

Mobilicom Ltd.

NASDAQ – MOB – sponsored ADS

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3Q Update Reinforces Structural Competitive Positioning Ahead of DoW CSRMC Rollout – Reiterating Buy and \$11 Target

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- The Department of War's (DoW) recent CSRMC mandate requires real-time cyber monitoring, and OS3 is the only field-tested solution ready today. This creates an immediate structural tailwind as primes cannot develop compliant systems in time.
- An Anduril/Microsoft/Palantir team failed a key DoW cyber test while MOB passed with zero deficiencies. The outcome is driving a surge in inbound interest from primes reassessing their cyber posture.
- AUSA meetings highlighted decisive advantages: competitors charge 2× the price with 17-week lead times vs. MOB's 2–3 weeks. Combined with OS3 compliance, this positions MOB as the preferred supplier for accelerated UAS programs.
- Final passage of the Pentagon budget by Christmas should unlock volume-scale DoW procurement, bridging the gap between “millions needed” and “thousands ordered.” MOB is one of the few vendors capable of scaling immediately once funding clears.
- Tier-1 penetration is set to double by 2026, supported by \$17M in cash and a low monthly burn. With NASDAQ uplisting imminent, in our opinion, MOB enters 2026 as a top-levered beneficiary of DoW cyber and autonomy mandates.

Rating	Buy	Earnings Per ADS		Normalized to exclude unusual items			
Target Price	\$11.00	FYE - December		2024	2025E	2026E	2027E
Ticker Symbol	MOB	1H - June		(\$0.16)	\$0.00 A		
Market	NASDAQ	2H Dec.		(\$0.62)	(\$0.57)		
Stock Price	\$6.02	Year		(\$0.78)	(\$0.57)	(\$0.05)	\$0.63
52 wk High	\$11.02	Revenue (\$mm)		3.2	4.0	10.0	25.0
52 wk Low	\$1.28	FD EV/Rev		24.0X	19.1X	7.6X	3.1X
Fully Diluted Shares Outstanding:	12.7 M	EBITDA (\$mm)		(3.4)	(3.6)	0.2	8.8
Public Market Float:	12.0 M	EV/EBITDA		NM	NM	NM	8.7X
Avg. Daily Volume	510,694						
Fully Diluted Market Capitalization:	\$76.5 M						
Institutional Holdings:	58.9%						
Dividend Yield:	0.0%						

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.

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3Q Update Reinforces Structural Competitive Positioning Ahead of DoW CSRMC Rollout

Mobilicom released its 3Q update yesterday and hosted an investor webcast that, in our view, materially strengthens the company's long-term positioning in the U.S. defense-drone ecosystem. Revenue for the quarter came in just under \$1 million, with cash now exceeding \$17 million. However, the quarter's true significance lies in a series of strategic developments that—taken together—meaningfully de-risk the multi-year adoption curve for OS3 and position Mobilicom as a uniquely advantaged cybersecurity supplier into the Department of War (DoW) unmanned programs.

DoW Cyber Mandate: CSRMC Raises the Bar—Mobilicom Emerges as the Only Field-Tested Solution

The Department of War recently finalized a major tightening of cyber requirements under its Cybersecurity Risk Management Construct (CSRMC). Under the prior framework, vendors could certify compliance via static, point-in-time documentation. The revised mandate requires continuous, automated, real-time cyber monitoring, a transformational shift for unmanned aerial systems (UAS), which remain among the highest-value targets for adversarial cyber intrusion.

Management stated that Mobilicom's OS3 secured autonomy suite is the only commercially available solution capable of meeting CSRMC's real-time requirements today. OS3 has been combat-proven for years in Israel and Ukraine against Chinese, Russian, Iranian, and North Korean electronic-warfare systems—battle-testing that U.S. primes cannot replicate internally or on the required timelines.

While the DoW has not released formal timelines, we understand compliance will phase in across three tranches:

1. New Programs of Record: Full CSRMC compliance from day one
2. Systems in Development: ~1–2 years to comply
3. Legacy Systems: Full compliance by FY2027 year-end (September 30, 2027); all contract renewals must comply

In defense procurement, a two-year horizon is effectively immediate. Contractors lack the time to internally develop, test, and field new cyber stacks—dramatically raising the value of Mobilicom's first-mover advantage.

Anduril / Microsoft / Palantir Team Fails U.S. Army Cyber Test; Mobilicom Passes with Zero Findings

The second meaningful development was a major DoW evaluation cycle in which an industry consortium led by Anduril, supported by Microsoft and Palantir, failed a critical cyber assessment. Mobilicom's secure-autonomy platform, by contrast, passed with zero deficiencies. The result has quickly circulated among UAS manufacturers and primes, many of whom are now realizing that CSRMC compliance is not achievable through repurposed IT or cloud-security tooling. This failure by a high-profile consortium

USA 2025: Mobilicom's CEO Engages Tier-1 Drone Suppliers; Clear Advantages in Pricing & Delivery

Mobilicom's CEO attended the Association of the United States Army (AUSA) annual meeting in Washington, D.C. in October, where he met with existing and prospective customers across the Tier-1 drone ecosystem.

Key competitive takeaways:

- Pricing: Rival communications modules are being quoted at 2× Mobilicom's price
- Lead Times: Competitors face 17-week delivery cycles vs. 2–3 weeks for Mobilicom

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These advantages—combined with OS3's CSRMC readiness—position Mobilicom as a highly attractive alternative for primes under pressure to accelerate deliveries and meet emerging DoW cyber mandates.

“Millions Needed vs. Thousands Ordered”: The Pentagon Funding Bottleneck Explained

Across the UAS industry, suppliers continue to hear DoW leadership emphasize the need for millions of small, attritable, autonomous drones, yet orders currently remain in the thousands. We believe the bottleneck is purely fiscal: the FY2027 National Defense Authorization Act (NDAA) has not yet been reconciled.

- **House NDAA:** Passed July, 231–196 (bipartisan)
- **Senate NDAA:** Passed August, 83–13 (10% higher top-line than House)

Because the bills differ, a conference committee must reconcile them. Statements from key Senators and Representatives imply reconciliation before the Christmas recess. Historically, the NDAA is one of the most bipartisan pieces of legislation and always passes. Once signed by President Trump, the DoW will gain authority to expand procurement from pilot-scale to volume-scale contracting. We believe that Mobilicom is one of the few vendors positioned to scale rapidly when this shift occurs.

Customer Pipeline Expanding; Management Provides Rare Visibility

While Mobilicom does not issue formal revenue guidance, management offered unusually candid commentary regarding customer traction:

Current Major Customers

- Two U.S. Tier-1 defense contractors
- One of Israel's two major defense primes
- One significant Asian contractor

Expected Additions

- Two more U.S. Tier-1 contractors in 2025 (total = four)
- Two more in 2026 (total = six)

Given our count of ~eight major Tier-1 UAS suppliers in the U.S., this level of penetration is notable and suggests the beginning of a multi-year design-win cycle.

Financial Position: \$17M Cash, Low Burn, and a Clear Path to Breakeven

Mobilicom now holds approximately \$17 million in cash against a modest burn rate of ~\$300k per month, giving the company a top-tier balance sheet relative to its micro-cap peers.

Management reiterated that \$3 million in quarterly revenue is the threshold for cash-flow breakeven. This implies a tripling of the current quarterly revenue run rate by 4Q 2026, which we view as achievable given:

- CSRMC-driven retrofit and new-build demand
- Rapid Tier-1 pipeline expansion
- Pricing and delivery advantages



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With consolidation accelerating across the secure-autonomy and C-UAS supply chain, Mobilicom's cash position allows it to act as a hunter rather than the hunted, at least within the small-cap segment.

Direct NASDAQ Listing by December 1 Remains on Track

Management reaffirmed that the company remains on schedule to convert from its Australian dual-listed/ADR structure to a direct NASDAQ listing by December 1. We expect this to significantly improve liquidity, investor access, and institutional ownership.

Bottom Line: DoW Cyber Mandates Create a Structural Tailwind—MOB Is Uniquely Positioned

With CSRMC now formalized, Tier-1 primes failing cyber evaluations, and the FY2026 NDAA nearing reconciliation, the Department of War's shift toward secure, autonomous, attritable drone systems is accelerating.

Mobilicom is:

- First to market with a CSRMC-ready autonomy suite
- Cost-advantaged and faster-delivering than rival hardware suppliers
- Rapidly expanding across U.S. Tier-1 primes
- Well capitalized for scale and strategic flexibility
- Approaching a NASDAQ uplisting in weeks

These developments collectively reinforce our bullish stance on MOB as one of the most operationally levered beneficiaries of the DoW's new cyber and autonomy requirements.



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Mobilicom Ltd. Income Forecast

Fiscal years ended December 31	2022	2023	2024	2025E			2026E	2027E
				1H	2H	YEAR		
Revenue	1,616,612	2,193,791	3,180,565	1,450,561	2,549,439	4,000,000	10,000,000	25,000,000
Year-over-year growth	-35.0%	35.7%	45.0%	-10.3%	16.2%	25.8%	150.0%	150.0%
Total cost of revenue	610,012	902,006	1,348,711	653,381	1,026,619	1,680,000	3,800,000	8,750,000
As a percent of revenue	37.7%	41.1%	42.4%	45.0%	40.3%	42.0%	38.0%	35.0%
Gross margin	1,006,600	1,291,785	1,831,854	797,180	1,522,820	2,320,000	6,200,000	16,250,000
As a percent of revenue	62.3%	58.9%	57.6%	55.0%	59.7%	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%	57.1%	59.0%	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%	83.4%	85.0%	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%	92.2%	87.5%	23.7%	11.4%
Operating Income	(4,374,952)	(4,989,625)	(4,231,830)	(2,531,456)	(4,407,055)	(6,938,511)	(1,076,421)	7,518,295
Operating margin	-270.6%	-227.4%	-133.1%	-174.5%	-172.9%	-173.5%	-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	(6,644,378)	(6,588,511)	(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	(6,661,258)	(6,628,511)	(656,421)	7,938,295
Net income margin	-14.7%	-208.1%	-251.9%	2.3%	-261.3%	-165.7%	-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	(\$0.0032)	(\$0.0032)	(\$0.0003)	\$0.0034
EBITDA								
Operating income	(4,374,952)	(4,989,625)	(4,231,830)	(2,531,456)	(4,407,055)	(6,938,511)	(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)	(1,722,645)	(3,588,511)	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)	(1,749,080)	(3,628,511)	148,579	8,758,295

Source: Company reports and Litchfield Hills Research

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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	\$6.49	76.48	76.48	3.18	4.00	25.8%	10.00	150.0%	7.6x
MOB	Mobilicom @ target price	\$11.00	129.63	139.75	3.18	4.00	25.8%	10.00	150.0%	14.0x
AMBA	Ambarella, Inc.	\$95.51	4,077	4,055	285	380	33.3%	410	8.0%	9.9x
AVAV	AeroVironment, Inc.	\$323.32	16,144	16,153	821	1,999	143.6%	2,334	16.8%	6.9x
DCO	Ducommun Incorporated	\$96.02	1,435	1,648	787	826	5.0%	893	8.1%	1.8x
DPRO	Draganfly Inc	\$7.80	181	177	5	7	52.3%	17	149.6%	10.2x
DUOT	Duos Technologies Group Inc	\$8.89	173	181	7	28	284.6%	40	43.2%	4.5x
KSCP	Knightscope, Inc. Class A	\$5.33	54	39	11	11	3.5%	15	34.2%	2.6x
KTOS	Kratos Defense & Security Solutions, Inc	\$76.70	12,950	12,667	1,136	1,325	16.6%	1,585	19.6%	8.0x
ONDS	Ondas Holdings, Inc.	\$5.51	2,026	2,306	7	27	276.9%	79	189.8%	29.3x
PDYN	Palladyne AI Corp.	\$6.77	284	275	8	5	-33.5%	7	44.2%	36.9x
RCAT	Red Cat Holdings Inc	\$8.56	1,010	1,014	5	65	1236.1%	153	135.5%	6.6x
TDY	Teledyne Technologies Incorporated	\$519.43	24,388	26,700	5,670	6,075	7.1%	6,375	4.9%	4.2x
UMAC	Unusual Machines Inc.	\$10.73	396	326	6	10	82.6%	27	169.0%	11.9x
Average							175.7%		68.6%	11.1x
MOB vs. Comps at current price									2.19x	0.69x

Source: Company reports and Litchfield Hills Research



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