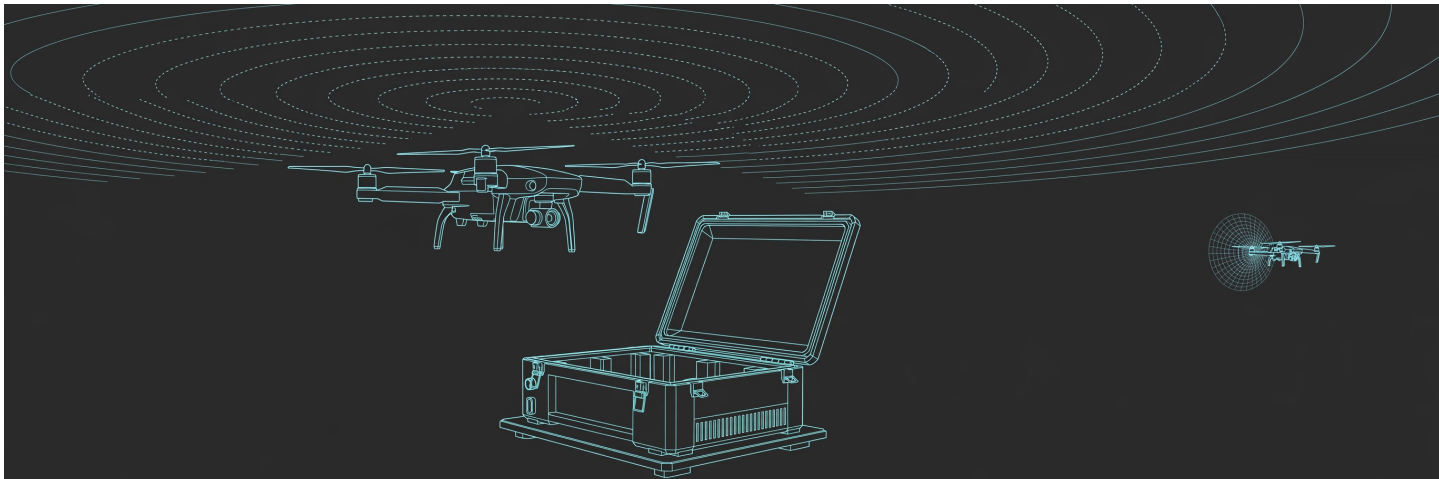




Ondas Holdings Investment Report

Fourteen acquisitions, one autonomous-defense platform: the technology is genuine, the demand wave is real, and the integration is the entire thesis.

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

DALALBYTES VERDICT

Selective Positive, with an integration watch · 62/100

The demand wave is real and the assets are genuine. The company is not yet one company. FY2029 targets (DalalBytes estimates): bear \$3, base \$12, bull \$22.

The verdict

In twelve months, Ondas went from a sub-\$20M-revenue wireless company to a \$4.3B-market-cap autonomous-defense roll-up with a \$757M backlog, a pipeline above \$11B, and arguably the broadest unmanned-systems portfolio of any public small-cap in the sector. Q2 2026 revenue of \$83.8M was up more than 13x year over year. Full-year 2026 guidance of \$525 to \$550M implies roughly 10x the 2025 revenue of \$50.7M. The stock has fallen 51% from its \$15.28 January high to \$7.41. The market is not doubting the demand backdrop. It is pricing the distance between fourteen acquired businesses and one profitable company.

The bull case is the demand wave plus genuine technology: counter-drone growing toward \$10.5B by 2030, loitering munitions toward \$13.3B, NDAA tailwinds against Chinese platforms, the only FAA Type Certified drone-in-a-box, weapon-qualified fuzing with real switching costs, and the October 2026 \$56M ESAD order as

first commercial proof the acquisition logic converts to orders.

The bear case is arithmetic: roughly \$1.9B raised from shareholders since June 2025, the share count nearly doubling, \$93.8M of quarterly free-cash-flow burn against \$199.1M of quarterly operating expenses, thin insider ownership with December 2025 insider selling, and a recurring-revenue mix that has never been quantified. With 43% of the float sold short, the stock trades like a battleground.

Score and targets: DalalBytes score 62/100. FY2029 targets (DalalBytes estimates): bear \$3 (-60%), base \$12 (+62%), bull \$22 (+197%). See the valuation section for the story-to-numbers reasoning.

The roll-up: fourteen deals in twelve months

Deal	Terms and what was bought
DZYNE (Jul 2026)	\$875.8M (\$200M cash + ~85M shares). IonStrike interceptor, Blitz expendable UAS, Grasshopper cargo glider. 2026E revenue ~\$191M, 2027E above \$300M, EBITDA positive from 2026.
GATE + Bron (Sep 2026)	\$205M base + up to \$185M earnout. Electronic safe-and-arm devices and fuzing, qualified into dozens of weapon systems across ~100 configurations. GATE 2026E \$65M revenue, 2028E \$180M.
Sentrycs (Nov 2025)	\$225M. Cyber-over-RF protocol-manipulation counter-drone: detects, identifies, and takes control of hostile drones without jamming. Selected for Lockheed Martin Sanctum (Jun 2026).
Cyberhawk (Aug 2026)	~\$125M, 95% cash. Critical-infrastructure drone inspection.
World View (Apr 2026)	\$150M. Stratollite stratospheric persistent-sensing balloons; now in the Ondas Sentinel division.
Tuck-ins	Mistral \$175M, Omnisys \$196.6M, Aran Defense ~\$33M, Insignito/Ottopia/Caribou \$56M + \$32M earnouts, plus earlier Apeiro, Roboteam, and others.

Technology deep dive

Optimus drone-in-a-box. An automated ground station houses drones and runs the full mission cycle without a human on site; a robotic arm swaps batteries and payloads between sorties for continuous 24/7 operations, each airbase covering up to 30 square miles. The durable layer is regulatory: FAA Type Certification (the company's claim: the only Type Certified drone in the drone-in-a-box category) plus a BVLOS waiver effective January 31, 2024 through January 31, 2028, permitting automated operations without visual observers. The open question is unit economics: airbase counts and per-site economics are undisclosed.

Iron Drone. Fully autonomous counter-drone interceptor: launches from a ground pod, flies under radar guidance, hands off to onboard computer vision and AI for terminal lock-on, captures the target with a ballistic net, and lowers it by parachute. No GPS, no RF jamming, minimal collateral damage. \$9.0M initial military order (Q3 2024); \$8.2M European airport order (November 2025).

Sentrycs. Cyber-over-RF protocol manipulation: operates at the drone's communication-protocol layer to detect, identify, track, and take control of hostile drones, forcing a safe landing with no collateral RF interference. The legally deployable answer for airports and stadiums where jamming is prohibited.

ESADs and electronic fuzing (GATE). Electronic safe-and-arm devices keep a munition safe through storage, transport, and launch, arming only under mission conditions, using proprietary LEEFI initiation with no moving parts. The qualification moat is the point: long design-in cycles and rigorous weapon-level safety qualification mean a designed-in fuze is rarely swapped out. Sticky, repeat, sole-source-style revenue on the munitions stockpile-rebuild tailwind.

FullMAX private wireless. The legacy business: software-defined radio implementing IEEE 802.16s/802.16t, letting railroads and utilities keep licensed spectrum and upgrade to IP broadband (up to 20 Mbps, 30+ mile range). Reference customers include Class I railroads and Chicago's Metra. Not the growth engine; a credible, sticky side business.

SkyWeaver and Palantir. AI-enabled mission operating system built with Palantir, intended as the software layer connecting platforms, sensors, and operators. Operating infrastructure and differentiation, not a revenue line; its value depends on whether it makes 'system of systems' more than a slogan.

The money

Quarter	Revenue	Gross margin	Op. loss	Adj. EBITDA
Q3 2025	\$10.1M	26%	\$15.5M	-\$8.8M
Q4 2025	\$30.1M	42%	n/d	-\$9.9M
Q1 2026	\$50.1M	~49%	n/d	n/d
Q2 2026	\$83.8M	43.1%	\$162.9M	-\$50.6M

Guidance: Q3 2026 revenue \$140 to \$155M; full-year 2026 \$525 to \$550M; operating-platform adjusted EBITDA positive targeted by Q4 2026. Backlog: \$757M pro forma at June 30, 2026 (versus \$68M at Q4 2025); \$175M of Q2 new orders plus \$105M quarter-to-date in Q3; two-year pipeline above \$11B.

Balance sheet: \$1.4B of cash and short-term investments against about \$11M of debt, current ratio 9.84x. The asterisk: built with about \$1.9B of equity issuance, the share count nearly doubled in a year, authorized shares may double to 800M, and the GATE earnout of up to \$185M can be paid in shares.

Watch item: Q2 2026 free cash flow was -\$93.8M against \$199.1M of quarterly operating expenses. The fortress holds only until the promised Q4 2026 turn arrives.

Leadership: the dealmaker, judged on the integration

Eric Brock (Chairman, CEO, President, joined 2017; Boston College accounting, Chicago Booth MBA) executed one of the fastest pivots in small-cap defense: from a sub-\$20M wireless company to a \$4B+ autonomous-defense roll-up, raising about \$1.9B and deploying about \$2.1B across 14 acquisitions while scaling revenue 13x year over year. The other side of the ledger: beneficial ownership under 1%, all insiders 1.6%, and material December 2025 insider selling (475,000 shares at \$9.71; 2,378,245 shares at \$13.43, about \$31.9M, described as covering tax withholding on RSU vesting). Dealmaker: proven. Operator: unproven.

Competition

AeroVironment (AVAV): the incumbent U.S. small-UAS and loitering-munition prime, larger, profitable, entrenched in DoD procurement. Kratos (KTOS): attritable unmanned systems at larger scale, the closest large-cap comp. Anduril (private): the best-funded autonomous-defense peer with far greater capital. Red Cat (RCAT): small-UAS peer in the same NDAA-compliant lane. DJI and Chinese players: structurally disadvantaged in allied government procurement. Defense primes compete at the platform level and partner at the subsystem level (Lockheed Sanctum integrates Sentrycs).

Valuation: three lenses

Lens 1: the multiple on forward numbers. At \$7.41 (about \$4.31B market cap, about \$2.9B enterprise value after \$1.4B cash), Ondas trades at roughly 5.3x to 5.5x EV/Sales on 2026 guidance of \$525 to \$550M (computed), compressing to an estimated 3.4x to 3.9x on a rough 2027 bridge near \$750 to \$850M. The stock is down 51% from January while revenue scaled 13x: the multiple has compressed hard on forward numbers as the share count nearly doubled.

Lens 2: what the analysts see. Citizens JMP Market Outperform \$14 (October 5, 2026); Oppenheimer Outperform \$18; Needham Buy \$19 (cut from \$23); Ladenburg Thalmann Buy \$22.75; H.C. Wainwright Buy \$25; consensus Moderate Buy, average target near \$17. These are 12-month targets embedding near-term momentum and the January \$15.28 high as an anchor. Context, not endorsement: every one assumes the integration works.

Lens 3: scenarios. FY2029 targets (DalalBytes estimates): bear \$3 (-60%), base \$12 (+62%), bull \$22 (+197%). Base: 2026 revenue of about \$537M (guidance midpoint) compounds near 40% in 2027 (\$779M, DZYNE above \$300M plus GATE ramp), about 35% in 2028 (\$1.05B), and about 30% in 2029 (\$1.37B); 4.5x EV/Sales gives about \$6.2B EV, plus about \$0.5B net cash after the burn moderates as EBITDA turns, on about 575M diluted shares. Bear: integration stalls, 2029 revenue of \$600M at a distressed 2.5x multiple, cash largely consumed, 620M shares. Bull: flawless integration, 2029 revenue of \$1.8B at a 6x scarcity multiple on the only scaled autonomous-defense pure play, about \$1B net cash, 540M shares.

Risks

Cash burn and dilution: -\$93.8M quarterly FCF; about \$1.9B raised; authorized shares may double to 800M. Integration: fourteen acquisitions since October 2025 must become one P&L by Q4 2026. Procurement lumpiness: the \$56M ESAD order has an unnamed customer and no disclosed schedule. Short interest: 237.1M shares, 43% of float, 5-10% daily swings. Competition: AeroVironment, Kratos, Anduril, Red Cat, and the primes. Alignment: CEO under 1% ownership. Regulatory: the BVLOS waiver expires January 31, 2028.

What would change the verdict

To the upside: a printed Q4 2026 operating-platform EBITDA-positive quarter, a disclosed recurring-revenue percentage with per-site Optimus economics, a second \$50M+ ESAD-scale order with a named customer, or a second frontier-scale defense program win. Any two upgrade the verdict. To the downside: a Q4 2026 EBITDA miss, a guidance cut, another large equity raise without a matching order book, or the GATE earnout paid mostly in shares. Any one downgrades it.

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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