

Mobilicom Limited Q4 2020 Quarterly Activities Report

- Cash balance of \$2.46M. This provides sufficient funding for CY 2021 based on current expenditure.
- Total cash receipts YTD \$3.15M, up \$0.443M (12%) on prior corresponding period.
- Successful Covid 19 strategy enabled Mobilicom to reduce YTD Net Cash outflow from operating activities by \$1.7M (45%), despite increase in manufacturing costs in preparation for delivery of certain large projects during 2021 to meet the backlog of orders of \$1.5M
- First of kind SkyHopper Combo device and ControliT secured cloud SW solution launched, beta-installation launched with four international partnerships
- SkyHopper Pro solution chosen by S&P 500 company FLIR Systems
- Sales momentum in US market continues with a \$250,000 repeat purchase order from ground robotics company
- Sales cooperation agreement signed with China-based Cristal Video Wireless

28 January 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 Q4 2020.

Financial

Total cash receipts YTD for Mobilicom increased by 12% to \$3.15M compared to the prior corresponding period, a jump of \$0.443M despite the COVID-19 pandemic.

Cash receipts from government innovation grants YTD increased by 46% to \$1.1M, compared to the prior corresponding period, an increase of \$335,000, and by 49% in Q4-20 compared to Q4-19. The government grants won by the company are expected to continue for several further years, improving the company's cash balance.

Mobilicom's total expenses YTD drooped by 17% compared to the prior corresponding period, a decrease of \$1.3M, and total expenses for Q4-20 decreased by \$439K (24%), on prior corresponding period.

Product manufacturing YTD was up 28%, due to large new project wins that requires mass production for delivery in 2021.

Staff cost decreased by 26%, saving of \$963,000 and administration and corporate costs decreased by 17% due to cuts in overall company expenses.

The company ended the quarter and 2020 year with a cash balance of \$2.46M, which provides a runway of more than 12 months based on the current yearly net cash expenditure. The Company also maintains a backlog of \$1.5m of orders set for future delivery, further strengthening Mobilicom's financial position.

Operational Highlights

The Company received a ~\$250,000 repeat purchase order from a [US ground robotics company](#), adding to recent sales momentum in the US market with additional orders expected in 2021.

In November, Mobilicom's SkyHopper Pro solution was chosen by [S&P 500 company FLIR Systems](#), a US-based company specialising in thermal imaging, for its new drones after completing extensive tests of the data link solution.. The Company expects [repeat orders](#) of the solution in due course.

Mobilicom launched first of its kind [SkyHopper Combo device and ControliT](#) secured cloud server solution to commercial and industrial customers in October, following successful initial testing and demonstration phases. The [SkyHopper Combo](#) device is a unique, small, lightweight and highly secured 3-in-1 solution providing a broadband wireless datalink that can operate with or without network infrastructure. It is coupled with Mobilicom's [ControliT](#) secured cloud server, which enables configuration, network management, fleet management and tracking, positioning Mobilicom as a Software-as-a-Service provider. The Company [launched beta site installations](#) for the Combo solution **with four international customers** in December, including Airbus and an Israel Aerospace Industries (IAI) subsidiary. These partners will use the product in their facilities, integrating Combo into aerial platforms and operating it during flights and missions in private and public network environments. Mobilicom has already received its first order for this solution from IAI

The Company signed a sales [cooperation agreement](#) in October with **Cristal Video Wireless (CVW)**, a leading provider of wireless video transmission solutions in China. The agreement provides Mobilicom with significant sales reach in China as well as R&D cooperation to deliver innovative new products for mobile mission critical communications and unmanned platforms with short time to market. The first shipment of Mobilicom products has been completed, with a significant growth in activity expected with CVW to follow this initial order.

Mobilicom won a **repeat order** for its SkyHopper ProV datalink and video solution from [US-based UAV manufacturer Swift Engineering](#) in November, marking the third Mobilicom product Swift has ordered and integrated into its products following similar deals for Mobilicom's MCU30 and SkyHopper PRO.

Business wins

SkyHopper achieved two new customer wins in Japan and Europe, as well as repeat orders from customers in the USA and EU.

The Mobilicom business achieved three new customer wins in Singapore and Israel in addition to repeat customer orders from the USA, Japan and Israel.

Corporate

Chief Operations Officer

In October, 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.

ESOP Allocation

In December, the Company issued 12,650,000 options to eligible employees. The options were issued to employees at no cost and will be exercisable at 8 cents and expiring 5 years from the date of issue. The options will vest at a rate of 25% or 33.3% per annum, depending on the employees' commencement date, on each anniversary of the issue date. The terms and conditions of the ESOP apply to the issue of options.

The issue of the options to employees under the company ESOP has been implemented in order to fairly compensate employees who accepted significant salary reductions due to the impact of the COVID-19 pandemic on the cash flow of Mobilicom. In addition, the demand in Israel for experienced engineers is very high. Accordingly having reduced salaries, it is necessary to incentivise employees and ensure the company retains them to ensure our strategy of growth is achieved.

Subject to shareholder approval, the Company also proposes to issue 13,500,000 options to Directors of the Company (or the Company's subsidiary) at no cost, exercisable at 8 cents and expiring 5 years from the date of issue. These options will vest at a rate of 33.3% per annum on each anniversary of the issue date. The Company will advise the milestones and conditions that are to be met at the upcoming Annual General Meeting where approval will be sought from shareholders.

Investor presentation

During the period CEO Oren Elkayam presented at the NWR Communications Virtual Investor Conference. A replay of his presentation can be viewed at this link:

https://www.youtube.com/watch?v=xd15D3kQK7o&list=PLG3W9i74unvsmdGeYs5SweR2T_2Xg2df-&index=31

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")

31 December 2020

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	433	3,150
1.2 Payments for		
(a) research and development	(181)	(1,031)
(b) product manufacturing and operating costs	(169)	(857)
(c) advertising and marketing	(94)	(607)
(d) leased assets	(74)	(274)
(e) staff costs	(636)	(2,789)
(f) administration and corporate costs	(233)	(842)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	10
1.5 Interest and other costs of finance paid	(1)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	278	1,063
1.8 Other (provide details if material)	-	40
1.9 Net cash from / (used in) operating activities	(677)	(2,144)

* This quarter saw significantly higher G&A expenses including a one-off payment for D&O insurance of A\$115K.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(8)	(16)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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)	(16)

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	3,215	4,710
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(677)	(2,144)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(16)

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)	-	-
4.5	Effect of movement in exchange rates on cash held	(65)	(85)
4.6	Cash and cash equivalents at end of period	2,465	2,465

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	2,465	3,215
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)	2,465	3,215

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	199
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>		

The following amount are included in section 6.1 above:

- Director fees paid to director related entities amounted to \$199,000 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)	(677)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,465
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,465
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.64
<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:28 January 2021.....

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.