

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **August 14, 2023**

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

Nevada
(State or other jurisdiction
of incorporation)

001-39761
(Commission File Number)

47-2615102
(IRS Employer
Identification No.)

411 Waverley Oaks Road, Suite 114, Waltham, MA 02452
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(888) 350-9994**

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock par value \$0.0001	ONDS	The Nasdaq Stock Market LLC, Tel Aviv Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by checkmark 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.

Item 2.02. Results of Operations and Financial Condition.

On August 14, 2023, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2023. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. A slide presentation, which includes supplemental information relating to the Company's financial results for the second quarter ended June 30, 2023, is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1 and Exhibit 99.2) is furnished and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. The information in Item 2.02 of this Current Report on Form 8-K (including Exhibit 99.1 and Exhibit 99.2) shall not be incorporated by reference into any filing under the Securities Act, or the Exchange Act, whether made before or after the date of this Current Report, regardless of any general incorporation language in the filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release, dated August 14, 2023.
99.2	Presentation, dated August 14, 2023.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 14, 2023

ONDAS HOLDINGS INC.

By: /s/ Eric A. Brock
Eric A. Brock
Chief Executive Officer



Ondas Holdings Reports Second Quarter 2023 Financial Results

Record revenues of \$5.5 million in Q2 2023 with over 800% growth driven by both Ondas Networks and Ondas Autonomous Systems business units

Strengthened balance sheet with \$25 million in capital raised from private and institutional investors in Q3

OAS entered new partnerships to distribute the Optimus System in the US, India and Saudi Arabia

Conference Call Scheduled for Today at 8:30 a.m. ET

WALTHAM, MA – August 14, 2023 - Ondas Holdings Inc. (Nasdaq: ONDS) (“Ondas” or the “Company”), a leading provider of private industrial wireless networks and commercial drone and automated data solutions, reported financial and operating results for the second quarter ended June 30, 2023.

“Ondas continues to demonstrate accelerating growth, highlighted by record revenues of \$5.5 million in the second quarter,” said Eric Brock, Ondas’ Chairman, CEO and President. “This momentum has allowed us to strengthen our balance sheet with \$25 million in growth capital from private and institutional investors. We believe Ondas is well positioned to continue driving adoption of our platform technologies across both Ondas Networks and Ondas Autonomous Systems (OAS) and ramp production to fulfill expected order growth over the next twelve to eighteen months.”

“At Ondas Networks, we had another record revenue quarter driven by shipments for customers. We are working actively with Siemens and the Class I Rails to further prepare for large-scale commercial deployments at 900 MHz. This activity is driving a growing order pipeline, and despite some recent production bottlenecks, we believe we are ready to deliver against an expected increase in customer demand.”

“OAS also recorded record revenues while continuing to demonstrate leadership with customers as we define solutions around public safety, drone as a first responder and smart city use cases. In addition to our activity in the United Arab Emirates (UAE), we have created new opportunities internationally which are highlighted by the recent announcements of our entrance into both India with our partner Aero A2Z and the Kingdom of Saudi Arabia via a strategic alliance with Saudi Excellence. We are also making significant progress in bringing the Optimus System to US markets, as evidenced by our recent announcements with MassDOT Aeronautics and Skyfire Consulting. Our customer pipeline is growing in all key verticals and globally.”

Q2 2023 and Recent Highlights – Ondas Networks

Revenues, Shipments and Development Progress

- Delivered \$1.5 million in product and development revenue in the second quarter with a new record delivery in product shipments to Siemens
- Secured \$15 million in financing from Charles & Potomac LLC with the final closing on August 11th; funding provides working capital to accelerate production, fulfill backlog and support the growth plan
- Engaged new contract manufacturer to increase production capacity and enhance Ondas Networks ability to address an expected increase in customer orders



- Ondas Networks and Siemens are in advanced planning and negotiations with certain Class I railroads for volume orders related to the 900 MHz network
- Continued development progress on the rail industry Network Controller for optimizing frequency usage along with new peer-to-peer technology to support advanced rail applications
- Continued to support MxV Rail and the Association of American Railroads (AAR) for the integration of applications on 900 MHz
- Supporting the initial installation for a vital, mission-critical communications link at a rail crossing for a Class I Rail on 900 MHz
- Advanced the development program for Siemens’ new on-locomotive radio platform in Europe
- Responded to two major network proposals to supply radio platforms for passenger and transit carriers on the US Northeast Rail Corridor

Stewart Kantor, Ondas Networks Founder, President and CFO, commented, “Ondas Networks has seen a significant increase in field activity as planning and contract negotiations progress with customers since the selection of IEEE 802.16 for the 900 MHz network by the rail industry. With the \$15 million investment in Ondas Networks announced in July, we are now investing for large-scale production capacity by leveraging highly qualified contract manufacturers. We feel we are well positioned to capitalize on the growth opportunity ahead.”

Q2 2023 and Recent Highlights – Ondas Autonomous Systems (OAS)

Customer & Financial Activity

- Delivered \$4.0 million of revenue in Q2 driven by success with customers in the UAE
- Airobotics successfully completed a proof-of-concept (PoC) program with the Optimus Urban Drone Infrastructure at an industrial facility in Abu Dhabi in June 2023; completion of the program with OAS’s UAE-based partner SkyGo was a significant milestone in advancing a \$3.5 million multi-system deal previously announced in February 2023
- Airobotics secured a renewed and expanded annual service agreement for ongoing maintenance of the Optimus Systems currently operated by a local government entity in Dubai where Optimus has conducted thousands of flights over highly populated areas; the new service agreement includes ongoing support services and the development of new features that will be implemented across the installed fleet of the Optimus Urban Drone Infrastructure across the city of Dubai
- American Robotics secured a fully funded agreement with Massachusetts Department of Transportation Aeronautics Division (MassDOT Aeronautics) to implement autonomous drone technology across the state of Massachusetts; this PoC program commences in the second half of 2023 and is intended to showcase the capabilities of the Optimus System for data collection and safety of critical infrastructure operators in key areas such as rail inspections, port operations, wetlands assessments, and incident response while reducing operational expenses for multiple state entities

Strategic Activity

- The US Federal Aviation Administration (FAA) approved the noise certification standards for the Optimus-1EX system, the final major step towards completing the Type Certification process that will allow the Optimus System to operate more broadly in urban environments in the US

- American Robotics entered a strategic partnership with Skyfire Consulting whereby Skyfire will bring the Optimus System advanced autonomous drone solutions and services to public safety and Drone First Responder (DFR) markets in the US where Skyfire is focused on supporting first responders, military, US Department of Defense (DOD), and critical infrastructure through the use of drone technology, and specifically, DFR programs



- OAS expanded into the Kingdom of Saudi Arabia (KSA) as Airobotics entered into Strategic Alliance Agreement with Saudi Excellence whereby the companies agreed to jointly establish a KSA office in order to localize and develop an ecosystem around Airobotics autonomous drone operations and provide aerial data solutions to local governmental and commercial entities
- OAS expanded into the Indian market via a strategic partnership between Airobotics and Aero A2Z Services Pvt. Ltd., an Indian vendor specialized in technology, aviation, and defense; Aero A2Z Services will offer Optimus System Unmanned Aerial Systems (UAS) and Iron Drone Counter-UAS (C-UAS) solutions for smart cities, government, and industrial entities in India
- Eric Brock was named to the Board of Directors of the Commercial Drone Alliance (CDA); the CDA advocates for the commercial use of drones and promotes US global leadership in advanced aviation

OAS President Meir Kliner commented, "Ondas Autonomous Systems had a strong quarter executing across several fronts including expanded commercial activity in the UAE, Israel, and now in India and Saudi Arabia with our recently announced in country partnerships. In addition, we are making considerable progress in opening the US market for Optimus as we move closer to receiving Type Certification for our Optimus platform from the FAA. As we enter the domestic US market, we see demand with government and industrial markets including oil and gas and believe partnerships such as our recently announced deal with Skyfire Consulting to enter public safety and DFR markets will be helpful in driving faster and broader adoption."

Second Quarter 2023 Financial Results

Revenues increased to \$5.5 million for the three months ended June 30, 2023, compared to \$0.6 million for the three months ended June 30, 2022. The more than 800% increase in revenue was primarily due to significantly higher product revenues as customers adopt our technology platforms at both Ondas Networks and OAS.

Gross profit increased to \$3.1 million for the three months ended June 30, 2023, compared to \$0.3 million for the three months ended June 30, 2022. Gross margin improved to 56.2% for the three months ended June 30, 2022, compared to 52.7% for the three months ended June 30, 2022. The margin is driven by a large proportion of high margin product sales in the revenue mix. Gross margins can be volatile on a quarter-to-quarter basis due to low revenue levels and shifts in revenue mix between product, development, and services revenues.

Operating expenses declined to \$11.6 million for the three months ended June 30, 2023, as compared to \$11.7 million for the three months ended June 30, 2022. This slight decline occurred despite elevated expenses relating to the addition of Airobotics and the establishment of our OAS business unit that were not incurred in the second quarter of 2022 and reflects the reduction in operating costs and expense controls at OAS after the Airobotics acquisition and integration in January 2023 which continued into the second quarter. Cash operating expenses during the second quarter of 2023 equaled \$8.8 million when excluding non-cash operating expenses during the period including \$1.6 million in stock-based compensation and \$1.2 million in depreciation and amortization.

The Company realized an operating loss of \$8.5 million for the three months ended June 30, 2023, compared to a loss of \$11.4 million for the three months ended June 30, 2022. The lower operating loss was primarily driven by the increases in revenues and gross profits from product sales and also reflected lower costs at OAS due to the integration of American Robotics and Airobotics. This was partially offset by Ondas Networks as investments in operations were increased in anticipation of product orders.



Net loss was \$9.0 million for the three months ended June 30, 2023, as compared to a net loss of \$11.4 million for the three months ended June 30, 2022. The lower net loss was primarily driven by the increases in revenues and gross profits from product sales and reflected lower costs at OAS due to the integration of American Robotics and Airobotics.

Excluding non-cash expenses, the Company realized an EBITDA loss of \$5.6 million for the three months ended June 30, 2023, as compared to \$8.8 million for the three months ended June 30, 2022.

First Half 2023 Financial Results

Revenues increased to \$8.1 million for the six months ended June 30, 2023, compared to \$1.0 million for the six months ended June 30, 2022. The more than 700% increase in revenue was primarily due to significantly higher product revenues as customers adopt our technology platforms at both Ondas Networks and OAS.

Gross profit increased to \$4.1 million for the six months ended June 30, 2023, compared to \$0.4 million for the six months ended June 30, 2022. Gross margin improved to 50.8% for the six months ended June 30, 2023, compared to 43.5% for the six months ended June 30, 2022. The margin is driven by a large proportion of high margin product sales in the revenue mix.

Operating expenses were \$25.2 million for the six months ended June 30, 2023, compared to \$21.8 million for the six months ended June 30, 2022. This increase is largely due to elevated costs at American Robotics, prior to the integration of Airobotics and the establishment of our Ondas Autonomous Systems business unit in January 2023. Restructuring costs, including costs to terminate certain development programs at American Robotics, and non-recurring professional fees related to the Airobotics acquisition also contributed to elevated expenses in the first half of 2023. Cash operating expenses during the first half of 2023 equaled \$19.9 million when excluding non-cash operating expenses during the period including \$2.9 million in stock-based compensation and \$2.4 million in depreciation and amortization.

The Company realized an operating loss of \$21.1 million for the six months ended June 30, 2023, compared to a loss of \$21.4 million for the six months ended June 30, 2022. The stable operating loss, despite a significant increase in revenue and gross profit, reflects the higher costs in the first quarter of 2023 which included elevated and non-recurring costs related to the acquisition of Airobotics and the establishment of the OAS business unit.

Net loss was \$23.4 million for the six months ended June 30, 2023, compared to a net loss of \$21.4 million for the six months ended June 30, 2022. While revenues and gross

profits were higher year-over-year, the increased loss was due to both elevated expenses in the first quarter related to the Airobotics acquisition and OAS integration, and higher interest costs related to the convertible notes issued in October 2022.

Excluding non-cash expenses, the Company realized an EBITDA loss of \$15.8 million for the six months ended June 30, 2023, as compared to \$16.5 million for the six months ended June 30, 2022. The lower EBITDA loss was the result of an increase in revenue and gross profits in the first half of 2023.

The Company held cash and cash equivalents of \$3.1 million as of June 30, 2023, compared to \$29.8 million as of December 31, 2022. The decline in cash and cash equivalents is the result of operating losses incurred during the first half of 2023 in addition to \$5.5 million of cash used to repay debt and \$6.1 million of cash used for an increase in working capital. Subsequent to June 30, 2023, the Company raised \$25.0 million in gross cash proceeds through the sale of convertible notes and Ondas Networks preferred stock. Pro forma for these financings and net of transaction expenses, the Company would have had \$27.1 million of cash as of June 30, 2023.



Operational and Financial Outlook for 2023

Ondas has lowered its revenue outlook for the full year 2023 from the original \$26 million to \$30 million target range due to a slower than expected ramp in systems production at Ondas Networks. The slower production ramp was related to component availability challenges that were exacerbated working capital limitations which created bottlenecks to ordering long lead time components. Ondas Networks believes that recent improvements in component availability and the engagement of a highly qualified contract manufacturer, along with the \$15 million working capital provided by the recently announced financing, will allow for production to reaccelerate in the second half of 2023 and into 2024. Increased systems production is expected to coincide with an increase in expected purchase orders from Siemens on behalf of rail customers.

OAS remains on track to meet its original revenue growth objectives for 2023, which will be supported by continued customer engagement in the UAE as well as new customer activity expected in the US and other key global markets. Growth in the US is expected to be further supported by the expected receipt of the FAA's Type Certification for the Optimus System in the third quarter of 2023.

For the second half of 2023, Ondas expects to generate at least \$7.0 million in revenue across its business units resulting in a full year 2023 revenue target of \$15 million, a more than 6-fold increase over full year 2022 revenues of \$2.1 million. We continue to expect substantial growth in 2024 as commercial adoption scales at both Ondas Networks and OAS.

Revenue growth is expected to fluctuate quarter-to-quarter given the uncertainty around the timing of customer activity, both related to orders and equipment production in connection with the commercial rollout for the 900 MHz Rail network and the timing of OAS's orders and deliveries to the UAE and US customers.

Earnings Conference Call & Audio Webcast Details

Date: Monday, August 14, 2023
Time: 8:30 a.m. Eastern time
Toll-free dial-in number: 844-883-3907
International dial-in number: 412-317-5798
Call participant pre-registration link: [here](#)

The Company encourages listeners to pre-register, which allows callers to gain immediate access and bypass the live operator. Please note that you can register at any time during the call. For those who choose not to pre-register, please call the conference telephone number 10-15 minutes prior to the start time, at which time an operator will register your name and organization.

The conference call will also be broadcast live and available for replay here and via the investor relations section of the Company's website at ir.ondas.com. A replay will be accessible from the investor relations website after completion of the event.

About Ondas Holdings Inc

Ondas Holdings Inc. ("Ondas") is a leading provider of private wireless data solutions via Ondas Networks Inc. ("Ondas Networks") and commercial drone solutions through American Robotics, Inc. ("American Robotics" or "AR") and Airobotics LTD ("Airobotics"), which we operate as a separate business unit called Ondas Autonomous Systems.



Ondas Networks is a developer of proprietary, software-based wireless broadband technology for large established and emerging commercial and government markets. Ondas Networks' standards-based (802.16s), multi-patented, software-defined radio FullMAX platform enables Mission-Critical IoT (MC-IoT) applications by overcoming the bandwidth limitations of today's legacy private licensed wireless networks. Ondas Networks' customer end markets include railroads, utilities, oil and gas, transportation, aviation (including drone operators) and government entities whose demands span a wide range of mission critical applications.

Our Ondas Autonomous Systems business unit designs, develops, and markets commercial drone solutions via the Optimus System and the Iron Drone Raider™ (the "Autonomous Drone Platforms"). The Autonomous Drone Platforms are highly automated, AI-powered drone systems capable of continuous, remote operation and are marketed as "drone-in-a-box" turnkey data solution services. They are deployed for critical industrial and government applications where data and information collection and processing are required. The Autonomous Drone Platforms are typically provided to customers under a Robot-as-a-Service (RAAS) business model. American Robotics and Airobotics have industry leading regulatory successes which include having the first drone system approved by the FAA for automated operation beyond-visual-line-of-sight (BVLOS) without a human operator on-site. Ondas Networks, American Robotics and Airobotics together provide users in oil & gas, rail, mining, public safety and other critical infrastructure and government markets with improved connectivity and data collection and information processing capabilities.

For additional information on Ondas Holdings, visit www.ondas.com or follow Ondas Holdings on Twitter and LinkedIn. For additional information on Ondas Networks, visit www.ondasnetworks.com or follow Ondas Networks on Twitter and LinkedIn. For additional information on American Robotics, visit www.american-robotics.com or follow American Robotics on Twitter and LinkedIn. For additional information on Airobotics, visit www.airoboticsdrones.com or follow Airobotics on Twitter and LinkedIn.



Non-GAAP Financial Measure

As required by the rules of the Securities and Exchange Commission (“SEC”), we provide a reconciliation of EBITDA, the non-GAAP financial measure, contained in this press release to the most directly comparable measure under GAAP, which reconciliation is set forth in the table below.

We believe that EBITDA facilitates analysis of our ongoing business operations because it excludes items that may not be reflective of, or are unrelated to, the Company’s core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. Other companies may calculate EBITDA differently, and therefore our measures may not be comparable to similarly titled measures used by other companies. EBITDA should only be used as supplemental measures of our operating performance.

We believe that EBITDA improves comparability from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments as set out in the table below, which management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses.

Management uses EBITDA in making financial, operating, and planning decisions and evaluating the Company’s ongoing performance.

Forward-Looking Statements

Statements made in this release that are not statements of historical or current facts are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. We caution readers that forward-looking statements are predictions based on our current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. Our actual results, performance, or achievements could differ materially from those expressed or implied by the forward-looking statements as a result of a number of factors, including the risks discussed under the heading “Risk Factors” discussed under the caption “Item 1A. Risk Factors” in Part I of our most recent Annual Report on Form 10-K or any updates discussed under the caption “Item 1A. Risk Factors” in Part II of our Quarterly Reports on Form 10-Q and in our other filings with the SEC. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise that occur after that date, except as required by law.

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ONDAS HOLDINGS INC. CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2023	December 31, 2022
	(Unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,063,905	\$ 29,775,096
Restricted cash	40,811	-
Accounts receivable, net	4,912,902	104,276
Inventory, net	2,907,263	2,173,017
Note receivable	-	2,000,000
Other current assets	2,165,063	1,749,613
Total current assets	<u>13,089,944</u>	<u>35,802,002</u>
Property and equipment, net	<u>5,691,432</u>	<u>3,023,285</u>
Other Assets:		
Goodwill, net	27,671,921	25,606,983
Intangible assets, net	33,448,239	28,863,773
Long-term equity investment	1,500,000	1,500,000
Deposits and other assets	419,609	218,206
Operating lease right of use assets	2,740,434	2,930,996
Total other assets	<u>65,780,203</u>	<u>59,119,958</u>

Total assets	\$ 84,561,579	\$ 97,945,245
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 4,890,428	\$ 2,965,829
Operating lease liabilities	614,227	580,593
Accrued expenses and other current liabilities	2,874,396	3,268,993
Convertible note payable, net of unamortized debt discount and issuance cost of \$1,171,661 and \$2,303,664, respectively	20,280,629	15,849,445
Government grant liability	248,012	-
Deferred revenue	142,635	61,508
Total current liabilities	<u>29,050,327</u>	<u>22,726,368</u>
Long-Term Liabilities:		
Notes payable	300,000	300,000
Convertible notes payable, net of current, net of unamortized debt discount and issuance cost of \$404,964 and \$948,201, respectively	1,595,036	14,198,690
Accrued interest	40,544	40,965
Government grant liability, net of current	1,763,556	-
Operating lease liabilities, net of current	2,294,323	2,456,315
Total long-term liabilities	<u>5,993,459</u>	<u>16,995,970</u>
Total liabilities	<u>35,043,786</u>	<u>39,722,338</u>
Commitments and Contingencies (Note 11)		
Stockholders' Equity		
Preferred stock - par value \$0.0001; 5,000,000 shares authorized at June 30, 2023 and December 31, 2022, respectively, and none issued or outstanding at June 30, 2023 and December 31, 2022, respectively	-	-
Preferred stock, Series A - par value \$0.0001; 5,000,000 shares authorized at June 30, 2023 and December 31, 2022, respectively, and none issued or outstanding at June 30, 2023 and December 31, 2022, respectively	-	-
Common Stock - par value \$0.0001; 116,666,667 shares authorized; 52,451,402 and 44,108,661 issued and outstanding, respectively June 30, 2023 and December 31, 2022, respectively	5,245	4,411
Additional paid in capital	226,441,379	211,733,690
Accumulated deficit	(176,928,831)	(153,515,194)
Total stockholders' equity	<u>49,517,793</u>	<u>58,222,907</u>
Total liabilities and stockholders' equity	<u>\$ 84,561,579</u>	<u>\$ 97,945,245</u>



**ONDAS HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended	
	June 30,	
	2023	2022
	(Unaudited)	
Revenues, net	\$ 5,468,964	\$ 604,219
Cost of goods sold	2,397,188	285,639
Gross profit	<u>3,071,776</u>	<u>318,580</u>
Operating expenses:		
General and administration	5,316,848	6,090,053
Sales and marketing	1,743,588	731,246
Research and development	4,508,005	4,870,369
Total operating expenses	<u>11,568,411</u>	<u>11,691,668</u>
Operating loss	<u>(8,496,665)</u>	<u>(11,373,088)</u>
Other income (expense), net		
Other income (expense), net	103,604	(6,871)
Interest income	-	-
Interest expense	(541,393)	(11,466)
Foreign exchange gain (loss), net	(23,632)	-
Total other income (expense), net	<u>(461,421)</u>	<u>(18,337)</u>
Loss before provision for income taxes	(8,958,086)	(11,391,425)
Provision for income taxes	-	-
Net loss	<u>\$ (8,958,086)</u>	<u>\$ (11,391,425)</u>
Net loss per share - basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.27)</u>
Weighted average number of common shares outstanding, basic and diluted	<u>51,112,218</u>	<u>42,167,548</u>



**ONDAS HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended	
	June 30,	
	2023	2022
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (23,413,637)	\$ (21,401,824)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Depreciation	412,625	127,036
Amortization of debt discount	1,785,414	-
Amortization of intangible assets	2,038,793	1,822,236
Amortization of right of use asset	529,666	400,370
Loss of intellectual property	12,223	11,095
Stock-based compensation	2,903,225	2,883,579
Change in fair value of government grant liability	(72,381)	-
Changes in operating assets and liabilities:		
Accounts receivable	(4,696,381)	947,916
Inventory	760,461	(91,403)
Other current assets	387,339	(49,988)
Deposits and other assets	(138,552)	-
Accounts payable	955,357	(34,465)
Deferred revenue	(1,521,408)	(312,734)
Operating lease liability	(513,808)	(263,884)
Accrued expenses and other current liabilities	(1,293,713)	660,063
Net cash flows used in operating activities	<u>(21,864,777)</u>	<u>(15,302,003)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Patent costs	(49,634)	(25,544)
Purchase of equipment	(65,170)	(2,612,604)
Cash paid for Ardena Inc. asset acquisition	-	(900,000)
Cash paid for Iron Drone asset acquisition	(135,000)	-
Cash acquired on the acquisition of Airobotics Ltd.	1,049,454	-
Cash paid for Field of View LLC asset acquisition	(104,166)	-
Net cash flows provided by (used in) investing activities	<u>695,484</u>	<u>(3,538,148)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of shares under ATM agreement	-	6,039,105
Proceeds from exercise of options and warrants	701	-
Payments on convertible notes payable	(4,354,911)	-
Payments on government grant liability	(6,576)	-
Payments on loan payable	(1,140,301)	-
Net cash flows used in financing activities	<u>(5,501,087)</u>	<u>6,039,105</u>
Decrease in cash, cash equivalents, and restricted cash	(26,670,380)	(12,801,046)
Cash, cash equivalents, and restricted cash, beginning of period	29,775,096	40,815,123
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 3,104,716</u>	<u>\$ 28,014,077</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 155,342	\$ 4,003
Cash paid for income taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING ACTIVITIES:		
Common stock and warrants in relation to acquisition of Airobotics, Ltd.	\$ 5,962,628	\$ -
Common stock in relation to acquisition of Iron Drone, Ltd.	\$ 85,800	\$ -
Common stock exchanged for debt repayment	\$ 5,756,169	\$ -
Non-cash consideration for purchase of intangible asset	\$ -	\$ 5,943,600
Operating leases right-of-use assets obtained in exchange of lease liabilities	\$ -	\$ 2,928,911



**ONDAS HOLDINGS INC.
RECONCILIATIONS**

	Three Months Ended	
	June 30,	
	2023	2022
	(Unaudited)	
EBITDA RECONCILIATION:		
Net loss	\$ (8,958,086)	\$ (11,391,425)
Depreciation expense	160,081	87,402
Amortization of debt discount/interest expense	461,421	18,337
Amortization of intangible assets	1,059,955	966,910
Stock-based compensation	1,639,869	1,555,184
EBITDA	<u>\$ (5,636,760)</u>	<u>\$ (8,763,592)</u>
	Six Months Ended	
	June 30,	
	2023	2022
	(Unaudited)	
EBITDA RECONCILIATION:		
Net loss	\$ (23,413,637)	\$ (21,401,824)
Depreciation expense	412,625	127,036
Amortization of debt discount/interest expense	2,264,293	37,403
Amortization of intangible assets	2,038,793	1,822,236
Stock-based compensation	2,903,225	2,883,579
EBITDA	<u>\$ (15,794,701)</u>	<u>\$ (16,531,570)</u>



Disclaimer

This presentation may contain "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 (PSLRA), which statements may be identified by words such as "expects," "projects," "will," "may," "anticipates," "believes," "should," "intends," "estimates," and other words of similar meaning. Ondas Holdings Inc. ("Ondas" or the "Company") cautions readers that forward-looking statements are predictions based on its current expectations about future events. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and assumptions that are difficult to predict. The Company's actual results, performance, or achievements could differ materially from those expressed or implied by the forward-looking statements as a result of a number of factors, including, the risks discussed under the heading "Risk Factors" in the Company's most recent Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC"), in the Company's Quarterly Reports on Form 10-Q filed with the SEC, and in the Company's other filings with the SEC. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise that occur after that date, except as required by law.

Non-GAAP Financial Measure

As required by the rules of the Securities and Exchange Commission (“SEC”), we provide a reconciliation of EBITDA, the non-GAAP financial measure, contained in this presentation to the most directly comparable measure under GAAP, which reconciliation is set forth in the table included in the Appendix of this presentation.

We believe that EBITDA facilitates analysis of our ongoing business operations because it excludes items that may not be reflective of, or are unrelated to, the Company’s core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. Other companies may calculate EBITDA differently, and therefore our measures may not be comparable to similarly titled measures used by other companies. EBITDA should only be used as supplemental measures of our operating performance.

We believe that EBITDA improves comparability from period to period by removing the impact of our asset base (depreciation and amortization) and other adjustments as set out in the table included in the Appendix of this presentation, which management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses.

Management uses EBITDA in making financial, operating and planning decisions and evaluating the Company’s ongoing performance.

Leadership Team

ONDAS
HOLDINGS INC.



ERIC BROCK
CHAIRMAN & CEO

Eric is an entrepreneur with over 25 years of management and investing experience.

ONDAS
HOLDINGS INC.



DEREK REISFIELD
CFO

Derek is an experienced executive with over 30 years experience with entrepreneurial growth companies, as well as executive roles with Fortune 500 companies.

ONDAS
AUTONOMOUS SYSTEMS



MEIR KLINER
PRESIDENT

Meir is an entrepreneur with over 20 years of proven track record in aerospace development and manufacturing.

ONDAS
NETWORKS



STEWART KANTOR
PRESIDENT & CFO

Stewart brings over 20 years of experience in the wireless industry to Ondas Networks.

Agenda

Ondas on track for a breakout 2023

- Introduction
- Financial Review & Outlook
- Business Update
 - Ondas Networks
 - Ondas Autonomous Systems (OAS)
- Closing Remarks
- Q&A



5

Introduction

Record revenue signals strong start to 2023

- **\$5.5M revenue delivered in Q2; \$8.1M revenue year-to-date**
- Strengthened balance sheet with **\$25M in growth capital** raised from private and institutional investors
- **Field activity with Class I rails advanced**; pipeline is growing with **900 MHz migration deadlines coming closer**
- Urban autonomous drone **fleet installations** progressed with SkyGo POC completion; new partners announced in India and Saudi Arabia
- **US industrial and government** customers and ecosystem partners are emerging starting with MassDOT Aeronautical and Skyfire
- Increased scale, revenue growth, and disciplined OPEX management, leading to significantly **lower quarterly cash burn**



6

Balance Sheet Fortified

Ondas secured \$25 million in growth capital from private and institutional investors

- **C&P Group led \$15 million investment in Ondas Networks via Convertible Preferred Shares in the Subsidiary**
 - Ondas Holdings pro forma ownership of Ondas Networks is now approximately 72%
 - Investor group received 10.2 million warrants to purchase shares of Ondas Holdings
- **Ondas Holdings added \$10 million (gross proceeds, net of OID) in convertible notes due July 2025**
 - Provides liquidity for holding company and scaling of OAS
 - Maturity of original convertible notes extended through April 2025 (from October 2024);
 - Conversion price
 - April 2025 Notes: ~ \$1.51 per share
 - July 2025 Notes: ~ \$1.45 per share

C&P INVESTMENT PROVIDES GROWTH CAPITAL AND VALIDATION FROM A SOPHISTICATED, STRATEGIC INVESTOR GROUP

- Removes capital overhang
- Fully funds Ondas Networks growth plan
- Accelerates production & revenue growth
- Maintains control of Ondas Networks to drive and participate in long-term value creation for shareholders



Financial Review

Q2 2023

SELECT P&L DATA (Unaudited)	Three Months Ended June 30,	
	2023	2022
Revenues, net	\$ 5,468,964	\$ 604,219
Cost of goods sold	2,397,188	285,639
Gross profit	3,071,776	318,580
Total operating expenses	11,568,441	11,691,668
Operating loss	\$ (8,496,665)	\$ (11,373,088)
SUPPLEMENTAL INFO:		
Depreciation expense	\$ 160,081	\$ 87,402
Amortization of Intangible Assets	1,059,955	966,910
Stock-based compensation	1,639,869	1,555,184
Total	\$ 2,859,905	\$ 2,609,496
EBITDA⁽¹⁾	\$ (5,636,760)	\$ (8,763,592)

⁽¹⁾ Earnings (Loss) before interest, depreciation, amortization, stock-based compensation, taxes, and amortization of debt discount

KEY FINANCIAL INSIGHTS:

- P&L reflects early stage of initial platform adoption for Ondas Networks and OAS
- Record revenue in both business units
 - OAS generated \$4.0 million of revenue with SkyGo POC completed
 - Ondas Networks generated \$1.5 million driven by increased shipments to Siemens
- EBITDA improvement driven by revenue and gross profit growth and expense controls
- OPEX includes:
 - Total non-cash expenses of \$2.9 million for Q2 2023 and \$2.6 million for Q2 2022
 - Elevated costs related to integrating American Robotics and Airobotics under OAS expected to normalize in Q3

Financial Review

Select Cashflow Data – 1H 2023

SELECT CASH FLOW DATA (Unaudited)	Six Months Ended June 30,			
	2023		2022	
Net cash flows used in operating activities	\$	(21,864,777)	\$	(15,302,003)
Net cash flows provided by (used in) investing activities		695,484		(3,538,148)
Net cash flows provided by (used in) financing activities		(5,501,087)		6,039,105
Decrease in cash and cash equivalents		(26,670,380)		(12,801,046)
Cash and cash equivalents and restricted cash, beginning of period		29,775,096		40,815,123
Cash and cash equivalents and restricted cash, end of period	\$	3,104,716	\$	28,014,077

KEY FINANCIAL INSIGHTS:

- Pro forma cash balance of \$27.1 million adjusted for recent financings
- Cash burn reflects:
 - Operating loss which includes certain one-off and non-recurring costs
 - Working capital investment of \$6.1 million related to inventory and receivables build
- Repayment of indebtedness of \$5.5 million related to Convertible Note amortization and retirement of loan of Airobotics at closing
- Businesses remain capital light from a CapEx perspective

Pro Forma Balance Sheet

Adjusted for Recent Financings

(Unaudited)	ACTUAL	AS ADJUSTED
	June 30, 2023	June 30, 2023
Cash and cash equivalents	\$3,063,905	\$27,063,905
Other debt	\$300,000	\$300,000
Convertible Notes due April 2025	\$21,875,665	\$21,875,665
Convertible Notes due July 2025	---	\$9,200,000
Minority Interest (C&P Group)	---	\$5,417,792
Stockholders' Equity	\$49,517,793	\$58,900,001

KEY FINANCIAL INSIGHTS:

- Balance sheet fortified by new investment at Ondas Holdings and Ondas Networks
- Minority interest represents C&P Group approximate 28% ownership of Ondas Networks
- Convertible notes amortize monthly through maturity via equity issuance or cash payments

Financial Outlook

Continue to see significant growth in 2023 and beyond

- **Slower production ramp at Ondas Networks will result in shortfall relative to earlier targets, due to:**
 - Component availability
 - Working capital tightness
- **Production has re-accelerated in Q3 at Ondas Networks**
 - Support from recent capital raise; scaling with contract manufacturer
 - Lead times dictate shipment capability and revenue recognition
- **OAS is on path to achieve previous expectations**
- **Target \$7.0 million of revenue in 2H 2023; \$15 million for full year 2023**
- **Expect Ondas Networks volume orders in second half 2023; significant revenue ramp still expected in 2024 and beyond for both business units**

LIQUIDITY OUTLOOK:

- Strong multi-year growth expected as platform adoption curves inflect higher
- \$25 million raised in July supports growth outlook
- Cash OPEX expected to be \$9.0 million in Q3
- Continue to maintain tight cost controls with focus on driving profitability

BUSINESS UNIT REVIEW



ONDAS
NETWORKS

ONDAS
AUTONOMOUS SYSTEMS

ONDAS

NETWORKS

900 MHz Migration in Motion

The dot16 adoption cycle starting in Rail and 900 MHz

RAILROADS BEGIN 900 MHz LAUNCH

\$1.5 MILLION

Generated record revenue
\$1.5 million

RECORD VOLUME

Record volume shipments to
Siemens

CLASS I RAILS

Engaged in field activity to
support commercial
deployment planning activities
and negotiations for volume
orders

MOMENTUM BUILDING

Industry momentum building
for orders and deployment
planning



Preparing for 900 MHz upgrade

2025 deadlines support expected order ramp

- **Ondas and Siemens engaged in field and purchasing groups**
 - Rail operations teams (e.g., C&S groups) with budgets and responsibility for network operations
 - Initial deployments focused on critical network and high traffic locations, as well as new "vital communications" end points such as railroad crossings
 - Siemens negotiating orders; pricing and deployment plans being outlined
- **MxV Rail continues to advance dot16 integration**
 - Network controller development
 - Expect engagement on other frequency bands
- **Scaling production; overcoming initial challenges**
 - Component tightness due to phase 1 production startup is alleviating
 - Recent financing provides working capital for inventory build
 - Transitioned to contract manufacturer to increase production capacity



Outlook for Ondas Networks

Production ramp accelerates; tracking major orders for 900 MHz

- **Grow revenue and orders**
 - Production will accelerate again with working capital and supply chain improvements
 - Contract manufacturer partner now engaged to scale
 - Plan to secure major volume orders in 2H 2023; build inventory in front of 900 MHz migration
- **Continue product and network development**
 - Siemens and Ondas field activity intensifying with increasing number of Class I Rails
 - Advancing product development programs; new opportunities emerge
 - Siemens UK for on-locomotive
 - Passenger and transit programs
- **Focus on cash efficiency; path to profitability**
 - Revenue and gross profit to scale and increasingly offset OPEX
 - Maintain culture of strong cost controls



ONDAS

AUTONOMOUS SYSTEMS

AIRBÖTICS

IRON
DRONE

AR AMERICAN
ROBOTICS

ONDAS
Holdings Inc.

Nasdaq: ONDS

Customer & Financial Activity

Significant revenue ramp demonstrates 2023 projected growth

- **Revenue growth commences**
 - Delivered \$4.0M revenue in Q2
 - Expect growth through 2023 and into 2024 via continued fleet expansion and addition of new customers
- **Fleet strategy scaling in The Gulf**
 - Successful completion of SkyGo POC in Abu Dhabi
 - Secured a renewed and expanded service agreement for ongoing support and system maintenance for installed Optimus fleet in Dubai
 - Strategic alliance in Saudi Arabia to establish drone infrastructure
- **Customer pipeline grows**
 - Marketing and customer qualification in U.S. progressing
 - Announced MassDOT and Skyfire established as early go-to-market customer and partner in US
 - Increased interest demonstrated from other regions as well



Strategic Activity

Advancing Product & Ecosystem

- **FAA Type Certification advancing; supports scaling with customers globally**
 - Received noise certification approval for Airobotics Optimus-1EX drone system; marking the final major step towards completing Type Certification
 - Allows for complex aerial missions over people, roads and critical infrastructure accelerating and broadening market entry into the US
- **International expansion beyond UAE and Israel**
 - Announced partnership and initial marketing activity in India with **Aero A2Z**
 - Announced entry into Kingdom of Saudi Arabia via strategic alliance with **Saudi Excellence**
- **Driving public policy initiatives**
 - Appointed to Board of Directors of Commercial Drone Alliance (CDA); CDA, collaborates closely with key policymakers at FAA, DOT, White House, and Congress to educate and champion the future of the drone industry

GAINING TRACTION IN UNITED STATES

- MassDOT POC expected to lead to permanent installations
 - Marketing to critical infrastructure operators across Massachusetts
 - Showcase for other state DOTs
- Skyfire partnership for fast growing Drone First Responder markets
 - Accelerates Public Safety drone infrastructure opportunity
 - Targeting police, fire with state, local and federal organizations

More customers in pipeline...



Outlook for OAS

Revenue ramp continues; on track to achieve 2023 objectives

- **Grow revenue and orders**
 - Continue to deliver on fleet deployments in UAE; expect to announce additional orders in 2023
 - Expect to announce additional milestones relating to U.S. expansion of Optimus and Iron Drone Raider
 - Advance new market expansion with local partners in Saudi Arabia and India
- **Accelerate US business development**
 - Leverage American Robotics US footprint to penetrate public safety, smart city and O&G and other industrial markets
 - Expand sales teams and pre-sales activities with larger number of customers and ecosystem partners
- **Build inventory**
 - Expect 10 new Optimus Systems to be manufactured and delivered by Q4 2023
 - 15 systems are on order; additional inventory build expected for 2024



Closing – Record Year Ahead

Leverage winner-take-most platforms

- **Ondas is beginning to monetize the significant investments in FullMAX™ and Optimus platforms**
 - Activity with Siemens and Class I Rails highlights improved visibility around customer adoption and deployment timelines
 - Fleet deployments of Optimus demonstrate long-term leadership in massive markets; U.S. expansion opens huge market
- **Revenue growth and cost controls drive path to profitability**
- **Continue to advance and define the solutions in the large markets we target**



Q&A

Appendix

EBITDA RECONCILIATION: <i>(Unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Net loss	\$ (8,958,086)	\$ (11,391,425)	\$ (23,413,637)	\$ (21,401,824)
Depreciation expense	160,081	87,402	412,625	127,036
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See the "Non-GAAP Financial Measure" section above.

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THANK YOU

ONDAS
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