<<Billy Healey, Analyst, Jefferies LLC>>

Good afternoon, everyone. This is Billy Healey with the Jefferies Aerospace, Defense, and Airlines Equity Research team. Welcome to our 2nd Annual Jefferies Defense Tech Summit. Today we're lucky enough to have Oren Elkayam, CEO and Founder of Mobilicom, joining us. Oren is the CEO and Co-Founder of Mobilicom, having previously worked extensively within the wireless communications sector. Prior to starting the company, Oren was CEO of Sortech, a nano provider materials technology company, and VP of Business Development at Runcom, a fabless silicon company that develops and sold solutions for broadband mobile and communications industry.

During his tenure, he initiated and negotiated contracts with top tier companies such as Alcatel-Lucent, Nortel, KDDI, Mitsubishi, and Motorola, and led investment rounds with international-based venture capital funds. Additionally, he served as an officer in the Israeli Air Force in an elite R&D unit leading large cutting-edge technology projects. Oren holds a bachelor's in electric engineering and an MBA magna cum laude from Ben-Gurion University in Israel.

Oren, thank you so much for joining us. We're really excited to have you.

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

Thank you. Thank you, Billy, for having me here.

<<Billy Healey, Analyst, Jefferies LLC>>

All right, great. We'll dive right in. Starting out more broadly just about Mobilicom, you operate at the intersection of secure communications, cybersecurity, and autonomous systems. How do you define the company's core market opportunity today? And how has that evolved over the last few years?

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

So Mobilicom, as you said, is providing the critical software, cyber, and hardware solution to drones or robotics manufacturers, and in particular to small-sized drones or robotics solution, what we call in the United States Group 1, Group 2 drones or robotics. The company has two sets of solutions, one is hardware solution that are enabling the drones or robotics to communicate to operate, and we have the cybersecurity and electronic warfare software solutions and cyber solutions that enable the drones robotics to safeguard themselves against different threats. So the company provides the critical IP-based solution to all drones robotics manufacturers.

<<Billy Healey, Analyst, Jefferies LLC>>

Great, thank you for that. And if we can dive a little bit deeper into some of the company's core products, which products are you currently seeing the strongest customer demand for and

strongest adoption? Which are you most excited about? If you can, go into a few of the different product sets.

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

So Mobilicom, as we mentioned, have – we can – let's call it two separate divisions that are operating in parallel to provide drones robotics. One is the hardware. In the hardware business lines, we have the datalink solution, which is mandatory for every drone that enables the drone operators to command the drone, receive telemetry, and receive video feeds. We have the mesh networking that allows you to operate fleets and swarm, which is the future. And we have the ground control station, which is the hardware with the application layer that enables to control the mission. And those are the ones that are creating the majority of the revenue today. Mobilicom was – and those are having a gross margin of about 60%, which is very, very steep and high for hardware business.

And thanks to the fact that Mobilicom owned IP, developed down to the bit every piece of that and therefore we are able to create advanced propriety solution based on the IP that we have. We have a new activity that was formed in the recent years where we provide the electronic warfare resistance software that enable you to operate in the events that we see today of jam, intercept, enhanced environment and our newly released cybersecurity for the AI autonomy of drones and robots that protect and embedded on the Qualcomm or NVIDIA AI solution at the edge and enable you the full protection of the mission of the platform and of the fleets.

And that we together with our secured autonomy is our software solutions and cyber solutions which have about 90% gross margin. Again, full IP owned by Mobilicom, leader in the cybersecurity for small sized drones and robotics. And together, this is a one-stop shop company that gives you the critical systems within the drones robotics that cater between 40% to 60% of the drone value. And that's why Mobilicom is unique, different in the industry from the fact that we are a one-stop shop for all those highly IP-based technology and solutions.

<<Billy Healey, Analyst, Jefferies LLC>>

Great. That was awesome, super helpful on the margin color. Really interesting. Maybe on revenue visibility, can you talk about recent orders from U.S. Tier 1 drone manufacturers and how this – what this says about your OEM channel strategy? What do these recent wins signal? How do you think about revenue visibility?

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

So we took the very let's say challenging approach to target the Tier 1s around the world, those that are producing or most likely to use – to be selected to the biggest programs of record in the United States, Europe, and Israel, which are the biggest markets and providers of drones and robotics worldwide. In that segment, we are working with blue-chip large OEMs and some of the newcomers OEMs for America, Europe, and Israel. Companies like Teledyne FLIR, we have Rafael, Elbit, we have the Israel Aerospace Industry. We have the other European players, like

Airbus, the biggest in Asia-Pacific, ST Engineering, and so forth. So we have definitely one of the biggest brand names of aerospace defense or aviation for robotics and drones.

With those, we are targeting the biggest solutions that are going to be chosen for programs of record, which are important for Mobilicom. Recently, you've seen that in the seeding phase and working with those companies for the last three, four years, preparing for those large programs and procurement processes in America elsewhere. Obviously, it was a very long journey of development, validation, and eventually certification, and then deployment, early deployment to test, validate with the different branches of the Department of War, and now scaling.

So we are proud that one of our partners embedding Mobilicom solution on the electronic warfare software and the data link communication, secure data link communication, was chosen Program of Record for the marines. With that, Mobilicom is providing and deploying large numbers which are scaling. You can see that with the orders that you mentioned, we started – the orders from the Tier 1 U.S. player was in the range of $200,000 in 2025 each few months, and then it scaled to $1.5 million in the end of 2025, and then the next one in first quarter was $2.2 million. So you can see the trajectory. As America is scaling with deployments of loitering drones, kamikaze drones, and small ISR drones, intelligence surveillance drones, Mobilicom is scaling with the critical providers. And we will see more of that with the recent wins and additional Tier 1s in America based on our success.

<<Billy Healey, Analyst, Jefferies LLC>>

Great, great. And going off that, can you just kind of bring us through like what the typical sales cycle is in some of these interactions you have, like going from design win to production volume, how important is it to be embedded early in a drone's platform architecture? Like, how do you guys go-to-market through the whole process?

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

Generally, embedding solutions, which are the core of drones or robots, it's very important to start, if possible, being the supplier from the design win, from the beginning. Therefore, you are working with multiple cycles. In one of the examples that I gave with the biggest Tier 1 in the United States in this sector, we worked with them for the last four years. Mobilicom solutions were chosen over four – over three other competitors in America, and we were chosen for the performance in the field, size, and price, that allowed them to build the next, the solution, the first solution for loitering kamikaze drone for the soldier level, for the squad level. And that was the beginning.

And then there is a cycle of design phases that start with being chosen as design win, R&D with them with multiple cycles of the drones, and then certification validation by the Department of War. Once it's validated, changing critical elements that Mobilicom provides. Going forward is hard because you have to do the R&D again and validation again. So seldom they choose to do so. So you have one or few or two players that provide that.

And then the next phase is supporting the OEMs when they are doing the seeding of different platforms to different programs by the different branches. And then as they have initial scalability in production and mass production scalability. Obviously, so it's six phases, three on the design, win, and R&D, three on the commercialization. Typically takes you nine to 18 months on the R&D phase. Sometimes when it's an early market, it took more than that, sometimes three years, but now the cycles are faster. And the growth, if you are going to the biggest programs, the programs of America, Program of Record of America, those tend to be longer cycles of at least two, three years until you scale that.

The great thing about Mobilicom, we have a great funnel of Tier 1 players that started with us four years ago and three years ago that right now enter the scalability, shifting from initial volume production to mass market production on the base of winning programs in Europe or programs of record with the Department of War. And therefore the next scalability of Mobilicom, or right now in the coming two quarters will come from the ramp-up in production to feed and seed and deploy American battalions with those drones as fast as possible to close the gap with adversaries that America has.

<<Billy Healey, Analyst, Jefferies LLC>>

Great. And just to follow up on that, I think a common theme has been how do you scale? So when you're like scaling up, right, how do you think about executing? What are some of the biggest risks? How do you think about supply chain, labor, sourcing components from certain countries, any like – funding any other things that keep you up at night when you're thinking about scaling? And how do you think about driving costs down all of this.

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

So many questions, different answers. So let me start. And if I miss some of the items, please I'll repeat those. I will start by saying that currently we have a unique situation. The demand is growing phenomenally because budgets across United States for programs of record and regular procurement to feed the different, let's say, squads and battalions in America, it doesn't matter if it's the Army, if it's the SOCOM, or if it's the Marines, all of them are scaling in those numbers.

And we see a sequence of programs being initiated. And deployed right now. And some of them have begun and many of them are in the process. So the market and the budgets are there. If you add to that European market that moved from 1% GDP into defense to 5% GDP into defense by all NATO countries, that's huge scalability in the volume that will feed the next seven years of procurement as we see that. And there is other markets, but let's not dive into that, it's too much.

So the recent conflict and the demand is growing dramatically. On the other hand, the availability of procurement and subcomponents in the hardware business is limited because of different trends that we can go, if you want in more depth later. The AI revolution requires and took lots of the production of the subcomponents and elements in the like memories and so on for many years. Less is left for others, other electronic producers. The different arm race around the world extend the demand even so. And issues that we have with logistics, I mean, the world

have with logistics of rare materials that needed in the silicon and PCB production are making it very hard.

We anticipate that the problem only begin, it will be much worse in six months and a year from now. This is our anticipation. Therefore, companies like Mobilicom that have lots of cash in hand are procuring a lot of – we are sitting on more and more and piling up more and more components ahead of time to prepare for that, working on the roadmap with our partners to let them know that they have to order in advance in order to prepare that.

And so one hand, the demand is growing. On the other hand, there is issue with supply chain, supply chain items, as well as pricing of those and lead time until you get it. Things that you can achieve and get in 30 days, now this is 120 days, and I predict it will get to more than 200 days within few months. So those that didn't prepare in advance will have problems. This is where we have the advantage because we have the funding. To support that, we have a bonnet of cash in hand that we can use and leverage for that.

Production-wise, it's how you can scale. America has to scale to meet some of the adversaries. So if we see Iranians and Russians producing millions of drones a year, millions, and the states have to move from tens of thousands to few millions, you understand the gap. Therefore, only those that have all the certifications, regulation and endorsement by the Department of War like Mobilicom. Those that were chosen for programs of record and tested, validated, and deployed with the Department of War like Mobilicom. And those that have the funding and scalability in production.

We have capacity of production in Israel, Philippines, and now we are expanding our production based on the Pentagon request in America. And we will have three locations of production and high production rates to meet the demand. So this is what keeps us up at night, is the demand that is growing dramatically, okay, and will sustain for the next five, seven years at least because of the budgets.

On the other hand, the problems on logistics and, as we said, supply chain and scalability be able to scale. And if you allow me, I will explain another thing which is unique about Mobilicom. While other tickers on the NASDAQ will require to build large facilities of production, investing capital extensively to capital expenditure to build and buy different machinery and have teams and training and then testing sites of their drones and systems. Mobilicom being the key provider of the elements inside. Our business model is built on contract manufacturers. We own the IP, we give the drawings and the schematics to the contract manufacturers, they produce it for us. We then burn our IP and software inside the hardware, which makes it smart, and therefore we can scale with minimal capital expenditure.

We can go 10 times the capacity of production with very little investment. That's a unique advantage of Mobilicom, and this is contributing to the ROIC, return on investment capital of Mobilicom, which is unique in all the tickers that you will see, if I can say, and we can scale faster and better than anybody else. Obviously, we have to wait for the capability of the producers, the OEMs, to be able to scale in the same capacity of Mobilicom in order to enable the market. So this is what scares me or I'm busy with on a daily basis. But you understand that

we took special care of that and we are unique in the position of our R&D and contract manufacturing business model.

<<Billy Healey, Analyst, Jefferies LLC>>

That's great. That's super helpful. Going on that, when you're scaling and along with the contract manufacturing, how do you think about the customization of products versus like more modularity as you're trying to scale? Like, how do you balance those two?

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

So first and foremost, we are working very, very, very closely with governments. So many of the things that we've done, being the cybersecurity, the electronic warfare resistance capability as a software, even the data link and the networking for manned fleets were created with early discussion, work, and testing with the governments, the Department of War, different branches, as well as the Minister of Defense in Israel, which are in the forefront of the drone and robotics technology in the world. So that helped us be prepared before and know what the OEMs will need in the next level.

Second is working very closely with the OEMs, those Tier 1s players, which are the giants of this market in United States, Europe, and Israel, are important partners. And we're working with them on the next-generation, and we have a line roadmap in order to supply what they need and prepare to what the market needs from the government. And I can give several examples for that.

And then from that perspective, it's always keeping us on the cutting edge ahead of everybody else and be ready for the needs and what we see as trends in the marketplace for the products and solutions. And constantly the market in the drones and robotics is evolving very, very fast. I mean, every quarter or two we are releasing different updates, software, electronic warfare, cybersecurity capabilities to meet with the different attacks and solutions that we see in the battlefield. So being involved in the battlefield on a daily basis, working with governments and the OEMs, keep us on the cutting edge and give us a uniquely positioned for that.

And then maintaining all certification, all the regulation, everything that needed from the government and that's something that's also important to be one of the few players that you can buy from if you want to have an American drone produced in America by partners that are validated and approved and endorsed by the Department of War. So a lot of work all the time to keeping up with the pace of the evolution, or actually revolution, that we see over here in the drones and robotics space.

<<Billy Healey, Analyst, Jefferies LLC>>

Great. And maybe if we can shift to demand a little bit, we've talked about it a bunch. You've said five to seven years of visibility, you have rising budgets, you have the conflicts going on that are making this so dynamic. Can you kind of dive into what you think the largest opportunities are kind of across different groups like small UAS, Group 2 or 3 drones, loitering

systems, maritime drones, ground robots, et cetera? Like, how do you think about those different growth vectors and the demand profile? What's the largest opportunity?

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

So between the two markets that we are involved with, which is the commercial – professional commercial, and defense, defense is actually growing fast right now, and it's obvious. And then, within this defense, we are focused on Group 1, Group 2 drones because those have the highest volume and value going forward, biggest programs and biggest needs right now. And they have another important thing that investors should look at is the fact that small size drones under 25 to 50 pounds, which prices Group 1 is $10,000 to $20,000, Group 2 is let's say, $30,000 to $50,000 per system. They are going to be deployed and used in soldiers in their backpack or in their hand, which means that they are going to be damaged very fast, which means that you have to replace your entire fleet in average every two-three years, which makes an exciting market of recurring deployment all the time. You spoke about which market volume is the biggest. We see the loitering munition, the kamikaze drone, as the biggest market. Once you use it, training or battlefield, you have to replace it immediately. It's exploding. So that's nice because you have to feed it again and again. It's like ammo. And that's why it's the most exciting thing.

We see great demand on three different levels, from FPV miniature drones to Group 1 handheld-sized drones to Group 2 backpack-sized drones that are having different deployment scenarios for loitering. This is the biggest market. Some of our biggest wins with the biggest tier ones in the world is in this space. And you have to bring the great technology and performance in small form factor in affordable pricing for something to be one-time use. So that's the biggest thing.

The second thing is ISR drones for, again, the squad and platoon level, which are Group 1, Group 2. This is another volume that we see. And those are highly more expensive platform because of the, let's say, the sensors on top of them. They typically range between $30,000 to 50,000, some of them more. If it's Group 2 or Group 3, it's even more than that. But the volume is more in Group 1, Group 2, and those as where we see that. And there is an interesting market what did evolve from Ukraine, which is the FPV market, the first personal view, tiny drones that came from racing, consumer drones leagues, and that were converted to defense use. Obviously, Ukrainians are manufacturing between 3 million to 4 million units of that on a yearly base. And they have the capability to produce it, don't test it. They don't care about safety so much. Zip tie it or something or glue the ammo or bomb to the bottom immediately use it few hours a day later in the battlefield. Obviously, America and Europe cannot do that. We have different grades of safety and security that have to be maintained. So our solution over here in America will be more expensive, but we are trying to duplicate the success in Ukraine.

That said, the Drone Dominance program and other initiatives of FPV drones are scaling the numbers, but yet the prices are much lower. They tend and target to have platforms of $3,000 to 5,000 from discussions we had with them recently with the officers that manage that. They understand that they have requirements going high with the recent releases of the program needs, so dramatically much higher than what we anticipated. So the price per system will not stay $3,000 to $5,000 per unit. It will grow to $10,000 most likely with the challenge that they want. So again, they are getting closer to the Tier 1, to the Group 1 drones. This is the biggest value we

see, biggest volume, loitering munition, and then ISR, intelligence, surveillance, or reconnaissance drone for the level of the soldier, squad level, platoon level. These are the numbers.

We do see great evolution and ramp-up in the maritime and ground robotics were involved with some interesting cutting-edge capabilities of robotic solution on the ground, and maritime solution that we've been involved with that in the last five years. But if they are jumping 500%, 1,000%, it's still small numbers because it was few units, tens of units in the past, shifted to hundreds of units, maybe 1,000, while in the loitering munition, we are talking about an FPV and small drones, we are talking to scale to 1 million, 2 million, 3 million a year.

So yes, there is a big shift in evolution over there, exciting market to be on the robotics and maritime unmanned systems. But volume wise, they are still small in comparison to the numbers we see in the loitering and ISR drones especially in the small level. And I repeat again on the important fact: small-sized drones robotics will not last for more than two-three years, which means that you always have to feed and deploy more to replace your fleets. And that's important. I also see a big shift to operate fleets, operate 5-10 drones, and then shifting to swarms 20, 40, 50 of those.

We also see a shift in how you protect yourself against longer-range kamikaze drones, counter-UAS solutions that are coming, like the Iranian Shahed solutions that Russia is duplicating about 3 million last year they produced of that, of Shahed drones to be used in the battlefield. So the answer for that is again attack drones. Again kamikaze drone from the ground to the air, crashing, intercepting that. So that's big volume because you will have hubs of those elements on the borderlines with let's say hive of 20, 30, 50 drones, and you will shoot them one after the other in high pace. So that's a big volume as well.

So I hope that I covered that. The counter-drone solution against long-range drones is one that will operate massive amounts simultaneously. You can shoot 10, 5, 20 in order to take down the drones. And then you have the loitering and FPV, high volumes and picking up in prices. And then the second group two drones, more expensive systems but high volumes and replacement rate. Only then you will see more robotics and maritime, which is interesting market growing very fast. But still, volume-wise, still is very small in comparison.

<<Billy Healey, Analyst, Jefferies LLC>>

Smaller. Yeah. That's awesome. A lot of great color there. I just want to go more broad here, thinking about over the next few years, what are some of the milestones that matter the most for Mobilicom? And at scale, what does the company look like in your vision?

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

So we thought of that three years ago. Okay. And when we planned three years ago, I mean, the drone business that we are in was prepared for what we see, what we have today in the position 7 to 10 years ago. But we looked on the things again three years ago and said, what is the most critical problem that we will see in the drones robotics space that others don't see? So yes, some

of the fundamental elements that you see Mobilicom selling today and growing on that are the hardware business mainly and the electronic warfare software to protect the drones against what we see as jamming interception right now.

But the biggest problem is we are going to activate more drones and fleets and swarms. If you have swarms and fleets, you cannot pilot them one by one, one operator to one drone as you do today. 99% of the deployment is one operator to one drone. So you have to shift to operate fleets of those, which means that you cannot pilot them yourself. They have to be semi-autonomous or autonomous on their flights and mission. So it means that they have an AI computing on the edge. It could be Qualcomm, it could be NVIDIA, and some other new things that we see. And then, which means that you have the biggest problem, you have drones or loitering drones or robotics that have ammo and other sophisticated elements on board. Operated semi-autonomously, autonomously by an AI edge computing, and therefore they are very vulnerable for cyber security.

Cyber will be the biggest issue we were going to see. You will see hundreds and thousands of drones falling from the sky. In fact, in the recent battlefield events that we've seen, and some of them were not published, I can tell you that different deployments of different campaigns that shoot 100, 200 drones against some of the countries, cyber-attacks that went against them, dropped them all from the sky immediately.

So we are getting to a situation that you will have loitering and kamikaze drones prepared by America that are semi-autonomous by AI edge computing that are capable to do semi-missions by themselves that right now have zero, I repeat it, zero cybersecurity to protect them. And I mean active cybersecurity, dynamic cybersecurity that constantly looking for things, things that you see in your office, things that you see in the medical industry or finance industry or automotive vehicle industry that made it mandatory eight years ago.

In the drones, we have zero active dynamic cybersecurity today. Are you scared? I am scared that you can have a very easy attack on those drones. Penetrate them or seed something in advance that will send you back all the drones with the bomb. You send them to the battlefield, someone will activate cybersecurity, and all of them will return with the bomb to you. So that's scary. That can happen. It's actually available and its ready right now.

And our adversaries of America, being the Iranians, the South Korea – the North Koreans, the Russians, are great in cyber. We here in America have to be prepared. Mobilicom took this initiative here years ago. We understood the problem from governments. We designed, we took people that came from the cybersecurity world with our founders, that this is his background, Yossi Segal, one of the co-founders of Mobilicom with me. And we hired people from the automotive cybersecurity of vehicles that had the same revolution eight years ago.

We developed the concept how autonomy security or secured autonomy should be look like with cybersecurity for small drones, robots. We work on standardization in America contributing. I personally work with the Capitol Hill meeting on behalf of the industry with congressmen and senators to advocate for that. And then standards are being right now deployed and enforced. So

there is a sequence of standards that the Department of War has issued. And by 2027, in 2027 roughly, systems in the field have to adopt the new cybersecurity methodology.

Show me one company that have a solution that is ready for small size drones that meet the standard that solve this problem. I can get – I can give you one ticker, it's Mobilicom, MOB, that's it. The only company that 3.5 years ago worked on that. This is going to be a biggest issue which me marks the change from Mobilicom, from company that most of the work, the sales are hardware-based families of product to cyber and software solutions. Higher margins, more IP, leadership in innovation, and easier scalability as a business. There is no production and licensing model.

So that's the trajectory of the company.

<<Billy Healey, Analyst, Jefferies LLC>>

Okay. Wow. Yeah, that is slightly scary. You know, if a drone can get hacked and now it's against you. Wow, super interesting. That's all the time we have, but this was awesome. I learned a lot. I hope everyone else did too. And thank you so much again for joining us, Oren. It was great.

<<Oren Elkayam, Chief Executive Officer and Co-Founder>>

Thank you for having me. Thank you very much.