LITCHFIELD HILLS
RESEARCH

Mobilicom Ltd.

NASDAQ – MOB

August 14, 2026

From Design Wins to Drone Dominance – Mobilicom Making Strong Progress

Analyst: Barry M. Sine, CFA, CMT

- Mobilicom reported that its Tier-1 customer funnel is filling and beginning to convert to significant revenue. It has won nine Tier-1 platform design wins, with five in design/R&D, three in initial production, and one already ramping with recurring monthly deliveries.

- Design wins are converting faster as customers gain experience. Integration and qualification can now take only several months, while new MultiBand and Tactical products reached design win and initial delivery within the same half-year.

- Mobilicom competes on more than just the datalink. Secure communications, ICE electronic-warfare resistance, OS3 cybersecurity, regulatory approvals and an integrated hardware/software stack differentiate the offering.

- Existing military programs demonstrate the potential scale. The Marine Corps OPF-L IDIQ has a $249 million ceiling, while identified FY2025–26 Army LASSO R&D and procurement funding totals nearly $280 million. Mobilicom is shipping for OPF-L, while its customer made the first cut for selection under LASSO.

- Drone Dominance is moving toward Mobilicom's sweet spot. Later phases are shifting from cheap analog FPV systems toward secure digital communications, cybersecurity, compliant supply chains, and U.S. manufacturing.

Rating	Buy	
Target Price	$12.00	
Ticker Symbol	MOB	
Market	NASDAQ	
Stock Price	$6.10	
52 wk High	$11.02	
52 wk Low	$3.62	
Fully Diluted Shares Outstanding:	15.0	M
Public Market Float:	14.3	M
Avg. Daily Volume	138,567	
Fully Diluted Market Capitalization:	$91.5	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	($0.53)	
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**
EV/Rev	18.4X	17.4X	5.8X	2.3X
EBITDA ($mm)	**(3.4)**	**(4.0)**	**0.2**	**8.8**
EV/EBITDA	NM	NM	NM	6.6X

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.

From Design Wins to Drone Dominance – Mobilicom Making Strong Progress

Mobilicom reported first-half 2026 results with revenue of $1.7 million, a cash balance of $15.9 million representing fully funded status and major progress on the critical design wins that generally lead to years of significant, predictable high-margin revenue. Compared to the company's goal of getting to 8 -10 design wins by the end of this year, it is already at 9. Its first major tier 1 design win is now at the consistent, recurring revenue stage. While there can be risks along the way, it appears to be progressing so that by sometime next year it will be in volume production on numerous major drone programs. The industry is moving in Mobilicom's favor. For example, the next gauntlets of the Pentagon's Drone Dominance program are likely to require the secure mobility solutions Mobilicom is already shipping and has already received multiple U.S. government certifications that are mandatory to participate in such programs.

From Design Win to Production Ramp: The Revenue Funnel Is Filling

A design win is the beginning of a multi-stage process that can ultimately produce years of production revenue rather than an immediate revenue event. Following a design win, Mobilicom works with the platform manufacturer through integration, validation and qualification, followed by initial or low-rate production as the OEM deploys the platform, demonstrates it to prospective end users and competes for larger programs, with volume production beginning only after those programs are awarded and move into deployment. The integration and qualification stage can now take only several months, versus years previously, particularly for experienced OEMs modifying existing platforms, while initial production and customer deployment can then continue for multiple quarters before larger orders begin. The ultimate ramp is governed primarily by the OEM's program milestones and government customer awards rather than Mobilicom's own manufacturing readiness. The five new design wins announced during the first half of 2026 have entered the top of this funnel while earlier wins are moving through initial production and, in one case, volume production with recurring monthly deliveries.

More recent Israeli wins have moved through the process particularly quickly. The July 2026 AI-enabled autonomous weapon-system design win incorporated OS3 cybersecurity, ICE electronic-warfare resistance, SkyHopper secure datalinks and 10-inch Mobile Ground Control Stations from the outset, with the initial order already fully delivered. The August Tier-1 Israeli design win followed successful field testing and incorporated SkyHopper MultiBand, SkyHopper Tactical and ICE into a next-generation, short-to-mid-range, soldier-portable loitering-munition platform, with an initial order already received and the potential for future mass production and global deployment. Mobilicom's new MultiBand and Tactical products moved from introduction to design win and initial delivery during the same half year, its fastest product-to-revenue conversion to date.

The broader funnel is also becoming increasingly mature. Mobilicom ended 2025 with six Tier-1 customers, two in design/R&D and four in initial production, and entered 2026 targeting eight to ten Tier-1 customers with two reaching ramp or mass production. It had already reached nine Tier-1 platforms by midyear, with one customer in ramp and monthly deliveries and several others in initial production. Roughly 3,000 units were in motion at different stages during the first half, including 1,000 units already produced, another 1,000 entering production in 2Q and long-lead components accelerated for a further 1,000 units to support anticipated demand and the first U.S. production run. The clearest example of the full conversion cycle is an existing Tier-1 U.S. customer that progressed from design win to production orders and then into a Department of War Program of Record, with Mobilicom technology embedded in the Marine Corps OPF-L program. The Marine Corps' OPF-L multi-vendor contract has a combined ceiling of $249 million. The same customer is also progressing through Army LASSO validation. LASSO is earlier in its development, but Army budget documents identify roughly $280 million over the two years. Mobilicom received a $2.2 million order tied to this activity in 1Q26, and deliveries shifted to a recurring monthly cadence during 2Q. The growing number of programs at different stages of integration, initial production and volume production should progressively reduce Mobilicom's dependence on any single design win while giving the company an expanding base of multi-year revenue opportunities.

	2025 Achieved	2026 Goals	Achieved as of 8/26
Tier 1 customer design wins/R&D	2	3 - 4	5
Tier 1 customer initial production	4	3 - 4	3
Tier 1 customer ramp up	0	2	1
	6	**8 - 10**	**9**
AI Autonomy Computing OEM Parners	2 NVIDIA based	4 - 6 NVIDIA and QUALCOMM based	ongoing
Autonomy software partners		2	ongoing

Source: Company reports and Litchfield Hills Research

Why Mobilicom Wins: Performance, Compliance and an Integrated Stack

Platform manufacturers select communications systems based on a combination of battlefield performance, regulatory compliance, size, weight, power, cost, supply availability and the ability to integrate multiple functions into a single architecture. Performance in contested and electronic-warfare environments is critical because a drone or loitering munition can fail its mission if its communications link is jammed or otherwise disrupted, making range, link resilience and electronic-warfare resistance central purchasing criteria. Mobilicom addresses this through its software-defined datalinks and ICE electronic-warfare resistance technology, while OS3 provides embedded cybersecurity, operational safety, security and standards compliance at the autonomous-platform level. Cybersecurity is increasingly becoming part of the platform architecture rather than a one-time certification exercise, particularly as U.S. defense programs tighten requirements for secure autonomous systems. Size, weight and power are especially important for Group 1 and Group 2 drones and loitering munitions, where every additional component consumes limited payload, electrical power and physical space, while price becomes progressively more important as the platform approaches mass production. Regulatory compliance has also become a significant competitive factor. Mobilicom has Blue UAS Framework status, NDAA validation based on testing rather than self-certification, DD1494 frequency allocation approval and FCC Trusted Drone status covering its hardware, software and cybersecurity portfolio, placing it among a very small initial group of component suppliers to receive that designation. These approvals allow an OEM to incorporate products and a supply chain that have already passed important U.S. regulatory hurdles rather than attempting to establish those credentials independently, reducing both development time and program risk.

Supply-chain security and local manufacturing are becoming increasingly important outside the United States as well, with similar requirements emerging in Israel, Europe and Canada. Mobilicom's principal product-level differentiation is its ability to provide an integrated communications and cybersecurity stack rather than a single component. An OEM can source the datalink, mesh networking, electronic-warfare protection, cybersecurity software and ground-control station from Mobilicom as a coordinated solution instead of purchasing these elements from multiple vendors and undertaking the integration itself. The recent AI-enabled autonomous-system design win demonstrates this approach, with two software products and two hardware products incorporated into the platform from the beginning, increasing Mobilicom's dollar content per platform and contributing to very high customer retention. Hardware products generate gross margins of roughly 50%–60%, while cybersecurity and software licensing can generate margins approaching 90%, making higher software content favorable to both revenue per platform and long-term gross margins.

The broader competitive market includes UXV Technologies as an end-to-end competitor and Motorola's Silvus Technologies, Domo Tactical, Persistent Systems, Doodle Labs, CreoMegic and others in datalinks and networking, as well as customers' own in-house capabilities. These products do not necessarily compete directly with Mobilicom in every application. Mobilicom is positioned primarily around the combination of small-form-factor communications, cybersecurity, electronic-warfare resistance, regulatory compliance and rapid integration for small drones, autonomous systems and loitering munitions rather than attempting to compete across every large-platform tactical-radio application. Direct competition remains particularly limited in embedded drone cybersecurity. Customers commonly evaluate multiple alternatives across performance, size, price and other criteria before completing joint testing and selecting a supplier. The value of an already integrated hardware/software/cybersecurity stack should increase as drone product cycles continue to compress, with platform generations and major modifications increasingly occurring every 12–24 months and OEMs therefore placing greater value on suppliers that can rapidly adapt a qualified architecture rather than repeat a lengthy multi-vendor integration process with each new platform generation.

Drone Dominance Is Moving Toward Mobilicom's Sweet Spot

The Department of War's Drone Dominance program represents a potentially very large new market for Mobilicom, although the opportunity becomes more attractive as the program moves from extremely low-cost FPV drones toward more sophisticated systems requiring secure digital communications, cybersecurity, electronic-warfare resilience and validated domestic supply chains. Drone Dominance is an iterative, roughly $1 billion, two-year program intended to accelerate production of more than 200,000 drones by 2027 through challenge-based acquisitions in which successive Gauntlet competitions lead to production-quality deliveries. Phase I ordered 30,000 drones and focused heavily on inexpensive one-way-attack FPV systems, while Gauntlet II is underway and a Phase 2.5 competition for reusable bomber platforms is planned for later in 2026, with Phases III and IV expected to follow at roughly six-month intervals. The broader objective is to establish a U.S. industrial base capable of producing drones at very high volumes while progressively eliminating covered-country components and increasing cybersecurity, performance and domestic-production requirements. Mobilicom does not manufacture complete drones and is instead positioned as an embedded supplier of higher-value components and software, including SkyHopper datalinks, ICE electronic-warfare protection, OS3 cybersecurity and ground-control stations.

Its existing Tier-1 U.S. customer provides a working example of how that model can scale, with Mobilicom technology already incorporated into a platform ramping under the OPF-L Program of Record and progressing through Army LASSO validation, producing recurring monthly deliveries rather than one-time development revenue. Mobilicom's regulatory certifications should become increasingly relevant as Drone Dominance tightens qualification requirements, since participation in the program does not eliminate the need for platforms and critical components to satisfy applicable U.S. compliance standards. Domestic manufacturing is another increasingly important requirement, and Mobilicom has evaluated multiple U.S. manufacturing partners, narrowed the field first to five and then to two finalists following site visits and reviews of capacity, capabilities, location and economics, with the first U.S. production run targeted for 2026.

The company also participated in the Michigan National Guards Northern Strike 2026 trials with Reverent Networks at Camp Grayling and Alpena, demonstrating secure mesh communications and autonomous-system capabilities in a large joint military exercise and providing additional operator-level validation. The economics of Drone Dominance differ significantly by phase. Phase I emphasized very inexpensive FPV drones, simple missions and low price, making it a less natural market for Mobilicom's current higher-performance Group 1 and Group 2 solutions. Phase II is moving away from simple analog datalinks toward secure, encrypted digital communications, bringing the technical requirements closer to Mobilicom's product family, while cybersecurity, secure supply chains and U.S. manufacturing are likely to become progressively more significant as the program advances. Very-low-cost FPV drones could ultimately represent enormous unit volumes, but the addressable opportunity depends on Mobilicom being able to maintain acceptable margins rather than pursuing volume simply for its own sake. Mobilicom has therefore not committed to competing broadly at the lowest end of the FPV market and will participate where its technology provides a sustainable competitive advantage and the economics justify doing so. Phases III and IV in 2027 should be more closely aligned with Mobilicom's existing capabilities as the required systems become more sophisticated. The principal significance of Drone Dominance today is therefore not simply the headline unit opportunity, but the direction in which the procurement requirements are moving: secure digital datalinks, cybersecurity, electronic-warfare resistance, certified suppliers, compliant supply chains and domestic manufacturing are all becoming more important, progressively moving the program toward capabilities Mobilicom already provides.

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

Mobilicom Ltd.

NASDAQ – MOB

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**	**(23,757,697)**	**(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

Disclosures:

Analyst Certification
We, the Litchfield Hills Research Department, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and the underlying securities.

FINRA Compliant Research Report
We, the Litchfield Hills Research Department, hereby certify that this report is compliant with FINRA research rules 2241, 3110.

MiFID II Compliant Research Report
Our research is classified as a minor non-monetary benefit under MiFID II. This applies to all forms of transmission, including email, website, and financial platforms such as Bloomberg, FactSet, S&P Global, Refinitiv, and 13 others. We do not seek payment from the asset management community and do not have any execution function. Investors can continue to receive our research under the MiFID II regime without the need for a contract for services to be put in place. This applies to all forms of transmission, including email, website, and financial platforms.

Litchfield Hills Research LLC Rating System

BUY: We expect the stock to provide a total return of 15% or more within 12 months.
HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within 12 months.
SELL: We expect the stock to have a negative total return of more than 15% within 12 months.
Total return is defined as price appreciation plus dividend yield.

Other Disclosures
Litchfield Hills Research, LLC ("LHR") is not a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission nor a member of the Financial Industry Regulatory Authority. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject LHR or any divisions, subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction.

All material presented in this report, unless specifically indicated otherwise, is under copyright to LHR and the subject company. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied, or distributed to any other party, without the prior express written permission of LHR or the subject company. All trademarks, service marks, and logos used in this report are trademarks, service marks, registered trademarks, or service marks of LHR or its affiliates. The information, tools, and material presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. LHR may not have taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. The investments or services contained or referred to in this report may not be suitable for you, and it is recommended that you consult an independent investment advisor if you are in doubt about such investments or investment services. Nothing in this report constitutes investment, legal, accounting, or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. LHR does not offer advice on the tax consequences of investment, and you are advised to contact an independent tax adviser. LHR believes the information and opinions in the Disclosure Appendix of this report are accurate and complete. Information and opinions presented in this report were obtained or derived from sources LHR believes are reliable, but LHR makes no representations as to their accuracy or completeness.

Ownership and Material Conflicts of Interest
The analyst owns no shares of the subject company. The analyst and his family have no known material conflicts of interest in authoring this report.

Investment Banking and Fees for Services
Litchfield Hills Research has not received compensation for advisory or investment banking services from the Company in the past 12 months. Litchfield Hills Research LLC has received compensation from the subject company for distribution and investor targeting services.

Market Making
Litchfield Hills Research, LLC does not make a market in the subject company's securities.

Additional information is available upon request. LHR accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that liability arises under specific statutes or regulations applicable to LHR. This report is not to be relied upon in substitution for the exercise of independent judgment.