



NEWS RELEASE

# Vectrus Announces Fourth Quarter and Full-Year 2021 Results

3/7/2022

- 2021 revenue +28% Y/Y to \$1,784 million; Q4 revenue +18% Y/Y to \$419.4 million
- 2021 Operating income of \$62.0 million; Adjusted EBITDA margin<sup>1</sup> of 4.7%
- 2021 fully diluted EPS of \$3.86; Q4 fully diluted EPS of \$0.63
- 2021 Adjusted diluted EPS<sup>1</sup> of \$4.77; Q4 Adjusted diluted EPS<sup>1</sup> of \$0.90
- Strong 2021 operating cash flow generation of \$61.3 million
- Backlog of \$5.0 billion; Several new wins expand market diversity
- Separately announces Definitive Agreement to combine with Vertex
- Conference call changed to today, March 7th, 8:00 AM E.T.

COLORADO SPRINGS, Colo., March 7, 2022 /PRNewswire/ -- Vectrus, Inc. (NYSE:VEC) announced fourth quarter and full-year 2021 financial results.

"This year, Vectrus continued its strong momentum in the converged market, and our financial results for the fourth quarter and full-year 2021 underscore the successful execution of our growth strategy with year-on-year total and organic revenue growth of approximately 28% and 10%, respectively," said Chuck Prow, Chief Executive Officer of Vectrus. "Our team showcased its agility to meet the unique needs of our clients by successfully supporting several important missions, including Pacific Defender, a major contingency task order in INDOPACOM, supporting the Afghanistan refugee mission to support the Non-Combatant Evacuation Operation as well as supporting the Department of Defense with the establishment of a water supply system for military housing at Red Hill, Hawaii. Additionally, we demonstrated our ability to support operations of larger size and scope by phasing in all the CENTCOM task orders under the LOGCAP V Contract. These task orders provide substantial revenue visibility for the next several years."

"This year, we also won the five-year, \$44 million AFCAP V Saudi Foreign Military Sales Task Order, our first win in the Kingdom of Saudi Arabia, to provide base operation support to the Air Force, and we finished the year by winning the Fort Benning Logistics Support task order, a five-year, \$250 million award under the Enhanced Army Global Logistics Enterprise (EAGLE) IDIQ Contract. Fort Benning is one of the DoD's Power Projection Platforms, that supports the Army's ability to strategically deploy its high priority active and reserve component units. This award builds on our existing EAGLE task order to support the Logistics Readiness Center at Fort Bragg, another power projection platform, that has recently supported the deployment of troops to the European Area of Operation."

"Subsequent to the fourth quarter, Vectrus was selected to complete the final phases of application development for the 5G Naval Base Coronado Smart Warehouse. This effort is part of the DoD's \$600 million 5G experimentation and testing initiative, originally awarded in 2020. Vectrus successfully demonstrated a Converged Environment solution, addressing NAVSUP operational challenges through the implementation of advanced technology applications. The Smart Warehouse is a continued demonstration of our Converged Environment portfolio of mission essential solutions, which integrate base operations support, supply chain and logistics, IT and network operations, engineering and digital integration, and security, to help increase efficiency, reduce costs, improve readiness and cybersecurity, and strengthen national security. We look forward to bringing next-generation efficiencies to the naval logistics operations."

Prow concluded, "All of these impressive accomplishments are a testament to our teams' 24/7 dedication to our clients and supporting their critical missions."

## Fourth Quarter 2021 Results

"Our fourth quarter and full-year 2021 financial results demonstrate the resilience of our business model and commitment to maintaining a strong balance sheet," said Susan Lynch, Senior Vice President and Chief Financial Officer. "We are pleased to finish 2021 in a strong financial position, with organic revenue growth and significant cash generation, and we are excited to build on this momentum in 2022."

Fourth quarter revenue was \$419 million up 18% year-on-year as compared to the same period last year. Revenue grew year-on-year as a result of the company's two acquisitions on December 31, 2020. Organic revenue grew by \$3.2 million, or 0.9%, reflecting the transition to LOGCAP V Kuwait and Iraq task orders and completion of certain programs, including the Afghanistan Evacuation Operation.

Operating income was \$10.0 million or 2.4% margin. M&A and integration related expenses were \$1.0 million and the amortization of acquired intangible assets were \$2.5 million. Adjusted operating income<sup>1</sup> was \$13.6 million or 3.2% margin. EBITDA<sup>1</sup> was \$14.3 million, or 3.4% margin. Adjusted EBITDA<sup>1</sup> was \$15.3 million, with a margin of

3.6%, compared to \$17.9 million and 5.0% in 2020. The year-on-year margin was impacted by the phase-in of new awards, program completions, contract mix and considerable material and pass through content which carries a lower margin.

Fully diluted EPS was \$0.63, reflecting the above-mentioned M&A and integration-related costs. Adjusted diluted EPS<sup>1</sup> for the fourth quarter was \$0.90 as compared to \$1.25 in 2020. Adjusted diluted EPS<sup>1</sup> was impacted by lower margins in the quarter, higher interest expense due to the company's two acquisitions in December 2020 and higher depreciation expense.

## Full-Year 2021 Results

Full-year revenue was \$1.784 billion, up 28% year-on-year. Organic revenue increased 10% in 2021, driven by new contract wins, base expansion, and phase-ins. The Company reported operating income of \$62.0 million, with an operating margin of 3.5%. Adjusted operating income<sup>1</sup> was \$76.6 million, with a 4.3% margin, which is an improvement from \$52.2 million and 3.7% from the prior year. The increase in operating income resulted from the acquisitions of Zenetex and HHB and improved program performance throughout the year.

Full-year EBITDA<sup>1</sup> was \$78.6 million and a margin of 4.4%. Adjusted EBITDA<sup>1</sup> was \$83.1 million with a 4.7% margin.

Full-year diluted EPS was \$3.86, favorably impacted by the recognition of tax credits from prior years. Adjusted diluted EPS<sup>1</sup> for 2021 was \$4.77, as compared to \$3.36 in 2020.

Cash provided by operating activities for the year were \$61.3 million, compared to \$64.1 million in 2020. Cash flow in the prior year benefitted from the CARES Act by \$13.2 million. Lynch continued, "our strong cash generation is due to efficient collections and working capital management on programs. Excluding the prior year benefit of the CARES Act payroll tax deferrals, year-to-date cash flow from operations improved 20% over last year."

During the year, Vectrus lowered its debt balance by \$73.6 million resulting in an ending balance of \$105.4 million. Cash at year-end was \$38.5 million down from \$66.9 million. Total liquidity as of December 31, 2021, was more than \$200 million. Total consolidated indebtedness to consolidated EBITDA<sup>1</sup> (total leverage ratio) was 1.20x.

Total backlog as of December 31, 2021 was \$5 billion and funded backlog was \$1 billion. The trailing twelve-month book-to-bill was 1.0x.

## 2022 Guidance

Guidance for 2022 is as follows:

\$ millions, except for EBITDA margins and per share amounts	2022 Guidance		2022 Mid-Point	
Revenue	\$1,820	to	\$1,860	\$1,840
Operating Income Margin	3.4 %	to	3.6 %	3.5 %
Adjusted EBITDA Margin <sup>1</sup>	4.5 %	to	4.7 %	4.6 %
Earnings Per Share	\$3.72	to	\$4.08	\$3.90
Adjusted Diluted Earnings Per Share <sup>1</sup>	\$4.57	to	\$4.93	\$4.74
Net Cash Provided by Operating Activities	\$50.0	to	\$53.5	\$51.75

Forward-looking statements are based upon current expectations and are subject to factors that could cause actual results to differ materially from those suggested here, including those factors set forth in the Safe Harbor Statement below.

## Vertex Transaction and Conference Call Information

In a separate press release issued today, Vectrus announced that it has entered into an all-stock merger transaction with The Vertex Company to create a leading global provider of mission-essential solutions. The merger is expected to close in the third quarter of 2022, subject to satisfaction of customary closing conditions, including receipt of regulatory and Vectrus shareholder approvals.

As a result of this announcement, management will conduct a conference call with analysts and investors at 8:00 a.m. ET on Monday, March 7, 2022. U.S.-based participants may dial in to the conference call at 877-407-0792, while international participants may dial 201-689-8263. A live webcast of the conference call as well as an accompanying slide presentation will be available on the Vectrus Investor Relations website at <http://investors.vectrus.com> or <https://www.webcaster4.com/Webcast/Page/1431/44827>.

A replay of the conference call will be posted on the Vectrus website shortly after completion of the call and will be available for one year. A telephonic replay will also be available through March 21, 2022, at 844-512-2921 (domestic) or 412-317-6671 (international) with passcode 13727760.

### Footnotes:

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

## About Vectrus

For more than 70 years, Vectrus has provided critical mission support for our customers' toughest operational challenges. As a high-performing organization with exceptional talent, deep domain knowledge, a history of long-term customer relationships, and groundbreaking technical expertise, we deliver innovative, mission-matched solutions for our military and government customers worldwide. Whether it's base operations support, supply chain and logistics, IT mission support, engineering and digital integration, security, or maintenance, repair and overhaul, our customers count on us for on-target solutions that increase efficiency, reduce costs, improve readiness, and strengthen national security. Vectrus is headquartered in Colorado Springs, Colo., and includes about 8,100 employees spanning 205 locations in 28 countries. In 2021, Vectrus generated sales of \$1.8 billion. For more information, visit the company's website at [www.vectrus.com](http://www.vectrus.com) or connect with Vectrus on Facebook, Twitter, and LinkedIn.

## FORWARD-LOOKING STATEMENTS

Certain material presented in this press release includes forward-looking statements intended to qualify for the safe harbor from liability established by the Act. These forward-looking statements include, but are not limited to, Vectrus may be unable to obtain shareholder approval as required for the Transaction; conditions to the closing of the Transaction may not be satisfied; the possibility that anticipated benefits of the Transaction may not be realized or may take longer to realize than expected; the possibility that costs related to Vectrus's integration of Vertex's operations may be greater than expected and/or that revenues following the Transaction may be lower than expected; Vectrus's business may suffer as a result of uncertainty surrounding the Transaction and disruption of management's attention due to the Transaction; the outcome of any legal proceedings that arise that are related to the Transaction; Vectrus may be adversely affected by other economic, business, and/or competitive factors; the risk that Vectrus may be unable to obtain governmental and regulatory approvals required for the Transaction, or that required governmental and regulatory approvals may delay the Transaction or result in the imposition of conditions that could reduce the anticipated benefits from the Transaction or cause the parties to abandon the Transaction; the impact of legislative, regulatory, competitive and technological changes; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; the effect of the Transaction on the ability of Vectrus to retain and maintain relationships with both Vectrus's and Vertex's customers, including the U.S. Government; other risks to the consummation of the merger, including the risk that the merger will not be consummated within the expected time period or at all; responses from customers and competitors to the Transaction; the risk that the integration of Vertex may distract management from other important matters; results from the Transaction may be different than those anticipated; statements about Vectrus's 2022 performance outlook, five-year growth plan, revenue, DSO, contract opportunities, the impacts of COVID-19, and any discussion of future operating or financial performance.

Whenever used, words such as "may," "are considering," "will," "likely," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "could," "potential," "continue," "goal" or similar terminology are forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management.

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

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.

## Additional Information and Where to Find It

In connection with the Transaction, Vectrus plans to file with the SEC and mail or otherwise provide to its shareholders a proxy statement/prospectus regarding the Transaction. BEFORE MAKING ANY VOTING DECISION, VECTRUS'S SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS IN ITS ENTIRETY WHEN IT BECOMES AVAILABLE AND ANY OTHER DOCUMENTS FILED BY VECTRUS WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION. Investors and shareholders will be able to obtain a free copy of the proxy and other documents containing important information about Vectrus and Vertex, once such documents are filed with the SEC, through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Vectrus makes available free of charge at [www.vectrus.com](http://www.vectrus.com) (in the "Investors" section), copies of materials it files with, or furnishes to, the SEC.

## Participants in Solicitation

Vectrus, its directors and certain of its respective executive officers may be considered participants in the solicitation of proxies in connection with the Transaction. Information about the directors and executive officers of Vectrus is set forth in Vectrus's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which was filed with the SEC on March 2, 2021, and its definitive proxy statement for the 2021 annual meeting of shareholders, which was filed with the SEC on March 23, 2021, certain of its Quarterly Reports on Form 10-Q and

certain of its Current Reports filed on Form 8-K. To the extent the holdings of securities of Vectrus by Vectrus's directors and executive officers have changed since the amounts set forth in Vectrus's proxy statement for its 2021 annual meeting of shareholders, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC. Additional information regarding the interests of such individuals in the Transaction will be included in the proxy statement/prospectus relating to the Transaction when it is filed with the SEC. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, may be obtained by reading the definitive proxy statement regarding the acquisition described above.

VECTRUS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Year Ended December 31,

(In thousands, except per share data)	2021	2020	2019
Revenue	\$ 1,783,665	\$ 1,395,529	\$ 1,382,525
Cost of revenue	1,623,245	1,271,375	1,254,560
Selling, general, and administrative expenses	98,400	80,679	78,316
Operating income	62,020	43,475	49,649
Interest expense, net	(7,985)	(4,793)	(6,470)
Income from operations before income taxes	54,035	38,682	43,179
Income tax expense	8,307	1,731	10,003
Net income	\$ 45,728	\$ 36,951	\$ 33,176
Earnings per share			
Basic	\$ 3.91	\$ 3.19	\$ 2.90
Diluted	\$ 3.86	\$ 3.14	\$ 2.86
Weighted average common shares outstanding - basic	11,705	11,599	11,444
Weighted average common shares outstanding - diluted	11,836	11,751	11,612

VECTRUS, INC.  
CONSOLIDATED BALANCE SHEETS

December 31,

(In thousands, except per share data)

	2021	2020
<b>Assets</b>		
Current assets	\$ 38,513	\$ 66,949
Cash and cash equivalents	—	1,778
Restricted cash	348,605	314,959
Receivables	21,160	16,083
Prepaid expenses	15,062	8,619
Other current assets	423,340	408,388
Total current assets	23,758	22,573
Property, plant, and equipment, net	321,734	339,702
Goodwill	66,582	48,105
Intangible assets, net	43,651	18,718
Right-of-use assets	10,394	6,325
Other non-current assets	466,119	435,423
Total non-current assets	889,459	843,811
<b>Total Assets</b>	<b>\$ 889,459</b>	<b>\$ 843,811</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities	\$ 212,533	\$ 159,586
Accounts payable	80,284	79,568
Compensation and other employee benefits	10,400	8,600

Short-term debt	55,031	40,657
Other accrued liabilities	<u>358,248</u>	<u>288,411</u>
Total current liabilities	<u>94,246</u>	<u>168,751</u>
Long-term debt, net	32,214	39,386
Deferred tax liability	34,536	13,970
Operating lease liability	20,128	28,355
Other non-current liabilities	<u>181,124</u>	<u>250,462</u>
Total non-current liabilities	<u>181,124</u>	<u>250,462</u>
Total liabilities	<u>539,272</u>	<u>538,873</u>
Commitments and contingencies (Note 15)		
Shareholders' Equity		
Preferred stock; \$0.01 par value; 10,000 shares authorized; No shares issued and outstanding	—	—
Common stock; \$0.01 par value; 100,000 shares authorized; 11,738 and 11,625 shares issued and outstanding as of December 31, 2021 and 2020, respectively	117	116
Additional paid in capital	88,116	82,823
Retained earnings	267,754	222,026
Accumulated other comprehensive loss	(5,900)	(27)
Total shareholders' equity	<u>350,087</u>	<u>304,938</u>
Total Liabilities and Shareholders' Equity	<u>\$ 889,459</u>	<u>\$ 843,811</u>

VECTRUS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended December 31,

(In thousands)	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating activities			
Net income	\$ 45,728	\$ 36,951	\$ 33,176
Adjustments to reconcile net income to net cash provided by operating activities:			
	6,526	4,097	3,379

Depreciation expense	10,028	4,029	3,111
Amortization of intangible assets	65	(14)	62
(Gain) loss on disposal of property, plant, and equipment	8,331	9,445	8,262
Stock-based compensation	912	386	404
Amortization of debt issuance costs			
Changes in assets and liabilities:	(36,376)	1,000	(21,053)
Receivables	(5,178)	(3,588)	(5,610)
Prepaid expenses	(7,667)	(3,644)	7,147
Other assets	56,985	(2,680)	(11,733)
Accounts payable	(7,280)	(10,665)	(7,173)
Deferred taxes	1,133	12,004	9,652
Compensation and other employee benefits	(11,868)	16,760	7,933
Other liabilities			
	<u>61,339</u>	<u>64,081</u>	<u>27,557</u>
<b>Net cash provided by operating activities</b>			
<b>Investing activities</b>			
	(9,776)	(4,500)	(16,151)
Purchases of capital assets and intangibles	16	84	5,400
Proceeds from the disposition of assets	262	(133,609)	(45,074)
Acquisition of business, net of cash acquired	(3,145)	—	—
Contribution to joint venture			
	<u>(12,643)</u>	<u>(138,025)</u>	<u>(55,825)</u>
<b>Net cash (used in) investing activities</b>			
<b>Financing activities</b>			
	(8,600)	(6,500)	(4,500)
Repayments of long-term debt	529,000	314,000	333,500
Proceeds from revolver	(594,000)	(199,000)	(333,500)
Repayments of revolver	379	59	3,672
Proceeds from exercise of stock options	(17)	(830)	—
Payment of debt issuance costs	(2,347)	(1,955)	(1,068)
Payments of employee withholding taxes on share-based compensation			
	<u>(75,585)</u>	<u>105,774</u>	<u>(1,896)</u>
<b>Net cash provided by (used in) financing activities</b>			
<b>Exchange rate effect on cash</b>	<u>(3,325)</u>	<u>1,579</u>	<u>(663)</u>
<b>Net change in cash, cash equivalents and restricted cash</b>	<u>(30,214)</u>	<u>33,409</u>	<u>(30,827)</u>

Cash, cash equivalents and restricted cash - beginning of year	68,727	35,318	66,145
Cash, cash equivalents and restricted cash - end of year	<u>\$ 38,513</u>	<u>\$ 68,727</u>	<u>\$ 35,318</u>
Supplemental Disclosure of Cash Flow Information:			
Interest paid	<u>\$ 5,801</u>	<u>\$ 3,717</u>	<u>\$ 6,229</u>
Income taxes paid	<u>\$ 9,703</u>	<u>\$ 14,520</u>	<u>\$ 4,511</u>
Purchase of capital assets on account	<u>\$ 277</u>	<u>\$ 2,226</u>	<u>\$ 556</u>

## Non-GAAP Measures

This press release includes certain non-GAAP financial measures, including EBITDA and Pro forma Adjusted EBITDA. These financial measures are not prepared in accordance with accounting principles generally accepted in the United States and may be different from non-GAAP financial measures used by other companies. Vertex and Vectrus believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. These non-GAAP measures with comparable names should not be considered in isolation from, or as an alternative to, financial measures determined in accordance with GAAP.

### Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

(\$K, except per share data)	Three Months Ended December 31, 2021	M&A, Integration and Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of Acquired Intangible Assets	Prior Years' Tax Credits	Three Months Ended December 31, 2021 - Adjusted
Revenue	\$ 419,409	\$ —	\$ —	\$ —	\$ —	\$ 419,409
Growth	18.0%					18.0%
Operating income	\$ 10,017	\$ 1,039	\$ 4	\$ 2,507	\$ —	\$ 13,567
Operating margin	2.4%					3.2%
Interest expense, net	\$ (1,845)	\$ —	\$ —	\$ —	\$ —	\$ (1,845)

Income from operations before income taxes	\$ 8,172	\$ 1,039	\$ 4	\$ 2,507	\$ —	\$ 11,722
Income tax expense	\$ 685	\$ 87	\$ —	\$ 210		\$ 982
Income tax rate	8.4%					8.4%
Net income	\$ 7,487	\$ 952	\$ 4	\$ 2,297	\$ —	\$ 10,740
Weighted average common shares outstanding, diluted	11,880					11,880
Diluted earnings per share	\$ 0.63	\$ 0.08	\$ —	\$ 0.19	\$ —	\$ 0.90
EBITDA (Non-GAAP Measures)						
	Three Months Ended December 31, 2021	M&A, Integration and Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of Acquired Intangible Assets	Prior Years' Tax Credits	Three Months Ended December 31, 2021 - Adjusted
(\$K)						
Operating Income	\$ 10,017	\$ 1,039	\$ 4	\$ 2,507	\$ —	\$ 13,567
Add:						
Depreciation and amortization	\$ 4,245	\$ —	\$ —	\$ (2,507)	\$ —	\$ 1,738
EBITDA	\$ 14,262	\$ 1,039	\$ 4	\$ —	\$ —	\$ 15,305
EBITDA Margin	3.4%					3.6%

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

Three Months	M&A,	LOGCAP V	Amortization	Three Months Ended
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(\$K, except per share data)	Ended December 31, 2020	Integration and Related Costs	Pre-Operational Legal Costs	of Acquired Intangible Assets	Prior Years' Tax Credits	December 31, 2020 - Adjusted
Revenue	\$ 355,317	\$ —	\$ —	\$ —	\$ —	\$ 355,317
Operating income	\$ 13,725	\$ 1,960	\$ 120	\$ 998	\$ —	\$ 16,803
Operating margin	3.9%					4.7%
Interest expense, net	\$ (806)	\$ —	\$ —	\$ —	\$ —	\$ (806)
Income from operations before income taxes	\$ 12,919	\$ 1,960	\$ 120	\$ 998	\$ —	\$ 15,997
Income tax expense	\$ (3,862)	\$ 451	\$ 28	\$ 169	\$ 4,505	\$ 1,291
Income tax rate	(29.9)%					8.1%
Net income	\$ 16,781	\$ 1,509	\$ 92	\$ 829	\$ (4,505)	\$ 14,706
Weighted average common shares outstanding, diluted	11,782					11,782
Diluted earnings per share	\$ 1.42	\$ 0.13	\$ 0.01	\$ 0.07	\$ (0.38)	\$ 1.25
<b>EBITDA (Non-GAAP Measures)</b>						
(\$K)	Three Months Ended December 31, 2020	M&A, Integration and Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of Acquired Intangible Assets	Prior Years' Tax Credits	Three Months Ended December 31, 2020 - Adjusted
Operating Income	\$ 13,725	\$ 1,960	\$ 120	\$ 998	\$ —	\$ 16,803
Add:						
Depreciation and amortization	\$ 2,094	\$ —	\$ —	\$ (998)	\$ —	\$ 1,096
EBITDA	\$ 15,819	\$ 1,960	\$ 120	\$ —	\$ —	\$ 17,899
EBITDA Margin	4.5%					5.0%

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

(\$K, except per share data)	Twelve Months Ended December 31, 2021	M&A, Integration and Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of Acquired Intangible Assets	Prior Years' Tax Credits	Twelve Months Ended December 31, 2021 - Adjusted
Revenue	\$ 1,783,665	\$ —	\$ —	\$ —	\$ —	\$ 1,783,665
Growth	27.8%					27.8%
Operating income	\$ 62,020	\$ 4,323	\$ 192	\$ 10,028	\$ —	\$ 76,563
Operating margin	3.5%					4.3%
Interest expense, net	\$ (7,985)	\$ —	\$ —	\$ —	\$ —	\$ (7,985)
Income from operations before income taxes	\$ 54,035	\$ 4,323	\$ 192	\$ 10,028	\$ —	\$ 68,578
Income tax expense	\$ 8,307	\$ 665	\$ 30	\$ 1,542	\$ 1,524	\$ 12,068
Income tax rate	15.4%					17.6%
Net income	\$ 45,728	\$ 3,658	\$ 162	\$ 8,486	\$ (1,524)	\$ 56,510
Weighted average common shares outstanding, diluted	11,836					11,836
Diluted earnings per share	\$ 3.86	\$ 0.31	\$ 0.01	\$ 0.72	\$ (0.13)	\$ 4.77
EBITDA (Non-GAAP Measures)						

Twelve

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

Adjusted Net Income, Adjusted Diluted Earnings Per Share (Non-GAAP Measures)

(\$K, except per share data)	Twelve Months Ended December 31, 2020	M&A, Integration and Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of Acquired Intangible Assets	Prior Years' Tax Credits	Twelve Months Ended December 31, 2020 - Adjusted
Revenue	\$ 1,395,529	\$ —	\$ —	\$ —	\$ —	\$ 1,395,529
Operating income	\$ 43,475	\$ 4,367	\$ 345	\$ 4,029	\$ —	\$ 52,216
Operating margin	3.1%					3.7%
Interest expense, net	\$ (4,793)	\$ —	\$ —	\$ —	\$ —	\$ (4,793)
Income from operations before income taxes	\$ 38,682	\$ 4,367	\$ 345	\$ 4,029	\$ —	\$ 47,423
Income tax expense	\$ 1,731	\$ 1,004	\$ 76	\$ 681	\$ 4,505	\$ 7,997

Income tax rate	4.5%				16.9%	
Net income	\$ 36,951	\$ 3,363	\$ 269	\$ 3,348	\$ (4,505)	\$ 39,426
Weighted average common shares outstanding, diluted	11,751				11,751	
Diluted earnings per share	\$ 3.14	\$ 0.29	\$ 0.02	\$ 0.28	\$ (0.38)	\$ 3.36
EBITDA (Non-GAAP Measures)						
	Twelve Months Ended December 31, 2020	M&A, Integration and Related Costs	LOGCAP V Pre-Operational Legal Costs	Amortization of Acquired Intangible Assets	Prior Years' Tax Credits	Twelve Months Ended December 31, 2020 - Adjusted
(\$K)						
Operating Income	\$ 43,475	\$ 4,367	\$ 345	\$ 4,029	\$ —	\$ 52,216
Add:						
Depreciation and amortization	\$ 8,126	\$ —	\$ —	\$ (4,029)	\$ —	\$ 4,097
EBITDA	\$ 51,601	\$ 4,367	\$ 345	\$ —	\$ —	\$ 56,313
EBITDA Margin	3.7%					4.0%

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2021	Three Months Ended December 31, 2021
(\$K)	As Reported	Zenetex & HHB	Organic
Revenue	\$ 419,409	\$ 60,880	\$ 358,529

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2020	Three Months Ended December 31, 2020
(\$K)	As Reported	Zenetex & HHB	Organic
Revenue	\$ 355,317	\$ —	\$ 355,317
Organic Revenue \$			\$ 3,212
Organic Revenue %			0.9%

  

	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2021
(\$K)	As Reported	Zenetex & HHB	Organic
Revenue	\$ 1,783,665	\$ 255,340	\$ 1,528,325

  

	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2020
(\$K)	As Reported	Zenetex & HHB	Organic
Revenue	\$ 1,395,529	\$ —	\$ 1,395,529
Organic Revenue \$			\$ 132,796
Organic Revenue %			9.5%

## SUPPLEMENTAL INFORMATION

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

Revenue by Client

Year Ended December 31,

(In thousands)	2021	%	2020	%	2019	%
Army	\$ 1,134,849	64%	\$ 965,558	69%	\$ 958,582	69%
Air Force	266,291	15%	299,272	21%	306,767	22%
Navy	224,407	13%	68,748	5%	56,236	4%
Other	158,118	8%	61,951	5%	60,940	5%
Total revenue	\$ 1,783,665		\$ 1,395,529		\$ 1,382,525	

### Revenue by Contract Type

Year Ended December 31,

(In thousands)	2021	%	2020	%	2019	%
Cost-plus and cost-reimbursable	\$ 1,271,167	71%	\$ 955,506	68%	\$ 1,015,963	73%
Firm-fixed-price	452,112	25%	403,994	29%	334,510	24%
Time and material	\$ 60,386	4%	\$ 36,029	3%	\$ 32,052	3%
Total revenue	\$ 1,783,665		\$ 1,395,529		\$ 1,382,525	

### Revenue by Contract Relationship

Year Ended December 31,

(In thousands)	2021	%	2020	%	2019	%
Prime contractor	\$ 1,663,828	93%	\$ 1,324,628	95%	\$ 1,312,928	95%
Subcontractor	119,837	7%	70,901	5%	69,597	5%
Total revenue	\$ 1,783,665		\$ 1,395,529		\$ 1,382,525	

### Revenue by Geographic Region

Year Ended December 31,

(In thousands)	2021	%	2020	%	2019	%
Middle East	\$ 1,000,877	57%	\$ 902,162	65%	\$ 939,685	68%
United States	578,255	32%	328,214	24%	301,991	22%
Europe	142,606	8%	155,169	10%	137,915	10%
Asia	61,927	3%	9,984	1%	2,934	—%
Total revenue	\$ 1,783,665		\$ 1,395,529		\$ 1,382,525	

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