

Mobilicom Ltd.

NASDAQ – MOB

June 1, 2026

Mobilicom Delivers Early on 2026 Goals

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- Delivering ahead of plan: By the end of 1Q26, Mobilicom had achieved most of the customer-win and production-ramp objectives it outlined for the full year.
- Production ramps are underway: Seven design wins have now entered initial production, with the first major customer ramp in progress and additional ramps expected in 2026 and 2027.
- OPF-L momentum continues: A \$2.2 million follow-on order brings cumulative orders from Mobilicom's Marine Corps OPF-L customer to at least \$3.7.
- Positioned for larger programs: We believe Mobilicom's OPF-L customer is well positioned for additional U.S. and international opportunities, including the Army's much larger LASSO program.
- Pentagon drone spending has room to grow: We estimate Pentagon contracts currently cover only about 150,000 drones versus more than 20 million drones expected to be produced by China, Russia, and Iran in 2026. We reiterate our Buy rating and \$12 price target.

| | | | | | | |
|--------------------------------------|-----------|-----------------------|--|-----------------|-----------------|---------------|
| Rating | Buy | Earnings Share | Normalized to exclude unusual items | | | |
| Target Price | \$12.00 | FYE - December | 2024 | 2025 | 2026E | 2027E |
| Ticker Symbol | MOB | 1H - June | (\$0.40) | \$0.01 | | |
| Market | NASDAQ | 2H Dec. | (\$0.92) | (\$2.68) | | |
| Stock Price | \$7.19 | Year | (\$1.32) | (\$2.68) | (\$0.05) | \$0.65 |
| 52 wk High | \$11.02 | Revenue (\$mm) | 3.2 | 3.4 | 10.0 | 25.0 |
| 52 wk Low | \$1.66 | FD EV/Rev | 23.5X | 22.2X | 7.5X | 3.0X |
| Fully Diluted Shares Outstanding: | 15.0 M | EBITDA (\$mm) | (3.4) | (4.0) | 0.2 | 8.8 |
| Public Market Float: | 14.3 M | EV/EBITDA | NM | NM | NM | 8.5X |
| Avg. Daily Volume | 278,732 | | | | | |
| Fully Diluted Market Capitalization: | \$107.9 M | | | | | |
| Institutional Holdings: | 49.9% | | | | | |
| 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 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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Post earnings, we caught up with the management of Mobilicom. Our key takeaway from the 1Q call and presentation was that the company is delivering on the metrics it promised at the start of the year. On its year-end update, the company set out a series of goals for 2026 in terms of customer wins and production ramps. By the end of just the first quarter, it had achieved most of these objectives. First-quarter revenue was down from a year ago as its largest customer transitions to high-volume production, but that customer has recently placed a \$2.2 million order with the company. At the end of 1Q, backlog was \$1.8 million and, coupled with the \$538,000 of revenue reported during the quarter and the new order, the company had already secured approximately \$4.5 million of business. The company also announced that it is progressing toward securing a U.S. contract manufacturer to meet Pentagon domestic sourcing requirements. We reiterate our Buy rating and \$12 price target.

Mobilicom Has Already Achieved Most of its 2026 Goals

| | 2025 Achieved | 2026 Goals | 1Q 26 Achieved |
|------------------------------------|--------------------------|---------------------------|---------------------------|
| Tier 1 customer design wins/R&D | 2 | 3 - 4 | 4 |
| Tier 1 customer initial production | 4 | 3 - 4 | 3 |
| Tier 1 customer ramp up | 0 | 2 | 1 |
| | 6 | 8 - 10 | 8 |
| AI Autonomy Computing OEM Partners | 2 | 2 - 6 | 2 - 6 |
| | NVIDIA based | NVIDIA and QUALCOMM based | |
| Autonomy software partners | | 2 | ongoing |

Source: Company reports

Recently, the company announced two new design wins with Tier 1 customers. Both are divisions of large U.S. defense manufacturers providing communications systems for small-sized Intelligence, Surveillance and Reconnaissance (“ISR”) drone platforms incorporating Mobilicom’s cybersecure SkyHopper datalink solutions and ICE electronic warfare resistance and cybersecurity suite. This builds on two prior wins and effectively achieves the company’s stated goals in this area for the year, although we believe there is a good likelihood it will exceed them. The company now has nine Tier 1 customer design wins spanning the U.S., Europe, the Middle East, Israel and Asia.

The company also announced that three additional design wins have entered initial production, bringing the total to seven. The critical revenue stage is the production ramp, and Mobilicom is now ramping one customer, with another expected to begin ramping in 2026 and the remainder in 2027. This customer is one



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of three vendors on the U.S. Marine Corps' OPF-L (Organic Precision Fires – Light) program, a \$249 million contract vehicle, and announced a follow-on order of \$2.2 million on April 21. Including a prior \$1.5 million order and several initial orders of approximately \$200,000 each, cumulative orders under this program are now at least \$3.7 million.

The same customer is pursuing four U.S. programs and four international programs, and we believe it would continue to use Mobilicom communications modules for any contracts won. These opportunities include the U.S. Army's pending LASSO (Low Altitude Stalking and Strike Ordnance) program. We believe the incumbents on OPF-L have a high probability of winning positions on LASSO because they are already delivering a known, operational product to the military. We note that the U.S. Army has approximately 2.6x as many active-duty personnel as the Marine Corps, suggesting that a successful LASSO program could ultimately be materially larger than OPF-L.

Management also discussed updates to the military's Drone Dominance initiative. The second Gauntlet now includes stringent communications security requirements that effectively require a secure digital communications solution such as Mobilicom's SkyHopper. The first Gauntlet was less restrictive because the Pentagon wanted drones in the hands of troops quickly for training purposes. Subsequent procurements are intended for combat use and therefore must be able to operate in the face of advanced drone-jamming technologies from countries such as China, Russia, Iran and North Korea. As a key supplier to Israeli drone manufacturers, Mobilicom's products have successfully faced technologies from all four countries in real-world combat environments.

One point we have heard consistently from numerous drone company CEOs is that actual Pentagon procurement remains far behind the rhetoric and even further behind the pace of our adversaries. Despite a growing number of initiatives and announcements, we estimate the Pentagon has issued contracts covering only about 150,000 drones. By comparison, we estimate that China, Russia and Iran will collectively produce more than 20 million military drones in 2026. If drones are indeed the future of warfare, the U.S. will need to ramp procurement by orders of magnitude, creating a substantial opportunity for suppliers such as Mobilicom.

As a result, Mobilicom is rapidly scaling its business through three key initiatives:

1. It is securing new contract manufacturing capacity in the U.S. to meet Pentagon domestic sourcing requirements before its exemption expires at year-end. Importantly, the company is not building expensive factories. Instead, it is partnering with contract manufacturers to produce its electronic components. Its software can be replicated at minimal incremental cost. Management has indicated it is planning for annual capacity of 3,000 units, which would represent roughly \$15 million in revenue assuming a conservative \$5,000 ASP per module. This is well above the company's stated \$12 million annual revenue break-even level.
2. With lead times of one to two years for components such as memory and processors, the company is investing to build inventory. Mobilicom ended the quarter with approximately \$17 million in cash. Assuming production of \$15 million of modules at a 50% gross margin, materials costs would be roughly \$7 million, leaving approximately \$10 million available to fund operating losses before reaching break-even. We therefore continue to view the company as fully funded. That said, we



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would not be surprised to see an opportunistic secondary offering given the recent appreciation in UAS supply-chain stocks and similar financings completed by other industry participants.

3. U.S. team expansion. In our view, the company is well positioned on the technology side with its Israeli engineering team but could benefit from additional experienced U.S. defense sales personnel and industry relationships. We believe Mobilicom has battle-tested products that are relevant to dozens of defense contractors but still lacks the recognition and penetration enjoyed by larger industry suppliers.

The \$548,000 of revenue reported in the quarter was modest and represented a decline from the prior year, but in our view that is not the headline. The company is making significant progress in getting its products designed into major UAS programs around the world. Military orders and production volumes still need to ramp substantially, potentially by an order of magnitude. Beyond defense, there is also a large commercial market opportunity.

For all of these applications, UAS manufacturers need the three core capabilities that Mobilicom has spent the last decade developing:

1. Unmanned aerial systems communications.
2. Cybersecurity electronics and software to protect those systems.
3. Autonomy technologies that allow drones to operate with reduced human intervention across applications ranging from military missions to package delivery and precision agriculture.

We reiterate our Buy rating and \$12 price target. Mobilicom is tracking better than we expected when we first initiated coverage last September.



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Mobilicom Ltd. Income Forecast

| Fiscal years ended December 31 | 2022 | 2023 | 2024 | 2025 | | 2026E | 2027E | |
|---|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|--------------------|-------------------|
| | | | | 1H | 2H | YEAR | | |
| 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 | (23,767,697) | (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 |
| 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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