SECURE STRATEGY GROUP

Defense Industry Deal Tracker & Small-Cap Defense Stock Index

A Review of First Half 2026 Defense Deals and Small-Cap Defense Stocks Performance

Capital Raises • M&A • Debt & Equity • Public & Private • By Industry Sector

SSG Defense Industry Market Intelligence

As the defense and security markets surge, and the current Administration pressures prime contractors to increase their production and innovation, investors and acquirers and increasingly targeting smaller defense and security tech companies. Secure Strategy Group (SSG) provides data-driven, market intelligence to highlight these companies and provide insight into the rapidly growing flow of capital and M&A into smaller companies in the industry.

- **SSG Defense Industry Deal Tracker**

  The Secure Strategy Defense Industry Deal Tracker is a proprietary data service that monitors and analyzes capital raise and M&A transactions in the emerging growth defense and security industries. SSG's insights enable companies, investors, lenders and acquirers to make data-driven, informed capital allocation decisions. The Tracker provides proprietary data/market intelligence on transactions, including:

  - **Deals by Industry Sector** (From Unmanned Vehicles to Munitions, Tracks the Flow of Capital and M&A Deals Across Seven Industry Sectors)
  - **Deal Types** (Tracks the Changing Dynamics of Deal Types for Equity/Debt for Capital Raises, and Complete Exits/Majority/Minority Exits for M&A)
  - **Principals to the Transaction** (Tracks Key Players, including Issuers, Investors, Lenders and Acquirers)
  - **Key Deal Terms** (Tracks Changing Dynamics in Deal Sizes, Warrants, Cost of Capital)
  - **Valuations and Pricing** (Tracks Changing Dynamics in Industry Multiples, Valuations and Deal Pricing)

- **SSG Small Cap Defense Stock Index**

  The Secure Strategy Group Defense Stock Index tracks the performance of public defense companies with less than a $1 billion market cap across our 7 defense sectors. The purpose of the SSG Defense Index is to benchmark the stock performance of these small to mid-cap defense companies against the large prime defense contractors, highlighting the continued outperformance of emerging growth companies in the defense tech sector.

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EXECUTIVE SUMMARY

The first half of 2026 was an active period for the micro- and small-cap defense sector, marked by accelerating deal formation through the spring, a broadening pipeline of large pending transactions, and sustained outperformance of small-cap public defense companies over the Big Five prime contractors. We track companies across seven subsectors: Aerospace Components, Defense Electronics & Sensors, Autonomy/Unmanned Systems, Rare Earth & Critical Resources, Space & ISR, Weapons & Munitions, and Simulation & Training. Our coverage universe includes the 77 firms on the SSG Small-Cap Defense Index alongside lower-middle-market private companies in the sector.

The SSG Defense Industry Deal Tracker captured 43 closed M&A transactions, 40 closed equity capital raises, and 6 closed debt financings during the first half of 2026, representing approximately $5.6 billion in disclosed capital across closed transactions. Closed M&A disclosed value totaled roughly $3.6 billion, anchored by Leonardo's $1.97 billion acquisition of Iveco's defense business and the $800 million Merlin Labs de-SPAC. Equity capital raised totaled approximately $1.9 billion, led by the AEVEX $320 million NYSE IPO, Red Cat's $225 million follow-on, and Harmattan AI's $200 million Series B. Debt issuance remained modest at approximately $130 million in closed face value, consistent with the sector's continued preference for equity.

The half closed with a large pending M&A pipeline. Rocket Lab's $8.0 billion all-stock agreement to acquire Iridium Communications, announced June 29, would be the largest transaction ever tracked in our coverage universe; together with Kraken Robotics / Covelya ($615M), Iridium / Aireon ($522M), and other pending deals, the disclosed pending pipeline approached $9.7 billion at June 30, 2026.

On a valuation basis, the small-cap defense stock universe trades on revenue rather than earnings: most constituents remain pre-profitability, so EBITDA multiples are largely not meaningful. On a revenue basis, the index trades at a median 3.6x EV / 2025 revenue, compressing to 2.6x on 2026 estimates and 1.8x on 2027 estimates as the market prices in rapid forward growth.

See Appendix on pages 30-31 for the full list of SSG Small-Cap Defense Index constituents.

EXECUTIVE SUMMARY (CONTINUED)

The SSG Small-Cap Defense Stock Index of 77 companies posted an average year-to-date return of +25.0% through June 30, well ahead of the Big Five primes at +0.6%. The index's outperformance was not linear: average YTD return peaked near +32.5% at the end of May before a broad June pullback across small-cap defense equities brought the half-end figure to +25.0%. **Over the trailing twelve months, small-cap defense names returned +50.3% on average versus +13.3% for the primes. We believe the sustained relative performance reflects capital flows, M&A premium expectations, and innovation-driven growth dynamics across parts of the small-cap defense market.**

Three themes defined the first half:

- *Private-equity-backed platform consolidation and serial acquirers drove a deep bench of M&A, concentrated in autonomy, defense electronics, and aerospace components.*
- *Public-market access was a persistent feature, with the AEVEX and Rare Earths Americas IPOs, the Merlin Labs de-SPAC, and multiple follow-ons and registered directs bringing new and growing defense names to public exchanges.*
- *The critical-minerals reshoring mandate carried through both capital markets activity and stock performance, with rare-earth and specialty-materials names among the most active in the equity and pending-debt pipeline.*

43 / 40 / 6	~$5.6B	+25.0%	~$9.7B
Closed M&A / Equity / Debt	Disclosed closed capital	Index YTD vs +0.6% primes	Pending M&A pipeline

H1 2026 AT A GLANCE

43

M&A Transactions

~$3.6B closed disclosed value

40

Equity Raises

~$1.9B capital raised

6

Debt Financings

~$130M closed face value

+25.0%

SSG Small Cap Defense Index YTD

vs. +0.6% Big Five primes

THE HALF IN BRIEF

Closed M&A volume accelerated through the spring, peaking at 14 transactions in March before tapering to 2 in June, while equity issuance held steady at five to nine closed raises per month. Autonomy/Unmanned was the most active subsector for capital formation, with Red Cat, ZenaTech, Draganfly, and Nukkleus each transacting across the half. Public-market access was a defining theme: the AEVEX and Rare Earths Americas NYSE IPOs, the Merlin Labs de-SPAC, and Red Cat's $225 million follow-on all priced during the period. Rare-earth and critical-minerals names featured prominently across both equity and the pending-debt pipeline, tied to the intensifying reshoring mandate. Debt issuance was light throughout, reinforcing the sector's continued preference for equity. The index outperformed the primes by a wide margin for the half, though a June pullback narrowed the spread from its late-May peak. A record pending pipeline, led by Rocket Lab's $8.0 billion agreement for Iridium, carried into the second half.

Source: SSG proprietary deal research based on public information. Headline counts reflect transactions closed within January 1 to June 30, 2026.

SECTION ONE

Macro Backdrop

First Half 2026

MACRO BACKDROP: H1 2026

The Budget Arc: FY2026 to FY2027

The half opened against the completed FY2026 appropriations that pushed U.S. defense spending near $1 trillion, and closed with the FY2027 authorization cycle underway. On May 26, House Armed Services Committee leadership released the FY2027 National Defense Authorization Act (H.R. 8800), with a chairman's mark of approximately $1.15 trillion, below the roughly $1.5 trillion Administration request. The mark emphasizes multiyear procurement across missile defense, shipbuilding, munitions, and tactical aircraft, and proposes consolidating certain space-acquisition organizations. The distance between request, authorization, and eventual appropriations remains a meaningful source of timing uncertainty for our coverage universe.

Critical Minerals and Reshoring

The critical-minerals reshoring mandate intensified across the half, with the January 1, 2027 restriction on Chinese-origin rare-earth magnets in qualifying weapons systems approaching and the Administration advancing a strategic minerals reserve. This backdrop was reflected directly in H1 capital activity by the Rare Earths Americas NYSE IPO, NioCorp's $100 million raise, Critical Metals' $60 million raise, and pending transactions including Energy Fuels / Australian Strategic Materials and the Phoenix Tailings $500 million term loan.

The Small-Cap Spread

The dominant market theme of the half was the persistent outperformance of small-cap defense names over the primes. The spread widened into late spring, reaching an index average of roughly +32.5% YTD at the end of May against near-flat prime performance, before a June pullback narrowed the gap to +25.0% versus +0.6% at half-end.

Tariffs and Supply Chains

Tariff activity beginning in early April introduced volatility into global supply chains, with uneven effects across the coverage universe. Companies with domestic-only supply chains benefited from reshoring tailwinds, while those reliant on imported components, including rare earths and specialty metals, faced potential margin pressure.

Sources: House Armed Services Committee; DoD; Aviation Week; Roll Call; Reuters; SSG proprietary index and deal research. Macro developments as of June 30, 2026.

SECTION TWO

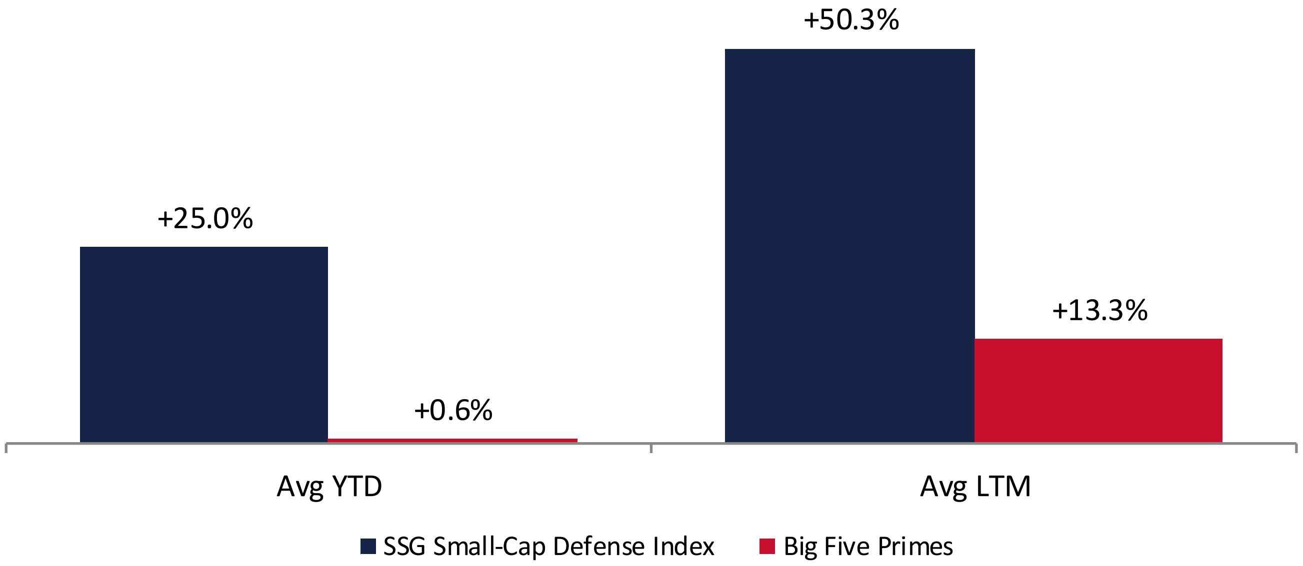
SSG Small Cap Defense Stock Index

Performance Overview · As of June 30, 2026

SSG SMALL CAP DEFENSE STOCK INDEX

Index Snapshot (as of June 30, 2026)	
Companies in Index	77
Average YTD Return	+25.0%
Median YTD Return	+8.7%
Average LTM Return	+50.3%
Median LTM Return	+31.8%
Total Market Cap	$20.0B
Median Market Cap	$78M
Subsectors Covered	7

Average Returns: Index vs. Big Five Primes

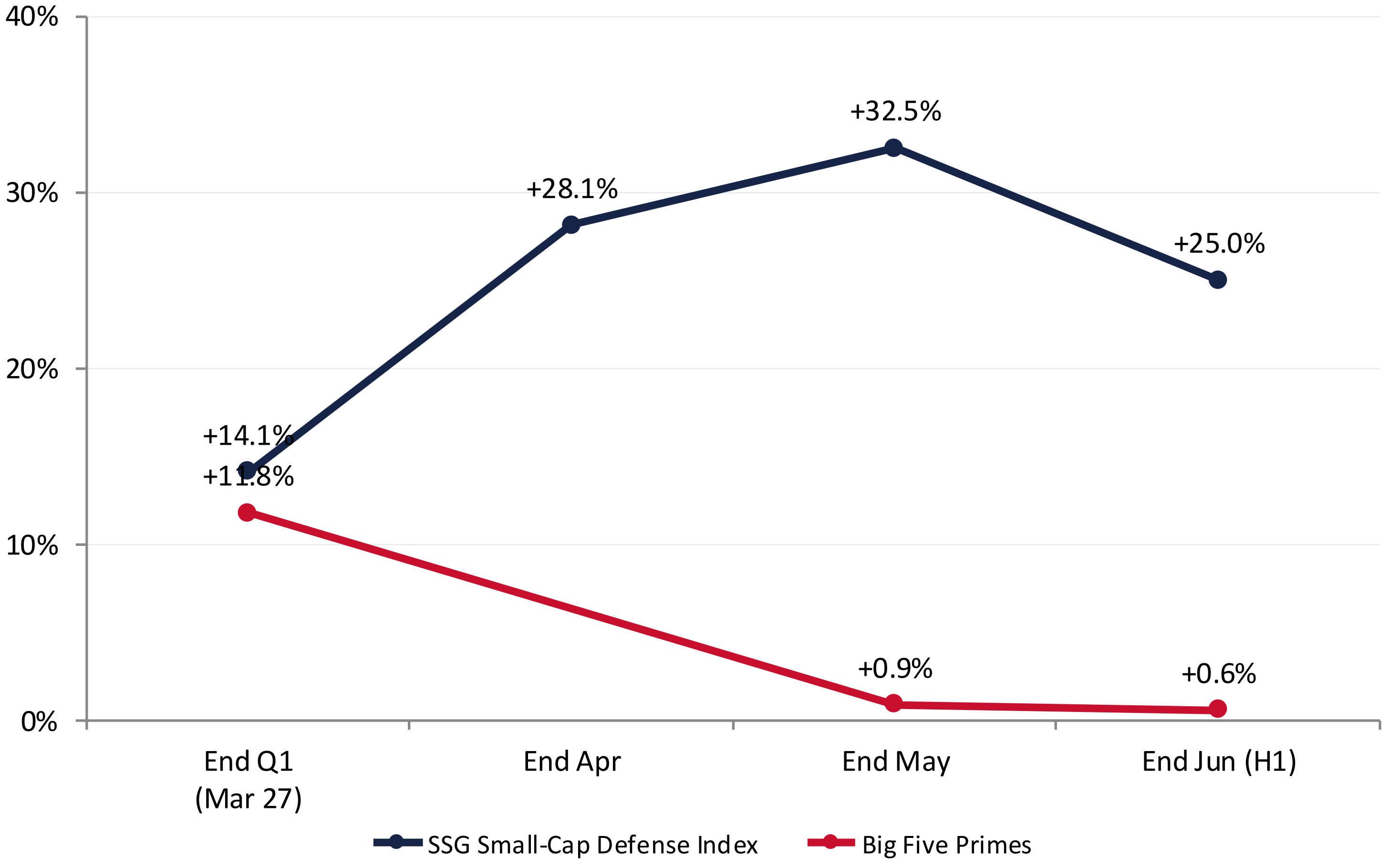


The SSG Small-Cap Defense Index outperformed the Big Five prime contractors (Lockheed Martin, RTX, Northrop Grumman, General Dynamics, Boeing) on both a YTD and LTM basis through June 30. Small-cap defense names delivered +25.0% average YTD returns versus +0.6% for the primes; over the trailing twelve months, +50.3% versus +13.3%. Dispersion across the universe was wide, with a median YTD return of +8.7% well below the +25.0% average, reflecting a cohort of strong performers pulling up the mean. (Equal-weighted, price-return monitor; excludes dividends; not an investable product.)

Source: SSG proprietary index, FactSet. Returns are price-based. Not an investable product. For informational purposes only.

SSG SMALL CAP DEFENSE STOCK INDEX PERFORMANCE

Average YTD Return by Reporting Checkpoint (%)



PEAK AND PULLBACK

The index's outperformance was not linear. Average YTD return climbed from +14.1% at the end of the first quarter to a peak of +32.5% at the end of May, before a broad June pullback across small-cap defense equities brought the half-end figure to +25.0%.

The Big Five primes, by contrast, traded in a narrow band near flat for most of the half, ending at +0.6% YTD. The June consolidation narrowed the small-cap-versus-prime spread but left it wide by any recent standard.

Because the index is equal-weighted and price-based, its average is sensitive to sharp moves in smaller, less-liquid constituents. The gap between the +25.0% average and the +8.7% median YTD reflects a concentrated group of strong performers.

Source: SSG proprietary index, FactSet. YTD average price return at each reporting checkpoint. Big Five April checkpoint not separately captured.

SSG SMALL CAP DEFENSE STOCK INDEX: SECTOR PERFORMANCE

Subsector	# of Companies	Avg YTD	Avg LTM	Median EV/2025 Revenue	Market Cap ($M)
Aerospace Components	24	+50.0%	+83.7%	1.9x	$4,739
Defense Electronics & Sensors	22	+13.2%	+25.1%	3.5x	$5,163
Autonomy / Unmanned	13	+3.1%	+4.5%	15.5x	$3,666
Rare Earth / Resources	8	+17.8%	+135.6%	51.5x	$4,923
Space / ISR	4	+58.4%	-5.7%	26.6x	$260
Weapons & Munitions	4	+13.2%	+25.6%	7.3x	$943
Simulation & Training	2	-16.9%	+17.9%	0.4x	$267
Full Index	**77**	**+25.0%**	**+50.3%**	**–**	**$19,961**

Aerospace Components, the largest subsector by company count, led the half at +50.0% average YTD, supported by positive earnings surprises and takeover interest. Space/ISR posted the single highest subsector average at +58.4% YTD, though the four-company group is highly sensitive to individual constituent moves. Rare Earth/Resources returned +17.8% YTD and led on a trailing-twelve-month basis at +135.6% as the critical-minerals reshoring narrative carried through the half. Autonomy/Unmanned, the most active deal subsector, posted a more muted +3.1% average price return, reflecting wide dispersion between winners and early-stage names.

Source: SSG proprietary index, FactSet. Returns are price-based, equal-weighted average of subsector constituents. EV/2025 revenue is subsector median of positive multiples. Not an investable product.

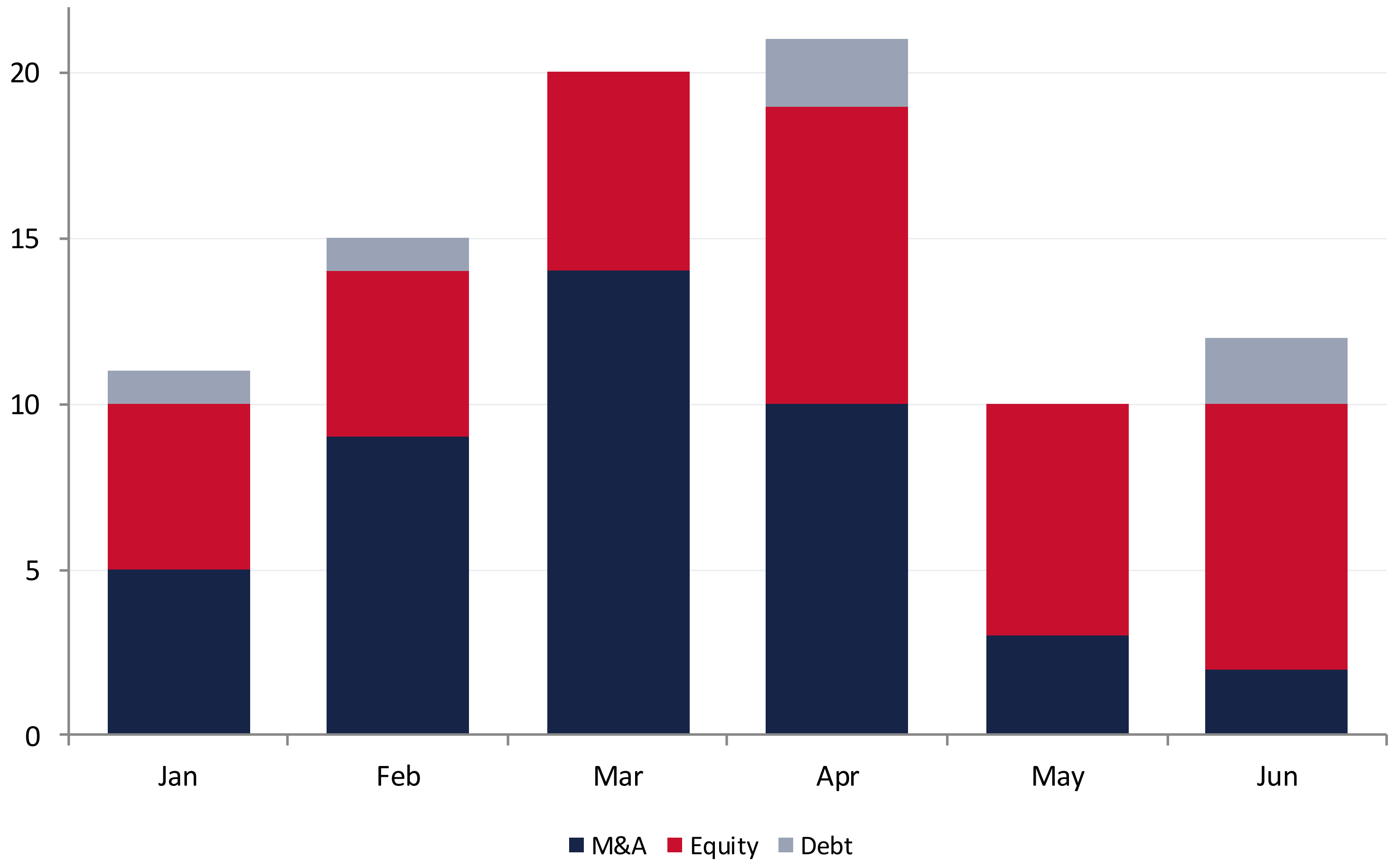
SECTION THREE

SSG Defense Industry Deal Tracker

First Half 2026 Transaction Activity

SSG DEFENSE INDUSTRY DEAL TRACKER OVERVIEW

Closed Transactions by Month and Type



The SSG Deal Tracker captured 89 closed defense-sector transactions across M&A, equity, and debt during the first half of 2026, with total disclosed capital of approximately $5.6 billion. M&A accounted for the largest share of both closed volume and closed disclosed value.

Closed deal activity was front-loaded toward the spring. Closed M&A volume peaked at 14 transactions in March before tapering to 2 in June, while equity issuance held steady at five to nine closed raises per month. Debt issuance was light throughout.

Beyond the closed count, a substantial pending pipeline, led by Rocket Lab's $8.0 billion agreement for Iridium, remained outstanding at half-end and is detailed in the Looking Ahead section.

Source: SSG Deal Tracker. Monthly figures reflect transactions closed within each month, January to June 2026. Defense sector, closed transactions only.

SECTION FOUR

M&A Activity

43 Closed Transactions in First Half 2026

M&A ACTIVITY: H1 2026 OVERVIEW

The SSG Defense Industry Deal Tracker captured 43 closed M&A transactions in the defense sector during the first half of 2026, with total closed disclosed transaction value of approximately $3.6 billion across 14 deals carrying publicly reported valuations. The acquirer base spanned publicly traded defense companies, private-equity-backed platform builders, and private strategic buyers. Private companies accounted for the vast majority of targets, underscoring the depth of private-to-public and private-to-private consolidation in the sector. An additional 17 transactions were pending at half-end, carrying nearly $9.7 billion in disclosed value.

$3.6B	14	17	~$9.7B
Closed disclosed value	Deals with disclosed value	Pending at half-end	Pending disclosed value

By transaction structure, outright acquisitions and majority-stake investments dominated closed volume, complemented by a small number of reverse mergers and de-SPAC combinations that brought defense-technology companies to public markets. By subsector, Autonomy/Unmanned and Defense Electronics & Sensors accounted for the largest share of closed deal count, while Space/ISR and Aerospace Components anchored the largest disclosed values, led by Leonardo's $1.97 billion acquisition of Iveco's defense business.

Source: SSG Deal Tracker. Closed transactions January 1 to June 30, 2026. Values reflect disclosed upfront consideration; contingent earnout components are excluded from headline values.

M&A: SELECT CLOSED TRANSACTIONS

Acquirer	Target	Type	Value ($M)	Subsector Focus
Leonardo S.p.A.	Iveco Defence (IDV & ASTRA)	Acquisition	$1,972	Aerospace Components
Inflection Point Acq. IV	Merlin Labs, Inc.	SPAC / De-SPAC	$800	Other
Kratos Defense	Orbit Technologies Ltd.	Acquisition	$353	Defense Electronics
Ondas Holdings Inc.	Mistral, Inc.	Reverse Merger / Merger	$175	Autonomy / Unmanned
Karman Space & Defense	Seemann Composites + Materials Sciences	Acquisition (x2)	$220	Aerospace Components
Electro Optic Systems	MARSS Group	Majority Stake	$36	Defense Electronics
Nukkleus Inc.	Star 26 Capital Inc.	Acquisition	$27	Autonomy / Unmanned
Red Cat Holdings, Inc.	Quaze Technologies Inc.	Majority Stake†	$21	Autonomy / Unmanned
Draganfly Inc.	Skip Dynamix Corporation	Acquisition†	$7.5	Autonomy / Unmanned
PMGC Holdings, Inc.	A&B Aerospace, Inc.	Majority Stake	$4.5	Aerospace Components
T3 Defense Inc.	I.T.S. Solutions (Israel) (ITS)	Majority Stake	$3.2	Defense Electronics

Source: SSG Deal Tracker. Closed transactions with disclosed value, January 1 to June 30, 2026. † Additional contingent earnout excluded from disclosed value. Select transactions shown; see full tracker for complete list.

M&A: DEAL SPOTLIGHTS

Leonardo / Iveco Defence $1.97B

Leonardo completed its acquisition of Iveco Group's defence vehicle business (IDV and ASTRA brands), announced in July 2025 and closed in March 2026, for a disclosed value of approximately $1.97 billion. The transaction gives Leonardo a vertically integrated military land-vehicle capability. While Leonardo itself exceeds SSG's typical coverage range, the deal reflects the scale of capital flowing into defense industrials and the competitive dynamics shaping the broader landscape.

Merlin Labs De-SPAC $800M

The merger between Inflection Point Acquisition Corp. IV and Merlin Labs closed in March, bringing the autonomous-aviation company to public markets. Merlin's autonomous flight-software platform is positioned across both defense and commercial applications, and the transaction was among the half's most notable public-market entries in the autonomy subsector.

Kratos / Orbit Technologies $352.7M

Kratos Defense & Security Solutions completed its all-cash acquisition of Israel-based Orbit Technologies, a provider of satellite tracking and telemetry systems, in March. The deal deepens Kratos' satellite ground-station and space-electronics capabilities and reflects the cross-border, allied-interoperability M&A theme prominent across the half.

Karman / Seemann + Materials Sciences $220M

Karman Space & Defense simultaneously acquired Seemann Composites and Materials Sciences LLC in early February for approximately $110 million each, adding advanced composite-structures capability across space, missile, and hypersonics applications. The paired transaction is a representative example of capability-focused consolidation in aerospace components.

Source: SSG Deal Tracker; company filings and press releases.

M&A: KEY THEMES

PE-Backed Platform Consolidation

Private-equity sponsors continued to drive consolidation among small and mid-sized defense-technology firms. Ventus Industrial (Aeron Defense: General Tool and Magna Machine), Godspeed Capital (GALT Aerospace), AFM Capital (Incodema3D), and Auria / Enlightenment Capital (BCubed) all executed platform builds, acquiring niche, capability-differentiated companies and consolidating them under single platforms with contract access and operational scale.

Serial Acquirers and Roll-Ups

A cohort of small-cap public companies pursued aggressive acquisition-driven growth. ZenaTech closed multiple acquisitions across drone-services and software; Nukkleus, VisionWave, Ondas, and Red Cat each executed several deals during the half, building capability stacks and revenue scale through M&A rather than organic development alone.

Public-Market Access

The half saw multiple routes to public markets, including the Merlin Labs de-SPAC ($800M), the AEVEX and Rare Earths Americas IPOs, and continued acquisition-driven transformations such as Nukkleus. New public-company formation in defense continued even as SPAC activity remained below its 2021 peak.

Cross-Border and Allied Activity

International transactions featured prominently, including Leonardo / Iveco, Kratos / Orbit (Israel), Electro Optic Systems / MARSS (Monaco), Sensofusion / Atol (Finland), and Shield AI / Aechelon. European rearmament and allied-interoperability themes drove cross-border deal flow across the coverage universe.

Source: SSG Deal Tracker; company filings and press releases.

SECTION FIVE

Equity Capital Raises

40 Closed Raises · ~$1.9B Raised

EQUITY CAPITAL RAISES: H1 2026

The SSG Defense Industry Deal Tracker identified 40 closed equity transactions in the defense sector during the first half of 2026, totaling approximately $1.9 billion in capital raised. Registered directs and private placements accounted for the largest share of deal count, while IPOs and follow-ons anchored the largest individual raises. Public-market access was a defining feature of the half, with the AEVEX and Rare Earths Americas NYSE listings, Red Cat's $225 million follow-on, and multiple ASX debuts pricing across the period. Autonomy/Unmanned and Space/ISR were the most active subsectors by capital raised.

Proceeds by Deal Structure (Closed)

Structure	Deals	Total ($M)
Private Placement	11	$699
IPO / Secondary	7	$640
Registered Direct	14	$333
Best-Efforts Public	2	$142
Underwritten Public	3	$38
PIPE	2	$29
Seed Round	1	$10
Total	**40**	**$1,889**

Largest Raises of the Half

AEVEX Corp.	$320M	NYSE IPO · Autonomy / Unmanned
Red Cat Holdings	$225M	Follow-On · Autonomy / Unmanned
Harmattan AI	$200M	Series B (Private) · Defense Electronics
PDW Holdings	$110M	Private Placement · Autonomy / Unmanned
NioCorp Developments	$100M	Best-Efforts Public · Rare Earth / Resources
Scout AI	$100M	Private Placement · Autonomy / Unmanned

Source: SSG Deal Tracker. Closed transactions January 1 to June 30, 2026. Amounts reflect disclosed gross proceeds; native -currency raises converted to USD.

EQUITY: SELECT CLOSED TRANSACTIONS

Company	Deal Type	Amount ($M)	Exchange	Subsector
AEVEX Corp.	IPO / Secondary	$320	NYSE	Autonomy / Unmanned
Red Cat Holdings, Inc.	IPO / Secondary	$225	NASDAQ	Autonomy / Unmanned
Harmattan AI	Private Placement	$200	Private	Defense Electronics
PDW Holdings (Performance Drone Works)	Private Placement	$110	Private	Autonomy / Unmanned
NioCorp Developments	Best-Efforts Public	$100	NASDAQ	Rare Earth / Resources
Sidus Space, Inc.	Registered Direct	$100	NASDAQ	Space / ISR
Scout AI Inc.	Private Placement	$100	Private	Autonomy / Unmanned
Firestorm Labs, Inc.	Private Placement	$82	Private	Autonomy / Unmanned
Spire Global, Inc.	Private Placement	$70	NYSE	Space / ISR
Rare Earths Americas, Inc.	IPO / Secondary	$63.3	NYSE	Rare Earth / Resources
Critical Metals Corp.	Private Placement	$60	NASDAQ	Rare Earth / Resources

Source: SSG Deal Tracker. Closed transactions January 1 to June 30, 2026. Select transactions shown; "Private" denotes an unlisted issuer. Native-currency raises converted to USD.

EQUITY: SPOTLIGHTS AND THEMES

AEVEX Corp. $320M NYSE IPO

AEVEX, a provider of full-spectrum airborne intelligence and expeditionary unmanned solutions, completed the half's largest equity transaction with its $320 million NYSE initial public offering, a significant public-market entry for a mission-focused autonomy and ISR services provider.

Red Cat Holdings $225M Follow-On

Red Cat completed a $225 million follow-on offering, with proceeds earmarked for general corporate purposes, acquisitions, and R&D. Red Cat is the parent of Teal Drones and FlightWave, with its Black Widow sUAS as the flagship platform; the post-offering market capitalization modestly exceeds the typical small-cap range, and we include it for its significance to the autonomy ecosystem.

Harmattan AI $200M Series B

French defense-AI company Harmattan AI raised $200 million in a Series B round, among the largest reported private defense-technology raises in European history, underscoring the transatlantic capital flows into European defense technology that accelerated across the half.

KEY THEMES IN H1 EQUITY

Private capital continued to flow into pre-IPO defense technology, with large private placements at PDW Holdings ($110M), Scout AI ($100M), and Firestorm Labs ($82M). Registered directs remained the workhorse public-equity structure for small-cap names. Rare-earth and critical-minerals names drew sustained interest, with NioCorp ($100M), Rare Earths Americas ($63M IPO), and Critical Metals ($60M) all raising during the half.

Source: SSG Deal Tracker; company filings and press releases.

SECTION SIX

Debt Financings

6 Closed Financings · ~$130M Face Value

DEBT FINANCINGS: H1 2026

Debt issuance across the SSG defense coverage universe was light during the first half of 2026, with 6 closed transactions totaling approximately $130 million in disclosed face value. This is consistent with our observation that micro- and small-cap defense companies tend to favor equity financing over traditional debt structures, given their growth profiles and, in many cases, pre-profitability status. The half's closed debt activity was led by Gorilla Technology Group's $107 million convertible note and VisionWave Holdings' $20 million senior secured note; the remainder consisted of small convertible notes, a debt exchange, and a refinancing. A notable $500 million term loan for rare-earth processor Phoenix Tailings was pending at half-end and is addressed in the Looking Ahead section.

Company	Structure	Face ($M)	Subsector
Gorilla Technology Group Inc.	Convertible Note	$107.0	Other
VisionWave Holdings, Inc.	Senior Secured Note / Loan	$20.0	Defense Electronics
T3 Defense Inc.	Debt Exchange	$2.1	Other
Momentus Inc.	Convertible Note	$0.5	Space / ISR
Dynamic Aerospace Systems Corporation	Convertible Note	$0.3	Autonomy / Unmanned
Comtech Telecommunications Corp.	Refinancing / Amendment	N/D	Defense Electronics

The concentration of closed debt in a single large convertible note and a single senior secured note is typical of the coverage universe, where traditional debt capital is available primarily to companies with either a specific asset base or a public-equity backstop; the elevated cost of that capital reflects the constrained financing environment for early- and growth-stage small-cap defense names.

Source: SSG Deal Tracker. Closed transactions January 1 to June 30, 2026. "N/D" denotes terms not publicly disclosed. Figures exclude trade debt, purchase-order financing, and warehouse-style facilities.

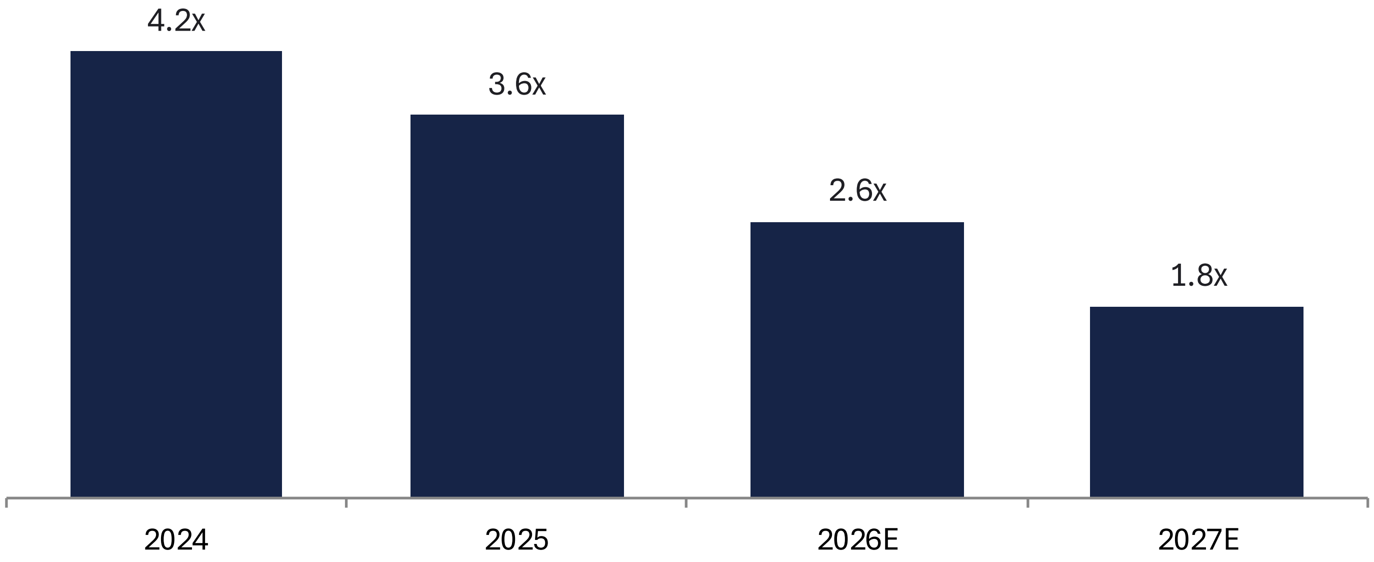
SECTION SEVEN

Valuation & Comparables

SSG Small-Cap Defense Index · As of June 30, 2026

VALUATION: DEFENSE INDEX TRADING MULTIPLES

Median EV / Revenue (Compression on Forward Estimates)



The small-cap defense universe trades on revenue rather than earnings: most constituents remain pre-profitability, so EBITDA multiples are largely not meaningful. On a revenue basis, the index trades at a median 3.6x EV / 2025 revenue, compressing to 2.6x on 2026 estimates and 1.8x on 2027 estimates as the market prices in rapid forward growth. Forward estimates are available for roughly 40 of the 77 constituents.

Median EV / 2025 Revenue by Subsector

Subsector	EV / 25 Revenue
Rare Earth / Resources	**51.5x**
Space / ISR	**26.6x**
Autonomy / Unmanned	**15.5x**
Weapons & Munitions	**7.3x**
Defense Electronics	**3.5x**
Aerospace Components	**1.9x**
Simulation & Training	**0.4x**

Dispersion across subsectors is wide. Early-revenue growth names in Rare Earth/Resources, Space/ISR, and Autonomy/Unmanned trade at substantial premiums to mature Aerospace Components and Defense Electronics, reflecting divergent growth expectations and profitability profiles across the universe.

Source: SSG proprietary index, FactSet. Median EV/revenue multiples across constituents with positive, meaningful figures. Forward estimates available for a subset of constituents.

SECTION EIGHT

Looking Ahead

Second Half 2026 and Beyond

LOOKING AHEAD: H2 2026 AND BEYOND

As we move into the second half of 2026, several factors may shape transaction activity and market performance across the defense sector:

Record Pending M&A Pipeline

The half closed with the largest pending pipeline in the tracker's history, led by Rocket Lab's $8.0 billion agreement to acquire Iridium Communications (announced June 29). Additional pending transactions include Kraken Robotics / Covelya ($615M), Iridium / Aireon ($522M), Viking / NorthStar Earth & Space ($300M), Gilat / Comtech ($158M), and strategic deals at Anduril / ExoAnalytic, Shield AI / Aechelon, and Energy Fuels / Australian Strategic Materials. We expect several to close during the second half.

FY2027 Authorization and Appropriations

With the FY2027 NDAA advancing through committee, attention turns to floor consideration and the harder appropriations fight, including the unresolved question of routing defense spending through reconciliation. Companies aligned with the mark's priorities (missile defense, munitions, autonomy, and space) may continue to attract M&A and capital-raising interest.

Critical Minerals and Reshoring

With the January 1, 2027 rare-earth magnet restriction approaching, we expect continued capital formation and policy support for domestic rare-earth and specialty-materials names, a theme reflected across the half and carried by the pending Phoenix Tailings and Energy Fuels transactions.

Index / Prime Performance Spread

The June pullback bears watching for sustainability. The small-cap-versus-prime spread remains wide, but a reversal in macro or risk sentiment would likely affect smaller, less-liquid defense names more acutely than the primes.

The SSG Deal Tracker will continue to provide comprehensive transaction coverage on a monthly basis, including deal updates and status changes.

Source: SSG Deal Tracker; House Armed Services Committee; company filings. Pending transactions as of June 30, 2026; subject to change and not assured to close.

SSG SMALL CAP DEFENSE STOCK INDEX COMPANIES

Company	Ticker	Sub	YTD	LTM	Mkt Cap
Aerostar	ARS.RO	AC	+27.8%	+31.2%	94
IEH Corporation	IEHC	AC	+132.4%	+136.0%	55
Xeriant	XERI	AC	+37.5%	+6.6%	10
Luxfer Holdings	LXFR	AC	+33.3%	+48.1%	355
DCX Systems	543650.IN	AC	-2.4%	-34.7%	n/a
Magellan Aerospace	MAL.CA	AC	+78.2%	+70.2%	159
MTAR Technologies	543270.IN	AC	+198.8%	+334.8%	n/a
CPS Technologies Corporation	CPSH	AC	+78.6%	+99.3%	45
CPI Aerostructures	CVU	AC	+31.1%	+48.3%	37
NRP Stone	NRPI	AC	+25.8%	+2.8%	27
Butler National Corporation	BUKS	AC	+37.6%	+181.8%	n/a
Hizeaero	221840.KR	AC	-19.3%	-15.6%	17
Avio	AVIO.IT	AC	+4.2%	+61.1%	1,240
Firan Technology Group	FTG.CA	AC	+90.2%	+89.4%	139
Astronics	ATRO	AC	+87.8%	+204.2%	1,534
Air Industries Group	AIRI	AC	-1.6%	-10.1%	12
VEEM	VEE.AU	AC	-36.2%	-39.8%	49
Taylor Devices	TAYD	AC	+0.4%	+35.2%	n/a
RCM Technologies	RCMT	AC	+38.1%	+19.8%	98
Sypris Solutions	SYPR	AC	-0.4%	+10.0%	30

Company	Ticker	Sub	YTD	LTM	Mkt Cap
TAT Technologies	TATT	AC	+8.0%	+57.9%	510
Ascent Solar Technologies	ASTI	AC	+21.7%	+89.4%	18
Ashot Ashkelon	ASHO.IL	AC	+9.7%	+54.9%	290
SIFCO Industries	SIF	AC	+319.4%	+527.3%	21
Nauticus Robotics	KITT	A/U	-80.0%	-98.1%	21
Paras Defence and Space Technologies	543367.IN	A/U	+78.9%	+45.9%	n/a
Umbra Applied Technologies Group	UATG	A/U	+100.0%	-60.0%	0
Kraken Robotics	PNG.CA	A/U	-4.3%	+98.6%	1,381
Red Cat Holdings	RCAT	A/U	+34.3%	+46.3%	837
VisionWave Holdings	VWAV	A/U	-53.6%	-71.3%	30
ParaZero Technologies	PRZO	A/U	-40.3%	-61.1%	14
ZenaTech	ZENA	A/U	-53.1%	-59.1%	15
AgEagle Aerial Systems	UAVS	A/U	+9.5%	-13.5%	34
AIRO Group Holdings	AIRO	A/U	-9.7%	-69.3%	163
Amprius Technologies	AMPX	A/U	+75.7%	+229.2%	902
Draganfly	DPRO	A/U	-21.6%	+71.0%	203
Bridger Aerospace Group Holdings	BAER	A/U	+4.9%	-0.5%	66
Espey Mfg. & Electronics	ESP	DE&S	+42.9%	+47.3%	182
Apollo Micro Systems	540879.IN	DE&S	+48.1%	+100.0%	n/a

Source: SSG proprietary index, FactSet. As of June 30, 2026. Returns are price-based. "n/a" indicates a figure not available. Subsectors: AC Aerospace Components; DE&S Defense Electronics & Sensors; A/U Autonomy/Unmanned; RE/R Rare Earth/Resources; S/ISR Space/ISR; W&M Weapons & Munitions; S&T Simulation & Training.

SSG SMALL CAP DEFENSE STOCK INDEX COMPANIES

Company	Ticker	Sub	YTD	LTM	Mkt Cap
T3 Defense	DFNS	DE&S	-95.8%	-98.4%	61
Applied Energetics	AERG	DE&S	-26.0%	-36.2%	359
Astra Microwave Products	532493.IN	DE&S	+71.4%	+53.8%	n/a
Avantel Limited	532406.IN	DE&S	+7.9%	+2.5%	190
Quantum eMotion	QNC.CA	DE&S	-14.8%	+147.2%	772
Orbit International	ORBT	DE&S	+8.7%	+31.8%	14
NSE SA	ALNSE.FR	DE&S	+23.9%	+1.1%	14
Comtech Telecommunications	CMTL	DE&S	-60.3%	-14.3%	140
CVD Equipment Corporation	CVV	DE&S	+140.5%	+149.3%	16
Coda Octopus Group	CODA	DE&S	+5.1%	+19.4%	48
Innovative Solutions & Support	ISSC	DE&S	-5.0%	+29.7%	288
Infleqtion, Inc.	INFQ	DE&S	-14.6%	n/a	646
Mobilicom	MOB	DE&S	-15.9%	+103.6%	45
InTest Corporation	INTT	DE&S	+143.2%	+149.6%	81
DroneShield	DRO.AU	DE&S	-18.4%	+12.2%	1,719
Defsec Technologies	DFSC	DE&S	+48.8%	-78.5%	5
DUKE Robotics	DUKR	DE&S	-6.0%	+43.1%	6
MilDef Group	MILDEF.SE	DE&S	+46.4%	-8.3%	487
MIND Technology	MIND	DE&S	-46.3%	-44.1%	78

Company	Ticker	Sub	YTD	LTM	Mkt Cap
Cyberlux Corporation	CYBL	DE&S	+6.1%	-82.8%	11
GoldHaven Resources	GHVNF	RE/R	+59.8%	+44.6%	2
NioCorp Developments	NB	RE/R	-9.1%	+106.9%	282
Ucore Rare Metals	UCU.CA	RE/R	-13.3%	+319.9%	399
Doubleview Gold	DBG.CA	RE/R	+137.6%	+235.9%	381
Energy Fuels	UUUU	RE/R	-0.3%	+152.2%	3,427
Texas Mineral Resources	TMRC	RE/R	+32.3%	+30.2%	31
Graphite One	GPH.CA	RE/R	-51.4%	+35.5%	190
American Resources	AREC	RE/R	-13.3%	+159.5%	209
Environmental Tectonics	ETCC	S&T	+20.4%	+17.9%	26
Starfighters Space	FJET	S&T	-54.3%	n/a	241
Momentus	MNTS	S/ISR	+38.0%	-69.1%	10
Satellogic	SATL	S/ISR	+205.9%	+58.0%	159
C-COM Satellite Systems	CMI.CA	S/ISR	+9.7%	-8.8%	14
Imagesat International	ISI.IL	S/ISR	-19.9%	-3.0%	76
Premier Explosives	526247.IN	W&M	+45.8%	+29.4%	n/a
Lamperd Less Lethal	LLLI	W&M	+7.1%	-3.2%	1
Next Dynamics	NXDT	W&M	+35.5%	+23.9%	160
Aryt Industries	ARYT.IL	W&M	-35.6%	+52.4%	781

Source: SSG proprietary index, FactSet. As of June 30, 2026. Returns are price-based. "n/a" indicates a figure not available. Subsectors: AC Aerospace Components; DE&S Defense Electronics & Sensors; A/U Autonomy/Unmanned; RE/R Rare Earth/Resources; S/ISR Space/ISR; W&M Weapons & Munitions; S&T Simulation & Training.

METHODOLOGY

Defense Industry Deal Tracker Methodology

The SSG Deal Tracker is compiled through systematic, multi-source research conducted on an ongoing basis. Primary sources include SEC EDGAR filings (8-K, S-1, Form D), press releases distributed via GlobeNewswire, BusinessWire, and PRNewswire, and trade publications such as GovConWire, Breaking Defense, Defense News, and SpaceNews. Company investor-relations pages and regulatory filings from international exchanges supplement U.S.-focused research.

Our coverage universe targets micro- through small-cap defense companies (generally under $1 billion market capitalization) with primary geographic focus on the United States, Canada, Israel, Australia, and developed Europe. Transactions tracked include M&A, equity capital raises, and debt financings. This report covers the January 1 to June 30, 2026 window; a transaction qualifies if it was announced or closed within that window. Headline counts reflect closed transactions only; pending transactions are addressed separately in the Looking Ahead section. All values reflect disclosed terms only; SSG does not estimate undisclosed deal values, and contingent earnout components are excluded from headline transaction values. SSG does not have access to subscription deal databases such as Bloomberg, PitchBook, Capital IQ, or Dealogic.

Defense Small Cap Stock Index Methodology

The SSG Small-Cap Defense Index is an equal-weighted price-return monitor comprising 77 publicly traded small-cap defense companies across seven subsectors. Returns are price-based; dividends are excluded. Year-to-date returns are measured from January 1, 2026; last-twelve-month returns are measured over the trailing twelve months. Market and valuation data are sourced from FactSet.

Constituents are screened by market capitalization, defense revenue exposure, exchange listing, trading liquidity, and public-data availability; additions and removals are reviewed monthly. Valuation multiples reflect enterprise value over revenue and EBITDA for constituents with positive, meaningful figures; forward estimates are available for a subset of constituents. The Index is an SSG-created market monitor for informational purposes only. It is not an investable product. Methodology and constituent list are available at www.securesg.com.

IMPORTANT NOTICE

The SSG Small-Cap Defense Stock Index and SSG Defense Industry Deal Tracker are market intelligence tools, based on public information and produced for informational purposes only and not intended as investment advice or a basis for investment decisions. Past performance is not indicative of future results. This information should not be construed as Secure Strategy Group recommending investment in defense companies or as a solicitation to buy or sell any security or engage in a particular investment strategy.

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ABOUT SECURE STRATEGY GROUP

Founded in 2008, the Secure Strategy Group (SSG) is a boutique advisory firm that helps emerging defense companies achieve their growth and strategic objectives through capital raising, M&A advisory, business development, and market intelligence.

SSG's focus is exclusively on the defense sector. We work with companies across the full spectrum of defense technology, from defense electronics and autonomous systems to aerospace components, space systems, and critical materials. Our clients include both public and private companies at the micro- and small-cap level, as well as the investors, acquirers, and strategic partners seeking access to this segment of the market.

The SSG Defense Small-Cap Index and Defense Deal Tracker are proprietary market intelligence tools designed to provide greater visibility and awareness of emerging defense companies for investors, lenders, acquirers, strategic partners, and the media, and a deeper understanding of how investors and acquirers are transacting in the defense sector. Access is provided at no cost upon registration at www.securesg.com.

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