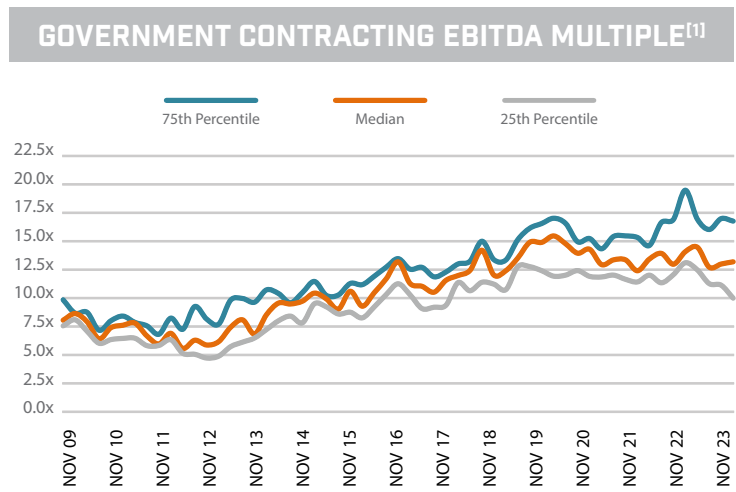


EARNINGS THEMES

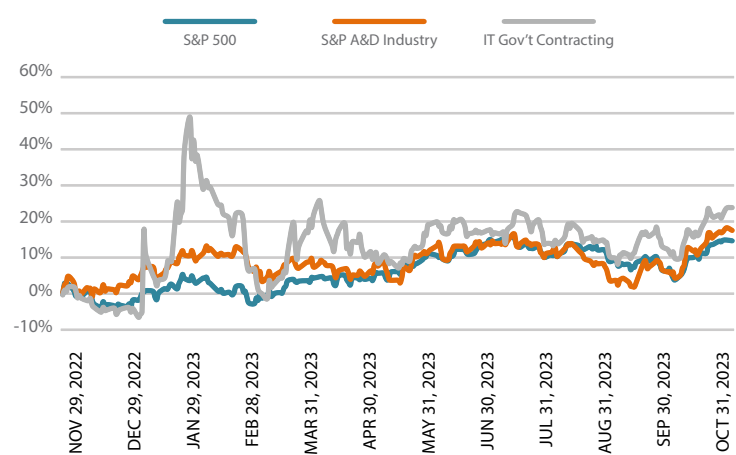
- Performance remains strong with many companies achieving record revenue, profit and backlog.
- Delevering and/or maintaining modest leverage for flexibility was oft mentioned.
 - CACI - “occasionally perhaps consider” 4.5x but in the current environment less. 3.5x for the right asset.
 - Leidos - achieved target of 3x gross debt to EBITDA by reaching 2.9x and further deleveraging is not a priority.
 - ICF - reduced debt to 2.7x from 3.1x at end of Q2 with a further half turn reduction by year end.
 - Maximus - executing a debt paydown with net debt at 2.2x EBITDA with a target of 2-3x with a bias toward the lower end.
 - V2X – reduced debt by \$88.9 million YTD. Net debt is 3.46x EBITDA.
- M&A is still an outlet for capital allocation with companies focused on tuck-in acquisitions addressing specific capabilities or gaps.
- Human capital challenges – hiring, attrition – were mentioned less than prior periods.

VALUATIONS



[1] The following companies are included for any periods in which they were public - BigBear.ai, Booz Allen Hamilton, CACI, CSRA/SRA, ICF, Leidos, ManTech, Maximus, PAE, Parsons, Perspecta, SAIC, V2X, and VSE.

STOCK PERFORMANCE VS. MARKET



KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

AUG
16

Converged Security Solutions, a leading holding company in the IT transformation and security sectors, announced its acquisition of Solutions by Design II (“SBD”). SBD is a government contractor that specializes in cybersecurity, application development, and cloud solutions for customers, including the DHS, the Centers for Medicare and Medicaid Services, the Defense Contract Management Agency, and the Department of Housing and Urban Development. With this latest acquisition, CSS’ annual revenue will be in excess of \$150 million with a staff of nearly 600.

AUG
21

Aretum (Renovus Capital Partners) acquired Artemis Consulting, an information technology and management services provider intended to serve federal, state, and local governments. The acquisition is expected to expand Aretum’s development capabilities as well as diversify its customer base.

Trive Capital, a Dallas-based private equity firm, announced its acquisition of Hypergiant Industries for an undisclosed sum. Hypergiant Industries develops enterprise AI software designed to focus on accelerating intelligence transformation for the defense, space, and critical infrastructure sectors. The acquisition is expected to complement Trive Capital’s portfolio company, Forward Slope, in AI-enabled national security technology offerings.

AUG
22

Michael Baker International (DC Capital Partners), a global leader in engineering, planning and consulting services, announced its acquisition of Tidal Basin for an undisclosed sum. Tidal Basin is a leading comprehensive emergency and disaster management consulting firm for private sector markets and U.S. federal agencies. The acquisition is expected to create various avenues to leverage synergies and growth opportunities across the acquirer’s five distinct verticals, which include Infrastructure, Design-Build Services, Federal programs and Services, Consulting and Technology Solutions, and Sustainable and Resilient Solutions.

AUG
22

Owl Cyber Defense Solutions (DC Capital Partners) has completed its acquisition of Big Bad Wolf Security (“BBWS”). BBWS provides cloud infrastructure security services intended for government and commercial applications. As of the transaction date, BBWS is Owl’s third acquisition in the Cross Domain Solutions (“CDS”) space. The BBWS acquisition is expected to accelerate the expansion of Owl’s current product portfolio into Cloud CDS, as well as expansion into new technology solutions.

AUG
23

Parsons Corporation (NYSE: PSN) announced its acquisition of Sealing Technologies for an enterprise value of \$200 million. Sealing Technologies provides cybersecurity services intended to support the federal government and private industries in accomplishing cybersecurity and defense objectives. The acquisition is expected to expand Parsons’ customer base across the DoD and IC as well as further enhance its capabilities in defensive cyber operations.

AUG
24

Forward Slope (Trive Capital) acquired Soar Technology, a developer of advanced artificial intelligence solutions designed to address complex DoD mission requirements. The addition of SoarTech represents another acquisition that expands the platform’s core competencies and customer base in a strategic way to deliver more comprehensive solutions to marquee defense and national security customers.

SCOUT Space announced its acquisition of Free Space, a company that builds new space domain awareness and space security solutions for the U.S. Government, its allies, and aligned commercial satellite operators. The acquisition is expected to expand SCOUT Space’s defense and technical capabilities and broaden the inroads SCOUT has built with the DoD, IC, and FedCiv.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

AUG
29

GCOM Software (Sagewind Capital), a leading technology company that specializes in outcome-driven solutions for state and local governments, acquired OnCore Consulting.

OnCore Consulting operates as an information technology consulting firm for the public sector, offering a wide range of services such as cloud solutions, enterprise architecture, and implementation, to name a few. The merged entity is expected to create a nationwide large-scale digital software and solutions company focused on the public sector market. In support of the merger, GCOM Software received a \$175 million loan from Paceline Equity Partners.

SEP
5

First Advantage Corporation (NASDAQ: FA) has expanded its digital identity solutions through the acquisition of Infinite ID for \$41 million. Infinite ID is a biometric compliance and identity management company that offers advanced software, data, and integration solutions for defense and intelligence, law enforcement, border security, emergency management, civil government, and biometric compliance industries. Infinite ID is profitable and is expected to generate annual revenues of over \$10 million.

Lockheed Martin Ventures announced its strategic investment in TileDB during a Series B funding round. TileDB develops a cloud-based storage platform designed to store data in multi-dimensional arrays that allow users to write applications for complex, parallel data analytics and store them on a cloud. The strategic investment is expected to allow TileDB to continue key projects and advance the vision and development of the universal database.

Bridge Core (NewSpring Capital), a leading provider of visual intelligence, cybersecurity, and other technical solutions to the U.S. government, has acquired GeoYeti LLC, a government services company focused on advanced analytics, data science, and development. This acquisition strengthens Bridge Core's data and analytics solution sets and provides comprehensive, end-to-end mission expertise for intelligence needs.

SEP
5

Cerberus Capital Management announced its strategic investment in Resonant Sciences, a payload and survivability company that pioneers and delivers advanced technology solutions and hardware to the US defense community. This capital investment is expected to support Resonant's growth trajectory as well as support its platform to meet increased customer demand.

Dcode Capital, a women-led venture capital focused on government technology companies, received a growth investment from JP Morgan Asset Management. JP Morgan Chase invests in venture capital funds managed by diverse alternative managers through Project Spark to drive change in the financial industry. The strategic investment through Project Spark is expected to promote growth amongst government technology start-up companies.

SEP
6

Systems Planning and Analysis (Arlington Capital Partners) acquired PRKK, a provider of warfighter, systems engineering, threat intelligence analysis, cyber concept development, and analytics solutions in the United States. In addition, PRKK provides cross-domain studies and analyses for the Office of the Secretary of Defense Strategic Capabilities Office, the U.S. Space Force, the Space Security and Defense Program, and the IC. The acquisition is expected to expand SPA's commitment to the Space and Intelligence Sectors.

Lurie Investments has completed its acquisition of Knexus Research, a provider of AI/ML-enabled research analytics intended to advance state-of-the-art autonomy and decision support systems for the DoD and other key defense agencies.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

SEP
7

Saab AB announced its acquisition of CrowdAI, a developer of image recognition software that can be installed in satellites, automated drones, and self-driving cars.

CrowdAI leverages its AI/ML capabilities for government and commercial customers, including Fortune 500 companies, the U.S. Military, and the IC. The acquisition is expected to accelerate the development and implementation of AI/ML capabilities into the acquirer's existing portfolio, as well as support growth in key markets within the defense industry.

SEP
19

A&M Capital Partners acquired VTG, a modernization and digital transformation solutions provider to Defense and IC customers. VTG maintains a strong portfolio

of long-tenured contracts as well as a platform with differentiated technical and delivery capabilities and is expected to accelerate its growth trajectory through A&M Capital Partners' strategic acquisition.

SEP
26

Booz Allen Ventures announced its strategic investment in HiddenLayer during a Series A round of funding. HiddenLayer develops cybersecurity software designed

to protect the machine learning algorithms, models, and the data that power them. This investment strengthens and expands Booz Allen's tenured adversarial AI capabilities, including those developed for the DoD and IC, and will further accelerate secure adoption of enterprise AI solutions to keep pace with emerging national security threats as well as rising consumer expectations.

Proteus Capital Solutions has acquired CSSI, a provider of engineering, technical, and management solutions to government and commercial clients in the transportation industry. Proteus, a middle-market private equity firm focused on aerospace, defense, and government services, believes the acquisition will be fundamental to meeting the future challenges of the FAA, DoD, and NASA as unmanned and autonomous vehicles and commercial space travel are integrated into the national airspace.

OCT
2

Arlington Capital Partners has acquired Avenu Insights & Logistics, a provider of integrated administrative, revenue enhancement, and payment software and solutions to state and local governments. The acquisition is expected to expand Avenu's product offering and capabilities.

OCT
3

Vayu Robotics, an AI company that develops robotics technology for autonomous systems, announced the closing of its \$12.7 million seed round. The seed round included investments from Lockheed Martin, Khosla Ventures, and ReMY Investors & Consultants. The funds are expected to enable Vayu Robotics to scale product development for AI robotics across markets.

OCT
12

Stellant Systems (Arlington Capital Partners) announced its acquisition of Comtech Telecommunication's Power Systems Technology division for \$40 million. Comtech Telecommunications provides modern communication solutions, and the acquisition of its PTS product line is expected to be integrated into Stellant's radio frequency amplification product portfolio.

OCT
17

MindPetal Software Solutions entered a definitive agreement to acquire VerticalApps, a leading provider of Intelligent Automation solutions to the federal government. The acquisition is expected to enhance MindPetal's capabilities in assisting its customers with complex mission needs.

OCT
24

RTX Corporation (NYSE: RTX) announced the sale of its Cybersecurity, Intelligence, and Services business to an undisclosed buyer for \$1.3 billion. The CEO, Greg Hayes, announced the Company's \$10 billion accelerated share repurchase program, which is expected to be supported by a combination of short and long-term debt, paired with the proceeds of its sale of Collins' actuation and flight control business, as well as its Cybersecurity, Intelligence, and Services business.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

OCT
31

Redhorse Corporation (Blue Delta Capital Partners) completed its acquisition of Allied Associates International (“A2I”) for an undisclosed sum. A2I develops software to extract actionable intelligence from data and provides cutting-edge technical products and services to the Defense, Federal Law Enforcement, and IC. As a result of the acquisition, Redhorse will add a significant cyber intelligence component to its existing data analytics, engineering, and AI/ML capabilities.

Shield AI announced it has raised \$200 million in Series F funding in an oversubscribed funding round. The funding was led by the U.S. Innovative Technology Fund and co-led by Riot Ventures, ARK Invest, Disruptive, and Snowpoint. As a result of the funding, Shield AI reached a \$2.7 billion valuation.

NOV
1

Summit 7 (WestView Capital Partners) announced its acquisition of CSW Systems, a provider of managed services and continuous compliance support for classified data processing facilities. The acquisition is expected to further enable Summit 7 to provide services regarding classified initiatives to the DoD and IC supply chains.

NOV
2

Iron Mountain Incorporated (NYSE: IRM) has entered into a definitive agreement to acquire Regency Technologies for an enterprise value of \$200 million, implying an EBITDA multiple of 7.5x. Regency Technologies provides IT asset disposition and equipment recycling solutions for various business types, including government agencies, defense contractors, and educational institutions. The acquisition is expected to extend Iron Mountain’s IT asset remarketing and recycling capabilities through combining the two companies’ platforms.

NOV
6

IntelliBridge (Enlightenment Capital) announced its acquisition of RevaComm (“RVCM”), a provider of IT consulting and software development services to federal civilian and defense agencies. The acquisition is expected to expand the acquirer’s technological capabilities by adding a suite of products, a differentiated service offering, and unrestricted contract vehicles.

Bigbear.ai (NYSE: BBAI) announced its acquisition of Pangiam Intermediate Holdings (“PRE”) for approximately \$70 million in an all-stock transaction. PRE provides vision AI and analytics, specializing in facial recognition, microservice architectures, biometrics, DevOps, ML, and continuous monitoring for government agencies and commercial customers. The combined company will create one of the industry’s most comprehensive Vision AI portfolios, combining Pangiam’s facial recognition and advanced biometrics with BigBear.ai’s computer vision capabilities, positioning the company as a leader in a fast-growing category for the application of AI. The proposed acquisition is expected to close in the first quarter of 2024.

NOV
7

Falfurrias Capital Partners announced a platform investment in Synergy ECP, a provider of software engineering, cybersecurity and systems engineering services for the U.S. IC and Defense Department. The platform investment is expected to strengthen Synergy ECP’s ability to deliver mission-critical services to IC customers.

NOV
15

C3 Integrated Solutions and Ingalls Information Security announced the merger of the two entities. C3 Integrated Solutions provides managed IT, cybersecurity, digital transformation, and cloud development services, and Ingalls Information Security provides cybersecurity risk management and consulting services. The merger is expected to combine Ingalls’ expertise in cutting-edge cybersecurity solutions with C3’s commitment to securing the nation’s cybersecurity assets by enhancing CMMC compliance services, amplifying offerings in DoD ATO software, and expanding capabilities for clientele.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

NOV
20

Arlington Capital Partners has completed its acquisition of Exostar, LLC. Exostar developed a cloud platform for securing enterprise, supply chain collaboration, and identity and access management solutions for aerospace and defense, government contracting, and commercial customers. The acquisition is expected to further strengthen Exostar's platform and exceed growth targets as Arlington Capital's industry focus directly aligns with the markets the acquired company serves.

Amentum announced a definitive agreement to merge with Jacobs' (NYSE: J) Critical Mission Solutions ("CMS") and Cyber and Intelligence ("C&I") businesses to create a systems integration and technology solutions provider. The merged entity is expected to deliver expertise in the government's highest priority areas of energy, space exploration, intelligence and analytics, and digital modernization. The combined entity will be listed as a publicly traded company with \$13 billion in revenue and more than 53,000 employees in 83 countries.


NOV
27


Godspeed Capital Management announced the formation of Crimson Phoenix, a powerful data and intelligence solutions platform designed to support critical mission requirements of the U.S. IC and USSOCOM. Crimson Phoenix offers a differentiated suite of mission-critical capabilities and solutions in AI/ML, cybersecurity, digital and data enablement, software development, and intelligence targeting and analysis. The formation of Crimson Phoenix is expected to enable the delivery of trusted solutions for U.S. IC and USSOCOM customers focused on critical national security missions, which will be supported by Godspeed's investments intended to enable the platform to expand its workforce as well as further enhance its technology offerings.

GUIDANCE & BOOK-TO-BILL


COMPANY	CURRENT GUIDANCE	PRIOR GUIDANCE	LTM BOOK-TO-BILL
BigBear.ai	Guidance: Revenue: \$155 - \$170 million EBITDA: Single-digit negative (in millions)	Guidance: Revenue: \$155 - \$170 million EBITDA: Single-digit negative (in millions)	n/a
BAH	Guidance: Revenue Growth: 11.0% - 14.0% EPS: \$4.95 - \$5.10	Guidance: Revenue Growth: 7.0% - 11.0% EPS: \$4.80 - \$4.95"	1.29x
CACI	Guidance: Revenue: \$7.2 - \$7.4 billion EPS: \$19.38 - \$20.48	Actual: Revenue: \$6.7 billion EPS: \$18.83	1.4x
ICF	Guidance: Revenue: \$1.95 - \$1.98 billion EPS: \$6.40 - \$6.50	Guidance: Revenue: \$1.93 - \$2.0 billion EPS: \$6.15 - \$6.45	1.28x
Leidos	Guidance: Revenue: \$15.1 - \$15.3 billion EPS: \$6.80 - \$7.10	Guidance: Revenue: \$14.9 - \$15.2 billion EPS: \$6.40 - \$6.80	1.2x
Maximus	Actual: Revenue: \$4.90 billion EPS: \$4.18	Guidance: Revenue: \$4.875 - \$4.975 billion EPS: \$4.00 - \$4.20"	1.2x
Parsons	Guidance: Revenue: \$5.18 - \$5.33 billion EBITDA: \$440 - \$460 million	Guidance: Revenue: \$4.85 - \$5.05 billion EBITDA: \$410 - \$440 million	1.2x
SAIC	Guidance: Revenue: \$7.20 - \$7.25 billion EPS: \$7.20 - \$7.40	Guidance: Revenue: \$7.13 - \$7.23 billion EPS: \$7.00 - \$7.20	0.8x
V2X	Guidance: Revenue: \$3.90 - \$3.95 billion EPS: \$3.50 - \$3.75	Guidance: Revenue: \$3.85 - \$3.95 billion EPS: \$3.85 - \$4.30	1.1x

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