

SKYX Platforms Corp.

NASDAQ – SKYX

December 21, 2025

Company Visit Highlights: Execution Improving, 2026 Setup Strengthening – Reiterate Buy and \$5 Target

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- **Execution inflecting after prolonged setup.** Management is now delivering on initiatives discussed over the past year, with multiple programs moving from development into commercialization heading into 2026.
- **“Mandatory” SkyPlug standardization remains the core upside driver.** Progress continues across government safety pathways, with multiple avenues under evaluation and potential visibility emerging in 2026.
- **Turbo Heater launch adds a high-ASP growth lever.** The premium ceiling fan/heater product is now entering the market, where modest unit volumes can drive meaningful revenue contribution.
- **AI-driven e-commerce upgrade targets measurable uplift.** A platform-wide software rollout across ~60 websites aims to materially improve conversion rates and sales beginning in 1H26.
- **Working-capital structure supports cash-flow improvement.** A negative cash conversion cycle and disciplined cost control underpin management’s path toward cash-flow positivity.

Rating	BUY	Earnings Per Share	Normalized to exclude unusual items				
			FYE - December	2025E	2026E	2027E	2028E
Target Price	\$5.00						
Ticker Symbol	SKYX						
Market	NASDAQ	1Q - March		(\$0.09) A	(\$0.07)		
Stock Price	\$2.20	2Q - June		(\$0.08) A	(\$0.07)		
52 wk High	\$2.57	3Q - September		(\$0.07) A	(\$0.04)		
52 wk Low	\$0.88	4Q - December		(\$0.07)	(\$0.04)		
Shares Outstanding:	113.7 M	Year		(\$0.31)	(\$0.22)	(\$0.04)	\$0.04
Public Market Float:	69.4 M	Revenue (\$mm)		\$92.1	\$113.0	\$140.0	\$200.0
Avg. Daily Volume	831,257	EV/Rev					
Market Capitalization:	\$250 M	EBITDA (\$mm)		(\$8.4)	\$2.7	\$21.1	\$32.3
Institutional Holdings:	13.3%	EV/EBITDA					
Dividend Yield:	0.0%						

Risks/Valuation

- **Risk Factors:** While the company's first and second generation products are available now, the key risk is that they may not gain widespread acceptance.
- **Valuation:** We value SKYX shares based on a multiple of future revenue using a group of other companies that are valued mainly on their intellectual property as comps.

Company description: SKYX Platforms has developed a new technology for light and ceiling fan fixture installations that is faster, safer, cheaper, and easier, and has already won acceptance by key industry panels such as the National Electrical Code. Its next-gen products move it to a smart home hub where we see significant product licensing potential.

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Company Visit Highlights: Execution Improving, 2026 Setup Strengthening

Last week, we visited SKYX headquarters and met with Founder and Executive Chairman Rani Kohen and CEO Lenny Sokolow. Our key takeaway is that management is executing against initiatives discussed over the past year, with multiple catalysts now transitioning from concept to commercialization. We believe the company's operating trajectory into 2026 is meaningfully stronger than it was earlier this year. We reiterate our Buy rating and \$5 price target.

Key Initiatives:

- Advancing SkyPlug toward “mandatory” safety standardization
- Commercial launch and channel expansion of the Turbo Heater ceiling fan
- AI-driven e-commerce platform upgrade across approximately 60 websites
- Progress toward cash-flow positivity supported by operating leverage and working-capital efficiency

SkyPlug Standardization Remains the Highest-Impact Value Driver

We continue to view progress toward “mandatory” adoption of SKYX’s ceiling outlet and receptacle technology as the company’s most significant long-term value driver.

Management referenced comments previously made by Mr. Kohen during the company’s first-quarter earnings call, which remain applicable:

“There are several government organizations whose mandate is to save lives, mitigate injuries, and reduce property damage. More than one organization can influence mandatory standardization. While we cannot provide further detail at this stage, we are actively engaging with organizations whose obligation is to identify and advance technologies that meaningfully improve safety outcomes.”

This commentary aligns with language disclosed in the company’s most recent earnings release, which stated:

“SKYX’s Safety Code Standardization Team is receiving support from a new significant prominent leader with its government safety agency’s process for a safety mandatory standardization of its electrical ceiling outlet/receptacle technology.”

Management confirmed that the company has engaged a former senior government safety official to support this effort, although they are intentionally limiting public disclosure to avoid disrupting ongoing regulatory processes. While management remains intentionally limited in its public disclosures, we believe this caution is appropriate given the sensitivity of regulatory and safety-code processes.

NEC Context and Regulatory Nuance

We note that SkyPlug was not proposed for inclusion as mandatory in the planned 2026 update to the National Electrical Code (NEC), which is administered by the National Fire Protection Association. However, it has already been incorporated for approved use cases in 10 sections of prior versions of the

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code. The NEC functions as a model code, adopted by states at their discretion. For example, Florida has adopted the 2020 NEC but has not yet adopted the 2023 update.

Management's recent emphasis on engagement with government safety agencies, rather than solely standards-setting non-profits, suggests an alternative pathway whereby regulatory mandates could subsequently influence model codes and industry adoption. We view management's cautious public messaging as appropriate given the sensitivity of regulatory processes.

Licensing Economics Should Be Material

Once a mandate becomes probable, we would expect accelerated licensing activity from electrical manufacturers seeking to comply ahead of implementation deadlines. In 2021, SKYX entered into a licensing administration agreement with GE Licensing, which was renewed in 2023. This licensing business was subsequently acquired by Dolby Laboratories in 2024, with the core licensing team remaining intact and the SKYX agreement continuing in force. Dolby's technology is embedded in more than 10 billion devices globally across consumer electronics, automotive, and entertainment markets, demonstrating its licensing prowess. We believe this relationship materially strengthens SKYX's ability to scale licensing revenue beyond current investor expectations over time.

Turbo Heater Ceiling Fan Launch Adds a Premium Product Category

SKYX is now launching its patented Turbo Heater ceiling fan and related plug-and-play ceiling fan products. Management stated that these products were expected to begin shipping during the quarter and described them as an important step toward the company's cash-flow objectives. Retail evidence supports this progress, with Skyx-branded ceiling fan products with integrated heating functionality appearing in online retail channels at price points around \$450. The product is available for sale on the company's retail websites, and the company is selling it via Walmart.com and Target.com. While broader physical retail placement may take additional time, we view early online availability as an important proof point. At this price level, the revenue contribution does not require large unit volumes to be meaningful. As distribution expands and conversion improves on owned e-commerce platforms, we believe this product family could become a meaningful contributor to revenue and gross profit in 2026.



Source: Company reports

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E-Commerce Platform Upgrade Targets Measurable Improvement

Management outlined a clear roadmap for its AI-driven e-commerce software upgrade across approximately 60 websites. The company expects the platform to improve conversion rates and sales by approximately 30%, with implementation targeted for completion in the first half of 2026. The initiative is being led by newly hired e-commerce leadership with Amazon experience and is being implemented deliberately to ensure platform stability. We view this as a credible and underappreciated growth lever, as it does not rely on new product introductions alone and can enhance monetization across the existing product catalog. While we do not incorporate the full 30% improvement in our base case, we expect the combination of new products and improved conversion efficiency to support accelerating revenue growth in the second half of 2026.

Cash-Flow Outlook Supported by Favorable Working Capital Dynamics

Management continues to emphasize a working-capital structure similar to the “Dell model,” where customer cash is collected rapidly through e-commerce while vendor payments are deferred, supporting liquidity and lowering effective capital requirements. In the September 2025 quarter, the company reported a cash conversion cycle of negative 55 days, up from negative 34 days in Q2, reflecting this dynamic. Management also highlighted \$13 million of cash, cash equivalents, restricted cash, and receivables as of quarter-end, as well as a recently completed \$5 million capital raise from two leading shareholders. In addition, certain shareholder notes were restructured with maturities extended to 2030, improving balance-sheet flexibility. We view these factors as supportive of the company’s stated objective to approach cash-flow positivity as gross profit scales and operating leverage improve. Our model remains conservative, but the directional trend is improving.

SKYX 3Q 2025 Cash Conversion

Days Inventory Outstanding	19.2
+	
Days Sales Outstanding	10.6
-	
Days Payable Outstanding	<u>84.7</u>
	-54.9

Source: Company reports

2026 Growth Framework

We continue to forecast approximately 23% revenue growth in 2026, driven by the following factors:

- **Turbo Heater Contribution:** Now shipping, with strong seasonal relevance. While unit volume remains uncertain, even modest adoption could generate meaningful revenue due to the product’s high ASP.
- **Core Lighting Revenue Acceleration:** Traditional lighting still represents roughly 95% of revenue. Platform modernization and new leadership should drive improved performance across this base.

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- **B2B Expansion:** Although currently a smaller contributor, B2B revenue is expected to scale through builder, hospitality, and commercial deployments of SkyPlug—driven by safety, installation efficiency, and cost advantages rather than mandates.
- **SkyPlug Mandate Optionality:** While progress toward mandatory adoption is encouraging, we do not include mandated adoption in our model. Any regulatory success would likely impact revenue on a one- to two-year lag, representing upside optionality beyond our forecast.

Reiterating Buy Rating and \$5 Price Target

We believe SKYX is entering a phase where execution is beginning to validate long-standing elements of its strategic narrative. With new products launching, measurable e-commerce initiatives underway, improving working-capital dynamics, and continued progress toward “mandatory” standardization, we view the risk-reward profile as attractive. We reiterate our Buy rating and \$5 price target.

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SKYX Platforms Corp. Income Forecast

Dollars in thousands, except per share data														
Fiscal years ended December 31	2025E					2026E					2027E YEAR	2028E YEAR	2029E YEAR	2030E YEAR
	1Q March	2Q June	3Q September	4Q December	YEAR	1Q March	2Q June	3Q September	4Q December	YEAR				
Revenue	20,113,938	23,061,655	23,891,537	25,000,000	92,067,130	21,000,000	22,000,000	30,000,000	40,000,000	113,000,000	140,000,000	200,000,000	250,000,000	300,000,000
YoY growth	6.0%	7.5%	7.8%	5.6%	6.7%	4.4%	-4.6%	25.6%	60.0%	22.7%	23.9%	42.9%	25.0%	20.0%
Seq growth	-15.1%	14.7%	3.6%	4.6%		-16.0%	4.8%	36.4%	33.3%					
Cost of services	14,402,488	16,064,486	16,323,277	16,500,000	63,290,251	14,070,000	14,520,000	19,500,000	26,000,000	74,090,000	84,000,000	110,000,000	125,000,000	150,000,000
As a percent of revenue	71.6%	69.7%	68.3%	66.0%	68.7%	67.0%	66.0%	65.0%	65.0%	65.6%	60.0%	55.0%	50.0%	50.0%
Gross Profit	5,711,450	6,997,169	7,568,260	8,500,000	28,776,879	6,930,000	7,480,000	10,500,000	14,000,000	38,910,000	56,000,000	90,000,000	125,000,000	150,000,000
Gross Margin	28.4%	30.3%	31.7%	34.0%	31.3%	33.0%	34.0%	35.0%	35.0%	34.4%	40.0%	45.0%	50.0%	50.0%
Selling and marketing	6,827,420	6,185,017	6,099,700	6,250,000	25,362,137	6,300,000	6,600,000	6,000,000	7,200,000	26,100,000	28,000,000	40,000,000	50,000,000	60,000,000
As a percent of revenue	33.9%	26.8%	25.5%	25.0%	27.5%	30.0%	30.0%	20.0%	18.0%	23.1%	20.0%	20.0%	20.0%	20.0%
General and administrative	6,597,055	8,333,265	8,232,175	8,000,000	31,162,495	7,350,000	7,700,000	7,200,000	9,600,000	31,850,000	30,800,000	44,000,000	55,000,000	66,000,000
As a percent of revenue	32.8%	36.1%	34.5%	32.0%	33.8%	35.0%	35.0%	24.0%	24.0%	28.2%	22.0%	22.0%	22.0%	22.0%
Operating income	(7,713,025)	(7,521,113)	(6,763,615)	(5,750,000)	(27,747,753)	(6,720,000)	(6,820,000)	(2,700,000)	(2,800,000)	(19,040,000)	(2,800,000)	6,000,000	20,000,000	24,000,000
Operating margin	-38.3%	-32.6%	-28.3%	-23.0%	-30.1%	-32.0%	-31.0%	-9.0%	-7.0%	-16.8%	-2.0%	3.0%	8.0%	8.0%
Other														
Interest expense, net														
Gain on debt extinguishment														
Pretax Income	(1,339,103)	(1,305,816)	(852,308)	(1,300,000)	(4,797,227)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)	(5,200,000)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
Taxes														
As a percent of revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Preferred dividends	(219,148)	(269,226)	(287,000)	(270,000)	(1,045,374)	(270,000)	(270,000)	(270,000)	(270,000)	(1,080,000)	(270,000)	(270,000)	(270,000)	(270,000)
Net income to common	(9,271,276)	(9,096,155)	(7,902,923)	(7,320,000)	(33,590,354)	(8,290,000)	(8,390,000)	(4,270,000)	(4,370,000)	(25,320,000)	(4,370,000)	4,430,000	18,430,000	22,430,000
Net income margin	-46.1%	-39.4%	-33.1%	-29.3%	-36.5%	-39.5%	-38.1%	-14.2%	-10.9%	-22.4%	-3.1%	2.2%	7.4%	7.5%
Diluted shares outstanding	103,548,494	107,117,216	112,021,945	112,521,945	108,802,400	112,771,945	113,021,945	113,271,945	113,521,945	113,146,945	114,021,945	114,521,945	115,021,945	115,521,945
Seq change	2,524,912	3,568,722	4,904,729	500,000		250,000	250,000	250,000	250,000	500,000	500,000	500,000	500,000	500,000
EPS diluted - continuing	(\$0.09)	(\$0.08)	(\$0.07)	(\$0.07)	(\$0.31)	(\$0.07)	(\$0.07)	(\$0.04)	(\$0.04)	(\$0.22)	(\$0.04)	\$0.04	\$0.16	\$0.19
EBITDA														
Net income														
Addback														
Share-based payments	3,041,157	3,612,364	3,373,895	3,600,000	13,627,416	4,000,000	4,000,000	4,000,000	4,000,000	16,000,000	17,600,000	19,360,000	21,296,000	23,425,600
Interest expense	1,339,103	1,305,816	852,308	1,300,000	4,797,227	1,300,000	1,300,000	1,300,000	1,300,000	5,200,000	1,300,000	1,300,000	1,300,000	1,300,000
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D&A	1,007,817	1,272,337	2,141,160	1,300,000	5,721,314	1,430,328	1,430,328	1,430,328	1,430,328	5,721,313	6,293,444	6,922,789	7,615,067	8,376,574
Transaction costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	(3,664,051)	(2,636,412)	(1,248,560)	(850,000)	(8,399,023)	(1,289,672)	(1,389,672)	2,730,328	2,630,328	2,681,313	21,093,444	32,282,789	48,911,067	55,802,174
YoY growth	-18.2%	-11.4%	-5.2%	-3.4%	-9.1%	-6.1%	-6.3%	9.1%	6.6%	2.4%	15.1%	16.1%	19.6%	18.6%
EBITDA margin														

Source: Company reports and Litchfield Hills Research

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