

Mobilicom Limited Q3 2020 Quarterly Activities Report

- Mobilicom maintains a cash balance of \$3.2M with strong collections of outstanding receivables.
- Mobilicom's cash receipts YTD up by \$0.56M (19%) to \$3.5M on prior corresponding period.
- Net cash consumption of only \$0.4M during the quarter after streamlining business to deal with COVID-19 challenges.
- Completed the delivery of first commercial volume production batch as part of the fulfillment of the \$2M+ contract announced in December 2019.
- Sales and cooperation agreement signed with Cristal Video Wireless, a leading provider of wireless video transmission solutions in China.
- Mobilicom launches SkyHopper Combo, first-of-its-kind communication solution for autonomous platforms & drones, significantly expanding addressable market opportunity.

30 October 2020 – Mobilicom Limited develops 4G Mobile MESH private networking technology for government and enterprise applications under its Mobilicom business, and provides end-to-end hardware, software and integration services for commercial and industrial drones and robotics under its SkyHopper business.

Mobilicom is pleased to provide the following summary of its activities for Q3 2020.

Financials

Total cash receipts YTD were up 19% to \$3.5M compared to the prior corresponding period, an increase of \$558,000 despite the COVID-19 pandemic. This included a 13% increase from customer receipts to \$2.7M, and a 45% increase in cash receipts from R&D grants to \$785,000.

Government grants increased over 120% in Q3-20 compared to Q3-19 and by 45% YTD on the prior corresponding period.

In 2020 the quarterly average of net cash used in operating activities decreased to \$490,000, compared to \$970,000 during 2019. Total expenses decreased by 44% in Q3-20 compared to Q3-19 in line with the company's response to the COVID-19 pandemic.

Due to cost of production to fulfil the \$2M+ contract with a leading drone supplier, and ground-breaking developments of Mobilicom's R&D, YTD payments for R&D, manufacturing and operating costs increased by 17% compared to the same period last year.

Mobilicom maintains a \$1.4m backlog of orders set for future delivery.

The company ends Q3-20 quarter with a strong cash balance of \$3.2M, with net cash consumption of \$0.4m during Q3.

Operational Highlights

Mobilicom launches SkyHopper Combo Solution

Subsequent to the end of the quarter, Mobilicom announced it had released the SkyHopper Combo device and ControliT secured server solution, following successful initial testing and demonstrations.

SkyHopper Combo is a broadband communication datalink device that provides connectivity and operation of drones, robotics and other autonomous platforms. This enables operation of these platforms in any environment with or without network infrastructure.

The SkyHopper Combo device is highly secured solution that works in tandem with Mobilicom's secure cloud-based ControliT software, which enables device configuration, network management, fleet management, tracking, operation logs and statistics for operators.

Mobilicom expects the solution to have significant appeal with drone and robotics manufacturers, industrial system integrators, autonomous platform manufacturers and cellular service providers. The technology can be applied in numerous situations and settings including the mining, oil and gas, agriculture and public safety industries.

The Company expects to commence sales of SkyHopper Combo in the short term, with significant interest from potential customers after successful field-testing on board drone and robotics platforms.

Mobilicom signs agreement with Cristal Video Wireless

In October, Mobilicom announced it had signed a sales and cooperation agreement with Shenzhen-based Cristal Video Wireless (CVW) as the Company targets expansion into China.

CVW is a leading global provider of wireless video transmission and products, committed to bringing leading-edge, reliable wireless video transmission solutions a variety of industries.

Under the agreement, Mobilicom and CVW will cooperate to drive sales of Mobilicom's suite of product and solutions in the Chinese market. The two companies will also integrate their complementary technology solutions to address market and customer needs.

Mobilicom completed the first shipment of products for customer trials. Whilst the revenue associated is not material at this stage, Mobilicom will significantly grow its activity with CVW from this initial order.

Mobilicom and CVW will also work towards the optimisation of the production process.

Business wins

Mobilicom and SkyHopper continued to achieve repeat orders from new and existing customers.

SkyHopper achieved two new customer wins in the USA, including the US Navy. SkyHopper also achieved repeat orders from customers in the USA, Japan, Australia, Denmark, France and Israel.

The Mobilicom business achieved four new customer wins, with three in Israel and one in China.

Corporate

Appointment of COO

Subsequent to the end of the period Mobilicom announced the appointment of Ofer Laufer as its Chief Operations Officer (COO) as it prepares to further enhance its penetration in the drone and robotics markets. Formerly at Friendly Robotics, as COO and OEM Manager, Mr Laufer scaled up the company's production of its Robomow robotic lawn mowers and grew production and sales by 40 per cent over a 16-month period. Mr Laufer is a results orientated, driven executive with 25 years experience in rapidly growing enterprises with proven ability to transfer products from development to mass production and sales.

Authorised for release by the Board of Mobilicom.

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About Mobilicom

Mobilicom Limited is a high-tech company that designs, develops and delivers communication solutions for mission-critical and remote mobile private networks that can operate without the need for existing infrastructure. Mobilicom products and technologies are based on an innovative approach that merges Wireless RF and Mobile MESH technologies. Mobilicom offers a large solution portfolio that has been deployed worldwide.

Mobilicom has two business entities. The first is Mobilicom's core business entity, with solutions that cater to mission-critical communication in the Government and Enterprise sector with applications in unmanned platforms, disaster relief and public safety, and offshore and remote areas. The second is its SkyHopper business entity, an end-to-end equipment and solution provider, which targets the Commercial Drone & Robotics sector. SkyHopper's holistic approach enables commercial drone and robotics manufacturers to focus on their own business objectives by reducing time-to-market, minimizing resource expenditures and increasing their chances for success.

<https://mobilicom-ltd.com.au>

Appendix 4C

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

Name of entity

Mobilicom Limited

ABN

26 617 155 978

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	629	2,717
1.2 Payments for		
(a) research and development	(132)	(850)
(b) product manufacturing and operating costs	(209)	(688)
(c) advertising and marketing	(77)	(513)
(d) leased assets	(61)	(200)
(e) staff costs	(625)	(2,153)
(f) administration and corporate costs	(192)	(609)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	10
1.5 Interest and other costs of finance paid	(1)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	241	785
1.8 Other (provide details if material)	9	40
1.9 Net cash from / (used in) operating activities	(415)	(1,467)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(8)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(g) entities	-	-
	(h) businesses	-	-
	(i) property, plant and equipment	-	-
	(j) investments	-	-
	(k) intellectual property	-	-
	(l) 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	-	(8)

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	-	-
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	3,661	4,710
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(415)	(1,467)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(8)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(31)	(20)
4.6	Cash and cash equivalents at end of period	3,215	3,215

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	3,215	3,661
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)	3,215	3,661

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	134
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

The following amount are included in section 6.1 above:

- Director fees paid to director related entities amounted to \$134,000 during the quarter.

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 (please specify)		
7.4 Total financing facilities		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(415)
8.2 Cash and cash equivalents at quarter end (item 4.6)	3,215
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	3,215
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.75
<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:30 October 2020.....

The Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

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