

ASX ANNOUNCEMENT

ASX: RBO | 31 July 2018

June 2018 Quarterly Report & Financial Commentary

Robo 3D Limited (“**Robo**” or the “**Company**”), the emerging company delivering award-winning products for the desktop segment of the 3D printing industry, provides the following operational and financial performance highlights to accompany its Appendix 4C for the three months ending June 2018.

KEY HIGHLIGHTS

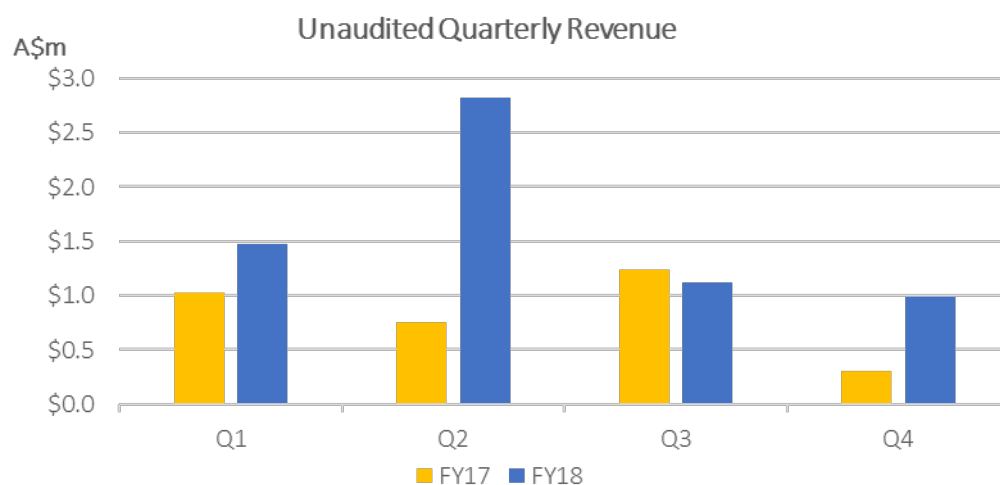
- Cash receipts of \$1.3 million for June quarter 75% higher than the previous quarter and 64% above prior corresponding quarter in FY17.
- Unaudited FY18 revenue of c. \$6.5 million, up 100% on prior year.
- Commencement of Cost Reduction Plan to remove \$1.0 million of annualised operating costs, \$560k of annualised costs already removed.
- Some of the benefits of the Cost Reduction Plan are reflected in the June 2018 quarter but majority of the cost savings will be evident in September and December quarters.
- Operating cash outflows 32% lower than prior quarter.
- Combined with higher operating cash receipts, operating cash burn reduced by 75% compared to prior quarter.
- Announcement of proposed strategic acquisition of MyStemKits, LLC (“MSK”), owner of the world’s largest library of USA education standards-aligned projects and curriculum for K-12 Science, Technology, Engineering and Maths (“STEM”) that incorporates 3D printing.
- Completion of acquisition will follow completion of due diligence and necessary approvals at extraordinary general meeting.
- \$3.5 million in funding commitments received to finance MSK acquisition and provide working capital for combined business.
- Completion of the acquisition will be a significant milestone for the Company and at that stage a Company Update will be provided.

FINANCIAL HIGHLIGHTS

Robo is pleased to provide additional commentary on its financial performance for the quarter ended 30 June 2018.

Cash Flows:

- Operating cash receipts of \$1.3 million for the June quarter, 75% higher than the previous March 2018 quarter and 64% above prior corresponding quarter in FY17.
- Growth in cash receipts generated by growth in USA and contribution of international sales.
- International footprint has expanded from 40 to 45 countries providing significant platform to drive incremental revenue growth into new financial year.
- A number of cost-cutting measures implemented during June quarter reduced operating cash outflows by 32% compared to prior March 2018 quarter.
- Combined with higher operating cash receipts, operating cash burn reduced by c. 75% compared to prior quarter.
- The Company ended the June 2018 quarter with \$351k cash at bank. As announced on 15 June 2018, Robo has received commitments for a total of \$3.5 million in funding to finance the proposed acquisition of MSK and provide working capital for the combined business.



Revenue:

- Unaudited revenue of \$0.9 million for the June quarter was c. 230% higher than the corresponding period last year.
- Company advises that it has generated unaudited year-to-date revenue of A\$6.5 million for FY18, c. 100% above FY17 highlighting the growth trajectory of the Company.
- Impact from new USA-based education resellers and international sales partners announced through the latter part of 2017 and early 2018 to provide contribution to FY19 growth.
- Combined with proposed acquisition of MSK, and the expected synergies that are expected to flow into Robo's existing 3D printer business, the Company has established a strong platform for growth into FY19 and beyond.

Cost Reduction Plan to remove \$1.0 million per annum in costs

During the June quarter, the company completed a detailed operational review and identified c. \$1.0 million of cost reductions (“Cost Reduction Plan”) to better align the organisational structure with the strategic focus on education. Combined with revenue growth, the Cost Reduction Plan is expected to accelerate the path to breakeven.

- The cost savings include reductions to director and co-founder wages.
- Terminations equating to 10% of the US-based workforce.
- Removal of several external contractors.
- Cost-saving initiatives have already commenced delivering c. \$560k per annum in savings (including \$75k related to Managing Director Ryan Legudi).
- The full program of changes is expected to be implemented before the end of September 2018.

Section 9: Estimated Cash Outflows for Next Quarter

It is important to note that this section does not include the benefit of the realisation into cash of existing inventory on the Company’s balance sheet at June 2018 of \$0.9 million, nor the benefit of any cash receipts from customers expected during the next quarter.

Balance Sheet:

During the quarter, Robo announced it secured a A\$1.3 million (US\$1.0 million) revolving trade receivables facility from U.S.-based specialist financier, CapFlow Funding Group LLC (“CapFlow”).

- Allows Company to better match timing of cash outflows for inventory purchases with cash inflows from product sales, releasing working capital for growth and product development.
- Facility limit will increase to accommodate revenue growth.
- Reduces working capital cycle by around 45 days allowing Robo to fund increase in inventory purchases.

Key Terms:

- Facility limit of \$1.3 million (US\$1.0 million)
- Secured with first ranking UCC filing
- Interest rate of 1.50-1.75% of face value for each qualifying invoice that is submitted into the facility, and then incremental interest charges if customer receipts are beyond net payment terms.

— ENDS —

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included on this announcement including, without limitation, statements regarding future plans and objectives of Robo, are forward-looking statements. Forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Robo that could cause actual results to differ from the results expressed or anticipated in these statements.

Further information

INVESTORS:

Ryan Legudi — Managing Director
Robo 3D Limited
ryan@robo3d.com

Or email investors@robo3D.com

About Robo 3D Limited

Robo 3D Limited (**ASX.RBO**) is a company based in California, USA, focused on the design and distribution of 3D printers and associated products for the desktop segment of the 3D printing industry (**Robo**).

The company was founded in 2012 by a group of students from San Diego State University and delivered its first model to customers in 2013. Since then, Robo has grown into a leading brand in the desktop segment of the 3D printing industry, gaining significant traction online and through retail partners including Amazon and Best Buy. Robo commenced trading on the ASX on 22 December 2016.

To learn more about Robo 3D, visit: www.robo3D.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ROBO 3D LIMITED

ABN

20 009 256 535

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,313	5,146
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(314)	(5,042)
(c) advertising and marketing	(79)	(516)
(d) leased assets	-	-
(e) staff costs	(1,109)	(3,895)
(f) administration and corporate costs	(332)	(2,027)
1.3 Dividends received	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	-	(40)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	43
1.8 Other (provide details if material)	21	21
1.9 Net cash from / (used in) operating activities	(500)	(6,307)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	113
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received	-	-
2.5 Other (cash acquired in acquisition transaction)	-	-
2.6 Net cash from / (used in) investing activities	-	113

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	4,927
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(267)
3.5 Proceeds from borrowings	250	1,694
3.6 Repayment of borrowings	-	(928)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	250	5,426

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	599	1,051
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(500)	(6,307)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	113

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	250	5,426
4.5	Effect of movement in exchange rates on cash held	2	68
4.6	Cash and cash equivalents at end of quarter	351	351

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	351*	599
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	351	599

* \$352k still to be received from capital raising

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	150
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Payments to Robo 3D Limited Directors and related entities for the June 2018 quarter.		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
-		

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,000	1,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Trade Finance Facility with Denlin Nominees (see announcement 19 June 2017 titled "Sales Growth to Accelerate with Completion of A\$1.8m Funding" for full loan details)

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	850
9.3 Advertising and marketing	100
9.4 Leased assets	-
9.5 Staff costs	850
9.6 Administration and corporate costs	400
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	2,200*

* The above estimated cash outflows for the next quarter does not take into consideration any cash inflows from the normal course of business.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date:31 July 2018.....

Print name:Justin Mouchacca.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.