

ASX ANNOUNCEMENT

ASX: RBO | 31 January 2017

Operational Update & December 2016 Quarterly Report

HIGHLIGHTS

- Successfully completed ASX listing on 22 December 2016, raising A\$6.0 million
- New Robo C2 released to the public in late December 2016
- Milestone manufacturing agreement negotiated with Foxconn to produce Robo R2
- Robo R2 awarded the “CES 2017 Best of Innovation” for 3D printing category at the Consumer Electronics Show
- Continued expansion of sales footprint with new retail customers added in USA along with new international re-sellers in Australia, Canada, and Mexico, as well as opening Amazon across major European countries
- Revenue for 12 months ending December 2016 of US\$3.7 million, up from US\$3.2 million in 2015
- Conservative inventory management in second half of 2016 as Robo R1+ moved towards end-of-life ahead of launch of new Robo C2 and Robo R2 models
- Cash receipts from customers of A\$1.3 million for 3 months ending December 2016, with cash burn of A\$254k for the same period
- A\$5.4 million of cash at bank at the end of the quarter
- Strong momentum heading into launch of Robo R2 in March 2017 with organisational infrastructure leveraged for scale
- Distribution and commercial partnerships, in particular in the education sector, continue to advance with further updates to be provided once agreements are executed

Robo 3D Limited (“**Robo**” or the “**Company**”), an emerging company focused on the design and distribution of 3D printers and associated products for the desktop segment of the 3D printing industry, is pleased to provide the following operational and performance update for the calendar year ending 2016.

Operational Update:

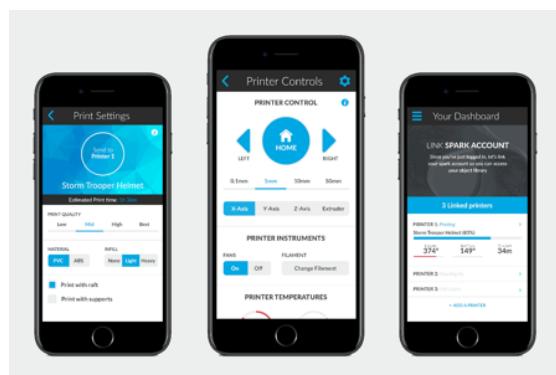
2016 was a transformational year for Robo. After securing a US\$2.5 million seed investment in late 2015 from a group of Australian investors led by Tony Grist, a serial technology entrepreneur who was co-founder and former Chairman of Amcom Telecommunications and then Deputy Chairman of ASX 100 company Vocus Communications Limited following their merger, the Company was able to invest in expanding its organisational structure, and invest into key research and development (**R&D**) activities in order to deliver Robo’s next generation product offering.

This investment has culminated in the design, development, and launch of two new award-winning 3D printer models: the Robo C2 and Robo R2 Smart 3D Printers with WiFi. In conjunction with the launch of these two new

models, the Company released the Robo App for iOS that provides users the ability to connect and print right from mobile devices, monitor the progress of every print, connect to cloud libraries, and make in-app purchases (filaments, accessories, print kits and more). The release of the Robo App for iOS is a major milestone for Robo as its data collection and customer engagement capabilities will provide a platform for building out its 3D printing ecosystem. True to its origins, the Company will continue to invest into supporting continued development of hardware and software innovations.



"Robo R2" Smart 3D Printer



Robo iOS App

Throughout the year, Robo continued to add to its full-time workforce, expanding its engineering team and adding software specialists, adding experience and expertise to its sales and marketing teams, and bolstering its senior management team. Robo ended 2016 with 23 full-time employees supported by a number of expert service providers in E-Commerce, industrial design and engineering, social media, PR, web and graphic design, and quality control.

Reflecting its ambition to be a major player in the desktop segment of the 3D printing industry, Robo continued to expand its sales footprint, with its products found in most major USA electronics and office supplies retailers, either in-store or online (and sometimes both). As a result, Robo's sales volumes also undertook a step change, with the launch into major USA retailers such as Best Buy and Staples along with expanded sales volumes particularly through the Company's major online channels: Amazon, a major player in the desktop segment of the 3D printing industry, as well as Robo's own web store at www.robo3d.com. Importantly, the Company has also established an increasing presence in the USA education market, which is expected to be major driver of growth for the industry as government support and funding drive activity going forward.

At the end of December 2016, Robo has sold nearly 12,000 units 3D printers to customers in over 70 countries since delivering its first model in 2013. Robo has seen consistent revenue growth each calendar year, driven by strong market share in the USA – a key market, reaching US\$3.7 million (A\$4.9 million) in the 12 months ending December 2016 (unaudited management financial reports), up from US\$3.2 million (A\$4.3 million) in the prior corresponding period (see **Commentary on Financial Performance** below). The Company also undertook prudent inventory management in the second half of 2016 as the Robo R1+ model moved towards end-of-life ahead of the launch of the new Robo C2 and Robo R2 printers.

Robo has planned a clear, staged approach to developing, evolving and commercialising its 3D printing technology and products. The launch of Robo C2 and the Robo App for iOS in December 2016, and the forthcoming release of the Robo R2 in March 2017, provide the first step towards fulfilling this vision, with the printers expected to accelerate growth in the second half of the 2017 financial year.

The following is a summary of the key highlights of 2016:

Corporate:

- Successful pre-sales campaign for Robo C2 and Robo R2 on crowd-funding platform Kickstarter, raising over US\$380,000 in 30 days.
- Completion of capital raising of A\$6.0 million from sophisticated investors.
- Successful ASX listing on 22 December 2016.
- Milestone manufacturing agreement signed with Foxconn, the manufacturer of the Apple iPhone amongst many other iconic products, to produce Robo R2.

Sales & Marketing:

- The desktop 3D printing market continues to grow rapidly particularly in the education, design, and small business segments. Shipments of desktop 3D printers are estimated to have almost doubled in 2016 according to Gartner, to reach 455,772 units. Gartner estimates unit volumes to increase to 6.7 million by 2020 (Source: www.gartner.com/newsroom/id/3476317).
- Launch into Staples in April 2016, followed by other retailers including Crutchfield as well as recent online launches into major electronics companies including Microsoft, Office Depot, and Target.
- Expansion into over 20 new education districts throughout the USA.
- Expansion of international sales footprint with new re-sellers established in Australia, Canada, and Mexico, and opening of Amazon across major European countries.
- Successful showing at CES with Robo R2 awarded “*CES 2017 Best of Innovation*” for 3D printing.
- The Robo C2 was also awarded the ‘*TWICE Picks Awards*’ for 3D printing at CES 2017 by TWICE magazine

Product:

- New Robo C2 released to the public in late December 2016.
- Release of the Robo App for iOS in Apple Store coincided with delivery of Robo C2.
- Tooling for new award-winning Robo R2 commenced in December 2016 ahead of March 2017 general market release.

People:

- Appointment of Randy Waynick as Vice President of Sales and Chief Operating Officer, bringing 30+ years' experience in sales and management of consumer electronics businesses in the USA. Prior to joining Robo, Randy was VP of Sales (Americas) for Otter Products (including LifeProof), Chief Sales Officer at Vizio, and Senior VP of Sony's "Home Products" Division (US\$5 billion per annum revenue).
- Addition of two experienced sales executives with focus on education and international markets.
- Robo's two Co-Founders, Coby Kibili and Braydon Moreno, were featured in Forbes '30 under 30: Class of 2017' awards list, under the Manufacturing & Industry sector. More can be found on the following link: <http://www.forbes.com/30-under-30-2017/manufacturing-industry/#233714ba5820Forbes>.

Commentary on Cash Flows

The Consolidated Statement of Cash Flows provided in the Appendix 4C has been prepared on the following basis:

- 6 months of trading activity for Albion 3D Investments Pty Ltd (as the accounting acquirer) (“**Albion 3D**”), which includes 100% of Robo 3D Inc; and
- Cash flows from 19 December 2016, the reverse acquisition date of Falcon Minerals Limited (name changed to Robo 3D Limited).

Given the complexity of the first set of cash flow statements released after completion of the reverse listing, we are pleased to provide the following commentary.

Section 1: Cash Flows from Operating Activities

- *Section 1.1:* the year to date ‘Receipts from Customers’ of A\$2.8 million includes A\$0.5 million of advance payments, which have not yet been recorded as revenue (see **Commentary on Financial Performance** below).
- *Section 1.2 (b):* the year to date ‘Product manufacturing and operating costs’ of A\$0.9 million includes costs of purchasing inventory as well as some costs associated with the design and development of new products. The value of inventory purchases slowed in the current quarter due to the launch of the new 3D printers

Section 2: Cash Flows from Investing Activities

- *Section 2.1 (a):* the year to date ‘Payments to acquire other non-current assets’ of A\$0.8 million relates to some of the costs associated with the design and development of the new products.
- *Section 2.5:* given Albion 3D is the accounting acquirer, the A\$5.8 million of cash acquired from the acquisition relates to the successful A\$6.0 million (less costs) capital raising completed by Falcon Minerals Limited before the completion date of 19 December 2016.

Section 3: Cash Flows from Financing Activities

- *Section 3.5:* the year to date ‘Proceeds from borrowings’ of A\$1.3 million provided by Albion 3D to Robo 3D for working capital was extinguished via the issue of share capital in Falcon Minerals Limited as part of the acquisition transaction completed on 19 December 2016.

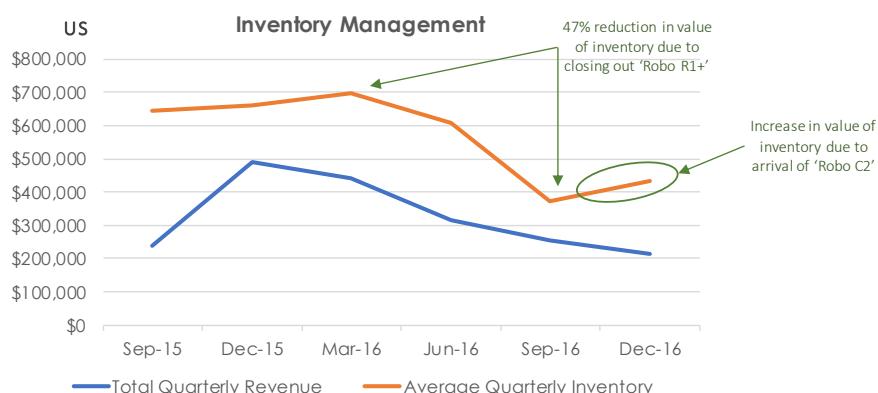
Section 9: Estimated Cash Outflows for Next Quarter

The estimated cash flows for the next quarter includes around A\$0.6 million of one-off costs comprising: non-recurring costs of the reverse acquisition transaction, non-recurring costs related to the development of the Robo R2 printer, and one-off costs associated with new office premises. 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 December 2016, nor the benefit of any cash receipts from customers expected during the next quarter.

Commentary on Financial Performance:

Robo is also pleased to provide the additional commentary on its financial performance for the half year ended 31 December 2016, ahead of the release of the half yearly financial statements due at the end of February 2017.

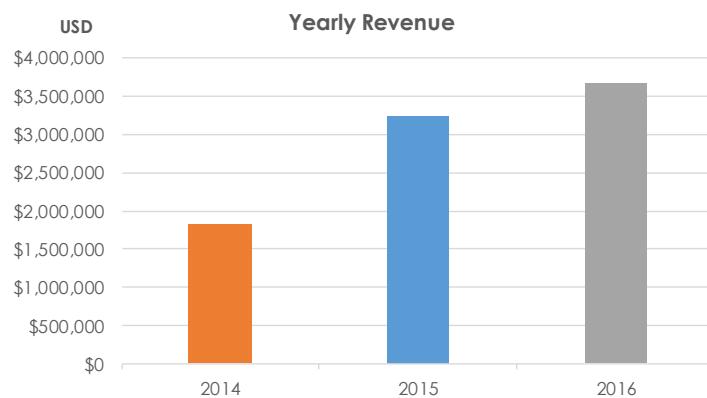
As outlined in the ASX release on 22 December 2016 and reinforced in the 16 January 2017 announcement, Robo has taken a very prudent and conservative approach to managing the inventory cycle of its existing Robo R1+ 3D printer, reducing inventory levels of the Robo R1+ ahead of the anticipated delivery of the new models: Robo C2 originally scheduled for November 2016 delivery, and Robo R2 scheduled for January 2017, as announced to the ASX on 22 September 2016. This can be seen in the graph below, which shows average inventory holdings reducing by 47% from the high during the March 2016 quarter to the low point in September 2016.



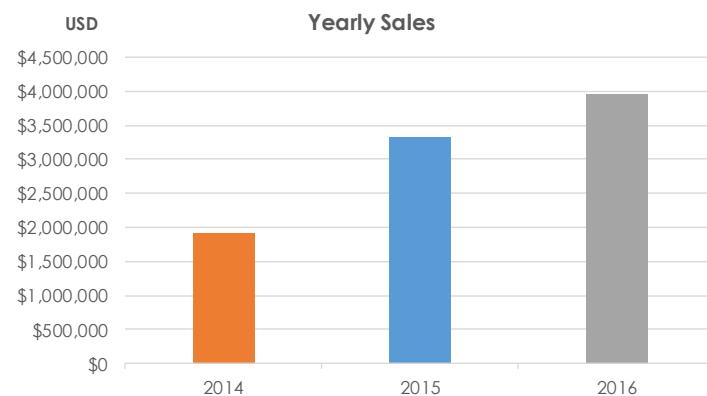
In an effort to refine the product offering and consumer experience prior to initial consumer release, delivery of Robo C2 was postponed from November 2016 to December 2016, meaning that this new product did not make a meaningful contribution to half yearly revenue. Similarly, the launch of Robo R2 has been postponed following protracted efforts to select the right manufacturing partner. We are excited by the resulting partner being Foxconn, a world-class leader in manufacturing for the consumer electronics industry.

As a result of the delays in meeting the delivery dates for both models, the Company was forced to undertake an additional production run for the end-of-life Robo R1+ model to ensure continuity of product to meet ongoing demand. The increase in inventory value through the December quarter reflects the arrival of the new Robo C2 printer.

The impact of carrying lower inventory levels was compounded by the discounting of the Robo R1+ for several months longer than expected, impacting the revenues that could have been achieved in the half-year results. As a result, the Company generated US\$1.4 million (A\$1.9 million) of revenue for the six months ending December 2016 (unaudited). As expected, the figure was lower compared to the same period in 2015, however we are encouraged by the Company's third straight year of growth in annual revenues, with annual revenue in the 2016 calendar year reaching US\$3.7 million (A\$4.9 million) (unaudited), up from US\$3.2 million (A\$4.2 million, unaudited - see below), achieved in a period of transition moving from an end-of-life legacy model into a new era with the launch of Robo C2 in December 2016, and the highly-anticipated launch of Robo R2 in March 2017.



As outlined above, revenue for the December 2016 half year excludes revenue (US\$0.4 million) relating to the Kickstarter pre-sales campaign completed in October 2016 that is categorised as "deferred revenue" (note that cash has already been received). Therefore, when taking movements in deferred revenue into account, the quarterly sales performance in December 2016 delivered the second highest sales quarter in the Company's history, despite the items described above.



The Company also advises that based on its unaudited management financial reports for the half year ending December 2016, given the revenue as described above and the impact of discounting on the Company's gross margin, combined with the increase in operational expenditure due mostly to the hiring of new employees and the R&D associated with the development of two new products, profitability may be impacted compared to prior periods.

The launch of Robo R2 in the coming months will mark a major milestone for the Company, transforming Robo from its single product business into a multi-product 3D printer business (in addition to its filaments and kits) across two manufacturing partners, which will significantly reduce supply risk and allow for increased production volumes. Robo is anticipating strong sales growth from March 2017 onwards once Robo R2 ships to customers based on pre-sales and enquiries to date. In addition, the Company continues to undertake new and exciting marketing initiatives to grow its brand awareness, with further updates to be provided to the market.

Closing Comments:

Robo is continuing to grow its customer base and broaden its distribution and reach, while continuing to explore opportunities with other major retailers in the USA and internationally, as well as focusing on driving strategic commercial partnerships in a number of industry verticals, particularly the education sector. Further updates will be provided once commercial agreements are executed.

The Company continues to be extremely encouraged, and is thankful, for the ongoing support it has received from its major shareholders, who share Robo's vision for the future of the desktop segment of the 3D printing industry. And we are buoyed by the enthusiasm of our new shareholders for our prospects.

The Board is excited about the opportunity available to Robo in 2017, as the Company continues to focus on its four key strategic goals: growing existing customers, adding new customers, increasing presence in the education sector, and delivering industry leading product innovation.

— 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.



ROBO 3D LIMITED
ASX: RBO

Further information

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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

+Rule 4.7B

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”)

31 December 2016

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		1,289	2,787
1.2 Payments for			
(a) research and development		(280)	(944)
(b) product manufacturing and operating costs			
(c) advertising and marketing		(95)	(132)
(d) leased assets		(25)	(76)
(e) staff costs		(574)	(892)
(f) administration and corporate costs		(542)	(1,675)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		4	4
1.5 Interest and other costs of finance paid		(31)	(46)
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		(254)	(974)

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(31)	(35)
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(462)	(795)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (cash acquired in acquisition transaction)	5,773	5,773
2.6 Net cash from / (used in) investing activities	5,280	4,943
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
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	-	-
3.5 Proceeds from borrowings (<i>YTD borrowings of \$1.3M for funding working capital were extinguished via the issue of share capital as part of the acquisition transaction completed on 19/12/2016.</i>)	216	1,353
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Loans from directors)	16	61
3.10 Net cash from / (used in) financing activities	232	1,414
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	158	50
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(254)	(974)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	5,280	4,943
4.4	Net cash from / (used in) financing activities (item 3.10 above)	232	1,414
4.5	Effect of movement in exchange rates on cash held	(12)	(29)
4.6	Cash and cash equivalents at end of quarter	5,404	5,404

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	5,404	158
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)	5,404	158

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	50
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 Inc. Directors for the December 2016 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	

N/A

+ See chapter 19 for defined terms

1 September 2016

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

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.

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

9. Estimated cash outflows for next quarter

\$A'000

9.1 Research and development	147
9.2 Product manufacturing and operating costs	987
9.3 Advertising and marketing	127
9.4 Leased assets	83
9.5 Staff costs	1,388
9.6 Administration and corporate costs	813
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	3,544*

* 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
(Reverse Acquisition – Cash Acquired in Reverse Take Over – Item 2.5 – See Cover Note)

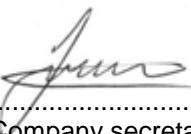
Disposals – N/A

10.1 Name of entity	Albion 3D Investments Pty Ltd
10.2 Place of incorporation or registration	Australia
10.3 Consideration for acquisition or disposal	(a)
10.4 Total net assets	(\$476,052)
10.5 Nature of business	Parent entity of Robo Inc. which manufacturer's 3D printers.

- (a) The acquisition of Albion 3D Investments Pty Ltd was a reverse takeover transaction, whereby the consideration was the issue of 98,488,030 fully paid ordinary shares in Robo 3D Limited (Australian entity).

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 January 2017.....

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.