

Mobilicom Limited Q2 2018 Quarterly Activities Report – Appendix 4C

- Cash receipts of \$756,000 – an increase of 110% on Q2 2017
- H1 2018 receipts have increased 157% on the equivalent period in 2017
- Mobilicom has improved its financial results quarter by quarter across all key parameters, maintaining a strong cash balance of \$6.6 million
- Mobilicom executed two successful proof of concept (POC) field trials with MCU products in Sri Lanka and Czech Republic – expected to generate sales
- SkyHopper secured two more design wins with drone manufacturers in the UK and Israel, exceeding the aggressive first-year plan of eight design wins with a total of 10 design wins
- Mobilicom selected for communications solution in the next flying car
- Mobilicom released MCU-mini Controller and SkyHopper ControlAir, mobile control station, addressing more than 50% of the drone's overall hardware value with five products released to date.

Mobilicom Limited is the developer of 4G Mobile MESH private networking technology for governmental and enterprise applications under its Mobilicom business, and a provider of end-to-end hardware and software solutions for commercial and industrial drones and robotics under its SkyHopper business. Mobilicom is pleased to provide the following summary of its activities in Q2 2018.

FINANCIALS

The company has improved its financial results across all parameters, growing cash receipts to \$756,000 for the quarter (up 13% on Q1 and up 110% on previous corresponding period) and therefore \$1,425,000 for the half (up 157% on previous corresponding period).

Operating expenses were lower than planned, reflecting strong execution and a significant lower net cash burn rate of \$872,000 for the quarter. This has allowed the company to maintain a strong cash balance of \$6.6 million.

Government grants for the half year to date are up by 30% for the equivalent period in 2017.

This quarter saw significantly high production expenses due to one-time manufacturing costs for yearly quantities. This was to satisfy an increase in orders forecast, decreasing the manufacturing cost and shortening the supply time to customers. The manufacturing expenses are expected to be significantly lower in H2 2018.

The strong financial position of the company reflects its business progress and achievements and will allow it to continue executing its strategies for both Mobilicom and SkyHopper.

OPERATIONAL HIGHLIGHTS

Mobilicom business is growing

A significant achievement for Mobilicom during the quarter was two successful proof of concept (POC) field trials by Mobilicom's Communication Units with local security and rescue teams in Sri Lanka and Czech Republic. The successful field trials are a major milestone for building revenue potential with those customers for nation-wide deployments.

Mobilicom has strengthened its position in the unmanned systems application by obtaining new customers as well as new design wins. Another achievement was the release of the MCU mini Controller, a mobile control station for unmanned systems in enterprise and governmental sectors.

In addition, the company created its first system offering with the release of Aerial Mission Management Solution for situational awareness events covering large geographic areas.

SkyHopper business – exceeding the first-year plan goals

SkyHopper exceeded customers' engagement plan with over 50 engagements (20 planned), achieved 10 design wins with drones and robotics manufacturers (eight targeted) and obtained compatibility with 10 eco-system companies.

In addition, the company has launched five products (four planned) while obtaining three certifications across the US, Europe and Japan (only two planned).

SkyHooper design wins

Mobilicom secured two new design wins in Q2 with UK-based drone manufacturer Clogworks Technologies and with the Israeli autonomous drone manufacturer Percepto.

Clogworks is a UK manufacturer with in-house expertise to design and manufacture unmanned aerial vehicles intended for security and surveillance applications.

Percepto's autonomous drone is designed for aerial monitoring of complex industrial centers and environments where security is imperative, such as oil and gas refineries, power plants, shipping ports and sea terminals.

Compatibility with drone ecosystem companies

Mobilicom established a partnership with a new ecosystem organisation: Japan UAS Industrial Development Association (JUIDA). JUIDA assists in facilitating the Japanese drone market in terms of industrial development. It is cooperating with domestic and foreign research centers, organisations and commercial companies to enable a healthy market growth.

Mobilicom also established a partnership with Agrowing, a leading Israeli company which is developing a high-end, narrow-bands multispectral solution for remote & close sensing with effective and immediate agricultural surveys.

Product launches – SkyHopper ControlAir

During the quarter, Mobilicom released SkyHopper ControlAir, a mobile controller for commercial and industrial drones and robotics, another significant achievement and further step to become an end-to-end, high quality component provider for the drones and robotics market. With this addition to the SkyHopper offering the company addresses more than 50% of the drone's overall hardware value in targeted markets, thereby enabling a higher revenue potential for Mobilicom and thereby strengthening its market position.

Mobilicom continued this quarter to pursue sales opportunities and grow its market share by participating in worldwide marketing initiatives: presenting at conferences in US and China, attending an important exhibition in France to meet with customers presenting their current and future projects, and initiating customers meetings & integrations in US, France, Japan, China and Israel.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Mobilicom Limited

ABN

26 617 155 978

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	756	1,425
1.2 Payments for		
(a) research and development	(213)	(400)
(b) product manufacturing and operating costs	*(236)	(392)
(c) advertising and marketing	(247)	(523)
(d) leased assets	(32)	(61)
(e) staff costs	(718)	(1,370)
(f) administration and corporate costs	**(213)	(360)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	22	44
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	10	209
1.8 Other (provide details if material)	-	(34)
1.9 Net cash from / (used in) operating activities	(872)	(1,464)

* This quarter saw significantly high production expenses due to one-time manufacturing costs for yearly quantities. This was to satisfy an increase in orders forecast, decreasing the manufacturing cost and shortening the supply time to customers.

** G&A expense include one-off payment for D&O insurance of A\$33K

Consolidated statement of cash flows	Current quarter \$'000	Year to date (6 months) \$'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(12)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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	(7)	(12)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
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	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,502	8,080
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(872)	(1,464)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7)	(12)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	17	36
4.6 Cash and cash equivalents at end of quarter	6,640	6,640

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	6,640	7,502
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)	6,640	7,502

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	310
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

The following amount are included in section 6.1 above:

- Director fees paid during the quarter amounting to \$310,000

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(209)
9.2	Product manufacturing and operating costs	(114)
9.3	Advertising and marketing	(262)
9.4	Leased assets	(52)
9.5	Staff costs	(766)
9.6	Administration and corporate costs	(271)
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	(1,674)

* The estimated cash outflow noted above do not include any revenues and grants receivables from the ordinary course of business for the coming quarter and include in G&A one-off payment.

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

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.

Sign here: 
(Director)

Date: 19 July 2018.....

Print name: ...Mark Licciardo.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to

disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly 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 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.