



Mobix Earnings Call – December 19, 2024

[Investor Relations, Lori Barker]

Thank you. Good afternoon, everyone. I'm Lori Barker, Investor Relations for Mobix Labs, and I'd like to thank you for joining us today as we report Mobix's fiscal fourth quarter and 2024 financial results for the period ending September 30th. With me on the call today are Fabian Battaglia, Mobix's Chief Executive Officer; and Keyvan Samini, President and Chief Financial Officer. This call is simultaneously being webcast on the Investor Relations section of our website at mobixlabs.com.

Before we get started, I would like to remind everyone of our safe harbor policy. Comments made during this conference call and webcast contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties.

Any statement that refers to expectations, projections, or other characterizations of future events, including financial projections, future market conditions or future product enhancements or development, is a forward-looking statement. Mobix's actual future results could differ materially from those expressed in such forward-looking statements for any reason, including those listed in our SEC filings.

Mobix assumes no obligation to update any such forward-looking statements except as required by law.

For greater detail about risks and uncertainties, please see our SEC filings, including our Form 10-Q for the quarter ended June 30, 2024, and the section entitled "Risk Factors" in the Form S-1 filed on August 12, 2024.

In addition, this call includes non-GAAP financial measures. Reconciliations of these non-GAAP financial measures with the most directly comparable GAAP measures are included in our fourth quarter earnings release posted on the Investor Relations section of our website.

With that, I will turn the call over to Fabian Battaglia. Fabian, please go ahead.



[CEO, Fabian Battaglia]

Thank you, Lori. I am pleased to announce a successful fourth quarter that caps off Mobix Labs' results as we approach our first fiscal year as a public company. It is an exciting time as we unleash the performance of next-generation Wireless, Sensing and Connectivity solutions. I'm proud of our team's execution as we quickly grow the breadth of our offerings through organic growth and synergistic accretive acquisitions. Integrating employees and technologies is part of our core DNA, and shaping tomorrow's connectivity is front and center for all Mobix employees.

In the fourth quarter, we executed on our plan, and we grew revenue sequentially by 44% for a full-year fiscal growth rate of 426%. Also, gross margin increased as we integrated RaGE Systems and continued working on synergies and a more favorable mix of products and engineering services.

We closed out the fiscal year with strong bookings, which positions us well for our next fiscal year, and Mergers and Acquisitions at Mobix Labs will continue to be in the news as we diversify our technology portfolio. Our recently announced letter of intent to acquire Spacecraft Components is an excellent example of our attractive funnel of M&A opportunities.

Spacecraft is a leader in high-precision, mission-critical components for aerospace, defense, and commercial applications. Also, they are recognized for their cutting-edge engineering and manufacturing capabilities. These electrical connector components and accessories are vital to critical missile technology, submarines, naval ships, oil rigs, railcars, military and commercial jet aircraft, and many other applications. Notably, these components are utilized in the Patriot Missile, the U.S. Army's primary missile defense system, and in tactical manned and autonomous vehicles. Additionally, Spacecraft supplies key components for railcar systems in major metropolitan areas such as Chicago and New York.



As a long-standing supplier to Mobix Labs, we were aware of Spacecraft's excellent reputation, and we see them as a natural fit as we expand our offerings into the aerospace, military, and defense sectors and, more near term, the transportation market. We expect that the acquisition will be accretive to Mobix Labs' earnings and will increase our workforce by approximately 150 employees.

We are really excited about this acquisition and expanding our reach. Each quarter since becoming a publicly traded company, you have heard me talk about our acquisition strategy. Our mission remains consistent as we target and attract synergistic accretive opportunities that will expand our customer base and footprint and make life easier for our customers as they look to reduce their number of suppliers. Mobix Labs is a nimble supplier that can deliver demanding next-generation solutions at best-in-class lead times.

Today, I'd like to highlight two solutions groups: EMI Interconnect Solutions and our Wireless Systems Solutions from the RaGE Systems acquisition.

Let me start with EMI Interconnect Solutions, which are used by many leading companies with a high cost of failure in aerospace, military, and medical applications.

In June, we announced our new filtered ARINC connectors, which are setting a new standard in price, performance and customization. I'm pleased to say that in the fourth quarter, we saw increased bookings for these high-performance connectors used in advanced aircraft electronics systems.

In the fourth quarter, we landed significant new customers in the aerospace and defense sector, and we are now scheduled to produce custom-filtered next-generation high-performance connectors for the customers' flight guidance and cockpit display systems.

We are excited about our overall growth in EMI Solutions and the planned growth in our Interconnect Product line, and we believe that we are well positioned in this core part of Mobix, for further development of these solutions as we expand our strong relationships and



deliver what we believe is the fastest delivery of EMI filter parts in the world. Customers value our engineering support and our nimble, hands-on approach!

The second area I'd like to highlight this quarter, Wireless Systems, achieved strong revenue and increased margins during RaGE Systems' first full quarter with Mobix. RaGE Systems has a strong customer base and an exciting funnel of opportunities. We are quickly identifying the synergies between Mobix Labs and RaGE Systems so we can expand on our customer base and products and to leverage IP and technology across the entire product line portfolio.

Within Wireless Systems, our Security Imaging and Detection services and products continued to grow and expand. While we continue building and shipping present-generation modules, we are also developing multiple generations of products with our customers to help them offer new products in new markets. This is all about helping our customers to envision different futures for Imaging and Detection in their established markets and in areas they are targeting for expansion.

Also, our Multi-Spectral Imaging and Detection ("MSID") programs continue to expand. We added new MSID capabilities to our customer-supported test facility and demonstrated new capabilities & functionality beyond security imaging detection. We believe the new capabilities that we are demonstrating in non-visual imaging and multi-sensor fusion should begin to generate incremental revenues in 2025 and beyond in areas like infrastructure imaging and fault detection.

Partnerships are an important part of developing our business and a good example is our expanding relationship with UMASS Lowell in Massachusetts. Together, we are working on several technologies and projects for Infrastructure Imaging and Satellite communications. The 'pop-up' laboratory we created on the grounds of UMASS is focused on gaining a better understanding of infrastructure degradation and safety for the rail industry. Another joint program is working on identifying and investigating the feasibility of a low-power, low-cost, and high-performance Monolithic Software Defined System on Chip for SATCOM applications. Both technology development projects could lead to new product introductions in 2025 and 2026.



In summary, customers come to Mobix Labs because we are a nimble supplier that can deliver demanding next-generation solutions at best-in-class lead times. Also, execution of our acquisition strategy is diversifying our offerings and expanding our end markets all while growing revenue and margins. Now, Keyvan will tell you a bit more about those financial results.

[CFO, Keyvan Samini]

Thank you, Fabian. I'm excited to walk you through the financial highlights of our fourth fiscal quarter ending September 30th as well as our full fiscal year ending September 30, 2024, and to share our outlook for the first fiscal quarter of 2025. Unless otherwise stated, the figures I'll discuss today are on a non-GAAP basis.

Before discussing the numbers, I want to underscore the significant milestone Fabian mentioned earlier—**our letter of intent to acquire Spacecraft Components**. If completed, this strategic acquisition is expected to be transformative for Mobix Labs, expanding our reach into high-demand sectors including **military, defense, aerospace, and rail**.

Spacecraft is a well-established business, and its acquisition is expected to be **immediately accretive**. In addition to delivering immediate financial benefits, we believe this acquisition will enhance our sales strategy, strengthen our position in critical markets, and **significantly accelerate revenue growth for fiscal year 2025**. Upon closing, we expect the transaction to materially increase Mobix Labs' revenue compared to fiscal 2024, while driving synergies that boost operational efficiency and long-term scalability.

Now, let's look at our financial results for the fourth quarter and full fiscal year 2024:

- We delivered **revenues of \$2.95 million**, surpassing the midpoint of our guidance range and representing a robust **44% sequential increase** over the prior quarter.
- For the full fiscal year 2024, annual revenue grew to **\$6.44 million**, marking an **exceptional 426% increase** over fiscal 2023.



Turning to gross margin, our fourth quarter adjusted gross margin improved **16.3 percentage points** sequentially to **56.6%**. This impressive growth was driven by a favorable product mix, pricing strength, and operational efficiencies. On a full-year basis, our fiscal 2024 adjusted gross margin reached **45%**, a dramatic turnaround from fiscal 2023.

We also made substantial progress reducing our adjusted loss from operations:

- For the fourth quarter, adjusted loss from operations declined by **more than 12%** to **\$3.6 million**, down from \$4.1 million in Q3.
- For the full fiscal year, adjusted loss from operations improved by **14.6%**, narrowing to **\$15.96 million** compared to \$18.7 million in fiscal 2023.

Our **balance sheet** remains stable and improving, with cash growing to **\$266,000** at the end of Q4, up from \$205,000 in the prior quarter. To support our acquisition strategy and meet rising customer demand, we are actively pursuing additional financing that will enable us to execute on growth opportunities and scale further.

Looking ahead to our first fiscal quarter of 2025, we are forecasting consolidated revenues between **\$3.05 million and \$3.15 million**—a strong continuation of our growth momentum.

As we look to the future, our long-term financial goals remain clear:

- We are committed to achieving an **adjusted gross margin of 60%** and an **adjusted operating margin of 30%**.
- While revenues scale, we will maintain discipline by ramping R&D and SG&A expenses at a slower pace, driving profitability and operational leverage over time.

In summary, we are incredibly pleased with the results from the September quarter and the full fiscal year 2024. Our acquisition strategy has delivered the **transformational revenue growth** we set out to achieve. With an expanding pipeline of M&A opportunities, increasing customer



demand, and operational improvements, **Mobix Labs is positioned for long-term success and scalable growth.**

Operator, we are now ready to take questions.