

## 1. Company details

Name of entity:	Mobilicom Limited
ABN:	26 617 155 978
Reporting period:	For the half-year ended 30 June 2020
Previous period:	For the half-year ended 30 June 2019

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	31.4% to	1,212,150
Loss from ordinary activities after tax attributable to the owners of Mobilicom Limited	down	12.3% to	(1,243,186)
Loss for the half-year attributable to the owners of Mobilicom Limited	down	12.3% to	(1,243,186)

### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

### *Comments*

The Company's loss after providing for income tax amounted to \$1,243,186 decreased by 12.3% (30 June 2019: \$1,417,127) and decreased by 44% compared to H2-2019 (\$2,224,279). As of June 30, 2020, cash and cash equivalents were \$3,661,026. Quarterly net cash consumption was reduced to under \$400,000. The Company maintained high gross margins of 67% despite COVID-19 supply chain challenges.

### *COVID-19 impact*

Since the beginning of March Israel has been in lockdown, impacting the Company's supply chain and halting the travel of key sales staff to various existing and proposed projects around the globe. In addition, without an approved government budget, the Country is being run in caretaker mode, making it difficult for the various ministries to award new contracts.

Due to of the above, the Company implemented numerous cuts and cost saving measures designed to preserve its cash position enable it to manage through the current crisis and emerge in a solid position thereafter.

Since mid-March management has spent significant time and effort reviewing alternative options and moved to make a number of employment positions redundant, while moving a significant number of staff to unpaid leave. Those that remain on payroll, including management, have taken a 50% salary reduction for the lockdown period, and ongoing 10%-35% salary reduction going forward. In addition to cost cutting, a strong focus has been on collecting outstanding invoices and fulfilling all purchase orders that are able to be completed in the short term.

The Company continues to progress existing R&D grants and won two new international R&D grants which helps strengthen its financial stability and counter the impacts of COVID-19. R&D resources are being focused on new solutions that will enable the Company to grow its revenues, especially from recurring & licensing model, and gain market leadership.

The ongoing progress with fulfillment of the \$2M contract announced in December 2019 is a key for the Company's revenue stream going forward. Inventory levels remain strong across the off-the-shelf MCU and SkyHopper brands, enabling the fulfilment of new deals from customers.

### *Revenue*

Revenue from sales decreased by \$555,968 to \$1,212,150 from the prior period (30 June 2019: \$1,768,118) due to COVID-19 impact as: (a) The Company was limited in its ability to promote international sales; and (b) Local market shutdown and lack of approved Government budget delayed potential sales to Israeli organizations & customers. The Company estimates that the sales pipeline was delayed but not cancelled and predicts they will occur at a later stage. At 30 June 2020, the backlog to be delivered and invoiced exceeded \$1.9M.

Other income for the half year includes Government grants, which increased during the period by \$112,519 to \$544,689, an increase of 26% (30 June 2019: \$432,170) and by \$247,692, an increase of 83%, compared to H2-2019 (\$296,997). The Company won two new R&D Programs, in addition to an ongoing R&D grant from 2019. These grants are expected to continue for several years, improving the Company's cash balance as well as introducing new technologies, partnerships and products in the following years.

*Expenses*

During the half-year period to 30 June 2020, the Company implemented numerous cuts and cost saving measures designed to preserve its cash position. These are being enacted to enable the Company to manage through the current COVID-19 crisis. Total expenses decreased during the period by \$490,053 to \$2,715,775 (30 June 2019: \$3,205,828) a decrease of 15%, and by \$1,065,542, a decrease of 28% compared to H2-2019 (\$3,781,317).

*Statement of Financial Position*

Cash reserves decreased by \$1,049,235 to \$3,661,026 during the half year (31 December 2019: \$4,710,261) as a result of ongoing business expenditure being incurred.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>0.93</u>	<u>1.82</u>

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

*Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

*Details of origin of accounting standards used in compiling the report:*

The Company's financial results are compiled in accordance with the International Financial Reporting Standards (IFRS).

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## 10. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year financial report.

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## 11. Attachments

*Details of attachments (if any):*

The Half-year financial report of Mobilicom Limited for the half-year ended 30 June 2020 is attached.

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## 12. Signed

Signed  \_\_\_\_\_

Date: 28 August 2020

Oren Elkayam  
Chairman and Managing Director

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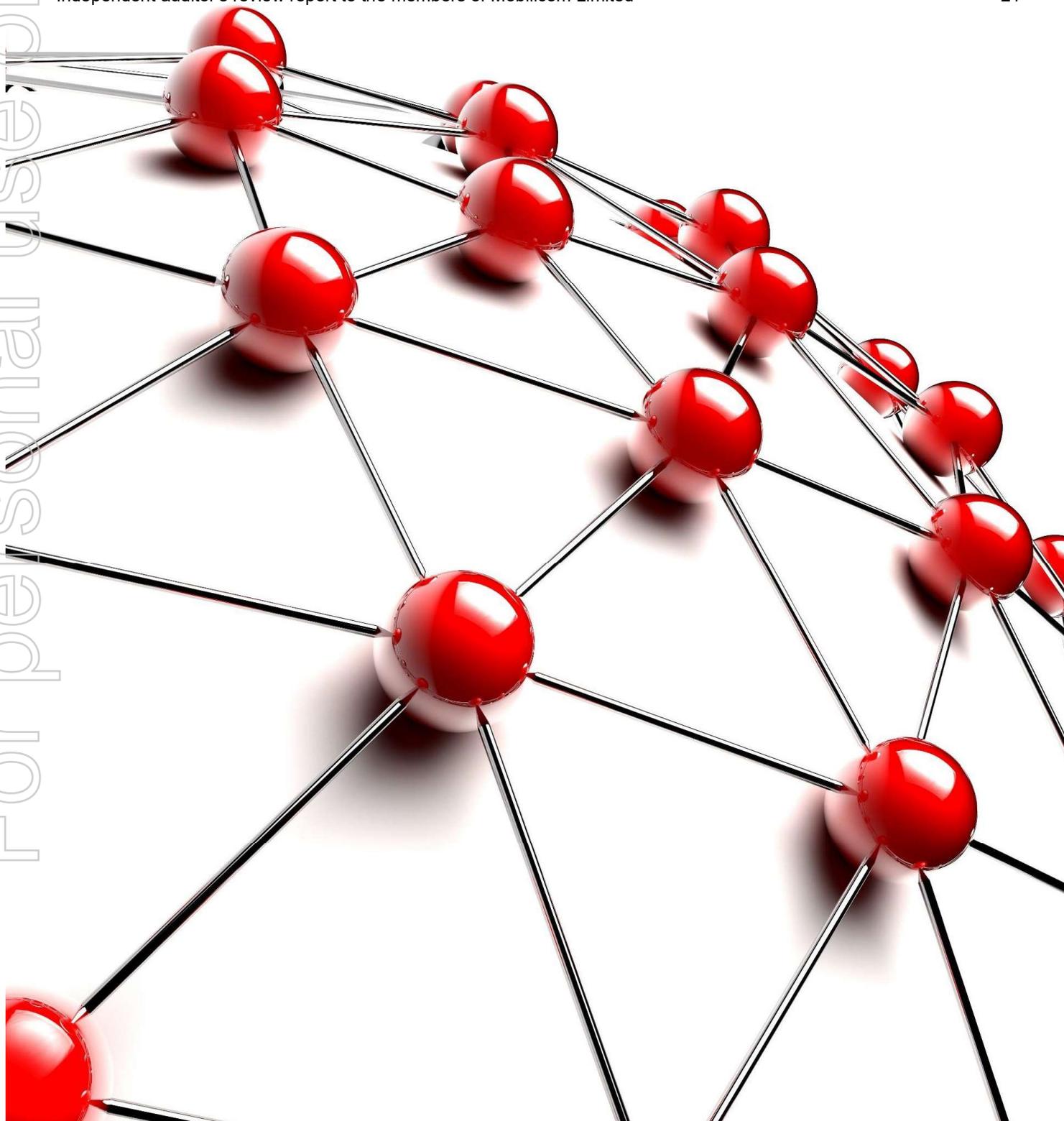
ABN 26 617 155 978

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Half Year Report – 30 June 2020

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Directors	Oren Elkayam (Chairman and Managing Director) Yossi Segal (Executive Director) Campbell McComb (Non-executive Director) Jonathan Brett (Non-executive Director)
Company secretary	Mark Licciardo (replaced Kate Goland as of March 6, 2020)
Registered office	C/- Mertons Corporate Services Pty Ltd Level 7 330 Collins Street Melbourne, VIC 3000 Ph: 03 8689 9997
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney, NSW, 2000 Ph: 1300 737 760 (within Australia) Ph: +61 2 9290 9600
Auditor	BDO Audit Pty Ltd Collins Square, Tower 4 Level 18, 727 Collins Street Melbourne, Victoria, 3008
Stock exchange listing	Mobilicom Limited shares are listed on the Australian Securities Exchange (ASX code: MOB)
Website	<a href="https://mobilicom-ltd.com.au">https://mobilicom-ltd.com.au</a>

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## Mobilicom Limited 2020 Half-Year Report – Company Summary

### 1. **FINANCIAL HIGHLIGHTS**

#### *Financial results:*

Total cash receipts as reflected in the Company's June 2020 Appendix 4C reports were up 42% to \$2.63M in H1-20 compared to H1-19, an increase of \$773,000 despite the COVID-19 pandemic, showing the strength of the Company's customer base. This included a 46% increase from customer receipts to \$2.09M, and a 26% increase in cash receipts from R&D grants to \$0.54M. The Company's cash balance of \$3.6M as at 30 June 2020, and under \$0.4M net cash consumption during Q2-2020, position it to growth after the COVID-19 crisis.

#### *Revenue:*

Revenue from sales decreased by \$555,968 to \$1,212,150 from the prior period (30 June 2019: \$1,768,118) due to COVID-19 impact as: (a) The Company was limited in its ability to promote international sales; and (b) Local market shutdown and lack of approved Government budget delayed potential sales to Israeli organizations & customers. The Company estimates that the sales pipeline was delayed but not cancelled and predicts they will occur at a later stage. At 30 June 2020, the backlog to be delivered and invoiced exceeded \$1.9M.

Other income for the half year includes Government grants, which increased during the period by \$112,519 to \$544,689, an increase of 26% (30 June 2019: \$432,170) and by \$247,692, an increase of 83%, compared to H2-2019 (\$296,997). The Company won two new R&D Programs, in addition to an ongoing R&D grant from 2019. These grants are expected to continue for several years, improving the Company's cash balance as well as introducing new technologies, partnerships and products in the following years.

During the half-year period to 30 June 2020, the Company implemented numerous cuts and cost saving measures designed to preserve its cash position. These are being enacted to enable the Company to manage through the current COVID-19 crisis. Total expenses decreased during the period by \$490,053 to \$2,715,775 (30 June 2019: \$3,205,828) a decrease of 15%, and by \$1,065,542, a decrease of 28% compared to H2-2019 (\$3,781,317).

Net loss decreased to \$1,243,186 by 12.3% compared to prior period (30 June 2019: \$1,417,127) and decreased by 44% compared to H2-2019 (\$2,224,279).

The Company maintained high gross margins of 67% despite COVID-19 supply chain challenges.

### 2. **SIGNIFICANT COMPANY MILESTONES**

#### Scale up on a major project exceeding \$2M

Subsequent to 30 July 2020, the Company announced it had completed the development stage of the new Ground Controller Station (GCS) solution for a leading drone supplier (as first announced to the ASX 18 December 2019).

The Company delivered two series of prototype units for customer inspection/review and completed integration with the Customer's drones and fixed wing UAV (unmanned aerial vehicle) systems.

The existing \$2M contract increased by \$240,000 during 2020, enabling the Company to shift to commercial volume manufacturing and delivered the first commercial batch despite supply chain challenges of COVID-19.

This leading drone supplier selected the Company as its vendor of choice to supply commercial CGS. The Customer intends to offer Mobilicom's new GCS solution with all of its drones and sUAV platforms projects worldwide. The Company expects additional orders in due course.

The ongoing progress with this contract and commercial deliveries during 2020 and 2021 are key for the Company's revenue stream going forward.

#### Space Florida USA drone research project

The Company won a two-year drone research project with Censys- Technologies for Space Florida USA with first-year budget of a \$770,000, to develop a communications system for autonomous drone and unmanned aerial systems to address drone safety and UAV operations in civilian airspace.

This project was one of four winners from 15 proposals for Space Florida's 2020 innovative research and development programs. This project is funded by Space Florida and the Israel Authority with a proposed solution to target civilian drone and UAS operations in three areas: delivery, inspection security and law enforcement.

Censys is a beyond line-of-sight drone Company based in Daytona Beach, Florida, which has operational expertise in long range and high endurance aircraft systems with advanced payloads and capabilities.

#### Artificial intelligence 5G consortium

The Company was selected to join the WIN (Wireless Intelligent Networks) Consortium to execute a project during calendar year 2020. The total value of the project is more than \$4 million. The WIN Consortium is funded by the Israel Innovation Authority. The CY-20 budget is more than \$550,000 and a similar budget is expected for the following year. The project is also expected to be extended through 2022 and beyond.

This project focusses on the development of wireless AI to enable the improvement and optimization of 5G cellular technology. Once development is complete, the Company will use this technology in its own next-generation autonomous systems.

#### US patent

During the half, the US Patent Office granted a patent for the Company's "scalable mobile-ad-hoc networks" that covers and protects the Company's intellectual property and knowledge assets for its Collaborative Mobile Mesh, Dynamic Mobile Mesh routing and Non-GPS synchronized Mesh Systems. The patent covers 18 patent claims for advanced algorithms and innovation concepts, strengthens the Company's patent portfolio and knowledge base.

The technology covered by the patent is to be used in new and emerging markets of robotics, drone SWARM and fleet operation, underground and in-building operations.

#### First Deliveries to Australia

During H1 2020 the Company received several orders from two Australian drone and robotics developers and manufactures for its MCU communication and controllers' products. These drones and robotics will be used by the Australian government in homeland security and defense applications.

#### Commercial Drone Upgrade Solutions

In Q1 the Company delivered an additional Commercial Drone Upgrade Solution with receipts of \$250,000.

#### Additional business achievements

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

SkyHopper achieved sales with repeat customers, with orders from the USA, Switzerland and Israel, and new orders from the UK, Denmark and France. Mobilicom also achieved repeat customers orders from Israel and Australia.

### **3. COMPANY INTRODUCTION**

Mobilicom Limited (ASX: MOB) designs, develops and delivers holistic communication solutions for mission critical and remote mobile private networks without the need for any infrastructure. Mobilicom's products and technologies are based on an innovative approach that merges 4G and Mobile MESH technologies. Mobilicom has a large solution portfolio with deployments worldwide.

It is comprised of two business entities:

- **The Mobilicom business entity** - ([www.mobilicom.com](http://www.mobilicom.com)) targets the Government & Enterprise sector. It offers holistic solutions and equipment that cater to mission-critical communication, with applications in Unmanned Platforms; Disaster Relief & Public Safety; and Offshore & Remote Areas.
- **The SkyHopper business entity** - ([www.skyhopper.biz](http://www.skyhopper.biz)) targets the Commercial & Industrial Drone & Robotics market. SkyHopper offers a holistic approach that consists of end-to-end equipment, integration and support services, with the mission of making drones and robotics smarter. This enables commercial and industrial drone & robotics manufacturers to increase their chances for success by focusing on their own business objectives, reducing time-to-market and minimizing resource expenditures.

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity', 'Company') consisting of Mobilicom Limited (referred to hereafter as the 'Mobilicom Australia' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2020.

### **Directors**

The following persons were directors of Mobilicom Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Oren Elkayam (Chairman and Managing Director)  
Yossi Segal (Executive Director)  
Jonathan Brett (Non-executive Director)  
Campbell McComb (Non-executive Director)  
Mark Licciardo (Non-executive Director) - resigned 2 July 2020

### **Principal activities**

The Company's principal activity is seeking to further commercialise solutions for mission critical and remote mobile private communications networks without the need to rely upon or utilise existing infrastructure.

### **Review of operations**

The loss for the Company after providing for income tax amounted to \$1,243,186 (30 June 2019: \$1,417,127) a decrease of 12.3%, and by 44% compared to H2-2019 (\$2,224,279).

#### **Revenue**

Revenue from sales decreased by \$555,968 to \$1,212,150 from the prior period (30 June 2019: \$1,768,118) due to COVID-19 impacts as: (a) The Company was limited in its ability to promote international sales; and (b) Local market shutdown and lack of approved Government budget has delayed potential sales to Israeli organizations & customers. The Company estimates that the sales pipeline was delayed but not cancelled and predicts they will occur at a later stage. At 30 June 2020, the backlog to be delivered and invoiced exceeded \$1.9M.

The Company maintained high gross margins of 67% despite COVID-19 supply chain challenges.

Other income for the half year includes Government grants, which increased during the period by \$112,519 to \$544,689, an increase of 26% (30 June 2019: \$432,170) and by \$247,692, an increase of 83%, compared to H2-2019 (\$296,997). The Company won two new R&D Programs in addition to an ongoing R&D grant from 2019. These grants are expected to continue for several years, improving the Company's cash balance as well as introducing new technologies, partnerships and products in the following years.

#### **Expenses**

During the half-year period to 30 June 2020, the Company implemented numerous cuts and cost saving measures designed to preserve its cash position. These are being enacted to enable the Company to manage through the current COVID-19 crisis. Total expenses decreased during the period by \$490,053 to \$2,715,775 (30 June 2019: \$3,205,828) a decrease of 15%, and by \$1,065,542, a decrease of 28% compared to H2-2019 (\$3,781,317).

#### **Statement of Financial Position**

Cash reserves decreased by \$1,049,235 to \$3,661,026 during the half year (31 December 2019: \$4,710,261) as a result of ongoing business expenditure being incurred. The quarterly net cash consumption is less than \$400,000, enabling the Company to maintain a strong cash balance.

*Coronavirus (COVID-19) pandemic*

*Overall financial impact on business*

Since the beginning of March Israel has been in lockdown, impacting the Company's supply chain and halting the travel of key sales staff to various existing and proposed projects around the globe. In addition, without an approved government budget, the Country is being run in caretaker mode, making it difficult for the various ministries to award new contracts.

*Business continuity*

Due to a combination of the above, the Company has implementing numerous cuts and cost saving measures designed to preserve its cash position. These are being enacted to enable the Company to manage through the current crisis and emerge in a solid position thereafter.

Since mid-March management has spent significant time and effort reviewing alternative options and moved to make a number of employment positions redundant, while moving a significant number of staff to unpaid leave. Those that remain on payroll, including management, have taken a 50% salary reduction for the lockdown period, and ongoing 10%-35% salary reduction going forward. In addition to cost cutting, a strong focus has been on collecting outstanding invoices and fulfilling all purchase orders that are able to be completed in the short term. Those lead to a strong cash balance.

The Company continues to progress existing R&D grants and won two new international R&D grants which helps strengthen the its financial stability and counter the impacts of COVID-19. R&D resources are being focused on new solutions that will enable the Company to grow its revenues, especially from recurring & licensing model, and gain market leadership.

The ongoing progress with fulfillment of the \$2M contract announced in December 2019 is a key for the Company's revenue stream going forward. Inventory levels remain strong across the off-the-shelf MCU and SkyHopper brands, enabling the Company to promptly fulfil new deals from customers.

*Well-being of employees*

The Company is committed to keeping its employees and families safe and ensuring ongoing health and wellbeing during this trying time it has implemented COVID safe plans in locations where employees are required to come to work and provided additional supplies of face masks, gloves, antibacterial wipes and hand sanitiser in our workplace.

*Funding structure*

The Board continues to review the Company's funding requirements and regularly during this pandemic as circumstances change daily.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Company during the financial half-year.

**Matters subsequent to the end of the financial half-year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and constantly reviewed by the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Israeli, Australian and other countries Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

As announced on 3 July 2020, the Company delivered two series of prototype units related to the \$2M contract, for customer inspection/review, and completed integration with the Customer's drones and fixed wing UAV (unmanned aerial vehicle) systems. Commercial manufacturing has commenced, and the Company has delivered the first commercial batch despite the supply chain challenges of COVID-19. The ongoing progress with this contract and commercial deliveries during 2020 and 2021 are key for the Company's revenue stream going forward.

On 2 July 2020, Mark Licciardo resigned from his position as a director of the Company.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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Oren Elkayam  
Chairman and Managing Director

28 August 2020  
Tel Aviv

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## DECLARATION OF INDEPENDENCE BY TIM FAIRCLOUGH TO THE DIRECTORS OF MOBILICOM LIMITED

As lead auditor for the review of Mobilicom Limited for the half-year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mobilicom Limited and the entities it controlled during the period.



Tim Fairclough  
Director

**BDO Audit Pty Ltd**

Melbourne, 28 August 2020

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**Mobilicom Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 June 2020**



	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	1,212,150	1,768,118
Cost of sales	(400,501)	(525,746)
Realised foreign currency gains	108,760	95,427
Government grants	544,689	432,170
Interest received	7,491	18,732
Other income	552,180	450,902
<b>Expenses</b>		
Selling and marketing expenses	(548,880)	(869,602)
Research and development	(1,365,867)	(1,512,888)
Share based payments	(130,243)	(84,680)
Finance costs	(41,052)	(20,196)
General and administration expenses	(629,733)	(718,462)
<b>Loss before income tax expense</b>	(1,243,186)	(1,417,127)
Income tax expense	-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Mobilicom Limited</b>	(1,243,186)	(1,417,127)
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(50,664)	(124,402)
Movement in re-measurement reserve	(10,304)	(18,361)
Other comprehensive income for the half-year, net of tax	(60,968)	(142,763)
<b>Total comprehensive income for the half-year attributable to the owners of Mobilicom Limited</b>	<u>(1,304,154)</u>	<u>(1,559,890)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	13 (0.48)	(0.61)
Diluted earnings per share	13 (0.48)	(0.61)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

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		Consolidated	
	Note	30 June 2020 \$	31 December 2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	3,661,026	4,710,261
Trade and other receivables	5	619,943	1,273,118
Inventories		696,041	525,047
<b>Total current assets</b>		<u>4,977,010</u>	<u>6,508,426</u>
<b>Non-current assets</b>			
Property, plant and equipment		148,226	180,008
Right-of-use assets	6	874,213	946,342
<b>Total non-current assets</b>		<u>1,022,439</u>	<u>1,126,350</u>
<b>Total assets</b>		<u>5,999,449</u>	<u>7,634,776</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	1,116,858	1,431,742
Lease liabilities	8	264,307	218,754
<b>Total current liabilities</b>		<u>1,381,165</u>	<u>1,650,496</u>
<b>Non-current liabilities</b>			
Lease liabilities	8	635,064	727,253
Employee benefits		702,049	661,331
Governmental liabilities on grants received		9,317	149,931
<b>Total non-current liabilities</b>		<u>1,346,430</u>	<u>1,538,515</u>
<b>Total liabilities</b>		<u>2,727,595</u>	<u>3,189,011</u>
<b>Net assets</b>		<u>3,271,854</u>	<u>4,445,765</u>
<b>Equity</b>			
Issued capital	9	22,884,795	22,884,795
Reserves	10	918,165	859,975
Accumulated losses		(20,531,106)	(19,299,005)
<b>Total equity</b>		<u>3,271,854</u>	<u>4,445,765</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

**Mobilicom Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 30 June 2020**



<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Share based payments reserve</b> \$	<b>Foreign currency reserve</b> \$	<b>Re-measurement reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 January 2019	19,075,915	1,072,030	160,988	(356,341)	(15,657,599)	4,294,993
Loss after income tax expense for the half-year	-	-	-	-	(1,417,127)	(1,417,127)
Other comprehensive income for the half-year, net of tax	-	-	(124,402)	(18,361)	-	(142,763)
Total comprehensive income for the half-year	-	-	(124,402)	(18,361)	(1,417,127)	(1,559,890)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	3,808,880	-	-	-	-	3,808,880
Share-based payments	-	84,680	-	-	-	84,680
Balance at 30 June 2019	<u>22,884,795</u>	<u>1,156,710</u>	<u>36,586</u>	<u>(374,702)</u>	<u>(17,074,726)</u>	<u>6,628,663</u>

<b>Consolidated</b>	<b>Issued capital</b> \$	<b>Share based payments reserve</b> \$	<b>Foreign currency translation reserve</b> \$	<b>Re-measurement reserve</b> \$	<b>Accumulated losses</b> \$	<b>Total equity</b> \$
Balance at 1 January 2020	22,884,795	1,318,853	22,324	(481,202)	(19,299,005)	4,445,765
Loss after income tax expense for the half-year	-	-	-	-	(1,243,186)	(1,243,186)
Other comprehensive income for the half-year, net of tax	-	-	(50,664)	(10,304)	-	(60,968)
Total comprehensive income for the half-year	-	-	(50,664)	(10,304)	(1,243,186)	(1,304,154)
<i>Transactions with owners in their capacity as owners:</i>						
Share-based payments	-	130,243	-	-	-	130,243
Cancellation of options	-	(11,085)	-	-	11,085	-
Balance at 30 June 2020	<u>22,884,795</u>	<u>1,438,011</u>	<u>(28,340)</u>	<u>(491,506)</u>	<u>(20,531,106)</u>	<u>3,271,854</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Consolidated	
	30 June 2020	30 June 2019
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	2,088,469	1,427,866
Payments to suppliers and employees	(3,575,447)	(3,485,903)
Interest received	7,491	18,732
Interest and other finance costs paid	-	(20,676)
Receipt of government grants	544,689	432,170
	<u>(934,798)</u>	<u>(1,627,811)</u>
<b>Net cash used in operating activities</b>		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	-	(146,455)
	<u>-</u>	<u>(146,455)</u>
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	4,006,000
Share issue transaction costs	-	(217,120)
Repayment of lease liabilities	(125,437)	-
	<u>(125,437)</u>	<u>-</u>
<b>Net cash from/(used in) financing activities</b>		
	<u>(125,437)</u>	<u>3,788,880</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	(1,060,235)	2,014,614
Cash and cash equivalents at the beginning of the financial half-year	4,710,261	4,959,245
Effects of exchange rate changes on cash and cash equivalents	11,000	(38,840)
	<u>3,661,026</u>	<u>6,935,019</u>
<b>Cash and cash equivalents at the end of the financial half-year</b>		

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

## **Note 1. General information**

The financial statements cover Mobilicom Limited as a Group consisting of Mobilicom Limited and the entities it controlled at the end of, or during, the half year. The financial statements are presented in Australian dollars, which is Mobilicom Limited's functional and presentation currency.

The functional currency of Mobilicom Limited's subsidiary, Mobilicom Ltd ("Mobilicom Israel"), is Israeli New Shekels.

Mobilicom Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

### **Registered office**

C/- Mertons Corporate Services Pty Ltd  
Level 7, 330 Collins Street  
Melbourne, Victoria, 3000  
Australia

### **Principal place of business**

Level 7, 90 Collins Street  
Melbourne, Victoria, 3000  
Australia

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2020.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

#### ***AASB Interpretation 23 Uncertainty over Income Tax Treatments***

Interpretation 23 requires the assessment of whether the effect of uncertainty over income tax treatments should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

## Note 2. Significant accounting policies (continued)

The Company has adopted Interpretation 23 from 1 January 2019, based on an assessment of whether it is 'probable' that a taxation authority will accept an uncertain tax treatment. This assessment takes into account that for certain jurisdictions in which the Company operates, a local tax authority may seek to open a Company's books as far back as inception of the Company. Where it is probable, the Company has determined tax balances consistently with the tax treatment used or planned to be used in its income tax filings. Where the Company has determined that it is not probable that the taxation authority will accept an uncertain tax treatment, the most likely amount or the expected value has been used in determining taxable balances (depending on which method is expected to better predict the resolution of the uncertainty). There has been no impact from the adoption of Interpretation 23 in this reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Going concern

The Company incurred a net loss after tax for the year ended 30 June 2020 of \$1,243,186 and had net cash outflows from operating of \$934,798. The Company's ability to continue as a going concern is dependent upon achieving its forecasts. The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlements of liabilities in the normal course of business for the following reasons:

- As at 30 June 2020 the Company had cash and cash equivalents of \$3,661,026, total assets of \$5,999,449, net assets of \$3,271,854, and quarterly net cash consumption was reduced to under \$400,000;
- The Company obtained significant customer contracts which will be implemented subsequent to 30 June 2020 which will increase revenues during FY20 and FY21;
- The government grants won by the Company are expected to continue for several further years, improving the Company's cash balance as well as introducing new technologies, partnerships and products in the following years;
- SkyHopper and Mobilicom MCU products' existing stock level enable the Company to fulfil orders promptly and receive funds;
- The Directors have prepared budgets which demonstrates that, based on the above factors the Company has sufficient funds available to meet its commitments for at least twelve months from the date of signing of this report;
- The Board are confident of raising further capital through equity raising when deemed necessary and have a successful track record of past capital raisings;
- The Company focus its R&D resources on new solutions that will enable to grow its revenues, especially from recurring & licensing model, and gain market leadership as exit plan from the crises; and
- As at 30 June 2020 the backlog to be delivered and invoiced exceeded \$1.9 million.

During the half-year period to 30 June 2020, the Company has implementing numerous cuts and cost saving measures designed to preserve its cash position. These are being enacted to enable the Company to manage through the current COVID-19 crisis and emerge in a solid position thereafter.

## Note 3. Operating segments

### *Identification of reportable operating segments*

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. During the half-year the Company only operated in one segment, which is to further commercialise solutions for mission critical and remote mobile private communications networks without the need to reply upon or utilise existing infrastructure

**Note 4. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
	\$	\$
Cash at bank	3,661,026	2,249,937
Cash on deposit	-	2,460,324
	<u>3,661,026</u>	<u>4,710,261</u>

**Note 5. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
	\$	\$
Trade receivables	443,539	1,131,500
Other receivables	176,404	141,618
	<u>619,943</u>	<u>1,273,118</u>

**Note 6. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>31 December 2019</b>
	\$	\$
Land and buildings - right-of-use	848,247	946,342
Motor vehicles - right-of-use	25,966	-
	<u>874,213</u>	<u>946,342</u>

The Company leases land and buildings for its offices in Israel under agreements for 5 years and in some cases, options to extend. On renewal, the terms of the leases are renegotiated.

The Company leases car for its Israeli sales' purposes under agreement for 2 years.

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	Land and Buildings \$	Motor Vehicle \$	Total \$
Balance at 1 January 2020	946,342	-	946,342
Additions	-	28,327	28,327
Exchange differences	23,584	66	23,650
Depreciation expense	(121,679)	(2,427)	(124,106)
Balance at 30 June 2020	<u>848,247</u>	<u>25,966</u>	<u>874,213</u>

**Note 7. Current liabilities - trade and other payables**

	Consolidated	
	30 June 2020	31 December 2019
	\$	\$
Trade payables	455,291	580,301
Other payables	661,567	851,441
	<u>1,116,858</u>	<u>1,431,742</u>

**Note 8. Liabilities - lease liabilities**

	Consolidated	
	30 June 2020	31 December 2019
	\$	\$
Lease liability -current	264,307	218,754
Lease liability – non-current	635,064	727,253
	<u>899,371</u>	<u>946,007</u>

**Note 9. Equity - issued capital**

	Consolidated			
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>257,936,715</u>	<u>257,936,715</u>	<u>22,884,795</u>	<u>22,884,795</u>

*Movements in issued capital*

Details	Date	Shares	Issue price	\$
Balance	1 January 2019	217,626,715		19,075,915
Issue of shares to Directors	26 April 2019	250,000	\$0.08	20,000
Placement	26 April 2019	26,975,000	\$0.10	2,697,500
Placement	29 April 2019	12,085,000	\$0.10	1,208,500
Placement	27 June 2019	1,000,000	\$0.10	100,000
Capital raising costs		-	-	(217,120)
Balance	31 December 2019	<u>257,936,715</u>		<u>22,884,795</u>
Balance	30 June 2020	<u>257,936,715</u>		<u>22,884,795</u>

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 10. Equity - reserves**

	Consolidated	
	30 June 2020	31 December 2019
	\$	\$
Foreign currency reserve	(28,340)	22,324
Share-based payments reserve	1,438,011	1,318,853
Re-measurement reserve	(491,506)	(481,202)
	<u>918,165</u>	<u>859,975</u>

*Foreign currency reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*Re-measurements reserve*

The reserve is used for remeasurements comprising actuarial gains and losses on the net defined benefit liability.

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Re- measurement reserve \$	Share based payments reserve \$	Foreign currency reserve \$	Total \$
Balance at 1 January 2020	(481,202)	1,318,853	22,324	859,975
Foreign currency translation	(10,304)	-	(50,664)	(60,968)
Share based payments	-	130,243	-	130,243
Cancellation of options	-	(11,085)	-	(11,085)
	<u>(491,506)</u>	<u>1,438,011</u>	<u>(28,340)</u>	<u>918,165</u>

**Note 11. Equity - dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 12. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and constantly reviewed by the Company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Israeli, Australian and other countries Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

As announced on 3 July 2020, the Company delivered two series of prototype units related to the \$2M contract, for customer inspection/review, and completed integration with the Customer's drones and fixed wing UAV (unmanned aerial vehicle) systems. Commercial manufacturing has commenced, and the Company has delivered the first commercial batch despite the supply chain challenges of COVID-19. The ongoing progress with this contract and commercial deliveries during 2020 and 2021 are key for the Company's revenue stream going forward.

On 2 July 2020, Mark Licciardo resigned from his position as a director of The Company.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**Note 13. Earnings per share**

	<b>Consolidated</b>	
	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Mobilicom Limited	<u>(1,243,186)</u>	<u>(1,417,127)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>257,936,715</u>	<u>231,559,837</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>257,936,715</u>	<u>231,559,837</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.48)	(0.61)
Diluted earnings per share	(0.48)	(0.61)

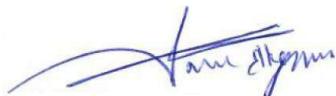
The rights to options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights to options are non-dilutive as the Company is loss generating.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Oren Elkayam  
Chairman and Managing Director

28 August 2020  
Tel Aviv

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mobilicom Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Mobilicom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

A handwritten signature in black ink that reads 'BDO' on the top line and 'Tim Fairclough' on the bottom line.

**Tim Fairclough**

**Director**

Melbourne, 28 August 2020

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