



29 October 2021

September 2021 Quarterly Report

Key Points

- **Wentworth camp development remains suspended with installed capacity of 340 beds. Latest information suggests camp still largely intact.**
- **Camp contract with CCS JV remains in place with revenues (disputed by CCS JV) accruing at c.US\$460k per month. RBR equity share is 50%.**
- **Security restored in Palma district and indications for LNG project restart in H1 2022 strengthen.**
- **Contract opportunities outside of LNG and Cabo Delgado province continue.**
- **Operations and management restructure underway.**

Labour and training specialist RBR Group (ASX: RBR) presents its September 2021 Quarterly Report.

Wentworth Camp Project in Palma, Mozambique

There is strong evidence that security in northern Cabo Delgado (from the regional capital of Pemba, north through the LNG site in Afungi, the Palma district and up to the Tanzanian border) has been restored following deployment of a large contingent of local and regional African "SADC" military personnel. Subject to some form of acceptable declaration from the security forces and Government that the region is safe, the Company understands that the LNG project developers intend to return to the site and restart the construction activities possibly as early as 1st half 2022.

Pleasingly, the camp at the Wentworth facility in Palma appears basically intact and camp constructor Projectos Dinamicos Lda ("PD") continues to issue invoices for monthly rental due under the contract with CCS JV.

As at 30 June, PD had remitted Service Acceptance Papers ("SAP", which are essentially preliminary invoices) for US\$1,817,000. PD has continued to apply further accrued services revenues due by CCS JV during the current quarter at the rate of approximately US\$460,000 per month.

These amounts remain unpaid and "without prejudice" discussions between the parties have been ongoing in accordance with the "Settlement of Disputes" clause of the contract, which remains in force. Notwithstanding these ongoing discussions, on 21 October 2021 PD formally invoked its right to resolve the matter via arbitration in the London Chamber of International Arbitration ("LCIA"). The Company and PD remain confident of a favourable outcome via either negotiation or the arbitration process.

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Operational and Management Structure

With the suspension of activities at the Wentworth camp and pending departure of CEO Richard Carcenac (effected 24 September 2021) the Board took the opportunity to review the operating structures of the Group and the management thereof.

The result was the formation of distinct business units based on geographic location, currently Southern Africa (primarily Mozambique) and Australia, and the decision to appoint dedicated Chief Operating Officers (“COO”) to lead each geographical business unit.

As announced on 25 October 2021, Mr Patrick Danaux was appointed COO Africa in charge of our Futuro Group-branded business units and via Futuro, our investment in PD.

Mr Danaux has significant African experience and in particular East Africa (including Mozambique). He is a career specialist in HR and recruitment, skill sets pivotal to our business strategies and is a resident of Mozambique.

The Company is in the process of assessment and recruitment of a COO for Australia, to be based in Perth WA, and will report further on this shortly.

Business Development

Mozambique

Although construction activities on the major LNG projects in the far northern province of Cabo Delgado are currently suspended, other business opportunities of scale for RBR exist in other regions, such as the project works about to start for Sasol (a South-African listed petroleum and chemicals company) in Inhambane province, and other prospects in Maputo, Inhambane and Nacala provinces. Staff are being redeployed to afford RBR the best chance of securing this work.

Futuro People, the human resources subsidiary, has upgraded its payroll systems to more cost effectively and efficiently service its clients. This has enabled the company to reduce its fees whilst maintaining or improving its operating margins.

Despite an overall decrease in Futuro Business Services’ workload due to the economic slowdown caused by Covid-19, the company has experienced an increased demand for Work Visas and Permits services. The government-imposed Covid-19 requirements to reduce the number of employees in the office at any one time has severely impacted the speed of services from the government ministries and banking sector. This has boosted the demand for assistance and expediting services from Futuro Business Services.

Futuro Skills Mozambique (“FSM”), the training subsidiary, has completed several Health and Safety training interventions during the period under review. Further, FSM is working with a major Maputo-based multinational organisation to assist with the development of their Workplace Skills Development Plan to ensure that incumbents’ have the right skills set as set out in the skills matrix for each position. Training will be provided to close any skills deficiencies.

Futuro Group has opened a branch in Vilankulos (Inhambane province) in preparation for the training and labour provision opportunities arising from Sasol’s PSA Expansion, which will employ up to 5,000 workers at its construction peak. The Company expects that most, if not all, of the portfolio of services offered by Futuro Group will be in high demand in and around Vilankulos.

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Australia

The Company continues to explore Australian opportunities leveraged off its existing registered training organisation, structured around a partnership model given RBR does not presently have a training facility in-country.

Further, the Company has received investment proposals from brokers and other interested investors, which are currently under review and assessment.

Technology

As detailed in previous reports, the Company has exclusive rights in specific locations to technologies which complement its portfolio of services. These training and geolocation technologies are available as add-on services packages, most suited to application in medium to large-scale businesses or projects (due to the expenditure profile to implement them).

The Mozambique LNG projects are an almost perfect scenario for implementation. The suspension of the LNG projects as covered earlier in this report, has required the Company to reconsider how to implement and monetise this technology in the near term.

Cash Flow and Cash Balance

During the quarter RBR spent \$488k on operating activities with the remaining cash balance of \$1,501k at the end of the quarter. Included in the cash flow report are payments to related parties of the entity and their associates of \$118k for Director's fees and salaries.

For more information, please contact:

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For the purpose of ASX Listing Rule 15.5, this announcement has been authorised for release by the board.

The information in this announcement has been disclosed by RBR and is the responsibility of RBR. Neither CCS JV, nor their directors, officers, employees or agents assume any responsibility for the accuracy or completeness of that information.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

RBR Group Limited

ABN

38 115 857 988

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	58	58
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs (PD Mar reallocation -431)	(14)	(14)
(c) advertising and marketing	-	-
(d) leased assets	(31)	(31)
(e) staff costs	(158)	(158)
(f) administration and corporate costs (PD Mar reallocation -338)	(282)	(282)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(61)	(61)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(488)	(488)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment (PD Mar reallocation -305)	-	-
(d) investments (Projectos Dinamicos Lda investment From Mar 21 has been reallocated on consolidation this quarter across operating and investing)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings (This quarter includes loan funds from Projectos Dinamicos partner following consolidation)	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,976	1,976
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(488)	(488)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	13	13
4.6	Cash and cash equivalents at end of period	1,501	1,501

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,219	1,547
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Africa Subsidiaries)	282	429
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,501	1,976

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	118
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		
Item 6.1 includes aggregate amounts paid to directors including salary and director's fees.		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Convertible Notes)	2,150	2,150
7.4 Total financing facilities	2,150	2,150
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Convertible Note interest is at 12% per annum.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(488)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,501
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,501
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.08
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

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

Date: 29 October 2021

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.