SOUTHWIND CAPITAL

SOUTHWIND MONTHLY MARKET INTEL | FEBRUARY 2026 | A&D / GOV / IC

THIS MONTH AT A GLANCE

PUBLIC VALUATIONS
S&P A&D EV/EBITDA
12.3x
↑ +0.4x MoM
Top mover: Defense Electronics

M&A / DEAL ACTIVITY
Industry Deals (February)
30
↓ -10 MoM
Aggregate Deal Value: 782M.

US DEFENSE TECH VENTURE
LTM Disclosed Funding
$6B
↑ +3.2% MoM
Monthly Funding: $520M

MID MARKET DEFENSE-FOCUSED PRIVATE EQUITY
Current Dry Powder
~17.2B
Firms monitored: 26
Total AUM($B): 57.2

TOP TAKEAWAYS

- Valuations are grinding higher off the lows, with S&P A&D EV/EBITDA back in the low-12x range and Defense Electronics leading the group on multiple expansion.
- Transaction activity is cooler, not closed, as February deal counts stepped down but platform-scale A&D / Gov / IC transactions continued where buyers could underwrite differentiated capability and clear contract visibility.
- Defense-tech venture continues to edge up, with LTM U.S. defense-tech funding now just over $6.0B and February volumes skewed toward dual-use AI, autonomy, and space-based ISR that map cleanly into prime and government demand.

ARTICLES TO CONSIDER

Navigating the Post Shutdown Defense Budget Landscape
"The topline adjustment masks a more substantial increase for the development and procurement of new weapon systems."

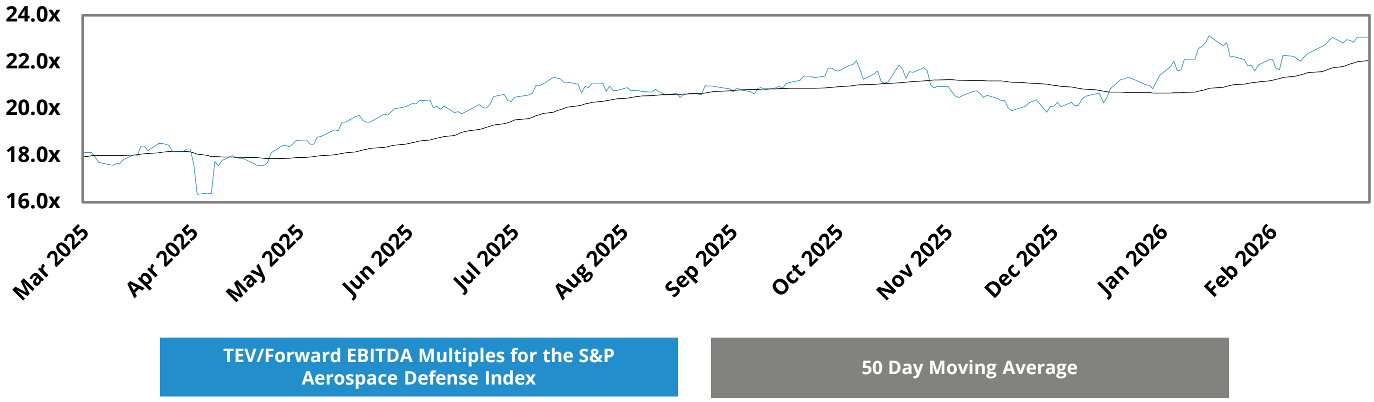
A $1.5T Defense Budget: Implications for the Air Force and Space Force
"One-time budget spikes have limited impact…"

Space Force Officials Prepping for More Budget Growth in 2027
"Many observers question whether the Pentagon can digest a spending increase of about 50 percent in a single year."

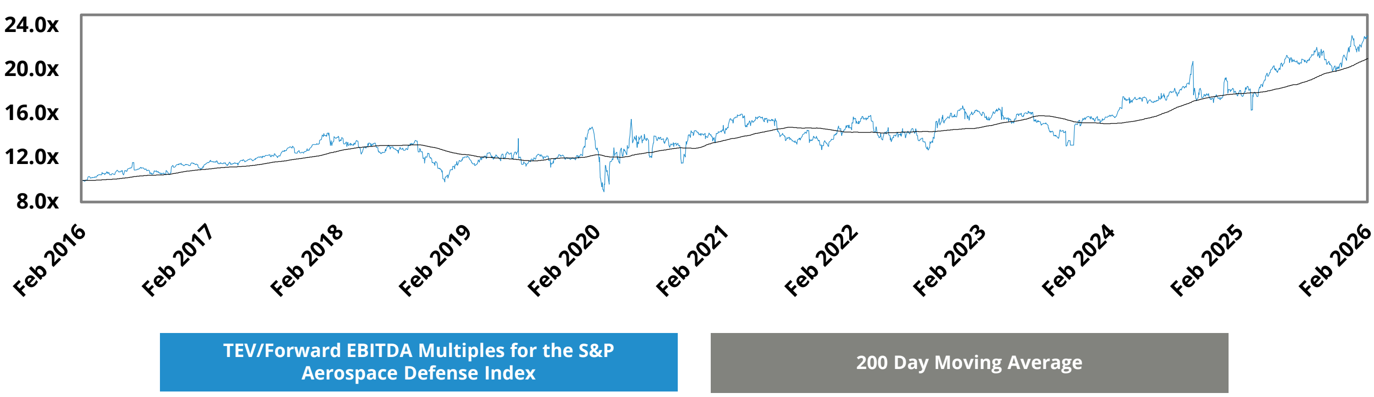
Future Defense Tech: Multidomain Stacks to Build Affordable Mass
"…older systems, designed decades ago, lack the onboard compute, energy, and open architecture needed to run modern code."

Defense Sector Draws Private Equity to Europe
"US managers will not be left behind…the defense sector was a top target in 2025 as the value of US-based private equity and venture capital firms' investments in Europe rose to a four-year high."

1-Yr Historical EBITDA Multiples*



10-Yr Historical EBITDA Multiples*



SUBSECTOR VALUATION SUMMARY

Subsector	EV/EBITDA LTM	EV/EBITDA Forward	Δ MoM	EV/Rev LTM	Δ MoM
Primes	17.2x	17.5x	↑	2.4x	↑
Gov't Intel Services	12.0x	11.7x	↑	1.3x	→
Gov't Technical Services	11.1x	10.7x	↓	0.9x	↓
Defense Electronics	33.2x	29.0x	↑	7.0x	↑
Space - Launch & Access	NM	NM	↓	80.8x	↑
Space - Systems & Mfg	NM	14.0x	↓	7.7x	↑
Space - Satcom	26.2x	22.9x	↓	4.3x	↓
Space - Data & Analytics	NM	12.3x	↓	19.4x	↑
National Security Software	NM	NM	↑	12.1x	↑

* Source: S&P Capital IQ as of March 3rd.

EXECUTIVE SNAPSHOT

4
Monthly Deals
February 2026

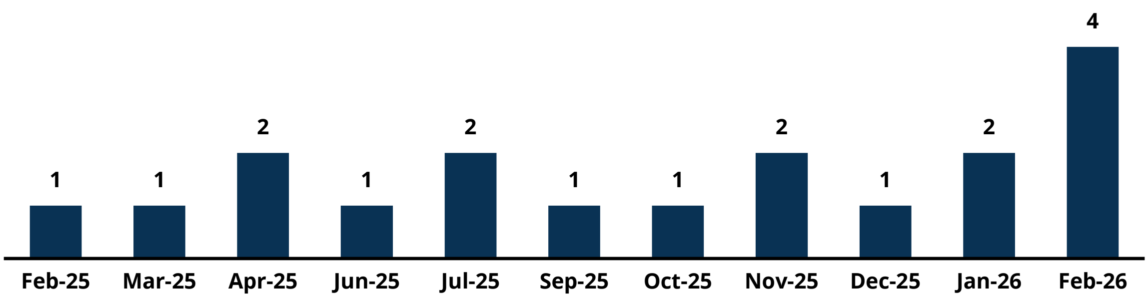
$520M
Monthly Funding
February 2026

$6,016M
LTM Funding ($M)

VENTURE FUNDING ROUNDS (2026)

Date	Company	Funding Round	Amount	Lead Investors	Strategic Investors
Feb 26	Castelion	Series B (closed)	$350M	Altimeter Capital, Lightspeed Venture	Andreessen Horowitz, General Catalyst
Feb 26	NODA AI	Series A (closed)	$25M	Bessemer Venture Partners	Booz Allen Ventures
Feb 19	VulnCheck	Series B (closed)	$25M	Sorenson Capital	In-Q-Tel (IQT)
Feb 3	Overland AI	Equity round + venture debt	$100M equity + $20M debt	8VC	Valor Equity Partners,
Jan 13	Defense Unicorns	Series B (closed)	$136M	Bain Capital Tech	Ansa Capital, Sapphire Ventures,
Jan 6	Defiant Space	VC investment (undisclosed)	Not disclosed	The Veteran Fund	Government/initiative-backed pool

MONTHLY ACTIVITY



STRATEGIC FOCUS

- **Capital is concentrating in AI-enabled autonomy platforms.** Landmark 2025–2026 rounds include Anduril's $2.5B Series G at $30.5B valuation (led by Founders Fund) and Shield AI's $540M+ Series F rounds reaching $5.6B valuation (with ongoing talks for up to $1B at $11–12B). These represent some of the largest U.S. defense tech financings in recent years
- **Traditional VC firms are showing increased participation:** a16z (American Dynamism), General Catalyst, Founders Fund, and Point72 Ventures signal strong institutional conviction in defense-adjacent autonomy. Total U.S. defense tech equity funding more than doubled in 2025, reaching $17.9B

Source: Public filings, Pitchbook, Crunchbase, proprietary research. Figures reflect disclosed amounts only.

* Select US-based defense/dual-use venture investments. Data as announced/closed.

EXECUTIVE SNAPSHOT

$111.7M
Avg. Deal Size (Disclosed)

$782.2M
Aggregate Deal Value

30
Total Deals

KEY TRANSACTIONS (FEBRUARY 2026)

#	Date	Target	Acquirer	Deal Size
1	Feb 2	ISYS Incorporated	OSC Global, LLC	ND
2	Feb 2	FTR Pty Ltd	Tyler Technologies, Inc.	$212.5M
3	Feb 3	Cox & Company, Inc.	Hutchinson SA	ND
4	Feb 3	Stubborn Mule Manufacturing	Becklin Holdings, Inc.	ND
5	Feb 4	HABCO Industries, LLC	Cook Inlet Region, Inc.	ND
6	Feb 5	Hexagon Masterworks, Inc.	Space Exploration Technologies Corp.	$15.0M
7	Feb 5	Apira Technologies, Inc.	Woven Solutions, LLC	ND
8	Feb 9	Velocity Maintenance Solutions, LLC	Learjet Inc.	ND
9	Feb 10	Dignitas Technologies, LLC	By Light Professional IT Services LLC	ND
10	Feb 10	cortAIx France of Thales S.A.	Naval Group	ND
11	Feb 11	Insight M Inc.	DroneBase, Inc.	ND
12	Feb 11	Nomad Global Communication Solutions	Kratos Defense & Security Solutions	$100M
13	Feb 17	Defy Security	Booz Allen Hamilton	ND
14	Feb 12	Advanced Precision Machining, LLC	Pro-Dex, Inc.	$8.6M
15	Feb 12	Kadex Aero Supply Ltd.	Chorus Aviation Inc.	$36.7M
16	Feb 12	Nomad Global Communications Solutions	Kratos Defense & Security Solutions, Inc.	$108.3M
17	Feb 17	Air Industries Group	Tenax Aerospace Acquisition, LLC	$301.1M
18	Feb 17	Abile Group, Inc.	Valiant Solutions, LLC	ND
19	Feb 17	DeFY Security LLC	Booz Allen Hamilton Holding	ND
20	Feb 18	Vivace International Corporation	Cerberus Capital Management, L.P.	ND
21	Feb 20	Millennium Corporation	Markon LLC	ND
22	Feb 23	TEC® Model 3100 Autopilot	Innovative Aerosystems, Inc.	ND
23	Feb 24	Sev1Tech, LLC	Earth Resources Technology, LLC	ND
24	Feb 24	Kaney Inc.	Velocity One Holdings, LP	ND
25	Feb 24	Vestigo Aerospace, Inc.	Applied Aerospace and Defense	ND
26	Feb 24	Hydraulics International, Inc.	Arcline Investment Management LP	ND
27	Feb 25	321 Precision Conversions	Precision Aircraft Solutions	ND
28	Feb 26	OPTICAL SUPPORT, INC.	Rocket Lab Corporation	ND
29	Feb 26	Precision Components Ltd	Rocket Lab Corporation	ND
30	Feb 26	Valence	Woven Solutions, LLC	ND

Source: Capital IQ

SOUTHWIND CAPITAL

DRY POWDER SNAPSHOT

~$17,201	$57,262	26
Total Est. Dry Powder ($M)	Total AUM ($M)	Total Firms

TOP 5 DRY POWDER

Firm	AUM ($M)	# of Funds	Dry Powder ($M)
Arlington Capital Partners	9,725	8	6,451
Falfurrias Management Partners	3,160	7	1,394
J.F. Lehmen & Co.	8,042	14	1,009
Albion River	ND	1	983
Renovus Capital	2,422	6	910

TOP LTM ACTIVITY

Firm	# of Transactions	Total Deal Value ($M)	Primary Sector Focus
CenterGate Capital	3	ND	Industrial Maintenance, Medical Compression Garments, Pricing Automation Tech
Godspeed Capital Management	3	ND	Federal Tech/Mission Solutions, Engineering/Technology, Space Systems/Cybersecurity
Washington Harbour Partners	3	$120	Space Autonomy, Space/Satellite Tech
Albion River	2	$300	Defense/Security Products, Defense/Industrial
Blue Delta Capital	2	$30	Federal Cybersecurity, National Security/Cyber/Counter-UAS

MONTHLY ACTIVITY (FEBRUARY 2026)

Firm	Deal	Deal Value ($M)	Primary Sector Focus
Albion River	Ignium Platform (consolidation)	$300	Defense / Industrial
Blue Delta Capital	Tharros investment	$30	Federal Cybersecurity

Definitions

US-Based Defense Tech — Privately held or publicly traded companies headquartered in the United States that derive a material portion of revenue from defense, national security, intelligence, or dual-use technology applications across hardware, software, and services.

Dry Powder (Definition / Proxy Used) — Uncommitted capital available for deployment by private equity, venture capital, and growth equity funds focused on aerospace, defense, and government technology verticals. Figures are sourced from Preqin and PitchBook fund-level data where available; where direct data is unavailable, sector-adjusted estimates are applied as a proxy.

A&D Manufacturing / MRO — Companies engaged in the design, production, assembly, and maintenance, repair, and overhaul (MRO) of aerospace and defense platforms, subsystems, and components.

GovTech / IT Services — Firms providing information technology solutions, managed services, systems integration, and digital transformation capabilities primarily to U.S. federal, state, and local government agencies.

ISR / Cyber / Space — Companies operating across intelligence, surveillance, and reconnaissance (ISR); cybersecurity; electronic warfare; and space-based systems including satellite communications, launch services, and orbital infrastructure.

Mission Systems / Electronics — Providers of mission-critical electronics, avionics, embedded computing, sensors, and command-and-control systems supporting defense and intelligence platforms.

Data Sources

- **S&P Capital IQ —** Public company financials, valuation multiples, and transaction data
- **Crunchbase —** Early-stage venture funding rounds and startup ecosystem data
- **Company Filings —** SEC filings (10-K, 10-Q, 8-K, proxy statements) and investor presentations
- **Public Disclosures —** Press releases, earnings transcripts, and regulatory filings

Disclosures / Disclaimers