

Third Quarter 2022 Results

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THE MISSION LEADS

November 8, 2022

Call Participants



Chuck Prow

President and Chief Executive Officer



Susan Lynch

Senior Vice President and Chief Financial Officer

Disclaimers

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

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Use of Projections

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

Use of Non-GAAP Financial Measures

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

Q3'22[1] Highlights

Strong Q3'22 results and initial quarter as V2X

- Revenue of $958 million[1]; Pro forma revenue of $961 million, up 10% y/y driven by strong growth on existing programs and phase-in of recent new business wins
- Operating income of $4.5 million includes ~$45 million of merger and integration costs and $24 million of amortization of acquired intangible assets
- Adjusted EBITDA[2] of $79.0 million and adjusted EBITDA margin[2] of 8.2%
- Fully diluted EPS of ($0.56); Adjusted diluted EPS[1,2,3] of $1.33

Significant cash flow generation and deleveraging in Q3

- Operating cash flow of $80 million in Q3; adjusted operating cash flow[2] of $121 million (excluding Merger related payments of $41 million)
- Reduced net debt by $87 million or 7% since the Merger close on July 5, 2022

Successfully phased-in $850 million Navy Test Wing Atlantic Program

- Phase-in included over 1,000+ team members across 35 different types of aircraft

Achieving integration milestones

- Integration activities and efforts towards 2022 and 2023 cost synergies remains on track

Raising guidance mid-point for revenue, adj. EBITDA, and adj. operating cash flow based on Q3 performance, integration progress, and current business momentum

[1] Third quarter results reflect the contributions of Vectrus from July 1, 2022, through September 30, 2022, and Vertex based on results from July 5, 2022 through September 30, 2022, unless otherwise noted.
[2] See appendix for reconciliation of non-GAAP measures.
[3] Definition of metric updated in Q3 2022 to add-back amortization of debt issuance costs.

Integration Timeline and Goals

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Transaction Announced

March 2022

August 2022

Integration Workstreams Fully Operational

- **DELIVER:** Operating units focused on delivering 2022 commitments
- **INTEGRATE:** Executing integration plans and achieving 2022 synergies

Today

January 2023

Integrated Execution & Delivery

- **OPERATE:** Enter 2023 with three operational business units and a focus on operating as an integrated enterprise
- **EXECUTE:** Integration workstreams to be completed in 2023

July 2023

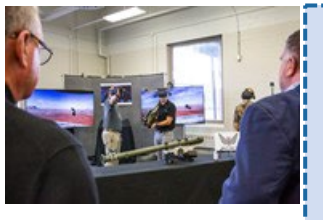
Leveraging Performance

- **PERFORM:** Benefit from enhanced scale and efficiencies on new business opportunities (and recompetes) within the V2X pipeline
- **CAPTURE:** Pursuing additional large opportunities that with combined capabilities qualify V2X to engage as a prime
- These incremental additions have awards expected to start in the next 12-18 months

Early 2024

Full Cost Synergy Run-Rate Achieved

V2X Full Integration





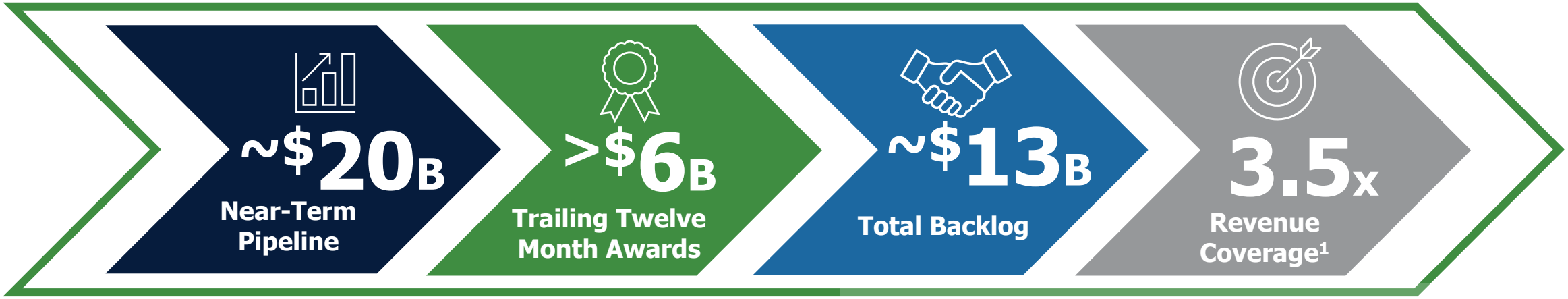




Delivering Results

- **FINANCIAL:** On track to deliver expected 2022 and 2023 cost synergies
- Raising revenue, adj. EBITDA, and adj. operating cash flow guidance mid-point
- **STRATEGIC:** Holistic approach to growth continues to progress
- Conducted inaugural "Industry Solutions Summit" at our Indianapolis facility where the combined V2X team showcased their representative solutions
- Provided an opportunity to further capitalize on the full suite of combined V2X capabilities, develop relationships, and identify how we can package and sell converged solutions and complementary capabilities
- Already identified additional opportunities for growth including the potential to leverage Vectrus' engineering capabilities within the Navy to a Vertex Air Force contract
- Aligning incentives to drive growth and operational performance

Leading Growth Indicators



~$20 billion in near-term new business opportunities

- Includes bids submitted and expected to be submitted within 12 months

Trailing 12-month awards of >$6 billion

~$13 billion backlog as of Q3'22

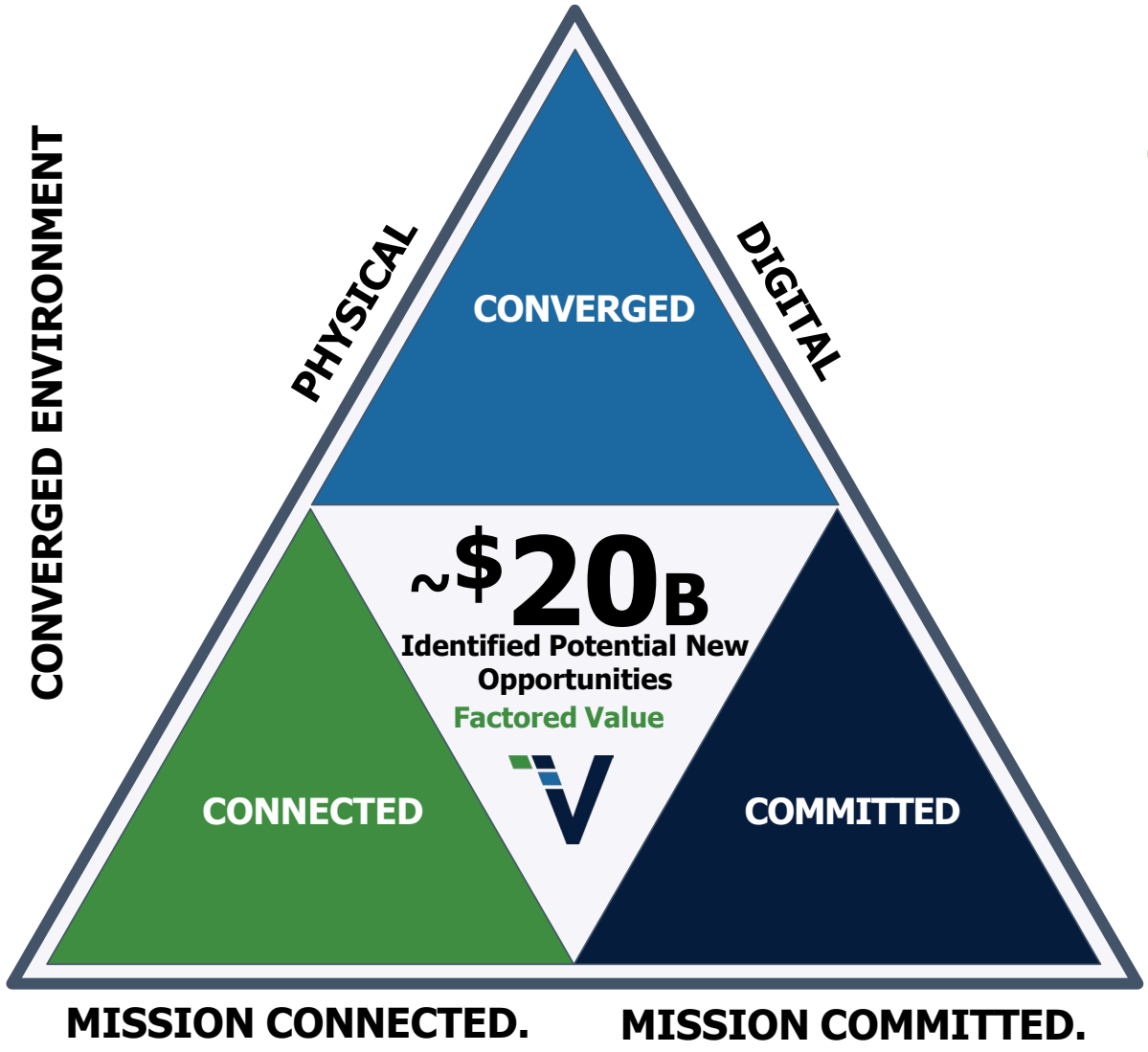
- Recent key wins supporting 3.5x revenue coverage[1]

Expanding scope on existing business

- Recently awarded the USMC KC-130J Cockpit Upgrades for 48 aircraft by leveraging our existing work installing Large Aircraft Infrared Countermeasures on the aircraft
  - This award represents expanded scope with the USMC and increased content on the aircraft
- Awarded Four-Year Task Order to provide upgrades and engineering on the Cobra Dane radar system, increasing the radars capability and useful life

[1] *Based on full year 2022 pro forma revenue of $3,585M provided on May 9, 2022.*

Strategy Provides Robust Market Potential



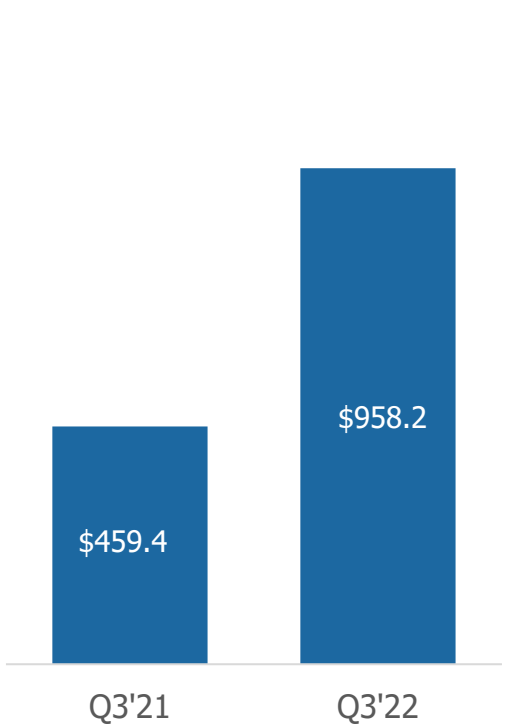
Significant Market Opportunity

- **The V2X strategy is designed to deliver growth by providing converged solutions that fuse the digital and physical aspects of our clients' missions**
- **The V2X market focus is designed to leverage our core mission and operational strengths by:**
  1. Creating more value in core markets by inserting technology and enhanced capabilities
  2. Increasing market share in domains where operational knowledge and past performance is differentiable
  3. Expanding mission and capability footprint into new adjacencies

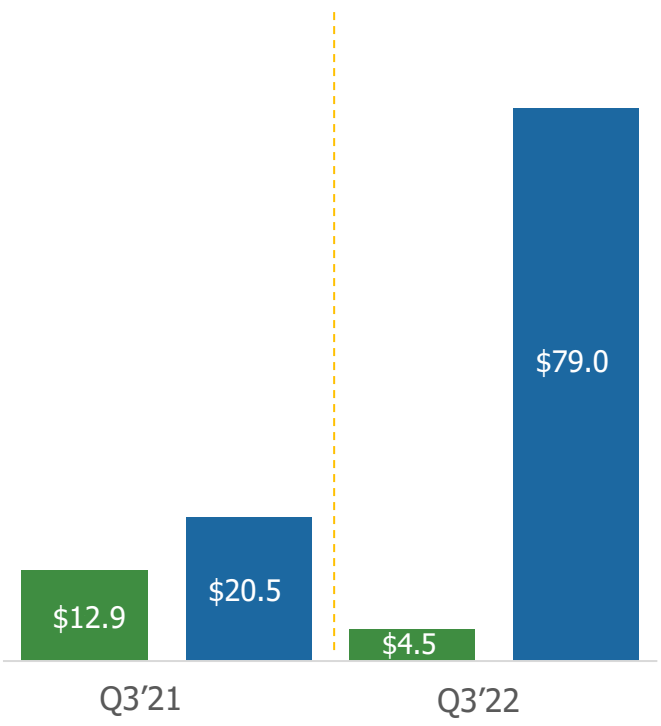
> ***V2X now has access to expanding and higher margin markets at the intersection of technology and operations that we believe will enable differentiation and drive growth***

Q3’22 Financial Results

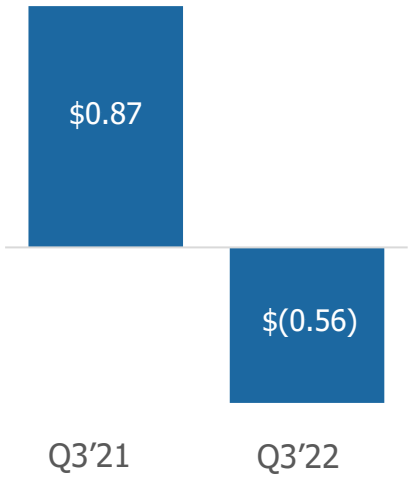
Revenue ($M)



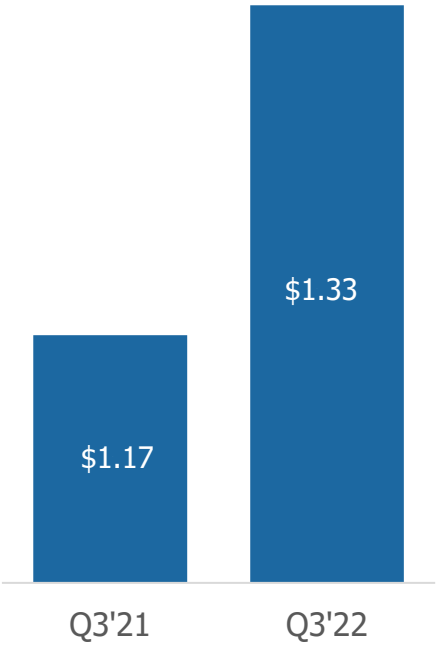
Operating Income & Adj. EBITDA[1] ($M)



Diluted EPS

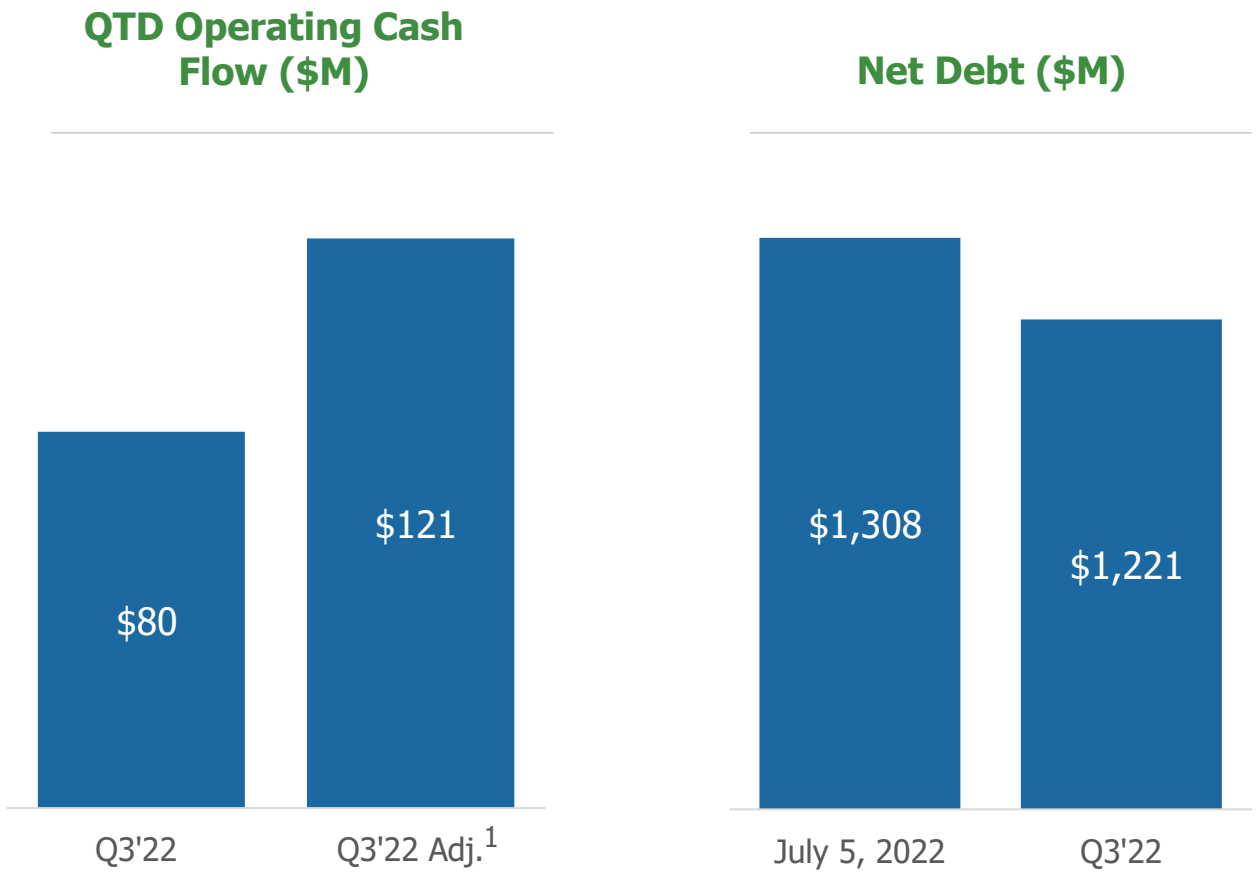


Adj. Diluted EPS[1,2]



[1] *See appendix for reconciliation of non-GAAP measures.*
[2] *Definition of metric updated in Q3 2022 to add-back amortization of debt issuance costs.*

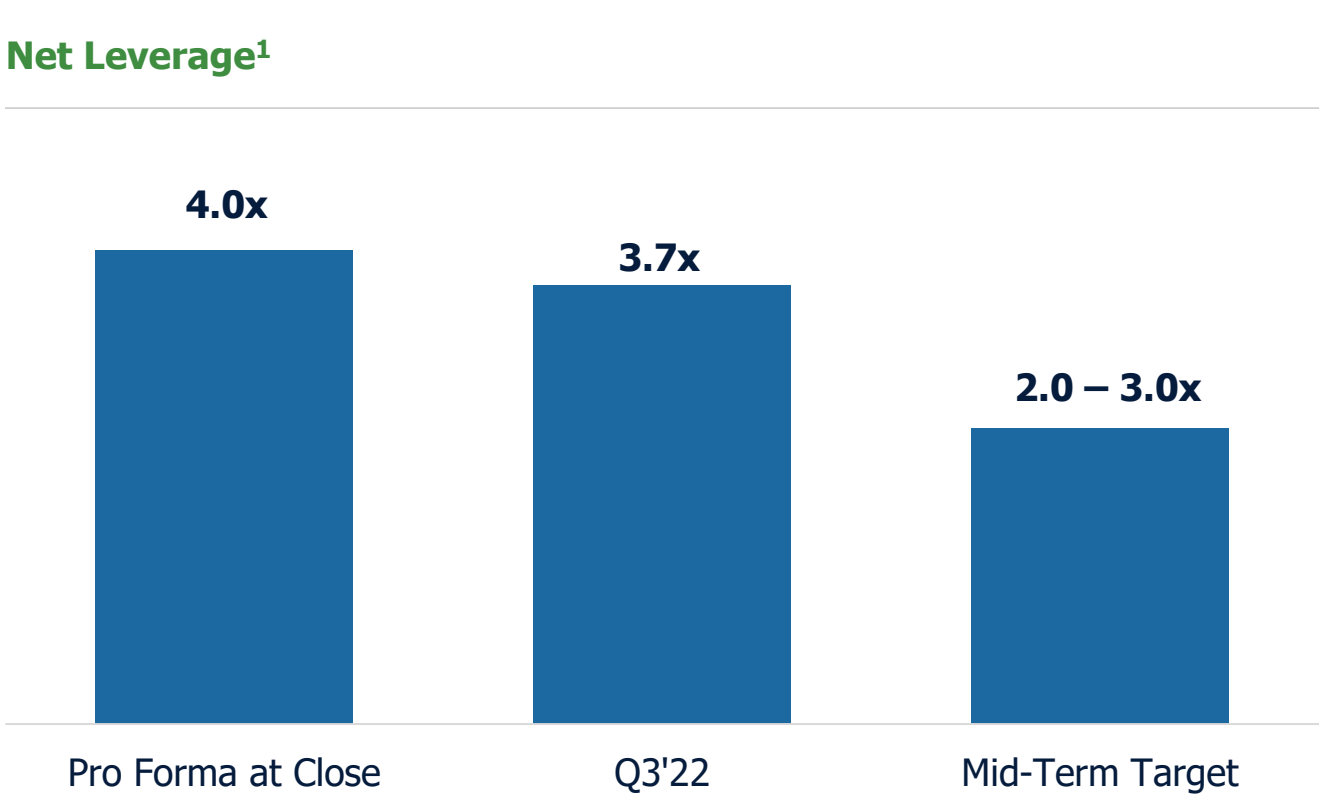
Cash Flow and Liquidity



- **Strong Q3'22 adjusted operating cash flow[1] of $121.2 million, excluding $41.1 million of Merger related payments**
- **Net debt down ~$87 million or 7% from Merger close (July 5)**
- **Revolver undrawn at quarter end**

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

Solid Deleveraging Profile



- **Net leverage ratio[1] at 3.7x**
- **Leverage ratio reduced by 0.3x in under 3 months**
- **Robust future cash generation supported by ~$13 billion backlog[2]**
- **Clear path to deleveraging**
- **Mid-term target of 2.0-3.0x net leverage**

[1] Calculated utilizing bank EBITDA.
[2] As of 9/30/22.

Second Half 2022 Guidance[1]

($M, except per share data)	*2H 2022 Guidance (Previous)*	*2H 2022 Mid-Point (Previous)*	**2H 2022 Guidance (Revised)**	**2H 2022 Mid-Point (Revised)**
Revenue	*$1,900 - $1,940*	*$1,920*	**$1,920 - $1,940**	**$1,930**
Adjusted EBITDA[2] ($)	*$140 - $150*	*$145*	**$145 - $150**	**$147.5**
Adjusted Diluted Earnings Per Share[2,3]	*$1.94 - $2.19*	*$2.07*	**$2.14 - $2.28**	**$2.21**
Net Cash Provided by Operating Activities Excluding M&A Costs[2]	*$130 - $150*	*$140*	**$140 - $150**	**$145**

Second half 2022 guidance assumptions include:

- **Depreciation and amortization ~ $58 million**
  - Amortization of acquired intangible assets ~ $49 million
- **Interest expense ~ $58 million**
  - Amortization of debt issuance costs ~$6 million
- **Tax rate of ~ 22.1%**
- **Diluted EPS assumes 30.7 million weighted average diluted shares outstanding**

[1] V2X second half 2022 guidance represents contribution from both Vectrus and Vertex.
[2] Due to the merger activities with Vertex, the company is not providing GAAP guidance or a reconciliation of forward-looking measures including adjusted diluted EPS to GAAP diluted EPS or adjusted EBITDA margin to GAAP net income due to the difficulty in quantifying certain amounts that are necessary for such reconciliation.
[3] Definition of metric updated in Q3 2022 to add-back amortization of debt issuance costs.

Key Takeaways… Investing with V2X

- Differentiated capabilities and robust portfolio of solutions providing full life-cycle support to the most critical & enduring missions
- Geographic, client, and contract diversity with no task order >11% of revenue
- Significant anticipated revenue visibility with >40% of revenue on contract through at least 2025
- Strong market drivers and client funding
- Large pipeline of current opportunities and potential for significant incremental revenue growth through increased addressable market
- Robust cash flow and low capex business model

Appendix

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Reconciliation Of Non-GAAP Measures/Non-GAAP Definitions

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

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

Reconciliation Of Non-GAAP Measures

Non-GAAP Financial Measures

($K, except per share data)	Three Months Ended September 30, 2022	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended September 30, 2022 Adjusted
Revenue	$ 958,156	$ —	$ —	$ —	$ —	$ 958,156
Growth	108.6 %					108.6 %
Operating income	$ 4,487	$ 44,926	$ 24,174	$ —	$ —	$ 73,587
Operating margin	0.5 %					7.7 %
Interest expense, net	$ (27,265)	$ —	$ —	$ 3,515	$ —	$ (23,750)
(Loss) income from operations before income taxes	$ (22,778)	$ 44,926	$ 24,174	$ 3,515	$ —	$ 49,837
Income tax (benefit) expense	$ (5,739)	$ 9,624	$ 5,070	$ 678	$ —	$ 9,633
Income tax rate	25.2 %					19.3 %
Net (loss) income	$ (17,039)	$ 35,302	$ 19,104	$ 2,837	$ —	$ 40,204
Weighted average common shares outstanding, diluted	30,172					30,172
Diluted (loss) earnings per share	$ (0.56)	$ 1.17	$ 0.63	$ 0.09	$ —	$ 1.33

EBITDA (Non-GAAP Measures)

($K)	Three Months Ended September 30, 2022	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended September 30, 2022 Adjusted
Operating Income	$ 4,487	$ 44,926	$ 24,174	$ —	$ —	$ 73,587
Add:						
Depreciation and Amortization	$ 29,599	$ —	$ (24,174)	$ —	$ —	$ 5,425
EBITDA	$ 34,086	$ 44,926	$ —	$ —	$ —	$ 79,012
EBITDA Margin	3.6 %					8.2 %

Reconciliation Of Non-GAAP Measures

Non-GAAP Financial Measures						
($K, except per share data)	Three Months Ended October 1, 2021	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended October 1, 2021 Adjusted
Revenue	$ 459,408	$ —	$ —	$ —	$ —	$ 459,408
Operating income	$ 12,890	$ 3,284	$ 2,630	$ —	$ 10	$ 18,814
Operating margin	2.8 %					4.1 %
Interest expense, net	$ (1,955)	$ —	$ —	$ 226	$ —	$ (1,729)
(Loss) income from operations before income taxes	$ 10,935	$ 3,284	$ 2,630	$ 226	$ 10	$ 17,085
Income tax (benefit) expense	$ 677	$ 546	$ 437	$ 43	$ 1,526	$ 3,229
Income tax rate	6.2 %					18.9 %
Net (loss) income	$ 10,258	$ 2,738	$ 2,193	$ 183	$ (1,516)	$ 13,856
Weighted average common shares outstanding, diluted	11,849					11,849
Diluted (loss) earnings per share	$ 0.87	$ 0.23	$ 0.19	$ 0.02	$ (0.13)	$ 1.17

EBITDA (Non-GAAP Measures)						
($K)	Three Months Ended October 1, 2021	M&A, Integration and Related Costs	Amortization of Acquired Intangible Assets	Amortization of Debt Issuance Costs	Prior Years' Tax Credits and Other	Three Months Ended October 1, 2021 Adjusted
Operating Income	$ 12,890	$ 3,284	$ 2,630	$ —	$ 10	$ 18,814
Add:						
Depreciation and Amortization	$ 4,320	$ —	$ (2,630)	$ —	$ —	$ 1,690
EBITDA	$ 17,210	$ 3,284	$ —	$ —	$ 10	$ 20,504
EBITDA Margin	3.7 %					4.5 %



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