



Aerospace | Defense & Government |
Intelligence Community

June 2025 Market Snapshot



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The Intellectual Property Fault Line in Defense Innovation

As capital flows into defense startups at historic levels, the government is asking more of private industry than ever before: build faster, take more risk, and fund your own R&D. What it hasn't figured out yet is whether it's ready to let go of ownership.

At the heart of this shift lies a growing strategic contradiction. On one side, national security leaders want commercial investors and founders to shoulder the burden of innovation—whether in AI, autonomy, space, or secure communications. On the other, the government continues to operate under intellectual property policies designed for a different era—one in which it was the principal funder and owner of innovation. That model no longer matches the market. And unless it evolves, the incentive structure underpinning today's defense innovation boom may collapse under its own weight.

The Government's Case for Control - The government's interest in controlling IP isn't theoretical. In areas like counter-UAS, tactical ISR, battle management software, and large-scale language models, the stakes are high. Officials reasonably worry that if a U.S. company develops a critical technology—especially with government funding—then that technology must remain protected and unavailable to adversaries, commercial competitors, or even allies. That instinct goes beyond ensuring access to the technology. It's about denying access to others—a control logic rooted in the premise that commercial distribution or licensing, even in allied markets, can carry national security risks. In the software era, where platforms scale instantly via cloud and APIs, these concerns are real. But the proposed remedy—blanket IP control—comes with strategic costs of its own. From the government's perspective: you can't outsource your arsenal to venture capital and hope it stays aligned. From industry's perspective: you can't fund the future without owning it.

The Commercial Reality - Startups and their investors don't build for fun—they build for return. And return is built on rights. If companies can't license, reuse, or defend the IP they create, they: (a) can't defend their valuations, (b) can't scale their business models, and (c) can't attract the kind of follow-on capital needed to sustain the innovation flywheel. This is especially true in software. Unlike traditional hardware contracting, software innovation depends on IP reuse, modular architectures, recurring licensing, and margin expansion through scale. The current IP environment, particularly in DoD software contracting, effectively penalizes those strategies. In short: you can't ask private markets to fund national security and then strip them of the very asset that justifies that funding.



Please see additional insights on the satellite & space industry in the [June 2025 Market Monitor](#) from our partners at Quilty Space.

The Intellectual Property Fault Line in Defense Innovation (Cont.)

There Is No Real IP Strategy - The current government approach to IP isn't so much a compromise as it is an outdated default. Policies written for a different era—when the DoD funded the majority of R&D—are now being applied to companies that have raised hundreds of millions in private capital to develop dual-use technologies. In many cases, these defaults are applied aggressively: 1) source code developed independently is swept into broad license terms, 2) modular architectures are flattened into monolithic deliverables, and 3) standard commercial software practices (e.g., API-based licensing, usage-based pricing) are treated as noncompliant or nonresponsive. As a result, startups face a binary choice: compromise their core value or avoid the defense market altogether. Increasingly, the most sophisticated (and most scalable) companies choose the latter. Without a coherent, modern IP strategy, the government risks defaulting into irrelevance among the very innovators it needs most.

A Modern IP Framework - If the government wants to tap the full potential of private capital and commercial ingenuity, it needs a modern IP posture. That means: 1) differentiating between access and ownership—assured access to tech doesn't require owning it; 2) paying for outcomes, not confiscating inputs—fund the capability, don't seize the codebase; and 3) protecting core rights—let companies retain and monetize foundational IP where the government didn't fund development. Licensing, not confiscation, should be the rule. So should modular architectures and bounded deliverables. Long overdue DFARS reform should make way for business models that reward capital-efficient innovation, not just compliance.

Strategic Stakes - We are in a national security moment defined not just by great power competition, but by great innovation asymmetry. The companies capable of delivering dominant technologies are increasingly outside the traditional defense base. The people funding them demand IP clarity. And the founders building them will not tolerate government overreach, especially when better markets exist elsewhere. This isn't about greed. It's about the architecture of a modern defense industrial base. A base that depends not just on smart weapons, but smart contracts. Not just on innovation, but on ownership.



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Strategy & Policy



✓ [NATO's 5% Pledge & the Quiet Drift from the Indo-Pacific](#)

"Aligning too closely with NATO's increasingly forceful posture may pull them into European-driven decisions that are not tailored to their region. But staying too distant could reduce their influence in transatlantic institutions that shape the global rules-based order."

✓ [Preemptive Deterrence or Strategic Gamble?](#)

"The question now is not only what these strikes achieved tactically, but also what they mean strategically, diplomatically, and politically for the region and beyond."

✓ [Can America Stop China's Port Expansion?](#)

"Ports are critical nodes in the international economic system...They are also increasingly coming under Chinese control."

Trends in Technology



✓ [F-22 Raptors Will Be the First to Control 'Fighter Drone' Collaborative Combat Aircraft](#)

"I got to fly in one of these jets with a tablet. And it was really hard to fly the airplane, let alone the weapon system of my primary airplane, and spatially and temporally think about this other thing."

✓ [America is Behind in Drone Warfare](#)

"U.S. forces are firing missiles worth millions of dollars to neutralize drones that cost as little as \$2,000."

✓ [Made-in-America Drone Maker Neros Awaits Its Big Pentagon Break](#)

"The challenge is matching that demand, which is largely flowing from troops on the ground, with resources and programmatic support."

Contracting, Procurement & Budget



✓ [Pentagon Formally Unveils \\$961.6 Billion Budget for 2026](#)

"Unless the President's tone changes, I imagine [we] will stick with a trillion dollars for national defense in 2027 and beyond."

✓ [House Leaders Aim to Replace Rather than Fix DoD Acquisition System](#)

"...we're trying to send a signal that we're going to not reward people who are risk averse and are trying to be bureaucratic in their processes."

✓ [The Winners & Losers in a Trillion Dollar US Defense Budget](#)

"I would suggest the DoD itself as a big winner. Congress was not set to allocate \$1 trillion annually in military spending until 2030..."

Capital Markets



✓ [Defense Acquisition Reform Requires More Mid-Tier Companies](#)

"...one of the pieces of acquisition reform that doesn't get enough attention is the importance of sustaining a viable and vibrant industry structure."

✓ [The State of the Defense Tech & Dual Use Market](#)

"That's nearly \$10B in total transactions between VC and PE in June alone."

✓ [The Secret History of China's Most Powerful Company](#)

"...China is hardly the only state that demands access to confidential telecommunications data."

Aviators & Warfighters



✓ [Joseph Desch, American Codebreaker](#)

"By using vacuum tubes, Desch's design could perform logical calculations at unprecedented speed and reliability, making it possible to test millions of possible Enigma settings each day."

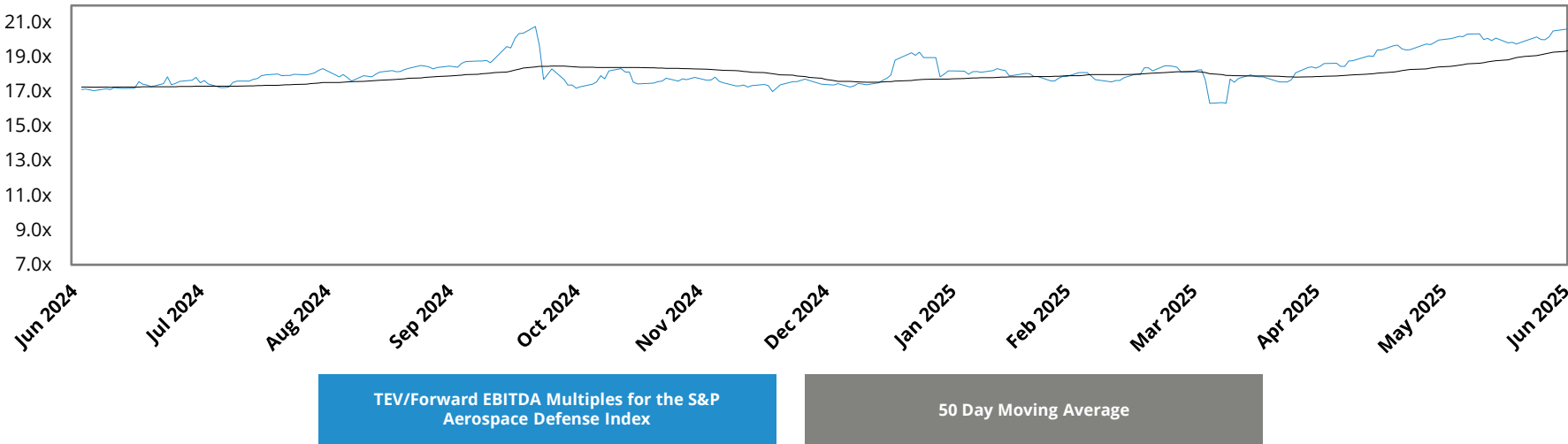
✓ [The Special Operations That Paved the Way for D-Day](#)

"By the end of June 6, more than 150,000 Allied troops were on French soil...that number would swell to close to two million."

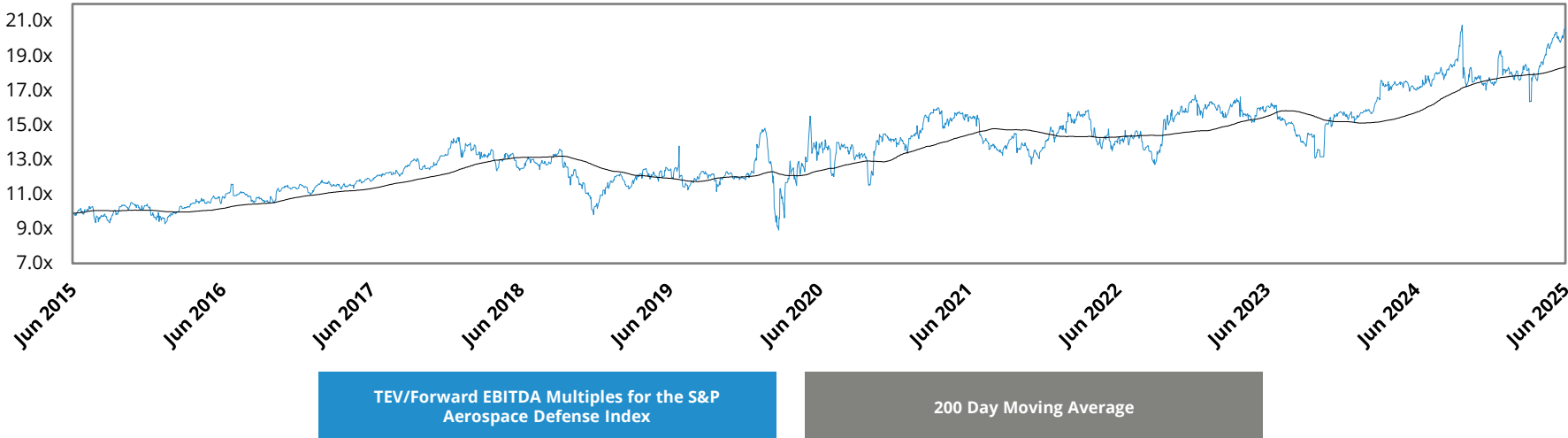
✓ [How Green Berets Jumped From Planes with a Man-Portable Atomic Bomb During the Cold War](#)

"There was a rumor...that upon activating the detonation sequence, a man did not have enough time to escape from the blast radius of the nuclear detonation."

1-Yr Historical EBITDA Multiples*



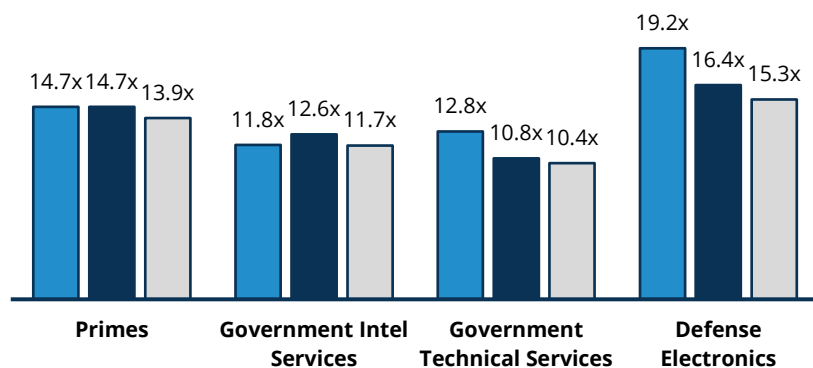
10-Yr Historical EBITDA Multiples*



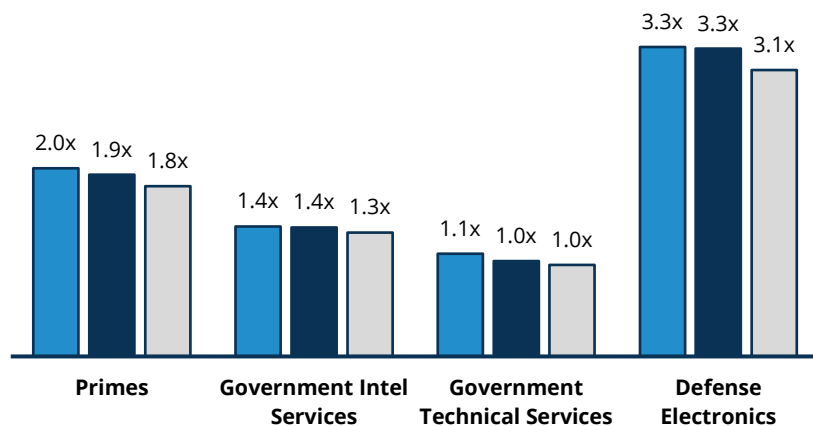
Defense & Government | Intelligence Community*

■ LTM ■ 2025CY ■ 2026CY

Median EV/EBITDA (x)

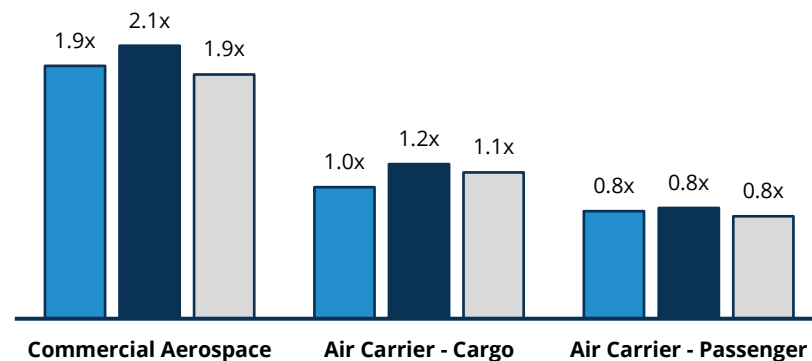
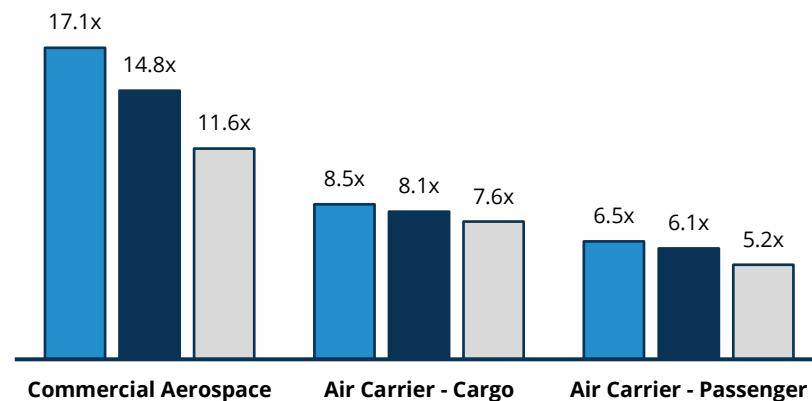


Median EV/Revenue (x)

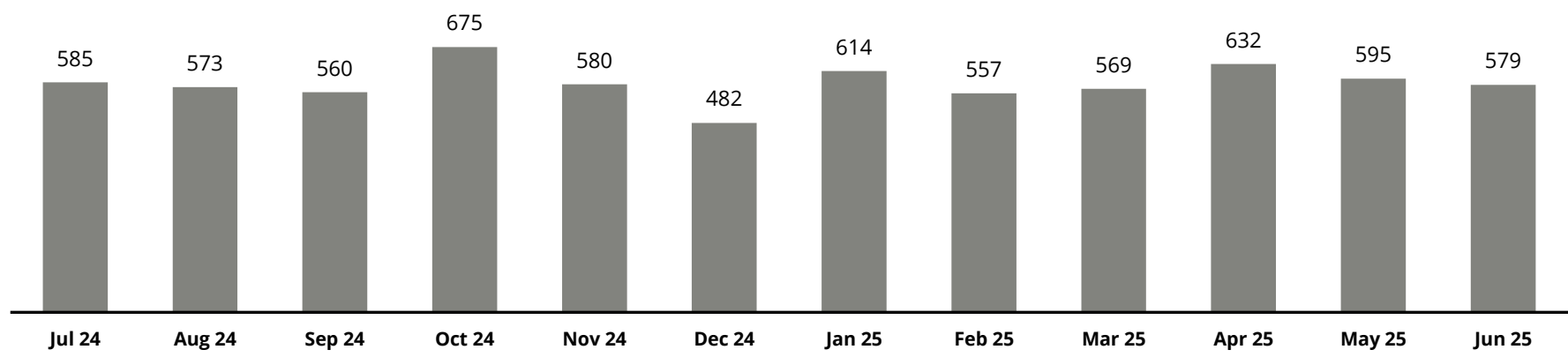


Commercial Aerospace*

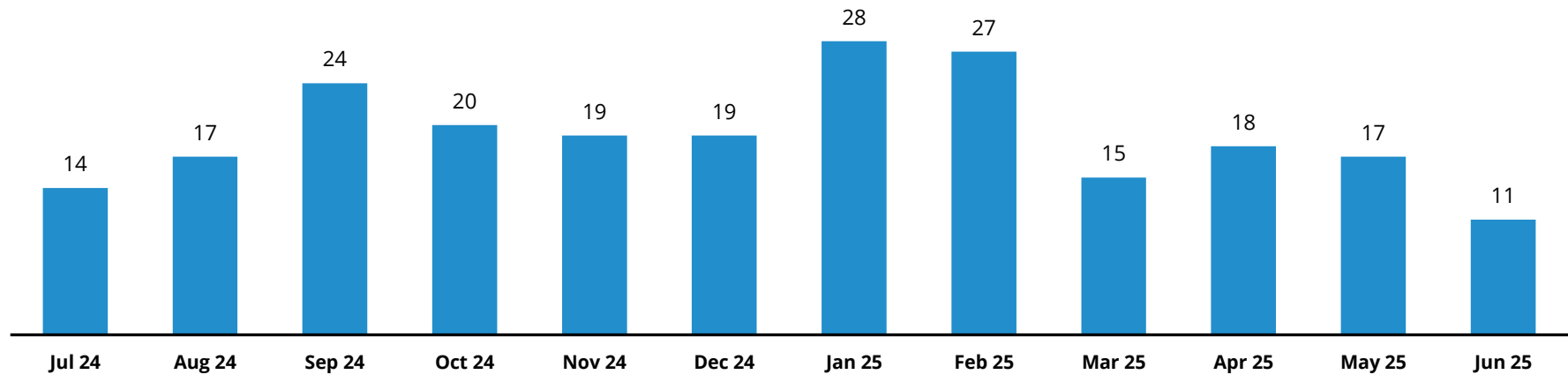
■ LTM ■ 2025CY ■ 2026CY



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)
06/02/2025	Announced	Crunchy Data Solutions, Inc.	Snowflake Inc.	\$250.00	n.d.
06/04/2025	Announced	Infinity Aviation Services, LLC	Igneo Infrastructure Partners	n.d.	n.d.
06/12/2025	Announced	Volato Group, Inc.	M2i Global, Inc.	n.d.	n.d.
06/16/2025	Announced	ScioTeq BV	Tikehau Capital	n.d.	n.d.
06/17/2025	Announced	Sonatech, LLC	Kongsberg Discovery AS	n.d.	n.d.
06/30/2025	Announced	Simmonds Precision Products, Inc.	TransDigm Group Incorporated	\$765.00	n.d.
06/01/2025	Closed	O'connor Consulting Services, LLC	Aprio, LLP	n.d.	n.d.
06/02/2025	Closed	XL Scientific, LLC	Radiance Technologies, Inc.	n.d.	n.d.
06/04/2025	Closed	Metcor Inc.	DCM Group Inc.	n.d.	n.d.
06/04/2025	Closed	Nextfed, Inc.	Aprio, LLP	n.d.	n.d.
06/09/2025	Closed	Sundyne LLC	Honeywell International Inc.	\$2,160.00	14.5x
06/13/2025	Closed	Edge Autonomy Operations LLC	Redwire Corporation	\$925.00	12.8x

Date	Status	Target	Acquirer/Investor	Transaction Value (US\$ Mil)	Valuation (EV/LTM EBITDA)
06/16/2025	Closed	Air Transport Components, LLC	AE Industrial Partners, LP	n.d.	n.d.
06/17/2025	Closed	N3bula Systems LLC	Raft LLC	n.d.	n.d.
06/18/2025	Closed	WMT Precision LLC	Raghu Vamsi Machine Tools Pvt Ltd	n.d.	n.d.
06/23/2025	Closed	Digital Global Systems, Inc.	Casa Del Fuego Family Office & Trust LLC	\$5,000.00	n.d.
06/26/2025	Closed	Rapid Solutions Product Business of Amentum Holdings, Inc.	Lockheed Martin Corporation	\$360.00	n.d.


Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
06/01/2025	Completed	Montis Corporation	Early Stage VC	49th State Angel Fund	Application Software	N/A
06/10/2025	Completed	Aethero	Seed Round	1517 Fund, Acequia Capital, Alumni Ventures, Chestnut Street Ventures, Giant Step Capital, Kayvon Beykpour, Kindred Ventures, Neo (Consulting Services (B2B)), O'Shaughnessy Ventures, Pioneer Fund, Ride Ventures, Sanjay Parekh, Service Provider Capital, Stephen Cole, Triple Impact Capital	A&D	\$8.32
06/12/2025	Announced/In Progress	Target Arm	Equity Crowdfunding	N/A	A&D	\$4.77
06/12/2025	Completed	Muon Space	Early Stage VC	ACME Capital, Activate Capital Partners, ArcTern Ventures, Overlap Holdings, TriplePoint Capital	A&D	\$146.00
06/13/2025	Completed	FlyGuys	Later Stage VC	N/A	A&D	\$13.21
06/16/2025	Completed	Paratus	Seed Round	N/A	A&D	\$2.60

Date	Status	Company	Deal Type	New Investor(s)	Industry Sector*	Investment Size (US\$ Mil)
06/16/2025	Completed	Nominal	Early Stage VC	Lightspeed Venture Partners, Sequoia Capital	A&D	\$75.00
06/16/2025	Announced/In Progress	Doroni	Equity Crowdfunding	N/A	Air Mobility	N/A
06/17/2025	Completed	Onebrief	Later Stage VC	Battery Ventures, General Catalyst, Insight Partners (New York), Makai VC, Octant Ventures	A&D	\$82.33
06/17/2025	Completed	Astro Mechanica	Later Stage VC	N/A	A&D	\$27.10
06/24/2025	Completed	Haddy	Seed Round	N/A	A&D	\$3.45
06/24/2025	Completed	Civ Robotics	Later Stage VC	Bobcat (USA)	A&D	\$7.50
06/24/2025	Completed	AURA Network Systems	Later Stage VC	N/A	Communications	\$11.22

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.