LITCHFIELD HILLS RESEARCH

Mobilicom Ltd.

NASDAQ – MOB

March 25, 2026

New Customer Wins Should Drive Revenue and EBITDA

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- On its earnings call, Mobilicom disclosed six discrete new customer wins across the United States, Israel, Europe, and Asia, materially expanding its geographic footprint and improving forward revenue and earnings visibility.
- The company is transitioning from design wins into initial production and now early ramp-stage programs, supporting a shift to repeatable and scalable revenue.
- We forecast revenue of $10 million in 2026, growing to $25 million in 2027 with gross margins expanding to 62% and 65%, driven by an increasing mix of high-margin cybersecurity and software revenue.
- We forecast EBITDA approaching breakeven in 2026 and reaching approximately $8.8 million in 2027.
- The balance sheet remains strong with approximately $19 million in cash and no debt, with in-the-money warrants providing potential incremental cash of approximately $14 million. Management stated that they do not need to raise capital, so we see a minimal risk of dilution.
- We reiterate our Buy rating and $12 target price. MOB shares trade at a significant discount to other high-growth drone component peers.

Rating	Buy
Target Price	$12.00
Ticker Symbol	MOB
Market	NASDAQ
Stock Price	$5.55
52 wk High	$11.02
52 wk Low	$1.31
Fully Diluted Shares Outstanding:	15.0 M
Public Market Float:	14.3 M
Avg. Daily Volume	360,536
Fully Diluted Market Capitalization:	$83.3 M
Institutional Holdings:	49.9%
Dividend Yield:	0.0%

Earnings Share	**Normalized to exclude unusual items**			
FYE - December	**2024**	**2025**	**2026E**	**2027E**
1H - June	($0.40)	$0.01		
2H Dec.	($0.92)	($2.68)		
Year	**($1.32)**	**($2.68)**	**($0.05)**	**$0.65**
Revenue ($mm)	**3.2**	**3.4**	**10.0**	**25.0**
FD EV/Rev	15.8X	14.9X	5.0X	2.0X
EBITDA ($mm)	**(3.4)**	**(4.0)**	**0.2**	**8.8**
EV/EBITDA	NM	NM	NM	5.7X

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 shares 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, the Middle East and Asia, and all three of the major Israeli defense contractors.

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We reiterate our Buy rating and $12 price target on MOB shares as visibility has greatly improved, increasing our confidence in our forward estimates of $10 million in revenue in 2026 and $25 million in 2027, driving $9 million in positive EBITDA in 2027. On their earnings call yesterday, Mobilicom management outlined six new customer wins and a roadmap for additional adoptions. The new customer wins span the United States, Israel, the Middle East, Europe, and Asia. This represents a meaningful shift from a limited number of opportunistic engagements to a diversified and expanding base of programs across multiple geographies and end markets.

1. A Tier-1 U.S. drone manufacturer secured a U.S. Department of Defense Program of Record valued at approximately $249 million, positioning Mobilicom for multi-year production orders. Mobilicom's systems are embedded within the platform, establishing incumbency following successful multi-year testing and validation. Mobilicom cumulative orders with this customer have reached $1.55 million.
2. A follow-on production order from an Asia-based Tier-1 robotics manufacturer reflects continued deployment in commercial robotics platforms.
3. Ground Control Stations were selected by a major Israeli defense contractor for integration into remote-controlled weapon systems.
4. A design win with an Israel-based drone manufacturer supports the deployment of an ISR platform in India, marking entry into the South Asian defense market.
5. A design win with a UAE-based defense manufacturer expands Mobilicom's presence in the Middle East.
6. A European design win supports deployment in critical infrastructure protection and perimeter security applications.

In our opinion, this wealth of new customers is highly significant in that it materially improves visibility, as Mobilicom is no longer dependent on one or two programs or customers. Instead, it now has a portfolio of engagements progressing in parallel, increasing the probability that multiple programs convert to production and revenue simultaneously. While the company does not disclose customer names, it is relatively straightforward to infer many of the counterparties, as Mobilicom identifies customers and partners on its website, and several align closely with the types of platforms, geographies, and applications described in these disclosures. However, the company is not at liberty to formally identify these customers, and accordingly, we do not do so here. The key takeaway is that these seven wins collectively represent a broader and more durable revenue base, which we believe underpins the step-up in revenue beginning in 2026.

Mobilicom Crosses the Inflection Point

In our view, Mobilicom is moving from a development-stage drone technology provider into a scaled participant in defense production programs, with embedded cybersecurity and autonomy capabilities that enhance both revenue durability and margin potential. Historically, the company's revenue profile has been constrained by long development cycles typical of defense procurement, where early-stage engagements generate limited revenue and are highly timing dependent. That dynamic is now shifting as multiple Tier-1 programs progress into production, including participation in a U.S. Department of Defense Program of Record (PoR). PoRs are a big deal since they often last years or decades and generally receive reliable, consistent funding. This transition changes the revenue model from episodic and uncertain to increasingly programmatic and visible, while the presence of multiple programs across different stages further reduces reliance on any single outcome.

Technology Built for Real-World Conflict Environments

Mobilicom's positioning is differentiated by where and how its technology has been developed and deployed, as the Company's systems have been forged over the past decade operating in real-world conflict environments involving technologies and threats originating from China, Russia, Iran and North Korea across operational theaters including Israel, Gaza and Lebanon and are currently being used in active war theaters in Iran and Ukraine. This stands in contrast to many competitors that are primarily Silicon Valley-based and have developed their technologies in commercial or laboratory environments with limited exposure to real-world battlefield conditions, and as a result, Mobilicom's solutions are designed with a level of resilience, electronic warfare resistance and operational robustness that reflects actual deployment requirements rather than theoretical specifications. We believe this distinction is meaningful, particularly as defense customers increasingly prioritize proven performance in contested environments.

Embedded Platform with Software Upside

Mobilicom's architecture enables deep integration within OEM platforms, creating switching costs and long-duration revenue opportunities tied to production cycles, and once embedded, these systems are difficult to replace due to certification requirements and system dependencies. The company is evolving beyond hardware into a combined hardware and software platform, with its cybersecurity and autonomy stack increasing both functionality and value per system, and as autonomous systems become more complex and more exposed to cyber threats, this layer becomes increasingly important. This change drives our forecast for expanding gross margins.

Financial Position Supports Scaling Phase

Mobilicom reported 2025 revenue of approximately $3.36 million, reflecting 6% growth that understates underlying momentum due to the timing of program transitions. The company exited the year with approximately $19 million in cash and no debt, providing sufficient runway to execute its growth strategy, and in addition, existing in-the-money warrants represent a potential source of approximately $14 million in incremental cash. Management has stated that the company does not need to raise additional capital and expects to reach cash flow breakeven at approximately $12 million in annual revenue, and our model aligns with this framework, with that threshold exceeded in 2027.

Revenue Scale Drives Earnings Inflection

We project revenue of $10.0 million in 2026 and $25.0 million in 2027, driven by the ongoing conversion of design wins into production programs, participation in funded defense programs, and continued expansion of Tier-1 relationships. The seven new customer wins across multiple geographies provide the foundation for this growth by expanding the pipeline of programs capable of reaching production. Margin expansion is a key component of the model, as we forecast gross margins of approximately 62% in 2026 and 65% in 2027 driven by a higher mix of cybersecurity and software revenue. The earnings impact is significant, as we forecast EBITDA approaching breakeven in 2026, followed by meaningful EBITDA of approximately $8.8 million in 2027, reflecting both operating leverage and improved margin mix.

Pipeline Structure Shows Clear Path to Scale

Management provided a clear framework for pipeline progression, as in 2025 the company had two programs in design and four in initial production, while for 2026 management expects three to four programs in design, three to four in initial production, and two entering ramp. The addition of ramp-stage programs is critical, as this is where revenue begins to scale meaningfully, and this progression supports our view that the Company is entering the early stages of a multi-year production cycle.

On the software side, Mobilicom is expanding its AI autonomy ecosystem, as the Company expects to grow from two OEM partners to four to six partners in 2026, including both NVIDIA- and Qualcomm-based platforms, along with the addition of two autonomy software partners. This positions Mobilicom as a core layer within autonomous systems, increasing both adoption and revenue per platform.

MOB Shares Trade at a Discount to Fast-Growing Drone Peers

At the current share price of approximately $5.55, Mobilicom trades at approximately 5 times our 2026 revenue estimate of $10.0 million, which compares favorably to higher-growth peers such as UMAC, which trades at a materially higher multiple. At our $12 price target, the shares would trade at approximately 15 times 2026 revenue, which we believe is justified given the Company's growth trajectory, improving visibility, expanding software mix, and emerging profitability. We believe that Mobilicom is entering a multi-year scaling phase characterized by production-driven growth, margin expansion, and increasing earnings power, and the combination of seven new customer wins, expanding Tier-1 relationships, and a growing software component supports our view that the Company's revenue profile is becoming both more visible and more durable.

We reiterate our BUY rating and $12 price target.

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Mobilicom Ltd. Income Forecast

Fiscal years ended December 31	2022	2023	2024	2025 1H	2025 2H	2025 YEAR	2026E	2027E
Revenue	**1,616,612**	**2,193,791**	**3,180,565**	**1,450,561**	**1,912,977**	**3,363,538**	**10,000,000**	**25,000,000**
Year-over-year growth	-35.0%	35.7%	45.0%	-10.3%	-12.8%	5.8%	197.3%	150.0%
Total cost of revenue	610,012	902,006	1,348,711	653,381	921,676	1,575,057	3,800,000	8,750,000
As a percent of revenue	37.7%	41.1%	42.4%	45.0%	48.2%	46.8%	38.0%	35.0%
Gross margin	1,006,600	1,291,785	1,831,854	797,180	991,301	1,788,481	6,200,000	16,250,000
As a percent of revenue	62.3%	58.9%	57.6%	55.0%	51.8%	53.2%	62.0%	65.0%
Selling and marketing	1,738,918	2,088,200	1,965,426	903,353	2,424,143	3,327,496	2,358,511	2,830,213
As a percent of revenue	107.6%	95.2%	61.8%	62.3%	126.7%	98.9%	23.6%	11.3%
Research and development	1,773,245	1,936,802	2,127,409	1,274,687	3,393,433	4,668,120	2,552,891	3,063,469
As a percent of revenue	109.7%	88.3%	66.9%	87.9%	177.4%	138.8%	25.5%	12.3%
General and administrative	1,869,389	2,256,408	1,970,849	1,150,596	2,733,635	3,884,231	2,365,019	2,838,023
As a percent of revenue	115.6%	102.9%	62.0%	79.3%	142.9%	115.5%	23.7%	11.4%
Operating Income	**(4,374,952)**	**(4,989,625)**	**(4,231,830)**	**(2,531,456)**	**(7,559,910)**	**(10,091,366)**	**(1,076,421)**	**7,518,295**
Operating margin	-270.6%	-227.4%	-133.1%	-174.5%	-395.2%	-300.0%	-10.8%	30.1%
Government grants	641,233	197,041	187,718	101,493	(330,403)	(228,910)	200,000	200,000
Interest received	117,296	293,478	269,771	108,054	156,078	264,132	250,000	250,000
Foreign exchange	848,575	359,218	203,593	(49,114)	(870,670)	(919,784)	-	-
Fair value gains from financial liability	2,550,563	-	-	2,517,148	(15,331,634)	(12,814,486)	-	-
Finance costs	(10,217)	(14,734)	(27,052)	(90,258)	80,962	(9,296)	(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	(23,855,577)	(23,799,710)	(656,421)	7,938,295
Pretax income								
Taxes	9,716	80,923	160,802	23,120	(97,880)	(74,760)	-	-
Tax rate	-4.3%	-1.8%	-2.0%	41.4%	0.4%	0.3%	0.0%	0.0%
Net income to common	**(237,218)**	**(4,565,754)**	**(8,010,358)**	**32,747**	**(23,757,697)**	**(23,724,950)**	**(656,421)**	**7,938,295**
Net income margin	-14.7%	-208.1%	-251.9%	2.3%	-1241.9%	-705.4%	-6.6%	31.8%
Diluted shares outstanding	2,415,123	4,829,644	6,076,046	8,850,959	8,850,959	8,850,959	12,200,000	12,300,000
Seq change		2,414,521	1,246,402	2,774,913	-	-	3,349,041	100,000
EPS diluted - continuing	**($0.10)**	**($0.95)**	**($1.32)**	**$0.00**	**($2.68)**	**($2.68)**	**($0.05)**	**$0.65**
EBITDA								
Operating income	(4,374,952)	(4,989,625)	(4,231,830)	(2,531,456)	(7,559,910)	(10,091,366)	(1,076,421)	7,518,295
Addback:								
Depreciation and amortization	217,985	233,984	252,524	124,393	124,587	248,980	275,000	300,000
Share-based compensation	189,499	610,303	610,395	541,197	5,319,779	5,860,976	1,000,000	1,000,000
Other	-	-	-	-	-	-	-	-
EBITDA	**(3,967,468)**	**(4,145,338)**	**(3,368,911)**	**(1,865,866)**	**(2,115,544)**	**(3,981,410)**	**198,579**	**8,818,295**
							2.0%	35.3%
Capital expenditures	3,152	12,760	26,926	13,565	23,042	36,607	50,000	60,000
Free cash flow	**(3,970,620)**	**(4,158,098)**	**(3,395,837)**	**(1,879,431)**	**(2,138,586)**	**(4,018,017)**	**148,579**	**8,758,295**

Source: Company reports and Litchfield Hills Research

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