

Fourth Quarter and Full-Year 2022 Results

TRUSTED WHEREVER
THE MISSION LEADS

March 2, 2023

Call Participants



Chuck Prow

President and Chief Executive Officer



Susan Lynch

Senior Vice President and Chief Financial Officer

Disclaimers

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Section 27A of the Securities Act of 1933, as amended (the Securities Act), and the Private Securities Litigation Reform Act of 1995 and, as such, may involve risks and uncertainties. All statements included or incorporated by reference in this presentation, other than statements that are purely historical, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe," "could," "potential," "continue" or similar terminology. These statements are based on the beliefs and assumptions of the management of the Company based on information currently available to management. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements.

We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to: the continued impact of COVID-19 and any variant strains thereof on the global economy; our ability to submit proposals for and/or win all potential opportunities in our pipeline; our ability to retain and renew our existing contracts; our ability to compete with other companies in our market; security breaches and other disruptions to our information technology and operation; our mix of cost-plus, cost-reimbursable, and firm-fixed-price contracts; maintaining our reputation and relationship with the U.S. government; protests of new awards; economic, political and social conditions in the countries in which we conduct our businesses; changes in U.S. or international government defense budgets; government regulations and compliance therewith, including changes to the DoD procurement process; changes in technology; intellectual property matters; governmental investigations, reviews, audits and cost adjustments; contingencies related to actual or alleged environmental contamination, claims and concerns; delays in completion of the U.S. government's budget; our success in extending, deepening, and enhancing our technical capabilities; our success in expanding our geographic footprint or broadening our customer base; our ability to realize the full amounts reflected in our backlog; impairment of goodwill; misconduct of our employees, subcontractors, agents, prime contractors and business partners; our ability to control costs; our level of indebtedness; terms of our credit agreement; inflation and interest rate risk; subcontractor performance; economic and capital markets conditions; our ability to maintain safe work sites and equipment; our ability to retain and recruit qualified personnel; our ability to maintain good relationships with our workforce; our teaming relationships with other contractors; changes in our accounting estimates; the adequacy of our insurance coverage; volatility in our stock price; changes in our tax provisions or exposure to additional income tax liabilities; risks and uncertainties relating to the Merger; risks and uncertainties relating to the Spin-off; changes in accounting principles generally accepted in the United States ("GAAP"); and other factors described in Item 1A, "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2022 and described in our other filings with the SEC.

Use of Projections

The financial projections, estimates and targets in this presentation are forward-looking statements that are based on assumptions that are inherently subject to significant uncertainties and contingencies, many of which are beyond the Vectrus' control. The assumptions and estimates underlying the projected, expected or target results are inherently uncertain and are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the financial projections, estimates and targets. The inclusion of financial projections, estimates and targets in this presentation should not be regarded as an indication that Vectrus or its representatives considered or consider the financial projections, estimates and targets to be a reliable prediction of future events.

Use of Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures that are not prepared in accordance with GAAP, including forward-looking measures, which may be different from non-GAAP financial measures used by other companies. These non- GAAP measures, and other measures that are calculated using these non-GAAP measures, are an addition, and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to operating income, net income or any other performance measures derived in accordance with GAAP. We have provided additional information regarding these measures in the Appendix to this presentation. Reconciliations of our forward-looking non-GAAP measures to the closest corresponding GAAP measures are not available without unreasonable efforts due to the uncertainties discussed above, which could have a potentially significant impact on our future results.

Q4'22 Highlights

Strong Q4'22 results

- Revenue of $978M; up 20% y/y on a pro forma basis, driven by strong growth on existing programs and phase-in of recent new business wins
- Adjusted EBITDA[1] of $79.3M with a margin[1] of 8.1%
- Adjusted diluted EPS[1] of $0.92

Grew revenue in INDOPACOM & Europe

- Sevenfold growth in the Pacific from continued expansion and growth at Kwajalein and the Philippines; continuing to provide mission critical support in Europe

Executed a more efficient credit facility with substantial interest savings and improved liquidity

- Repaid $25M on 2L Term Loan in Q4 and subsequently eliminated the higher cost 2L and ABL
- Introduced new $750M credit facility, to replace higher cost debt; expected to generate substantial interest expense savings

Achieving integration milestones

- Achieved key milestones and targeted synergies in Q4; integration activities and efforts on plan for 2023

2023 guidance: 5% revenue growth and 8% Adjusted EBITDA[1] growth y/y pro forma at mid-point

- Over 90% of revenue expected from existing contracts

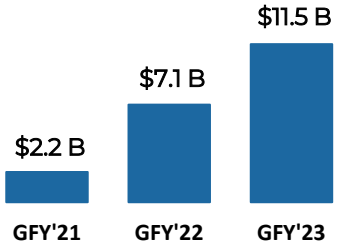
[1] See appendix for reconciliation of non-GAAP measures.

Notable Recent Achievements

Significant Growth in the Pacific

Revenue in the Pacific increased sevenfold in Q4 to $54M as mission requirements continue to expand and grow

- Expanded its presence in the region with additional work in the Philippines
- Growth expected to continue in 2023 as a result of the Talisman Saber exercise and additional DoD budget funding to support the Pacific Deterrence Initiative (+62% y/y)



DoD Pacific Deterrence Initiative Budgets

~$4 Billion Arctic Sustainment Win (JV) [1]

A V2X Joint Venture was awarded a 12-year contract with the Space Force to provide infrastructure support in the Arctic

- Continues V2X's seamless and effective multidimensional support services in the region
- The Arctic is a key defense node with missile defense facilities, radars, early warning sites and remains a critical region for power projection and homeland defense

F-35A in the Arctic



Source : DoD

National Security Program Contract Win

V2X was awarded a ~$90M National Security Program recompete contract

- Our exceptional support since 2016, as well as our global footprint and capabilities allowed V2X to differentiate, solutioning for increased mission requirements

~$90M

Contract Value over 5 years

[1] *Represents Indefinite delivery, indefinite quantity contract ceiling value; Contract currently under protest*

Demonstrating Growth and Diversification

$3.9B (+5% y/y)
2023E Revenue [1]

$300M (+8% y/y)
2023E Adj. EBITDA [1,2]

~$12.3B
Total Backlog [3]

3.2x
Revenue Coverage [1]

>90%
Revenue from Existing Contracts

>15K
Employees

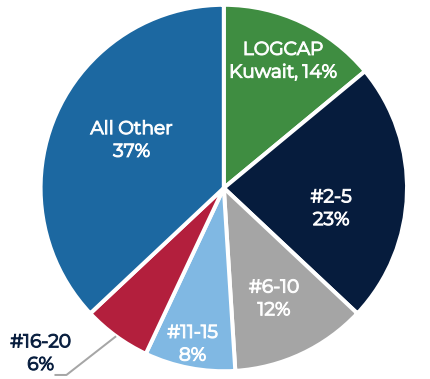
~50
Countries of Operation

~93%
Prime Contractor on Existing Contracts [3]

- ✓ **Top 10 programs have ~4.5 years[1] of future revenue under contract (weighted average)**
- ✓ **Contract diversity with only one task >8% of revenue[1]**

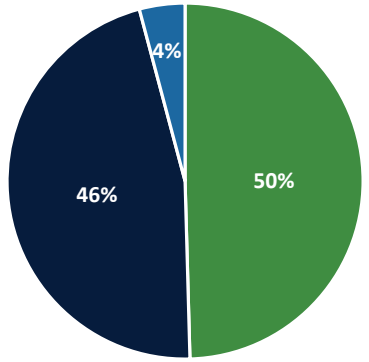
Key Revenue Breakouts[4]

Programs[1]



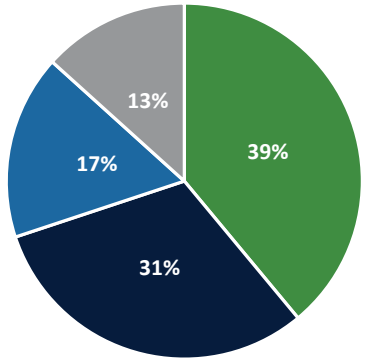
■ Only 1 task order >8% of revenue

Contract Type



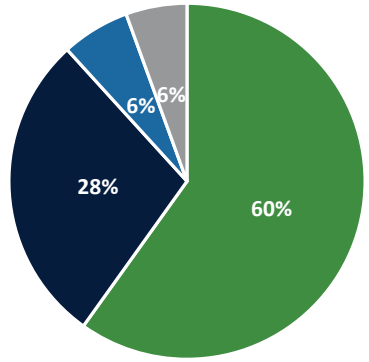
■ Cost-Type ■ Fixed Price ■ T&M

End Client



■ Army ■ Navy ■ Air Force ■ Other

Geography



■ United States ■ Middle East ■ Europe ■ Asia

[1] *Mid-point of 2023 Guidance.*
[2] *See appendix for reconciliation of non-GAAP measures.*
[3] *12/31/2022 Actual.*
[4] *Represents 3-month contribution from Q4 2022, except for Programs.*

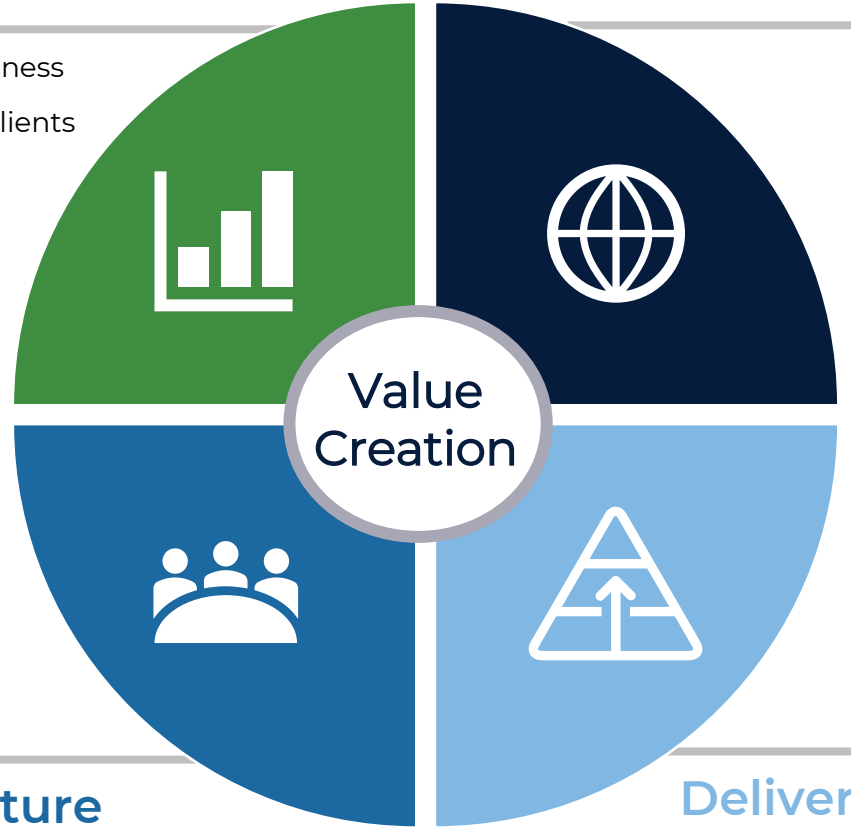
Strategic Framework

Expand the Base

- Expand Scope on Existing Business
- Sell More Services to Current Clients
- Harden Solution Sell Through Model
- Client Engagement

Capture New Markets

- Organic Campaigns
  - FMS, International, Core Markets, and Enterprise Captures
- Inorganic/Capital Allocation
  - New Clients, Capabilities, Solutions and Products



Enhance Culture

- Build Communities of Engagement
- Minimize Attrition and Maximize Utilization
- Leadership and Retention Focused Training
- Environment, Social, Governance Leadership

Deliver with Excellence

- Program Continuous Improvement
- Technology Insertion and Enablement
- Enterprise Systems Excellence
- Business Advisory Simplification
- Expand Supply Chain Capabilities

Our Strategic Framework is Focused on Delivering Growth, Expanding Margins and Delighting Clients

ESG Leadership

V2X Women's Leadership Conference in Kuwait – November 2022

In November 2022, the V2X DE&I Executive Council hosted over 150 women leaders from the Middle East and Europe Programs



Organic Growth Strategy

Capabilities

Aerospace Solutions

- Maintains and modifies aircraft, vehicles, and weapon systems to improve availability and increase efficiency
- Delivers O, I, & D level support on platforms and systems

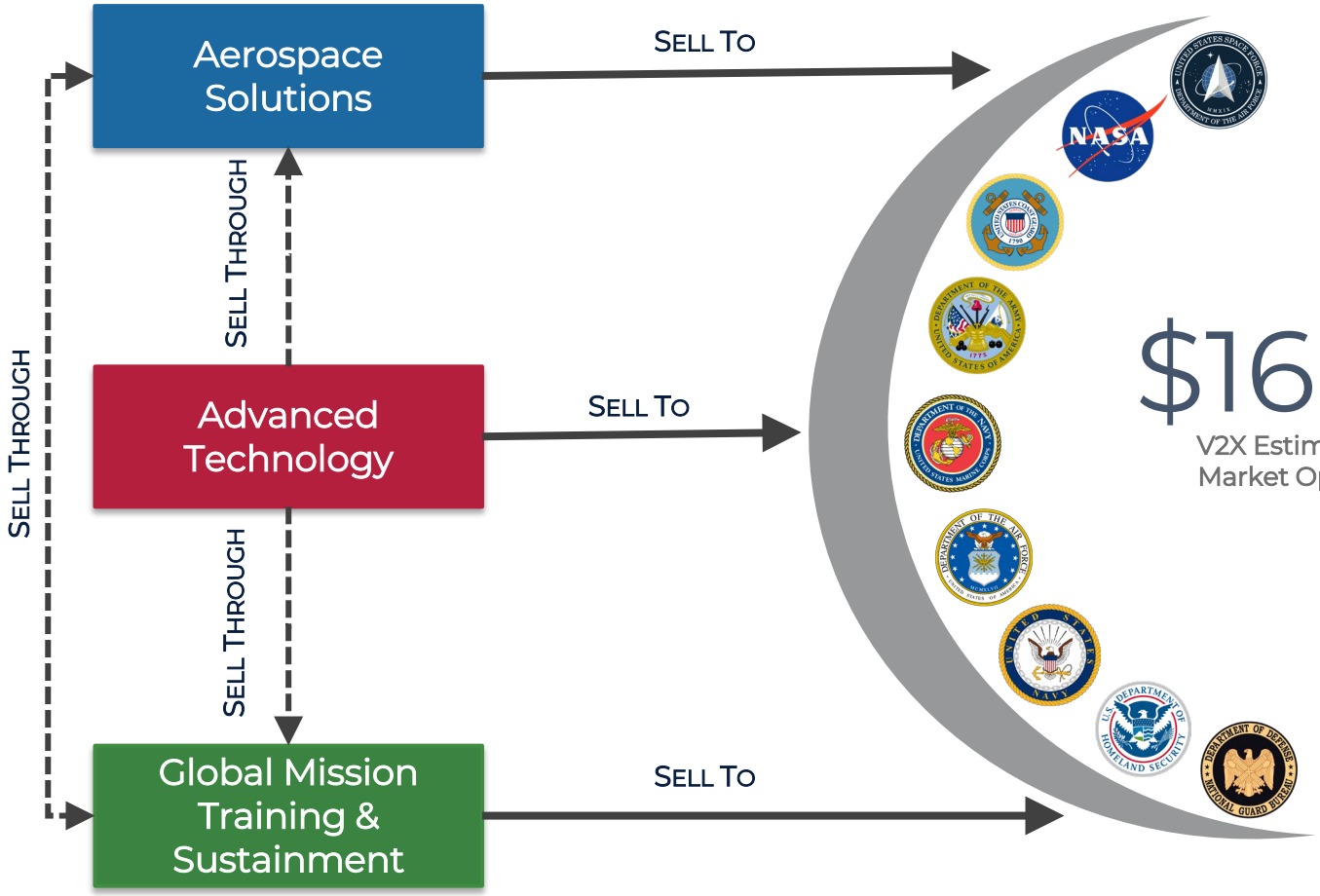
Advanced Technology

- Provides comprehensive engineering, system integration, and software services crucial to ensuring system interoperability
- Delivers IT support, networking and cybersecurity solutions

Global Mission Training & Sustainment

- Designs, develops, and delivers advanced training solutions that reflect both the dynamic environment and emerging technologies
- Worldwide presence allows for scale and instant support for logistics, infrastructure sustainment and contingency operations wherever needed

Route to Market



Clients

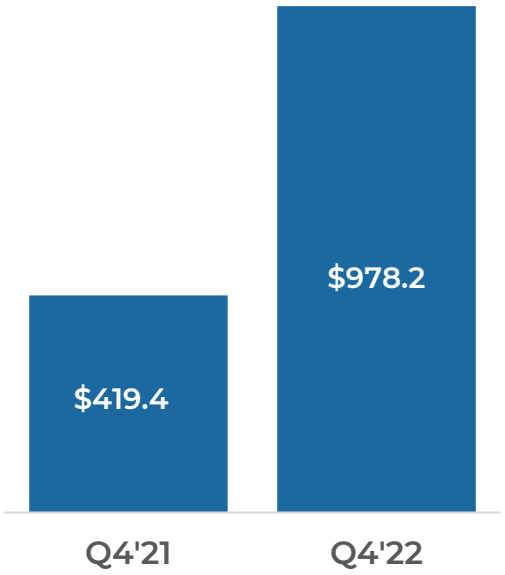
$160B

V2X Estimated Total Market Opportunity

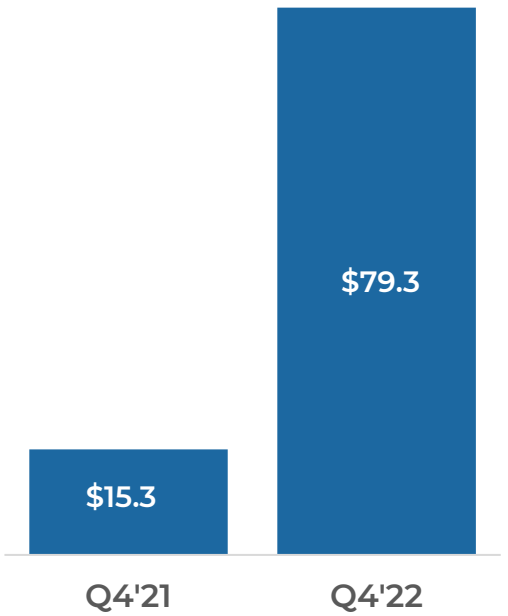
Sizeable Addressable Market offers opportunity for future growth

Q4’22 Financial Results

Revenue ($M)



Adjusted EBITDA[1] ($M)



Adj. Diluted EPS[1]

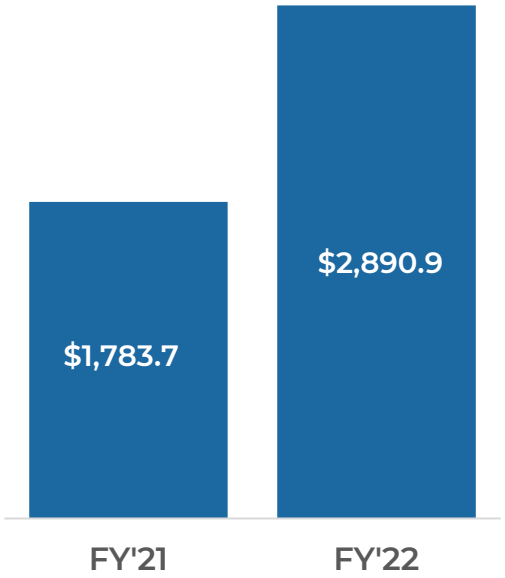


- Q4’22 Adj. EPS impacted ($0.50) due to y/y higher cash interest expense
- Q4’22 Adj. EPS impacted ($0.46) due to y/y higher effective tax rate

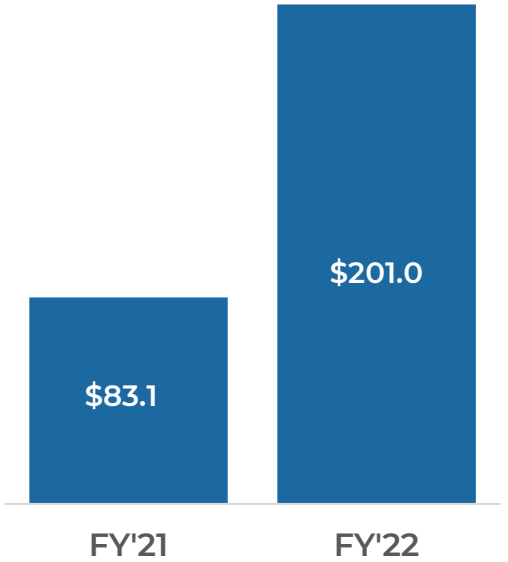
[1] *See appendix for reconciliation of non-GAAP measures.*

FY’22 Financial Results

Revenue ($M)



Adjusted EBITDA[1] ($M)



Adj. Diluted EPS[1]

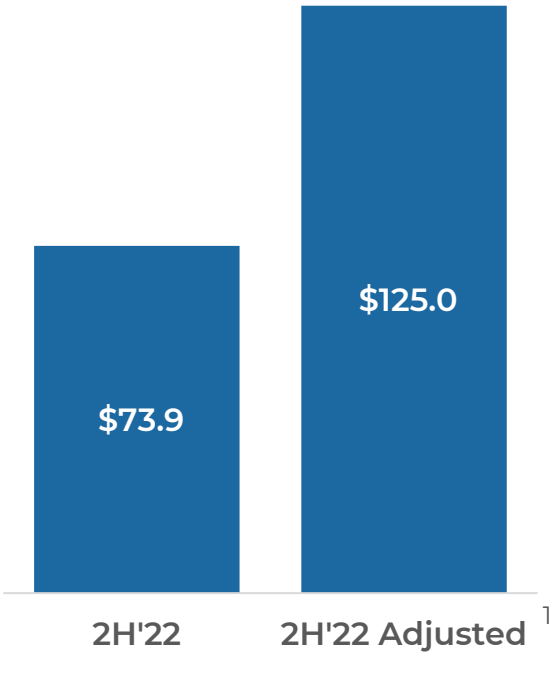


- FY’22 Adj. EPS impacted ($1.62) due to y/y higher cash interest expense
- FY’22 Adj. EPS impacted ($0.55) due to y/y higher effective tax rate

[1] *See appendix for reconciliation of non-GAAP measures.*

Cash Flow and Liquidity

2nd Half Operating Cash Flow ($M)



Net Debt ($M)



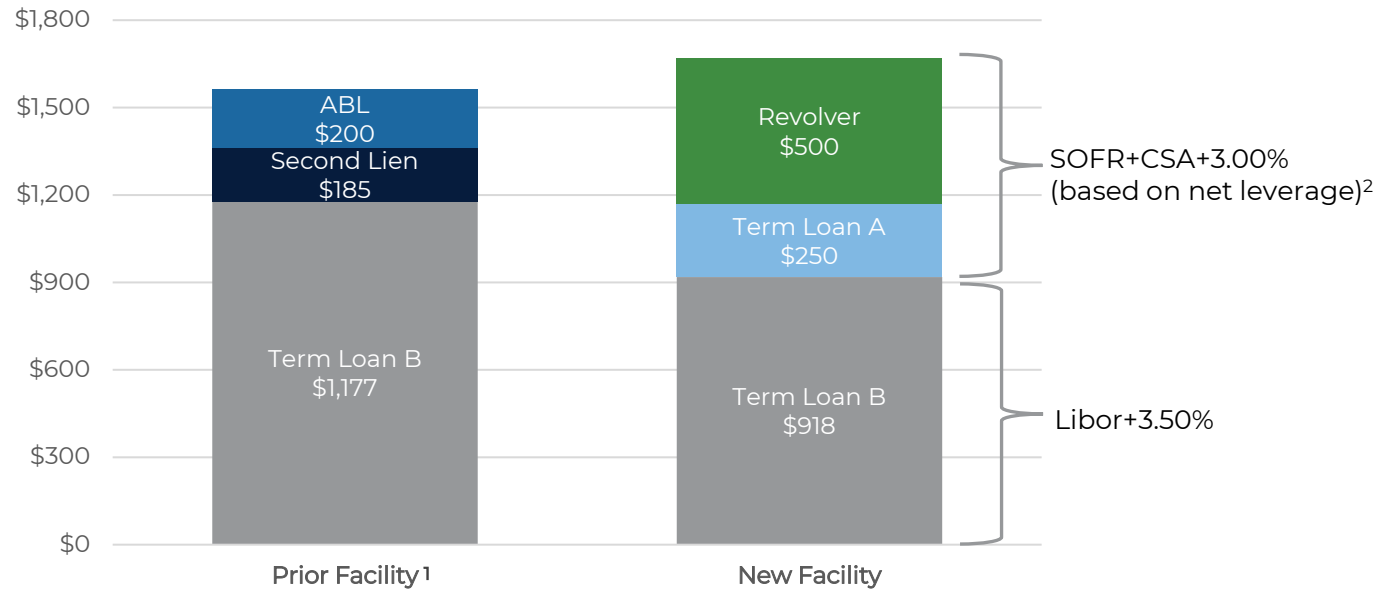
- Post merger adjusted operating cash flow[1] of $125.0 million, excluding $51.1 million of Merger related payments
- Net debt down ~$87 million from Merger close (July 5, 2022)
- Revolver undrawn at quarter end
- Net leverage ratio[2] at 3.7x, reduced by 0.3x since Close

[1] *2H'22 GAAP OCF of $74M plus $51M of merger and integration related payments*
[2] *Calculated utilizing bank EBITDA.*

Significantly Improved Capital Structure

New Facility

Credit Facility Composition ($M)



Net Leverage Ratio	Drawn Spread
≥ 4.00 x	SOFR + CSA + 325 bps
< 4.00x and ≥ 3.50x	SOFR + CSA + 300 bps
< 3.50x and ≥ 3.00x	SOFR + CSA + 275 bps
< 3.00x and ≥ 2.50x	SOFR + CSA + 250 bps
< 2.50x and ≥ 2.00x	SOFR + CSA + 225 bps
< 2.00x	SOFR + CSA + 200 bps

- Provides substantial cash interest expense savings of >$8M annually
- Provides step down in grid pricing to further lower interest expense
- Enhanced balance sheet liquidity and capacity with $500M cash flow revolver
- Strong fundamentals and backlog provide clear path to deleveraging and increasing value to shareholders

[1] Represents total size of the facility prior to the $25M Second Lien repayment.
[2] Opening grid pricing is SOFR + CSA +3.25% until delivery of the compliance certificate for the first full quarter following Closing.

2023 Guidance

($M, except per share data)	*2023 Guidance*	*2023 Mid-Point*
Revenue	*$3,800 - $3,900*	*$3,850*
Adjusted EBITDA[1]	*$290 - $310*	*$300*
Adjusted Diluted Earnings Per Share[1]	*$3.80- $4.30*	*$4.05*
Adjusted Net Cash Provided by Operating Activities[1]	*$115 - $135*	*$125*

2023 guidance assumptions include:

- Depreciation and amortization ~ $107.5 million
  - Amortization of acquired intangible assets ~ $90.4 million
- Cash interest expense ~ $123 million
  - Non-cash amortization of debt issuance costs ~$30 million[2]
- Adj. tax rate of ~ 21%
- Diluted EPS assumes 31.2 million weighted average diluted shares outstanding
- Capital Expenditures ~ $28M

[1] See appendix for reconciliation of non-GAAP measures.
[2] Includes $21M associated with extinguishment of debt financing costs from the prior facility.

Key Takeaways... Investing with V2X

1. Well-Aligned with U.S. Federal Budget Priorities in Stable End Markets
2. Long-Standing Relationships with Diverse Client Base
3. Significant Contract Backlog Drives Highly Visible Revenue Profile
4. Scaled Platform Providing Full Life Cycle of Mission Critical Solutions
5. Unlocked Growth Potential from Expanded Addressable Market
6. Attractive Financial Profile with Strong Cash Flow
7. Highly Experienced Management Team

Appendix

TRUSTED WHEREVER
THE MISSION LEADS

Reconciliation Of Non-GAAP Measures/Non-GAAP Definitions

This presentation includes certain non-GAAP financial measures, including adjusted operating income, adjusted operating margin, adjusted net income, adjusted diluted earnings per share, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, pro forma revenue and adjusted operating cash flow. These financial measures are not prepared in accordance with accounting principles generally accepted in the United States and may be different from non-GAAP financial measures used by other companies. V2X believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. These non-GAAP measures with comparable names should not be considered in isolation from, or as an alternative to, financial measures determined in accordance with GAAP.

- **Adjusted operating income** is defined as operating income, adjusted to exclude items that may include, but are not limited to significant charges or credits, and unusual and infrequent non-operating items, such as M&A, integration and related costs, LOGCAP V pre-operational legal costs, and amortization of acquired intangible assets that impact current results but are not related to our ongoing operations.
- **Adjusted operating margin** is defined as adjusted operating income divided by revenue.
- **Adjusted net income** is defined as net income, adjusted to exclude items that may include, but are not limited to, significant charges or credits, and unusual and infrequent non-operating items, such as M&A, integration and related costs, LOGCAP V pre-operational legal costs, and amortization of acquired intangible assets and amortization of debt issuance costs that impact current results but are not related to our ongoing operations.
- **Adjusted diluted earnings per share** is defined as adjusted net income divided by the weighted average diluted common shares outstanding.
- **EBITDA** is defined as operating income, adjusted to exclude depreciation and amortization.
- **Adjusted EBITDA** is defined as EBITDA, adjusted to exclude items that may include, but are not limited to, significant charges or credits and unusual and infrequent non-operating items, such as M&A, integration and related costs, LOGCAP V pre-operational legal costs that impact current results but are not related to our ongoing operations.
- **EBITDA margin** is defined as EBITDA divided by revenue.
- **Adjusted EBITDA margin** is defined as Adjusted EBITDA divided by revenue.
- **Adjusted operating cash flow** is defined as net cash provided by (or used in) operating activities adjusted to exclude infrequent non-operating items, such as M&A payments and related costs.
- **Pro forma revenue** shows the combined results of our operations for the three and twelve months ended December 31, 2022 and 2021 as if the Merger had occurred on January 1, 2021.

Reconciliation Of Non-GAAP Measures

Non-GAAP Financial Measures

($K, except per share data)	Three Months Ended December 31, 2022	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended December 31, 2022 Adjusted
Revenue	$ 978,167	$ —	$ —	$ —	$ —	$ 978,167
Growth	133.2 %					133.2 %
Operating income	$ 31,027	$ 23,400	$ 20,046	$ —	$ —	$ 74,473
Operating margin	3.2 %					7.6 %
Interest expense, net	$ (30,971)	$ —	$ —	$ 3,902	$ —	$ (27,069)
(Loss) income from operations before income taxes	$ 56	$ 23,400	$ 20,046	$ 3,902	$ —	$ 47,404
Income tax (benefit) expense	$ 10,675	$ 3,645	$ 3,472	$ 700	$ —	$ 18,492
Income tax rate	19,048.9 %					39.0 %
Net (loss) income	$ (10,619)	$ 19,755	$ 16,574	$ 3,202	$ —	$ 28,912
Weighted average common shares outstanding, diluted[1]	30,465					31,284
Diluted (loss) earnings per share	$ (0.35)	$ 0.63	$ 0.53	$ 0.10	$ —	$ 0.92

EBITDA (Non-GAAP Measures)

($K)	Three Months Ended December 31, 2022	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended December 31, 2022 Adjusted
Operating Income	$ 31,027	$ 23,400	$ 20,046	$ —	$ —	$ 74,473
Add:						
Depreciation and Amortization	$ 24,855	$ —	$ (20,046)	$ —	$ —	$ 4,809
EBITDA	$ 55,882	$ 23,400	$ —	$ —	$ —	$ 79,282
EBITDA Margin	5.7 %					8.1 %

[1] Basic shares outstanding used to calculate GAAP EPS; Diluted shares outstanding used to calculate Adjusted EPS

Reconciliation Of Non-GAAP Measures

Non-GAAP Financial Measures

($K, except per share data)	Three Months Ended December 31, 2021	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended December 31, 2021 Adjusted
Revenue	$ 419,409	$ —	$ —	$ —	$ —	$ 419,409
Operating income	$ 10,017	$ 1,039	$ 2,507	$ —	$ 4	$ 13,567
Operating margin	2.4 %					3.2 %
Interest expense, net	$ (1,845)	$ —	$ —	$ 223	$ —	$ (1,622)
(Loss) income from operations before income taxes	$ 8,172	$ 1,039	$ 2,507	$ 223	$ 4	$ 11,945
Income tax (benefit) expense	$ 685	$ 87	$ 210	$ 19	$ —	$ 1,001
Income tax rate	8.4 %					8.4 %
Net (loss) income	$ 7,487	$ 952	$ 2,297	$ 204	$ 4	$ 10,944
Weighted average common shares outstanding, diluted	11,880					11,880
Diluted (loss) earnings per share	$ 0.63	$ 0.08	$ 0.19	$ 0.02	$ 0.00	$ 0.92

EBITDA (Non-GAAP Measures)

($K)	Three Months Ended December 31, 2021	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended December 31, 2021 Adjusted
Operating Income	$ 10,017	$ 1,039	$ 2,507	$ —	$ 4	$ 13,567
Add:						
Depreciation and Amortization	$ 4,245	$ —	$ (2,507)	$ —	$ —	$ 1,738
EBITDA	$ 14,262	$ 1,039	$ —	$ —	$ 4	$ 15,305
EBITDA Margin	3.4 %					3.6 %

Reconciliation Of Non-GAAP Measures

Non-GAAP Financial Measures

($K, except per share data)	Twelve Months Ended December 31, 2022	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Twelve Months Ended December 31, 2022 Adjusted
Revenue	$ 2,890,860	$ —	$ —	$ —	$ —	$ 2,890,860
Growth	62.1 %					62.1 %
Operating income	$ 55,771	$ 83,124	$ 48,643	$ —	$ —	$ 187,538
Operating margin	1.9 %					6.5 %
Interest expense, net	$ (61,879)	$ —	$ —	$ 7,805	$ —	$ (54,074)
(Loss) income from operations before income taxes	$ (6,108)	$ 83,124	$ 48,643	$ 7,805	$ —	$ 133,464
Income tax (benefit) expense	$ 8,222	$ 16,093	$ 9,417	$ 1,511	$ —	$ 35,243
Income tax rate	(134.6)%					26.4 %
Net (loss) income	$ (14,330)	$ 67,031	$ 39,226	$ 6,294	$ —	$ 98,221
Weighted average common shares outstanding, diluted[1]	20,996					21,346
Diluted (loss) earnings per share	$ (0.68)	$ 3.14	$ 1.84	$ 0.29	$ —	$ 4.60

EBITDA (Non-GAAP Measures)

($K)	Twelve Months Ended December 31, 2022	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Twelve Months Ended December 31, 2022 Adjusted
Operating Income	$ 55,771	$ 83,124	$ 48,643	$ —	$ —	$ 187,538
Add:						
Depreciation and Amortization	$ 62,115	$ —	$ (48,643)	$ —	$ —	$ 13,472
EBITDA	$ 117,886	$ 83,124	$ —	$ —	$ —	$ 201,010
EBITDA Margin	4.1 %					7.0 %

[1] Basic shares outstanding used to calculate GAAP EPS; Diluted shares outstanding used to calculate Adjusted EPS

Reconciliation Of Non-GAAP Measures

Non-GAAP Financial Measures

($K, except per share data)	Twelve Months Ended December 31, 2021	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Twelve Months Ended December 31, 2021 Adjusted
Revenue	$ 1,783,665	$ —	$ —	$ —	$ —	$ 1,783,665
Operating income	$ 62,020	$ 4,323	$ 10,028	$ —	$ 192	$ 76,563
Operating margin	3.5 %					4.3 %
Interest expense, net	$ (7,985)	$ —	$ —	$ 912	$ —	$ (7,073)
(Loss) income from operations before income taxes	$ 54,035	$ 4,323	$ 10,028	$ 912	$ 192	$ 69,490
Income tax (benefit) expense	$ 8,307	$ 665	$ 1,542	$ 161	$ 1,554	$ 12,229
Income tax rate	15.4 %					17.6 %
Net (loss) income	$ 45,728	$ 3,658	$ 8,486	$ 751	$ (1,362)	$ 57,261
Weighted average common shares outstanding, diluted	11,836					11,836
Diluted (loss) earnings per share	$ 3.86	$ 0.31	$ 0.71	$ 0.06	$ (0.11)	$ 4.84

EBITDA (Non-GAAP Measures)

($K)	Twelve Months Ended December 31, 2021	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Twelve Months Ended December 31, 2021 Adjusted
Operating Income	$ 62,020	$ 4,323	$ 10,028	$ —	$ 192	$ 76,563
Add:						
Depreciation and Amortization	$ 16,554	$ —	$ (10,028)	$ —	$ —	$ 6,526
EBITDA	$ 78,574	$ 4,323	$ —	$ —	$ 192	$ 83,089
EBITDA Margin	4.4 %					4.7 %



TRUSTED WHEREVER THE MISSION LEADS