

# PRESS RELEASE

## V2X Delivers Solid First Quarter Results

### First Quarter 2024 Summary

- Revenue up 7.1% y/y to \$1.01 billion
- Operating income of \$30.3 million; adjusted operating income<sup>1</sup> of \$62.9 million
- Net income of \$1.1 million, up \$18.6 million y/y
- Adjusted EBITDA<sup>1</sup> of \$69.1 million with a margin<sup>1</sup> of 6.8%
- Diluted EPS of \$0.04; Adjusted diluted EPS<sup>1</sup> of \$0.90
- Selected to provide technology solutions for threat detection and response to Chemical, Biological, Radiological, & Nuclear hazards
- Awarded position on U.S. Navy's Global Contingency Services Multiple Award Contract III valued up to \$2 billion

### 2024 Guidance:

- Reaffirming full-year 2024 guidance

**MCLEAN, Va.**, May 7, 2024 – V2X, Inc. (NYSE:VXX) announced first quarter 2024 financial results.

"V2X reported a solid start to 2024 with revenue up 7% year-over-year," said Chuck Prow, President and Chief Executive Officer of V2X. "Our leading growth indicators remain strong with a robust backlog of \$12.6 billion and a pipeline of nearer-term new business opportunities of \$25 billion. V2X continues to advance our transformation to deliver enhanced capabilities in an expanding market. Given our first quarter results and trends we are seeing in our business, we are reaffirming our 2024 guidance."

"We continue to witness growth in the Pacific or INDOPACOM, with our presence in the region proving to be a key channel to support increasing mission requirements," said Mr. Prow. "Revenue in the region was up 7% year-over-year. We continue to expand our scope of services in the region, which includes a new award to deploy an assured and protected private 5G communications solution and enable smart logistics in the Philippines. Additionally, our position in the Middle East or CENTCOM continues to expand with revenue up 22% year-over-year. As the largest services provider to the Department of Defense in the Middle East, V2X stands ready to support our clients mission requirements."

Mr. Prow continued, "V2X remains focused on differentiated operational technologies that fuse the digital and physical aspects of our clients' missions. This differentiation is driving growth and was recently demonstrated

through contract awards valued at \$75 million to provide technology solutions for threat detection and response to Chemical, Biological, Radiological, and Nuclear (CBRN) hazards. This work expanded from a prototype effort to a new sole source award for the production, upgrade, and fielding of cutting-edge systems at overseas operational locations. Under the contract, V2X is the lead systems integrator for CBRN Support to Command and Control (CSC2) program. CSC2 is the program of record for the integration of CBRN, which will link sensors together to provide integrated situational awareness about potential hazards to inform end user decision making.”

Mr. Prow concluded, “I’m pleased to announce that V2X was selected as a prime contractor for the U.S. Navy’s Global Contingency Services Multiple Award Contract III (GCSMAC III). The contract is valued at up to \$2 billion, was awarded by the Naval Facilities Engineering Command, Pacific in Hawaii, and enables V2X to provide critical support services for a wide range of scenarios, including natural disasters, humanitarian efforts, and military actions. The total contract value for GCSMAC III was increased significantly from the prior iteration, which reached its ceiling value of \$900 million. Importantly, V2X was the leading provider of services under the prior iteration of the contract, winning \$300 million in task orders.”

### **First Quarter 2024 Results**

“V2X reported revenue of \$1.0 billion in the quarter, which represents 7.1% year-over-year growth,” said Shawn Mural, Senior Vice President and Chief Financial Officer. “Revenue growth in the quarter was achieved through continued expansion of existing business in the Pacific and Middle East regions, as well as new programs. Growth in the Pacific was driven by continued expansion of scope and services, particularly at Kwajalein Atoll. Growth in the Middle East was driven primarily by expansion in Qatar and the ramp up of our longer-term Saudi Aviation Support & Training program.”

“For the quarter, the Company reported operating income of \$30.3 million and adjusted operating income<sup>1</sup> of \$62.9 million. Adjusted EBITDA<sup>1</sup> was \$69.1 million with a margin of 6.8%. First quarter GAAP diluted EPS was \$0.04, due primarily to merger and integration related costs, amortization of acquired intangible assets, and interest expense. Adjusted diluted EPS<sup>1</sup> for the quarter was \$0.90.”

“An important attribute of our business is the ability to generate strong cash flow with low capital expenditure requirements. We expect to deliver full-year adjusted net cash provided by operating activities<sup>1</sup> of \$145 million to \$165 million, representing 120% adjusted net income conversion<sup>1</sup> at the mid-point. During the quarter, net cash used by operating activities was \$57.2 million, in line with our historical pattern and reflective of a receivable delay that collected shortly after the quarter closed. Adjusted net cash used by operating activities<sup>1</sup> was \$83.5 million, adding back approximately \$5.8 million of M&A and integration costs and removing the contribution of the master accounts receivable purchase or MARPA facility of \$32.1 million.”

“At the end of the quarter, net debt for V2X was \$1,173 million. Net leverage ratio<sup>1</sup> was 3.5x, down from 3.8x at the end of the first quarter 2023. We expect to achieve a net leverage ratio of 3.0x, or below, by the end of 2024.”

“Total backlog as of March 29, 2024, was \$12.6 billion. Funded backlog was \$2.7 billion. Bookings in the quarter were \$0.8 billion, resulting in a trailing twelve-month book-to-bill of 1.2x.”

### **Reaffirming 2024 Guidance**

Mr. Mural concluded, “We are pleased with the performance across our business and start to the year. Our teams continue to execute, driving expansion on existing operations and phasing in of new programs. As such, the Company is reaffirming its guidance for 2024.”

Guidance for 2024 remains as follows:

<i>\$ millions, except for per share amounts</i>	2024 Guidance		2024 Mid-Point
Revenue	\$4,100	\$4,200	\$4,150
Adjusted EBITDA <sup>1</sup>	\$300	\$315	\$308
Adjusted Diluted Earnings Per Share <sup>1</sup>	\$3.85	\$4.20	\$4.03
Adjusted Net Cash Provided by Operating Activities <sup>1</sup>	\$145	\$165	\$155

The Company is not providing a quantitative reconciliation with respect to this forward-looking non-GAAP measure in reliance on the “unreasonable efforts” exception set forth in SEC rules because certain financial information, the probable significance of which cannot be determined, is not available and cannot be reasonably estimated. For example, unusual, one-time, non-ordinary, or non-recurring costs, which relate to M&A, integration and related activities cannot be reasonably estimated. Forward-looking statements are based upon current expectations and are subject to factors that could cause actual results to differ materially from those suggested here, including those factors set forth in the Safe Harbor Statement below.

### **First Quarter Conference Call**

Management will conduct a conference call with analysts and investors at 8:00 a.m. ET on Tuesday, May 7, 2024. U.S.-based participants may dial in to the conference call at 877-407-3982, while international participants may dial 201-493-6780. A live webcast of the conference call as well as an accompanying slide presentation will be available here: <https://app.webinar.net/24war3pJ8n7>

A replay of the conference call will be posted on the V2X website shortly after completion of the call and will be available for one year. A telephonic replay will also be available through May 21, 2024, at 844-512-2921 (domestic) or 412-317-6671 (international) with passcode 13745566.

Presentation slides that will be used in conjunction with the conference call will also be made available online in advance on the "investors" section of the company's website at <https://gov2x.com/>. V2X recognizes its website as a key channel of distribution to reach public investors and as a means of disclosing material non-public information to comply with its obligations under the U.S. Securities and Exchange Commission ("SEC") Regulation FD.

Footnotes:

<sup>1</sup> See "Key Performance Indicators and Non-GAAP Financial Measures" for descriptions and reconciliations.

## **About V2X**

V2X builds smart solutions designed to integrate physical and digital infrastructure - by aligning people, actions, and outputs. Our lifecycle solutions improve security, streamline logistics, and enhance readiness.

The Company delivers a comprehensive suite of integrated solutions across the operations and logistics, aerospace, training, and technology markets to national security, defense, civilian and international clients. Our global team of approximately 16,000 employees brings innovation to every point in the mission lifecycle, from preparation to operations, to sustainment, as it tackles the most complex challenges with agility, grit, and dedication.

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## **Safe Harbor Statement**

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 (the "Act"): Certain material presented herein includes forward-looking statements intended to qualify for the safe harbor from liability established by the Act. These forward-looking statements include, but are not limited to, all the statements and items listed under "2024 Guidance" above and other assumptions contained therein for purposes of such guidance, other statements about our 2024 performance outlook, revenue, contract opportunities, and any discussion of future operating or financial performance.

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.

These forward-looking statements are not guarantees of future performance, conditions, or results, and involve a number of known and unknown risks, uncertainties, assumptions, and other important factors, many of which are outside our management's control, which could cause actual results to differ materially from the results discussed in the forward-looking statements. 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. For a discussion of some of the risks and uncertainties that could cause actual results to differ from such forward-looking statements, see the risks and other factors detailed from time to time in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other filings with the SEC.

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.

V2X, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

	Three Months Ended	
	March 29, 2024	March 31, 2023
<i>(In thousands, except per share data)</i>		
Revenue	\$ 1,010,564	\$ 943,460
Cost of revenue	940,290	864,630
Selling, general, and administrative expenses	39,943	48,251
Operating income	30,331	30,579
Loss on extinguishment of debt	—	(22,052)
Interest expense, net	(27,574)	(31,744)
Other expense, net	(1,633)	—
Income (loss) from operations before income taxes	1,124	(23,217)
Income tax benefit	(20)	(5,737)
Net income (loss)	<u>\$ 1,144</u>	<u>\$ (17,480)</u>
Earnings (loss) per share		
Basic	\$ 0.04	\$ (0.57)
Diluted	\$ 0.04	\$ (0.57)
Weighted average common shares outstanding - basic	31,351	30,927
Weighted average common shares outstanding - diluted	31,794	30,927

V2X, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

<i>(In thousands, except per share data)</i>	March 29, 2024	December 31, 2023
<b>Assets</b>		
Current assets		
Cash, cash equivalents and restricted cash	\$ 35,658	\$ 72,651
Receivables	788,490	705,995
Prepaid expenses and other current assets	129,427	96,223
Total current assets	<u>953,575</u>	<u>874,869</u>
Property, plant, and equipment, net	93,362	85,429
Goodwill	1,648,298	1,656,926
Intangible assets, net	389,448	407,530
Right-of-use assets	37,629	41,215
Other non-current assets	17,379	15,931
Total non-current assets	<u>2,186,116</u>	<u>2,207,031</u>
<b>Total Assets</b>	<u><u>\$ 3,139,691</u></u>	<u><u>\$ 3,081,900</u></u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 430,600	\$ 453,052
Compensation and other employee benefits	139,349	158,088
Short-term debt	15,361	15,361
Other accrued liabilities	267,425	213,700
Total current liabilities	<u>852,735</u>	<u>840,201</u>
Long-term debt, net	1,154,345	1,100,269
Deferred tax liabilities	13,698	11,763
Operating lease liabilities	32,419	34,691
Other non-current liabilities	92,758	104,176
Total non-current liabilities	<u>1,293,220</u>	<u>1,250,899</u>
Total liabilities	<u>2,145,955</u>	<u>2,091,100</u>
Commitments and contingencies (Note 7)		
Shareholders' Equity		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; No shares issued and outstanding	—	—
Common stock; \$0.01 par value; 100,000,000 shares authorized; 31,452,806 and 31,191,628 shares issued and outstanding as of March 29, 2024 and December 31, 2023, respectively	315	312
Additional paid in capital	761,605	762,324
Retained earnings	231,995	230,851
Accumulated other comprehensive loss	(179)	(2,687)
Total shareholders' equity	<u>993,736</u>	<u>990,800</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$ 3,139,691</u></u>	<u><u>\$ 3,081,900</u></u>

V2X, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended	
	March 29, 2024	March 31, 2023
<i>(In thousands)</i>		
<b>Operating activities</b>		
Net income (loss)	\$ 1,144	\$ (17,480)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation expense	6,243	5,412
Amortization of intangible assets	22,539	22,606
Loss on disposal of property, plant, and equipment	8	31
Stock-based compensation	5,149	12,872
Deferred taxes	(262)	(6,034)
Amortization of debt issuance costs	2,160	2,513
Loss on extinguishment of debt	—	22,052
Changes in assets and liabilities:		
Receivables	(55,363)	(30,649)
Other assets	(23,522)	(9,778)
Accounts payable	(33,715)	(4,115)
Compensation and other employee benefits	(18,607)	(24,182)
Other liabilities	37,000	(11,740)
<b>Net cash used in operating activities</b>	<u>(57,226)</u>	<u>(38,492)</u>
<b>Investing activities</b>		
Purchases of capital assets	(7,775)	(9,076)
Proceeds from the disposition of assets	5	—
Acquisitions of businesses	(16,939)	—
<b>Net cash used in investing activities</b>	<u>(24,709)</u>	<u>(9,076)</u>
<b>Financing activities</b>		
Proceeds from issuance of long-term debt	—	250,000
Repayments of long-term debt	(3,840)	(421,013)
Proceeds from revolver	375,250	348,750
Repayments of revolver	(319,250)	(163,750)
Proceeds from stock awards and stock options	3	5
Payment of debt issuance costs	—	(7,507)
Prepayment premium on early redemption of debt	—	(1,600)
Payments of employee withholding taxes on share-based compensation	(5,702)	(12,806)
<b>Net cash provided by (used in) financing activities</b>	<u>46,461</u>	<u>(7,921)</u>
<b>Exchange rate effect on cash</b>	<u>(1,519)</u>	<u>1,567</u>
Net change in cash, cash equivalents and restricted cash	(36,993)	(53,922)
Cash, cash equivalents and restricted cash - beginning of period	72,651	116,067
<b>Cash, cash equivalents and restricted cash - end of period</b>	<u>\$ 35,658</u>	<u>\$ 62,145</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 27,125</u>	<u>\$ 29,066</u>
Income taxes paid	<u>\$ 1,014</u>	<u>\$ 300</u>
Purchase of capital assets on account	<u>\$ 410</u>	<u>\$ 494</u>



## Key Performance Indicators and Non-GAAP Measures

The primary financial performance measures we use to manage our business and monitor results of operations are revenue trends and operating income trends. Management believes that these financial performance measures are the primary drivers for our earnings and net cash from operating activities. Management evaluates its contracts and business performance by focusing on revenue, and operating income. Operating income represents revenue less both cost of revenue and selling, general and administrative (SG&A) expenses. Cost of revenue consists of labor, subcontracting costs, materials, and an allocation of indirect costs, which includes service center transaction costs. SG&A expenses consist of indirect labor costs (including wages and salaries for executives and administrative personnel), bid and proposal expenses and other general and administrative expenses not allocated to cost of revenue.

We manage the nature and amount of costs at the program level, which forms the basis for estimating our total costs and profitability. This is consistent with our approach for managing our business, which begins with management's assessing the bidding opportunity for each contract and then managing contract profitability throughout the performance period.

In addition to the key performance measures discussed above, we consider adjusted net income, adjusted diluted earnings per share, adjusted operating income, adjusted EBITDA, adjusted EBITDA margin, and adjusted operating cash flow to be useful to management and investors in evaluating our operating performance, and to provide a tool for evaluating our ongoing operations. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives. We provide this information to our investors in our earnings releases, presentations, and other disclosures.

Adjusted net income, adjusted diluted earnings per share, adjusted operating income, adjusted EBITDA, adjusted EBITDA margin, and adjusted net cash provided by (used in) operating activities, however, are not measures of financial performance under GAAP and should not be considered a substitute for financial measures determined in accordance with GAAP. Definitions and reconciliations of these items are provided below.

- *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 that impact current results but are not related to our ongoing operations, such as M&A, integration, and related costs.
- *Adjusted EBITDA* is defined as operating income, adjusted to exclude depreciation and amortization of intangible assets, and items that may include, but are not limited to, significant charges or credits, and

unusual and infrequent non-operating items that impact current results but are not related to our ongoing operations, such as M&A, integration, and related costs.

- *Adjusted EBITDA margin* is defined as adjusted EBITDA 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 that impact current results but are not related to our ongoing operations, such as M&A, integration and related costs, amortization of acquired intangible assets, amortization of debt issuance costs, and loss on extinguishment of debt.
- *Adjusted diluted earnings per share* is defined as adjusted net income divided by the weighted average diluted common shares outstanding.
- *Cash interest expense, net* is defined as interest expense, net adjusted to exclude amortization of debt issuance costs.
- *Adjusted net cash provided by (used in) operating activities or 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.
- *Net leverage ratio* is defined as net debt (or total debt less unrestricted cash) divided by trailing twelve-month (TTM) bank EBITDA.

## Non-GAAP Tables

(\$K, except per share data)	Three Months Ended	
	March 29, 2024	March 31, 2023
<b>Revenue</b>	\$ 1,010,564	\$ 943,460
<b>Net income (loss)</b>	\$ 1,144	\$ (17,480)
Plus:		
Income tax benefit	(20)	(5,737)
Other expense, net	1,633	—
Interest expense, net	27,574	31,744
Loss on extinguishment of debt	—	22,052
Amortization of intangible assets	22,539	22,606
M&A, integration and related costs	9,981	10,767
<b>Adjusted operating income</b>	<b>\$ 62,851</b>	<b>\$ 63,952</b>
Plus:		
Depreciation expense	6,243	5,412
<b>Adjusted EBITDA</b>	<b>\$ 69,094</b>	<b>\$ 69,364</b>
<b>Adjusted EBITDA margin</b>	<b>6.8 %</b>	<b>7.4 %</b>
Minus:		
Cash interest expense, net	25,414	29,231
Income tax expense, as adjusted	7,155	8,580
Depreciation expense	6,243	5,412
Other expense, net	1,633	—
<b>Adjusted net income</b>	<b>\$ 28,649</b>	<b>\$ 26,141</b>

(\$K, except per share data)	Three Months Ended	
	March 29, 2024	March 31, 2023
<b>Diluted earnings (loss) per share</b>	\$ 0.04	\$ (0.57)
Plus:		
M&A, integration and related costs	0.25	0.26
Amortization of intangible assets	0.56	0.54
Amortization of debt issuance costs and Loss on extinguishment of debt	0.05	0.60
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.90</b>	<b>\$ 0.83</b>
<b>Average shares outstanding</b>		
Basic, as reported	31,351	30,927
Diluted, as reported	31,794	30,927
Adjusted diluted	31,794	31,334

## SUPPLEMENTAL INFORMATION

Revenue by client branch, contract type, contract relationship, and geographic region for the periods presented below was as follows:

### Revenue by Client

<i>(In thousands)</i>	Three Months Ended			
	March 29,		March 31,	
	2024	%	2023	%
Army	\$ 433,430	43 %	\$ 390,503	41 %
Navy	321,384	32 %	292,690	31 %
Air Force	118,569	12 %	129,981	14 %
Other	137,181	13 %	130,286	14 %
Total revenue	<u>\$ 1,010,564</u>		<u>\$ 943,460</u>	

### Revenue by Contract Type

<i>(In thousands)</i>	Three Months Ended			
	March 29,		March 31,	
	2024	%	2023	%
Cost-plus and cost-reimbursable	\$ 604,167	60 %	\$ 523,030	55 %
Firm-fixed-price	379,272	38 %	385,112	41 %
Time-and-materials	27,125	2 %	35,318	4 %
Total revenue	<u>\$ 1,010,564</u>		<u>\$ 943,460</u>	

### Revenue by Contract Relationship

<i>(In thousands)</i>	Three Months Ended			
	March 29,		March 31,	
	2024	%	2023	%
Prime contractor	\$ 945,155	94 %	\$ 879,179	93 %
Subcontractor	65,409	6 %	64,281	7 %
Total revenue	<u>\$ 1,010,564</u>		<u>\$ 943,460</u>	

### Revenue by Geographic Region

<i>(In thousands)</i>	Three Months Ended			
	March 29,		March 31,	
	2024	%	2023	%
United States	\$ 544,726	54 %	\$ 548,770	58 %
Middle East	343,216	34 %	281,121	30 %
Asia	68,802	7 %	64,317	7 %
Europe	53,820	5 %	49,252	5 %
Total revenue	<u>\$ 1,010,564</u>		<u>\$ 943,460</u>	

Source: V2X, Inc.