

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 27, 2026

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: 001-41194

MERCURY SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of
incorporation or organization)

04-2741391
(I.R.S. Employer
Identification No.)

50 MINUTEMAN ROAD
ANDOVER MA
(Address of principal executive offices)

01810
(Zip Code)

978-256-1300

(Registrant's telephone number, including area code)

Securities registered pursuant to 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	MRCY	Nasdaq Global Select Market

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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 by Rule 12b-2 of the Exchange Act). Yes No

Shares of Common Stock outstanding as of April 30, 2026: 60,043,283 shares.

MERCURY SYSTEMS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERCURY SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	March 27, 2026	June 27, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 331,800	\$ 309,099
Accounts receivable, net of allowance for credit losses of \$112 and \$1,767 at March 27, 2026 and June 27, 2025, respectively	95,547	109,588
Unbilled receivables and costs in excess of billings, net of allowance for credit losses of \$5,311 for both March 27, 2026 and June 27, 2025	269,498	278,475
Inventory	361,693	332,920
Prepaid income taxes	1,294	457
Prepaid expenses and other current assets	56,899	27,639
Total current assets	1,116,731	1,058,178
Property and equipment, net	102,592	101,440
Goodwill	942,614	938,093
Intangible assets, net	185,210	210,611
Operating lease right-of-use assets, net	50,094	52,264
Deferred tax assets	75,964	69,016
Other non-current assets	8,082	5,162
Total assets	\$ 2,481,287	\$ 2,434,764
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 104,066	\$ 79,116
Accrued expenses	69,059	35,264
Due to factoring facility	14,107	7,879
Accrued compensation	36,952	51,321
Deferred revenues and customer advances	126,312	126,797
Total current liabilities	350,496	300,377
Income taxes payable	4,046	4,046
Long-term debt	591,500	591,500
Operating lease liabilities	48,343	52,738
Other non-current liabilities	9,230	12,642
Total liabilities	1,003,615	961,303
Commitments and contingencies (Note M)		
Shareholders' equity:		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.01 par value; 85,000,000 shares authorized; 59,498,806 and 59,003,174 shares issued and outstanding at March 27, 2026 and June 27, 2025, respectively	595	590
Additional paid-in capital	1,314,770	1,287,478
Retained earnings	151,424	181,895
Accumulated other comprehensive income	10,883	3,498
Total shareholders' equity	1,477,672	1,473,461
Total liabilities and shareholders' equity	\$ 2,481,287	\$ 2,434,764

The accompanying notes are an integral part of the consolidated financial statements.

MERCURY SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share data)
(Unaudited)

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Net revenues	\$ 235,759	\$ 211,358	\$ 693,840	\$ 638,914
Cost of revenues	166,709	154,248	501,258	469,188
Gross margin	69,050	57,110	192,582	169,726
Operating expenses:				
Selling, general and administrative	39,138	43,044	127,183	116,698
Research and development	15,014	15,983	43,579	55,734
Amortization of intangible assets	9,561	10,185	29,514	32,574
Restructuring and other charges	(48)	4,931	5,591	7,231
Acquisition costs and other related expenses	155	311	900	666
Total operating expenses	63,820	74,454	206,767	212,903
Income (loss) from operations	5,230	(17,344)	(14,185)	(43,177)
Interest income	2,507	1,290	6,182	2,240
Interest expense	(7,331)	(8,068)	(23,066)	(25,404)
Other (expense) income, net	(3,093)	2,304	(5,613)	(2,900)
Loss before income tax provision (benefit)	(2,687)	(21,818)	(36,682)	(69,241)
Income tax provision (benefit)	174	(2,648)	(6,211)	(14,967)
Net loss	\$ (2,861)	\$ (19,170)	\$ (30,471)	\$ (54,274)
Basic net loss per share	\$ (0.04)	\$ (0.33)	\$ (0.51)	\$ (0.93)
Diluted net loss per share	\$ (0.04)	\$ (0.33)	\$ (0.51)	\$ (0.93)
Weighted-average shares outstanding:				
Basic	59,422	58,749	59,386	58,614
Diluted	59,422	58,749	59,386	58,614
Comprehensive income (loss):				
Net loss	\$ (2,861)	\$ (19,170)	\$ (30,471)	\$ (54,274)
Change in fair value of derivative instruments, net of tax	784	(1,876)	117	(3,991)
Foreign currency translation adjustments	7,238	(256)	7,572	27
Deferred compensation and pension benefit plan, net of tax	(228)	(79)	(304)	(172)
Total other comprehensive income (loss), net of tax	7,794	(2,211)	7,385	(4,136)
Total comprehensive income (loss)	\$ 4,933	\$ (21,381)	\$ (23,086)	\$ (58,410)

The accompanying notes are an integral part of the consolidated financial statements.

MERCURY SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

For the Third Quarter Ended March 27, 2026

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at December 26, 2025	59,377	\$ 594	\$ 1,302,020	\$ 154,285	\$ 3,089	\$ 1,459,988
Issuance of common stock under employee stock incentive plans	76	1	(1)	—	—	—
Issuance of common stock under defined contribution plan	46	—	3,697	—	—	3,697
Stock-based compensation	—	—	9,054	—	—	9,054
Net loss	—	—	—	(2,861)	—	(2,861)
Other comprehensive income	—	—	—	—	7,794	7,794
Balance at March 27, 2026	59,499	\$ 595	\$ 1,314,770	\$ 151,424	\$ 10,883	\$ 1,477,672

For the Third Quarter Ended March 28, 2025

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at December 27, 2024	58,660	\$ 587	\$ 1,266,926	\$ 184,695	\$ 8,068	\$ 1,460,276
Issuance of common stock under employee stock incentive plans	102	1	(1)	—	—	—
Issuance of common stock under defined contribution plan	90	1	3,794	—	—	3,795
Stock-based compensation	—	—	8,399	—	—	8,399
Net loss	—	—	—	(19,170)	—	(19,170)
Other comprehensive loss	—	—	—	—	(2,211)	(2,211)
Balance at March 28, 2025	58,852	\$ 589	\$ 1,279,118	\$ 165,525	\$ 5,857	\$ 1,451,089

For the Nine Months Ended March 27, 2026

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at June 27, 2025	59,003	\$ 590	\$ 1,287,478	\$ 181,895	\$ 3,498	\$ 1,473,461
Issuance of common stock under employee stock incentive plans	481	5	(5)	—	—	—
Issuance of common stock under employee stock purchase plan	70	1	2,727	—	—	2,728
Issuance of common stock under defined contribution plan	167	1	12,066	—	—	12,067
Retirement of common stock	(222)	(2)	(14,999)	—	—	(15,001)
Stock-based compensation	—	—	27,503	—	—	27,503
Net loss	—	—	—	(30,471)	—	(30,471)
Other comprehensive income	—	—	—	—	7,385	7,385
Balance at March 27, 2026	59,499	\$ 595	\$ 1,314,770	\$ 151,424	\$ 10,883	\$ 1,477,672

For the Nine Months Ended March 28, 2025

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at June 28, 2024	58,094	\$ 581	\$ 1,242,402	\$ 219,799	\$ 9,993	\$ 1,472,775
Issuance of common stock under employee stock incentive plans	394	4	(4)	—	—	—
Issuance of common stock under employee stock purchase plan	60	1	1,491	—	—	1,492
Issuance of common stock under defined contribution plan	304	3	11,673	—	—	11,676
Stock-based compensation	—	—	23,556	—	—	23,556
Net loss	—	—	—	(54,274)	—	(54,274)
Other comprehensive loss	—	—	—	—	(4,136)	(4,136)
Balance at March 28, 2025	58,852	\$ 589	\$ 1,279,118	\$ 165,525	\$ 5,857	\$ 1,451,089

The accompanying notes are an integral part of the consolidated financial statements.

MERCURY SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	March 27, 2026	March 28, 2025
Cash flows from operating activities:		
Net loss	\$ (30,471)	\$ (54,274)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	55,169	62,058
Stock-based compensation expense	29,215	22,602
Stock-based matching contributions on defined contribution plan	15,146	11,393
Benefit for deferred income taxes	(6,962)	(13,991)
Provision for bad debt	(64)	472
Other non-cash items	155	(802)
Changes in operating assets and liabilities:		
Accounts receivable, unbilled receivables, and costs in excess of billings	22,598	40,792
Inventory	(36,342)	(29,068)
Prepaid income taxes	(840)	(2,979)
Prepaid expenses and other current assets	(20,503)	4,023
Other non-current assets	(488)	5,592
Accounts payable, accrued expenses, accrued compensation, and due to factoring	47,405	(5,300)
Deferred revenues and customer advances	(6,542)	67,918
Income taxes payable	11	(118)
Other non-current liabilities	(7,252)	(7,542)
Net cash provided by operating activities	60,235	100,776
Cash flows from investing activities:		
Acquisition of assets and businesses, net of cash acquired	(1,415)	—
Purchases of property and equipment	(20,713)	(15,705)
Other investing activities	—	4,600
Net cash used in investing activities	(22,128)	(11,105)
Cash flows from financing activities:		
Proceeds from employee stock plans	2,728	1,492
Purchase and retirement of common stock	(15,001)	—
Payments of deferred financing and offering costs	(3,156)	(2,249)
Net cash used in financing activities	(15,429)	(757)
Effect of exchange rate changes on cash and cash equivalents	23	387
Net increase in cash and cash equivalents	22,701	89,301
Cash and cash equivalents at beginning of period	309,099	180,521
Cash and cash equivalents at end of period	\$ 331,800	\$ 269,822
Cash paid during the period for:		
Interest	\$ 23,998	\$ 28,105
Income taxes paid, net	\$ 1,374	\$ 265
Supplemental disclosures—non-cash activities:		
Non-cash investing activity: Purchases of property and equipment incurred but not yet paid	\$ 5,619	\$ 2,712
Non-cash investing activity: Inventory transfer to property and equipment, net	\$ 4,444	\$ 12,675

The accompanying notes are an integral part of the consolidated financial statements.

MERCURY SYSTEMS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands except per share data)
(Unaudited)

A. Description of Business

Mercury Systems, Inc. (the Company) is a global technology company that delivers mission-critical processing to the edge—where signals and data are collected—to solve the most pressing aerospace and defense challenges. Mercury’s products and solutions are deployed in more than 300 programs, and across 35 countries. The Company is headquartered in Andover, Massachusetts, and has over 20 locations worldwide.

The Mercury Processing Platform is the unique advantage the Company provides to its customers. It comprises the innovative technologies the Company has developed and acquired for more than 40 years that bring integrated, mission-critical processing to the edge. The Company's processing platform spans the full breadth of signal processing—from radio frequency (“RF”) front end to the human-machine interface—to rapidly convert meaningful data, gathered in the most remote and hostile environments, into critical decisions. It allows the Company to offer standard products and custom solutions from silicon to system scale, including components, modules, subsystems, and systems and it embodies the customer-centric approach the Company takes to delivering capabilities that are mission-ready, trusted and secure, software-defined, and open and modular.

B. Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared by the Company in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States of America for interim financial information and with the instructions to the Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in annual consolidated financial statements have been condensed or omitted pursuant to those rules and regulations; however, in the opinion of management the financial information reflects all adjustments, consisting of adjustments of a normal recurring nature, necessary for fair presentation. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the fiscal year ended June 27, 2025, which are contained in the Company’s Annual Report on Form 10-K filed with the SEC on August 11, 2025. The results for the third quarter and nine months ended March 27, 2026 are not necessarily indicative of the results to be expected for the full fiscal year.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

All references to the third quarter of fiscal 2026 are to the quarter ended March 27, 2026. There were 13 weeks during the third quarters ended March 27, 2026 and March 28, 2025, respectively. There were 39 weeks during the nine months ended March 27, 2026 and March 28, 2025, respectively.

USE OF ESTIMATES

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 and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

FOREIGN CURRENCY

Local currencies are the functional currency for the Company’s subsidiaries in Switzerland, the United Kingdom, and Spain. The accounts of foreign subsidiaries are translated using exchange rates in effect at period-end for assets and liabilities and at average exchange rates during the period for results of operations. The related translation adjustments are reported in Accumulated other comprehensive income (“AOCI”) in shareholders’ equity. Gains (losses) resulting from non-U.S. currency transactions are included in Other (expense) income, net in the Consolidated Statements of Operations and Comprehensive Income (Loss) and were immaterial for all periods presented.

ACCOUNTS RECEIVABLE

Accounts receivable, net, represents amounts that have been billed and are currently due from customers. The Company maintains an allowance for credit losses to provide for the estimated amount of receivables that will not be collected. The Company provides credit to customers in the normal course of business. The Company performs ongoing credit evaluations of its customers’ financial condition and limits the amount of credit extended as necessary. The allowance is based upon an assessment of the customer's credit worthiness, reasonable forecasts about the future, history with the customer, and the age of

the receivable balance. The Company typically invoices a customer upon shipment of the product (or completion of a service) for contracts where revenue is recognized at a point in time. For contracts where revenue is recognized over time, the invoicing events are typically based on specified performance obligation deliverables or milestone events, or quantifiable measures of performance.

ACCOUNTS RECEIVABLES FACTORING

On August 13, 2024, the Company entered into a \$60,000 committed receivables purchase and servicing agreement (“RPSA”). The RPSA has an initial term of two years. Pursuant to the RPSA, the counterparty has committed to purchase receivables from a certain number of agreed upon customers, maintaining a balance of purchased receivables at or below \$60,000. Under the RPSA, a portion of the factored receivables is paid by the counterparty in cash and classified as a deferred purchase price receivable, which is paid as receivables are collected by the Company. On December 10, 2025, the Company amended the RPSA to increase the facility from \$60,000 to \$75,000.

Proceeds for amounts factored by the Company are recorded as an increase to cash and a reduction to accounts receivable outstanding in the Consolidated Balance Sheets. Cash flows attributable to factored receivables are reflected as cash flows from operating activities in the Company's Consolidated Statements of Cash Flows. Factoring fees are included as Selling, general and administrative expenses in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss). The Company is responsible for collecting customer payments related to factored receivables and will remit these payments to the counterparty. From time to time, the Company will collect customer payments related to factored receivables, which are not remitted to the counterparty prior to the end of the period due to the timing of receiving funds from the customer. As of March 27, 2026 and June 27, 2025, the Company had collected \$14,107 and \$7,879, respectively, that was not remitted to the counterparty by quarter end. These collected balances are reflected as Cash and cash equivalents and the related obligation to remit the cash to the counterparty is recorded in Due to factoring facility on the Company's Consolidated Balance Sheet. The decrease in the receivable for these collections is reflected within the change in operating assets and liabilities within the Company's Consolidated Statement of Cash Flows for the nine months ended March 27, 2026.

The Company had \$75,000 of factored accounts receivable, of which \$60,893 was included as a contra account within Accounts receivable, net of allowance for credit losses on the Company's Consolidated Balance Sheet and \$14,107 was recorded in Due to factoring facility on the Company's Consolidated Balance Sheet as of March 27, 2026. The Company incurred factoring fees of approximately \$447 and \$1,408 for the third quarter and nine months ended March 27, 2026. The Company had \$59,999 of factored accounts receivable, of which \$55,139 was included as a contra account within Accounts receivable, net of allowance for credit losses on the Company's Consolidated Balance Sheet and \$4,860 was recorded in Due to factoring facility on the Company's Consolidated Balance Sheet as of March 28, 2025. The Company incurred factoring fees of approximately \$467 and \$1,288 for the third quarter and nine months ended March 28, 2025.

DERIVATIVES

The Company records the fair value of its derivative financial instruments in its consolidated financial statements in Other non-current assets, or Other non-current liabilities depending on their net position, regardless of the purpose or intent for holding the derivative contract. Changes in the fair value of the derivative financial instruments are either recognized periodically in earnings or in shareholders' equity as a component of Other comprehensive income (loss) (“OCI”). Changes in the fair value of cash flow hedges that qualify for hedge accounting treatment are recorded in OCI and reclassified into earnings in the same line item on the Consolidated Statements of Operations and Comprehensive Income (Loss) as the impact of the hedged transaction when the underlying contract matures and, for interest rate exposure derivatives, over the term of the corresponding debt instrument. Changes in the fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur. All derivatives for the Company qualified for hedge accounting as of March 27, 2026.

REVENUE RECOGNITION

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, (“ASC 606”). Revenues are derived from the sales of products that are grouped into one of the following three categories: (i) components; (ii) modules and sub-assemblies; and (iii) integrated solutions. The Company also generates revenues from the performance of services, including systems engineering support, consulting, maintenance and other support, testing and installation. Each promised good or service within a contract is accounted for separately under the guidance of ASC 606 if they are distinct. Promised goods or services not meeting the criteria for being a distinct performance obligation are bundled into a single performance obligation with other goods or services that together meet the criteria for being distinct. The appropriate allocation of the transaction price and recognition of revenue is then determined for the bundled performance obligation.

Revenue recognized at a point in time generally relates to contracts that include a combination of components, modules and sub-assemblies, integrated solutions and related system integration or other services. Contracts with distinct performance obligations recognized at a point in time, with or without an allocation of the transaction price, totaled 52% and 53% of revenues for the third quarter and nine months ended March 27, 2026, respectively. Contracts with distinct performance obligations recognized at a point in time, with or without an allocation of the transaction price, totaled 53% and 51% of revenues for the third quarter and nine months ended March 28, 2025, respectively.

The Company also engages in contracts for development, production and service activities and recognizes revenue for performance obligations over time. These over time contracts involve the design, development, manufacture, or modification of complex modules and sub-assemblies or integrated solutions and related services. Over time contracts include both fixed-price and cost reimbursable contracts. The Company's cost reimbursable contracts typically include cost-plus fixed fee and time and material contracts.

Total revenue recognized over time was 48% and 47% of total revenues for the third quarter and nine months ended March 27, 2026, respectively. Total revenue recognized over time was 47% and 49% of total revenues for the third quarter and nine months ended March 28, 2025, respectively.

Accounting for contracts recognized over time requires significant judgment relative to estimating total contract revenues and costs. In particular, this includes assumptions relative to the amount of time to complete the contract and the assessment of the nature and complexity of the work to be performed and the impact of contract amendments which may result in cumulative adjustments. The Company's estimates are based upon the professional knowledge and experience of its engineers, operations, program managers and other personnel, who review each over time contract monthly to assess the contract's schedule, performance, technical matters and estimated cost at completion. Changes in estimates are applied retrospectively and when adjustments in estimated contract costs are identified, such revisions may result in current period adjustments to earnings applicable to performance in prior periods. The aggregate effects of these favorable and unfavorable changes across the Company's portfolio of programs can have a significant effect upon its reported Loss from operations, Net loss and Diluted net loss per share in each of the reporting periods. The net impact of changes in estimates had the following impact on the Company's operating results:

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
<i>(In thousands, except per share data)</i>				
Loss from operations	\$ (2,095)	\$ (3,653)	\$ (9,624)	\$ (16,354)
Net loss ⁽¹⁾	\$ (1,530)	\$ (2,666)	\$ (7,026)	\$ (11,938)
Diluted net loss per share	\$ (0.03)	\$ (0.05)	\$ (0.12)	\$ (0.20)
Diluted shares	59,422	58,749	59,386	58,614
(1) Federal and state statutory rate of 27%				

The Company generally does not provide its customers with rights of product return other than those related to assurance warranty provisions that permit repair or replacement of defective goods generally over a period of 12 to 36 months. The Company accrues for anticipated warranty costs upon product shipment. The Company does not consider activities related to such assurance warranties, if any, to be a separate performance obligation. The Company does offer separately priced extended warranties which generally range from 12 to 36 months that are treated as separate performance obligations. The transaction price allocated to extended warranties is recognized over time in proportion to the costs expected to be incurred in satisfying the obligations under the contract.

The Company's contracts generally do not include significant financing components. The Company's over time contracts may include milestone payments, which align the payment schedule with the progress towards completion on the performance obligation. Otherwise, the Company's contracts are predicated on payment upon completion of the performance obligation. On certain contracts, the Company may be entitled to receive an advance payment, which is not considered a significant financing component because most contracts have a duration of approximately two years on average and it is used to facilitate inventory demands at the onset of a contract and to safeguard the Company from the failure of the other party to abide by some or all of their obligations under the contract.

All revenues are reported net of government assessed taxes (e.g., sales taxes or value-added taxes). Refer to Note L for disaggregation of revenue for the period.

CONTRACT BALANCES

Contract balances result from the timing of revenue recognized, billings and cash collections resulting in the generation of contract assets and liabilities. Contract assets represent revenue recognized in excess of amounts invoiced to the customer and the right to payment is not subject to the passage of time. Instead, while the Company has an enforceable right to payment as progress is made over performance obligations, billings to customers are generally predicated on (i) completion of defined milestones, (ii) monthly costs incurred or (iii) final delivery of goods or services. Contract assets are presented as Unbilled receivables and costs in excess of billings, net of allowance for credit losses on the Company's Consolidated Balance Sheets. Contract liabilities consist of deferred product revenue, billings in excess of revenues, deferred service revenue and customer advances. Deferred product revenue represents amounts that have been invoiced to customers, but are not yet recognizable as revenue because the Company has not satisfied its performance obligations under the contract. Billings in excess of revenues represents milestone billing contracts where the billings of the contract exceed recognized revenues. Deferred service revenue primarily represents amounts invoiced to customers for annual maintenance contracts or extended warranty contracts, which are recognized over time in proportion to the costs expected to be incurred in satisfying the obligations under the contract. Customer advances represent deposits received from customers on an order. Contract liabilities are included in deferred revenue as well as Other non-current liabilities on the Company's Consolidated Balance Sheets. Contract balances are reported in a net position on a contract-by-contract basis.

The contract asset balances were \$269,498 and \$278,475 as of March 27, 2026 and June 27, 2025, respectively. The contract asset balance decreased due to \$334,274 of billings, partially offset by revenue recognized under over time contracts of \$325,297 during the nine months ended March 27, 2026. The contract liability balances were \$127,594 and \$127,605 as of March 27, 2026 and June 27, 2025, respectively. The contract liability remained relatively unchanged due to the volume of milestone billing events and the timing of revenue recognized across multiple programs.

Revenue recognized for the third quarter and nine months ended March 27, 2026 that was included in the contract liability balance at June 27, 2025 was \$21,533 and \$79,411, respectively. Revenue recognized for the third quarter and nine months ended March 28, 2025 that was included in the contract liability balance at June 28, 2024 was \$8,563 and \$50,310, respectively.

REMAINING PERFORMANCE OBLIGATIONS

The Company includes in its computation of remaining performance obligations customer orders for which it has accepted executed sales orders. The definition of remaining performance obligations excludes contracts with original expected durations of less than one year, as well as those contracts that provide the customer with the right to cancel or terminate the order with no substantial penalty, even if the Company's historical experience indicates the likelihood of cancellation or termination is remote. As of March 27, 2026, the aggregate amount of the transaction price allocated to remaining performance obligations was \$859,764. The Company expects to recognize approximately 50% of its remaining performance obligations as revenue in the next 12 months and the balance thereafter.

LONG-LIVED ASSETS

Long-lived assets primarily include property and equipment, intangible assets and right-of-use ("ROU") assets. The Company regularly evaluates its long-lived assets for events and circumstances that indicate a potential impairment in accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360"). The Company reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable or that the useful lives of these assets are no longer appropriate. Each impairment test is based on a comparison of the estimated undiscounted cash flows of the asset as compared to the recorded value of the asset. If impairment is indicated, the asset is written down to its estimated fair value.

GOODWILL AND INTANGIBLE ASSETS

Goodwill is the amount by which the purchase price of a business acquisition exceeded the fair values of the net identifiable assets on the date of purchase (see Note F). In accordance with the requirements of Intangibles-Goodwill and Other ("ASC 350"), goodwill is not amortized. Goodwill is assessed for impairment at least annually, on a reporting unit basis, or when events and circumstances ("triggering event") occur indicating that the recorded goodwill may be impaired. Potential triggering events include macroeconomic conditions, industry and market considerations, financial performance and expectations of projected financial performance and cash flows, and changes in the Company's stock price in relation to the carrying value of its reporting units, among other relevant factors. Adverse changes to these events and circumstances could require the Company to perform an interim impairment test.

Intangible assets result from the Company's various business acquisitions and certain licensed technologies, and consist of identifiable intangible assets, including completed technology, licensing agreements, patents, customer relationships, trademarks, backlog and non-compete agreements. Intangible assets are reported at cost, net of accumulated amortization and are either amortized on a straight-line basis over their estimated useful lives of up to 12.5 years or over the period the economic benefits of the intangible asset are consumed. During the three months ended March 27, 2026, the Company acquired completed technologies of \$1,540 with a useful life of 5.0 years in connection with the Company's asset acquisition of a provider of specialized manufacturing processes.

PRODUCT WARRANTY ACCRUAL

The Company's product sales generally include a 12 to 36 month standard hardware warranty. At time of product shipment, the Company accrues for the estimated cost to repair or replace potentially defective products. Estimated warranty costs are based upon prior actual warranty costs for substantially similar transactions and any specifically identified warranty requirements. Product warranty accrual is included as part of accrued expenses in the accompanying Consolidated Balance Sheets. The following table presents the changes in the Company's product warranty accrual.

	Total
Balance at June 27, 2025	\$ 2,945
Accruals for warranties issued during the period	2,815
Settlements made during the period	(2,348)
Balance at March 27, 2026	<u>\$ 3,412</u>

WEIGHTED-AVERAGE SHARES

Weighted-average shares were calculated as follows:

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Basic weighted-average shares outstanding	59,422	58,749	59,386	58,614
Effect of dilutive equity instruments	—	—	—	—
Diluted weighted-average shares outstanding	<u>59,422</u>	<u>58,749</u>	<u>59,386</u>	<u>58,614</u>

Equity instruments to purchase 2,548 and 2,591 shares of common stock were not included in the calculation of diluted net loss per share for the third quarter and nine months ended March 27, 2026, respectively, because the equity instruments were anti-dilutive. Equity instruments to purchase 2,901 and 2,859 shares of common stock were not included in the calculation of diluted net loss per share for the third quarter and nine months ended March 28, 2025, respectively, because the equity instruments were anti-dilutive.

RETIREMENT OF COMMON STOCK

Repurchases may be made through open market or privately negotiated transactions from time to time at prevailing market prices. The Company accounts for this under the cost method, and upon retirement the excess amount over par value is charged against additional paid-in capital.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*, an amendment of the FASB Accounting Standard Codification. The amendments in this ASU address improvements to disclosures surrounding operating expenses, including purchases of inventory, employee compensation, depreciation, amortization, and depletion, which are all normally included in common expense captions on the face of the income statement. Any expenses remaining in relevant expense captions that are not disaggregated should be accompanied with a qualitative disclosure as to their nature. This ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the effect that this standard will have on its consolidated financial statements and related disclosures.

In May 2025, the FASB issued ASU No. 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, an amendment of the FASB Accounting Standards Codification. The amendments in this ASU are intended to clarify guidance surrounding who the accounting acquirer is in a business combination, specifically when a Variable Interest Entity ("VIE") is involved. The ASU is effective for fiscal years beginning after December 15, 2026, and all interim periods within applicable annual periods, with early adoption permitted. The Company does not expect the adoption of ASU 2025-03 to have a material impact on its Consolidated financial statements.

In July 2025, the FASB issued ASU No. 2025-05, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, an amendment of the FASB Accounting Standards Codification. The amendments in this ASU affect entities that apply the practical expedient and accounting policy election (if applicable) when estimating expected credit losses on current accounts receivable and/or current contract assets arising from transactions under Topic 606, including those assets acquired in a transaction accounted for under Topic 805. The ASU is effective for fiscal years beginning after December 15, 2025, and all interim periods within applicable annual periods, with early adoption permitted. The Company is currently evaluating the effect that this standard will have on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles - Goodwill and Other - Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal Use Software*, an amendment of the FASB Accounting Standards Codification. The amendments in this ASU apply to all entities subject to the internal-use software guidance in Subtopic 350-40. The main provisions are improving operability of the guidance and removing references of different software development stages to remain neutral to different methods. The ASU is effective for fiscal years beginning after December 15, 2027, and all interim periods within applicable annual periods, with early adoption permitted at beginning of annual reporting period. The Company is currently evaluating the effect that this standard will have on its consolidated financial statements and related disclosures.

In November 2025, the FASB issued ASU No. 2025-09, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*, an amendment of the FASB Accounting Standards Codification. The amendments in this ASU address several hedge accounting improvements and clarifies guidance for cash flow hedges, hedging forecasted interest payments, net written options as instruments, and foreign-currency-denominated debt instruments as a dual hedge. This ASU is effective for fiscal years beginning after December 15, 2026, and all interim periods within applicable annual periods, with early adoption permitted. The Company is currently evaluating the effect that this standard will have on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued ASU No. 2025-11, *Interim Reporting (Topic 270): Narrow Scope Improvements*, an amendment of the FASB Accounting Standards Codification. The amendments in this ASU primarily provide clarification on interim reporting requirements and enhanced disclosure requirements. The amendments also include a disclosure principle to disclose all events since the end of the last annual reporting period that have a material impact on the Company. The ASU is effective for fiscal years beginning after December 15, 2027, and all interim reporting periods within applicable annual periods, with early adoption permitted. The Company is currently evaluating the effect that this standard will have on its consolidated financial statements and related disclosures.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective June 28, 2025, the Company adopted ASU No. 2023-09, *Improvement to Income Tax Disclosures*, an amendment of the FASB Accounting Standards Codification. The amendments in this ASU enact new income tax disclosure requirements in addition to modifying existing requirements. The amendment requires entities to categorize and provide greater disaggregation of information in the rate reconciliation and income taxes paid disclosures. The adoption of this update did not have a material impact on the Company's consolidated financial statements but will result in expanded income tax disclosures in the Company's annual financial statements for the fiscal period ending July 3, 2026.

C. Fair Value of Financial Instruments

The following table summarizes the Companies' financial instruments measured at fair value on a recurring basis as of March 27, 2026:

	Fair Value Measurements			
	March 27, 2026	Level 1	Level 2	Level 3
Liabilities:				
Interest rate swap	\$ 2,522	\$ —	\$ 2,522	\$ —
Total measured at fair value	\$ 2,522	\$ —	\$ 2,522	\$ —

The carrying values of cash and cash equivalents, including money market funds, restricted cash, accounts receivable and payable, contract assets and liabilities and accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities. The Company determined the carrying value of long-term debt approximated fair value due to variable interest rates charged on the borrowings, which reprice frequently.

During the first quarter ended September 29, 2023, the Company entered into an interest rate hedging agreement (the “September 2023 Swap”). The fair value of the September 2023 Swap is estimated using a discounted cash flow analysis based on the contractual terms of the derivative, leveraging observable inputs other than quoted prices, such as interest rates. As of March 27, 2026, the fair value of the September 2023 Swap was a liability of \$2,522 and is included within Other non-current liabilities in the Company's Consolidated Balance Sheets.

The following table summarizes the Companies' financial instruments measured at fair value on a recurring basis as of June 27, 2025:

	Fair Value Measurements			
	June 27, 2025	Level 1	Level 2	Level 3
Liabilities:				
Interest rate swap	\$ 5,391	\$ —	\$ 5,391	\$ —
Total measured at fair value	\$ 5,391	\$ —	\$ 5,391	\$ —

The fair value of the September 2023 Swap is estimated using a discounted cash flow analysis based on the contractual terms of the derivative, leveraging observable inputs other than quoted prices, such as interest rates. As of June 27, 2025, the fair value of the September 2023 Swap was a liability of \$5,391 and was included within Other non-current liabilities in the Company's Consolidated Balance Sheets.

Refer to Note N for further information regarding the September 2023 Swap.

D. Inventory

Inventory is stated at the lower of cost (first-in, first-out) or net realizable value, and consists of materials, labor and overhead. On a quarterly basis, the Company uses consistent methodologies to evaluate inventory for net realizable value. Once an item is written down, the value becomes the new inventory cost basis. The Company reduces the value of inventory for excess and obsolete inventory, consisting of on-hand inventory in excess of estimated usage. The excess and obsolete inventory evaluation is based upon assumptions about future demand, historical usage, product mix and possible alternative uses. During the first quarter ended September 26, 2025, the Company reclassified \$4,444 of work in process inventory to property and equipment, net to support a test lab and demonstration room for its technologies and to meet anticipated production demands for its solutions through additional testing capabilities. Inventory was comprised of the following:

	As of	
	March 27, 2026	June 27, 2025
Raw materials	\$ 193,298	\$ 195,496
Work in process	146,083	118,376
Finished goods	22,312	19,048
Total	\$ 361,693	\$ 332,920

E. Property and Equipment

Property and equipment, net consisted of the following:

	Estimated Useful Lives (Years)	As of	
		March 27, 2026	June 27, 2025
Computer equipment and software	3-4	\$ 158,292	\$ 149,342
Furniture and fixtures	5	11,655	23,176
Leasehold improvements	lesser of estimated useful life or lease term	73,698	74,278
Machinery and equipment	5-10	198,350	168,412
		441,995	415,208
Less: accumulated depreciation		(339,403)	(313,768)
Property and equipment, net		\$ 102,592	\$ 101,440

There was \$20,713 and \$15,705 of capital expenditures during the nine months ended March 27, 2026 and March 28, 2025, respectively. The nine months ended March 27, 2026 also includes the reclassification of work in process inventory to property and equipment of \$4,444.

Depreciation expense related to property and equipment for the third quarter and nine months ended March 27, 2026 was \$8,395 and \$25,655, respectively. Depreciation expense related to property and equipment for the third quarter and nine months ended March 28, 2025 was \$9,731 and \$29,484, respectively.

F. Goodwill

In the second quarter ended December 26, 2025, the Company completed its internal reorganization, which changed how segment management reviewed discrete financial information, by consolidating two divisions into a single integrated structure that unified all lines of business and matrixed business functions. The Company's U.S.-based businesses are now aligned into two product-oriented reporting units, Signal Technologies and Processing Technologies, a third reporting unit focused on more comprehensive solutions, Integrated Processing Solutions, and a fourth reporting unit is dedicated to bringing its advanced edge processing capabilities to the international market, Europe, the Middle East and Africa ("EMEA"). The Company concluded that the internal reorganization and change in reporting units qualified as a triggering event and required goodwill to be tested for impairment. As required by ASC 350, the Company tested goodwill for impairment immediately before and after the reorganization. The testing indicated that the fair values of the Company's reporting units each had an estimated fair value substantially in excess of their carrying values. As a result of these analyses, it was determined that goodwill was not impaired before or after the reorganization.

In accordance with FASB ASC 350, *Intangibles-Goodwill and Other* ("ASC 350"), the Company determines its reporting units based upon whether discrete financial information is available, if management regularly reviews the operating results of the component, the nature of the products offered to customers and the market characteristics of each reporting unit. A reporting unit is considered to be an operating segment or one level below an operating segment also known as a component. Component level financial information is reviewed by management across four business units: Signal Technologies, Processing Technologies, Integrated Processing Solutions, and Europe, the Middle East and Africa ("EMEA"). Accordingly, these were determined to be the Company's reporting units.

The Company performs its annual goodwill impairment test in the fourth quarter of each fiscal year. The Company also assesses potential triggering events during interim reporting periods. During the third quarter ended March 27, 2026, the Company assessed events and circumstances to consider its reporting units for a potential triggering event, including: macroeconomic conditions, industry and market considerations, financial performance and expectations of projected financial performance and cash flows, changes in the Company's stock price in relation to the carrying value of its reporting units, among other relevant factors. The Company concluded that there were no triggering events during the period that would require an interim impairment test.

The following table sets forth the changes in the carrying amount of goodwill for the nine months ended March 27, 2026:

	Total
Balance at June 27, 2025	\$ 938,093
Foreign currency translation adjustments	4,521
Balance at March 27, 2026	<u>\$ 942,614</u>

G. Restructuring

During the nine months ended March 27, 2026, the Company approved and initiated workforce reductions that eliminated approximately 100 positions, resulting in \$5,591 of severance costs. The Company incurs restructuring and other charges in connection with management's decision to undertake certain actions to realign operating expenses through workforce reductions and the closure of certain Company facilities, businesses and lines of business. All of the restructuring and other charges are classified as Operating expenses in the Consolidated Statements of Operations and Comprehensive Income (Loss) and any remaining restructuring obligations are expected to be paid within the next twelve months. The restructuring liability is classified as Accrued expenses in the Consolidated Balance Sheets.

The following table presents the detail of charges included in the Company's liability for restructuring and other charges:

	Severance & Related
Balance at June 27, 2025	\$ 1,206
Restructuring charges	5,591
Cash paid	(4,216)
Balance at March 27, 2026	<u>\$ 2,581</u>

H. Income Taxes

The Company recorded an income tax provision of \$174 and an income tax benefit \$2,648 on losses before income taxes of \$2,687 and \$21,818 for the third quarters ended March 27, 2026 and March 28, 2025, respectively. The Company recorded income tax benefits of \$6,211 and \$14,967 on a loss before income taxes of \$36,682 and \$69,241 for the nine months ended March 27, 2026 and March 28, 2025, respectively.

During the third quarter and nine months ended March 27, 2026, the Company recognized a tax benefit of \$314 and \$2,436 related to stock compensation windfalls, respectively, and during the third quarter and nine months ended March 28, 2025, the Company recognized a tax provision of \$48 and \$406 related to stock compensation shortfalls, respectively.

The effective tax rate for the third quarter and nine months ended March 27, 2026 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, stock compensation windfalls, and state taxes. The effective tax rate for the third quarter and nine months ended March 28, 2025 differed from the federal statutory rate primarily due to federal and state research and development credits, return to provision adjustments, non-deductible compensation, and state taxes.

The Company continues to maintain a valuation allowance on all of its foreign net operating loss carryforwards and the majority of its state research and developmental tax credit carryforwards. Based on forecasted taxable income and the scheduled reversal of the remaining deferred tax assets, the Company believes it is more likely than not that all other deferred tax assets will be recognized.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBA") was enacted, which includes a broad range of tax provisions and extended and modified certain provisions of the Tax Cuts and Jobs Act ("TCJA"), including, but not limited to, restoration of 100% bonus depreciation, EBITDA-based interest expense limitation and immediate expensing of domestic research and development expenditures. The Company has evaluated the potential impact of this legislation and expects it to result primarily in a timing difference, with no material impact on the Company's effective tax rate.

I. Debt

REVOLVING CREDIT FACILITY

The Company has a 5-year revolving credit facility (the "Revolver") with a maturity extended to November 4, 2030. The borrowing capacity as defined under the Revolver as of March 27, 2026 is \$850,000 less outstanding borrowings of \$591,500. There were outstanding letters of credit of \$4,214 as of March 27, 2026. During the third quarter and nine months ended March 27, 2026, the Company made no borrowings or repayments. As of March 27, 2026, the Company was in compliance with all covenants and conditions under the Revolver. The Company incurred interest expense of \$7,331 and \$23,066 for the third quarter and nine months ended March 27, 2026, respectively. The Company incurred interest expense of \$8,068 and \$25,404 for the third quarter and nine months ended March 28, 2025, respectively.

On November 4, 2025, the Company entered into Amendment No. 7 to the Revolver. This amendment extends the maturity date of the credit facility by five years to November 4, 2030 with a borrowing capacity of \$850,000. In conjunction with Amendment No. 7 to the Revolver, the Company incurred \$3,156 of new deferred financing costs that will be amortized over the remaining term of the Revolver. As part of the amendment, the Company wrote off \$845 of previously deferred financing costs associated with the line of credit facility prior to the amendment. This write-off is included in Other expense, net in the Consolidated Statements of Operations and Comprehensive Income (Loss). Refer to Exhibit 10.1 on Form 8-K filed by the Company with the SEC on November 4, 2025.

As of March 27, 2026, the Company's outstanding balance of unamortized deferred financing costs was \$4,709, which is being amortized to Other (expense) income, net in the Consolidated Statements of Operations and Comprehensive Income (Loss) on a straight line basis over the term of the Revolver and includes the costs incurred in conjunction with the August 2024 and November 2025 amendments to the Revolver.

J. Employee Benefit Plan

PENSION PLAN

The Company maintains a defined benefit pension plan (the “Plan”) for its Swiss employees, which is administered by an independent pension fund. The Plan is mandated by Swiss law and meets the criteria for a defined benefit plan under ASC 715, *Compensation—Retirement Benefits* (“ASC 715”), because participants of the Plan are entitled to a defined rate of return on contributions made. The independent pension fund is a multi-employer plan with unrestricted joint liability for all participating companies for which the Plan’s overfunding or underfunding is allocated to each participating company based on an allocation key determined by the Plan.

The Company recognizes a net asset or liability for the Plan equal to the difference between the projected benefit obligation of the Plan and the fair value of the Plan’s assets as required by ASC 715. The funded status may vary from year to year due to changes in the fair value of the Plan’s assets and variations on the underlying assumptions of the projected benefit obligation of the Plan. The Plan’s funded status at March 27, 2026 was a net liability of \$3,513, which is recorded in Other non-current liabilities on the Consolidated Balance Sheet. During the third quarter ended March 27, 2026, due to a reduction in force that impacted 20 employees, there was a \$1,915 plan curtailment gain recorded in the Consolidated Statements of Operations and Comprehensive Income (Loss), with a corresponding reduction to the net liability within Other non-current liabilities on the Consolidated Balance Sheet. The Company recognized net periodic (benefit) costs of \$(1,943) and \$227 associated with the Plan and a net loss of \$163 and \$51 in AOCI during the third quarters ended March 27, 2026 and March 28, 2025, respectively. The Company recognized net periodic (benefit) costs of \$(1,587) and \$691 associated with the Plan and a net loss of \$276 and \$156 in AOCI during the nine months ended March 27, 2026 and March 28, 2025, respectively. The Company’s total expected employer contributions to the Plan during fiscal 2026 are \$557.

401(k) Plan

The Company maintains a qualified 401(k) plan (the “401(k) Plan”) for its U.S. employees and matches participants’ contributions to the plan and/or qualified student loan payments of up to 6% of their eligible annual compensation in Company stock. The Company may also make optional contributions to the plan for any plan year at its discretion. Stock-based 401(k) matching compensation cost is measured based on the value of the matching amount and is recognized as expense as incurred. During the third quarter and nine months ended March 27, 2026, the Company recognized share-based matching contributions related to the 401(k) plan of \$3,703 and \$15,146, as compared to \$3,533 and \$11,393 during the third quarter and nine months ended March 28, 2025.

Deferred Compensation Plan

The Company implemented a nonqualified deferred compensation plan as of January 1, 2024, under which eligible employees may defer up to 50% of their base salaries and up to 100% of their annual incentive bonuses. The Company may also make employer contributions to participant accounts in its sole discretion, and currently matches participants’ deferrals under the plan of up to 6% of their eligible annual compensation in the form of deferred stock units (or at the Company’s election, a cash-based deferral credited to participants’ account balances). The Company’s matching obligations for participant deferrals made during calendar 2024 and 2025 were subject to a financial performance condition for the Company’s four fiscal quarters corresponding to the respective calendar year. Each of these financial performance conditions was subsequently determined to have been fully satisfied, and the deferred stock units issued in respect of the Company’s matching obligations vested accordingly. Participant deferrals under the plan are held in a rabbi trust and are subject to the claims of the Company’s creditors. Assets held by the rabbi trust are classified as trading securities and are recorded at fair value, with changes in value recorded as adjustments to other income. All deferrals or employer contributions under the plan, and all earnings thereon, are fully vested as and when made or credited to plan participants.

As of March 27, 2026, the Company held assets under the rabbi trust of \$746, and was subject to liabilities for amounts payable under the plan to participants (including accrued employer matching contributions not yet credited to plan participants) of \$746. Assets related to this plan are included in Other assets, and liabilities related to this plan are included in Accrued compensation in the Consolidated Balance Sheets. During the third quarters and nine months ended March 27, 2026 and March 28, 2025, the Company recognized an immaterial value of compensation expense as a result of changes in the value of notional investments selected by plan participants for the investment of their plan account balances, with the same amount being recorded as other income attributable to changes in the market value of the assets held by the rabbi trust.

K. Stock-Based Compensation

STOCK INCENTIVE PLANS

The Company’s 2025 Long Term Incentive Plan (as amended from time to time, the “2025 Plan”) was adopted by the Company’s Board of Directors in July 2025 and approved by the Company’s shareholders on October 22, 2025. At March 27,

2026, the aggregate number of shares authorized for issuance under the 2025 Plan is 1,998 shares, including 1,900 shares approved by the Company's shareholders on October 22, 2025 and 98 shares by virtue of awards forfeited from and after October 22, 2025 under a predecessor stock incentive plan, the Company's Amended and Restated 2018 Stock Incentive Plan (the "2018 Plan"). The shares authorized for issuance under the 2025 Plan will continue to be increased to the extent that any award previously granted under the 2018 Plan is forfeited, terminates, expires, lapses without being exercised or is settled for cash in the future. The 2025 Plan provides for the grant to employees and non-employees of non-qualified and incentive stock options, stock appreciation rights, time-based and performance-based restricted stock awards or units, and deferred stock awards or units. Stock options and stock appreciation rights must be granted with an exercise price of not less than 100% of the fair value of the Company's common stock on the date of grant and have a maximum exercisable term of ten years. Under the share counting rules applicable to the 2025 Plan, each share issued pursuant to a stock option or stock appreciation right counts as 0.5 shares against the available share reserve, and each share issued pursuant to any other award (a "full value" award) counts as one share against the available reserve. Accordingly, at March 27, 2026, a maximum of 3,913 shares underlying future awards of stock options and stock appreciation rights are issuable under the 2025 Plan, and a maximum of 1,956 shares underlying future full value awards are issuable under the 2025 Plan.

As part of the Company's ongoing annual equity grant program for employees, the Company grants performance-based restricted stock unit awards to certain executives and employees pursuant to the 2025 Plan (and prior to October 22, 2025, the 2018 Plan). Performance awards vest based on the requisite service period subject to the achievement of specific financial performance targets. Based on the performance targets, some of these awards require graded vesting which results in more rapid expense recognition compared to traditional time-based vesting over the same vesting period. The Company monitors the probability of achieving the performance targets on a quarterly basis and may adjust periodic stock compensation expense accordingly based on its determination of the likelihood for reaching targets. The performance targets generally include the achievement of financial performance goals. Payouts under performance-based restricted stock unit awards may also be subject to modification based on market conditions, including Mercury's total shareholder return relative to the component companies within the Spade Defense Index.

EMPLOYEE STOCK PURCHASE PLAN

The Company's 1997 Employee Stock Purchase Plan, as amended and restated (the "1997 ESPP") was terminated in accordance with its terms effective May 14, 2024. Under the 1997 ESPP, rights were granted to purchase shares of common stock at 85% of the lesser of the market value of such shares at either the beginning or the end of each six-month offering period. The 1997 ESPP permitted employees to purchase common stock through payroll deductions, which may not have exceeded 10% of an employee's compensation as defined in the 1997 ESPP. There were no shares issued under the 1997 ESPP during the nine months ended March 27, 2026 and March 28, 2025, respectively. There were an immaterial amount of shares related to the 1997 Plan issued and returned to the reserve during the nine months ended March 28, 2025.

The Company adopted a new employee stock purchase plan (the "2024 ESPP") in April 2024. The Company's shareholders approved the plan at the Company's 2024 annual meeting of shareholders, held on October 23, 2024. The number of shares authorized for issuance under the 2024 ESPP is 1,000 shares. Under the 2024 ESPP, rights are granted to purchase shares of common stock at 85% of the lesser of the market value of such shares at either the beginning or the end of each six-month offering period. The 2024 ESPP permits employees to purchase common stock through payroll deductions, which may not exceed 10% of an employee's compensation as defined in the 2024 ESPP. There were 70 shares and 65 shares issued under the 2024 ESPP during the nine months ended March 27, 2026 and March 28, 2025, respectively. Shares available for future purchase under the 2024 ESPP totaled 800 at March 27, 2026.

STOCK OPTION AND AWARD ACTIVITY

The following table summarizes activity with respect to Company-issued stock options since June 27, 2025:

	Options Outstanding			Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value as of March 27, 2026
	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price		
Outstanding at June 27, 2025	934	\$ 12.71	\$ 45.00		—
Granted	—				—
Exercised	—				—
Canceled	—				—
Outstanding at March 27, 2026	934	12.71	45.00	2.14 years	—
Exercisable at March 27, 2026	—	\$ —	\$ —	—	—

There were no options vested or exercised during the nine months ended March 27, 2026. Non-vested stock options are subject to the risk of forfeiture until the fulfillment of specified conditions. As of March 27, 2026, there was \$3,131 of total unrecognized compensation cost related to non-vested options granted that is expected to be recognized over a weighted-average period of 1.14 years from March 27, 2026.

The following table summarizes the status of the Company's non-vested restricted stock awards and deferred stock awards since June 27, 2025:

	Non-vested Restricted Stock Awards	
	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at June 27, 2025	1,742	\$ 40.37
Granted	570	69.28
Vested	(481)	40.87
Forfeited	(131)	48.52
Non-vested at March 27, 2026	1,700	\$ 49.36

STOCK-BASED COMPENSATION EXPENSE

The Company recognizes expense for its share-based payment plans in the Consolidated Statements of Operations and Comprehensive Income (Loss) in accordance with ASC 718, *Compensation - Stock Compensation* ("ASC 718"). Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the service period, net of estimated forfeitures.

The following table presents share-based compensation expenses included in the Company's Consolidated Statements of Operations and Comprehensive Income (Loss):

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Cost of revenues	\$ 950	\$ 813	\$ 4,573	\$ 759
Selling, general and administrative	6,556	6,228	19,878	17,156
Research and development	1,543	1,507	4,765	4,687
Stock-based compensation expense before tax	9,049	8,548	29,216	22,602
Income taxes ⁽¹⁾	(2,443)	(2,308)	(7,888)	(6,103)
Stock-based compensation expense, net of income taxes	\$ 6,606	\$ 6,240	\$ 21,328	\$ 16,499

(1) Federal and state statutory rate of 27%

L. Operating Segment, Geographic Information and Significant Customers

Operating segments are defined as components of an enterprise evaluated regularly by the Company's chief executive officer who acts as its Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and assess performance. The Company evaluated its internal organization under FASB ASC 280, *Segment Reporting* ("ASC 280") to determine whether there has been a change to its conclusion of a single operating and reportable segment. The Company concluded there has been no changes given the CODM continues to evaluate and manage the Company on the basis of one operating and reportable segment. The Company utilized the management approach for determining its operating segment in accordance with ASC 280.

The CODM utilizes Net loss that is reported on the Consolidated Statements of Operations and Comprehensive Income (Loss) to assess operating performance and make decisions related to resource allocation. The Company's significant segment expenses include stock-based compensation and depreciation which are disclosed in Note K and Note E, respectively. Any other significant segment expenses which are regularly provided to the CODM are provided on the Consolidated Statements of Operations and Comprehensive Income (Loss). The Company's segment assets are reported on the Consolidated Balance Sheets as Total Assets and its segment purchase of property plant and equipment are disclosed in Note E.

The geographic distribution of the Company's revenues as determined by country in which the Company's legal subsidiary is domiciled is summarized as follows:

	U.S.	Europe	Eliminations	Total
THIRD QUARTER ENDED MARCH 27, 2026				
Net revenues to unaffiliated customers	\$ 229,427	\$ 6,332	\$ —	\$ 235,759
Inter-geographic revenues	10,326	5,440	(15,766)	—
Net revenues	\$ 239,753	\$ 11,772	\$ (15,766)	\$ 235,759
THIRD QUARTER ENDED MARCH 28, 2025				
Net revenues to unaffiliated customers	\$ 200,241	\$ 11,117	\$ —	\$ 211,358
Inter-geographic revenues	1,539	2,577	(4,116)	—
Net revenues	\$ 201,780	\$ 13,694	\$ (4,116)	\$ 211,358
NINE MONTHS ENDED MARCH 27, 2026				
Net revenues to unaffiliated customers	\$ 662,435	\$ 31,405	\$ —	\$ 693,840
Inter-geographic revenues	14,502	12,416	(26,918)	—
Net revenues	\$ 676,937	\$ 43,821	\$ (26,918)	\$ 693,840
NINE MONTHS ENDED MARCH 28, 2025				
Net revenues to unaffiliated customers	\$ 597,955	\$ 40,959	\$ —	\$ 638,914
Inter-geographic revenues	6,312	7,925	(14,237)	—
Net revenues	\$ 604,267	\$ 48,884	\$ (14,237)	\$ 638,914

The geographic distribution of the Company's identifiable long-lived assets is summarized as follows:

	U.S.	Europe	Total
March 27, 2026	\$ 98,894	\$ 3,698	\$ 102,592
June 27, 2025	\$ 100,484	\$ 956	\$ 101,440

Identifiable long-lived assets exclude right-of-use assets, goodwill, and intangible assets.

The Company offers a broad family of products and processing solutions designed to meet the full range of requirements in compute-intensive, signal processing, image processing and command and control applications. To maintain a competitive advantage, the Company seeks to leverage technology investments across multiple lines of business and product solutions.

The Company's products are typically compute-intensive and require extremely high bandwidth and high throughput. These processing solutions often must also meet significant size, weight and power ("SWaP") constraints for use in aircraft, unmanned aerial vehicles, ships and other platforms and be ruggedized for use in harsh environments. The Company's products transform the massive streams of digital data created in these applications into usable information in real time. The systems can scale from a few processors to thousands of processors.

In recent years, the Company completed a series of acquisitions that changed its technological capabilities, applications and end markets. As these acquisitions and changes occurred, the Company's proportion of revenue derived from the sale of components in different technological areas, and modules, sub-assemblies and integrated solutions which combine technologies into more complex diverse products has shifted. The following tables present revenue consistent with the Company's strategy of expanding its technological capabilities and program content. As additional information related to the Company's products by end user, application, product grouping and/or platform is attained, the categorization of these products can vary over time. When this occurs, the Company reclassifies revenue by end user, application, product grouping and/or platform for prior periods. Such reclassifications typically do not materially change the underlying trends of results within each revenue category.

The following table presents the Company's net revenue by end user for the periods presented:

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Domestic ⁽¹⁾	\$ 206,497	\$ 176,203	\$ 588,900	\$ 513,688
International/Foreign Military Sales ⁽²⁾	29,262	35,155	104,940	125,226
Total Net Revenue	\$ 235,759	\$ 211,358	\$ 693,840	\$ 638,914

(1) Domestic revenues consist of sales where the end user is within the U.S., as well as sales to prime defense contractor customers where the ultimate end user location is not defined.

(2) International/Foreign Military Sales consist of sales to U.S. prime defense contractor customers where the end user is outside the U.S., foreign military sales through the U.S. government, and direct sales to non-U.S. based customers intended for end use outside of the U.S.

The following table presents the Company's net revenue by end application for the periods presented:

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Radar ⁽¹⁾	\$ 44,844	\$ 35,921	\$ 128,758	\$ 116,780
Electronic Warfare ⁽²⁾	30,000	21,414	78,482	71,690
Other Sensor & Effector ⁽³⁾	39,317	22,041	93,031	70,538
Total Sensor & Effector	114,161	79,376	300,271	259,008
C4I ⁽⁴⁾	89,783	96,784	292,117	270,433
Other ⁽⁵⁾	31,815	35,198	101,452	109,473
Total Net Revenue	\$ 235,759	\$ 211,358	\$ 693,840	\$ 638,914

- (1) Radar includes end-use applications where radio frequency signals are utilized to detect, track and identify objects.
(2) Electronic Warfare includes end-use applications comprising the offensive and defensive use of the electromagnetic spectrum.
(3) Other Sensor and Effector products include all Sensor and Effector end markets other than Radar and Electronic Warfare.
(4) C4I includes rugged secure rackmount servers that are designed to drive the most powerful military processing applications.
(5) Other products include all component and other sales where the end use is not specified.

The following table presents the Company's net revenue by product grouping for the periods presented:

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Components ⁽¹⁾	\$ 45,917	\$ 49,979	\$ 140,119	\$ 139,928
Modules and Sub-assemblies ⁽²⁾	75,904	58,476	202,596	150,404
Integrated Solutions ⁽³⁾	113,938	102,903	351,125	348,582
Total Net Revenue	\$ 235,759	\$ 211,358	\$ 693,840	\$ 638,914

- (1) Components represent the basic building blocks of an electronic system. They generally perform a single function such as switching, storing or converting electronic signals. Some examples include power amplifiers and limiters, switches, oscillators, filters, equalizers, digital and analog converters, chips, MMICs (monolithic microwave integrated circuits) and memory and storage devices.
(2) Modules and sub-assemblies combine multiple components to serve a range of complex functions, including processing, networking and graphics display. Typically delivered as computer boards or other packaging, modules and sub-assemblies are usually designed using open standards to provide interoperability when integrated in a subsystem. Examples of modules and sub-assemblies include embedded processing boards, switched fabrics and boards for high-speed input/output, digital receivers, graphics and video, along with multi-chip modules, integrated radio frequency and microwave multi-function assemblies and radio frequency tuners and transceivers.
(3) Integrated solutions bring components, modules and/or sub-assemblies into one system, enabled with software. Subsystems are typically, but not always, integrated within an open standards-based chassis and often feature interconnect technologies to enable communication between disparate systems. Spares and replacement modules and sub-assemblies are provided for use with subsystems sold by the Company. The Company's subsystems are deployed in sensor processing, aviation and mission computing and C4I applications.

The following table presents the Company's net revenue by platform for the periods presented:

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Airborne ⁽¹⁾	\$ 83,801	\$ 101,548	\$ 262,688	\$ 288,252
Land ⁽²⁾	52,768	33,765	154,761	112,911
Naval ⁽³⁾	29,816	17,778	73,346	60,623
Space ⁽⁴⁾	25,431	11,543	55,826	38,729
Other ⁽⁵⁾	43,943	46,724	147,219	138,399
Total Net Revenues	\$ 235,759	\$ 211,358	\$ 693,840	\$ 638,914

- (1) Airborne platform includes products that relate to personnel, equipment or pieces of equipment designed for airborne applications.
(2) Land platform includes products that relate to fixed or mobile equipment, or pieces of equipment for personnel, weapon systems, vehicles and support elements operating on land.
(3) Naval platform includes products that relate to personnel, equipment or pieces of equipment designed for naval operations.
(4) Space platform includes products that relate to personnel, equipment or pieces of equipment designed for space operations.
(5) All platforms other than Airborne, Land, Naval, or Space.

Customers comprising 10% or more of the Company’s revenues for the periods shown are as follows:

	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
RTX Corporation	17 %	11 %	16 %	11 %
Lockheed Martin Corporation	11 %	11 %	12 %	10 %
Northrop Grumman	*	*	10 %	*
U.S. Navy	*	14 %	*	11 %
	28 %	36 %	38 %	32 %

* Indicates that the amount is less than 10% of the Company's revenue for the respective period.

While the Company typically has customers from which it derives 10% or more of its revenue, the sales to each of these customers are spread across multiple programs and platforms. There were no programs comprising 10% or more of the Company's revenues for the third quarters and nine months ended March 27, 2026 and March 28, 2025.

M. Commitments and Contingencies

LEGAL CLAIMS

The Company is subject to litigation, claims, investigations and audits arising from time to time in the ordinary course of business. Although legal proceedings are inherently unpredictable, the Company believes that it has valid defenses with respect to those matters currently pending against the Company and intends to defend itself vigorously. The outcome of these matters, individually and in the aggregate, is not expected to have a material impact on the Company's cash flows, results of operations, or financial position.

On December 7, 2021, counsel for National Technical Systems, Inc. (“NTS”) sent the Company an environmental demand letter pursuant to Massachusetts General Laws Chapter 21E, Section 4A, and CERCLA 42 U.S.C. Section 9601, related to a site that NTS formerly owned at 533 Main Street, Acton, Massachusetts. NTS received a Notice of Responsibility from the Massachusetts Department of Environmental Protection (“MassDEP”) alleging trichloroethene, Freon and 1,4-dioxane contamination in the groundwater emanating from NTS’s former site. NTS alleges that the operations of a predecessor company to Mercury that was acquired in the Company's acquisition of the Microsemi Carve-Out Business that once owned and operated a facility at 531 Main Street, Acton, Massachusetts (the “Site”) contributed to the groundwater contamination, and NTS is seeking payment from the Company of NTS’s costs for any required environmental remediation. The Company believes the NTS claims are without merit and intends to defend itself vigorously. In November 2021, the Company responded to a request for information from MassDEP regarding the detection of PFAS (per- and polyfluoroalkyl substances) in the Acton, Massachusetts Water District’s Conant public water supply wells near the Site at a level above the standard that MassDEP published for PFAS in October 2020. The Company had not been contacted by MassDEP regarding PFAS since the response was provided in November 2021 until October 30, 2025, when MassDEP sent a Notice of Responsibility to the Company reporting that the Company, as successor to a former owner and operator of the Site, and Laine Realty Trust, the current owner of the Site, are responsible parties related to alleged releases of waste wave solder and Freon at the Site. The Company has engaged a licensed site professional, responded to the notice from MassDEP, and has negotiated a site access agreement with the current owner to begin limited testing in May 2026. It is too early to determine what responsibility, if any, the Company may have for these environmental matters.

On June 19, 2023, the Board of Directors received notice of the Company’s former CEO’s resignation from his positions of President and Chief Executive Officer. The Board accepted his resignation effective June 24, 2023. In his notice, the former CEO claimed he was entitled to certain benefits, including equity vesting, severance, and other benefits, under his change in control severance agreement (the “CIC Agreement”) because the former CEO had resigned with good reason during a potential change in control period. The Company disputes these claims and maintains that the former CEO resigned without good reason. On September 19, 2023, the former CEO filed for binding arbitration under the employment rules of the American Arbitration Association (“AAA”). An arbitrator was appointed on November 29, 2023. On March 25, 2024, the arbitrator denied the former CEO’s motion for compensation during the dispute and payment of his legal fees, preserving those matters for the arbitration hearing. An arbitration hearing was conducted from March 31, 2025 through April 9, 2025. Following the arbitration hearing, the parties filed post-hearing briefs on May 16, 2025, response briefs on June 13, 2025 and conducted oral arguments on June 30, 2025. On August 13, 2025, the arbitrator issued an interim award finding that the former CEO did not have good reason for termination under the CIC Agreement, rejecting the former CEO's claims for enhanced severance payments and accelerated stock vesting. However, the arbitrator found that the former CEO is entitled to compensation during the dispute under the agreement. The arbitrator awarded the former CEO cash compensation including base salary, interest, and bonus, but the arbitrator declined to award the former CEO shares of Mercury stock (or the value thereof) because the arbitrator determined it was unclear whether he had jurisdiction to review the effect of Mercury's Human Capital and Compensation Committee

decision to rescind and cancel such stock awards. The arbitrator also awarded the former CEO all reasonable legal fees and expenses incurred in the arbitration per the CIC Agreement, finding no bad faith in his pursuit of the claims, and rejected the Company's counterclaims. On September 12, 2025, the former CEO filed a complaint in Massachusetts state court seeking to vacate the interim arbitration award in part, as to the shares of Mercury's stock the arbitrator declined to award. On December 30, 2025, the parties executed a settlement agreement resolving the claims in both the arbitration proceeding and the Massachusetts state court lawsuit in exchange for a payment of \$5,000 from the Company to the former CEO. The payment was completed on December 30, 2025, the arbitration proceeding has been closed, and the Massachusetts state court lawsuit has been dismissed.

On December 13, 2023, a securities class action complaint was filed against the Company, Mark Aslett, and Michael Ruppert in the U.S. District Court for the District of Massachusetts. The complaint asserted Section 10(b) and 20(a) securities fraud claims on behalf of a purported class of purchasers and sellers of the Company's stock from December 7, 2020, through June 23, 2023. The complaint alleged that the Company's public disclosures in SEC filings and on earnings calls were false and/or misleading. On February 27, 2024, the Court entered an order appointing Carpenters Pension Trust Fund for Northern California as lead plaintiff. On April 18, 2024, the lead plaintiff filed an amended complaint including William Ballhaus and David Farnsworth as additional defendants and amended the class period to February 3, 2021 through February 6, 2024. The Company filed a motion to dismiss on May 24, 2024, and after the plaintiffs' filed their opposition motion and the Company filed its reply to their opposition, a hearing on the motion was conducted by the Court on July 24, 2024. On July 24, 2024, the Court dismissed the case without prejudice and permitted the plaintiffs 30 days to file an amended complaint. The plaintiffs filed for leave to amend their complaint on August 23, 2024, the Company filed its opposition motion on September 6th, the plaintiffs filed their response brief on September 17, 2024, and the Company filed its reply on September 30, 2024. On February 20, 2025, the Court issued an order that dismissed claims relating to 14 of 17 challenged statements and that allowed the remaining three challenged statements to proceed. The Court also dismissed Messrs. Ruppert and Farnsworth from the lawsuit. Subject to the terms of the Company's by-laws and applicable Massachusetts law, Mr. Aslett and Mr. Ballhaus are indemnified by the Company for the federal securities class action. While in discovery, the parties participated in a mediation on September 11, 2025. After the mediation, all parties to the securities class action lawsuit agreed to a settlement in principle to resolve the litigation for \$32,500, which settlement in principle is subject to a final settlement agreement and review and approval by the Court. The Court scheduled a hearing to be held on May 19, 2026 to discuss finalization of the settlement. On April 21, 2026, five funds associated with Starboard Value LP ("Starboard"), representing approximately 14% of the class, requested exclusion from the class by sending notice to the settlement administrator. Starboard has indicated that it is planning to pursue a separate legal action against the Company. As of March 27, 2026, a \$32,500 receivable and payable were included within Prepaid expenses and other current assets and Accrued expenses in the Company's Consolidated Balance Sheet, respectively, with respect to the settlement. The increases in the receivable and payable were reflected within the changes in operating assets and liabilities within the Company's Consolidated Statement of Cash Flows for the nine months ended March 27, 2026. In connection with Starboard's potential claims, the Company may incur substantial legal fees and liabilities which may not be covered by the Company's applicable directors' and officers' liability insurance.

On October 11, 2024, the Company received a shareholder derivative demand on behalf of Robert Sawyer alleging substantially the same claims as those covered in the federal securities class action. On November 14, 2024, the Company entered into a tolling agreement on this derivative demand. On February 28, 2025, the Company received a derivative demand on behalf of James Jones alleging substantially the same claims as those covered in the federal securities class action and the Robert Sawyer derivative demand. On May 20, 2025, the Board of Directors formed a Special Investigation Committee of independent directors to investigate the subject matters of the demand letters. On June 6, 2025, James Jones, on behalf of nominal defendant Mercury Systems, Inc., filed a derivative complaint in Massachusetts Superior Court in Essex County against Mark Aslett, Michael Ruppert, William Ballhaus, David Farnsworth, Orlando Carvalho, Lisa Disbrow, Barry Nearhos, Howard Lance, Debora Plunkett, Gerard DeMuro, Scott Ostfeld, Roger Krone, William O'Brien, Vincent Vitto, James Bass, Michael Daniels, and Mary Louise Krakauer, all current or former Mercury officers or directors. This derivative action has been stayed while the Special Investigation Committee conducts its investigation. On July 17, 2025, the Company received a derivative demand on behalf of Pauline McKinnon alleging substantially the same claims as those covered in the federal securities class action and the James Jones and Robert Sawyer derivative demands. The Company believes the claims in the derivative demands and derivative action are without merit and intends to defend itself vigorously. It is too early to determine what responsibility, if any, the Company will have for this matter.

On January 31, 2024, a former employee at the Company's Torrance, California location, filed a wage and hour class action lawsuit in California state court in Los Angeles County, along with a companion Private Attorneys General Act ("PAGA") lawsuit, to act in a representative capacity for other Mercury Mission Systems, LLC employees in California, alleging a range of violations of California wage and hour regulations. On October 1, 2024, a second former employee at our Torrance location filed a PAGA notice to act in a representative capacity on allegations of a range of violations of California wage and hour regulations. On December 21, 2024, the Company reached an agreement in principle to settle these wage and hour class action claims for \$450, which settlement in principle is subject to a final settlement agreement and review and

approval by the Court. On March 4, 2026, the Court granted final approval of the settlement. On April 1, 2026, the class administrator determined that the final payment amount would include \$5 for employer tax obligations, bringing the final settlement amount to \$455.

In September 2025, an internal investigation was initiated, with the assistance of outside counsel, in connection with what the Company preliminarily believes may be inaccurately reported test results and certifications of conformance with certain product performance specifications under subcontracts involving approximately \$15,000 in total revenue over approximately 20 years in support of a government program. The Company has no evidence that the product has not been effective in its intended use or function, nor has it encountered reported safety issues. The Company has reported the matter to the customer and, in an abundance of caution, to the government. The Company's customer has notified the Company that there is no impact to system performance resulting from the reported deviations from specifications, and that such deviations are within tolerances. The Company's customer has agreed to modify the specifications so that the Company can continue producing the product. The Company cannot currently estimate the amount or range of cost or loss, if any, associated with this matter. Any determination that the Company's previous operations were not in compliance with laws or regulations such as the False Claims Act could result in the imposition of civil or criminal fines, penalties, disgorgement, restitution, equitable relief, or other losses or conduct restrictions, and could be material to the Company's financial results or business operations.

INDEMNIFICATION OBLIGATIONS

The Company's standard product sales and license agreements entered into in the ordinary course of business typically contain an indemnification provision pursuant to which the Company indemnifies, holds harmless, and agrees to reimburse the indemnified party for losses suffered or incurred by the indemnified party in connection with any patent, copyright or other intellectual property infringement claim by any third party with respect to the Company's products. Such provisions generally survive termination or expiration of the agreements. The potential amount of future payments the Company could be required to make under these indemnification provisions is, in some instances, unlimited.

PURCHASE COMMITMENTS

As of March 27, 2026, the Company has entered into non-cancelable purchase commitments for certain inventory components and services used in its normal operations. The purchase commitments covered by these agreements aggregate to \$224,180.

OTHER

As part of the Company's strategy for growth, the Company continues to explore acquisitions or strategic alliances. The associated acquisition costs incurred in the form of professional fees and services may be material to the future periods in which they occur, regardless of whether the acquisition is ultimately completed.

The Company may elect from time to time to purchase and subsequently retire shares of common stock in order to settle employees' tax liabilities associated with vesting of a restricted stock award or exercise of stock options. These transactions would be treated as a use of cash in financing activities in the Company's Consolidated Statements of Cash Flows.

N. Derivatives

The Company utilizes interest rate derivatives to mitigate interest rate exposure with respect to its financing arrangements. As of the reporting date, the Company entered into interest rate swaps with a total notional amount of \$300,000 to fix the interest rate associated with a portion of the \$591,500 existing borrowings on Company's Revolver. The Swap agreement is designated and qualified for hedge accounting treatment as a cash flow hedge and is scheduled to mature on February 28, 2027, coterminous with the maturity of the Revolver. As of March 27, 2026, the fair value of the Swap was a liability of \$2,522 and is included within Other non-current liabilities in the Company's Consolidated Balance Sheet.

On September 29, 2022 and on September 28, 2023 the Company terminated previous Swap agreements and entered into new agreements with the same maturity February 28, 2027. The fair market values of the Swaps at the time of termination are amortized until the maturity date (February 28, 2027).

During the third quarter and nine months ended March 27, 2026, the Company amortized a total of \$881 and \$2,643, respectively, of the gain associated with the previously disclosed interest swaps terminated on September 29, 2022 and September 28, 2023, as disclosed in Note Q of Form 10-K filed with the SEC on August 11, 2025, which is included within AOCI.

The market risk associated with the Company's derivative instrument is the result of interest rate movements that are expected to offset the market risk of the underlying arrangement. The counterparty to the September 2023 Swap is JPMorgan. Based on the credit ratings of the Company's counterparty as of March 27, 2026, nonperformance is not perceived to be a material risk. Furthermore, none of the Company's derivatives are subject to collateral or other security arrangements and none contain provisions that are dependent on the Company's credit ratings from any credit rating agency. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of the counterparty to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparty obligations under the contracts exceed the obligations of the Company to the counterparty. As a result of the above considerations, the Company does not consider the risk of counterparty default to be significant.

O. Share Repurchase Program

On November 3, 2025, the Board of Directors authorized a new share repurchase program for the purchase of up to \$200,000 of the Company's outstanding common stock. The program has no expiration date and repurchases may be made through open market or privately negotiated transactions from time to time at prevailing market prices. The timing and amount of repurchases will depend on market conditions and other factors. All share repurchases are made in accordance with Rule 10b-18. During the third quarter ended March 27, 2026, no shares of the Company's common stock were repurchased. During the nine months ended March 27, 2026, 221,510 shares of the Company's common stock were repurchased and immediately retired under the share repurchase program at an average cost of \$67.70 per share. As of March 27, 2026, there was \$185,003 available for future share repurchases under this share repurchase program.

P. Subsequent Events

The Company has evaluated subsequent events from the date of the Consolidated Balance Sheet through the date the consolidated financial statements were issued and noted no items requiring adjustment of the financial statements or additional disclosures, other than as discussed below.

On April 30, 2026, the Company repaid \$150,000 of the Revolver, leaving \$441,500 drawn on the Revolver as of that date.

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

FORWARD-LOOKING STATEMENTS

From time to time, information provided, statements made by our employees or information included in our filings with the Securities and Exchange Commission ("SEC") may contain statements that are not historical facts but that are "forward-looking statements," which involve risks and uncertainties. You can identify these statements by the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," "potential," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but are not limited to, continued funding of defense programs, the timing and amounts of such funding, general economic and business conditions, including unforeseen weakness in our markets, effects of any U.S. federal government shutdown or extended continuing resolution, effects of increasingly volatile geopolitical events and regional conflicts, competition, changes in technology and methods of marketing, delays in or cost increases related to completing development, engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in, or in the U.S. government's interpretation of, federal export control or procurement rules and regulations, including tariffs, changes in, or in the interpretation or enforcement of, environmental rules and regulations, market acceptance of our products, shortages in or delays in receiving components, supply chain delays or volatility for critical components, production delays or unanticipated expenses including due to quality issues or manufacturing execution issues, failure to meet contractual performance specifications, adherence to required manufacturing standards, capacity underutilization, increases in scrap or inventory write-offs, failure to achieve or maintain manufacturing quality certifications, such as AS9100, failure to achieve or maintain qualified business systems, such as those required by the DFARS, adverse findings in government audits or investigations, the impact of supply chain disruption, inflation and labor shortages, among other things, on program execution and the resulting effect on customer satisfaction, inability to fully realize the expected benefits from acquisitions, restructurings, and operational efficiency initiatives or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, effects of shareholder activism, increases in interest rates, changes to industrial security and cyber-security regulations and requirements and impacts from any cyber or insider threat events, including the risks from heightened, persistent, and increasingly sophisticated nation-state level cyberattacks and emerging threats associated with agentic AI-enabled cyber tools, changes in tax rates or tax regulations, changes to interest rate swaps or other cash flow hedging arrangements, changes to generally accepted accounting principles, difficulties in retaining key employees and customers, litigation, including the federal securities class action lawsuit and related claims, unanticipated costs under fixed-price service and system integration engagements, and various other factors beyond our control. These risks and uncertainties also include such additional risk factors as are discussed in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended June 27, 2025. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

OVERVIEW

Mercury Systems is a global technology company that delivers mission-critical processing to the edge to solve the most pressing aerospace and defense challenges.

Combining technologies and expertise developed for more than 40 years, the Mercury Processing Platform offers customers a unique advantage to unleash breakthrough capabilities. It spans the full breadth of signal processing—from RF front end to the human-machine interface—to rapidly convert meaningful data, gathered in the most remote and hostile environments, into critical decisions. The Processing Platform allows Mercury to offer standard products and custom integrated solutions from silicon to system scale, including components, modules, subsystems, and systems.

Mercury's products and integrated solutions are deployed in more than 300 programs and across 35 countries. The company is headquartered in Andover, Massachusetts, and has more than 20 locations worldwide.

As a leading manufacturer of essential components, products, modules and subsystems, we sell to the top U.S. and European defense prime contractors, the U.S. government and original equipment manufacturers ("OEM") commercial aerospace companies. Our mission-critical products and solutions are deployed by our customers for a variety of applications including sensor and radar processing, electronic warfare, avionics, weapons, and command, control, communications, and intelligence ("C4I"). Mercury has built a trusted, robust portfolio of proven capabilities, leveraging the most advanced commercial silicon technologies and purpose-built to exceed the performance needs of our defense and commercial customers. Customers add their own applications and algorithms to our specialized, secure and innovative products and pre-integrated solutions. This allows them to complete their full system by integrating with their platform, the sensor technology and, increasingly, the processing from Mercury.

Our deep, long-standing relationships with leading high-tech and other commercial companies, coupled with our targeted research and development (“R&D”) investments and industry-leading trusted and secure design and manufacturing capabilities, are the foundational tenets of this highly successful model. We are leading the development and adaptation of commercial technology for aerospace and defense solutions. From chip-scale to system scale and from data, including RF to digital to decision, we make mission-critical technologies safe, secure, affordable and relevant for our customers.

Our capabilities, technology, people and R&D investment strategy combine to differentiate Mercury in our industry. We maintain our technological edge by investing in critical capabilities and intellectual property (“IP” or “building blocks”) in processing, leveraging open standards and open architectures to adapt quickly those building blocks into solutions for highly data-intensive applications, including emerging needs in areas such as artificial intelligence (“AI”).

As of March 27, 2026, we had 2,117 employees. We employ hardware and software architects and design engineers, primarily engaged in engineering and research and product development activities to achieve our objectives to fully capitalize upon and maintain our technological leads in the high-performance, real-time sensor processing industry and in mission computing, platform management and other safety-critical applications. Our talent attraction, engagement and retention is critical to execute on our long-term strategy. We invest in our culture and values to drive employee engagement that turns ideas into action, delivering trusted and secure solutions at the speed of innovation. We believe that our success depends on our ability to foster a company-wide culture that values a broad range of solutions to problems, a wide array of skills and experiences, and multiple perspectives. We are committed to providing an inclusive environment that respects the varied backgrounds and viewpoints of our employees. We believe that the workforce required to grow our business and deliver creative solutions must be rich in diverse thought and experience. Our initiatives focus on building and maintaining the talent that will create cohesive and collaborative teams that drive innovation. By adhering to these values, it will help our employees to realize their full potential at work to provide Innovation That Matters®.

Our consolidated revenues, net loss, diluted net loss per share, adjusted earnings per share (“adjusted EPS”), and adjusted EBITDA for the third quarter ended March 27, 2026 were \$235.8 million, \$2.9 million, \$0.04, \$0.27, and \$36.1 million, respectively. Our consolidated revenues, net loss, diluted net loss per share, adjusted earnings per share (“adjusted EPS”), and adjusted EBITDA for the nine months ended March 27, 2026 were \$693.8 million, \$30.5 million, \$0.51, \$0.68, and \$101.7 million, respectively. See the Non-GAAP Financial Measures section for a reconciliation to our most directly comparable GAAP financial measures.

RESULTS OF OPERATIONS:

There were 13 weeks included in the results of operations for the third quarters ended March 27, 2026 and March 28, 2025, respectively. There were 39 weeks during the nine months ended March 27, 2026 and March 28, 2025, respectively. The results for the third quarter and nine months ended March 27, 2026 are not necessarily indicative of the results to be expected for the full fiscal year.

The third quarter ended March 27, 2026 compared to the third quarter ended March 28, 2025

The following table sets forth, for the third quarter ended indicated, financial data from the Consolidated Statements of Operations and Comprehensive Income (Loss):

(In thousands)	March 27, 2026	As a % of Total Net Revenue	March 28, 2025	As a % of Total Net Revenue
Net revenues	\$ 235,759	100.0 %	\$ 211,358	100.0 %
Cost of revenues	166,709	70.7	154,248	73.0
Gross margin	69,050	29.3	57,110	27.0
Operating expenses:				
Selling, general and administrative	39,138	16.5	43,044	20.4
Research and development	15,014	6.4	15,983	7.6
Amortization of intangible assets	9,561	4.1	10,185	4.8
Restructuring and other charges	(48)	—	4,931	2.3
Acquisition costs and other related expenses	155	0.1	311	0.1
Total operating expenses	63,820	27.1	74,454	35.2
Income (loss) from operations	5,230	2.2	(17,344)	(8.2)
Interest income	2,507	1.1	1,290	0.6
Interest expense	(7,331)	(3.1)	(8,068)	(3.8)
Other (expense) income, net	(3,093)	(1.3)	2,304	1.1
Loss before income tax provision (benefit)	(2,687)	(1.1)	(21,818)	(10.3)
Income tax provision (benefit)	174	0.1	(2,648)	(1.2)
Net Loss	\$ (2,861)	(1.2)%	\$ (19,170)	(9.1)%

REVENUES

Total revenues increased \$24.4 million, or 11.5%, to \$235.8 million during the third quarter ended March 27, 2026, as compared to \$211.4 million during the third quarter ended March 28, 2025. Revenues increased year over year as we continued to execute on our program base. Point in time revenue and over time revenue represented 52% and 48%, respectively, of total revenues during the third quarter ended March 27, 2026, an increase of \$9.8 million and \$14.6 million, respectively. Point in time revenue and over time revenue represented 53% and 47% respectively, of total revenues during the third quarter ended March 28, 2025.

Revenue increases were driven by the modules and sub-assemblies as well as the integrated solutions product grouping which increased \$17.5 million and \$11.0 million, respectively, partially offset by the components product grouping which decreased \$4.1 million during the third quarter ended March 27, 2026, when compared to the prior period. The increase in total revenue was primarily driven by the other sensor and effector, radar, and electronic warfare end applications with increases of \$17.3 million, \$8.9 million, and \$8.6 million, respectively, partially offset by C4I and other end applications which decreased \$7.0 million and \$3.4 million, respectively. The increase in total revenue was also driven by the Land, Space, and Naval platforms with increases of \$19.0 million, \$13.9 million, and \$12.0 million, respectively, partially offset by decreases to the Airborne and Other platforms of \$17.7 million and \$2.8 million, respectively. The largest program increases were related to LTAMDS, PWSA, and SEWIP, partially offset by a decrease in F/A-18 when compared to the prior period. There were no programs comprising 10% or more of our revenues for the third quarters ended March 27, 2026 or March 28, 2025.

GROSS MARGIN

Gross margin was 29.3% for the third quarter ended March 27, 2026, an increase of 230 basis points from the 27.0% gross margin realized during the third quarter ended March 28, 2025. The higher gross margin was driven by net estimate at completion ("EAC") change impact on our programs recognized over time of approximately \$2.1 million recorded in the quarter, an incremental improvement of approximately \$1.6 million, or 80 basis points, when compared to the prior period. The

increase was also driven by lower net manufacturing variances \$4.1 million, partially offset by higher inventory reserves of \$3.3 million.

We had the following aggregate effects of favorable and unfavorable margin impacts as a result of changes in estimates across our portfolio for the period presented:

<i>(in thousands)</i>	Third Quarters Ended	
	March 27, 2026	March 28, 2025
Gross favorable	\$ 7,437	\$ 5,448
Gross unfavorable	(9,532)	(9,101)
Net impact of changes in estimates	<u>\$ (2,095)</u>	<u>\$ (3,653)</u>

The changes in estimates are assessed based on historical results and cumulative adjustments are recorded to recognize revenue to date based on changes in estimated margin on programs, including impact of contract amendments factored for potential risks and opportunities. We utilize the latest and best information available when revising our estimates and apply consistent judgment across the full portfolio of programs.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses decreased \$3.9 million, or 9.1%, to \$39.1 million during the third quarter ended March 27, 2026, as compared to \$43.0 million in the third quarter ended March 28, 2025. The decrease was primarily driven by lower litigation and settlement, depreciation, and consulting expense of \$2.6 million, \$1.9 million, and \$0.8 million, respectively. These decreases were partially offset by higher compensation expense and software licensing fees of \$1.6 million and \$1.0 million, respectively.

RESEARCH AND DEVELOPMENT

Research and development expenses decreased \$1.0 million, or 6.1%, to \$15.0 million during the third quarter ended March 27, 2026, as compared to \$16.0 million during the third quarter ended March 28, 2025. The decrease was primarily driven by efficiency improvements and the savings from headcount reductions of approximately 120 employees, initiated across fiscal 2025 and 2026, resulting in lower expense of \$5.9 million. There was also decreased depreciation expense of \$0.4 million and outside service expense of \$0.4 million. These decreases were partially offset by higher engineering utilization of \$4.4 million and supplies expense of \$1.3 million.

AMORTIZATION OF INTANGIBLE ASSETS

We recognized \$9.6 million of amortization of intangible assets during the third quarter ended March 27, 2026, as compared to \$10.2 million during the third quarter ended March 28, 2025, primarily due to various customer relationship intangibles being fully amortized in fiscal 2025.

RESTRUCTURING AND OTHER CHARGES

We incurred an immaterial amount of restructuring and other charges during the third quarter ended March 27, 2026, as compared to \$4.9 million during the third quarter ended March 28, 2025. Restructuring and other charges during the third quarter ended March 28, 2025 included \$4.9 million for separation costs related to the reduction in workforce initiated January 29, 2025 impacting approximately 145 positions.

ACQUISITION COSTS AND OTHER RELATED EXPENSES

There was an immaterial amount of acquisition costs and other related expenses, including costs incurred in the asset acquisition of a provider of specialized manufacturing processes, during the third quarters ended March 27, 2026 and March 28, 2025.

We could incur acquisition costs and other related expenses periodically in the future as we continue to seek acquisition opportunities to expand our technological capabilities and especially within the sensor and effector and C4I markets. Transaction costs incurred by the acquiree prior to the consummation of an acquisition would not be reflected in our historical results of operations.

INTEREST INCOME

We recognized \$2.5 million of interest income during the third quarter ended March 27, 2026, as compared to \$1.3 million during the third quarter ended March 28, 2025. The increase was driven by higher average cash and cash equivalents during the period.

INTEREST EXPENSE

We incurred \$7.3 million of interest expense during the third quarter ended March 27, 2026, as compared to \$8.1 million during the third quarter ended March 28, 2025. The decrease was driven by lower interest rates during the period on our existing credit facility (the "Revolver").

OTHER (EXPENSE) INCOME, NET

Other expense, net was \$3.1 million during the third quarter ended March 27, 2026, as compared to other income, net of \$2.3 million during the third quarter ended March 28, 2025. The third quarter ended March 27, 2026 includes a \$1.9 million adjustment related to the disposal of our former manufacturing operations in Switzerland, \$0.6 million of financing costs, and \$0.5 million of net foreign currency translation losses. The third quarter ended March 28, 2025 includes other income of \$2.7 million, related to the sale of the mc.com domain name, \$1.2 million net of foreign currency translation gains, \$0.9 million of financing costs, \$0.5 million of securities class action expense, and \$0.2 million of consulting costs.

INCOME TAXES

We recorded an income tax provision of \$0.2 million and an income tax benefit of \$2.6 million on a loss before income taxes of \$2.7 million and \$21.8 million for the third quarters ended March 27, 2026 and March 28, 2025, respectively.

During the third quarters ended March 27, 2026 and March 28, 2025, we recognized a tax benefit of \$0.3 million related to stock compensation windfalls and a tax provision of less than \$0.1 million related to stock compensation shortfalls, respectively.

The effective tax rate for the third quarter ended March 27, 2026 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, stock compensation windfalls, and state taxes. The effective tax rate for the third quarter ended March 28, 2025 differed from the federal statutory rate primarily due to federal and state research and development credits, return to provision adjustments, non-deductible compensation, and state taxes.

We continue to maintain a valuation allowance on all of our foreign net operating loss carryforwards and the majority of our state research and developmental tax credit carryforwards. Based on forecasted taxable income and the scheduled reversal of the remaining deferred tax assets, we believe it is more likely than not that all other deferred tax assets will be recognized. We expect to amortize previously capitalized research and development expenditures.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted, which includes a broad range of tax provisions and extended and modified certain provisions of the Tax Cuts and Jobs Act ("TCJA"), including, but not limited to, restoration of 100% bonus depreciation, EBITDA-based interest provision limitation and immediate expensing of domestic research and development expenditures. We have evaluated the potential impact of this legislation and expect it to result primarily in a timing difference, with no material impact on our effective tax rate.

Nine months ended March 27, 2026 compared to the nine months ended March 28, 2025

The following table sets forth, for the nine month periods indicated, financial data from the Consolidated Statements of Operations and Comprehensive Income (Loss):

(In thousands)	March 27, 2026	As a % of Total Net Revenue	March 28, 2025	As a % of Total Net Revenue
Net revenues	\$ 693,840	100.0 %	\$ 638,914	100.0 %
Cost of revenues	501,258	72.2	469,188	73.4
Gross margin	192,582	27.8	169,726	26.6
Operating expenses:				
Selling, general and administrative	127,183	18.4	116,698	18.3
Research and development	43,579	6.3	55,734	8.7
Amortization of intangible assets	29,514	4.3	32,574	5.1
Restructuring and other charges	5,591	0.8	7,231	1.1
Acquisition costs and other related expenses	900	0.1	666	0.1
Total operating expenses	206,767	29.9	212,903	33.3
Loss from operations	(14,185)	(2.1)	(43,177)	(6.7)
Interest income	6,182	0.9	2,240	0.4
Interest expense	(23,066)	(3.3)	(25,404)	(4.0)
Other expense, net	(5,613)	(0.8)	(2,900)	(0.5)
Loss before income tax benefit	(36,682)	(5.3)	(69,241)	(10.8)
Income tax benefit	(6,211)	(0.9)	(14,967)	(2.3)
Net Loss	\$ (30,471)	(4.4)%	\$ (54,274)	(8.5)%

REVENUES

Total revenues increased \$54.9 million, or 8.6%, to \$693.8 million during the nine months ended March 27, 2026, as compared to \$638.9 million during the nine months ended March 28, 2025. Revenues increased year over year as we continued to execute on our program base. Point in time revenue and over time revenue represented 53% and 47%, respectively, of total revenues during the nine months ended March 27, 2026, an increase of \$41.5 million and \$13.4 million, respectively. Point in time revenue and over time revenue represented 51% and 49%, respectively, of total revenue during the nine months ended March 28, 2025.

Revenue increases by were driven by the modules and sub-assemblies and integrated solutions product groupings which increased \$52.2 million and \$2.5 million, respectively, when compared to the prior period. The increase in total revenue was primarily driven by the other sensor and effector, C4I, radar, and electronic warfare end applications with increases of \$22.4 million, \$21.7 million, \$12.0 million, and \$6.8 million, respectively, partially offset by a decrease to other end applications of \$8.0 million. The increase in total revenue was also driven by the Land, Space, Naval, and Other platforms with increases of \$41.9 million, \$17.1 million, \$12.7 million, and \$8.8 million, respectively, partially offset by a decrease to the Airborne platform of \$25.6 million. The largest program increases were related to a secure processing program, an integrated space program, SEWIP, PWSA, and KC-46, partially offset by T-45 and a secure processing program. There were no programs comprising 10% or more of our revenues for the nine months ended March 27, 2026 or March 28, 2025.

GROSS MARGIN

Gross margin was 27.8% for the nine months ended March 27, 2026, an increase of 120 basis points from the 26.6% gross margin realized during the nine months ended March 28, 2025. The higher gross margin was driven primarily by net EAC change impact on our programs recognized over time of \$9.6 million recorded in the period, an incremental improvement of approximately \$6.7 million, or 120 basis points, when compared to the prior period. The increase was also driven by lower manufacturing variances of \$12.8 million, partially offset by higher inventory reserves of \$4.8 million and scrap of \$3.4 million.

We had the following aggregate effects of favorable and unfavorable margin impacts as a result of changes in estimates across our portfolio for the period presented:

<i>(in thousands)</i>	Nine Months Ended	
	March 27, 2026	March 28, 2025
Gross favorable	\$ 23,443	\$ 20,262
Gross unfavorable	(33,067)	(36,616)
Net impact of changes in estimates	\$ (9,624)	\$ (16,354)

The changes in estimates are assessed based on historical results and cumulative adjustments are recorded to recognize revenue to date based on changes in estimated margin on programs, factored for potential risks and opportunities. We utilize the latest and best information available when revising our estimates and apply consistent judgment across the full portfolio of programs.

SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses increased \$10.5 million, or 9.0%, to \$127.2 million during the nine months ended March 27, 2026, as compared to \$116.7 million during the nine months ended March 28, 2025. The increase was primarily driven by higher compensation, litigation and settlement, and software licensing fees expense of \$8.4 million, \$4.5 million, and \$2.5 million, respectively. These increases were partially offset by lower depreciation and consulting expense of \$3.1 million and \$2.2 million, respectively.

RESEARCH AND DEVELOPMENT

Research and development expenses decreased \$12.1 million, or 21.8%, to \$43.6 million during the nine months ended March 27, 2026, as compared to \$55.7 million during the nine months ended March 28, 2025. The decrease was primarily driven by efficiency improvements and the savings from headcount reductions of approximately 120 employees, initiated across fiscal 2025 and 2026, resulting in lower expense of \$16.0 million. There was also decreased expense on depreciation, software licensing fees, outside services, and consulting of \$1.6 million, \$1.2 million, \$1.0 million, \$0.4 million, respectively. These decreases were partially offset by higher engineering utilization of \$5.8 million and supplies expense of \$2.5 million.

AMORTIZATION OF INTANGIBLE ASSETS

We recognized \$29.5 million of amortization of intangible assets during the nine months ended March 27, 2026, as compared to \$32.6 million during the nine months ended March 28, 2025, primarily due to various customer relationship intangibles being fully amortized in fiscal 2025.

RESTRUCTURING AND OTHER CHARGES

Restructuring and other charges were \$5.6 million during the nine months ended March 27, 2026, as compared to \$7.2 million during the nine months ended March 28, 2025. Restructuring and other charges during the nine months ended March 27, 2026 were primarily severance related charges associated with workforce reductions initiated during the period that eliminated approximately 100 positions. Restructuring and other charges during the nine months ended March 28, 2025 related to severance related charges primarily related to the reduction in workforce initiated January 29, 2025.

ACQUISITION COSTS AND OTHER RELATED EXPENSES

Acquisition costs and other related expenses were \$0.9 million during the nine months ended March 27, 2026, as compared to \$0.7 million during the nine months ended March 28, 2025. The acquisition costs and other related expenses we incurred during the nine months ended March 27, 2026 primarily relate to \$0.4 million related to run-rate amortization of fair value adjustments from purchase accounting as well as an immaterial amount of costs incurred in the asset acquisition of a provider of specialized manufacturing processes. The acquisition costs and other related expenses we incurred during the nine months ended March 28, 2025 includes \$0.5 million related to run-rate amortization of fair value adjustments from purchase accounting and \$0.2 million related to the acquisition of Star Lab and disposal of our manufacturing operations in Plan-Les-Ouates, Switzerland.

We could incur acquisition costs and other related expenses periodically in the future as we continue to seek acquisition opportunities to expand our technological capabilities and especially within the sensor and effector and C4I markets. Transaction costs incurred by the acquiree prior to the consummation of an acquisition would not be reflected in our historical results of operations.

INTEREST INCOME

We recognized \$6.2 million of interest income during the nine months ended March 27, 2026, as compared to \$2.2 million during the nine months ended March 28, 2025. The increase was driven by higher average cash and cash equivalents during the period.

INTEREST EXPENSE

We incurred \$23.1 million of interest expense during the nine months ended March 27, 2026, as compared to \$25.4 million during the nine months ended March 28, 2025. The decrease was driven by lower interest rates during the period on the Revolver.

OTHER EXPENSE, NET

Other expense, net increased \$2.7 million to \$5.6 million during the nine months ended March 27, 2026, as compared to \$2.9 million during the nine months ended March 28, 2025. There was \$2.9 million of financing costs, a \$1.9 million adjustment related to the disposal of our former manufacturing operations in Switzerland, and \$1.1 million of net foreign currency translation losses during the nine months ended March 27, 2026. During the nine months ended March 28, 2025, there was \$4.3 million of financing costs, \$0.9 million of consulting costs, and \$0.8 million of securities class action expense, partially offset by other income of \$2.9 million, primarily related to the sale of the mc.com domain name, and \$0.3 million of net foreign currency translation gains.

INCOME TAXES

We recorded an income tax benefit of \$6.2 million and \$15.0 million on a loss before income taxes of \$36.7 million and \$69.2 million for the nine months ended March 27, 2026 and March 28, 2025, respectively.

During the nine months ended March 27, 2026 and March 28, 2025, we recognized a tax benefit of \$2.4 million related to stock compensation windfalls and a tax provision of \$0.4 million related to stock compensation shortfalls, respectively.

The effective tax rate for the nine months ended March 27, 2026 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, stock compensation windfalls, and state taxes. The effective tax rate for the nine months ended March 28, 2025 differed from the federal statutory rate primarily due to federal and state research and development credits, return to provision adjustments, non-deductible compensation, and state taxes.

We continue to maintain a valuation allowance on all of our foreign net operating loss carryforwards and the majority of our state research and developmental tax credit carryforwards. Based on forecasted taxable income and the scheduled reversal of the remaining deferred tax assets, we believe it is more likely than not that all other deferred tax assets will be recognized. We expect to amortize previously capitalized research and development expenditures.

On July 4, 2025, the OBBBA was enacted, which includes a broad range of tax provisions and extended and modified certain provisions of the TCJA, including, but not limited to, restoration of 100% bonus depreciation, EBITDA-based interest provision limitation and immediate expensing of domestic research and development expenditures. We have evaluated the potential impact of this legislation and expect it to result primarily in a timing difference, with no material impact on our effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity come from existing cash and cash generated from operations, our Revolver, and our ability to raise capital under our universal shelf registration statement. Our near-term fixed commitments for cash expenditures consist primarily of payments under operating leases and inventory purchase commitments. As of March 27, 2026, our working capital balance decreased \$14.3 million, or 3%, as compared to the balance as of June 27, 2025.

Based on our current plans and business conditions, we believe that existing cash and cash equivalents, our available Revolver, cash generated from operations and our financing capabilities will be sufficient to satisfy our anticipated cash requirements for at least the next twelve months.

Shelf Registration Statement

On October 4, 2023, we filed a shelf registration statement on Form S-3ASR with the SEC. The shelf registration statement, which was effective upon filing with the SEC, registered each of the following securities: debt securities, preferred stock, common stock, warrants and units. We intend to use the proceeds from financings using the shelf registration statement for general corporate purposes, which may include the following:

- the acquisition of other companies or businesses;
- the repayment and refinancing of debt;
- capital expenditures;
- working capital; and
- other purposes as described in the prospectus supplement.

We have an unlimited amount available under the shelf registration statement.

Revolving Credit Facilities

We have a 5-year Revolver with a maturity extended to November 4, 2030. The borrowing capacity as defined under the Revolver as of March 27, 2026 is the total availability of \$850.0 million less outstanding borrowings of \$591.5 million and outstanding letters of credit of \$4.2 million. During the nine months ended March 27, 2026, we made no borrowings or repayments. As of March 27, 2026, we were in compliance with all covenants and conditions under the Revolver.

On November 4, 2025, we executed Amendment No. 7 to the Revolver. This amendment extended the maturity date of the credit facility by five years to November 4, 2030 with a facility size of \$850.0 million.

On April 30, 2026, we repaid \$150.0 million of the Revolver, leaving \$441.5 million drawn on the Revolver as of that date. Because this partial repayment occurred after the end of the fiscal quarter, it is not reflected in the accompanying balance sheet as of the end of the third quarter. The repayment was funded with available cash on hand and does not affect our assessment of liquidity or capital resources as of March 27, 2026. We remained in compliance with all applicable financial covenants both before and after the partial repayment. We continue to evaluate opportunities to further reduce outstanding borrowings under the facility depending on market conditions, operational requirements and cash flows.

See Note I in the accompanying consolidated financial statements for further discussion of the Revolver.

Receivables Purchase Agreement

On August 13, 2024, we entered into a \$60.0 million committed receivables purchase and servicing agreement (“RPSA”) with a new party. The RPSA has an initial term of two years. Pursuant to the RPSA, the new party has committed to purchase receivables at a discount from a list of certain of our customers, maintaining a balance of purchased receivables at or below \$60.0 million. On December 10, 2025, the Company amended the RPSA to increase the facility from \$60.0 million to \$75.0 million. We had \$75.0 million of factored accounts receivable, of which \$60.9 million was included as a contra account within Accounts receivable, net of allowance for credit losses on our Consolidated Balance Sheet and \$14.1 million was recorded in Due to factoring facility on our Consolidated Balance Sheet as of March 27, 2026. We incurred factoring fees of approximately \$1.4 million during the nine months ended March 27, 2026. We had \$60.0 million of factored accounts receivable, of which \$55.1 million was included as a contra account within Accounts receivable, net of allowance for credit losses on our Consolidated Balance Sheet and \$4.9 million was recorded in Due to factoring facility on our Consolidated Balance Sheet as of March 28, 2025. We incurred factoring fees of approximately \$1.3 million during the nine months ended March 28, 2025.

Share Repurchase Agreement

On November 3, 2025, the Board of Directors authorized a new share repurchase program for the purchase of up to \$200.0 million of our outstanding common stock. The program has no expiration date and repurchases may be made through open market or privately negotiated transactions from time to time at prevailing market prices. The timing and amount of repurchases will depend on market conditions and other factors. Repurchased shares are accounted for as authorized and unissued shares. All share repurchases are made in accordance with Rule 10b-18. During the third quarter ended March 27, 2026, no shares of the Company's common stock were repurchased under the share repurchase program. During the nine months ended March 27, 2026, 221,510 shares of the Company's common stock were repurchased and immediately retired under the share repurchase program at an average cost of \$67.70 per share. As of March 27, 2026, there was \$185.0 million available for future share repurchases under this share repurchase program.

CASH FLOWS

(In thousands)	As of and For the Nine Months Ended,	
	March 27, 2026	March 28, 2025
Net cash provided by operating activities	\$ 60,235	\$ 100,776
Net cash used in investing activities	\$ (22,128)	\$ (11,105)
Net cash used in financing activities	\$ (15,429)	\$ (757)
Net increase in cash and cash equivalents	\$ 22,701	\$ 89,301
Cash and cash equivalents at end of period	\$ 331,800	\$ 269,822

Our cash and cash equivalents increased by \$22.7 million from June 27, 2025 to March 27, 2026, as the result of \$60.2 million of cash provided by operating activities, partially offset by \$20.7 million invested in purchases of property and equipment, \$15.0 million of cash paid in the purchase and retirement of common stock, and \$1.4 million of cash paid in the asset acquisition of a provider of specialized manufacturing processes.

Operating Activities

During the nine months ended March 27, 2026, we had an inflow of \$60.2 million in cash from operating activities compared to a \$100.8 million inflow during the nine months ended March 28, 2025. The reduced inflow during the nine months ended March 27, 2026 was primarily due to an outflow of \$6.5 million from deferred revenues and customer advances, as compared to an inflow of \$67.9 million in the prior period, an outflow of \$20.5 million due to prepaid expenses and other current assets, as compared to an inflow of \$4.0 million in the prior period, and a \$18.2 million lower inflow from accounts receivable, unbilled receivables, and costs in excess of billings. This activity was partially offset by an inflow of \$47.4 million from accounts payable, accrued expenses, accrued compensation, and due to factoring, as compared to an outflow in the prior period of \$5.3 million. Under the terms of the RPSA for some customers, we will collect customer payments related to factored receivables, which are then remitted to the counterparty after receipt. As of March 27, 2026, we had collected \$14.1 million on behalf of the RPSA. These collected balances are reflected as Cash and cash equivalents and the related obligation to remit the cash to the counterparty is recorded in Due to factoring facility on our Consolidated Balance Sheet. The lower inflow of cash from operating activities was partially offset by a lower net loss of \$23.8 million. The settlement in principle of the federal securities class action lawsuit, which is expected to be covered by our insurance, reached during the nine months ended September 26, 2025, increased the cash provided by accrued expenses and was offset by a \$32.5 million outflow in other current assets, respectively.

Investing Activities

During the nine months ended March 27, 2026, we invested \$22.1 million, an increase of \$11.0 million, as compared to \$11.1 million during the nine months ended March 28, 2025 primarily due to higher purchases of property and equipment of \$5.0 million and \$1.4 million of cash paid in the asset acquisition of a provider of specialized manufacturing processes. The nine months ended March 28, 2025 also included an inflow of \$4.6 million due to other investing activities.

Financing Activities

During the nine months ended March 27, 2026, we had \$15.0 million of cash outflow related to the purchase and retirement of common stock, as well as \$3.2 million of cash paid in financing costs in conjunction with the amendment to our Revolver during the second quarter of fiscal 2026, partially offset by \$2.7 million proceeds from employee stock plans. The nine months ended March 28, 2025, included \$2.2 million of cash paid in financing costs in conjunction with the amendment to our Revolver during the first quarter of fiscal 2025, partially offset by \$1.5 million proceeds from employee stock plans.

COMMITMENTS, CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The following is a schedule of our commitments and contractual obligations outstanding at March 27, 2026:

(In thousands)	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Purchase obligations	\$ 224,180	\$ 197,019	\$ 22,645	\$ 4,516	\$ —
Operating leases	70,988	15,382	28,917	18,259	8,430
	\$ 295,168	\$ 212,401	\$ 51,562	\$ 22,775	\$ 8,430

Purchase obligations represent open non-cancelable purchase commitments for certain inventory components and services used in normal operations. The purchase commitments covered by these agreements aggregated approximately \$224.2 million at March 27, 2026.

We have a liability at March 27, 2026 of \$4.0 million for uncertain tax positions that have been taken or are expected to be taken in various income tax returns. We do not know the ultimate resolution on these uncertain tax positions and as such, do not know the ultimate timing of payments or amount, if any, related to this liability. Accordingly, these amounts are not included in the above table.

Our standard product sales and license agreements entered into in the ordinary course of business typically contain an indemnification provision pursuant to which we indemnify, hold harmless and agree to reimburse the indemnified party for losses suffered or incurred in connection with certain intellectual property infringement claims by any third party with respect to our products. Such provisions generally survive termination or expiration of the agreements. The potential amount of future payments we could be required to make under these indemnification provisions is, in some instances, unlimited.

As part of our strategy for growth, we continue to explore acquisitions or strategic alliances. The associated acquisition costs incurred in the form of professional fees and services may be material to the future periods in which they occur, regardless of whether the acquisition is ultimately completed.

We may elect from time to time to purchase and subsequently retire shares of common stock in order to settle employees' tax liabilities associated with vesting of a restricted stock award. These transactions would be treated as a use of cash in financing activities in our Consolidated Statements of Cash Flows.

OFF-BALANCE SHEET ARRANGEMENTS

Other than certain indemnification provisions in the normal course of business, we do not have any off-balance sheet financing arrangements or liabilities, guarantee contracts, retained or contingent interests in transferred assets, or any obligation arising out of a material variable interest in an unconsolidated entity. We do not have any majority-owned subsidiaries that are not consolidated in the financial statements. Additionally, we do not have an interest in, or relationships with, any special purpose entities.

NON-GAAP FINANCIAL MEASURES

In our periodic communications, we discuss certain important measures that are not calculated according to U.S. generally accepted accounting principles ("GAAP"), including adjusted EBITDA, adjusted income, adjusted EPS, and free cash flow.

Adjusted EBITDA is defined as net income before other non-operating adjustments, interest income and expense, income taxes, depreciation, amortization of intangible assets, restructuring and other charges, impairment of long-lived assets, acquisition, financing and other third party costs, fair value adjustments from purchase accounting, litigation and settlement income and expense, and stock-based and other non-cash compensation expense. We use adjusted EBITDA as an important indicator of the operating performance of our business. We use adjusted EBITDA in internal forecasts and models when establishing internal operating budgets, supplementing the financial results and forecasts reported to our board of directors, determining the portion of bonus compensation for executive officers and other key employees based on operating performance, evaluating short-term and long-term operating trends in our operations and allocating resources to various initiatives and operational requirements. We believe that adjusted EBITDA permits a comparative assessment of our operating performance, relative to our performance based on our GAAP results, while isolating the effects of charges that may vary from period to period without any correlation to underlying operating performance. We believe that these non-GAAP financial adjustments are useful to investors because they allow investors to evaluate the effectiveness of the methodology and information used by management in our financial and operational decision-making. We believe that trends in our adjusted EBITDA are valuable indicators of our operating performance.

Adjusted EBITDA is a non-GAAP financial measure and should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. This non-GAAP financial measure may not be computed in the same manner as similarly titled measures used by other companies. We expect to continue to incur expenses similar to the adjusted EBITDA financial adjustments described above, and investors should not infer from our presentation of this non-GAAP financial measure that these costs are unusual, infrequent or non-recurring.

The following table reconciles our net loss, the most directly comparable GAAP financial measure, to our adjusted EBITDA:

(In thousands)	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Net loss	\$ (2,861)	\$ (19,170)	\$ (30,471)	\$ (54,274)
Other non-operating adjustments, net	2,445	(3,911)	2,894	(3,097)
Interest expense, net	4,824	6,778	16,884	23,164
Income tax provision (benefit)	174	(2,648)	(6,211)	(14,967)
Depreciation	8,395	9,731	25,655	29,484
Amortization of intangible assets	9,561	10,185	29,514	32,574
Restructuring and other charges	(48)	4,931	5,591	7,231
Impairment of long-lived asset	—	—	—	—
Acquisition, financing and other third party costs	581	1,072	3,412	4,512
Fair value adjustments from purchase accounting	132	131	394	486
Litigation and settlement expense, net	2,120	5,467	11,631	8,948
Stock-based and other non-cash compensation expense	10,768	12,124	42,381	34,108
Adjusted EBITDA	\$ 36,091	\$ 24,690	\$ 101,674	\$ 68,169

Adjusted income and adjusted EPS exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. We believe that exclusion of these items assists in providing a more complete understanding of our underlying results and trends and allows for comparability with our peer company index and industry. These non-GAAP financial measures may not be computed in the same manner as similarly titled measures used by other companies. We use these measures along with the corresponding GAAP financial measures to manage our business and to evaluate our performance compared to prior periods and the marketplace. We define adjusted income as net income before other non-operating adjustments, amortization of intangible assets, restructuring and other charges, impairment of long-lived assets, acquisition, financing and other third party costs, fair value adjustments from purchase accounting, litigation and settlement income and expense, and stock-based and other non-cash compensation expense. The impact to income taxes includes the impact to the effective tax rate, current tax provision and deferred tax provision. Adjusted EPS expresses adjusted income on a per share basis using weighted average diluted shares outstanding.

Adjusted income and adjusted EPS are non-GAAP financial measures and should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. We expect to continue to incur expenses similar to the adjusted income and adjusted EPS financial adjustments described above, and investors should not infer from our presentation of these non-GAAP financial measures that these costs are unusual, infrequent or non-recurring.

The following tables reconcile net loss and diluted loss per share, the most directly comparable GAAP measures, to adjusted income and adjusted EPS:

(In thousands, except per share data)	Third Quarters Ended							
	March 27, 2026		March 28, 2025					
Net loss and loss per share	\$	(2,861)	\$	(0.04)	\$	(19,170)	\$	(0.33)
Other non-operating adjustments, net		2,445				(3,911)		
Amortization of intangible assets		9,561				10,185		
Restructuring and other charges		(48)				4,931		
Impairment of long-lived assets		—				—		
Acquisition, financing and other third party costs		581				1,072		
Fair value adjustments from purchase accounting		132				131		
Litigation and settlement expense, net		2,120				5,467		
Stock-based and other non-cash compensation expense		10,768				12,124		
Impact to income taxes ⁽¹⁾		(6,279)				(7,240)		
Adjusted income and adjusted earnings per share ⁽²⁾	\$	16,419	\$	0.27	\$	3,589	\$	0.06
Diluted weighted-average shares outstanding				60,776				59,367

(1) Impact to income taxes is calculated by recasting income before income taxes to include the items involved in determining adjusted income and recalculating the income tax provision using this adjusted income from operations before income taxes. The recalculation also adjusts for any discrete tax provision or benefit related to the items.

(2) Adjusted earnings per share is calculated using diluted shares whereas Net loss per share is calculated using basic shares. There was a \$0.01 impact and no impact to the calculation of adjusted earnings per share as a result of this for the third quarters ended March 27, 2026 and March 28, 2025, respectively.

(In thousands, except per share data)	Nine Months Ended							
	March 27, 2026		March 28, 2025					
Net loss and loss per share	\$	(30,471)	\$	(0.51)	\$	(54,274)	\$	(0.93)
Other non-operating adjustments, net		2,894				(3,097)		
Amortization of intangible assets		29,514				32,574		
Restructuring and other charges		5,591				7,231		
Impairment of long-lived assets		—				—		
Acquisition and financing costs		3,412				4,512		
Fair value adjustments from purchase accounting		394				486		
Litigation and settlement expense, net		11,631				8,948		
Stock-based and other non-cash compensation expense		42,381				34,108		
Impact to income taxes ⁽¹⁾		(23,930)				(20,515)		
Adjusted income and adjusted earnings per share ⁽²⁾	\$	41,416	\$	0.68	\$	9,973	\$	0.17
Diluted weighted-average shares outstanding				60,525				59,024

(1) Impact to income taxes is calculated by recasting income before income taxes to include the items involved in determining adjusted income and recalculating the income tax provision using this adjusted income from operations before income taxes. The recalculation also adjusts for any discrete tax provision or benefit related to the items.

(2) Adjusted earnings per share is calculated using diluted shares whereas Net loss per share is calculated using basic shares. There was no impact and a \$0.01 impact to the calculation of adjusted earnings per share as a result of this for the nine months ended March 27, 2026 and March 28, 2025, respectively.

Free cash flow, a non-GAAP measure for reporting cash flow, is defined as cash provided by operating activities less capital expenditures for property and equipment, which includes capitalized software development costs. We believe free cash flow provides investors with an important perspective on cash available for investments and acquisitions after making capital investments required to support ongoing business operations and long-term value creation. We believe that trends in our free cash flow can be valuable indicators of our operating performance and liquidity.

Free cash flow is a non-GAAP financial measure and should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. This non-GAAP financial measure may not be computed in the same manner as similarly titled measures used by other companies. We expect to continue to incur expenditures similar to the free cash flow adjustment described above, and investors should not infer from our presentation of this non-GAAP financial measure that these expenditures reflect all of our obligations which require cash.

The following table reconciles cash provided by operating activities, the most directly comparable GAAP financial measure, to free cash flow:

(In thousands)	Third Quarters Ended		Nine Months Ended	
	March 27, 2026	March 28, 2025	March 27, 2026	March 28, 2025
Net cash provided by operating activities	\$ 6,442	\$ 29,974	\$ 60,235	\$ 100,776
Purchase of property and equipment	(8,263)	(5,914)	(20,713)	(15,705)
Free cash flow	\$ (1,821)	\$ 24,060	\$ 39,522	\$ 85,071

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See Note B to our consolidated financial statements (under the caption "Recently Issued Accounting Pronouncements").

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

See Note B to our consolidated financial statements (under the caption "Recently Adopted Accounting Pronouncements").

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes in our exposure to market risk from June 27, 2025 to March 27, 2026.

ITEM 4. CONTROLS AND PROCEDURES***(a) Evaluation of Disclosure Controls and Procedures***

We conducted an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of March 27, 2026. We continue to review our disclosure controls and procedures and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our Company’s business. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(b) Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended March 27, 2026 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to litigation, claims, investigations and audits arising from time to time in the ordinary course of our business. Although legal proceedings are inherently unpredictable, we believe that we have valid defenses with respect to those matters currently pending against us and intend to defend ourselves vigorously. The outcome of these matters, individually and in the aggregate, is not expected to have a material impact on our cash flows, results of operations, or financial position. Please see Note M to our consolidated financial statements (under the caption "Legal Claims") for a discussion of our legal proceedings.

ITEM 1A. RISK FACTORS

You should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition or future results set forth under Item 1A (Risk Factors) in our Annual Report on Form 10-K for the fiscal year ended June 27, 2025. There have been no changes from the factors disclosed in our 2025 Annual Report on Form 10-K filed on August 11, 2025, although we may disclose additional changes to such factors from time to time in our future filings with the Securities and Exchange Commission.

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

There were no sales of unregistered equity securities during the quarter ended March 27, 2026.

The table below summarizes our repurchases of common stock during the three months ended March 27, 2026. See Note O for more information on our share repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽³⁾	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (\$ in thousands) ⁽³⁾
December 27, 2025 - January 23, 2026 ⁽¹⁾	—	\$ —	—	\$ 185,003
January 24, 2026 - February 20, 2026 ⁽¹⁾	—	—	—	185,003
February 21, 2026 - March 27, 2026 ⁽¹⁾	—	—	—	185,003
Total	—	\$ —	—	\$ 185,003

(1) We close our books and records for each 52-week or 53-week fiscal year on the Friday closest to the last day in June to align our financial close with our business processes and needs. As a result, our fiscal months often differ from calendar months. For example, March 27, 2026 was the last day of our March 2026 fiscal month.

(2) Excludes commissions paid and other costs of execution, including taxes.

(3) On November 3, 2025, the Board of Directors authorized a new share repurchase program for the purchase of up to \$200.0 million of our outstanding common stock. The program has no expiration date and repurchases may be made through open market or privately negotiated transactions from time to time at prevailing market prices. The timing and amount of repurchases will depend on market conditions and other factors.

ITEM 5. OTHER INFORMATION

10b5-1 Plans

During the third quarter ended March 27, 2026, none of the Company's directors or executive officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement as each term is defined in Section 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

The following Exhibits are filed or furnished, as applicable, herewith:

31.1	Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1+	Certification of the Company's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	eXtensible Business Reporting Language (XBRL) Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Identifies a management contract or compensatory plan in which an executive officer or director of the Company participates.

+ Furnished herewith. This certificate shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

MERCURY SYSTEMS, INC.

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, in Andover, Massachusetts, on May 5, 2026.
MERCURY SYSTEMS, INC.

By: _____ /s/ DAVID E. FARNSWORTH
David E. Farnsworth
Executive Vice President,
Chief Financial Officer

CERTIFICATION

I, William L. Ballhaus, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mercury Systems, 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(s) 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(s) 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.

/s/ WILLIAM L. BALLHAUS

William L. Ballhaus

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER
[PRINCIPAL EXECUTIVE OFFICER]

Date: May 5, 2026

CERTIFICATION

I, David E. Farnsworth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mercury Systems, 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(s) 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(s) 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.

/s/ DAVID E. FARNSWORTH

David E. Farnsworth

EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER
[PRINCIPAL FINANCIAL OFFICER]

Date: May 5, 2026

Mercury Systems, Inc.

Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Mercury Systems, Inc. (the "Company") on Form 10-Q for the period ended March 27, 2026 as filed with the Securities and Exchange Commission (the "Report"), we, William L. Ballhaus, Chairman, President and Chief Executive Officer of the Company, and David E. Farnsworth, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that to our knowledge the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 5, 2026

/s/ WILLIAM L. BALLHAUS

William L. Ballhaus

CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

/s/ DAVID E. FARNSWORTH

David E. Farnsworth

EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER