LITCHFIELD HILLS RESEARCH

Mobilicom Ltd.

NASDAQ – MOB – sponsored ADS

September 2, 2025

Securing the Future of Autonomous Drones – Initiating at Buy with $10 PT

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We initiate on Mobilicom with a Buy rating and a 12-month price target of $10, supported by early-stage traction in defense UAS programs and a differentiated roadmap toward secure autonomous drone technologies.

- **Unique Small-Cap UAS Technology Provider** – One of the only publicly traded pure plays on secure drone communications, cybersecurity, and autonomy, serving Tier-1 military and commercial UAS manufacturers across the U.S., Israel, Europe, and Asia.
- **Three-Phase Growth Evolution**
  - **Today** – Selling modules (SkyHopper, MCU, Ground Controllers) with embedded software to Tier-1 defense contractors such as Teledyne and Rafael.
  - **Next 12–24 Months** – Revenue acceleration as Mobilicom expands supplier roles with U.S. and Israeli military programs; products validated by the Pentagon's Blue UAS list.
  - **Long-Term Vision** – Enabling cyber-secure autonomous drone fleets for defense and commercial markets with high-margin embedded software driving profitability.
- **Technology Differentiation** – Mobilicom's OS3 and ICE cybersecurity platforms and mesh networking solutions are proven against state-of-the-art Russian and Chinese jamming threats, offering one of the world's most secure architectures for unmanned systems.
- **Founder-Led Team with Deep Military Roots** – CEO Oren Elkayam (ex-Israeli Air Force) and Head of R&D Yossi Segal (ex-Israeli Army cybersecurity) identified the evolution to secure autonomy a decade ahead of peers.
- **Financial Upside** – Revenue projected to grow from $3.1M (2024) → $5M (2025) → $10M (2026) → $25M (2027) with gross margin expansion (58% → 65%) and profitability by 2027.

Rating	Buy
Target Price	$10.00
Ticker Symbol	MOB
Market	NASDAQ
Stock Price	$5.64
52 wk High	$6.60
52 wk Low	$0.85
Fully Dilluted Shares Outstanding:	12.7 M
Public Market Float:	12.0 M
Avg. Daily Volume	405,989
Market Capitalization:	$71.7 M
Institutional Holdings:	58.9%
Dividend Yield:	0.0%

Earnings Per ADS	Normalized to exclude unusual items			
FYE - December	**2024**	**2025E**	**2026E**	**2027E**
1H - June	($0.16)	$0.00 A		
2H Dec.	($0.62)	($0.52)		
Year	**($0.78)**	**($0.52)**	**($0.05)**	**$0.63**
Revenue ($mm)	**3.2**	**5.0**	**10.0**	**25.0**
FD EV/Rev	20.3X	12.9X	6.5X	2.6X
EBITDA ($mm)	**(3.4)**	**(3.0)**	**0.2**	**8.8**
EV/EBITDA	NM	NM	NM	7.3X

Risks/Valuation

- **Risk Factors:** Mobilicom provides highly secure military equipment to the U.S. and Israeli militaries as its end customers. As such, it is a target of the most prominent government and terrorist organization cyberattacks. However, cybersecurity is the company's business, and they have a proven track record. Another risk factor is that they may not be selected to provide their products to the major UAS programs for which they are competing.
- **Valuation:** We value MOB ADS on a multiple of revenue using the average revenue multiple of a large group of comparable companies.

Company description: Mobilicom Ltd. is an Israeli drone technology company offering a range of hardware and software products, as well as support and integration services. It has supplier relationships with some of the major drone defense contractors in the United States, Europe, and Asia, and all three of the major Israeli defense contractors.

Securing the Future of Autonomous Drones

We initiate coverage of Mobilicom with a Buy rating and a $10 12-month price target. The company is a unique, small-cap public UAS (unmanned aerial systems) technology company, as its product portfolio is designed and evolving to serve both military and commercial secure autonomous UAS manufacturers in the U.S., Israel, Europe, and Asia. The CEO explained to us the three-step evolution of the company:

1. Today, it is selling its modules with embedded software to tier 1 UAS manufacturers in the US and Israel.
2. By next year, we expect it to greatly expand its customer list as the companies winning the numerous UAS programs already announced by the US and Israeli militaries adopt its technology either as a primary or secondary source provider. The February 2025 announcement that its SkyHopper product line, embedded with its ICE software, was placed on the Defense Innovation Unit's Blue List, was a key step towards Pentagon and tier 1 provider acceptance. During this phase, revenue should accelerate.
3. The longer-term plan is to become the cybersecurity solution for AI autonomous drones and robots as they rapidly evolve toward secure autonomous architectures. Its biggest opportunity comes from licensing its OS3 cybersecurity suite, which protects individual drones and robots at the edge, and entire fleets via cloud implementation. Mobilicom, as an Israeli company facing the unique threats there, saw this evolution before other companies in the industry and has created a product portfolio to enable this vision. Israel has long faced challenges to both military and commercial applications from Hezbollah, using Iranian and North Korean technology, and Russian troops using their technology in Syria. So today, Mobilicom has one of the most secure technology architectures in the world. Both commercial and military drones will rapidly evolve from today's environment, where operators control one or more drones from a controller, to a world where drones are given a mission and decide the tactics to carry this out autonomously.

The company is currently in phase one of this process – selling discrete drone components to tier 1 defense contractors for integration into their UAS. It has disclosed companies such as Teledyne and Rafael as customers and has announced orders for its SkyHopper, MCU, and Ground Controller products, but avoids noting which customers are buying which products and for which of their UAS due to strict contractual disclosure issues. Later in this report, we detail the major US and Israeli military UAS procurement programs and Mobilicom's products. Today, many of these programs are in the early stages, and so we believe that Mobilicom's $3.1 million in revenue last year and our $5 million in projected revenue this year are coming from these simple relationships. As we discuss later, these programs are expected to ramp significantly. We believe that if Mobilicom were able to merely retain its vendor position for existing platforms, it would significantly exceed our 2026 estimate of $10 million in revenue and our 2027 estimate of $25 million in revenue.

But in the second phase, which involves serving as a source on additional platforms, either as the primary or secondary provider, revenue should increase significantly. As we note in the military programs sections of this report, UAV providers such as AeroVironment, Anduril, and Teledyne have won contracts, and we believe that the company is in discussions with them or has already won supplier contracts. We understand that the company's communications products, hardware, and software have outperformed peers in the military's testing of the ability to avoid enemy jamming. With the Ukraine War, the Russians have developed state-of-the-art drone countermeasures, and we expect that the Chinese are even further along. UAVs that cannot operate in the face of these countermeasures are worthless, with dangerous implications if they are hijacked, so we expect that many tier 1 vendors will increasingly turn to Mobilicom. As we explain later in

this report, the company had an early start a decade ago, solving these issues and serving Israeli customers.

The third phase is where the real value of Mobilicom kicks in and is the reason why we believe it is a must-own for investors seeking exposure to the future of commercial and military drone uses. As we discuss later in this report, militaries and companies such as Amazon will need to rely on autonomous drones that can fulfill a mission, whether it be to deliver a truckload of packages to homes in a neighborhood or to defeat an enemy battalion. And these drones absolutely must have impregnable cybersecurity so hostile actors cannot jam or, even worse, intercept and hijack their UAVs. As we discuss, Mobilicom has a current portfolio of three hardware solutions and three software solutions, but we expect its portfolio to increasingly become a blend of hardware with proprietary embedded software, with high-margin software becoming a much larger mix of the business. Successful implementation of this cyber-secure autonomous UAV vision would, in our opinion, lead to hundreds of millions of dollars in revenue and is not reflected in our estimates, and certainly not in the stock price.

Mobilicom is headquartered in Shoham, Israel, strategically located between Tel Aviv and Jerusalem. Founded in 2006 by its two co-founders, who still run the company, and formally incorporated in 2017, the company today employs approximately 40 people, with 30 based in Israel. The Chief Executive Officer resides in California, where he has been instrumental in establishing partnerships with U.S. technology companies and leading investor relations efforts. The other co-founder remains in Israel, overseeing research and development.

Mobilicom's commercial organization is structured around three senior leaders: Head of U.S. and Rest of World Sales, Head of Europe and Israel Sales, and Head of Marketing. Each of these executives is supported by a dedicated direct report.

While all software and hardware development is conducted internally, Mobilicom outsources components and manufacturing. This approach allows the company to maintain a lean, scalable operating model that provides investors with meaningful operating leverage. It has been awarded two U.S. patents with 34 claims.

Initiating Coverage with a Buy Rating and $10 Price Target

As we detail later in this report, our analytical work leads us to a $10 price target over the next year. Our basic assumptions are revenue of $5 million, $10 million, and $25 million for the years 2025 through 2027. As noted, just continued successful execution of phase 1 could get them there. We also expect modest gross margin expansion, from 58% last year to 65% by 2027, due to the increase in software in the product mix. Below the gross margin line, operating expenses are only likely to grow around 20% annually, after a surge this year due to recognition of non-cash RSU stock compensation. These assumptions get us to positive EPADS and EBITDA in 2027. We caution investors not to take our estimates too literally. We are confident in the basic trends we have outlined, but exactly how revenue, expenses, and profitability unfold remains to be seen.

Founders' Unique Background Led them to Identify the Evolution to Secure, Autonomous Drones a Decade Ago

Mobilicom was founded in 2006 by Chief Executive Officer Oren Elkayam and Head of Research & Development Yossi Segal, who continue to play central roles in the company's growth and technological leadership. The two co-founders first met in 1991 during military basic training after being accepted into the Israeli military's prestigious *Atuda* program, which allows exceptional high school graduates to defer service

to complete university degrees that can later be applied to military needs. Both Elkayam and Segal earned bachelor's degrees in electronics and computer engineering, followed by MBAs from Ben-Gurion University. Their long-standing professional and personal partnership remains a cornerstone of Mobilicom's success.

Mr. Elkayam served in the Israeli Air Force, where he contributed to early drone technology programs, while Mr. Segal served in the Israeli Army with a specialization in cybersecurity. Together, they developed a vision for secure, autonomous drones more than a decade ago—well before the industry began to broadly adopt such technologies. Their work was shaped by Israel's uniquely challenging environment, where hostile electronic warfare capabilities were deployed along its borders. For example, Russian military jamming operations in Syria and Hezbollah's use of Iranian and North Korean technology in Lebanon disrupted both defense systems and commercial agricultural equipment from companies such as John Deere and Caterpillar in northern Israel. Mobilicom was called upon by the Israeli government to address these problems, and its solutions have since been validated in some of the most demanding environments, including Gaza and Ukraine.

Mobilicom's early innovation centered on mesh networking technology, a communication framework where nodes connect dynamically and non-hierarchically to ensure secure and efficient data transfer. First popularized in consumer Wi-Fi systems by companies like eero (now part of Amazon), mesh networking has become indispensable for coordinating fleets of drones in both commercial and military applications. Mobilicom integrated this capability into its MCU Mesh Networking hardware, currently in use by the Israeli military, and we expect it to combine this technology with its SkyHopper hardware line to create a lightweight, secure, and versatile communications module.

The practical need for such networking is evident. In commercial contexts, companies such as Amazon envision drone fleets conducting autonomous package delivery tasks that require drones to operate beyond line of sight without direct human control. In military settings, warfighters will increasingly rely on drone swarms, where groups of autonomous aircraft coordinate in real time to execute mission objectives without step-by-step instructions. Mesh networking is foundational to enabling these capabilities.

Mobilicom has continued to expand its technology portfolio. In 2021, it launched the ICE Electronic Warfare Resistance platform, providing multi-layered protection against cyber threats. In 2024, it introduced OS3 cybersecurity suite, a platform designed to coordinate the various sensors and computing systems on drones. These platforms were the result of extensive development and partnerships with global technology leaders. For example, Mobilicom licenses advanced firewall software from companies such as Palo Alto Networks and Fortinet, while also drawing on engineering expertise from the automotive industry, where vehicles have long relied on interconnected computing systems to manage functions as basic as braking and acceleration.

The complexity of modern drones, particularly for defense applications, mirrors these automotive challenges. Military-grade drones require not only navigational systems but also mission-critical sensors for targeting, threat detection, and autonomous operations. In this ecosystem, Mobilicom positions itself as an enabler rather than a direct competitor to global leaders in artificial intelligence and semiconductors such as Nvidia and Qualcomm. By integrating seamlessly with these advanced solutions rather than attempting to replicate them, Mobilicom has established itself as a critical provider of secure, mission-ready communications and cybersecurity platforms for the next generation of autonomous drones.

US Government Actions Accelerate UAS Adoption

National Defense Authorization Act for Fiscal Year 2020 – This law is often referred to by its acronym NDAA, and the term NDAA-compliant is often used in the industry. It was overwhelmingly passed by bipartisan majorities in both houses and signed into law by President Trump in December 2019. Section 848 of this law prohibited the Defense Department from buying drones, drone components, or drone software from Chinese companies. In 2022, the law was expanded to include Russia, Iran, and North Korea.

American Security Drone Act – signed into law in 2024 with the FY2024 National Defense Authorization Act (NDAA). It received bipartisan sponsorship by Senators Rick Scott (R-FL) and Mark Warner (D-VA) and was signed into law by President Biden in December 2023.

The law prohibits federal departments and agencies from procuring certain foreign commercial off-the-shelf drones or covered unmanned aircraft systems manufactured or assembled in countries identified as national security threats, and provides a timeline to end current use of these drones.

It also prohibits the use of federal funds awarded through certain contracts, grants, or cooperative agreements to state or local governments from being used to purchase foreign commercial off-the-shelf drones or covered unmanned aircraft systems manufactured or assembled in a country identified as a national security threat.

Countering CCP Drones and Supporting Drones for Law Enforcement Act - proposed by Rep. Elise Stefanik (R-NY) in December 2022 and passed by the House in September 2024, but was excluded from the final NDAA passed by Congress and signed into law by President Biden. This act specifically named Chinese manufacturers DJI and Autel and would have banned the import of their products. Instead of an immediate ban, the NDAA calls for a one-year study period. Drones are extensively used by a number of industries, particularly the movie and television industry, and public safety entities, and at the time, there were few alternatives, so lobbying likely led to the reprieve.

Commerce Department Advance Notice of Proposed Rulemaking (ANPRM)

On January 2nd, 2025, the Commerce Department issued an ANPRM seeking comment on how it could formulate a rule to protect the U.S. drone supply chain, again targeting the Chinese. Notably, the ANPRM came under the outgoing Biden administration, demonstrating the bipartisan support of this issue. We have read numerous ANPRMs over the years on a multitude of issues, and they are essentially open-ended question lists by the U.S. government seeking input from informed parties before they sit down and craft a rule.

Unleashing American Drone Dominance: Executive Order

On June 6, 2025, President Trump signed an Executive Order with specific instructions to the secretaries of Transportation, Commerce, Defense, State, Energy, Homeland Security, and Justice to take specific steps, with delineated timelines, to increase the use of unmanned aerial systems (UAS) in the U.S economy. It specifically requires the use of U.S. or friendly drones and drone parts and sets forth a detailed framework to support the export of U.S.-manufactured drones and related systems. We note that Mobilicom is an established provider to U.S. drone manufacturers, and we expect it to expand its commercial relationships.

The U.S. is rapidly moving from a drone and drone components industry almost entirely dominated by Chinese producers to one dominated by U.S. and allied manufacturers. While some Trump administration Executive Orders have faced pushback, support for the U.S. drone industry started in the first Trump administration and continued through the Biden administration and the current Trump administration, with legislation receiving votes from the majority of Senators and Members of Congress from both parties.

The Executive Order contains several specific instructions, with short timelines, for government departments:

- **Expanding Commercial Unmanned Aircraft Systems** Operations – this section outlines four steps, with timelines, that the Secretary of Transportation must take to allow for the use of beyond visual line of sight (BVLOS) drones for commercial and public safety. This is a needed change as currently, drones are largely limited to line-of-sight applications, limiting services such as e-commerce delivery.
- **Further Unmanned Aircraft Systems Integration into the National Airspace System** – this is another necessary order so that drones can safely interoperate in the same airspace as commercial and government aviation.
- **Establishment of an Electric Vertical Takeoff and Landing Pilot Program** – this provision is relevant in supporting electric vertical take-off and landing (eVTOL) aircraft. This industry is developing larger vehicles capable of transporting people.
- **Strengthening the American Drone Industrial Base** – this provision orders all agencies to prioritize the integration of drones manufactured in the U.S. over those made abroad. Historically, most drones were made in China from Chinese components and imported into the U.S. Now, U.S. agency drones will be made in the U.S. from components made in the U.S. or friendly nations.
- **Promoting the Export of American-Made Civil Unmanned Aircraft Systems** – we view this as relevant for Mobilicom, as its components are in early defense drones, and we believe that with its strengths in UAS cybersecurity and autonomy, it will be adopted by both U.S. commercial and defense drone manufacturers.
- **Delivering Drones to Our Warfighters** – this provision specifically calls for the military to use low-cost, high-performing drones of the type that have been used so successfully by both sides in the Ukraine war. Given the success of these tactics, we expect drones to revolutionize warfare with massive adoption by militaries across the world. Mobilicom is perfectly positioned to provide the components to build these drones.

Unleashing American Drone Dominance: Defense Secretary Memo

On July 10, 2025, U.S. Defense Secretary Pete Hegseth issued a memo implementing the President's Executive Order and taking it several steps further. He announced that the Pentagon will now classify small drones as ammunition rather than aircraft, enabling combat units to purchase them directly, bypassing the slow acquisition process. Military credit cards can now be used to buy drones, and each service branch must stand up active-duty drone formations by September 1, with full integration into combat training by 2026.

Russia's relentless use of swarms of low-cost armed drones in Ukraine has redefined modern warfare. The U.S. is responding in kind, and the scale will be enormous. For context, the Pentagon already buys 1.5 billion rounds of ammunition annually and stockpiles much more. At ~$500 per Group 1 drone (covered under this new order), demand could be staggering. While Mobilicom will not book end-drone sales, its customers will, driving substantial components and software sales. As with Intel during the PC boom, Mobilicom's upside lies in being embedded in many of the units sold. This policy shift accelerates U.S.

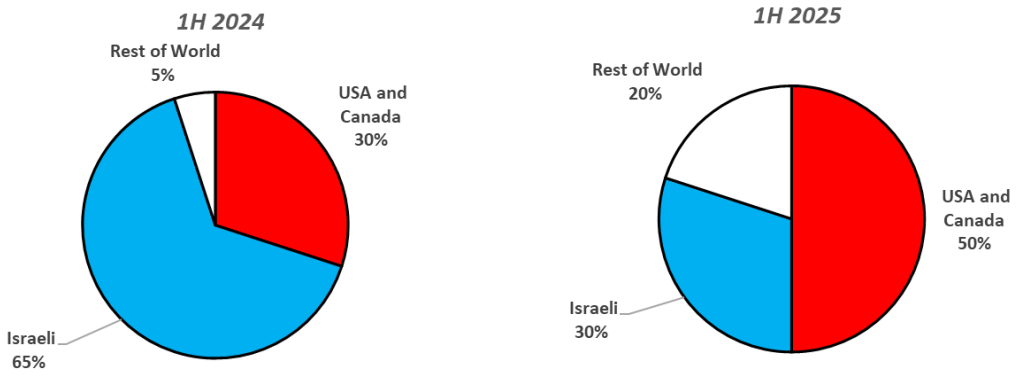
drone adoption well ahead of the budget cycle we previously expected to unlock sales for UAS suppliers. We now anticipate a meaningful financial impact by year-end 2025.

Pentagon Media Event Showcasing 18 UAS Prototypes

On July 17, 2025, Secretary Hegseth hosted a media event showcasing 18 UAS prototypes that had been developed in the last 18 months. Typically, such development would take around six years, underscoring the rapid pace at which the industry is moving. We believe that several of the vendors displaying UAS at the event are already working with Mobilicom.

Growth is Shifting to the U.S. as Its Products are Adopted by Tier 1 UAS Providers

While Mobilicom is headquartered in Israel, it has a global customer base with major, named customers in the U.S., Europe, Israel, and Asia. In the first half of 2024, U.S. and Canadian revenue made up 30% of the total, or $541k. (We believe this was nearly all U.S. revenue.) In 2025, U.S. and Canada revenue was 50% of total revenue, or $725k, representing 34% growth. So revenue from major U.S. defense contractors is becoming a larger part of the mix and growing rapidly. And, as we discuss below, most of the major U.S. military UAS programs are still in the early stages, so we believe that revenue is poised to grow significantly.



Source: Company reports

U.S. Military Drone & Unmanned Systems Programs: Overview and Outlook

The U.S. military is rapidly investing in a wide spectrum of drone and autonomous systems—spanning loitering munitions, ISR platforms, counter-UAS technologies, launched effects, and long-range tactical UAS. The funding levels are significant: $1 billion for Replicator, hundreds of millions for OPF-L and an announced Taiwan sale, plus large-scale SRR and others. The timelines are aggressive, with many systems targeting fielding by 2025–2026, with Replicator-1 expected to be fully operational by August 2025. The vendor landscape includes established firms (AeroVironment, Teledyne FLIR, Raytheon), non-traditional firms (Anduril), and tech-focused entities (Skydio, Red Cat, AEVEX).

Strategic implications:

- Scale-up of drone swarms and attritable systems reshapes force posture.
- Supply-chain diversification and partnerships with commercial tech firms.

- Rapid acquisition models (e.g., use of IDIQ, on-ramps) are accelerating capability deployment.
- Export potential (e.g., Taiwan sales) signals market expansion.

With its secure communications and tracking solutions for unmanned systems, Mobilicom should play a critical role in ensuring command-and-control resilience across these programs—especially where C2, secure data links, or swarm management are involved. Some of the above-announced vendors are listed as Mobilicom customers in its 20-F filings, and numerous media reports have confirmed their involvement, so we have a high degree of confidence that the company will enjoy significant revenue from these programs.

U.S. Military Drone & Unmanned Systems Programs

Program (Acronym)	Branch of Service	Date / Announcement	Estimated Value	Vendors / Platforms	Timeline / Status	Strategic Implication
Replicator-1	Department of Defense (multi-branch, led by OSD/DIU)	Aug-23	$1B (FY24–25)	AeroVironment Switchblade 600, others	Fielding by Aug 2025; initial tranche underway	Massive small-drone deployment capacity
Taiwan drone sale	Foreign Military Sale (Taiwan / supported by U.S. DoD)	Jun-24	$360M total ($60M Switchblade-300; $300M ALTIUS)	AeroVironmen Switchblade 300, Anduril ALTIUS 600M-V	Approved; pending delivery	Opens export market and precedent
Replicator-2	Department of Defense (multi-branch, led by OSD/DIU)	Sep-24	Included in FY26 request	C-sUAS focus verticals	Expected within 24 months	Enhanced counter-drone saturation
SRR	U.S. Army	Ongoing	~$600–700M	Skydio X10D, Teal Black Widow	Second tranche production; LRIP in FY26	Ground ISR unmanned saturation
OPF-L	U.S. Marine Corps	Apr-24	Up to $249M	AeroVironment, Teledyne FLIR, Anduril	First delivery Jan 2026; field by 2027	Squad-level loitering precision fires
GOPSS 0A	U.S. Special Operations Command (SOCOM)	Public 2024	N/A	Teledyne FLIR Rogue 1	Testing since 2022; micro prototype fieldable	SOCOM precision loitering strike
Launched Effects	U.S. Army (DoD initiative, Army lead)	Demo Mar 2025	N/A	AEVEX Atlas, Anduril Altius 600,RTX Coyote B3	Demonstrations underway; fielding by 2026	Multi-domain launched autonomous effects
LRT UAS	U.S. Navy / U.S. Marine Corps (PMA-263)	RFI Jun 2023; Demo mid-July 2025	N/A	AeroVironment P550, others	Demo complete; procurement in pipeline	Long-range VTOL recon/strike

Source: Company reports

Mobilicom has called out several major U.S. military UAS procurement programs in its investor deck. A Program of Record (POR) is, according to Google, "a formally approved and funded U.S. government initiative, often in defense, that provides a new, improved, or continuing system or capability. Once a program achieves POR status, it receives dedicated funding within the government budget (like the DoD's Future Years Defense Program or FYDP) and is assigned a program manager to oversee its execution and lifecycle. This designation signifies formal approval, funding allocation, documented requirements, and a dedicated budget, establishing a stable, predictable, and recurring revenue stream for contractors involved in the program." Several of the programs below are, or are expected to become, PORs.

1. U.S. Sale of Drones to Taiwan – June 2024

- **Date**: Approved June 18–19, 2024.
- **Value**: Approximately $360 million, including:
  - AeroVironment's Switchblade 300 loitering munitions ($60.2 million)
  - ALTIUS 600M-V multipurpose UAV systems ($300 million)
- **Timeline & Status**:
  - Congressional review period passed without objection; sale proceeded.

- **Purpose**:
  - To support Taiwan's defense, particularly under the "porcupine strategy" by bolstering capabilities against potential PLA aggression.
- **Projections**:
  - Delivery expected following customary Foreign Military Sales timelines; forms precedent for future drone exports to Taiwan and allies.

2. Pentagon's Replicator Initiative

a) Replicator-1

- **Launch Date**: Announced August 28, 2023, by Deputy Defense Secretary Kathleen Hicks.
- **Funding**:
  - **$1 billion** total across FY 2024–FY 2025, allocated as $500 million for FY 2024 and a requested $500 million in FY 2025.
- **Vendors / Platforms**:
  - AeroVironment's Switchblade-600 selected as the first confirmed procurement.
  - Additional unmanned maritime and aerial systems and counter-UAS solutions funded, specifics undisclosed.
- **Timeline**:
  - The program sought to field thousands of low-cost, attritable autonomous systems in multiple domains within 18–24 months of announcement (i.e., by August 2025).
- **Current progress**:
  - First tranche on track.
- **Strategic Intent**:
  - Deliver swarming, attritable capabilities to overwhelm adversaries like China; jump-start defense innovation and diversify suppliers.

b) Replicator-2

- **Announcement Date**: September 2024.
- **Focus**:
  - Addressing threats from small Uncrewed Aerial Systems (C-sUAS) to critical assets.
  - Overcoming challenges in production capacity, technology innovation, policy, open architectures, systems integration, and force structure.
- **Timeline**:
  - Similar operational acceleration (18–24 months), intended for FY 2026 budget submission and execution.
- **Projections**:
  - If funded, could start delivering enhanced counter-sUAS systems at scale from 2026 onwards.

3. U.S. Army Short-Range Reconnaissance (SRR) Program

- **Objective**: Equip brigade combat teams with ~12,000 mini drones (lightweight, rucksack-portable), to enhance real-time battlefield ISR in GPS-denied/electronic warfare environments.
- **Value Estimate:** 5,880 systems × ~$64,000 ≈ $376 million over five years.
- **Vendors**:
  - Skydio X10D
  - Red Cat Teal Black Widow.
- **Timeline & Status**:

  - The Army has begun production of the second tranche, moving through successive tranches for scaling.
  - Red Cat (Black Widow) expected to receive LRIP (Low Rate Initial Production) orders soon; ramp-up in FY 2026.
- **Projections**:
  - Continued tranche-based acquisition, with large-scale fielding within the next 1–3 years.

4. Marine Corps OPF-L (Organic Precision Fires – Light)

- **Contract Date**: Awarded April 2024.
- **Value**: Up to $249 million over eight years.
- **Vendors**:
  - AeroVironment (Switchblade 300 Block 20): initial order ~$8.9 million.
  - Teledyne FLIR (Rogue 1): selected; optionally lethal, recoverable loitering munition.
  - Anduril Industries was also selected.
  - First deliveries expected in January 2026 to two Marine battalions for testing/evaluation.
- **Projection**:
  - Phase-in through FY 2026–FY 2027, scaling to more widespread squad-level deployment.

5. SOCOM's Ground Organic Precision Strike System (GOPSS 0A)

- **System**: Vertical take-off/landing (VTOL), man-portable loitering munitions for U.S. SOCOM.
- **Categories**: "Nano", "Micro", and "Mega" platforms.
- **Platform Delivered**: Teledyne FLIR's Rogue 1 satisfies the micro category (~10 lb) and is the only current tested system.
- **Timeline**: Rogue 1 tested by SOCOM since at least 2022; public unveiling in 2024.
- **Projection**:
  - Continued development/testing of nano and mega variants; potential IOC (Initial Operational Capability) in the next 1–2 years.

6. Department of Defense Launched Effects Program

- **Objective**: Develop air-, surface-, and maritime-launched autonomous systems ("effects") for detection, surveillance, communications relay, electronic attack, and kinetic/non-kinetic engagement.
- **Lead**: U.S. Army, targeting fielding to every Army division and Multi-Domain Task Force by 2026.
- **Recent Activity**:
  - March 2025: Army selected AEVEX Aerospace (Atlas), Anduril (Altius 600), and Raytheon (Coyote Block 3) for a Launched Effects-Short Range (LE-SR) demonstration.
- **Timeline**:
  - Demonstrations underway (e.g., at Joint Base Lewis-McChord); integration testing in progress.
- **Projection**:
  - Transition to rapid fielding across units by 2026 if successful.

7. Navy/Marine Corps Long Range Tactical (LRT) UAS

- **RFI Issued**: June 2023.
- **Demonstration**:
  - Mid-July 2025: Two-week demos in Chaptico, Maryland, evaluating commercial fixed-wing VTOL Group 2 UAS.
  - **Total program value estimate**: 5,880 systems × ~$64,000 ≈ $376 million over five years

- **Vendors**:
  - AeroVironment P550
  - Kraus-Hamdani K1000 ULE Block II
  - Aurora Skiron X
  - Edge Autonomy Stalker LRT
  - Vector Longbow.
- **Timeline**:
  - Demos conducted mid-July 2025; next steps include selection and acquisition phases likely in FY 2026–FY 2027.
- **Projection**:
  - Potential adoption for long-range reconnaissance/strike roles in Naval/Marine operations within the next 2–3 years.

Israeli Military Drone & Unmanned Systems Programs: Overview and Outlook

Over the last three years, Israel has materially expanded and diversified its military unmanned systems procurement. Two themes dominate: (1) urgent wartime buys and urgent requests for combat-proven loitering munitions and ISR platforms following the October 7, 2023 terrorist attacks, and (2) accelerated domestic procurement and production scaling (including FPV (first person view) "kamikaze" drones and autonomous systems) together with continued contracts to large legacy prime contractors (Elbit Systems, IAI and Rafael) for ISR, autonomous systems and counter-UAV capability upgrades. These procurement flows materially increase demand for integrated communications, secure data links, and battlefield autonomy — Mobilicom's addressable market — while also raising competition for specialized subsystems and software. Key, verifiable items in the period include: Israel's formal request to the U.S. for Switchblade-600 loitering munitions in late 2023; December 2024 IMOD contracts with Elbit for ISR/autonomous systems (~$40M reported); and an IDF program to acquire thousands of FPV attack drones awarded to domestic suppliers in mid-to-late-2025 (procurements and tenders accelerated after October 2023).

Public records over the last three years show Israel pursued a mixed procurement strategy: urgent foreign purchases for immediate battlefield needs (e.g., Switchblade requests), continuation of high-end ISR modernization with legacy Israeli primes, and a large shift toward mass expendable FPV systems procured domestically. For Mobilicom, this environment presents a clear commercial opportunity: increased demand for secure, resilient communications and mission orchestration across both high-end MALE (medium altitude, long-endurance) platforms and proliferated FPV fleets — assuming Mobilicom can competitively position its products within prime contractor supply chains and meet surge/scale requirements. Given the frequency of prime awards and the IMOD's reliance on domestic firms for scalable FPV procurement, we expect that the company will prioritize commercial engagements and certifications that make it a de-risked subcontractor for those primes.

Israeli Military Drone & Unmanned Systems Programs

Date (announced / reported)	IMOD buyer / user	Contractor / supplier	Product / system	Reported value / scale	Status / note
Nov 2023 (request reported)	IDF	AeroVironment (US sale request)	Switchblade-600 loitering munitions (200 requested)	Request for ~200 units (under U.S. review)	Foreign Military Sale request — review/approval process reported
Oct 2023 → ongoing	IDF / IMOD	Multiple (domestic & foreign)	Rapid procurement surge — ammunition, loitering munitions, ISR support	Numerous emergency buys; not all line-items publicly disclosed	Post-Oct-7 wartime procurement surge widely reported
Dec 3, 2024 (announcement)	IMOD	Elbit Systems	ISR drones, autonomous systems (multi-role)	Reported ≈ $40M (contracts with DDR&D)	Contracted to upgrade operational autonomous capabilities; multi-unit deliveries planned
2024–2025 (ongoing)	IDF/IMOD	IAI / UAV program partners	Heron/Heron-TP upgrades & cooperation (R&D and production partnerships)	Project/partnership scale not always public	Ongoing modernization and export JV work (Heron variants)
Aug 2025 (tender award; falls within 3-yr window through 8/27/2025)	IDF Ground Forces	Xtend (domestic)	First-Person-View (FPV) attack drones — thousands	Reported: single tender for thousands (e.g., press reports cite 5,000 units / multimillion USD)	Awarded tender to domestic firm to rapidly expand FPV capability
2023–2025 (multiple)	IMOD / export customers	Elbit Systems	Counter-UAV, ReDrone and other modular UAS solutions for export & domestic use	Multiple contract notices; e.g., ReDrone export ~$60M to NATO country (reported Jan 2025)	Export & domestic orders expanding alongside IDF demand

Source: Company reports

1) Late-2023 requests for loitering munitions (AeroVironment Switchblade series)

Following the October 2023 terrorist attacks, media reporting shows Israel submitted formal requests to the U.S. for large quantities of Switchblade-600 loitering munitions (reports indicate a request for ~200 Switchblade-600 units in November 2023). These were characterized in press outlets as urgent FMS (foreign military sale) requests under expedited review. The Switchblade family had been in high international demand due to combat use elsewhere, and Israel's submission was explicitly linked to immediate battlefield needs. This procurement route (foreign purchase of U.S. loitering munitions) reflects Israel's pragmatic approach of supplementing domestic production with allied suppliers when speed matters.

Implication for Mobilicom: loitering munitions rely on reliable datalinks, anti-jamming measures, and C2 integration. Procurement of Switchblade-class systems (from US suppliers) increases the heterogeneity of platforms the IDF must network — creating demand for interoperable, secure communications middleware and link-management solutions.

2) December 2024 Elbit Systems contracts — ISR/autonomy (~$40M)

In December 2024, Israeli press and trade outlets reported that the IMOD's Directorate for Defense Research & Development (DDR&D) finalized contracts with Elbit Systems worth approximately $40 million to supply ISR drones and autonomous systems for IDF forces. Reporting framed this as procurement to "upgrade operational autonomous capabilities" at brigade/division levels and to accelerate the fielding of tactical autonomy.

Implication for Mobilicom: prime-contractor programs typically subcontract data links, mission computers, and cyber-security components. Mobilicom's product set (secure comms, mission managers, standards-compliant links) matches many prime contractor subcontracting needs — particularly for rugged, field-deployable, multi-band connectivity and COMSEC integration.

3) Domestic FPV swarm/kamikaze drone procurement (award activity through 2025)

Press reporting in mid–late 2025 indicates an IMOD / IDF tender award to Xtend for thousands of FPV "assault" drones (news outlets reported tenders for up to 5,000 units in August 2025). Although the largest public announcements occurred in August 2025, the program's planning, testing, and emergency procurement activity accelerated in the aftermath of October 2023. These programs prioritize cheap, mass-produced, rapidly deployable assault FPV platforms together with training and logistics packages.

Implication for Mobilicom: mass FPV deployment demands resilient short-range networks, local autonomy (swarm orchestration), and secure kill-chain communications. Mobilicom could be positioned to capture module sales for miniaturized mission controllers, secure datalinks, or middleware that aggregates telemetry across heterogeneous FPV fleets.

4) IAI / Heron family modernization and partnerships

IAI's Heron family remains a backbone ISR platform for Israel and exports. Cooperative development and production activities (including Heron TP flights and joint initiatives reported in 2024) show IMOD/IAI continuing to invest in high-end MALE/HALE ISR and strike integration. These are less likely to be one-off "mass" buys but instead represent multi-year modernization programs.

Implication for Mobilicom: large MALE programs have complex comms/relay and ground-station requirements. Mobilicom's experience in secure vehicular and airborne communications could win subsystems or integration contracts as primes subcontract communications architecture.

5) Export & counter-UAV contracts (Elbit ReDrone, exports)

Elbit's modular ReDrone counter-UAS and other systems saw export activity in 2024–2025 (e.g., delivery contracts to NATO country(s) reported in early 2025). These programs expand Elbit's backlog and indirectly strengthen domestic supply chains that the IMOD can draw on during surge procurement.

Implication for Mobilicom: counter-UAS systems rely on integrated sensor-to-shooter networks and secure command links; Mobilicom can pitch secure, standards-based connectivity layers and cyber protections for these systems.

Trends observed:

1. **Wartime acceleration:** The Oct 2023 terrorist attacks triggered emergency purchases and large FMS requests (e.g., Switchblade-600), plus urgent domestic purchases.
2. **Shift to mass expendable systems:** IDF interest in FPV kamikaze drones and low-cost swarm weapons scaled up; tenders for thousands of small drones reflect doctrinal changes emphasizing quantity + autonomy.
3. **Continued investment in high-end ISR:** Ongoing Heron/MALE modernization and ISR contracts with prime contractors maintain demand for long-endurance platforms.
4. **Export/coalition demand:** Israeli primes (Elbit, IAI) have sizeable export wins that increase capacity and backlog, indirectly supporting domestic surge buys.

Strategic implications for Mobilicom

- **Revenue opportunity (addressable market expansion):** Large purchases (mass FPV buys + augmentation of MALE ISR + prime contractor modernization projects) increase demand for secure, rugged communications, mission middleware, and fleet management — Mobilicom's sweet spot. Mobilicom can target: (a) local datalink modules for FPV platforms; (b) field gateways for mixed-platform C2; (c) cyber/hardening solutions for drone-centric networks.

- **Integration & subcontracting potential:** Legacy primes will subcontract specialized subsystems; Mobilicom's product set aligns with what primes typically outsource (secure links, mission management).
- **Competitive pressure & pricing:** Mass procurement of cheap FPV platforms could favor low-cost integrators and new entrants; Mobilicom must emphasize differentiation (security, standards compliance, reliability under EW conditions).
- **Operational risk & compliance:** Selling to IMOD/IDF entails strict export controls, compliance, and potentially rapid surge deliveries—Mobilicom must demonstrate manufacturing scalability and export licensing readiness.

Mobilicom Product Suite

Category	Product	Description & Highlights
Software	OS3 Cybersecurity Platform Software	AI-based edge + cloud system providing cybersecurity, safety, and compliance for uncrewed fleets. NVIDIA-powered; growing licensed revenue. Supported by DoD Blue UAS framework and Palladyne AI, ARK, and Aitech partnerships.
	ICE Electronic Warfare Resistant Suite	360° autonomous cybersecurity (Immunity, Cybersecurity, Encryption). Multi-tier licensing. Field-embedded; selected by Israeli MOD.
	ControliT	Cloud network management system. Oversees fleet operations and connectivity. Part of integrated ecosystem.
Hardware	MCU Mesh Networking 30 Lite, 30 Ruggedized and 200 Ruggedized	Rugged, NDAA-compliant SDRs enabling mesh networking, HD video, up to 100 mi range. ICE-secured. Proven on Airbus UAVs.
	SkyHopper Datalinks Pro, Pro Lite and Micro	Bi-directional N-LOS SDR for urban/industrial use: ~5 km LOS, HD video, ICE-protected, field-tested leader. DIU Blue List compiant.
	Mobile Ground Control Stations 8" Pro, 10" Pro, 10" MCU and 10" Touch G	Portable, rugged GCS with Intel i5 Core, bright 8" display, NDAA-compliant. Selected by defense partners and Tier-1 suppliers.

MCU-30 Ruggedized

SkyHopper PRO Lite

Mobile Ground Control Station Controller Pro

Source: Company reports

Software Platforms

OS3 Cybersecurity Platform Software

Launched in 2024, the OS3 (Operational Security, Safety, and Standards compliance) platform is the first comprehensive, AI-powered uncrewed fleet operations system offering integrated cybersecurity, safety, and regulatory compliance. It comprises onboard (edge) and cloud components ("OS3 Edge" and "OS3 Platform") built on Nvidia AI computing for continuous monitoring, threat detection, automated responses, and structured compliance support. Mobilicom

is leveraging OS3 as a differentiating licensed software product, with expanded margins compared to hardware-only offerings. OS3 has gained traction through strategic collaboration with Palladyne AI and Aitech.

ICE Electronic Warfare Resistant Suite

ICE (Immunity, Cybersecurity, Encryption) is the world's first AI-based 360° cybersecurity software system designed for drones, robotics, and autonomous platforms. It autonomously protects the platform, secures communications, and encrypts data, defending against over ten types of cyber threats—including jamming, Man-in-the-Middle, CPU/server attacks—without operator intervention. It supports tiered licensing (Primary, Professional, Premium) to scale security levels flexibly by mission and platform requirements. ICE is embedded across Mobilicom's hardware products and has been selected by key defense contractors with end users such as the U.S. Department of Defense and the Israeli Ministry of Defense

1. **ControliT (Cloud Network Management Software)**

ControliT serves as Mobilicom's cloud-based network management solution, handling fleet oversight, network configuration, and mission support. It's presented as part of the company's integrated, end-to-end stack alongside software and hardware components.

Hardware Platforms

1. **MCU Mesh Networking (SDR-based hardware)**

The MCU family are rugged, NDAA-compliant software-defined radios (SDRs) that provide cybersecure mesh networking for aerial, ground, and maritime autonomous platforms. The MCU-300 model, launched in April 2024, extends coverage up to ~100 miles, supports high-definition video and data, and integrates with the ICE cybersecurity suite. A proof-of-concept integration with Airbus demonstrated live HD video streaming over 100 km, validating the performance of the MCU-70 aerial unit paired with the MCU-300 ground unit.

2. **SkyHopper Datalinks**

The SkyHopper products are bidirectional, NDAA-compliant, Blue List cybersecure SDR (software defined radio) data link, optimized for non-line-of-sight (N-LOS) environments, multi-mode transmission (broadcast, multicast, unicast), and HD video streaming up to ~5 km. It includes embedded ICE protection for real-time threat detection and response. According to market reports and user feedback, the SkyHopper PRO has consistently outperformed competing products in field trials.

3. **Mobile Ground Control Stations (GCS)**

Mobilicom offers four rugged, compact ground control units—portable, IP65-rated, NDAA-compliant, featuring Intel Core processing and bright displays with customizable controls—designed for drone and robotics operations. Recent highlights include selection by an Israeli Tier-1 defense contractor to support Remote Control Weapons Systems, as well as a partnership targeting the tactical GCS market with DT Research.

Defense Innovation Unit – UAS Blue List – Radios Section

DEFENSE INNOVATION UNIT

BLUE UAS

	Manufacturer				Part	
1	ARK Electronics	USA	private	1	ARK M.2 LTE (NA)	analog repackaged / resale unit
				2	ARK M.2 LTE (APAC)	analog repackaged / resale unit
				3	ARK M.2 LTE (EMEA)	analog repackaged / resale unit
2	Doodle Labs	USA	private	4	mini-OEM Helix Mesh Rider	WiFi - based
				5	mini-OEM Dual-Band Mesh Rider	WiFi - based
				6	Embedded Mesh Rider	WiFi - based
3	Microhard	Italy	private	7	pDDL1800	WiFi - based
				8	pDDL2450	WiFi - based
				9	pMDDL2450	WiFi - based
				10	pMDDL1624	WiFi - based
4	Mobilicom	Israel	MOB	11	SkyHopper PRO	software-defined radio
				12	SkyHopper PRO Lite	software-defined radio
				13	SkyHopper PRO Micro	software-defined radio
5	ModalAI	USA	private	14	ELRS Gemini TX	repackaged / resale unit
				15	ELRS Gemini RX	repackaged / resale unit
				16	VOXL 2 LTE + I/O Module	repackaged / resale unit
				17	VOXL VRX	repackaged / resale unit
				18	VOXL VTX	repackaged / resale unit
6	Persistent Systems	USA	private	19	Embedded Module	WiFi - based
				20	MPU5	WiFi - based
7	RFDesign	Germany	private	21	RFD900x	analog repackaged / resale unit
				22	RFD900x-US	analog repackaged / resale unit
8	Silvus Technologies	USA	private	23	StreamCaster LITE 4200	software-defined radio
				24	StreamCaster 4200	software-defined radio
				25	StreamCaster LITE 5200	software-defined radio
				26	StreamCaster 4200 Plus	software-defined radio
9	Unusual Machines	USA	UMAC	27	Analog FPV VTX	analog
10	UXV Technologies	Denmark	private	28	SRM-S-MH+	repackaged / resale unit
				29	SRM-S-MH	repackaged / resale unit
				30	SRM-S-DL	repackaged / resale unit
				31	SRM-S-DL+	repackaged / resale unit
				32	SRM-S-SC4200	repackaged / resale unit
				33	SRM-S-SC4200+	repackaged / resale unit
				34	SRM-L-SC4200	repackaged / resale unit
				35	SRM-L-PS5	repackaged / resale unit
11	Vantage Robotics	USA	private	36	SRM-S-MH+ (VR)	repackaged / resale unit
				37	SRM-S-MH (VR)	repackaged / resale unit

Source: Defense Innovation Unit

The DIU Blue List Shows 11 Mobilicom Competitors, But Only One is Comparable

A major milestone for Mobilicom occurred in February 2025 when three of the company's SkyHopper products were named to the Defense Innovation Unit's Blue List Framework. According to their website, the list comprises: "Interoperable, NDAA-compliant UAS components and software that provide options for Government and industry partners. The Framework provides advanced capabilities to sUAS developers and reduces risk for government customers. It includes critical components, sub-components, modules & software for use in DoD applications."

Mobilicom's SkyHopper products provide cybersecure, long-range communication solutions for robotic applications and are compact and lightweight, weighing in at just 2.16 ounces for the micro version, up to just 4.2 ounces for the high-end pro version. They also incorporate the company's ICE cybersecurity software. As the table above shows, Mobilicom is one of 11 vendors supplying 37 products under the radio category. But in reality, it faces one significant competitor that offers a product with competing capabilities. Of the eleven, just six make their own hardware while the rest are reselling or repackaging other hardware. Unusual Machines, ARK, and RFDesign offer analog products that are appropriate for inexpensive ammunition-type drones, but not for hostile radio environments with enemy jamming and hacking present. Persistent Systems, Doodle Labs, and MicroHard offer Wi-Fi-based solutions with the limitations that come from offering a technology based on consumer hardware. Only Mobilicom and Silvus Technologies offer advanced, software-defined radios. And Silvus was just acquired by Motorola Solutions for $4.4 billion, suggesting that Mobilicom is significantly undervalued. Mobilicom's mesh MCU products are compliant with the U.S. National Defense Authorization Act (NDAA) but are not listed on the Blue List. We expect the mesh technology to be incorporated into future generations of the SkyHopper radio to offer an even more advanced, lightweight, integrated solution.

Partnerships Accelerate Development to Get to the Dream of Autonomy

Mobilicom has announced four strategic partnership agreements with other technology companies to advance its strategy. This first was in rugged ground controllers, while the other three leverage Mobilicom's industry-leading OS3 cybersecurity software platform. We view these announcements as key third-party endorsements of Mobilicom's technology and also advance phase 3 of its strategy of serving the future world of AI-based autonomous UAS for commercial and military applications.

- DT Research – November 2024
- Aitech – March 2025
- ARK Electronics – May 2025
- Palladyne AI – June 2025

DT Research Partnership Focuses on Rugged Ground Controllers

In November 2024, Mobilicom announced a strategic partnership with DT Research of San Jose, California, to focus on rugged ground controllers. According to the press release announcing the partnership: "Mobilicom brings extensive experience in GCS (ground control station) technology, including secure, resilient communication through its Cognitive Software-Defined Radio (SDR) and Swappable Radio Modules (SRM). These systems ensure reliable performance in RF-congested, contested environments, providing the secure communication channels necessary for military GCS operations and control of various unmanned vehicles. DT Research, known for its ruggedized, high-performance solutions, adds durability, flexibility, and customization to the partnership. Their systems seamlessly integrate with Mobilicom's GCS system, providing operators with resilient control systems that stand up to the toughest conditions while maintaining situational awareness and secure mission control." DT has long offered ruggedized tablets and laptops, but this is its first foray into the UAS controller market.

The partners announced their first product with this release, an 8" rugged controller, so presumably they were working together for some time before making the announcement. Mobilicom has already won orders for its other controller products, both from a major defense contractor in Europe as well as one in Israel. Given its active involvement in the controller market, presumably it has heard from customers about a need for more rugged solutions. As a result, it partnered with a company with extensive experience in ruggedizing electronic devices.

Aitech Partnership Brings Mobilicom's Cybersecurity OS3 Platform to Aitech's Nvidia AI Autonomous Computers

In March 2025, Mobilicom announced a strategic partnership with Aitech of Chatsworth, California. Aitech was founded in 1983 and provides rugged computing systems to military and space customers. Its military client list includes 35 countries from around the world, including Elbit of Israel, with which Mobilicom already works. Mobilicom brings its OS3 cybersecurity platform onto systems for UAS manufacturers. According to the press release: "Aitech's Nvidia AI-driven autonomous computers are the most advanced embedded computers for AI, deep learning, and video and signal processing in distributed systems that need to reliably operate in remote, harsh conditions. Ideal for applications requiring powerful processing, including autonomous, surveillance, and advanced weapons systems." So again, this advances Mobilicom's vision of a future of autonomous commercial and military drones, where it is a key supplier.

ARK Electronics Brought Together Two Blue List Companies

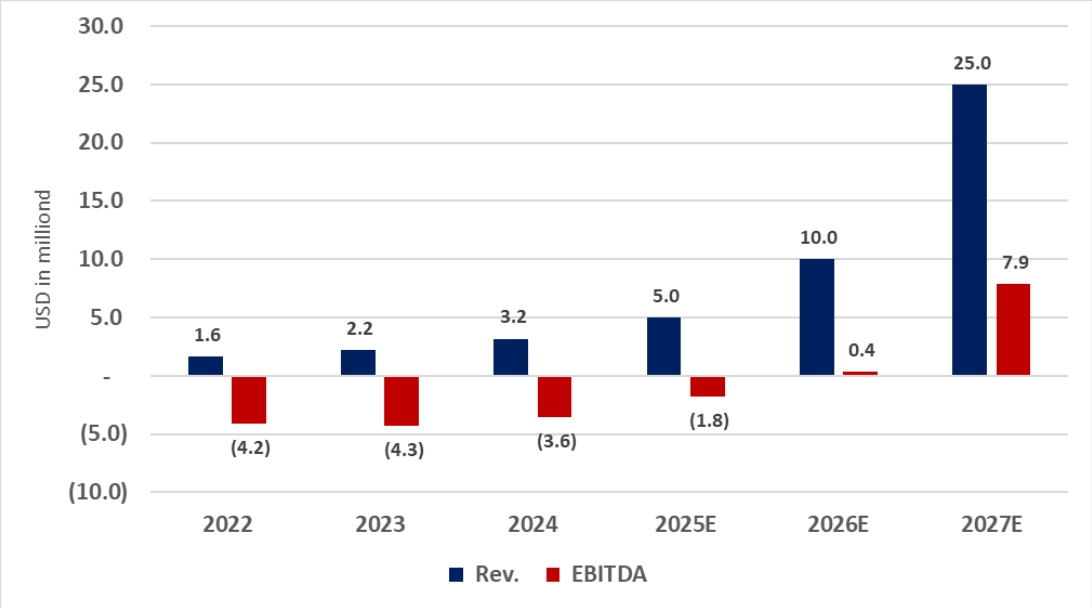
In May 2025, Mobilicom announced a partnership with another AI UAS company, ARK Electronics of Murray, Utah. Ark already had 11 flight computers on the DIU Blue List and selected Mobilicom's OS3 software for cybersecurity. Like Aitech, ARK uses an Nvidia AI architecture to enable autonomous UAS. In the press release announcing the partnership, ARK's COO stated: "OS3 is the first solution on the market to provide comprehensive security, safety, and standard compliance for secure operations of autonomous drones and robots." So we view this as an important, third-party endorsement of the company's products. Mobilicom CEO also commented on the company's unfolding strategy of "partnering with the best in the business in each domain."

Palladyne AI Also Recognizes Mobilicom's Cybersecurity Leadership

In June 2025, Mobilicom continued its strategy of partnering with the best in the business in each domain, announcing a strategic partnership with Palladyne AI of Salt Lake City, Utah. Palladyne is a $317 million market cap company traded on the Nasdaq. According to the press release: "The two companies will offer a bundled solution combining Mobilicom's OS3 cybersecurity software with Palladyne AI's advanced autonomy platforms for drones, industrial robots, and unmanned systems. This integrated offering pairs Palladyne Pilot, which enables persistent object detection, tracking, and classification for UAVs using multi-modal sensor fusion, with Mobilicom's OS3, a multi-layered cybersecurity system built for autonomous missions. OS3 ensures operational integrity by providing real-time intrusion detection and prevention, automated response, and continuous resilience across complex tactical environments. In addition to UAVs, the partnership extends to Palladyne IQ, which equips industrial robots and cobots with AI-driven, human-like reasoning to operate autonomously in dynamic settings."

We note several takeaways from this announcement. First, it is yet another recognition by an established UAS company of Mobilicom's leading cybersecurity solution. Second, it takes Mobilicom into the commercial sector, where we believe UAS and robots will increasingly be used in applications such as package delivery by companies like Amazon and in industrial factory settings. In our view, this market is in an even earlier stage than the military autonomous UAS market, so Mobilicom is positioning itself early.

Forecast Has Revenue Surging, With Operating Leverage Taking it to Positive EBITDA



Source: Company reports and Litchfield Hills Research

Our detailed model is at the end of this report. The basis for our forecast is relatively straightforward. The company generated $3.1 million in revenue last year and $1.5 million in the first half of this year, ending June with $1.6 million in backlog. Taking the prior information about the company's positioning, product line, and the large number of sizable rush procurement programs, we think it can get to roughly $5 million in revenue this year. Factoring this in, and perhaps adding a few more vendors, it should be able to grow revenue to $10 million in 2026 and $25 million in 2027.

The gross margin has hovered around 60% for the last three years, on a mainly hardware mix (we estimate 80% of revenue is hardware sales). But software should become a larger part of the mix, and it carries an 80 to 90% gross margin, so the blended gross margin should expand.

Operating expenses are likely to grow much less than revenue, generating operating leverage. Sales and marketing, R&D, and G&A should grow 20%, with a major caveat for 2025 as the company is due to recognize about $3.1 million in expenses related to prior issuance of restricted stock units. This impact should be temporary, so expense growth in these categories should be looked at from 2024 as a base year. Note that we back out stock-based compensation expense in our EBITDA calculation, but it is embedded in operating expenses per IFRS accounting standards.

The other anomaly is that the company has roughly 4.2 million warrants outstanding. Under accounting standards that we disagree with, when a company's stock goes up, it has to recognize an "expense" associated with the increase in market value of warrants, and vice versa when the stock goes down. So, the better a company does, the greater its loss, which, in our view, does not make sense, but it is standard accounting practice. For Mobilicom, where warrants are a major part of its capital structure, the impact of

IFRS EPADS is significant, which is a key reason why we place so little emphasis on EPADS and focus on EBITDA.

With the leverage, from an EBITDA standpoint, our model shows that the company could be close to breakeven next year with the surge in revenue. It has minimal fixed costs, except for sales, administration, and R&D, as it outsources component development and manufacturing from Israeli or friendly countries. It does not source anything from China. Our model shows $8.8 million in EBITDA and free cash flow for 2027, but we caution investors to look at this as more of a directional forecast of where we think profitability can go rather than a precise forecast. We note that if the 4.2 million in warrants are exercised, the proceeds would fund the free cash flow losses we project in the near term.

Solid Balance Sheet with No Debt; Warrant Exercises Should Fund Cash Needs

Mobilicom ended June with cash and cash equivalents of $6.83 million (plus $0.10 million in restricted cash), total current assets of $8.57 million, and total liabilities of $4.41 million. The non-current "warrants financial liability" marked at fair value was $2.62 million at 6/30/25, down from $5.14 million at year-end 2024, reflecting remeasurement rather than cash usage.

We estimate ~$1.9–$16.6 million of potential incremental cash from warrant exercises across two series, subject to price conditions and cashless-exercise features. The company relies heavily on warrant issuance to maintain shareholder stakes below 5% for regulatory reasons.

- **August 2022 IPO & representative warrants (strikes $5.00/$5.16, expire Aug-2027):** The IPO created 3,220,338 tradable $5.00 warrants; the underwriter also received 161,017 $5.16 representative warrants. In its investor deck, the company disclosed that 2.9 million of these warrants are still outstanding. If fully exercised for cash, proceeds would be ~$14.7 million. We view exercise as likely, given our forecast for the share price to reach $11 over the next year.

- **January 2024 private placement warrants (strike $1.55, expire Jan-2029):** The company issued 1,903,225 investor warrants and 95,161 placement-agent warrants. In its investor deck, the company disclosed that 1.9 million of these warrants are still outstanding. Full cash exercise would add ~$1.92 million to cash.

Pro-forma cash scenarios

- Status quo (6/30/25): Cash & cash equivalents $6.83mm.
- If all remaining $1.55 warrants are exercised for cash: ~$8.7 million cash (adds ~$1.9 million).
- If also all $5.00/$5.16 warrants are exercised for cash: ~$23.3 million cash (adds a further ~$14.7 million).
- The company also sold roughly 1 million shares in an ATM (At-The-Market) sales in the third quarter to satisfy requirements for a potential future NASDAQ listing, replacing the current ADS structure. These sales added another ~$3.9 million in cash, bringing pro forma cash up to ~$27.2 million.

The warrant liability is non-cash and remeasured through the income statement under IFRS 9; its decline from $5.14 million at year-end 2024 to $2.62 million at 6/30/25 improved reported equity but does not affect liquidity. We believe that investors should focus on cash and potential cash inflows from in-the-money exercises, not the liability's mark-to-market.

We Value MOB ADS at $10 Per Share

The table below presents a relative valuation framework for Mobilicom, benchmarking its trading multiples against peers in the defense technology and unmanned systems sector. Based on the analysis, our 12-month price target for Mobilicom is $10.00 per share, representing material upside from current levels.

The peer set is listed in a table at the end of this report and consists of leading small-cap and mid-cap aerospace, defense, and cybersecurity companies with exposure to unmanned aerial systems (UAS), secure communications, and defense electronics. Our valuation is assessed on forward revenue multiples.

Mobilicom currently trades at a 40% discount to peers on an EV/Revenue basis. This discount reflects its smaller revenue base and early-stage commercialization profile. However, with the accelerating adoption of its products, revenue visibility is improving, warranting a multiple expansion. Applying a peer-group 2026E EV/Revenue multiple of ~10x to Mobilicom's projected FY2026 revenue yields a valuation of $10 per ADS, materially higher than current levels.

	Current	At LHR target
Price per share	**$5.64**	**$10.00**
ADS outstanding 6/30/2025	7,535,916	
Shares issued in ATM in 3Q	1,000,000	
Pro froma shares from warrants	4,168,451	
Pro forma shares outstanding (1)	12,704,367	12,704,367
Pro forma market capitalization	71,652,630	127,043,670
Cash as of 6/30/2025	6,936,934	
Cash from ATM in 3Q	3,900,000	
Cash from warrants	16,574,274	
Less: pro forma cash	27,411,208	27,411,208
Plus: debt	-	-
Enterprise Value	64,715,696	99,632,462
2026E Revenue	10,000,000	10,000,000
EV/Revenue	**6.5x**	**10.0x**

(1) Excludes approximately 1.1 million RSU and ESOP shares, which are not fully vested

In our view, Mobilicom's cybersecurity-first positioning in drone datalinks and command systems is strategically aligned with defense procurement priorities, particularly in Israel, the U.S., and Europe. This differentiated positioning justifies a premium relative to peers focused solely on hardware.

Mobilicom's valuation remains attractive relative to its peers, offering significant upside potential as it transitions from design wins to production-scale contracts with Tier-1 defense manufacturers. The company's lean, scalable operating model and increasing penetration into high-value defense programs provide a strong case for multiple expansion. We view Mobilicom as undervalued and positioned for rerating as execution milestones are achieved.

Key Risk is That the Axis of Evil Works Continuously to Defeat its Products

The key risk that we see is that Mobilicom's products are designed to intentionally operate in the face of some of the most hostile security threats in the world, facing technology from Russia, China, North Korea, and Iran. But, as we noted earlier, as an Israeli company, Mobilicom cut its teeth defeating these threats and, we believe, has perhaps the most effective cybersecurity product in its industry. It does not do everything itself; it relies on cutting-edge firewall and AI technology from some of the largest, most well-known, and advanced companies in the world (examples would be Nvidia, Qualcomm, Palo Alto Networks, and Fortinet), while complementing this with its own technology. Nonetheless, it remains a prime target, and should one or more foreign adversaries compromise its products, we believe that it would suffer a severe reputational setback, which could negatively influence revenue, if its customers and prospective customers were able to find a better solution.

The other key risk is that it may not win contracts to supply the major tier 1 vendors who win contracts with major defense agencies like the Pentagon or the Israeli Ministry of Defense. We think that its position in Israel is very secure, but we would like to see more tier 1 announcements from U.S. defense primes, which, as we referenced at the beginning of this report, is phase 2 of its growth strategy.

MOB Recently Hit a 52-Week High, But Should be Able to Double from Here

As the chart below shows, the company's American Depository Shares (ADS) have been in a steady uptrend since bottoming in April. In a positive technical development, this rally has been accompanied by rising volume. So the shares are by no means undiscovered, but we still think they will double over the next year, just based on the first phase of development discussed at the beginning of this report. Last week, on August 28, the shares hit a 52-week high, before backing off a bit the next day in what was presumably profit-taking. At the bottom of the chart is the RSI, or relative strength index. This indicator is used by technicians to indicate when a stock is overbought or oversold. In this case, MOB shares have not crossed over the traditional 70 RSI level, which indicates overbought. However, we would note that many technicians shift the overbought and oversold (RSI = 30) higher when a stock is in a major uptrend, so under this interpretation, the shares may not reach overbought levels until the RSI reaches 80 or even 90. In our opinion, the company's track record of frequent newsflow should continue to fuel the rally. As a foreign issuer, it is only obligated to file its financials with the SEC every six months, but it exceeded this with a press release announcing 1Q revenue and developments, and we expect the same for 3Q. Finally, management is now hitting the U.S. institutional investor conference circuit and taking meetings with investors. With strong UAS adoption and the company's unique positioning, we believe that this story will be well received, again fueling the rally.

LITCHFIELD HILLS RESEARCH

Mobilicom Ltd.

NASDAQ – MOB – sponsored ADS

Source: FactSet Research

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Mobilicom Ltd. Income Forecast

Fiscal years ended December 31	2022	2023	2024	2025E 1H	2025E 2H	2025E YEAR	2026E	2027E
Revenue	**1,616,612**	**2,193,791**	**3,180,565**	**1,450,561**	**3,549,439**	**5,000,000**	**10,000,000**	**25,000,000**
Year-over-year grow th	-35.0%	35.7%	45.0%	-10.3%	61.8%	57.2%	100.0%	150.0%
Total cost of revenue	610,012	902,006	1,348,711	653,381	1,446,619	2,100,000	3,800,000	8,750,000
As a percent of revenue	37.7%	41.1%	42.4%	45.0%	40.8%	42.0%	38.0%	35.0%
Gross margin	1,006,600	1,291,785	1,831,854	797,180	2,102,820	2,900,000	6,200,000	16,250,000
As a percent of revenue	62.3%	58.9%	57.6%	55.0%	59.2%	58.0%	62.0%	65.0%
Selling and marketing	1,738,918	2,088,200	1,965,426	903,353	1,455,158	2,358,511	2,358,511	2,830,213
As a percent of revenue	107.6%	95.2%	61.8%	62.3%	41.0%	47.2%	23.6%	11.3%
Research and development	1,773,245	1,936,802	2,127,409	1,274,687	2,125,313	3,400,000	2,552,891	3,063,469
As a percent of revenue	109.7%	88.3%	66.9%	87.9%	59.9%	68.0%	25.5%	12.3%
General and administrative	1,869,389	2,256,408	1,970,849	1,150,596	2,349,404	3,500,000	2,365,019	2,838,023
As a percent of revenue	115.6%	102.9%	62.0%	79.3%	66.2%	70.0%	23.7%	11.4%
Operating Income	**(4,374,952)**	**(4,989,625)**	**(4,231,830)**	**(2,531,456)**	**(3,827,055)**	**(6,358,511)**	**(1,076,421)**	**7,518,295**
Operating margin	-270.6%	-227.4%	-133.1%	-174.5%	-107.8%	-127.2%	-10.8%	30.1%
Government grants	641,233	197,041	187,718	101,493	98,507	200,000	200,000	200,000
Interest received	117,296	293,478	269,771	108,054	141,946	250,000	250,000	250,000
Foreign exchange	848,575	359,218	203,593	(49,114)	49,114	-	-	-
Fair value gains from financial liability	2,550,563	-	-	2,517,148	(2,517,148)	-	-	-
Finance costs	(10,217)	(14,734)	(27,052)	(90,258)	(9,742)	(100,000)	(30,000)	(30,000)
Fair value loss from financial liability	-	(330,209)	(4,251,756)		-	-	-	-
Pretax Income	(227,502)	(4,484,831)	(7,849,556)	55,867	(6,064,378)	(6,008,511)	(656,421)	7,938,295
Taxes	9,716	80,923	160,802	23,120	16,880	40,000	-	-
Tax rate	-4.3%	-1.8%	-2.0%	41.4%	-0.3%	0.0%	0.0%	0.0%
Net income to common	**(237,218)**	**(4,565,754)**	**(8,010,358)**	**32,747**	**(6,081,258)**	**(6,048,511)**	**(656,421)**	**7,938,295**
Net income margin	-14.7%	-208.1%	-251.9%	2.3%	-171.3%	-121.0%	-6.6%	31.8%
Diluted shares outstanding	664,158,704	1,328,152,166	1,670,912,794	2,069,708,742	2,069,708,742	2,069,708,742	2,344,708,742	2,344,808,742
Seq change		663,993,462	342,760,628	398,795,948	-	-	275,000,000	100,000
EPS diluted - continuing	**($0.0004)**	**($0.0034)**	**($0.0048)**	**$0.0000**	**($0.0029)**	**($0.0029)**	**($0.0003)**	**$0.0034**
EBITDA								
Operating income	(4,374,952)	(4,989,625)	(4,231,830)	(2,531,456)	(3,827,055)	(6,358,511)	(1,076,421)	7,518,295
Addback:								
Depreciation and amortization	217,985	233,984	252,524	124,393	125,607	250,000	275,000	300,000
Share-based compensation	189,499	610,303	610,395	541,197	2,558,803	3,100,000	1,000,000	1,000,000
Other	-	-	-	-	-	-	-	-
EBITDA	**(3,967,468)**	**(4,145,338)**	**(3,368,911)**	**(1,865,866)**	**(1,142,645)**	**(3,008,511)**	**198,579**	**8,818,295**
							2.0%	35.3%
Capital expenditures	3,152	12,760	26,926	13,565	26,435	40,000	50,000	60,000
Free cash flow	**(3,970,620)**	**(4,158,098)**	**(3,395,837)**	**(1,879,431)**	**(1,169,080)**	**(3,048,511)**	**148,579**	**8,758,295**

Source: Company reports and Litchfield Hills Research

Mobilicom Ltd. Comparables

Ticker	Company	Price Last	Cap $M	EV $M	2024 Rev. $M	2025E Rev. $M	Growth vs. 2024E	2026E Rev. $M	Growth vs. 2025E	EV/Rev. 2026E
MOB	Mobilicom Ltd. Sponsored ADR	$5.64	71.65	64.72	3.18	5.00	57.2%	10.00	100.0%	6.5x
MOB	Mobilicom @ target price	$10.00	127.04	99.63	3.18	5.00	57.2%	10.00	100.0%	**10.0x**
AMBA	Ambarella, Inc.	$82.48	3,498	3,461	285	377	32.4%	408	8.2%	8.5x
AVAV	AeroVironment, Inc.	$241.35	12,051	12,050	821	1,995	143.1%	2,295	15.1%	5.2x
DCO	Ducommun Incorporated	$91.22	1,361	1,589	787	827	5.1%	893	8.0%	1.8x
DPRO	Draganfly Inc	$4.87	26	18	5	7	44.0%	15	132.1%	1.2x
DUOT	Duos Technologies Group Inc	$6.40	124	163	7	28	284.6%	35	25.0%	4.7x
KSCP	Knightscope, Inc. Class A	$6.04	62	60	11	11	1.8%	14	29.6%	4.2x
KTOS	Kratos Defense & Security Solutions, I	$65.84	11,113	10,752	1,136	1,308	15.1%	1,541	17.8%	7.0x
ONDS	Ondas Holdings, Inc.	$5.86	1,595	1,891	7	27	274.5%	63	135.6%	29.8x
PDYN	Palladyne AI Corp.	$7.56	317	343	8	5	-32.9%	9	66.8%	39.4x
RCAT	Red Cat Holdings Inc	$8.94	892	841	5	76	1477.0%	154	100.9%	5.5x
TDY	Teledyne Technologies Incorporated	$538.17	25,234	27,905	5,670	6,064	6.9%	6,389	5.4%	4.4x
UMAC	Unusual Machines Inc.	$9.60	292	264	6	11	95.0%	22	105.7%	11.8x
Average							**195.6%**		**54.2%**	**10.3x**
MOB vs. Comps at current price									**1.85x**	**0.63x**

Source: Company reports and Litchfield Hills Research

Mobilicom Ltd.

NASDAQ – MOB – sponsored ADS

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