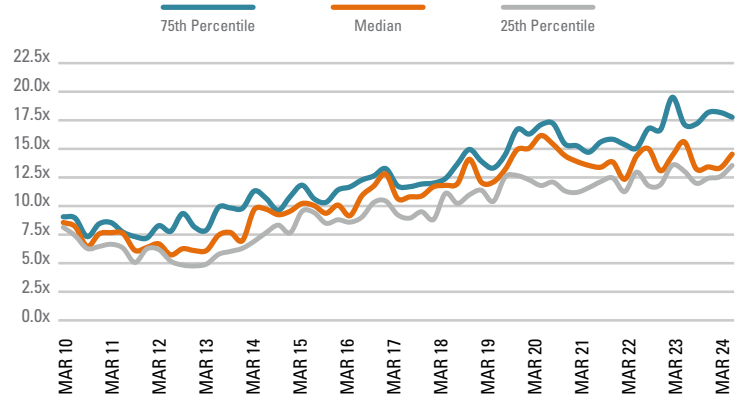


- Performance was strong with many companies reporting record revenue and profits, substantial awards, and for those in their fiscal years, increasing guidance.
- Decreasing leverage was common with companies highlighting progress and indicating an ongoing decline.
 - BAH – 2.5x TTM EBITDA
 - CACI – 2.3x TTM EBITDA, flat with prior quarter
 - DLH – Down to 3.5x by end of year
 - ICF – 2.16x vs. 2.7x a quarter prior
 - LDOS – Gross debt of 2.8x vs 3x target
 - MMS – 2.1x vs. 2.2x a quarter prior. Moving to lower end of 2-3x target range
 - PSN – 1.0x vs 1.4 at end of 2022
 - VVX – 3.3x vs 3.7x at end of 2022 and 4.0x at merger close
- Employee attrition remains low.
- Companies are investing in technology and capabilities to drive future growth. M&A remains a channel for capital allocation though companies generally indicated it as targeted as opposed to transformational.

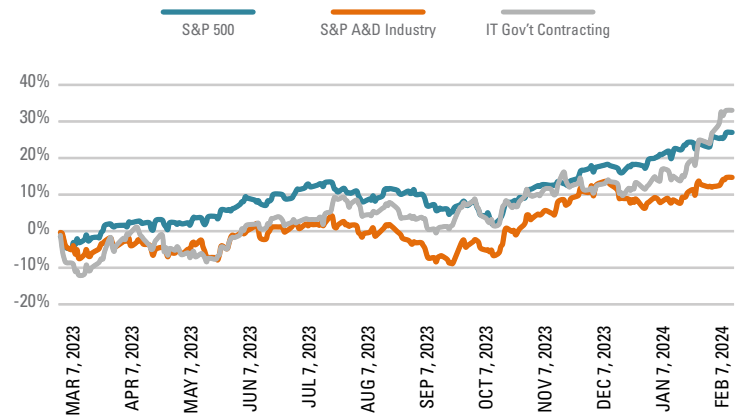
VALUATIONS

GOVERNMENT CONTRACTING EBITDA MULTIPLE⁽¹⁾

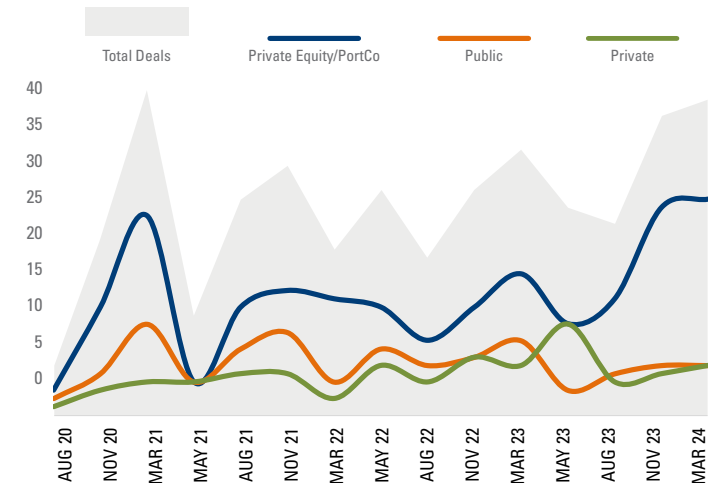


(1) The following companies are included for any periods in which they were public - BigBear.ai, Booz Allen Hamilton, CACI, CSRA/SRA, ICF, Leidos, ManTech, Maximus, PAE, Parsons, Perspecta, SAIC, V2X, and VSE.

STOCK PERFORMANCE VS. MARKET




GOVERNMENT CONTRACTING DEAL ACTIVITY BY COMPANY TYPE



GUIDANCE & BOOK-TO-BILL


COMPANY	CURRENT GUIDANCE	PRIOR GUIDANCE	LTM BOOK-TO-BILL
BigBear.ai	Actual: Revenue: \$155 million EBITDA: (\$38.6) million	Guidance: Revenue: \$155 - \$170 million EBITDA: Single-digit negative (in millions)	n/a
BAH	Guidance: Revenue Growth: 14.0% - 15.0% EPS: \$5.25 - \$5.40	Guidance: Revenue Growth: 11.0% - 14.0% EPS: \$4.95 - \$5.10	1.41x
CACI	Guidance: Revenue: \$7.3 - \$7.5 billion EPS: \$19.91 - \$20.58	Guidance: Revenue: \$7.2 - \$7.4 billion EPS: \$19.38 - \$20.48	1.2x
ICF	Actual: Revenue: \$1.96 billion EPS: \$6.50	Guidance: Revenue: \$1.95 - \$1.98 billion EPS: \$6.40 - \$6.50	1.2x
Leidos	Actual: Revenue: \$15.4 billion EPS: \$7.30	Guidance: Revenue: \$15.1 - \$15.3 billion EPS: \$6.80 - \$7.10	1.1x
Maximus	Guidance: Revenue: \$5.05 - \$5.20 billion EPS: \$5.20 - \$5.50	Actual: Revenue: \$4.90 billion EPS: \$4.18	1.2x
Parsons	Actual: Revenue: \$5.4 billion EBITDA: \$465 million	Guidance: Revenue: \$5.18 - \$5.33 billion EBITDA: \$440 - \$460 million	1.1x
SAIC	Guidance: Revenue: \$7.33 - \$7.35 billion EPS: \$7.70 - \$7.90	Guidance: Revenue: \$7.20 - \$7.25 billion EPS: \$7.20 - \$7.40	0.9x
V2X	Actual: Revenue: \$3.96 billion EPS: \$3.74	Guidance: Revenue: \$3.90 - \$3.95 billion EPS: \$3.50 - \$3.75	1.1x

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KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

NOV
27

System One Holdings acquired KeyLogic, an IT solutions and management consulting services provider to the federal civil, national security, energy and environment, and private sectors. Notable customers within KeyLogic's portfolio include the DOE, the Environmental Protection Agency, the Patent and Trademark Office, the DoD, and other federal civilian agencies. As a result of the acquisition, KeyLogic is expected to contribute to System One's growth initiative by leveraging its unique capabilities and customer relationships.

NOV
29

Madison Dearborn Partners completed its acquisition of T2S Solutions, a provider of mission-focused products and solutions across a range of mission areas, including Space, Assured Positioning, Navigation and Timing, AI/ML, Electronic Warfare, Intelligence, Surveillance, and Reconnaissance, Command and Control, and High-Altitude Platforms. The acquisition will enable T2S to accelerate its product delivery efforts in support of defense, intelligence, and government programs, as well as increase investments in proprietary technology products from its R&D pipeline.

BlueVoyant, an end-to-end internal and external cyber defense platform developer, acquired Conquest Cyber for an undisclosed sum. Conquest Cyber is a cyber defense company known for its innovative SaaS technology that streamlines risk management across an organizations entire cyber program. Conquest Cyber has proven to be successful within high-security environments, including the U.S. Defense Industrial Base and Government organizations. The acquired entity's technology is expected to be integrated into BlueVoyant's existing products and services to create the first solution to deliver comprehensive internal and external cyber defense mapped to risk maturity. Additionally, around the time of the acquisition, BlueVoyant raised more than \$140 million in Series E funding led by Liberty Strategic Capital and ISTARI.

DEC
1

Irys Technologies, a software development, digital transformation, and information technology consulting service provider, acquired Diversified Technical Services, Inc. ("DTSI") for an undisclosed sum. DTSI provides software development, cybersecurity, and IT services for the defense and government sectors. The acquisition is expected to elevate Irys Technologies' portfolio of Defense clients.

DEC
4

Acclaim Technical Services ("ATS") (BlueDelta Capital Partners) has acquired Alder Technology Corporation, a provider of high-end network engineering, network security, and data management services and solutions for the IC. The acquisition further positions ATS as a middle-market leader in government information technology services as Alder accelerates ATS's strategic expansion into technology offerings. ATS has been highly acquisitive since 2019, as it has completed five acquisitions, including two in 2023.

Yulista completed the acquisition of DSoft Technology, Engineering & Analysis, Inc., a technology, engineering, and analysis consulting services and solutions provider for the DoD, Civil, and Commercial sectors. DSoft will be added to the Yulista Technical Services portfolio, joining two recently acquired companies, StraitSys and Troy 7, both acquired in 2022. The acquisition is expected to benefit both parties as DSoft will gain access to additional resources, expertise, and market reach, enabling accelerated growth and expanded capabilities, and Yulista will continue to enhance its capabilities and expand its market presence in the technology sector through DSoft's specialized capabilities and robust customer relationships.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

DEC
5

Brightstar Capital Partners announced the formation of Astrion, a newly formed company committed to innovation and customer progress in the U.S. Government's Civilian, Defense, and Space communities. Astrion's deep expertise and scalable solutions in cybersecurity, digital solutions, mission support, and systems engineering will support the Air Force, Army, Civilian Agencies, Navy, and Space. The Company consists of two flagship government services firms, Oasis Systems, a technology services provider to the DoD and Federal Agencies, and ERC, an engineering and scientific service provider to the DoD, NASA, and commercial clients.

Clarity Innovations, a software and services provider to the U.S. national security community, announced it received a strategic investment from Capital Meridian Partners, a DC-based private equity firm focused on government and commercial markets. Since 2022, Capital Meridian Partners has made three other investments, which included LMI Consulting, Altumint, and PrimeFlight Aviation Services. Details of the investment in Clarity Innovations were not disclosed.

EnCharge AI announced it raised \$22.6 million in a round of funding led by VentureTech Alliance and participation from RTX Ventures, ACVC Partners, Anzu Partners, AlleyCorp, Scout Ventures, Silicon Catalyst Angels and S5V. To date, the AI computation software platform developer has raised a total of \$45 million. The newly raised capital is intended to go towards the commercialization of its AI-accelerating chips, expanding its global team, and bolstering the development of its AI chips and AI solutions.

DEC
12

Nokia Oyj (HLSE: NOKIA) announced its acquisition of Fenix Group, an Enlightenment Capital portfolio company. Fenix Group specializes in tactical 3rd Generation Partnership Project ("3GPP") communications solutions for the defense communities, including the Banshee product family, which are designed to provide high-speed, low-latency data connections to many devices and users simultaneously. The systems are ideal for supporting a wide range of military applications. The acquisition will allow Nokia to offer a more comprehensive suite of solutions to its defense customers.

DEC
14

Guidehouse, a provider of consulting and managed services to public sector and commercial clients, announced the closing of its acquisition by Bain Capital from Veritas Capital for \$5.3 billion. Announced on November 6, 2023, the strategic acquisition supports the fast-growing nature of Guidehouse's growth initiatives. Additionally, Guidehouse will continue to operate under its current management team.

Sikich announced it entered into a definitive agreement to acquire the federal government practice of CliftonLarsonAllen LLP ("CLA") for an undisclosed sum. The federal government services practice of CLA provides audit, accounting, and assurance services to a variety of government agencies and entities, including the U.S. Department of Transportation, the Defense Commissary Agency, and the U.S. Nuclear Regulatory Commission. The acquired entity is expected to expand the firm's presence in the Washington D.C. market, as well as position it as a full-service provider for government agencies and contractors.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

DEC
19

The Carlyle Group and Insight Partners entered into a definitive agreement to acquire Exiger, an AI supply chain risk and resilience software company that provides services to corporations, government agencies, and banks. Within its government agency end market, Exiger supports more than 50 agencies in their mission to protect critical supply chains, defense systems, and infrastructure. The investment will enable Exiger to continue investing in its product portfolio of AI solutions. As a result of the transaction, Exiger's management, founders, and existing investor, Carrick Capital Partners, will rollover equity.

DEC
21

Enlightenment Capital has made a strategic investment in Ridgeline International, a provider of proprietary intelligence and cyber technology solutions to control data, protect against Ubiquitous Technical Surveillance, and enable Digital Signature Management for the IC and DoD customers. The partnership provides Ridgeline with the financial and strategic resources needed to build a mid-tier intelligence and cyber focused platform with a mission to support critical National Security programs.

DEC
26

Dexis Consulting Group, a 500-person DC area professional services firm supporting US foreign assistance programs, announced a strategic investment from CM Equity Partners. The partnership is expected to support future growth in the federal civilian marketplace, including areas in natural disaster recovery, public health, climate change, and AI enabled citizen services.

DEC
29

Shield AI announced the expansion of its Series F funding round to a total of \$500 million. An additional \$100M in equity, raised at the Series F price, and \$200M in debt from Hercules Capital were added to the initial \$200M in equity closed in November. Shield AI's flagship product, Hivemind, is an AI pilot that enables teams of intelligent aircraft to operate and complete missions autonomously in high-threat environments without the need for remote operators or GPS.

JAN
3

Management Science & Innovation (DL Capital Partners & Center Element Capital) announced its acquisition of Ascolta, an IT Consulting firm that focuses on delivering software development, DevOps, and cloud migration services. Ascolta provides advanced technical services in the areas of information security, cloud management, adoption and migration and has extensive experience navigating the DoD Risk Management Framework and DoD software testing and fielding processes. With the addition of Ascolta, MSI plans to expand its services and enhance its AI and DevOps solutions for federal agencies.

JAN
4

Acentra Health (The Carlyle Group) acquired Espyr, a leader in workplace mental health and well-being programs. Through its programs, Espyr empowers organizations to go beyond traditional support and offers comprehensive well-being solutions to increase engagement, boost productivity, enhance workplace culture, and reduce healthcare costs for federal, state, and local governments. The acquisition is expected to drive improvements in mental health outcomes through technology enablement, data analytics, and clinical expertise.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

JAN
5

MC² Security Fund (The Chertoff Group) completed its acquisition of TrustWave for approximately \$205 million. TrustWave is a global cybersecurity leader that designs and develops a cloud-native security operations platform focused on managed detection and response, managed security services, cyber advisory, penetration testing, database security, and email security. The acquisition is expected to expand TrustWave's global reach as well as enhance its capabilities as an MDR-focused leader. MC² Security Fund, a growth equity fund founded by the executive leadership of The Chertoff Group, primarily invests in the Cybersecurity, Defense Technology, Government Services, and Homeland Security sectors.

JAN
8

Crimson Phoenix, a recently formed platform company by Godspeed Capital, completed its acquisition of Cyberspace Solutions for an undisclosed sum. Cyberspace Solutions offers cyber, intelligence, and enterprise services in support of national security. Crimson Phoenix is expected to add Prime Contracts and relationships with US Special Operations Command and the Defense Intelligence Agency as a result of the acquisition.

Enlightenment Capital announced the formation of Auria, a space-focused platform specializing in satellite communication, software development, and cybersecurity. The newly formed company consists of Boecore, Orbit Logic, Ascension Engineering Group, and La Jolla Logic, four businesses that were acquired between 2022 and 2023. Combined, the company is expected to continue to scale and innovate by leveraging its technology, capabilities, and infrastructure. Based in Colorado Springs, Colorado, Auria has nearly 420 employees within its highly skilled workforce.

JAN
9

Applied Insight (The Acacia Group), an IT service provider to the federal government, defense, IC, and public sectors, completed its acquisition of Zavda Technologies. Zavda Technologies provides professional helpdesk services, technical support, and customer service to defense and intelligence agencies and private corporations. The acquired company offers monitoring, analysis, and reporting on security risks, threats, and cyber analysis and counter-terrorism advice. The acquisition is expected to expand Applied Insight's footprint in the national security community, as well as strengthen its capabilities to better support the needs of the IC.

JAN
16

Booz Allen Ventures announced its strategic investment in Second Front Systems ("2F"), a public-benefit corporation accelerating the delivery of mission-critical solutions in the United States, Europe, Australia, and for NATO. The investment is expected to further support 2F's Game Warden DevSecOps Platform, a tool that configures, secures, and deploys Impact Level 1-7 accreditations for companies to deliver software to USG customers, including the DoD. For Booz Allen Ventures, the investment will accelerate software delivery across its portfolio, as well as allow BAH to offer software products and capabilities that have previously been out of reach. This strategic investment marks Booz Allen Ventures' seventh investment since launching in 2022.

JAN
17

Avenu Insights & Analytics (Arlington Capital Partners), a provider of revenue recovery and administrative solutions for state and local governments, announced it acquired the State and Local Government Division of Finvi ("Finvi SLG"). Finvi SLG provides course case management, collections workflow, and integrated electronic payments software that services over 700 state and local jurisdictions. The acquisition will further expand Avenu's court system and payment solutions, provide access to new states and municipalities, and strengthen the company's competitive positioning.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

JAN
21

Booz Allen Ventures announced its strategic investment in Albedo, the first company to operate satellites in very low Earth orbit, which enables them to offer ultra-high resolution commercial imagery from space. The invested capital is anticipated to support Albedo's operational constellation deployment and is aligned with Booz Allen's efforts to accelerate U.S. space capabilities with the power of data.

JAN
23

Saalex Corporation announced its strategic acquisition of Spalding Consulting for approximately \$75 million. Spalding Consulting is a leading provider of software development, information technology, and engineering services, delivering IT, Program Management, and Financial Management solutions to the DoD. The acquisition is expected to add more than 430 employees and provide Saalex with an immediate East Coast presence near a key customer at the Naval Warfare Center Aircraft Division (NAWCAD) Patuxent River base. In addition, the combined company will grow Saalex's annual revenues to over \$175 million.

JAN
24

Enlightenment Capital announced the formation of RealmOne, a cybersecurity and intelligence-focused solutions provider. The newly formed company consists of iNovex, Innoplex, Secure Innovations, and HTS Infosys, four businesses that were acquired between 2022 and 2023. The combined company states its core technology focus areas as data science, advanced analytics, hyper-automation, and commercial software solutions for national security agencies. The thesis is to assist agencies use AI/ML techniques to turn large amounts of data into actionable information and intelligence.

JAN
26

Option3, a cybersecurity-focused private equity firm based in New York and Virginia, announced its acquisition of Onclave, Inc. for an undisclosed sum. Onclave is a cybersecurity leader that develops a secure communications platform that innovates the security behind all IT/OT devices and systems. Onclave improves upon the methods and technology used by the DoD and IC. Option3 plans to form a Zero Trust Platform following the acquisition of Onclave, which is aimed at integrating a suite of capabilities to prioritize the federal government through a series of acquisitions.

FEB
1

Meteomatics announced the closure of its strategic funding round from Lockheed Martin Ventures. Meteomatics is a weather intelligence and technology company that enables precision forecasts of the weather's impact on businesses anywhere in the world at any time. The Company has a robust approach to weather data collection, modeling, visualization, and delivery that rivals the most sophisticated government and commercial services that are currently in use. The strategic investment from Lockheed Martin Ventures is expected to expand Meteomatics' mission to revolutionize weather forecasting.

FEB
5

Thoma Bravo entered into a definitive agreement to acquire Everbridge, Inc. (Nasdaq: EVBG) in an all-cash transaction for an enterprise value of approximately \$1.5 billion. Everbridge is a software company that enables customers to anticipate, mitigate, respond to, and recover from critical events in North America and internationally. Everbridge serves multi-national enterprises across the financial services, manufacturing, retail, transportation, energy & gas, and education industries, as well as national, state, and local government bodies and U.S. Federal agencies. As a result of the transaction, the Company expects accelerated growth at a time of rising global uncertainty and prioritization of public safety and operational continuity. Upon completion, Everbridge will become a privately held company.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

FEB
5

CBRE Group, Inc. (NYSE: CBRE) announced a definitive agreement to acquire J&J Worldwide Services (“J&J”) from Arlington Capital Partners for an enterprise value of approximately \$1.05 billion inclusive of \$800 million cash and an earnout up to \$250 million, payable in 2027, subject to J&J Worldwide Services meeting certain performance thresholds. J&J Worldwide Services provides engineering services, base support operations, and facilities maintenance for the U.S. Federal government, primarily serving the DoD through long-term, fixed-price contracts. J&J delivers mission-critical services across three main business lines, including Healthcare and Medical Solutions, Mission Support Solutions, and Engineering Solutions, to institutions such as the Brooke Army Medical Center, United States Naval Academy, and Naval Medical Center Portsmouth. The acquisition is expected to enhance CBRE’s technical services capabilities, increasing revenue resilience and secular growth, as well as expanding its government client base within the company’s Global Workplace Solutions business segment.

FEB
6

Synthetaic, an AI-based platform developer for rapid object labeling, AI modeling, and solution deployment, completed its \$15 million Series B funding round from new and existing investors. The funding round was co-led by Lupa Systems and TitledownTech, with participation from IBM Ventures and Booz Allen Hamilton. The newly raised capital is expected to accelerate the commercialization of RAIC, a dual-use model-independent classification and detection platform for image data.

FEB
6

Xcelerate Solutions (McNally Capital), a defense and national security company, announced its merger with VMD Corp, a Fairfax, Virginia-based cybersecurity, agile engineering, and critical infrastructure firm. Xcelerate Solutions leveraged its initial investment from McNally Capital to expand its security and IT capabilities through M&A. The combined company’s workforce will consist of over 1,000 experienced technology professionals committed to providing cybersecurity, enterprise, and infrastructure protection services. The newly combined entity will expand Xcelerate’s capabilities and contracts that provide the company with a breadth of opportunities for diversification and growth across its defense, law enforcement, national security, civilian agencies, and throughout the federal government.

FEB
12

Avenu Insights & Analytics (Arlington Capital Partners) announced its strategic acquisition of Judicial Innovations, a provider of cloud-based payment and management solutions aimed at simplifying the government payment processes throughout its fully integrated platform. The integration of Judicial Innovations’ platform with Avenu’s Justice Solution suite is expected to provide comprehensive solutions that meet the dynamic needs of government agencies and their constituents with the addition of Judicial Innovations, which is known for its accessibility, robust reporting, and seamless integration capabilities.

Crimson Phoenix (Godspeed Capital) announced its acquisition of TekMasters and Seaford Consulting for an undisclosed sum. Based in Arlington, VA, TekMasters provides learning, data forensics, application development, and IT system engineering services. Seaford Consulting is an IT Consulting firm offering technical, functional, and business and analytical consulting services located in Bristow, VA. The addition of TekMasters and Seaford Consulting to Crimson Phoenix, an Intelligence, AI/ML, and Data Analytics platform, is expected to expand the acquirer’s capabilities and presence with its core IC customers and further advance its strategy to support critical mission requirements.

KEY INDUSTRY TRANSACTIONS & DEVELOPMENTS

FEB
13

Sigma Defense (Sagewind Capital) acquired Juno Technologies, a provider of IT engineering, cloud systems integration, software development and technical support to the DoD, NAVWAR/SPAWAR, and its C4I solutions. Additionally, Juno works with and supports the USCG, Military Sealift Command, and U.S. Navy ships and submarines. The business combination will enhance Sigma Defense's CJADC2 capabilities, most notably quickly expanding software development, systems integration, engineering, and sleet support capabilities to provide new capabilities to existing customers across the DoD.

BlueHalo (Arlington Capital Partners) announced it will acquire a fellow Arlington Capital Partners portfolio company, Eqlipse Technologies, for an undisclosed sum. Eqlipse Technologies, a leading provider of differentiated products and solutions to the DoD and IC, was highly acquisitive in 2023 with the acquisitions of SR Technologies, Net Vision Consultants, and UES. As a result of the acquisition, the combined entity will deliver enhanced scale and broader capabilities to its customers, as well as accelerate the development and fielding of its advanced defense technologies as a newly created global defense technology leader. Expected to close in 1Q24, the combined company will have nearly 2,400 employees across 11 states and annual revenue near \$1 billion. Upon completion of the transaction, BlueHalo will hold nearly 90 patents, employ more than 200 PhDs in relevant fields, and offer 20 product lines featuring industry-leading solutions across four key mission areas: Space, C-UAS & Autonomous Systems, Cyber & EW, and Artificial Intelligence (AI)—all stated priority areas for the DoD.

FEB
14

Armis (Insight Partners), an asset intelligence cybersecurity company, announced it has agreed to acquire Cyber Threat Cognitive Intelligence ("CTCI") for an undisclosed sum. CTCI develops cyber security technology for vulnerability management, cyber detection, and threat hunting. As a result of the transaction, CTCI's technology will be integrated into Armis Centrix, a platform that provides advanced visualization and alerts to provide organizations with actionable intelligence. The addition of CTCI's technology is expected to create the most advanced early warning cyber intelligence system in the world, helping security operations team be more effective in preventing breaches, detecting attacks, and determining if an organization has been compromised.

FEB
22

Tetra Tech, Inc. (NASDAQ: TTEK) acquired LS Technologies, a U.S. federal enterprise technology services and management consulting firm. As a result of the acquisition, LS Technologies will be integrated into Tetra Tech's Federal IT Division and is expected to enhance the support provided to government and commercial customers in modernizing critical infrastructure. Additionally, LS Technologies will provide approximately 500 employees, additional capabilities, resources, and new federal clients.

MAR
7

Systems Planning & Analysis ("SPA") (Arlington Capital Partners), a leading global provider of innovative solutions impacting complex national security programs and defense priorities, has acquired ManTech's Defense Advanced Research Projects Agency ("DARPA"), Office of the Secretary of Defense Strategic Capabilities Office ("OSD SCO"), and select National Reconnaissance Office ("NRO") technical advisory services programs. The listed programs have supported national security customers, delivering highly specialized, R&D-driven solutions to solve critical mission requirements for over 30 years. As a result of the acquisition, the acquired programs will be integrated into SPA's Joint, OSD, and Interagency ("JOID") and Space & Intelligence ("S&ID") divisions. Additionally, the addition of Technical Advisory Services Programs will enable SPA to further expand its role as a trusted advisor across the DoD and the IC with the addition of more than 180 SMEs.

