



Kratos & RAFAEL Establish Prometheus Energetics Joint Venture, a U.S.-Based Merchant Supplier of Solid Rocket Motors

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SAN DIEGO, Feb. 26, 2025 (GLOBE NEWSWIRE) -- Kratos Defense & Security Solutions, Inc. (Nasdaq: KTOS), a technology company in the defense, national security and global markets, and RAFAEL Advanced Defense Systems Ltd., today announced an approximate 50/50 partnership for the establishment of a U.S.-based merchant supplier of solid rocket motors (SRMs) and other energetics. The new joint venture, named Prometheus Energetics ("Prometheus"), is set to be headquartered on an approximate 500-acre site near the United States Navy and Army facility in Crane, Indiana.

Kratos and RAFAEL (through its U.S. based subsidiary RAFAEL USA) have jointly committed up to \$175 million in capital for the establishment of Prometheus and required property, plant, equipment and personnel needed for the new, state-of-the-art energetics manufacturing campus and facilities. After construction of the plant and once RAFAEL's technology transfer is completed and certified for operations, Prometheus is projected to begin production in 2027 of SRMs.

RAFAEL is the developer and manufacturer of unique, world-renowned systems such as the Iron Dome and the TROPHY APS which are in service in the Israeli Defense Forces as well as the David's Sling which provides the middle layer of air defense for the state of Israel. The company, originally established as the IDF Science Corps, has developed groundbreaking technologies like high energy laser solutions like the Iron Beam which are expected to be operational by the end of 2025. The company functions through a vertical integration structure that enables a unique ability to meet the demands and overcome the challenges of the global market and supply chain. RAFAEL offers a diverse portfolio from new space to the ground battlespace with battle-proven technologies.

Kratos is a leader in hypersonic or advanced systems, strategic systems, ballistic missile targets, sub-orbital research vehicles, sounding rockets, and solid rocket motors. Kratos has served the U.S. advanced systems and missile defense communities for decades, delivering numerous novel systems and vehicle flight tests. Kratos is the only company today delivering both propulsion and advanced flight systems, with Kratos advanced systems including the low-cost [Erinyes Glide Vehicle](#), Dark Fury, [Zeus and Oriole Solid Rocket Motors](#), and other Kratos systems and technologies. Kratos provides unmatched innovation, disruptive capabilities, mission responsiveness and affordability to our customers across our portfolio of systems.

Eric DeMarco, President and CEO of Kratos Defense, said, "We believe Prometheus, once up and running at full rate production, will be a step function catalyst in value creation for Kratos' stakeholders and the U.S. defense industrial base, similar to Kratos' recent MACH-TB contract award—the largest single-award contract in Kratos history. Like other major Kratos investments such as Oriole, Zeus, and Erinyes, Prometheus responds to a critical need to strengthen the U.S. Industrial Base and will also provide tens of thousands of SRMs and casted warheads supporting both America's most reliable partner in the Middle East and United States national security related demand from a true SRM and energetics merchant supplier."

Kratos will reflect Prometheus in its consolidated financial statements on the Equity Method of Accounting, under which Kratos will record approximately 50 percent of Prometheus Net Income on a single line "Net Income from Prometheus Energetics" in its income statement, and Kratos will annually receive approximately 50 percent of the Free Cash Flow generated from Prometheus. Kratos intends to continue to report Kratos Operating Income, Net Income, Adjusted EBITDA and other financial matrices separate from the Prometheus results, in order for all Kratos stakeholders to be able to follow the progress of each Company, the investment made in Prometheus and the future return on Kratos' investment in Prometheus.

RAFAEL Advanced Defense Systems Ltd., one of Israel's largest defense contractors, develops, manufactures, and sustains combat-proven technologies, products, and systems-of-systems for air, land, naval, space and digital applications. RAFAEL's delivery of combat-proven systems is supported by vertically integrated facilities and engineering teams servicing the development and production of SRMs and warhead (WH) products that play a critical role in Israel's Iron Dome, the world's premier air defense system designed to intercept and destroy short-range rockets, artillery shells, UAVs, and other aerial threats. This vertical integration has made RAFAEL a leading expert in SRMs and WH development and production, allowing it to continuously expand capabilities and push the envelope in technology, performance, and fielding of effective systems. RAFAEL's multi-dimensional portfolio and unique innovative capabilities have enabled the development of world-leading technologies across all spheres.

Yoav Tourgeman, President and CEO of RAFAEL Advanced Defense Systems Ltd., said:

"The establishment of Prometheus Energetics is a strategic leap forward, reinforcing RAFAEL's commitment to strengthening the U.S. defense industrial base while ensuring our allies and partners have access to the most advanced, combat-proven energetics solutions. This step constitutes a strategic vector that combines business considerations in the American market with the increasing demand for energetic products, while significantly enhancing our ability to deliver resilient and reliable supply solutions to our customers. Through this joint venture, we are deepening our longstanding partnership with the United States, strengthening supply chain independence, and bolstering the critical capabilities needed to address evolving national security challenges."

About Kratos Defense & Security Solutions

Kratos Defense & Security Solutions, Inc. (NASDAQ: KTOS) is a technology, products, system and software company addressing the defense, national security, and commercial markets. Kratos makes true internally funded research, development, capital and other investments, to rapidly develop, produce and field solutions that address our customers' mission critical needs and requirements. At Kratos, affordability is a technology, and we seek to utilize proven, leading edge approaches and technology, not unproven bleeding edge approaches or technology, with Kratos' approach designed to reduce cost, schedule and risk, enabling us to be first to market with cost effective solutions. We believe that Kratos is known as an innovative disruptive change agent in the industry, a company that is an expert in designing products and systems up front for successful rapid, large quantity, low-cost future manufacturing which is a value add competitive differentiator for our large traditional prime system integrator partners and also to our government and commercial customers. Kratos intends to pursue program and contract opportunities as the prime or lead contractor when we

believe that our probability of win (PWin) is high and any investment required by Kratos is within our capital resource comfort level. We intend to partner and team with a large, traditional system integrator when our assessment of PWin is greater or required investment is beyond Kratos' comfort level. Kratos' primary business areas include virtualized ground systems for satellites and space vehicles including software for command & control (C2) and telemetry, tracking and control (TT&C), jet powered unmanned aerial drone systems, advanced vehicles and rocket systems, propulsion systems for drones, missiles, loitering munitions, supersonic systems, space craft and launch systems, C5ISR and microwave electronic products for missile, radar, missile defense, space, satellite, counter UAS, directed energy, communication and other systems, and virtual & augmented reality training systems for the warfighter. For more information, visit www.KratosDefense.com.

About RAFAEL Advanced Defense Systems Ltd.

Established in 1948, RAFAEL Advanced Defense Systems Ltd. develops, manufactures, and sustains combat-proven technologies, products, and systems-of-systems for air, land, naval, space and digital applications. As the developer of two integral layers of Israel's multi-layered air defense array and the developer of the world's only operation active protection system TROPHY APS, the company offers innovative and proven solutions for the global market. RAFAEL's air defense portfolio has achieved international recognition from Iron Dome to David's Sling and is expected to provide the first ever operational high-energy laser weapon system to the IDF by 2025. The company has bolstered its international standing as a top-tier defense manufacturer by through an innovative approach of vertical integration enabling seamless technology transfer and local production, making it a trusted partner for defense solutions in global markets, particularly in the U.S. where its systems strengthen national security priorities. Leveraging its technological ingenuity, operational experience, and unparalleled understanding of evolving combat requirements, RAFAEL provides global warfighters with today's most advanced technologies and life-saving defense solutions that ensure operational superiority. RAFAEL's strategy includes strategic international partnerships and localization to ensure customer sovereignty. For more information on RAFAEL, please visit <https://www.rafael.co.il/>

Notice Regarding Forward-Looking Statements

Certain statements in this press release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of the management of Kratos and are subject to significant risks and uncertainty. Investors are cautioned not to place undue reliance on any such forward-looking statements. All such forward-looking statements speak only as of the date they are made, and Kratos undertakes no obligation to update or revise these statements, whether as a result of new information, future events or otherwise. Although Kratos believes that the expectations reflected in these forward-looking statements are reasonable, these statements involve many risks and uncertainties that may cause actual results to differ materially from what may be expressed or implied in these forward-looking statements. For a further discussion of risks and uncertainties that could cause actual results to differ from those expressed in these forward-looking statements, as well as risks relating to the business of Kratos in general, see the risk disclosures in the Annual Report on Form 10-K of Kratos for the year ended December 29, 2024, and in subsequent reports on Forms 10-Q and 8-K and other filings made with the SEC by Kratos.

Press Contacts:

Claire Burghoff
claire.burghoff@kratosdefense.com

Daniel Tsemach
DANIELT5@rafael.co.il

Investor Information:

877-934-4687
investor@kratosdefense.com



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