

01 - 21 - 2026

Karman Space & Defense (Seemann)

**Karman Space & Defense Expands into High-Priority Maritime Defense Market
with Definitive Agreement to Acquire Seemann Composites and Materials
Sciences**

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

TOTAL PAGES: 21

CORPORATE SPEAKERS:

Steven Gitlin

Karman Space & Defense; Vice President of Investor Relations

Tony Koblinski

Karman Space & Defense; Chief Executive Officer

Sid Charbonnet

Seemann Composites and MSC; President

Michael Willis

Karman Space & Defense; Chief Financial Officer

Jonathan Beaudoin

Karman Space & Defense; Chief Operating Officer

PARTICIPANTS:

Kenneth Herbert

RBC Capital Markets; Analyst

John Godyn

Citigroup; Analyst

Michael Ciarmoli

Truist Securities; Analyst

Amit Daryanani

Evercore ISI; Analyst

Jan-Frans Engelbrecht

Baird; Analyst

Noah Levitz

William Blair; Analyst

PRESENTATION:

Operator

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

Thank you for standing by. Welcome to the Karman Space and Defense Expands into High-Priority Maritime Defense Market with Agreement to Acquire Seemann Composites and Material Sciences Conference Call. (Operator Instructions) I'd now like to turn the call over to Steven Gitlin, Vice President of Investor Relations. You may begin.

Steven Gitlin

Good afternoon. Welcome to Karman's investor conference call to discuss our acquisition of Seemann Composites and MSC and provide financial updates for 2025 and 2026. This is Steven Gitlin, Vice President of Investor Relations for Karman.

Joining me today from Karman are Chief Executive Officer, Mr. Tony Koblinski; Chief Financial Officer, Mr. Mike Willis; Chief Operating Officer, Mr. Jonathan Beaudoin; and President, Seemann Composites and MSC, Mr. Sid Charbonnet.

Before we begin, please note that on this call certain information presented contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Summarized on Slide Two, forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements and may contain words such as believe, anticipate, expect, estimate, intend, project, plan, or words or phrases with similar meaning.

Forward-looking statements are based on current expectations, forecasts, and assumptions that involve risks and uncertainties including but not limited to economic, competitive, governmental and technological factors outside of our control that may cause our business strategy or actual results to differ materially from the forward-looking statements.

For further information on these risks, we encourage you to review the risk factors discussed in Karman's periodic reports on Form 10-K and Form 10-Q and the Form 8-K filed today with the SEC.

We also filed a copy of the investor presentation for today's call which you can find on the Investors section of our website. The content of this conference call contains time-sensitive information that is accurate only as of today January 21, 2026.

The company undertakes no obligation to make any revision to any forward-looking statements contained in our remarks today or to update them to reflect the events or circumstances occurring after this conference call.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

Slide Three provides our agenda for today's call, in which:

- Tony will review Karman's differentiated market position and successful acquisition strategy
- Sid Charbonnet will provide an overview of Seemann Composites and Material Sciences, and
- Mike Willis will share a financial update on our continued strong growth and leading margins.

Slide Four summarizes the Seemann and MSC transaction.

We expect the transaction to close during our first quarter, and we expect full integration by the end of 2026. Total consideration consists of \$210 million in cash and approximately \$10 million in common stock.

We expect an LTM net leverage ratio at year-end 2026 of approximately 3x adjusted EBITDA.

The acquisition deepens our Advanced Materials IP portfolio for application across our business and it expands our exposure to the Department of War's highest priority naval programs.

The transaction is immediately accretive to major Karman financial metrics such as revenue growth, funded backlog, EBITDA, earnings per share and cash flow. With that introduction, I will now turn the call over to Tony Koblinski. Tony?

Tony Koblinski

Thanks, Steve. Good afternoon.

Thank you all for joining us today. It's been a very busy time since our February 2025 IPO. In less than a year, we've acquired three businesses, completed a \$1.2 billion secondary equity offering, executed beyond our initial guidance for the year, and positioned Karman for continued profitable growth in the context of multiple expanding secular drivers.

We wanted to take a moment today to remind you of Karman's investment thesis and use it as a frame to demonstrate how the Seemann and MSC acquisition strengthens and furthers our growth strategy.

Our relationship with Seemann MSC dates back to well before our current discussions, and we have been impressed with their leadership, capabilities, performance, and their dedicated team.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

In addition to offering compelling financial benefits, this transaction is about continuing market growth and expanding capabilities.

We are excited about what we can do together to support the defense sector. And as such, we intend to retain the entire Seemann MSC team to maintain their strong momentum and ensure continuity as they become a wholly owned subsidiary of Karman after closing.

To understand the context for this transaction, I'd like to take a step back and share our strategy summarized on Slide Number Six.

Karman's strategy is to deliver advanced system solutions for next-generation propulsion, deployment and shielding applications, serving the country's highest priority national security interests, now from deep sea to deep space.

Karman was conceived and built to support the critical weapon systems required to deliver strategic and tactical superiority to U.S. and allied forces against near-peer nation states and to accelerate access to space as both a strategic and economic resource. With Seemann MSC, we now address all four physical domains of sea, ground, air, and space.

We will continue to provide IP-rich mission-critical solutions for hypersonics and strategic missiles, loitering munitions and counter UAS, space and launch, and now submarine and naval applications.

The common characteristics connecting our four end markets include:

- Complex operating environments that require extensive design engineering and IP-enabled solutions
- Fragmented supply chains that benefit from a scale tier one partner, and
- The highest DOW priorities in funding, with expectations for decades of sustained future growth

Karman addresses market needs effectively because we offer:

- System-level design and engineering capabilities beginning with material selection
- Proprietary products and more than 40 years of proven IP and performance
- Vertically integrated operations with a full suite of manufacturing capabilities, and
- We are well funded with a track record of operational success.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

In summary, we provide agility and speed, rapidly delivering better technology for the most challenging environments.

By delivering superior results to our customers and end users, we produce strong benefits to shareholders, sector-leading organic revenue and adjusted EBITDA growth, multidimensional diversification, and a deep competitive moat.

A key component of our growth strategy, summarized on Slide Number Seven, is to identify and acquire IP-rich, scarce assets that expand our capabilities and enable us to offer even more value to our customers.

When searching for these assets, we focus on a number of important criteria, including:

- A high degree of proprietary products
- Advanced design engineering, and
- Qualified positions on high-growth programs.

These opportunities are typically proprietary in nature, founder or family-owned, and have existing relationships with Karman personnel.

We formed Karman with seven initial acquisitions starting in 2020. Each of the three unique companies we added in 2025 brings valuable new proprietary products and capability, such as:

- Forged Refractory Alloy-Based Shape Charges at MTI
- Proprietary Propellant Formulations from ISP to leverage across Karman's solid rocket motor portfolio, and
- Liquid Propulsion Engine Nozzles from Five Axis.

Seemann and MSC will provide significant design and process IP, as well as impressive expertise in proprietary resins and composite technologies to the Karman platform.

These acquisitions all strengthened Karman, and Karman strengthens the capabilities and impact of our acquired companies.

Immediately, post close, we begin integration and cross-selling of new products and new technologies to our expanded customer base. For example, we deployed ISP's propellant formulations for other Karman programs shortly after its May 2025 closing. Our acquisition strategy expands our competitive moat and accelerates our growth.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

Shown on Slide Eight, our growth strategy makes Karman a pure-play supplier addressing the DOW's highest priority initiatives. Multiple demand drivers, such as Golden Dome, recapitalization of missiles and munitions capabilities, the DOW's drone dominance program, accelerating commercial launch cadence, and the recapitalization of the U.S. Navy submarine fleet all position Karman well to deliver high growth and profitability well into the future.

To give you a better understanding of our exciting new acquisition, I'll now turn the call over to Sid Charbonnet, President of Seemann Composites and MSC.

Sid Charbonnet

Thanks, Tony. I'm happy to be with you all today and share what makes me so proud about Seemann Composites and MSC, and what makes us all so excited about joining Karman.

As shown on Slide Number 10, the Seemann MSC team has decades of experience in the maritime domain. We design, produce and support large-scale composite products, such as submarine bow domes that span more than 30 feet in diameter.

We are primarily focused on applying our unique IP-rich materials and composites expertise to recapitalize the United States Navy submarine fleet. We also support surface vessels, hypersonics, and missile systems.

Our specialized material science team is focused on next-generation materials and resin system design and formulation.

Like Karman, we have full life cycle capabilities from design through manufacturing. We have more than 60 engineers across 250,000 square feet of facilities in four states.

Like Karman, we secured sole or single source positions with qualified content on most of our programs. Keep in mind that qualifying for U.S. Navy submarine program is a very long resource and capital-intensive endeavor, in some cases, requiring up to eight years. Securing these programmatic positions as we have represents a significant competitive moat.

Unlike Karman's primarily fixed price contract mix, many of our developmental contracts are cost-plus-fixed-fee because these programs are early in their life cycle.

As these programs mature, we expect them to transition to firm-fixed-price, with opportunities for operational efficiency and margin expansion as they move into production. Complementing Karman's financial model, programs in our end market requires significant sustainment support, offering a long revenue tail.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

Key programs driving our multi-decade visibility include Columbia, Virginia, and Seawolf-class submarines as well as LCAC 100 Ship-to-Shore Connector.

Among the main reasons we found joining Karman so compelling is the high degree of alignment in how we both approach solving complex problems for our customers and the highly complementary nature of our offering, described on Slide Number 11.

Karman and Seemann both offer IP-rich, highly engineered solutions for critical weapon systems. In both cases, these solutions address propulsion, interstage assemblies, and shroud sections of missiles, rockets, and submarines.

Essentially, we are both tip to tail or as we would say bow-to-stern solution providers.

Both companies' approach to delivering value is full lifecycle, including advanced system-level design engineering, vertically integrated manufacturing, and deep materials expertise.

We could not have found a more compatible and aligned partner than Karman.

Our entire 350-person Seemann MSC team is incredibly excited to help make Karman a truly all domain solution provider, from deep sea to deep space, as shown on Slide Number 12.

Bringing key markets such as submarines, unmanned underwater vehicles, unmanned surface vehicles, surface vessels, torpedoes and launchers, we will expand Karman's total addressable market and strengthen its materials capability with our dedicated team of specialists in composites, resin systems, and advanced manufacturing.

We look forward to completing this transaction in the first quarter and working closely with the Karman team to create and deliver even more value to our customers.

Now I'll turn the call over to Karman's Chief Financial Officer, Mike Willis.

Michael Willis

Thank you, Sid.

We also look forward to working with you and the Seemann MSC team.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

While our financial close and audit are still underway, limiting our ability to provide final results for the recently completed fiscal year, it's clear that Karman continues to deliver outstanding financial results.

Our sector-high revenue growth and profitability is summarized on Slide 14.

We are again raising our 2025 guidance to between \$470 million and \$471 million in revenue, in between \$144.5 million and \$144.9 million in adjusted EBITDA.

This represents top line revenue and adjusted EBITDA growth of 36% to the midpoint of the new guidance range.

We expect 2025 adjusted EBITDA margin of 30.8% at the midpoint of the range, an increase of 10 basis points year-over-year.

For 2026, we now anticipate total revenue of between \$700 million and \$715 million and adjusted EBITDA of between \$205 million and \$215 million.

This represents year-over-year growth of 50% and 45%, respectively, from midpoint to midpoint.

We expect 2026 adjusted EBITDA margin of 30% at the midpoint of this range. Note that our 2026 guidance assumes nine months of results from Seemann MSC.

Now turning to Slide 15, we expect to report continued strong organic growth in 2025 of approximately 25%, with inorganic growth of 11%.

For 2026, the midpoint of our revenue guidance reflects approximately 50% growth, of which roughly half is organic and half inorganic from the completed acquisitions and Seemann MSC.

In terms of funded backlog, we posted record bookings in '25, resulting in an organic book-to-bill ratio of approximately 1.3.

We remain well positioned across all four of our high-priority markets and are entering '26 with record levels of backlog and pipeline, giving us high confidence in our '26 plan.

With respect to our leverage ratio, we expect to achieve approximately 3x adjusted EBITDA by the end of 2026.

A shift in the timing of our Seemann MSC acquisition approval will influence the amount of revenue and adjusted EBITDA we'll recognize this fiscal year from those businesses.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

To summarize, our core business continues to thrive as we build greater scale and capabilities through strategic acquisitions. Seemann MSC will make us a truly all-domain solutions provider with a larger TAM and higher funding visibility and revenue across more of the nation's highest priority programs.

Now I'll hand the call back to Tony for his closing comments.

Tony Koblinski

Thanks, Mike.

As we have stated today we and our Board of Directors believe this transaction will deliver value and benefits to our shareholders, our customers, and our employees.

Our shareholders will benefit from the accretive nature of this transaction, the expanded growing markets we will serve, increased diversity in our revenue, product and program mix, and the strategic deployment of capital for long-term value creation.

Our customers will benefit from the added capabilities Seemann MSC introduces to Karman and the exposure to more of our solutions across our all-domain reach.

We will continue to invest in our employees to grow our capabilities and our team. I want to thank them all for their considerable talents and efforts.

Thank you, all for joining us today. We'll now take your questions.

Operator

(Operator Instructions) Your first question today comes from the line of Ken Herbert from RBC Capital Markets.

Kenneth Herbert

Maybe just the first question, as we think about the Seemann composites and MSC acquisition, how do we think about underlying organic growth in those businesses, either in '25 or expectations for '26?

Tony Koblinski

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

Ken, I hope you're doing well. Yes.

As we've guided for our 50% year-over-year, roughly split between organic and inorganic, again moving our organic guidance to 25% year-over-year, both the core Karman business, plus the newly acquired assets, are primed to continue that now new organic growth profile.

Many of the programs, as Sid mentioned in his prepared comments, are early on in the development stages and will move into higher growth, higher production cadence moving forward.

And so, you'll see growth from the combined business and really all of the now four market areas, as we think of them.

Kenneth Herbert

Okay. And as we think about the legacy Karman, if I could call it that, as you look at now the organic growth from -- into 2026, are there any particular programs you can call out that are seeing, a perhaps a more material inflection, relative to the guidance you initially provided with the third quarter results for organic growth in '26?

Tony Koblinski

Appreciate it. It's going to be difficult to describe the legacy Karman as we continue to move forward and take on new capability and growth patterns.

I wouldn't highlight any one, you guys are well aware of the demand signals that are becoming clearer with each passing month, as we think about the headline news on PAC-3 and THAAD and PrSM and others.

But as we've talked about, we've got a number of our programs, whether that be Sentinel or Trident or ARRW or NGI or New Glenn, Vulcan that are all really early on in their life cycle.

So, we see growth drivers in all four of our sectors at this point for years ahead.

Operator

Your next question comes from the line of John Godyn from Citigroup.

John Godyn

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

I was hoping maybe you could just give us a little bit of additional color on how the deal came about, the -- maybe the prior history of the two companies and a little bit of context.

It sounds like there was some history there. I just think that would be helpful color.

Then a second question for Karman specifically. With the leverage at 3x at the end of this year, it feels like we're done with M&A for a bit.

I don't know if that's accurate or not because at the same time it seems like there may be a pipeline or a rich environment out there?

Maybe you could just kind of help us think about where M&A goes from here after this fantastic deal that you have.

Tony Koblinski

Yes. I appreciate that, John. And again, we're extremely excited about this particular deal.

I would tell you that as you look at our acquisition strategy, it has been consistent as we've reported it. We're looking for these smaller in nature, rich IP, founder-owner-second-generation, off-the-grid opportunities.

And as we've described before, we have a nice pipeline of opportunities at various levels of maturity.

Some of these conversations, this one case in point, go on for years until both parties feel it's the right time.

Our Board is active in securing these opportunities. All of the members of the management team, as we're out and about in the various markets that we serve. We're starting to get more inbound inquiries about people who are excited about the story and want to be part of it.

And so, we've got a good process in place, a great playbook for integration after acquisition. This one is slightly larger than the others we've done but makes a ton of sense for a number of reasons that we can continue to talk about.

I wouldn't project in terms of how many moving forward. We have said historically, one to two a year. We're a little ahead of that pace, if you will.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

And we've got a number of ways, from equity to debt, that would allow us -- plus cash flow -- to allow us to continue to move forward with acquisitions.

Organic growth strong, 25% inorganic, part of our story moving forward.

Michael Willis

Yes. And John, in terms of leverage, we expect this year to be a great year in terms of EBITDA growth.

We talked about -- cash flow conversion is going to be very strong as well.

We should be exiting '26 back at very close to 3x levered on adjusted EBITDA.

Operator

Your next question comes from the line of Michael Ciarmoli from Truist Securities.

Michael Ciarmoli

Congrats. I guess Tony, can you give us a sense -- or I don't know who wants to take this one, but of the major programs or the revenue composition of Seemann, were there -- are there any 10% programs?

I mean you called out some of the submarine platforms.

Then maybe just a sense of their growth trajectory, I mean obviously you said word 'legacy Karman', but you guys were in the rapidly growing missile, rocket launch. I mean do you expect the Seemann growth profile to kind of mirror that same shape you guys have had and expect to continue to have?

Tony Koblinski

This is Tony.

But let me turn it to Sid for just a moment, Sid, to describe the programs that you have been involved in.

I would say before you begin that as we now look at the customer distribution and importantly, the program distribution, we continue to have no program more than at this point, 8% of our total

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

revenue.

So, a significant solid diversification of our revenue base over a number of programs. Sid, the highlights for Seemann?

Sid Charbonnet

Great.

So our -- we have work going on across many programs, primarily in the submarine world, Virginia-class submarine, Columbia class, Seawolf, SSBN, SSGN, and a lot of developmental work going on in the SSN(X), next-generation attack submarine.

We've got a lot of production work going on here and some other work for second source vendors and some new work involving polymers.

Our polymer group applications are seeing significant expansion, including propulsors, hull coatings, sensors, and missile applications.

So, there's a lot of existing work and a lot of new work coming on, and some that is in the middle of development right now with near-term transition to production.

Tony Koblinski

I love that answer. Let me just add to it a bit. Because what we like about Seemann and MSC is not just the programs they're on, but the capability that they bring us.

We have become the go-to person for material sciences, both on the metallic side, with acquisitions of MTI and others, but also on the composite side. You know that we bought MG Resin some time ago.

We've been synthesizing our own resin system.

What MSC brings us is vastly more capability in that regard, in-sourcing of the fabric and the fiber and various different methods. Think about composites - we use that term a lot.

But a quick example, a solid rocket motor nozzle and submarine bow dome, both use composites, but they're very different in terms of the characteristics, of course that are necessary to allow something to survive at 3,000 degrees out, and something that needs to survive in deep sea and acoustically, no distortion.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

So, both composites, but universes away in terms of the science that goes into them.

So that will serve us well on all applications as we move forward beyond the programs that Seemann brings us today.

Jonathan Beaudoin

With MG Resin, we certainly are really excited to collaborate with Seemann on accelerating that. Tony was hinting on it there, but direct application of -- it's a high-temperature resin system -- to materials associated with solid rocket motor nozzles.

So that will provide alternate and address some of the supply chain constraints at the material level there. Then it has applications to hypersonics.

So, really excited to collaborate with the teams and accelerate MG Resin development and production.

Tony Koblinski

That was Jonathan Beaudoin (inaudible). Thanks, Jonathan.

Michael Ciarmoli

I may have missed this. Just Mike, one quick one, do you plan on breaking out the Seemann revenue as a separate market channel in kind of the revenue mix?

Or are you going to fold it into the other segment somehow?

Michael Willis

We will now have a fourth end market.

So that will be our maritime end market that we're going to be reporting out on.

It won't be as clean as that market being entirely Seemann. There are -- we've talked about a torpedo recovery system in the past, which obviously would be a great home for it to be in this new end market.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

There are a couple of other end products that Seemann MSC delivers that fit into our existing end markets.

So, the good news is we will have a fourth end market and being a truly all-domain provider now for some of the nation's most critical programs.

Operator

Your next question comes from the line of Amit Daryanani from Evercore ISI.

Amit Daryanani

I guess maybe just to ask you on the Seemann side, one of the big focus areas, I think for the U.S. Navy has been to really rebuilding the undersea fleet.

So, can you talk about how do you think about the growth opportunity across upgrading the aging fleet versus perhaps what you have in terms of deploying next-gen unmanned submarines, et cetera?

I'd love to just understand kind of where do you folks play -- how big are these growth opportunities for you?

Then, I guess maybe from a margin perspective, our understanding of these is -- Seemann is running maybe in the mid-20% EBITDA margins, how do you get that to kind of Karman-like levels?

And what are the levers you need to pull to get there?

Tony Koblinski

I can start on that, Amit. Good to hear from you.

One, a number of growth drivers.

One, as you well know the Department of War is prioritizing the re-establishment of the submarine fleet and trying to move the entire industry base to more output per year in terms of the number of vessels.

So, we will enjoy that growth.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

They are working as well, and it is obviously as we think about unmanned as forever part of the battlefield, wherever that domain is contested, but certainly unmanned and counter unmanned undersea and surface vehicles is a growth trajectory for us as well as was already the UAV, counter-UAV markets that we currently play in.

And so, we see all of that having an underlying strong growth trajectory. And as we think about margins, as Mike indicated, we're still above 30%. There is a slight pullback given Seemann has slightly less than those.

But as Sid said in his prepared remarks, we're early on in those. Many of those are cost-plus. The majority of their contracts are at this point.

As we move to firm-fixed with operating efficiency and other improvements, we can get margins consistent with Karman has been and continue to move margins forward as we've talked about over the last year.

Amit Daryanani

Maybe a follow up on this, could you just talk about your 25% organic growth assumption for '26? What are you sort of underlying assuming from a defense budget perspective?

What's your sort of assumption of what the growth rate looks like, as there's been talk of that number potentially being 50% higher than '26?

So clearly, that's the case of the upside.

But I would love to understand, what are you kind of embedding as an underlying assumption of budget growth in '26 for your organic growth as you go forward?

Tony Koblinski

I want to make sure I understand the question. You're saying, what is our underlying assumption relative to the Department of War budget?

Amit Daryanani

That's essentially what it is.

Tony Koblinski

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

Yes. Again, still some uncertainty in that regard being worked out on a weekly basis, as you well know. But the signals are strong on the items that we've been talking about.

The components of Golden Dome, of which we have a hand in many, the replenishment of the tactical missiles for us and our allies, all very strong demand drivers, the government being very flexible in terms of starting and think about long-term contracts, seven-year contracts for PAC-3 and others.

Then I listed some earlier in really every domain including space where launch cadence will be increasing.

So, it's not just a Department of War-related and government funding, but there are also commercial applications there and funding that will seed our growth.

So at this point, we're signaling to a 25% year-over-year organic growth.

Operator

Your next question comes from the line of Jan Engelbrecht from Baird.

Jan-Frans Engelbrecht

Thanks for the question. I'm on for Peter Arment today. The first question, I just wanted to get your latest thoughts just given all the news we have on the solid rocket motor industry with sort of the direct investment by the DOW. You've got sort of tripling, quadrupling of output for very large platforms.

So how are you thinking for Karman sort of the next three to five years in terms of the pricing environment, the capacity that you have across your facilities?

Just curious how you're thinking about that?

Tony Koblinski

I appreciate the question. Certainly, an area that is going to be part of our growth story moving forward -- has been. We've invested, as we've talked before for the last five years, we've been investing in this platform and the various components of it.

We'll continue to invest. You saw smaller in some of the headlines, both matching government funds to help us increase our capacities, specifically in nozzles and not ready to talk about it, but

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

we have other plans in place moving forward that will make certain that we keep pace with the demand signals that are really solidifying.

We're in discussions weekly with our customers about what do they need and when do they need it. And as we think about year-over-year increases, we'll be ready to support those.

Jan-Frans Engelbrecht

Perfect. Thanks, and very helpful.

Then a quick follow-up, maybe to Sid or the entire team. Just -- if we think about sort of UUVs and USVs, just sort of these new upstart companies that are doing some next-generation platforms, just how should we think about sort of that industry evolving, given that it's sort of a nontraditional companies that are leading a lot of the new awards that you're seeing.

Just curious, are we thinking about, sort of, the developments getting these prototypes at the door and then scaling up production because it does seem like the Navy obviously wants to move to more unmanned platforms for the long term.

Tony Koblinski

Yes. I think for all of those, we've talked about part of the beauty of our model as a merchant supply as we serve those who have been in business for decades and those that are still coming to the market.

We can -- our promise is if you partner with us, we can help you go faster to achieve your mission, and we've demonstrated that with many of the new players.

So over 80 customers, that number may be approaching 90 at this point on a number of platforms.

So we love the new entrants.

We have all the capabilities necessary to help them be successful. We look -- we don't pick the winners and the losers. We just look forward to partnering with them all.

Operator

Your next question comes from the line of Noah Levitz from William Blair.

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

Noah Levitz

Congrats on the acquisition. To start off, if we could harp down on this, for 2026, can you talk a little bit about how your growth varies by your three, I guess now four end markets?

Then to follow up on that, you've in the past given initial visibility related to your backlog. I was just wondering if you had any color there as well?

Tony Koblinski

Yes. So, I would say that we look forward to talking to you guys all again in a few weeks. Today's meeting was really to introduce and make sure everyone understood how excited we are about this acquisition and how it will continue to drive our growth. All four of our markets as we will describe them moving forward are seeing significant growth patterns. There isn't one that dominates and I wouldn't say they're exactly equal.

But as we look at this year's revenue, there is a fair balance among the now four legs of the stool. In terms of visibility, we've guided you in the past, but we feel very comfortable with where we are relative to the 2026 guidance. We'll talk more specifically about that when we meet again.

Noah Levitz

Great. Then just another quick follow-up. I think something unique for Karman is that the majority of your revenue, maybe 100% or so, is based in the U.S. or the DOW. Is that the same dynamic for Seemann and MSC?

And what kind of opportunity do you see down the road for supporting international allies as they ramp up their defense spending?

Tony Koblinski

Appreciate the question. Yes. It's true that all of our customers are in the U.S. But as we've talked before on the missile defense and other sectors, foreign military sales is clearly part of the pull from our customers. We don't have visibility to that. We know that it as well is strengthening.

We've made some initial, and had initial discussions, and have a preliminary pipeline, thinking about direct to outside of U.S., but that is not part of the visibility that we're demonstrating today

Karman Space & Defense (Seemann)

Karman Space & Defense Expands into High-Priority Maritime Defense Market with Definitive Agreement to Acquire Seemann Composites and Materials Sciences

and the growth. It's an opportunity, but one that is really early on in terms of -- our beginning to conquest that.

Sid Charbonnet

And for Seemann Composites and MSC, we are all U.S.-based customers as well. And as Tony mentioned, there are obviously a lot of opportunities, especially coming up around AUKUS and we've actually had some contacts with Australia and with the U.K. regarding AUKUS.

So, I think there's opportunities coming down the pipeline for that. Those are a few years out at this point, but they're certainly there and sustain -- our portion of that most immediately will be a sustainment for Virginia class.

Operator

And that concludes our question and answer session. I will now turn the call back over to Steven Gitlin for closing remarks.

Steven Gitlin

Thanks, Rob. Thank you all for joining us today and for your interest in Karman. A recording of this call, all SEC filings and relevant company and industry news can be found on our website, karmen-sd.com.

We look forward to speaking with you again soon for our fourth quarter fiscal year 2025 results. Have a good day.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.