

## Q4 FY21 Activities Report & Appendix 4C

*Delivering against strategy, increasing revenue contribution from existing customer base*

### Key Highlights

- Strong finish for the year with \$1.4 million in customer receipts, a 214% increase on the previous corresponding period (pcp) and a 61% increase on the prior quarter driven by strong product demand from new and existing customers
- Secured first cybersecurity contract with Israel Ministry of Defense for an initial \$270,000
- Over \$550,000 in orders received during quarter across new and existing customers
- Awarded an additional \$917,000 in R&D grant funding for existing consortium and international projects
- Well-funded to execute growth strategy with a cash balance of \$4.0 million

**27 January 2022** — **Mobilicom Limited (Mobilicom or the Company, ASX: MOB)** is pleased to provide this activity update for the quarter ended 31 December 2021 (Q4 FY21), along with the Company's Appendix 4C cash flow report.

### Operational Overview

Mobilicom had a productive quarter, fulfilling its backlog of confirmed orders, receiving thirteen new contracts from both new and existing customers valued at over \$550,000 and securing its first ICE Cybersecurity sale from the Israel Ministry of Defense (IMOD). Over the quarter, key orders the Company received included the fifth order from Teledyne-Flir as part of the design-win and integration process into their new drone platform, another repeat order from Elbit as part of their systems deployment for their international customer, and further orders from AZUR Drones in France and Censys Technologies in the US. The Company continues to execute on its growth strategy, targeting long-term design win contracts and additional smart solution components sales to global Tier-1 drone and robotics manufacturers.

Commenting on the Company's Q4 FY21 performance, Mobilicom CEO Oren Elkayam said, "We are rapidly commercialising our innovative ICE cybersecurity software, securing our first sale to a leading military and defence cybersecurity user, IMOD, and commencing real-world technical validation. In-field implementation is already underway with IMOD, and upon successful validation, we anticipate it will support new cybersecurity sales to other drone and robotics manufacturers. Our growing software and services offering provides us with a significant long-term growth opportunity to cross-sell to all users of our field-proven hardware solutions.

"Two new R&D grants reflect our expertise in developing cutting-edge technologies for the drone and robotics market. While Mobilicom remains focused on increasing sales of its existing offering, we continue to work on future products that address key customer concerns such as safety and wireless 5G connectivity. The results of these research projects will provide significant long-term competitive advantages.

"We continue to gain traction with our refreshed go-to-market strategy, offering customers end-to-end smart solutions that are field-proven and optimised for critical commercial and industrial applications.

Our growing product offering is enabling us to increase the revenue contribution of existing customers through the sale of additional smart solution components, cybersecurity and software and services. Given the scalability of our cybersecurity software, we are well-positioned to increase our revenues in FY22 and beyond.”

#### *First cybersecurity contract*

In November, Mobilicom received a \$270,000 sale of its AI-based 360° cybersecurity software from the Israel Ministry of Defense (IMOD). This first sale to a global leader in cybersecurity for military and defence applications is an important technical and commercial validation.

Mobilicom will embed its Immunity, Cybersecurity and Encryption (ICE) cybersecurity software within its networking smart solutions being used in IMOD’s tactical drones and robotics platforms. The multi-layered software provides real-time autonomous protection against multiple cyber breaches and malicious attacks without requiring intervention by an operator. It protects the platform, safeguards communication channels, and encrypts the data that is transmitted and collected.

As part of the contract, the IMOD will conduct extensive in-field implementation of Mobilicom’s cybersecurity software under a range of conditions. Following in-field validation, all future IMOD purchases of Mobilicom’s networking and datalink smart hardware solutions will also include cybersecurity software.

#### *Research and development programs*

During the quarter, Mobilicom was awarded two research and development grants totalling \$917,000 for existing projects with the Wireless Intelligent Networks (WIN) Consortium and Space Florida USA. Mobilicom will receive \$582,000 net grant funding to develop wireless AI to enable and optimise the performance of 5G technology in unmanned platforms - the second phase of the WIN Consortium program. Mobilicom was awarded a further \$335,000 net grant funding for the second year of the Space Florida R&D program in partnership with US drone company Censys Technologies. The two companies are developing an Autonomous Platforms Dual Datalink (APDL) communications system to improve drone safety and drone operations beyond visual-line-of-sight.

#### **Financial**

For the quarter, customer receipts were \$1.4 million, a 214% increase on pcp, and 61% increase on the prior quarter. Overall in FY21 this has driven a 26% increase in customer receipts to \$4.0 million as a result of strong growth in customer demand for Mobilicom’s products and services. Additionally, the Company was awarded a further \$917,000 in R&D grant funding expected to be received as the two projects progress, mostly over the course of FY22.

Net cash used in operations was \$230,000, an 74% decline on the prior quarter, however overall operating expenditure remains broadly flat quarter on quarter. The overall improvement in operations reflect optimised operating procedures and a reduction in non-core activities. Additionally, business activities grew significantly compared to the prior corresponding period.

Mobilicom remains well-funded to execute on its growth strategy with a cash balance of \$4.0 million as of 31 December 2021.

#### **Corporate**

Over the past few quarters as operating conditions have normalised management have focused on investing back into sales and marketing support with the recruitment of additional resources to support further growth initiatives. Additionally, the Company made the strategic decision to ensure all staff’s

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salaries, excluding founders, were reinstated to pre-covid levels. The Company is now focused on maintaining a conservative but growth orientated focus on operating expenditure

## **Outlook**

In FY22, Mobilicom remains focused on securing new Tier-1 customers, increasing revenue contribution from its existing customer base, and commercialising its world-first cybersecurity software offering. Operating within the fast-growing commercial and industrial drone and robotics market, Mobilicom is the only provider of end-to-end hardware and software solutions for drones, robotics, and autonomous platforms. The Company is in advanced negotiations with several potential customers and expects to secure new sales in the near future.

## **Investor Webinar**

The Company will host a quarterly investor webinar to discuss its performance at 8:30am AEDT on Wednesday 2<sup>nd</sup> February 2022. The webinar will run for approximately 40 minutes and will provide attendees with the opportunity to ask questions following the presentation. Register to attendee at <https://us02web.zoom.us/j/89163672487?pwd=a25pVHJEYXhyM1Vwd2hqBHE5cGlzZz09>

Authorised for release by the Board of Mobilicom.

## **For more information on Mobilicom, please contact:**

### **Tristan Everett**

Media Relations

+61 403 789 096

[tristan.everett@marketeye.com.au](mailto:tristan.everett@marketeye.com.au)

### **Stephanie Ottens**

Investor Relations

+61 434 405 400

[stephanie.ottens@marketeye.com.au](mailto:stephanie.ottens@marketeye.com.au)

### **Oren Elkayam**

Mobilicom Ltd

[oren.elkayam@mobilicom.com](mailto:oren.elkayam@mobilicom.com)

## **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>

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## 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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,358	3,977
1.2 Payments for		
(a) research and development	(250)	(830)
(b) product manufacturing and operating costs	(215)	(865)
(c) advertising and marketing	(176)	(547)
(d) leased assets	(85)	(341)
(e) staff costs	(832)	(3,033)
(f) administration and corporate costs	(298)*	(955)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(6)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	268	787
1.8 Other (provide details if material)	-	31
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(230)</b>	<b>(1,781)</b>

\* The net cash from operating activities for current quarter includes one-time payment related with D&O insurance

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(4)	(13)
(d) investments	-	-

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
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>(4)</b>	<b>(13)</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	(140)	(416)
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>(140)</b>	<b>3,424</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	4,395	2,465
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(230)	(1,781)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(13)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(140)	3,424
4.5	Effect of movement in exchange rates on cash held	(25)	(99)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,996</b>	<b>3,996</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	3,996	4,395
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,996</b>	<b>4,395</b>

<b>6. Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1	211
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 and other emoluments paid to director related entities amounted to \$211,000 during the quarter.

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<b>7.</b>	<b>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)	-	-
	<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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(230)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,996
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,996
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	17.37
	<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: .....27 January 2022.....

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.

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