

Information Technology

SPCB – NASDAQ August 14, 2026

Closing Price 8/13/26 **\$11.20**

Rating: Buy

12-Month Target Price: \$18.00

52-Week Range: \$7.07 - \$13.57

Market Cap (M): \$49.8

Shares O/S (M): 4.4

Float: 92.7%

Avg. Daily Volume (000): 84.7

Debt (M): \$20.1

Dividend: \$0.00

Dividend Yield: 0.0%

Risk Profile: Speculative

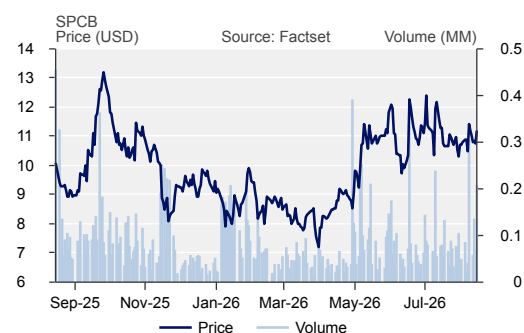
Fiscal Year End: December

Revenue (\$M)

	2026E	2027E	2028E
1Q	7.6A	7.6	—
2Q	8.1A	8.6	—
3Q	7.2	9.0	—
4Q	8.0	9.6	—
CY	30.9	34.8	40.3
Prior	31.4	—	—

EBITDA (\$M)

	2026E	2027E	2028E
1Q	3.3A	1.0	—
2Q	4.0A	1.6	—
3Q	0.6	1.7	—
4Q	0.7	2.0	—
CY	8.5	6.3	9.4
Prior	7.8	7.3	—



Company description: SuperCom Ltd. provides electronic monitoring (EM) products and services, primarily to corrections agencies, to help track the location and movement of individuals under house arrest and in other scenarios.

SuperCom Ltd.

Buy

2Q Review & Outlook: Strong Results and Expanding U.S. Footprint; European Pipeline Builds – Maintain Buy, \$18 PT

Summary

- On 8/14, pre-open, SPCB reported 2Q26 results with revenue of \$8.1M, +13.3% y/y, and adjusted EBITDA of \$4.0M, up 55.6% y/y, beating our estimate and consensus. Note that guidance is not provided.
- SPCB continues to expand its presence across the U.S. and Europe through new government program wins and deployments. U.S. wins are small and fragmented, while wins in Europe are at a national level.
- We cautiously lower our 2026 estimates to reflect the timing of revenue recognition and project awards, and raise our adjusted EBITDA estimates on better margins. We maintain our 2027E revenue and lower our adjusted EBITDA estimates. We introduce 2028 estimates.
- SPCB held \$7.4M in cash and investments and \$20.1M in debt at the end of 2Q26. The debt carries a blended interest rate of ~6% and is due at the end 2028. In July, the company raised approximately \$7.5M through a registered direct offering. We model cash burn of \$1M in 2026 and believe cash is sufficient to fund operations through 2028.
- At 2.4x EV/2027E revenue, we maintain our Buy rating and \$18 price target, based on our 10-year DCF analysis using a 25% discount rate. This equates to an EV/revenue multiple of 3.4x our 2027 estimate.

Details

Exhibit 1: Results Summary

	2Q26					
	Reported	Y/Y	Maxim	Y/Y	Consensus	Y/Y
Revenue	\$8.1M	13.3%	\$7.8M	9.2%	\$7.2M	0.1%
Adj. EBITDA	\$4.0M	55.6%	\$1.6M	-38.4%	\$2.3M	-9.2%

Source: Company reports, LSEG, Maxim Group estimates

2Q26 review. On 8/14/26, pre-market open, SPCB reported 2Q26 results with revenue of \$8.1M, +13.3% y/y, and 6.3% sequentially, exceeding our estimate of \$7.8M and consensus of \$7.2M (2 estimates, per LSEG). The company does not provide guidance. Revenue was driven by new contract wins and expansion across both U.S. and European markets. Quarterly recurring revenue from the EM business in the U.S. increased ~171% y/y, and the annualized recurring revenue (ARR) across EM grew 290% from July 2025 to July 2026. Gross margin improved to 60.4% from 59.1% in 2Q25, driven by shift in revenue mix and timing effects. Adjusted EBITDA of ~\$4.0M, +55.6% y/y and 18.3% sequentially, beat our estimate of \$1.6M and consensus of \$2.3M on higher revenue and improved operating efficiencies.

Momentum across the U.S. and Europe positions SPCB for continued expansion. SPCB continues to build momentum across both the U.S. and Europe. Since mid-2024, the company has entered 19 new U.S. states and secured more than 40 EM contracts, reflecting continued success in a highly fragmented market. Unlike Europe, where electronic monitoring (EM) programs are typically awarded through national procurements, the U.S. market is largely decentralized, with contracts awarded by individual states, counties, departments of corrections, and private monitoring providers. While this results in smaller individual awards, it provides a large pipeline of potential opportunities within an addressable market that management estimates exceeds \$1B annually, roughly 6x larger than the European market. In addition, the U.S. business generates recurring, higher-margin monitoring revenue, making continued geographic expansion an important driver of long-term profitability.

The company is also continuing to generate new contract wins across Europe, where national-scale procurements provide opportunities for larger, multi-year

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deployments. Recently, the company launched Sweden's national EM contract, where management estimates a base-case project value of approximately \$17M compared with the customer's published procurement budget of up to \$75M. Similarly, SPCB launched Norway's national EM contract following an initial estimated project value of approximately \$1.8M, while the customer's published budget totals up to \$6.1M. The company also received follow-on orders exceeding \$3M from an existing European Ministry of Justice customer, demonstrating continued demand from its installed customer base.

Management also noted additional European opportunities, including potential programs in Italy and England, with the latter representing a substantial opportunity valued at more than £150M. We believe these awards support long-term revenue visibility while illustrating the company's ability to expand both new and existing government relationships. SPCB is better positioned today for large programs given successful large deployments in Europe, a strengthened balance sheet, and secure capital position.

Overall, we believe SPCB is well positioned to capitalize on opportunities across both markets. The U.S. offers a significantly larger recurring revenue opportunity through continued expansion into additional jurisdictions, while Europe provides national-scale contracts with meaningful revenue potential. Management has stated that SuperCom has achieved an approximately 65% win rate in European tenders in recent years.

We adjust our 2026-2027 estimates and introduce 2028. We trim our 2026 revenue estimate to \$30.9M, +10.8% y/y (\$31.4M prior) to reflect continued expansion across the U.S. and European markets and the rollout of new government program deployments, but we remain cautious on timing. We raise our adjusted EBITDA estimate to \$8.5M, -9.5% y/y (\$7.8M prior) on improved margins.

We maintain our 2027E revenue of \$34.8M, +12.5% y/y, driven by continued expansion in the U.S. and European markets, and expansion with existing customers. We forecast adjusted EBITDA of \$6.3M, -25.8% y/y on lower margins.

We introduce 2028 estimates for revenue of \$40.3M, +15.9% y/y, reflecting the company's growing pipeline and potential conversion of additional large-scale programs into deployments. We model adjusted EBITDA of \$9.4M, up 48.9% y/y on higher revenue.

Balance sheet review. SPCB ended 2Q26 with \$7.4M in cash and investments and \$20.1M in debt. On 7/13, the company announced that it raised \$7.5M through a registered direct offering and issued 732,683 shares at \$10.25 per share. SPCB has opportunistically swapped debt principal for equity over the last several quarters, typically at a premium to the common stock trading price.

The debt primarily consists of a senior secured credit facility with Fortress Investment Group affiliates, carries a blended interest rate of ~6%, and is due at the end of 2028. The remaining portion is subordinated debt held by an institutional investor. SPCB has the ability to repay the subordinated debt, in whole or in part, using ordinary shares. The subordinated debt will not be repaid until after the senior secured debt obligations are met.

SPCB burned ~\$5.9M from operations in 2025, although excluding changes in working capital, cash from operations was positive. We believe cash conversion will improve with revenue increasing, gross margin widening, and expenses relatively flat. We believe SPCB can likely operate cash flow breakeven to positive, although investments such as expanding distribution in the U.S. market could be an attractive use of capital.

Maintain Buy rating and \$18 price target. SPCB's momentum in the U.S. since launching suitable products in 2Q24 is highly encouraging. The company's recent performance is marked by revenue growth, positive EBITDA, better cash flow metrics, and effective debt reduction on favorable terms. Our 12-month price target of \$18 is based on a 10-year DCF analysis with a 25% discount rate.

SPCB currently trades at an EV/Revenue multiple of 2.4x our 2027 forecast, compared to a peer group average of 3.9x. Our price target implies a multiple of 3.4x 2027E revenue. We believe the debt overhang has been greatly diminished, and its improved capital position is likely to remove a factor that may have worked against its historical bids on programs in Europe. With its footprint rapidly expanding in the U.S., a robust pipeline of expansion opportunities in Europe, and a historically strong win rate, we believe SPCB deserves a premium multiple for potentially significant

revenue growth in the years ahead. We maintain our Buy rating, reflecting our confidence in the company's strong position in the essential EM market.

Table 1: SuperCom Ltd. Income Statement
(\$ in millions, except per share data)

	2025	MarA	JunA	SeptE	DecE	2026E	MarE	JunE	SeptE	DecE	2027E	2028E
Revenue	27.9	7.6	8.1	7.2	8.0	30.9	7.6	8.6	9.0	9.6	34.8	40.3
Cost of revenue	12.5	2.8	3.2	3.5	3.7	13.2	3.4	3.9	4.0	4.0	15.3	16.5
Gross profit	15.4	4.8	4.9	3.7	4.3	17.7	4.2	4.7	5.0	5.6	19.5	23.8
Research and development	3.9	1.0	1.0	1.0	1.2	4.2	1.0	1.0	1.1	1.1	4.2	4.8
Selling and marketing	2.6	1.0	1.0	1.1	1.1	4.2	1.1	1.1	1.1	1.1	4.4	4.4
General and administrative	6.5	1.6	1.7	1.7	1.9	6.9	1.7	1.7	1.7	1.9	7.1	7.6
Other expenses	2.7	0.0	0.3	0.0	1.5	1.8	0.0	0.0	0.0	1.7	1.7	1.9
Total operating expenses	15.7	3.6	4.0	3.8	5.7	17.2	3.8	3.8	3.9	5.8	17.3	18.7
Operating loss	(0.3)	1.2	0.9	(0.1)	(1.4)	0.6	0.4	0.9	1.1	(0.3)	2.2	5.1
EBITDA	9.4	3.3	4.0	0.6	0.7	8.5	1.0	1.6	1.7	2.0	6.3	9.4
Financial expenses	2.1	(0.5)	(0.4)	(0.4)	(0.4)	(1.8)	(0.4)	(0.4)	(0.4)	(0.4)	(1.7)	(1.7)
Loss before taxes	1.7	0.7	0.4	(0.5)	(1.8)	(1.2)	(0.0)	0.5	0.7	(0.7)	0.5	3.4
Income tax expense	2.0	0.4	0.7	0.0	0.0	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Net loss (GAAP)	3.7	1.1	1.1	(0.5)	(1.8)	(0.1)	(0.0)	0.5	0.7	(0.7)	0.5	3.4
Net income (Non-GAAP)	11.2	2.8	2.9	0.0	0.2	5.7	0.0	0.0	0.0	0.0	0.0	0.0
Basic Shares Outstanding	4.3	5.0	5.0	6.3	6.3	5.7	6.3	6.3	6.3	6.3	6.3	6.3
Diluted Shares Outstanding	4.3	5.0	5.0	6.3	6.3	5.7	6.3	6.3	6.3	6.3	6.3	6.3
Basic EPS	\$0.87	\$0.24	\$0.22	(\$0.08)	(\$0.29)	(\$0.01)	(\$0.01)	\$0.08	\$0.11	(\$0.11)	\$0.08	\$0.54
Diluted EPS	\$0.87	\$0.23	\$0.22	(\$0.08)	(\$0.29)	(\$0.01)	(\$0.01)	\$0.08	\$0.11	(\$0.11)	\$0.08	\$0.54
Non-GAAP EPS	\$2.47	\$0.51	\$0.52	\$0.00	\$0.03	\$1.06	\$0.07	\$0.16	\$0.19	\$0.24	\$0.66	\$1.16
% YoY Change												
Revenue	0.9%	8.0%	13.3%	15.7%	6.9%	10.8%	-0.2%	6.3%	24.9%	19.9%	12.5%	15.9%
Gross profit	15.0%	7.7%	15.8%	-1.0%	47.3%	15.3%	-13.0%	-3.2%	34.5%	28.8%	9.9%	22.0%
Operating expenses	10.9%	10.2%	29.2%	21.2%	-7.6%	9.1%	6.2%	-5.7%	2.6%	1.7%	1.1%	8.1%
% of revenue												
Gross margin	55.2%	63.1%	60.4%	52.0%	54.0%	57.4%	55.0%	55.0%	56.0%	58.0%	56.1%	59.0%
EBIT	-1.2%	16.1%	10.6%	-0.9%	-17.8%	1.9%	5.0%	10.8%	12.5%	-2.9%	6.2%	12.6%
EBITDA	33.8%	43.9%	48.9%	7.7%	8.7%	27.6%	13.2%	18.1%	19.4%	21.3%	18.2%	23.4%

Sources: Company reports and Maxim Group estimates

DISCLOSURES

SuperCom Ltd. Rating History as of 08/13/2026

powered by: BlueMatrix



Maxim Group LLC Ratings Distribution

As of: 08/13/26

		% of Coverage Universe with Rating	% of Rating for which Firm Provided Banking Services in the Last 12 months
Buy	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to outperform its relevant index over the next 12 months.	86%	51%
Hold	Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither outperform nor underperform its relevant index over the next 12 months.	14%	52%
Sell	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.	0%	0%

**See valuation section for company specific relevant indices*

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The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

Maxim Group makes a market in SuperCom Ltd.

Maxim Group managed/co-managed/acted as placement agent for an offering of the securities for SuperCom Ltd. in the past 12 months.

Maxim Group received compensation for investment banking services from SuperCom Ltd. in the past 12 months.

Maxim Group expects to receive or intends to seek compensation for investment banking services from SuperCom Ltd. in the next 3 months.

SPCB: We use the Russell Microcap index (RUMICTR) as the relevant index for SuperCom Ltd.

Valuation Methods

SPCB: We use a 10-year discount cash flow (DCF) analysis supported by a forward multiple of enterprise value to revenue to value SuperCom Ltd. stock.

Price Target and Investment Risks

SPCB: Aside from general market and macroeconomic risks, the risks particular to the SuperCom Ltd. price target and rating include: (1) the need and ability to raise capital to sustain operations, (2) the competitive nature of large electronic monitoring (EM) contracts, (3) ongoing investment needs to maintain EM contracts, (4) competition from larger companies, (5) fragmented market, (6) risk of backlash against EM category, (7) significant international revenue, (8) operations primarily in Israel amid rising tensions in region, (9) material weakness identified in internal control over financial reporting, (10) approximately half of revenue is generated in internationally, (11) foreign exchange risk as costs are primarily in Israeli Shekel and revenue in U.S. Dollars; (12) customer concentration with 54% of 2025 sales attributable to three customers.

RISK RATINGS

Risk ratings take into account both fundamental criteria and price volatility.

Speculative – Fundamental Criteria: This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry. Price Volatility: Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless. Speculative stocks may not be suitable for a significant class of individual investors.

High – Fundamental Criteria: This is a risk rating assigned to companies having below-average revenue and earnings visibility, negative cash flow, and low market cap or public float. Accordingly, fundamental risk is expected to be above the industry. Price Volatility: The price volatility of companies falling within this category is expected to be above the industry. High-risk stocks may not be suitable for a significant class of individual investors.

Medium – Fundamental Criteria: This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

Low – Fundamental Criteria: This is a risk rating assigned to companies that may have above-average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to be below the industry.

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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

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