

SuperCom Ltd. (Nasdaq: SPCB)

Rating: Buy

Price Target: \$10.00

Share Price: \$5.66

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Company Data

Average Daily Volume (M)	0.399
52-Week Range	2.55-18.95
Shares Outstanding (M)	3.48
Market Cap (M)	19.67
Enterprise Value (M)	44.80
Total Cash (M), mrq	5.75
Total Debt (M)	30.87
Total Debt to Cap	0.70

Estimates

FYE: Dec		2025E	2026E
EPS	Q1	(\$0.13)	
	Q2	(\$0.03)	
	Q3	\$0.05	
	Q4	(\$0.03)	
	FY	NMF	\$0.42
P/E		NA	13.5x
Rev (M)	Q1	\$7.6	
	Q2	\$8.1	
	Q3	\$8.2	
	Q4	\$8.3	
	FY	\$32.2	\$35.80
EV/Sales		1.4x	1.3x

One-Year Performance Chart



As of April 8, 2025. Source: E-Trade.

Riding the Wave of Electronic Monitoring Growth in the US and Europe

Initiating coverage with a Buy rating and \$10 price target

Summary

We are initiating coverage of SuperCom Ltd. with a Buy rating and a \$10 twelve-month price target. We believe that SuperCom presents a compelling investment opportunity within the digital identity, public safety, and e-government sectors. The company's recent contract wins in the US and European regions and expansion into new markets signal strong growth potential. Its focus on innovative solutions like AI-integrated platforms and new product launches positions SuperCom to capitalize on the increasing demand for secure digital identity and public safety technologies. We believe new contract wins and opportunistic acquisitions, coupled with the introduction of new products and services, suggest a promising trajectory toward long-term value creation for shareholders.

Our \$10 price target is based on a 24x P/E multiple of our FY 2026 estimate.

Key Points

- Electronic Monitoring Surges in US and Europe, Providing a Multi-Billion Dollar Opportunity.** The global public safety and security market is experiencing significant growth, driven by security concerns, technological advancements, and urbanization, with North America holding the largest growth potential. Specifically, the electronic monitoring sector shows substantial expansion, particularly in the US, where it is projected to grow

from \$3.25 billion in 2024 to \$8.73 billion by 2034, according to Market Research Future. The European market, though smaller, also presents considerable growth potential, driven by a shift toward user-friendly, integrated platforms, GPS and smartphone-based solutions, and specialized victim protection systems, presenting strong opportunities for SuperCom as its largest share of growth.

- **R&D Fuels Next-Gen Tracking and Monitoring.** SuperCom prioritizes technological innovation through consistent investment in research and development (over 13% of sales in 2024, and over \$40 million spent since 2014), resulting in a portfolio of over 100 patents. The company is actively advancing its core tracking and monitoring technologies, focusing on next-generation location accuracy, extended battery life, and ultra-lightweight wearable devices, to maintain a competitive edge in the evolving security and public safety markets.
- **Rapid Scaling Is Central to SuperCom's North American Expansion Plans.** SuperCom is strategically expanding its North American public safety market presence through direct government partnerships, leveraging its PureOne technology to displace competitors in adult and juvenile probation monitoring, and expanding rehabilitation services via its LCA subsidiary. To expand market reach, the company forms partnerships with multi-state electronic monitoring providers and employs proactive sales strategies that highlight the advanced features of its solutions, demonstrating a comprehensive approach to capturing a larger market share.
- **Securing New Contracts and Gaining Market Share.** SuperCom has significantly expanded its US market presence through a series of contract wins across multiple states, including California, Idaho, Kentucky, Texas, Wyoming, Ohio, Alabama, and South Dakota, securing projects ranging from GPS and alcohol monitoring to comprehensive rehabilitation services and housing management, and demonstrating both successful displacement of competitors as well as rapid entry into new markets. This is amplified by a multi-state service provider partnership resulting in 20 new contracts across six states since the summer of 2024, highlighting strong demand for SuperCom's public safety solutions. Although these wins clearly point to a robust market environment, we interpret some of them as direct market share gains.
- **SuperCom's European Surge: Multi-Million Dollar Contracts and Rapid Growth.** SuperCom's European market penetration strategy focuses on leveraging its proprietary technology, particularly in EU and International Civil Aviation Organization (ICAO)-compliant e-Passports, e-IDs, and secured driver's licenses, to secure national-level government contracts, and build long-term client relationships. This approach has yielded significant success, evidenced by substantial contracts in Romania, Finland, Iceland, Sweden, Croatia, and a Nordic country, including national electronic monitoring projects, digital identity upgrades, and domestic violence prevention initiatives. Over \$24.5 million in new orders were booked in the first three quarters of 2024, representing a 65% win rate

in government tenders and over 200% growth in GPS monitoring unit orders and demonstrating SuperCom's strong competitive position and the high demand for its solutions.

- **SPCB Shares Remain Undervalued, We Believe.** Shares are currently trading at 13-14x our FY26 non-GAAP EPS estimate of \$0.42, versus the peer average of 24x (see Table on page 15). Our \$10 price target assumes a P/E multiple of 24x our FY26 estimate.

Company Overview

Based in Tel Aviv, Israel, SuperCom Ltd. has undergone a significant transformation from its origins in traditional and digital identity solutions to become a prominent solutions provider in the public safety and electronic monitoring sectors. Since 1988, SuperCom has been a global supplier of traditional and digital identity solutions, offering advanced safety, identification, and security solutions to both private and public organizations worldwide. Over the years, SuperCom has evolved to help governments and national agencies in designing and issuing secure multi-ID documents and robust digital identity solutions through its e-government platforms. The longevity of SuperCom's operations, spanning over three decades, speaks to its resilience and adaptability within the technology sector. Its initial focus on identity solutions has provided a bedrock of expertise and established long-term relationships with government entities, which can be leveraged as it expands its public safety offerings.

The company operates through three segments: e-Government (e-Gov), IoT and Connectivity (IoT), and Cyber Security. The e-Gov segment focuses on providing platforms and innovative solutions for the secure enrollment, personalization, issuance, and border control of both traditional and biometric-based multi-ID cards. The IoT and Connectivity segment is a key revenue driver for SuperCom. It offers a range of products and solutions based on Radio Frequency Identification (RFID) and mobile technology, including the advanced PureSecurity suite. The Cyber Security segment provides a suite of products and solutions designed to protect sensitive data and systems from cyber threats. This includes technologies for data encryption, threat detection, and endpoint data protection through products like Safend Encryptor, Protector, Inspector, Discoverer, and SafeMobile. The significant contribution of the IoT and Connectivity segment to the company's revenue highlights the current market demand for electronic monitoring and related public safety solutions, indicating a strategic alignment with high-growth areas.

Products and Services

SuperCom consists of three Strategic Business Units (SBU): e-Government (e-Gov), IoT and Connectivity and Cyber Security.

e-Government (e-Gov) Solutions

SuperCom has over 25 years of experience in partnering with over 20 national governments in the design, development, integration, and delivery of highly secured national ID and e-government solutions through

its Σ ID™ (Sigma-ID) division. The division functions as a system integrator and technology provider for national identity requirements of government clients.

Magna: At the core of e-government offerings is the proprietary software, “Magna,” an innovative digital identity software that runs based on a secured core registry from captured biometric identity of the population. The collected data is analyzed and used to implement a range of turn-key national ID solutions such as Electronic Passports & Biometric Visas, e-Government Solutions, National eIDs/IDs, Driver’s and Vehicle Licenses, and Voters & Elections.

MIV1: MIV1 is SuperCom’s handheld device used for mobile ID verification. It helps SuperCom’s clients in law enforcement and election management with person identification using live fingerprint, face and ID card verification. This device can be integrated with Magna software and other election management solutions (EMSs). It can also be used as a standalone system as it complies with international standards.

Geographical Information Systems (GIS): GIS offers an integrated digital view of the infrastructure and facilities of a given area for efficient construction planning, disaster management, and detection of illegal mining. Secured Land Title is an innovative anti-fraud land title solution that equips the land-ownership certificate with biometric identifiers of the owner using a coded chip. Lands Management and Mapping is a computerized distributed land management information system that helps landowners to seamlessly identify and manage their assets and pay their bills.

IoT and Connectivity

IoT Solutions: The IoT division offers a suite of products and solutions for individual tracking and monitoring requirements to improve public safety, healthcare, and homecare. SuperCom’s **PureSecurity™** solutions portfolio consists of a range of proprietary hybrid products for offender monitoring, as well as victims and patients’ surveillance, as shown below:



Source: SuperCom, Ltd.

PureMONITOR™ is a cloud-based software designed for GPS, alcohol, and offender monitoring with advanced real-time tracking capabilities. The platform is highly integrated, providing law enforcement officers with a centralized tool for complete surveillance operations. It also contains a suite of report options, which makes jail and case management seamless.

PureOne™ is a one-piece tracking bracelet designed for tracking the location of offenders. It is fitted with future-proof technologies like a tampering alert, 48-hour battery life with cordless charging, and an LTE cellular module for secure integration with PureMONITOR to track a person's activities.

PureCom™ is a RF base station that can be used in house arrest programs as a center point to monitor multiple detainees in the same area. It uses RFID tag technology and can support up to 50 PureTag RF bracelets. It features a smart LCD touchscreen, fingerprint reader, GPS location verification, and dual SIM support with a 72-hour backup battery.

PureTag™ comes in two forms: (i) a compact PureTag RF bracelet with a battery life of four years, emitting an encrypted RF signal that operates across the complete spectrum of the PureSecurity Suite, and (ii) PureRF Tags, which are small, shock-resistant tags that are inexpensive and can be attached to people or objects. Once installed, PureRF Tags allow identification and tracking as needed. They feature tamper detection, sound, and vibration indicators. The integrated anti-collision algorithm allows a single reader to manage multiple tags at the same time.

PureTrack™ is a GPS tracking platform that leverages smartphone technology to track enrollees. It enables GPS, cell tower and Wi-Fi location tracking. It also includes calendar management, portable breath-alcohol integration, and bio-identification using facial, fingerprint, and voice recognition.

PurePROTECT™ is a mobile app developed to protect front-line victims of domestic abuse. Its interface is simple and features configurable speed dial buttons, SOS call buttons, tools to set zoning, proximity limits, and alerts, victim and aggressor location tracking, and two-way communication options.

PureBeacon™ is a secure and encrypted RF device designed to provide indoor offender surveillance even when GPS is not accessible. The device has a four-year battery life with no charging requirements, is lightweight and equipped with Bluetooth support, proximity, and case tamper detection.

LCA services: On January 1, 2016, SuperCom acquired Leaders in Community Alternatives, Inc., or LCA, a California-based private criminal justice organization. LCA has been providing a range of electronic monitoring programs and realignment strategies to US government agencies for over 25 years. Their services include individualized case management, evidence-based treatment, juvenile & adult day reporting centers, and employment services to help reduce recidivism. All these services complement SuperCom's PureSecurity solutions.

Connectivity Solutions

Alvarion, a subsidiary of SuperCom, provides autonomous Wi-Fi networks solutions to enhance carrier Wi-Fi, enterprise connectivity, smart city, smart hospitality, connected campuses, and connected events. The company has executed projects in over 95 countries at over 25,000 sites.

Alvarion offers products like the **AVIDITY WBSac** series, which are high performance 802.11ac and 802.11abgn access points for both indoor and outdoor locations. They enable businesses to provide high quality Wi-Fi solutions up to a combined data range of 1300 Mbps. **BOLSTER WBSn** enables mobile operators to deliver high quality Wi-Fi in metro and rural areas via a plug-and-play deployment. **Arena controller** is a cost-effective and scalable network architecture essential for constructing large scale Wi-Fi networks for hotspot/hot zones and cellular offloading services. **BreezeULTRA™ P6000** is the highest capacity product in the wireless broadband PtP license-exempt market. It is optimized for high-capacity applications. **BreezeNET® B** is a highly proficient portfolio of wireless point-to-point solutions that offers a range of over 60 km/37.5 miles and high-capacity support for high bandwidth applications.

Cyber Security:

Safend: Safend is a cyber security company and a subsidiary of SuperCom. It offers comprehensive cyber data protection solutions that are compliant with international regulatory requirements like GDPR, SOX, HIPAA, PCI, FISMA, or UK DPA. The company has successfully served multinational to mid-sized enterprises, government agencies, and healthcare organizations. The Safend Data Protection Suite (DPS) is a single comprehensive solution that includes the below listed modules:

Protector controls dataflow to endpoint devices through removable media encryption and ensures granular control policies for device detection over all physical and wireless ports.

Encryptor offers full-disc data encryption to laptops and desktops through single sign-on (SSO) technology. The user has transparent access to encrypted data through a Windows login.

Inspector helps to identify sensitive data and classify data that requires access permissions and security profiles. The module provides for user interaction to question data usage intentions and immediately blocks inappropriate data usage.

Reporter provides customizable security reports to select recipients in the user organization.

Auditor offers in-depth system audits and lets users identify and manage endpoint vulnerabilities from connected devices and Wi-Fi network port usage.

Discoverer scans companywide data-at-rest and provides insights to security administrators through reports on gaps in data protection and compliance.

Safemobile: Developed by Prevision, a SuperCom subsidiary, the Safemobile high-end security framework is designed to protect mobile apps and provide identity authentication to avoid any cyber threats.

Key Investment Considerations

Surging Electronic Monitoring Market in US and Europe Providing a Multi-Billion Dollar Opportunity.

The global public safety and security market is experiencing substantial growth, driven by increasing concerns over security, advancements in technology, and the trend toward urbanization. Notably, North America currently holds the largest share of this global market. The electronic monitoring market in the US is substantial at a size of \$3.25 billion in 2024 and is projected to reach \$8.73 billion by 2034, exhibiting a CAGR of 10.38%, according to Market Research Future. The European electronic monitoring market, while smaller than its US counterpart, still presents a considerable opportunity. Valued at \$226 million in 2023, it is forecast to grow at a CAGR of 7.2% to \$326 million by 2028. According to data from Berg Insight, the North American electronic monitoring market is estimated at \$1.3 billion in 2023 and is projected to reach \$1.85 billion by 2028 while the European market is estimated at \$226 million in 2023 and is projected to reach \$330 million by 2028.

These market size estimates point to substantial and growing markets in both the US and Europe for public safety and electronic monitoring solutions, highlighting significant potential for SuperCom's growth in these regions. The US market appears to offer a larger near-term opportunity in electronic monitoring, but the European market also presents a considerable and expanding landscape. This broad market encompasses solutions for law enforcement, emergency services, homeland security, and the protection of critical infrastructure. Within this landscape, the electronic monitoring market represents a specialized segment focused on providing technologies and services for the tracking and supervision of individuals in various contexts, including offender management and domestic violence prevention.

We believe that SuperCom has thus far been able to capitalize on the fragmented nature of the electronic monitoring public safety market in select world regions, providing a fully developed and integrated platform at competitive price points, and as a result gaining market acceptance and share both in Europe and more recently the United States. Although the current global trade environment continues to shift toward unpredictable outcomes, we remain confident that the growing need for electronic monitoring and digital identity tracking in the public safety market will continue to create incremental market opportunities for SuperCom, as the market continues to expand and remain relatively inelastic.

The electronic monitoring market is also evolving, with a noticeable shift toward more user-friendly and integrated platforms that offer real-time tracking capabilities and robust data analytics. Furthermore, there is an increasing adoption of GPS- and smartphone-based monitoring solutions, alongside a growing focus on developing specialized solutions for victim protection in domestic violence cases.

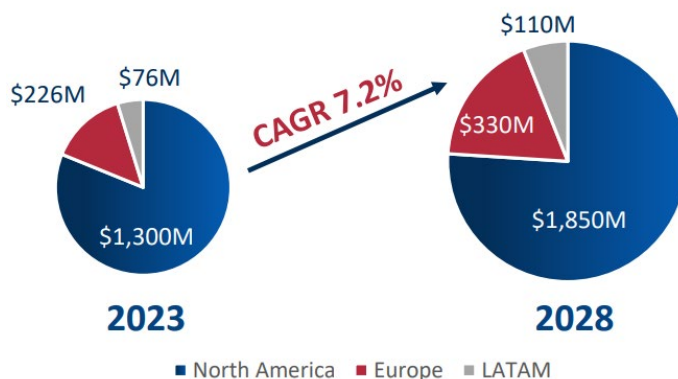
Globally, the broader public safety and security market is anticipated to reach \$878.2 billion by 2029, demonstrating a CAGR of 11.0%, according to a Markets and Markets Research report. In Europe, the

public safety market is also significant, estimated at \$131.0 billion in 2025 and expected to grow to \$182.0 billion by 2030, representing a CAGR of 6.8%, according to Mordor Intelligence.



Source: SuperCom, Ltd. Company Presentation

The Electronic Monitoring Market, 2023-2028

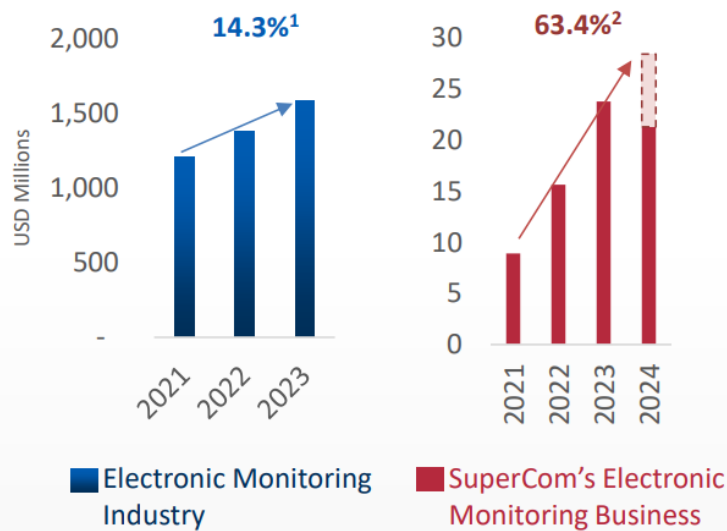


Key Trends Shaping the Electronic Monitoring Market. The increasing adoption of biometric authentication methods, growing investments in cybersecurity technologies by public safety agencies, a supportive governmental stance toward the integration of advanced technologies, the incorporation of Artificial Intelligence (AI) and Machine Learning (ML) into solutions, and the expansion of smart city initiatives are the key drivers of the public safety market. The convergence of growth in both the overarching public safety market and the narrower electronic monitoring segment, coupled with SuperCom's strategic alignment with these key trends, suggests a favorable industry environment for the company's continued expansion.

In the US, the increasing incidence of crime and terrorist activities is a primary driver for the adoption of enhanced public safety measures. Rapid advancements in technologies such as AI, IoT, and cloud computing are enabling the development and deployment of more effective surveillance, threat detection, and emergency response systems. Consequently, governments are making growing investments in public safety infrastructure and technology to address these challenges. The trend toward rising urbanization and the development of smart cities are also contributing to the demand for integrated public safety solutions that can enhance security and efficiency in urban environments. Additionally, there is an increasing awareness of cybersecurity threats and a growing need to protect critical infrastructure and sensitive data from cyberattacks.

Similarly, the European public safety market is driven by increasing security threats, including terrorism and rising crime rates. Supportive government regulations and a growing focus on investments in public safety and security technologies are also key factors. There is a pressing need to replace aging public safety infrastructure with modern, technologically advanced solutions to improve effectiveness and efficiency. The increasing adoption of biometric technologies for enhanced security and identification purposes is also contributing to market growth. Furthermore, the rise of smart city initiatives across

Europe is driving the demand for integrated public safety solutions that leverage advanced technologies. Regional factors, such as the ongoing impact of the Russia-Ukraine war, have also heightened the focus on national security and the protection of critical infrastructure, further fueling the demand for public safety solutions. The consistency of these growth drivers across both the US and Europe underscores a global trend toward prioritizing and investing in advanced public safety measures to address evolving security challenges and leverage technological innovations.



Source: SuperCom, Ltd.

R&D Fuels Next-Gen Tracking and Monitoring. SuperCom places a strong emphasis on research and development to ensure its products and solutions remain at the forefront of technological innovation. The company spent over 13% of sales on R&D in 2024. Over \$40 million has been invested in R&D since 2014, which has resulted in a portfolio of over 100 patents. R&D expenditure was \$3.4 million in 2022 and \$2.8 million in 2021. This investment continued into 2024, with R&D spending for the first nine months increasing to \$2.8 million, up from \$2.5 million during the same period in 2023. This sustained and growing investment in R&D highlights SuperCom's strategic priority of driving innovation and maintaining a competitive edge within the dynamic security and public safety markets. The increasing R&D expenditure in the current year suggests an active pursuit of new technologies and product enhancements to capitalize on emerging market opportunities. SuperCom is also dedicated to advancing its core tracking and monitoring technologies, with ongoing research into next-generation location technologies aimed at improving accuracy and reliability. Additionally, the company is focused on developing solutions that feature extended battery life and ultra-lightweight form factors, enhancing the practicality and user-friendliness of its wearable devices.

SuperCom's Focus on R&D Has Led to the Development of Several Innovative Products. The company's **PureProtect**, a domestic violence monitoring solution, is a significant outcome of these efforts, designed to enhance the safety of victims and enforce court-mandated restrictions. Another key product developed through R&D is **PureOne**, an all-in-one GPS tracking ankle bracelet that offers continuous location monitoring for offenders, both indoors and outdoors. Furthermore, SuperCom has focused on

integrating advanced AI technologies into its existing **PureSecurity** platform. This integration aims to significantly enhance the platform's capabilities in data analysis, process automation, and predictive monitoring. The company's R&D pipeline has also yielded next generation tracking and monitoring technologies that incorporate machine learning algorithms. In addition to new product development, SuperCom has focused on enhancing its existing offerings through R&D, including the creation of cloud-native versions of its product lines to improve scalability and the development of modular product designs to allow for greater customization by customers. These new products and technological advancements demonstrate SuperCom's proactive approach to addressing market needs and leveraging cutting-edge technologies to enhance its portfolio.

Rapid Scaling Is Central to SuperCom's North American Expansion Plans. The company actively pursues direct partnerships with government agencies at various levels. A key tactic is leveraging its technologies, such as the PureOne solution, offering innovative features and a solid value proposition. SuperCom targets both adult and juvenile probation monitoring programs, addressing a broad spectrum of needs within the correctional system. Through its wholly owned subsidiary, LCA, the company is expanding its rehabilitation services, providing a comprehensive approach to offender management. To further broaden its market reach, SuperCom has established partnerships with multi-state electronic monitoring service providers, allowing its technology to be introduced to new states and programs more efficiently. The company is also focusing on highlighting the advanced features and capabilities of its PureOne solution to potential clients and has adopted a proactive outreach strategy in its sales efforts. This multi-faceted approach, combining direct engagement, technological superiority, strategic partnerships, and a focus on comprehensive service offerings, underscores SuperCom's commitment to gaining significant traction in the North American public safety market.

Securing New Contracts and Gaining Market Share. SuperCom, through its subsidiary LCA, has secured a \$4.25 million contract to provide adult rehabilitation services in Northern California. Additionally, LCA has won a \$3.0 million contract to deliver alcohol monitoring technologies in California. SuperCom has also been awarded contracts in several other states, including Idaho, Kentucky, Texas and Wyoming, for GPS monitoring services. The company has achieved initial success in new states, securing its first agency contract in Ohio and its first contract in Alabama. In Kentucky, SuperCom secured two new agency contracts, successfully displacing incumbent competitors in both instances. A significant expansion occurred in South Dakota, where SuperCom secured seven new electronic monitoring contracts with county Sheriff agencies, marking its entry into a fourth new state since August 2024. In Northern California, LCA secured a new contract to provide housing and case management services, projected to generate nearly \$500,000 annually. SuperCom also won a new project in California, valued at up to \$2.0 million, to provide comprehensive jail-based rehabilitation services. To further boost its US market expansion, SuperCom signed a contract with a multi-state electronic monitoring service provider, leading to entry into six new states and the signing of 20 new contracts since the summer of 2024. The company also secured a \$1.8 million contract with a long-term government customer and won a \$1.7 million contract from an existing customer. This growing list of contract wins across multiple states and with various types of agencies demonstrates SuperCom's increasing traction and the market's positive reception of its public safety solutions in North America.



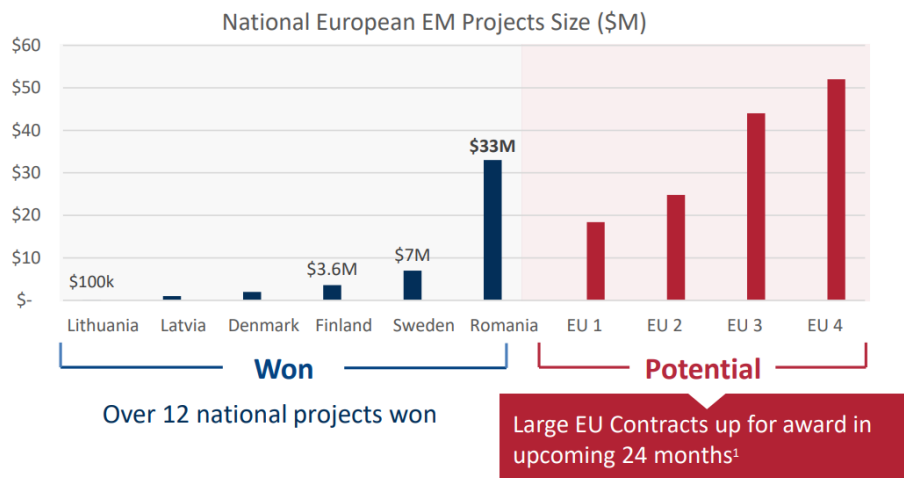
Presence in the US

Well established footprint in **California**, serving customers for 30+ years through subsidiary LCA

Since LCA's acquisition in 2016, wins in California valued at **over \$35M** total

Source: SuperCom, Ltd.

SuperCom's European Surge: Multi-Million Dollar Contracts and Rapid Growth. SuperCom's strategy for penetrating the European market involves a focused approach on expanding its presence in developed countries. A key element of this strategy is leveraging its proprietary technology solutions, particularly its capabilities in issuing EU and ICAO-compliant e-Passports, e-IDs, and secured driver's licenses. The company actively pursues national-level contracts with government entities, demonstrating its ability to manage large-scale projects. Building long-term relationships with its government clients is also a priority, fostering trust and repeat business. Furthermore, SuperCom aims to displace incumbent vendors by offering innovative technology solutions that provide superior performance and value. This strategic focus on advanced, compliant and often proprietary technology, coupled with a proactive approach to securing significant government contracts, has proven effective in establishing SuperCom as a competitive player in the European public safety market.



Source: SuperCom, Ltd.

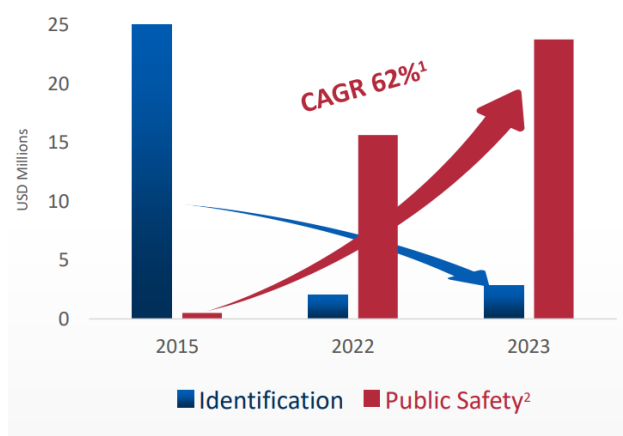
SuperCom Wins Big in Electronic Monitoring (EM), ID, And Domestic Violence Projects. SuperCom has achieved significant success in securing contracts within the European market. A notable win includes a \$33 million national electronic monitoring project in Romania. The company also launched a \$3.6 million national EM project in Finland and secured a project in Iceland to upgrade the country's system for issuing national ID cards and passports. Additionally, SuperCom has won contracts in Sweden and Croatia, further expanding its footprint in the region. In the third quarter of 2024, the company secured over \$13.5 million in new orders from European governments, following over \$11.0 million in new orders received in the second quarter of the same year. A significant recent achievement is winning a new multi-year national contract with the government of a Nordic European country to develop and maintain a national computerized system for driver's licenses. The company reported a win rate of over 65% in national government tenders within the EU. SuperCom also secured its seventh new national domestic violence electronic monitoring project in the EMEA region. Furthermore, the company has experienced over 200% growth in orders for its PureTrack GPS monitoring units within a large ongoing nationwide European EM project. Most recently, SuperCom launched a domestic violence monitoring project with the state police in Latvia. This impressive track record of securing substantial contracts across various European countries for applications as diverse as electronic monitoring, digital identity, and domestic violence prevention demonstrates SuperCom's strong competitive position and the high demand for its solutions in the European market.

SuperCom's Strategic Push Into New Territories. Beyond its established markets in Europe and North America, SuperCom has plans to expand its reach into other geographic regions. The company is prioritizing the expansion of its PureOne solution into new markets and geographies outside of its primary focus areas. SuperCom intends to enter new markets in Asia, Africa and Latin America to capitalize on the increasing demand for both eID and security solutions in these regions. This global growth strategy indicates SuperCom's ambition to leverage its technology and expertise to address the needs of a broader international market, potentially unlocking significant future growth opportunities in regions with developing public safety and digital infrastructure.

IoT Leads SuperCom's Revenue Growth, with Strong Gains in Europe. In 2022, IoT led SuperCom's revenue at \$15.6 million, followed by Cyber Security at \$1.4 million and e-Gov at \$0.6 million. The company experienced significant growth in 2023, with annual revenue increasing by 51% to \$26.6 million. Notably, revenue from European countries saw an increase of 85% to \$17.7 million, and the IoT segment's revenue grew by 52% to \$23.8 million. The remarkable growth in European revenue in 2023 underscores the effectiveness of SuperCom's market penetration strategies in that region. This historical revenue data indicates a clear strategic focus and success in the IoT segment, which includes the company's public safety and electronic monitoring solutions.

Revenue Trends

51% Growth YoY in 2023



Source: SuperCom, Ltd. Company Presentation

3Q24 Results and 2025 Outlook

For the third quarter of 2024, revenue increased to \$6.91 million compared to \$6.78 million in Q3 2023, driven by new contract wins and expansions. SuperCom's gross profit for the third quarter of 2024 was \$3.2 million, resulting in a gross profit margin of 46%. This is a decrease compared to the third quarter of 2023, where the company reported gross profit of \$4.0 million and a gross profit margin of 59%.

However, the gross profit margin for the first nine months of 2024 showed a substantial improvement, rising to 50.1% from 30.7% over the same period of the previous year – due in part to higher software content as well as improved economies of scale. Continued overall revenue growth and the significant improvement in gross profit margin in 2024 suggest that the company's strategic initiatives are yielding positive financial outcomes, pointing toward enhanced operational efficiency and increased pricing power – both a result of product mix as well as product stickiness.

SuperCom's operating expense growth reflects the company's recent market inroads: research and development expenses increased 20.5%, selling and marketing expenses rose 17.7% with G&A expenses increasing 34.9% in 3Q24. Of note: we believe that the company's G&A as a component of overall OpEx levels remains too high and needs to moderate over time.

\$6 million raise: SuperCom's financing initiatives include a \$6 million registered direct offering aimed at boosting liquidity and funding new projects, which will further support its growth trajectory in 2025. The proceeds from this offering are intended for market expansion efforts, technology development, and strengthening its global footprint. The dilutive effects of this transaction are already reflected in the company's share price, we believe.

Management

Ordan Trabelsi (President & CEO) joined SuperCom in 2013, prior to which he had over 15 years of experience as CEO of high growth tech companies. He joined SuperCom as its second US employee and played a pivotal role in growing the US business. He has strong experience in cybersecurity and network technologies. He holds a BSc. degree in Software and Electrical Engineering from the Technion - Israel Institute of Technology, and an M.B.A. degree from the Columbia University Business School, New York.

Gil Alfi (VP Sales, Safend) joined the SuperCom Group in March 2016 as VP of Business Development for Safend Ltd. He has more than 18 years of experience in leading R&D teams and product management. Prior to SuperCom, he was the Regional Sales Director at Safend managing different regions in Europe and Africa.

Lester Villeneuve (Executive Director, LCA) is well versed and experienced in working with the offender population as he had served for several years as a social worker in an urban jail. He holds a BA in Psychology from the University of Rhode Island and an MS in Criminal Justice from the University of New Haven.

Valuation

We believe that SuperCom presents a compelling investment opportunity within the digital identity and e-government sectors. The company's recent contract wins in the US and European regions and expansion into new markets signal strong growth potential. The company's focus on innovative solutions like AI-integrated platforms and new product launches position it to capitalize on the increasing demand for secure digital identity and public safety technologies. We believe the new contract wins, coupled with the introduction of new products and services and the possibility of opportunistic acquisitions, suggest a promising trajectory for long-term value creation. We believe that SPCB shares are currently undervalued relative to its peer group, at 13-14x our FY'26 estimates versus the peer group average of 24x, and at an EV/FY'26 revenue multiple of 1.2x versus the peer group average of 4.0x. Assuming a reasonable peer-group adjusted P/E multiple of 24x our FY26 non-GAAP EPS estimate, we arrive at a target price of \$10.

Electronic Monitoring Providers

Electronic Monitoring Providers															
					Revenue (M)		EPS (non-GAAP)		Forward P/E		EV / Revenue		Price / Book	ROE (TTM)	
Price	Mkt. Cap.	EV (M)													
		4/8/2025	(M)		2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E			
(\$ in Millions, except per share)															
The GEO Group	GEO	\$ 26.37	\$3,767	\$5,502	\$2,663	\$3,207	\$1.31	\$2.83	20.1x	9.3x	2.1x	1.7x	2.7	2.43%	
SuperCom, Ltd.*	SPCB	\$ 5.66	\$20	\$44	\$32	\$36	(\$0.03)	\$0.42	NM	13.3x	1.4x	1.2x	0.8	17.73%	
Axon Enterprises	AXON	\$ 504.03	\$39,143	\$38,888	\$2,613	\$3,180	\$5.87	\$7.23	85.9x	69.7x	14.9x	12.2x	16.6	19.12%	
Digi International*	DGII	\$ 23.13	\$853	\$936	\$424	\$443	\$2.00	\$2.13	11.6x	10.9x	2.2x	2.1x	1.4	6.29%	
Aware, Inc.	AWRE	\$ 1.45	\$31	\$7	NM	NM	NM	NM	NM	NM	NM	NM	1.0	-13.59%	
Motorola Solutions	MSI	\$ 394.72	\$65,895	\$70,344	\$11,430	\$12,090	\$14.72	\$15.96	26.8x	24.7x	6.2x	5.8x	38.7	128.72%	
Honeywell International	HON	\$ 182.86	\$118,844	\$140,119	\$40,440	\$42,590	\$10.34	\$11.46	17.7x	16.0x	3.5x	3.3x	6.4	32.24%	
ShotSpotter, Inc.	918.BE	\$ 13.80	\$174	\$165	\$112	\$120	(\$0.17)	(\$0.07)	NM	NM	1.5x	1.4x	NM	-12.48%	
AVERAGE									32.4x	24.0x	4.5x	4.0x	9.7	22.56%	

Source: Factset, Capital IQ

* Kingswood Capital Partners Estimates

All figures in millions of U.S. Dollars except % and per share items

Fiscal Year Ends December 31st

All figures in millions of U.S. Dollars except % and per share items

SuperCom, Ltd. (SPCB-NASDAQ)													
	Dec'22 FY	Dec'23 FY	Mar'24 Q1	Jun'24 Q2	Sep'24 Q3	Dec'24 E Q4	Dec'24 E FY	Mar'25 E Q1	Jun'25 E Q2	Sep'25 E Q3	Dec'25 E Q4	Dec'25 E FYE	Dec'26 E FY
Sales	\$ 17,649	\$ 26,570	\$ 6,852	\$ 7,545	\$ 6,911	\$ 6,462	\$ 27,770	\$ 7,606	\$ 8,149	\$ 8,224	\$ 8,271	\$ 32,249	\$ 35,797
Revenue Growth (%):													
Year/Year	NA	50.5%	7.5%	-2.6%	2.0%	14.0%	4.5%	11.0%	8.0%	19.0%	28.0%	16.1%	11.0%
Quarter/Quarter	NA	3.69	20.9%	10.1%	-8.4%	-6.5%		17.7%	7.1%	0.9%	0.6%	NA	NA
Cost of Goods Sold	11,261	16,347	3,065	3,802	3,758	3,683	14,308	3,919	4,400	4,359	4,383	17,061	18,614
Gross Profit	\$ 6,388	\$ 10,223	\$ 3,787	\$ 3,743	\$ 3,153	\$ 2,778	\$ 13,461	\$ 3,687	\$ 3,748	\$ 3,865	\$ 3,887	\$ 15,188	\$ 17,182
Gross Margin:	36.2%	38.5%	55.3%	49.6%	45.6%	43.0%	48.5%	48.5%	46.0%	47.0%	47.0%	47.1%	48.0%
SG&A	\$ 7,843	\$ 7,660	\$ 1,913	\$ 2,045	\$ 2,099	\$ 2,068	\$ 8,125	\$ 2,324	\$ 2,490	\$ 2,595	\$ 2,527	\$ 9,936	\$ 10,739
Sales and marketing	\$ 2,657	\$ 2,200	\$ 0,524	\$ 0,686	\$ 0,625	\$ 0,582	\$ 2,417	\$ 0,761	\$ 0,815	\$ 0,905	\$ 0,827	\$ 3,307	\$ 3,580
Pct of Sales	15.1%	8.3%	7.6%	9.1%	9.0%	9.0%	8.7%	10.0%	10.0%	11.0%	10.0%	10.3%	10.0%
General and administrative	\$ 5,186	\$ 5,460	\$ 1,389	\$ 1,359	\$ 1,474	\$ 1,486	\$ 5,708	\$ 1,563	\$ 1,675	\$ 1,690	\$ 1,700	\$ 6,629	\$ 7,159
Pct of Sales	29.4%	20.5%	20.3%	18.0%	21.3%	23.0%	20.6%	20.6%	20.6%	20.6%	20.6%	20.6%	20.0%
Research & Development	\$ 3,412	\$ 3,110	\$ 0,901	\$ 0,999	\$ 0,933	\$ 0,969	\$ 3,802	\$ 0,913	\$ 0,978	\$ 0,987	\$ 0,992	\$ 3,870	\$ 4,654
Pct of Sales	19.3%	11.7%	13.1%	13.2%	13.5%	15.0%	13.7%	12.0%	12.0%	12.0%	12.0%	0.12	0.13
Other (income) expense, net	\$ 1,138	\$ 2,812	\$ 0,255	\$ 0,315	\$ 0,090	\$ 0,000	\$ 0,660	\$ 0,000	\$ 0,000	\$ 0,000	\$ 0,000	\$ 0,000	\$ 0,000
EBIT (Operating Income - GAAP)	\$ (6,005)	\$ (3,359)	\$ 0,718	\$ 0,384	\$ 0,031	\$ (0,258)	\$ 0,875	\$ 0,450	\$ 0,281	\$ 0,283	\$ 0,368	\$ 1,382	\$ 1,790
Financial expenses, net	\$ (1,751)	\$ 0,663	\$ 0,362	\$ -1,804	\$ 0,474	\$ 1,300	\$ 0,332	\$ 0,900	\$ 0,400	\$ 0,100	\$ 0,100	\$ 0,303	\$ 0,303
Pretax Income	\$ (7,756)	\$ (4,022)	\$ 0,356	\$ 2,188	\$ (0,443)	\$ (1,558)	\$ 0,543	\$ (0,450)	\$ (0,119)	\$ 0,183	\$ 0,268	\$ 1,079	\$ 1,487
Income Taxes	0.30	-	(0.42)	-	-	-	(0.42)	-	-	-	-	-	-
Tax %	(0.04)	-	54.0%	0.0%	0.0%	0.0%	0.44	0.0%	0.0%	0.0%	0.0%	-	-
Equity in Earnings of Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	0
Net Income (GAAP)	(7.46)	(4.022)	0.774	2.188	(0.443)	(1.558)	0.961	(0.450)	(0.119)	0.183	0.268	1.079	1.487
Non-GAAP Adjustments	5.20	7.21	0.58	1.07	0.79		2.43					-	
Net Income (Non-GAAP)	-\$2.254	\$3.186	\$1.349	\$3.253	\$0.346	-\$1.558	\$3.390	-\$0.450	-\$0.119	\$0.183	\$0.268	\$1.079	\$1.487
Per Share													
EPS (GAAP)	(40.40)	(11.87)	0.80	1.20	(0.22)	(0.45)	1.33	(0.13)	(0.03)	0.05	0.08	(0.03)	0.42
EPS (Non-GAAP)	(12.21)	9.40	1.39	1.78	0.17	(0.45)	2.90	(0.13)	(0.03)	0.05	0.08	(0.03)	0.42
Diluted Shares Outstanding	3.69	0.33	0.97	1.82	2.04	3.48	2.08	3.48	3.48	3.48	3.48	3.48	3.50
Adjusted EBITDA (Non-GAAP)	0.20	\$6.82	\$1.965	\$1.626	\$1.077	-\$1.558	\$3.110	-\$0.450	-\$0.119	\$0.183	\$0.268	\$4.136	\$4.544

Source: Company reports, Kingswood Capital Partners estimates.

Risks to Our Price Target

Company-specific risks to our target price include:

Growing revenue share from few concentrated large customers in recent years: In 2023, nearly 59% of net revenue derived from two large customers while in 2022 ~36% revenue was derived from one large customer. The loss of any of these clients will have a significant impact on the top-line of the company.

Highly fragmented competitive landscape: The industry remains fluid with new technological advancements introduced into the market frequently, thus aiding the entry of new products and players. The intensity of the competition puts pressure on average selling prices and increases the length of the sales cycle for SuperCom products. An increase in the number of bidders for government orders could affect the win-rate.

Rapid and significant technological changes in the electronic monitoring industry could negatively impact SuperCom's competitive position and may require significant additional capital expenditures to address. The electronic monitoring industry is subject to rapid advances and innovations in technology. SuperCom could face competition in the future from companies using new technologies and new safety systems, including new entrants who are developing or have announced alternative technologies, some of which would compete directly with one or more of SuperCom's existing or planned products and services.

Uncertain geopolitical environment: SuperCom's executive office and R&D department is based in Israel. The country is currently facing political tension due to the ongoing war against Hamas and Hezbollah. All Israelis are mandated to perform several days of annual military reserve duty each year until they reach the age of 40, which may cause disruption of daily business or delay in product launches. The war may also threaten the free movement of raw materials and delay export of finished products to end customers.

Uncertainty regarding the performance of acquired entities: SuperCom has acquired several relevant companies to build up synergy in its business. But there is a risk to the performance of the new subsidiaries which may result in lower-than-expected returns and negatively affect SuperCom's financial performance.

DISCLOSURES

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The Research Analyst(s) denoted by an “AC” on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an “AC” on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst’s personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report.

I, Greg Mesniaeff, certify that (1) the views expressed in this report accurately reflect my own views about any and all of the subject companies and securities; and (2) no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by me in this report.

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Kingswood Capital Partners, LLC uses the following rating system:

Buy - Buy-rated stocks are expected to have a total return of at least 15% over the following 12 months and are the most attractive stocks in the sector coverage area.

Hold - We believe this stock will perform in line with the average return of others in its industry over the following 12 months.

Sell - Sell-rated stocks are expected to have a negative total return of at least 15% over the following 12 months and are the least attractive stocks in the sector coverage area.

Not Covered (NC) - Kingswood Capital Partners, LLC DOES NOT cover this stock and therefore DOES NOT have forecasts, projections, target price and recommendation on the shares of this company.

Company-Specific Disclosures

Distribution of Ratings				
Kingswood Capital Partners, LLC				
Investment Banking Services/Past 12 Months				
Rating	Count	Percent	Count	Percent
BUY	5	71.43	1	20.00
HOLD	1	14.29	0	0.00
SELL	0	0.00	0	0.00
NOT RATED	1	14.29	1	100.00

As of March 2025.

SuperCom, Ltd. Rating History



As of April 8, 2025. Source: E-Trade.

Other Disclosures

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