SOUTHWIND CAPITAL

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

THIS MONTH AT A GLANCE

PUBLIC VALUATIONS
S&P A&D EV/EBITDA
16.2x
↓ -1.0x MoM
Top mover: Defence Electronics

M&A / DEAL ACTIVITY
Industry Deals
20
↓ -3 MoM
Aggregate Deal Value: $7,251M

US DEFENSE TECH VENTURE
LTM Disclosed Funding
$13.7B
↑ +8% MoM
Monthly Funding: $1,270M

MID MARKET DEFENSE-FOCUSED PRIVATE EQUITY
Current Dry Powder
~22.8B
Firms monitored: 26
Total AUM: $82.8B

TOP TAKEAWAYS

- Valuations: Pullback Continues, Electronics Still Leads.
Public A&D EV/EBITDA moved to 16.2x (-1.0x MoM), while Defence Electronics remained the top mover despite broader multiple compression.

- M&A: Activity Remains Healthy, but Down MoM.
July recorded 20 announced deals (-3 MoM) and $7.3B of disclosed value, led by scaled defense, government services, and aerospace component transactions.

- Venture: Funding Reaccelerates Around Space and Dual-Use Hardware.
Monthly disclosed funding rose to $1.27B (+8% MoM), lifting LTM disclosed funding to $13.7B as K2 Space and Antares anchored July's largest rounds.

ARTICLES TO CONSIDER

House Unveils $60B Reconciliation Bill—83% Less than Requested
"The bill was the second legislative disappointment for the Pentagon in as many days..."

Private Equity Spending in Defense and Aerospace Resurgent
"Much of the current deal flow is concentrated in fragmented, tier-two and tier-three supply chains..."

Anduril in Talks to Raise Funding at a $100B Valuation
"In the first six months of the year, the sector saw venture funding more than double to over $12 billion..."

SDA Awards $1.75B for Additional Golden Dome Missile Tracking Sats
"...tapped L3Harris and Sierra Space to build 36 additional missile warning and tracking satellites..."

Administration Gives Congress 20 More Ideas to Reform Acquisition
"The administration is seeking to raise both the simplified acquisition threshold to $10 million and the micropurchase threshold to $100,000, both by 2030."

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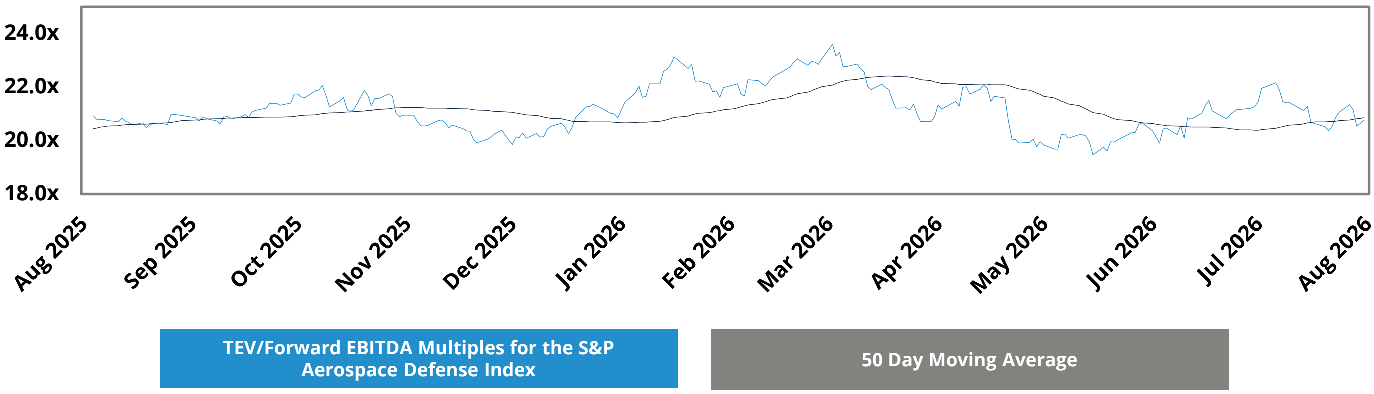
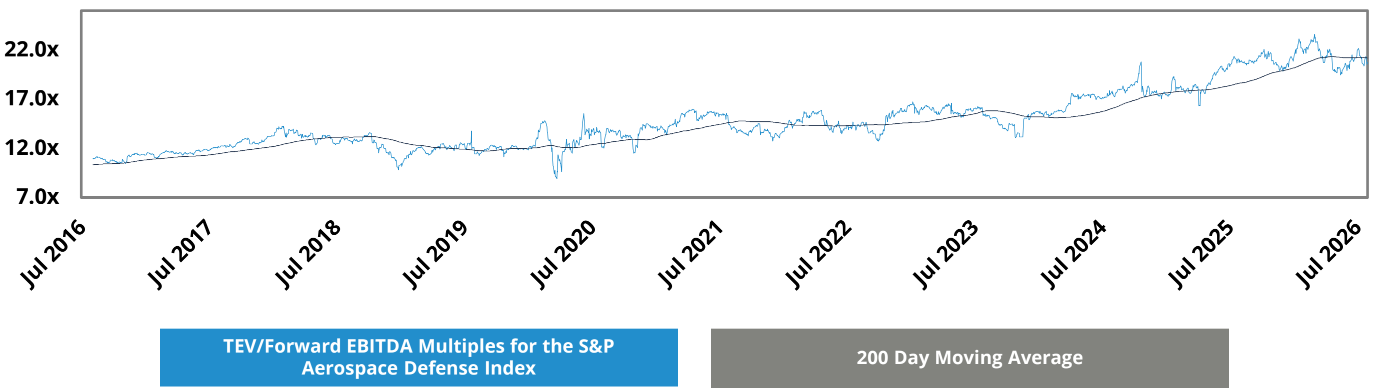
1-Yr Historical EBITDA Multiples*



10-Yr Historical EBITDA Multiples*



SUBSECTOR VALUATION SUMMARY

Subsector	EV/EBITDA LTM	EV/EBITDA Forward	Δ MoM	EV/Rev LTM	Δ MoM
Primes	15.0x	14.8x	↓	2.1x	↑
Gov't Intel Services	10.2x	10.1x	↑	1.1x	↓
Gov't Technical Services	9.8x	8.8x	↑	0.8x	↑
Defense Electronics	30.3x	24.3x	↓	5.3x	↓
Space - Launch & Access	NM	NM	↑	56.3x	↓
Space - Systems & Mfg	NM	NM	↑	7.5x	↓
Space - Satcom	15.6x	13.4x	↓	5.5x	↓
Space - Data & Analytics	NM	20.2x	↑	16.6x	↓
National Security Software	NM	NM	↓	7.9x	↓

* Source: S&P Capital IQ as of August 3, 2026.

US-BASED DEFENSE TECH VENTURE FUNDING

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EXECUTIVE SNAPSHOT

8
Monthly Rounds
July 2026

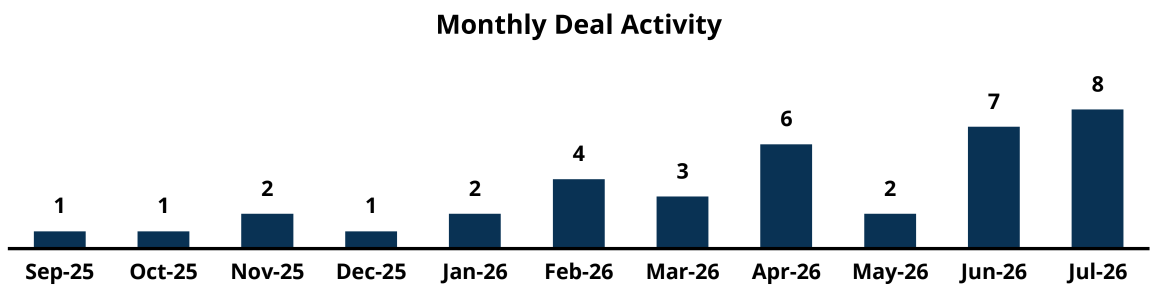
$1,270M
Monthly Funding
July 2026

$13,655M
LTM Funding ($M)

VENTURE FUNDING ROUNDS

Date	Company	Funding Round	Amount	Lead Investors	Strategic Investors
Jul 30	K2 Space	Series D	$500M	Kleiner Perkins, ICONIQ	CapitalG, Lightspeed
Jul 27	Antares	Series C	$470M	Paradigm, Caffeinated Capital	Point72 Ventures, Shine Capital,
Jul 24	FPF Defense	Seed	$10M	RSE Ventures, Ondas Inc	—
Jul 23	Andrenam	Series A	$18M	Upfront Ventures	Valor Equity Partners, Also Capital
Jul 22	Cathedral	Series (unclassified)	$160M	Andreessen Horowitz	—
Jul 14	Singularity Defense Corp	Series A	$80M	Khosla Ventures, Felicis	AE Industrial Partners, NEA
Jul 9	Skapion	Seed	$36M	UP.Partners, Khosla Ventures	Fusion VC, Stratos Ventures
Jul 3	Surtr Defense Systems	Pre-Seed	$4.8M	Allegis Capital	Eniac Ventures, Gaingels

MONTHLY ACTIVITY



STRATEGIC FOCUS

- **Funding Reaccelerates Around Scale-Up Platforms.** July US-based defense/dual-use venture activity totaled $1.27B across 8 tracked rounds, with K2 Space ($500M Series D) and Antares ($470M Series C) accounting for most disclosed capital.

- **Investor Themes:** Space Resilience, Power, and Defense AI. Capital concentrated in contested-space infrastructure, deployable power, AI-enabled cyber workflows, and industrial-base capacity, while seed and Series A rounds kept the next pipeline of dual-use capability active.

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

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EXECUTIVE SNAPSHOT

$1,208M	$7,251M	20
Avg. Deal Size (Disclosed)	Aggregate Deal Value	Total Deals

KEY TRANSACTIONS (JULY 2026)

#	Date	Target	Acquirer	Deal Size
1	Jul 1	SAM GmbH	TransDigm Group Incorporated (NYSE:TDG)	ND
2	Jul 6	Ultra Maritime LLC	Lockheed Martin Rotary and Mission Systems	$3,450M
3	Jul 6	DZYNE Technologies, LLC	Ondas Inc. (NasdaqCM:ONDS)	$830M
4	Jul 6	Exail Technologies (ENXTPA:EXA)	Thales S.A. (ENXTPA:HO)	$926M
5	Jul 6	Westway Enterprises LLC	Capitol Meridian Partners LP	ND
6	Jul 6	Highlight Technologies, Inc.	Empower AI, Inc.	ND
7	Jul 10	Heartland Precision Fasteners, Inc.	SFS Group AG (SWX:SFSN)	ND
8	Jul 13	Veridiam, Inc.	Pelican Energy Partners LP.	ND
9	Jul 15	BGIS Global Integrated Solutions Canada LP	Veritas Capital Fund Management, L.L.C	ND
10	Jul 16	Exotic Rubber & Plastics Corporation	Value Added Distributors, L.L.C.	ND
11	Jul 16	Gooch & Housego PLC (AIM:GHH)	Arlington Management Employees, LLC Buyer Funds: Arlington Capital Partners VII, L.P	$529M
12	Jul 20	Aerospace Pneumatic Product portfolio	Mid-America Aerotech, LLC	ND
13	Jul 21	Delphinus Engineering, Inc.	Bluestone Investment Partners	ND
14	Jul 22	AEGIS Systems Engineering and Technology Partners Corporation	Organizational Development Resource Group, LLC	ND
15	Jul 23	HRL Laboratories, LLC	International Business Machines Corporation (NYSE:IBM)	ND
16	Jul 27	PRINCE & IZANT, LLC	TransDigm Group Incorporated (NYSE:TDG)	$1,066M
17	Jul 27	Secturion Systems, Inc.	The Carlyle Group Inc. (NasdaqGS:CG)	ND
18	Jul 27	RH Aero Systems	Capitol Meridian Partners LP	ND
19	Jul 28	Raft LLC	Leonardo DRS, Inc. (NasdaqGS:DRS)	$450M
20	Jul 31	Cody Computer Services, Inc.	Tyler Technologies, Inc. (NYSE:TYL)	ND

Source: Capital IQ

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DRY POWDER SNAPSHOT

~$22,784	$82,850	26
Total Est. Dry Powder ($M)	Total AUM ($M)	Total Firms

TOP 5 DRY POWDER

Firm	AUM ($M)	# of Funds	Dry Powder ($M)
Arlington Capital Partners	$18,195	7	5,004
AE Industrial Partners	$9,200	8	2,530
J.F. Lehman & Co.	$9,007	7	2,477
OceanSound Partners	$8,200	3	2,255
Brightstar Capital Partners	$5,000	4	1,375

TOP LTM ACTIVITY

Firm	# of Transactions	Total Deal Value ($M)	Primary Sector Focus
Godspeed Capital Management	7	ND	Federal Tech/Mission Solutions, Engineering/Technology
Arlington Capital Partners	6	$1,950M	Engineering/Infrastructure, Naval Defense Services, Nuclear Engineering/Energy
CenterGate Capital	6	ND	Industrial Maintenance, Medical Compression Garments
Falfurrias Management Partners	6	$557	Healthcare/Cyber/Food/Tech, Food & Beverage/Services
Renovus Capital	6	$200	Multiple Sectors, Federal IT/Cybersecurity, M&A Consulting

MONTHLY ACTIVITY (JULY 2026)

Firm	Deal	Deal Value ($M)	Primary Sector Focus
Capitol Meridian Partners	Acquisition of Westway Enterprises	ND	NatSec Infrastructure / Classified Workspace
Acorn Growth Companies	Portfolio company Sentry Aerospares acquired AirStart Inc.	ND	Aerospace / Aircraft Components
Arlington Capital Partners	Launched naval services platform	ND	Naval Services / Defence

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

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