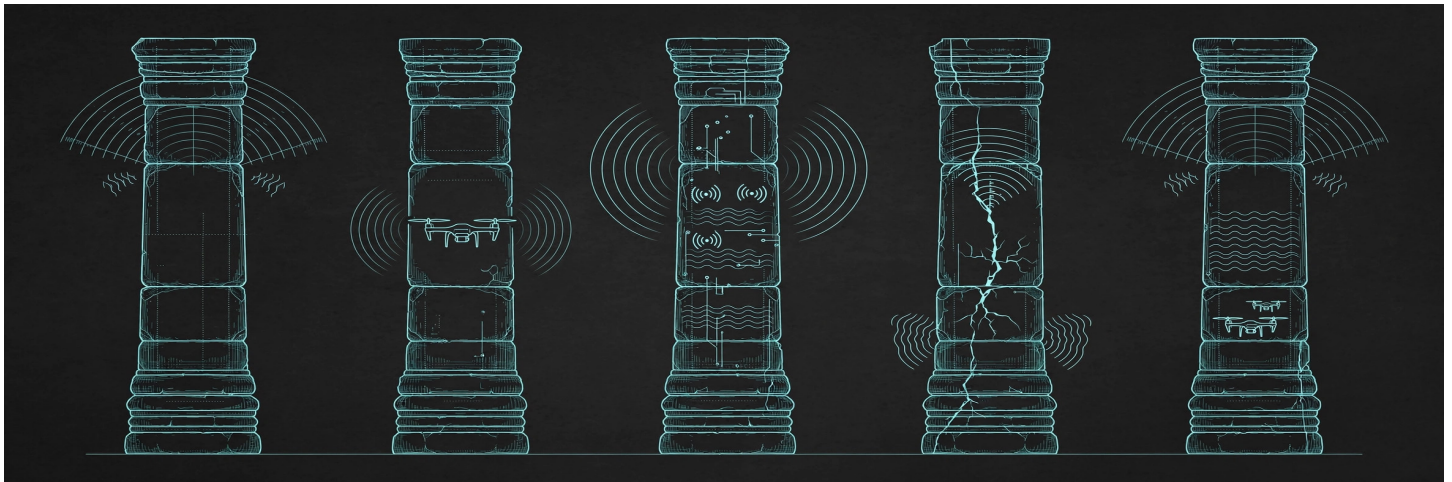




Ondas Holdings

Five-Pillar Analysis

One pillar passes, three are partial, one fails. The sunrise is real; every other pillar is an integration bet.

DalalBytes Research · October 7, 2026 · Reference price \$7.41 (October 6, 2026 close) · NASDAQ: ONDS

DALALBYTES VERDICT

Partial fit · 1 pass, 3 partial, 1 fail

The sunrise is real and the assets are genuine. Every other pillar is an integration bet. DalalBytes score: 62/100.

Pillar 1: Is it a sunrise industry? (PASS)

Counter-drone is estimated to grow from \$2.4B (2024) to \$10.5B (2030) at 28% CAGR; loitering munitions from about \$5.4B (2025) to \$13.3B (2030) at about 20% CAGR. U.S. policy is explicitly pro-autonomy (drone dominance directive, \$1.2B OBBA drone funding, NDAA-compliant shift away from Chinese platforms, FAA BVLOS rulemaking). Ondas' markers confirm the wave is current: \$757M pro forma backlog at June 30, 2026 (versus \$68M at Q4 2025), \$175M of Q2 new orders plus \$105M quarter-to-date in Q3, and a two-year pipeline above \$11B, up 2.5x since May 2026.

Pillar 2: Can the leadership execute? (PARTIAL)

Eric Brock called the defense-autonomy wave early, raised about \$1.9B, and assembled a 14-acquisition platform in under a year while scaling revenue 13x year over year: a genuine dealmaking record with disciplined deal structures (lockups, earnouts). The partial grade is the operating half, still ahead: fourteen businesses across the U.S., Israel, and Poland must become one P&L by the promised Q4 2026. Insider ownership is thin (CEO under 1%, all insiders 1.6%), and December 2025 saw material insider selling. Dealmaker: proven. Operator: unproven.

Pillar 3: Does a moat protect returns? (PARTIAL)

Genuine moat fragments: the only FAA Type Certified drone-in-a-box with a BVLOS waiver through January 2028; GATE's electronic fuzing qualified into dozens of weapon systems across about 100 configurations with long requalification switching costs; Sentrycs' protocol-layer counter-drone, legally deployable where jammers are banned; non-ITAR Polish production for European programs. Against that: a crowded field (AeroVironment, Kratos, Anduril, Red Cat, primes), most of the portfolio bought rather than built, and procurement incumbency favoring established primes. Narrow, real moats; not a wide one.

Pillar 4: Is the balance sheet a fortress? (PARTIAL)

\$1.4B of cash and short-term investments against about \$11M of debt, 9.84x current ratio. The asterisk: about \$1.9B raised from shareholders since June 2025, the share count nearly doubled in a year, authorized shares may double to 800M, the GATE earnout of up to \$185M can be paid in shares, and quarterly free-cash-flow burn is \$93.8M. A fortress funded by dilution holds only until the promised Q4 2026 turn arrives.

Pillar 5: Does the free cash flow show up? (FAIL, for now)

Never positive; Q2 2026 FCF was -\$93.8M on an operating loss of \$162.9M. The bull case is entirely forward: operating-platform adjusted EBITDA positive targeted by Q4 2026, DZYNE already EBITDA positive, GATE expected to contribute more than \$130M of aggregate adjusted EBITDA through 2028. The most recurring-like revenue in the portfolio is GATE's qualified consumable fuzing, reordered per munition produced. Until a consolidated quarter prints, this pillar fails.

What would change each grade

Pillar 1 stays a pass barring a defense-budget reversal. Pillar 2 upgrades on a printed Q4 2026 EBITDA-positive quarter plus one clean year of integrated execution; downgrades on a guidance cut or a major write-down. Pillar 3 upgrades on head-to-head program wins against incumbents; downgrades if the January 2028 BVLOS waiver renewal hits trouble. Pillar 4 upgrades when operating cash flow turns sustainably positive; downgrades on another large equity raise without a matching order book. Pillar 5 upgrades on the first positive-FCF quarter; no partial credit until then.

Bottom line

One pillar passes, three are partial, one fails: 62/100, Selective Positive, with an integration watch. The sunrise is not in doubt and the acquired assets are genuinely good. Everything else is a bet that fourteen acquired businesses become one profitable company on the timeline management promised. Watch Q4 2026: the EBITDA print decides whether the roll-up was a platform or a collection. FY2029 targets: bear \$3, base \$12, bull \$22.

Sources

Ondas Q2 2026 earnings release (August 13, 2026), Q3 2025 and Q4 2025 releases.

October 5, 2026 ESAD order press release (ondas.com).

DZYNE acquisition release (July 2026); GATE/Bron acquisition releases (September 2026).

Sentrycs acquisition and Lockheed Sanctum selection releases; Optimus FAA certification and BVLOS waiver press release.

10-Q Q2 2026 (via PortfolioSavvy); PRE 14A (October 2025); Form 4 filings.

Reporting: StockTitan, citybiz, ainvest, zacks, ts2.tech, stocktitan, dronexl, schaeffersresearch, MarketBeat.

Market data as of October 6-7, 2026. All targets and scores are DalalBytes research estimates.

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