UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: **001-39761**



Ondas Inc.
(Exact name of registrant as specified in its charter)

Nevada	**47-2615102**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

222 Lakeview Avenue, Suite 200, West Palm Beach, Florida 33401
(Address of principal executive offices) (Zip Code)

(888) 657-2377
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock par value $0.0001	ONDS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	☐	Accelerated filer	☐
Non-Accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
The number of shares outstanding of the issuer's common stock as of November 10, 2026 was 591,442,459.

ONDAS INC.
INDEX TO FORM 10-Q

		Page
PART I - FINANCIAL INFORMATION		
Item 1.	**Financial Statements**	1
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Operations	2
	Condensed Consolidated Statements of Comprehensive Income (Loss)	3
	Condensed Consolidated Statements of Temporary Equity and Stockholders' Equity	4
	Condensed Consolidated Statements of Cash Flows	6
	Notes to the Condensed Consolidated Financial Statements	8
Item 2.	**Management's Discussion and Analysis of Financial Condition and Results of Operations**	56
Item 3.	**Quantitative and Qualitative Disclosures About Market Risk**	64
Item 4.	**Controls and Procedures**	64
PART II - OTHER INFORMATION		65
Item 1.	**Legal Proceedings**	65
Item 1A.	**Risk Factors**	65
Item 2.	**Unregistered Sales of Equity Securities and Use of Proceeds**	65
Item 3.	**Defaults Upon Senior Securities**	66
Item 4.	**Mine Safety Disclosures**	66
Item 5.	**Other Information**	66
Item 6.	**Exhibits**	67

ITEM 1. FINANCIAL STATEMENTS

ONDAS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except par value)

	September 30, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 262,811	$ 550,744
Restricted cash	31,463	43,615
Short-term investments	526,062	21,750
Accounts receivable, net	127,337	22,356
Inventory, net	110,719	21,963
Other current assets	238,377	25,473
Total current assets	1,296,769	685,901
Property and equipment, net	51,581	10,217
Goodwill	1,500,967	251,809
Intangible assets, net	1,025,448	136,890
Investment in unconsolidated affiliates	30,288	-
Long-term equity investments	49,141	35,587
Other assets	73,646	12,437
Total assets	$ 4,027,840	$ 1,132,841
LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 85,675	$ 13,873
Accrued expenses and other current liabilities	196,313	33,970
Accrued purchase and contingent consideration	59,259	75,000
Notes payable, related party	-	1,500
Notes payable	909	704
Convertible notes payable, related party	-	3,500
Convertible notes payable	893	2,950
Government grant liability	1,781	2,295
Deferred revenue	37,822	8,029
Total current liabilities	382,652	141,821
Notes payable, net of current portion	153	-
Accrued purchase and contingent consideration, net of current portion	208,905	-
Convertible notes payable, net of current portion	4,153	3,834
Government grant liability, net of current portion	1,945	1,362
Warrant liability	918,632	489,434
Deferred tax liability	87,473	14,531
Other long-term liabilities	53,184	10,244
Total liabilities	1,657,097	661,226
Commitments and contingencies		
Temporary Equity		
Redeemable noncontrolling interests	-	29,796
Stockholders' Equity:		
Preferred stock – par value $0.0001; 5,000,000 shares authorized at September 30, 2026 and December 31, 2025, and none issued or outstanding at September 30, 2026 and December 31, 2025	-	-
Series A Convertible Preferred stock – par value $0.0001; 5,000,000 shares authorized at September 30, 2026 and December 31, 2025, and none issued or outstanding at September 30, 2026 and December 31, 2025	-	-
Common stock – par value $0.0001; 1,200,000,000 shares authorized at September 30, 2026 and December 31, 2025, 590,159,870 and 380,763,481 issued and outstanding at September 30, 2026 and December 31, 2025, respectively	58	38
Additional paid in capital	2,537,652	805,828
Accumulated other comprehensive income (loss)	(14,155)	329
Accumulated deficit	(156,250)	(368,387)
Total Ondas Inc. stockholders' equity	2,367,305	437,808
Noncontrolling interest	3,438	4,011
Total stockholders' equity	2,370,743	441,819
Total liabilities, temporary equity, and stockholders' equity	$ 4,027,840	$ 1,132,841

The accompanying footnotes are an integral part of these Condensed Consolidated Financial Statements.

ONDAS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues, net	$ 167,489	$ 10,098	$ 301,383	$ 20,620
Cost of goods sold	130,989	7,494	205,581	13,195
Gross profit	36,500	2,604	95,802	7,425
Operating expenses:				
General and administrative	124,649	10,595	294,485	22,583
Sales and marketing	36,673	3,000	68,049	7,696
Research and development	61,594	4,513	106,066	12,209
Change in fair value of contingent consideration	3,090	-	22,323	-
Total operating expenses	226,006	18,108	490,923	42,488
Operating loss	(189,506)	(15,504)	(395,121)	(35,063)
Other income (expense), net				
Interest expense	(615)	(444)	(1,993)	(5,873)
Other income (expense), net	133,696	8,774	583,439	8,875
Total other income (expense), net	133,081	8,330	581,446	3,002
Income (loss) before provision for income taxes	(56,425)	(7,174)	186,325	(32,061)
Provision for (benefit from) income taxes	8,247	307	(20,560)	307
Net income (loss)	(64,672)	(7,481)	206,885	(32,368)
Less preferred dividends attributable to noncontrolling interest	-	390	-	1,170
Less deemed dividends attributable to accretion of redemption value	-	925	1,631	2,620
Net loss attributable to noncontrolling interests	(2,105)	(13)	(5,254)	(13)
Net income (loss) attributable to Ondas Inc. stockholders	$ (62,567)	$ (8,783)	$ 210,508	$ (36,145)
Net income (loss) per share – basic	$ (0.10)	$ (0.03)	$ 0.30	$ (0.21)
Net income (loss) per share – diluted	$ (0.10)	$ (0.03)	$ 0.27	$ (0.21)
Weighted average number of common shares outstanding, basic and diluted				
Basic	617,641	259,909	521,778	172,423
Diluted	617,988	259,909	538,441	172,423

The accompanying footnotes are an integral part of these Condensed Consolidated Financial Statements.

ONDAS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net income (loss)	$ (64,672)	$ (7,481)	$ 206,885	$ (32,368)
Other comprehensive income (loss):				
Foreign currency translation	(14,631)	-	(12,497)	-
Available-for-sale investments:				
Unrealized gain (loss), net	(980)	-	(1,639)	-
Comprehensive income (loss)	$ (80,283)	$ (7,481)	$ 192,749	$ (32,368)
Comprehensive income (loss) attributable to:				
Comprehensive loss attributable to noncontrolling interests	$ (2,105)	$ (13)	$ (5,254)	$ (13)
Foreign currency translation adjustments attributable to noncontrolling interests	(42)	-	349	-
Noncontrolling interests	(2,147)	(13)	(4,905)	(13)
Comprehensive income (loss) attributable to Ondas Inc. stockholders	$ (78,136)	$ (7,468)	$ 197,654	$ (32,355)

The accompanying footnotes are an integral part of these Condensed Consolidated Financial Statements.

ONDAS INC.
CONDENSED CONSOLIDATED STATEMENTS OF TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026 AND 2025
(dollars in thousands)
(Unaudited)

	Redeemable Noncontrolling Interest		Ondas Inc. Stockholders' Equity						
			Common Stock		Additional Paid in Capital	Accumulated other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance, January 1, 2026	**538,048**	**$ 29,796**	**380,763,481**	**$ 38**	**$ 805,828**	**$ 329**	**$ (368,387)**	**$ 4,011**	**$ 441,819**
Accretion to redemption amount of redeemable noncontrolling interests	-	1,289	-	-	(1,289)	-	-	-	(1,289)
Settlement of redeemable noncontrolling interest	-	(2,582)	352,968	-	2,574	9	-	-	2,583
Deconsolidation of subsidiary	(538,048)	(24,513)	-	-	8,459	-	-	-	8,459
Issuance of shares, warrants, and pre-funded warrants from Offerings, net of offering costs	-	-	19,000,000	2	(2)	-	-	-	-
Issuance of shares upon exercise of options and warrants and delivery of restricted stock units	-	-	44,737,301	4	10,035	-	-	-	10,039
Issuance of shares in connection with acquisitions	-	-	21,819,156	2	232,526	-	-	-	232,528
Issuance of shares in exchange for shares of OAS, net of costs	-	-	2,389,203	-	2,051	-	-	-	2,051
Stock-based compensation	-	-	-	-	19,575	-	-	-	19,575
Change in net unrealized gain on debt securities, net of tax	-	-	-	-	-	(383)	-	-	(383)
Foreign currency translation adjustments, net of tax	-	9	-	-	-	(316)	-	(1)	(317)
Net income (loss)	-	(1,545)	-	-	-	-	362,949	(153)	362,796
Balance, March 31, 2026	**-**	**$ 2,454**	**469,062,109**	**$ 46**	**$ 1,079,757**	**$ (361)**	**$ (5,438)**	**$ 3,857**	**$ 1,077,861**
Accretion to redemption amount of redeemable noncontrolling interests	-	342	-	-	(342)	-	-	-	(342)
Reclassification of redeemable noncontrolling interest	-	(1,578)	-	-	-	-	-	1,578	1,578
Deconsolidation of subsidiary	-	-	-	-	2,619	-	-	-	2,619
Issuance of shares upon exercise of options and warrants and delivery of restricted stock units	-	-	6,822,466	1	2,173	-	-	-	2,174
Issuance of shares in connection with acquisitions	-	-	53,954,035	5	508,993	-	-	-	508,998
Stock-based compensation	-	-	-	-	69,009	-	-	-	69,009
Change in net unrealized gain on debt securities, net of tax	-	-	-	-	-	(275)	-	-	(275)
Foreign currency translation adjustments, net of tax	-	86	-	-	-	2,050	-	297	2,347
Net loss	-	(1,304)	-	-	-	-	(88,245)	(147)	(88,392)
Balance, June 30, 2026	**-**	**-**	**529,838,610**	**52**	**1,662,209**	**1,414**	**(93,683)**	**5,585**	**1,575,577**
Issuance of shares upon exercise of options and warrants and delivery of restricted stock units	-	-	1,228,430	-	289	-	-	-	289
Issuance of shares in connection with acquisitions	-	-	59,092,830	6	815,475	-	-	-	815,481
Stock-based compensation	-	-	-	-	59,679	-	-	-	59,679
Change in net unrealized gain on debt securities, net of tax	-	-	-	-	-	(980)	-	-	(980)
Foreign currency translation adjustments, net of tax	-	-	-	-	-	(14,589)	-	(42)	(14,631)
Net loss	-	-	-	-	-	-	(62,567)	(2,105)	(64,672)
Balance, September 30, 2026	**-**	**$ -**	**590,159,870**	**$ 58**	**$ 2,537,652**	**$ (14,155)**	**$ (156,250)**	**$ 3,438**	**$ 2,370,743**

The accompanying footnotes are an integral part of these Condensed Consolidated Financial Statements.

ONDAS INC.
CONDENSED CONSOLIDATED STATEMENTS OF TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2026 AND 2025
(dollars in thousands)
(Unaudited)

	Redeemable Noncontrolling Interest		Ondas Inc. Stockholders' Equity						
			Common Stock		Additional Paid in Capital	Accumulated other Comprehensive Income (Loss)	Accumulated Deficit	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
Balance, January 1, 2025	**538,048**	**$ 19,361**	**93,173,191**	**$ 9**	**$ 252,942**	$ -	**$ (236,369)**	$ -	**$ 16,582**
Preferred dividends attributable to redeemable noncontrolling interest	-	390	-	-	(390)	-	-	-	(390)
Accretion of redeemable preferred stock in Ondas Networks	-	817	-	-	(817)	-	-	-	(817)
Issuance of warrants in Ondas Networks, in connection with convertible note payable	-	-	-	-	346	-	-	-	346
Issuance of shares for payment on convertible debt	-	-	33,322,397	3	21,936	-	-	-	21,939
Issuance of shares upon exercise of options and warrants and delivery of restricted stock units	-	-	1,105,500	-	984	-	-	-	984
Delivery of shares for vesting of restricted stock units			123,711	-	-				-
Stock-based compensation	-	-	-	-	1,573	-	-	-	1,573
Net Loss	-	-	-	-	-	-	(14,136)	-	(14,136)
Balance, March 31, 2025	**538,048**	**$ 20,568**	**127,724,799**	**$ 12**	**$ 276,574**	**$ -**	**$ (250,505)**	$ -	**$ 26,081**
Preferred dividends attributable to redeemable noncontrolling interest	-	390	-	-	(390)	-	-	-	(390)
Accretion of redeemable preferred stock in Ondas Networks	-	878	-	-	(878)	-	-	-	(878)
Issuance of shares of Pre-Funded Warrants from 2025 Public Offering, net of costs	-	-	27,200,000	3	42,674	-	-	-	42,677
Issuance of shares for payment on convertible debt	-	-	33,584,247	3	22,921	-	-	-	22,924
Issuance of shares upon exercise of options and warrants	-	-	17,888,750	2	8,976	-	-	-	8,978
Delivery of shares for restricted stock units	-	-	334,870	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	2,179	-	-	-	2,179
Net loss	-	-	-	-	-		(10,750)		(10,750)
Balance, June 30, 2025	**538,048**	**$ 21,836**	**206,732,666**	**$ 20**	**$ 352,056**	**$ -**	**$ (261,255)**	**$ -**	**$ 90,821**
Preferred dividends attributable to redeemable noncontrolling interest	-	390	-	-	(390)	-	-	-	(390)
Accretion of redeemable preferred stock in Ondas Networks	-	925	-	-	(925)	-	-	-	(925)
Exercise of Warrants in Ondas Autonomous Systems by noncontrolling interests	-	-	-	-	-	-	-	1,159	1,159
Issuance of shares from August 2025 Public Offering, net of costs	-	-	53,084,000	5	162,631	-	-	-	162,636
Issuance of shares from September 2025 Offering, net of costs	-	-	46,000,000	5	216,991	-	-	-	216,996
Issuance of shares for payment on convertible debt	-	-	6,950,574	1	5,360	-	-	-	5,361
Issuance of shares upon exercise of options and warrants	-	-	16,001,937	2	13,585	-	-	-	13,587
Delivery of shares for restricted stock units			746,640	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	5,460	-	-	-	5,460
Net loss	-	-	-	-	-	-	(7,468)	(13)	(7,481)
Balance, September 30, 2025	**538,048**	**$ 23,151**	**329,515,817**	**$ 33**	**$ 754,768**	**$ -**	**$ (268,723)**	**$ 1,146**	**$ 487,224**

The accompanying footnotes are an integral part of these Condensed Consolidated Financial Statements.

ONDAS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 206,885	$ (32,368)
Adjustments to reconcile net income (loss) to net cash flows used in operating activities:		
Unrealized gains on investments	(3,113)	(6,893)
Realized gains on investments	(7,418)	-
Accretion of discounts on investments, net	1,314	-
Depreciation	4,181	566
Amortization of debt discount and issuance cost	-	4,690
Amortization of intangible assets	57,335	3,204
Amortization of right of use asset	3,809	845
Noncash interest expense	1,382	-
Income from equity method investments	(101)	-
Loss on intellectual property	-	16
Gain on disposal of equipment	(4)	-
Gain on acquisition consideration	(6,182)	-
Gain on deconsolidation of subsidiary	(48,834)	-
Loss on acquisition of variable interest entity	46,150	-
Change in fair value of warrant liability	(529,906)	-
Change in fair value of note receivable from affiliate	30	-
Change in fair value of investment in affiliate	(999)	-
Change in fair value of contingent consideration	22,323	-
Change in fair value of government grant liability	406	198
Deferred income taxes	(22,767)	(11)
Stock-based compensation	148,599	9,211
Changes in operating assets and liabilities, net of acquisitions and deconsolidations:		
Accounts receivable	(64,882)	20
Inventory	(23,846)	(2,642)
Other current assets	(148,221)	(5,762)
Deposits and other assets	(9,869)	-
Accounts payable	45,935	1,180
Accrued expenses and other current liabilities	57,832	3,964
Accrued contingent consideration	(758)	-
Deferred revenue	(5,628)	(1,340)
Operating lease liability	(4,322)	(895)
Other liabilities	2,642	1
Net cash flows used in operating activities	(278,027)	(26,016)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(19,200)	(437)
Purchase of long-term equity investments	(11,741)	(587)
Proceeds from sale of short-term investments	14,906	-
Purchases of short-term investments	(762,127)	(11,000)
Maturities of short-term investments	254,608	-
Cash paid for acquisition, net of cash acquired	(456,192)	(6,659)
Issuance of note receivable from unconsolidated affiliate	(6,000)	-
Deconsolidation of subsidiary cash	(7,011)	-
All other investing activities	(361)	(61)
Net cash flows used in investing activities	(993,118)	(18,744)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of options and warrants	12,502	23,549
Proceeds from sale of common stock and warrants, net of issuance costs	959,104	422,309
Proceeds from exercise of warrants in OAS	-	1,158
Proceeds from notes payable and convertible notes payable, net of issuance costs	1,505	923
Proceeds from government grant	-	365
Payments on notes payable	(1,736)	-
Payments on government grant liability	(434)	(149)
Net cash flows provided by financing activities	970,941	448,155
Net (decrease)/increase in cash, cash equivalents, and restricted cash	(300,204)	403,395
Effect of exchange rate on cash	119	-
Cash, cash equivalents, and restricted cash beginning of period	594,359	29,999
Cash, cash equivalents, and restricted cash end of period	$ 294,274	$ 433,394

The accompanying footnotes are an integral part of these Condensed Consolidated Financial Statements.

ONDAS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 10	$ 8
Cash paid for income taxes	$ -	$ 10
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Preferred dividends attributable to redeemable noncontrolling interest	$ -	$ 1,170
Accretion of redeemable noncontrolling interest to redemption value	$ 1,631	$ 2,620
Common stock issued in connection with acquisitions	$ 1,557,007	$ -
Common stock issued in exchange for debt repayment	$ -	$ 53,218
Issuance of shares in exchange for shares of OAS, net of costs	$ 2,051	$ -
Warrants issued in connection with convertible notes payable with respect to Ondas Networks	$ -	$ 346
Operating leases right-of-use assets obtained in exchange of lease liabilities	$ 21,029	$ 1,458

The accompanying footnotes are an integral part of these Condensed Consolidated Financial Statements.

NOTE 1 – DESCRIPTION OF BUSINESS

Ondas Inc. (together with its subsidiaries, the "Company," "Ondas," "we," "us," or "our") is a defense, security and critical infrastructure technology company developing, manufacturing and commercializing autonomous systems, advanced mission technologies and integrated solutions for government and industrial customers.

The Company's technologies and solutions address mission requirements across aerial security, persistent intelligence, precision strike and autonomous ground systems, supported by capabilities in artificial intelligence, command and control, sensing, secure communications, positioning and navigation, and related mission technologies. The Company's products and solutions are used in defense, homeland security, public safety, critical infrastructure and other industrial applications and are designed to enhance situational awareness, operational effectiveness, resilience and safety in complex, regulated and contested environments.

The Company conducts its operations through a portfolio of subsidiaries with complementary technologies, products and engineering, manufacturing and operational capabilities. The Company's strategy is to integrate these capabilities, where appropriate, into broader mission solutions while continuing to deliver individual products and technologies to customers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements present the Company's historical financial position, results of operations, changes in stockholders' equity and cash flows in accordance with accounting principles generally accepted in the United States of America ("GAAP").

The condensed consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") and accounting principles generally accepted in the United States ("U.S. GAAP") for interim reporting. As such, certain notes or other information that are normally required by U.S. GAAP have been omitted if they substantially duplicate the disclosures contained in the Company's annual audited consolidated financial statements. Accordingly, the condensed consolidated financial statements should be read in conjunction with the Company's audited financial statements and related notes as of and for the fiscal year ended December 31, 2025, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, as filed with the SEC on March 30, 2026 (the "2025 Annual Report"). The condensed consolidated financial statements are unaudited; however, in the opinion of management, they include all normal and recurring adjustments necessary for a fair presentation of the Company's condensed consolidated financial statements for the periods presented. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The Company evaluates whether entities in which it holds an ownership or contractual interest should be consolidated. This evaluation requires significant judgment, including determining whether an entity is a variable interest entity ("VIE") and, if so, whether the Company is the primary beneficiary. In determining whether the Company is the primary beneficiary of a VIE, the Company applies a qualitative approach that determines whether the Company has both (1) the power to direct the economically significant activities of the entity and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to that entity. The Company continuously reassesses whether the Company is the primary beneficiary of a VIE as changes to existing interest, relationships or future transactions may result in consolidation or deconsolidation of the VIE.

Acquisitions

Assets acquired, liabilities assumed, and noncontrolling interests in a business combination are measured at fair value at the acquisition date. Any excess of the consideration transferred over the estimated fair value of net assets acquired is recorded as goodwill.

The Company accounts for asset acquisitions related to transactions that do not meet the definition of a business. In an asset acquisition, the cost of the transaction, including transaction costs and contingent consideration that is probable and reasonably estimable at the acquisition date, is allocated to the identifiable assets acquired and liabilities assumed on a relative fair value basis. No goodwill is recognized in an asset acquisition. Any excess of the transaction cost over the estimated fair value of net assets acquired is recognized in earnings.

Goodwill and Intangible Assets

Goodwill and other intangible assets result from the Company's acquisition of existing businesses. In accordance with accounting standards related to business combinations, goodwill is not amortized; however, certain finite-lived identifiable intangible assets, primarily customer relationships and acquired technology, are amortized over their estimated useful lives. Intangible assets with indefinite lives are not amortized. The Company reviews identified intangible assets and goodwill for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company also tests intangible assets with indefinite lives and goodwill for impairment at least annually.

Use of Estimates

The process of preparing financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. Such management estimates include those relating to allocation of consideration for business combinations to identifiable tangible and intangible assets, asset acquisitions, deconsolidations and retained interests, revenue recognition, inventory write-downs to reflect net realizable value, fair values of financial instruments and goodwill, assumptions used in the valuation of contingent consideration liabilities, stock-based awards, derivative warrant liabilities, and valuation allowances against deferred tax assets. Actual results could differ from those estimates.

Cash and Cash Equivalents, and Restricted Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Restricted cash includes cash that is not readily available for use in the Company's operating activities. At December 31, 2025, $37.5 million of our restricted cash balance relates to funds held in escrow in connection with the acquisition of Sentrycs. The restrictions on the $37.5 million funds held in escrow were released during the nine months ended September 30, 2026. The remaining restricted cash balance at September 30, 2026 and December 31, 2025 is attributable to (i) minimum cash reserves required to be maintained to cover bank guarantees issued for new customer orders and operating leases, and (ii) minimum cash reserve requirements for credit cards.

Debt Investments

The Company accounts for its investments in debt securities, including fixed-income securities and certificates of deposit, as available-for-sale. Available-for-sale debt securities are recorded at fair value on the consolidated balance sheets, with unrealized gains and losses, net of tax, recorded in accumulated other comprehensive income (loss).

The amortized cost of available-for-sale securities includes the purchase price, adjusted for the amortization of premiums and accretion of discounts, which are recognized in interest income using the effective interest method. Interest income earned on investments, including certificates of deposit, is recorded in interest and dividend income in the condensed consolidated statements of operations. Certificates of deposit included in available-for-sale investments are classified based on their contractual maturities and are recorded at fair value, with changes in fair value reflected in accumulated other comprehensive income (loss).

The Company evaluates available-for-sale debt securities, including certificates of deposit, for expected credit losses at each reporting date and records an allowance for credit losses when a decline in fair value below amortized cost is attributable to credit factors. Unrealized losses that are not credit related are recorded in accumulated other comprehensive income (loss). Upon the sale or maturity of an available-for-sale security, realized gains or losses are recognized in earnings and amounts previously recorded in accumulated other comprehensive income (loss) are reclassified into earnings.

Equity Investments

The Company's investments in equity securities with readily determinable fair values are measured at fair value with changes in fair value recognized in earnings. Equity securities without readily determinable fair values are recorded at cost, less impairment, and are adjusted for observable price changes in orderly transactions for identical or similar equity securities of the same issuer, with such adjustments recognized in earnings. Equity investments over which the Company has significant influence, generally presumed when the Company owns 20% or more of the investee's voting interests, are accounted for using the equity method of accounting unless the fair value option is elected. Dividends received from equity securities are recognized in earnings when declared.

Inventory, Net

Inventories, which consist of raw materials, work in process, and finished goods, are stated at the lower of cost (first-in, first-out) or net realizable value, net of reserves for excess and obsolete inventory. We continually analyze our slow-moving and excess inventories. Based on historical and projected sales volumes and anticipated selling prices, we established reserves. Inventory that is in excess of current and projected use is reduced by an allowance to a level that approximates its estimate of future demand. Products that are determined to be obsolete are written down to net realizable value.

(dollars in thousands)	**September 30, 2026**	**December 31, 2025**
Raw material	$ 94,049	$ 14,153
Work in process	19,411	1,470
Finished goods	16,106	7,992
Less inventory reserves	(18,847)	(1,652)
Total inventory, net	$ 110,719	$ 21,963

Impairment of Long-Lived Assets

Long-lived assets are evaluated whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed. Such indicators include significant technological changes, adverse changes in market conditions and/or poor operating results. The carrying value of a long-lived asset group is considered impaired when the projected undiscounted future cash flows are less than its carrying value. The amount of impairment loss recognized is the difference between the estimated fair value and the carrying value of the asset or asset group. Fair market value is determined primarily using the projected future cash flows discounted at a rate commensurate with the risk involved. There was no impairment of long-lived assets for the three and nine months ended September 30, 2026 and 2025.

Noncontrolling Interests

Noncontrolling interests represent the minority shareholders' proportionate share of the Company's majority-owned subsidiaries. The portion of net income (loss) attributable to noncontrolling interests is presented as net loss attributable to noncontrolling interests in the condensed consolidated statements of operations, and the portion of other comprehensive income (loss) of these noncontrolling interests is presented in the condensed consolidated statements of stockholders' equity.

Derivative Warrant Liabilities

The Company classifies as equity any warrants that (i) require physical settlement or net-share settlement or (ii) provide the Company with a choice of net-cash settlement or settlement in its own shares (physical settlement or net-share settlement). The Company classifies as assets or liabilities any warrants that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside the Company's control), (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement) or (iii) that contain reset provisions that do not qualify for the scope exception. The Company assesses classification of its common stock warrants and other freestanding warrant instruments at each reporting date to determine whether a change in classification between assets and liabilities is required.

Warrants that are determined to require equity classification are measured at fair value upon issuance and are not subsequently remeasured unless they are required to be reclassified. Warrants that are determined to require asset or liability classification are measured at fair value upon issuance and are subsequently remeasured to fair value at each balance sheet date with any change in fair value recognized in the condensed consolidated statements of operations.

Other Income (Expense), Net

The components of other income (expense), net were as follows:

(dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Gain on deconsolidation	$ -	$ -	$ 48,834	$ -
Change in fair value of warrant liability	125,108	-	529,906	-
Unrealized gain (loss) on investments	(6,686)	6,893	3,113	6,893
Realized gains on investments	4,493	-	7,418	-
Change in fair value of investment in Networks	3,486	-	999	-
Interest and dividend income	8,730	1,992	33,359	2,443
Gain on acquisition consideration	-	-	6,182	-
Loss on acquisition of variable interest entity	-	-	(46,150)	-
Change in fair value of Networks notes receivable	(335)	-	(30)	-
Change in fair value of government grant liability	(120)	(87)	(406)	(355)
Foreign exchange gain (loss), net	(892)	(55)	18	(119)
Gain on equity method investment	101	-	101	-
Other income (expense), net	(189)	31	95	13
Total other income (expense), net	$ 133,696	$ 8,774	$ 583,439	$ 8,875

Fair Value of Financial Instruments

Our financial assets measured at fair value on a recurring basis consist primarily of cash equivalents (such as money market funds), investments (such as publicly traded equity securities), warrants (including warrants exercisable for publicly traded stock), instruments for which the Company has elected to apply the fair value option, and available-for-sale debt securities. Our financial liabilities measured at fair value on a recurring basis consist primarily of contingent consideration, government grant liabilities and warrant liabilities.

Government grant liabilities represent obligations under government-funded arrangements and are measured at fair value using valuation techniques that incorporate significant unobservable inputs. Warrant liabilities arise from warrants issued by the Company that do not meet the criteria for equity classification and are therefore accounted for as liabilities and measured at fair value on a recurring basis, with changes in fair value recognized in earnings.

The carrying amounts of receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of such instruments.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. We recognize the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. We recognize both interest and penalties related to uncertain tax positions as part of the income tax provision.

Stock-based Compensation

The Company measures stock-based compensation expense for stock option awards (“Stock-based Awards”) based on the estimated grant-date fair value using the Black-Scholes-Merton option pricing model and recognizes the related compensation expense on a straight-line basis over the requisite service period. The Company accounts for forfeitures as they occur.

The Black-Scholes-Merton option pricing model requires the use of subjective assumptions, including expected stock price volatility, expected term, risk-free interest rate, and dividend yield. The expected term is estimated using the simplified method due to the Company's limited history of option exercises. Under this method, the expected term is determined based on the weighted average of the vesting period and the contractual term of the award. Historically, the Company primarily relied on the historical volatility of comparable public companies due to insufficient Company-specific trading history. As additional trading history has become available, the Company has incorporated the historical volatility of its own common stock into the expected volatility assumption through a blended methodology. Management will continue to reassess the relative weighting of Company-specific and peer-group volatility as the Company's trading history matures.

The Company recognizes restricted stock unit expense over the period of vesting or the period that services will be provided. For awards with graded vesting schedules that contain only service-based vesting conditions, the Company has elected the straight-line attribution method. The Company periodically evaluates cumulative compensation cost recognized and records any required catch-up adjustment to ensure that cumulative compensation expense recognized is not less than the grant-date fair value of the vested portion of the award. This assessment may result in accelerated recognition of compensation expense in certain periods.

Compensation associated with shares of the Company's common stock, par value $0.0001 (the "Common Stock"), issued or to be issued to consultants and other non-employees is recognized over the expected service period beginning on the measurement date, which is generally the time the Company and the service provider enter into a commitment whereby the Company agrees to grant shares in exchange for the services to be provided.

Net Income (Loss) Per Common Share

Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders (the numerator) by the weighted average number of shares of Common Stock outstanding for each period (the denominator).

Basic net income (loss) per share is computed using the two-class method, which is an earnings allocation method that determines income (loss) per share for common stock and participating securities. The participating securities consist of warrants to purchase common stock issued in the October 2025 Offering and the January 2026 Offering. Undistributed earnings are allocated between common stock and participating securities as if all earnings had been distributed during the period. In periods of loss, no allocation is made to the participating securities.

Diluted net income (loss) per share is calculated using the more dilutive of the two-class method or the treasury stock and if-converted methods, as applicable. Potential dilutive shares include stock options, warrants, restricted stock units, contingently issuable shares, and convertible preferred stock. Because the Company reported a net loss for the three and nine months ended September 30, 2025, the effect of potentially dilutive securities would have been anti-dilutive; therefore, diluted net loss per share equals basic net loss per share for that period.

The reconciliation of basic to diluted shares is as follows (in thousands except share and per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Calculation of basic income (loss) per share attributable to stockholders				
Net income (loss) attributable to stockholders	$ (62,567)	$ (8,783)	$ 210,508	$ (36,145)
Net income attributable to participating securities	-	-	(56,323)	-
Net income (loss) attributable to common stockholders - basic	$ (62,567)	$ (8,783)	$ 154,185	$ (36,145)
Weighted-average common shares outstanding - basic	617,640,953	259,909,415	521,778,286	172,423,160
Net income (loss) per share - basic	$ (0.10)	$ (0.03)	$ 0.30	$ (0.21)
Calculation of diluted income (loss) per share attributable to stockholders				
Net income (loss) attributable to stockholders	$ (62,567)	$ (8,783)	$ 210,508	$ (36,145)
Net income attributable to participating securities	-	-	(56,323)	-
Change in fair value associated with dilutive shares	(57)	-	(7,081)	-
Net income (loss) attributable to common stockholders - diluted	$ (62,624)	$ (8,783)	$ 147,104	$ (36,145)
Weighted-average common shares outstanding - basic	617,640,953	259,909,415	521,778,286	172,423,160
Common stock warrants	-	-	192,370	-
Common stock options	-	-	9,059,905	-
Restricted stock units	-	-	5,006,372	-
Other	346,833	-	2,403,674	-
Weighted-average common shares outstanding - diluted	617,987,786	259,909,415	538,440,607	172,423,160
Net income (loss) per share - diluted	$ (0.10)	$ (0.03)	$ 0.27	$ (0.21)

The following potentially dilutive securities for the three and nine months ended September 30, 2026 and 2025, have been excluded from the computation of diluted net income (loss) per share because the effect of their inclusion would have been anti-dilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Warrants to purchase common stock	196,256,760	2,603,120	196,165,849	2,603,120
Options to purchase common stock	35,281,310	17,360,603	17,956,204	17,360,603
Contingently issuable shares	150,831,841	-	145,975,139	-
Restricted stock units	41,892,979	4,864,101	-	4,864,101
Total potentially dilutive securities	424,262,890	24,827,824	360,097,192	24,827,824

Concentration of Customers

A portion of our revenues are concentrated among certain customers. Revenues from each customer that were 10% or greater of total revenues were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Customer A	15%	90%	25%	59%
Customer B	*	*	*	18%
Customer C	*	*	*	15%
Customer D	21%	*	13%	*
Customer E	13%	*	*	*

* less than 10%

A portion of our accounts receivable are concentrated among certain customers. Accounts receivable from each customer that were 10% or greater of total accounts receivable were as follows:

	September 30, 2026	December 31, 2025
Customer A	22%	73%
Customer B	12%	*

* less than 10%

Recently Adopted Accounting Pronouncements

In September 2025, the Financial Accounting Standards Board (FASB) issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*: Targeted Improvements to the Accounting for Internal-Use Software. ASU 2025-06 updates the accounting for internal-use software by replacing the previous project-stage model with a principles-based recognition threshold, under which an entity capitalizes qualifying internal-use software costs when management authorizes and commits to fund a project and it is probable the project will be completed and the software will be used for its intended purpose. The amendments also bring website development costs into Subtopic 350-40 and require enhanced disclosures, including presentation of capitalized internal-use software within the scope of ASC 360-10.

The amendments are effective for annual reporting periods beginning after December 15, 2027, including interim periods within those annual periods, with early adoption permitted as of the beginning of an annual reporting period. Ondas elected to early adopt ASU 2025-06 on a prospective basis effective January 1, 2026. Under the prospective method, the Company applies the new capitalization model only to costs incurred on or after January 1, 2026, for new or significantly modified internal-use software projects, while amounts capitalized prior to adoption continue to be amortized under the Company's historical accounting policies. Prior-period financial statements and opening retained earnings were not adjusted for the adoption of this standard.

The early, prospective adoption of ASU 2025-06 did not have a material impact on the Company's consolidated financial position, results of operations, or cash flows as of and for the period ended September 30, 2026. However, the guidance is expected to affect the timing and amount of internal-use software costs capitalized and amortized in future periods, as well as related disclosures.

Recently Issued Accounting Pronouncements Not Yet Adopted

In 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40),* which requires additional disclosures regarding certain expenses included in the income statement, including the disaggregation of specified expense captions. In 2025, the FASB issued ASU 2025-01 to clarify the effective date of the amendments. The guidance is effective for the Company for annual periods beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting the guidance on its consolidated financial statement disclosures.

In 2025, the FASB issued ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, which amends the guidance for determining the accounting acquirer for a transaction in which the legal acquiree is a variable interest entity that meets the definition of a business. The guidance is effective for the Company for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting the guidance on its consolidated financial statements and related disclosures.

In 2025, the FASB issued ASU 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*, which amends the guidance in Topic 815 to exclude from derivative accounting certain non-exchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. The guidance is effective for the Company for annual periods beginning after December 15, 2026, including interim periods within those annual periods. Early adoption is permitted. The Company is currently evaluating the impact of adopting the guidance on its consolidated financial statements and related disclosures.

In 2025, the FASB issued ASU 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*, which establishes guidance for the recognition, measurement, presentation and disclosure of government grants received by business entities. The guidance addresses grants related to assets and grants related to income and is effective for the Company for annual periods beginning after December 15, 2028, including interim periods within those annual periods. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and related disclosures.

Reclassification

Certain prior-period amounts have been reclassified to conform to the current-period presentation. These reclassifications include the presentation of amortization attributable to acquired developed technology used in research and development activities within research and development expense, as well as the presentation of certain non-operating income and expense items within "Other income (expense), net." These reclassifications had no effect on total operating expenses, loss from operations, net loss, or stockholders' equity. Additional information regarding the components of other income (expense), net is presented in Note 2.

NOTE 3 – REVENUE

The following table presents our disaggregated revenues by type, timing and geographical region.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**2026**	**2025**	**2026**	**2025**
Type of Revenue				
Product revenue	$ 87,773	$ 5,444	$ 169,586	$ 12,274
Service revenue	34,170	4,591	67,096	7,896
Development revenue	45,546	63	64,701	450
Total revenues, net	$ 167,489	$ 10,098	$ 301,383	$ 20,620
Timing of Revenue				
Revenue recognized point in time	$ 71,073	$ 9,446	$ 153,940	$ 19,451
Revenue recognized over time	96,416	652	147,443	1,169
Total revenues, net	$ 167,489	$ 10,098	$ 301,383	$ 20,620
Geographical Region				
United States	$ 91,233	$ 173	$ 109,686	$ 528
Europe	36,826	3	68,281	3,114
Israel	27,924	9,358	86,980	13,105
Asia - Other	8,020	564	25,162	3,873
Africa	2,625	-	7,577	-
North America - Other	403	-	2,721	-
Other	458	-	976	-
Total revenues, net	$ 167,489	$ 10,098	$ 301,383	$ 20,620

Contract Assets and Liabilities

The Company recognizes a receivable or contract asset when we perform a service or transfer a good in advance of receiving consideration. A receivable is recorded when our right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. A contract asset is recorded when we have recognized revenue over time in accordance with meeting our performance obligation but are unable to invoice the customer yet based on the contractual invoicing terms. The contract asset is reclassified to a receivable when the right to consideration becomes unconditional. Contract assets are included in other current assets on the condensed consolidated balance sheets. The table below details the activity in our contract assets during the nine months ended September 30, 2026 and the year ended December 31, 2025.

(dollars in thousands)	Nine Months Ended September 30, 2026	Year Ended December 31, 2025
Balance, beginning of period	$ 3,171	$ 206
Contract assets acquired in business combination	22,821	-
Contract assets recognized	73,894	8,476
Reclassification to accounts receivable, net	(27,216)	(5,511)
Balance, end of period	$ 72,670	$ 3,171

The Company recognizes a contract liability (deferred revenue) when we receive consideration from a customer, or if we have the unconditional right to consideration (i.e., a receivable), prior to satisfying the performance obligation. A contract liability is our obligation to transfer goods or services to a customer for which we have received consideration, or an amount of consideration is due from the customer. The table below details the activity in our contract liabilities during the nine months ended September 30, 2026 and the year ended December 31, 2025.

(dollars in thousands)	Nine Months Ended September 30, 2026	Year Ended December 31, 2025
Balance, beginning of period	$ 8,501	$ 329
Contract liabilities acquired in business combinations	34,292	7,374
Effect of deconsolidation of subsidiary	(337)	-
Additions	29,565	9,542
Recognized as revenue	(30,880)	(8,744)
Balance, end of period	$ 41,141	$ 8,501

Revenue recognized during the nine months ended September 30, 2026 and 2025 that was included in the contract liability opening balance was $7.6 million and $21 thousand, respectively. As of September 30, 2026 and December 31, 2025, $3.3 million and $0.5 million of the contract liability balance represents long-term deferred revenue and is included in other liabilities on the condensed consolidated balance sheets, respectively.

NOTE 4 – OTHER CURRENT ASSETS

Other current assets consist of the following:

(dollars in thousands)	September 30, 2026	December 31, 2025
Prepaid insurance	$ 1,273	$ 1,417
Dividend income receivable	7,397	321
Prepaid income and other taxes	17,066	9,551
Advance to vendors	26,514	6,831
Contract assets	72,670	3,171
Receivable for stock option exercises	-	2,965
Prepaid software and subscription fees	82,746	-
Other prepaid expenses and current assets	30,711	1,217
Total other current assets	$ 238,377	$ 25,473

NOTE 5 – GOODWILL AND ACQUISITIONS

The following table summarizes the change in the Company's goodwill:

(dollars in thousands)		**Total**
Balance as of January 1, 2026	$	251,809
Measurement period adjustments		(35,989)
Foreign currency translation		(8,477)
Goodwill acquired during the period		1,293,624
Balance as of September 30, 2026	$	1,500,967

The Company completed the acquisitions detailed below to expand product offerings, add critical technology, and enter new markets. Control was obtained through the purchase of the issued and outstanding share capital, membership interests, by merger or through the purchase of specified assets constituting a business, pursuant to the respective acquisition agreement. Equity consideration issued in connection with the acquisitions was measured at fair value based on the quoted market price on the respective acquisition dates. All identifiable intangible assets acquired other than goodwill are finite lived.

Acquisition-related costs incurred in connection with the 2026 acquisitions were $14.1 million and $24.4 million for the three and nine months ended September 30, 2026, respectively, and were expensed as incurred. These costs are included in general and administrative expense in the condensed consolidated statements of operations. The accounts receivable acquired across the Company's 2026 acquisitions were not material individually. Accordingly, the Company has not separately disclosed the gross contractual amounts receivable or the best estimate of contractual cash flows not expected to be collected. The unaudited pro forma financial information reflected below includes adjustments that are directly attributable to the acquisitions and factually supportable, including incremental amortization of acquired intangible assets and incremental depreciation related to fair value adjustments of property and equipment.

The Company valued identifiable intangible assets acquired in its business combinations, and assets acquired that are consolidated as variable interest entities (i.e., Indo Earth Ltd.), using valuation approaches applied consistently across all acquisitions completed during the period. For material acquisitions, the Company primarily used income-based valuation techniques to estimate fair value based on the present value of expected future economic benefits, including the multi-period excess earnings method for developed technology and the relief-from-royalty method for trade names. These valuations incorporate management's financial forecasts, estimated useful lives, contributory asset charges, royalty rates, tax rates, and discount rates. For acquisitions determined to be immaterial, the Company may use market-based benchmarking approaches, including observable transaction multiples, comparable royalty rate benchmarks, and other market-corroborated data, to estimate the fair value of acquired intangible assets. The Company engaged third-party valuation specialists, as appropriate, to assist in the identification and valuation of intangible assets acquired.

2026 Acquisitions

Rotron Aerospace Ltd.

On March 16, 2026, the Company completed the acquisition of Rotron Aerospace Ltd. ("Rotron"), pursuant to the Share Purchase Agreement (the "Rotron Acquisition Agreement"), by and among the Company, Gilo Holdings Ltd., a private limited company existing under the laws of England and Wales ("Gilo") and indirect owner of Rotron, and the shareholders of Gilo. Pursuant to the Rotron Acquisition Agreement, the Company acquired 100% of the issued and outstanding share capital of Rotron. The purchase consideration includes cash consideration of $6.7 million and the issuance of 3,334,753 shares of the Company's common stock with a fair value of $35.1 million.

Pursuant to the Rotron Acquisition Agreement, the Company agreed to contingent consideration in the form of an earn-out payable over four post-acquisition periods, generally corresponding to calendar years 2026 through 2029. The earn-out is based on the achievement of specified program win milestones and revenue targets during each earn-out period. For each period, the earn-out consists of (i) a program win component calculated as a percentage of the total contract value of qualifying customer program wins awarded during the period, subject to defined eligibility criteria and an aggregate cap of £25.0 million, and (ii) a revenue component based on revenues earned in excess of defined target thresholds, which is uncapped. The revenue-based earn-out is payable only to the extent it exceeds the program win earn-out for the same period, and failure to achieve an earn-out in any period does not preclude payments in subsequent periods. The earn-out arrangement is accounted for as contingent consideration and measured at fair value, with changes in fair value recognized in earnings until settlement.

In addition, the Rotron Acquisition Agreement provides for a separate contingent payment to the former shareholders based on the amount of preacquisition research and development credit ultimately received by the Company. The earn-out and related contingent consideration was recorded at its acquisition-date fair value of $42.5 million.

The following table summarizes the consideration paid for Rotron and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)

Purchase price consideration		
Cash	$	6,662
Equity		35,115
Fair value of the earn-out consideration		42,489
Total purchase price consideration		84,266
Estimated fair value of assets acquired:		
Cash and cash equivalents and restricted cash		154
Inventory		972
Other current assets		1,812
Property and equipment		390
Right-of-use assets		768
Intangible assets		28,748
Total estimated fair value of assets acquired		32,844
Estimated fair value of liabilities assumed:		
Accounts payable		852
Accrued expenses and other current liabilities		771
Lease liabilities		768
Other long-term liabilities		86
Deferred tax liability		5,886
Total estimated fair value of liabilities assumed		8,363
Net assets acquired		24,481
Goodwill	$	59,785

The intangible assets acquired include $25.0 million allocated to developed technology, with a useful life of five years, and $3.7 million allocated to trademarks, with a useful life of five years. The acquired intangible assets have a weighted-average amortization period of five years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. No measurement period adjustments were recorded during the three months ended September 30, 2026. During the nine months ended September 30, 2026, the Company recorded measurement period adjustments primarily related to an increase in contingent consideration of $0.8 million, a decrease in deferred tax liabilities of $1.3 million, and increases in certain accruals. The measurement period adjustments resulted in a net decrease to goodwill of $0.6 million. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in the acquisition-date fair value of contingent consideration, (2) changes in fair values of property, plant, and equipment, (3) changes in valuation of intangible assets such as developed technology, tradename, as well as goodwill, (4) adjustments to deferred tax balances and (5) other changes to assets and liabilities, including contract assets and contract liabilities.

Rotron generated revenue of $9.5 million and a net loss of $1.1 million for the three months ended September 30, 2026, and revenue of $13.3 million and net loss of $2.4 million for the nine months ended September 30, 2026, in each case from the acquisition date, which are included in the Company's condensed consolidated statements of operations.

Bird Aerosystems Ltd.

On March 11, 2026, the Company completed the acquisition of Bird Aerosystems Ltd., a company organized under the laws of the State of Israel ("Bird") pursuant to the Share Purchase Agreement (the "Bird Purchase Agreement"), entered into by and among the Company, Bird, Bird's shareholders, and a general partnership organized under the laws of the State of Israel, solely in its capacity as the representative, agent and attorney-in-fact of the indemnifying parties. The Company acquired 100% of the issued and outstanding share capital of Bird for an aggregate purchase price of $127.9 million consisting of $23.5 million in cash consideration and 10,291,207 shares of the Company's common stock with a fair value of $104.5 million.

The following table summarizes the consideration paid for Bird and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)

Purchase price consideration		
Cash	$	23,456
Equity		104,521
Total purchase price consideration		127,977
Estimated fair value of assets acquired:		
Cash and cash equivalents		3,493
Accounts receivable		9,285
Inventory		10,862
Other current assets		5,614
Property and equipment		1,042
Right of use asset		1,674
Other long-term assets		2,812
Intangible assets		58,400
Total estimated fair value of assets acquired		93,182
Estimated fair value of liabilities assumed:		
Accounts payable		2,746
Accrued expenses and other current liabilities		7,516
Deferred revenues		14,253
Lease liabilities		1,581
Deferred tax liability		632
Total estimated fair value of liabilities assumed		26,728
Net assets acquired		66,454
Goodwill	$	61,523

The intangible assets acquired include $34.6 million allocated to customer relationships with a useful life of eight years, $21.1 million allocated to developed technology with a useful life of eight years, and $2.7 million allocated to trademarks with a useful life of seven years. The acquired intangible assets have a weighted-average amortization period of eight years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. No measurement period adjustments were recorded during the three months ended September 30, 2026. During the nine months ended September 30, 2026, the Company recorded measurement period adjustments primarily related to a decrease in deferred tax liabilities of $12.8 million and an increase in certain accruals of $0.7 million. The measurement period adjustments resulted in a net decrease to goodwill of $12.1 million. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in the valuation of acquired inventory, including fair value step-up, (2) changes in fair values of property, plant, and equipment, (3) changes in valuation of intangible assets such as customer relationships, developed technology, and trademarks, as well as goodwill, (4) adjustments to deferred tax balances, and (5) other changes to assets and liabilities, including contract assets and contract liabilities.

Bird generated revenue of $5.5 million and net loss of $6.4 million for the three months ended September 30, 2026, and revenue of $22.0 million and net loss of $11.1 million for the nine months ended September 30, 2026, in each case from the acquisition date, which are included in the Company's condensed consolidated statements of operations.

Indo-Earth Moving Ltd.

On March 17, 2026, the Company completed the acquisition of Indo Earth Moving Ltd. ("Indo") pursuant to a Share Purchase Agreement with Indo's shareholders and their representative (the "Indo Agreement"). Pursuant to the Indo Agreement, at closing the Company transferred cash consideration of $5.7 million and 2,441,506 shares of Common Stock with a fair value of $27.5 million, for total consideration of $33.2 million (together, the "Indo Base Consideration"), in exchange for all outstanding equity interests in Indo. The Company also agreed to issue 3,051,882 shares of Common Stock upon the achievement of specified technical and regulatory milestones (the "Indo Milestone Payment") and agreed to make additional earn-out payments of up to $140.0 million, payable in cash or shares of the Company's Common Stock at the Company's election, based on the achievement of defined post-closing revenue, bookings and profitability targets (the "Indo Earn-Out Payments").

Although the transaction was structured as a legal acquisition, (i) Indo did not meet the GAAP definition of a business under ASC 805, (ii) Indo qualified as a variable interest entity ("VIE") as its pre-Acquisition equity capitalization was not sufficient to finance its activities without additional subordinated financial support, and (iii) the Company was the primary beneficiary of Indo. As such, Indo was consolidated in the Company's condensed consolidated financial statements beginning on the date the Company obtained a controlling financial interest and recognized a loss on the acquisition measured as the difference between the fair value of the consideration paid and the net amount of Indo's identifiable assets measured in accordance with ASC 805.

The Indo Milestone Payment and Indo Earn-Out Payments represent liability-classified contingent consideration and were measured at fair value at the date the Company obtained a controlling financial interest. The fair value of the Indo Milestone Payment and Indo Earn-Out Payments at the date the Company obtained a controlling financial interest totaled $25.4 million and $58.8 million, respectively. The fair value of the Indo customer relationship acquired totaled $92.5 million and has an estimated useful life of ten years. Amortization of the Indo Customer Relationship is presented in sales and marketing expense on a straight-line basis.

Under the terms of the Indo Agreement, the Company may be entitled to recover all or a portion of the Indo Base Consideration transferred if certain conditions are not satisfied within a defined period following the acquisition date. As of September 30, 2026, the Company has concluded that the refundability provisions represent a contingent feature of the purchase consideration. Accordingly, the refundable amounts continue to be evaluated at each reporting date based on the facts and circumstances then existing, including the likelihood that the relevant conditions will be met. The Company has not recorded any refund receivable as of September 30, 2026, as management has determined that realization of any refund is not probable.

The excess purchase consideration over the estimated fair value of the net assets acquired resulted in a loss on the acquisition of the variable interest of $46.2 million, which is presented in other income (expense), net in the condensed consolidated statements of operations.

(dollars in thousands)

Purchase price consideration		
Cash	$	5,664
Equity portion of purchase price		27,540
Fair value of contingent consideration		84,171
Total purchase price consideration		117,375
Estimated fair value of assets acquired:		
Customer relationships		92,500
Estimated fair value of liabilities assumed:		
Deferred tax liability		21,275
Net assets acquired		71,225
Loss on acquisition of variable interest entity	$	46,150

World View

On April 1, 2026, the Company completed the acquisition of World View Enterprises Inc., a Delaware corporation ("World View") pursuant to the Agreement and Plan of Merger dated March 23, 2026 (the "World View Agreement"), by and among the Company, Wassaic Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Wassaic Merger Sub"), World View and Fortis Advisors LLC, a Delaware limited liability company, in its capacity as the representative. Pursuant to the World View Agreement, Wassaic Merger Sub merged with and into World View, with World View surviving the merger as a wholly owned subsidiary of the Company and the Company obtaining 100% of the voting equity interests in World View. The aggregate purchase consideration was $145.3 million, consisting of 12,774,802 shares of the Company's common stock with a fair value of $112.5 million, $10.0 million related to effective settlement of a pre-acquisition note receivable described below, and $22.8 million of cash consideration.

Prior to the acquisition, the Company purchased a $10.0 million convertible promissory note issued by World View. The promissory note was entered into in contemplation of the acquisition and was accounted for at fair value prior to closing. The promissory note was effectively settled upon the Company obtaining control of World View and its fair value upon closing was included in the aggregate consideration transferred.

The acquisition of World View expands the Company's capabilities in advanced aerial intelligence, surveillance, and reconnaissance solutions and enhances the Company's position in the defense, security, and critical infrastructure markets.

The following table summarizes the consideration paid for World View and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)

Purchase price consideration		
Cash	$	22,769
Equity		112,546
Effective settlement of pre-acquisition note receivable		10,044
Total purchase price consideration		145,359
Estimated fair value of assets acquired:		
Cash and cash equivalents and restricted cash		6,195
Accounts receivable		119
Inventory		2,204
Other current assets		2,780
Property and equipment		458
Right of use asset		7,308
Intangible assets		71,400
Total estimated fair value of assets acquired		90,464
Estimated fair value of liabilities assumed:		
Accounts payable		1,549
Accrued expenses and other current liabilities		11,772
Deferred revenues		4,129
Lease liabilities		7,308
Other long-term liabilities		3,858
Deferred tax liabilities		1,339
Total estimated fair value of liabilities assumed		29,955
Net Assets Acquired		60,509
Goodwill	$	84,850

The intangible assets acquired include $68.5 million allocated to developed technology with a useful life of eight years, and $2.9 million allocated to trade name with a useful life of eight years. The acquired intangible assets have a weighted-average amortization period of eight years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. During the three and nine months ended September 30, 2026, the Company recorded measurement period adjustments related to a $0.6 million decrease in fair value of acquired intangible assets and a $0.6 million decrease in deferred tax liabilities. As a result, these adjustments had no net impact on goodwill. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in valuation of intangible assets such as developed technology and trade name, as well as goodwill, (2) changes to acquired deferred tax assets and liabilities, including the impact of Section 382 ownership change analysis, and (3) other changes to assets and liabilities, including contract assets and contract liabilities.

Concurrently with the closing of the acquisition, the Company granted restricted stock awards to certain continuing employees of World View ("World View Awards"). The World View Awards had an aggregate grant date fair value of $12.0 million. The World View Awards were granted outside the Company's existing equity incentive plan as inducement awards in connection with the acquisition and are subject to terms and conditions of the applicable award agreements. The World View Awards vest over a twelve month period subject to recipient's continued employment through the applicable vesting dates. The Company accounted for these awards separately from the business combination as stock-based compensation.

World View generated revenue of $4.1 million and net loss of $13.7 million for the three months ended September 30, 2026, and revenue of $6.0 million and net loss of $34.7 million for the nine months ended September 30, 2026, in each case from the acquisition date, which are included in the Company's condensed consolidated statements of operations.

Mistral

On April 24, 2026, the Company completed the acquisition of Mistral, Inc., a Delaware corporation ("Mistral"), pursuant to the Agreement and Plan of Merger dated March 8, 2026 (the “Mistral Agreement”), by and among the Company, Project Cyclone, a Delaware corporation and a wholly owned subsidiary of the Company (“Merger Sub”), Mistral and Mistral’s sole shareholder. Pursuant to the Mistral Agreement, Merger Sub merged with and into Mistral, with Mistral surviving the merger as a wholly owned subsidiary of the Company and the Company obtaining 100% of the voting equity interests in Mistral. The aggregate purchase consideration was $176.7 million, consisting of 2,612,891 shares of the Company’s common stock with a fair value of $27.6 million and $150.0 million of deferred consideration.

The deferred consideration represented a fixed monetary obligation that was payable through the issuance of a variable number of shares of the Company’s common stock. An initial installment was issued at the closing, with the deferred consideration payable in six remaining equal installments over the 20 business day period following the acquisition date. During the three months ended June 30, 2026, the Company recognized a gain of $7.4 million resulting from changes in the fair value of the deferred consideration liability through settlement. The obligation was settled through issuance of an aggregate of 18,070,922 shares of the Company's common stock.

The Company acquired Mistral to strengthen its position in the U.S. defense market by gaining access to established government contracting channels and expanding its capabilities in defense and homeland security programs. The acquisition also enables the Company to accelerate the deployment of its autonomous systems and enhance its ability to participate directly in large-scale U.S. government contracts.

The following table summarizes the consideration paid for Mistral and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)		
Purchase price consideration		
Equity	$	27,566
Deferred consideration		150,000
Net working capital adjustments		(877)
Total purchase price consideration		176,689
Estimated fair value of assets acquired:		
Cash and cash equivalents		2,052
Accounts receivable		3,508
Inventory		5,623
Other current assets		10,409
Property and equipment		581
Right of use asset		1,677
Intangible assets		103,800
Total estimated fair value of assets acquired		127,650
Estimated fair value of liabilities assumed:		
Accounts payable		10,997
Accrued expenses and other current liabilities		2,503
Deferred revenues		3,571
Lease liabilities		1,829
Deferred tax liability		20,981
Total estimated fair value of liabilities assumed		39,881
Net Assets Acquired		87,769
Goodwill	$	88,920

The intangible assets acquired include $86.3 million allocated to program relationships with a useful life of five years, $11.3 million allocated to customer relationships with a useful life of nine years, and $6.2 million allocated to trademarks with a useful life of seven years. The acquired intangible assets have a weighted-average amortization period of six years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. During the three and nine months ended September 30, 2026, the Company recorded measurement period adjustments primarily related to the settlement of net working capital adjustments of $0.9 million and a $1.4 million decrease in deferred tax liabilities. These measurement period adjustments resulted in a $2.2 million net decrease in goodwill. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in the valuation of acquired inventory, including fair value step-up, (2) changes in valuation of intangible assets such as program relationships, customer relationships, and trademarks, as well as goodwill, (3) adjustment to deferred tax balances, and (4) other changes to assets and liabilities, including contract assets and contract liabilities.

Mistral generated revenue of $50.0 million and net loss of $1.8 million for the three months ended September 30, 2026, and revenue of $57.5 million and net income of $10.6 million for the nine months ended September 30, 2026, in each case from the acquisition date, which are included in the Company's condensed consolidated statements of operations.

Omnisys

On May 21, 2026, the Company completed the acquisition of Omnisys Ltd., a company organized under the laws of the State of Israel ("Omnisys") pursuant to the Share Purchase Agreement dated May 16, 2026 (the “Omnisys Agreement”), by and among the Company, Omnisys, Omnisys' shareholders, and Mr. Ofer Yarden, solely in such person’s capacity as the representative, agent and attorney-in-fact of the indemnifying parties. Pursuant to the Omnisys Agreement, the Company acquired 100% of the issued and outstanding share capital of Omnisys for an aggregate purchase consideration of $211.6 million consisting of 3,098,291 shares of the Company’s common stock with a fair value of $28.4 million, $170.0 million of deferred consideration and contingent earn-out consideration with a fair value of $13.2 million.

The deferred consideration consisted of a fixed monetary obligation of $170.0 million, of which $2.4 million was payable in cash and $167.6 million was payable through the issuance of a variable number of shares of the Company’s common stock. An initial installment was issued at the closing, with the deferred consideration payable in six remaining equal installments over 24 trading days following the acquisition date. During the three months ended June 30, 2026, the Company recognized a loss of $1.2 million resulting from changes in the fair value of the deferred consideration liability through settlement. The obligation was settled through issuance of an aggregate of 20,056,441 shares of the Company's common stock.

The contingent earn-out arrangement provides for additional consideration of up to $60.0 million, payable to the former shareholders of Omnisys in either cash or the Company’s common stock, at the Company’s election. The earn-out is contingent upon achievement of specified cumulative new customer order targets during the period beginning on the acquisition date and ending on the third anniversary of the acquisition date. No earn-out payment is due unless the specified minimum performance threshold is achieved. If cumulative new customer orders exceed the specified minimum performance threshold, the earn-out increases on a linear basis, up to a maximum payment of $60.0 million upon achievement of the maximum specified target amount. The contingent consideration is classified as a liability and measured at fair value at each reporting date, with changes in fair value recognized in earnings until the contingency is resolved. There were no changes to the fair value of the contingent consideration through September 30, 2026.

The Company acquired Omnisys to strengthen its autonomous defense systems portfolio by adding battle-proven battlefield orchestration software that complements its existing autonomous platforms and expands opportunities to deliver integrated software-enabled defense solutions to global customers.

The following table summarizes the consideration paid for Omnisys and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)		
Purchase price consideration		
Equity	$	28,442
Deferred consideration		170,011
Contingent consideration		13,150
Total purchase price consideration		211,603
Estimated fair value of assets acquired:		
Cash and cash equivalents and restricted cash		1,058
Short-term investments		4,120
Accounts receivable		1,175
Other current assets		11,147
Property and equipment		1,952
Right of use asset		4,861
Intangible assets		109,200
Total estimated fair value of assets acquired		133,513
Estimated fair value of liabilities assumed:		
Accounts payable		391
Accrued expenses and other current liabilities		7,030
Deferred revenues		3,469
Lease liabilities		4,861
Other long-term liabilities		538
Deferred tax liability		13,011
Total estimated fair value of liabilities assumed		29,300
Net Assets Acquired		104,213
Goodwill	$	107,390

The intangible assets acquired include $83.7 million allocated to developed technology with a useful life of eight years, $23.3 million allocated to customer relationships with a useful life of five years, and $2.2 million allocated to trademarks with a useful life of six years. The acquired intangible assets have a weighted-average amortization period of seven years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. During the three and nine months ended September 30, 2026, the Company recorded measurement period adjustments primarily related to a $1.4 million decrease in acquired intangible assets and a $12.4 million decrease in the deferred tax liabilities. The measurement period adjustments resulted in a net decrease to goodwill of $11.0 million. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in acquisition-date fair value of contingent consideration, (2) changes in valuation of intangible assets such as customer relationships, developed technology, and trademarks, as well as goodwill, (3) adjustments to deferred tax balances, and (4) other changes to assets and liabilities, including contract assets and contract liabilities.

Omnisys generated revenue of $5.9 million and net loss of $8.7 million for the three months ended September 30, 2026, and revenue of $19.1 million and net loss of $6.6 million for the nine months ended September 30, 2026, in each case from the acquisition date, which are included in the Company's condensed consolidated statements of operations.

High Point UAS, LLC

On July 2, 2026, the Company completed the acquisition of 100% of the outstanding membership interests of High Point UAS, LLC, ("High Point") the parent of DZYNE Technologies, LLC, ("DZYNE"), a U.S.-based defense technology company specializing in long-endurance autonomous aircraft, counter-UAS systems and autonomous effects. The total consideration transferred was $850.5 million, consisting of $175.6 million of cash, 39,999,998 shares of the Company's common stock issued at closing with a fair value of $317.6 million, and an additional 44,999,998 shares to be delivered to the sellers on January 4, 2027 with a fair value of $357.3 million. The cash consideration includes amounts paid on behalf of the sellers at closing and is subject to a post-closing working capital adjustment. The purchase price allocation is preliminary and subject to change during the measurement period.

The Company acquired DZYNE to expand its autonomous defense platform and to add an experienced workforce and established relationships with U.S. and allied defense customers.

The following table summarizes the consideration paid for DZYNE and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)

Purchase price consideration		
Cash	$	175,593
Equity		674,900
Total purchase price consideration		850,493
Estimated fair value of assets acquired:		
Cash and cash equivalents and restricted cash		9,855
Accounts receivable		12,569
Inventory		29,630
Other current assets		15,768
Property and equipment		17,753
Right-of-use assets		10,409
Intangible assets		283,400
Other assets		496
Total estimated fair value of assets acquired		379,880
Estimated fair value of liabilities assumed:		
Accounts payable		5,909
Accrued expenses and other current liabilities		48,929
Lease liabilities		10,409
Deferred tax liabilities		288
Total estimated fair value of liabilities assumed		65,535
Net Assets Acquired		314,345
Goodwill	$	536,148

The intangible assets acquired include $170.2 million allocated to developed technology with useful lives ranging from five to seven years and $113.2 million allocated to customer relationships with a useful life of eight years. The acquired intangible assets have a weighted-average amortization period of approximately seven years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. Substantially all of the preliminary goodwill recognized is currently expected to be deductible for income tax purposes. The amount of tax-deductible goodwill remains provisional and subject to change as the Company completes its acquisition accounting. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in the valuation of acquired inventory, (2) changes in the valuation of intangible assets such as customer relationships and developed technology, as well as goodwill, (3) adjustments to deferred tax balances, and (4) other changes to assets and liabilities, including contract assets and contract liabilities.

DZYNE generated revenue of $30.1 million and a net loss of $22.2 million since the acquisition date, which are recognized in the condensed consolidated statement of operations for the three and nine months ended September 30, 2026.

Cyberhawk Holdings Limited

On August 10, 2026, the Company completed the acquisition of Cyberhawk Holdings Limited, a private company incorporated in England and Wales ("Cyberhawk"), pursuant to the Share Purchase Agreement (the "Cyberhawk Agreement"), dated June 17, 2026, by and among the Company, Cyberhawk and the shareholders of Cyberhawk. Pursuant to the Cyberhawk Agreement, the Company acquired 100% of the issued and outstanding share capital of Cyberhawk for an aggregate purchase consideration of $123.6 million consisting of $118.2 million in cash and 581,732 shares of the Company's common stock with a fair value of $5.4 million.

The Company acquired Cyberhawk to strengthen its critical infrastructure intelligence platform by adding complementary AI-enabled inspection technology, software capabilities, industry expertise, and customer relationships. The acquisition expands the Company's presence in critical infrastructure and industrial markets and is expected to enhance future growth opportunities through the combined offering of autonomous systems, inspection services, and data analytics solutions.

The following table summarizes the consideration paid for Cyberhawk and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)

Purchase price consideration		
Equity	$	5,416
Cash		118,243
Total purchase price consideration		123,659
Estimated fair value of assets acquired:		
Cash and cash equivalents and restricted cash		1,421
Accounts receivable		4,504
Other current assets		4,351
Property and equipment		3,241
Right of use asset		554
Intangible assets		58,000
Total estimated fair value of assets acquired		72,071
Estimated fair value of liabilities assumed:		
Accounts payable		3,232
Accrued expenses and other current liabilities		6,070
Deferred revenues		2,690
Lease liabilities		554
Deferred tax liability		12,339
Total estimated fair value of liabilities assumed		24,885
Net Assets Acquired		47,186
Goodwill	$	76,473

The intangible assets acquired include $30.0 million allocated to developed technology with a useful life of six years, $25.0 million allocated to customer relationships with a useful life of eleven years, and $3.0 million allocated to trademarks with a useful life of six years. The acquired intangible assets have a weighted-average amortization period of eight years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in valuation of intangible assets such as customer relationships, developed technology, and trademarks, as well as goodwill, (2) adjustments to deferred tax balances, and (3) other changes to assets and liabilities, including contract assets and contract liabilities.

Cyberhawk generated revenue of $6.6 million and net loss of $2.4 million since the acquisition date that is recognized in the condensed consolidated statement of operations for the three and nine months ended September 30, 2026.

Gate Technologies Ltd. and Bron Technologies sp. z o.o

On September 14, 2026, the Company completed the acquisition of Gate Technologies Ltd., a company organized under the laws of the State of Israel (“Gate”), and Bron Technologies sp. z.o.o, a private company organized under the laws of the State of Poland (“Bron”), pursuant to a Share Purchase Agreement dated September 14, 2026 (the "Gate and Bron Agreement"), by and among the Company, Gate, Bron, Gate shareholders, Bron shareholders and Adv. Amir Geva, solely in such person's capacity as the representative, agent and attorney-in-fact of the indemnifying parties. The acquisition was accounted for as a single business combination. Pursuant to the Gate and Bron Agreement, the Company acquired 100% of the issued and outstanding share capital of Gate and Bron for an aggregate purchase consideration of $318.8 million consisting of $135.0 million in cash, 10,689,655 shares of the Company’s common stock with a fair value of $77.3 million, deferred consideration with a fair value of $19.7 million and contingent earn-out consideration with a fair value of $86.8 million. The contingent consideration consisted of an earn-out arrangement with an acquisition-date fair value of $84.8 million and a customer collections holdback with an acquisition-date fair value of $2.0 million.

At the closing, the Company retained $22.5 million of consideration otherwise payable to the sellers. Of this amount, $20.5 million was retained to secure sellers' indemnification obligation for pre-closing representations and warranties. This was accounted for as deferred consideration and recorded at its present value of $19.7 million, reflecting a discount for the time value of money. The remaining $2.0 million was retained to secure potential shortfall in post-closing customer collections and was accounted for as contingent consideration, with an acquisition-date fair value of $2.0 million.

In addition, the former shareholders of Gate and Bron may receive additional consideration of up to $185.0 million payable either in cash or the Company's common stock, at the Company's election. The earn-out is contingent upon achievement of specified aggregate EBITDA targets of Gate and Bron during the period from January 1, 2026 through December 31, 2028. The contingent consideration is classified as a liability and measured at fair value at each reporting date, with changes in fair value recognized in earnings until the contingency is resolved. There were no changes to the fair value of the contingent consideration through September 30, 2026.

The Company acquired Gate and Bron to expand its precision strike platform by adding critical capabilities across the autonomous strike technology stack while providing access to new customers, partners, and strategic ecosystem relationships. Gate and Bron’s capabilities complement the Company’s existing technologies across autonomous strike platforms, propulsion, mission systems, resilient communications, engineering, production and software-enabled mission management. The acquisition strengthens the Company's ability to provide integrated solutions across the complete autonomous strike architecture.

The following table summarizes the consideration paid for Gate and Bron and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)		
Purchase price consideration		
Equity	$	77,286
Cash		135,000
Deferred consideration		19,692
Contingent consideration		86,800
Total purchase price consideration		318,778
Estimated fair value of assets acquired:		
Cash and cash equivalents and restricted cash		7,771
Accounts receivable		6,125
Inventory		19,067
Other current assets		8,101
Property and equipment		1,667
Right of use asset		2,724
Intangible assets		106,000
Total estimated fair value of assets acquired		151,455
Estimated fair value of liabilities assumed:		
Accounts payable		233
Accrued expenses and other current liabilities		946
Deferred revenues		736
Lease liabilities		2,725
Other long-term liabilities		691
Deferred tax liability		24,380
Total estimated fair value of liabilities assumed		29,711
Net Assets Acquired		121,744
Goodwill	$	197,034

The intangible assets acquired include $76.0 million allocated to developed technology with a useful life of nine years, $25.0 million allocated to customer relationships with a useful life of 11 years, and $5.0 million allocated to trademarks with a useful life of eight years. The acquired intangible assets have a weighted-average amortization period of nine years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in the valuation of acquired inventory, including fair value step-up, (2) changes in the acquisition-date fair value of contingent consideration, (3) changes in valuation of intangible assets such as customer relationships, developed technology, and trademarks, as well as goodwill, (4) adjustments to deferred tax balances, and (5) other changes to assets and liabilities, including contract assets and contract liabilities.

Gate and Bron generated revenue of $13.3 million and net loss of $2.2 million since the acquisition date that is recognized in the condensed consolidated statement of operations for the three and nine months ended September 30, 2026.

Other 2026 acquisitions

During the nine months ended September 30, 2026, the Company completed other acquisitions that were individually and collectively immaterial. The aggregate purchase price was approximately $87.9 million consisting of 7,836,203 shares of the Company's common stock with a fair value of $58.9 million, $2.3 million of cash consideration, and contingent consideration arrangements with an aggregate fair value of $26.7 million. The acquisitions were accounted for as business combinations, and the consideration transferred has been allocated on a preliminary basis to the assets acquired and liabilities assumed. The identifiable intangible assets recognized include approximately $30.9 million of developed technology with a weighted-average useful life of nine years and $8.5 million of customer relationships with a weighted-average useful life of ten years. The Company also recognized goodwill of approximately $55.5 million, which represents the assembled workforce, acquired capabilities, and future economic benefits expected to arise from the acquisitions. Approximately $12.0 million of the goodwill is deductible for tax purposes. The preliminary purchase price allocations are subject to change during the measurement period as additional information becomes available regarding the fair value of the assets acquired and liabilities assumed. Detailed disclosures required for individually material business combinations have not been presented, as the acquisitions were not material individually or in the aggregate.

2025 Acquisitions

As of September 30, 2026, the accounting for Sentry CS Ltd. and Robo-Team Holdings Ltd. remains preliminary, as certain fair value measurements associated with the assets acquired and liabilities assumed have not yet been finalized. During the three and nine months ended September 30, 2026, measurement period adjustments related to the Company's 2025 acquisitions totaled $0.8 million and $10.0 million, respectively. These adjustments related to decreases in deferred tax liabilities recorded and were applied retrospectively to the acquisition-date amounts and resulted in a corresponding decrease in goodwill. The accounting for the Company's remaining 2025 acquisitions has been finalized. For Sentry CS Ltd. and Robo-Team Holdings Ltd., the Company continues to evaluate information obtained about facts and circumstances that existed as of the respective acquisition dates, including, but not limited to, the valuation of identifiable intangible assets, tangible assets, assumed liabilities, deferred taxes, and other acquisition-related items.

Apeiro Motion Ltd.

On August 31, 2025, the Company completed the acquisition of Apeiro Motion Ltd. ("Apeiro"), pursuant to the Share Purchase Agreement (the "Apeiro Acquisition Agreement"), by and among the Company, Apeiro, and the Apeiro shareholders. Pursuant to the Apeiro Acquisition Agreement, the Company acquired 100% of the issued and outstanding share capital of Apeiro.

During the three months ended September 30, 2026, the Company finalized the purchase price allocation for the Apeiro acquisition. The following table summarizes the consideration transferred and the allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed as of the acquisition date.

(dollars in thousands)

Purchase price consideration		
Cash consideration	$	11,950
Fair value of assets acquired:		
Cash and cash equivalents and restricted cash		5,536
Certificates of deposit		907
Other current assets		646
Property and equipment		84
Intangible assets		3,982
Total fair value of assets acquired		11,155
Fair value of liabilities assumed:		
Accounts payable		1,317
Customer prepayments		3,108
Accrued expenses and other current liabilities		712
Deferred tax liability		879
Total fair value of liabilities assumed		6,016
Net Assets Acquired		5,139
Goodwill	$	6,811

The intangible assets acquired include $4.0 million allocated to developed technology with an estimated useful life of eight years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. No measurement period adjustments were recorded during the three months ended September 30, 2026. During the nine months ended September 30, 2026, the Company recorded measurement period adjustments related to certain accruals, which resulted in a net increase to goodwill of $61 thousand. These adjustments were reflected retrospectively as if they had been recognized as of the acquisition date.

Smart Precision Optics S.P.O Ltd.

On October 3, 2025, the Company completed the acquisition of Smart Precision Optics S.P.O. Ltd. (“SPO”), a company organized under the laws of the State of Israel, pursuant to (i) the SPO Share Purchase Agreement, dated August 20, 2025, by and among the Company, SPO, Shamir Investment Entrepreneurship ACS LTD., an agricultural cooperative society organized under the laws of the State of Israel (“Shamir”) and (ii) the Side Letter, dated August 20, 2025, by and among the Company, SPO and Shamir (the “Side Letter”) (collectively the “SPO Acquisition Agreement”). In accordance with the terms of the SPO Acquisition Agreement, the Company acquired (i) 51% of the issued and outstanding share capital of SPO for an aggregate purchase amount of approximately $6.0 million and (ii) 51% of the outstanding capital notes of SPO for an aggregate purchase amount of approximately $0.30 plus the Contingent Consideration, as defined below. The Company allocated the aggregate purchase amount to the purchase consideration and capital notes based on their relative fair value, resulting in $2.8 million in purchase consideration and $3.2 million in capital notes acquired by the Company, which have been eliminated in consolidation.

Additionally, if SPO obtains or receives Qualified Grants (as defined in the SPO Acquisition Agreement) between October 3, 2025 and December 31, 2026, the Company shall be required to make payment to Shamir in an amount equal to 10% of the amount of any such Qualified Grants received by SPO, up to an aggregate amount of approximately $11.9 million of Qualified Grants received (“Contingent Consideration”) (i.e. the maximum Contingent Consideration paid by the Company to Shamir shall be approximately $1.2 million). The Contingent Consideration shall be paid in cash, provided however, that the Company may choose, in its sole discretion, to pay the Contingent Consideration in shares of the Company’s Common Stock. No Qualified Grants have been received to date.

Subject to the terms of the SPO Acquisition Agreement, Shamir had the right (the "First Put Option") to cause the Company to purchase all (but not less than all) of the remaining issued and outstanding share capital of SPO held by Shamir, which acquisition shall have been accompanied with sale for no additional consideration of any and all capital notes of SPO then held by Shamir (such shares and capital notes, jointly, the "Put Shares"), at a purchase price of approximately $220.69 per share. The First Put Option expired unexercised on June 30, 2026.

Subject to the terms of the SPO Acquisition Agreement, as the First Put Option expired unexercised, Shamir has the right to appoint a third-party evaluator to determine SPO's valuation and after receiving such valuation, Shamir may offer to the Company to purchase the Put Shares at such evaluated price (the "Second Put Option" together with the First Put Option, the "SPO Options"). If the Company declines, the Company may make a counter-offer to purchase the Put Shares. If Shamir rejects the Company's counter-offer, Shamir can initiate a "Forced Sale" process to sell 100% of SPO to a third party during a limited period of nine months. Alternatively, if no Forced Sale occurs, Shamir can request an updated evaluation for SPO and either sell to the Company pursuant to Company's offer, or buy all of the Company's securities in SPO at the updated valuation. Shamir may exercise the foregoing during the period commencing on the second anniversary of the closing of the SPO Acquisition and ending June 30, 2029. The consideration payable by the Company to Shamir upon the consummation of either the First Put Option or the Second Put Option shall be paid in cash, provided however, that the Company may choose, in its sole discretion, to pay Shamir in Common Stock.

Additionally, subject to the terms of the SPO Acquisition Agreement, in the event that the Second Put Option is exhausted without being exercised, the Company shall have the right (the "Call Option") to require Shamir to sell all (and not less than all) of the remaining issued and outstanding share capital of SPO held by Shamir in consideration for the amount reflecting SPO's valuation on a cash free-debt free basis of approximately $59.5 million, which acquisition shall be accompanied with sale for no additional consideration of any and all capital notes of SPO then held by Shamir, payable in cash. The Company may exercise the Call Option during the period commencing on the end of the Second Put Option Period and ending 18 months later.

During the three months ended September 30, 2026, the Company finalized the purchase price allocation for the SPO acquisition. The following table summarizes the consideration transferred and the allocation of the purchase consideration to the fair value of the assets acquired, liabilities assumed and noncontrolling interest retained by SPO shareholders as of the acquisition date.

(dollars in thousands)		
Purchase price consideration		
Cash	$	2,829
Fair value of assets acquired:		
Cash and cash equivalents and restricted cash		6,087
Accounts receivable		439
Inventory		482
Other current assets		104
Property and equipment		3,731
Right of use asset		2,511
Other long-term assets		22
Intangible assets		3,258
Total fair value of assets acquired		16,634
Fair value of liabilities assumed:		
Accounts payable		314
Accrued expenses and other current liabilities		691
Government grant liability		958
Convertible preferred notes		6,300
Lease liabilities		2,511
Deferred tax liability		740
Total fair value of liabilities assumed		11,514
Net assets acquired		5,120
Reconciliation of goodwill:		
Total consideration transferred		2,829
Add: Fair value of redeemable noncontrolling interest		2,718
Less: Net assets acquired		(5,120)
Goodwill	$	427

The noncontrolling interest was measured at fair value at the acquisition date. The fair value was estimated based on the implied equity value of SPO, using the purchase consideration paid for the Company's 51% ownership as an observable input. The implied equity value was extrapolated to a 100% basis, and the 49% noncontrolling interest ownership percentage was applied to determine the fair value of the noncontrolling interest. Prior to its expiration on June 30, 2026, the noncontrolling interest, inclusive of the embedded First Put Option, was classified as redeemable noncontrolling interest in the consolidated balance sheets. Following the expiration of the First Put Option, the noncontrolling interest is no longer redeemable and is classified within noncontrolling interest in the consolidated balance sheets.

The intangible assets acquired include $3.2 million allocated to customer relationships with an estimated useful life of five years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. There were no measurement period adjustments with respect to the three and nine months ended September 30, 2026.

Insight Intelligent Sensors Ltd.

On October 27, 2025, the Company completed the acquisition of Insight Intelligent Sensors Ltd. ("Insight"), pursuant to the Share Purchase Agreement (the "Insight Acquisition Agreement"), by and among the Company, Insight, and the Insight shareholders. Pursuant to the Insight Acquisition Agreement, the Company acquired 51% of the issued and outstanding share capital of Insight, representing a controlling interest.

During the three months ended September 30, 2026, the Company finalized the purchase price allocation for the Insight acquisition. The following table summarizes the consideration transferred and the allocation of the purchase consideration to the fair value of the assets acquired, liabilities assumed and noncontrolling interest retained by Insight shareholders as of the acquisition date.

(dollars in thousands)

Purchase price consideration		
Cash	$	3,500
Fair value of assets acquired:		
Cash and cash equivalents and restricted cash		2,534
Other current assets		56
Property and equipment		21
Intangible assets		2,379
Total fair value of assets acquired		4,990
Fair value of liabilities assumed:		
Accrued expenses and other current liabilities		78
Deferred tax liability		468
Total fair value of liabilities assumed		546
Net assets acquired		4,444
Reconciliation of goodwill:		
Total consideration transferred		3,500
Add: Fair value of noncontrolling interest		3,891
Less: Net assets acquired		(4,444)
Goodwill	$	2,947

The noncontrolling interest was measured at fair value at the acquisition date. The fair value was estimated based on the implied equity value of Insight, using the purchase consideration paid for the Company's 51% ownership interest as an observable input. The implied equity value was extrapolated to a 100% basis, and the 49% noncontrolling interest ownership percentage was applied to determine the fair value of the noncontrolling interest.

The intangible assets acquired include $2.4 million allocated to developed technology with an estimated useful life of ten years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. No measurement period adjustments were recorded during the three months ended September 30, 2026. During the nine months ended September 30, 2026, the Company recorded measurement period adjustments related to deferred tax liabilities, which resulted in a net decrease to goodwill of $79 thousand. These adjustments were reflected retrospectively as if they had been recognized as of the acquisition date.

4M Defense Ltd.

On October 29, 2025, the Company completed the acquisition of a controlling interest in 4M Defense Ltd. ("4M"), a company registered in the State of Israel, pursuant to the Share Purchase Agreement, dated October 24, 2025 (the "4M Acquisition Agreement"), by and among the Company, 4M, Chirokka Holding Ltd., a company registered in the State of Israel ("HoldCo"), and the 4M shareholders. HoldCo held 100% of the share capital of 4M. In accordance with the terms of the 4M Acquisition Agreement, the Company acquired 70% of the issued and outstanding share capital of HoldCo ("HoldCo Shares").

In connection with the acquisition of 4M in October 2025, the 4M shareholders retained a noncontrolling equity interest. The 4M shareholders have the right to cause the Company to purchase all (but not less than all) of the remaining issued and outstanding share capital of 4M at an aggregate purchase price equal to 30% of 90% of 4M's EBITDA during the 12-month period ending on the first day of the calendar quarter during which such calculation is made. The 4M shareholders may exercise the redemption right during the period from January 1, 2026 through December 31, 2027. As of December 31, 2025, the carrying value of redeemable noncontrolling interest was $3.0 million.

On March 16, 2026, the Company and 4M shareholders entered into the 4M Supplement, whereby the Company acquired the remaining 30% of the issued and outstanding share capital of 4M, for a purchase price of (i) $3.7 million, paid with 352,968 shares of Common Stock, and (ii) an additional amount of up to $1.4 million in shares of common stock in contingent earn-out payments, subject to certain milestones as set forth in the 4M Supplement. Upon closing, the redemption feature associated with the noncontrolling interest was eliminated and the redeemable noncontrolling interest balance of $2.6 million was reclassified to additional paid-in capital.

During the three months ended September 30, 2026, the Company finalized the purchase price allocation for the 4M acquisition. The following table summarizes the consideration transferred and the allocation of the purchase consideration to the estimated fair value of the assets acquired, liabilities assumed and noncontrolling interest retained by 4M shareholders as of the acquisition date.

(dollars in thousands)

Purchase price consideration		
Cash	$	2,400
Common Stock – 801,068 Shares		5,407
Total purchase price consideration		7,807
Fair value of assets acquired:		
Cash and cash equivalents and restricted cash		1,712
Accounts receivable		253
Other current assets		351
Property and equipment and other long-term assets		722
Intangible assets		2,435
Total fair value of assets acquired		5,473
Fair value of liabilities assumed:		
Accrued expenses and other current liabilities		836
Notes payable		494
Deferred tax liability		544
Total fair value of liabilities assumed		1,874
Net assets acquired		3,599
Reconciliation of goodwill:		
Total consideration transferred		7,807
Add: Fair value of redeemable noncontrolling interest		2,925
Less: Net assets acquired		(3,599)
Goodwill	$	7,133

The noncontrolling interest was measured at fair value at the acquisition date. The fair value was estimated based on the implied equity value of 4M, using the purchase consideration paid for the Company's 70% ownership interest as an observable input. The implied equity value was derived by extrapolating the purchase consideration to a 100% basis and applying the 30% noncontrolling interest ownership percentage.

The intangible assets acquired include $0.9 million allocated to developed technology with an estimated useful life of ten years, $1.4 million allocated to customer relationships with an estimated useful life of five years, and $0.1 million allocated to backlog with an estimated useful life of three years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. No measurement period adjustments were recorded during the three months ended September 30, 2026. During the nine months ended September 30, 2026, the Company recorded measurement period adjustments related to deferred tax liabilities, which resulted in a net decrease to goodwill of $16 thousand. These adjustments were reflected retrospectively as if they had been recognized as of the acquisition date.

Sentry CS Ltd.

On November 17, 2025, the Company completed the acquisition of Sentry CS Ltd., ("Sentrycs") pursuant to the Share Purchase Agreement (the "Sentrycs Acquisition Agreement"), entered into by and among the Company, Sentrycs, a company organized under the laws of the State of Israel, Sentrycs' shareholders (the "Sentrycs Major Shareholders"), and Sagitta Holdco SARL, a private limited liability company organized under the laws of the Grand Duchy of Luxembourg. The Company acquired 100% of the issued and outstanding share capital of Sentrycs for an aggregate purchase price of $224.6 million consisting of $134.1 million in cash and shares of the Company's common stock valued at $90.6 million. This aggregate purchase price reflects the working capital adjustments made at closing pursuant to the Sentrycs Acquisition Agreement.

The Sentrycs Acquisition Agreement detailed that the purchase price consideration of $224.6 million would be paid over four payment dates, with the first payment made upon closing at November 17, 2025. The Company paid $149.6 million on November 17, 2025, consisting of $120.2 million in cash and 4,096,700 shares of Common Stock valued at $29.4 million. The remaining three payments would be made 30-days, 45-days and 120-days after closing. These three payments would total $25.0 million each and consist of $4.6 million in cash and shares of Common Stock valued at $20.4 million. At December 31, 2025, the Company recorded a liability for these payments in the amount of $75.0 million classified as Accrued Purchase Consideration on the Company's Consolidated Balance Sheets. The Company issued 1,671,899, 1,622,607, and 1,928,532 shares of Common Stock on January 8, 2026, January 22, 2026, and March 26, 2026 respectively, related to the second, third, and fourth payments.

The Company also paid $37.5 million into an escrow account which we own (the "Ondas Escrow Amount"). On each of the second, third and fourth payment dates, $10.0 million was returned to the Company, and $2.5 million was transferred from the Ondas Escrow Amount to the Indemnity Escrow Account. Under the Indemnity Escrow terms and agreement, the funds will be held until the one-year anniversary of the closing date, during which time the Company may make indemnification claims. Any balance remaining after one year will be released to the sellers.

Amounts transferred to the Indemnity Escrow Account serve as security for the sellers' indemnification obligations. Under the Indemnity Escrow Agreement, these funds will be held until the one-year anniversary of the Sentrycs Acquisition Agreement. During this period, the Company may assert indemnification claims in accordance with the agreement. Any balance remaining in the Indemnity Escrow Account after the one-year period, net of any amounts reserved for outstanding claims, will be released to the sellers. The Ondas Escrow Amount is included in Restricted cash on the Company's Consolidated Balance Sheets, as the scheduled releases to the Company are considered short-term in nature. Amounts transferred to the Indemnity Escrow Account are recognized as part of the purchase consideration.

The following table summarizes the consideration paid for Sentrycs and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)		
Purchase price consideration		
Cash	$	134,053
Equity portion of purchase price		90,556
Total purchase price consideration		224,609
Estimated fair value of assets acquired:		
Cash and cash equivalents		1,735
Accounts receivable		2,403
Inventory		2,005
Other current assets		463
Property and equipment		1,780
Right of use asset		1,980
Other long-term assets		312
Intangible assets		72,454
Total estimated fair value of assets acquired		83,132
Estimated fair value of liabilities assumed:		
Accounts payable		282
Accrued expenses and other current liabilities		2,961
Deferred revenues		3,681
Lease liabilities		2,257
Deferred tax liability		1,885
Total estimated fair value of liabilities assumed		11,066
Net Assets Acquired		72,066
Goodwill	$	152,543

The intangible assets acquired include $66.0 million allocated to developed technology with an estimated useful life of ten years, $3.7 million allocated to trademarks with an estimated useful life of seven years, and $2.7 million allocated to customer relationships with an estimated useful life of five years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. During the nine months ended September 30, 2026, the Company recorded measurement period adjustments related to deferred tax liabilities, which resulted in a net decrease to goodwill of $2.8 million. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in fair values of property, plant, and equipment, (2) changes in valuation of intangible assets such as developed technology, as well as goodwill, (3) deferred tax balances and (4) other changes to assets and liabilities.

Robo-Team Holdings Ltd.

On December 17, 2025, the Company completed the acquisition of Robo-Team Holdings Ltd. (“Robo-Team”), pursuant to the Share Purchase Agreement, dated November 23, 2025 (the “Robo-Team Acquisition Agreement”), by and among the Company, Robo-Team, and the Robo-Team shareholders. Pursuant to the Robo-Team Acquisition Agreement, the Company acquired 100% of the issued and outstanding share capital of Robo-Team.

The following table summarizes the consideration paid for Robo-Team and the preliminary allocation of the purchase consideration to the estimated fair value of the assets acquired and liabilities assumed at the acquisition date.

(dollars in thousands)	
Purchase price consideration	
Cash	$ 81,653
Estimated fair value of assets acquired:	
Cash and cash equivalents and restricted cash	2,327
Accounts receivable	424
Inventory	5,682
Other current assets	1,393
Property and equipment	151
Right of use asset	1,276
Intangible assets	30,803
Other long-term assets	344
Total estimated fair value of assets acquired	42,400
Estimated fair value of liabilities assumed:	
Accounts payable	1,835
Accrued expenses and other current liabilities	973
Deferred revenues	735
Lease liabilities	1,434
Deferred tax liability	-
Total estimated fair value of liabilities assumed	4,977
Net Assets Acquired	37,423
Goodwill	$ 44,230

The intangible assets acquired include $12.7 million allocated to developed technology with an estimated useful life of ten years, $14.6 million allocated to customer relationships with an estimated useful life of five years, and $3.5 million allocated to non-compete agreements with an estimated useful life of four years. Goodwill represents the assembled workforce, acquired capabilities, and future economic benefits resulting from the acquisition. No portion of the goodwill is deductible for tax purposes. During the nine months ended September 30, 2026, the Company recorded measurement period adjustments related to deferred tax liabilities, which resulted in a net decrease to goodwill of $7.2 million. The final purchase price allocation will be determined when the Company has completed the detailed valuations and necessary calculations. The final allocation could differ materially from the preliminary allocation. The final allocation may include (1) changes in fair values of property, plant, and equipment, (2) changes in valuation of intangible assets such as developed technology, as well as goodwill, and (3) other changes to assets and liabilities.

Supplemental Pro Forma Results of Operations

The following unaudited supplemental pro forma information presents the Company's results of operations as if the acquisition of Apeiro, Rotron, Bird, World View, Mistral, Omnisys, DZYNE, Cyberhawk, Gate and Bron had occurred on January 1, 2025. The unaudited pro forma results include adjustments for the effects of purchase accounting, including a nonrecurring $10.0 million fair value step-up of acquired inventory and non-recurring acquisition related costs of approximately $10.1 million. The pro forma adjustments have been tax-effected at the applicable statutory rates. The unaudited pro forma results do not purport to represent what the Company's results of operations would actually have been if the acquisitions had occurred on January 1, 2025 or what the Company's operating results will be in future periods.

	Three months ended September 30,		Nine months ended September 30,	
(dollars in thousands)	**2026**	**2025**	**2026**	**2025**
Revenue, net	$ 182,996	$ 96,908	$ 453,472	$ 252,600
Net income (loss)	$ (64,175)	$ (39,474)	$ 141,465	$ (107,977)

Goodwill Impairment

The Company reviews goodwill for impairment annually as of December 31 and on an interim basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the nine months ended September 30, 2026, the Company performed an assessment of whether any such indicators were present and concluded that there were no triggering events or changes in circumstances that would indicate a potential impairment of goodwill. Accordingly, no interim impairment test was performed as of September 30, 2026.

As previously disclosed, the Company performed a qualitative assessment as of December 31, 2025 and concluded there were no indications of impairment with respect to the goodwill recorded at that date.

NOTE 6 – INTANGIBLE ASSETS

The components of intangible assets, all of which are finite-lived, were as follows:

	September 30, 2026			December 31, 2025			
(dollars in thousands)	Gross Carrying	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Useful Life (years)
Trademarks	$ 32,454	$ (3,627)	$ 28,827	$ 6,930	$ (1,488)	$ 5,442	5 - 10
FAA waiver	5,930	(3,056)	2,874	5,930	(2,611)	3,319	10
Developed technology	614,220	(40,995)	573,225	113,604	(12,276)	101,328	5 - 10
Non-compete agreements	3,521	(697)	2,824	3,521	(37)	3,484	4
Customer relationships	442,598	(26,124)	416,474	23,008	(982)	22,026	5 - 11
Other intangible assets	1,865	(641)	1,224	2,040	(749)	1,291	3 - 10
Total	$ 1,100,588	$ (75,140)	$ 1,025,448	$ 155,033	$ (18,143)	$ 136,890	

Amortization expense for the three months ended September 30, 2026 and 2025 was $33.1 million and $1.1 million, respectively. Amortization expense for the nine months ended September 30, 2026 and 2025 was $57.3 million and $3.2 million, respectively. Other intangible assets represent patents, licenses, software, backlog and other marketing-related assets.

The weighted-average amortization periods for definite-lived intangible assets acquired during the nine months ended September 30, 2026 are 8.0 years for customer relationships, 7.4 years for developed technology, 6.6 years for trademarks, and 3.0 years for other intangible assets. The weighted-average amortization period for definite-lived intangible assets acquired in aggregate during the nine months ended September 30, 2026 is 7.7 years.

NOTE 7 – LONG-TERM EQUITY INVESTMENTS

The Company's long-term equity investments consist of equity investments in privately held companies through common and preferred stock. The Company accounts for these equity securities under the measurement alternative because they do not have readily determinable fair values and do not qualify for the equity method of accounting. Accordingly, the investments are carried at cost, less impairment, adjusted for observable price changes in orderly transactions for identical or similar investments of the same issuer. The Company does not have significant influence over any of the long-term equity investees. Long-term equity investments are classified as such on the Company's condensed consolidated balance sheets. Dividends or other distributions, if and when declared by an investee, are recognized as investment income, with adjustments to the carrying amounts of the investments recognized in other (expense) income, net in the condensed consolidated statements of operations.

In 2025, the Company purchased a non-controlling interest in Rift Dynamics AS ("Rift"), a Norway-based defense technology company specializing in affordable, mass-producible combat drone systems, for an aggregate purchase price of $0.6 million.

In 2025, the Company purchased preferred stock in Performance Drone Works ("PDW"), a defense technology company specializing in advanced robotics for mission-critical national security missions, for an aggregate purchase price of $35.0 million. The preferred stock is convertible into PDW common stock at the option of the holder and ranks senior to PDW's common stock with respect to liquidation and dividend rights. The investment is subject to customary transfer restrictions and provides the Company with certain investor rights, including information rights and the right to appoint a non-voting observer to PDW's board of directors, subject to specified conditions.

During the nine months ended September 30, 2026, the Company purchased preferred stock in Firestorm Labs, Inc. ("Firestorm"), a defense technology company that develops expeditionary manufacturing platforms enabling the on-demand, point-of-need production of mission-critical systems and components for military and defense applications, for an aggregate purchase price of $5.0 million.

During the nine months ended September 30, 2026, the Company purchased preferred stock in FPF Defense, Inc. ("FPF Defense"), a defense technology company that develops low-cost, high-volume counter-drone interceptors for U.S. and allied defense applications, for an aggregate purchase price of $5.0 million.

Each reporting period, the Company evaluates its investments for impairment by performing a qualitative assessment of relevant facts and circumstances. The assessment includes, but is not limited to, a review of recent operating results and trends, recent transactions involving securities of the investee, and other relevant publicly available information. If the Company determines that an investment is impaired, the carrying value is written down to its estimated fair value, with the resulting loss recognized in earnings.

As of September 30, 2026, the carrying amount of the Company's equity investments accounted for under the measurement alternative was $47.3 million. There have been no upward or downward adjustments resulting from observable price changes and no impairment charges recorded since the acquisition of these investments.

Subsequent to September 30, 2026, the Company purchased additional preferred stock in PDW for an aggregate purchase price of $50.0 million. See Note 18, Subsequent Events.

NOTE 8 – LEASES

The Company has operating leases for office space, warehouses, and certain equipment, primarily automobiles. A number of leases include one or more options to renew, some of which include options to extend the leases for up to 10 years. In certain of the Company's lease agreements, the rental payments are adjusted periodically to reflect inflation and/or changes in other indexes.

Right-of-use assets are recorded in other assets; the current portion of lease liabilities for our operating leases is recorded in accrued expenses and other current liabilities, and the long-term portion of our operating lease liabilities is recorded in other long-term liabilities on the condensed consolidated balance sheets as follows:

(dollars in thousands)	**September 30, 2026**	**December 31, 2025**
Right-of-use assets:		
Operating lease assets	$ 55,611	$ 10,365
Total right-of-use assets	$ 55,611	$ 10,365
Liabilities:		
Operating lease liabilities, current	$ 11,488	$ 3,076
Operating lease liabilities, net of current	$ 45,215	$ 9,645
Total lease liabilities	$ 56,703	$ 12,721

NOTE 9 – ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

(dollars in thousands)	**September 30, 2026**	**December 31, 2025**
Compensation and other benefits	$ 53,345	$ 21,003
Accrued income and other tax	3,363	4,299
Operating lease liabilities	11,488	3,076
Accrued purchases	7,818	1,903
Accrued interest	13	721
Accrued software and subscription fees	82,500	-
Other accrued expenses and payables	37,786	2,968
Total accrued expenses and other current liabilities	$ 196,313	$ 33,970

NOTE 10 – NOTES PAYABLE AND CONVERTIBLE NOTES PAYABLE

Ondas Inc. 2022 Convertible Exchange Notes, 2023 Additional Notes, and 2024 Additional Notes

In 2022, 2023 and 2024, the Company entered into securities purchase agreements with certain investors, pursuant to which we issued convertible notes. Refer to the Company's annual financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 30, 2026 for a full description. As of December 31, 2025, the convertible notes were repaid in full.

For the three months ended September 30, 2025, we recognized interest expense of $6 thousand and amortization expense of $0 related to the debt discount and issuance costs for convertible notes. For the nine months ended September 30, 2025, we recognized interest expense of $0.5 million and amortization expense of $3.6 million related to the debt discount and issuance costs for convertible notes. Interest expense and amortization expense related to debt discount and issuance costs are included in interest expense in the condensed consolidated statements of operations.

SPO Convertible Capital Notes

In connection with the acquisition of SPO in October 2025, the Company assumed outstanding convertible capital notes issued by SPO (the "SPO Convertible Capital Notes"). Immediately prior to the acquisition, the SPO Convertible Capital Notes were held entirely by the existing shareholders of SPO. Upon acquisition, 51% of the outstanding SPO Convertible Capital Notes, corresponding to the Company's ownership interest, were considered intercompany balances and therefore eliminated in consolidation. The remaining 49% of the SPO Convertible Capital Notes, held by noncontrolling interest holders, remain outstanding and are reflected in the Company's condensed consolidated balance sheets.

Concurrent with the acquisition, the SPO Convertible Capital Notes were amended to include the following terms: (i) any repayment of the SPO Convertible Capital Notes is subject to prior written consent of the Company, as the majority shareholder of SPO, (ii) the Company, as the majority shareholder of SPO, has the right, at its sole discretion, to require conversion of any or all SPO Convertible Capital Notes into common shares of SPO after a minimum holding period of five years from the original issuance date of the SPO Convertible Capital Notes, but no earlier than January 1, 2027, at a conversion price reflecting the fair market value of SPO's common shares as determined by SPO's board of directors at the relevant time and (iii) each holder of the SPO Convertible Capital Notes may assign all or a portion of its SPO Convertible Capital Notes solely to a transferee of SPO common shares on a pro rata basis, in proportion to the number of shares transferred.

The SPO Convertible Capital Notes do not bear interest and do not have a stated maturity date. The SPO Convertible Capital Notes were accounted for as part of the business combination in accordance with ASC 805 and were initially measured at fair value as of the acquisition date. Because the SPO Convertible Capital Notes are non-interest-bearing and their settlement is contingent upon the timing of future conversion or repayment, the Company recorded the noncontrolling interest portion of the SPO Convertible Capital Notes at a discount to face value.

Subsequent to initial recognition, the outstanding portion of the SPO Convertible Capital Notes is accounted for as a liability and measured at amortized cost. The Company accretes the discount to the SPO Convertible Capital Notes' face value using the effective interest method, with the resulting accretion recognized as interest expense in the condensed consolidated statements of operations.

As of September 30, 2026 and December 31, 2025, the total outstanding balance of the SPO Convertible Capital Notes subject to repayment or conversion by noncontrolling interest holders was $5.0 million and $3.5 million, respectively. For the three and nine months ended September 30, 2026, the Company recognized $0.6 million and $1.4 million, respectively, of accretion which is included in interest expense in the condensed consolidated statements of operations.

OAS Convertible Notes

In October and December 2024, multiple investors (collectively, the "Holders") elected to purchase convertible notes in the aggregate original principal amount of $5.2 million, (the "OAS Convertible Notes"), of which $2.0 million was purchased by C&P and $1.0 million was purchased by Privet Ventures LLC, an entity affiliated with Eric Brock, Chairman and Chief Executive Officer of the Company and OAS. The OAS Convertible Notes are convertible into shares of OAS common stock, par value per share $0.0001 (the "OAS Common Stock"), or preferred stock under certain conditions. The Company used the net proceeds for general corporate purposes, which includes funding capital expenditures and working capital. The OAS Convertible Notes bear interest at the rate of 5% per annum. On September 29, 2025, the Company amended the OAS Convertible Notes to extend the maturity date from September 30, 2025, to January 1, 2026. The amendment was accounted for as a debt modification under ASC 470-50.

On December 17, 2025, the Company and OAS entered into agreements with the Holders of the OAS Convertible Notes to convert the principal and accrued interest outstanding as of November 30, 2025 into OAS Common Stock under the original conversion terms of the OAS Convertible Notes, at a conversion price of $0.7189, which was equal to the quotient resulting from dividing (x) the Valuation Cap of $65.0 million by (y) the fully diluted shares outstanding as of November 30, 2025 (the "OAS Exchange").

At each Holder's election, the Holder could elect to defer the conversion to January 5, 2026 as the Company and the Holder may agree. Seven of the eleven Holders that elected to participate in the Exchange elected to defer their closing to January 5, 2026 (the "January Converters"). For the year ended December 31, 2025, OAS converted $3.3 million and $0.2 million of principal and accrued interest, respectively, into OAS Common Stock for four of the eleven Holders including C&P (the "December Converters"). Immediately following the conversion, the OAS Common Stock was exchanged for Common Stock. OAS made cash payments of $33 thousand to the December Converters representing accrued interest on the OAS Convertible Notes from December 1 to December 16, 2025.

As of December 31, 2025, the total outstanding principal on the OAS Convertible Notes was $1.9 million. As of December 31, 2025, accrued interest was $0.1 million, which is included in accrued expenses and other current liabilities on the condensed consolidated balance sheets.

On January 5, 2026, OAS converted the remaining $1.9 million and $0.1 million of principal and accrued interest, respectively, into common shares of OAS for the January Converters, which were immediately exchanged for Ondas Inc. Common Stock.

For the three months ended September 30, 2025, we recognized interest expense of $64 thousand and amortization expense of $13 thousand related to the issuance costs, which are included in interest expense in the condensed consolidated statements of operations. For the nine months ended September 30, 2025, we recognized interest expense of $0.2 million and amortization expense of $37 thousand related to the issuance costs.

NOTE 11 – STOCKHOLDERS' EQUITY AND STOCK-BASED COMPENSATION

Stockholders' Equity

As of September 30, 2026 and December 31, 2025, the Company had 1,200,000,000 shares of Common Stock authorized for issuance, of which 590,159,870 and 380,763,481 shares of our Common Stock were issued and outstanding, respectively.

As of September 30, 2026 and December 31, 2025, the Company had 10,000,000 shares of preferred stock, par value $0.0001, authorized, of which 5,000,000 shares are designated as Series A Convertible Preferred Stock ("Series A Preferred") and 5,000,000 shares are non-designated ("blank check," together with the Series A Preferred, the "Preferred Shares") shares. As of September 30, 2026 and December 31, 2025, the Company had no preferred stock outstanding.

Stock Issued for Convertible Debt

During the three months ended September 30, 2025, the Company issued 6,950,574 shares of its Common Stock to the lenders in lieu of cash payments for $0.2 million of outstanding interest and $6.0 million of outstanding principal on the 2022 Convertible Exchange Notes, 2023 Additional Notes, and 2024 Additional Notes. During the nine months ended September 30, 2025, the Company issued 73,857,218 shares of its Common Stock to the lenders in lieu of cash payments for $2.1 million of outstanding interest and $51.2 million of outstanding principal on the 2022 Convertible Exchange Notes, 2023 Additional Notes, and 2024 Additional Notes.

Sale of Common Stock and Capital Raises

January 2026 Offering

On January 12, 2026, the Company closed on an offering (the "January 2026 Offering") for the sale of (i) 19,000,000 shares of Common Stock (the "2026 Shares"), (ii) pre-funded warrants to purchase up to 41,790,274 shares of Common Stock (the "2026 Pre-Funded Warrants"), and (iii) common warrants to purchase up to 121,580,548 shares of Common Stock (the "2026 Common Warrants").

The January 2026 Offering price for (i) each 2026 Share and accompanying 2026 Common Warrant was $16.45 and (ii) each 2026 Pre-Funded Warrant and accompanying 2026 Common Warrant was $16.45 (with all but a nominal exercise price of $0.0001 per share prepaid as of the issuance date). The 2026 Pre-Funded Warrants were immediately exercisable and expire seven years from the issuance date. As of September 30, 2026, the 2026 Pre-Funded Warrants have been fully exercised. The 2026 Common Warrants have an exercise price of $28.00 per share, were immediately exercisable and expire seven years from the issuance date.

The 2026 Common Warrants may be settled in cash, at the option of the holders, upon a change of control event. Because share settlement of the 2026 Common Warrants is not within the Company's control, the 2026 Common Warrants were initially classified as a liability with a fair value of $1.2 billion and the Company recognized a loss of $234.9 million. Refer to Note 12 for further discussion of the warrant liability.

The Company received net proceeds totaling $959.1 million from the January 2026 Offering after deducting underwriting discounts, commissions and estimated offering expenses payable by the Company, and excluding any proceeds that may be received from the exercise of the 2026 Common Warrants. The Company used a portion of the proceeds, and intends to use the remainder, from the offering for corporate development and strategic growth including acquisitions, joint ventures and investments.

The table below details the net proceeds of the January 2026 Offering.

(dollars in thousands)		
Gross proceeds	$	999,996
Offering costs:		
Underwriting discounts and commissions		(40,000)
Other offering costs		(892)
Net proceeds	$	959,104

Noncontrolling Interests

Noncontrolling Interest in OAS

On September 11, 2025, certain OAS warrant holders exercised their warrants for 669,643 shares of OAS Common Stock for exercise proceeds of $1.2 million, of which $0.3 million was attributed to noncontrolling interest in OAS, representing an ownership interest of approximately 0.77% in OAS. The Company retained a controlling interest of approximately 99.23% in OAS. The transaction was accounted for as an equity transaction in accordance with ASC 810-10-45-23, with no gain or loss recognized in the consolidated statements of operations for year ended December 31, 2025.

On December 17, 2025, in conjunction with the OAS Exchange, 44,643 shares of OAS Common Stock were exchanged for Common Stock, reducing the noncontrolling interest in OAS to 0.71%. For the three and nine months ended September 30, 2026, the Company attributed $75 thousand and $153 thousand of OAS' net loss to the remaining noncontrolling interest in OAS, respectively. As of September 30, 2026 and December 31, 2025, the carrying value of the noncontrolling interest in OAS was $43 thousand and $0.2 million, respectively.

Noncontrolling Interest in Insight

On October 27, 2025, the Company completed the acquisition of a controlling interest of 51% in Insight and recognized a noncontrolling interest for the remaining 49%. For the three months ended September 30, 2026, the Company attributed $31 thousand of Insight's net loss and $75 thousand of foreign currency translation losses to the noncontrolling interest in Insight. For the nine months ended September 30, 2026, the Company attributed $253 thousand of Insight's net loss and $220 thousand of foreign currency translation gains to the noncontrolling interest in Insight. As of September 30, 2026 and December 31, 2025, the carrying value of the noncontrolling interest in Insight was $3.8 million.

Noncontrolling Interest in SPO

In connection with the acquisition of SPO, Shamir retained a noncontrolling equity interest. Shamir had the right (the "First Put Option") to cause the Company to purchase all (but not less than all) of the remaining issued and outstanding share capital of SPO held by Shamir at a purchase price of approximately $220.69 per share including all capital notes of SPO then held by Shamir for no additional consideration. Shamir could exercise the First Put Option during the period commencing on October 15, 2025, and ending June 30, 2026. As of June 30, 2026, the First Put Option had expired.

As of December 31, 2025, the carrying value and redemption value of Shamir's noncontrolling equity interest was $2.3 million. During the six months ended June 30, 2026, the Company attributed $2.4 million of SPO's net loss and $0.1 million of foreign currency translation gains to the carrying value of Shamir's noncontrolling interest. During the six months ended June 30, 2026, the noncontrolling interest was redeemable; thus, the Company recorded accretion of $1.6 million for the six months ended June 30, 2026 to adjust the carrying value of the noncontrolling interest to its redemption value. Upon expiration of the First Put Option, the Company reclassified the redeemable noncontrolling interest balance of $1.6 million to noncontrolling interest as of June 30, 2026. For the three months ended September 30, 2026, the Company attributed $2.0 million of SPO's net loss and $34 thousand of foreign currency translation gains to the carrying value of Shamir's noncontrolling interest. As of September 30, 2026, the carrying value of the noncontrolling interest in SPO was ($0.4) million.

Warrants to Purchase Common Stock of the Company

We use the Black-Scholes-Merton option model (the "Black-Scholes Model") to determine the fair value of warrants to purchase Common Stock of the Company. The Black-Scholes Model is an acceptable model in accordance with U.S GAAP. The Black-Scholes Model requires the use of a number of assumptions including volatility of the stock price, the risk-free interest rate, and the term of the warrant.

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term of the warrants. Estimated volatility is a measure of the amount by which our stock price is expected to fluctuate each year during the expected life of the award. Our estimated volatility is an average of the historical volatility of peer entities whose stock prices were publicly available over a period equal to the expected life of the awards. We used the historical volatility of peer entities due to the lack of sufficient historical data of our stock price.

A summary of our Warrants activity and related information is as follows:

	Number of Shares Under Warrant	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance as of January 1, 2026	75,476,378	$ 19.74	6.74
Granted	163,370,822	$ 20.84	
Exercised	(42,590,440)	$ 0.15	
Canceled	-	$ -	
Balance as of September 30, 2026	196,256,760	$ 24.91	6.18
Vested and Exercisable as of September 30, 2026	196,230,207	$ 24.91	6.18

Stock-Based Compensation

Equity Incentive Plans

In 2018, the Company's stockholders adopted the 2018 Equity Incentive Plan, which has been subsequently amended (the "2018 Plan"), pursuant to which 3,333,334 shares of our Common Stock have been reserved for issuance to employees, including officers, directors and consultants. The 2018 Plan shall be administered by the Board, provided however, that the Board may delegate such administration to the compensation committee of the Board of the Company (the "Compensation Committee"). Subject to the provisions of the 2018 Plan, the Board and/or the Compensation Committee shall have authority to grant, in its discretion, incentive stock options, or non-statutory options, stock awards or restricted stock purchase offers ("Equity Awards"). As of September 30, 2026, the balance available to be issued under the 2018 Plan was 442,412 shares.

In 2021, the Company's stockholders adopted the Ondas Inc. 2021 Stock Incentive Plan, which has been subsequently amended (the "2021 Plan"), pursuant to which 81,000,000 shares of our Common Stock have been reserved for issuance to employees, including officers, directors and consultants. The purpose of the 2021 Plan is to enable the Company to attract, retain, reward, and motivate eligible individuals by providing them with an opportunity to acquire or increase a proprietary interest in the Company and to incentivize them to expend maximum efforts for the growth and success of the Company, so as to strengthen the mutuality of the interests between the eligible individuals and the stockholders of the Company. The 2021 Plan provides for the issuance of awards including stock options, stock appreciation rights, restricted stock, restricted stock units, and performance awards. As of September 30, 2026, the balance available to be issued under the 2021 Plan was 1,653,761 shares.

Stock Options to Purchase Common Stock

The Company awards stock options to certain employees, directors, and consultants, which represent the right to purchase common shares on the date of exercise at a stated exercise price. Stock options granted to employees generally vest over a two to four-year period and are contingent on ongoing employment. Compensation expense related to these awards is recognized straight-line over the applicable vesting period. Stock options granted to consultants are subject to the attainment of pre-established performance conditions. The actual number of shares subject to the award is determined at the end of the performance period and may range from zero to 100% of the target shares granted depending upon the terms of the award. Compensation expense related to these awards is recognized when the performance conditions are satisfied.

The assumptions used in the Black-Scholes Model are set forth in the table below.

	Nine Months Ended September 30,	
	2026	**2025**
Risk-free interest rate	3.69-5.02%	3.77-4.65%
Volatility	65.98-88.45%	59.05-88.69%
Expected life in years	5.17-5.88	5.00-6.27
Dividend yield	-%	-%

A summary of our option activity and related information is as follows:

	Number of Shares Under Option	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Life**
Balance as of January 1, 2026	20,014,381	$ 3.72	8.16
Granted	19,705,437	$ 9.39	
Exercised	(2,727,528)	$ 2.27	
Forfeited	(1,545,789)	$ 5.05	
Canceled	(165,191)	$ 6.70	
Balance as of September 30, 2026	35,281,310	$ 6.93	8.88
Vested and Exercisable as of September 30, 2026	5,644,597	$ 3.12	7.47

As of September 30, 2026, total unrecognized compensation expense related to non-vested options was $136.8 million which is expected to be recognized over a weighted-average period of 2.46 years. The weighted-average grant date fair value per option was $11.49 for options granted during the nine months ended September 30, 2026.

Total stock-based compensation expense for stock options for the three and nine months ended September 30, 2026 and 2025 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**2026**	**2025**	**2026**	**2025**
General and administrative	$ 6,887	$ 3,685	$ 15,687	$ 5,349
Sales and marketing	1,500	175	3,586	309
Research and development	3,129	198	7,230	404
Cost of goods sold	1,301	175	2,583	369
Total stock-based compensation related to options	$ 12,817	$ 4,233	$ 29,086	$ 6,431

Restricted Stock Units

The Company awards Restricted Stock Units (“RSUs”) to certain employees and directors, which represent a right to receive common stock for each RSU that vests. RSUs generally vest over a one to four-year period and are contingent on ongoing employment or service as directors. Compensation expense related to these awards is recognized straight-line over the applicable vesting period.

A summary of our RSUs activity and related information is as follows:

	RSUs	Weighted Average Grant Date Fair Value	Weighted Average Vesting Period (Years)
Unvested balance at January 1, 2026	9,110,776	$ 5.64	2.35
Granted	40,766,630	$ 9.98	
Vested	(8,384,237)	$ 7.32	
Canceled	(389,433)	$ 8.30	
Unvested balance at September 30, 2026	41,103,736	$ 9.58	2.35

As of September 30, 2026, there were 926,508 restricted stock units that were vested but not yet released due to administrative timing. As of September 30, 2026, the unrecognized compensation expense for RSUs was $331.9 million which is expected to be recognized over a weighted-average period of 2.19 years.

Total stock-based compensation expense for RSUs for the three and nine months ended September 30, 2026 and 2025 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2026	2025	2026	2025
General and administrative	$ 38,917	$ 1,076	$ 106,103	$ 2,000
Sales and marketing	3,373	48	5,198	259
Research and development	4,005	45	6,156	149
Cost of goods sold	734	58	2,056	191
Total stock-based compensation related to restricted stock units	$ 47,029	$ 1,227	$ 119,513	$ 2,599

NOTE 12 – FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value for assets and liabilities required to be carried at fair value and provide for certain disclosures related to the valuation methods used within the valuation hierarchy as established within the accounting standards. This hierarchy prioritizes the inputs into three broad levels as follows.

Level 1 -- Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 -- Quoted prices for similar assets or liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 -- Unobservable inputs for the asset or liability.

A summary of financial assets and liabilities that are measured at fair value on a recurring basis is as follows:

	September 30, 2026			
(dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash equivalents (money market funds)	$ 169,532	$ -	$ -	$ 169,532
Short-term investments				
Publicly traded stock	19,008	-	-	19,008
U.S. Treasury securities	59,992	-	-	59,992
Fixed income (corporate fixed income and bonds, agency securities)	-	170,936	-	170,936
Certificates of deposit	-	274,895	-	274,895
Warrants in publicly traded companies	-	-	1,231	1,231
Total short-term investments	79,000	445,831	1,231	526,062
Equity investment in affiliate	-	-	30,288	30,288
Note receivable from affiliate	-	-	14,800	14,800
Total assets	248,532	445,831	46,319	740,682
Liabilities				
Government grants	-	-	3,726	3,726
Warrant liabilities	-	-	918,632	918,632
Contingent consideration	-	-	248,472	248,472
Total liabilities	$ -	$ -	$ 1,170,830	$ 1,170,830

	December 31, 2025			
(dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash equivalents (money market funds)	$ 302,688	$ -	$ -	$ 302,688
Short-term investments				
Publicly traded stock	17,779	-	-	17,779
Warrants in publicly traded companies	-	-	1,123	1,123
Total assets	320,467	-	1,123	321,590
Liabilities				
Government grants	-	-	3,657	3,657
Warrant liabilities	-	-	489,434	489,434
Total liabilities	$ -	$ -	$ 493,091	$ 493,091

Short-term investments

The Company classifies its investments in fixed-income securities and certificates of deposit as available-for-sale. Available-for-sale securities are carried at fair value with unrealized gains and losses, net of tax, recorded in accumulated other comprehensive income (loss). The amortized cost of available-for-sale securities includes the purchase price adjusted for the amortization of premiums and accretion of discounts which are recognized in interest income using the effective interest method.

	As of September 30, 2026			
(dollars in thousands)	**Amortized cost basis**	**Gross unrealized gains**	**Gross unrealized losses**	**Fair Value**
U.S. Treasury securities	$ 60,069	$ -	$ (77)	$ 59,992
Fixed income (corporate fixed income and bonds, agency securities)	172,393	-	(1,457)	170,936
Certificates of deposit	275,000	-	(105)	274,895
Total	$ 507,462	$ -	$ (1,639)	$ 505,823

The Company holds marketable equity securities consisting of publicly traded common stock measured at fair value of $19.0 million as of September 30, 2026. For the three and nine months ended September 30, 2026, we recognized net unrealized losses of $4.5 million and net unrealized gains of $2.9 million, respectively, on these marketable equity securities which are included in other income (expense), net in the condensed consolidated statements of operations. For the three and nine months ended September 30, 2026, the Company recognized net realized gains of $4.5 million and $7.4 million on these marketable equity securities which are included in other income (expense), net in the condensed consolidated statements of operations.

The Company's short-term investments are measured at fair value on a recurring basis. There were no transfers between Levels 1 and 2 during the period. Fair value measurements classified as Level 2 primarily include U.S. government agency securities, corporate fixed income securities, and certificates of deposit. These instruments are valued using pricing models and matrix pricing techniques that rely on observable market inputs, including quoted prices for similar instruments, benchmark yield curves, interest rate spreads, and dealer quotations. The valuation models do not rely on significant unobservable inputs.

The Company classifies its warrants within Level 3 in the fair value hierarchy because it uses unobservable inputs related to volatility to determine fair value. There were no transfers between Level 1 and Level 3 during the period ended September 30, 2026.

The following table summarizes the Company's Level 3 investments in marketable equity securities:

	As of September 30, 2026			
(dollars in thousands)	**Fair Value Hierarchy**	**Cost Basis**	**Accumulated Net Unrealized Gains**	**Fair Value**
Warrants exercisable for publicly traded stock	Level 3	$ 706	525	$ 1,231
Total		$ 706	525	$ 1,231

The Company's investment in warrants exercisable for publicly traded stock allow us to purchase up to 500,000 shares of publicly traded common stock at an exercise price of $6.00 per share. The warrants are exercisable in whole or in part until August 20, 2028 and are required to be measured at fair value as long as the warrants remain outstanding. The fair value of the Company's investment in warrants in a publicly traded company was determined using a Black-Scholes Model. During the three and nine months ended September 30, 2026, net unrealized losses totaled $27 thousand and net unrealized gains totaled $0.1 million, respectively, and are included in other income (expense), net in the condensed consolidated statements of operations. For the nine months ended September 30, 2026, the key assumptions used in the Black-Scholes Model are as follows:

	As of September 30, 2026
Stock price	$ 4.56
Risk-free interest rate	4.9%
Expected volatility	116.3%
Remaining contractual life in years	1.89
Dividend yield	0%

The following table provides a reconciliation of the beginning and ending balances for the Level 3 warrant assets measured at fair value using significant unobservable inputs.

(dollars in thousands)	**Warrants**
Balance as of January 1, 2026	$ 1,123
Warrants purchased, adjusted to fair value	-
Net unrealized gain on change in fair value	108
Balance as of September 30, 2026	$ 1,231

Convertible promissory note

On February 27, 2026, the Company purchased a $10.0 million convertible promissory note issued by World View. The convertible promissory note is measured under the fair value option and classified within Level 3 of the fair value hierarchy due to the use of unobservable inputs, including projected cash flows and market-based credit assumptions. The Company elected the fair value option for this instrument upon acquisition.

The convertible promissory note was effectively settled during the six months ended June 30, 2026 upon the Company obtaining control of World View. The note's fair value as of the acquisition date was included in the aggregate consideration transferred. Refer to Note 5 - World View for additional information. Changes in fair value were immaterial and were recognized in other income (expense), net.

Equity investment in affiliate

The Company's equity investment in Ondas Networks is classified as Level 3 within the fair value hierarchy due to the use of significant unobservable inputs. The fair value of the investment was estimated using a combination of income-based and market-based valuation approaches, requiring significant judgment by management.

The income-based approach primarily applied a discounted cash flow ("DCF") method using management-prepared financial projections, a terminal value based on a long-term growth rate, and a discount rate that reflects the risks associated with Ondas Networks' expected future cash flows and early-stage operating profile. A probability-weighted expected return method ("PWERM") was also used to allocate value across potential future liquidity scenarios, including assumed sale or liquidation outcomes and continued operations, based on management's assessment of the probability and timing of each scenario and the contractual rights of the equity holders. A market approach utilizing guideline public company data was used to corroborate the income-based valuation conclusions.

Significant unobservable inputs include projected revenue growth, operating margins, discount rates, long-term growth rates, assumed probabilities and timing of liquidity events, and market-based valuation multiples. Changes in these assumptions, particularly revenue forecasts, discount rates, or liquidity assumptions, could materially impact the estimated fair value of the investment.

For the three and nine months ended September 30, 2026, we recognized a gain of $3.5 million and $1.0 million, respectively, for the change in fair value of the equity investment in affiliate which is included in other income (expense), net in the condensed consolidated statements of operations.

Note receivable from affiliate

The Company holds a note receivable from Ondas Networks, which is measured at fair value and classified as Level 3 within the fair value hierarchy. The fair value of the note receivable was estimated using a discounted cash flow approach, applying a discount rate that reflects the credit risk of Ondas Networks and the illiquid nature of the instrument. Changes in the discount rate could materially affect the estimated fair value of the note receivable. For the three and nine months ended September 30, 2026, we recognized a loss of $0.3 million and $30 thousand, respectively, on the change in fair value of the note receivable which is included in other income (expense), net in the condensed consolidated statements of operations.

Government Grants

The Company had Level 3 liabilities that are required to be valued at fair value as of September 30, 2026 and December 31, 2025. The fair value of the government grant liability is determined as the sum of 3% royalty payments on forecasted future sales of the products developed using the grant funds, discounted using a discounted cash flow model. As of September 30, 2026 and December 31, 2025, the Company made the following assumptions: (i) royalty payments will be made on certain forecasted future sales through 2029, and (ii) using a discount rate of 19%.

The following table provides a reconciliation of the beginning and ending balances for the Level 3 government grant liabilities measured at fair value using significant unobservable inputs.

(dollars in thousands)	**Government Grant Liability**
Balance as of January 1, 2026	$ 3,657
Government grant liability acquired in Bird Aerosystems Ltd. acquisition	58
Payments made	(434)
Effect of foreign currency translation	39
Net loss on change in fair value of liability	406
Balance as of September 30, 2026	$ 3,726

Warrant Liability

The fair value of the warrants was determined using Level 3 inputs in a Black-Scholes Model. Inherent in the valuation were assumptions related to the expected stock-price volatility, expected term, risk-free interest rate, and dividend yield. Estimated volatility is a measure of the amount by which our stock price is expected to fluctuate each year during the expected life of the warrant term. Our estimated volatility is an average of the historical volatility of peer entities whose stock prices were publicly available over a period equal to the expected life of the awards. We used the historical volatility of peer entities due to the lack of sufficient historical data of our stock price. The expected term was assumed to be equivalent to the warrants' remaining contractual term. The risk-free interest rate was estimated using the yield on actively traded non-inflation-indexed U.S. treasury securities with contract maturities equal to the expected term. The dividend yield was based on the historical rate, which the Company anticipates remaining at zero.

The assumptions used to estimate the fair value of warrants during the period were as follows:

	Range	Weighted average
Risk-free interest rate	5%	5%
Expected volatility	94-95%	95%
Expected life (in years)	6.0-6.3	6.2
Dividend yield	0%	0%

The following table provides a reconciliation of the beginning and ending balances for the Level 3 warrant liabilities measured at fair value using significant unobservable inputs. There was no warrant liability activity during the three and nine months ended September 30, 2025.

(dollars in thousands)	Warrant liability
Balance as of January 1, 2026	$ 489,434
Fair value of warrant liability issued during the period	1,194,019
Change in fair value of warrant liability	(764,821)
Balance as of September 30, 2026	$ 918,632

In connection with the January 2026 Offering, the Company issued liability classified warrants that were measured at fair value on the issuance date (the January 2026 Warrant Liability). The initial fair value of the January 2026 Warrant Liability was $1.2 billion. The January 2026 Warrant Liability exceeded the net proceeds received from the January 2026 Offering was $959.1 million. As a result, the Company recognized a loss upon issuance equal to the excess of the initial fair value of the January 2026 Warrant Liability over the net proceeds, totaling $234.9 million. The warrant liabilities are subsequently remeasured to fair value at each reporting date, with changes in fair value recognized in earnings in the period of change. For the three months ended September 30, 2026, the Company recognized a $125.1 million gain on the change in fair value. For the nine months ended September 30, 2026, the Company recognized a net gain of $529.9 million, consisting of the $234.9 million loss recognized upon issuance and the $764.8 million gain on change in fair value subsequent to issuance. These amounts are recorded in other income (expense), net in the condensed consolidated statements of operations.

Significant increases or decreases in expected volatility or expected term would result in a higher or lower fair value measurement, respectively.

Contingent Consideration

The Company's contingent consideration liabilities consist of earn-out and milestone payment arrangements related to business combinations. Earn-out payments are contingent upon the achievement of specified revenue, program win, and financial performance targets over defined post-acquisition periods. Milestone payments are contingent upon the achievement of specified operational, technical, regulatory, or program-related events within defined timeframes. These liabilities are classified as Level 3 within the fair value hierarchy due to the use of significant unobservable inputs in their valuation. Contingent consideration liabilities are presented as accrued purchase and contingent consideration on the condensed consolidated balance sheets.

The fair value of the contingent consideration liabilities is estimated primarily using either scenario-based valuation methods or Monte Carlo simulation models, depending on the terms and structure of the contingent consideration liability. Key assumptions utilized in the valuations include forecasted revenue, total contract value, EBITDA, new orders and bookings, volatility assumptions ranging from 35% to 54%, correlation assumptions of up to 95%, probabilities of achieving specified performance milestones of up to 90%, market price of risk adjustments ranging from 9.5% to 13.7%, operating leverage assumptions ranging from 0% to 170%, implied asset betas ranging from 2.0 to 5.5, and discount rates ranging from 3.6% to 7.2%. Changes in these assumptions, particularly forecasted operating performance, volatility, correlations, discount rates, or the probability of achieving contractual milestones, could result in materially higher or lower fair value measurements of the contingent consideration liabilities.

The significant unobservable inputs used in the valuation of the contingent consideration liabilities include projected revenue, probability of achieving performance and milestone targets, discount rates, volatility assumptions, and the expected timing of payments. These assumptions reflect management's judgment regarding expected future operating performance, program execution, achievement of specified milestones, market conditions, and the time value of money. Significant increases or decreases in the probability of achieving the underlying earn-out targets or milestone events, or in projected revenue levels, would result in a corresponding increase or decrease in the fair value of the contingent consideration liabilities. Increases in the discount rate would result in a decrease in the estimated fair value of the contingent consideration liabilities.

The following table reconciles the beginning and ending balances of the Company's Level 3 contingent consideration liabilities:

(dollars in thousands)	**Contingent Consideration**
Balance as of January 1, 2026	$ -
Earn-out liabilities acquired at fair value	230,089
Milestone liabilities acquired at fair value	25,421
Changes in fair value recognized in earnings	22,743
Payments	(29,781)
Balance as of September 30, 2026	$ 248,472

Non-recurring fair value measurements

In connection with the business combinations completed during the nine months ended September 30, 2026 and the year ended December 31, 2025, the Company recognized identifiable intangible assets, including developed technology, customer relationships, trade names, and non-compete agreements. These intangible assets were measured at fair value on a non-recurring basis as of their respective acquisition dates in accordance with ASC 805. These measurements are not subsequently remeasured and the assets are amortized over their estimated useful lives.

The fair value of the acquired intangible assets was determined using valuation techniques consistent with the income approach, including discounted cash flow models such as the multi-period excess earnings method for developed technology and customer relationships, the relief-from-royalty method for trade names, and the with-and-without method for non-compete agreements.

These fair value measurements are classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs, including projected future revenues, operating margins, customer attrition rates, royalty rates, and discount rates, which reflect management's assumptions regarding the expected economic benefits derived from the acquired assets. The fair value measurements were determined as of the respective acquisition dates and represent non-recurring measurements.

NOTE 13 – SEGMENT INFORMATION

During the nine months ended September 30, 2026, the Company deconsolidated Ondas Networks, which was previously included in the Company's consolidated financial statements. As a result of the deconsolidation, Ondas Networks is no longer a reportable segment, and the Company evaluated its segment reporting structure for the current period in accordance with ASC 280, *Segment Reporting*. Following the deconsolidation, the Company operates in one operating and reportable segment, which is focused on developing and providing advanced defense, security, and communications technologies for critical infrastructure and government customers. All prior period segment information has been recast to conform to the current period presentation of a single reportable segment.

The Company's Chief Executive Officer serves as the chief operating decision maker ("CODM") and is responsible for assessing operating performance and allocating resources. The Company's organizational structure is based primarily on functional lines, with department heads and shared service functions reporting either directly to the CODM or to direct reports of the CODM. The CODM reviews financial information on a consolidated basis and uses net income (loss) before provision for income taxes as the primary measure of operating performance and for purposes of making operating decisions. Accordingly, the Company has determined that it has a single operating segment.

In assessing performance, the CODM reviews significant operating expense categories reflected in net income (loss), including research and development, sales and marketing, and general and administrative expenses, each of which is separately disclosed in the condensed consolidated statements of operations. In addition, the CODM reviews certain significant expense items that impact operating results, including stock-based compensation, as well as other significant charges or credits that may occur during the period and are discussed elsewhere in the notes to the condensed consolidated financial statements.

The measure of segment assets is reported on the condensed consolidated balance sheets as total consolidated assets. The accounting policies of the Company's operating segment are the same as those described in the Company's annual financial statements included within our Annual Report on Form 10-K for the year ended December 31, 2025.

The following table presents segment information for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**2026**	**2025**	**2026**	**2025**
Revenues, net	$ 167,489	$ 10,098	$ 301,383	$ 20,620
Cost of goods sold	130,989	7,494	205,581	13,195
Gross profit	36,500	2,604	95,802	7,425
Operating expenses:				
General and administration	124,649	10,595	294,485	22,583
Sales and marketing	36,673	3,000	68,049	7,696
Research and development	61,594	4,513	106,066	12,209
Change in fair value of contingent consideration	3,090	-	22,323	-
Total operating expenses	226,006	18,108	490,923	42,488
Other income (expense), net				
Interest expense	(615)	(444)	(1,993)	(5,873)
Other income (expense), net	133,696	8,774	583,439	8,875
Total other income (expense), net	133,081	8,330	581,446	3,002
Segment operating profit (loss)	(56,425)	(7,174)	186,325	(32,061)
Reconciliation of profit or loss adjustments and reconciling items	-	-	-	-
Income (loss) before provision for income taxes	$ (56,425)	$ (7,174)	$ 186,325	$ (32,061)

The above table includes depreciation expense of $2.6 million and $0.2 million for the three months ended September 30, 2026 and 2025, respectively, and amortization expense of intangible and right-of-use assets of $36.5 million and $1.4 million for the three months ended September 30, 2026 and 2025, respectively. The above table includes depreciation expense of $4.2 million and $0.6 million for the nine months ended September 30, 2026 and 2025, respectively, and amortization expense of intangible and right-of-use assets of $61.1 million and $2.7 million for the nine months ended September 30, 2026 and 2025, respectively.

NOTE 14 – INCOME TAXES

In general, the Company uses an estimated annual effective tax rate, which is based on expected annual income and statutory tax rates in the various jurisdictions in which the Company operates, to determine its quarterly provision for income taxes. However, to the extent that application of the estimated annual effective tax rate is not representative of the quarterly portion of actual tax expense expected to be recorded for the year in a jurisdiction, the Company determines the provision for income taxes based on actual year-to-date income (loss) which it has done for the quarter ended September 30, 2026. Certain significant or unusual items, if applicable, are separately recognized in the quarter in which they occur and can be a source of variability on the effective tax rates from quarter to quarter. The Company's effective tax rate may change from period-to-period based on recurring and non-recurring factors including the geographical mix of earnings, enacted tax legislation, and state and local income taxes.

The effective income tax rate was (14.6)% and (4.3)% for the three months ended September 30, 2026 and 2025, respectively. The effective income tax rate was (11.0)% and (1.0)% for the nine months ended September 30, 2026 and 2025, respectively. The effective income tax rate for the three and nine months ended September 30, 2026 were impacted by the geographical mix of earnings, as well as movement in the federal, state and foreign valuation allowances.

For the nine months ended September 30, 2026, the Company recognized an income tax benefit of approximately $20.6 million related to current-year tax losses. The benefit was recognized because the associated deferred tax assets are expected to be realized through the reversal of existing deferred tax liabilities. Approximately $17.2 million of the benefit was recognized because management concluded that it is more likely than not that deferred tax assets will be realized through the future reversal of deferred tax liabilities arising primarily from acquisition accounting adjustments associated with recent business combinations. The acquisition accounting for these business combinations remains provisional and is subject to refinement during the measurement period. Accordingly, the deferred tax liabilities and the related tax benefit recognized may be adjusted in future periods as additional information becomes available.

During the third quarter of 2026, the Company recorded an out-of-period adjustment of approximately $8.3 million related to the correction of income tax accounting matters identified in prior interim periods during 2026 that resulted in an overstatement of the income tax benefit and an understatement of the deferred tax liabilities of this amount. Management concluded that the misstatement was not material to the previously issued financial statements, individually or in the aggregate, and that the correction was not material to the current-period financial statements.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Company may be involved in legal proceedings, claims and assessments arising in the ordinary course of business. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. There are no such loss contingencies that are included in the financial statements as of September 30, 2026.

NOTE 16 – RELATED PARTY TRANSACTIONS

Investment in Ondas Networks

On January 16, 2026, Ondas Networks completed a Series B preferred stock financing (the "2026 Networks Offering") for aggregate gross proceeds of approximately $8.4 million, which included approximately $6.0 million from the Company and $2.0 million from other investors. In connection with the 2026 Networks Offering, Ondas Networks issued shares of Series B-1 and B-2 Preferred Stock. The Series B Preferred Stock accrues dividends at a rate of 8% per annum of the original issue price. Dividends are payable only when, as, and if declared by the board of directors of Ondas Networks and may be paid in cash or additional shares of Ondas Networks preferred stock. Each share of Series B Preferred Stock is convertible at the option of the holder at any time into shares of Ondas Networks common stock at an initial conversion price equal to the original issue price, subject to standard adjustments. The Series B Preferred Stock is redeemable upon the occurrence of specified events, including at the option of the holder after a stated period, at amounts intended to provide a return of capital plus accrued dividends.

During the quarter ended March 31, 2026, the Company determined that it no longer held a controlling financial interest in Ondas Networks, a VIE, as a result of the 2026 Networks Offering. This determination resulted from the 2026 Networks Offering, pursuant to which minority preferred shareholders exercised warrants and acquired additional voting interests in Ondas Networks (refer to Note 17). As a result of these additional issuances, the Company's ownership and voting interests were diluted such that it no longer possessed the unilateral power to direct the activities that most significantly impact Ondas Networks' economic performance. Accordingly, the Company was not considered the primary beneficiary and deconsolidated Ondas Networks effective January 16, 2026. Subsequent to deconsolidation, the assets, liabilities, and results of operations of Ondas Networks are no longer included in the Company's consolidated financial statements.

Upon deconsolidation, the Company derecognized all assets and liabilities of Ondas Networks, including the related noncontrolling interest, and measured the retained ownership interest at fair value. The Company recognized a gain on deconsolidation of $48.8 million, which is included in other income (expense), net in the condensed consolidated statements of operations for the nine months ended September 30, 2026. The most significant carrying amounts of the assets and liabilities that were deconsolidated were inventory of $3.6 million, deposits and other assets of $2.3 million, convertible notes payable of $5.0 million, accrued expenses and other liabilities, current and long-term, of $2.7 million, and notes payable to the Company of $10.4 million.

Following the deconsolidation, the Company retains an approximately 47.5% ownership interest in Ondas Networks and has the ability to exercise significant influence over Ondas Networks' operating and financial policies. The retained equity interest is presented as Investment in unconsolidated affiliate within noncurrent assets and the retained note receivable is presented as Other assets on the condensed consolidated balance sheets. The Company elected the fair value option for its retained equity investment in and note receivable from Ondas Networks for operational ease associated with subsequent measurement. As a result, the retained interests are carried at fair value, with changes in fair value recognized in earnings each reporting period and included in other income (expense), net in the condensed consolidated statements of operations.

For the three and nine months ended September 30, 2026, we recognized a gain of $3.5 million and $1.0 million, respectively, for the change in fair value of the equity investment in affiliate which is included in other income (expense), net in the condensed consolidated statements of operations.

Networks Note

Upon the deconsolidation of Ondas Networks on January 16, 2026, the Company recorded a note receivable from Ondas Networks in the amount of $10.0 million (the "Networks Note"). The Company elected the fair value option for the Networks Note, which had a fair value of $8.8 million on January 16, 2026.

In August 2026, the Company issued an additional note receivable for $6.0 million. The Networks Note collectively has a face amount of $16.0 million, bears interest at 8% per annum and matures in December 2027.

As of September 30, 2026, the fair value of the Networks Note was $14.8 million. For the three and nine months ended September 30, 2026, we recognized a loss of $0.3 million and $30 thousand, respectively, on the change in fair value of the note receivable which is included in other income (expense), net in the condensed consolidated statements of operations. No principal or interest has been paid since the Networks Note was issued.

Settlement of Related-Party Financing Arrangements

During January 2026, certain related-party financing arrangements outstanding at December 31, 2025 were converted or otherwise ceased to be liabilities of the Company and its consolidated subsidiaries.

On January 5, 2026, Privet Ventures LLC, an entity affiliated with Eric Brock, the Company's Chairman and Chief Executive Officer, converted $1.0 million of principal and $61 thousand of accrued interest outstanding under its OAS convertible note into OAS common stock pursuant to the original conversion terms. Such shares were immediately exchanged for 1,153,625 shares of the Company's common stock, and the related note was repaid in full.

On January 16, 2026, in connection with the 2026 Networks Offering, $2.5 million of principal and related accrued interest outstanding under Ondas Networks convertible notes held by C&P were converted into shares of Ondas Networks preferred stock. C&P was controlled by Joseph Popolo, a former director of the Company.

At December 31, 2025, Ondas Networks also had $1.5 million of principal outstanding under a secured note payable to C&P. Upon the deconsolidation of Ondas Networks on January 16, 2026, the secured note and related accrued interest ceased to be included in the Company's condensed consolidated balance sheets.

NOTE 17 - INVESTMENT IN VARIABLE INTEREST ENTITIES

Consolidated Variable Interest Entities

Our consolidated financial statements include the financial results of variable interest entities ("VIE") in which we are the primary beneficiary. The following are our interests in significant consolidated variable interest entities.

Indo-Earth Moving Ltd.

Beginning in March 2026, the Company consolidated the results of Indo-Earth Moving Ltd. ("Indo"), of which it has acquired 100% equity interests, as it was determined that the Company is the primary beneficiary of Indo because the Company has the power to direct the activities that most significantly impact the entity's economic performance and has the obligation to absorb losses that may be significant to Indo. The Company is the sole equity owner and provides 100% of the financial support to Indo post-acquisition. Indo is considered a VIE due to the Company's rights to recover all or a portion of the Indo Base Consideration such that the Company's investment in Indo is not fully at risk until the refundability option lapses.

The following represents the carrying amounts of Indo's assets and liabilities as of September 30, 2026:

(dollars in thousands)		
Current assets	$	1,718
Non-current assets		89,437
Total assets	$	91,155
Current liabilities	$	3,399
Non-current liabilities		20,339
Total liabilities	$	23,738

Unconsolidated Variable Interest Entities

The following are our interests in significant unconsolidated variable interest entities.

Ondas Networks

Upon the deconsolidation of Ondas Networks in January 2026, Ondas Networks was deemed a VIE. The Company does not consolidate Ondas Networks due to the fact that the power to direct the activities that most significantly impact economic performance is shared with the other investors. The Company provides financial support to Ondas Networks in the form of equity and debt financing which may exceed support provided by other investors. During the period from the deconsolidation date through September 30, 2026, the Company provided an additional $6.0 million of financing to Ondas Networks in the form of a note receivable. The Company's maximum exposure to loss from its involvement with Ondas Networks is limited to the carrying values of its equity and debt investments.

NOTE 18 – SUBSEQUENT EVENTS

PDW

Subsequent to September 30, 2026, the Company purchased additional preferred stock in PDW for an aggregate purchase price of $50.0 million. Following the investment, the Company continues to hold a non-controlling interest in PDW.

Stemme GmbH

On November 5, 2026, the Company entered into a definitive agreement to acquire 100% of the outstanding equity interests of Stemme GmbH in an all-cash transaction of approximately €22.3 million or approximately $25.1 million. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the first quarter of 2027. As of the date of issuance of these condensed consolidated financial statements, the acquisition had not been completed and no amounts related to the transaction have been recognized in the accompanying financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis in conjunction with our condensed consolidated financial statements and the notes to those financial statements included elsewhere in this Quarterly Report on Form 10-Q (the "Report"). This information should also be read in conjunction with the information contained in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (the "SEC") on March 30, 2026, including the audited consolidated financial statements and notes included therein as of and for the year ended December 31, 2025 ("2025 Form 10-K"). This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide material information relevant to an assessment of the Company's financial condition and results of operations, including an evaluation of the amounts and certainty of cash flows from operations and from outside sources. This MD&A is designed to focus specifically on material events and uncertainties known to management that are reasonably likely to cause reported financial information not to be necessarily indicative of future operating results or of future financial condition. This includes descriptions and amounts of matters that have had a material impact on reported operations, as well as matters that are reasonably likely based on management's assessment to have a material impact on future operations.

Overview

Ondas Inc. (together with its subsidiaries, the "Company," "Ondas," "we," "us," or "our") is a defense, security and critical infrastructure technology company developing, manufacturing and commercializing autonomous systems, advanced mission technologies and integrated solutions for government and industrial customers.

Our technologies and solutions address mission requirements across aerial security, persistent intelligence, precision strike and autonomous ground systems, supported by capabilities in artificial intelligence, command and control, sensing, secure communications, positioning and navigation, and related mission technologies. Our products and solutions are used in defense, homeland security, public safety, critical infrastructure and other industrial applications.

We conduct our operations through a portfolio of subsidiaries with complementary technologies, products and engineering, manufacturing and operational capabilities. Our strategy is to integrate these capabilities into broader mission solutions, expand our manufacturing and delivery capacity, and leverage shared technology, engineering, supply chain and commercial capabilities across our portfolio.

During 2026, we continued to expand our operating platform through organic investment and strategic acquisitions, increasing the breadth of our product portfolio, manufacturing capabilities and geographic reach. We are focused on integrating these businesses, scaling production and delivery capacity, converting our growing order backlog into revenue, and pursuing operating leverage as the business scales.

The Company deconsolidated Ondas Networks Inc. ("Ondas Networks") effective January 16, 2026 and no longer includes the assets, liabilities, and results of operations of Ondas Networks in its consolidated financial statements subsequent to that date. Additionally, our results of operations for the three and nine months ended September 30, 2026 have been affected by recent acquisitions. For additional information, see Note 5, Goodwill and Acquisitions of Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.

Results of Operations

Comparison of Results for the Three Months Ended September 30, 2026 and 2025

Revenue, net for the three months ended September 30, 2026 and 2025 is as follows:

	Three Months Ended September 30,			
(dollars in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Product revenue	$ 87,773	$ 5,428	$ 82,345	1517.04%
Service revenue	34,170	-	34,170	100.00%
Development revenue	45,546	4,589	40,957	892.50%
Ondas Networks revenue	-	81	(81)	-100.00%
Total revenues, net	$ 167,489	$ 10,098	$ 157,391	1558.64%

Revenue, net increased $157.4 million to $167.5 million for the three months ended September 30, 2026 from $10.1 million for the three months ended September 30, 2025. The increase in revenue is primarily attributed to revenue growth generated by companies acquired since September 30, 2025 of $157.6 million, including $50.0 million from Mistral, $30.1 million from DZYNE, and $19.4 million from Sentrycs.

Cost of goods sold increased to $131.0 million for the three months ended September 30, 2026, from $7.5 million for the three months ended September 30, 2025. The $123.5 million increase was primarily due to activity from companies acquired since September 30, 2025.

General and administrative expenses ("G&A") increased $114.0 million, or 1,076%, to $124.6 million for the three months ended September 30, 2026, from $10.6 million for the three months ended September 30, 2025. This increase is primarily due to an increase of $41.0 million in stock-based compensation for awards granted since September 30, 2025, an increase of $29.1 million in software costs such as those to support secure integration and deployment, operational efficiency, supply chain visibility, and an increase of $16.7 million in professional fees and consulting costs related to legal, accounting and due diligence fees associated with the acquisitions completed during the year. The remaining increase is primarily related to expense attributable to companies acquired since September 30, 2025, and increases in human resource costs, including benefits.

Sales and marketing expenses ("S&M") increased $33.7 million, or 1,122%, to $36.7 million for the three months ended September 30, 2026, from $3.0 million for the three months ended September 30, 2025. This increase is primarily due to $26.2 million of S&M expense attributable to companies acquired since September 30, 2025, of which $18.1 million relates to amortization and depreciation of acquired assets, and an increase of $4.7 million related to increased stock-based compensation for awards granted since September 30, 2025. The remaining increase is primarily attributable to increases in human resource costs, including benefits, from increased headcount and increased marketing and advertising costs from increased attendance at trade shows and other marketing events.

Research and development expenses ("R&D") increased $57.1 million, or 1,265%, to $61.6 million for the three months ended September 30, 2026, from $4.5 million for the three months ended September 30, 2025. This increase is primarily due to $44.3 million of R&D expense attributable to companies acquired since September 30, 2025, of which $9.5 million relates to amortization and depreciation of acquired assets, and an increase of $6.9 million related to increased stock-based compensation for awards granted since September 30, 2025. The remaining increase is primarily attributable to increases in human resource costs, including benefits, from increased headcount.

The Company recorded $3.1 million of expense for the three months ended September 30, 2026, related to the change in fair value of contingent consideration based on changes in the significant unobservable inputs used in the valuation of the contingent consideration liabilities, which may include projected revenue, probability of achieving performance and milestone targets, discount rates, and the expected timing of payments. The Company's contingent consideration liabilities consist of earn-out and milestone payment arrangements related to business combinations.

Total other income, net increased $124.8 million, to $133.1 million for the three months ended September 30, 2026, from $8.3 million for the three months ended September 30, 2025. Total other income, net increased primarily as a result of the net gain of $125.1 million related to the change in fair value of our warrant liability.

The Company recorded an income tax provision of $8.2 million and $0.3 million for the three months ended September 30, 2026 and 2025, respectively. The change primarily reflects an out-of-period adjustment of approximately $8.3 million recorded in the third quarter of 2026 to correct income tax accounting amounts related to prior interim periods. The underlying out-of-period adjustments were not material to the previously issued financial statements, and the correction was not material to the current-period financial statements.

Net loss increased $57.2 million, to $64.7 million for the three months ended September 30, 2026, from a net loss of $7.5 million for the three months ended September 30, 2025. For the three months ended September 30, 2026, the Company attributed $2.1 million of net loss to noncontrolling interests ("NCI"), related to the subsidiaries in which we acquired less than 100% ownership during the fourth quarter of 2025. These subsidiaries incurred operating losses due to early-stage operating performance.

Comparison of Results for the Nine Months Ended September 30, 2026 and 2025

Revenue, net for the nine months ended September 30, 2026 and 2025 is as follows:

	For the Nine Months Ended September 30,			
(dollars in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Product revenue	$ 169,586	$ 12,257	$ 157,329	1283.58%
Service revenue	67,096	7,875	59,221	752.01%
Development revenue	64,701	-	64,701	100.00%
Ondas Networks revenue	-	488	(488)	-100.00%
Total revenue, net	$ 301,383	$ 20,620	$ 280,763	1361.61%

Revenue, net increased $280.8 million to $301.4 million for the nine months ended September 30, 2026 from $20.6 million for the nine months ended September 30, 2025. The increase in revenue is primarily attributed to revenue growth generated by companies acquired since September 30, 2025 of $256.3 million, including $57.5 million from Mistral, $57.0 million from Sentrycs Ltd., and $30.1 million from DZYNE. The remaining increase is primarily attributed to an increase in revenue at Airobotics.

Cost of goods sold increased to $205.6 million for the nine months ended September 30, 2026, from $13.2 million for the nine months ended September 30, 2025. The $192.4 million increase was primarily due to activity from companies acquired since September 30, 2025 and the increase in Airobotics revenues discussed above, in addition to increased labor and material costs**.**

G&A increased $271.9 million, or 1,204%, to $294.5 million for the nine months ended September 30, 2026, from $22.6 million for the nine months ended September 30, 2025. This increase is primarily due to an increase of $114.3 million in stock-based compensation for awards granted since September 30, 2025 and an increase of $63.9 million in software costs such as those to support secure integration and deployment, operational efficiency, and supply chain visibility. The increase in G&A is also attributable to an increase of $31.5 million in professional fees and consulting costs which consist of legal, accounting and due diligence fees associated with the acquisitions. The remaining increase is primarily related to expense attributable to companies acquired since September 30, 2025, and increases in human resource costs, including benefits.

S&M increased $60.3 million, or 784%, to $68.0 million for the nine months ended September 30, 2026, from $7.7 million for the nine months ended September 30, 2025. This increase is primarily due to $45.1 million of S&M expense attributable to companies acquired since September 30, 2025, of which $26.9 million relates to amortization and depreciation of acquired assets, and an increase of $8.2 million related to increased stock-based compensation for awards granted since September 30, 2025. The remaining increase is primarily attributable to increases in human resource costs, including benefits, from increased headcount, increased professional fees and consulting costs, and increased marketing and advertising costs from increased attendance at trade shows and other marketing events.

R&D increased $93.9 million, or 769%, to $106.1 million for the nine months ended September 30, 2026, from $12.2 million for the nine months ended September 30, 2025. This increase is primarily due to $69.0 million of R&D expense attributable to companies acquired since September 30, 2025, of which $14.8 million relates to amortization and depreciation of acquired assets, and an increase of $12.8 million related to increased stock-based compensation for awards granted since September 30, 2025. The remaining increase is primarily attributable to increases in human resource costs, including benefits, from increased headcount, and increased professional fees and consulting costs.

The Company recorded $22.3 million of expense for the nine months ended September 30, 2026, related to the change in fair value of contingent consideration based on changes in the significant unobservable inputs used in the valuation of the contingent consideration liabilities, which may include projected revenue, probability of achieving performance and milestone targets, discount rates, and the expected timing of payments. The Company's contingent consideration liabilities consist of earn-out and milestone payment arrangements related to business combinations.

Total other income, net increased $578.4 million to $581.4 million for the nine months ended September 30, 2026, from $3.0 million for the nine months ended September 30, 2025. Total other income, net increased primarily as a result of the net gain of $529.9 million related to the change in fair value of our warrant liability, a net gain of $48.8 million related to the deconsolidation of Ondas Networks, and an increase of approximately $34.6 million in interest and dividend income and realized and unrealized gains on investments, partially offset by a loss on acquisition of Indo Earth Moving Ltd. of approximately $46.2 million.

The Company recorded an income tax benefit of $20.6 million for the nine months ended September 30, 2026, and an income tax provision of $0.3 million for the nine months ended September 30, 2025. The 2026 income tax benefit is related to current-year tax losses. The benefit was recognized because the associated deferred tax assets are expected to be realized through the reversal of existing deferred tax liabilities.

Net income increased $239.3 million to $206.9 million for the nine months ended September 30, 2026, from a net loss of $32.4 million for the nine months ended September 30, 2025. For the nine months ended September 30, 2026, the Company attributed $5.3 million of net loss to noncontrolling interests (“NCI”), related to the subsidiaries in which we acquired less than 100% ownership during the fourth quarter of 2025. These subsidiaries incurred operating losses due to early-stage operating performance.

Non-GAAP Measures

As required by the rules of the SEC, we provide a reconciliation of our non-GAAP financial measures to the most directly comparable GAAP measures. These reconciliations are set forth in the tables below.

We believe that adjusted earnings before interest, taxes, depreciation, and amortization ("Adjusted EBITDA") is a useful supplemental measure for evaluating our operating performance and period to period trends because it eliminates the impact of items that primarily reflect our capital structure, tax position, non-cash accounting charges, acquisition-related transaction costs, and other items that management does not consider indicative of ongoing operating performance.

Adjusted EBITDA should be considered in addition to, and not as a substitute for, net income (loss) and other measures prepared in accordance with GAAP. Adjusted EBITDA removes the effects of interest and financing-related items, depreciation and amortization, income taxes, stock-based compensation and expense, acquisition-related expenses, change in fair value of contingent consideration and other acquisition related obligations, acquisition related inventory fair value step ups, qualifying acquisition related employee costs, qualifying acquisition integration costs and other non-operating gains and losses.

Management believes that excluding these items enhances comparability across periods and facilitates analysis of underlying operating trends.

Adjusted Cash Operating Expense is a non-GAAP financial measure that represents total operating expenses excluding depreciation, amortization of intangible assets, acquisition-related expenses, change in fair value of contingent consideration and other acquisition related obligations, qualifying acquisition related employee costs, qualifying acquisition integration costs and stock-based compensation and expense. The most directly comparable GAAP measure to Adjusted Cash Operating Expense is total operating expenses.

Management believes Adjusted Cash Operating Expense provides useful supplemental information by facilitating analysis of the Company’s ongoing cash operating costs and meaningful period-to-period comparisons. Management uses this measure for internal cost management, budgeting, and to evaluate operating trends excluding specified non-cash accounting charges and certain acquisition related cash costs. Adjusted Cash Operating Expense should be considered in addition to, and not as a substitute for, total operating expenses prepared in accordance with GAAP.

Beginning with the period ended June 30, 2026, the Company revised its calculation of Adjusted EBITDA and Adjusted Cash Operating Expense to exclude changes in the fair value of contingent consideration and other acquisition related obligations and renamed "Cash Operating Expense" to "Adjusted Cash Operating Expense". Also beginning with the period ended June 30, 2026, the Company introduced Adjusted Gross Profit and Adjusted Gross Margin.

Beginning with the period ended September 30, 2026, the Company further revised the definition of Adjusted EBITDA to exclude acquisition related inventory fair value step ups, qualifying acquisition related employee costs and qualifying acquisition integration costs. Correspondingly, the definition of Adjusted Cash Operating Expense was revised to exclude qualifying acquisition related employee costs and qualifying acquisition integration costs. In addition, the definition of Adjusted Gross Profit was revised to exclude acquisition related inventory fair value step ups. Management believes these revisions facilitate period to period comparability and analysis of the Company’s underlying operating performance and cost trends. These revisions did not affect previously reported non-GAAP measures, as no amounts qualifying under the newly added categories were recognized in prior periods presented.

Adjusted Gross Profit is a non-GAAP financial measure that represents gross profit excluding amortization of acquisition-related intangible assets, acquisition related inventory fair value step ups, qualifying acquisition related employee costs, and stock-based compensation and expense included in cost of goods sold. Adjusted Gross Margin is a non-GAAP financial measure that represents Adjusted Gross Profit as a percentage of revenue. The most directly comparable GAAP measures to Adjusted Gross Profit and Adjusted Gross Margin are gross profit and gross margin (gross profit as a percentage of revenue), respectively. Management believes these measures provide investors with additional insight into the underlying profitability of the Company's products and services, operating performance and period-to-period trends. Comparative prior-period amounts have been presented on a consistent basis.

Management uses Adjusted EBITDA, Adjusted Cash Operating Expense, Adjusted Gross Profit, and Adjusted Gross Margin together with GAAP results, in making operating and planning decisions and in evaluating the Company's ongoing performance. Other companies may calculate similarly titled non-GAAP measures differently, and therefore our non-GAAP measures may not be comparable to measures used by other companies.

Adjusted EBITDA Reconciliation

(dollars in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Net income (loss)	$ (64,672)	$ (7,481)	$ 206,885	$ (32,368)
Depreciation	2,578	196	4,181	566
Amortization of intangible assets	33,072	1,087	57,335	3,204
Acquisition-related expenses [(1)]	14,114	707	24,372	707
Stock-based compensation and expense	59,847	5,459	148,599	9,211
Change in fair value of contingent consideration	3,090	-	22,323	-
Provision for (benefit from) income taxes	8,247	307	(20,560)	307
Other (income) expense, net [(2)]	(133,081)	(8,330)	(581,446)	(3,002)
Qualifying acquisition related employee costs [(3)]	7,269	-	11,678	-
Qualifying acquisition integration costs [(4)]	238	-	238	-
Inventory step-up[(5)]	9,636	-	9,636	-
Adjusted EBITDA	$ (59,662)	$ (8,055)	$ (116,759)	$ (21,375)

(1) Acquisition-related expenses include legal, accounting, and other due diligence costs incurred in connection with completed or pending acquisitions.

(2) Other (income) expense, net includes interest and dividend income, unrealized gain and losses on investments, interest expense, foreign exchange gain and loss, the change in the fair value of government grant liabilities and warrant liability, and other income (expense), net included on the Company's unaudited Condensed Consolidated Statements of Operations.

(3) Qualifying acquisition related employee costs include incremental and finite retention or transaction payments established in direct connection with an acquisition and exclude ordinary ongoing employee compensation.

(4) Qualifying acquisition integration costs include directly identifiable, incremental costs incurred to integrate acquired businesses and exclude ordinary ongoing operating costs of the combined business.

(5) Inventory fair value step-up expense recognized as a result of acquisition accounting for completed acquisitions.

Adjusted Cash Operating Expense Reconciliation

(dollars in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Total operating expenses	$ 226,006	$ 18,108	$ 490,923	$ 42,488
Depreciation	(1,866)	(191)	(2,909)	(532)
Amortization of intangible assets	(25,324)	(1,087)	(44,909)	(3,204)
Acquisition-related expenses [(1)]	(14,114)	(707)	(24,372)	(707)
Change in fair value of contingent consideration	(3,090)	-	(22,323)	-
Stock-based compensation and expense	(57,811)	(5,227)	(143,960)	(8,651)
Qualifying acquisition related employee costs [(2)]	(4,892)	-	(9,301)	-
Qualifying acquisition integration costs [(3)]	(238)	-	(238)	-
Adjusted Cash Operating Expenses	$ 118,671	$ 10,896	$ 242,911	$ 29,394

(1) Acquisition-related expenses include legal, accounting, and other due diligence costs incurred in connection with completed or pending acquisitions.

(2) Qualifying acquisition related employee costs include incremental and finite retention or transaction payments established in direct connection with an acquisition and exclude ordinary ongoing employee compensation.

(3) Qualifying acquisition integration costs include directly identifiable, incremental costs incurred to integrate acquired businesses and exclude ordinary ongoing operating costs of the combined business.

Adjusted Gross Margin Reconciliation

(dollars in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Revenue	$ 167,489	$ 10,098	$ 301,383	$ 20,620
Cost of goods sold	130,989	7,494	205,581	13,195
Gross profit (GAAP)	$ 36,500	$ 2,604	$ 95,802	$ 7,425
Amortization of acquisition-related intangible assets	7,748	-	12,426	-
Stock-based compensation and expense	2,035	233	4,639	560
Qualifying acquisition related employee costs[(1)]	2,378	-	2,378	-
Inventory step-up[(2)]	9,636	-	9,636	-
Adjusted Gross Profit (Non-GAAP)	$ 58,297	$ 2,837	$ 124,881	$ 7,985
Gross margin (GAAP)	21.8%	25.8%	31.8%	36.0%
Adjusted Gross Margin (Non-GAAP)	34.8%	28.1%	41.4%	38.7%

(1) Qualifying acquisition related employee costs include incremental and finite retention or transaction payments established in direct connection with an acquisition and exclude ordinary ongoing employee compensation.

(2) Inventory fair value step-up expense recognized as a result of acquisition accounting for completed acquisitions.

Summary of (Uses) and Sources of Cash

(dollars in thousands)	Nine months ended September 30, 2026	Nine months ended September 30, 2025
Net cash used in operating activities	$ (278,027)	$ (26,016)
Net cash used in investing activities	(993,118)	(18,744)
Net cash provided by financing activities	970,941	448,155
Increase in cash, cash equivalents, and restricted cash	(300,204)	403,395
Effect of exchange rate on cash	119	-
Cash, cash equivalents, and restricted cash, beginning of period	594,359	29,999
Cash, cash equivalents, and restricted cash, end of period	$ 294,274	$ 433,394

The principal use of cash in operating activities for the nine months ended September 30, 2026, was to fund the Company's current expenses primarily related to operating activities necessary to allow us to service and support customers for the nine months ended September 30, 2026.

The increase in cash flows used in operating activities of $252.0 million primarily relates to an increase in net income of $239.3 million, of which approximately $345.7 million related to non-cash charges and credits, which primarily includes gains and losses on investments, acquisitions, and deconsolidation of subsidiary; change in fair value of warrant liability; amortization of debt discount and issuance costs; depreciation and amortization; and stock-based compensation; combined with changes in operating assets and liabilities resulting in a cash outflow of approximately $145.6 million for the nine months ended September 30, 2026, of which approximately $39.2 million was disbursed for settlement of certain pre-acquisition obligations assumed in connection with companies acquired during the three months ended September 30, 2026.

The increase in cash flows used in investing activities of $974.4 million primarily relates to an increase of $481.6 million in purchases of short-term investments, net of maturities of $254.6 million and cash proceeds from sale of short-term investments of $14.9 million; $449.5 million in cash paid, net of cash acquired, for acquisitions; $11.2 million in purchases of long-term equity investments; $6 million relating to a note receivable from affiliate; $7.0 million relating to deconsolidation of subsidiary cash; and $19.1 million increase in cash paid for other tangible and intangible assets.

The increase in cash provided by financing activities of $522.8 million primarily relates to the increase in net proceeds of approximately $536.8 million received from the sale of common stock and warrants, net of issuance costs during the nine months ended September 30, 2026, offset by a decrease of approximately $12.2 million in proceeds from the exercise of stock options and warrants during the nine months ended September 30, 2026, and an increase of approximately $1.8 million in net cash outflow related to debt transactions.

Liquidity and Capital Resources

As of September 30, 2026, the Company had a strong liquidity position, including $294.3 million of cash, cash equivalents, and restricted cash, and $526.1 million of short-term investments. Subsequent to September 30, 2026, the Company completed a $50 million investment in PDW which was funded from existing cash balances. The Company has also announced its planned acquisition of Stemme AG for approximately €22.3 million or approximately $25.1 million. Additional information regarding the investment in PDW and the planned acquisition of Stemme AG is included in Note 18 - Subsequent Events of Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q. After considering its existing liquidity, the completed PDW investment, and its anticipated cash requirements, including the planned Stemme acquisition, management believes the Company has sufficient liquidity to fund its operations and planned capital expenditures for at least the next twelve months and the foreseeable future. While the Company has incurred losses since inception and historically funded operations through equity and debt financings, management does not believe additional financing is required to support near-term operating needs based on current plans. However, the Company may from time to time seek additional debt or equity financing, or other sources of capital, to support acquisitions, investments and other strategic growth initiatives.

As of September 30, 2026, the Company had an accumulated deficit of $156.3 million. At that date, the Company had notes payable and convertible notes payable of $153 thousand and $4.2 million, respectively, and short-term borrowings of approximately $1.6 million, including accrued interest.

In 2025, the Company raised net proceeds of approximately $829.5 million from the sale of common stock and warrants, $30.8 million from the exercise of stock options and warrants, $1.2 million from the exercise of warrants in OAS, and $0.9 million from the issuance of convertible notes in Ondas Networks. In January 2026, the Company raised approximately $1 billion in gross proceeds from the sale of common stock and warrants.

While the Company currently has significant liquidity, it may seek additional capital to support strategic initiatives, accelerate growth opportunities, or enhance financial flexibility. Although the Company does not currently anticipate the need for additional financing to support near-term operations, future capital requirements could increase depending on the timing and scale of growth initiatives, market conditions, or other strategic factors. In addition, the Company may be required to make cash payments in future periods related to contingent earn-out and milestone arrangements; however, the timing and amount of any such payments are contingent on the achievement of specified operational or financial targets and are not currently expected to impact near-term liquidity.

Off-Balance Sheet Arrangements

As of September 30, 2026, we had no off-balance sheet arrangements.

Critical Accounting Estimates

Management’s discussion and analysis of financial condition and results of operations is based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities and expenses, as well as related disclosures. We base our estimates and judgments on historical experience and other assumptions that we believe to be reasonable at the time and under the circumstances, and we evaluate these estimates and judgments on an ongoing basis. Information concerning our critical accounting policies with respect to these items is available in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our 2025 Form 10-K. Except for the addition of contingent consideration related to the business combinations completed during the nine months ended September 30, 2026, there have been no significant changes in our critical accounting estimates since the filing of the 2025 Form 10-K.

Valuation of contingent consideration liabilities. Certain contingent consideration obligations, including earn-out and milestone payment arrangements associated with business combinations, are measured at fair value on a recurring basis and remeasured at each reporting date until the contingency is resolved. Changes in fair value of these liabilities are recognized within "change in fair value of contingent consideration" in the condensed consolidated statements of operations and may cause variability in our results of operations.

The valuation of these liabilities requires significant judgment because certain inputs are not directly observable in the market and are therefore classified as Level 3 measurements. We estimate the fair value of the contingent consideration liabilities primarily using scenario-based methods or Monte Carlo simulation models, depending on the terms and structure of the contingent consideration liability. These valuation methods require assumptions regarding projected performance targets, the probability of achieving the specified targets, the timing of expected payments, discount rates, and volatility assumptions. Changes in these assumptions could materially affect our results of operations.

Recent Accounting Pronouncements

There have been no material changes to our significant accounting policies as summarized in Note 2 of our 2025 Form 10-K. We do not expect that the adoption of any recent accounting pronouncements will have a material impact on our accompanying condensed consolidated financial statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report, as well as information included in oral statements or other written statements made or to be made by us, contain statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by words such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are neither historical facts nor assurances of future performance. These forward-looking statements are based on our current, reasonable expectations and assumptions, which expectations and assumptions are subject to risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in our 2025 Form 10-K, which was filed with the SEC on March 30, 2026. Given these risks and uncertainties, readers are cautioned not to place undue reliance on forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, except as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 229.10(f)(1) and are not required to provide information under this item. Although we are not required to provide the quantitative and qualitative disclosures about market risk required by this Item, we are exposed to certain market risks in the ordinary course of our business. In addition to the interest rate and foreign currency risks described in Part II, Item 7A of our 2025 Form 10-K, we are exposed to equity price risk related to our warrant liabilities, which are measured at fair value on a recurring basis. The fair value of the warrant liabilities is primarily affected by changes in the market price of our common stock and other valuation assumptions. Accordingly, changes in these inputs may result in non-cash gains or losses recognized in our condensed consolidated statements of operations. Additional information regarding the fair value of the warrant liabilities is included in Note 12 - Fair Value Measurements of Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.

Except for the market risk associated with our warrant liabilities described above, there have been no material changes to our exposure to market risk for the nine months ended September 30, 2026 from those previously disclosed under "Quantitative and Qualitative Disclosures About Market Risk" contained in Part II, Item 7A of our 2025 Form 10-K.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of September 30, 2026. Based on that evaluation, the Company's Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of September 30, 2026.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2026, the Company continued to integrate recently acquired businesses into its control environment. As permitted by SEC guidance, companies are permitted to exclude acquisitions from their final assessment of internal control over financial reporting for a period not to exceed one year from the date of acquisition. Management has not yet completed its assessment of the internal control over financial reporting of certain recently acquired businesses. The Company expects to continue implementing changes to its internal control over financial reporting as the integration of these acquired businesses progresses. Additional information regarding the Company's acquisitions is included in Note 5, Goodwill and Acquisitions – of Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.

Except as described above, there were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

For information related to our legal proceedings, refer to Note 15 —Commitments and Contingencies of Item 1, “Financial Statements” of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

Our business, financial condition, operating results, and cash flows may be impacted by a number of factors, many of which are beyond our control, including those set forth in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on March 30, 2026 (the “2025 Form 10-K”), the occurrence of any one of which could have a material adverse effect on our actual results.

There have been no material changes to the Risk Factors previously disclosed in the 2025 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Securities

During the quarter ended September 30, 2026, the Company issued shares of its common stock and other equity linked-securities in transactions that were not registered under the Securities Act of 1933, as amended (the "Securities Act"). These issuances occurred primarily in connection with business combination transactions. All sales of unregistered securities during the quarter ended September 30, 2026 were previously disclosed in a Current Report on Form 8-K except the following:

Pursuant to the Nasdaq Listing Rule 5635(c)(4) inducement grant exception, in connection with the acquisition of High Point UAS, LLC, the parent of DZYNE Technologies, LLC (the "Dzyne Acquisition"), on July 2, 2026, the Company issued inducement grants of restricted stock units ("RSUs") representing 500,000 shares of the Company's common stock and stock options (“Options”) exercisable for 1,500,000 shares of the Company's common stock with an exercise price of $7.92 per share to a total of 255 employees newly-hired in connection with the Dzyne Acquisition. The RSUs and Options vest over 3 years, subject to the applicable employee's continued employment with the Company.

Pursuant to the Nasdaq Listing Rule 5635(c)(4) inducement grant exception, in connection with the acquisition of Cyberhawk Holdings Limited (the "Cyberhawk Acquisition"), on August 10, 2026, the Company issued inducement grants of RSUs representing 1,601,593 shares of the Company's common stock and Options exercisable for 1,290,000 shares of the Company's common stock with an exercise price of $9.11 per share to a total of 47 employees newly-hired in connection with the Cyberhawk Acquisition. RSUs representing (i) 1,097,687 shares of the Company's common stock vest semi-annually over two years following the closing date, subject to the applicable employee's continued employment with the Company, (ii) 460,000 shares of the Company's common stock vest one-third on August 10, 2027 and subsequently in eight equal quarterly installments, subject to the applicable employee's continued employment with the Company, and (iii) 43,906 shares of the Company's common stock vest on the closing date of the Cyberhawk Acquisition. Options representing 1,290,000 shares of the Company's common stock vest one-third on August 10, 2027 and subsequently in twenty-four equal monthly installments, subject to the applicable employee's continued employment with the Company.

Under the Ondas Inc. 2026 Inducement Plan (the "Inducement Plan") pursuant to the Nasdaq Listing Rule 5635(c)(4) inducement grant exception, in connection with the acquisition of Gate Technologies Ltd. and Bron Technologies sp. z.o.o (the "Gate and Bron Acquisition"), on September 14, 2026, the Company issued inducement grants of Options exercisable for 300,000 shares of the Company's common stock with an exercise price of $7.23 per share to a total of 41 employees newly-hired in connection with the Gate and Bron Acquisition. The Options vest one-third on September 14, 2027 and subsequently in twenty-four equal monthly installments, subject to the applicable employee's continued employment with the Company.

Under the Inducement Plan pursuant to the Nasdaq Listing Rule 5635(c)(4) inducement grant exception, in connection with the acquisition of the following businesses: Insignito Solutions Ltd., CaribouLabs Ltd., and Ottopia Technologies Ltd. (the "September Acquisitions"), on September 23, 2026, the Company issued inducement grants of RSUs representing 2,979,063 shares of the Company's common stock and Options exercisable for 80,000 shares of the Company's common stock with an exercise price of $7.72 per share to a total of 37 newly-hired employees in connection with the September Acquisitions. RSUs representing (i) 222,727 shares of the Company's common stock vest in eight (8) equal quarterly installments over two years following the closing date, subject to the applicable employee's continued employment with the Company; (ii) 1,866,061 shares of the Company's common stock vest one-third on September 23, 2027 and subsequently in eight equal quarterly installments, subject to the applicable employee's continued employment with the Company; and (iii) 890,275 shares of the Company's common stock vest on the closing date of the September Acquisitions. Options representing 80,000 shares of the Company's common stock vest one-third on September 23, 2027 and subsequently in twenty-four equal monthly installments, subject to the applicable employee's continued employment with the Company.

No cash consideration was received by the Company in connection with the grants of the RSUs and Options described above. The securities were issued in reliance upon the exemption from registration afforded by Section 4(a)(2) of the Securities Act as transactions not involving a public offering.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits

Exhibit No.	Name of Document
2.1+	Share Purchase Agreement, dated September 14, 2026, by and among the Company, Gate Technologies Ltd ("Gate"), Bron Technologies sp. z.o.o ("Bron"), Gate's shareholders listed on Exhibit B-1 thereto, Bron's shareholders listed on Exhibit B-2 thereto, and Adv. Amir Geva (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 14, 2026).
2.2+	Unit Purchase Agreement, dated July 2, 2026, by and among the Company, High Point UAS, LLC, Highlander Partners Defense, LLC, DZYNE Management Holdings, LLC, High Flight Corporation, and Highlander Partners Defense, LLC, in its capacity as the Sellers Representative (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 6, 2026).
4.1	Form of Inducement Award Grant Restricted Stock Unit Agreement (Dzyne Technologies, LLC) (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on August 10, 2026).
4.2	Form of Inducement Award Grant Restricted Stock Unit Agreement (Cyberhawk Holdings Limited) (UK Template) (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on August 10, 2026).
4.3	Form of Inducement Award Grant Restricted Stock Unit Agreement (Cyberhawk Holdings Limited) (US Template) (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on August 10, 2026).
4.4	Form of Inducement Award Grant Restricted Stock Unit Agreement (Cyberhawk Holdings Limited) (2nd UK Template) (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on August 10, 2026).
4.5	Form of Inducement Award Grant Restricted Stock Unit Agreement (Cyberhawk Holdings Limited) (2nd US Template) (incorporated by reference to Exhibit 4.6 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on August 10, 2026).
4.6	Form of Inducement Award Grant Stock Option Agreement (Dzyne Technologies, LLC) (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on August 10, 2026).
4.7	Form of Inducement Award Grant Stock Option Agreement (Cyberhawk Holdings Limited) (incorporated by reference to Exhibit 4.8 to the Company's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on August 10, 2026).
10.1#	Ondas Inc. 2026 Inducement Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed by the Company with the SEC on August 7, 2026).
10.2	Registration Rights and Lock-Up Agreement, dated July 2, 2026, by and among the Company and the Sellers (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed by the Company with the SEC on July 6, 2026).
31.1	Certification of Chief Executive Officer of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a) dated November 12, 2026*.
31.2	Certification of Chief Financial Officer of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a) dated November 12, 2026*.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 dated November 12, 2026**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 dated November 12, 2026**
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.

101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** This certification is being furnished and shall not be deemed "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.
+ Schedules and Exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule upon request.
# Management Compensatory Plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATE: November 12, 2026

ONDAS INC.

By: /s/ Eric A. Brock
Eric A. Brock
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Neil J. Laird
Neil J. Laird
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Eric A. Brock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ondas Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2026

/s/ Eric A. Brock
Eric A. Brock
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Neil J. Laird, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ondas Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2026

/s/ Neil J. Laird
Neil J. Laird
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ondas Inc. (the "Company") on Form 10-Q for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric A. Brock, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2026

/s/ Eric A. Brock
Eric A. Brock
Chairman and Chief Executive Officer
(Principal Executive Officer)

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ondas Inc. (the "Company") on Form 10-Q for the period ended September 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Neil J. Laird, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 12, 2026

/s/ Neil J. Laird
Neil J. Laird
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this certification has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.