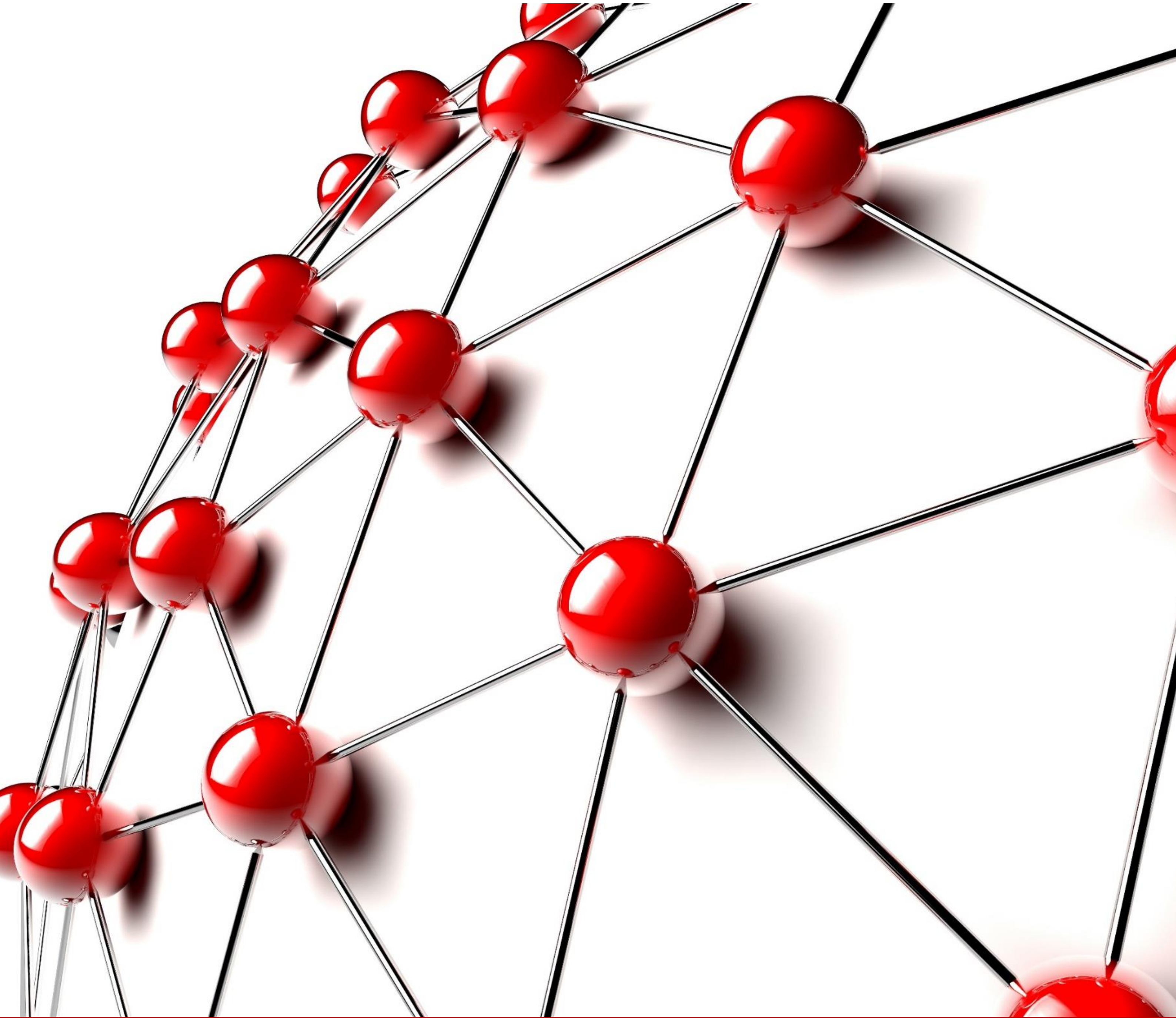
Mobilicom Limited

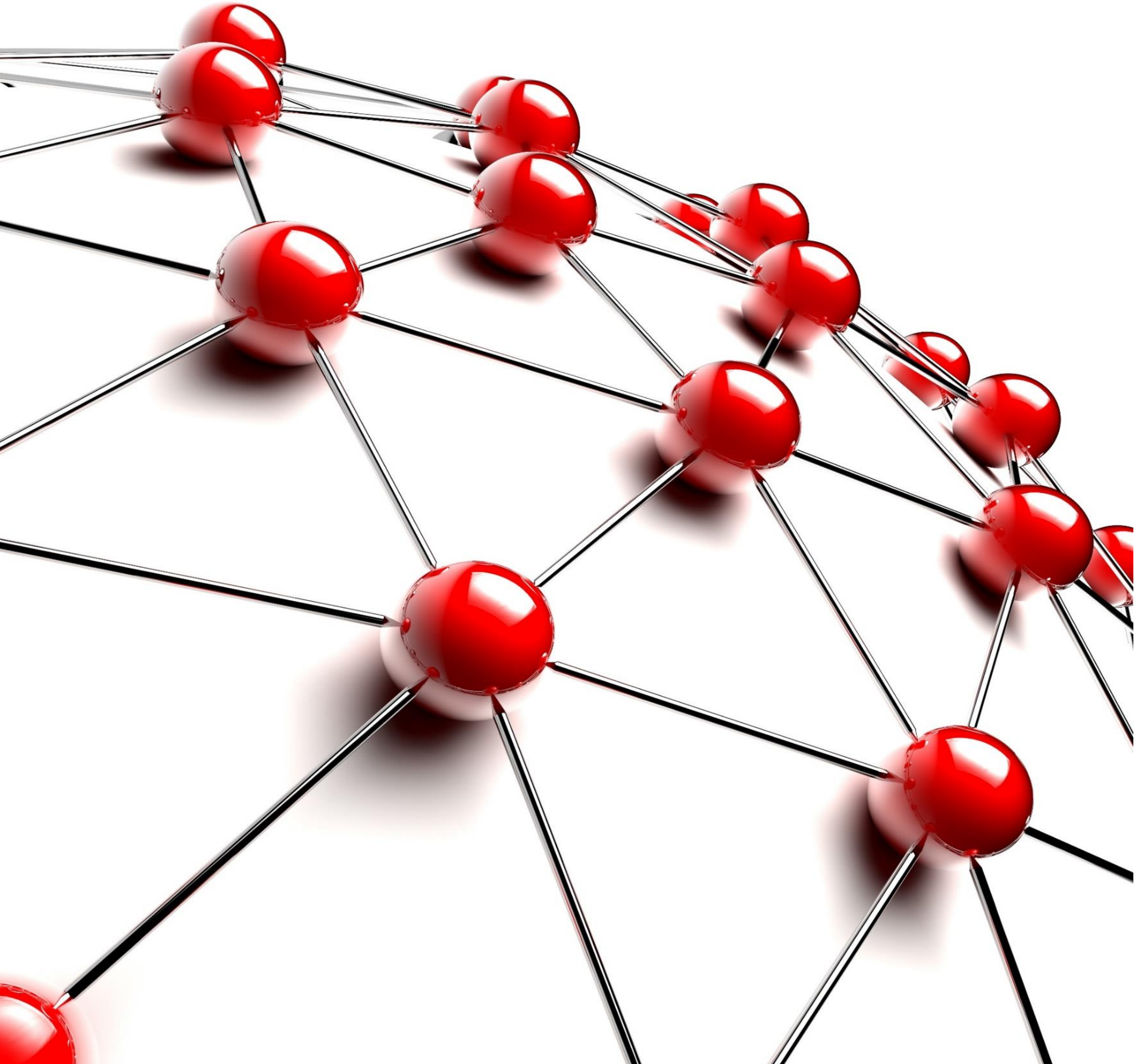
ABN 26 617 155 978

Annual Report – 31 December 2021



Annual Report – 31 December 2021

Mobilicom Limited
Contents
31 December 2021



Directors	Oren Elkayam (Chairman and Managing Director) Yossi Segal (Executive Director) Campbell McComb (Non-executive Director) Jonathan Brett (Non-executive Director)
Company secretary	Justin Mouchacca
Registered office	C/- JM Corporate Services Level 21 459 Collins Street Melbourne, VIC 3000 Ph: 03 8630 3321
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	https://mobilicom-ltd.com.au
Corporate Governance Statement	https://mobilicom-ltd.com.au/charters/

Dear fellow shareholders

2021 was a defining year for Mobilicom – one which saw us execute on a refreshed growth strategy targeting Tier-1 drone and robotics manufacturers with an end-to-end smart component offering. This strategy is already laying the foundations for future growth, delivering a 73% increase in revenue to $3.6 million, underpinned by repeat orders and new orders from other leading drone and robotics manufacturers.

We are very early in our growth trajectory and operate in the fast growing industrial and commercial drone market which is forecast to reach US$18 billion by 2026[1]. The global defence sector is the largest user within this market and will remain so in the short-term given the increased use of small drones and robotics by militaries. Within the small drones and robotics sector, our patented and field-proven solutions are optimised for critical applications, being small, lightweight, and cost-effective with outstanding security and performance in harsh environments.

Another key competitive advantage is our end-to-end approach with our field-proven hardware, software, cybersecurity and services offering which are capable of being used for almost half the key technology components for future drones, robotics and autonomous platforms. This gives Mobilicom a unique proposition in the market.

In 2021, we continued to add to our product offering, launching the world's first 360° cybersecurity suite which can detect, prevent, and respond to multiple drone/robotics cyber-attacks in real-time without requiring intervention by an operator. Our Immunity, Cybersecurity and Encryption (ICE) cybersecurity software caters to the growing need for commercial and defence industrial operators to protect drone platforms and safeguard data and communication channels from malicious threats and attacks. The Israeli Ministry of Defence is our first cybersecurity customer, and we are already progressing through in-field implementation with them.

End-to-end capability also enables us to successfully cross-sell additional components to existing customers as well as secure new design wins, ensuring our technology is incorporated in next generation drones and robotics products. In 2021, we secured 18 new design wins, bringing total design wins, since the start of 2020, to 32 and providing us with a growing revenue base and high level of confidence in our ability to secure future orders.

While we remain focused on securing and fulfilling customer orders, we are continuing to develop new industry-leading products for our customers, including:

- Partnering with US-based Triad RF Systems to create an integrated product line for military and industrial UAV drone and robotics manufacturers with enhanced levels of security and performance; and

- Being awarded two further R&D grants totalling $917,000 to progress innovation projects with the Wireless Intelligent Networks (WIN) Consortium and Space Florida USA.

These projects involve the use and optimisation of 5G technology in unmanned platforms, and development of autonomous communications systems to improve drone safety and operations beyond visual-line-of-sight in three key areas: delivery, security, and law enforcement. Once complete, Mobilicom will incorporate these innovations into its smart component products.

These innovations also cater to commercial applications, which over the longer-term are expected to surpass military applications in terms of scale and value. Growth in the commercial drone sector is being driven by greater regulatory support, and increased investment in services that utilise drones, robotics and autonomous platforms. This includes autonomous drone deliveries of consumer products, robotics for security, and unmanned vehicles in mining, utility inspection, agriculture or sectors with the need to capture data over large geographic areas.

On behalf of the Board, I'd like to thank the entire Mobilicom team for their hard work and dedication during challenging operating conditions. Many of our employees accepted reduced remuneration packages in 2020, which enabled us to minimise the impact of COVID-19 restrictions on our business. Pleasingly, in mid-2021 we were able to reinstate staff salaries, excluding founders, to their pre-COVID levels.

---

[1] Source: *Inside unmanned systems* forecasts the commercial and industrial market to reach US$18bn by 2026.

I'd also like to thank our loyal shareholders for their support over the past year. We are delivering on a clear growth strategy and building momentum in the business, with a growing customer base of leading drone and robotics manufacturers and dozens of design contracts.

The future prospects for Mobilicom are enormous. I believe so strongly in the company's ability to deliver that I have agreed with the Board that I have invested a significant portion of my salary over the last months to purchase the company's shares on market.

We look forward to delivering on the opportunities we see for Mobilicom and growing shareholder value in 2022 and beyond.

Oren Elkayam

Chairman & Managing Director

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Mobilicom Limited (referred to hereafter as the 'Company', 'Mobilicom Australia' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

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

Oren Elkayam (Chairman and Managing Director)
Yossi Segal (Executive Director)
Campbell McComb (Non-executive Director)
Jonathan Brett (Non-executive Director)
Theo Psaros (Non-executive Director) - appointed 20 January 2021 and resigned 5 July 2021

Principal activities
The consolidated entity's principal activities are to further commercialise solutions for mission critical and remote mobile private communications networks without the need to rely upon or utilise existing infrastructure and end-to-end hardware & software solutions as well as integration and support services for commercial and industrial drones and robotics manufacturers. The Company's product portfolio is fully designed and developed in-house and relies on extensive know how and experience gained by developing mission- critical-communication systems worldwide.

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

Financial Highlights
Total income in 2021 increased 44.0% compared to 2020, to $4.4 million.

Customer revenue was the key driver of growth in 2021, increasing 73.2% to $3.6 million. Confirmed order backlog of $0.5 million at year end will be delivered during FY22.

The significant increase in customer revenue during 2021 was despite the continuation of the global COVID-19 pandemic and is the result of fulfilment of the strong order backlog at the end of 2020, and intensive sales efforts during 2021. The intensive sales effort delivered contract wins with new top-tier customers and cross-sell orders from existing customers.

The Company achieved high gross margin of 67% (65% in 2020) despite global supply chain challenges and increased production volumes, reflecting effective planning and management of component parts and materials as well as its newly established APAC-based manufacturing capability.

Government R&D grants of $0.8 million were down 18.4% compared to 2020. However, the Company secured $0.9 million in net grants towards the end of FY21, and are expected to be realised predominately in FY22.

Total expenses increased 14.3% over FY20 to $5.4 million, largely due to significant increase in global sales and marketing activities to support future business growth.

The Company ended 2021 with a cash balance of $4.0 million, and with net cash used in operating activities during 2021 of $1.8 million. The $4.0 million cash reserve balance provides a healthy runway, assuming operation levels remain consistent with 2021.

Operational Highlights

- Increasing revenue contributions from existing customer base, mainly from Tier-1 global drone and robotics manufacturers.
- Secured 18 new design wins across global customers, bringing total wins since the start of 2020 to 32, providing a strong likelihood of future orders.
- Launched ICE Cybersecurity and secured first order and in-field implementation from the Israeli Ministry of Defence.
- Secured partnership with Triad RF to provide an integrated new product line combining Mobilicom's multi-function radios with Triad's high powered radio solution.
- Secured $917,000 in new R&D grants, associated with existing innovation projects.

Review of Operations

During the year, Mobilicom delivered against a refreshed go-to-market strategy, leveraging its end-to-end offering. The refreshed strategy focuses on the addressable fast-growing commercial and industrial drone, robotics and autonomous platforms sector, forecast to reach US$18 billion by 2026.

Contracts
In FY21, Mobilicom secured and delivered repeat orders from existing Tier-1 strategic customers, including Israeli MOD, Teledyne Flir (S&P500) and Elbit Systems. This included the delivery of Ground Controller Stations (GCS) units to a leading global drone supplier under a multi-year $2.3 million contract. Mobilicom also secured contracts from new customers, including ST Engineering, Rafael, Plasan, and Smart Shooter. Increased order volumes reflect the Company's ongoing success in developing and manufacturing smart solution components for drone and robotics. The Company's operations are primarily focused on USA, EU, Israel and APAC.

Design wins
Mobilicom secured 18 new design wins over the year, bringing total design wins since the start of FY20, to 32 across its global customer base of drone and robotics manufacturers. As part of these wins, Mobilicom received and fulfilled an initial $400,000 contract from Israel Aerospace Industries (IAI) for two of its smart solution components.

Design wins are a key leading indicator of future revenue growth, given they represent customer commitments to integrate Mobilicom products into platform designs.

Launched ICE Cybersecurity
Mobilicom continued to expand its product offering in FY21, launching its AI-based Immunity Cybersecurity and Encryption (ICE) cybersecurity suite to cater to the growing need for commercial and government operators to protect drone platforms and safeguard data and communication channels from malicious threats and attacks. The ICE cybersecurity suite is the world's first to be able to detect, prevent and respond to multiple drone/robotics cyber-attacks in real-time without requiring intervention by an operator. The Company has already secured its first cybersecurity order from the Israeli Ministry of Defence, which includes in-field implementation. The initial $270,000 order was mostly recognised in FY21, and the Company expects to fulfill the remainder of the order in the first half of FY22.

Partnership with Triad RF Systems
In August 2021, Mobilicom entered into a partnership with US-based Triad RF Systems to create an integrated product line for military and industrial UAV drone and robotics manufacturers. The integrated products will feature enhanced levels of security and performance, incorporating Mobilicom's multi-function radios with Triad's high-power radio solutions to offer the industry's most cost effective and efficient fully integrated amplified MIMO (multi-input and multi-output) radios for MESH network communications.

Funding
Psagot Investment House, one of Israel's largest pension fund managers, joined Mobilicom's register in May 2021 via a $3.8 million Placement. The Company has a healthy cash reserve of $4.0 million, providing significant operational runway.

R&D grants
In 2021, Mobilicom was awarded two research and development grants totalling $917,000. The grants relate to existing innovation projects with the Wireless Intelligent Networks (WIN) Consortium and Space Florida USA.

- *WIN Consortium's AI 5G Project* – Awarded $582,000 in net grant funding for the second phase of the project, focused on the development of wireless AI to enable and optimise the performance of 5G technology in unmanned platforms. Once development is complete, Mobilicom will use this technology in its own next-generation smart solution components for autonomous systems.
- *Space Florida R&D program* - In partnership with US drone company Censys Technologies, Mobilicom was awarded a further $335,000 net grant funding for the second year of the Space Florida R&D program, to develop an Autonomous Platforms Dual Datalink (APDL) communications system to improve drone safety and drone operations beyond visual-line-of-sight for three key areas: delivery, security, and law enforcement.

Corporate
In September 2021, Justin Mouchacca of JM Corporate Services was appointed Company Secretary, replacing Mark Licciardo.

Outlook
Mobilicom remains focused on growing revenue, fulfilling existing orders and securing new contracts within the commercial and government drone and robotics market. As the industry's leading end-to-end provider, Mobilicom offers few key components for drones and robotics and is establishing itself as a one-stop solution for global manufacturers. Its growing software offering complements its field-proven hardware components, enabling cross-sell and generating long-term recurring revenues. Additionally, the Company remains focused on targeted sales and marketing activities to support its growth strategy, secure new orders and grow its sales pipeline.

Coronavirus (COVID-19) pandemic

Overall financial impact on business

The COVID-19 pandemic continues to impact operations, reflected in supply chain challenges and ongoing travel restrictions, which have limited the consolidated entity's ability to market its products through on-site demonstrations. It has also resulted in budget constraints for customers, including the Israeli government budget which was approved only late in November 2021, making it difficult for the various ministries to award new contracts.

Business continuity
The consolidated entity has established dedicated business continuity teams to progress the manufacture of products to fulfil customer orders.

The Company continues to progress existing R&D innovations and was awarded two new international R&D grants which helps strengthen its financial stability and counter impacts of COVID-19.

Well-being of employees
Mobilicom remains committed to the ongoing health and wellbeing of its employees. The Company has implemented COVID safe plans in locations where employees are required to come to work, and provided additional supplies such as face masks, gloves, antibacterial wipes and hand sanitiser within the workplace.

Funding structure
The Board continues to review the consolidated entity's funding requirements and regularly during this pandemic as circumstances change daily. In May 2021, the Company completed a capital raising of $3.8 million.

Significant changes in the state of affairs
On 17 May 2021, the Company issued 64,000,000 shares at an issue price of $0.06 per share, raising $3.8 million before costs. On 9 July 2021 shareholders approved granting the investors an equal number of options in the Company (i.e. on a 1:1 basis), exercisable at $0.09 a share and exercisable two years from the issue date.

At the same time, the Company issued 11,500,000 options to its Directors. The options were issued at no cost and are exercisable at $0.08, expiring five years from the date of issue. The options will vest at a rate of 33.3% per annum, on each anniversary of the issue date. The terms and conditions of the Employee Share Option Plan apply to the issue of options.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Risk Statement
The Company is committed to the effective management of risk to reduce uncertainty in the consolidated entity's business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the consolidated entity's strategic objectives and future prospects.

Key risks and mitigation activities associated with the Company's objectives are set out below:

Financial Condition
The Company is predominately in the business of research and development of new products and has had a history of losses. We expect that we may need to invest significant time and raise substantial additional capital before we can expect to become profitable from sales of our products. This additional capital may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

COVID-19
The COVID-19 pandemic had some negative effect on our business, operations and future financial performance, and could continue to have a negative effect on our business, operations and future financial performance.

Product quality and safety
The Company focuses on safety through active identification and management of safety hazards and operational risks. The Company continues to invest in safety in order to mitigate safety hazards and also embeds a culture of safety into its workplaces.

Change in regulations
The Company is subject to a number of regulatory approvals in order to be able to manufacture and sell our products. There is a risk that failure to obtain necessary regulatory approvals may prevent the Company from selling its hardware products. The Company ensures that it continues to review regulatory requirements to mitigate any potential risk of not meeting up with regulatory requirements.

Subsidiary operations in Israel

Political, economic and military instability in Israel may impede our ability to operate and harm our financial results.

The Company may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

Intellectual Property
If the Company fails to protect, or incur significant costs in defending our intellectual property and other know-how or proprietary rights, our business, financial condition and results of operations could be materially harmed. Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements. We may be sued by third parties for alleged infringement of their proprietary rights, which could be costly, time-consuming and limit our ability to use certain technologies in the future.

Information on directors

Name:	Mr Oren Elkayam
Title:	Chairman and Managing Director
Qualifications:	B.Sc, MBA
Experience and expertise:	Mr Elkayam (CEO and Co-Founder of Mobilicom Israel) has worked at both business development and CEO levels with leading companies in the wireless communications space (including as VP Business Development at Runcom Ltd and CEO of Sortech Ltd). Mr Elkayam has initiated and negotiated contracts with top global carrier companies such as Alcatel-Lucent, Nortel, Mitsubishi and Motorola. He has also led a number of investment rounds with US venture capital funds. He has been a voting member on both the Institute of Electrical and Electronic Engineers (IEEE) and WiMAX international committees, and served as an officer in the Israeli Air Force in an elite research and development unit.
Other current directorships:	No other current directorships of listed companies
Former directorships (last 3 years):	No other directorships of listed companies
Special responsibilities:	No special responsibilities
Interests in shares:	1,420,000 Fully paid ordinary shares held in the name of Elkayam 101 Ltd – Director. 925,000 Fully paid ordinary shares held in the name of Oren Elkayam. 36,404,774 Fully paid ordinary shares held in the name of IBI Trust Management which acts as custodian/bare trustee of the shares.
Interests in options:	925,000 Options to acquire fully paid ordinary shares exercisable at $0.20 and expiring 27 April 2022. 3,000,000 Options to acquire fully paid ordinary shares exercisable at $0.08 and expiring 8 July 2026.

Name:	Mr Yossi Segal
Title:	Executive Director
Qualifications:	B.Sc, M.Sc, MBA
Experience and expertise:	Mr Segal (Vice President of R&D and Co-Founder of Mobilicom Israel) was the former CTO and a founding member of Runcom Ltd. Mr Segal is a worldwide expert in OFDM/A and has written essential patents for OFDM/A technology, being the first to implement OFDM/A in a working product. He has also previously led the design and development groups of three mobile integrated circuits (IC chip) and eight wireless broadband systems which are currently in operation and sold worldwide. Mr Segal has taken a leading role in several international wireless standards (IEEE and ETSI) as a committee voting member, and served in the Israeli Army as an officer in an elite electronic warfare research and development unit.
Other current directorships:	No other current directorships of listed companies
Former directorships (last 3 years):	No other directorships of listed companies
Special responsibilities:	No special responsibilities
Interests in shares:	925,000 ordinary fully paid shares 30,167,158 Fully paid ordinary shares held in the name of IBI Trust Management which acts as custodian/bare trustee of the shares
Interests in options:	925,000 Options to acquire fully paid ordinary shares exercisable at $0.20 and expiring 27 April 2022. 3,000,000 Options to acquire fully paid ordinary shares exercisable at $0.08and expiring 8 July 2026.

Name:	Mr Campbell McComb
Title:	Non-executive Director
Qualifications:	BEc, GAICD, FINSIA
Experience and expertise:	Mr McComb has over 20 years' experience in funds management and investment banking and has overseen the development of numerous businesses. He has significant investment experience across equity securities, venture capital and private equity. Mr McComb is currently the Managing Director of Auctus (ASX: AVC), a listed Alternative Investment Management business.
Other current directorships:	Auctus Investment Group Limited
Former directorships (last 3 years):	DirectMoney Ltd
Special responsibilities:	No special responsibilities
Interests in shares:	1,430,000 Fully paid ordinary shares held in the name of CM2 Investments Pty Ltd (McComb Super Fund A/C) – Director. 800,000 Fully paid ordinary shares held in the name of Camac Investments Pty Ltd – Director and Shareholder. 915,120 Fully paid ordinary shares held in the name of Auctus Investment Group Ltd - Director and Shareholder.
Interests in options:	1,000,000 unlisted options to acquire fully paid ordinary shares exercisable at $0.15 expiring 27 June 2025. 1,500,000 unlisted options to acquire fully paid ordinary shares exercisable at $0.08 and expiring 8 July 2026.

Name:	Mr Jonathan Brett
Title:	Non-executive Director
Qualifications:	BCom (Legal), BAcc, MCom (Financial Management), Dip Datametrics (Computer Science) and is a CA(SA)
Experience and expertise:	Mr Brett is a highly strategic and commercial senior director with a strong track record of driving transformational business performance and profitability across multiple geographies. He was also Managing Director and CEO of Techway Limited which pioneered internet banking in Australia. He is currently Executive Chairman of Stridecorp Equity Partners, an AFSL licensed fund manager specialising in private equity.
Other current directorships:	Corporate Travel Management Limited
Former directorships (last 3 years):	Vocus Group Ltd, The Pas Group Limited, Godfreys Group Limited and Indoor Skydive Australia Limited
Special responsibilities:	Chairman of the Remuneration and Nomination Committee
Interests in shares:	1,250,000 Fully paid ordinary shares held in the name of Dalesam Pty Ltd (Jon Brett Super Fund A/C) - Director 250,000 Fully paid ordinary shares held in the name of Dalesam Pty Ltd (The Dalesam Trust) - Director
Interests in rights:	1,000,000 unlisted options to acquire fully paid ordinary shares exercisable at $0.15 and expiring 27 June 2025. 2,000,000 unlisted options to acquire fully paid ordinary shares exercisable at $0.08 and expiring 8 July 2026.

Name:	Mr Theo Psaros
Title:	Non-executive Director (appointed 20 January 2021 & resigned 5 July 2021)
Qualifications:	Graduate of the AICD, a Chartered Accountant and holds a Bachelor of Financial Administration
Experience and expertise:	Brisbane-based Mr Psaros is a highly credentialed company director and senior executive with more than 35 years of diverse global and local commercial experience in a number of business sectors and industries within publicly companies, private companies, government departments and similar environments. Mr Psaros has led numerous domestic and international corporate transactions, with strong networks spanning China, North America, India and other geographies. He also has a strong focus on governance and risk management as well as cultural improvement, teamwork, mentoring and stakeholder management.
Other current directorships:	Director of boutique corporate advisory firm Pecunia Advisory and Executive Chairman of ASX listed Metallica Minerals Limited (ASX:MLM).
Former directorships (last 3 years):	None
Interests in shares:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Justin Mouchacca (appointed 1 September 2021)

Justin Mouchacca holds a Bachelor of Business majoring in Accounting, is a Chartered Accountant and Fellow of the Governance Institute of Australia with over 14 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. Since July 2019, Justin has been principal of JM Corporate Services and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies.

Mark Licciardo (resigned 1 September 2021)

Mr Licciardo B Bus(Acc), GradDip CSP, FGIA, FCIS, FAICD, he is the founder and Managing Director of Mertons Corporate Services. A former company secretary of Top 50 ASX listed companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, administration and company secretarial. Mr Licciardo is also the former Chairman of the Academy of Design Australia Limited, the Governance Institute of Australia Victoria division and Melbourne Fringe Festival. Mr Licciardo is also a director of a number of public and private companies.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2021, and the number of meetings attended by each director were:

	Full Board		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held
Mr O Elkayam	8	8	-	-
Mr Y Segal	8	8	-	-
Mr C McComb	7	8	-	-
Mr J Brett	8	8	-	-
Mr T Pasros*	5	5	-	-

Held: represents the number of meetings held during the time the director held office.

* Appointed 20 January 2021 and resigned 5 July 2021.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in February 2017, where the shareholders approved a maximum annual aggregate remuneration of $250,000.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares may be awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Mobilicom Limited :
- Oren Elkayam (Chairman and Managing Director)
- Yossi Segal (Executive Director)
- Campbell McComb (Non-executive Director)
- Jon Brett (Non-executive Director)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
31 December 2021	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr C McComb*	40,000	-	-	-	-	7,345	47,345
Mr J Brett**	40,000	-	-	-	-	9,793	49,793
Mr T Psaros****	17,100	-	-	-	-	-	17,100
Executive Directors:							
Mr O Elkayam	259,478	-	15,596	78,899	-	14,690	368,663
Mr Y Segal	259,478	-	15,596	78,899	-	14,690	368,663
	616,056	-	31,192	157,798	-	46,518	851,564

* Mr McComb received his remuneration through Camac Investments Pty Ltd (an entity associated with him).
** As at the date of this report, $100,000 was owing to Mr Brett.
*** Mr Psaros was appointed as a Non-executive Director on 20 January 2021 and resigned on 5 July 2021.
**** During 2020, the Executive Directors agreed to reduce their salaries by 35% during the COVID-19 pandemic, which such reduction remained in place during 2021.

31 December 2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr C McComb*	40,000	-	-	-	-	21,054	61,054
Mr M Licciardo**	19,998	-	-	-	-	21,054	41,052
Mr J Brett***	40,000	-	-	-	-	21,054	61,054
Executive Directors:							
Mr O Elkayam****	289,706	-	15,945	88,425	-	-	394,076
Mr Y Segal****	289,706	-	15,945	88,425	-	-	394,076
	679,410	-	31,890	176,850	-	63,162	951,312

* Mr McComb received his remuneration through Camac Investments Pty Ltd (an entity associated with him).
** Mr Licciardo received his remuneration through Mertons Corporate Services Pty Ltd (an entity associated with him).
*** As at the date of this report, $60,000 was owing to Mr Brett.
**** During the financial year the Executive Directors agreed to reduce their salaries by 35% during the COVID-19 pandemic.

During the financial year, a bonus was awarded to Messers Elkayam and Segal following completion of the capital raising.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 31 December 2021	Fixed remuneration 31 December 2020	At risk - STI 31 December 2021	At risk - STI 31 December 2020	At risk - LTI 31 December 2021	At risk - LTI 31 December 2020
Non-Executive Directors:						
Mr C McComb	85%	66%	-	-	15%	34%
Mr M Licciardo	-	48%	-	-	-	52%
Mr J Brett	80%	66%	-	-	20%	34%
Mr T Psaros	100%	-	-	-	-	-
Executive Directors:						
Mr O Elkayam	96%	100%	-	-	4%	-
Mr Y Segal	96%	100%	-	-	4%	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Oren Elkayam
Title:	Chairman and Managing Director
Agreement commenced:	28 February 2017
Details:	$250,000 USD per annum. Mr Elkayam's employment with Mobilicom Israel may be terminated upon 60 days' written notice, or immediately by Mobilicom Israel for cause which include a breach of trust or fiduciary duty (for example, theft), conviction of a criminal offense and negligence causing harm to Mobilicom's business or reputation. If terminated for any reason other than for cause, Mr Elkayam will be entitled to a paid salary, together with other benefits detailed in the employment agreements, for a period of 6 months following termination.

Name:	Yossi Segal
Title:	Executive Director
Agreement commenced:	28 February 2017
Details:	$250,000 USD per annum. Mr Segal's employment with Mobilicom Israel may be terminated upon 60 days' written notice, or immediately by Mobilicom Israel for cause which include a breach of trust or fiduciary duty (for example, theft), conviction of a criminal offense and negligence causing harm to Mobilicom Israel's business or reputation. If terminated for any reason other than for cause, Mr Segal will be entitled to a paid salary, together with other benefits detailed in the employment agreements, for a period of 6 months following termination.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2021.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
30/05/2019	30/05/2020	25/06/2025	$0.150	$0.0505
09/07/2021	09/07/2022	08/07/2026	$0.080	$0.2938

Options granted carry no dividend or voting rights.

Additional information
The earnings of the consolidated entity for the five years to 31 December 2021 are summarised below:

	2021 $	2020 $	2019 $	2018 $	2017 $
Sales revenue	3,578,603	2,066,478	3,435,361	2,640,006	1,519,719
Profit/(Loss) after income tax	(2,704,845)	(2,781,899)	(3,641,406)	(3,176,686)	(6,089,936)

	2021	2020	2019	2018	2017*
Share price at start of financial year (cents)	0.08	0.13	0.09	0.10	0.20
Share price at financial year end (cents)	0.04	0.08	0.13	0.09	0.10
Basic earnings/(loss) per share (cents per share)	(0.91)	(1.08)	(1.49)	(1.46)	(4.12)
Diluted earnings/(loss) per share (cents per share)	(0.91)	(1.08)	(1.49)	(1.46)	(4.12)

* The Company's listed on ASX on 2 May 2017.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
*Ordinary shares**					
Mr O Elkayam	37,499,774	-	1,250,000	-	38,749,774
Mr Y Segal	31,092,158	-	-	-	31,092,158
Mr C McComb	3,145,120	-	-	-	3,145,120
Mr J Brett	1,500,000	-	-	-	1,500,000
	73,237,052	-	1,250,000	-	74,487,052

* The above disclosures are in relation to the listed entity

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Granted as part of the Advisor and Director offer	Expired/ forfeited/ other	Balance at the end of the year
*Options over ordinary shares**					
Mr O Elkayam	925,000	-	3,000,000	-	3,925,000
Mr Y Segal	925,000	-	3,000,000	-	3,925,000
Mr C McComb	1,000,000	-	1,500,000	-	2,500,000
Mr J Brett	1,000,000	-	2,000,000	-	3,000,000
	3,850,000	-	9,500,000	-	13,350,000

* The above disclosures are in relation to the listed entity.

Other transactions with key management personnel and their related parties
A total of $51,678 was paid to Mertons Corporate Services Pty Ltd (an entity related to Mr Licciardo) for provision of corporate secretarial services during the previous financial year (2021: nil).

A total of $9,500 was paid to Camac Investments Pty Ltd (an entity related to Mr McComb) for provision of consulting services during the previous financial year (2021: nil).

Payables to key management personnel and their related parties
As at 31 December 2020, the Company had corporate secretarial service fees payable to Mertons Corporate Services Pty Ltd (an entity related to Mr Licciardo) of $9,128 (2021: nil).

As at 31 December 2020, the Company has director fees payable to Camac Investments Pty Ltd (an entity related to Mr McComb) of $3,667 (2021: $3,667).

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Mobilicom Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
27/04/2017	27/04/2022	$0.20	1,504,575
27/04/2017	20/10/2026	$0.12	614,090
27/04/2017	05/11/2025	$0.12	1,113,036
17/04/2018	16/04/2023	$0.15	2,200,000
30/05/2018	29/05/2024	$0.15	400,000
25/06/2019	25/06/2025	$0.15	3,000,000
05/08/2019	05/08/2022	$0.15	1,500,000
30/12/2020	29/12/2025	$0.08	9,400,000
09/07/2021	08/07/2026	$0.08	11,500,000
15/07/2021	15/07/2023	$0.09	64,000,000
			95,231,701

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Mobilicom Limited issued on the exercise of options during the year ended 31 December 2021 and up to the date of this report.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the Company who are former directors of BDO Audit Pty Ltd
There are no officers of the Company who are former directors of BDO Audit Pty Ltd.

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.

Auditor
BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Oren Elkayam
Chairman and Managing Director

21 March 2022
Tel Aviv

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

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

As lead auditor of Mobilicom Limited for the year ended 31 December 2021, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

BDO Audit Pty Ltd

Tim Fairclough

Tim Fairclough
Director

Melbourne, 21 March 2022

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Revenue	5	3,578,603	2,066,478
Cost of sales	6	(1,192,461)	(725,394)
Government grants		787,544	964,970
Interest received		1,580	10,539
Other income		789,124	975,509
Expenses			
Selling and marketing expenses	7	(1,657,958)	(1,112,895)
Research and development	8	(2,374,700)	(2,418,322)
General and administration expenses	9	(1,376,829)	(1,201,971)
Share based payments		(223,171)	(173,134)
Finance costs		(53,544)	(12,238)
Foreign exchange losses		(184,743)	(179,932)
Loss before income tax expense		(2,695,679)	(2,781,899)
Income tax expense	10	(9,166)	-
Loss after income tax expense for the year attributable to the owners of Mobilicom Limited		(2,704,845)	(2,781,899)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(34,197)	6,450
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		206,363	175,836
Other comprehensive income for the year, net of tax		172,166	182,286
Total comprehensive income for the year attributable to the owners of Mobilicom Limited		(2,532,679)	(2,599,613)
		Cents	**Cents**
Basic earnings per share	34	(0.91)	(1.08)
Diluted earnings per share	34	(0.91)	(1.08)

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

	Note	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Assets			
Current assets			
Cash and cash equivalents	11	3,996,300	2,464,655
Trade and other receivables	12	695,541	385,156
Inventories	13	490,990	803,004
Total current assets		5,182,831	3,652,815
Non-current assets			
Property, plant and equipment	14	152,571	143,483
Right-of-use assets	15	610,197	770,448
Total non-current assets		762,768	913,931
Total assets		5,945,599	4,566,746
Liabilities			
Current liabilities			
Trade and other payables	16	1,151,455	1,019,194
Lease liabilities	17	305,414	271,284
Total current liabilities		1,456,869	1,290,478
Non-current liabilities			
Lease liabilities	18	336,246	547,115
Employee benefits	19	818,190	703,113
Governmental liabilities on grants received	20	5,175	6,754
Total non-current liabilities		1,159,611	1,256,982
Total liabilities		2,616,480	2,547,460
Net assets		3,329,119	2,019,286
Equity			
Issued capital	21	26,504,136	22,884,795
Reserves	22	943,297	770,277
Accumulated losses		(24,118,314)	(21,635,786)
Total equity		3,329,119	2,019,286

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 year ended 31 December 2021

Consolidated	Issued capital $	Share based payments reserve $	Foreign currency translation reserves $	Re-measurement reserves $	Accumulated losses $	Total equity $
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 year	-	-	-	-	(2,781,899)	(2,781,899)
Other comprehensive income for the year, net of tax	-	-	175,836	6,450	-	182,286
Total comprehensive income for the year	-	-	175,836	6,450	(2,781,899)	(2,599,613)
Transactions with owners in their capacity as owners:						
Share-based payments (note 35)	-	173,134	-	-	-	173,134
Expiry of options	-	(424,416)	-	-	424,416	-
Cancellation of options	-	(20,702)	-	-	20,702	-
Balance at 31 December 2020	22,884,795	1,046,869	198,160	(474,752)	(21,635,786)	2,019,286

Consolidated	Issued capital $	Share based payments reserve $	Foreign currency translation reserves $	Re-measurement reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2021	22,884,795	1,046,869	198,160	(474,752)	(21,635,786)	2,019,286
Loss after income tax expense for the year	-	-	-	-	(2,704,845)	(2,704,845)
Other comprehensive income for the year, net of tax	-	-	206,363	(34,197)	-	172,166
Total comprehensive income for the year	-	-	206,363	(34,197)	(2,704,845)	(2,532,679)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 21)	3,619,341	-	-	-	-	3,619,341
Share-based payments (note 35)	-	223,171	-	-	-	223,171
Expiry of options	-	(46,425)	-	-	46,425	-
Cancellation of options	-	(8,806)	-	-	8,806	-
Re-allocation between accumulated losses and foreign currency reserve	-	-	(167,086)	-	167,086	-
Balance at 31 December 2021	26,504,136	1,214,809	237,437	(508,949)	(24,118,314)	3,329,119

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

Mobilicom Limited
Consolidated statement of cash flows
For the year ended 31 December 2021

	Note	Consolidated 31 December 2021 $	31 December 2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,977,275	3,149,498
Interest received		1,580	10,539
Payments to suppliers and employees (inclusive of GST)		(6,572,578)	(6,344,000)
Government grants received		787,544	1,063,792
Net cash used in operating activities	33	(1,806,179)	(2,120,171)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		(30,534)	-
Net cash used in investing activities		(30,534)	-
Cash flows from financing activities			
Proceeds from issue of shares	21	3,840,000	-
Share issue transaction costs		(220,659)	-
Repayment of lease liabilities		(250,983)	(125,435)
Net cash from/(used in) financing activities		3,368,358	(125,435)
Net increase/(decrease) in cash and cash equivalents		1,531,645	(2,245,606)
Cash and cash equivalents at the beginning of the financial year		2,464,655	4,710,261
Cash and cash equivalents at the end of the financial year	11	3,996,300	2,464,655

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 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	Principal place of business
C/- JM Corporate Services Level 21, 459 Collins Street Melbourne, Victoria, 3000 Australia	Level 21, 459 Collins Street Melbourne, Victoria, 3000 Australia

A description of the nature of the consolidated entity'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 21 March 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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.

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

The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and other comprehensive income.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Going concern
The consolidated entity incurred a net loss after tax for the year ended 31 December 2021 of $2,704,845 (2020: $2,781,899) and had net cash outflows from operating activities of $1,806,179 (2020: $2,120,171). The consolidated entity's ability to continue as a going concern is dependent upon it achieving its forecasts. The financial statements have been prepared on the basis that the consolidated entity 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 31 December 2021 the consolidated entity had cash and cash equivalents of $3,996,300, net current assets of $3,725,962 and net assets of $3,329,119;
- The management have prepared budgets which demonstrates that, based on the above factors the consolidated entity has sufficient funds available to meet its commitments for at least twelve months from the date of signing of this report;
- During 2021 the Company completed a capital raising amounting to $3,840,000 before costs; and
- During 2021 the Company was awarded $917,000 further R&D programs grants, expected to be fulfilled mostly in 2022.

The Board are confident of raising further capital through equity raising when deemed necessary.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mobilicom Limited ('Company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the year then ended. Mobilicom Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Mobilicom Limited's presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items are converted at the rate of exchange used to convert the related consolidated statements of financial position items i.e., at the time of the transaction

Note 2. Significant accounting policies (continued)

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when technical feasibility studies identify that the project will develop an intangible asset that will be completed and available for use or sale, that there are adequate technical, financial and other resources to complete the development, that it will deliver future economic benefits and these benefits can be measured reliably.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence of impairment of financial assets carried at amortized cost.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Defined benefit plans
The Company operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Law, employees are entitled to severance pay upon dismissal retirement and several other events prescribed by that Law. The liability for termination of employee-employer relationship is measured using the projected unit credit method.

The actuarial assumptions include rates of employee turnover and future salary increases based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to yields on corporate bonds with a term that matches the estimated term of the benefit plan. In respect of its severance pay obligation to certain of its employees, the Company makes current deposits in pension funds and insurance companies ("plan assets").

Plan assets comprise assets held by a Long-term employee benefits fund or qualifying insurance policies. Plan assets are not available to the Company's own creditors and cannot be returned directly to the Company. The liability for employee benefits presented in the statement of financial position presents the present value of the defined benefit obligation less the fair value of the plan assets.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payments
The consolidated entity has a share based remuneration scheme for employees. The fair value of share options is estimated by using the Black-Scholes option pricing model, on the date of grant based on certain assumptions. Those assumptions are described in the share based payments note and include, among others, the dividend growth rate, expected share price volatility and expected life of the options. The fair value of the equity settled options granted is charged to statement of comprehensive income over the vesting period of each tranche and the credit is taken to equity, based on the consolidated entity's estimate of shares that will eventually vest.

Governmental liabilities on grants received
The Company measures the value of its governmental liabilities on grants received, each period, based on discounted cash flows derived from the Company's future anticipated revenues.

Income tax
The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company’s current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion, whereas applicable, and inflation have been taken into account.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 4. 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 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 5. Revenue

	Consolidated	
	31 December 2021 $	31 December 2020 $
Sale of goods	3,578,603	2,066,478

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government Grant income
The Company receives government grant income from the Israeli Innovation Authority (formerly the Office of the Chief Scientist) (Innovation Authority). Grant revenue is accounted for during the period in which it is received.

Note 6. Cost of sales

	Consolidated	
	31 December 2021 $	31 December 2020 $
Salaries and benefits	125,665	230,722
Cost of materials	991,959	414,778
Occupancy and office expenses	14,193	17,282
Other	43,832	36,382
Depreciation	16,812	26,230
	1,192,461	725,394

Note 7. Selling and marketing expenses

	Consolidated	
	31 December 2021 $	31 December 2020 $
Salaries and benefits	1,287,439	843,691
Marketing services	158,706	69,783
Travel expenses	38,077	13,463
Depreciation	61,642	92,097
Occupancy and office expenses	21,608	25,772
Other	90,486	68,089
	1,657,958	1,112,895

Note 8. Research and development

	Consolidated	
	31 December 2021 $	31 December 2020 $
Salaries and benefits	1,604,508	1,604,187
Materials	247,948	129,834
Royalties to the OCS	(1,924)	(155,896)
Subcontractors	275,087	571,730
Depreciation	112,077	140,720
Other	137,004	127,747
	2,374,700	2,418,322

Note 9. General and administration expenses

	Consolidated 31 December 2021 $	31 December 2020 $
Salaries and benefits	678,814	475,134
Professional fees	547,849	580,923
Insurance	24,894	32,038
Travel expenses	231	2,338
Depreciation	33,623	26,229
Occupancy and office expenses	20,112	15,574
Other	71,306	69,735
	1,376,829	1,201,971

Note 10. Income tax expense

	Consolidated 31 December 2021 $	31 December 2020 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,695,679)	(2,781,899)
Tax at the statutory tax rate of 27.5%	(741,312)	(765,022)
Share-based payments	61,372	43,978
Other temporary differences not recognised	689,106	721,044
Income tax expense	9,166	-

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that is it probable that future taxable profits will be available against which the benefits of the deferred tax asset can be utilised

Note 11. Current assets - cash and cash equivalents

	Consolidated 31 December 2021 $	31 December 2020 $
Cash at bank	3,996,300	2,464,655

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash is considered by Mobilicom to be deposits with banks which are used mainly as a security for guarantees provided against customer payments in advance.

Note 12. Current assets - trade and other receivables

	Consolidated 31 December 2021 $	31 December 2020 $
Trade receivables	338,859	259,999
Other receivables	356,682	125,157
	695,541	385,156

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

No allowance for expected credit losses or overdue balances are accounted for in the financial statements.

Note 13. Current assets - inventories

	Consolidated 31 December 2021 $	31 December 2020 $
Finished goods - at cost	490,990	803,004

Accounting policy for inventories
Inventories are recognised at the lower of cost and net realisable value.

Note 14. Non-current assets - property, plant and equipment

	Consolidated 31 December 2021 $	31 December 2020 $
Computer equipment - at cost	253,564	223,473
Less: Accumulated depreciation	(220,715)	(211,332)
	32,849	12,141
Office furniture & equipment - at cost	129,538	129,095
Less: Accumulated depreciation	(28,956)	(22,522)
	100,582	106,573
Machinery & equipment - at cost	82,889	82,889
Less: Accumulated depreciation	(63,749)	(58,120)
	19,140	24,769
	152,571	143,483

Note 14. Non-current assets - property, plant and equipment (continued)

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

Consolidated	Computer equipment $	Office furniture & equipment $	Machinery & equipment $	Total $
Balance at 1 January 2020	34,260	117,674	28,074	180,008
Additions	403	-	1,208	1,611
Depreciation expense	(22,522)	(11,101)	(4,513)	(38,136)
Balance at 31 December 2020	12,141	106,573	24,769	143,483
Additions	30,091	443	-	30,534
Depreciation expense	(9,383)	(6,434)	(5,629)	(21,446)
Balance at 31 December 2021	32,849	100,582	19,140	152,571

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer equipment	3 years
Machinery and equipment	6-7 years
Office furniture and equipment	10-14 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 15. Non-current assets - right-of-use assets

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Land and buildings - right-of-use	517,719	697,234
Motor vehicles - right-of-use	92,478	73,214
	610,197	770,448

Additions to the right-of-use assets during the previous financial year were $42,457 (2020: $87,557).

During the 2021 financial year the consolidated entity leased new car for the Israeli company under agreement for 3 years.

The consolidated entity 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.

Note 15. Non-current assets - right-of-use assets (continued)

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

Consolidated	Land and Buildings $	Motor Vehicle $	Total $
Balance at 1 January 2020	946,342	-	946,342
Additions	-	87,557	87,557
Depreciation expense	(249,108)	(14,343)	(263,451)
Balance at 31 December 2020	697,234	73,214	770,448
Additions	-	42,457	42,457
Depreciation expense	(179,515)	(23,193)	(202,708)
Balance at 31 December 2021	517,719	92,478	610,197

Accounting policy for right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Trade payables	214,778	251,678
Other payables	936,677	767,516
	1,151,455	1,019,194

Refer to note 24 for further information on financial instruments.

Amounts noted above in other payables include amounts payable to Directors for wages payable.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 17. Current liabilities - lease liabilities

	Consolidated	
	31 December 2021 $	31 December 2020 $
Lease liability	305,414	271,284

Refer to note 24 for further information on financial instruments.

Note 18. Non-current liabilities - lease liabilities

	Consolidated	
	31 December 2021 $	31 December 2020 $
Lease liability	336,246	547,115

Refer to note 24 for further information on financial instruments.

Accounting policy for lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 19. Non-current liabilities - employee benefits

	Consolidated	
	31 December 2021 $	31 December 2020 $
Employee benefits	818,190	703,113

The company's liabilities for severance pay retirement and pension pursuant to Israeli law and employment agreements are recognized by full - in part by managers' insurance policies, for which the company makes monthly payments and accrued amounts in severance pay funds and the rest by the liabilities which are included in the financial statements.

The amounts funded displayed above include amounts deposited in severance pay funds with the addition of accrued income. According to the Severance Pay Law, the aforementioned amounts may not be withdrawn or mortgaged as long as the employer’s obligations have not been fulfilled in compliance with Israeli law.

Note 19. Non-current liabilities - employee benefits (continued)

Statement of financial position amounts
The amounts recognised in the statement of financial position are determined as follows:

	Consolidated 2021 $	Consolidated 2020 $
Present value of the defined benefit obligation	1,026,565	869,550
Fair value of defined benefit plan assets	(208,375)	(166,437)
Net liability in the statement of financial position	818,190	703,113

Movement in plan assets:

	Consolidated 2021 $	Consolidated 2020 $
Balance at the beginning of the year	166,437	150,297
Interest income	2,472	2,945
Contributions	20,591	21,030
Re measurements gain/(loss)		
Return on plan assets (excluding interest)	824	2,945
Foreign exchanges differences	18,051	(10,780)
Balance at the end of the year	208,375	166,437

Reconciliations

	Consolidated 2021 $	Consolidated 2020 $
Reconciliation of the present value of the defined benefit obligation		
Balance at the beginning of the year	869,550	811,629
Interest cost	14,831	15,568
Current service cost	65,917	62,695
Actuarial loss/(gains) from financial and other assumptions	(14,419)	(3,505)
Foreign exchanges differences	90,686	(16,837)
Balance at the end of the year	1,026,565	869,550

Note 20. Non-current liabilities - Governmental liabilities on grants received

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Governmental liabilities on grants received	5,175	6,754

Accounting policy for Government liabilities on grants received
The Company measured the value of its governmental liabilities on grants received, each period, based on discounted cash flows derived from Company's future anticipated revenues.

Note 20. Non-current liabilities - Governmental liabilities on grants received (continued)

The Company participates in programs sponsored by the Israeli Innovation Authority- Office of Chief Scientist ("OCS"), for the support of research and development projects. Several programs are subjected to royalties, while others are not (the company is committed to pay royalties for the R&D programs, while the research programs does not required repayment). In exchange for the Chief Scientist's participation in the programs, the Company is required to pay royalties to the Chief Scientist at a rate between 3% and 3.5% of sales of developed products linked to U.S dollars, until repayment of 100% of the amount of grants received, plus annual interest at the LIBOR rate. The company is required to pay royalties, to the OCS, of sales to end customers of products developed with funds provided by the Chief Scientist, if and when such sales are recognized. The obligation to pay these royalties is contingent on actual sales of the products. Changes in the liability are recognized in research and development expenses. The exceptions of the Company to pay the grants are based on its estimation at the end of the each year.

Note 21. Equity - issued capital

	Consolidated			
	31 December 2021 Shares	31 December 2020 Shares	31 December 2021 $	31 December 2020 $
Ordinary shares - fully paid	321,936,715	257,936,715	26,504,136	22,884,795

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2020	257,936,715		22,884,795
Balance	31 December 2020	257,936,715		22,884,795
Placement	17 May 2021	64,000,000	$0.06	3,840,000
Capital raising costs		-	-	(220,659)
Balance	31 December 2021	321,936,715		26,504,136

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.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 21. Equity - issued capital (continued)

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 22. Equity - reserves

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Foreign currency reserve	237,437	198,160
Share-based payments reserve	1,214,809	1,046,869
Re-measurements reserve	(508,949)	(474,752)
	943,297	770,277

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 reserves
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 and previous financial year are set out below:

Consolidated	Re-measurement reserve $	Share based payments $	Foreign currency reserve $	Total $
Balance at 1 January 2020	(481,202)	1,318,853	22,324	859,975
Foreign currency translation	-	-	175,836	175,836
Re-measurement of defined benefits plans	6,450	-	-	6,450
Share based payments	-	173,134	-	173,134
Cancellation of options	-	(20,702)	-	(20,702)
Lapse of options	-	(424,416)	-	(424,416)
Balance at 31 December 2020	(474,752)	1,046,869	198,160	770,277
Foreign currency translation	-	-	206,363	206,363
Re-measurement of defined benefits plans	(34,197)	-	-	(34,197)
Share based payments	-	223,171	-	223,171
Cancellation of options	-	(8,806)	-	(8,806)
Lapse of options	-	(46,425)	-	(46,425)
Re-allocation between accumulated losses and foreign currency reserve	-	-	(167,086)	(167,086)
Balance at 31 December 2021	(508,949)	1,214,809	237,437	943,297

Note 23. Equity - dividends

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

Note 24. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows (holdings are shown in AUD equivalents):

	Assets		**Liabilities**	
Consolidated	**31 December 2021 $**	**31 December 2020 $**	**31 December 2021 $**	**31 December 2020 $**
US dollars	548,764	443,223	39,979	6,237
Euros	2,272	1,319	-	64
Israeli New Shekel	1,535,738	1,913,156	-	-
	2,086,774	2,357,698	39,979	6,301

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis.

Price risk
Price risk is the risk that future cashflows derived from financial instruments will be changed as a result of a market price movement, other than foreign currency rates and interest rates. The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity’s exposure to the risk of changes in market interest rates relates primarily to the consolidated entity’s cash deposits with floating interest rates. These financial assets with variable rates expose the consolidated entity to interest rate risk.

Note 24. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 31 December 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	214,778	-	-	-	214,778
Other payables	-	936,677	-	-	-	936,677
Government liabilities	-	-	-	-	5,175	5,175
Total non-derivatives		1,151,455	-	-	5,175	1,156,630

Consolidated - 31 December 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	251,678	-	-	-	251,678
Other payables	-	767,516	-	-	-	767,516
Government liabilities	-	-	-	-	6,754	6,754
Total non-derivatives		1,019,194	-	-	6,754	1,025,948

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 24. Financial instruments (continued)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 25. Key management personnel disclosures

Directors
The following persons were directors of Mobilicom Limited during the financial year:

Mr Oren Elkayam (Chairman and Managing Director)	
Mr Yossi Segal (Executive Director)	
Mr Campbell McComb (Non-executive director)	
Mr Jon Brett (Non-executive director)	
Mr Theo Psaros (Non-executive Director)	(appointed 20 January 2021 and resigned 5 July 2021)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Short-term employee benefits	647,248	711,300
Post-employment benefits	157,798	176,850
Share-based payments	46,518	63,162
	851,564	951,312

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the company, and its network firms:

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Audit services - BDO Audit Pty Ltd		
Audit or review of the financial statements	56,000	48,000
Other services - BDO Audit Pty Ltd		
Preparation of tax return and other tax consulting	4,500	4,500
BDO Audit Pty Ltd total	60,500	52,500
Audit services - BDO Israel		
Audit or review of the financial statements	53,471	52,438
Consulting services - BDO Israel		
Consulting	38,469	-
Other services - BDO Israel		
Other	4,247	1,873
BDO Israel total	96,187	54,311

Note 27. Contingent liabilities

The Company participates in programs sponsored by the Chief Scientist ("OCS"), for the support of research and development projects. Several programs are subjected to royalties, while others are not (the company is committed to pay royalties for the R&D programs, while the research programs do not required repayment).

In exchange for the Chief Scientist's participation in the programs, the Company is required to pay royalties to the Chief Scientist at a rate between 3% and 3.5% of sales of developed products linked to U.S dollars, until repayment of 100% of the amount of grants received, plus annual interest at the LIBOR rate. The company is required to pay royalties, to the OCS, of sales to end customers of products developed with funds provided by the Chief Scientist, if and when such sales are recognised.

The obligation to pay these royalties is contingent on actual sales of the products. Changes in the liability are recognised in research and development expenses. The exceptions of the Company to pay the grants are based on its estimation at the end of each year.

Note 28. Commitments

There were no commitments for the current or previous financial year.

Note 29. Related party transactions

Parent entity
Mobilicom Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 25 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Payment for other expenses:		
Corporate secretarial fees paid to Mertons Corporate Services Pty Ltd (an entity related to Mark Licciardo)	-	51,678
Consulting fees paid to Camac Investments Pty Ltd (an entity related to Campbell McComb)	-	9,500

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December 2021 $	**31 December 2020 $**
Current payables:		
Payables to related parties	3,667	12,795

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	31 December 2021 $	31 December 2020 $
Loss after income tax	(1,768,488)	(2,115,510)
Total comprehensive income	(1,768,488)	(2,115,510)

Statement of financial position

	Parent	
	31 December 2021 $	31 December 2020 $
Total current assets	2,653,687	661,384
Total assets	2,653,687	661,384
Total current liabilities	179,519	121,049
Total liabilities	179,519	121,049
Equity		
Issued capital	20,540,488	16,921,147
Share-based payments reserve	716,753	633,773
Accumulated losses	(18,783,073)	(17,014,585)
Total equity	2,474,168	540,335

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 31 December 2021 %	Ownership interest 31 December 2020 %
Mobilicom Ltd ("Mobilicom Israel")	Israel	100.00%	100.00%

Note 32. Events after the reporting period

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Loss after income tax expense for the year	(2,704,845)	(2,781,899)
Adjustments for:		
Depreciation and amortisation	224,154	285,276
Share-based payments	223,171	173,134
Foreign exchange differences	172,573	179,932
Lease interest	31,382	12,238
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(239,623)	797,104
Decrease/(increase) in inventories	312,014	(277,957)
Decrease/(increase) in prepayments	(70,763)	5,943
Increase/(decrease) in trade and other payables	132,260	(412,547)
Increase in employee benefits	115,077	41,783
Increase in Government liabilities	(1,579)	(143,178)
Net cash used in operating activities	(1,806,179)	(2,120,171)

Note 34. Earnings per share

	Consolidated 31 December 2021 $	Consolidated 31 December 2020 $
Loss after income tax attributable to the owners of Mobilicom Limited	(2,704,845)	(2,781,899)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	297,914,797	257,936,715
Weighted average number of ordinary shares used in calculating diluted earnings per share	297,914,797	257,936,715

Note 34. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(0.91)	(1.08)
Diluted earnings per share	(0.91)	(1.08)

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 consolidated entity is loss generating.

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Mobilicom Limited , excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 35. Share-based payments

Set out below is a summary of options granted and on issue at the end of the year.

31 December 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/04/2017	27/04/2022	$0.20	1,850,000	-	-	-	1,850,000
21/09/2011	21/09/2021	$0.05	921,116	-	-	(921,116)	-
20/10/2016	20/10/2026	$0.12	614,090	-	-	-	614,090
05/11/2015	05/11/2025	$0.12	1,113,036	-	-	(345,425)	767,611
17/04/2018	16/04/2023	$0.15	2,900,000	-	-	(700,000)	2,200,000
30/05/2018	29/05/2024	$0.15	400,000	-	-	-	400,000
30/05/2019	25/06/2025	$0.15	3,000,000	-	-	-	3,000,000
05/08/2019	05/08/2022	$0.15	1,500,000	-	-	-	1,500,000
29/12/2020	29/12/2025	$0.08	12,650,000	-	-	(3,250,000)	9,400,000
09/07/2021	08/07/2026	$0.08	-	11,500,000	-	-	11,500,000
			24,948,242	11,500,000	-	(5,216,541)	31,231,701

During the year, the company granted 11,500,000 unlisted options to directors of the Company. All the options are vested after 3 years.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
09/07/2021	08/07/2026	$0.057	$0.08	73.13%	-	0.04%	$0.0294

Accounting policy for share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Note 35. Share-based payments (continued)

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Oren Elkayam
Chairman and Managing Director

21 March 2022
Tel Aviv

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Mobilicom Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mobilicom Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How the matter was addressed in our audit*
Significant Overseas Operations The Group's structure comprises significant overseas operations. The existence of such operations heightens the importance of engaging with the component auditor to mitigate the risk associated with delivering an audit in a location and regulatory environment other than Australia.	Our procedures included but were not limited to: • Gaining an understanding of the Group, its components and the environment it operates in to identify the risks of material misstatement to the Group's financial report; and • Engaging component auditors in Israel. As part of this matter we evaluated: • Their understanding of the ethical requirements and their professional competence to ensure they were competent and independent; • The business activities of the component that were significant to the Group audit through regular teleconferences throughout the audit process; • The susceptibility of the component's financial information to material misstatement from fraud and error; and • Review of the component auditor's working papers and deliverables, in particular the areas that were key to the Group audit.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Mobilicom Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO
Tim Fairclough

Tim Fairclough
Director

Melbourne, 21 March 2022

The shareholder information set out below was applicable as at 8 March 2022.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	20	-	-	-
1,001 to 5,000	43	0.06	-	-
5,001 to 10,000	119	0.32	-	-
10,001 to 100,000	299	3.21	-	-
100,001 and over	169	96.41	29	100.00
	650	100.00	29	100.00
Holding less than a marketable parcel	202	-	-	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
IBI Trust Management (Oren Elkayam A/C)	36,404,774	11.31
Psagot Provident Funds & Pension Ltd	32,000,000	9.94
IBI Trust Management (Yossi Segal A/C)	30,167,158	9.37
Zelwer Superannuation Pty Ltd (Zelwer Super Benefit Fnd A/C)	14,602,282	4.54
Pareto Equity Limited Partnership	14,400,000	4.47
Pareto Optimum LP	14,400,000	4.47
IBI Trust Management (Shalom Elkayam A/C)	12,051,511	3.74
UBS Nominees Pty Ltd	11,500,000	3.57
IBI Trust Management (Asher Segal A/C)	10,132,481	3.15
IBI Trust Management (Luiza Segal A/C)	9,632,481	2.99
Nabe Pty Ltd (The Glass A/C)	5,000,000	1.55
Geoff Shaw Hospitality Management Pty Limited	4,255,066	1.32
Hersham Holdings LLC	4,074,370	1.27
MCR19 Holdings LLC	3,917,645	1.22
IBI Trust Management (Shmuel Wasserman A/C)	3,897,533	1.21
Mr Alan Hirmes	3,894,864	1.21
HSBC Custody Nominees (Australia) Limited - A/C 2	3,475,000	1.08
Citicorp Nominees Pty Ltd	3,191,697	0.99
Mrs Narelle Fay	3,000,000	0.93
Steven & Mali Shwartz LLC	2,530,587	0.79
	222,527,449	69.12

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	95,231,701	29

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
IBI Trust Management (Oren Elkayam A/C)	36,404,774	11.31
Psagot Provident Funds & Pension Ltd	32,000,000	9.94
IBI Trust Management (Yossi Segal A/C)	30,167,158	9.37

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.