LITCHFIELD HILLS RESEARCH

SKYX Platforms Corp.

NASDAQ – SKYX

October 22, 2026

Deako Merger Opens a New Chapter for SKYX

Analyst: Barry M. Sine, CFA, CMT

- We reiterate our Buy rating and $5 price target following our meeting with CEO Lenny Sokolow at the LD Micro conference in Los Angeles this week. We believe the Deako acquisition should accelerate SKYX's transition from technology development to commercial adoption.
- The acquisition brings relationships with more than 50 U.S. homebuilders and a combined pipeline exceeding 4 million units, representing over $200 million in potential sales at management's estimated average selling price.
- SKYX expects to supply more than 80,000 of its SkyPlug units to Maronda Homes in 2027, while previously announced builder and hotel projects should provide additional growth opportunities. Deako should also substantially increase revenue per home.
- Management expects more than $6 million in annual merger cost savings, supporting its goal of positive cash flow. New SKYFAN products and AI upgrades to its 60-plus e-commerce websites should further strengthen revenue growth.
- We forecast revenue of $26 million in 3Q26, up 9% year over year, and $27 million in 4Q26, up 8%, before accelerating to $140 million in 2027. Longer term, we believe mandatory safety code adoption should drive high-margin SkyPlug licensing revenue and transform its business model.

Rating	BUY
Target Price	$5.00
Ticker Symbol	SKYX
Market	NASDAQ
Stock Price	$0.89
52 wk High	$3.29
52 wk Low	$0.83
Shares Outstanding:	134.1 M
Public Market Float:	98.8 M
Avg. Daily Volume	895,044
Market Capitalization:	$123 M
Institutional Holdings:	16.7%
Dividend Yield:	0.0%

Earnings Per Share	Normalized to exclude unusual items			
FYE - December	**2025E**	**2026E**	**2027E**	**2028E**
1Q - March	($0.09)	($0.07) A		
2Q - June	($0.08)	($0.06) A		
3Q - September	($0.07)	($0.03)		
4Q - December	$0.00	($0.02)		
Year	**($0.22)**	**($0.18)**	**($0.03)**	**$0.03**
Revenue ($mm)	**$92.0**	**$100.4**	**$140.0**	**$200.0**
EV/Rev	84.0X	84.0X	84.0X	84.0X
EBITDA ($mm)	**($11.8)**	**($4.4)**	**$13.7**	**$24.2**
EV/EBITDA			84.0X	3.5X

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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Deako Merger Opens a New Chapter for SKYX

We recently met with SKYX CEO Lenny Sokolow at the LD Micro Conference in Los Angeles to discuss the company's recent acquisition of Deako, its growing builder and hotel business, and progress in commercializing its proprietary plug-and-play electrical technologies. We believe the acquisition represents a significant development for SKYX by providing an established distribution network through which to introduce its ceiling receptacle and related smart home technologies. We reiterate our Buy rating and $5 price target.

Deako Adds an Established Home Builder Business

SKYX completed its merger with Deako on October 14, adding a company that generated more than $26 million in revenue in 2025 and has shipped over 32 million units of its proprietary technologies. Deako supplies more than 50 U.S. homebuilders, including D.R. Horton, Toll Brothers, Maronda Homes, Adams Homes, Shea Homes, and Schumacher Homes. The company has also recently extended its supply agreements with D.R. Horton and Stone Martin.

The strategic fit is unusually strong. While SKYX has concentrated on ceiling receptacles, lighting fixtures, ceiling fans, and related smart home products, Deako has developed a complementary product line centered on wall switches and electrical controls. The combined company should be able to offer builders a more comprehensive electrical platform covering ceiling fixtures, wall switches, outlets, lighting controls, and other smart home devices.

More significantly, Deako provides an established distribution channel to builders that have already incorporated its products into their construction processes. SKYX has spent several years developing its technology and pursuing relationships with builders, developers, and retailers. The acquisition should accelerate that process by giving SKYX access to customers already purchasing Deako products.

Management estimates that introducing SKYX products into Deako's existing builder relationships should increase revenue per home by as much as fivefold. The opportunity is especially attractive because it allows SKYX to leverage established customer relationships rather than having to develop each one independently. The acquisition also expands the company's addressable market for its proprietary technologies and should accelerate commercialization.

A $200 Million Sales Pipeline

The combined SKYX and Deako sales pipeline now exceeds 4 million units, with management estimating an average selling price of $50 per product. This translates into a prospective sales opportunity exceeding $200 million, versus our 2027 revenue estimate of $140 million. The company has not disclosed the timing of the anticipated shipments or how much of the pipeline represents firm orders, but we view its size as one of the more significant developments discussed in the October 22 update.

Historically, SKYX's revenue has been generated primarily by its legacy lighting and home décor websites, while sales of its proprietary electrical technologies have represented a relatively small portion of the business. The combined pipeline suggests that this mix should change as builder deployments accelerate. On October 21, SKYX announced that the combined company will supply more than 80,000 units of its smart home technologies to over 1,000 homes being developed by Maronda Homes. Deliveries are expected during 2027 across projects in Ohio, Georgia, Maryland, and Pennsylvania. At the $50 average selling price management disclosed for the overall pipeline, 80,000 units would represent $4 million in

revenue. The actual contract value was not disclosed, and the product mix may differ from the pipeline average.

Maronda has built more than 70,000 homes since its founding in 1972, providing SKYX with an established regional builder relationship. We believe the significance extends beyond the initial 80,000-unit deployment. Successful implementation should strengthen SKYX's position with Maronda and provide a reference installation for expanding its combined product offering to other builders. The average installation of roughly 80 devices per home also illustrates the revenue opportunity associated with integrating multiple SKYX and Deako technologies into a single residence.

Numerous Projects Signed, Shipments Should Accelerate in 2027

Management also highlighted several previously announced projects that should contribute to future deployments. These include an agreement to supply technologies to two 65-story luxury Trump Towers in Hyderabad, India, encompassing more than 2.2 million square feet. SKYX expects the project to require tens of thousands of units.

In the hotel market, SKYX has announced a project involving the renovation of a Marriott City Center hotel in Durham, North Carolina. The company also has an agreement with European hotel developer Group OTT, which has developed more than 250 hotels and buildings across Europe and intends to adopt SKYX technologies as a brand standard.

The Deako combination should create additional sales opportunities within these existing projects. SKYX can now offer a broader range of electrical and smart home products, increasing potential revenue per room while expanding the functionality available to hotel operators. We expect the combined product portfolio to increase the average revenue generated from each project.

Management also referenced future projects in Miami, North Carolina, Texas, New York, Europe, Saudi Arabia, and Egypt. These include Miami's planned $4 billion Smart City development. We expect the company to provide additional details as these projects progress toward commercial deployment.

More Than $6 Million in Annual Savings Should Accelerate Positive Cash Flow

In addition to revenue opportunities, management expects the merger to generate more than $6 million in annual cash expense savings. These savings should come from consolidating overlapping administrative functions, software development, sourcing, and other operations. We view the expense reductions as particularly attractive given SKYX's goal of achieving positive cash flow as it exits 2026.

The savings should also improve operating leverage as new product deployments accelerate. Management expects the expense reductions to move Deako into profitability while contributing to SKYX's consolidated financial performance. We believe the combination of higher revenue and lower operating expenses should substantially improve margins as the acquired business is integrated.

The transaction also expands SKYX's recurring revenue opportunities. Both companies employ a razor-and-blades business model under which the initial installation of a proprietary electrical interface establishes an installed base for future product upgrades. Management expects the combined platform to support additional revenue from interchangeable products, AI services, monitoring, subscriptions, and licensing. These recurring revenue opportunities should become increasingly attractive as the installed base grows.

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New SKYFAN Products and AI Website Upgrades Should Drive Retail Sales

SKYX continues to expand distribution of its patented SKYFAN and Turbo Heater through Home Depot, Lowe's, Target, Walmart, Costco, Amazon, Wayfair, and its own e-commerce websites. Management reported that sales continued to increase during the summer despite unusually hot weather and expects stronger sales during the fall and winter. The company also plans to introduce additional sizes and five colors, broadening the product line and addressing a wider range of consumer preferences.

During our recent discussions with management, we were advised that implementation of AI-driven improvements across SKYX's more than 60 e-commerce websites was about 90% complete. Implementation has taken longer than originally anticipated, but the upgrades are now being introduced, beginning with the smaller websites before progressing to the larger operations. The new system is designed to improve customer conversion rates, increase sales, and enhance operating efficiency.

Management continues to expect these improvements to accelerate revenue growth. We were impressed that the company reported roughly 10% year-over-year revenue growth in each of the first two quarters of 2026, primarily from its established lighting and home décor operations, even before the major growth catalysts discussed in this report begin contributing materially to revenue. We believe improvements to the existing e-commerce business should provide an additional source of growth as the company's proprietary product sales accelerate.

We Expect Significant Revenue Acceleration in 2027

SKYX reported second-quarter 2026 revenue of $25.3 million, an increase of 14% sequentially, continuing its record of year-over-year quarterly revenue growth. Gross profit was $7.3 million, while cash used in operating activities declined 39% to $3.7 million from $6.0 million in the first quarter. The company ended June with $27.7 million in cash, cash equivalents, and restricted cash. Management continues to target positive cash flow as it exits 2026. We believe the expected Deako expense savings, increased product deployments, and continued revenue growth should improve operating results as the company integrates the acquisition and expands commercial shipments.

We forecast third-quarter 2026 revenue of $26 million, up 9% year over year, and fourth-quarter revenue of $27 million, up 8% year over year, followed by a significant acceleration to $140 million in 2027. Our 2027 estimate incorporates the anticipated contribution from Deako. We expect growth to accelerate as the combined company begins fulfilling its growing pipeline of builder and hotel projects, expands retail sales, and benefits from the rollout of its upgraded e-commerce platform. Our forecast assumes that the company's proprietary product deployments will become a larger portion of total revenue during 2027. We believe this shift should improve the company's growth profile and, combined with merger expense savings, move SKYX closer to sustained positive cash flow and profitability.

Safety Code Standardization Remains a Major Opportunity

SKYX continues to pursue mandatory safety code recognition for its ceiling receptacle technology. The company's efforts are led by Mark Earley, former head of the National Electrical Code, and Eric Jacobson, former President and CEO of the American Lighting Association. Management noted that its technology has received favorable recognition from ANSI/NEMA and has been incorporated into 10 sections of the National Electrical Code. The company also indicated that its standardization efforts are receiving additional support from an experienced participant in the government safety agency process.

We believe mandatory adoption of SKYX's ceiling receptacle technology should substantially expand the company's addressable market. Its plug-and-play system offers significant potential safety benefits by

reducing the need to handle electrical wiring when installing and replacing fixtures, sharply reducing electrocution and ladder fall injuries. We have not incorporated a mandatory nationwide installation requirement into our revenue forecasts, making the regulatory opportunity an additional potential source of growth.

The company is also pursuing licensing opportunities, including its previously announced agreement with Eurofase. We believe licensing should become an increasingly attractive business model as adoption grows, particularly given the company's portfolio of more than 120 patents and pending applications.

As we discussed in our October 17, 2025 initiation report, The Qualcomm of Smart Homes – SKYX Platforms' Path to Smart Home Dominance, we continue to believe high-margin licensing, rather than hardware manufacturing and distribution, represents the future of SKYX. Assuming its patented SkyPlug technology becomes mandatory under a future revision of the National Electrical Code, we would expect SKYX to pursue numerous licensing agreements with existing lighting manufacturers rather than having to slug it out for shelf space at Home Depot and other retailers.

Under this scenario, established lighting manufacturers should have a strong incentive to license SKYX technology. This would allow SKYX to participate in a much larger share of the lighting market without bearing the manufacturing, inventory, and distribution costs and risks associated with selling every fixture itself. We believe this business model should generate substantially higher margins and provide a more attractive long-term valuation framework than the company's current hardware and e-commerce businesses.

Multiple Growth Catalysts Should Transform SKYX

We view the Deako acquisition as a significant step in SKYX's transition from technology development to broader commercialization. The company now has an established builder distribution channel, an expanded product portfolio, and a combined sales pipeline exceeding 4 million units. Management also expects more than $6 million in annual expense savings, which should improve the company's operating leverage.

Near-term revenue growth should come from its existing e-commerce operations, retail product sales, and the initial rollout of new builder and hotel projects. Over time, the combined SKYX and Deako product portfolio should increase the revenue opportunity associated with each newly constructed home or renovated hotel room. We believe the company's expanding installed base should also create opportunities for recurring revenue from product upgrades, subscriptions, monitoring services, and licensing.

We believe the next major development investors should watch is the conversion of the announced pipeline into revenue. Maronda's 80,000-unit deployment in 2027 should provide an early demonstration of the combined company's commercial capabilities, while expanded relationships with Deako's more than 50 homebuilder customers should create additional opportunities.

Longer term, we continue to believe mandatory safety code adoption and high-margin licensing represent the largest opportunities for SKYX. The Deako acquisition should accelerate adoption by expanding the installed base of the company's technologies, while future licensing agreements should allow SKYX to participate in a much larger market without proportionate increases in operating expenses.
We expect accelerating revenue growth and improving profitability as the company expands deployment of its proprietary technologies.

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			2025						2026E			2027E	2028E	2029E	2030E
Fiscal years ended December 31	1Q	2Q	3Q	4Q	YEAR	1QA	2QA	3Q	4Q	YEAR	YEAR	YEAR	YEAR	YEAR
	March	June	September	December		March	June	September	December					
Revenue	**20,113,938**	**23,061,655**	**23,891,537**	**24,942,819**	**92,009,949**	**22,094,389**	**25,270,500**	**26,000,000**	**27,000,000**	**100,364,889**	**140,000,000**	**200,000,000**	**250,000,000**	**300,000,000**
YoY growth	6.0%	7.5%	7.8%	5.3%	6.6%	9.8%	9.6%	8.8%	8.2%	9.1%	39.5%	42.9%	25.0%	20.0%
Seq growth	-15.1%	14.7%	3.6%	4.4%		-11.4%	14.4%	2.9%	3.8%					
Cost of services	14,402,488	16,064,486	16,323,277	17,923,619	64,713,870	15,468,946	17,977,665	16,900,000	17,550,000	67,896,611	84,000,000	110,000,000	125,000,000	150,000,000
As a percent of revenue	71.6%	69.7%	68.3%	71.9%	70.3%	70.0%	71.1%	65.0%	65.0%	67.6%	60.0%	55.0%	50.0%	50.0%
Gross Profit	5,711,450	6,997,169	7,568,260	7,019,200	27,296,079	6,625,443	7,292,835	9,100,000	9,450,000	32,468,278	56,000,000	90,000,000	125,000,000	150,000,000
Gross Margin	28.4%	30.3%	31.7%	28.1%	29.7%	30.0%	28.9%	35.0%	35.0%	32.4%	40.0%	45.0%	50.0%	50.0%
Selling and marketing	6,827,420	6,185,017	6,099,700	6,589,528	25,701,665	7,067,829	6,785,963	5,200,000	4,860,000	23,913,792	28,000,000	40,000,000	50,000,000	60,000,000
As a percent of revenue	33.9%	26.8%	25.5%	26.4%	27.9%	32.0%	26.9%	20.0%	18.0%	23.8%	20.0%	20.0%	20.0%	20.0%
General and administrative	6,597,055	8,333,265	8,232,175	8,084,309	31,246,804	7,719,774	7,578,762	6,240,000	6,480,000	28,018,536	30,800,000	44,000,000	55,000,000	66,000,000
As a percent of revenue	32.8%	36.1%	34.5%	32.4%	34.0%	34.9%	30.0%	24.0%	24.0%	27.9%	22.0%	22.0%	22.0%	22.0%
Operating income	**(7,713,025)**	**(7,521,113)**	**(6,763,615)**	**(7,654,637)**	**(29,652,390)**	**(8,162,160)**	**(7,071,890)**	**(2,340,000)**	**(1,890,000)**	**(19,464,050)**	**(2,800,000)**	**6,000,000**	**20,000,000**	**24,000,000**
Operating margin	-38.3%	-32.6%	-28.3%	-30.7%	-32.2%	-36.9%	-28.0%	-9.0%	-7.0%	-19.4%	-2.0%	3.0%	8.0%	8.0%
Other														
Interest expense, net	(1,339,103)	(1,305,816)	(852,308)	7,800,441	4,303,214	(1,113,417)	(1,152,194)	(1,300,000)	(1,300,000)	(4,865,611)	(1,300,000)	(1,300,000)	(1,300,000)	(1,300,000)
Gain on debt extinguishment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Income	(9,052,128)	(8,826,929)	(7,615,923)	145,804	(25,349,176)	(9,275,577)	(8,224,084)	(3,640,000)	(3,190,000)	(24,329,661)	(4,100,000)	4,700,000	18,700,000	22,700,000
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)	-	1,059,175	(249,545)	(256,500)	(270,000)	(270,000)	**(1,046,045)**	(270,000)	(270,000)	(270,000)	(270,000)
Net income to common	**(9,271,276)**	**(9,096,155)**	**(7,902,923)**	**145,804**	**(24,290,001)**	**(9,525,122)**	**(8,480,584)**	**(3,910,000)**	**(3,460,000)**	**(25,375,706)**	**(4,370,000)**	**4,430,000**	**18,430,000**	**22,430,000**
Net income margin	-46.1%	-39.4%	-33.1%	0.6%	-26.4%	-43.1%	-33.6%	-15.0%	-12.8%	-25.3%	-3.1%	2.2%	7.4%	7.5%
Diluted shares outstanding	103,548,494	107,117,216	112,021,945	112,340,641	108,757,074	129,441,468	134,536,560	134,786,560	160,286,560	139,762,787	160,786,560	161,286,560	161,786,560	162,286,560
Seq change	2,524,912	3,568,722	4,904,729	318,696		17,100,827	5,095,092	250,000	25,500,000		500,000	500,000	500,000	500,000
EPS diluted - continuing	**($0.09)**	**($0.08)**	**($0.07)**	**$0.00**	**($0.22)**	**($0.07)**	**($0.06)**	**($0.03)**	**($0.02)**	**($0.18)**	**($0.03)**	**$0.03**	**$0.11**	**$0.14**
EBITDA														
Net income	(9,052,128)	(8,826,929)	(7,615,923)	145,804	(25,349,176)	(9,275,577)	(8,224,084)	(3,640,000)	(3,190,000)	(24,329,661)	(4,100,000)	4,700,000	18,700,000	22,700,000
Addback				-										
Share-based payments	3,041,157	3,612,364	3,373,895	3,533,164	13,560,580	3,097,885	2,536,609	2,536,609	2,536,609	10,707,712	11,778,483	12,956,332	14,251,965	15,677,161
Interest expense	1,339,103	1,305,816	852,308	(7,800,441)	(4,303,214)	1,113,417	1,152,194	1,300,000	1,300,000	4,865,611	1,300,000	1,300,000	1,300,000	1,300,000
Impairment	-			-	-	-								
D&A	1,007,817	1,272,337	2,141,160	(100,976)	4,320,338	1,179,223	1,001,961	1,001,961	1,001,961	4,320,337	4,752,371	5,227,608	5,750,368	6,325,405
Transaction costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA	**(3,664,051)**	**(2,636,412)**	**(1,248,560)**	**(4,222,449)**	**(11,771,472)**	**(3,885,052)**	**(3,533,320)**	**1,198,570**	**1,648,570**	**(4,436,001)**	**13,730,854**	**24,183,939**	**40,002,333**	**46,002,566**
YoY growth											NM	76.1%	65.4%	15.0%
EBITDA margin	-18.2%	-11.4%	-5.2%	-16.9%	-12.8%	-17.6%	-14.0%	4.6%	6.1%	-4.4%	9.8%	12.1%	16.0%	15.3%

Source: Company reports and Litchfield Hills Research

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HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within 12 months.
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