Mobilicom Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
Revenue	5	2,327,058	3,578,603
Cost of sales	6	(850,552)	(1,192,461)
Government grants		923,033	787,544
Interest received		168,843	1,580
Foreign exchange gains/(losses)		1,175,735	(184,743)
Net gain on fair value movement of warrants	18	3,768,466	-
Total income		6,036,077	604,381
Expenses			
Selling and marketing expenses	7	(2,415,883)	(1,657,958)
Research and development	8	(2,516,922)	(2,374,700)
General and administration expenses	9	(2,532,033)	(1,376,829)
Share based payments		(309,256)	(223,171)
Finance costs		(65,972)	(53,544)
Loss before income tax expense		(327,483)	(2,695,679)
Income tax expense	10	(13,986)	(9,166)
Loss after income tax expense for the year attributable to the owners of Mobilicom Limited		(341,469)	(2,704,845)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		366,517	(34,197)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(935,142)	206,363
Other comprehensive income/(loss) for the year, net of tax		(568,625)	172,166
Total comprehensive income for the year attributable to the owners of Mobilicom Limited		(910,094)	(2,532,679)
		Cents	**Cents**
Basic earnings/(losses) per share	34	(0.05)	(0.91)
Diluted earnings/(losses) per share	34	(0.05)	(0.91)

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

Mobilicom Limited
Consolidated statement of financial position
As at 31 December 2022

	Note	Consolidated 31 December 2022 $	Consolidated 31 December 2021 $
Assets			
Current assets			
Cash and cash equivalents	11	18,917,416	3,947,156*
Restricted cash	11	59,126	49,144*
Trade and other receivables	12	828,351	695,541
Inventories	13	838,658	490,990
Total current assets		20,643,551	5,182,831
Non-current assets			
Property, plant and equipment	14	135,878	152,571
Right-of-use assets	15	426,817	610,197
Total non-current assets		562,695	762,768
Total assets		21,206,246	5,945,599
Liabilities			
Current liabilities			
Trade and other payables	16	1,608,846	1,151,455
Lease liabilities	17	333,850	305,414
Warrants financial liability	18	1,097,520	-
Total current liabilities		3,040,216	1,456,869
Non-current liabilities			
Lease liabilities	19	95,403	336,246
Employee benefits	20	203,636	818,190
Governmental liabilities on grants received	21	6,084	5,175
Total non-current liabilities		305,123	1,159,611
Total liabilities		3,345,339	2,616,480
Net assets		17,860,907	3,329,119
Equity			
Issued capital	22	41,636,762	26,504,136
Reserves	23	276,988	943,297
Accumulated losses		(24,052,843)	(24,118,314)
Total equity		17,860,907	3,329,119

* Reclassified

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 2022

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 22)	3,619,341	-	-	-	-	3,619,341
Share-based payments (note 35)	-	223,171	-	-	-	223,171
Expiry of options	-	(46,425)	-	-	46,425	-
Forfeiture of options	-	(8,806)	-	-	8,806	-
Re-allocation between accumulated loses 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

Consolidated	Issued capital $	Share based payments reserve $	Foreign currency translation reserves $	Re-measurement reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2022	26,504,136	1,214,809	237,437	(508,949)	(24,118,314)	3,329,119
Loss after income tax expense for the year	-	-	-	-	(341,469)	(341,469)
Other comprehensive income for the year, net of tax	-	-	(935,142)	366,517	-	(568,625)
Total comprehensive income for the year	-	-	(935,142)	366,517	(341,469)	(910,094)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 22)	15,132,626	-	-	-	-	15,132,626
Share-based payments (note 35)	-	309,256	-	-	-	309,256
Expiry of options	-	(311,840)	-	-	311,840	-
Forfeiture of options	-	(95,100)	-	-	95,100	-
Balance at 31 December 2022	41,636,762	1,117,125	(697,705)	(142,432)	(24,052,843)	17,860,907

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

	Note	Consolidated 31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,670,178	3,977,275
Interest received		168,843	1,580
Payments to suppliers and employees (inclusive of GST)		(8,231,267)	(6,572,578)
Government grants received		923,942	787,544
Net cash used in operating activities	33	(4,468,304)	(1,806,179)
Cash flows from investing activities			
Payments for property, plant and equipment		(26,628)	(30,534)
Net cash used in investing activities		(26,628)	(30,534)
Cash flows from financing activities			
Proceeds from issue of shares	22	22,450,965	3,840,000
Share issue transaction costs		(2,615,470)	(220,659)
Repayment of lease liabilities		(360,321)	(250,983)
Net cash from financing activities		19,475,174	3,368,358
Net increase in cash and cash equivalents and restricted cash		14,980,242	1,531,645
Cash and cash equivalents and restricted cash at the beginning of the financial year		3,996,300	2,464,655
Cash and cash equivalents and restricted cash at the end of the financial year	11	18,976,542	3,996,300

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.

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.

Going concern
The consolidated entity incurred a net loss after tax for the year ended 31 December 2022 of $341,469 (2021: $2,704,845) and had net cash outflows from operating activities $4,468,304. 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:

Note 2. Significant accounting policies (continued)

- As at 31 December 2022 the consolidated entity had cash and cash equivalents and restricted cash of $18,976,542, total assets of $21,206,246 and net assets of $17,860,907;
- As at the end of the year, the Company had a trade and other receivables balance amounting to $828,351.
- The Directors have prepared a budget 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.

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 2022 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

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.

Note 2. Significant accounting policies (continued)

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.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

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.

Note 2. Significant accounting policies (continued)

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

New Accounting Standards and Interpretations adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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.

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.

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.

Financial liability
The Company measures the value of the warrants issued under August 2022 Nasdaq IPO & listing. The fair value of these warrants is estimated by using the Hull-White pricing model (trinomial Lattice model), on the date of the grant and remeasured at cut-off date (31 December 2022),and is based on certain assumptions. Those assumptions include, among others, the dividend growth rate, expected share price, volatility and expected life of the warrants, early exercise / exercise multiple, capital structure effects and trinomial steps.

Income tax
The consolidated entity 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 consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity'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 consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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 consolidated entity'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 consolidated entity 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.

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 are 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 and inflation have been taken into account.

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 2022 $	31 December 2021 $
Sale of goods	2,327,058	3,578,603

Note 5. Revenue (continued)

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.

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Sales by geography

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Israel	901,998	2,857,239
Rest of world	1,425,060	721,364
	2,327,058	3,578,603

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.

Fair value gain
The fair value gain relates to the measurement of changes in the fair value of financial liability between the measured periods.

Note 6. Cost of sales

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Salaries and benefits	189,762	125,665
Cost of materials	577,902	991,959
Occupancy and office expenses	22,431	14,193
Other	21,507	43,832
Depreciation	38,950	16,812
	850,552	1,192,461

Note 7. Selling and marketing expenses

	Consolidated	
	31 December 2022 $	31 December 2021 $
Salaries and benefits	1,751,265	1,287,439
Marketing services	255,306	158,706
Travel expenses	74,425	38,077
Depreciation	142,325	61,642
Occupancy and office expenses	38,547	21,608
Other	154,015	90,486
	2,415,883	1,657,958

Note 8. Research and development

	Consolidated	
	31 December 2022 $	31 December 2021 $
Salaries and benefits	1,937,121	1,604,508
Materials	111,856	247,948
Royalties to/(from) the OCS	6,478	(1,924)
Subcontractors	121,471	275,087
Depreciation	140,426	112,077
Other	199,570	137,004
	2,516,922	2,374,700

Note 9. General and administration expenses

	Consolidated	
	31 December 2022 $	31 December 2021 $
Salaries and benefits	1,140,392	678,814
Professional fees	576,254	547,849
Insurance	297,855	24,894
Travel expenses	6,675	231
Depreciation	53,815	33,623
Occupancy and office expenses	48,648	20,112
Other	408,394	71,306
	2,532,033	1,376,829

Note 10. Income tax expense

	Consolidated	
	31 December 2022 $	31 December 2021 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(327,483)	(2,695,679)
Tax at the statutory tax rate of 27.5% (Australian company tax rate)	(90,058)	(741,312)
Share-based payments	85,045	61,372
Other temporary differences not recognised	18,999	689,106
Income tax expense	13,986	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 and restricted cash

	Consolidated	
	31 December 2022 $	31 December 2021 $
Cash at bank	18,976,542	3,996,300

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes 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 facilities lease agreement.

Note 12. Current assets - trade and other receivables

	Consolidated	
	31 December 2022 $	31 December 2021 $
Trade receivables	203,737	338,859
Other receivables	624,614	356,682
	828,351	695,541

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.

Note 12. Current assets - trade and other receivables (continued)

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 2022 $	31 December 2021 $
Finished goods - at cost	838,658	490,990

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 2022 $	31 December 2021 $
Computer equipment - at cost	275,582	253,564
Less: Accumulated depreciation	(242,159)	(220,715)
	33,423	32,849
Office furniture & equipment - at cost	131,728	129,538
Less: Accumulated depreciation	(41,818)	(28,956)
	89,910	100,582
Machinery & equipment - at cost	85,309	82,889
Less: Accumulated depreciation	(72,764)	(63,749)
	12,545	19,140
	135,878	152,571

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 2021	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
Additions	22,018	2,190	2,420	26,628
Depreciation expense	(21,444)	(12,862)	(9,015)	(43,321)
Balance at 31 December 2022	33,423	89,910	12,545	135,878

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 2022 $	**31 December 2021 $**
Buildings - right-of-use	254,409	517,719
Motor vehicles - right-of-use	172,408	92,478
	426,817	610,197

Additions to the right-of-use assets during the current financial year were $148,815 (2021: $42,457).

During the 2022 financial year the consolidated entity leased new cars for the Israeli company under agreement for 3 years.

The consolidated entity leases 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	Buildings $	Motor Vehicle $	Total $
Balance at 1 January 2021	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
Additions	-	148,815	148,815
Depreciation expense	(263,310)	(68,885)	(332,195)
Balance at 31 December 2022	254,409	172,408	426,817

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.

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Lease interest expenses	22,004	31,382
Total lease cash outflow	509,135	293,441
Variable lease payments	-	-
Maturity of lease liabilities within 5 years	429,253	641,660
Maturity of lease liabilities more than 5 years	-	-

Note 16. Current liabilities - trade and other payables

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Trade payables	299,289	214,778
Other payables	1,309,557	936,677
	1,608,846	1,151,455

Note 16. Current liabilities - trade and other payables (continued)

Refer to note 25 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 2022 $	**31 December 2021 $**
Lease liability	333,850	305,414

Refer to note 25 for further information on financial instruments.

Note 18. Current liabilities - Warrants financial liability

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Warrants at fair value	1,097,520	-

The Company accounts for warrants issued to investors under AASB 9.

On 24 August 2022 the Company completed its U.S. listing via the issuance of 3,220,338 ADRs (American Depository Shares) and the accompanying 3,220,338 pre-funded warrants for a total consideration of US$13,299,996. One ADR represents 275 ordinary shares in the Company. One pre-funded warrant gives the holder the right to purchase one ADR share. The warrants have 5 year term and they can be exercised any time before expiry date 24 August 2027.

In addition, on 24 August 2022, under the U.S listing the Company granted a total 161,017 representative warrants each exercised to single ADS at an exercise price of US$5.16. The representative warrant carrying a cashless exercise option with variable exercise mechanism.

The pre-funded warrant and representative warrant are referred herein together as “warrants”.

The warrants represent financial liabilities at fair value through profit or loss.

The following assumptions were based on observable market conditions market conditions that existed at the issue date and at 31 December 2022:

Assumption	At issue date	At 31 December 2022
Historical volatility	81%	81%
Exercise price	US$5.0	US$5.0
Share price	US$2.929	US$0.970
Risk-free interest rate	3.3%	4%
Dividend yield	0%	0%
Fair value per warrant	US$1.2005	US$0.2555

Note 18. Current liabilities - Warrants financial liability (continued)

(a) The Company recorded the pre-funded warrants as a financial liability which represents the fair value of the warrants on the transaction date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash. The financial liability is re-measured at each reporting date, with changes in fair value recognized under fair value gains/(losses) from financial liability. The financial liability as of 24 August 2022, amounted to AUD$5,598,835 (US$3,865,996). On 31 December 2022 it amounted to AUD$1,044,955 (US$707,957). The amounts were recorded at fair value according to a valuation performed by an independent third-party appraiser. The fair value of the pre-funded warrants was classified as a level 2 fair value measurement.

On 31 August 2022, 450,000 pre-funded warrants were exercised into ADS for AUD$3,259,925 (US$2,250,000).

The fair value of the pre-funded warrants on 31 August 2022 (exercise date), measured using a Hull-White trinomial option pricing model, was AUD$825,609 (US$569,832).

(b) The Company recorded the representative warrants as a financial liability which represents the fair value of the warrants on the transaction date due to the fact that they do not meet the criteria for a fixed number of equity instruments in exchange for a fixed amount of cash. The financial liability is re-measured at each reporting date, with changes in fair value recognized under fair value gains/(losses) from financial liability. The financial liability as of 24 August 2022 amounted to AUD$281,436 (US$194,332), reflecting the average between high & low valuation inputs. On 31 December 2022, it amounted to AUD$52,565 (US$39,272) reflecting the average between high and low valuation inputs. The fair value of the representative warrants was classified as a level 2 fair value measurement.

For the year ended 31 December 2022, the Company recorded fair value gains, net of AUD$3,768,466 (US$2,548,932) under the statement of comprehensive loss as a result of the change in the fair value of warrants.

A summary of changes in share purchase warrants issued by the Company during the year ended 31 December 2022 is as follows:

	Number of Warrants	Weighted Average Exercise Price (US$)
Balance, December 31, 2021	**-**	
Issuance of warrants	3,381,355	5.01
31 August 2022 warrants exercise	(450,000)	5.00
Balance, December 31, 2022	**2,931,355**	**5.01**

	Fair value measurements using input type			
	Level 1	**Level 2**	**Level 3**	**Total**
Balance as of December 31, 2021	- -	-	-	
Warrants issued during the period	-	5,598,835	-	5,598,835
Fair value gain recognized in cconsolidated statement of profit or loss and other comprehensive income	-	(3,768,466)	-	(3,768,466)
Transfer upon exercise	-	(825,609)	-	(825,609)
Translation adjustments		92,760		92,760
Warrant liability as of December 31, 2022	-	$1,097,520	-	$1,097,520

Note 19. Non-current liabilities - lease liabilities

	Consolidated	
	31 December 2022 $	31 December 2021 $
Lease liability	95,403	336,246

Refer to note 25 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 20. Non-current liabilities - employee benefits

	Consolidated	
	31 December 2022 $	31 December 2021 $
Net Employee benefits	203,636	818,190

The Group has a defined benefit pension plan in Israel for two employees. The Group’s defined benefit pension plan is a final salary plan for those two Israeli employees, which requires contributions to be made to a separately administered fund.
Each year the Board reviews the level of funding in the pension plan as required by the Israeli employment legislation. Such a review includes the asset-liability matching strategy.
In 2022, one of the employees under the fund terminated its contract with the Israeli subsidiary and his entitlement was settled.
At 31 December 2022, only one employee remains in the pension plan. The expected payment of his pension entitlements will be upon his retirement or when he terminates his employment with the Israeli subsidiary

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.

Note 20. Non-current liabilities - employee benefits (continued)

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.

Statement of financial position amounts

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

	Consolidated 2022 $	Consolidated 2021 $
Present value of the defined benefit obligation	313,227	1,026,565
Fair value of defined benefit plan assets	(109,591)	(208,375)
Net liability in the statement of financial position	203,636	818,190

2022 changes in the defined benefits obligation and fair value of plan assets

		Pension cost charged to profit or loss				Remeasurement gains/(losses) in OCI							
	1 January 2022	Service cost	Net interest income/(expense)	Subtotal included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	Foreign exchanges differences	31 December 2022
	$	$	$	$	$	$	$	$	$	$	$	$	$
Defined benefit obligation	(1,026,565)	(40,309)	(11,149)	(51,458)	384,273	-	-	57,461	283,448	340,909	-	39,614	(313,227)
Defined benefit plan assets	208,375	-	3,002	3,002	(120,412)	6,432	-	-	-	6,432	21,432	(9,238)	109,591
Net benefit liability	(818,190)	(40,309)	(8,147)	(48,456)	263,861	6,432	-	57,461	283,448	347,341	21,432	30,376	(203,636)

Note 20. Non-current liabilities - employee benefits (continued)

2021 changes in the defined benefits obligation and fair value of plan assets

		Pension cost charged to profit				Remeasurement gains/(losses) in OCI							
	1 January 2021	Service cost	Net interest income/(expense)	Subtotal included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	Foreign exchanges differences	31 December 2021
	$	$	$	$	$	$	$	$	$	$	$	$	$
Defined benefit obligation	(869,550)	(65,917)	(14,831)	(80,748)	-	-	22,659	11,123	(19,363)	14,419	-	(90,686)	(1,026,565)
Defined benefit plan assets	166,437	-	2,472	2,472	-	824	-	-	-	824	20,591	18,051	208,375
Net benefit liability	(703,113)	(65,917)	(12,359)	(78,276)	-	824	22,659	11,123	(19,363)	15,243	20,591	(72,635)	(818,190)

The principal assumptions used in determining defined benefits obligation and fair value of plan assets are shown below:

	Consolidated 2022 %	Consolidated 2021 %
Discount rate	5.04	1.64
Future salary increase	1.00	1.00
Future consumer price index increases	2.90	2.60

Note 20. Non-current liabilities - employee benefits (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

	Impact on Net Employee benefits	
	2022 $,000	**2021 $,000**
Discount rate:		
1% increase	13	54
1% decrease	(14)	(57)
Future salary:		
1% increase	(15)	(57)
1% decrease	14	54

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Note 21. Non-current liabilities - Governmental liabilities on grants received

	Consolidated	
	31 December 2022	31 December 2021
	$	$
Governmental liabilities on grants received	6,084	5,175

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.

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 22. Equity - issued capital

	Consolidated			
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Shares	Shares	$	$
Ordinary shares - fully paid	1,331,279,665	321,936,715	41,636,762	26,504,136

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2021	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
Issue of NASDAQ IPO shares (net of warrant fair value)**	29 August 2022	885,592,950	$0.015	13,662,563
Exercise of 450,000 NASDAQ warrants**	31 August 2022	123,750,000	$0.026	4,085,533
Capital raising costs		-	-	(2,615,470)
Balance	31 December 2022	1,331,279,665		41,636,762

*On 15 July 2021, the Company issued 64,000,000 options to investors in the Company's May 2021 capital raising. The options have an exercise price of $0.09, expire July 15, 2023.

**On 24 August 2022, the Company issued 3,220,338 units to shareholders in the Company's August 2022 Nasdaq listing & IPO. Each unit consists of a single ADS and a single pre-funded warrant exercisable to a single ADS. The warrants have an exercise price of US$5.00, expiring on 24 August, 2027.

Note 22. Equity - issued capital (continued)

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.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

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 23. Equity - reserves

	Consolidated	
	31 December 2022 $	**31 December 2021 $**
Foreign currency reserve	(697,705)	237,437
Share-based payments reserve	1,117,125	1,214,809
Re-measurements reserve	(142,432)	(508,949)
	276,988	943,297

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.

Note 23. Equity - reserves (continued)

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 2021	(474,752)	1,046,869	198,160	770,277
Foreign currency translation	-	-	206,363	206,363
Share based payments	-	223,171	-	223,171
Forfeiture of options	-	(8,806)	-	(8,806)
Lapse of options	-	(46,425)	-	(46,425)
Re-measurement of defined benefits plans	(34,197)	-	-	(34,197)
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
Foreign currency translation	-	-	(935,142)	(935,142)
Share based payments	-	309,256	-	309,256
Forfeiture of options	-	(95,100)	-	(95,100)
Lapse of options	-	(311,840)	-	(311,840)
Re-measurement of defined benefits plans	366,517	-	-	366,517
Balance at 31 December 2022	(142,432)	1,117,125	(697,705)	276,988

Note 24. Equity - dividends

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

Note 25. 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.

Note 25. Financial instruments (continued)

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 2022 $**	**31 December 2021 $**	**31 December 2022 $**	**31 December 2021 $**
US dollars	18,061,483	548,764	31,233	39,979
Euros	1,826	2,272	871	-
Israeli New Shekel	1,849,492	1,535,738	-	-
	19,912,801	2,086,774	32,104	39,979

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.

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.

At 31 December 2022, the Group had 5 customers (2021: 5 customers) that represented over 80% of the trade receivables balance.

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.

Note 25. Financial instruments (continued)

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 2022	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	-	299,289	-	-	-	299,289
Other payables	-	1,309,557	-	-	-	1,309,557
Government liabilities	-	-	-	-	6,084	6,084
Total non-derivatives		1,608,846	-	-	6,084	1,614,930

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

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

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

Note 26. 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)

Note 26. Key management personnel disclosures (continued)

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 2022 $	31 December 2021 $
Short-term employee benefits	821,414	647,248
Post-employment benefits	294,171	157,798
Israel deferred payments	653,768	-
Share-based payments	93,036	46,518
	1,862,389	851,564

Note 27. 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 2022 $	31 December 2021 $
Audit services - BDO Audit Pty Ltd		
Audit or review of the financial statements	79,500	56,000
Other services - BDO Audit Pty Ltd		
Tax compliance services	5,000	4,500
BDO Audit Pty Ltd total	84,500	60,500
Audit services - BDO Israel		
Audit or review of the financial statements	189,324	45,813
Other services - BDO Israel		
IPO assurance services and others	177,546	36,821
Tax compliance services	11,112	8,850
Others	2,226	2,219
	188,884	47,890
BDO Israel total	378,208	93,703

Note 28. Contingent liabilities

There were no contingent liabilities at 31 December 2022 and 31 December 2021.

Note 29. Related party transactions

Parent entity
Mobilicom Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Note 29. Related party transactions (continued)

Key management personnel
Disclosures relating to key management personnel are set out in note 26.

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 2022 $	31 December 2021 $
Current payables:		
Payables to related parties	25,667	3,667

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 2022 $	31 December 2021 $
Profit/(loss) after income tax	(18,542,719)	(1,768,488)
Total comprehensive income	(18,542,719)	(1,768,488)

Statement of financial position

	Parent	
	31 December 2022 $	31 December 2021 $
Total current assets	382,354	2,653,687
Total assets	382,354	2,653,687
Total current liabilities	105,273	179,519
Warrants financial liability	1,097,520	-
Total liabilities	1,202,793	179,519
Equity		
Issued capital	35,673,114	20,540,488
Share-based payments reserve	832,239	716,753
Accumulated losses	(37,325,792)	(18,783,073)
Total equity	(820,439)	2,474,168

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 2022.

Note 30. Parent entity information (continued)

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2022.

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 subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**31 December 2022 %**	**31 December 2021 %**
Mobilicom Ltd ("Mobilicom Israel")	Israel	100.00%	100.00%
Mobilicom Inc	United States	100.00%	-

In late December 2022 and following the Company's listing on NASDAQ and increased operations in the United States, the Company incorporated a wholly owned subsidiary Mobilicom Inc, a Delaware incorporated Company. As at 31 December 2022, there were no significant operations which commenced as the Company was in an incorporation phase.

Note 32. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 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 2022 $	31 December 2021 $
Loss after income tax expense for the year	(341,469)	(2,704,845)
Adjustments for:		
Depreciation and amortisation	375,516	224,154
Share-based payments	309,256	223,171
Foreign exchange differences	(428,414)	172,573
Net gain on fair value movement of warrants	(3,768,466)	-
Lease interest	22,004	31,382
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	88,317	(239,623)
Decrease/(increase) in inventories	(347,668)	312,014
Increase in prepayments	(221,127)	(70,763)
Increase in trade and other payables	457,392	132,260
Increase/(decrease) in employee benefits	(614,554)	115,077
Increase/ (decrease) in Government liabilities	909	(1,579)
Net cash used in operating activities	(4,468,304)	(1,806,179)

Note 34. Earnings per share

	Consolidated	
	31 December 2022 $	31 December 2021 $
Loss after income tax attributable to the owners of Mobilicom Limited	(341,469)	(2,704,845)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	664,158,704	297,914,797
Weighted average number of ordinary shares used in calculating diluted earnings per share	664,158,704	297,914,797
	Cents	Cents
Basic earnings/(losses) per share	(0.05)	(0.91)
Diluted earnings/(losses) per share	(0.05)	(0.91)

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.

Note 34. Earnings per share (continued)

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 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
27/04/2017	27/04/2022	$0.200	1,850,000	-	-	(1,850,000)	-
20/10/2016	20/10/2026	$0.120	614,090	-	-	-	614,090
05/11/2015	05/11/2025	$0.120	767,611	-	-	-	767,611
17/04/2018	16/04/2023	$0.150	2,200,000	-	-	(400,000)	1,800,000
30/05/2018	29/05/2024	$0.150	400,000	-	-	-	400,000
30/05/2019	25/06/2025	$0.150	3,000,000	-	-	-	3,000,000
05/08/2019	05/08/2022	$0.150	1,500,000	-	-	(1,500,000)	-
29/12/2020	29/12/2025	$0.080	9,400,000	-	-	(4,280,000)	5,120,000
15/07/2021	15/07/2026	$0.080	11,500,000	-	-	-	11,500,000
08/04/2022	08/04/2027	$0.080	-	400,000	-	-	400,000
08/04/2022	08/04/2027	$0.070	-	573,678	-	-	573,678
08/04/2022	08/04/2027	$0.050	-	6,530,000	-	(1,090,000)	5,440,000
			31,231,701	7,503,678	-	(9,120,000)	29,615,379

During the year, the company granted 7,503,678 unlisted options to employees and consultant of the Company. 1,380,000 options are fully vested at date of grant, 573,678 options are vested after 18 months, 2,000,000 options are vested after 3 years, and 3,550,000 options are vested after 4 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
13/04/2022	13/04/2027	$0.044	$0.080	80.40%	-	0.02%	$0.0238
13/04/2022	13/04/2027	$0.044	$0.070	80.40%	-	0.02%	$0.0250
13/04/2022	13/04/2027	$0.044	$0.050	80.40%	-	0.02%	$0.0278

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

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.

Note 35. Share-based payments (continued)

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.

Note 35. Variation from Appendix 4E Preliminary Final Report

Since the ASX lodgment of the Appendix 4E and Preliminary Final Report, which were unaudited, on 28 February 2023, following the finalisation of the audit an adjustment has been made on the inventory balance. The nature of the adjustment is related to incorrect treatment of costing of assembled inventories. The value of the adjustment is amounted to $221,287. As a result of the adjustment net asset has increased by $221,287 to $17,860,907 and loss for the year has decreased by $221,287 to $341,469.