

## Q3 FY21 Activities Report & Appendix 4C

*Secured new commercial contract with IAI, launched world-first drone cybersecurity suite, commercial partnership with Triad USA*

### Key Highlights

- Well-funded for growth with a cash balance of \$4.4 million
- Quarterly customer cash receipts of \$844,000, up 34% on previous corresponding period (pcp)
- Customer invoices of \$1.1 million to be collected in Q4 FY21
- Secured design win and initial \$400,000 purchase order from Israel Aerospace Industries (IAI)
- Fulfilled final \$470,000 ground controller delivery order for contract with leading global drone supplier
- Launched world-first AI-based 360° drone cybersecurity suite to prevent, detect and respond to multiple cyber threats in real-time without requiring an operator
- New commercial partnership with US-based Triad RF Systems for integrated product line

**21 October 2021** — **Mobilicom Limited (Mobilicom or the Company, ASX: MOB)** is pleased to provide this activity update for the three months ended 30 September 2021 (Q3 FY21), along with the Company's Appendix 4C cash flow report.

### Operational Overview

Mobilicom has continued to deliver against its strategic objectives by expanding its Tier 1 customer base with the recent design win and order from IAI, launching the Immunity Cybersecurity and Encryption (ICE) cybersecurity suite and signing a commercial partnership with US- based Triad RF Systems.

With strong demand for the products and services offered, the Company remains well positioned for growth and has obtained a solid reputation and a growing network of high-end Original Equipment Manufacturers (OEMs) and partners within the drones, robotics and autonomous vehicle sector.

Commenting on the Company's performance over the quarter, Mobilicom CEO Oren Elkayam said, "We continue to execute on our growth strategy, building on the existing product demand with further design wins and contracts from leading drone and robotics manufacturers. In Q3, we enhanced our product portfolio, and delivered the first to market AI-based 360° cybersecurity suite that addresses critical security challenges for commercial and industrial drone operators. Our growing range of software solutions complement our patented hardware technology and will drive recurring licensing revenues in the coming periods.

"We are experiencing strong demand from existing customers and despite global product supply challenges, we have continued to meet our customers' delivery timeframes. Additionally, Tier 1 OEMs continue to see value in our unique end-to-end offering of a one-stop solution, which is proving to be a key driver of new and repeat customers orders.

"We are gaining momentum with our updated go-to-market strategy, transitioning from a hardware technology provider to an end-to-end offering comprising cybersecurity, hardware and software smart solutions, which will generate new SaaS recurring revenue.

### *Design win and \$400,000 contract from IAI*

In September, Mobilicom received and fulfilled an initial \$400,000 contract from Israel Aerospace Industries (IAI) as part of a design win for two of its smart solution components. Mobilicom's SkyHopper PRO dual datalink units and 10" Touch mobile ground station controller are being integrated within IAI's new Aerial Vehicle Tactical drone.

IAI is a leading aerospace and aviation manufacturer with a product portfolio that includes state-of-the-art drone solutions for defence and commercial markets globally.

Mobilicom expects to receive additional orders as IAI promotes its new tactical drone system to its global customer base.

### *Launched world-first AI-based 360° drone cybersecurity suite*

Mobilicom launched its AI-based Immunity Cybersecurity and Encryption (ICE) cybersecurity suite to protect commercial and industrial drone, robotics and autonomous platforms from more than 10 different types of cyber breaches and attacks.

The ICE cybersecurity suite is the world's first AI-based 360° system that can detect, prevent and respond to multiple drone/robotics cyber-attacks in real-time without requiring intervention by an operator. The multi-layered software suite protects the platform, safeguards communication channels and encrypts transmitted and collected data.

### *Product partnership with US-based Triad*

In August, Mobilicom entered a partnership with US-based Triad RF Systems to create a new integrated product line for military and industrial unmanned and autonomous systems.

Triad is an industry-leading designer and manufacturer of high-performance integrated radio systems and RF/microwave amplifiers. The new product line of multi-input multi-output (MIMO) radios will combine Mobilicom's multi-function radios, secure Mobile Mesh technology, and ICE cybersecurity suite with Triad's smart RF amplifiers to deliver longer range links and higher data rates at distance.

The partnership enables Mobilicom to leverage Triad's existing sales channels and customer base to cost-effectively expand its presence within the US market.

### *Existing contracts*

In addition to ongoing new business wins, Mobilicom continues to fulfil its existing contracts with multiple drone and robotics manufacturers including Teledyne-Flir, ST Engineering and Rafael Advanced Defence Systems. These contracts have generated uncollected invoices of \$1.1 million as well as confirmed orders of \$0.6 million – the majority of which are due for delivery within 2021.

In early October, Mobilicom delivered the final instalment of more than 200 Ground Controller Stations (GCS), valued at \$470,000, to a leading global drone supplier under an existing \$2.3 million contract. To-date, Mobilicom has delivered more than 600 GCS to the customer under the multi-year contract.

## **Financial Overview**

Total quarterly cash receipts increased to \$902,000 (inclusive of government grants) driven by growth in customer revenue.

Total year-to-date expenses of \$4.7 million remained stable (6% decrease), while business activities grew significantly compared to the prior corresponding period, reflecting optimised operating procedures and a reduction in non-core activities.

Net cash used in operational activities increased to \$883,000 over the quarter due to uncollected customer invoices totalling \$1.1 million and increased production capability to mitigate supply chain challenges and support planned sales growth.

Mobilicom remains well-funded to execute on its growth strategy with a cash balance of \$4.4 million as of 30 September 2021.

## **Outlook**

Over the coming quarter, Mobilicom expects to deliver the majority of its backlog of \$0.6 million of confirmed orders and collect outstanding customers invoices valued at \$1.1 million.

As the industry's only end-to-end provider of cybersecurity, hardware and software smart solutions for industrial and commercial drones, robotics and autonomous platforms, Mobilicom is well-positioned to increase revenue and market share within a large and growing addressable market, forecast to hit US\$18 billion by 2026.

## **Investor Webinar**

The Company will host the webinar via Zoom, and it is expected to last approximately 45 minutes. To register please follow the link below.

Date: Tuesday 26 October 2021

Time: 3:00PM AEDT

Registration Link: [https://us02web.zoom.us/webinar/register/WN\\_lhxO1SeqRi6bj5MK8Dn3hQ](https://us02web.zoom.us/webinar/register/WN_lhxO1SeqRi6bj5MK8Dn3hQ)

-ENDS-

*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 smart solutions focused primarily on targeting global drone, robotics and autonomous system manufacturers.

The company holds patented technology & unique know-how for Mobile Mesh networking. It has a large, field proven portfolio of commercialised products used in a variety of applications.

Mobilicom has grown a global customer base with sales to high profile customers including corporates, governments and military departments. Mobilicom's competitive advantages including outstanding security capabilities and performance in harsh environmental conditions.

Mobilicom's large solution portfolio has been deployed worldwide, seeing the Company derive revenue from hardware, software sales & licensing fees and professional support services for its solutions.

<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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	844	2,619
1.2 Payments for		
(a) research and development	(213)	(580)
(b) product manufacturing and operating costs	(274)	(650)
(c) advertising and marketing	(164)	(371)
(d) leased assets	(86)	(256)
(e) staff costs	(814)	(2,201)
(f) administration and corporate costs	(253)	(657)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(5)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	58	519
1.8 Other (provide details if material)	20	31
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(883)</b>	<b>(1,551)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(9)	(9)
(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(9)</b>	<b>(9)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,840
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	(149)	(276)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(149)</b>	<b>3,564</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,463	2,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(883)	(1,551)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)

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)	(149)	3,564
4.5	Effect of movement in exchange rates on cash held	(27)	(74)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,395</b>	<b>4,395</b>

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	4,395	5,463
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,395</b>	<b>5,463</b>

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	212
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 \$212,000 during the quarter.

<b>7. Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(883)
8.2 Cash and cash equivalents at quarter end (item 4.6)	4,395
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	4,395
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	4.98
<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: .....21 October 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.