Oaklins

M&A INDUSTRY UPDATE | H1 2026

Defense M&A | Market outlook

Keep your edge, with M&A experts who truly understand your market

NORDIC DEFENSE M&A MOMENTUM CARRIES INTO 2026 AS BUDGETS AND VALUATIONS KEEP RISING

Nordic defense M&A momentum carried straight into H1 2026 after a record 2025. The drivers are clear: geopolitical tension, rising defense budgets and rearmament. All 32 NATO allies met or exceeded the 2% of GDP target in 2025[1] and committed this summer to a new 5% benchmark by 2035. European members and Canada raised their combined defense spending by 20% in 2025[2].

Deal activity in H1 2026 held at the elevated levels of recent years and is firmly domestic: local buyers account for two thirds of transactions. Strategic buyers dominate, and financial investors are stepping up in defense-adjacent and dual-use assets. The result is consolidation among small- and mid-sized Nordic defense suppliers.

Valuations have re-rated structurally since 2022. Record order backlogs and multi-year budget visibility make this a lasting shift, not a cycle. This report analyses recent M&A activity, buyer dynamics and valuation benchmarks across the Nordic defense sector.

14	Nordic defense companies acquired in H1 2026 About the same level as in 2023	**8**	Nordic defense companies sold domestically in H1 2026 Representing 63% of the total
19.5x	Median EBITDA multiple for listed defense companies Q1'26 Increase of 14% compared to Q4'25	**4**	Nordic defense companies sold to private equity H1 2026 ...or one of their portfolio companies

Source: Mergermarket, Pitchbook, Crunchbase, and Oaklins internal research.
Note: 1) Defense News, *NATO says all allies to meet 2% defense-spending target this year*, 2) NATO, June 2026.

"Rising defense spending and geopolitical uncertainty have fundamentally reshaped the Nordic defense M&A landscape, creating sustained opportunities for consolidation among both strategic buyers and financial investors."

NIKOLAI LUNDE
Managing Partner, Oaklins Norway

STRONG GROWTH OUTLOOK ACROSS DEFENSE-RELATED SEGMENTS

Logistics, transport and facility

- Rapid military expansion and deployment drive demand for transportation, warehousing, facilities and enhancements in roads, ports, and railways
- The defense logistics market is expected to grow, driven by digitalization and strategic investment in military supply chains

Cybersecurity and IT

- Geopolitical instability elevates cyber threats, driving contracts for network security, system hardening and critical infrastructure protection
- NATO treats cyberspace as an operational domain, and the new 5% of GDP pledge explicitly counts cybersecurity within the 1.5% defense-related tranche

Education and training simulation

- Growing need for advanced training, simulation, and upskilling of military personnel drives demand for training institutes and edtech applications
- The military simulation and training market is expected to grow, fueled by VR/AR and edtech

AI and autonomous systems

- Anduril raised USD 5bn at a USD 61bn valuation in May 2026, and Europe's Helsing USD 1.8bn at USD 18bn – record rounds for defense AI

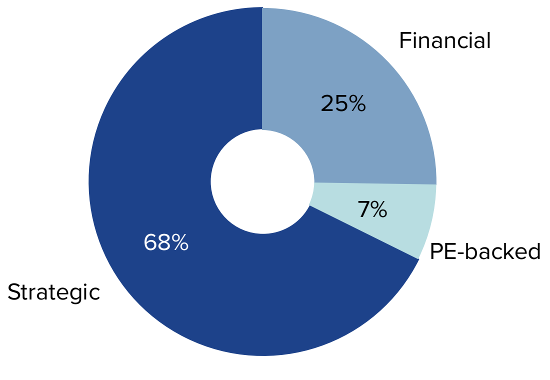
Consultancy and advisory

- Defense modernization and complex procurement boost demand for strategic advisory, project management, and organizational transformation

Communication and data

- Expanding demand for secure communications, advanced sensors, and robust data infrastructure creates openings for electronics, telecom and software

CLASSIFICATION OF ACQUIRERS OF NORDIC DEFENSE COMPANIES, 2016 – H1 2026



INCREASING INTEREST FROM BUYERS INTO DEFENSE RELATED COMPANIES

1. Financial sponsors are moving into dual-use (civil and defense) opportunities, as defense offers strong returns, though LPs from outside NATO remain a hurdle
2. Strategic investors have to scale up very quickly on the back of boosted demand, catapulting (in)organic growth
3. Record defense budgets and Norway's offset rules (up to 100% of foreign contracts returned to Norwegian industry) are forcing local suppliers to scale up faster

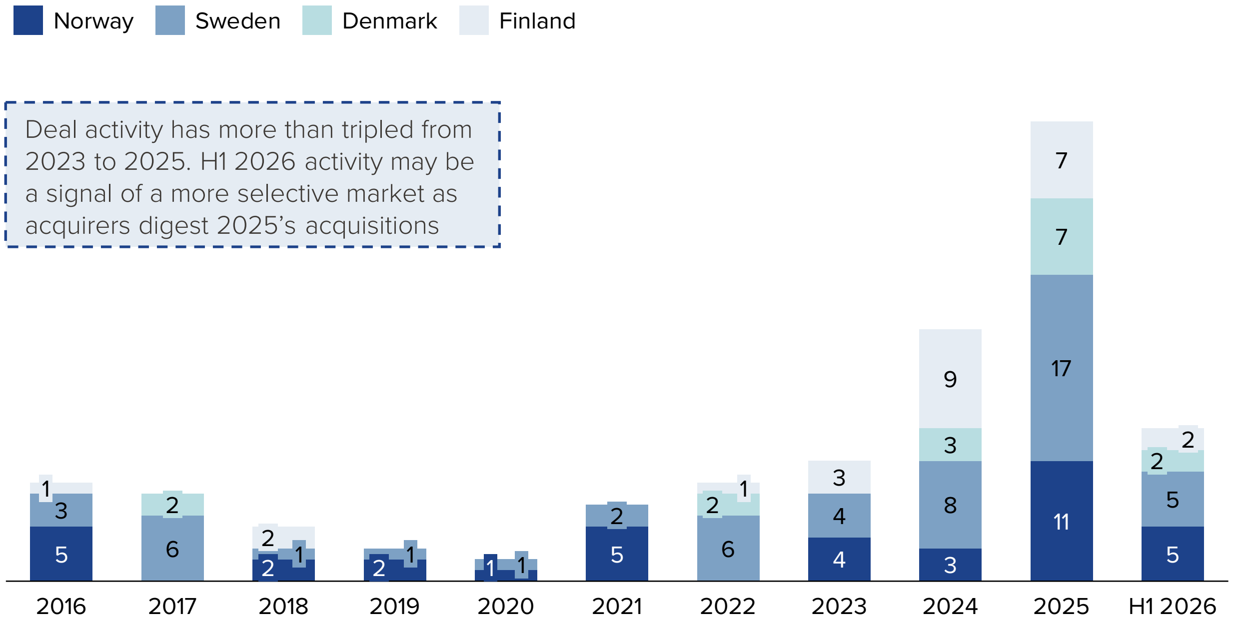
Source: Mergermarket, Pitchbook, Crunchbase, CNBC, and Oaklins internal research.

RECORD M&A ACTIVITY FOR NORDIC DEFENSE MARKET

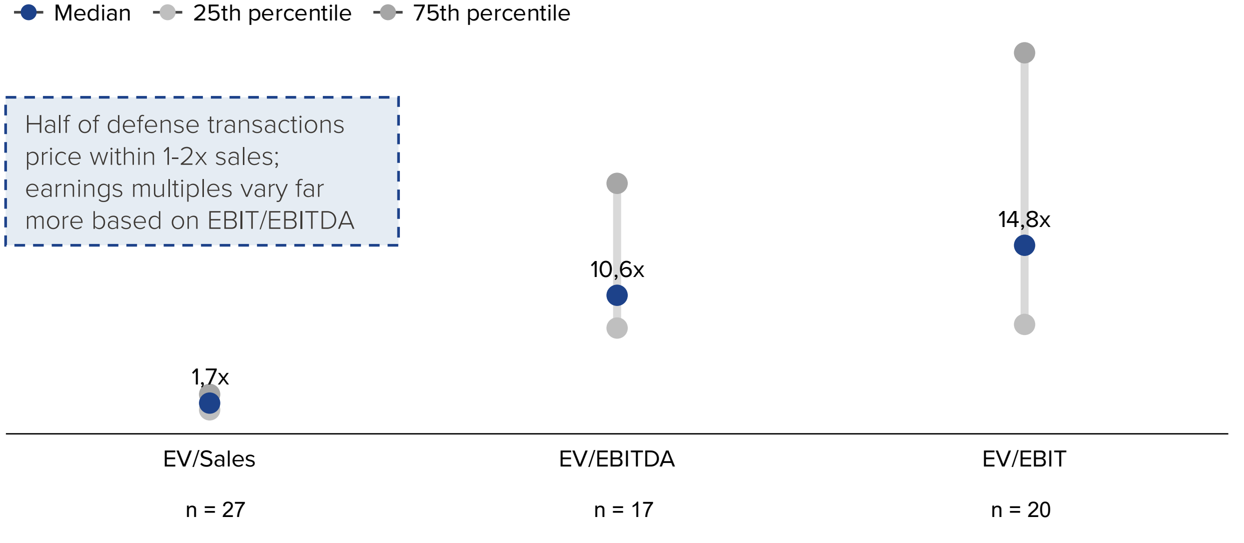
M&A activity in the Nordic defense sector has accelerated sharply since 2022 and hit a record 42 transactions in 2025. Momentum has carried into 2026, with H1 volumes already above full-year 2023. Rising defense budgets and rearmament programmes have lifted order books across the region, and interest from non-strategic investors in dual-use assets has clearly picked up.

Sweden is the most active Nordic defense M&A market, built on a broad defense and dual-use supplier base and strong technological capabilities. We expect that sustained defense spending along with increasing interest from non-strategic investors will keep M&A activity high across the Nordic defense market.

Nordic M&A activity within Defense by target geography



Nordic Defense M&A valuation multiples, 2016 – H1 2026



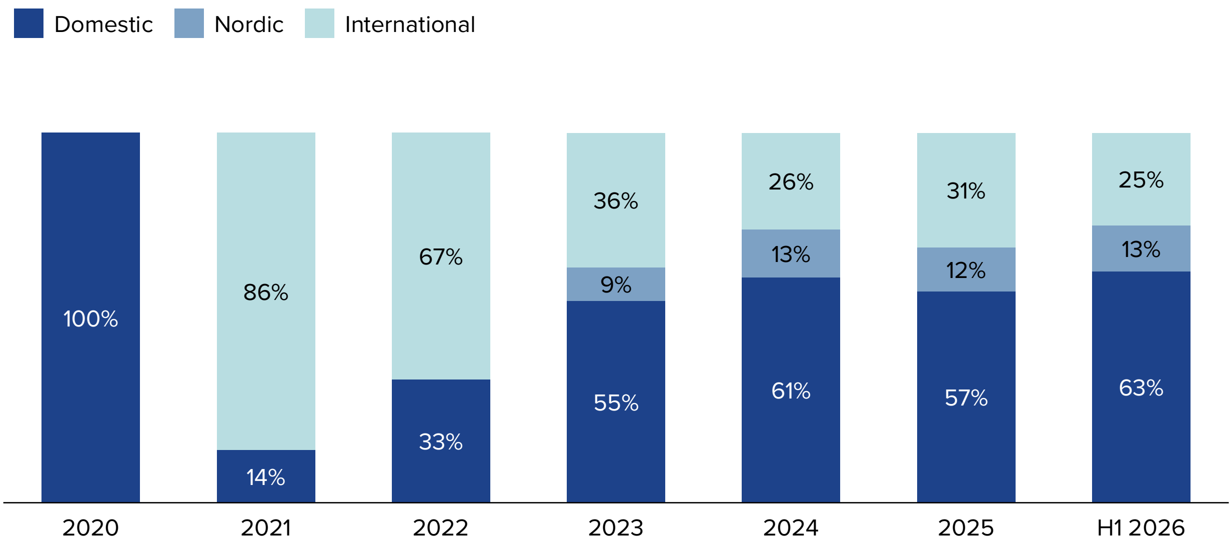
Source: Mergermarket, Pitchbook and Oaklins internal research.
Note: Excluding transactions where acquired stake Is less than 30%

DEFENSE M&A IN THE NORDICS IS DOMESTIC AT ITS CORE, WITH TARGETED INTERNATIONAL ACTIVITY

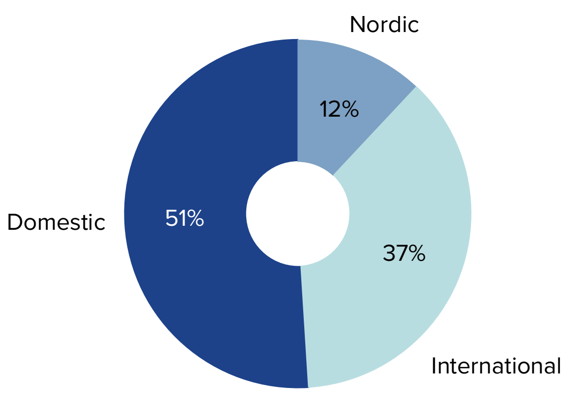
M&A activity in the Nordic defense sector in H1 2026 was dominated by domestic buyers. Local consolidation continues, and buyers prioritise scale, proximity to assets and operational integration. Cross-border activity within the Nordics was limited, while the share of non-Nordic international acquirers sat below recent-year levels.

International buyers stayed active: BAE Systems and SpaceX both acquired Swedish and Norwegian targets, drawn by the region's advanced technological capabilities, its specialised defense and dual-use suppliers, and deepening integration into allied and NATO-related supply chains. This buyer mix keeps the market competitive and gives sellers access to both regional and international acquirers.

Nordic M&A activity within Defense by target geography (%)



GEOGRAPHY OF ACQUIRERS OF NORDIC DEFENSE COMPANIES, 2016 – H1 2026



SELECTED NORDIC DEFENSE COMPANIES SOLD, H1 2026

Hexagon Masterworks Inc.	Acquired by	SPACEX
ASTON HARALD MEKANISKA VERKSTAD	Acquired by	BAE SYSTEMS
NSG NORDIC SHIELD GROUP	Acquired by	Astor
WaterLinked	Acquired by	NORBIT
KT-SHELTER	Acquired by	W5

Source: Mergermarket, Pitchbook and Oaklins internal research.
Note: Excluding transactions where acquired stake Is less than 30%

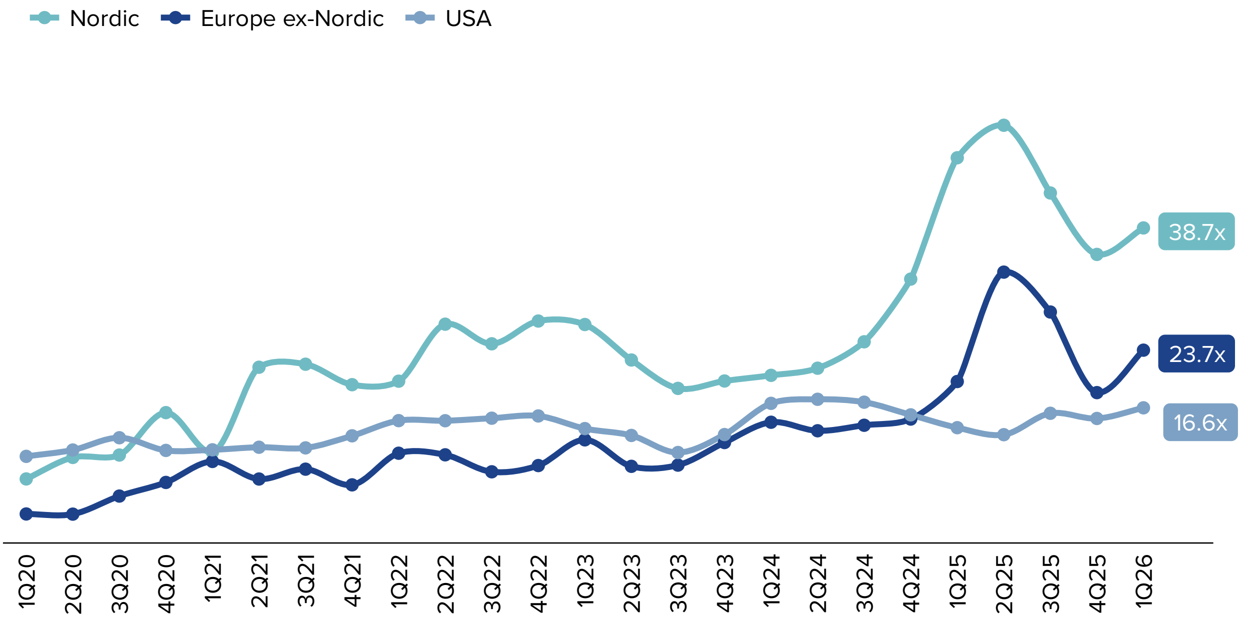
PUBLIC MARKET MULTIPLES HAVE EXPANDED STRUCTURALLY ACROSS LISTED DEFENSE

Listed defense multiples have expanded structurally since early 2022, driven by European rearmament, record order backlogs and multi-year budget commitments. They sit well above their pre-2022 base but have moderated from their early-2025 peak.

Nordic names command the highest multiples (38.7x), on the scarcity of listed pure-play assets and exposure to high-growth names; US primes trade lowest and the most stable (16.6x), with Europe in between (23.7x). The premium reflects growth, not margin: revenue compounds at about 12% in Nordic and Europe versus 5% in the US.

For sellers, the elevated public-market backdrop anchors valuation expectations and sustains strong strategic and financial-sponsor interest. Private transactions still price below listed comparables – the gap is the scale, liquidity and growth premium of the listed names.

Public company valuations in the Defense sector, median EV/EBITDA multiples



Nordic

SAAB, KONGSBERG, W5, MILDEF

11.9%
3y revenue CAGR (aggr.)

12.1%
EBIT-margin (aggr.)

€ 15.9bn
Avg. market cap

Europe ex-Nordic

RHEINMETALL, RENK, FINCANTIERI, HENSOLDT, LEONARDO, COLT CZGROUP

12.0%
3y revenue CAGR (aggr.)

11.3%
EBIT-margin (aggr.)

€ 23.2bn
Avg. market cap

USA

LOCKHEED MARTIN, NORTHROP GRUMMAN, GENERAL DYNAMICS, HII, L3HARRIS, RTX

4.8%
3y revenue CAGR (aggr.)

11.0%
EBIT-margin (aggr.)

€ 97.2bn
Avg. market cap

Source: PitchBook and Oaklins internal research.

SELECTED DEFENSE M&A ACTIVITY IN H1 2026

M&A activity in the defense sector remained strong in H1 2026, with accelerating consolidation across the aerospace and defense supply chain and rising interest from both strategic and financial buyers. Oaklins advised on three deals within the sector in recent months. Below are a select number of completed deals.

Oaklins transactions

1. Aerospace and space systems

- **Lauak Group**, a France-based Tier 1 supplier of aircraft parts and aerostructures, sold a majority stake to **Wipro Infrastructure Engineering** of India. Oaklins advised the founding Charritton family on the transaction
- **SpaceX** acquired **Hexagon Masterworks**, a US-based supplier of high-pressure composite storage cylinders for aerospace and space launch applications, from **Hexagon Purus**

2. Counter-drone and sensor systems

- **Electro Optic Systems (EOS)**, an Australia-based defense and space technology company, acquired the assets of **MARSS Group**, a European provider of AI-enabled counter-drone systems, for up to US$196m. Oaklins acted as exclusive financial advisor to EOS

3. Precision manufacturing

- **BAE Systems** acquired **Aston Harald**, a Sweden-based supplier of precision mechanics and advanced component machining for the defense and aerospace sectors

4. Land systems

- **Cook Defense Systems**, a UK-based manufacturer of track systems for armored fighting vehicles, received a major investment from US-listed **HEICO Corporation**. Oaklins advised the shareholders of William Cook Holdings

5. Protection and critical infrastructure

- **Astor Group**, a Sweden-based defense group, acquired the remaining shares in **Nordic Shield Group**, a provider of high-security protective structures
- **W5 Solutions**, a Sweden-based defense technology company, acquired **KT-Shelter**, a Finland-based provider of rapidly deployable aircraft shelters

6. Naval and underwater technology

- **NORBIT** acquired **Water Linked**, a Norway-based specialist in underwater navigation and imaging technology

Source: Mergermarket, Pitchbook and Oaklins internal research.

OAKLINS EXPERTISE | SELECTED DEALS COMPLETED WITHIN MILITARY & DEFENSE

EOS ELECTRO OPTIC SYSTEMS
has acquired the assets of
MARSS
US$199m
M&A BUY-SIDE
Industrial Machinery & Components

LAUAK GROUPE
has sold a majority stake to
wipro
M&A SELL-SIDE
Aerospace, Defense & Security/Industrial Machinery & Components

SCANFIBER COMPOSITES A/S
has been acquired by
FJORD DEFENCE GROUP
M&A SELL-SIDE
Aerospace, Defense & Security

OSL
has been acquired by
TERMA
M&A SELL-SIDE
Aerospace, Defense & Security/TMT

EOS ELECTRO OPTIC SYSTEMS
has acquired the
UK interceptor business of MARSS
US$6.4m
M&A BUY-SIDE
Aerospace, Defense & Security

hdg Human design Group
has completed a secondary LBO alongside
ciclad
GRAND SUD OUEST CAPITAL
M&A SELL-SIDE
Aerospace, Defense & Security/Business Support Services/Energy/Private Equity

s[&]t
has received an investment from
ACTIVECAPITAL COMPANY
M&A SELL-SIDE
Aerospace, Defense & Security/Private Equity/TMT

HIGH TECH SOLUTIONS
has been acquired by
BTX PRECISION
M&A SELL-SIDE
Aerospace, Defense & Security

Leichtwerk AG
assets have been acquired by
RHEINMETALL
M&A SELL-SIDE
Aerospace, Defense & Security

Private shareholder
has sold a majority stake in
WELP GROUP
to
IMC
M&A SELL-SIDE
Aerospace, Defense & Security/Automotive

ENERGY SOLUTIONS
has acquired
Oceanic Systems
M&A BUY-SIDE
Energy/Industrial Machinery & Components

TRANSDIGM GROUP INC.
has acquired
RAPTOR SCIENTIFIC
from
L CAPITAL PARTNERS
US$655m
M&A BUY-SIDE
Aerospace, Defense & Security/Private Equity

SENTIENT
has been acquired by
Shield AI
M&A SELL-SIDE
Aerospace, Defense & Security

ATG europe
accelerating innovation
has sold a majority stake to
Pauwels Consulting
Technology & Science
M&A SELL-SIDE
Aerospace, Defense & Security/Business Support Services/Private Equity/TMT

PYRAMID PRECISION MACHINE INC.
has been acquired by
COREDUX
M&A SELL-SIDE
Industrial Machinery & Components

REFLEX CES
has acquired
ApisSys
M&A BUY-SIDE
Aerospace, Defense & Security/Private Equity

Syrlinks
has been acquired by
SAFRAN
M&A SELL-SIDE
Aerospace, Defense & Security

I.D.L. PRECISION MACHINING
has been acquired by
CADREX
M&A SELL-SIDE
Aerospace, Defense & Security/Private Equity

REFLEX CES
has been acquired by its management alongside
Crédit Mutuel Equity
bpifrance
M&A SELL-SIDE
Aerospace, Defense & Security/Private Equity

MERCURY AIR CARGO
has been acquired by
WFS Worldwide Flight Services
US$245m
M&A SELL-SIDE
Aerospace, Defense & Security/Logistics

NEco
has been acquired by
NORAC
Norac Baggerød AS
M&A SELL-SIDE
Aerospace, Defense & Security

naxicap PARTNERS
has acquired the slip rings and rotating systems business of
COBHAM ADVANCED ELECTRONIC SOLUTIONS
M&A BUY-SIDE
Aerospace, Defense & Security/Private Equity

ADDEV MATERIALS
has acquired
SUPAVIA
M&A BUY-SIDE
Aerospace, Defense & Security/Logistics/Private Equity

TMD
has been acquired by
CPI Communications & Power Industries
M&A SELL-SIDE
Aerospace, Defense & Security/Private Equity

PERMALI
has been acquired by
diamorph
M&A SELL-SIDE
Industrial Machinery & Components

Oaklins

OAKLINS – A GLOBAL ORGANIZATION

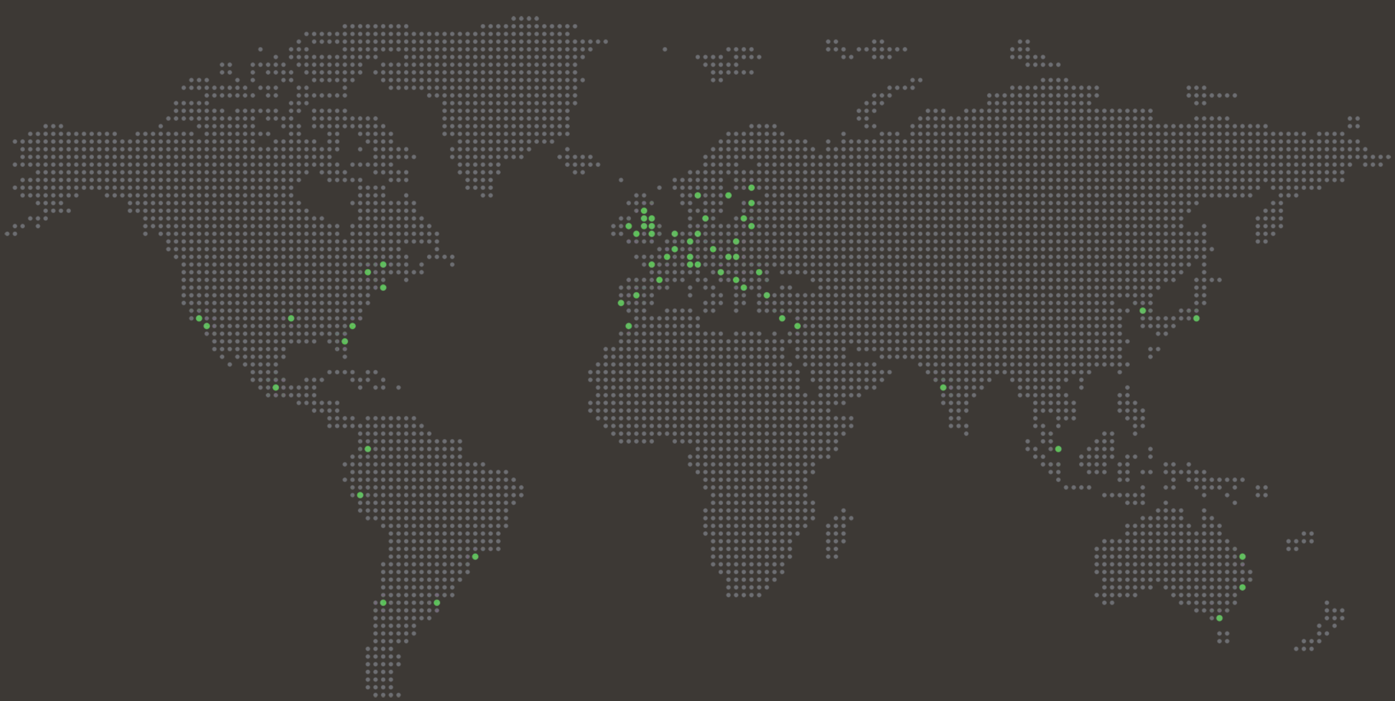
Our focus and reach

Oaklins is one of Norway's leading independent firms offering financial advisory services. Oaklins' team in Norway consists of 13 dedicated professionals.

Over the past 30 years, Oaklins has advised clients on more than 300 national and cross-national transactions across various industries. Our expertise includes mergers and acquisitions as well as related financial advisory.

Oaklins International Inc. is a global financial advisory firm providing M&A, valuation, growth capital and corporate finance advisory services to companies and employs more than 900 specialists distributed among 60 offices in all major business hubs across 40 countries globally.

Our locations around the world



Quick facts about Oaklins

900+ professionals

40 countries

60 offices

7,000 transactions

15 sectors

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