SOUTHWIND CAPITAL

Aerospace | Defense & Government | Intelligence Community

September 2025 Market Snapshot

IN THIS ISSUE

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Preparing for Diligence Before You Are In It

Whether you're planning a broad auction or pursuing one-on-one discussions with a strategic or financial buyer, buyer confidence is the real currency of a sale process. Valuation is always a function of perceived risk, and risk is inversely proportional to confidence. The speed, quality, and consistency of your data will either build that confidence or erode it. A buyer may start with enthusiasm, but diligence determines conviction — and conviction is what gets a deal closed at the top of the range.

For sellers, preparation falls into three broad categories: corporate, financial, and operational.

1) **Corporate data** establishes control — entity structure, ownership, contracts, compliance, and IP.
2) **Financial data** supports value — audited statements, forecasts, backlog, and working capital trends.
3) **Operational data** conveys scalability — customer and contract concentration, workforce composition, technology systems, and business development efficiency.

Each set tells a version of the same story: stability, predictability, and growth capacity.

For a broad auction, these materials are typically staged in a data room as soon as confidential information memoranda (CIMs) are released. For one-on-one discussions, the same data can be sequenced more selectively, but it still must exist in a state of readiness. The weakest point in most processes is the link between operations and finance — backlog and pipeline that don't reconcile with accounting.

Ultimately, buyer confidence determines deal outcomes. Sophisticated acquirers and investors understand that perfect businesses don't exist, but well-prepared ones reveal their imperfections with context and credibility. When diligence runs smoothly, a buyer's attention shifts from what might go wrong to how much potential upside remains. The result isn't just a faster close — it's a higher probability that the buyer believes your story, underwrites it with conviction, and pays accordingly.

3 Key Takeaways

- Control the narrative: Don't let a buyer define your story through their model.
- Prepare early: Build a clean, well-structured financial model that is auditable back to historical financials and customer contracts before outreach begins.
- Tie operations to finance: Align backlog, pipeline, and financials to eliminate credibility gaps.

WHAT WE'RE READING

Strategy & Policy

✓**Fortifying America: Is the Pentagon Ready?**
"…the Pentagon will have to double down on defending America's critical civilian infrastructure."

✓**We Don't Need a New Force Design, or National Strategy**
"Why a maritime and aerospace power? Let's start with, as we should always, with a trip to the chart room."

✓**It's Time to Rewire the Pentagon for Modern Warfare**
"We are now in an era where digital warfare, autonomous systems, and artificial intelligence define who wins and who falls behind. ."

Trends in Technology

✓**America Now Has a Second B-21 Raider Stealth Bomber in the Sky**
"The B-21, on the other hand, is equipped with what's been described as the most advanced intelligence, surveillance, and reconnaissance suite ever fielded,.."

✓**Space Aircraft Carriers**
"By having a pre-positioned platform in orbit, the United States can deploy satellites quickly and efficiently, addressing both immediate and future security concerns."

✓**Defense to "Anchor" Exploding Satellite Market over the Next Decade**
"…fueling a $665 billion market in manufacturing and launch services."

Contracting, Procurement & Budget

✓**Aerospace Mid-Tiers Ready for Primetime to Expand the Industrial Base**
"Of course, the mid-tiers in aerospace are far from Fortune 500 companies."

✓**Eastern Shipbuilding Partners With HII to Boost US Navy Destroyer Production**
"This distributed shipbuilding model represents a significant shift in U.S. naval procurement strategy…"

✓**US Navy Considering $3.5B Multiple Award Contract for 2800 Small Boats & Craft**
"…up to 15 types of vessels, including workboats, force protection boats, barges, floating barracks, Naval Special Warfare surface support craft and target drones between fiscal years 2026 and 2036."

Capital Markets

✓**The Space Economy Cannot Succeed Without Private Ownership**
"…a space economy based on legal conditions such as those in North Korea will never work."

✓**Inside the Changing Business of War**
"It's a totally different business model."

✓**Building Our Future: Finance & Deal Flow**
"US will take a 5% stake in Lithium Americas and a 5% stake in their Nevada mining project, restructuring a $2.26B US loan agreement."

Aviators & Warfighters

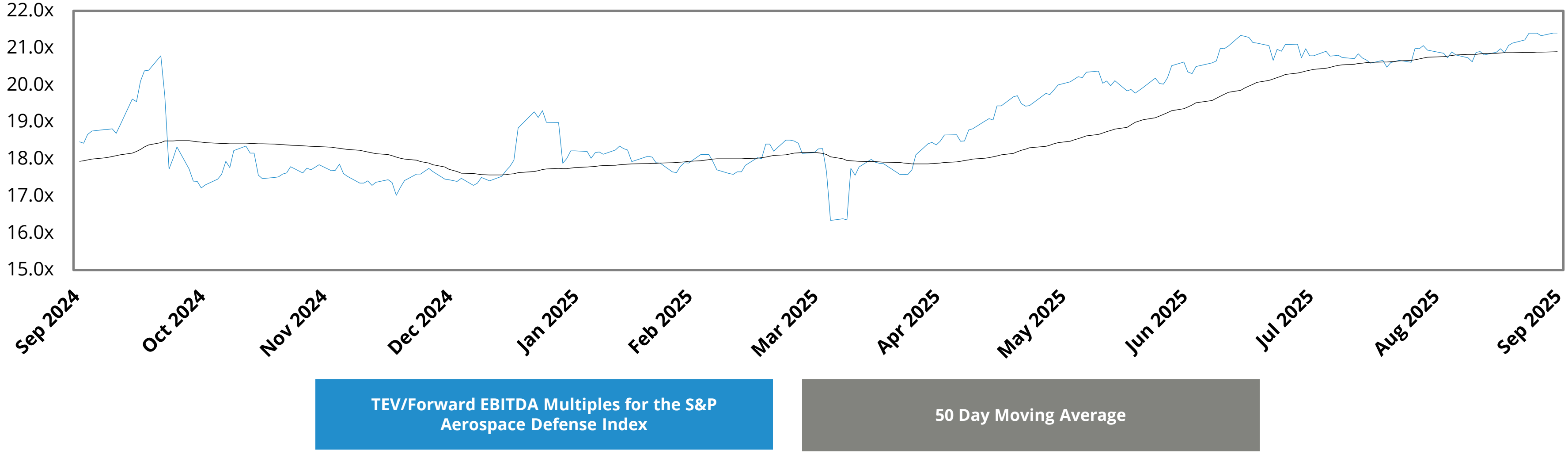
✓**Kelly Johnson, The Man Who Saw Air**
"…he started alternating between three other machine guns…It also helped make Paige a moving target and likely made the Japanese think that they were fighting a platoon rather than one man."

✓**The Unsung Heroes of WWII: The Ritchie Boys**
"The troops conducted an eight-week training program focused on terrain intelligence, signal intelligence, counterintelligence, aerial photo interpretation, combat and operations, and much more."

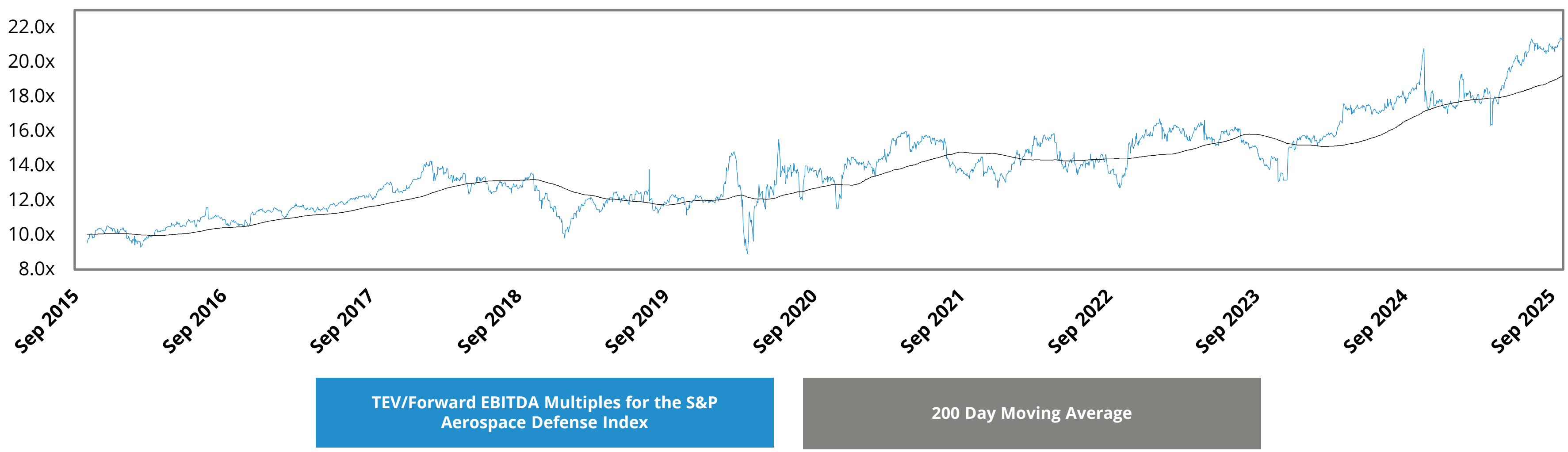
✓**ST Idaho: The Special Forces Team that Vanished in the Jungle**
"Out of the more than three million Americans who deployed to Vietnam, only 2,000 served in the covert outfit, with just 400 to 600 running recon operations and raids across the fence."

VALUATION TRENDS

1-Yr Historical EBITDA Multiples*

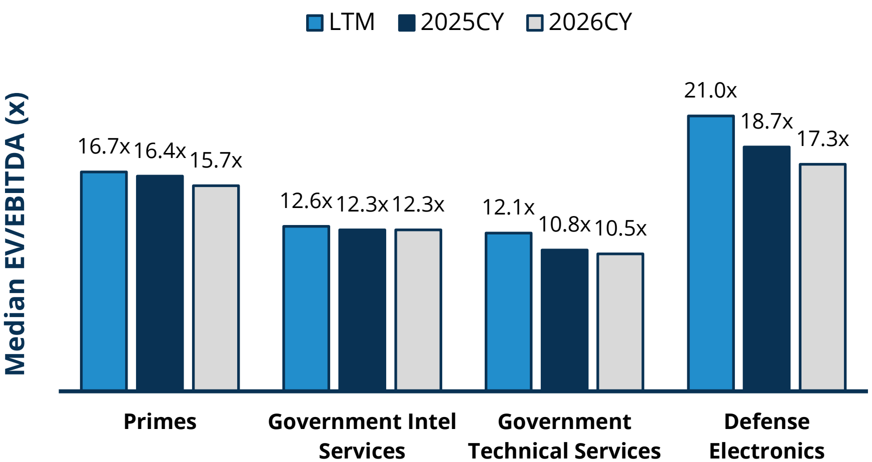


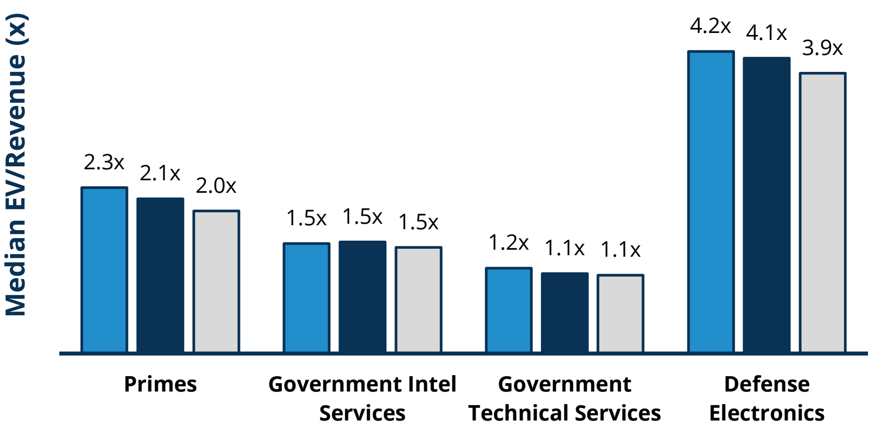
10-Yr Historical EBITDA Multiples*



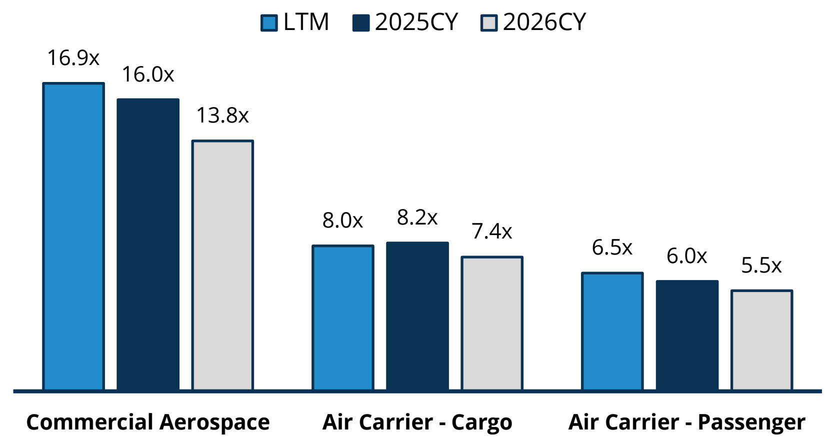
PUBLIC COMPANY VALUATIONS

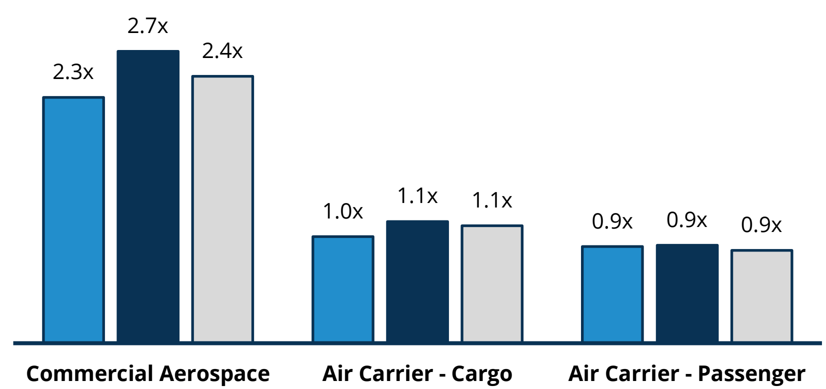
Defense & Government | Intelligence Community*





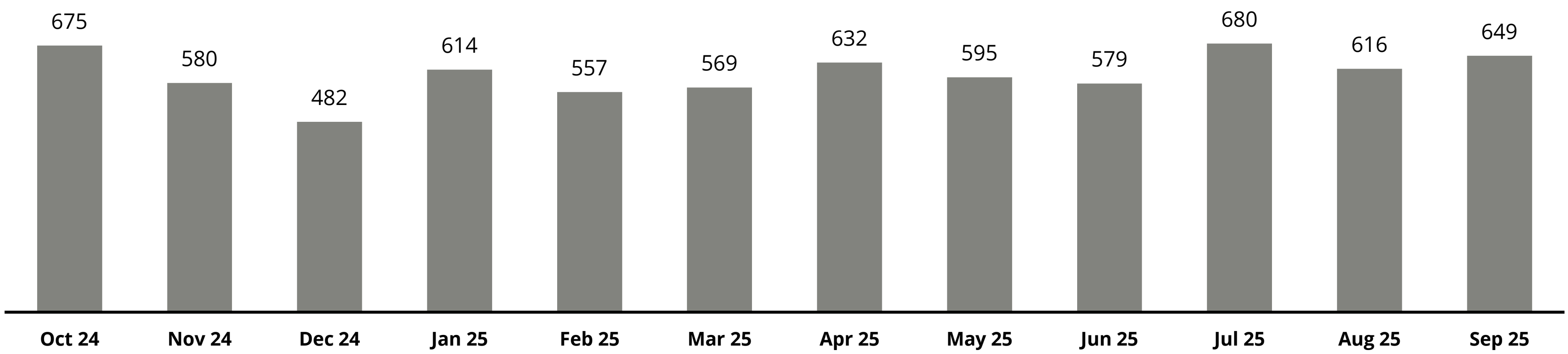
Commercial Aerospace*



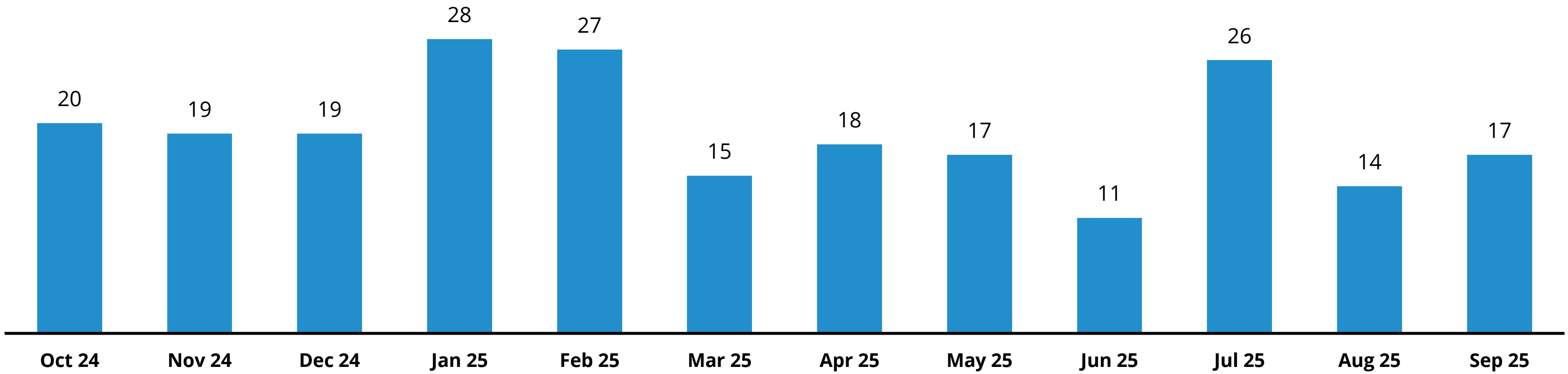


* Source: S&P Capital IQ as of October 1st, 2025. For a full list of companies within each index, see page 11.

LTM US M&A Activity—Consolidated*



LTM US M&A Activity—Southwind Industry Universe*



* Source: S&P Capital IQ. These charts consist of completed transactions that were announced within the last twelve months.

MONTHLY TRANSACTION ACTIVITY*

Date	Status	Target	Acquirer/Investor	Transaction Value (US$ Mil)	Valuation (EV/LTM EBITDA)
09/01/2025	Announced	Air Lease Corporation	Sumitomo Corporation; SMBC Aviation Capital Limited; Apollo Capital Management, L.P.; Brookfield Asset Management Ltd.	$27,769.95	n.d.
09/11/2025	Announced	CalypsoAI, Inc.	F5, Inc.	$180.00	n.d.
09/16/2025	Announced	Vector Atomic, Inc.	IonQ, Inc.	$391.87	n.d.
09/17/2025	Announced	Calca Solutions, LLC	NewMarket Corporation	n.d.	n.d.
09/24/2025	Announced	Paragon Energy Solutions, LLC	Mirion Technologies, Inc.	$585.00	n.d.
09/02/2025	Closed	Management Science & Innovation, LLC	Cherokee Federal	n.d.	n.d.
09/03/2025	Closed	Aerospace Technologies Group, Inc.	Bain Capital, LP	n.d.	n.d.
09/04/2025	Closed	Attollo Engineering, LLC	Safran Defense & Space, Inc.	n.d.	n.d.
09/04/2025	Closed	Aeroservicios USA, Inc.	CSI Leasing, Inc.	n.d.	n.d.
09/04/2025	Closed	Select assets and intellectual property from RapidFlight LLC	AEVEX Aerospace, LLC	n.d.	n.d.
09/04/2025	Closed	Elisen & associés Inc.	Chorus Aviation Inc.	n.d.	n.d.

* This list represents select deals within Southwind's industry universe that have been announced and/or closed in the past month.

MONTHLY TRANSACTION ACTIVITY*

Date	Status	Target	Acquirer/Investor	Transaction Value (US$ Mil)	Valuation (EV/LTM EBITDA)
09/08/2025	Closed	Epsilon, Inc.	American Systems Corporation	n.d.	n.d.
09/09/2025	Closed	Mission Focused Systems	Precise Systems	n.d.	n.d.
09/12/2025	Closed	Altera Corporation	Silver Lake Technology Management, L.L.C.; MGX Fund Management Limited; Slp Vii Gryphon Aggregator, L.P.	n.d.	n.d.
09/15/2025	Closed	G Squared Capital Partners LLC	Piper Sandler Companies	n.d.	n.d.
09/16/2025	Closed	Background investigation assets of General Dynamics Information Technology, Inc	Celerity Government Solutions, LLC	n.d.	n.d.
09/18/2025	Closed	Red Wing Aeroplane, LLC	JEM Air Holdings LLC	n.d.	n.d.
09/22/2025	Closed	Multi-mode propulsion assets of Phase Four, Inc.	Quantum Space, LLC	n.d.	n.d.
09/22/2025	Closed	Proprietary technology of Bridgecomm, Inc.	Voyager Technologies, Inc.	n.d.	n.d.
09/22/2025	Closed	Non-Core Federal IT Services of QinetiQ Group plc	V2X, Inc.	$24.00	n.d.
09/23/2025	Closed	RangeForce Inc.	Cyberbit Ltd.	n.d.	n.d.
09/24/2025	Closed	Spacetime Engineering Inc.	Vitesse Systems, Inc.	n.d.	n.d.

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MONTHLY VENTURE ACTIVITY*

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US$ Mil)
09/03/2025	Completed	Vector (Aerospace and Defense)	Early Stage VC	Alumni Ventures, Dauntless Ventures, GSBackers, Harpoon Ventures, Kickstart (US), Lightspeed Venture Partners, Pelion Venture Partners, Point72 Ventures, R7, Run Ventures, Shield Capital, The Cambria Group	A&D	61.00
09/03/2025	Completed	Shift5	Later Stage VC	AE Industrial Partners, Center15 Capital, CSP Associates, Hedosophia	A&D	75.00
09/09/2025	Completed	Expedition Technology	Later Stage VC	Enlightenment Capital, Razor's Edge Ventures	A&D	n.d.
09/12/2025	Completed	BETA Technologies (NYS: BETA)	Later Stage VC	GE Capital	Air Mobility	300.00
09/13/2025	Completed	Auterion	Later Stage VC	Bessemer Venture Partners, United States Department of War	A&D	130.00
09/13/2025	Announced / In Progress	Aeris Evolution	Seed Round	n.d.	A&D	n.d.

* This list represents select venture investments within Southwind's industry universe that have been announced and/or closed in the past month.

MONTHLY VENTURE ACTIVITY*

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US$ Mil)
09/17/2025	Completed	Hubble Network	Early Stage VC	Bluewater Companies, Infinite Capital (San Juan), Marc Weiser, Measured Ventures, Michael Farley, New North Ventures, New Vista Capital (Private Equity), Offline Ventures, Other People's Capital, Ryan Swagar, S2 Capital (US), Thomas Gonser, Tuff Yen	A&D	70.00
09/18/2025	Announced / In Progress	Morgan Geospatial	Seed Round	n.d.	Air Mobility	3.50
09/22/2025	Completed	Firehawk	Grant	AFWERX	A&D	4.00

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SOUTHWIND PUBLICLY TRADED COMPANY INDICES

Primes	Government Intel Services	Government Technical Services	Defense Electronics
RTX Corporation	Leidos Holdings, Inc.	Jacobs Solutions Inc.	L3Harris Technologies, Inc.
The Boeing Company	Booz Allen Hamilton Holding Corporation	AECOM	BAE Systems plc
Lockheed Martin Corporation	CACI International Inc	KBR, Inc.	Thales S.A.
Northrop Grumman Corporation	Science Applications International Corporation	ICF International, Inc.	Teledyne Technologies Incorporated
General Dynamics Corporation	Parsons Corporation	V2X, Inc.	Textron Inc.
Huntington Ingalls Industries, Inc.			Mercury Systems, Inc.
			AeroVironment, Inc.
			Kratos Defense & Security Solutions, Inc.

Commercial Aerospace	Air Carrier - Cargo	Air Carrier - Passenger
Honeywell International Inc.	United Parcel Service, Inc.	Delta Air Lines, Inc.
Airbus SE	FedEx Corporation	United Airlines Holdings, Inc.
TransDigm Group Incorporated	Expeditors International of Washington, Inc.	Southwest Airlines Co.
HEICO Corporation	Atlas Air Worldwide Holdings, Inc.	Spirit Airlines, Inc.
Embraer S.A.	Air Transport Services Group, Inc.	Alaska Air Group, Inc.
Curtiss-Wright Corporation	Exchange Income Corporation	JetBlue Airways Corporation
Spirit AeroSystems Holdings, Inc.	Forward Air Corporation	Frontier Group Holdings, Inc.
Hexcel Corporation	Cargojet Inc.	SkyWest, Inc.
Moog Inc.	Hub Group, Inc.	Copa Holdings, S.A.
Triumph Group, Inc.	Chorus Aviation Inc.	Allegiant Travel Company
AAR Corp.	AAR Corp.	Hawaiian Holdings, Inc.
Ducommun Incorporated	Sun Country Airlines Holdings, Inc.	Mesa Air Group, Inc.
Astronics Corporation	Mesa Air Group, Inc.	
	Air T, Inc.	

Southwind is a proven merchant bank with exceptional, sector-focused sell-side M&A experience. Our bankers leverage extensive relationships within both the operational and investor communities to provide advice and solutions to product and service providers in the aerospace, defense & government, and intelligence communities.

Multiple Perspectives, Exceptional Advice

- Southwind's senior leadership has decades of industry-specific knowledge and experience as customer, contractor, legal counsel, private equity investor and board member, in addition to over 2 decades of M&A advisory track record.
- We understand the challenges of management and our advice is informed by our background—not only as advisors, but as executives and investors.
- We are also uniquely positioned to anticipate questions and concerns before they arise from prospective suitors, thereby enabling us to effectively (and preemptively) communicate company-specific attributes that will optimize potential outcomes.

Client-Focused Solutions

Mergers & Acquisitions | Underpinned by proprietary modeling and detailed marketing and diligence support, our focus on preparation fosters buyer interest and efficiency.

Equity & Debt Financing | Southwind maintains relationships with leading industry capital providers and assists in equity and debt financing services from cradle to grave.

Valuation & Fairness Opinions | Southwind offers professional evaluations of a company to determine whether a merger, acquisition, or other transaction is fair and viable.

Merchant Banking | Through deep relationships with board-level advisors and family office and high net worth investors, Southwind helps facilitate capital formation.