

Mobilicom Limited Q1 2021 Quarterly Activities Report

- Cash receipts from customers were \$700,000 up by \$267,000 (62%) on prior quarter
- Net cash outflows from operating activities were \$417,000 reduced by \$261,000 (39%) compared to prior quarter
- Cash balance of \$2M allowing an estimated 4.9 quarters of funding, based on Q1-21's net cash consumption
- Expected revenues to end of April 2021, will exceed 2020 revenues.
- Research and development program funding extended by a total of \$665,000, including grant funding exceeding \$410,000
- \$1.1m delivery of Ground Controller Station solution completed

30 April 2021 – Mobilicom is an end-to-end provider of cybersecurity and smart solutions for drones, robotics & autonomous platforms. Operating under two business units: www.mobilicom.com that targets the government and enterprises sector, and www.skyhopper.biz that targets the commercial & industrial sector.

Mobilicom is pleased to provide the following summary of its activities for Q1 2021.

Financial

Total cash receipts increased to \$909,000, up 28% (\$198,000) compared to prior quarter. Customer receipts in Q1-21 increased by 62% to \$700,000 compared to the prior quarter (\$433,000).

Government grants in Q1-21 were \$209,000, compared to zero in Q1-20. Government grants are expected to continue for several further years, improving the company's cash balance.

Total expenses decreased by 39% in Q1-21 compared to corresponding quarter Q1-20 (a decrease of \$863,000), this includes a staff cost decrease of 24% mainly due to management salaries reduction and staff cuts. During the COVID-19 year, management salaries reduction and staff cuts saved more than \$1.2M.

As of 31/3/21 Mobilicom has a \$1.1M backlog of orders set for future delivery during 2021.

Operational highlights

Mobilicom recorded a number of business development achievements in the quarter. The Company received the first order for its SkyHopper Combo device, placed by the tier-one solution provider, Israel Aerospace Industries (IAI).

The SkyHopper Combo device was launched in the December quarter. It is a highly-secured solution that works in tandem with Mobilicom's secure cloud-based ControliT software, and enables device configuration, network management, fleet management, tracking, operation logs and statistics. Beta site installations were established with four international customers in December, including IAI and Airbus.

Smart Shooter, a world leader in fire control teleoperation system, was added as a customer in the period. Smart Shooter will incorporate Mobilicom's SkyHopper Pro and Mobile Controller Terminal products into its three leading systems, which are sold to customers around the world. The value of the initial purchase order is approximately \$150,000.

Mobilicom also received a follow up order from the S&P 500 company FLIR Systems, who have entered into the robotics and Unmanned Aerial Vehicles (UAV) markets. The second purchase comes after FLIR successfully integrated SkyHopper PRO into Flir's new drone platform, validating Mobilicom's technology.

Despite the broader disruptions to supply chains globally, Mobilicom completed its second commercial delivery of products to a leading drone supplier. The customer, one of the largest suppliers of drones, small UAVs and robotics outside of the US, took delivery of more than 150 units of Mobilicom's Ground Controller Station solution in the period as part of an expanded \$2.3 million contract.

Business wins

Mobilicom and SkyHopper continued to achieve repeat orders from new and existing customers. SkyHopper achieved six new customer wins in the USA, APAC, Israel and three in the EU, as well as repeat orders from customers in the USA, EU and Israel.

The Mobilicom business achieved repeat customer orders from the EU and Israel.

Research and development funding

Current research and development projects being completed with support from the Israel Innovation Authority, received increased commitments during the quarter. Mobilicom won an additional \$320,000 (with additional net grant funding exceeding \$210,000) for the next stage of a project aimed at the development of modular artificial intelligence (AI) technologies for drones and unmanned platforms to build capabilities such as anti-hijacking and anti-spoofing.

The program developing wireless AI for 5G networks in collaboration with a number of other commercial partners was expanded in the period. As part of the increased commitment from Israel Innovation Authority, Mobilicom has been granted a further \$345,000 (with net grant funding exceeding \$200,000) after the project was extended by 18 months and the total program budget increased to \$6.3 million.

Director appointment

Theo Psaros was appointed as a Non-Executive Director in the period. Mr Psaros brings vast diverse international commercial experience in a number of industries spanning public and private companies and government departments. He is currently a director of the boutique corporate advisory firm Pecunia Advisory and is Executive Chairman of ASX-listed Metallica Minerals Limited (ASX:MLM).

Mr Psaros's appointment extends the skills of the board of Mobilicom and will also assist the Company in its communications with the Australian and Asian investment community.

Updated business strategy & investor presentation

During the quarter Mobilicom announced an updated business strategy and investor presentation, focusing primarily on delivery of its smart solutions to global drone, robotics and autonomous system manufacturers.

Mobilicom has grown a global customer base with many high profile customers including corporates, governments and military departments, and established its own patented technology. It uses mobile mesh networking, and a range of solutions with outstanding security capabilities and performance in harsh environmental conditions.

Given the large and rapidly growing global market expected to develop in the coming years, Mobilicom has chosen to focus its attention on the global drones, robotics and autonomous platforms sector.

The revenue model will generate sales from:

- hardware with high gross margins, across its mesh networking, datalink, video hardware and mobile control terminals;
- software sales including recurring license fees from its cybersecurity suite, cloud server and other software tools; and
- professional support services.

The Company released an investor presentation to the market on 15 March 2021 regarding the go to market strategy. CEO Oren Elkayam presented it at the NWR Communications Virtual Investor Conference. A recording of the presentation can be viewed at this link:

<https://www.youtube.com/watch?v=EDv31eBrfA0>

Authorised for release by the Board of Mobilicom.

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About Mobilicom

Mobilicom is an end-to-end provider of cybersecurity and smart solutions for drones, robotics & autonomous platforms. As a high-tech company it designs, develops and delivers its smart solutions under two business entities. The first www.mobilicom.com, which targets the government and enterprises sector. The second www.skyhopper.biz that targets the commercial & industrial sector..

The company holds patented technology & unique know-how for Mobile Mesh networking. It has a large, portfolio of commercialised products used in a variety of applications. Mobilicom's competitive advantage of its products include outstanding security capabilities and performance in harsh environmental conditions.

Mobilicom's large solution portfolio is being deployed worldwide, with the Company expected to derive revenue from hardware, software sales & licensing fees and professional support services.

<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 March 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	700	700
1.2 Payments for		
(a) research and development	(177)	(177)
(b) product manufacturing and operating costs	(117)	(117)
(c) advertising and marketing	(93)	(93)
(d) leased assets	(82)	(82)
(e) staff costs	(669)	(669)
(f) administration and corporate costs	(195)	(195)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	209	209
1.8 Other (provide details if material)	11	11
1.9 Net cash from / (used in) operating activities	(417)	(417)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-

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	2,465	2,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(416)	(416)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(28)	(28)
4.6	Cash and cash equivalents at end of period	2,021	2,021

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	2,021	2,465
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)	2,021	2,465

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	202
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 \$202,000 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)	(416)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,021
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,021
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	4.86
<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 April 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.