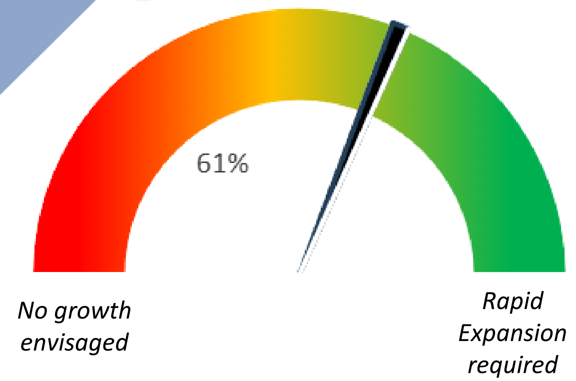
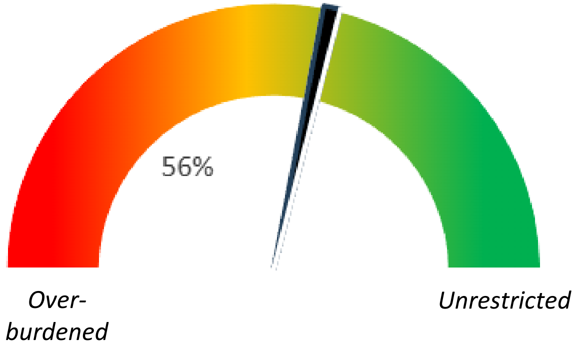
2026 Q2 – Pre-DIP Trend

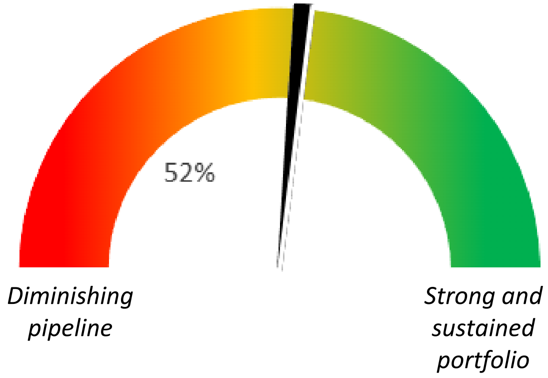
Confidence of Growth



Freedom of Business

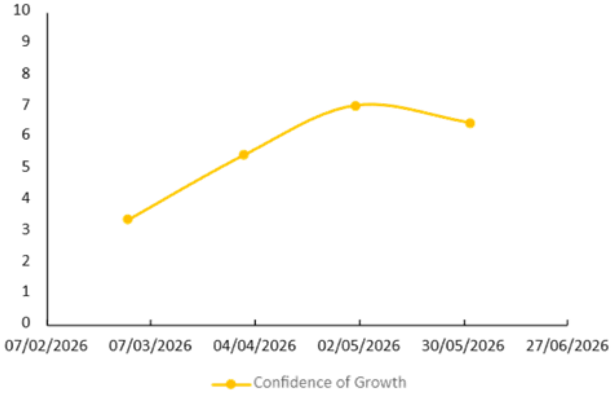


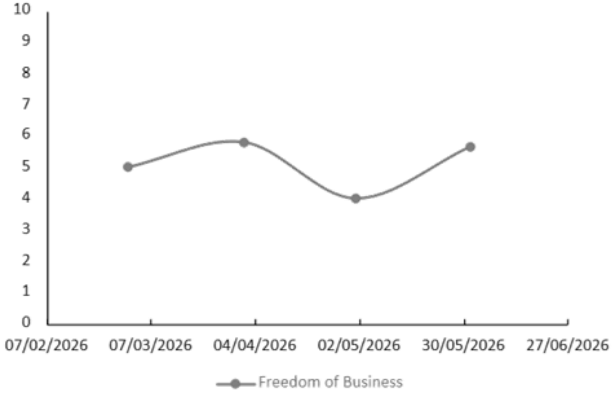
Diversity of Opportunity

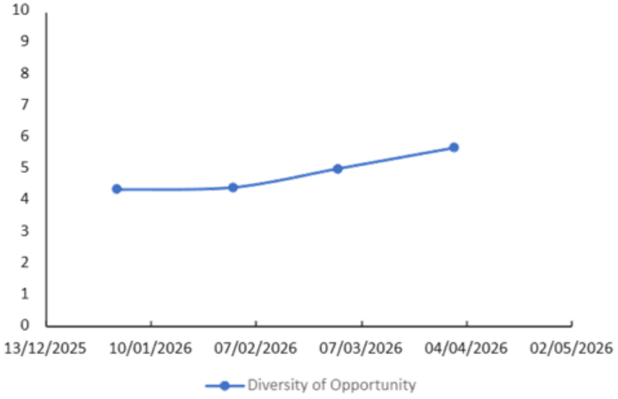


Trend Interpretation:

- Not declining? DIP hope and businesses have been holding on for its release
- Generally middling? Limited or no improvements are coming through to have real-life benefits
- Increasing Confidence with a drop? Possibly due to DIP-disappointment and Ministerial changes







INDUSTRY CANARIES GROUP

Insights and Improvements:

- Contracting and Commercial aren't built for SMEs (MOD-SME, Prime-SME)
- Rare to find Outside IR35 Contracting options
- Scarcity of viable business opportunities compatible with micro-capacities
- Cost of continuous business development and relationship building, whilst delivering with limited resources

Explainer

Who and Why?
We are an informal collective group of micro service-based businesses operating in Defence, Space, Nuclear and Aerospace.

Whilst the clear majority of economic benefit comes from SMEs, within Defence in particular, most of the frameworks, portals and access points cater for products/goods-based business. Some frameworks explicitly exclude the consultancy and professional services businesses.

The Industrial Canaries Group aims to amplify single voices, provide a barometer-like indicators for the health and forecast of these businesses, as well as provide mutual support within the group, with a view to influence and effect positive change.

How and What?
We conduct periodic, standardised surveys across the group and share anonymised qualitative results every quarter.
The information we collect and share is based on experience and perception across the group, based on 3 core questions.

- Confidence of Growth in the next 12 months.
- Freedom of Business Action (policy, regulation, tax, etc)
- Diversity of Opportunity as of "today" and portfolio strength

This is presented as a dial gauge, using averaged values and we then plot over time.
More detail is given below for each core question.

Interested in contributing?

Criteria to join
1) Be a micro-business (a small enterprise, typically operating with fewer than 10 employees and an annual turnover or balance sheet total of no more than €2 million (£1.7 million).)
2) Have a majority business focus toward Defence, Space, Aerospace or Nuclear
3) Have strong enthusiasm to better the industry in which you work,
4) Would like to support fellow businesses and like-minded individuals
5) Be able to complete free surveys on a monthly or quarterly basis

Visit https://fresheyesconsulting.uk/icg to sign up!

Confidence of Growth:

To what degree are you confident that your business will need to expand in the next 12 months (rolling) to cope with forecast demands?

- 1 – No growth envisaged, on the edge of shutting down
- 3 – Struggling but just getting by
- 7 – Trending up and excited
- 10 – Need to expand sooner than predicted, no concerns for next 12 months or beyond

Freedom of Business:

To what extent are you restricted by market conditions, regulatory burdens, or taxation/financial aspects to be able to succeed in your business?

- 1 – Significantly hampered and find it near impossible to operate
- 3 – highly regulated and highly taxed
- 7 – some restrictions but able to do business
- 10 – No restrictions and completely able to operate as I would wish too

Diversity of Opportunity:

In terms of security, abundance and variety of new business opportunities, do you currently have a pipeline of new work into the business?

- 1 – No new Clients / No new opportunities currently available/secured
- 3 – We have a few anchor clients keeping lights on
- 7 – A few new clients have recently on-boarded
- 10 – No concerns with new business win rate, strong portfolio.