UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 27, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-36341

V2X, Inc.

(Exact name of registrant as specified in its charter)

Indiana	38-3924636
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

7901 Jones Branch Drive, Suite 700, McLean Virginia 22102
(Address of Principal Executive Offices) (Zip Code)
Registrant's telephone number, including area code:
(571) 481-2000

Securities Registered Under Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.01 Per Share	VVX	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☑	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐

No ☑

As of October 29, 2024, there were 31,560,490 shares of common stock ($0.01 par value per share) outstanding.

V2X, INC.

QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

V2X, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(In thousands, except per share data)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023
Revenue	$ 1,081,656	$ 1,001,507	$ 3,164,403	$ 2,922,819
Cost of revenue	990,220	930,828	2,928,858	2,685,910
Selling, general, and administrative expenses	41,549	49,640	127,901	151,021
Operating income	49,887	21,039	107,644	85,888
Loss on extinguishment of debt	—	—	(1,998)	(22,052)
Interest expense, net	(27,152)	(30,252)	(83,533)	(93,946)
Other expense, net	(3,198)	(2,024)	(9,566)	(2,335)
Income (loss) from operations before income taxes	19,537	(11,237)	12,547	(32,445)
Income tax expense (benefit)	4,486	(4,837)	2,896	(10,364)
Net income (loss)	$ 15,051	$ (6,400)	$ 9,651	$ (22,081)
Earnings (loss) per share				
Basic	$ 0.48	$ (0.21)	$ 0.31	$ (0.71)
Diluted	$ 0.47	$ (0.21)	$ 0.30	$ (0.71)
Weighted average common shares outstanding - basic	31,550	31,179	31,458	31,048
Weighted average common shares outstanding - diluted	31,973	31,179	31,921	31,048

The accompanying notes are an integral part of these financial statements.

V2X, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(In thousands)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023
Net income (loss)	$ 15,051	$ (6,400)	$ 9,651	$ (22,081)
Other comprehensive (loss) income, net of tax				
Changes in derivative instruments:				
Net change in fair value of interest rate swaps	(10,247)	4,170	(4,785)	9,481
Tax benefit (expense)	2,523	(1,759)	1,220	(3,203)
Net change in derivative instruments	(7,724)	2,411	(3,565)	6,278
Foreign currency translation adjustments, net of tax	4,574	(2,324)	1,305	(96)
Other comprehensive (loss) income, net of tax	(3,150)	87	(2,260)	6,182
Total comprehensive income (loss)	$ 11,901	$ (6,313)	$ 7,391	$ (15,899)

The accompanying notes are an integral part of these financial statements.

V2X, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands, except per share data)	September 27, 2024	December 31, 2023
Assets		
Current assets		
Cash, cash equivalents and restricted cash	$ 59,857	$ 72,651
Receivables	766,399	705,995
Prepaid expenses and other current assets	156,042	96,223
Total current assets	982,298	874,869
Property, plant, and equipment, net	65,746	85,429
Goodwill	1,652,855	1,656,926
Intangible assets, net	345,712	407,530
Right-of-use assets	33,370	41,215
Other non-current assets	46,124	15,931
Total non-current assets	2,143,807	2,207,031
Total Assets	$ 3,126,105	$ 3,081,900
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 538,225	$ 453,052
Compensation and other employee benefits	115,569	158,088
Short-term debt	16,878	15,361
Other accrued liabilities	235,379	213,700
Total current liabilities	906,051	840,201
Long-term debt, net	1,096,865	1,100,269
Deferred tax liabilities	12,313	11,763
Operating lease liabilities	29,590	34,691
Other non-current liabilities	78,725	104,176
Total non-current liabilities	1,217,493	1,250,899
Total liabilities	2,123,544	2,091,100
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; 31,556,556 and 31,191,628 shares issued and outstanding as of September 27, 2024 and December 31, 2023, respectively	316	312
Additional paid in capital	766,690	762,324
Retained earnings	240,502	230,851
Accumulated other comprehensive loss	(4,947)	(2,687)
Total shareholders' equity	1,002,561	990,800
Total Liabilities and Shareholders' Equity	$ 3,126,105	$ 3,081,900

The accompanying notes are an integral part of these financial statements.

V2X, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Nine Months Ended	
(In thousands)	September 27, 2024	September 29, 2023
Operating activities		
Net income (loss)	$ 9,651	$ (22,081)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	16,442	16,532
Amortization of intangible assets	68,252	67,818
Amortization of cloud computing arrangements	2,073	213
Impairment of non-operating long-lived asset	2,192	—
Loss on disposal of property, plant, and equipment	1,170	625
Stock-based compensation	12,874	26,809
Deferred taxes	72	(9,887)
Amortization of debt issuance costs	5,717	6,875
Loss on extinguishment of debt	1,998	22,052
Changes in assets and liabilities:		
Receivables	(25,614)	9,647
Other assets	(70,827)	7,916
Accounts payable	66,101	28,094
Compensation and other employee benefits	(42,417)	(28,620)
Other liabilities	(16,581)	9,182
Net cash provided by operating activities	31,103	135,175
Investing activities		
Purchases of capital assets	(10,700)	(16,559)
Proceeds from the disposition of assets	14	16
Acquisitions of businesses	(16,939)	—
Distribution from joint venture	—	834
Net cash used in investing activities	(27,625)	(15,709)
Financing activities		
Proceeds from issuance of long-term debt	—	250,000
Repayments of long-term debt	(7,669)	(428,763)
Proceeds from revolver	1,009,250	719,750
Repayments of revolver	(1,009,250)	(669,750)
Proceeds from stock awards and stock options	154	7
Payment of debt issuance costs	(1,188)	(7,507)
Prepayment premium on early redemption of debt	—	(1,600)
Payments of employee withholding taxes on stock-based compensation	(8,036)	(17,871)
Net cash used in financing activities	(16,739)	(155,734)
Exchange rate effect on cash	467	(1,540)
Net change in cash, cash equivalents and restricted cash	(12,794)	(37,808)
Cash, cash equivalents and restricted cash - beginning of period	72,651	116,067
Cash, cash equivalents and restricted cash - end of period	$ 59,857	$ 78,259
Supplemental disclosure of cash flow information:		
Interest paid	$ 74,774	$ 89,635
Income taxes paid	$ 9,167	$ 5,242
Purchase of capital assets on account	$ 90	$ 2,882

The accompanying notes are an integral part of these financial statements.

V2X, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES TO SHAREHOLDERS' EQUITY (UNAUDITED)

	Common Stock Issued					
(In thousands)	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
Balance at December 31, 2022	**30,470**	**$ 305**	**$ 748,877**	**$ 253,424**	**$ (5,527)**	**$ 997,079**
Net loss	—	—	—	(17,480)	—	(17,480)
Foreign currency translation adjustments	—	—	—	—	1,806	1,806
Unrealized loss on cash flow hedge	—	—	—	—	(2,199)	(2,199)
Employee stock awards and stock options	535	5	—	—	—	5
Taxes withheld on stock compensation awards	—	—	(12,806)	—	—	(12,806)
Stock-based compensation	—	—	12,066	—	—	12,066
Balance at March 31, 2023	**31,005**	**$ 310**	**$ 748,137**	**$ 235,944**	**$ (5,920)**	**$ 978,471**
Net income	—	—	—	1,799	—	1,799
Foreign currency translation adjustments	—	—	—	—	422	422
Unrealized gain on cash flow hedge	—	—	—	—	6,066	6,066
Employee stock awards and stock options	76	1	—	—	—	1
Taxes withheld on stock compensation awards	—	—	(1,812)	—	—	(1,812)
Stock-based compensation	—	—	7,771	—	—	7,771
Balance at June 30, 2023	**31,081**	**$ 311**	**$ 754,096**	**$ 237,743**	**$ 568**	**$ 992,718**
Net income	—	—	—	(6,400)	—	(6,400)
Foreign currency translation adjustments	—	—	—	—	(2,324)	(2,324)
Unrealized gain on cash flow hedge	—	—	—	—	2,411	2,411
Employee stock awards and stock options	106	1	—	—	—	1
Taxes withheld on stock compensation awards	—	—	(3,254)	—	—	(3,254)
Stock-based compensation	—	—	5,939	—	—	5,939
Balance at September 29, 2023	**31,187**	**$ 312**	**$ 756,781**	**$ 231,343**	**$ 655**	**$ 989,091**

V2X, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES TO SHAREHOLDERS' EQUITY (UNAUDITED)

	Common Stock Issued					
(In thousands)	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Shareholders' Equity
Balance at December 31, 2023	**31,192**	**$ 312**	**$ 762,324**	**$ 230,851**	**$ (2,687)**	**$ 990,800**
Net income	—	—	—	1,144	—	1,144
Foreign currency translation adjustments	—	—	—	—	(3,431)	(3,431)
Unrealized gain on cash flow hedge	—	—	—	—	5,939	5,939
Employee stock awards and stock options	261	3	—	—	—	3
Taxes withheld on stock compensation awards	—	—	(5,702)	—	—	(5,702)
Stock-based compensation	—	—	4,983	—	—	4,983
Balance at March 29, 2024	**31,453**	**$ 315**	**$ 761,605**	**$ 231,995**	**$ (179)**	**$ 993,736**
Net loss	—	—	—	(6,544)	—	(6,544)
Foreign currency translation adjustments	—	—	—	—	162	162
Unrealized loss on cash flow hedge	—	—	—	—	(1,780)	(1,780)
Employee stock awards and stock options	27	—	146	—	—	146
Taxes withheld on stock compensation awards	—	—	(65)	—	—	(65)
Stock-based compensation	—	—	6,296	—	—	6,296
Balance at June 28, 2024	**31,480**	**$ 315**	**$ 767,982**	**$ 225,451**	**$ (1,797)**	**$ 991,951**
Net income	—	—	—	15,051	—	15,051
Foreign currency translation adjustments	—	—	—	—	4,574	4,574
Unrealized loss on cash flow hedge	—	—	—	—	(7,724)	(7,724)
Employee stock awards and stock options	77	1	4	—	—	5
Taxes withheld on stock compensation awards	—	—	(2,269)	—	—	(2,269)
Stock-based compensation	—	—	973	—	—	973
Balance at September 27, 2024	**31,557**	**$ 316**	**$ 766,690**	**$ 240,502**	**$ (4,947)**	**$ 1,002,561**

The accompanying notes are an integral part of these financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1

DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

V2X, Inc., an Indiana Corporation, formerly known as Vectrus, Inc. (Vectrus), is a leading provider of critical mission solutions and support to defense clients globally. The Company operates as one segment and delivers a comprehensive suite of integrated solutions and critical service offerings across the operations and logistics, aerospace, training and technology markets to national security, defense, civilian and international clients.

Unless the context otherwise requires or unless stated otherwise, references in these notes to "V2X", "we," "us," "our," “combined company”, "the Company" and "our Company" refer to V2X, Inc. and all of its consolidated subsidiaries, taken together as a whole.

Equity Investments

In 2011, the Company entered into a joint venture agreement with Shaw Environmental & Infrastructure, Inc., which is now APTIM Federal Services LLC. Pursuant to the joint venture agreement, High Desert Support Services, LLC (HDSS) was established to pursue and perform work on the Ft. Irwin Installation Support Services Contract, which was awarded to HDSS in October 2012. In 2018, the Company entered into a joint venture agreement with J&J Maintenance. Pursuant to the joint venture agreement, J&J Facilities Support, LLC (J&J) was established to pursue and perform work on various U.S. government contracts. In 2020, the Company entered into a joint venture agreement with Kuwait Resources House for Human Resources Management and Services Company. Pursuant to the joint venture agreement, ServCore Resources and Services Solutions, LLC (ServCore) was established to operate and manage labor and life support services outside of the continental United States at designated locations serviced by V2X and others around the world. In February 2022, the Company and Permagreen Grønland formed Inuksuk A/S (Inuksuk), a corporation in Greenland to bid for certain contracts in Greenland.

The Company accounts for its investments in HDSS, J&J, ServCore, and Inuksuk under the equity method and has the ability to exercise significant influence but does not hold a controlling interest. The Company's proportionate 25%, 50%, 40%, and 49% shares, respectively, of income or losses from HDSS, J&J, ServCore, and Inuksuk are recorded in selling, general and administrative expenses in the Condensed Consolidated Statements of Income (Loss). These investments are recorded in other non-current assets in the Condensed Consolidated Balance Sheets.

When cash distributions are received by the Company from its equity method investments, the cash distribution is compared to cumulative earnings and cumulative cash distributions. Cash distributions received are recorded as a return on investment in operating cash flows within the Condensed Consolidated Statements of Cash Flows to the extent cumulative cash distributions are less than cumulative earnings. Any cash distributions in excess of cumulative earnings are recorded as a return of investment in investing cash flows within the Condensed Consolidated Statements of Cash Flows. As of September 27, 2024 and December 31, 2023, the Company's combined investment balance was $8.7 million and $5.4 million, respectively. The Company's proportionate share of income from equity method investments was $2.0 million and $9.0 million for the three and nine months ended September 27, 2024, respectively, and a loss of $1.5 million and income of $2.3 million for the three and nine months ended September 29, 2023, respectively.

Basis of Presentation

The Company's quarterly financial periods end on the Friday closest to the last day of the calendar quarter (September 27, 2024 for the third quarter of 2024 and September 29, 2023 for the third quarter of 2023), except for the last quarter of the fiscal year, which ends on December 31. For ease of presentation, the quarterly financial statements included herein are described as three months ended.

The unaudited interim Condensed Consolidated Financial Statements of V2X have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the U.S. (GAAP) have been omitted. These unaudited interim Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

It is management’s opinion that these financial statements include all normal and recurring adjustments necessary for a fair presentation of the Company’s financial position and operating results. Revenue and net income for any interim period are not necessarily indicative of future or annual results.

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no material impact on the results of operations, financial position, or changes in shareholders’ equity.

Restricted Cash

As of September 27, 2024, the Company had total cash, cash equivalents, and restricted cash of $59.9 million which included $2.1 million of restricted cash. The Company's restricted cash was $2.0 million as of December 31, 2023.

Cloud Computing Arrangements (CCA)

The Company capitalizes implementation costs associated with its CCA consistent with costs capitalized for internal-use software. Capitalized CCA implementation costs are included in prepaid expenses and other current assets and other non-current assets on the Company's Condensed Consolidated Balance Sheets. The CCA implementation costs are amortized over the term of the related hosting agreement, including renewal periods that are reasonably certain to be exercised. Amortization expense of CCA implementation costs is included in cost of revenue on the Company's Condensed Consolidated Statements of Income (Loss). The CCA implementation costs are included within operating activities on the Company's Condensed Consolidated Statements of Cash Flows.

As of September 27, 2024, the Company had total capitalized CCA implementation costs, net of accumulated amortization, of $30 million included in prepaid expenses and other current assets and other non-current assets.

Prepaid Expenses and Other Current Assets

The components of prepaid expenses and other current assets are as follows:

(In thousands)	September 27, 2024	December 31, 2023
Inventory, net	$ 49,714	$ 46,981
Prepaid expenses	44,411	30,664
Prepaid taxes	12,102	10,715
Other	49,815	7,863
Total	$ 156,042	$ 96,223

Related Party Transactions

During the three and nine months ended September 27, 2024, the Company recorded no income and income of $0.7 million, respectively, and $0.7 million and $2.1 million of income for the three and nine months ended September 29, 2023, respectively, related to a Transition Services Agreement with Crestview Aerospace LLC (Crestview). The income was recorded as a reduction in cost of revenue. Crestview is a subsidiary of American Industrial Partners Capital Fund VI, L.P. (AIP), an affiliate of the majority shareholder of the Company.

NOTE 2

RECENT ACCOUNTING STANDARDS UPDATE

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2023-07, Segment Reporting (Topic 280), to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Amongst other amendments, the standard requires annual and interim disclosures of significant segment expenses that are regularly provided to the chief operating decision maker (CODM), and interim disclosures about a reportable segment's profit or loss and assets that are currently required annually. This standard does not change how an entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of adoption of this standard on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09 Income Taxes (Topic 740) to improve income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this ASU are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of adoption of this standard on its consolidated financial statements.

NOTE 3

REVENUE

Remaining Performance Obligations

Remaining performance obligations represent firm orders by the customer and exclude potential orders under indefinite delivery and indefinite quantity (IDIQ) contracts, unexercised contract options and contracts awarded to us that are being protested by competitors with the U.S. Government Accountability Office (GAO) or in the U.S. Court of Federal Claims (COFC). The level of order activity related to programs can be affected by the timing of government funding authorizations and their project evaluation cycles. Year-over-year comparisons could, at times, be impacted by these factors, among others.

The Company's contracts are multi-year contracts and typically include an initial period of one year or less with annual one year (or less) option periods. The number of option periods varies by contract, and there is no guarantee that an option period will be exercised. The right to exercise an option period is at the sole discretion of the U.S. government when the Company is the prime contractor or of the prime contractor when the Company is a subcontractor. The Company expects to recognize a substantial portion of its performance obligations as revenue within the next 12 months. However, the U.S. government or the prime contractor may cancel any contract at any time through a termination for convenience or for cause. Substantially all the Company's contracts have terms that would permit recovery of all or a portion of the Company's incurred costs and fees for work performed in the event of a termination for convenience.

Remaining performance obligations are presented in the following table:

(In millions)	September 27, 2024	December 31, 2023
Performance Obligations	$ 4,033	$ 3,629

As of September 27, 2024, the Company expects to recognize approximately 23% and 77% of these remaining performance obligations as revenue in 2024 and 2025, respectively.

Contract Estimates

The impact of adjustments in contract estimates on the Company's operating income can be reflected in either revenue or cost of revenue. Cumulative adjustments for the three and nine months ended September 27, 2024 were favorable by $17.3 million and $18.5 million, respectively. Cumulative adjustments for the three and nine months ended September 29, 2023 were favorable by $5.0 million and $27.2 million, respectively.

For the three and nine months ended September 27, 2024, the net adjustments to operating income increased revenue by $12.8 million and $22.2 million, respectively. For the three and nine months ended September 29, 2023, the net adjustments to operating income increased revenue by $10.3 million and $33.8 million, respectively.

Revenue by Category

Generally, the sales price elements for the Company's contracts are cost-plus, cost-reimbursable, firm-fixed-price and time-and-materials, all of which are commonly identified with a single contract.

On a cost-plus contract, the Company is paid allowable incurred costs plus a profit, which can be fixed or variable depending on the contract’s fee arrangement, up to funding levels predetermined by the Company's customers. The Company does not bear the risks of unexpected cost overruns, provided that incurred costs do not exceed the predetermined funded amounts. Most of the Company's cost-plus contracts also contain a firm-fixed-price element. Cost-plus contracts with award and incentive fee provisions are primarily variable contract fee arrangements. Award fees provide for a fee based on actual performance relative to contractually specified performance criteria. Incentive fees are based on the relationship between total allowable and target cost.

Most of the Company's contracts include a cost-reimbursable element to capture costs of consumable materials required for the program. Typically, these costs do not bear fees.

On a firm-fixed-price contract, the Company agrees to perform the contractual statement of work for a predetermined contract price. A firm-fixed-price contract typically offers higher profit margin potential than a cost-plus contract, which is commensurate with the greater levels of risk assumed on a firm-fixed-price contract. Although a firm-fixed-price contract generally permits retention of profits if the total actual contract costs are less than the estimated contract costs, the Company bears the risk that increased or unexpected costs may reduce profit or cause the Company to sustain losses on the contract. Although the overall scope of work required under the contract may not change, profit may be adjusted as experience is gained and as efficiencies are realized or costs are incurred.

On a time-and-materials contract, the Company is reimbursed for labor at fixed hourly rates and generally reimbursed separately for allowable materials, costs and expenses at cost. For this contract type, the Company bears the risk that labor costs and allocable indirect expenses are greater than the fixed hourly rate defined within the contract.

The following tables present various revenue disaggregations.

Revenue by contract type is as follows:

(In thousands)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	% Change	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023	% Change
Cost-plus and cost-reimbursable	$ 649,925	$ 570,402	13.9 %	$ 1,850,584	$ 1,589,619	16.4 %
Firm-fixed-price	403,132	402,219	0.2 %	1,229,565	1,237,110	(0.6)%
Time-and-materials	28,599	28,886	(1.0)%	84,254	96,090	(12.3)%
Total revenue	$ 1,081,656	$ 1,001,507		$ 3,164,403	$ 2,922,819	

Revenue by geographic region in which the contract is performed is as follows:

(In thousands)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	% Change	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023	% Change
United States	$ 604,872	$ 571,405	5.9 %	$ 1,728,480	$ 1,698,689	1.8 %
Middle East	346,527	305,918	13.3 %	1,050,888	866,122	21.3 %
Asia	82,907	63,259	31.1 %	236,371	193,109	22.4 %
Europe	47,350	60,925	(22.3)%	148,664	164,899	(9.8)%
Total revenue	$ 1,081,656	$ 1,001,507		$ 3,164,403	$ 2,922,819	

Revenue by contract relationship is as follows:

(In thousands)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	% Change	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023	% Change
Prime contractor	$ 1,021,497	$ 945,669	8.0 %	$ 2,972,773	$ 2,740,908	8.5 %
Subcontractor	60,159	55,838	7.7 %	191,630	181,911	5.3 %
Total revenue	$ 1,081,656	$ 1,001,507		$ 3,164,403	$ 2,922,819	

Revenue by customer is as follows:

(In thousands)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	% Change	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023	% Change
Army	$ 455,877	$ 412,841	10.4 %	$ 1,345,997	$ 1,196,843	12.5 %
Navy	366,217	311,088	17.7 %	1,037,425	896,976	15.7 %
Air Force	121,863	134,728	(9.5)%	367,899	418,710	(12.1)%
Other	137,699	142,850	(3.6)%	413,082	410,290	0.7 %
Total revenue	$ 1,081,656	$ 1,001,507		$ 3,164,403	$ 2,922,819	

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed and unbilled accounts receivable (contract assets) and customer advances and deposits (contract liabilities) on the Condensed Consolidated Balance Sheets. Amounts are billed as work progresses in accordance with agreed-upon contractual terms at periodic intervals (e.g., biweekly or monthly). Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Company may receive advances or deposits from its customers before revenue is recognized, resulting in contract liabilities. These advance billings and payments are not considered significant financing components because they are frequently intended to ensure that both parties are in conformance with the primary contract terms. These assets and liabilities are reported on the Condensed Consolidated Balance Sheets on a contract-by-contract basis at the end of each reporting period.

As of January 1, 2023, the Company had contract assets of $487.8 million. As of September 27, 2024 and December 31, 2023, the Company had contract assets of $644.7 million and $561.9 million, respectively. Contract assets primarily consist of unbilled receivables which represent rights to consideration for work completed but not billed as of the reporting date. The balance of unbilled receivables consists of costs and fees that are: (i) billable immediately; (ii) billable on contract completion; or (iii) billable upon other specified events, such as the resolution of a request for equitable adjustment. Refer to Note 4, *Receivables* for additional information regarding the composition of the Company's receivable balances. As of January 1, 2023, the Company had contract liabilities of $76.4 million. As of September 27, 2024 and December 31, 2023, contract liabilities, included in other accrued liabilities in the Condensed Consolidated Balance Sheets, were $96.2 million and $109.6 million, respectively.

NOTE 4

RECEIVABLES

Receivables were comprised of the following:

(In thousands)	September 27, 2024	December 31, 2023
Billed receivables	$ 101,274	$ 109,318
Unbilled receivables (contract assets)	644,735	561,862
Other	20,390	34,815
Total receivables	$ 766,399	$ 705,995

As of September 27, 2024 and December 31, 2023, substantially all billed receivables were due from the U.S. government, either directly as prime contractor to the U.S. government or as subcontractor to another prime contractor to the U.S. government. Because the Company's billed receivables are with the U.S. government, the Company does not believe it has a material credit risk exposure.

Unbilled receivables are contract assets that represent revenue recognized on long-term contracts in excess of amounts billed as of the balance sheet date. The Company expects to bill customers for most of the September 27, 2024 contract assets during 2024. Changes in the balance of receivables are primarily due to the timing differences between performance and customers' payments.

NOTE 5

DEBT

Senior Secured Credit Facilities

First Lien Credit Agreement

On May 30, 2024, the First Lien Credit Agreement was amended to provide, among other things, a new tranche of term loans in an aggregate original principal amount of $906.6 million (the New Term Loans), in which the New Term Loans replace or refinance in full all the existing term loans outstanding under the First Lien Term Tranche as in effect immediately prior to the amendment (the Existing Term Loans). The loans under the First Lien Credit Agreement, as amended (the First Lien Credit Agreement), amortize in an amount equal to approximately $2.3 million per quarter through September 30, 2030, with the balance of $847.6 million due on December 6, 2030. The replacement of the Existing Term Loans with the New Term Loans resulted in a loss on extinguishment of debt of $2.0 million in the Condensed Consolidated Statement of Income (Loss) for the nine months ended September 27, 2024.

Vertex Aerospace Services LLC (Vertex Borrower) obligations under the First Lien Credit Agreement are guaranteed by Vertex Intermediate LLC and Vertex Borrower's wholly-owned domestic subsidiaries (collectively, the Guarantors), subject to customary exceptions and limitations. The Vertex Borrower's obligations under the First Lien Credit Agreement and the Guarantors' obligations under the related guarantees are secured by a first priority-lien on substantially all the Vertex Borrower's and the Guarantors' assets which exists on a *pari passu* basis with the lien held by the 2023 Credit Agreement lenders.

The borrowings under the First Lien Credit Agreement bear interest at rates that, at the Vertex Borrower's option, can be either a base rate, determined by reference to the greater of (a) the federal funds rate plus 0.50%, (b) the prime lending rate, or (c) an adjusted Secured Overnight Financing Rate (SOFR) rate plus 1.00%, plus a margin of 1.75% per annum, or SOFR, plus a margin of 2.75% per annum. As of September 27, 2024, the effective interest rate for the First Lien Credit Agreement was 8.52%.

The First Lien Credit Agreement contains customary representations and warranties and affirmative covenants. The First Lien Credit Agreement also includes negative covenants that limit, among other things, additional indebtedness, additional liens, sales of assets, dividends, investments and advances, prepayments of debt and mergers and acquisitions.

The First Lien Credit Agreement contains customary events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the First Lien Credit Agreement to be in full force and effect, and a change of control. If an event of default occurs and is continuing, the Vertex Borrower may be required immediately to repay all amounts outstanding under the First Lien Credit Agreement.

As of September 27, 2024, the carrying value of the First Lien Credit Agreement was $904.3 million, excluding deferred discount and unamortized deferred financing costs of $31.0 million. The estimated fair value of the First Lien Credit Agreement as of September 27, 2024 was $903.2 million. The fair value is based on observable inputs of interest rates that are currently available to us for debt with similar terms and maturities for non-public debt (Level 2).

2023 Credit Agreement

The 2023 Credit Agreement provides for $750.0 million in senior secured financing, with a first lien on substantially all the Vertex Borrower's assets and consists of (a) a $500.0 million five-year revolving credit facility (2023 Revolver) (which includes (i) a $50.0 million sublimit of availability for letters of credit, and (ii) a $50.0 million sublimit for short-term borrowings on a swingline basis) and (b) a five-year $250.0 million term loan (2023 Term Loan).

The 2023 Term Loan amortizes at approximately $1.6 million per quarter for the fiscal quarters ending June 30, 2023 through March 31, 2025, increasing to $3.1 million per quarter for the fiscal quarters ending June 30, 2025 through December 31, 2027, with the balance of $203.1 million due on February 28, 2028.

The Vertex Borrower's obligations under the 2023 Credit Agreement are guaranteed by the Guarantors, subject to customary exceptions and limitations. The Vertex Borrower's obligations under the 2023 Credit Agreement and the Guarantors' obligations under the related guarantees are secured by a first priority-lien on substantially all of the Vertex Borrower's and the Guarantors' assets (subject to customary exceptions and limitations) which exists on a *pari passu* basis with the lien held by the First Lien Credit Agreement lenders.

The borrowings under the 2023 Credit Agreement bear interest at rates that, at the Vertex Borrower's option, can be either a base rate, determined by reference to the greater of (a) the federal funds rate plus 0.50%, (b) the prime lending rate, or (c) an adjusted SOFR rate plus 1.00%, plus a margin of 1.00% to 2.25% per annum, or adjusted SOFR, plus a margin of 2.00% to 3.25% per annum, in each case, depending on the consolidated total net leverage ratio of the Vertex Borrower and its subsidiaries. As of September 27, 2024, the effective interest rate for the 2023 Term Loan was 8.55%.

Unutilized commitments under the 2023 Revolver are subject to a per annum fee ranging from 0.25% to 0.50% depending on the consolidated total net leverage ratio of the Vertex Borrower and its subsidiaries.

The Vertex Borrower is also required to pay a letter of credit fronting fee to each letter of credit issuer equal to 0.125% per annum of the amount available to be drawn under each such letter of credit (or such other amount as may be mutually agreed by the Vertex Borrowers and the applicable letter of credit issuer), as well as a fee to all lenders equal to the applicable margin to SOFR of revolving credit loans times the average daily amount available to be drawn under all outstanding letters of credit.

The 2023 Credit Agreement contains customary representations and warranties, which must be accurate for the Vertex Borrower to borrow under the 2023 Credit Agreement, and affirmative covenants. The 2023 Credit Agreement also includes negative covenants that limit, among other things, additional indebtedness, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions.

The 2023 Credit Agreement contains financial covenants requiring (a) the consolidated total net leverage ratio not to exceed 5.00 to 1.00 for the reporting periods ending on or after June 30, 2023, and on or prior to June 30, 2024, with a step down to 4.75 to 1.00 for periods ending on or after July 1, 2024, and on or prior to December 31, 2025, with further step downs thereafter, and (b) the consolidated interest coverage ratio be at least 2.00 to 1.00 commencing with the reporting period ending on June 30, 2023.

The 2023 Credit Agreement contains customary events of default, including, but not limited to, payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the 2023 Credit Agreement to be in full force and effect, and a change of control. If an event of default occurs and is continuing, the Vertex Borrowers may be required immediately to repay all amounts outstanding under the 2023 Credit Agreement.

As of September 27, 2024, there were $15.9 million of outstanding letters of credit under the 2023 Revolver. Availability under the 2023 Revolver was $484.1 million as of September 27, 2024. Unamortized deferred financing costs related to the 2023 Revolver of $3.4 million are included in other non-current assets in the Condensed Consolidated Balance Sheets as of September 27, 2024. As of September 27, 2024, the fair value of the 2023 Revolver approximated the carrying value because the debt bears a floating interest rate.

As of September 27, 2024, the carrying value of the 2023 Term Loan was $242.2 million, excluding unamortized deferred financing costs of $1.7 million. The estimated fair value of the 2023 Term Loan as of September 27, 2024 was $242.3 million. The fair value is based on observable inputs of interest rates that are currently available to us for debt with similar terms and maturities for non-public debt (Level 2).

The aggregate scheduled maturities of the First Lien Credit Agreement and 2023 Credit Agreement as of September 27, 2024 are as follows:

(In thousands)	Payments due
2024 (remainder of the year)	$ 7,658
2025	20,003
2026	21,566
2027	21,566
2028	212,191
After 2028	863,507
Total	$ 1,146,491

As of September 27, 2024, the Company was in compliance with all covenants related to the First Lien Credit Agreement and the 2023 Credit Agreement.

NOTE 6

DERIVATIVE INSTRUMENTS

During the periods covered by this report, the Company has made no changes to its policies or strategies for the use of derivative instruments and there has been no change in related accounting methods. For the Company's derivative instruments, which are designated as cash flow hedges, gains and losses are initially reported as a component of accumulated other comprehensive loss and subsequently recognized in earnings with the corresponding hedged item.

Interest Rate Derivative Instruments

The Company is exposed to the risk that the earnings and cash flows could be adversely impacted due to fluctuations in interest rates. To mitigate this risk, the Company entered into $100.0 million and $350.0 million of interest rate swap contracts during the three months ended September 27, 2024 and the first six months of 2023, respectively. As of September 27, 2024 and December 31, 2023, these contracts had notional values of $442.2 million and $345.3 million, respectively. These contracts are designated and qualify as effective cash flow hedges.

The following table summarizes the amount at fair value and location of the derivative instruments for interest rate hedges in the Condensed Consolidated Balance Sheets:

		Fair Value (level 2)	
(In thousands)	Balance sheet caption	September 27, 2024	December 31, 2023
Interest rate swap designated as cash flow hedge	Prepaid expenses and other current assets	$ 519	$ 3,381
Interest rate swap designated as cash flow hedge	Other accrued liabilities	$ 53	$ —
Interest rate swap designated as cash flow hedge	Other non-current liabilities	$ 4,876	$ 3,006
Interest rate swap designated as cash flow hedge	Accumulated other comprehensive loss	$ (4,411)	$ 375

The Company regularly assesses the creditworthiness of the counterparty. As of September 27, 2024, the counterparty to the interest rate swaps had performed in accordance with its contractual obligations. Both the counterparty credit risk and the Company's credit risk were considered in the fair value determination.

Net interest rate derivative gains of $1.6 million and $4.5 million were recognized in interest expense, net, in the Condensed Consolidated Statements of Income (Loss) during the three and nine months ended September 27, 2024, respectively. Net interest rate derivative gains of $1.4 million and $2.6 million were recognized in interest expense, net, in the Condensed Consolidated Statements of Income (Loss) during the three and nine months ended September 29, 2023, respectively. The Company expects $0.2 million of existing interest rate swap gains reported in accumulated other comprehensive loss as of September 27, 2024 to be recognized in earnings within the next 12 months.

NOTE 7

COMMITMENTS AND CONTINGENCIES

General

From time to time, the Company is involved in various investigations, lawsuits, arbitrations, claims, enforcement actions and other legal proceedings, including government investigations and claims, which are incidental to the operation of its business. Some of these proceedings seek remedies relating to employment matters, matters relating to injuries to people or property damage, matters in connection with the Company's contracts and matters arising under laws relating to the protection of the environment. Additionally, U.S. government customers periodically advise the Company of claims and penalties concerning certain potential disallowed costs. When such findings are presented, V2X and the U.S. government representatives engage in discussions to enable V2X to evaluate the merits of these claims as well as to assess the amounts being claimed.

Where appropriate, provisions are made to reflect probable losses related to the matters raised by U.S. government representatives. Such assessments, along with any assessments regarding provisions for other legal proceedings, are reviewed on a quarterly basis for sufficiency based on the latest information available to us.

The Company estimated and accrued $14.0 million and $12.1 million as of September 27, 2024 and December 31, 2023, respectively, in other accrued liabilities in the Condensed Consolidated Balance Sheets for legal proceedings and for claims with respect to its U.S. government contracts as discussed below, including years where the U.S. government has not completed its incurred cost audits. Although the ultimate outcome of any legal matter or claim cannot be predicted with certainty, based on present information, including the assessment of the merits of a particular claim, the Company does not expect that any asserted or unasserted legal or contractual claims or proceedings, individually or in the aggregate, will have a material adverse effect on its cash flows, results of operations or financial condition.

U.S. Government Contracts, Investigations and Claims

The Company has U.S. government contracts that are funded incrementally on a year-to-year basis. Changes in government policies, priorities or funding levels through agency or program budget reductions by the U.S. Congress or executive agencies could have a material adverse effect on the Company's financial condition or results of operations. Furthermore, the Company's contracts with the U.S. government may be terminated or suspended by the U.S. government at any time, with or without cause. Such contract suspensions or terminations could result in non-reimbursable expenses or charges or otherwise adversely affecting the Company's financial condition and results of operations.

Departments and agencies of the U.S. government have the authority to investigate various transactions and operations of the Company, and the results of such investigations may lead to administrative, civil or criminal proceedings, the ultimate outcome of which could be fines, penalties, repayments or compensatory or treble damages. U.S. government regulations provide that certain findings against a contractor may lead to suspension or debarment from future U.S. government contracts or the loss of export privileges for a company or an operating division or subdivision. Suspension or debarment could have a material adverse effect on the Company because of its reliance on U.S. government contracts.

U.S. government agencies, including the Defense Contract Audit Agency, the Defense Contract Management Agency and others, routinely audit and review the Company's performance on government contracts, indirect rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. Accordingly, costs billed or billable to U.S. government customers are subject to potential adjustment upon audit by such agencies. The U.S. government agencies also review the adequacy of compliance with government standards for business systems, including accounting, earned value management, estimating, materials management and accounting, purchasing, and property management systems. A finding by a U.S. government agency that the Company’s business systems are not adequate could adversely affect the Company’s financial condition and results of operations.

In the performance of its contracts, the Company routinely requests contract modifications that require additional funding from U.S. government customers. Most often, these requests are due to customer-directed changes in the scope of work. While the Company is entitled to recovery of these costs under its contracts, the administrative process with the U.S. government customer may be protracted. Based on the circumstances, the Company periodically files requests for equitable adjustments (REAs) that are sometimes converted into claims. In some cases, these requests are disputed by the U.S. government customer. The Company believes its outstanding modifications, REAs and other claims will be resolved without material adverse impact to its results of operations, financial condition or cash flows.

NOTE 8

STOCK-BASED COMPENSATION

The Company maintains an equity incentive plan, the 2014 Omnibus Incentive Plan, as amended and restated effective as of October 27, 2022 (the 2014 Omnibus Plan), to govern awards granted to V2X employees and directors, including nonqualified stock options (NQOs), restricted stock units (RSUs), total shareholder return (TSR) awards, performance share units (PSUs) and other awards. The Company accounts for NQOs, stock-settled RSUs and PSUs as equity-based compensation awards. TSR awards, described below, are accounted for as liability-based compensation awards. Liability-based awards are revalued at the end of each reporting period to reflect changes in fair value.

Stock-based compensation expense and the associated tax benefits impacting the Company's Condensed Consolidated Statements of Income (Loss) were as follows:

	Three Months Ended		Nine Months Ended	
(In thousands)	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Compensation costs for equity-based awards	$ 974	$ 5,939	$ 12,252	$ 25,775
Compensation costs for liability-based awards	106	424	622	1,033
Total compensation costs, pre-tax	$ 1,080	$ 6,363	$ 12,874	$ 26,808
Future tax benefit	$ 275	$ 1,688	$ 3,283	$ 7,112

As of September 27, 2024, total unrecognized compensation costs related to equity-based awards and liability-based awards were $17.2 million and $0.04 million, respectively, which are expected to be recognized ratably over a weighted average period of 1.33 years and 0.26 years, respectively.

The following table provides a summary of the activities for NQOs, RSUs and PSUs for the nine months ended September 27, 2024:

	NQOs		RSUs		PSUs	
(In thousands, except per share data)	Shares	Weighted Average Exercise Price Per Share	Shares	Weighted Average Grant Date Fair Value Per Share	Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding at January 1, 2024	40	$ 22.93	800	$ 37.29	267	$ 43.45
Granted	—	$ —	316	$ 45.58	161	$ 45.44
Exercised	(6)	$ 25.90	—	$ —	—	$ —
Vested	—	$ —	(549)	$ 37.33	(9)	$ 46.45
Forfeited or expired	—	$ —	(109)	$ 42.42	(157)	$ 36.26
Outstanding at September 27, 2024	34	$ 22.43	458	$ 41.35	262	$ 43.55

Restricted Stock Units

RSUs awarded to employees vest in one-third increments on each of the three anniversary dates following the grant date subject to continued employment as described in the RSU award agreement. RSUs issued to directors are typically granted annually and vest approximately one year after the grant date. The fair value of each RSU grant was determined based on the closing price of V2X common stock on the date of grant. Stock compensation expense will be recognized ratably over the requisite service period of the RSU awards.

As of September 27, 2024, there was $12.1 million of unrecognized RSU related compensation expense.

Total Shareholder Return Awards

TSR awards are performance-based cash awards that are subject to a three-year performance period. Any payments earned are made in cash following completion of the performance period according to the achievement of specified performance goals. There were no cash-based TSR awards granted in the first nine months of 2024. As of September 27, 2024, there was $0.04 million of unrecognized TSR related compensation expense.

Performance Share Units

During the first nine months of 2024, the Company granted performance-based awards with market conditions. The awards will vest and the stock will be issued at the end of a three-year period based on the attainment of certain total shareholder return performance measures as compared to peer group companies, and the employee's continued service through the vesting date. The number of shares ultimately awarded, if any, can range up to 200% of the specified target awards. If performance is below the threshold level of performance, no shares will be issued.

As of September 27, 2024, there was $5.1 million of unrecognized PSU related compensation expense.

NOTE 9

INCOME TAXES

Effective Tax Rate

Income tax expense during interim periods is based on an estimated annual effective income tax rate, plus discrete items that may occur in any given interim periods. The computation of the estimated effective income tax rate at each interim period requires certain estimates and judgment including, but not limited to, forecasted operating income for the year, projections of the income earned and taxed in various jurisdictions, newly enacted tax rate and legislative changes, permanent and temporary differences, and the likelihood of recovering deferred tax assets generated in the current year.

For the three months ended September 27, 2024 and September 29, 2023, the Company recorded an income tax provision of $4.5 million and income tax benefits of $4.8 million, respectively, representing effective income tax rates of 23.0% and 43.0%, respectively. For the nine months ended September 27, 2024 and September 29, 2023, the Company recorded an income tax provision of $2.9 million and income tax benefits of $10.4 million, respectively, representing effective income tax rates of 23.1% and 31.9%, respectively. The effective income tax rates vary from the federal statutory rate of 21.0% mainly due to state and foreign taxes, disallowed compensation deduction under Internal Revenue Code Section 162(m), offset by available deductions not reflected in book income and income tax credits.

Uncertain Tax Positions

As of both September 27, 2024 and December 31, 2023, unrecognized tax benefits from uncertain tax positions were $6.6 million.

NOTE 10

EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net income, or loss, by the weighted average number of common shares outstanding for the period. Diluted EPS reflects potential dilution that could occur if securities to issue common stock were exercised or converted into common stock. Diluted EPS includes the dilutive effect of stock-based compensation outstanding after application of the treasury stock method.

	Three Months Ended		Nine Months Ended	
(In thousands, except per share data)	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Net income (loss)	$ 15,051	$ (6,400)	$ 9,651	$ (22,081)
Weighted average common shares outstanding	31,550	31,179	31,458	31,048
Add: Dilutive impact of stock options	20	—	19	—
Add: Dilutive impact of restricted stock units	403	—	444	—
Diluted weighted average common shares outstanding	31,973	31,179	31,921	31,048
Earnings (loss) per share				
Basic	$ 0.48	$ (0.21)	$ 0.31	$ (0.71)
Diluted	$ 0.47	$ (0.21)	$ 0.30	$ (0.71)

The following table summarizes the weighted average of anti-dilutive securities excluded from the diluted EPS calculation.

	Three Months Ended		Nine Months Ended	
(In thousands)	September 27, 2024	September 29, 2023	September 27, 2024	September 29, 2023
Anti-dilutive restricted stock units	—	—	22	1
Total	—	—	22	1

NOTE 11

POST-EMPLOYMENT BENEFIT PLANS

Deferred Employee Compensation

The Company sponsors two non-qualified deferred compensation plans. Under these plans, participants are eligible to defer a portion of their compensation on a tax deferred basis. Plan investments and obligations were recorded in other non-current assets and other non-current liabilities, respectively, in the Condensed Consolidated Balance Sheets, representing the fair value related to the deferred compensation plans. Adjustments to the fair value of the plan investments and obligations are recorded in selling, general, and administrative expenses. The plans assets and liabilities were $5.0 million and $3.2 million as of September 27, 2024 and December 31, 2023, respectively.

Multi-Employer Pension Plans

Certain Company employees who perform work on contracts within the continental United States participate in multi-employer pension plans of which the Company is not the sponsor. Company expenses related to these plans were $3.6 million and $13.0 million for the three and nine months ended September 27, 2024, respectively, and $2.9 million and $11.1 million for the three and nine months ended September 29, 2023, respectively.

NOTE 12

SALE OF RECEIVABLES

The Company has a Master Accounts Receivable Purchase Agreement (MARPA Facility) with MUFG Bank, Ltd. (MUFG) for the sale of certain designated eligible receivables up to a maximum amount of $300.0 million with the U.S. government. Receivables sold under the MARPA Facility are without recourse for any U.S. government credit risk.

The Company accounts for these receivable transfers under the MARPA Facility as sales under ASC Topic 860, *Transfers and Servicing*, and removes the sold receivables from its balance sheet. The fair value of the sold receivables approximated their book value due to their short-term nature.

	As of and for the Nine Months Ended	
(In thousands)	September 27, 2024	September 29, 2023
Beginning balance:	$ 72,715	$ —
Sale of receivables	2,311,341	705,205
Cash collections	(2,240,639)	(617,340)
Outstanding balance sold to MUFG[1]	143,417	87,865
Cash collected, not remitted to MUFG[2]	(38,265)	(66,999)
Remaining sold receivables	$ 105,152	$ 20,866

[1] For the nine months ended September 27, 2024, the Company recorded a net cash inflow from sale of receivables of $70.7 million from operating activities.
[2] Includes the cash collected on behalf of, but not yet remitted to, MUFG as of September 27, 2024. This balance is included in other accrued liabilities as of the balance sheet date.

During the nine months ended September 27, 2024 and September 29, 2023, the Company incurred purchase discount fees, net of servicing fees, of $7.4 million and $2.1 million, respectively, which are presented in other expense, net on the Condensed Consolidated Statements of Income (Loss) and are reflected as cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

The Company does not retain an ongoing financial interest in the transferred receivables other than cash collection and administrative services. The servicing fee approximates fair value and, therefore, the Company has not recognized a servicing asset or liability as of September 27, 2024. Proceeds from the sale of receivables are reflected as cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and notes thereto included in this Quarterly Report on Form 10-Q as well as the audited Consolidated Financial Statements and notes thereto and the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. This Quarterly Report provides additional information regarding the Company, our services, industry outlook and forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements. See "Forward-Looking Statement Information" for further information. Amounts presented in and throughout this Item 2 are rounded and, as such, rounding differences could occur in period over period changes and percentages reported.

Overview

V2X is a leading provider of critical mission solutions primarily to defense clients globally. The Company operates as one segment and provides a comprehensive suite of integrated solutions and critical service offerings across the operations and logistics, aerospace, training and technology markets to national security, defense, civilian and international clients.

Our primary customer is the U.S. Department of Defense (DoD). For the nine months ended September 27, 2024 and September 29, 2023, the Company had total revenue of $3.2 billion and $2.9 billion, respectively, the substantial majority of which was derived from U.S. government customers. For the nine months ended September 27, 2024 and September 29, 2023, we generated approximately 42% and 41%, respectively, of our total revenue from the U.S. Army.

Executive Summary

Our revenue increased $80.1 million, or 8.0%, for the three months ended September 27, 2024 as compared to the three months ended September 29, 2023. Revenue increased primarily due to organic growth on legacy programs and new program performance. Revenue from our programs in the Middle East, the U.S., and Asia increased by $40.6 million, $33.5 million, and $19.6 million, respectively, partially offset by a decrease in revenue from our programs in Europe of $13.6 million, during the three months ended September 27, 2024 as compared to the three months ended September 29, 2023.

During the performance of long-term contracts, estimated final contract prices and costs are reviewed periodically, and revisions are made as required, which are recorded as changes in revenue and cost of revenue in the periods in which they are determined. Additionally, the fees under certain contracts may be increased or decreased in accordance with cost or performance incentive provisions which measure actual performance against established targets or other criteria. These incentive fees or penalties are included in revenue when there is sufficient information to reasonably assess anticipated contract performance. Amounts representing contract change orders or limitations in funding on contracts are recorded only if it is probable a claim will result in additional contract revenue and the amounts can be reliably estimated. Changes in estimated revenue, cost of revenue and the related effect to operating income are recognized using cumulative adjustments, which recognize in the current period the cumulative effect of the changes on current and prior periods based on a contract's percentage of completion. Cumulative adjustments are driven by changes in contract terms, program performance, customer scope changes and changes to estimates in the reported period. These changes can increase or decrease operating income depending on the dynamics of each contract.

Further details related to consolidated financial results for the three and nine months ended September 27, 2024, compared to the three and nine months ended September 29, 2023, are contained in the "Discussion of Financial Results" section.

Significant Contracts

The following table reflects the contract that accounted for more than 10% of total revenue:

	% of Total Revenue	
	Nine Months Ended	
Contract Name	September 27, 2024	September 29, 2023
Logistics Civil Augmentation Program (LOGCAP) V - Kuwait Task Order	10.4%	12.3%

Revenue associated with a contract will fluctuate based on increases or decreases in the work being performed on the contract, award fee payment assumptions, and other contract modifications within the term of the contract resulting in changes to the total contract value.

The LOGCAP V - Kuwait Task Order is currently exercised through June 30, 2025, with one additional twelve-month option and one six-month option through December 31, 2026. The task order provides services to support the Geographical Combatant Commands and Army Service Component Commands throughout the full range of military operations in the Kuwait region. The LOGCAP V - Kuwait Task Order contributed $328.8 million and $360.5 million of revenue for the nine months ended September 27, 2024 and September 29, 2023, respectively.

Backlog

Total backlog includes remaining performance obligations, consisting of both funded backlog (firm orders for which funding is contractually authorized and appropriated by the customer) and unfunded backlog (firm orders for which funding is not currently contractually obligated by the customer and unexercised contract options). Total backlog excludes potential orders under IDIQ contracts and contracts awarded to us that are being protested by competitors with the GAO or in the COFC. The value of the backlog is based on anticipated revenue levels over the anticipated life of the contract. Actual values may be greater or less than anticipated. Total backlog is converted into revenue as work is performed. The level of order activity related to programs can be affected by the timing of government funding authorizations and their project evaluation cycles. Year-over-year comparisons could, at times, be impacted by these factors, among others.

Our contracts are multi-year contracts and typically include an initial period of one year or less with annual one-year or less option periods for the remaining contract period. The number of option periods vary by contract, and there is no guarantee that an option period will be exercised. The right to exercise an option period is at the sole discretion of the U.S. government when we are the prime contractor or of the prime contractor when we are a subcontractor. The U.S. government may also extend the term of a program by issuing extensions or bridge contracts, typically for periods of one year or less.

We expect to recognize a substantial portion of our funded backlog as revenue within the next 12 months. However, the U.S. government or the prime contractor may cancel any contract at any time through a termination for convenience. Most of our contracts have terms that would permit recovery of all or a portion of our incurred costs and fees for work performed in the event of a termination for convenience.

The following is a summary of funded and unfunded backlog:

(In millions)	September 27, 2024	December 31, 2023
Funded backlog	$ 3,016	$ 2,778
Unfunded backlog	9,213	10,011
Total backlog	$ 12,229	$ 12,789

Funded orders (different from funded backlog) represent orders for which funding was received during the period. We received funded orders of $3.4 billion during the nine months ended September 27, 2024, which was a decrease of $0.1 billion compared to the nine months ended September 29, 2023.

Economic Opportunities, Challenges and Risks

The U.S. government’s investment in services and capabilities in response to changing security challenges creates a complex and fluid business environment for V2X and other firms in this market. However, the U.S. continues to face substantial fiscal and economic challenges in addition to a varying political environment which could affect funding. The pace and depth of U.S. government acquisition reform and cost savings initiatives, combined with increased industry competitiveness to win long-term positions on key programs, could add pressure to revenue levels and profit margins. However, the Company expects the U.S. government will continue to place a high priority on national security and will continue to invest in affordable solutions. V2X believes that its capabilities, particularly in operations and logistics, aerospace, training and technology, should help its clients increase efficiency, reduce costs, improve readiness, and strengthen national security and, as a result, continue to allow for long-term profitable growth in the business. Further, the DoD budget remains the largest in the world and management believes the Company's addressable portion of the DoD budget offers substantial opportunity for growth.

The U.S. government's Fiscal Year (FY) begins on October 1 and ends on September 30. On March 23, 2024, the President signed into law the Further Consolidated Appropriations Act for FY 2024, which provided $825 billion in funding for the DoD, through September 30, 2024. On April 24, 2024, the President signed a bill providing $95 billion in additional supplemental funding for Ukraine, Israel and the Indo-Pacific region.

The Fiscal 2025 budget request was submitted to the U.S. Congress on March 11, 2024, and requested $895 billion for National Defense, with $850 billion of the total allocated to the DoD. The Fiscal 2025 budget has not yet been approved by Congress. On September 26, 2024, the President signed into law a Continuing Resolution (CR) that funds U.S. government operations in FY 2025 at FY 2024 levels through December 20, 2024. The timing and approval of FY 2025 appropriations remains uncertain and over the coming months, Congress will need to approve or revise the Fiscal 2025 budget request through enactment of appropriations and other legislation, which would require final approval from the President to become law. Government operations under an extended CR could have potential impacts on the timing and award of new programs and contracts.

We anticipate the federal budget will continue to be subject to debate and compromise shaped by, among other things, heightened political tensions and the 2024 elections, the global security environment, inflationary pressures, and macroeconomic conditions. The result may be shifting funding priorities, which could have material impacts on defense spending broadly and our programs.

In January 2023, the statutory debt ceiling limit of $31.4 trillion was reached and on June 3, 2023, the President signed “The Fiscal Responsibility Act” (FRA) into law, which suspends the debt ceiling until January 1, 2025. The FRA places caps on defense and non-defense discretionary spending in FY 2024 and FY 2025. The FRA cap on discretionary spending for National Defense in FY 2024 and FY 2025 is $886 billion and $895 billion, respectively. The $95 billion in additional supplemental funding described above is not subject to the FRA caps.

We believe the federal and DoD budget will be shaped by many factors including economic, political, and security conditions. The result may be shifting funding priorities, which could impact DoD spending and our programs.

While it is difficult to predict the specific course of future defense budgets, V2X believes the core functions the Company performs are mission-essential and spending to maintain readiness, improve performance, increase service life, lower cost, and modernize digital and physical environments will continue to be a U.S. government priority. The Company's focus is on providing integrated solutions across the mission lifecycle that encompass (i) high consequence training; (ii) readiness/logistics/deployment; (iii) mission and infrastructure support, including rapid response contingency efforts; (iv) battlefield connectivity and communications; (v) maintenance, modification, repair, and overhaul of assets and aircraft; (vi) and upgrades and modernization across digital and physical environments. The Company develops and inserts operational technologies across its solutions to improve efficiency and the outcomes of its clients' missions. The Company believes this aligns with its clients' intent to utilize and harden existing equipment, infrastructure, and assets rather than executing new purchases. While customers may reduce the level of services required from us, the Company does not currently anticipate the complete elimination of these services, and the Company continues to focus on contract expansion and capturing new business opportunities.

However, business conditions have become more challenging and uncertain due to macroeconomic conditions, including inflation and rising interest rates, as well as recent international events. For example, global hostilities could create additional demand for our products and services, however, any such demand, and the timing and extent of any incremental contract activity resulting from that demand, remains uncertain. Further, given the current level of inflation and geopolitical factors, the Company is monitoring the impact of rising costs on its active and future contracts and its financial results, and actively evaluating opportunities for cost reductions and deleveraging. Continuing the 2023 trend, in 2024 the Company's cost-plus and cost reimbursable contracts as a percentage of total contract mix and revenue have increased as compared to the year ended 2023. The Company’s earnings and profitability may vary materially depending on the total mix of contracts. To date, the Company has not experienced broad-based increases from inflation or geopolitical hostilities in the costs of its fixed-price and time and materials contracts that are material to the business. However, if the geopolitical conditions worsen or if the Company experiences greater than expected inflation in its supply chain and labor costs, then profit margins, and in particular, the profit margin from fixed-price and time and materials contracts, which represent a substantial portion of its contracts, could be adversely affected.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022, which includes, among other provisions, changes to the U.S. corporate income tax system. While the Company does not currently anticipate any impact on its business, evaluation of the Inflation Reduction Act of 2022 and its requirements continues, as well as any potential impact on its business in the future.

The information provided above does not represent a complete list of trends and uncertainties that could impact the Company's business in either the near or long-term and should be considered along with the risk factors identified in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, and updated, as necessary, on subsequent Quarterly Reports on Form 10-Q, and the matters identified under the caption “Forward-Looking Statement Information" herein.

Secondary Public Offering

On September 4, 2024, we entered into an underwriting agreement (the Underwriting Agreement), by and among the Company, Vertex Aerospace Holdco LLC (the Selling Stockholder) and Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and Robert W. Baird & Co. Incorporated, as representatives to several underwriters named therein (the Underwriters), relating to the public offering of 2,000,000 shares of common stock by the Selling Stockholder (the Secondary Offering) and up to 300,000 additional shares of common stock (the Option Shares) by the Selling Stockholder at the Underwriters' option at any time on or before the 30th day after the date of the Underwriting Agreement (the Option, and together with the Secondary Offering, the Offering). The Secondary Offering closed on September 6, 2024. The Company did not sell any securities in the Secondary Offering and did not receive any proceeds from the sale of the shares offered by the Selling Stockholder.

On September 11, 2024, the Underwriters notified the Company and the Selling Stockholder that they had elected to exercise the Option in full. The offering of the Option Shares closed on September 12, 2024. All of the Option Shares were sold by the Selling Stockholder. The Company did not receive any of the proceeds from the sale of the Option Shares by the Selling Stockholder in the offering.

During the three months ended September 27, 2024, we incurred costs of $0.6 million in connection with the Offering. These costs are included within selling, general, and administrative expenses on our Condensed Consolidated Statement of Income (Loss).

DISCUSSION OF FINANCIAL RESULTS

Three months ended September 27, 2024, compared to three months ended September 29, 2023

Selected financial highlights are presented in the following table:

	Three Months Ended		Change	
(In thousands, except for percentages)	September 27, 2024	September 29, 2023	$	%
Revenue	$ 1,081,656	$ 1,001,507	$ 80,149	8.0 %
Cost of revenue	990,220	930,828	59,392	6.4 %
% of revenue	91.5 %	92.9 %		
Selling, general, and administrative expenses	41,549	49,640	(8,091)	(16.3)%
% of revenue	3.8 %	5.0 %		
Operating income	49,887	21,039	28,848	137.1 %
Operating margin	4.6 %	2.1 %		
Interest expense, net	(27,152)	(30,252)	3,100	(10.2)%
Other expense, net	(3,198)	(2,024)	(1,174)	58.0 %
Income (loss) from operations before income taxes	19,537	(11,237)	30,774	(273.9)%
% of revenue	1.8 %	(1.1)%		
Income tax expense (benefit)	4,486	(4,837)	9,323	(192.7)%
Effective income tax rate	23.0 %	43.0 %		
Net income (loss)	$ 15,051	$ (6,400)	$ 21,451	(335.2)%

Revenue

Revenue increased $80.1 million, or 8.0%, for the three months ended September 27, 2024 as compared to the three months ended September 29, 2023. Revenue increased primarily due to organic growth on legacy programs and new program performance. Revenue from our programs in the Middle East, the U.S., and Asia, increased by $40.6 million, $33.5 million, and $19.6 million, respectively, partially offset by a decrease in revenue from our programs in Europe of $13.6 million.

Cost of Revenue

Cost of revenue increased $59.4 million, or 6.4%, for the three months ended September 27, 2024 as compared to the three months ended September 29, 2023, primarily driven by increases in revenue and changes in contract mix.

Selling, General, & Administrative (SG&A) Expenses

SG&A expenses decreased $8.1 million, or 16.3%, for the three months ended September 27, 2024 as compared to the three months ended September 29, 2023, primarily due to cost optimization and lower integration-related costs.

Operating Income

Operating income increased $28.8 million, or 137.1%, for the three months ended September 27, 2024 as compared to the three months ended September 29, 2023. Operating income as a percentage of revenue was 4.6% for the three months ended September 27, 2024, compared to 2.1% for the three months ended September 29, 2023, primarily driven by changes in aggregate cumulative adjustments, along with decreased SG&A expenses.

Aggregate cumulative adjustments increased operating income by $17.3 million and $5.0 million for the three months ended September 27, 2024 and September 29, 2023, respectively. The aggregate cumulative adjustments for the three months ended September 27, 2024 and September 29, 2023 related to changes in contract terms, program performance, customer changes in scope of work and changes to estimates in the reported period.

Nine months ended September 27, 2024, compared to nine months ended September 29, 2023

Selected financial highlights are presented in the following table:

	Nine Months Ended		Change	
(In thousands, except for percentages)	September 27, 2024	September 29, 2023	$	%
Revenue	$ 3,164,403	$ 2,922,819	$ 241,584	8.3 %
Cost of revenue	2,928,858	2,685,910	242,948	9.0 %
% of revenue	92.6 %	91.9 %		
Selling, general, and administrative expenses	127,901	151,021	(23,120)	(15.3)%
% of revenue	4.0 %	5.2 %		
Operating income	107,644	85,888	21,756	25.3 %
Operating margin	3.4 %	2.9 %		
Loss on extinguishment of debt	(1,998)	(22,052)	20,054	(90.9)%
Interest expense, net	(83,533)	(93,946)	10,413	(11.1)%
Other expense, net	(9,566)	(2,335)	(7,231)	309.7 %
Income (loss) from operations before income taxes	12,547	(32,445)	44,992	(138.7)%
% of revenue	0.4 %	(1.1)%		
Income tax expense (benefit)	2,896	(10,364)	13,260	(127.9)%
Effective income tax rate	23.1 %	31.9 %		
Net income (loss)	$ 9,651	$ (22,081)	$ 31,732	(143.7)%

Revenue

Revenue increased $241.6 million, or 8.3%, for the nine months ended September 27, 2024 as compared to the nine months ended September 29, 2023. Revenue increased primarily due to organic growth on legacy programs and new program performance. Revenue from programs located in the Middle East, Asia, and the U.S. increased by $184.8 million, $43.2 million, and $29.8 million, respectively, partially offset by a decrease in revenue from programs located in Europe of $16.2 million.

Cost of Revenue

Cost of revenue increased $242.9 million, or 9.0%, for the nine months ended September 27, 2024 as compared to the nine months ended September 29, 2023, primarily driven by increases in revenue and changes in contract mix.

Selling, General, & Administrative (SG&A) Expenses

SG&A expenses decreased $23.1 million, or 15.3%, for the nine months ended September 27, 2024 as compared to the nine months ended September 29, 2023 primarily due to cost optimization and lower integration-related costs.

Operating Income

Operating income increased $21.8 million, or 25.3%, for the nine months ended September 27, 2024 as compared to the nine months ended September 29, 2023. Operating income as a percentage of revenue was 3.4% for the nine months ended September 27, 2024, compared to 2.9% for the nine months ended September 29, 2023. The increase in operating income was primarily driven by decreased SG&A expenses.

Aggregate cumulative adjustments increased operating income by $18.5 million and $27.2 million for the nine months ended September 27, 2024 and September 29, 2023, respectively. The aggregate cumulative adjustments for the nine months ended September 27, 2024 and September 29, 2023 related to changes in contract terms, program performance, customer changes in scope of work and changes to estimates in the reported period.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 27, 2024 and September 29, 2023 was as follows:

(In thousands, except for percentages)	Three Months Ended September 27, 2024	Three Months Ended September 29, 2023	Change $	Change %	Nine Months Ended September 27, 2024	Nine Months Ended September 29, 2023	Change $	Change %
Interest income	$ 187	$ 334	$ (147)	(44)%	$ 776	$ 683	$ 93	14 %
Interest expense	(27,339)	(30,586)	3,247	(11)%	(84,309)	(94,629)	10,320	(11)%
Interest expense, net	$ (27,152)	$ (30,252)	$ 3,100	(10)%	$ (83,533)	$ (93,946)	$ 10,413	(11)%

Interest income is related to interest earned on cash and cash equivalents. Interest expense is related to borrowings under our senior secured credit facilities, with the amortization of debt issuance costs, and derivative instruments used to hedge a portion of exposure to interest rate risk. Interest expense, net decreased $10.4 million for the nine months ended September 27, 2024 compared to the nine months ended September 29, 2023 due to both a decrease in our debt balance, and our interest rate swap contracts.

Other Expense, Net

During the three and nine months ended September 27, 2024, we incurred purchase discount fees and other expenses of $3.2 million and $7.4 million, respectively, related to the sale of accounts receivable through the MARPA Facility. In addition, during the nine months ended September 27, 2024, we incurred a $2.2 million impairment charge on a non-operating, long-lived asset, primarily due to a decreased fair market value. During the three and nine months ended September 29, 2023, we incurred purchase discount fees and other expenses of $2.0 million and $2.1 million, respectively, related to the sale of accounts receivable through the MARPA Facility.

Income Tax Expense (Benefit)

We recorded an income tax provision of $4.5 million and income tax benefits of $4.8 million for the three months ended September 27, 2024 and September 29, 2023, respectively. Our effective income tax rates for the three months ended September 27, 2024 and September 29, 2023, were 23.0% and 43.0%, respectively. For the nine months ended September 27, 2024 and September 29, 2023, the Company recorded an income tax provision of $2.9 million and income tax benefits of $10.4 million, representing effective income tax rates of 23.1% and 31.9%, respectively. The effective income tax rates vary from the federal statutory rate of 21.0% mainly due to state and foreign taxes, disallowed compensation deduction under Internal Revenue Code Section 162(m), offset by available deductions not reflected in book income, and income tax credits.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We are not aware of any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, a material decrease in our liquidity. In addition, other than items discussed, there are no known material trends, favorable or unfavorable, in our capital resources and no expected material changes in the mix of such resources.

Our major source of funding for 2024 and beyond will be our operating cash flow, our existing balances of cash and cash equivalents and proceeds from any issuances of debt. We believe we have sufficient liquidity to fund operations, acquisitions, capital expenditures and scheduled debt repayments. We expect to fund our ongoing working capital, capital expenditure and financing requirements and pursue additional growth through new business development and potential acquisition opportunities by using cash flows from operations, cash on hand, its credit facilities, and access to capital markets. When necessary, the 2023 Revolver and MARPA Facility are available to satisfy short-term working capital requirements.

If cash flows from operations are less than expected, we may need to access the long-term or short-term capital markets. Although we believe our current financing arrangements will permit financing of our operations on acceptable terms and conditions, access to and the availability of financing on acceptable terms and conditions in the future will be impacted by many factors, including: (i) our credit ratings, (ii) the liquidity of the overall capital markets, and (iii) the current state of the economy. We cannot provide assurance that such financing will be available on acceptable terms or that such financing will be available at all.

As of September 27, 2024, there were $15.9 million of outstanding letters of credit under the 2023 Revolver. Unamortized deferred financing costs related to the 2023 Revolver of $3.4 million are included in other non-current assets in the Condensed Consolidated Balance Sheets. As of September 27, 2024, the fair value of the 2023 Revolver approximated the carrying value because the debt bears a floating interest rate.

As of September 27, 2024, the carrying value of the 2023 Term Loan portion was $242.2 million, excluding unamortized deferred financing costs of $1.7 million. The estimated fair value of the 2023 Term Loan as of September 27, 2024 was $242.3 million. The fair value is based on observable inputs of interest rates that are currently available to us for debt with similar terms and maturities for non-public debt.

As of September 27, 2024, the carrying value of the First Lien Credit Agreement was $904.3 million, excluding deferred discount and unamortized deferred financing costs of $31.0 million. The estimated fair value of the First Lien Credit Agreement as of September 27, 2024 was $903.2 million. The fair value is based on observable inputs of interest rates that are currently available to us for debt with similar terms and maturities for non-public debt (Level 2).

The cash presented on the Condensed Consolidated Balance Sheets consists of U.S. and international cash from wholly owned subsidiaries. Approximately $19.8 million of our $59.9 million in cash, cash equivalents and restricted cash as of September 27, 2024 is held by foreign subsidiaries and is not available to fund U.S. operations unless repatriated. We do not currently expect to repatriate undistributed earnings of foreign subsidiaries. We expect our U.S. domestic cash resources will be sufficient to fund our U.S. operating activities and cash commitments for financing activities.

Sources and Uses of Liquidity

Cash, accounts receivable, unbilled receivables, and accounts payable are the principal components of the Company's working capital and are generally driven by revenue with other short-term fluctuations related to payment practices by customers, sales of accounts receivable through the MARPA Facility and the timing of billings. Our receivables reflect amounts billed to customers, as well as the revenue that was recognized in the preceding month, which is normally billed the month following each balance sheet date.

Accounts receivable balances can vary significantly over time and are impacted by revenue levels and the timing of payments received from customers. Days sales outstanding (DSO) is a metric used to monitor accounts receivable levels. We determine our DSO by calculating the number of days necessary to exhaust our ending accounts receivable balance based on our most recent historical revenue. DSO was 61 and 58 days as of September 27, 2024 and December 31, 2023, respectively.

The following table sets forth net cash provided by (used in) operating activities, investing activities and financing activities:

	Nine Months Ended	
(in thousands)	September 27, 2024	September 29, 2023
Operating activities	$ 31,103	$ 135,175
Investing activities	(27,625)	(15,709)
Financing activities	(16,739)	(155,734)
Foreign exchange[1]	467	(1,540)
Net change in cash, cash equivalents and restricted cash	$ (12,794)	$ (37,808)

[1] Impact on cash balances due to changes in foreign exchange rates.

Net cash provided by operating activities for the nine months ended September 27, 2024 primarily consisted of cash inflows from non-cash net income items of $110.8 million, cash inflows from the sale of receivables through the MARPA Facility of $70.7 million and net income of $9.7 million, partially offset by net cash outflows in working capital accounts of $119.7 million and net cash outflows in other long-term assets and liabilities of $40.3 million.

Net cash provided by operating activities for the nine months ended September 29, 2023, primarily consisted of cash inflows from non-cash net income items of $140.7 million, cash inflows from the sale of receivables through the MARPA Facility of $87.9 million, partially offset by net cash outflows in working capital accounts of $44.1 million, net cash outflows in other long-term assets and liabilities of $25.8 million, and a net loss of $22.1 million.

Net cash used in investing activities for the nine months ended September 27, 2024 consisted of $16.9 million for the acquisition of businesses and $10.7 million of capital expenditures for the purchase of software and hardware, vehicles and equipment related to ongoing operations.

Net cash used in investing activities for the nine months ended September 29, 2023 consisted of $16.6 million of capital expenditures for the purchase of software and hardware, vehicles and equipment related to ongoing operations.

Net cash used in financing activities during the nine months ended September 27, 2024 consisted of revolver repayments of $1.0 billion, payments for employee withholding taxes on share-based compensation of $8.0 million, repayments of long-term debt of $7.7 million, and payments for debt issuance costs of $1.2 million, partially offset by proceeds from the revolver of $1.0 billion.

Net cash used in financing activities during the nine months ended September 29, 2023 consisted of repayments of long-term debt of $428.8 million, revolver repayments of $669.8 million, payments for employee withholding taxes on share-based compensation of $17.9 million, and payments for debt issuance costs of $7.5 million, partially offset by proceeds from long term debt and the revolver of $250.0 million and $719.8 million, respectively.

Capital Resources

As of September 27, 2024, we held cash, cash equivalents and restricted cash of $59.9 million, which included $19.8 million held by foreign subsidiaries, and had $484.1 million of available borrowing capacity under the 2023 Revolver, which expires on February 25, 2028. We believe that our cash, cash equivalents and restricted cash as of September 27, 2024, as supplemented by operating cash flows, the 2023 Revolver, and the MARPA Facility will be sufficient to fund our anticipated operating costs, capital expenditures, and current debt repayment obligations for at least the next 12 months.

Contractual Obligations

As of September 27, 2024, commitments to make future payments under long-term contractual obligations were as follows:

	Payments Due by Period				
(In thousands)	Total	Less than 1 year	1 - 3 Years	3 - 5 Years	More than 5 Years
Operating leases	$ 44,728	$ 3,190	$ 20,777	$ 12,466	$ 8,295
Principal payments on Vertex First Lien Credit Agreement[1]	904,303	9,066	18,131	18,131	858,975
Principal payments on 2023 Credit Agreement[1]	242,188	7,813	25,000	209,375	—
Interest on Vertex First Lien and 2023 Credit Agreements	488,668	91,892	177,299	141,840	77,637
Total	$ 1,679,887	$ 111,961	$ 241,207	$ 381,812	$ 944,907

[1] Includes unused funds fee and is based on the September 27, 2024 interest rate and outstanding balance.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Estimates are revised as additional information becomes available. Management believes that the accounting estimates employed, and the resulting balances, are reasonable; however, actual results in these areas could differ from management's estimates under different assumptions or conditions.

We believe that the assumptions and estimates associated with revenue recognition, business combinations, goodwill impairment, intangible assets, and income taxes have the greatest potential impact on our financial statements. Therefore, we consider these to be our critical accounting policies and estimates. There have been no material changes in the critical accounting policies and estimates from those discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

New Accounting Pronouncements

Refer to Part I, Item 1, Note 2, *Recent Accounting Standards Update* in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for information regarding accounting pronouncements and accounting standards updates.

FORWARD-LOOKING STATEMENT INFORMATION

This Quarterly Report on Form 10-Q and certain information incorporated herein by reference contain 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 report, 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 our management 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.

The forward-looking statements included or incorporated by reference in this report are subject to additional risks and uncertainties further identified and discussed in Part I, "Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2023, and updated, as necessary, on subsequent quarterly reports on Form 10-Q and are based on information available to us on the filing date of this report. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this report. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us.

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: 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, cyber-attacks or cyber intrusions, and other disruptions to our information technology and operation; our mix of cost-plus, cost-reimbursable, firm-fixed-price and time-and-materials 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 business; changes in U.S. or international government defense budgets; government regulations and compliance therewith, including changes to the DoD procurement process; changes in technology; our ability to protect our intellectual property rights; 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 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 agreements; inflation and interest rate risk; geopolitical risk, including as a result of recent global hostilities; our subcontractors' 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 integrating and refining internal control systems post-merger; changes in GAAP; the impact of the U.S. November 2024 presidential and congressional elections; and other factors described in Part I, "Item 1A. Risk Factors” and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2023 and described from time to time in our future reports filed with the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Earnings, cash flows and financial position are exposed to market risks relating to fluctuations in interest rates and foreign currency exchange rates. All potential changes noted below are based on information available at September 27, 2024.

Interest Rate Risk

Each one percentage point change associated with the variable rate Vertex First Lien Credit Agreement would result in a $7.1 million change in the related annual cash interest expenses.

Assuming the 2023 Revolver was fully drawn to a principal amount equal to $500.0 million, each one percentage point change in interest rates would result in a $5.1 million change in annual cash interest expense.

As of September 27, 2024, the notional value of the Company's interest rate swap agreements totaled $442.2 million. The difference to be paid or received under the terms of the interest rate swap agreements is accrued as interest rates change and recognized as an adjustment to interest expense for the related debt in the period incurred. Changes in the variable interest rates to be paid pursuant to the terms of the interest rate swap agreements will have a corresponding effect on future cash flows. Refer to Note 6, *Derivative Instruments* in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for additional information regarding the Company's interest rate swaps.

Foreign Currency Exchange Risk

The majority of our business is conducted in U.S. dollars. However, we are required to transact in foreign currencies for some of our contracts, resulting in some assets and liabilities denominated in foreign currencies. As a result, earnings may experience volatility related to movements in foreign currency exchange rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of September 27, 2024. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of September 27, 2024, the Company’s disclosure controls and procedures were not effective due to the existence of a previously reported material weakness in internal control over financial reporting (ICFR) related to a subsidiary within Vertex Aerospace Services Holdings Corp (Vertex) which was acquired on July 5, 2022. The material weakness was identified and discussed in Part II, "Item 9A. Controls and Procedures” of our Annual Report on Form 10-K for the year ended December 31, 2023.

Notwithstanding the identified material weakness, management, including our CEO (principal executive officer) and CFO (principal financial officer), believes the consolidated financial statements included in this Form 10-Q fairly represent in all material respects our financial condition, results of operations and cash flows at and for the periods presented in accordance with GAAP.

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there may be resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Remediation Efforts to Address the Material Weakness

Management continues to improve controls at the Company in order to remediate the material weakness in internal control over financial reporting. During the first nine months of 2024, several actions were implemented at Vertex, including increasing the number of individuals responsible for implementing and monitoring controls; training individuals responsible for designing, executing, testing and monitoring controls; and enhancing documentation that evidences that controls are performed. These actions are ongoing and we will continue to make improvements during the remainder of 2024. During the second quarter of 2024, the Company began testing the design and operating effectiveness of process-level and information technology controls, that continued during the third quarter of 2024.

Changes in Internal Control over Financial Reporting

Other than with respect to the matter described above, there were no changes in our ICFR during the most recently completed fiscal quarter that materially affected or are reasonably likely to materially affect, our ICFR.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are involved in legal proceedings that are incidental to the operation of our business. Some of these proceedings seek remedies relating to employment matters, matters relating to injuries to people or property damage, matters in connection with our contracts and matters arising under laws relating to the protection of the environment.

Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including our assessment of the merits of the particular claim, we do not expect that any asserted or unasserted legal claims or proceedings, individually or in the aggregate, will have a material adverse effect on our results of operations, financial condition or cash flows.

Refer to Note 7, *Commitments and Contingencies*, in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q for further information.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1	Chief Executive Officer Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. +
31.2	Chief Financial Officer Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. +
32.1	Chief Executive Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b)(32)(ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference. +
32.2	Chief Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Exhibit is intended to be furnished in accordance with Regulation S-K Item 601(b)(32)(ii) and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 or incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference. +
101	The following materials from V2X, Inc.’s Quarterly Report on Form 10-Q for the quarter ended September 27, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Unaudited Condensed Consolidated Statements of Income (Loss), (ii) Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss), (iii) Unaudited Condensed Consolidated Balance Sheets, (iv) Unaudited Condensed Consolidated Statements of Cash Flows, (v) Unaudited Condensed Consolidated Statements of Changes to Shareholders' Equity and (vi) Notes to Condensed Consolidated Financial Statements. #
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). #

* Indicates management contract or compensatory plan or arrangement.

+ Indicates this document is filed or furnished (as applicable) as an exhibit herewith.

Submitted electronically with this report.

The Company’s Commission File Number for Reports on Form 10-K, Form 10-Q and Form 8-K is 001-36341.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

V2X, INC.

/s/ William B. Noon

By: William B. Noon

Corporate Vice President and Chief Accounting Officer

(Principal Accounting Officer)

Date: November 4, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Jeremy C. Wensinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V2X, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ Jeremy C. Wensinger

Jeremy C. Wensinger
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Shawn M. Mural, certify that:

1. I have reviewed this quarterly report on Form 10-Q of V2X, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ Shawn M. Mural

Shawn M. Mural
Senior Vice President and Chief Financial Officer

Exhibit 32.1

Certification of President and Chief Executive Officer

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report on Form 10-Q of V2X, Inc. (the “Company”) for the period ended September 27, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2024

/s/ Jeremy C. Wensinger
Jeremy C. Wensinger
President and Chief Executive Officer

Exhibit 32.2

Certification of Senior Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report on Form 10-Q of V2X, Inc. (the "Company") for the period ended September 27, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2024

/s/ Shawn M. Mural

Shawn M. Mural
Senior Vice President and Chief Financial Officer