next-generation Hadrian X®.

On 13 March 2023, FBR advised that it had entered into a strategic Share Subscription Agreement with UK-based FBR Shareholder, M & G Investment Management to acquire 277,000,000 fully paid ordinary shares in FBR, for an aggregate sum of A\$9.14 million, to fund the manufacture and commercial deployment of three next-generation Hadrian X® robots designed specifically for

expedited use in the United States. 227,000,000 new fully paid ordinary shares were issued to M & G on Friday 17 March 2023 at a price of A\$0.033 per share, being an aggregate sum of \$A7,491,000, utilising FBR's existing capacity under Listing Rule 7.1 (224,463,828 shares) & 7.1A (2,536,172 shares).

On 24 April 2023, FBR advised that it had completed the funding transaction with a further aggregate sum of A\$1,650,000 received from M & G for the remaining 50,000,000 fully paid ordinary shares. The 50,000,000 fully paid ordinary shares were purchased from Mark Pivac and Michael Pivac and were previously issued to the Executive Directors in 2020 as loan funded shares with the loan term expiring in December 2022. Full proceeds of the sale of these shares went directly and solely to FBR in part repayment of the outstanding loans before being applied towards the manufacture and commercial deployment of the additional next-generation Hadrian X® robots bound for the United States market. The balances of the outstanding non-cash loans were forgiven under the terms of the loan funded share incentive plan.

No other significant changes were made in the state of affairs during the period.

## **Review of operations and financial results**

### *Wellard*

FBR's Wellard portfolio initially comprised of five undeveloped blocks of land that were purchased by FBR and developed utilising its Hadrian X® robot with a selection of Perth builders.

In the fourth quarter of FY23, the Wellard #2 and Wellard #4 properties were sold for A\$520,000 and A\$555,000 respectively. Wellard #2 is a double leaf cavity walled, four-bedroom, two-bathroom family home with a double garage. Total wall area equated to 355m<sup>2</sup>, which was completed in 29 laying hours, utilising standard concrete masonry units (CMU). Wellard #4 was built utilising Wienerberger Porotherm clay blocks, 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. This build followed the outdoor pilot build testing undertaken in 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.

### *Willagee*

Continuing work which had begun in the previous period, FBR progressed construction on the largest and most complex project it has undertaken to date in the Perth suburb of Willagee, Western Australia. FBR's work at Willagee comprises the construction of walls for 16 two-storey townhouses, for Inspired Homes, a large builder of both residential and multi-unit dwellings, and Satterley, who are one of Australia's largest land developers, on one of their premier developments in the state.

Located in two groups across the development, the northern and southern sides each contain eight two-storey units. The previous generation Hadrian X® is robotically constructing the load bearing walls and internal partition walls.

Given the complexity of the project, which included a number of first-time accomplishments for FBR such as common party walls between each townhouse, a triple-leaf cavity wall system, acoustic brick ties, as well as steel reinforcements and fireproofing, FBR adopted a staged approach, completing all the first storey courses before the formation and installation of the second storey slabs and then completing the second storey walls, including up to a record height of 9.2 metres. The townhouses are located on a rising site with each townhouse standing on a different level. This meant that the Hadrian

X<sup>®</sup> was situated on the adjacent block building below ground level, moving to continue work on the opposite side once a side is complete, enabling the next concrete slab to be poured.

Work on the development continued through November 2022 at which time follow up trades were required on site to complete internal ancillary works before Hadrian X<sup>®</sup> could be mobilised to finish construction. Subsequent to the end of the period, the second storey slabs of the remaining townhouses were poured meaning FBR could mobilise to the Willagee site to complete the second storey walls.

### **Next-generation Hadrian X<sup>®</sup> Development**

Over the course of the first half of FY23, manufacture and mechanical assembly activities on the next-generation Hadrian X<sup>®</sup> continued before reaching mechanical completion as announced on 20 December 2022. The next-generation Hadrian X<sup>®</sup> features a modular design with distributed control architecture which allows work on individual modules to progress independently, while also providing greater levels of customisation, quicker repair work and interchangeability once in service.

Additionally, the next-generation Hadrian X<sup>®</sup> features a new and simplified tablet-based Human Machine Interface (HMI), used throughout the testing and commissioning phase, and is intended to greatly enhance user experience and provide greater accessibility to machine operators when in the field. The next-generation Hadrian X<sup>®</sup> also features a 32-metre-long telescopic boom arm and a shuttle block delivery system enabling much higher lay at speeds than its predecessor, and is capable of building up to three storeys high from the roadside, with the ability to lay within 50mm of existing wall, greatly enhancing its versatility in the built environment.

As previously announced, FBR 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<sup>®</sup>.

On 28 February 2023, FBR advised that the first next-generation Hadrian X<sup>®</sup> had successfully demonstrated the ability to autonomously lay blocks, passing blocks through the entire robotic system, including through the novel shuttle block delivery system, before laying them. Following this, the program moved to a testing and calibration phase in which further improvements to lay speed and DST<sup>®</sup> were implemented and the Hadrian X<sup>®</sup> began building larger structures in a testing environment.

On 13 March 2023, the Company announced that it had entered into a strategic Share Subscription & Share Purchase Agreement with U.K. based shareholder M & G Investment Management to fund A\$9.14 million for the manufacture and commercial deployment of three additional next-generation Hadrian X<sup>®</sup> robots designed specifically for expedited use in the United States. The three United States specification Hadrian X<sup>®</sup> robots will be built on United States truck bases and will then be immediately deployed to offer Wall as a Service<sup>®</sup> via FBR's United States domiciled Fastbrick Americas LLC entity.

On 8 May 2023, FBR announced that the first next-generation Hadrian X<sup>®</sup> robot reached a notable milestone as part of the testing and calibration program, achieving a sustained peak lay speed of over 300 blocks per hour using concrete masonry blocks commonly used around the world, including in the United States. This surpassed the previous peak lay speed recorded by its predecessor.

At a 300 block per hour lay rate, the next-generation Hadrian X<sup>®</sup> can effectively construct over 70 vertical square meters of wall per hour when working with the largest format blocks. As the testing and calibration program advances it is expected that the lay speed will see further improvement.

The audited loss before tax expense/benefit for the 12 months to 30 June 2023 has increased to \$22,886,197 from the prior period loss of \$19,978,660. This was primarily due to an expansion in the activities of the company and delays in the Hadrian 110 program.

### **Dividends**

No dividends were proposed or paid during the period or up to the date of signing this report.

### **Events arising since the end of the reporting period**

**17 July 2023** – The Company issued a Notice of Extraordinary General Meeting (EGM) advising Shareholders that a meeting will be held at the Mount Lawley Golf Club on 21 August 2023 at 11:00AM (AWST). The Company is seeking Shareholder approval to ratify equity placements undertaken by the Company in its capacity under Listing Rules 7.1 and 7.1A.

**19 July 2023** – The Company issued 23,080,000 fully paid ordinary shares upon exercise of unquoted employee performance rights that vested on achievement of performance milestones in accordance with the Company's Employee Securities Incentive Plan.

**26 July 2023** – The Company issued 28,962,500 fully paid ordinary shares upon exercise of unquoted employee performance rights that vested on achievement of individual performance in accordance with the Company's Employee Securities Incentive Plan. 6,762,500 vested performance rights remain unconverted.

**31 July 2023** – Subsequent to the end of the quarter, FBR expanded its \$4.0 million revolving R&D tax loan facility with FC Capital previously announced to the ASX on 13 May 2022 to \$6.0 million, in line with the anticipated R&D tax incentive cash rebate of over \$6.0 million for FY23. FBR has drawn down on the additional \$2.0 million. Additional fees incurred were a \$15,000 establishment fee for the expanded facility and an increase in interest rate of 1%.

### **Material Business Risks**

The following is a summary of the material business risks of the Company. Any of these risks may adversely impact on the financial and operating performance and prospects of the group and on the ability of the group to continue operating as a going concern. These are not listed in any order of importance and do not constitute an exhaustive list.

#### *Technology risk*

The Company is developing and commercialising brand new ground breaking technology. The technology development cycle contains significant unknown and variable factors, some beyond the control of the Company. The Hadrian technology being developed is not yet fully developed and fully commercialised. There is a significant risk that the Company is unable to fully develop the technology to the level required and is unable to commercialise the technology to the level required.

#### *Competition risk*

Globally there are other companies developing robotic/automated construction technology solutions, such as 3D concrete printing. Any increase in robotic/automated competition could result

in significant loss of potential revenue-generating opportunities and the devaluation of the Company's technology in the marketplace.

#### *Supply chain risk*

The Company contracts from Perth, Western Australia with a number of key international suppliers on which it relies for the supply of equipment and equipment parts. A significant disruption or delay in supply could cause a delay in the availability of the Company's products, leading to a potential loss of commercialisation opportunities.

#### *Intellectual property and data loss, theft or corruption risk*

The Company's business relies on its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, may be the subject of unauthorised disclosure, may be unlawfully infringed and/or the Company may incur substantial costs in protecting its intellectual property rights. Hacking or exploitation of some unidentified vulnerability in the Company's network could lead to loss, theft or corruption of data and breach of privacy. Although the Company has extensive strategies and protections in place to protect its intellectual property rights, minimise security breaches, protect data and ensure cyber resilience, these strategies may not be successful which could have a material adverse impact on the Company's financial position.

#### *Liability for defect risk*

The Company is exposed to risks relating to structural and building defects as it pertains to the components of construction the Company has completed as a sub-contractor as part of the statutory warranty of new construction. Any structural or building defect may result in a negative customer experience, potential brand damage and financial costs to the Company for repairs and rectification.

#### *Funding risk*

The continued technology development and commercialisation and operations of the Company are dependent on its ability to generate sufficient cash flows from future operations or obtain financing through debt and/or equity means. There is a risk that the Company may not be able to access sufficient funds, which could have a material adverse impact on the Company's business and financial condition.

### **Likely developments, business strategies and prospects**

FBR's commercial strategy is to create Wall as a Service® ('WaaS®') operating entities around the world that deliver erected walls on demand to customers (builders, contractors, government bodies etc). These global WaaS® operating entities will be rapidly scaled by allowing strategic partners to purchase equity in the WaaS® operation in that region. Funds from strategic partners will be used to procure more Hadrian X® robots.

Over the course of FY23 FBR advanced certification efforts for its Fastbrick Wall System® in international jurisdictions, receiving confirmation of compliance from ICC Evaluation Service, as well

as confirmation of compliance with the Florida State Building Code. Further certification work in other geographies is progressing.

FBR is expecting to commence its international expansion in mid to late FY24, deploying a next-generation Hadrian X® for demonstration purposes in international markets.

FBR currently maintains 100% ownership and control of its global intellectual property and global commercial opportunity, giving the Company a monopoly position as the only enabling technology for autonomous brick and block wall construction.

**Key Relationships** – In parallel with the Hadrian X® program, FBR will continue to develop its existing relationships with key partners as well as attracting new partners to help deliver on strategic objectives.

During the period, FBR furthered work on delivering a 16-townhouse project for reputable Perth builder Inspired Homes in a Satterley development. FBR's relationships with Perth's builders and developers are very strong, and once FBR's machine and resource availability constraints are removed, FBR anticipates the Wall as a Service® order book will grow rapidly.

FBR also has a contract in place to provide Wall as a Service® for eight townhouses in St James, Western Australia, which is due to commence shortly.

In November 2021, FBR announced it had signed a term sheet for the delivery of up to 5,000 homes in Mexico with GP Vivienda, a subsidiary of one of Mexico's largest construction companies.

In December 2021, FBR announced it had signed a Memorandum of Understanding with the UAE's Ministry of Energy & Infrastructure, which will see FBR and the Ministry conducting a joint feasibility study of the use of the Hadrian X® in the UAE construction sector.

FBR also has strong relationships with domestic and international block suppliers, having completed a demonstration structure using autoclaved aerated concrete blocks and calcium silicate blocks for Xella, and using Wienerberger Porotherm blocks to complete one of the homes in the Company's Wellard portfolio.

FBR has executed a Memorandum of Understanding with Liebherr-Mischtechnik, a division of the Liebherr International Group, to industrialise and commercialise the next-generation Hadrian X®. It is intended that this Memorandum of Understanding will be replaced in due course by a long-term Manufacturing and Commercialisation Agreement, which among other things will see Liebherr-Mischtechnik appointed as the exclusive manufacturer of Hadrian X® robots.

**Intellectual Property Portfolio** – FBR's proprietary combined Hadrian X®, DST® and Fastbrick Wall System® technology is protected by a broad and expanding portfolio of intellectual property rights in key markets including Australia, USA, Europe and the GCC region.

**FBR Employees** – FBR's team grew significantly in FY23 as the next-generation Hadrian X moved from design to manufacture to testing and calibration. As FBR progresses the commercialisation of the Hadrian X® technology, it anticipates increasing staff numbers particularly in international markets.

#### **New Applications for FBR's core technology**

Subject to successfully executing key components of the Company's Hadrian X® program, FBR intends to seed new Research & Development projects to utilise the Company's core DST®. FBR has previously completed preliminary testing on the viability of its existing platform in the delivery of 3D

concrete printing applications and has held discussions with various parties about DST® licensing opportunities for 3D concrete printing and other applications. In the immediate term, FBR remains focussed on delivering on the Hadrian X® program, however at an appropriate time the Company will increase its allocation of resources to progress some of the new applications and commercialisation opportunities for DST®.

### Directors' meetings

The number of Directors' Meetings (including meetings of Committees of Directors) held during the year, and the number of meetings attended by each Director is as follows:

| Director            | Board Meetings |   | Audit Committee |     | Remuneration Committee |     |
|---------------------|----------------|---|-----------------|-----|------------------------|-----|
|                     | A              | B | A               | B   | A                      | B   |
| Mr Richard Grellman | 5              | 5 | 6               | 5   | 5                      | 4   |
| Mr Michael Pivac    | 5              | 5 | N/A             | N/A | N/A                    | N/A |
| Mr Mark Pivac       | 5              | 5 | N/A             | N/A | N/A                    | N/A |
| Mr Grant Anderson   | 5              | 5 | 6               | 5   | 5                      | 5   |
| Mr Greg Smith       | 5              | 5 | 6               | 6   | 5                      | 5   |
| Ms Nancy Milne      | 5              | 5 | 6               | 6   | 5                      | 5   |

The current Audit Committee and Remuneration Committee consists of Nancy Milne (Chair of Remuneration Committee), Grant Anderson (Chair of Audit Committee), Richard Grellman and Greg Smith. The executives are invited to the Committee meetings at the discretion of the respective Committee Chair.

Where:

- **column A** is the number of meetings the Director was entitled to attend
- **column B** is the number of meetings the Director attended

### Unissued shares under option

Unissued ordinary shares of FBR under option as at 30 June 2023.

| Date options granted | Expiry date      | Exercise price of shares | Number under option |
|----------------------|------------------|--------------------------|---------------------|
| 30 August 2022       | 31 December 2023 | \$0.035                  | 56,000,000          |
| <b>Total</b>         |                  |                          | <b>56,000,000</b>   |

## Remuneration Report (audited)

On behalf of the Directors of FBR LTD, I am pleased to present the Remuneration Report for the year ended 30 June 2023.

The Board is committed to a Remuneration framework that drives superior performance, attracts and appropriately rewards and retains high performing Executives, delivers shareholder value and encourages decision-making focused on the longer term.

Short term incentive targets have been set at challenging levels designed to drive innovation, continual value creation and long term business sustainability and growth. The Board exercises its discretion to recognise outstanding levels of achievement.

The information provided in the Remuneration Report has been prepared in accordance with the requirements under the Corporations Act 2001, ASX Corporate Governance Principles and Recommendations and Accounting Standards.



**Nancy Milne**

Chair of Remuneration Committee

## Remuneration Report (audited)- CONTINUED

The Directors of FBR LTD ('FBR' or 'the Company' or 'the Group') present the Remuneration Report for the year ended 30 June 2023, for the Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

### The Remuneration Report is set out under the following main headings:

- a. Principles used to determine the nature and amount of remuneration;
- b. Details of remuneration;
- c. Service agreements;
- d. Share-based remuneration;
- e. Bonuses included in remuneration; and
- f. Other information.

#### a Principles used to determine the nature and amount of remuneration

Key Management Personnel are responsible for the management, planning and execution of the activities of FBR and other executives. The Key Management Personnel for FBR, in accordance with S300A of the *Corporations Act 2001*, are outlined on page 40.

FBR's remuneration strategy has been designed to build a high-performance culture and attract, retain and motivate its employees, encouraging them to meet their full potential. In line with this strategy, FBR provides market competitive fixed remuneration and incentives. At this stage of the Company's commercialisation journey, incentives offered are share-based.

The principles of FBR's executive strategy and supporting incentive programs and frameworks are:

- to align rewards to business outcomes that deliver value to shareholders;
- to drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- to ensure remuneration is competitive in the relevant employment marketplace to support the attraction, motivation and retention of executive talent.

FBR has a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board, with the assistance and guidance of the Remuneration Committee, who operate in accordance with its Board approved charter, is responsible for determining and reviewing compensation arrangements for the Group.

The Remuneration Committee is chaired by Ms Nancy Milne and is comprised of three (3) other Independent Non-Executive Directors. The Remuneration Committee met five (5) times during the year.

The remuneration structure that has been adopted by the Group consists of the following components:

- Fixed remuneration being annual salary; and
- Employee Loan Facility and Incentive Schemes.

## Remuneration Report (audited) - CONTINUED

### a Principles used to determine the nature and amount of remuneration - CONTINUED

The Non-Executive Directors on the Board assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions, with the overall objective of ensuring maximum stakeholder benefit by the retention of a high quality Board, as well as a high retention of overall employees, Key Management Personnel and other Executives.

The payment of bonuses, share options, share performance rights and other incentive payments are to be reviewed by the Non-Executive Directors annually as part of the review of executive remuneration. All bonuses, options and incentives must be linked to predetermined performance criteria.

#### **Fixed Remuneration**

Fixed Remuneration consists of base remuneration (which is calculated on a total cost basis), as well as employer contributions to superannuation funds. Fixed Remuneration is reviewed against relevant market benchmarking of comparator companies, in addition to considering the individual contribution and competence levels.

#### **Employee Loan Facility**

The Company offered a loan facility to FBR's employees (Employee Loan Facility) for the purpose of assisting the Group's employees and officers with meeting any tax liabilities which may become due and payable as a result of the Company issuing the employee equity-based incentives.

The Board previously engaged external law firm Bellanhouse Lawyers to provide independent written legal advice to ensure the Employee Loan Facility was permissible under Australian law, including the *Corporations Act 2001* (Cth) (the Act) and the ASX Listing Rules.

#### **Loyalty Leave Program**

As the Group is committed to providing benefits that encourage both engagement and well-being, it implemented a Loyalty Leave Program that provides employees with an additional type of leave benefit called "Loyalty Leave", which is over and above existing annual leave and carer's leave entitlements.

The Leave Loyalty Program is designed to reward FBR employees' tenure with the Group through the provision of additional leave each year in reflection of the length of time they have been with the Group. For every year of employment up to a cap of five years, an employee will earn one (1) additional day of leave per year which is awarded on the anniversary of an employee's start date.

#### **Short Term Incentive (STI)**

STI awards to FBR Personnel and executives are made under the performance rights plan and employee securities incentive plan rules and are delivered in the form of Share Performance Rights (Rights) or share options. Each Right entitles the holder (subject to achievement of the specified performance conditions) to one fully paid ordinary share in the Group for nil consideration. The purpose of the equity-based Short Term Incentive (STI) is to incentivise and reward FBR employees (including Key Management Personnel) for achieving Group and individual performance objectives that drive shareholder value whilst simultaneously conserving the Group's cash.

## Remuneration Report (audited) - CONTINUED

### a Principles used to determine the nature and amount of remuneration - CONTINUED

The STI is awarded based on an annual assessment of Group and Individual performance linked to the Group's performance and strategic development, focusing on core drivers of shareholder value, to drive both a short and long term perspective on performance, and protect the long term interests of the shareholders.

FBR monitors staff performance to ensure key objectives are being met. The performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the Group values.

As part of the continued growth of the Group, it will look to introduce financial performance incentives whereby performance measures will be set annually after consultation with the Directors and Executives and will be specifically tailored to the areas where each executive has a level of control. The measures will target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Key Performance Indicators (KPI's) for FBR's personnel are summarised as follows:

- **financial** – not applicable for FY22 & FY23, however it is expected future financial years will have revenues, operating profit and earnings per share; and
- **non-financial** – safety, strategic technical and commercial growth and development and corporate goals set individually based on job descriptions and the attainment of the Group's overall strategic and corporate objectives.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each individual.

The number of performance rights and options granted in respect to the FY22 STI is determined based on the VWAP at the start of the performance period.

The value of performance rights is therefore aligned with shareholder interests as executives receive value aligned with share price movements. Value is not realised until the vested rights are exercised into shares.

Performance objectives are set by the FBR Board in line with the annual business planning and budgeting process. The weighting for each target is reviewed annually and may vary from year to year to reflect its criticality, effort to achieve and impact on the business.

In FY23, Group objectives accounted for 50% of the performance objectives with personal objectives accounting for the remaining 50%.

#### **Long Term Incentive (LTI)**

LTI awards to staff are made under the performance rights plan and employee securities incentive plan rules and are delivered in the form of Performance Rights (Rights). Each Right entitles the holder (subject to achievement of the specified performance conditions) to one fully paid ordinary share in the Company for nil consideration.

## Remuneration Report (audited) - CONTINUED

### a Principles used to determine the nature and amount of remuneration - CONTINUED

The LTI has been designed to provide alignment with shareholder outcomes by linking the value of the LTI to share price movement over the performance period.

The most recent LTI's were issued with a performance period from 1 July 2022 to 30 June 2025. Performance Rights are granted at the commencement of the three (3) year period with awards vesting to shares at the end of the three-year performance period subject to performance against the specified performance conditions in the case of personal objectives, or upon satisfaction of the requisite performance conditions in the case of Group objectives.

In the event of a change of control of the Company, the performance period end date will be generally accelerated and brought forward to the date of the change of control and awards will vest over this shortened period, subject to ultimate Board discretion.

#### **Non-Executive Directors**

Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the Annual General Meeting in December 2021, is not to exceed A\$500,000 per annum and is set based on advice from external advisors with reference to the fees paid to other Non-Executive Directors of comparable companies. Non-Executive Directors' fees are presently up to A\$500,000 per annum.

Non-Executive Directors do not receive performance related remuneration. Directors' fees cover all main Board and Committee activities.

#### **Executive Directors**

Executive Director fees are disclosed in part (b) of the Remuneration Report.

#### **Use of remuneration consultants**

Remuneration is compared with the external market by industry salary surveys and during recruitment activities generally. the Remuneration Committee considers the industry benchmarking of executive remuneration to ensure the effective alignment with business requirements, market practice and key shareholder group expectations.

During the period or prior period no remuneration recommendations, as defined by the Corporations Act, were provided by independent remuneration consultants.

#### **Voting and comments made at the Company's last Annual General Meeting**

FBR received 96.83% of 'FOR' votes on its Remuneration Report for the 2022 Annual General Meeting.

## Remuneration Report (audited) - CONTINUED

### a Principles used to determine the nature and amount of remuneration - CONTINUED

#### *Consequences of performance on shareholder wealth*

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four (4) financial years:

| ITEM                  | 2023    | 2022    | 2021    | 2020    | 2019    |
|-----------------------|---------|---------|---------|---------|---------|
| EPS loss (cents)      | 0.70    | 0.85    | 0.45    | 0.68    | 0.73    |
| Dividends (cents per) | -       | -       | -       | -       | -       |
| Net loss ('000)       | 22,886  | 19,979  | 9,333   | 10,997  | 9,142   |
| Share price           | \$0.026 | \$0.017 | \$0.040 | \$0.032 | \$0.074 |

### b Details of remuneration

Details of the nature and amount of each element of the remuneration of each Key Management Personnel (KMP) of each entity are shown in the following tables:

## Remuneration Report (audited) – CONTINUED

### b Details of remuneration - CONTINUED

| DIRECTOR AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION |      |                              |                 |                     |                                                     |                                                                  |                                              |                                     |                                    |            |                                              |
|----------------------------------------------------------|------|------------------------------|-----------------|---------------------|-----------------------------------------------------|------------------------------------------------------------------|----------------------------------------------|-------------------------------------|------------------------------------|------------|----------------------------------------------|
| PERSONNEL                                                | YEAR | SHORT-TERM EMPLOYEE BENEFITS |                 |                     | POST-EMPLOYMENT BENEFITS<br><br>SUPERANNUATION (\$) | LONG-TERM BENEFITS<br><br>ANNUAL LEAVE & LONG SERVICE LEAVE (\$) | TERMINATION BENEFITS<br><br>TERMINATION (\$) | SHARE-BASED PAYMENTS                |                                    | TOTAL (\$) | PERFORMANCE BASED PERCENTAGE OF REMUNERATION |
|                                                          |      | CASH SALARY AND FEES (\$)    | CASH BONUS (\$) | OTHER BENEFITS (\$) |                                                     |                                                                  |                                              | Value of Short-Term Incentives (\$) | Value of Long-Term Incentives (\$) |            |                                              |
| Executive Directors                                      |      |                              |                 |                     |                                                     |                                                                  |                                              |                                     |                                    |            |                                              |
| Mr Michael Pivac<br>Managing Director & CEO - Global     | 2023 | 416,536                      | -               | -                   | 27,500                                              | 15,587                                                           | -                                            | 298,049                             | 312,185                            | 1,069,857  | 57%                                          |
|                                                          | 2022 | 370,673                      | -               | -                   | 25,000                                              | 28,516                                                           | -                                            | 287,500                             | 206,841                            | 918,530    | 54%                                          |
| Mr Mark Pivac<br>Executive Director & CTO                | 2023 | 449,586                      | -               | 414                 | 27,500                                              | 49,650                                                           | -                                            | 298,049                             | 312,185                            | 1,137,384  | 54%                                          |
|                                                          | 2022 | 444,707                      | -               | 101                 | 25,000                                              | 15,181                                                           | -                                            | 287,500                             | 206,841                            | 979,330    | 50%                                          |
| Non-Executive Directors                                  |      |                              |                 |                     |                                                     |                                                                  |                                              |                                     |                                    |            |                                              |
| Mr Richard Grellman<br>Non-Executive Chairman            | 2023 | 146,252                      | -               | -                   | 15,356                                              | -                                                                | -                                            | -                                   | -                                  | 161,608    | 0%                                           |
|                                                          | 2022 | 142,350                      | -               | -                   | -                                                   | -                                                                | -                                            | -                                   | -                                  | 142,350    | 0%                                           |
| Mr Grant Anderson<br>Non-Executive Director              | 2023 | 86,979                       | -               | -                   | 9,133                                               | -                                                                | -                                            | -                                   | -                                  | 96,112     | 0%                                           |
|                                                          | 2022 | 79,077                       | -               | -                   | 7,908                                               | -                                                                | -                                            | -                                   | -                                  | 86,985     | 0%                                           |
| Mr Greg Smith<br>Non-Executive Director                  | 2023 | 86,979                       | -               | -                   | 9,133                                               | -                                                                | -                                            | -                                   | -                                  | 96,112     | 0%                                           |
|                                                          | 2022 | 79,077                       | -               | -                   | 7,908                                               | -                                                                | -                                            | -                                   | -                                  | 86,985     | 0%                                           |
| Ms Nancy Milne<br>Non-Executive Director                 | 2023 | 86,979                       | -               | -                   | 9,133                                               | -                                                                | -                                            | -                                   | -                                  | 96,112     | 0%                                           |
|                                                          | 2022 | 13,538                       | -               | -                   | 1,354                                               | -                                                                | -                                            | -                                   | -                                  | 14,892     | 0%                                           |
| Executives                                               |      |                              |                 |                     |                                                     |                                                                  |                                              |                                     |                                    |            |                                              |
| Mr Aidan Flynn<br>CFO & Company Secretary                | 2023 | 291,415                      | -               | 881                 | 25,292                                              | 18,384                                                           | -                                            | 371,916                             | 166,139                            | 874,027    | 62%                                          |
|                                                          | 2022 | 268,381                      | -               | 1,321               | 23,568                                              | 7,021                                                            | -                                            | 147,420                             | 120,302                            | 568,013    | 47%                                          |
| Mr Jonathan Lawe Davies<br>General Counsel               | 2023 | 219,178                      | -               | -                   | 23,014                                              | 799                                                              | -                                            | 297,533                             | 149,621                            | 690,145    | 65%                                          |
|                                                          | 2022 | 217,071                      | -               | -                   | 21,689                                              | 4,058                                                            | -                                            | 147,420                             | 111,113                            | 501,351    | 52%                                          |
| Mr Kiel Chivers<br>CCO                                   | 2023 | 250,000                      | -               | -                   | 25,292                                              | 819                                                              | -                                            | 371,916                             | 166,139                            | 814,166    | 66%                                          |
|                                                          | 2022 | 226,385                      | -               | -                   | 22,338                                              | 19,277                                                           | -                                            | 147,420                             | 111,488                            | 526,908    | 49%                                          |
| Total                                                    |      |                              |                 |                     |                                                     |                                                                  |                                              |                                     |                                    |            |                                              |
| 2023 Total                                               | 2023 | 2,033,904                    | -               | 1,295               | 171,353                                             | 85,239                                                           | -                                            | 1,637,463                           | 1,106,269                          | 5,035,523  | 54%                                          |
| 2022 Total                                               | 2022 | 1,840,259                    | -               | 1,422               | 134,765                                             | 74,053                                                           | -                                            | 1,017,260                           | 756,585                            | 3,824,344  | 46%                                          |

## Remuneration Report (audited) – CONTINUED

### b Details of remuneration - CONTINUED

- i. Ms Nancy Milne was appointed as Non-Executive Director on 26 April 2022
- ii. Mr Jonathan Lawe Davies works in a part time capacity for the Company

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

| Name                           | Fixed remuneration                                 | At risk – STI Equity Plan                     | At risk – LTI Equity Plan                     |
|--------------------------------|----------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| <b>Executive Directors</b>     |                                                    |                                               |                                               |
| Mr Michael Pivac               | \$438,901<br>+ \$27,500 superannuation             | 25,000,000 Loan<br>Funded Shares <sup>2</sup> | 50,000,000 Loan<br>Funded Shares <sup>3</sup> |
| Mr Mark Pivac                  | \$450,000<br>+ \$27,500 superannuation             | 25,000,000 Loan<br>Funded Shares <sup>2</sup> | 50,000,000 Loan<br>Funded Shares <sup>3</sup> |
| <b>Non-Executive Directors</b> |                                                    |                                               |                                               |
| Mr Richard Grellman            | \$170,000<br>including statutory<br>superannuation | Nil                                           | Nil                                           |
| Mr Grant Anderson              | \$110,000<br>including statutory<br>superannuation | Nil                                           | Nil                                           |
| Mr Greg Smith                  | \$110,000<br>including statutory<br>superannuation | Nil                                           | Nil                                           |
| Ms Nancy Milne <sup>1</sup>    | \$110,000<br>including statutory<br>superannuation | Nil                                           | Nil                                           |

1. Ms. Nancy Milne was appointed as Non-Executive Director on 26 April 2022.
2. Loan Funded Shares have a loan value of 4.0 cents per share
3. Loan Funded Shares have an average loan value of 4.25 cents per share

The Company is reviewing its salary mix to ensure the Company's Executives and Non-Executives are benchmarked to its peers and comparable technology companies. The Board acknowledges that the above two Executive Directors have a substantial equity position and are incentivised via their Loan Funded Shares, some of which were issued following shareholder approval at the Company's 2020 AGM and then half of which were extended by 12 months at the Company's 2021 AGM. The remainder of the Loan Funded Shares were issued following shareholder approval at the Company's 2022 AGM.

## Remuneration Report (audited) – CONTINUED

### C Service agreements

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in an Executive Service Agreement or employment contract. The major provisions of the agreements relating to remuneration are set out below:

| Personnel                            | Base salary | Term of agreement | Notice period |
|--------------------------------------|-------------|-------------------|---------------|
| <b>Executive Directors</b>           |             |                   |               |
| Mr Michael Pivac                     | \$438,901   | Unspecified       | Six months    |
| Mr Mark Pivac                        | \$450,000   | Unspecified       | Six months    |
| <b>Non-Executive Directors</b>       |             |                   |               |
| Mr Richard Grellman                  | \$153,153   | Unspecified       | None          |
| Mr Grant Anderson                    | \$99,099    | Unspecified       | None          |
| Mr Greg Smith                        | \$99,099    | Unspecified       | None          |
| Ms Nancy Milne                       | \$99,099    | Unspecified       | None          |
| <b>Executives</b>                    |             |                   |               |
| Mr Jonathan Lawe-Davies <sup>1</sup> | \$273,973   | Unspecified       | Three months  |
| Mr Aidan Flynn                       | \$303,046   | Unspecified       | Three months  |
| Mr Kiel Chivers                      | \$250,000   | Unspecified       | Three months  |

1. Base salary is based on normal full time working hours and is pro rated down only, depending on the actual hours worked.

### d Share-based remuneration

No new shares were issued to Directors during the year.

During the year, the Company issued 27,668,200 fully paid ordinary shares to employees only, as a result of the achievement of vesting conditions associated with performance milestones in accordance with the Company's Performance Rights Plan.

During the year, at the Company's AGM, the Company issued 50,000,000 fully paid ordinary shares as loan funded shares to each of the two Executive Directors.

| Loan Funded Shares |               |                  |                  |                               |                                            |
|--------------------|---------------|------------------|------------------|-------------------------------|--------------------------------------------|
|                    | NUMBER ISSUED | GRANT DATE       | LOAN DUE DATE    | LOAN AMOUNT (CENTS PER SHARE) | FAIR VALUE AT GRANT DATE (CENTS PER SHARE) |
| Mr Michael Pivac   | 25,000,000    | 28 December 2022 | 28 December 2023 | 4.0                           | 1.2                                        |
| Mr Mark Pivac      | 25,000,000    | 28 December 2022 | 28 December 2023 | 4.0                           | 1.2                                        |
| Mr Michael Pivac   | 25,000,000    | 28 December 2022 | 28 December 2025 | 4.0                           | 2.5                                        |
| Mr Mark Pivac      | 25,000,000    | 28 December 2022 | 28 December 2025 | 4.0                           | 2.5                                        |
| Mr Michael Pivac   | 25,000,000    | 24 December 2020 | 24 December 2023 | 4.5                           | 1.5                                        |
| Mr Mark Pivac      | 25,000,000    | 24 December 2020 | 24 December 2023 | 4.5                           | 2.5                                        |

## Remuneration Report (audited) – CONTINUED

### d Share-based remuneration – CONTINUED

#### Options Approved by the Board during the year

No new options were issued to Directors during the year. There were 112,000,000 unlisted options approved and issued by the board during the year.

#### Performance rights granted during the year

No new performance rights were issued to Directors during the year. During the year, the Company issued 28,000,000 unlisted performance rights to the Key Management Personnel of FBR. These performance rights have no escrow period and are split in the following classes.

| CLASS C                 | NUMBER<br>ISSUED | GRANT DATE      | MILESTONE DATE | EXPIRY DATE  | EXERCISE<br>PRICE<br>(CENTS) | FAIR VALUE<br>AT GRANT<br>DATE (CENTS) |
|-------------------------|------------------|-----------------|----------------|--------------|------------------------------|----------------------------------------|
| Mr Aidan Flynn          | 5,000,000        | 9 December 2022 | 30 June 2025   | 31 July 2026 | Nil                          | 3.8                                    |
| Mr Jonathan Lawe-Davies | 4,000,000        | 9 December 2022 | 30 June 2025   | 31 July 2026 | Nil                          | 3.8                                    |
| Mr Kiel Chivers         | 5,000,000        | 9 December 2022 | 30 June 2025   | 31 July 2026 | Nil                          | 3.8                                    |
| CLASS D                 | NUMBER<br>ISSUED | GRANT DATE      | MILESTONE DATE | EXPIRY DATE  | EXERCISE<br>PRICE<br>(CENTS) | FAIR VALUE<br>AT GRANT<br>DATE (CENTS) |
| Mr Aidan Flynn          | 5,000,000        | 9 December 2022 | 30 June 2025   | 31 July 2026 | Nil                          | 3.8                                    |
| Mr Jonathan Lawe-Davies | 4,000,000        | 9 December 2022 | 30 June 2025   | 31 July 2026 | Nil                          | 3.8                                    |
| Mr Kiel Chivers         | 5,000,000        | 9 December 2022 | 30 June 2025   | 31 July 2026 | Nil                          | 3.8                                    |

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## Remuneration Report (audited) – CONTINUED

### d Share-based remuneration - CONTINUED

#### i. 14,000,000 Performance Rights Class C

Vesting conditions for 14,000,000 Performance Rights of Class C; By 30 June 2025, the Company has received binding purchase orders for its products and services with a cumulative total value of \$30 million AUD.

All Class C Performance Rights have a milestone date of 30 June 2025 and an expiry date of 31 July 2026. If unconverted, Class C Performance Rights will expire on the expiry date.

#### ii. 14,000,000 Performance Rights Class D

Vesting condition for Class D; Performance review results based on successful completion of employee individual performance goals.

Milestone date is 30 June 2025. Expiry date is 31 July 2026.

If unconverted, Class D Performance Rights will expire on the expiry date;

The performance rights were valued using the spot price on grant date. The spot price was \$0.038 per share at the close of trade on 9 December 2022, being the date the acceptance offers were signed and dated by the employees. The fair value of these 28,000,000 performance rights granted during the current year, assuming that 100% of the performance rights will vest, was \$1,064,000 of this \$231,255 was expensed during the year.

### e Bonuses included in remuneration

At present, the Company does not have a formal cash STI structure in place, as the Company continues to mature, it may review whether a cash STI plan is suitable.

### f Other information

#### *Options held by Key Management Personnel*

During the year the Company issued 112,000,000 options to Key Management Personnel, including their related parties. Details of movements in options balances during the year are set out below:

| YEAR ENDED 30 JUNE 2023 |                             |                            |                     |        |                                           |
|-------------------------|-----------------------------|----------------------------|---------------------|--------|-------------------------------------------|
| PERSONNEL               | BALANCE AT<br>START OF YEAR | GRANTED AS<br>REMUNERATION | EXERCISED           | EXPIRY | HELD AT THE END<br>OF REPORTING<br>PERIOD |
| Mr Michael Pivac        | -                           | -                          | -                   | -      | -                                         |
| Mr Mark Pivac           | -                           | -                          | -                   | -      | -                                         |
| Mr Aidan Flynn          | -                           | 40,000,000                 | (20,000,000)        | -      | 20,000,000                                |
| Mr Jonathan Lawe Davies | -                           | 32,000,000                 | (16,000,000)        | -      | 16,000,000                                |
| Mr Kiel Chivers         | -                           | 40,000,000                 | (20,000,000)        | -      | 20,000,000                                |
| <b>Total</b>            | -                           | <b>112,000,000</b>         | <b>(56,000,000)</b> | -      | <b>56,000,000</b>                         |

## Remuneration Report (audited) – CONTINUED

### f Other information – CONTINUED

#### Shares held by Key Management Personnel

The number of ordinary shares in the Company during the 2023 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2023

| PERSONNEL               | BALANCE AT<br>START OF YEAR | PURCHASED        | GRANTED AS<br>REMUNERATION | RECEIVED ON<br>CONVERSION OF<br>RIGHTS | RECEIVED ON<br>EXERCISE OF<br>OPTIONS | DISPOSALS                 | HELD AT THE<br>END OF<br>REPORTING<br>PERIOD |
|-------------------------|-----------------------------|------------------|----------------------------|----------------------------------------|---------------------------------------|---------------------------|----------------------------------------------|
| Mr Richard Grellman     | -                           | 1,020,408        | -                          | -                                      | -                                     | -                         | 1,020,408                                    |
| Mr Grant Anderson       | 716,667                     | 533,333          | -                          | -                                      | -                                     | -                         | 1,250,000                                    |
| Mr Greg Smith           | -                           | 205,000          | -                          | -                                      | -                                     | -                         | 205,000                                      |
| Ms Nancy Milne          | 250,000                     | 932,000          | -                          | -                                      | -                                     | -                         | 1,182,000                                    |
| Mr Michael Pivac        | 127,589,371                 |                  | 50,000,000 <sup>1</sup>    | -                                      | -                                     | (25,000,000) <sup>2</sup> | 152,589,371                                  |
| Mr Mark Pivac           | 333,205,167                 |                  | 50,000,000 <sup>1</sup>    | -                                      | -                                     | (25,000,000) <sup>2</sup> | 358,205,167                                  |
| Mr Aidan Flynn          | 4,720,000                   |                  | -                          | 3,024,000                              | 20,000,000                            | (22,000,000)              | 5,744,000                                    |
| Mr Jonathan Lawe Davies | 3,589,000                   |                  | -                          | 2,419,200                              | 16,000,000                            | (16,000,000)              | 6,008,200                                    |
| Mr Kiel Chivers         | 2,780,000                   |                  | -                          | 3,024,000                              | 20,000,000                            | (20,000,000)              | 5,804,000                                    |
| <b>Total</b>            | <b>472,850,205</b>          | <b>2,690,741</b> | <b>100,000,000</b>         | <b>8,467,200</b>                       | <b>56,000,000</b>                     | <b>(108,000,000)</b>      | <b>532,008,146</b>                           |

<sup>1</sup> 100,000,000 Loan funded shares were issued during the period. These have been included in the table below.

<sup>2</sup> 50,000,000 Loan funded shares expired unexercised during the period. These have been included in the table below.

#### Loan Funded Shares held by Key Management Personnel

During a prior year, on 24 December 2020, the Company issued 100,000,000 Loan Funded incentive shares to the Executive Directors following approval by the shareholders at the Annual General Meeting on 26 November 2020. The Loan Funded incentive shares were provided under a limited recourse, interest free loan. For each Executive Director, half of the loan, which pertains to 25,000,000 shares was repayable within 12 months and half of the loan, which pertains to the other 25,000,000 shares is repayable within 36 months.

During a prior year, at the Company's Annual General Meeting on 20 December 2021, the Company extended the term by 12 months of 50,000,000 of the fully paid ordinary shares as loan funded shares to the two Executive Directors. These loan funded shares then expired unexercised on 24 December 2022 and were sold by the Company to a third party investor. The executive directors did not receive any proceeds or benefit from the sale.

During the current year, on 28 December 2022, the Company issued 100,000,000 Loan Funded incentive shares to the Executive Directors following approval by the shareholders at the Annual General Meeting on 28 November 2022. The Loan Funded incentive shares were provided under a limited recourse, interest free loan. For each Executive Director, half of the loan, which pertains to 25,000,000 shares is repayable within 12 months and half of the loan, which pertains to the other 25,000,000 shares is repayable within 36 months.

## Remuneration Report (audited) – CONTINUED

The number of Loan Funded Shares held in the Company during the 2023 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

### *Loan Funded Shares held by Key Management Personnel (continued)*

YEAR ENDED 30 JUNE 2023

| PERSONNEL               | BALANCE AT START OF YEAR | GRANTED AS REMUNERATION | REPAID DURING THE YEAR | EXPIRY              | HELD AT THE END OF REPORTING PERIOD |
|-------------------------|--------------------------|-------------------------|------------------------|---------------------|-------------------------------------|
| Mr Michael Pivac        | 50,000,000               | 50,000,000              | -                      | (25,000,000)        | 75,000,000                          |
| Mr Mark Pivac           | 50,000,000               | 50,000,000              | -                      | (25,000,000)        | 75,000,000                          |
| Mr Aidan Flynn          | -                        | -                       | -                      | -                   | -                                   |
| Mr Jonathan Lawe Davies | -                        | -                       | -                      | -                   | -                                   |
| Mr Kiel Chivers         | -                        | -                       | -                      | -                   | -                                   |
| <b>Total</b>            | <b>100,000,000</b>       | <b>100,000,000</b>      | <b>-</b>               | <b>(50,000,000)</b> | <b>150,000,000</b>                  |

### *Performance Rights held by Key Management Personnel*

The number of Performance Rights held in the Company during the 2023 reporting period held by each of the Company's Key Management Personnel, including their related parties, is set out below:

YEAR ENDED 30 JUNE 2023

| PERSONNEL               | BALANCE AT START OF YEAR | GRANTED AS REMUNERATION | EXERCISED DURING THE YEAR | EXPIRY   | HELD AT THE END OF REPORTING PERIOD |
|-------------------------|--------------------------|-------------------------|---------------------------|----------|-------------------------------------|
| Mr Michael Pivac        | -                        | -                       | -                         | -        | -                                   |
| Mr Mark Pivac           | -                        | -                       | -                         | -        | -                                   |
| Mr Aidan Flynn          | 6,874,000                | 10,000,000              | (3,024,000)               | -        | 13,850,000                          |
| Mr Jonathan Lawe Davies | 5,499,200                | 8,000,000               | (2,419,200)               | -        | 11,080,000                          |
| Mr Kiel Chivers         | 6,874,000                | 10,000,000              | (3,024,000)               | -        | 13,850,000                          |
| <b>Total</b>            | <b>19,247,200</b>        | <b>28,000,000</b>       | <b>(8,467,200)</b>        | <b>-</b> | <b>38,780,000</b>                   |

### *Other transactions with Key Management Personnel*

#### *DIRECTOR LOAN AGREEMENT*

During prior periods the Company paid \$190,000 as an unsecured interest bearing loan to Mark Pivac in relation to tax payments relating to Performance Rights issued under the Company's Performance Rights Plan. The amount (plus \$67,182 interest) remains outstanding at 30 June 2023.

The loan has a maturity date of 31 December 2023 and an interest rate at the higher of 4.52% per annum and the highest rate of interest payable by the Company to any financier of the Company at the relevant time.

#### *GUARANTEES*

There have been no guarantees provided or received for any related parties.

### **End of audited Remuneration Report**

## Environmental legislation

FBR is required to carry out its activities in accordance with the laws and regulations in the areas in which it undertakes its activities. There have been no known significant breaches of these laws and regulations.

## Indemnities given to, and insurance premiums paid for directors and officers

### Insurance of officers

During the year, FBR paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

### Non-audit services

During the year, Grant Thornton Audit Pty Ltd, the Company's auditors, did not perform any other services in addition to their statutory audit duties.

Details of the amounts paid to the auditors of the Company, Grant Thornton Audit Pty Ltd, for audit services provided during the year are set out in Note 28 to the financial statements.

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 48 of this financial report and forms part of this Directors' Report.

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the Directors



Michael Pivac  
Managing Director and Chief Executive Officer

29 August 2023

## Auditor's Independence Declaration

### To the Directors of FBR Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of FBR Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M D Dewhurst  
Partner – Audit & Assurance

Sydney, 29 August 2023

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

|                                                       | Notes | 30 June 2023<br>\$  | 30 June 2022<br>\$  |
|-------------------------------------------------------|-------|---------------------|---------------------|
| <b>Continuing operations</b>                          |       |                     |                     |
| Revenue                                               | 7     | 1,662,676           | 765,226             |
| Cost of sales                                         |       | (3,288,647)         | (1,428,536)         |
| <b>Gross profit</b>                                   |       | <b>(1,625,971)</b>  | <b>(663,310)</b>    |
| Interest income                                       |       | 283,725             | 26,441              |
| R&D tax rebate                                        |       | 8,645,963           | 3,620,314           |
| Other income                                          | 8     | 92,376              | 64,217              |
| Professional services                                 | 9.a   | (1,082,433)         | (826,220)           |
| Directors' and employees' benefits                    | 9.b   | (12,742,292)        | (8,486,511)         |
| Development costs                                     |       | (1,354,435)         | (2,290,131)         |
| Share-based payments                                  |       | (5,274,924)         | (3,040,568)         |
| Depreciation                                          | 16,17 | (1,829,493)         | (1,395,556)         |
| Amortisation of development costs                     | 18    | (3,163,551)         | (2,021,480)         |
| Property, plant, equipment and inventory impairment   | 12    | (199,647)           | (1,426,486)         |
| Other expenses                                        | 9.c   | (4,635,515)         | (3,539,370)         |
| <b>Loss before tax</b>                                |       | <b>(22,886,197)</b> | <b>(19,978,660)</b> |
| Income tax (expense)/benefit                          |       | -                   | -                   |
| <b>Loss for the period</b>                            |       | <b>(22,886,197)</b> | <b>(19,978,660)</b> |
| Other comprehensive income for the period, net of tax |       | -                   | -                   |
| <b>Total comprehensive income for the period</b>      |       | <b>-</b>            | <b>-</b>            |
| <b>Total comprehensive loss for the period</b>        |       | <b>(22,886,197)</b> | <b>(19,978,660)</b> |
| Basic loss per share in cents per share               | 26    | 0.70                | 0.85                |
| Diluted loss per share in cents per share             | 26    | 0.70                | 0.85                |

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Financial Position

As at 30 June 2023

|                                                     | Notes | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|-----------------------------------------------------|-------|--------------------|--------------------|
| <b>Assets</b>                                       |       |                    |                    |
| <b>Current</b>                                      |       |                    |                    |
| Cash and cash equivalents                           | 11    | 13,402,405         | 11,518,907         |
| Trade and other receivables                         | 13    | 9,566,644          | 6,470,410          |
| Inventories                                         | 12    | 1,154,236          | 1,370,489          |
| Other current assets                                | 14    | 587,509            | 713,216            |
| <b>Current assets</b>                               |       | <b>24,710,794</b>  | <b>20,073,022</b>  |
| <b>Non-current</b>                                  |       |                    |                    |
| Property, plant and equipment                       | 16    | 15,092,258         | 4,961,409          |
| Right-of-use assets                                 | 17    | 2,248,201          | 1,907,332          |
| Development costs                                   | 18    | 44,544,728         | 46,394,525         |
| <b>Non-current assets</b>                           |       | <b>61,885,187</b>  | <b>53,263,266</b>  |
| <b>Total assets</b>                                 |       | <b>86,595,981</b>  | <b>73,336,288</b>  |
| <b>Liabilities</b>                                  |       |                    |                    |
| <b>Current</b>                                      |       |                    |                    |
| Trade and other payables                            | 19    | 2,953,631          | 3,551,123          |
| Provisions                                          | 20    | 2,539,926          | 754,846            |
| Lease liabilities                                   | 21    | 1,397,658          | 1,220,117          |
| Borrowings                                          | 22    | 5,227,093          | 5,740,033          |
| <b>Current liabilities</b>                          |       | <b>12,118,308</b>  | <b>11,266,119</b>  |
| <b>Non-current</b>                                  |       |                    |                    |
| Provisions                                          | 20    | 278,833            | 573,906            |
| Lease liabilities                                   | 21    | 869,942            | 716,723            |
| Borrowings                                          | 22    | 1,820,302          | 2,514,138          |
| <b>Non-current liabilities</b>                      |       | <b>2,969,077</b>   | <b>3,804,767</b>   |
| <b>Total liabilities</b>                            |       | <b>15,087,385</b>  | <b>15,070,886</b>  |
| <b>Net assets</b>                                   |       | <b>71,508,596</b>  | <b>58,265,402</b>  |
| <b>Equity</b>                                       |       |                    |                    |
| <i>Equity attributable to owners of the parent:</i> |       |                    |                    |
| Share capital                                       | 23    | 148,845,254        | 116,567,987        |
| Reserves                                            | 25    | 5,802,820          | 3,496,596          |
| Accumulated losses                                  |       | (83,139,478)       | (61,799,181)       |
| <b>Total equity</b>                                 |       | <b>71,508,596</b>  | <b>58,265,402</b>  |

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

|                                                              | SHARE<br>CAPITAL<br>\$ | PERFORMANCE<br>RIGHT<br>RESERVE<br>\$ | SHARE<br>OPTION<br>RESERVE<br>\$ | ACCUMULATED<br>LOSSES<br>\$ | TOTAL<br>EQUITY<br>\$ |
|--------------------------------------------------------------|------------------------|---------------------------------------|----------------------------------|-----------------------------|-----------------------|
| Balance at 1 July 2022                                       | 116,567,987            | 1,998,671                             | 1,497,925                        | (61,799,181)                | 58,265,402            |
| Loss for the period                                          | -                      | -                                     | -                                | (22,886,197)                | (22,886,197)          |
| Other comprehensive income                                   | -                      | -                                     | -                                | -                           | -                     |
| <b>Total comprehensive loss for the period</b>               | <b>-</b>               | <b>-</b>                              | <b>-</b>                         | <b>(22,886,197)</b>         | <b>(22,886,197)</b>   |
| <i>Transactions with owners:</i>                             |                        |                                       |                                  |                             |                       |
| Shares issued – capital raising (refer to Note 23)           | 31,070,628             | -                                     | -                                | -                           | 31,070,628            |
| Capital raising costs – (refer to Note 23)                   | (1,476,161)            | -                                     | -                                | -                           | (1,476,161)           |
| Performance rights converted to shares (refer to Note 24)    | 1,079,060              | (1,079,060)                           | -                                | -                           | -                     |
| Performance rights issued to employees (refer to Note 25)    | -                      | 3,013,090                             | -                                | -                           | 3,013,090             |
| Performance rights expired (refer to Note 25)                | -                      | (317,622)                             | -                                | 317,622                     | -                     |
| Performance rights forfeited (refer to Note 25)              | -                      | (78,278)                              | -                                | 78,278                      | -                     |
| Options issued to employees and directors (refer to Note 25) | -                      | -                                     | 2,261,834                        | -                           | 2,261,834             |
| Options expired (Refer to Note 25)                           | -                      | -                                     | (1,150,000)                      | 1,150,000                   | -                     |
| Options exercised (Refer to Note 25)                         | 1,603,740              | -                                     | (343,740)                        | -                           | 1,260,000             |
| <b>Balance at 30 June 2023</b>                               | <b>148,845,254</b>     | <b>3,536,801</b>                      | <b>2,266,019</b>                 | <b>(83,139,478)</b>         | <b>71,508,596</b>     |

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

|                                                              | SHARE<br>CAPITAL<br>\$ | PERFORMANCE<br>RIGHT<br>RESERVE<br>\$ | SHARE<br>OPTION<br>RESERVE<br>\$ | ACCUMULATED<br>LOSSES<br>\$ | TOTAL<br>EQUITY<br>\$ |
|--------------------------------------------------------------|------------------------|---------------------------------------|----------------------------------|-----------------------------|-----------------------|
| Balance at 1 July 2021                                       | 101,695,037            | 3,325,339                             | 1,155,865                        | (43,807,785)                | <b>62,368,456</b>     |
| Loss for the period                                          | -                      | -                                     | -                                | (19,978,660)                | <b>(19,978,660)</b>   |
| Other comprehensive income                                   | -                      | -                                     | -                                | -                           | -                     |
| <b>Total comprehensive loss for the period</b>               | -                      | -                                     | -                                | <b>(19,978,660)</b>         | <b>(19,978,660)</b>   |
| <i>Transactions with owners:</i>                             |                        |                                       |                                  |                             |                       |
| Shares issued – capital raising (refer to Note 23)           | 14,000,000             | -                                     | -                                | -                           | <b>14,000,000</b>     |
| Capital raising costs – (refer to Note 23)                   | (799,304)              | -                                     | -                                | -                           | <b>(799,304)</b>      |
| Performance rights converted to shares (refer to Note 25)    | 1,672,254              | (1,672,254)                           | -                                | -                           | -                     |
| Performance rights issued to employees (refer to Note 25)    | -                      | 2,439,080                             | -                                | -                           | <b>2,439,080</b>      |
| Performance rights expired (refer to Note 25)                | -                      | (1,769,216)                           | -                                | 1,680,301                   | <b>(88,915)</b>       |
| Performance rights forfeited (refer to Note 25)              | -                      | (324,278)                             | -                                | -                           | <b>(324,278)</b>      |
| Options issued to employees and directors (refer to Note 25) | -                      | -                                     | 988,686                          | -                           | <b>988,686</b>        |
| Options expired (Refer to Note 25)                           | -                      | -                                     | (564,584)                        | 257,738                     | <b>(306,846)</b>      |
| Options and loan funded shares extended                      | -                      | -                                     | (82,042)                         | 49,225                      | <b>(32,817)</b>       |
| <b>Balance at 30 June 2022</b>                               | <b>116,567,987</b>     | <b>1,998,671</b>                      | <b>1,497,925</b>                 | <b>(61,799,181)</b>         | <b>58,265,402</b>     |

Note: This statement should be read in conjunction with the notes to the financial statements.

## Consolidated Statement of Cash Flows

For the year ended 30 June 2023

|                                                  | Notes | 30 June 2023        | 30 June 2022        |
|--------------------------------------------------|-------|---------------------|---------------------|
|                                                  |       | \$                  | \$                  |
| <b>Operating activities</b>                      |       |                     |                     |
| Receipts from customers                          |       | 1,987,026           | 924,601             |
| Payments to suppliers and employees              |       | (22,379,071)        | (15,851,622)        |
| Interest received                                |       | 241,241             | 2,883               |
| R&D refund received                              |       | 3,844,845           | -                   |
| Interest paid                                    |       | (599,291)           | (417,735)           |
| Government grants                                |       | 73,200              | -                   |
| <b>Net cash used in operating activities</b>     |       | <b>(16,832,050)</b> | <b>(15,341,873)</b> |
| <b>Investing activities</b>                      |       |                     |                     |
| Development costs                                |       | (1,919,700)         | (4,087,416)         |
| Research and development rebate received         |       | 2,035,525           | 3,986,814           |
| Purchase of property, plant and equipment        |       | (10,936,488)        | (3,277,196)         |
| <b>Net cash used in investing activities</b>     |       | <b>(10,820,663)</b> | <b>(3,377,798)</b>  |
| <b>Financing activities</b>                      |       |                     |                     |
| Proceeds from loans                              |       | 4,292,652           | 8,334,056           |
| Repayment of loans                               |       | (5,485,907)         | (2,561,828)         |
| Proceeds from issue of share capital             | 23    | 32,330,628          | 14,000,000          |
| Capital raising costs                            |       | (1,601,162)         | (661,801)           |
| <b>Net cash provided by financing activities</b> |       | <b>29,536,211</b>   | <b>19,110,427</b>   |
| <b>Net change in cash and cash equivalents</b>   |       | <b>1,883,498</b>    | <b>390,756</b>      |
| Cash and cash equivalents, beginning of period   |       | 11,518,907          | 11,128,151          |
| <b>Cash and cash equivalents, end of period</b>  | 11    | <b>13,402,405</b>   | <b>11,518,907</b>   |

Note: This statement should be read in conjunction with the notes to the financial statements.

## Notes to the Consolidated Financial Statements

### 1. Nature of operations

FBR LTD (the Company) and its controlled subsidiaries (the Group) 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. The Company has secured patents to protect its intellectual property in its technology in key markets.

### 2. General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). FBR is a for-profit entity for the purpose of preparing the financial statements.

FBR is the Group's Ultimate Parent Company. FBR is a Public Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 122 Sultana Road West, High Wycombe WA 6057.

The consolidated financial statements for the year ended 30 June 2023 have been approved and authorised for issue by the Board of Directors.

### 3. Going concern

The Consolidated Financial Report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of \$22,886,197 during the year ended 30 June 2023, and the Group's net cash outflows from operating and investing activities totalled \$27,652,713 for the year. The ability for the Group to continue as a going concern and to fund its ongoing Hadrian X programme is dependent upon the Group successfully raising additional capital and continuing to be eligible for receipt of government R&D tax incentives. Whilst the Directors are confident of the Group's ability to continue as a going concern, due to the factors mentioned above, there is material uncertainty that may cast doubt on the Group's ability to continue as a going concern. If the Group is unable to continue as a going concern, it may be required to realise its assets and or settle its liabilities other than in the ordinary course of business and at amounts different from those stated in the financial report.

The Group held cash and cash equivalents at balance date of \$13,402,405 and was working capital positive. The Group has receivables of \$9,566,644 at balance date. The Group has prepared a cash flow forecast for the next 12 months which demonstrates that with further equity raisings, continued access to the R&D tax incentive program and the existing cash reserves and receivables, there is the necessary working capital for the Group to continue its ongoing Hadrian X programme and to provide the necessary working capital to cover its corporate costs over the next year.

## 4. Changes in accounting policies

### A. New and revised standards that are effective for these financial statements

In the financial year ended 30 June 2023, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2022.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the IFRS Interpretations Committee (IFRIC) that are relevant to its operations and effective for the current annual reporting period. The adoption of those standards does not have a significant impact on the amounts reported for the current and prior period.

### B. Accounting Standards issued but not yet effective and not been adopted early by the Group

There are no new standards and interpretations that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Other Standards and Amendments that are not yet effective and have not been adopted early by the Group include:

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company is in the process of evaluating the impact of the new standards with no material impact expected.

## 5. Summary of accounting policies

### A. Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 30 June 2023. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June and the functional and presentation currency of the Group is Australia Dollars.

All transactions and balances between FBR companies are eliminated on consolidation, including unrealised gains and losses on transactions between FBR companies. Where unrealised losses on intra-Company asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

## 5. Summary of accounting policies (continued)

### B. Revenue and Income

#### *Wall-as-a-Service (WaaS) and Construction Services income*

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

The transaction price is the fair value of consideration received or receivable net of goods and services tax (GST).

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers. For WaaS & Construction Services, revenue is recognised over time as services are delivered to the customer, as the customer benefits from the service as it is delivered and the Group has a right to payment appropriate to the level of effort expended upon cancellation of any arrangements. For house and land property sales, revenue is recognised at a point in time which is when the cash settlement of the sale of the property occurs. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### *Interest and dividend income*

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

#### *Government grants*

Government grants are treated as income and are reported on an accrual basis and recognised when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received.

### C. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

### D. Leased assets

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

## 5. Summary of accounting policies (continued)

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

### *Measurement and recognition of leases as a lessee*

The Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been disclosed in non-current assets and lease liabilities have been disclosed in current and non-current liabilities.

## E. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash within three (3) months or less at inception of the deposit and which are subject to an insignificant risk of changes in value.

## 5. Summary of accounting policies (continued)

### F. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the building process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

### G. Property, plant and equipment

#### Plant and Equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

| Asset Class                                              | Method        | Useful Lives |
|----------------------------------------------------------|---------------|--------------|
| Plant and equipment                                      | Straight Line | 2-10 years   |
| Furniture and fittings                                   | Straight Line | 2-10 years   |
| Information and communication technology (ICT) equipment | Straight Line | 2-5 years    |
| Leasehold improvements                                   | Straight Line | 2-4 years    |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

### H. Research and development, intangibles and intellectual property

Research costs are expensed in the period in which they are incurred. Patents costs that relate to projects that are in the research phase are expensed.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised over the period of their expected useful life, when the asset is determined available for use. Patents costs that relate to

## 5. Summary of accounting policies (continued)

projects that are in the development phase are capitalised. Research and development grants receivable are matched to their classification of expenditure. In the periods where research costs are expensed, the related research and development grant is reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as other income. In periods where the Group incurs Development Costs, the related Research and Development grant is recognised as a credit to capitalised development costs, reported in the Consolidated Statement of Financial Position.

The carrying value of development expenditure, intangible assets and intellectual property is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

An impairment loss is recognised for the amount by which the capitalised development carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the recoverable amount, management have used fair value less costs of disposal.

When intangible assets are assessed as being ready for use, they are assessed for impairment in accordance with Note 5I.

### I. Impairment testing of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the fair value less costs of disposal, management utilises an internal cost approach model of replacement cost. The replacement cost approach is a valuation technique that reflects the amount that would be required to replace the asset.

Impairment losses for cash-generating units are charged pro rata to the other assets in the cash-generating unit to the extent that the value of the asset exceeds its fair value. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

### J. Financial instruments

#### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

## 5. Summary of accounting policies (continued)

### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI. The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets at amortised cost.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

### Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

## 5. Summary of accounting policies (continued)

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

### K. Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

FBR and all its wholly owned Australian controlled entities are a tax consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are to be set off in the consolidated financial statements.

## 5. Summary of accounting policies (continued)

### L. Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Share options reserve comprises the expense of vested option payments.
- Performance rights reserve comprises the expense of vested performance rights payments.
- Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

### M. Employee benefits

#### Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating personal leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

### N. Share-based payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

## 5. Summary of accounting policies (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options or share performance rights is reflected as additional share dilution in the computation of diluted loss per share.

### O. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

### P. Significant management judgement and estimates in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Additional significant estimates and judgements include:

#### Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options issued during the reporting period has been determined by using various models as appropriate. Details of the estimates used to determine the fair value are detailed in Note 24.

#### Capitalised development costs

Distinguishing the research and development phases of the project and determining whether the recognition requirements phases of the project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

An asset is impaired when its carrying amount exceeds its recoverable amount, which is the higher its fair value less costs of disposal and value-in-use. Management has subjected the Group's capitalised Development costs (Note 18) to impairment testing. Management reviews its carrying value of capitalised development and intellectual property annually by comparing the carrying value against fair value less costs of disposal using an internal cost approach model of replacement cost. The replacement cost approach is a valuation technique that reflects the amount that would be

## 5. Summary of accounting policies (continued)

required to replace the asset. This replacement amount exceeded the carrying value of the assets of the CGU.

### Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

### Useful lives of amortisable assets

Management reviews its estimate of the useful lives of amortisable assets at each reporting date, based on the expected utility of the assets. During the period the group's development asset was assessed as being ready for use. Once an asset is ready for use it is required to determine its expected useful life. Given the industry the group is seeking to disrupt and the relative uniqueness of the group's Hadrian asset uncertainty is involved in establishing this position. Uncertainties in these estimates relate to the availability, protectability and applicability of the group patent portfolio, expected Hadrian machine lifetimes, comparable and competing industry technology and typical technology commercialisation cycles.

### Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

## 6. Segment reporting

The Group has identified one operating segment based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group operates in Australia (building technology) and prepares reports internally by this location.

Other prospective opportunities outside of this geographical location are also considered from time to time, and if they are secured, will then be attributed to the geographical location where they are located. All of the Group's non-current assets are held in Australia and all interest revenue is derived from funds invested in short-term money market instruments, all of which are held within Australia.

## 7. Revenue

|                                                   | Consolidated     |                |
|---------------------------------------------------|------------------|----------------|
|                                                   | 30 June 2023     | 30 June 2022   |
|                                                   | \$               | \$             |
| Wall as a Service and Construction Services sales | 214,080          | 273,561        |
| Residential housing sales                         | 1,448,596        | 491,665        |
|                                                   | <b>1,662,676</b> | <b>765,226</b> |

## 8. Other Income

|                   | Consolidated  |               |
|-------------------|---------------|---------------|
|                   | 30 June 2023  | 30 June 2022  |
|                   | \$            | \$            |
| Government grants | 85,200        | 61,200        |
| Other             | 7,176         | 3,017         |
|                   | <b>92,376</b> | <b>64,217</b> |

## 9. Expenses

### A. Professional services

|                            | Consolidated     |                |
|----------------------------|------------------|----------------|
|                            | 30 June 2023     | 30 June 2022   |
|                            | \$               | \$             |
| Legal costs                | 235,785          | 184,542        |
| Marketing                  | 67,850           | 81,359         |
| Accountancy, audit and tax | 502,956          | 358,834        |
| Corporate consultants      | 275,842          | 201,485        |
|                            | <b>1,082,433</b> | <b>826,220</b> |

### B. Directors' and employees' benefits

|                                                 | Consolidated      |                  |
|-------------------------------------------------|-------------------|------------------|
|                                                 | 30 June 2023      | 30 June 2022     |
|                                                 | \$                | \$               |
| Wages, salaries and directors' fees             | 14,717,047        | 9,724,813        |
| Superannuation                                  | 1,411,161         | 949,055          |
| Annual leave entitlements                       | 257,126           | 192,382          |
| Long service leave entitlements                 | 190,842           | 46,123           |
| Capitalised to Hadrian development costs        | (171,895)         | (2,106,299)      |
| Capitalised to Hadrian WIP                      | (3,240,008)       | (210,964)        |
| Capitalised to Shuttle system development costs | (421,981)         | (108,599)        |
|                                                 | <b>12,742,292</b> | <b>8,486,511</b> |

## 9. Expenses (continued)

### C. Other expenses

|                               | Consolidated     |                  |
|-------------------------------|------------------|------------------|
|                               | 30 June 2023     | 30 June 2022     |
|                               | \$               | \$               |
| Insurance                     | 308,676          | 254,820          |
| Travel expenses               | 445,301          | 199,042          |
| Compliance costs              | 232,102          | 209,625          |
| Subscriptions                 | 270,720          | 229,685          |
| Staff training costs          | 41,198           | 33,911           |
| IP expenses                   | 279,950          | 110,486          |
| Employee oncosts              | 956,470          | 689,385          |
| Borrowing costs               | 772,784          | 412,230          |
| Recruitment costs             | 23,602           | 38,247           |
| Website development costs     | -                | 1,500            |
| Other administration expenses | 1,304,712        | 1,360,439        |
|                               | <b>4,635,515</b> | <b>3,539,370</b> |

## 10. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of FBR LTD at 25% (2022: 25%) and the reported tax expense in profit or loss are as follows:

|                                                                                                 | 30 June 2023 | 30 June 2022 |
|-------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                 | \$           | \$           |
| Loss from continuing operations before income tax expense                                       | (22,886,197) | (19,978,660) |
| - Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2022: 25%) | (5,721,549)  | (4,994,665)  |
| <b>Add (less) tax effect of:</b>                                                                |              |              |
| - Non-deductible items - Entertainment                                                          | 6,874        | 4,181        |
| - Non-deductible items - Share/Option Based Payments expensed                                   | 1,318,731    | 760,142      |
| - Permanent differences relating to R&D costs                                                   | 2,622,886    | 930,867      |
| - Non-deductible items - Other                                                                  | -            | 774          |
| - Costs recognised in equity                                                                    | 119,055      | (199,826)    |
| - Change in tax rate                                                                            | -            | 98,506       |
| - Prior year unders and overs                                                                   | -            | 275,762      |
| - Other                                                                                         | (34,057)     | -            |
| - Movement in temporary differences not recognised                                              | 1,688,060    | 3,124,259    |
| <b>Income tax expense</b>                                                                       | <b>-</b>     | <b>-</b>     |

## 10. Income tax expense (continued)

Deferred tax assets ("DTA") and liabilities ("DTL") recognised relate to the following:

|                                                               | 30 June 2023     | 30 June 2022     |
|---------------------------------------------------------------|------------------|------------------|
|                                                               | \$               | \$               |
| <b>DTA</b>                                                    |                  |                  |
| Tax losses & non-refundable offsets (Group) - Note 10b        | 15,604,954       | 13,056,199       |
| Other temporary differences (DTA closing balance)             |                  |                  |
| Patent Costs                                                  | 43,846           | 46,282           |
| Domain registrations                                          | 510              | 680              |
| In-house software                                             | 28,030           | 100,512          |
| Blackhole expenditure                                         | -                | 150              |
| Lease cancellation costs                                      | -                | 4,672            |
| Accruals & other payables                                     | 139,213          | 219,063          |
| Finance lease liability                                       | 566,900          | 484,210          |
| Provisions                                                    | 704,690          | 251,511          |
| Capital Raising Costs through equity                          | 497,884          | 378,679          |
| Borrowing Costs                                               | 26,872           | 33,590           |
| Website development costs                                     | 3,511            | -                |
| Cash assets                                                   | (6,927)          | 12,334           |
| Inventory                                                     | 218,573          | 168,661          |
| <b>DTL</b>                                                    |                  |                  |
| Other temporary differences (DTL closing balance)             |                  |                  |
| Trade receivables                                             | (21,983)         | (15,599)         |
| Prepayments                                                   | (146,877)        | (178,304)        |
| Investment in Hadrian                                         | (7,180,771)      | (7,971,659)      |
| Right of Use assets                                           | (562,050)        | (476,833)        |
| Property, plant & equipment                                   | (2,522,600)      | (408,433)        |
| Net deferred tax asset not recognised at 25% - Note 10a & 10b | <b>7,393,775</b> | <b>5,705,715</b> |

**Note 10a:** The net deferred tax asset in 2023, not recognised is at a 25% tax rate, being FBRs likely tax rate for the 2023 year.

FBR is classified as a small business entity and base rate entity for the year ended 30 June 2023. The income tax rate for base rate entities for the year ended 30 June 2023 is 25% (2022: 25%).

**Note 10b:** The deferred tax asset at 25% which is attributable to tax losses carried forward at 30 June 2023 is \$15,604,954 (2022: \$13,056,199 at 25% rate).

As the deferred tax asset exceeds the deferred tax liability at 30 June 2023, FBR has partially offset the deferred tax asset against the deferred tax liability and not recognised the net deferred tax asset in the consolidated statement of financial position and profit and loss.

## 11. Cash and cash equivalents

Cash and cash equivalents include the following components:

|                             | Consolidated |              |
|-----------------------------|--------------|--------------|
|                             | 30 June 2023 | 30 June 2022 |
|                             | \$           | \$           |
| Cash at bank and on deposit | 13,402,405   | 11,518,907   |

Security deposits held by the Group's bank in-relation to credit card facilities and rental properties total \$1,005,000 (2022: \$832,313).

## 12. Inventories

Inventories include the following components:

|                                   | Consolidated     |                  |
|-----------------------------------|------------------|------------------|
|                                   | 30 June 2023     | 30 June 2022     |
|                                   | \$               | \$               |
| Cost                              | 1,353,883        | 2,045,133        |
| Inventory impairment              | (199,647)        | (674,644)        |
| <b>Carrying Amount at 30 June</b> | <b>1,154,236</b> | <b>1,370,489</b> |

Inventories have been reduced by \$199,647 (2022: \$674,644) as a result of the write-down to net realisable value. This write-down was recognised as an expense during 2023.

## 13. Trade and other receivables

Trade and other receivables consist of the following:

|                                     | Consolidated     |                  |
|-------------------------------------|------------------|------------------|
|                                     | 30 June 2023     | 30 June 2022     |
|                                     | \$               | \$               |
| Research and Development tax rebate | 8,768,251        | 5,610,921        |
| Construction services               | -                | 128,350          |
| GST receivable                      | 378,011          | 393,630          |
| Interest receivable                 | 14,733           | 1,195            |
| Director loans (note 29)            | 257,182          | 228,236          |
| Grants receivable                   | 73,200           | 61,200           |
| Other receivables                   | 75,267           | 46,878           |
|                                     | <b>9,566,644</b> | <b>6,470,410</b> |

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

### 13. Trade and other receivables (continued)

The carrying amount of trade and other receivables is considered a reasonable approximation of fair value as this financial asset (which is measured at amortised cost) is expected to be settled within six (6) months.

All of the Group's trade and other receivables that are not financial assets have been reviewed for indicators of impairment with none being noted.

### 14. Other current assets

Other current assets consist of the following:

|             | Consolidated   |                |
|-------------|----------------|----------------|
|             | 30 June 2023   | 30 June 2022   |
|             | \$             | \$             |
| Prepayments | 587,509        | 713,216        |
|             | <b>587,509</b> | <b>713,216</b> |

## 15. Financial assets and liabilities

### A. Categories of financial assets and liabilities

Note 5 J provides a description of each category of financial assets and financial liabilities and the related accounting policies.

The carrying amounts of financial assets and financial liabilities in each category are as follows:

|                                          | Notes | Financial assets<br>at amortised cost<br>\$ | Total<br>\$       |
|------------------------------------------|-------|---------------------------------------------|-------------------|
| <b>30 June 2023</b>                      |       |                                             |                   |
| <b>Financial assets</b>                  |       |                                             |                   |
| Cash and cash equivalents                | 10    | 13,402,405                                  | 13,402,405        |
| Trade and other receivables              |       | 420,382                                     | 420,382           |
|                                          |       | <b>13,822,787</b>                           | <b>13,822,787</b> |
| <b>Financial liabilities</b>             |       |                                             |                   |
| Trade and other payables                 | 18    | 2,953,631                                   | 2,953,631         |
| Lease liabilities                        | 20    | 2,267,600                                   | 2,267,600         |
| Chattel mortgage equipment loan facility |       | 642,274                                     | 642,274           |
| Construction loan facility               |       | 583,974                                     | 583,974           |
| Hadrian lease finance facility           |       | 1,821,148                                   | 1,821,148         |
| Research & development tax refund loan   |       | 4,000,000                                   | 4,000,000         |
|                                          |       | <b>12,268,627</b>                           | <b>12,268,627</b> |
| <b>30 June 2022</b>                      |       |                                             |                   |
| <b>Financial assets</b>                  |       |                                             |                   |
| Cash and cash equivalents                | 10    | 11,518,907                                  | 11,518,907        |
| Trade and other receivables              |       | 465,859                                     | 465,859           |
|                                          |       | <b>11,984,766</b>                           | <b>11,984,766</b> |
| <b>Financial liabilities</b>             |       |                                             |                   |
| Trade and other payables                 | 18    | 3,551,123                                   | 3,551,123         |
| Lease liabilities                        | 20    | 1,936,840                                   | 1,936,840         |
| Chattel mortgage equipment loan facility |       | 822,796                                     | 822,796           |
| Construction loan facility               |       | 1,163,412                                   | 1,163,412         |
| Hadrian lease finance facility           |       | 2,267,963                                   | 2,267,963         |
| Research & development tax refund loan   |       | 4,000,000                                   | 4,000,000         |
|                                          |       | <b>13,742,134</b>                           | <b>13,742,134</b> |

The methods used to measure financial assets and liabilities reported at fair value are described in Note 32.

## 15. Financial assets and liabilities (continued)

### Other financial instruments

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- trade and other receivables;
- cash and cash equivalents;
- trade and other payables;
- lease payables; and
- loans.

## 16. Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

### 30 June 2023

|                                        | PLANT &<br>EQUIPMENT | FURNITURE &<br>FITTINGS | ICT EQUIPMENT      | HADRIAN<br>WORK IN<br>PROGRESS | TOTAL              |
|----------------------------------------|----------------------|-------------------------|--------------------|--------------------------------|--------------------|
|                                        | \$                   | \$                      | \$                 | \$                             | \$                 |
| <b>Gross carrying amount</b>           |                      |                         |                    |                                |                    |
| Balance at 1 July 2022                 | 3,729,514            | 1,028,360               | 2,228,759          | 1,967,782                      | 8,954,415          |
| Additions                              | 613,738              | 53,182                  | 55,776             | 9,984,707                      | 10,707,403         |
| Disposals                              | (3,182)              | -                       | -                  | -                              | (3,182)            |
| <b>Balance at 30 June 2023</b>         | <b>4,340,070</b>     | <b>1,081,542</b>        | <b>2,284,534</b>   | <b>11,952,489</b>              | <b>19,658,635</b>  |
| <b>Depreciation and impairment</b>     |                      |                         |                    |                                |                    |
| Balance at 1 July 2022                 | (992,592)            | (938,957)               | (2,061,457)        | -                              | (3,993,006)        |
| Disposals                              | 2,757                | -                       | -                  | -                              | 2,757              |
| Depreciation                           | (446,592)            | (28,019)                | (101,518)          | -                              | (576,129)          |
| Impairment                             | -                    | -                       | -                  | -                              | -                  |
| <b>Balance at 30 June 2023</b>         | <b>(1,436,427)</b>   | <b>(966,976)</b>        | <b>(2,162,974)</b> | <b>-</b>                       | <b>(4,566,377)</b> |
| <b>Carrying amount at 30 June 2023</b> | <b>2,903,643</b>     | <b>114,566</b>          | <b>121,560</b>     | <b>11,952,489</b>              | <b>15,092,258</b>  |

## 16. Property, plant and equipment (continued)

30 June 2022

|                                        | PLANT &<br>EQUIPMENT<br>\$ | FURNITURE &<br>FITTINGS<br>\$ | ICT EQUIPMENT<br>\$ | WORK IN<br>PROGRESS<br>\$ | TOTAL<br>\$        |
|----------------------------------------|----------------------------|-------------------------------|---------------------|---------------------------|--------------------|
| <b>Gross carrying amount</b>           |                            |                               |                     |                           |                    |
| Balance at 1 July 2021                 | 2,487,054                  | 1,011,051                     | 2,179,113           | -                         | 5,677,218          |
| Additions                              | 1,242,460                  | 17,309                        | 50,736              | 1,967,782                 | 3,278,287          |
| Disposals                              | -                          | -                             | (1,090)             | -                         | (1,090)            |
| <b>Balance at 30 June 2022</b>         | <b>3,729,514</b>           | <b>1,028,360</b>              | <b>2,228,759</b>    | <b>1,967,782</b>          | <b>8,954,415</b>   |
| <b>Depreciation and impairment</b>     |                            |                               |                     |                           |                    |
| Balance at 1 July 2021                 | (616,124)                  | (833,153)                     | (1,124,342)         | -                         | (2,573,619)        |
| Disposals                              | -                          | -                             | 667                 | -                         | 667                |
| Depreciation <sup>1</sup>              | (376,468)                  | (105,804)                     | (185,940)           | -                         | (668,212)          |
| Impairment                             | -                          | -                             | (751,842)           | -                         | (751,842)          |
| <b>Balance at 30 June 2022</b>         | <b>(992,592)</b>           | <b>(938,957)</b>              | <b>(2,061,457)</b>  | <b>-</b>                  | <b>(3,993,006)</b> |
| <b>Carrying amount at 30 June 2022</b> | <b>2,736,922</b>           | <b>89,403</b>                 | <b>167,302</b>      | <b>1,967,782</b>          | <b>4,961,409</b>   |

1. \$154,118 of depreciation charges for the prior period in relation to property, plant and equipment have been capitalised to development costs.

## 17. Right-of-use assets

The following table below shows the net carrying amount of the right-of-use assets:

### 30 June 2023

|                                 | Land & Buildings<br>\$ | ICT<br>Equipment<br>\$ | Total<br>\$      |
|---------------------------------|------------------------|------------------------|------------------|
| Carrying amount at 1 July 2022  | 1,887,646              | 19,686                 | 1,907,332        |
| Lease modification              | 1,594,233              | -                      | 1,594,233        |
| Depreciation                    | (1,234,184)            | (19,180)               | (1,253,364)      |
| Carrying amount at 30 June 2023 | <b>2,247,695</b>       | <b>506</b>             | <b>2,248,201</b> |

### 30 June 2022

|                                 | Land & Buildings<br>\$ | ICT<br>Equipment<br>\$ | Total<br>\$      |
|---------------------------------|------------------------|------------------------|------------------|
| Carrying amount at 1 July 2021  | 1,021,250              | 72,826                 | 1,094,076        |
| Lease modification              | 2,055,743              | -                      | 2,055,743        |
| Depreciation <sup>1</sup>       | (1,189,347)            | (53,140)               | (1,242,487)      |
| Carrying amount at 30 June 2022 | <b>1,887,646</b>       | <b>19,686</b>          | <b>1,907,332</b> |

1. \$361,025 of depreciation charges for the prior period in relation to the right-of-use assets have been capitalised to development costs.

As at 30 June 2023, the group operates leases in respect of an office, workshop and ICT equipment.

The lease contract for the head office and workshop has a non-cancellable term of (12) months and expires 30 June 2024.

The lease contract for the second office has a non-cancellable term of (21) months and expires 4 April 2025.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset.

## 18. Development costs

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the consolidated entity is able to use or sell the asset, the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. The Company currently has two development assets. One is not yet available for use and accordingly is tested for impairment annually as required by AASB 136 Impairment of Assets. The other development asset is available for use and is tested for impairment when there are indicators of impairment. Once available for use, capitalised development costs are amortised over the period of their expected life. Patent costs that relate to projects that are in the development phase are capitalised.

The following tables show the movements in development costs associated with the Hadrian X and the Shuttle system:

|                                | Hadrian           |                   |
|--------------------------------|-------------------|-------------------|
|                                | 30 June 2023      | 30 June 2022      |
|                                | \$                | \$                |
| Gross carrying amount          | 46,331,706        | 46,321,925        |
| Additions                      | 1,019,390         | 3,973,503         |
| R&D tax incentives             | (93,284)          | (1,942,242)       |
| Amortisation expense           | (3,163,551)       | (2,021,480)       |
|                                | <b>44,094,261</b> | <b>46,331,706</b> |
| <b>Additions</b>               |                   |                   |
| Consultants                    | -                 | 248,266           |
| Employee benefits              | 171,895           | 2,106,299         |
| Equipment hire                 | -                 | -                 |
| Materials                      | -                 | 267,960           |
| Occupancy expense              | -                 | 482,706           |
| Share-based payments           | -                 | (365,659)         |
| Patents and trademarks         | 847,495           | 744,166           |
| Overheads and other            | -                 | 489,765           |
| <b>Total additions</b>         | <b>1,019,390</b>  | <b>3,973,503</b>  |
|                                |                   |                   |
|                                | Shuttle System    |                   |
|                                | 30 June 2023      | 30 June 2022      |
|                                | \$                | \$                |
| Gross carrying amount          | 62,819            | -                 |
| Additions                      | 686,101           | 111,184           |
| R&D tax incentives             | (298,453)         | (48,365)          |
|                                | <b>450,467</b>    | <b>62,819</b>     |
| <b>Additions</b>               |                   |                   |
| Employee benefits              | 421,981           | 108,599           |
| Materials                      | 264,120           | 2,585             |
| <b>Total additions</b>         | <b>686,101</b>    | <b>111,184</b>    |
|                                |                   |                   |
| <b>Total Development costs</b> | <b>44,544,728</b> | <b>46,394,525</b> |

## 19. Trade and other payables

Trade and other payables consist of the following:

|                  | Consolidated     |                  |
|------------------|------------------|------------------|
|                  | 30 June 2023     | 30 June 2022     |
|                  | \$               | \$               |
| Trade creditors  | 1,913,105        | 2,185,771        |
| Accrued expenses | 556,851          | 873,065          |
| Other payables   | 483,675          | 492,287          |
|                  | <b>2,953,631</b> | <b>3,551,123</b> |

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

## 20. Provisions

The carrying amounts and movements in the provisions account are as follows:

|                                            | Consolidated     |                |
|--------------------------------------------|------------------|----------------|
|                                            | 30 June 2023     | 30 June 2022   |
|                                            | \$               | \$             |
| <b>Current</b>                             |                  |                |
| Employee entitlements – Annual leave       | 1,006,378        | 570,442        |
| Employee entitlements – Long service leave | 168,802          | -              |
| Onerous contracts                          | 1,364,746        | 184,404        |
|                                            | <b>2,539,926</b> | <b>754,846</b> |
| <b>Non-current</b>                         |                  |                |
| Employee entitlements – Annual leave       | -                | 178,810        |
| Employee entitlements – Long service leave | 278,833          | 256,793        |
| Onerous contracts                          | -                | 138,303        |
|                                            | <b>278,833</b>   | <b>573,906</b> |

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during the next financial year.

## 21. Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

|                                 | <b>Consolidated</b> |                     |
|---------------------------------|---------------------|---------------------|
|                                 | <b>30 June 2023</b> | <b>30 June 2022</b> |
|                                 | <b>\$</b>           | <b>\$</b>           |
| Lease liabilities (current)     | 1,397,658           | 1,220,117           |
| Lease liabilities (non-current) | 869,942             | 716,723             |
|                                 | <b>2,267,600</b>    | <b>1,936,840</b>    |

The lease liabilities are secured by the related underlying assets. Future minimum lease payments as at 30 June 2023 are as follows:

|                           | <b>Within one<br/>year<br/>\$</b> | <b>One to five<br/>years<br/>\$</b> | <b>After 5<br/>years<br/>\$</b> | <b>Total<br/>\$</b> |
|---------------------------|-----------------------------------|-------------------------------------|---------------------------------|---------------------|
| <b>30 June 2023</b>       |                                   |                                     |                                 |                     |
| Lease payments            | 1,501,450                         | 893,590                             | -                               | 2,395,040           |
| Finance expenses          | (103,790)                         | (23,650)                            | -                               | (127,440)           |
| <b>Net present values</b> | <b>1,397,660</b>                  | <b>869,940</b>                      | <b>-</b>                        | <b>2,267,600</b>    |

## 22. Borrowings

The carrying amounts in the loans and borrowings accounts are as follows:

|                                                       | Consolidated     |                  |
|-------------------------------------------------------|------------------|------------------|
|                                                       | 30 June 2023     | 30 June 2022     |
|                                                       | \$               | \$               |
| <b>Current</b>                                        |                  |                  |
| Chattel mortgage equipment loan facility <sup>1</sup> | 176,095          | 166,265          |
| Construction loan facility <sup>2</sup>               | 583,974          | 1,163,412        |
| R&D tax refund loan <sup>3</sup>                      | 4,000,000        | 4,000,000        |
| Hadrian lease finance facility <sup>4</sup>           | 467,024          | 410,356          |
|                                                       | <b>5,227,093</b> | <b>5,740,033</b> |
| <b>Non-Current</b>                                    |                  |                  |
| Chattel mortgage equipment loan facility <sup>1</sup> | 466,178          | 656,531          |
| Hadrian lease finance facility <sup>4</sup>           | 1,354,124        | 1,857,607        |
|                                                       | <b>1,820,302</b> | <b>2,514,138</b> |

<sup>1</sup> The chattel mortgage equipment loan facility with HP Financial Services (Australia) Pty Ltd has a first ranking security over the equipment and has an interest rate of 5.50% p.a.. The facility matures on 30 November 2026.

<sup>2</sup> During the prior period FBR secured construction financing for robotically built housing to support and grow FBR's construction operations using the Hadrian X<sup>®</sup> construction robot and the Fastbrick Wall System<sup>®</sup>. FBR signed an agreement with FC Securities Pty Ltd for a \$2 million revolving debt facility to finance up to 67.5% of the land and construction cost of five homes FBR is building in Wellard, plus any subsequent FBR residential builds within the 30-month term of the facility. The facility gives FC first ranking securities comprising a mortgage over the Wellard properties and FBR's subsidiary Fastbrick Engineering Pty Ltd. The facility has an interest rate on drawn funds of 9.00% per annum, a 2.25% setup fee, and a 3.00% line fee. The facility limit was voluntarily reduced to \$1.2 million during the period.

<sup>3</sup> During the prior period FBR entered into a revolving R&D tax loan facility with FC Capital, in place until 31 December 2024. The facility allows FBR to draw down on a monthly basis as needed, up to 90% of its presently earned R&D tax incentive rebates or \$4.0 million, whichever is lower at the time. The facility carries a one off 1.5% establishment fee and a 3.0% line fee per annum and placed a General Security Agreement over FBR LTD and Fastbrick Engineering Pty Ltd. It 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). Subsequent to the end of period the facility limit was increased by \$2.0 million and the interest rate was increased by 1.0%.

<sup>4</sup> During the prior period FBR entered into a Lease Finance Facility with FC Capital to provide asset finance for FBR's two existing Hadrian X<sup>®</sup> construction robots at \$1.15 million per Hadrian X<sup>®</sup>. The finance facility has 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. The facility placed a General Security Agreement over FBR LTD and Fastbrick Engineering Pty Ltd.

## 23. Share capital

### Ordinary shares

|                             | 30 June 2023 |               | 30 June 2022 |               |
|-----------------------------|--------------|---------------|--------------|---------------|
|                             | \$           | No.           | \$           | No.           |
| Ordinary shares, fully paid | 148,845,254  | 3,668,898,314 | 116,567,987  | 2,651,028,536 |

### Movement in ordinary shares on issue

| <i>Movement in ordinary shares on issue</i>                         | \$                 | No.                  |
|---------------------------------------------------------------------|--------------------|----------------------|
| Shares on issue at 1 July 2022                                      | 116,567,987        | 2,651,028,536        |
| Capital raising                                                     |                    |                      |
| 13 July 2022 Placement (at \$0.018 per share)                       | 1,929,628          | 107,201,578          |
| 1 November 2022 Placement (at \$0.040 per share)                    | 20,000,000         | 500,000,000          |
| 17 March 2023 Placement (at \$0.033 per share)                      | 7,491,000          | 227,000,000          |
| 24 April 2023 Loan funded shares repaid (at \$0.033 per share)      | 1,650,000          | -                    |
| Capital Raising Costs                                               | (1,476,161)        | -                    |
| Performance rights converted (6 July 2022)                          | 806,255            | 20,673,200           |
| Performance rights converted (10 November 2022)                     | 191,880            | 4,920,000            |
| Performance rights converted (27 April 2023)                        | 80,925             | 2,075,000            |
| Options conversion (10 August 2022) at \$0.0225 per share           | 1,603,740          | 56,000,000           |
| Loan funded shares issued (28 December 2022) to executive directors | -                  | 100,000,000          |
| <b>Shares on issue at 30 June 2023</b>                              | <b>148,845,254</b> | <b>3,668,898,314</b> |

On 6 July 2022, the company completed the issue of 20,673,200 fully paid ordinary shares upon the exercise of unquoted performance rights that vested on achievement of performance milestones in accordance with the company's Employee Securities Incentive Plan.

On 13 July 2022, the company completed the issue of 107,201,578 fully paid ordinary shares to Brickworks through a strategic private placement.

On 10 August 2022, the company completed the issue of 56,000,000 fully paid ordinary shares upon the exercise of unquoted options.

On 1 November 2022, the Company completed the issue of 500,000,000 fully paid ordinary shares to a group of new and existing institutional, sophisticated and strategic investors.

On 10 November 2022, the company completed the issue of 4,920,000 fully paid ordinary shares upon the exercise of unquoted performance rights that had previously vested on achievement of performance milestones in accordance with the company's Employee Securities Incentive Plan.

On 17 March 2023, the company completed the issue of 227,000,000 fully paid ordinary shares to M&G through a strategic private placement.

## 23. Share capital (continued)

On 27 April 2023, the company completed the issue of 2,075,000 fully paid ordinary shares upon the exercise of unquoted performance rights that had previously vested on achievement of performance milestones in accordance with the company's Employee Securities Incentive Plan.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands. The share capital of FBR consists only of fully paid ordinary shares, and the shares do not have a par value. All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of FBR.

### Loan Funded shares

On 24 December 2022, 25,000,000 short term loan funded shares related to each Executive Director expired. These loan funded shares were subsequently sold on 24 April 2023 to M&G as part of a strategic placement to M&G. These shares were previously issued to FBR's Executive Directors, Michael Pivac and Mark Pivac, in 2020 as loan funded shares with the loan term expiring in December 2022. Full proceeds of the sale of these shares went directly and solely to FBR in part repayment of the outstanding loans. The balance of the outstanding non cash loans was forgiven under the terms of the loan funded share incentive plan.

On 28 December 2022, the Company issued a total of 100,000,000 new Loan Funded incentive shares as a director loan to the Executive Directors following approval by the shareholders at the Annual General Meeting on 28 November 2022 (refer Note 29).

The following table illustrates the outstanding loan funded shares granted, repaid and forfeited during the year.

|                                      | 30 June 2023       | 30 June 2022       |
|--------------------------------------|--------------------|--------------------|
|                                      | Number             | Number             |
| Outstanding at 1 July                | 100,000,000        | 100,000,000        |
| Granted during the year              | 100,000,000        | -                  |
| Repaid during the year               | (50,000,000)       | -                  |
| Cancelled/forfeited during the year  | -                  | -                  |
| <b>Loan Funded Shares at 30 June</b> | <b>150,000,000</b> | <b>100,000,000</b> |

Loan funded shares do not have a par value and for all intents and purposes are identical to ordinary shares. Loan funded shares are eligible to receive dividends and repayment of capital. Loan funded shares are entitled to vote at the shareholders' meeting of FBR.

## 24. Share based payments

### Ordinary shares

There were no ordinary shares granted as consideration for services provided to the Company during the year.

### Options

At the start of the period the Company issued 56,000,000 unlisted incentive options to Key Management Personnel with an 18 month expiry with an exercise price of \$0.0225. These options were exercised during the period and following the exercise the Company issued 56,000,000 unlisted incentive options to Key Management Personnel with a 16 month expiry with an exercise price of \$0.035. No options were issued to directors during the period. There were no other options issued by the Company during the year. The following table illustrates the outstanding options granted, exercised and forfeited during the year.

|                                  | 30 June 2023      |                                         | 30 June 2022 |                                         |
|----------------------------------|-------------------|-----------------------------------------|--------------|-----------------------------------------|
|                                  | Number            | Weighted average exercise price (cents) | Number       | Weighted average exercise price (cents) |
| Outstanding at 1 July            | -                 | -                                       | 5,800,000    | 30.0                                    |
| Granted during the year          | 112,000,000       | 2.9                                     | -            | -                                       |
| Converted during the year        | (56,000,000)      | 2.3                                     | -            | -                                       |
| Expired during the year          | -                 | -                                       | (5,800,000)  | 30.0                                    |
| Forfeited during the year        | -                 | -                                       | -            | -                                       |
| <b>Outstanding as at 30 June</b> | <b>56,000,000</b> | <b>3.5</b>                              | <b>-</b>     | <b>-</b>                                |

### Performance rights

There were 167,250,000 performance rights issued during the current year (2022: 38,620,000). The weighted average fair value of the performance rights granted during the current year is \$0.033 (2022: \$0.039). Performance rights do not have a par value. Performance rights are not eligible to receive dividends or repayment of capital. Performance rights are not entitled to vote at the shareholders' meeting of FBR. The following table illustrates the outstanding performance rights granted, exercised and forfeited during the year.

|                                      | 30 June 2023       | 30 June 2022      |
|--------------------------------------|--------------------|-------------------|
|                                      | Number             | Number            |
| Outstanding at 1 July                | 51,498,200         | 78,970,028        |
| Granted during the year              | 167,250,000        | 38,620,000        |
| Converted during the year            | (27,668,200)       | (27,414,000)      |
| Expired during the year              | (14,625,000)       | (33,123,256)      |
| Forfeited during the year            | (2,810,000)        | (5,554,572)       |
| <b>Performance rights at 30 June</b> | <b>173,645,000</b> | <b>51,498,200</b> |

## 24. Share based payments (continued)

On 25 July 2022, the Company issued 52,750,000 unlisted performance rights to the employees of FBR. These performance rights have no escrow period and are split in the following classes:

- i. 26,375,000 Performance Rights Class A (since either cancelled or forfeited)
 

Vesting conditions for 5,275,000 Performance Rights of Class A; The Company has completed mechanical assembly of the first Hadrian 110 before 30 September 2022.

Vesting conditions for 5,275,000 Performance Rights of Class A; The Company has completed the commissioning of the first Hadrian 110 and demonstrated a lay rate of 360 blocks per hour before 31 March 2023.

Vesting conditions for 5,275,000 Performance Rights of Class A; The Company has completed mechanical assembly of the second Hadrian 110 before 30 April 2023.

Vesting conditions for 5,275,000 Performance Rights of Class A; The Company has completed the commissioning of second Hadrian 110 and demonstrated a lay rate of 360 blocks per hour before 30 June 2023.

Vesting conditions for 5,275,000 Performance Rights of Class A; The Company has demonstrated a Hadrian 110 lay rate of 500 blocks per hour before 30 June 2023.

All Class A Performance Rights have a milestone date on or before 30 June 2023 and an expiry date of 31 July 2024. If unconverted, Class A Performance Rights expire on the expiry date.
- ii. 26,375,000 Performance Rights Class B (since either converted to ordinary shares or vested, cancelled or forfeited)
 

Vesting condition for Class B; Performance review results based on successful completion of employee individual performance goals.

All Class B Performance Rights have a milestone date of 30 June 2023 and an expiry date of 31 July 2024. If unconverted, Class B Performance Rights expire on the expiry date.

The fair value of these 52,750,000 performance rights granted during the prior year, assuming that 100% of the performance rights would vest, was \$1,250,650 of which 100% was expensed during the period.

On 22 December 2022, the Company issued 104,000,000 unlisted performance rights to the KMP and employees of FBR. These performance rights have no escrow period and are split in the following classes:

- i. 52,000,000 Performance Rights Class C (still on issue)
 

Vesting conditions for Performance Rights Class C; The Company has received binding purchase orders for its products and services with a cumulative total value of \$30 million AUD.

All Class C Performance Rights have a milestone date of 30 June 2025 and an expiry date of 31 July 2026. If unconverted, Class C Performance Rights expire on the expiry date.

## 24. Share based payments (continued)

### ii. 52,000,000 Performance Rights Class D (still on issue)

Vesting condition for Class D; Performance review results based on successful completion of employee individual performance goals.

All Class D Performance Rights have a milestone date of 30 June 2025 and an expiry date of 31 July 2026. If unconverted, Class D Performance Rights expire on the expiry date.

The fair value of these 104,000,000 performance rights granted during the prior year, assuming that 100% of the performance rights will vest at 30 June 2025, was \$3,952,000 of which \$858,946 was expensed during the period.

On 22 December 2022, the Company issued 10,500,000 unlisted performance rights to employees of FBR. These performance rights have no escrow period and are in the following class:

### iii. 10,500,000 Performance Rights Class B (since either converted to ordinary shares or vested, cancelled or forfeited)

Vesting condition for Class B; Performance review results based on successful completion of employee individual performance goals.

All Class B Performance Rights have a milestone date of 30 June 2023 and an expiry date of 31 July 2024. If unconverted, Class B Performance Rights expire on the expiry date.

The fair value of these 10,500,000 performance rights granted during the prior year, assuming that 100% of the performance rights will vest at 30 June 2023, was \$399,000 of which 100% was expensed during the period.

In the prior year, on 19 October 2021, the Company issued 38,620,000 unlisted performance rights to the employees of FBR. These performance rights have no escrow period and are split in the following classes:

### i. 20,185,000 Performance Rights Class A (since either converted to ordinary shares or cancelled or forfeited)

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has built residential and non-residential structures comprising 5,000 vertical square metres of wall or more, excluding structures built in a factory environment, before 30 June 2022. Shares are awarded on a pro rata basis from 20% - 100% of the target, commencing at 1,000 vertical square metres of wall, excluding structures built in a factory environment.

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has commissioned H114 using the 4 different pallet load system facilitating a minimum of laying 4 different block types within the one structure lay.

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has erected a wall using the Hadrian at rate of 2,100 SBE for 1 continuous hour or more. The wall can be laid with or without adhesive.

## 24. Share based payments (continued)

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has built the structural walls of a house in a suburban environment using blocks supplied by an international block supplier.

Vesting conditions for 4,037,000 Performance Rights of Class A; The Company has completed an entire standard house build (227 vertical square metres or more of wall) including set up, pack up, and all down time, excluding structures built in a factory environment, in three days or less.

All Class A Performance Rights have a milestone date of 30 June 2022 and an expiry date of 31 July 2023. If unconverted, Class A Performance Rights expire on the expiry date.

- ii. 18,435,000 Performance Rights Class B (since either converted to ordinary shares or cancelled or forfeited)

Vesting condition for Class B; Performance review results based on successful completion of employee individual performance goals.

All Class B Performance Rights have a milestone date of 30 June 2022 and an expiry date of 31 July 2023. If unconverted, Class B Performance Rights expire on the expiry date.

The performance rights were valued using the spot price on grant date. The spot price was \$0.039 per share at the close of trade on 19 October 2021, being the date the performance rights were issued.

The fair value of these 38,620,000 performance rights granted during the prior year, assuming that 100% of the performance rights would vest, was \$1,506,180. Of this amount, \$174,183 was capitalised to development costs, based on the number of performance rights issued to technical and engineering employees and the date the Hadrian development asset became available for use. A further \$1,331,997 was expensed based on the number of performance rights issued to corporate and commercial employees during the prior year and the date the Hadrian development asset became available for use.

## 25. Reserves

|                           | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|---------------------------|--------------------|--------------------|
| Share option reserve      | 2,266,019          | 1,497,925          |
| Performance right reserve | 3,536,801          | 1,998,671          |
|                           | <b>5,802,820</b>   | <b>3,496,596</b>   |

Share option reserve comprises the expense of vested option share-based payments. The reconciliation is set out as follows:

|                                                           | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|-----------------------------------------------------------|--------------------|--------------------|
| <i>Movement in option reserve</i>                         |                    |                    |
| Opening at 1 July                                         | 1,497,925          | 1,155,865          |
| Options converted to shares during the year               | (343,740)          | -                  |
| Options and loan funded shares issued                     | 2,261,834          | 988,686            |
| Options and loan funded shares expired                    | (1,150,000)        | (564,584)          |
| Options and loan funded shares extended during the period | -                  | (82,042)           |
| <b>Closing at 30 June</b>                                 | <b>2,266,019</b>   | <b>1,497,925</b>   |

Performance rights reserve comprises the expense of vested performance right share-based payments. The reconciliation is set out as follows:

|                                                        | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|--------------------------------------------------------|--------------------|--------------------|
| <i>Movement in performance right reserve</i>           |                    |                    |
| Opening at 1 July                                      | 1,998,671          | 3,325,339          |
| Performance rights converted to shares during the year | (1,079,060)        | (1,672,254)        |
| Performance rights issued during the year              | 3,013,090          | 2,439,080          |
| Performance rights expired during the period           | (317,622)          | (1,769,216)        |
| Performance rights forfeited during the period         | (78,278)           | (324,278)          |
| <b>Closing at 30 June</b>                              | <b>3,536,801</b>   | <b>1,998,671</b>   |

## 26. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Legal Parent Company (FBR LTD) as the numerator, i.e. no adjustments to profits were necessary during the twelve (12) months period to 30 June 2023 and 30 June 2022.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

|                                                                                    | 30 June 2023         | 30 June 2022         |
|------------------------------------------------------------------------------------|----------------------|----------------------|
| Weighted average number of shares used in basic earnings per share                 | 3,271,929,561        | 2,336,881,258        |
| Shares deemed to be issued for no consideration in respect of share-based payments | -                    | -                    |
| <b>Weighted average number of shares used in diluted earnings per share</b>        | <b>3,271,929,561</b> | <b>2,336,881,258</b> |

## 27. Reconciliation of cash flows from operating activities

Reconciliation of cash flows from operating activities:

|                                              | 30 June 2023<br>\$  | 30 June 2022<br>\$  |
|----------------------------------------------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>  |                     |                     |
| Loss for the period after income tax expense | (22,886,197)        | (19,978,660)        |
| <b>Adjustments for:</b>                      |                     |                     |
| • depreciation, amortisation and impairment  | 5,192,691           | 4,843,522           |
| • share-based payments                       | 5,274,924           | 3,040,568           |
| • Onerous contracts                          | 1,226,443           | -                   |
| • interest receivable                        | (42,484)            | (1,125)             |
| • construction income receivable             | -                   | (128,350)           |
| • grants income receivable                   | (73,200)            | (61,200)            |
| • R&D tax rebate income portion receivable   | (8,645,963)         | (3,620,314)         |
| <b>Net changes in working capital:</b>       |                     |                     |
| • change in trade and other receivables      | 3,897,479           | (1,040,324)         |
| • change in other assets                     | 165,640             | (133,104)           |
| • change in trade and other payables         | (941,383)           | 1,737,114           |
| <b>Net cash from operating activities</b>    | <b>(16,832,050)</b> | <b>(15,341,873)</b> |

## 28. Auditor remuneration

|                                                                                             | 30 June 2023   | 30 June 2022   |
|---------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                             | \$             | \$             |
| Audit services remuneration paid to Grant Thornton Audit Pty Ltd, the auditor of the Group: |                |                |
| Audit and review of financial statements                                                    | 154,000        | 145,600        |
| <b>Remuneration for audit and review of financial statements</b>                            | <b>154,000</b> | <b>145,600</b> |

There were no non-audit services provided during the period by the Auditor.

## 29. Related party transactions

The Group's related parties include its Key Management Personnel.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The consolidated financial statements include the financial statements of FBR Ltd, and the entities listed in the following table. Equity interest is directly held by FBR Ltd.

|                                    | Country of incorporation | % Equity interest |           |
|------------------------------------|--------------------------|-------------------|-----------|
|                                    |                          | June 2023         | June 2022 |
| Fastbrick IP Pty Ltd               | Australia                | 100%              | 100%      |
| Fastbrick Engineering Pty Ltd      | Australia                | 100%              | 100%      |
| The Architectural Designer Pty Ltd | Australia                | 100%              | 100%      |
| Fastbrick Operations Pty Ltd       | Australia                | 100%              | 100%      |
| Fastbrick Americas LLC             | USA                      | 100%              | -         |
| Fastbrick Americas Holdings LLC    | USA                      | 100%              | -         |

## Key Management Personnel remuneration

Key Management Personnel of the Group are the members of FBR's Board of Directors and members of the Executive Team. Key Management Personnel remuneration includes the following expenses:

|                                             | Consolidated     |                  |
|---------------------------------------------|------------------|------------------|
|                                             | 30 June 2023     | 30 June 2022     |
|                                             | \$               | \$               |
| Short-term employee benefits                | 2,035,199        | 1,841,681        |
| Post-employment benefits                    | 171,353          | 134,765          |
| Long-term benefits                          | 85,239           | 74,053           |
| Share based payments – Short Term Incentive | 1,637,463        | 1,017,260        |
| Share based payments – Long Term Incentive  | 1,106,269        | 756,585          |
|                                             | <b>5,035,523</b> | <b>3,824,344</b> |

## 29. Related party transactions (continued)

### Agreements with Directors or Related Parties

#### *Director Loan Agreement*

During prior periods the Company paid \$190,000 as an unsecured interest bearing loan to Mark Pivac in relation to tax payments relating to Performance Rights issued under the Company's Performance Rights Plan. The amount (plus \$67,182 interest) remains outstanding at 30 June 2023. The loan has a maturity date of 31 December 2023 and an interest rate at the higher of 4.520% per annum and the highest rate of interest payable by the Company to any financier of the Company at the relevant time.

#### *Loan Funded Shares*

During the prior year, on 24 December 2020, the Company issued 100,000,000 Loan Funded incentive shares to the Executive Directors following approval by the shareholders at the Annual General Meeting on 26 November 2020. The Loan Funded incentive shares were provided under a limited recourse, interest free loan. For each Executive Director, half of the loan, which pertains to 25,000,000 shares is repayable within 12 months and half of the loan, which pertains to the other 25,000,000 shares is repayable within 36 months.

During the prior year, at the Company's AGM on 20 December 2021, the Company extended the term by a further 12 months for the 50,000,000 loan funded shares originally issued with a 12 month term. These loan funded shares then expired unexercised on 24 December 2022 and were sold by the Company to a third party investor. The executive directors did not receive any proceeds or benefit from the sale.

During the current year, on 28 December 2022, the Company issued a total of 100,000,000 Loan Funded incentive shares to the Executive Directors following approval by the shareholders at the Annual General Meeting on 28 November 2022. The Loan Funded incentive shares were provided under a limited recourse, interest free loan. For each Executive Director, half of the loan, which pertains to 25,000,000 shares is repayable within 12 months and half of the loan, which pertains to the other 25,000,000 shares is repayable within 36 months.

#### *Guarantees*

There have been no guarantees provided or received for any related parties.

## 30. Contingent liabilities

At the reporting date the Group had no material contingent liabilities (2022: nil).

## 31. Financial instrument risk

### A. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities are summarised by category in Note 15. The main types of risks are market risk, credit risk and liquidity risk.

### 31. Financial Instrument Risk (continued)

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

#### Market risk analysis

The Group is exposed to market risk, specifically interest rate risk, through the investment of excess working capital into the short term money market.

#### Interest rate sensitivity

The consolidated entity's only exposure to interest rate risk is in relation to deposits held. Deposits are held with reputable banking financial institutions.

|                 | 30 June 2023                   |                   | 30 June 2022                   |                   |
|-----------------|--------------------------------|-------------------|--------------------------------|-------------------|
|                 | Weighted average interest rate | Balance           | Weighted average interest rate | Balance           |
|                 | %                              | \$                | %                              | \$                |
| Cash at bank    | 0.80%                          | 12,397,405        | 0.01%                          | 10,686,594        |
| Cash on deposit | 2.48%                          | 1,005,000         | 0.13%                          | 832,313           |
|                 |                                | <b>13,402,405</b> |                                | <b>11,518,907</b> |

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.5% (2022: +/- 0.5%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

|                        | Profit for the year |          | Equity |          |
|------------------------|---------------------|----------|--------|----------|
|                        | \$                  | \$       | \$     | \$       |
|                        | 0.50%               | -0.50%   | 0.50%  | -0.50%   |
| <u>Cash at bank</u>    |                     |          |        |          |
| 30-Jun-23              | 61,987              | (61,987) | 61,987 | (61,987) |
| 30-Jun-22              | 53,433              | (53,433) | 53,433 | (53,433) |
| <u>Cash on deposit</u> |                     |          |        |          |
| 30-Jun-23              | 5,025               | (5,025)  | 5,025  | (5,025)  |
| 30-Jun-22              | 4,162               | (4,162)  | 4,162  | (4,162)  |

## 31. Financial Instrument Risk (continued)

### Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

|                                    | 30 June 2023      | 30 June 2022      |
|------------------------------------|-------------------|-------------------|
|                                    | \$                | \$                |
| <b>Classes of financial assets</b> |                   |                   |
| Carrying amounts:                  |                   |                   |
| • Cash and cash equivalents        | 13,402,405        | 11,518,907        |
| • Trade and other receivables      | 420,382           | 465,858           |
|                                    | <b>13,822,787</b> | <b>11,984,765</b> |

The Group continuously monitors defaults of counterparties, identified either individually or by Group and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 30 June reporting dates under review are of good credit quality.

Trade and other receivables consist of Grants and Interest Receivable, Director Loans and Trade Debtors. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

### Liquidity risk analysis

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30 day projection. Long-term liquidity needs for a 180 day and a 360 day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30 day periods at a minimum. This objective was met for the reporting periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and

### 31. Financial Instrument Risk (continued)

trade receivables (see Statement of Financial Position) significantly exceed the current cash outflow requirements. Cash flows from other receivables are all due within six (6) months.

As at 30 June 2023, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

|                                          | Current          |                  | Non-current      |             |
|------------------------------------------|------------------|------------------|------------------|-------------|
|                                          | Within 6         | 6 - 12 months    | 1 - 5 years      | 5+ years    |
|                                          | months<br>\$     | months<br>\$     | years<br>\$      | years<br>\$ |
| <b>30 June 2023</b>                      |                  |                  |                  |             |
| Trade and other payables                 | 2,953,631        | -                | -                | -           |
| Lease liabilities                        | 750,725          | 750,725          | 893,590          | -           |
| Chattel mortgage equipment loan facility | 102,990          | 102,990          | 497,785          | -           |
| Construction loan facility               | 44,643           | 598,531          | -                | -           |
| Hadrian lease finance facility           | 330,215          | 330,215          | 1,470,358        | -           |
| Research & development tax refund loan   | 4,102,423        | -                | -                | -           |
| <b>Total</b>                             | <b>8,284,627</b> | <b>1,782,461</b> | <b>2,861,733</b> | <b>-</b>    |

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting periods as follows:

|                                          | Current          |                  | Non-current      |             |
|------------------------------------------|------------------|------------------|------------------|-------------|
|                                          | Within 6         | 6 - 12 months    | 1 - 5 years      | 5+ years    |
|                                          | months<br>\$     | months<br>\$     | years<br>\$      | years<br>\$ |
| <b>30 June 2022</b>                      |                  |                  |                  |             |
| Trade and other payables                 | 3,551,122        | -                | -                | -           |
| Lease liabilities                        | 643,235          | 643,236          | 731,420          | -           |
| Chattel mortgage equipment loan facility | 102,990          | 102,990          | 703,765          | -           |
| Construction loan facility               | 337,672          | 970,832          | -                | -           |
| Hadrian lease finance facility           | 330,215          | 330,215          | 2,130,787        | -           |
| Research & development tax refund loan   | 4,192,822        | -                | -                | -           |
| <b>Total</b>                             | <b>9,158,056</b> | <b>2,047,273</b> | <b>3,565,972</b> | <b>-</b>    |

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

## 32. Fair value measurement

### Fair value measurement of financial instruments

The Directors have performed a review of the financial assets and liabilities as at 30 June 2023 and have concluded that the fair value of those assets and liabilities are not materially different to book values. The methods and assumptions used to estimate the fair value of financial instruments were:

- Cash - The carrying amount is fair value due to the liquid nature of these assets.
- Receivables/payables - Due to the short-term nature of these financial rights and obligations, their carrying values are estimated to represent their fair values and equals the amount to be settled by the contracting party.

## 33. Events after the reporting date

**17 July 2023** – The Company issued a Notice of Extraordinary General Meeting (EGM) advising Shareholders that a meeting will be held at the Mount Lawley Golf Club on 21 August 2023 at 11:00AM (AWST). The Company is seeking Shareholder approval to ratify equity placements undertaken by the Company in its capacity under Listing Rules 7.1 and 7.1A.

**19 July 2023** – The Company issued 23,080,000 fully paid ordinary shares upon exercise of unquoted employee performance rights that vested on achievement of performance milestones in accordance with the Company's Employee Securities Incentive Plan.

**26 July 2023** – The Company issued 28,962,500 fully paid ordinary shares upon exercise of unquoted employee performance rights that vested on achievement of individual performance in accordance with the Company's Employee Securities Incentive Plan. 6,762,500 vested performance rights remain unconverted.

**31 July 2023** – Subsequent to the end of the quarter, FBR expanded its \$4.0 million revolving R&D tax loan facility with FC Capital previously announced to the ASX on 13 May 2022 to \$6.0 million, in line with the anticipated R&D tax incentive cash rebate of over \$6.0 million for FY23. FBR has drawn down on the additional \$2.0 million. Additional fees incurred were a \$15,000 establishment fee for the expanded facility and an increase in interest rate of 1%.

Other than the events described above there are no other adjusting or significant non-adjusting events that have occurred between reporting date and the date of authorisation.

### 34. Parent entity information

The following information relates to the legal parent entity of the Company, being FBR LTD ('the Parent Entity'). The information presented has been prepared using consistent accounting policies as presented in Note 5.

|                                                                    | 30 June 2023<br>\$ | 30 June 2022<br>\$ |
|--------------------------------------------------------------------|--------------------|--------------------|
| <b>Statement of financial position</b>                             |                    |                    |
| Current assets                                                     | 11,202,842         | 10,707,828         |
| Non-current assets                                                 | 34,410             | 38,711             |
| Total assets                                                       | 11,237,252         | 10,746,539         |
| Current liabilities                                                | 4,453,646          | 4,644,163          |
| Non-current liabilities                                            | -                  | 138,303            |
| Total liabilities                                                  | 4,453,646          | 4,782,466          |
| <b>Net assets</b>                                                  | <b>6,783,606</b>   | <b>5,964,073</b>   |
| <br>                                                               |                    |                    |
| Issued capital                                                     | 171,432,118        | 139,154,851        |
| Reserves                                                           | 5,802,820          | 3,496,596          |
| Retained losses                                                    | (170,451,332)      | (136,687,374)      |
| <b>Total equity</b>                                                | <b>6,783,606</b>   | <b>5,964,073</b>   |
| <br>                                                               |                    |                    |
| <b>Statement of profit or loss and other comprehensive income:</b> |                    |                    |
| Loss for the year                                                  | 33,763,958         | 15,708,942         |
| Other comprehensive income                                         | -                  | -                  |
| <b>Total comprehensive income</b>                                  | <b>33,763,958</b>  | <b>15,708,942</b>  |

The Parent Entity has no capital commitments (2022: Nil).

The Parent Entity has not entered into a Deed of Cross Guarantee nor are there any contingent liabilities at the year end.

## Directors' Declaration

- 1 In the opinion of the Directors of FBR LTD:
  - a. The consolidated financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
    - i. Giving a true and fair view of its financial position as at 30 June 2023, and of its performance for the financial year ended on that date; and
    - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - b. There are reasonable grounds to believe that FBR LTD will be able to pay its debts as and when they become due and payable.
- 2 The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer equivalent for the financial year ended 30 June 2023.
- 3 Note 2 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors



Michael Pivac

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - GLOBAL

Dated the 29th day of August 2023

## Independent Auditor's Report

### To the Members of FBR Ltd

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of FBR Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**Material uncertainty related to going concern**

We draw attention to Note 3 in the financial statements, which indicates that the Group incurred a net loss of \$22,886,197 for the year ended 30 June 2023, and the Group's net cash outflows from operating and investing activities totalled \$27,652,713 for the year. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Recognition of R&amp;D tax incentive (Note 12)</b></p> <p>Under the research and development (R&amp;D) tax incentive scheme, the Group receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than \$20 million per annum, provided it is not controlled by income tax-exempt entities.</p> <p>An R&amp;D plan is filed with AusIndustry in the following financial year and based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Group's total R&amp;D expenditure to estimate the refundable tax offset receivable under the R&amp;D tax incentive legislation. As at 30 June 2023, a receivable of \$8,768,251 has been recorded.</p> <p>This area is a key audit matter due to the size of the receivable and the degree of judgement and interpretation of the R&amp;D tax legislation required by management to assess the eligibility of the R&amp;D expenditure under the scheme.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>obtaining a detailed understanding of the underlying processes for claiming the R&amp;D rebate through discussion with relevant individuals across the organisation and review of relevant documentation;</li> <li>assessing the work performed by management's expert, including the expert's competence, capability, and objectivity;</li> <li>engaging our internal specialist as auditor's expert to assist in reviewing the reasonableness of the eligibility of expenditure and the calculation;</li> <li>testing a sample of R&amp;D expenditure within the computation to underlying supporting documentation to assess its eligibility;</li> <li>comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger;</li> <li>inspecting copies of relevant correspondence with AusIndustry and the ATO related historic claims; and</li> <li>assessing the appropriateness of financial statement disclosures.</li> </ul> |

**Information other than the financial report and auditor's report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in pages 13 to 25 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of FBR Ltd for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M D Dewhurst  
Partner – Audit & Assurance

Sydney, 29 August 2023

# Additional ASX Information

## Shareholder ranges

Additional information required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this Annual Report. This information is based on share registry data as at 6 October 2023.

| Range            | Total Holders | Units         | % Units |
|------------------|---------------|---------------|---------|
| 1 - 1,000        | 827           | 126,202       | 0.00    |
| 1,001 - 5,000    | 1,492         | 5,177,154     | 0.14    |
| 5,001 - 10,000   | 1,774         | 14,226,788    | 0.38    |
| 10,001 - 100,000 | 5,593         | 216,277,051   | 5.81    |
| 100,001 Over     | 2,260         | 3,485,133,619 | 93.66   |
| <b>Rounding</b>  |               |               | 0.01    |
| <b>Total</b>     | 11,946        | 3,720,940,814 | 100.00  |

## Voting Rights

All ordinary shares carry one vote per share without restriction. Options for ordinary shares do not carry any voting rights. Performance Rights for ordinary shares do not carry any voting rights.

## Substantial Shareholders

As at 6 October 2023, Substantial Shareholders in FBR as notified through relevant ASX announcements were as follows:

| Rank | Name                              | Units       | % Units |
|------|-----------------------------------|-------------|---------|
| 1    | HORSLEY PARK HOLDINGS PTY LTD     | 655,348,053 | 17.87%  |
| 2    | M&G INVESTMENT MANAGEMENT LIMITED | 399,460,042 | 10.89%  |
| 3    | FIL LIMITED                       | 167,776,082 | 9.90%   |
| 4    | MARK JOSEPH PIVAC                 | 358,205,167 | 9.63%   |

\* based on substantial shareholding notices submitted to the ASX

## Top 20 Shareholders

As at 6 October 2023, the 20 largest shareholders held 61.55% of fully paid quoted Ordinary Shares on issue.

| Rank                                                                | Name                                                       | Shares               | % of Shares  |
|---------------------------------------------------------------------|------------------------------------------------------------|----------------------|--------------|
| 1                                                                   | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                  | 772,883,419          | 20.77        |
| 2                                                                   | MARK JOSEPH PIVAC                                          | 358,205,167          | 9.63         |
| 3                                                                   | HORSLEY PARK HOLDINGS PTY LTD                              | 346,658,834          | 9.32         |
| 4                                                                   | HORSLEY PARK HOLDINGS PTY LTD                              | 308,689,239          | 8.30         |
| 5                                                                   | MR MICHAEL JOHN PIVAC                                      | 152,589,371          | 4.10         |
| 6                                                                   | CITICORP NOMINEES PTY LIMITED                              | 93,960,048           | 2.53         |
| 7                                                                   | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM               | 75,419,323           | 2.03         |
| 8                                                                   | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 47,438,054           | 1.27         |
| 9                                                                   | BNP PARIBAS NOMS PTY LTD <DRP>                             | 26,440,793           | 0.71         |
| 10                                                                  | LEHIGH HOLDINGS PTY LTD <L & M SUPER FUND A/C>             | 11,900,000           | 0.32         |
| 11                                                                  | GOLDFEET PTY LTD <DODGE FAMILY A/C>                        | 10,991,603           | 0.30         |
| 12                                                                  | MR DOUG NISHIJO STRACHAN + MRS MAHO STRACHAN               | 10,554,500           | 0.28         |
| 13                                                                  | SPLENDID STUFF PTY LTD                                     | 10,000,000           | 0.27         |
| 14                                                                  | MR KIEL CHIVERS                                            | 9,654,000            | 0.26         |
| 15                                                                  | FFSF ASSET MANAGEMENT PTY LTD <FF SUPER FUND A/C>          | 9,594,000            | 0.26         |
| 16                                                                  | MR ANTHONY VINCENT RIDOLFO + MRS CAROLINE LISA RIDOLFO     | 9,500,000            | 0.26         |
| 17                                                                  | JANITHAN HOLDINGS PTY LTD <J LAWE DAVIES FAMILY A/C>       | 9,088,200            | 0.24         |
| 18                                                                  | KIDSKLUBS KARIONG PTY LTD <GUIDING LIGHT SUPERFUND A/C>    | 9,000,000            | 0.24         |
| 19                                                                  | MR COLIN PAUL ADDISON                                      | 8,960,967            | 0.24         |
| 20                                                                  | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                  | 8,868,819            | 0.24         |
| <b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)</b> |                                                            | <b>2,290,396,337</b> | <b>61.55</b> |
| <b>Total Remaining Holders Balance</b>                              |                                                            | <b>1,430,544,477</b> | <b>38.45</b> |

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