

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Tom Kerr
312-265-9147
tkerr@zacks.com

scr.zacks.com

101 N. Wacker Drive, Chicago, IL 60606

T3 Defense Inc

(NASDAQ: DFNS)

DFNS: Initiation of global aerospace & defense holding company focused on acquiring and operating mission-critical defense businesses.

Utilizing a Discounted Cash Flow process containing conservative estimates combined with other valuation methodologies, we believe DFNS stock is worth **\$1.50** per share

OUTLOOK

T3 Defense (NASDAQ: DFNS) is a global defense and aerospace holding company with a strong portfolio of growth oriented operating businesses. Portfolio companies cover areas such as energy systems, drones, rugged infrastructure, production engineering and motion control technologies. The company also has an acquisition pipeline of over 400 high quality targets that could add substantial value. Our outlook is for strong double-digit revenue growth, EBITDA profitability in 2027, and we believe DFNS stock to be significantly undervalued at this time.

Current Price (06/23/26) \$0.19
Valuation **\$1.50**

SUMMARY DATA

52-Week High **\$15.59**
52-Week Low **\$0.18**
One-Year Return (%) **-98.3**
Beta **5.31**
Average Daily Volume (sh) **9,936,677**

Shares Outstanding (mil) **94.8**
Market Capitalization (\$mil) **\$18.2**
Short Interest Ratio (days) **N/A**
Institutional Ownership (%) **12**
Insider Ownership (%) **22**

Annual Cash Dividend **\$0.00**
Dividend Yield (%) **0.00**

5-Yr. Historical Growth Rates
Sales (%) **N/A**
Earnings Per Share (%) **N/A**
Dividend (%) **N/A**

P/E using TTM EPS **N/A**
P/E using 2026 Estimate **N/A**
P/E using 2027 Estimate **N/A**

Risk Level **High**
Type of Stock **Small Growth**
Industry **Defense**

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2025					
2026	\$3.6 A	\$5.5 E	\$7.7 E	\$8.7 E	\$25.6 E
2027					\$33.9 E
2028					\$40.2 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2025					
2026	-\$0.88 A	-\$0.05 E	-\$0.04 E	-\$0.03 E	-\$0.99 E
2027					-\$0.04 E
2028					\$0.01 E

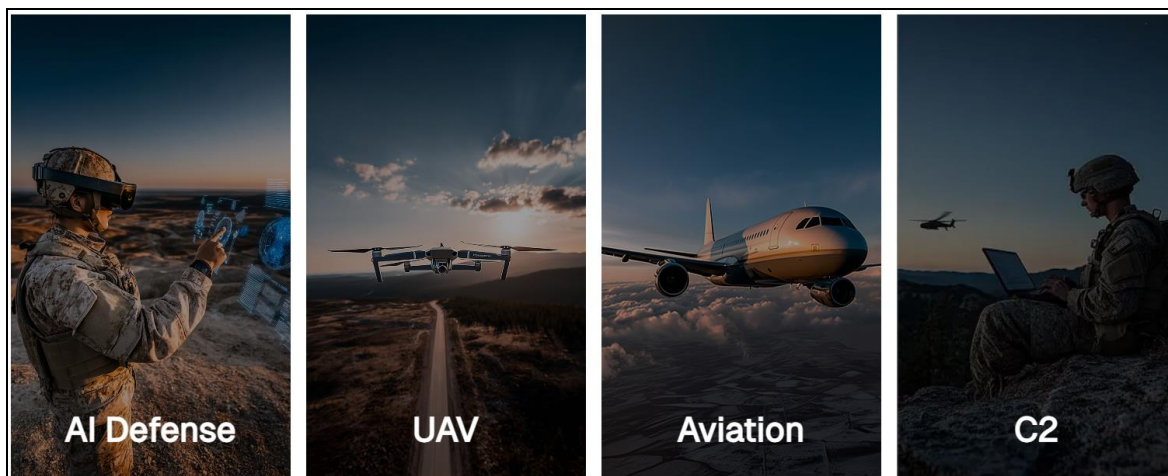
Quarterly estimates may not equal annual EPS due to rounding, dilution or intangibles. Est. may be non-GAAP.

KEY INVESTMENT POINTS

T3 DEFENSE INC

Source: t3dfns.com

- T3 Defense Inc. (NASDAQ: DFNS) is a global aerospace & defense holding company focused on acquiring and operating mission-critical defense businesses involved in critical chokepoints of long-cycle national security programs.
- Through a disciplined M&A strategy and decentralized operating autonomy, T3 Defense plans to build the asymmetric edge by strengthening critical defense capabilities and compound long-term value.
- The company has identified a pipeline of more than 400 potential acquisition targets primarily consisting of Tier-2 and Tier-3 manufacturers with advanced products and significant order backlogs.
- The company's current portfolio consists of 5 operating subsidiaries, most of which were acquired in 2026. These include Rimon, ITS, Positech, Tiltan Software and Nimbus Drones.
- The company has additional firepower to make non-dilutive but significant acquisitions through a separate SPAC created in 2025 which holds \$172.5 million of cash in trust.
- In addition, the company controls Water IO Ltd – a publicly traded company in Tel Aviv that is looking to acquire a larger operating business. Such acquisition would be non-dilutive to T3 shareholders.
- Cash balances and short-term marketable securities were \$7.9 million as of 3/31/26 and the company has no long-term debt at this time.
- The company currently has an order backlog totaling \$12.1 million as well as incoming RFPs of approximately \$12.0 million.
- The company expects total revenues in 2026 to be approximately \$26.0 million.
- Based on our discounted cash flow calculation using conservative estimates, we believe DFNS stock to be worth approximately **\$1.50** per share.



Source: t3dfns.com

OVERVIEW



Source: t3dfns.com

Although T3 Defense has a history of being involved in the financial technology services industry, since September 2024, the company has transformed into a strategic acquirer and operator of aerospace and defense (A&D) businesses. T3 is building a portfolio of mission-critical suppliers and advanced technology companies and strategic infrastructure opportunities across the defense, aerospace, and advanced manufacturing sectors in Israel, Europe and the U.S.

T3 is now positioned as a strategic platform company focused on acquiring, integrating, and scaling high-impact businesses in the aerospace and defense industries. The strategy targets Tier 2 and Tier 3 suppliers that form the industrial backbone of national security infrastructure, with particular emphasis on companies offering dual use technologies, advanced AI applications, and critical manufacturing capabilities. The company's goal is to acquire companies at attractive valuations with the ability to scale into larger enterprises.

The first step in this transformation was the company's acquisition of Star 26, a holding company containing three defense related businesses. In December 2024, T3 Defense announced a purchase agreement for the company and the transaction was closed in January 2026.

The three core businesses under Star 26 include Rimon (energy systems, drones, and rugged infrastructure manufacturer), ITS (production engineering), and Positech (motion control technologies). In addition, in 2025, the company acquired Tiltan Software (defense and aerospace software) and Nimbus Drones (unmanned aerial systems).

The company has the potential to expand on a global basis and is well connected to both the Israeli and U.S. defense ecosystems, with subsidiaries and partnerships tied to technologies used in areas such as Iron Dome-related systems, GPS-denied navigation, drone payloads, simulation systems, and AI-enabled military applications.

The company has identified a pipeline of more than 400 potential acquisition targets, primarily consisting of Tier-2 and Tier-3 manufacturers with good customer relationships and significant order backlogs. Many of these businesses are constrained by limited capacity and resources, creating opportunities for strategic growth and operational support.

Global military expenditure reached a record \$2.7 trillion in 2024 and is expected to reach \$2.9 trillion in 2025. This growth is being driven by the Russia-Ukraine conflict, Middle East and Asia-Pacific tensions, and broader geopolitical realignment. The U.S. remained the largest military spender at a proposed FY26 budget of \$997 billion, which is the first-ever trillion-dollar defense request.

The company's primary operations are currently based in Israel, and company headquarters are located in New York City.

The company controls a separate SPAC with cash in trust of \$172.5 million which will be used to make additional acquisitions (see below for more details). The company has provided a revenue outlook for 2026 in which they expect revenues to reach \$26 million. Cash balances and short-term marketable securities were \$7.9 million as of 3/31/26.

The company also controls publicly traded Water IO (TASE: WATR) with a 67% ownership stake. The company is currently engaged in smart hydration technology products. Going forward, Water IO will likely

make acquisitions in the defense & aerospace sectors. In April 2026, Water IO announced a non-binding letter of intent involving a transaction that would give it control of Israeli defense company Meteor Aerospace. The proposed deal is structured as a \$10 million investment or loan by Water IO. If completed, Meteor would issue shares representing 51% ownership on a post-investment basis, which would make Meteor a controlled subsidiary of Water IO.

Based on a discounted cash flow calculation using conservative estimates, we believe DFNS stock to be worth approximately **\$1.50** per share.

PORTFOLIO COMPANIES

B. Rimon



Source: t3dfns.com

Founded in 1992, B. Rimon Agencies Ltd., is a defense technology company serving the country of Israel and acting as an exclusive distributor in Israel of tier-1 generators, masts, and lighting solutions, as well as a wide range of defense, homeland security and commercial systems.

Rimon's specialties include:

- Command & Control Vehicles where end-to-end engineering of mobile command platforms are designed for demanding operational environments. These systems are purpose-built so centralized decision-making capabilities can move directly with the mission, ensuring coordination, communication, and operational oversight remain active in the field.
- Tactical Lighting Systems that are engineered to support operational and tactical environments where visibility is critical to success. These lighting solutions are specifically designed to improve situational awareness and performance in high-pressure conditions such as on the battlefield where control and clarity can determine the outcome of a mission.
- Energy Solutions focus on mission-critical power systems trusted at the highest levels of national defense. These systems are designed for reliability and resilience, including applications that support advanced defense platforms such as Israel's Iron Dome system.
- Rapid Deployment Logistics & Surveillance Infrastructure solutions provide purpose-engineered mast systems that can be quickly adapted for sensors, relay stations, and antenna arrays. These solutions enable communication and surveillance capabilities to be established in remote or infrastructure-limited environments where rapid deployment is essential.

Deployment capabilities include both military and civilian security applications. For military and government users, the system is designed for deployment in active conflict zones, forward operating command-and-control environments, and missile defense interceptor operations. For civilian security

organizations, it supports disaster response, emergency services, law enforcement agencies, and park ranger operations.

Rimon secured \$4.1 million in contracts in the 1st quarter of 2026 and has a backlog of \$4.8 million. We expect revenues of over \$7.0 million for Rimon in 2026.

I.T.S (51% owned by DFNS)

The infographic features a dark background with a blurred image of industrial machinery. On the left, the I.T.S. logo is displayed in white, followed by the tagline "The engineering behind mission-critical systems". On the right, a white box contains the text "Revenue Backlog" above a large "\$2.1M" figure. At the top right, a small white box states "T3 Defense holds 51% controlling stake".

Source: t3dfns.com/

I.T.S. Industrial Techno-logic Solutions Ltd. is an Israeli company providing design, development, production and manufacturing of serial, fully integrated electro-mechanical machines and sophisticated assembly lines.

This company specializes in bespoke production engineering, delivering complete manufacturing systems from initial design through full-scale production. Its capabilities include custom machinery, advanced 3D-printing production lines, and integrated assembly systems tailored to client specifications for complex industrial and defense applications.

It also provides agile industrial systems on demand, rapidly creating custom production lines whenever a client needs the capability to manufacture a new product. Rather than relying on existing infrastructure, the company designs and delivers the exact manufacturing systems required to bring new concepts into production efficiently and at scale.

A key differentiator is its sovereign manufacturing capability, with end-to-end production managed entirely within a single trusted facility. By avoiding dependence on third-party subcontractors for critical components, the company maintains full control over engineering, production quality, supply chain integrity, and final delivery.

Deployment capabilities cover both military and civilian sectors. For military and government applications, they include support for munition lines, vehicle components, and industrial-scale military manufacturing. On the civilian side, the capabilities extend to civilian manufacturing lines, automotive glass finishing, and 3D printing production floors.

ITS currently has a backlog of approximately \$2.1 million.

Positech

The infographic features a dark background with a blurred image of industrial machinery. On the left, the POSITECH. logo is displayed in white, followed by the tagline "Taking your motion control forward". On the right, a white box contains the text "Revenue Backlog" above a large "\$4.6M" figure. Below the figure, a smaller white box contains the text "+Significant RFPs targeting robotics products".

Source: t3dfns.com/

Positech Ltd., wholly owned subsidiary of I.T.S., designs and manufactures cutting edge high performance motion control systems for military and civilian use.

The system delivers 2.5x faster horizontal and vertical rotation compared to industry standards, with full 360° horizontal rotation and vertical elevation or depression capabilities. This speed advantage enables turrets, radars, drone detection systems, cameras, and guided weapon stations to acquire and track targets before adversary systems have even completed their own rotation.

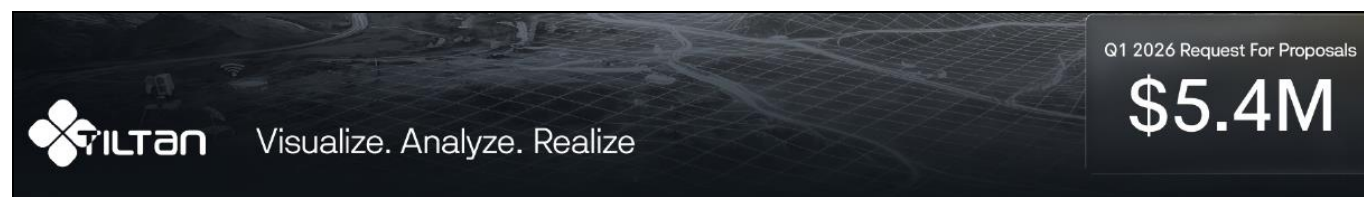
The gearless design results in near-zero maintenance requirements, eliminating gear wear, lubrication cycles, and the majority of mechanical failure points. Systems remain mission-ready and reliable for longer periods, with a fraction of the servicing burden associated with traditional geared pedestals, significantly reducing total cost and operational upkeep.

The gearless architecture also achieves zero backlash, eliminating all mechanical recoil so that when the system locks onto a target, it stops exactly on point instantly. There is no overshoot, no correction, and no delay, ensuring precise and immediate target acquisition every time.

Deployment capabilities span both military and civilian domains. Military applications include pedestals for air defense radars, weaponized gunnery positions, and drone visual guidance. On the civilian security side, use cases cover vehicle pedestals, manufacturing machinery, and surveillance cameras.

Positech currently has a backlog of approximately \$4.6 million.

Tiltan

A banner for Tiltan software. On the left is the Tiltan logo, which consists of a stylized 'X' shape made of four white lines, followed by the word 'TILTAN' in a bold, sans-serif font. To the right of the logo is the tagline 'Visualize. Analyze. Realize' in a smaller, lighter font. On the far right of the banner, there is a dark rectangular box with white text that reads 'Q1 2026 Request For Proposals' and '\$5.4M' in a large, bold font. The background of the banner is a dark, textured image of a 3D terrain map.

Source: t3dfns.com

Tiltan Software Engineering Ltd. is an Israeli AI software company specializing in defense and aerospace applications including GPS-denied navigation, 3D mapping, simulation systems, and AI training platforms.

Key products and services for Tiltan include:

- AGM (Advanced Geospatial Mapping) integrates imagery from satellites, drones, and ground sources to build 3D maps of any environment for mission planning, training, and live situational awareness.
- T-BAT (GPS-Denied Autonomous Navigation) loads terrain and mapping data into autonomous vehicles and drones, enabling navigation without GPS through real-time landmark recognition in contested environments.
- TOPS (Physics-Based 3D Simulation Engine) provides software and hardware-in-the-loop testing, allowing teams to digitally modify a system and validate the impact in high-fidelity simulation before committing to a physical change.
- Majestic.ai (Synthetic Data as a Service) generates validated imagery across visible, infrared, and SAR spectrums to train defense-grade AI, built on over 30 years of operationally collected military data.

Deployment capabilities cover both military and civilian domains. Military and government applications include mission planning, GNSS denied environmental navigation, military LLM, and defense software and hardware design simulations. For civilian applications, use cases cover agricultural systems, civil planning, disaster response, and law enforcement.

Tiltan responded to \$5.4 million in RFPs in the 1st quarter of 2026.

Nimbus Drones



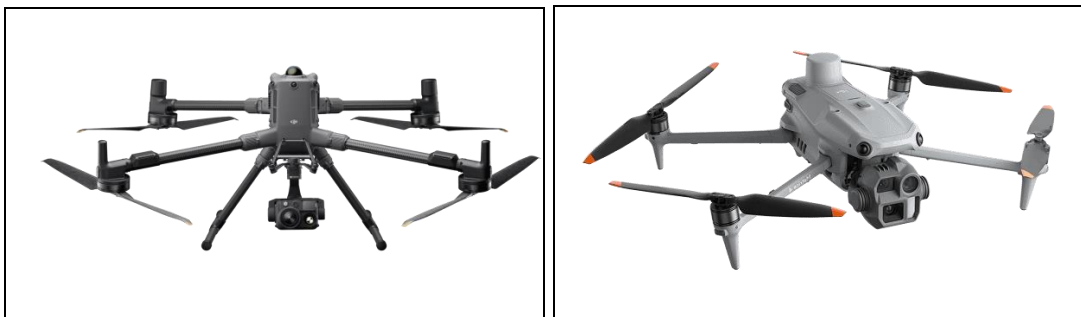
Source: t3dfns.com

Nimbus is an Israeli unmanned aerial vehicle (UAV) company engaged in the sale of various drone models primarily for the defense, homeland security, and civilian industries. Nimbus provides end-to-end UAV solutions, including drone hardware sales and maintenance, aerial photography, mapping and imaging services, and professional UAV pilot training and knowledge transfer. Nimbus serves a variety of end markets including defense and security organizations, municipalities, local authorities, and surveying and engineering firms with customized unmanned aerial systems and related services.

Specific capabilities include:

- Custom UAV Systems - End-to-end drone design, production, and maintenance. The company creates fully customized unmanned aerial platforms built to mission spec for professional applications across critical industries.
- Operational Services - Mapping and surveying, aerial imaging, red-team simulation for defense exercises, counter-UAS R&D, and certified flight training programs. The company creates not just the platform, but also the full operational capability around it.
- Counter-UAS – This involves the development of counter-drone systems addressing one of the fastest growing threats across modern battlefields and domestic critical infrastructure.

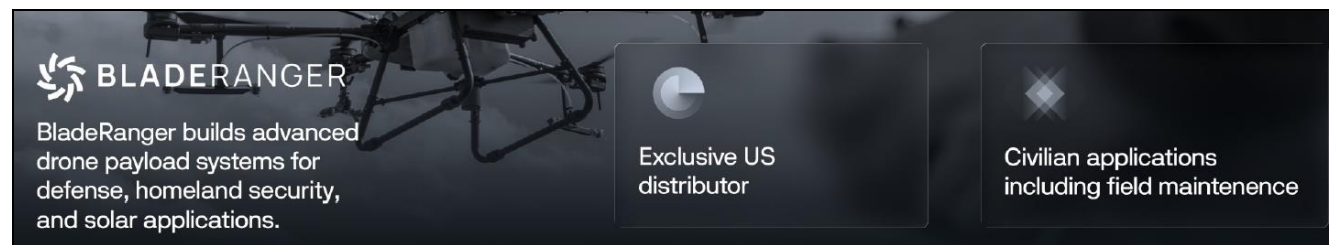
Deployment capabilities for Nimbus include both military and civilian domains. Military applications include surveillance & intelligence, Counter-UAS systems, and red-team simulation. Civilian use covers drone customization, mapping & surveying, agriculture, and law enforcement.



Source: nimbusd.co.il

PARTNERSHIP AND JOINT VENTURES

Blade Ranger



Source: t3dfns.com

In August 2025, the company entered into an exclusive distribution agreement with Blade Ranger, an Israeli public company specializing in development of drone payloads. Blade Ranger develops and commercializes drone technologies for the solar energy market. In addition, it has developed a payload that is used by defense and homeland security forces.

T3 Defense is the exclusive U.S. distributor of the company's drone payloads for law enforcement and civilian applications.

Mandragola JV



Source: t3dfns.com

In August 2025, T3 Defense launched a joint venture with Mandragola Aviation in civil and defense aviation to establish NATO-compliant logistics and MRO facilities in Europe, Asia, and LATAM through partnerships with local organizations. Mandragola is an Israeli business development and investment company specializing in advanced technologies and strategic partnerships.

This joint venture forms the basis of T3 Defense's European A&D operations.

ACQUISITION CRITERIA & PIPELINE

T3 Defense has developed a pipeline of more than 400 identified acquisition targets, primarily focused on Tier-2 and Tier-3 manufacturers that maintain strong customer relationships and sizable order backlogs but are often constrained by capacity and resources.



Source: t3dfns.com

The company is targeting established businesses generating between \$10 million and \$150 million in annual revenue, with an emphasis on companies that are already profitable or have a clear path to profitability. Its acquisition strategy is centered on strategically prioritized sectors, including precision engineering and manufacturing, unmanned systems, and AI software and systems integration.

The company's goal is to acquire these businesses at 4-6x EBITDA and through strong sales growth and improved operational efficiency, it will cause a revaluation of the enterprise value of the acquired company to a mid-teens EBITDA multiple.

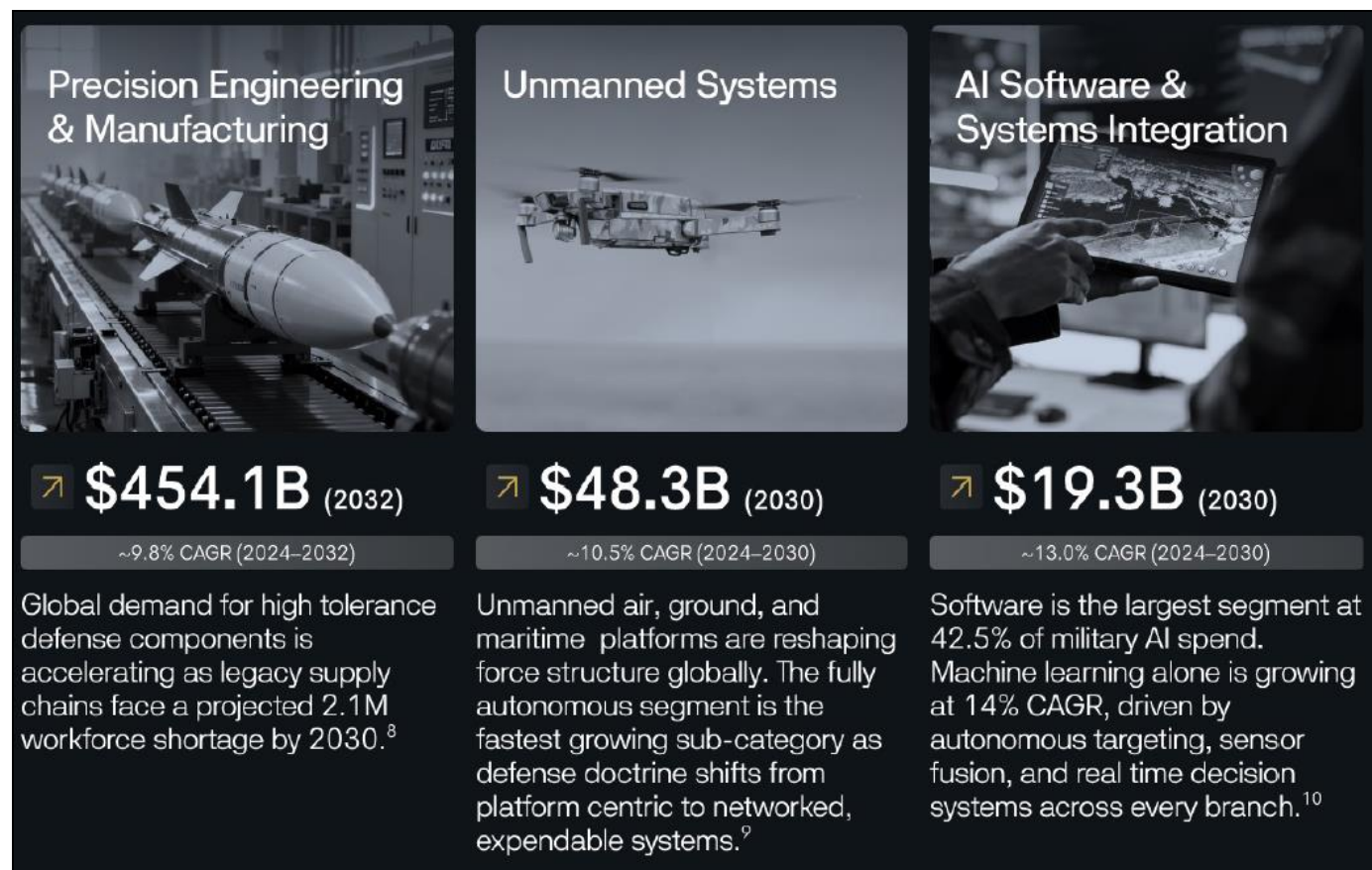
INDUSTRY & ADDRESSABLE MARKET

The company's initial primary geographic focus is Israel, where most current customers are located and operate. Israel accounted for 4.4% of global arms exports between 2021 and 2025, making it the world's seventh-largest arms exporter. Defense exports reached a record \$14.8 billion in 2024, driven by strong demand for Israeli air defense, drone, and counter-UAS technologies. Leading defense companies, including Elbit Systems, Israel Aerospace Industries, and Rafael Advanced Defense Systems, generated approximately \$16.2 billion in combined arms revenue in 2024. Israel also continues to expand its global defense presence through major international agreements, including the Arrow 3 missile defense sale to Germany and large-scale defense contracts with India.

Global military expenditure reached a record \$2.7 trillion in 2024 and is expected to reach \$2.9 trillion in 2025. This growth is being driven by the Russia-Ukraine conflict, Middle East and Asia-Pacific tensions, and broader geopolitical realignment. The U.S. remained the world's largest military spender at a

proposed FY26 budget of \$997 billion, which is the first-ever trillion-dollar defense request. In Europe, 17 of 30 NATO members met or exceeded the alliance's 2% of GDP spending guideline in 2024, with notable increases in Romania (+43%), the Netherlands (+35%), Sweden (+34%), Poland (+31%), and Germany (+28%).

NATO allies further agreed at the June 2025 Hague Summit to raise the spending target to 5% of GDP by 2035. This structural increase in global defense spending creates significant market opportunities for defense technology companies operating in Israel and internationally. While the company is in the early stages of entering the U.S. defense market, it intends to pursue opportunities in the U.S. and other international markets over time.



Source: t3dfns.com

Global: Global defense spending hit an all-time record of \$2.9 trillion in 2025 and is projected to reach an estimated \$3.5 trillion by the end of the decade, reflecting an unprecedented and sustained surge in military investment worldwide.

United States: The U.S. proposed a \$1 trillion defense budget threshold for the first time with FY2026 (ending September 2026) and has already proposed a \$1.5 trillion budget for FY2027. Additionally, a separate \$200+ billion supplemental is being sought to cover costs related to the Iran conflict.

NATO Europe: Combined defense spending by Central and Western European NATO members reached \$472 billion in 2024, representing a 59% increase over the decade from 2015 to 2024, underscoring Europe's dramatic rearmament push in response to growing security threats.

Gulf States: Gulf state nations are spending at an average of 4.3% of GDP on defense, totaling \$219 billion, which is among the highest defense spending rates in the world. The US-Saudi arms deal alone accounts for \$142 billion of that figure.

India: India's defense budget reached an all-time high of \$87 billion in 2024, a 15% year-over-year increase, making it the world's 4th largest military spender. This is expected to increase to approximately \$92 billion in 2025. The country is prioritizing drones, artificial intelligence, and next-generation defense platforms.

Taiwan: Taiwan approved a landmark \$40 billion supplementary defense budget covering 2026–2033, focused on missiles, drones, and the so-called "Taiwan Dome" air defense system, with an ambitious target of reaching 5% of GDP in defense spending by 2030.

COMPETITIVE ADVANTAGES

We believe the competitive strengths that differentiate T3 from other acquisition holding companies include:

Specialization in the Military and Defense Sector

The company's focus on the military and defense sectors positions them to compete effectively as the industry undergoes a transformation driven by evolving government policies, national security priorities, and the growing adoption of advanced commercial technologies for defense applications. As global conflicts and modern warfare tactics continue to evolve, this will increase the demand for innovative technologies and create a strong opportunity for the company to succeed as an acquisition holding company in this market.

International and Sector-Specific Expertise

The CEO of T3, Menny Shalom, has previously operated international businesses, including in Israel. His extensive international experience and knowledge of Israeli business operations, along with a broad network of contacts, offer a strong competitive advantage. This network can help with identifying new acquisition targets, finding qualified managers, and securing global capital. This, along with a diverse and experienced board of directors, gives the company a significant edge in evaluating future business and acquisition opportunities.

Value Proposition for Business Owners

When making acquisitions, the company takes a creative, flexible approach by tailoring each acquisition structure to meet the specific liquidity needs and certain qualitative objectives of a target's owners and management team. The company is flexible in providing a complete exit strategy to its sellers or providing opportunities to retain incumbent management. Because of this, T3 is an appealing buyer for small business owners and managers. We believe business owners and managers will view T3 as a value-added partner that provides the resources needed to support strategic growth and create value.

FINANCIAL REVIEW

2025 Financial Results

The company has a limited operating history with no material revenues in 2025 as it pertains to the going-forward collection of businesses.

1st Quarter 2026 Financial Results

The company released its 10-Q for the period ending 3/31/26 on May 19, 2026. Cash and short-term marketable securities increased to \$7.9 million. During the 1st quarter, the company raised \$10.0 million from a private placement and \$3.5 million from an Equity Line of Credit (ELOC).

On February 26, 2026, the company closed a \$20 million private placement with an accredited investor, structured in two equal stages of \$10 million each. The investor purchased 400 units at \$50,000 per unit, where each unit consists of one share of Series B Convertible Preferred Stock and warrants to purchase additional common stock equal to 150% of the shares issuable upon conversion.

The first \$10 million closed on February 26, 2026. The second \$10 million is contingent on: registration statement effectiveness, stockholder approval, a stock price of at least \$1.00, and at least \$900,000 in average daily trading volume over the 10 preceding days, with the second tranche size reduced proportionately if trading volume falls below that threshold.

The company also has an ELOC with an accredited investor where the company may sell to the investor up to \$250 million in stock.

Revenues reported in the 1st quarter totaled \$3.6 million which was derived from almost all new operating subsidiaries and includes anti-missile systems, drone navigation, counter-drone solutions, defense engineering, and tactical power and mobility systems.

Gross margin was 10.2%. We expect gross margins to rise to the mid-30% range over time as the company's subsidiaries continue to gain scale.

The company experienced a large loss in the 1st quarter primarily due to extraordinary non-cash losses related to the change in fair value of its stock purchase warrant liabilities.

Total company backlog as of 3/31/26 was approximately \$12.1 million and incoming RFPs are estimated to be \$12.0 million.

The company has recently issued revenue guidance for 2026 which is expected to be approximately \$26.0 million based on organic growth and operational momentum.

SC II ACQUISITION CORP SPAC

In 2025, the company created a SPAC that is separate from the T3 holding company. However, as the sponsor of this SPAC, T3 carries its assets on its own balance sheet.

SC II Acquisition Corp is a newly created "blank check" company that was formed by an indirect subsidiary of the company to raise money through the stock market and later merge with or acquire another business. In October 2025, SC II filed to go public, and on November 28, 2025, it completed its IPO by selling 17.25 million units at \$10 each, raising approximately \$172.5 million. Each unit included one share of stock plus a right to receive additional shares in the future if the SPAC completes an acquisition. At the same time, the SPAC's sponsor also purchased additional private units for about \$2.55 million.

Also, on March 31, 2026, the SPAC entered into a non-binding letter of intent with a payments technology company which outlined a potential business combination in which SPAC would acquire 100% of the outstanding equity and equity equivalents of the payments technology company.

The company or companies to be acquired from this entity are not expected to be consolidated for revenue accounting purposes. It is expected that the ownership stake in the acquired company will be used as a funding source in the future by selling appreciated shares to be used to fund additional growth.

MANAGEMENT

Menny Shalom

Chief Executive Officer

Menny Shalom is the CEO of T3 Defense Group. A seasoned entrepreneur with over 20 years of leadership experience in defense tech, precision manufacturing, and enterprise software, he previously served as CEO of Motomova as well as Hold Me Ltd. Prior to this, he was the Founder & CEO of both Wayerz and Mipso.

Roy Cohen

Chief Financial Officer

Mr. Cohen has more than 25 years of experience in financial leadership roles at both public and private organizations. Since 2023, he has served as a senior financial consultant, advising boards and executive management on financial infrastructure and corporate governance. Prior to that, Cohen was chief financial officer of Pangaya from 2022 to 2023 and vice president of finance and chief controller at Cintec Media from 2020 to 2022. Cohen's background includes experience with NASDAQ-listed companies and U.S. GAAP reporting. He previously served as global chief controller at Orbotech Ltd. (NASDAQ:ORBK), where he was responsible for consolidated financial reporting and oversight of Sarbanes-Oxley compliance and internal control frameworks. Cohen is a certified public accountant and holds a bachelor's degree in business administration with a focus on accounting and finance.

Jordan Buchler

CEO Manufacturing & Industrial Processing Division

Jordan Buchler brings over 20 years of public sector experience and a proven track record of building and scaling complex operational systems in highly constrained environments. His career spans senior leadership roles at Weissberger, Paramount Enterprise International, ZOOZ Power, and Oran Safety Glass, as well as founding the Ethiopian Maritime Training Institute. At T3 Defense, he oversees portfolio operations and ensures execution across the company's growing family of defense-industrial businesses.

RECENT NEWS

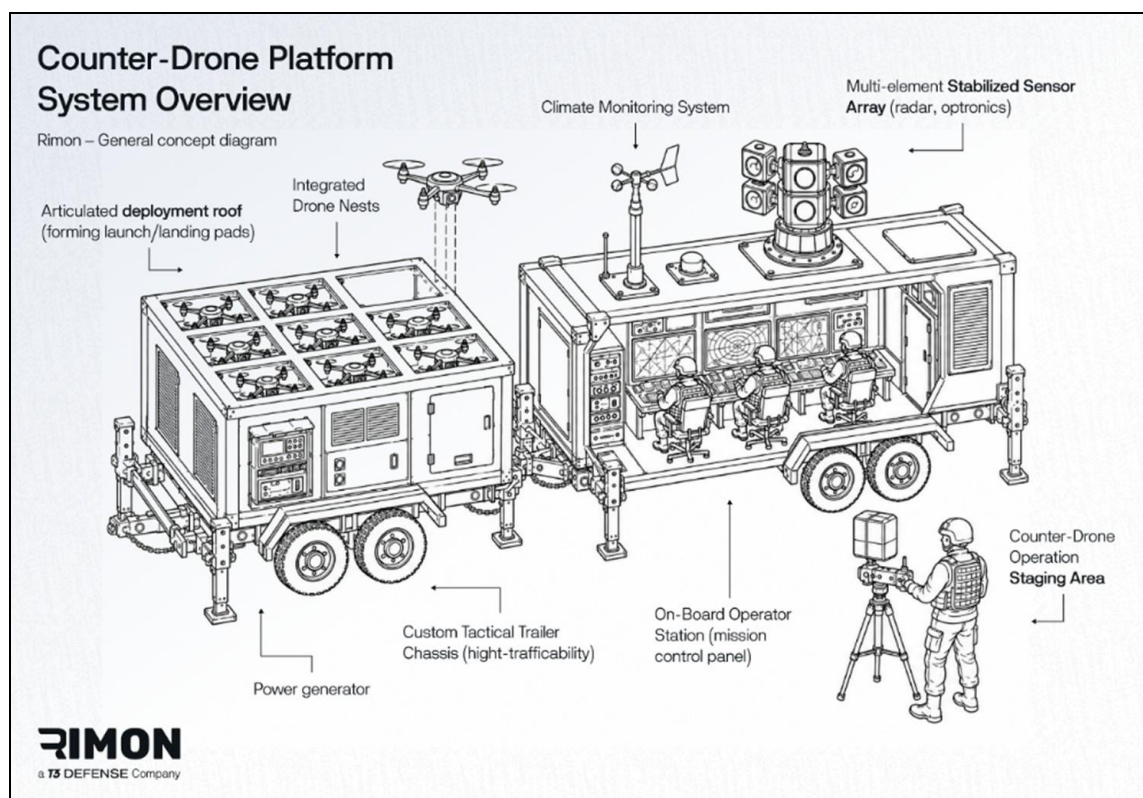
- On June 16, 2026, the company announced that Nimbus Drones has launched a specialized Red Team capability that offers live drone threat emulation for armed forces and defense companies developing counter-unmanned aerial system (C-UAS) solutions.

First person view (FPV) drones have proven to be a low-cost, lethal, and widely deployable weapon across Ukraine, Lebanon and other active theaters, and are now a standard threat on the modern battlefield. To keep pace, armed forces must train against live drone systems, and every defense company developing counter-drone technology must validate its solutions against real airborne platforms.

Nimbus is currently conducting evaluations and training exercises with defense customers and industry partners, as demand for realistic C-UAS testing solutions continues to develop. T3 Defense expects this offer to contribute to revenue growth while strengthening its position as a provider of integrated, mission-critical defense solutions.

- On June 1, 2026, the company announced that Rimon had made significant progress in the manufacturing and delivery of mobile operational systems developed for the Active Defense Division of IMI Systems (Elbit Group). This program is designed to provide a rapid, mobile response to aerial threats facing IDF forces.

In response to the urgent operational need for rapid, mobile solutions against the growing drone threat, Rimon is currently completing the manufacturing and supply of an advanced interceptor system platform. This platform integrates independent energy management, active climate control, and a stabilized sensor array within an all-terrain trailer configuration that enables rapid deployment and sustained operations without reliance on fixed infrastructure.



Source: t3dfns.com

Rimon is responsible for the full architecture, engineering, and manufacturing of the purpose-built systems for the Active Defense Division. Following the successful delivery of the first operational unit, Rimon is now executing the delivery sequence for the remaining systems.

CEO Menny Shalom stated, *"The threat environment on Israel's northern front has fundamentally changed the way ground forces operate. Drones are no longer a future consideration, but a daily operational reality, and the ability to deploy counter-drone capabilities rapidly and reliably in the field is now decisive. The systems Rimon has engineered for this program are exactly that kind of solution: fully self-contained, field-ready platforms that put advanced aerial defense technology exactly where it needs to be, when it needs to be there. Rimon's ability to take a complex operational requirement and deliver a finished, mission-ready system entirely in-house is what makes this possible."*

- On May 28, 2026, the company announced that Nimbus Drones had established an unmanned aerial vehicle (UAV) laboratory that will serve as the operational hub for its modification, repair, and assembly operations in Jerusalem.

The new lab significantly expands Nimbus' in-house technical and operational capabilities and reinforces its ability to deliver fully customized, field-ready UAV systems to a variety of defense and government customers. This includes from initial configuration and integration of specialized payloads and communications systems, through testing, field deployment readiness, and ongoing maintenance, refurbishment, and upgrades.

The launch comes amid strong demand for advanced UAVs across defense, homeland security, and critical infrastructure markets. By centralizing engineering, assembly, and service functions while leveraging third-party resources, Nimbus hopes to improve efficiency, quality control, and innovation.



Source: t3dfns.com

CEO Menny Shalom stated: *“The establishment of this laboratory is a direct expression of what we are building at T3 Defense, not just a portfolio of defense companies, but businesses with real depth, real infrastructure, and real operational capability. As part of this strategy, we are investing in the infrastructure, engineering talent, and operational depth required to meet the increasingly complex demands of our defense and security customers. By doing so, T3 Defense is providing its portfolio companies with the physical foundation and centralized support required to deliver on that promise at scale. This laboratory also underscores our continued commitment to investing in UAV systems and drone capabilities across the portfolio, building the kind of durable, in-house capacity that our defense customers expect, positioning T3 Defense as a long-term partner in this space.”*

- On May 26, 2026, the company announced that its subsidiary Tiltan had secured a \$1.3 million order as part of a large-scale Israeli defense unmanned aerial systems (“UAS”) program.

The order supports an advanced simulation environment for multi-domain UAS operations, enabling large-scale training and mission preparation. By integrating multiple platforms and mission profiles into a unified synthetic battlespace, it supports next-generation defense and swarm applications.

Execution will leverage Tiltan's TOPS-NX IR physics-based 3D engine, delivering advanced IR and visual simulation with ultra-high-resolution sensor rendering in a cloud environment that supports multiple concurrent instances. The engine sustains high frame rates across dense urban environments with thousands of entities, meeting the demands of real-time operational scenarios. Complementing this, Tiltan's T-VERSE services provide material-based, high-fidelity 3D models and digital twins, enabling highly accurate synthetic operational environments in both IR and visual domains tailored to complex mission and training requirements.

Ehud Shafir, CEO of Tiltan, stated, *“TOPS-NX successfully met the customer’s most demanding benchmarking and performance requirements, proving its ability to deliver the scalability, fidelity, and reliability required for next-generation defense simulation environments. This award reflects years of investment in our simulation platform and validates Tiltan's role as a trusted supplier to the defense establishment. Building on this momentum, Tiltan is actively engaged with multiple Tier-1 defense contractors and currently has over \$5 million in active RFPs, reflecting our capabilities across the defense sector.”*

VALUATION

We believe T3 Defense can generate double-digit revenue growth over the next 10 years through organic growth and accretive acquisitions. We believe gross margins can reach the mid-to-high 30% range and over the long-term approach 40%. Typically, Israeli defense companies have higher than industry average gross margins due to a greater emphasis on software, sensors, and simulation technology rather than large scale platform manufacturing. We believe EBITDA margins will be slightly positive in 2027 and grow significantly thereafter.

Our primary valuation tool utilizes a Discounted Cash Flow process. Under the scenario described above, we arrive at a target valuation of **\$1.50** per share. Our target price may be conservative as it incorporates a high discount rate of 12.5% due to the unpredictability of earnings, prevailing interest rates, and the timeline for reaching its margin goals on an annual basis. Also, this price target is based on the current portfolio of companies and does not take into account future acquisitions.

We also use forward price/sales multiples to validate our target price. The average 2027 price/sales multiple for smallcap & midcap defense companies based on 2027 revenue estimates is approximately 3.3x. That would provide a price target of **\$1.83** per share for DFNS based on our 2027 revenue estimates.

COMPS	P/S 2027
KTOS	5.5
AVAV	4.0
BBAI	4.8
RCAT	3.5
ONDS	3.3
DRS	2.8
CACI	1.2
PSN	1.1
Average	3.3

Source: Public consensus estimates

We believe the company will reach cash flow breakeven at some point in calendar year 2027 and may not require additional funding to execute on its growth plans. However, it's possible the company could access the capital markets to make important acquisitions.

The current market cap of only \$18 million appears to be irrational and more reflective of the ongoing microcap stock malaise as opposed to company fundamentals.

RISKS

- The company's recent business transformation from financial technology to aerospace and defense lacks any operational track record and may not be successful.
- The company is attempting to integrate multiple defense companies simultaneously without any direct aerospace and defense experience.
- If the company does not effectively manage its growth and the associated demands on its operational, risk management, sales and marketing, technology, compliance and finance and accounting resources, the overall business may be adversely impacted.
- The pivot from fintech to the defense sector exposes the company to new operational, regulatory, and market risks for which they have limited prior experience.
- The company lacks the facility security clearances and cleared personnel required for the substantial majority of U.S. defense contracts.
- The company faces intense competition from larger and established defense companies.
- Ongoing global conflicts, particularly in the Middle East and Ukraine, create both heightened demand and severe operational risks for the company's businesses.
- The outstanding warrants, convertible preferred stock, and the equity line of credit facility may result in substantial dilution to existing stockholders and depress the stock price.
- The loss of the current CEO, or the failure to attract and retain other highly qualified personnel in the future, could adversely impact the businesses, operating results, and financial condition.



**Building the asymmetric edge that
shapes the future of defense**

Source: t3dfns.com

INSIDER TRADING AND OWNERSHIP

The following table contains certain information as of May 20, 2026 with respect to the beneficial ownership of the company based on 60,270,525 shares of common stock outstanding:

Named Executive Officers and Directors	Position	Number of Shares of Common Stock	Percentage of Common Stock
Menachem Shalom ⁽¹⁾	CEO and Director	14,859,080	22.0%
Morel Levi	CFO	5,000	*
Shiran Fridman	Director	5,000	*
Tomer Nagar	Director	15,000	*
Nachum Asaf	Director	5,000	*
Total Officers and Directors (5 people)		14,914,080	22.1%
5% Stockholders			
VisionWave Holdings Inc. ⁽²⁾		6,000,000	9.96%
Esousa Group Holdings LLC ⁽³⁾		6,689,285	9.99%

(1) Includes 13,349,680 shares that may be acquired upon the exercise of accompanying warrants within 60 days of May 23, 2025.
(2) Based on Amendment No. 1 to Schedule 13D/A filed with the SEC on March 11, 2025.
(3) Based on Amendment No. 2 to Schedule 13D/A filed with the SEC on May 23, 2025.

Source: t3dfns.com

SUMMARY

T3 Defense is positioning itself as a defense-focused holding company whose mission is to build what it calls an “asymmetric edge” for modern national security. The company’s strategy is to acquire, integrate, and scale smaller aerospace and defense businesses that operate in critical areas of the defense industrial base.

T3 Defense is seeking to build a platform company that owns and operates multiple specialized defense technology businesses rather than relying on a single product line. The company focuses on acquiring and scaling businesses involved in key areas of modern defense and national security, including AI for battlefield decision-making, drones and counter-drone systems (UAV/C-UAS), command-and-control technologies, 3D mapping and surveillance solutions, aviation maintenance and infrastructure, as well as tactical robotics and advanced manufacturing capabilities.

The company has the potential to expand on a global basis and is well connected to both the Israeli and U.S. defense ecosystems, with subsidiaries and partnerships tied to technologies used in areas such as Iron Dome-related systems, GPS-denied navigation, drone payloads, simulation systems, and AI-enabled military applications.

Our primary valuation tool utilizes a Discounted Cash Flow process. Under the scenario described above, we arrive at a target valuation of **\$1.50** per share. Our target price may be conservative as it incorporates a high discount rate of 12.5% due to the unpredictability of earnings, prevailing interest rates, and the timeline for reaching margin goals on an annual basis. Also, this price target is based on the current portfolio of companies and does not take into account future acquisitions.

Comparable defense peers trade at approximately 3.3x projected 2027 sales, suggesting meaningful upside if T3 Defense executes on its growth strategies.

Using 2026 as the starting point for ongoing operations with five closed acquisitions, we believe strong revenue growth is expected beyond 2026, and that the company's current market capitalization significantly undervalues the company's long-term potential for strong high margin revenue growth and sustained free-cash-flow generation.

The Defense Industry: A New Era

“The defense industry is entering a pivotal era, where AI for defense, UAVs, aerospace innovation, and resilience against GPS denial are essential. Our mission is to acquire and strengthen companies with mission-critical technologies, giving them the means to grow and contribute to stronger national defense networks. The return on this mission is not measured solely in financial terms, but in building a safer, more secure world for generations to come.”

- Menny Shalom, CEO of T3 Defense



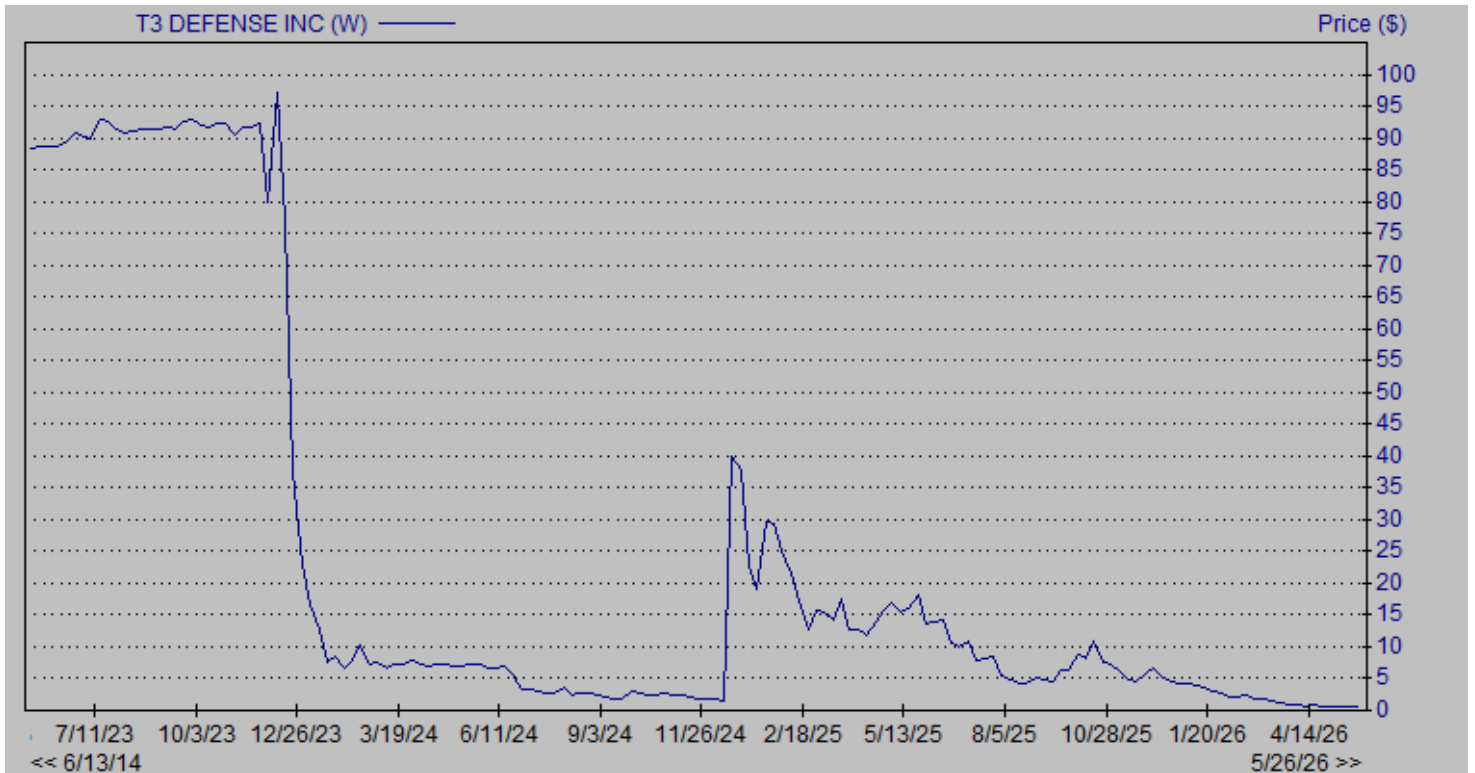
Source: t3dfns.com

PROJECTED INCOME STATEMENT

<u>Income Statement</u>	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30
Net Sales	25,550	33,849	40,245	46,941	54,481
<i>Growth</i>		32.5%	18.9%	16.6%	16.1%
Cost of Goods Sold	21,234	24,407	26,806	30,092	33,836
<i>%</i>	83.1%	72.1%	66.6%	64.1%	62.1%
Depreciation & Amort	545	550	555	561	567
Gross Profit	3,772	8,892	12,884	16,288	20,078
<i>Margin</i>	14.8%	26.3%	32.0%	34.7%	36.9%
SG&A Expenses	11,111	6,944	6,528	6,658	6,792
<i>% of sales</i>	43.5%	20.5%	16.2%	14.2%	12.5%
Research & Development	2,088	1,983	1,884	1,903	1,941
<i>% of sales</i>	8.2%	5.9%	4.7%	4.1%	3.6%
Impairments	0	0	0	0	0
<i>% of sales</i>					
Operating Income	(9,427)	(36)	4,472	7,726	11,346
<i>Margin</i>	-36.9%	-0.1%	11.1%	16.5%	20.8%
EBITDA	(8,883)	514	5,027	8,287	11,912
<i>Margin</i>	-34.8%	1.5%	12.5%	17.7%	21.9%
Other Expenses/(Income)	19,807	(63)	(67)	(102)	(158)
<i>%</i>	77.5%	-0.2%	-0.2%	-0.2%	-0.3%
EBIT	(29,234)	27	4,539	7,828	11,503
<i>%</i>	-114.4%	0.1%	11.3%	16.7%	21.1%
Total Interest Exp (net)	4,391	1,000	1,000	1,000	1,000
<i>%</i>					
Net Profit Before Tax	(33,625)	(973)	3,539	6,828	10,503
<i>%</i>	-131.6%	-2.9%	8.8%	14.5%	19.3%
Income Tax	231	(146)	442	1,366	2,626
<i>% Effective Rate</i>	-0.7%	15.0%	12.5%	20.0%	25.0%
Minority Interests or Preferred Stock	3,694	2,771	2,253	2,366	2,484
Net Profit	(37,550)	(3,598)	844	3,097	5,393
<i>%</i>	-147.0%	-10.6%	2.1%	6.6%	9.9%
Non-recurring income (expense)					
Average Diluted Shares Outstanding	38,100	94,832	94,832	94,832	94,832
Reported FD EPS					
Zacks EPS	(0.99)	(0.04)	0.01	0.03	0.06

Source: Zacks SCR analyst

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Tom Kerr, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.