



Aerospace | Defense & Government |
Intelligence Community

January 2026 Market Snapshot



IN THIS ISSUE

| | |
|------------------------------|----|
| Spotlight | 2 |
| What We're Reading | 3 |
| Valuation Trends | 4 |
| Public Company Valuations | 5 |
| M&A Trends | 6 |
| Monthly Transaction Activity | 7 |
| Monthly Venture Activity | 11 |

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Where Value Accrues in a Space-Superiority Budget

In November, we argued that most Defense Tech companies are still competing for slices of a fixed budget, not participating in an organically expanding market. Venture outcomes are hard to justify when a business can only push a bit deeper into existing program lines. New Space was our counterexample: once launch costs fell by an order of magnitude, entirely new classes of missions became financially possible. The lesson was that attractive returns in defense come from collapsing cost curves and expanding capability frontiers, not from clever positioning inside yesterday's budget chart.

That dynamic is now starting to play out in the space warfighting domain. Space is shifting from niche enabler to organizing layer for sensing, communications, and targeting. As proliferated constellations, cheaper buses, and more capable payloads come online, the question is less "Will space get more money?" and more "Which companies are positioned to take budget share as architectures tilt toward space superiority?" The answers depend on who can translate new space economics into better outcomes per dollar for the warfighter.

One set of likely winners are the architecture owners—companies that define how sensors, shooters, and networks stitch together across orbits and domains. They may not build every component, but they control the blueprint: which orbits and payloads, how data moves, how quickly the system can refresh, and how gracefully it degrades under attack. Their pitch is straightforward: for the same budget line, they deliver more coverage, resilience, and speed, displacing legacy architectures rather than begging for new funding.

Beneath them sit advanced payload, link, and ground-intelligence providers. High-performance sensors and on-board processing collapse the cost of a given effect—persistent coverage, specific target detection, high-confidence classification—so each dollar of space spend buys more capability than before. Resilient links and crosslinks turn individual satellites into a coherent mesh, allowing the same hardware to support more missions without proportional investment. On the ground, software and AI platforms that fuse multi-orbit data into tasking, targeting, and automation are often the most natural bridge to true dual-use: once you can make decisions in denied environments, civilian applications tend to follow.

The budget constraint hasn't gone away. What has changed is where the frontier is moving. Defense Tech companies that simply fit into legacy stovepipes will continue to price to cash flow. Those that use new technologies to redefine architectures—owning how missions are done, not just supplying parts—are the ones with a chance to take market share inside a fixed topline and, over time, to earn the kind of dual-use upside that has always been the real reward.



Please see additional insights on the satellite & space industry in the [January 2026 Market Monitor](#) from our partners at Quilty Space.

Strategy & Policy



✓ [New US Defense Strategy "Barely Mentions Technology" - What That Means for Industry](#)

"...four key lines of effort: defend the U.S. homeland; deter China in the Indo-Pacific; increase burden-sharing with U.S. allies and partners; and "supercharge" the U.S. defense industrial base."

✓ [Department of War Acquisition Reform](#)

"...four broad categories: people, process, pace, and industrial base."

✓ [So, We Have a National Defense Strategy](#)

"...there has already been more than a few opinion pieces written about it and to be blunt, a lot of it is a bunch of hot garbage."

Trends in Technology



✓ [Space Warfare in 2026. A Pivotal Year for US Readiness](#)

"I firmly believe that the technology we need to deliver Golden Dome exists today,"

✓ [2026 Aerospace & Defense Industry Outlook - PSWARE](#)

"...the most widespread impact across both commercial and defense environments is likely to come from AI that augments human roles: decision support, predictive maintenance, logistics, and resource allocation."

✓ [2026 Aerospace & Defense Industry Outlook - Deloitte](#)

"...five trends likely to shape the industry in the year ahead: 1) AI and agentic AI; 2) Aftermarket; 3) Supply Chain; 4) Contracting and procurement; 5) AI driven workforce transformation"

Contracting, Procurement & Budget



✓ [Weekly Update for Government Contractors & Commercial Businesses](#)

"Successful GovCon M&A transactions now require buyers and sellers to identify, price, and actively manage size-status risk early in the deal process."
Umm, not a new risk - SWC

✓ [Senate Passes \\$839B Defense Spending Bill](#)

"Despite the political turmoil surrounding the funding package, the contents of the defense bill are largely uncontroversial."

✓ [FY2026 NDAA: Major Increases to Critical Acquisition Thresholds](#)

"Additionally, NDAA 2026 increases the thresholds for noncompetitive acquisitions and when information technology requirements qualify as a major system."

Capital Markets



✓ [Aerospace in Focus: 2026 - Gabelli Funds](#)

"The aerospace and defense industry stands at an inflection point where both immediate operational tempo and strategic recapitalization are converging with elevated threat perceptions."

✓ [2026 US Defense Dealmaking Outlook](#)

"The defense industry enters 2026 at a genuine inflection point for dealmaking."

✓ [Elon Musk Confirms SpaceX Merger with xAI Ahead of IPO](#)

"Musk said the big push behind the merger is data centers in space and space-based AI."

Aviators & Warfighters



✓ [Vietnam DUSTOFF Pilot Who Saved 3000](#)

"His bone fragments had embedded in his copilot's shoulder."

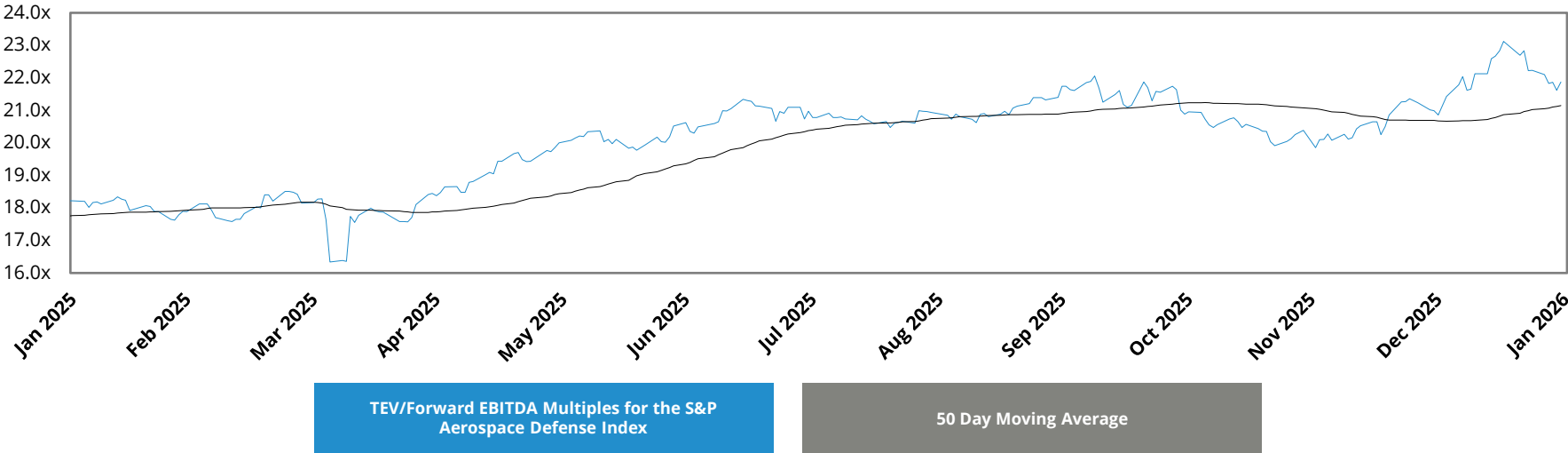
✓ [Pararescue Jumper's Daring Rescue of Downed Fighter Pilot Deep Inside North Vietnam](#)

"The CIA man who ran Lima Site 36 in Laos was known simply as "The Customer,"

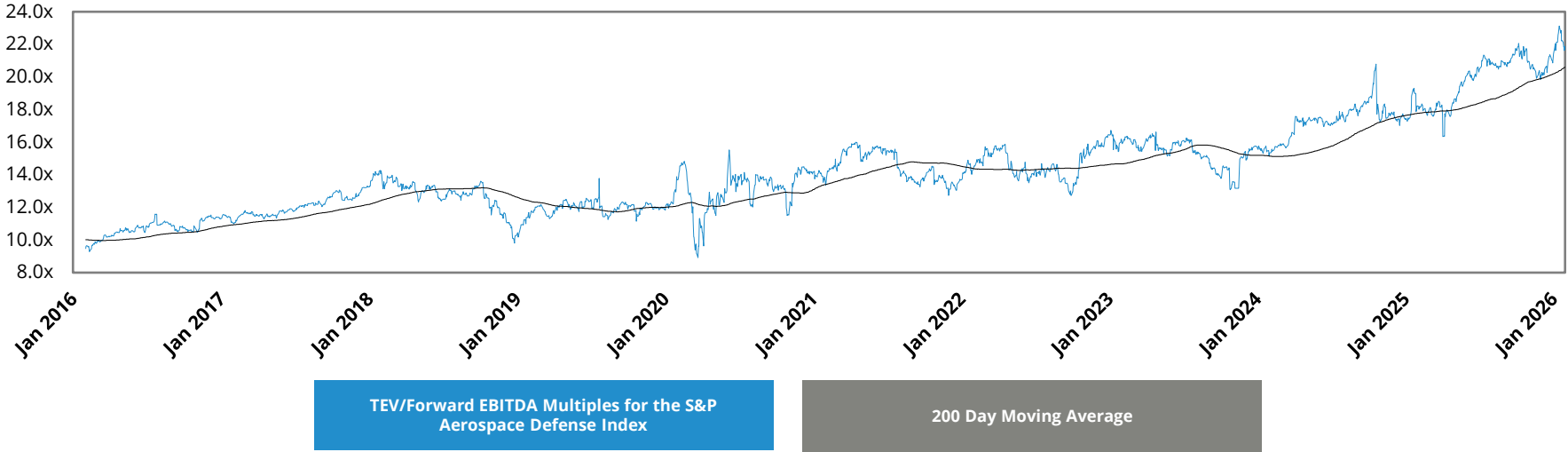
✓ [Apache Pilots Save Critically Wounded Soldier with Unorthodox Evacuation](#)

"I had my copilot strapped to the side of the aircraft and a critically-wounded Soldier in the front seat..."

1-Yr Historical EBITDA Multiples*

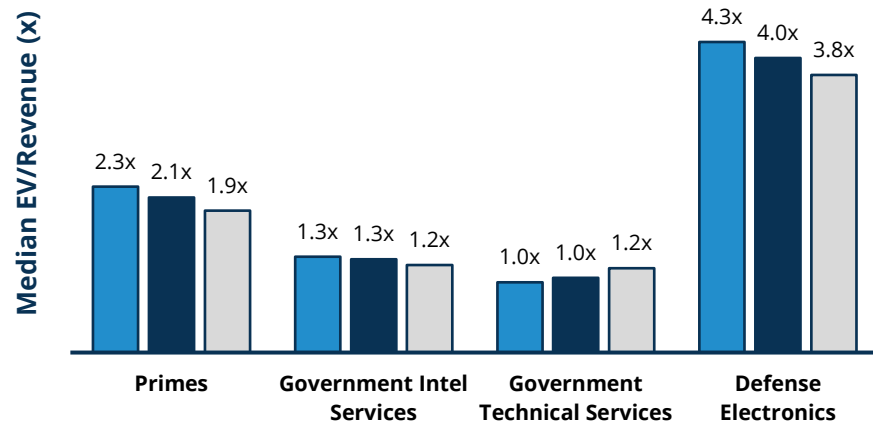
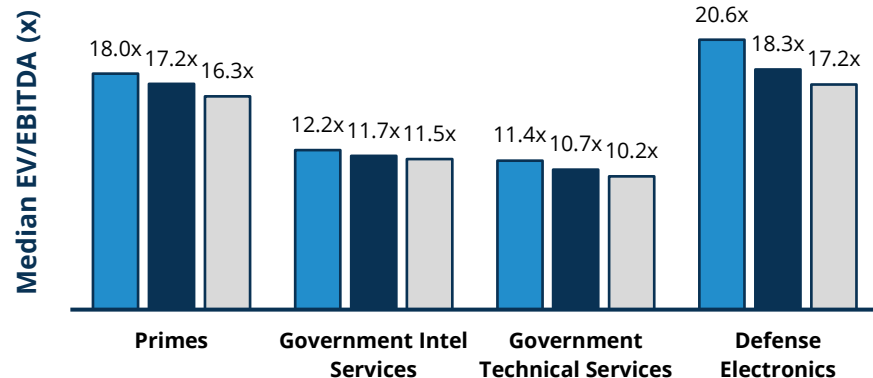


10-Yr Historical EBITDA Multiples*



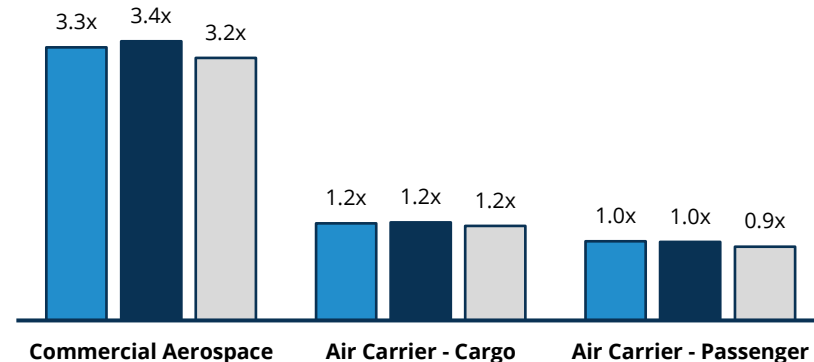
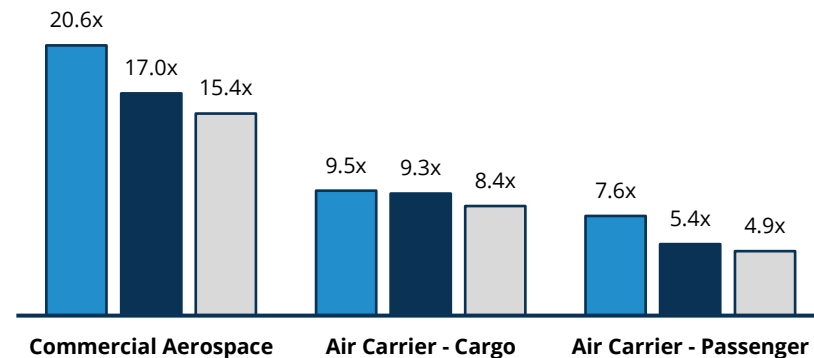
Defense & Government | Intelligence Community*

■ LTM ■ 2026CY ■ 2027CY

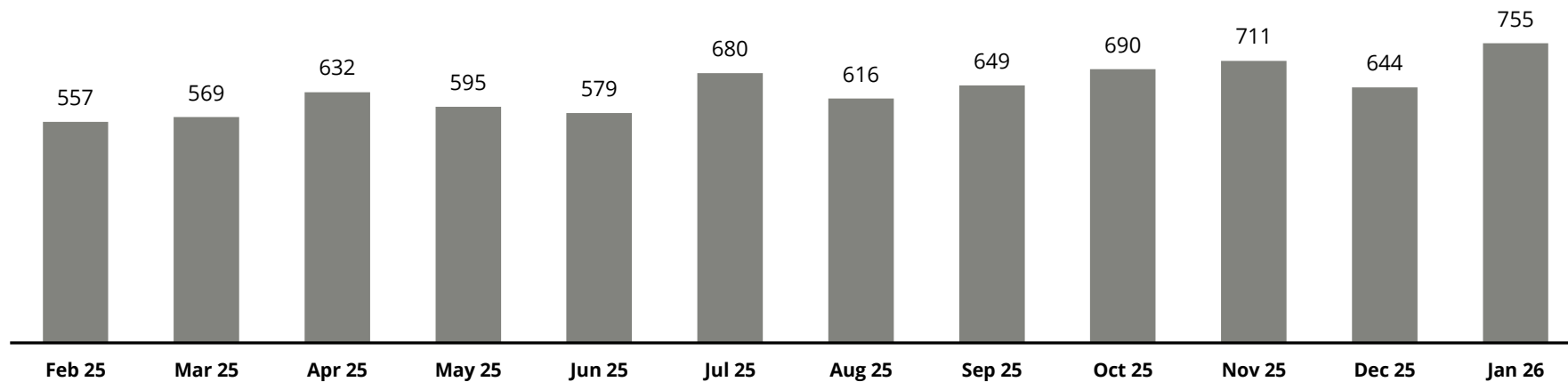


Commercial Aerospace*

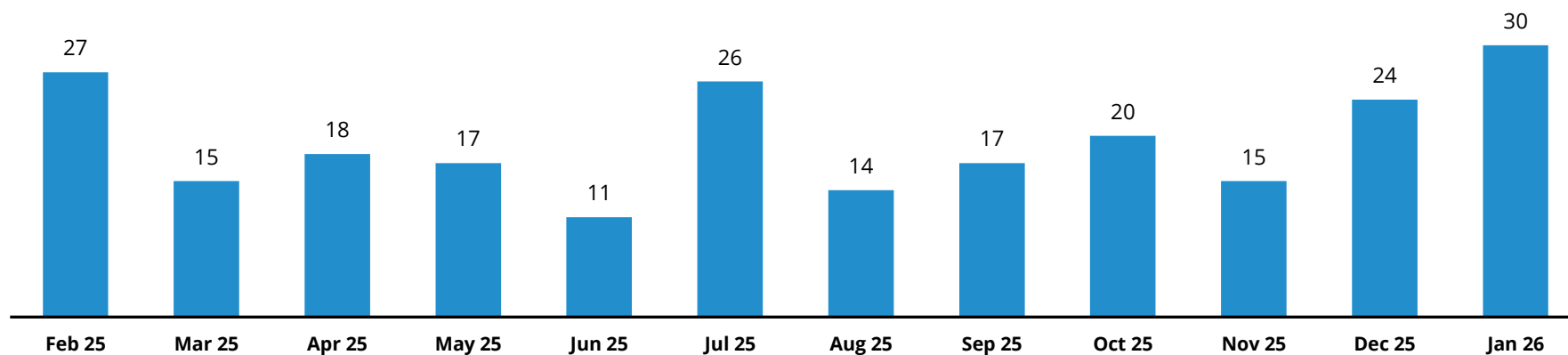
■ LTM ■ 2026CY ■ 2027CY



LTM US M&A Activity—Consolidated*



LTM US M&A Activity—Southwind Industry Universe*



| Date | Status | Target | Acquirer/Investor | Transaction Value (US\$ Mil) | Valuation (EV/LTM EBITDA) |
|------------|-----------|--|--|------------------------------|---------------------------|
| 01/02/2026 | Announced | Tex Tech Industries, Inc. | Compagnie Générale des Établissements Michelin Société en commandite par actions | n.d. | n.d. |
| 01/05/2026 | Announced | Space Propulsion and Power Systems business of L3Harris Technologies | AE Industrial Partners, LLC | n.d. | n.d. |
| 01/09/2026 | Announced | ATG, Inc. | Magnet Defense LLC | n.d. | n.d. |
| 01/11/2026 | Announced | Sun Country Airlines Holdings, Inc. | Allegiant Travel Company | \$1,571.37 | 4.4x |
| 01/16/2026 | Announced | Enterprise Electronics Corporation | Leonardo US Corporation | n.d. | n.d. |
| 01/16/2026 | Announced | Victor Sierra Aviation Holdings LLC / Jet Parts Engineering, LLC | TransDigm Group Incorporated | \$2,200.00 | n.d. |
| 01/26/2026 | Announced | ENTRUST Solutions Group, LLC | Leidos, Inc. | \$2,400.00 | n.d. |
| 01/26/2026 | Announced | SkyWater Technology, Inc. | IonQ, Inc. | \$1,969.65 | 67.8x |
| 01/28/2026 | Announced | Seed Innovations LLC | IonQ, Inc. | n.d. | n.d. |
| 01/29/2026 | Announced | Precision Aviation Group, Inc. | VSE Corporation | \$2,150.00 | n.d. |
| 01/02/2026 | Closed | TALON AIR, LLC | - | n.d. | n.d. |

| Date | Status | Target | Acquirer/Investor | Transaction Value (US\$ Mil) | Valuation (EV/LTM EBITDA) |
|------------|--------|--------------------------------|---|------------------------------|---------------------------|
| 01/05/2026 | Closed | TechnoMile LLC | Capitol Meridian Partners LP | n.d. | n.d. |
| 01/06/2026 | Closed | Aremac Heat Treating LLC | Kencoa Aerospace LLC | n.d. | n.d. |
| 01/06/2026 | Closed | Metal Shark Boats, LLC | Magnet Defense LLC | n.d. | n.d. |
| 01/06/2026 | Closed | Micro-Tronics, Inc. | Arxis | n.d. | n.d. |
| 01/06/2026 | Closed | Centil LLC | Sabel Systems Technology Solutions, LLC | n.d. | n.d. |
| 01/07/2026 | Closed | SkyMark Refuelers, LLC | ATL Partners; Aerospace, Transportation & Logistics Fund Iii Lp | n.d. | n.d. |
| 01/07/2026 | Closed | Alliance Aviation, Inc. | Pan Am Flight Academy, LLC | n.d. | n.d. |
| 01/07/2026 | Closed | General Transervice, Inc. | ATL Partners; Aerospace, Transportation & Logistics Fund Iii Lp | n.d. | n.d. |
| 01/07/2026 | Closed | Silver Sky, LLC | The Blackhawk Group | n.d. | n.d. |
| 01/07/2026 | Closed | Vidterra LLC | NexTech Solutions, LLC | n.d. | n.d. |
| 01/07/2026 | Closed | Crewless Marine Acoustics, LLC | Vatn Systems, Inc. | n.d. | n.d. |

MONTHLY TRANSACTION ACTIVITY*

| Date | Status | Target | Acquirer/Investor | Transaction Value (US\$ Mil) | Valuation (EV/LTM EBITDA) |
|------------|--------|-----------------------------------|--|------------------------------|---------------------------|
| 01/08/2026 | Closed | Reeder Jet Center, Inc. | Jackson Jet Center, LLC | n.d. | n.d. |
| 01/09/2026 | Closed | Victory Solutions, Inc. | Dynamo Technologies, LLC | n.d. | n.d. |
| 01/12/2026 | Closed | Pond & Company, Inc. | Arlington Management Employees, LLC; Arlington Capital Partners VII, L.P | n.d. | n.d. |
| 01/12/2026 | Closed | Star 26 Capital Inc. | Nukkleus Inc. | \$95.43 | n.d. |
| 01/13/2026 | Closed | Celestar Holdings Corporation | B&A, Inc. | n.d. | n.d. |
| 01/13/2026 | Closed | Lanteris Space LLC | Intuitive Machines, Inc. | \$669.24 | n.d. |
| 01/14/2026 | Closed | BRM Investors, Inc. | Gamber-Johnson, LLC | n.d. | n.d. |
| 01/15/2026 | Closed | Altamira Technologies Corporation | Parsons Corporation | \$375.00 | n.d. |
| 01/20/2026 | Closed | Kythera Space Solutions | Auria | n.d. | n.d. |
| 01/20/2026 | Closed | RKF Engineering Solutions, LLC | Auria | n.d. | n.d. |
| 01/20/2026 | Closed | JHNA, Inc. | Falfurrias Management Partners LP | n.d. | n.d. |

| Date | Status | Target | Acquirer/Investor | Transaction Value (US\$ Mil) | Valuation (EV/LTM EBITDA) |
|------------|--------|--------------------------------|-----------------------------------|------------------------------|---------------------------|
| 01/20/2026 | Closed | Radome Services, LLC | Washington Harbour Partners LP | n.d. | n.d. |
| 01/22/2026 | Closed | Harper Engineering Company LLC | Loar Holdings Inc. | \$250.00 | n.d. |
| 01/22/2026 | Closed | The Prospective Group, Inc. | Copper River Shared Services, LLC | n.d. | n.d. |
| 01/22/2026 | Closed | Halvik LLC | Tetra Tech, Inc. | n.d. | n.d. |
| 01/28/2026 | Closed | Skyloom Global Corp. | IonQ, Inc. | n.d. | n.d. |
| 01/29/2026 | Closed | Anomaly 6, LLC | Reveal Technology, Inc. | n.d. | n.d. |
| 01/29/2026 | Closed | AssetLink Global LLC | Geoforce, Inc. | n.d. | n.d. |


| Date | Status | Company | Deal Type | New Investor(s) | Industry Sector* | Investment Size (US\$ Mil) |
|------------|-----------------------|--|-------------------------|---|---------------------|----------------------------|
| 01/01/2026 | Completed | WarpWare | Accelerator / Incubator | Defence Innovation Accelerator for the North Atlantic | Aerospace & Defense | n.d. |
| 01/01/2026 | Completed | Type III | Seed Round | Fifty Years, Harpoon VC | Aerospace & Defense | \$1.00 |
| 01/01/2026 | Completed | Titan Dynamics (Aerospace and Defense) | Seed Round | Arrow Fund, Cherubic Ventures, Discipulus Ventures, Epakon Capital Management, et al. | Aerospace & Defense | \$9.00 |
| 01/01/2026 | Completed | Picogrid | Accelerator / Incubator | Defence Innovation Accelerator for the North Atlantic | Aerospace & Defense | \$0.12 |
| 01/01/2026 | Completed | Orpheus Ocean | Accelerator / Incubator | Defence Innovation Accelerator for the North Atlantic | Aerospace & Defense | \$0.12 |
| 01/01/2026 | Completed | CX2 | Accelerator / Incubator | Defence Innovation Accelerator for the North Atlantic | Aerospace & Defense | n.a. |
| 01/01/2026 | Completed | Aalyria | Later Stage VC | Alphabet, Battery Ventures, Coalition Capital, Upsher Management Company | Aerospace & Defense | n.d. |
| 01/05/2026 | Announced/In Progress | Little Place Labs | Early Stage VC | n.d. | Aerospace & Defense | \$3.00 |

| Date | Status | Company | Deal Type | New Investor(s) | Industry Sector* | Investment Size (US\$ Mil) |
|------------|-----------------------|-----------------|--------------------|--|---------------------|----------------------------|
| 01/13/2026 | Completed | Diffraction | Seed Round | ADIN, Aether VC, Cherry Ventures, General Catalyst, milemark.capital, et al. | Aerospace & Defense | \$3.85 |
| 01/14/2026 | Completed | Onebrief | Later Stage VC | Salesforce Ventures, Sapphire Ventures | Aerospace & Defense | \$359.28 |
| 01/15/2026 | Completed | CesiumAstro | Later Stage VC | Ascot Capital Partners, EDBI, Janus Henderson Investors, NewSpace Capital, Woven Capital | Space Technology | \$470.00 |
| 01/15/2026 | Completed | Aerofex | Angel (individual) | n.d. | Air Mobility | \$0.77 |
| 01/20/2026 | Completed | Zipline | Later Stage VC | Fidelity Management & Research Company, Leblon Capital, et al. | Air Mobility | \$600.00 |
| 01/26/2026 | Completed | Vita Inclinata | Later Stage VC | n.d. | Aerospace & Defense | \$0.70 |
| 01/26/2026 | Completed | GridAero | Early Stage VC | Alumni Ventures, Bison Ventures, Geodesic Capital, Stony Lonesome Group | Air Mobility | \$20.00 |
| 01/26/2026 | Announced/In Progress | DebitMyData | Later Stage VC | n.d. | Aerospace & Defense | n.d. |
| 01/28/2026 | Completed | Northwood Space | Early Stage VC | 137 Ventures, Fulcrum Media, GC1 Ventures, Harpoon VC, Pax VC, Signal Rank, Washington Harbour | Aerospace & Defense | \$100.00 |

| 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.