



M&A Research Report:  
Ondas Inc's Acquisition of Rotron  
Aerospace  
Industrials Sector  
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Synthesis

# 1. Executive Summary

Transaction Snapshot	
Announced:	2 February 2026
Closed:	16 March 2026
Acquirer:	Ondas Inc. (Nasdaq: ONDS)
Target:	Rotron Aerospace (via Gilo Holdings Ltd.)
Cash Consideration:	~\$6.7 million
Equity Consideration:	3,334,753 ONDS shares
Implied Total Value:	~\$50 million
Structure:	100% share purchase of Gilo Holdings
Lock-up:	659,731 shares (12 months from close)
Daily Resale Cap:	10% of 10-day average daily volume

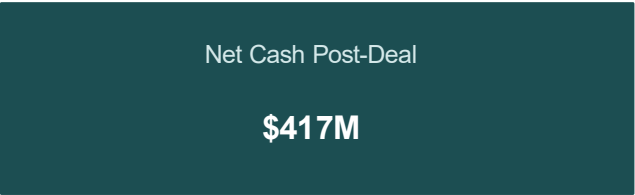
## Investment Thesis

The acquisition represents a strategically well-timed and financially disciplined move by Ondas to accelerate its 'Systems of Systems' vision — an interconnected intelligence ecosystem combining AI, autonomous drones, and secure private networks. Rotron addresses a critical hardware gap: its specialisation in VTOL platforms, long-range UAV airframes, aero-engines, and integrated propulsion systems with high power-to-weight efficiency provides the hardware layer that Ondas's software stack requires.

Beyond the technology, the most immediately valuable element is strategic: Rotron delivers ready-made access to UK Ministry of Defence programmes and NATO procurement networks that would have taken years to build organically. With the UK committing £4 billion to autonomous systems over five years and defence spending rising to 2.5% of GDP, this market access is genuinely consequential.

## Financial Considerations

Ondas enters the combination at an early stage of profitability, reporting FY2025 EBITDA of (\$55.9M) on \$50.7M revenue. Rotron contributes ~\$30M revenue and ~\$4.5M positive EBITDA — making the acquisition immediately margin accretive. Management guided FY2026 revenue to at least \$375M (~640% YoY). Pro forma leverage is not meaningful given negative EBITDA and a net cash position of \$417M. The DCF analysis implies an intrinsic Ondas share price of \$13.08, ~22.5% upside from prevailing trading levels at the time of modelling.



**Key Risks**

Principal risks relate to execution and integration, revenue concentration, valuation, competitive pressure, and currency/export-control exposure.

**Execution & Integration Risk**

Ondas completed five acquisitions in Q1 2026 across four countries — an extraordinary management challenge. Integrating businesses simultaneously while targeting sevenfold revenue growth places severe demands on bandwidth. Key mitigants: General Patrick Huston (COO, 30+ years military/legal experience) and McKinsey Senior Partner David Chinn appointed to lead integration.

**Revenue Concentration**

A large share of Ondas's revenue derives from a small number of government contracts subject to political cycles and procurement delays. Loss of even one major contract could have material revenue impact — amplified for a company without the diversified base of a Lockheed or BAE Systems.

**Valuation Premium Risk**

ONDS trades at 13.3x EV/Revenue following a ~1,400% run-up over 12 months. The stock is priced for perfection; any execution stumble — revenue miss, margin disappointment, or integration failure — could trigger a sharp correction. Severe downside scenario implies \$3.42/share (-74% from base case).

**Competitive Pressure & Export Controls**

The autonomous defence market is rapidly crowding: AeroVironment, Kratos, Shield AI, and well-funded startups are all chasing the same contracts. Additionally, ITAR, UK export controls, and Israeli licensing all apply to the combined platform — any framework change could restrict international sales at a critical growth moment.

**Conclusion**

On balance, the Ondas–Rotron transaction is strategically compelling and financially sensible at the price paid. Rotron fills a tangible capability gap, provides immediate UK defence market access, and was acquired at a below-market multiple. Risks are real but primarily operational rather than existential. Provided Ondas continues to strengthen its integration infrastructure and delivers on revenue targets, the Rotron acquisition should prove value-accretive.

*Research + Financial Calculations*

## 2. Deal Structuring & Financing

### Transaction Structure

Ondas Inc. (Nasdaq: ONDS) announced on 2 February 2026 that it had entered into a definitive agreement to acquire Rotron Aero, a UK-based developer of advanced unmanned aerial systems and long-range autonomous platforms. The acquisition completed on 16 March 2026, with Rotron integrating into Ondas Autonomous Systems (OAS).

Ondas acquired 100% of Gilo Holdings Ltd. — the indirect owner of Rotron Aerospace Ltd. — for approximately \$6,662,046 in cash plus 3,334,753 shares of its common stock. The deal was structured as a share purchase of the holding company rather than a direct acquisition of Rotron Aerospace Ltd. itself, which is common in cross-border transactions as it simplifies the transfer of intellectual property, contracts, and regulatory approvals.

The mixed consideration structure — combining a modest cash outlay with a larger equity component — reflects Ondas's approach of conserving liquidity while using its highly appreciated stock as currency. Ondas has an effective Form S-3ASR shelf filed 25 September 2025, providing an established framework to issue securities for acquisitions. This shelf registration meant the equity consideration could be issued efficiently without requiring a separate prospectus filing.

### Share Lock-Up and Overhang Mechanics

Of the 3,334,753 shares issued, 659,731 are subject to a 12-month lock-up from closing. All deal shares are subject to a daily resale limit of 10% of the stock's average daily trading volume over the prior ten trading days. These restrictions serve to moderate near-term selling pressure and align the interests of Rotron's former shareholders — including founder Gilo Cardozo — with the long-term performance of the combined company.

### Sources & Uses

Sources	\$m	%
Cash on balance sheet	6.7	13%
Equity consideration	43.4	87%
Total Sources	50.1	100%

Uses	\$m	%
Acquisition of Gilo Holdings Ltd.	49.1	98%
Estimated transition costs	1.0	2%
Total Uses	50.1	100%

### Special Mechanics

No break fees or asset carve-outs have been publicly disclosed. The transaction was subject to customary closing conditions and regulatory approvals, which were satisfied in approximately six weeks between announcement and close — a relatively swift timeline indicative of a straightforward regulatory process, discussed further in Section 4.

The equity-heavy structure (~87% stock) preserves Ondas's substantial cash position. At ~\$50M total consideration, the deal represents less than 1% of Ondas's enterprise value at closing — limiting financial risk even in a worst-case integration scenario.

*Financial Modelling*

### 3. Pro Forma Capital Structure

Pro Forma Cash

**\$426.2M**

Total Liabilities

**\$8.8M**

Net Cash Position

**\$417.4M**

Annualised EBITDA

**(\$55.9M)**

#### Deal Financing

Ondas acquired 100% of Gilo Holdings Ltd. (Rotron's parent company) in a deal financed through a combination of cash and stock. The cash portion consisted of approximately \$6,662,046 alongside 3,334,753 shares of common stock. On the balance sheet, cash was reduced by \$6,662,046 and the transaction did not introduce any additional debt. Shareholders agreed to lock up 659,731 of the issued shares for a period of twelve months after closing, restricting immediate resale and limiting short-term dilution pressure.

#### Leverage Analysis

Ondas's leverage ratio is labelled as not meaningful because the company is operationally unprofitable and holds a cash position that exceeds all liabilities. At face value the ratio appears elevated, but this is purely a function of negative EBITDA — not an unsustainable debt load. Using Factset data, an industry average leverage ratio of 3.32x (avg) / 3.21x (median) was computed from a sample of 30 aerospace manufacturing companies with valuations of \$2–9 billion.

Interest coverage of -31.42x reflects operational issues, not a debt-servicing problem. Annual interest obligations of \$1,777,796 are easily covered by existing cash reserves.

#### FCF & Debt Paydown Projection

Scenario	2025A	2026E	2027E	2028E	2029E
Base FCF (\$M)	(\$35.3)	(\$29.0)	(\$25.5)	(\$21.7)	(\$18.4)
Base Improvement %	—	+15%	+15%	+15%	+15%
Conservative FCF (\$M)	(\$35.3)	(\$33.5)	(\$31.8)	(\$30.2)	(\$28.7)
Conservative Improvement %	—	+5%	+5%	+5%	+5%
Opening/Closing Debt	\$8.77M	\$8.77M	\$8.77M	\$8.77M	\$8.77M

#### Post-Deal Capital Structure

Following the acquisition, Ondas carries a total debt figure of \$8,767,970 — small relative to a pro forma cash balance of \$426,154,936. This results in a net cash position of \$417,386,966, meaning even after accounting for all liabilities, Ondas remains in a strong liquidity position.

In both FCF scenarios, free cash flow remains negative across the 2025–2029 projection period. Debt is therefore unlikely to be paid down organically, but could be retired immediately from cash reserves. The key financial challenge is not leverage — it is achieving EBITDA breakeven while integrating multiple simultaneous acquisitions.

Research + Quantitative Analysis

## 4. Industry & Regulatory Analysis

Market Size 2025

**\$15.6B**

Market Size 2030E

**\$27.4B**

CAGR 2025–2030

**11.9%**

VTOL Segment CAGR

**14.8%**

### HHI Concentration Analysis

Company	Est. Market Share	Share <sup>2</sup>
General Atomics	18.0%	324.00
Northrop Grumman	15.0%	225.00
AeroVironment	10.0%	100.00
Boeing	8.0%	64.00
BAE Systems	5.0%	25.00
IAI	5.0%	25.00
Textron Systems	5.0%	25.00
Elbit / Kratos / Baykar	12.0%	48.00
Ondas (pre-deal)	0.5%	0.25
Rotron (pre-deal)	0.3%	0.09
All others	21.2%	—
Pre-deal HHI	—	840

Post-deal  $\Delta HHI = 2 \times 0.5 \times 0.3 = 0.30$  — negligible. DOJ/FTC threshold for concern:  $\Delta HHI > 100$  in concentrated markets.

### Market Definition & Key Competitors

The relevant market is the military unmanned aerial systems (UAS) sector, encompassing tactical and operational-range UAV platforms for ISR, autonomous strike, and loitering munitions. Both Ondas and Rotron operate primarily in this segment, with particular overlap in long-endurance platforms and autonomous strike effectors — Rotron's Talon VTOL series and Defendor one-way attack system being key products.

The market is dominated by large US and Israeli primes: General Atomics, Northrop Grumman, AeroVironment, Boeing, Textron, Kratos, BAE Systems, IAI, Elbit, and Baykar. Both companies are sub-scale relative to these incumbents. Rotron's competitive differentiation is its vertically integrated propulsion capability — a rare combination of airframe and engine design under one roof. Ondas's advantage is its autonomy and sensor-fusion software stack and counter-UAS capabilities.

### Regulatory Assessment

The primary regulatory consideration was the UK National Security and Investment Act 2021 (NSIA) — mandatory notification for qualifying defence technology acquisitions. In principle, a US company acquiring a UK defence technology firm warranted scrutiny. However, several factors strongly supported clearance:

- Ondas is a US-listed, NATO-aligned company with no adversarial state connections
- The deal strengthens UK sovereign capability by giving Rotron resources and global reach
- It establishes a UK industrial base for advanced unmanned systems supporting NATO programmes — consistent with UK Defence Industrial Strategy objective

The deal cleared all regulatory approvals and closed on 16 March 2026 —with no NSIA call-in.

Research + Analytical Thinking

# 5. Strategic Rationale

## Financial Context

Ondas's acquisition of Rotron offers the opportunity to combine its autonomous systems platform with an operationally proven unmanned systems manufacturer, while simultaneously securing a foothold in the UK defence market through Rotron's deeply rooted relationships. Before the transaction, Ondas was entering 2026 showing strong growth after full-year revenue expanded 605% year-on-year. Its cash position of \$1.5 billion provides the capital to support integration and fund Rotron's growth.

**Systems of Systems Vision**

Rotron fills the hardware gap — VTOL platforms, long-range UAV airframes, and vertically integrated aero-engines — that Ondas's AI/autonomy software stack requires. This interconnected platform increases switching costs for defence customers, making it operationally and financially difficult to replace any single component without disrupting the entire system.

**UK / NATO Market Access**

The most strategically valuable component of this deal is immediate access to UK MoD relationships and NATO procurement networks that would have taken years to develop organically. Rotron is Ondas's 'UK go-to-market platform' — providing fast-track access to major programmes. The UK MoD has allocated £4B toward autonomous systems over five years, with UK defence spending expected to grow from £62.2B in 2026 to £73.5B by 2029.

**Financial Logic (Both Sides)**

From Rotron's perspective: the company possessed only £311,000 in cash and negative net assets of £506,800 — it owed more than it owned. Since almost the entire purchase price (~\$50M) is recorded as goodwill, this underscores how highly Ondas valued Rotron's relationships and hardware over tangible assets. As part of Ondas's well-capitalised platform, Rotron's technology can now be scaled in a way that simply was not achievable as a standalone UK SME.

## Competitor Landscape & Recent Acquisitions

Ondas completed five acquisitions in Q1 2026 alone, with Rotron being the most modestly priced at ~\$40M. The sheer pace raises execution risk — but management has proactively addressed this by appointing General Patrick Huston as COO (30+ years of military and legal expertise) and McKinsey Senior Partner David Chinn to bolster global defence expansion. Rotron is also capitalising on competitor instability, with AeroVironment underperforming in recent earnings, providing Ondas with an opportunity to gain market share.

*Financial Modelling*

## 6. Synergies & Financial Modelling

### Methodology

This section quantifies the value creation potential of the Ondas–Rotron combination through identifiable cost and revenue synergies, integration costs, and their combined impact on EBITDA and free cash flow. Given Rotron's small scale relative to Ondas, synergy quantum is modest in absolute terms but strategically important as an enabler of Ondas's broader growth thesis. All figures are illustrative and based on publicly available information and management guidance.

### Standalone Profiles

Metric	Ondas Standalone	Rotron (Est. Carve-Out)	Combined
Revenue (\$M)	\$50.7	\$30.0	\$80.7
EBITDA (\$M)	(\$55.9)	\$4.5	(\$27.9)
EBITDA Margin (%)	-64%	15%	-34.6%
FCF Conversion	Negative	Breakeven	Negative
Capital Intensity	Medium	Medium-High	Medium

### Synergy Scenarios

**Low Case**

\$2.5M cost synergies  
 \$1.5M revenue synergies  
 \$4.0M total gross  
 (\$4.5M) integration costs  
 \$14M NPV (@ 14.15% WACC)

**Base Case**

\$3.1M cost synergies  
 \$3.0M revenue synergies  
 \$6.1M total gross  
 (\$4.0M) integration costs  
 \$23M NPV (@ 14.15% WACC)

**High Case**

\$3.7M cost synergies  
 \$4.5M revenue synergies  
 \$8.2M total gross  
 (\$3.5M) integration costs  
 \$33M NPV (@ 14.15% WACC)

Base case: \$6.1M steady-state synergies annually by Year 3. Against combined EBITDA of (\$27.9M) at close, synergies alone do not achieve breakeven — profitability depends on Ondas's core platform scaling. Cost synergies: procurement consolidation (\$0.8–1.2M), overhead rationalisation (\$1.0–1.5M), manufacturing efficiency (\$0.8–1.0M).

*Financial Modelling*

## 7. Valuation Analysis

### Valuation Framework

To assess the financial viability of Ondas Inc.'s acquisition of Rotron Aerospace, a multi-method valuation approach was applied, integrating a Comparable Company Analysis (CCA), Precedent Transactions Analysis (PTA), and a Discounted Cash Flow (DCF) model. Each methodology provides a valuation range based on different assumptions and market perspectives.

### Comparable Company Analysis (CCA)

The consideration paid implies an enterprise value for Rotron of roughly \$40M (~\$10M conservative revenue base), resulting in an EV/Revenue multiple of 4.0x. Peer median: 6.83x — Rotron was acquired at a significant discount to listed peers.

Company	Ticker	EV (\$M)	Revenue (\$M)	EV/Revenue
Rotron Aerospace (Implied)	—	\$40	\$10	4.0x
AeroVironment	AVAV	\$10,029	\$1,610	6.4x
Kratos Defence	KTOS	\$15,388	\$1,347	11.4x
Red Cat Holdings	RCAT	\$1,578	\$16	84.9x*
Teledyne Technologies	TDY	\$30,830	\$6,115	5.0x
Curtiss-Wright	CW	\$25,543	\$4,398	7.3x
Mercury Systems	MRCY	\$4,972	\$943	5.3x
Peer Median	—	—	—	6.83x

*\*Red Cat excluded from median calculation as a statistical outlier.*

### Precedent Transactions Analysis (PTA)

Historical precedent transactions indicate a peer median EV/Revenue of 2.65x — lower than the CCA median, reflecting typical discounts for deal-specific factors including negotiation dynamics and target risk. The transaction's implied 4.0x multiple sits above the precedent median, reflecting the premium attached to Rotron's unique propulsion IP and established MoD relationships.

Acquirer	Target	Year	EV (\$M)	EV/Revenue
Ondas	Rotron Aerospace	2026	\$40 (est.)	4.0x
AeroVironment	Arcturus UAV	2021	\$405	4.0x
Northrop Grumman	Orbital ATK	2018	\$9,200	2.0x
Leidos	Dynetics	2020	\$1,650	3.3x
Veritas Capital	Cubic Corporation	2021	\$3,000	2.0x
Peer Median	—	—	—	2.65x

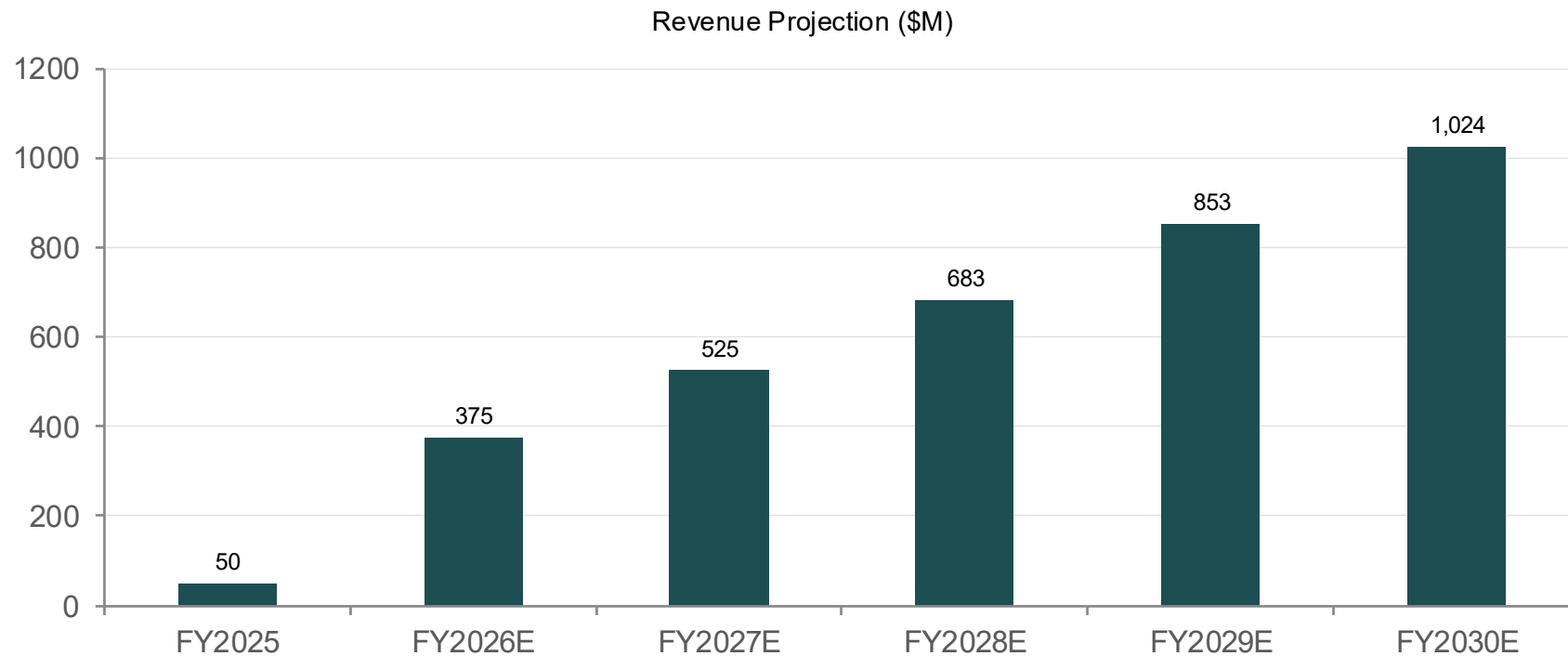
### Valuation Conclusion

Across the three methodologies, the acquisition of Rotron appears strategically attractive, having been completed at a below-market multiple (4.0x EV/Revenue vs. 6.83x peer median). CCA, PTA, and DCF collectively support a view that Ondas is fairly valued to modestly undervalued, with meaningful upside potential contingent on execution. Greater weight is placed on market-based methods given the early-stage nature of Ondas's growth profile.

## DCF Analysis — Ondas Holdings (Post-Acquisition)

Key Assumptions	
<b>WACC:</b>	14.15%
<b>Exit Multiple:</b>	15.0x EBITDA
<b>Base Year Revenue (FY2025):</b>	\$50.2M
<b>FY2026 Revenue Growth:</b>	+649% (management guidance)
<b>FY2027 Growth:</b>	+40%
<b>FY2028 Growth:</b>	+30%
<b>FY2029 Growth:</b>	+25%
<b>FY2030 Growth:</b>	+20%
<b>EBITDA Margin (FY2030E):</b>	40%
<b>Net Debt (adj.):</b>	\$30.7M
<b>Shares Outstanding:</b>	368.5–467M
<b>Implied Share Price:</b>	\$13.08
<b>Current Share Price (at modelling):</b>	\$10.68
<b>Implied Upside:</b>	~22.5%

Item	FY2025	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue (\$M)	\$50.2	\$375.0	\$525.0	\$682.5	\$853.1	\$1,023.8
Revenue Growth	—	+649%	+40%	+30%	+25%	+20%
EBITDA Margin	-20%	-5%	10%	20%	30%	40%
EBITDA (\$M)	(\$10.0)	(\$18.8)	\$52.5	\$136.5	\$255.9	\$409.5
Free Cash Flow (\$M)	(\$13.1)	(\$52.5)	\$2.0	\$49.5	\$125.8	\$227.8



Implied share price of \$13.08 — approximately 22.5% upside from \$10.68 at time of modelling. Valuation range across CCA / PTA / DCF: \$11–\$16 per share.

*Integrated Financial Modelling*

## 8. Pro Forma Financial Impact

### Overview & Standalone Financial Profiles

This section evaluates the pro forma financial impact of Ondas Holdings' acquisition of Rotron Aerospace, combining both entities' leverage, profitability, and earnings profile whilst incorporating integration costs, synergies, and financing effects. Ondas Holdings reported revenue of approximately \$50.7M and negative EBITDA of \$32.4M before the transaction, implying an EBITDA margin of -64% — reflecting its growth-stage profile. Rotron Aerospace is estimated to generate revenue of approximately \$30M with EBITDA of \$4.5M (15% margin), indicating a more mature and capable standalone business.

Metric	Ondas (\$M)	Rotron (\$M)	Combined (\$M)	Year 1 PF (\$M)	Year 3 PF (\$M)
Revenue	\$50.7	\$30.0	\$80.7	\$83.7	\$93.0
EBITDA	(\$32.4)	\$4.5	(\$27.9)	(\$31.9)	(\$20.9)
EBITDA Margin	-64%	15%	-34.6%	-38%	-22%
Net Income (est.)	—	—	—	(\$40.9)	(\$29.9)

### Synergies and Integration Costs

Revenue synergies are anticipated through improved access to UK and NATO defence markets and cross-selling opportunities. A base case assumption of 10% incremental revenue on Rotron's sales suggests approximately \$3M in additional revenue by Year 3. Cost synergies from manufacturing efficiencies, supply chain optimisation, and overhead reduction are estimated to generate roughly \$3–5M in incremental EBITDA. Overall steady-state EBITDA synergies are expected at approximately \$7M. Integration costs of approximately \$4M are anticipated in Years 1–2, temporarily offsetting these gains.

### EPS Impact

Transaction is EPS dilutive short-term due to continued negative net income, integration costs, and equity issuance. Accretion requires long-term sustainable revenue growth and operational breakeven.

### Leverage Trajectory

Leverage is not meaningful at close due to negative EBITDA. Assuming synergy realisation and revenue growth, EBITDA is projected to become positive within three to five years, demonstrating a rapid improvement in financial stability — contingent on execution.

Year	EBITDA (\$M)	Net Debt (\$M)	Net Debt/EBITDA
Year 1	(\$32)	\$50	N/A
Year 3	\$15	\$40	2.7x
Year 5	\$40	\$30	0.75x

*Risk Analysis + Financial Modelling*

## 9. Risks & Downside Scenarios

### Key Catalysts

#### **Sustained Global Defence Spending**

NATO budgets are rising across the board — UK moving to 2.5% of GDP, US defence budget exceeding \$1 trillion. Ondas's products (autonomous drones, counter-UAS, ground robotics) are exactly the capability modern militaries are prioritising.

#### **Rotron Integration & UK/NATO Access**

The Rotron deal gives Ondas a physical presence in the UK with established MoD relationships and engineering facilities — a ready-made platform for selling Ondas's broader product portfolio into UK and allied programmes.

#### **Revenue Guidance Acceleration**

Management doubled FY2026 revenue guidance from \$170–180M to \$375M+ in two months. Given the \$68M backlog and recent contract wins (including a \$15.8M starter order for 4M Defence), this appears underpinned by real pipeline visibility.

#### **Technology Platform Convergence**

Iron Drone (counter-UAS) + Optimus (ISR) + Apeiro (ground robotics) + 4M Defence (kinetic interception) + Rotron (long-range propulsion) + Palantir AI layer = system-of-systems architecture no single competitor currently offers.

### Key Risks

#### **Execution & Integration Risk**

Five acquisitions across four countries in one quarter — an extraordinary management demand. Even well-structured deals can strain bandwidth when pursued aggressively at scale. Key mitigant: Huston (COO) + Chinn (McKinsey) appointments.

#### **Cash Burn & Profitability**

Adjusted EBITDA loss of (\$31.5M) in 2025; net loss ~(\$53M). Despite \$1.5B cash runway (18–36 months even in stress), sustained losses could eventually force dilutive equity raises.

#### **Revenue Concentration**

Significant government contract exposure. Loss of a single major contract would have outsized revenue impact — amplified for a company without the diversified base of a Lockheed or BAE Systems.

#### **Competitive Pressure**

AeroVironment, Kratos, Shield AI, and well-funded startups pursuing the same contracts; defence primes have vastly greater resources and established customer relationships.

## 9. Risks & Downside Scenarios (continued)

### Downside Scenario Analysis

Scenario	Revenue (\$M)	Gross Margin	Synergies Realised	Implied Share Price	vs. Base (\$13.08)
Base Case	\$375 (mgmt guidance)	48%	100%	\$13.08	—
Downside (~33% miss)	\$250	38%	50%	\$7.85	-40%
Severe Downside (orig. guidance)	\$170	-10% EBITDA margin	25%	\$3.42	-74%

For the Rotron acquisition specifically, downside risk is manageable. At approximately \$50M — less than 1% of Ondas's enterprise value — even a complete write-off would have limited impact on the overall business. With \$417M net cash, Ondas has 18–36 months of runway even under the severe downside scenario, limiting near-term liquidity risk. The more material risk is management distraction at a critical scaling moment.

### Currency & Geopolitical Risk

With operations across the US, Israel, and the UK, Ondas is exposed to GBP/USD and ILS/USD currency movements, as well as geopolitical instability in the Middle East affecting its Israeli operations. No formal hedging programme has been disclosed.

### Regulatory & Export Control Risk

ITAR, UK export controls, and Israeli licensing requirements all apply to Ondas's combined platform. Changes to any framework could restrict international sales at a time when global expansion is central to the growth story. The UK–US bilateral defence relationship substantially mitigates near-term ITAR risk, but the Defendor system warrants ongoing MTCR compliance monitoring.

*Synthesis*

## 10. Final Assessment

### Strategic Verdict

Rotron fills a genuine and specific capability gap in Ondas's platform — VTOL airframes and vertically integrated propulsion — while delivering something arguably more valuable: an established presence in the UK defence ecosystem and direct MoD procurement relationships. The deal advances the 'Systems of Systems' thesis in a coherent, targeted way. In the context of rising European and NATO defence budgets and the UK's £4B autonomous systems commitment, this positioning is well-timed and difficult to replicate organically.

### Financial Verdict

The financial terms are sensible. The acquisition was completed at an implied EV/Revenue multiple of ~4.0x — a meaningful discount to the peer median of 6.83x. Mixed cash-and-equity consideration preserves Ondas's strong liquidity. At ~\$50M (less than 1% of enterprise value), the deal does not represent a financially material bet, which limits downside if execution disappoints. Pro forma financials show the transaction to be EBITDA margin accretive at close (-64% → -34.6%) while remaining EPS dilutive near-term.

### Risk Assessment

The principal risk is not financial but operational. Ondas completed five acquisitions in a single quarter across four jurisdictions — a pace that places extraordinary demands on management. Regulatory risk is resolved (NSIA cleared, no call-in; competition concerns negligible given  $\Delta$ HHI of 0.30). The \$417M net cash position limits liquidity risk across all downside scenarios. Investors should monitor Q1–Q2 2026 integration execution closely as the key determinant of value realisation.

### Overall Verdict

On balance, this is a well-structured transaction at an attractive price. Rotron brings tangible technology, strategic market access, and positive EBITDA to a platform that needed all three. The financial terms do not overpay. The risks — while real — are primarily operational rather than existential, and are largely shared with the broader Ondas investment thesis rather than specific to this deal. Provided Ondas continues to strengthen its integration infrastructure and delivers on revenue targets, the Rotron acquisition should prove value-accretive. The transaction warrants a positive assessment.

## Appendix

### A. HHI Regulatory Threshold Framework (DOJ/FTC)

HHI Range	Classification	Regulatory Stance
Below 1,500	Unconcentrated	No concerns anticipated
1,500 – 2,500	Moderately Concentrated	$\Delta$ HHI > 100 may attract scrutiny
Above 2,500	Highly Concentrated	$\Delta$ HHI > 200 presumed anticompetitive
This deal (HHI ~840)	Unconcentrated	$\Delta$ HHI = 0.30 — negligible

### C. Sources & References

- Ondas Inc. press releases and SEC filings (Forms 10-K, 10-Q, 8-K; 2024–2026), SEC EDGAR.
- Ondas Inc. Q4 2025 and Q1 2026 earnings calls and investor presentations.
- Factset Database — market capitalisation, enterprise value, trading multiples, and peer data (30 aerospace manufacturing comparables, \$2–9B valuation range).
- UK Ministry of Defence procurement disclosures; UK Government Defence Industrial Strategy; gov.uk autonomous systems budget announcements.
- Military UAS market sizing: publicly available industry reports (2025–2030 CAGR forecasts).
- DOJ/FTC Merger Guidelines (2023) — HHI threshold framework.
- UK National Security and Investment Act 2021; updated NSIA guidance (May 2024).
- Missile Technology Control Regime (MTCR) export control framework.
- Bloomberg consensus analyst estimates for ONDS; all eight analysts rated Buy.
- Damodaran Online — cost of capital and equity risk premium estimates.
- Anduril Industries corporate disclosures (competitive landscape).

### B. DCF Key Assumptions

Assumption	Value	Rationale
Base Year Revenue (FY2025)	\$50.2M	Reported FY2025 actuals
FY2026 Revenue Growth	+649%	Management guidance (\$375M+)
FY2027–2030 Growth	40% / 30% / 25% / 20%	Normalising post-acquisition ramp
EBITDA Margin (FY2030E)	40%	Modelled conservatively vs. mgmt 50% target
WACC	14.15%	Reflects pre-profitability and execution risk
Exit Multiple	15.0x EBITDA	Peer UAS pure-play benchmark
Net Debt (adj.)	\$30.7M	Per latest balance sheet
Shares Outstanding	368.5–467M	Range across modelling periods

## **Disclosure**

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