

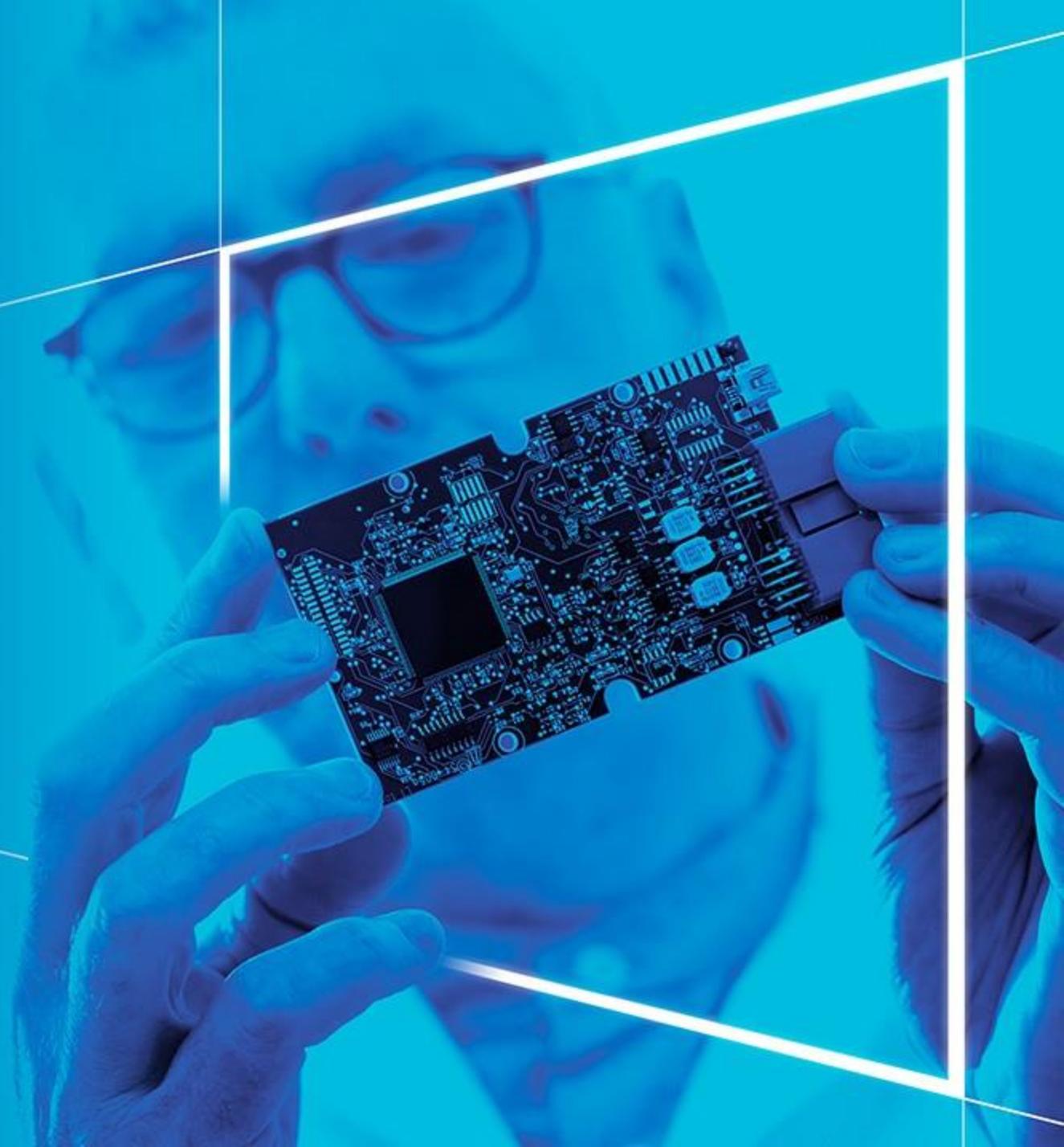


TRUIST SECURITIES 2020 INDUSTRIALS AND SERVICES SUMMIT

Mark Aslett
President & CEO

Michael Ruppert
Executive Vice President & CFO

December 8, 2020



Forward-looking safe harbor statement

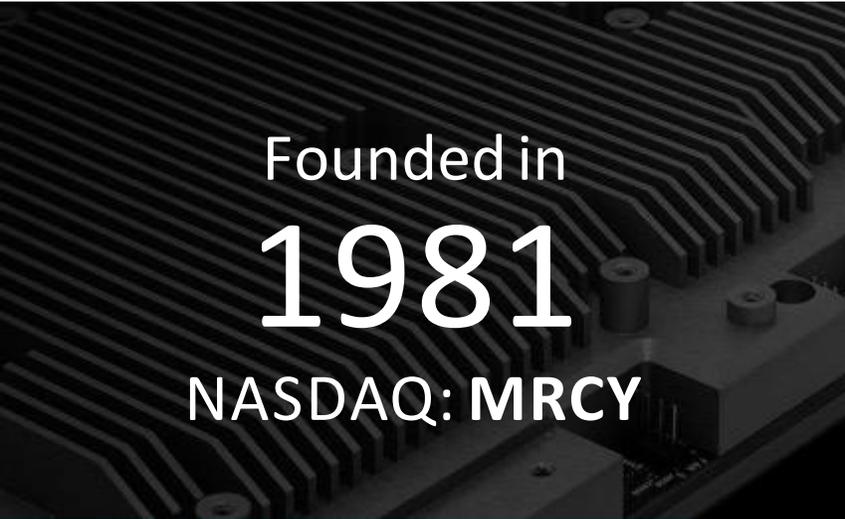
This presentation contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to the acquisitions described herein and to fiscal 2021 business performance and beyond and the Company's plans for growth and improvement in profitability and cash flow. You can identify these statements by the use of 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 the Company's markets, effects of epidemics and pandemics such as COVID, effects of any U.S. federal government shutdown or extended continuing resolution, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing 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, market acceptance of the Company's products, shortages in components, production delays or unanticipated expenses due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions and restructurings, or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, increases in interest rates, changes to industrial security and cyber-security regulations and requirements, 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, 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 the Company's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended July 3, 2020. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Use of Non-GAAP (Generally Accepted Accounting Principles) Financial Measures

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, the Company provides adjusted EBITDA, adjusted income, adjusted EPS, free cash flow, organic revenue and acquired revenue, which are non-GAAP financial measures. Adjusted EBITDA, adjusted income, and adjusted EPS exclude certain non-cash and other specified charges. The Company believes these non-GAAP financial measures are useful to help investors better understand its past financial performance and prospects for the future. However, these non-GAAP measures should not be considered in isolation or as a substitute for financial information provided in accordance with GAAP. Management believes these non-GAAP measures assist in providing a more complete understanding of the Company's underlying operational results and trends, and management uses these measures along with the corresponding GAAP financial measures to manage the Company's business, to evaluate its performance compared to prior periods and the marketplace, and to establish operational goals. A reconciliation of GAAP to non-GAAP financial results discussed in this presentation is contained in the Appendix hereto.

Mercury Systems at-a-glance

Innovation That Matters. By and For People Who Matter.



Founded in
1981
NASDAQ: MRCY



Transformational business model at the intersection of high tech and defense



Making commercial technology profoundly more accessible

PURPOSE-BUILT

Our goal is to provide all processing solutions on every system requiring trusted and secure computing



Deployed on 300+ programs – serving defense Prime contractor outsourcing needs



Defense industry's highest Glassdoor employee ratings*

Mercury Systems by the numbers

1,970+

Number of team members globally,
>25% hold DoD security clearances

4-5x

Research & development relative
investment compared to our industry

\$797M

FY20 Revenue, 28% CAGR FY15-FY20
~11% avg. organic growth FY15-FY20

22

Global state-of-the-art facilities

300+

Installed base: number of A&D
programs with Mercury embedded

\$176M

FY20 Adj. EBITDA \$176M (22% margin)
32% CAGR FY15-FY20

35+

Years of tech leadership in A&D industry

25+

Prime customers: including virtually
all leaders in the A&D industry

11

Number of M&A transactions
completed last 5 years

Mercury solutions deployed on 300+ programs with 25+ primes

Aerospace & Defense Platform and Systems Electronics Content

| | JLTV | WIN-T | KC-46 | A330 MRTT | Aegis | Primes |
|---|--|---|---|---|--|-----------------------|
| C4I |  |  |  |  |  | AIRBUS |
| Sensor & Effector Mission Systems | F-16 | Reaper/Gorgon Stare | Triton | LTAMDS | Aegis | BAE SYSTEMS |
| |  |  |  |  |  | BOEING |
| | F-35 | C-130 | Global Hawk | Badger/Buzzard | SEWIP | GENERAL ATOMICS |
| |  |  |  |  |  | L3HARRIS |
| Stormbreaker | PGK | MALD-J | Paveway | SM2/3/6 | LEONARDO | |
|  |  |  |  |  | LOCKHEED MARTIN | |
| | | | | | | NORTHROP GRUMMAN |
| | | | | | | RAYTHEON TECHNOLOGIES |
| | | | | | | SAIC |
| | | | | | | SIERRA NEVADA |
| | | | | | | THALES |

Investment highlights

Focused on large, growing, well-funded addressable markets

Proven transformational business model investing 4-5x defense industry average in R&D

Benefiting from outsourcing, supply chain delayering and “re-shoring”

Low-risk content expansion strategies delivering above-average organic revenue CAGR

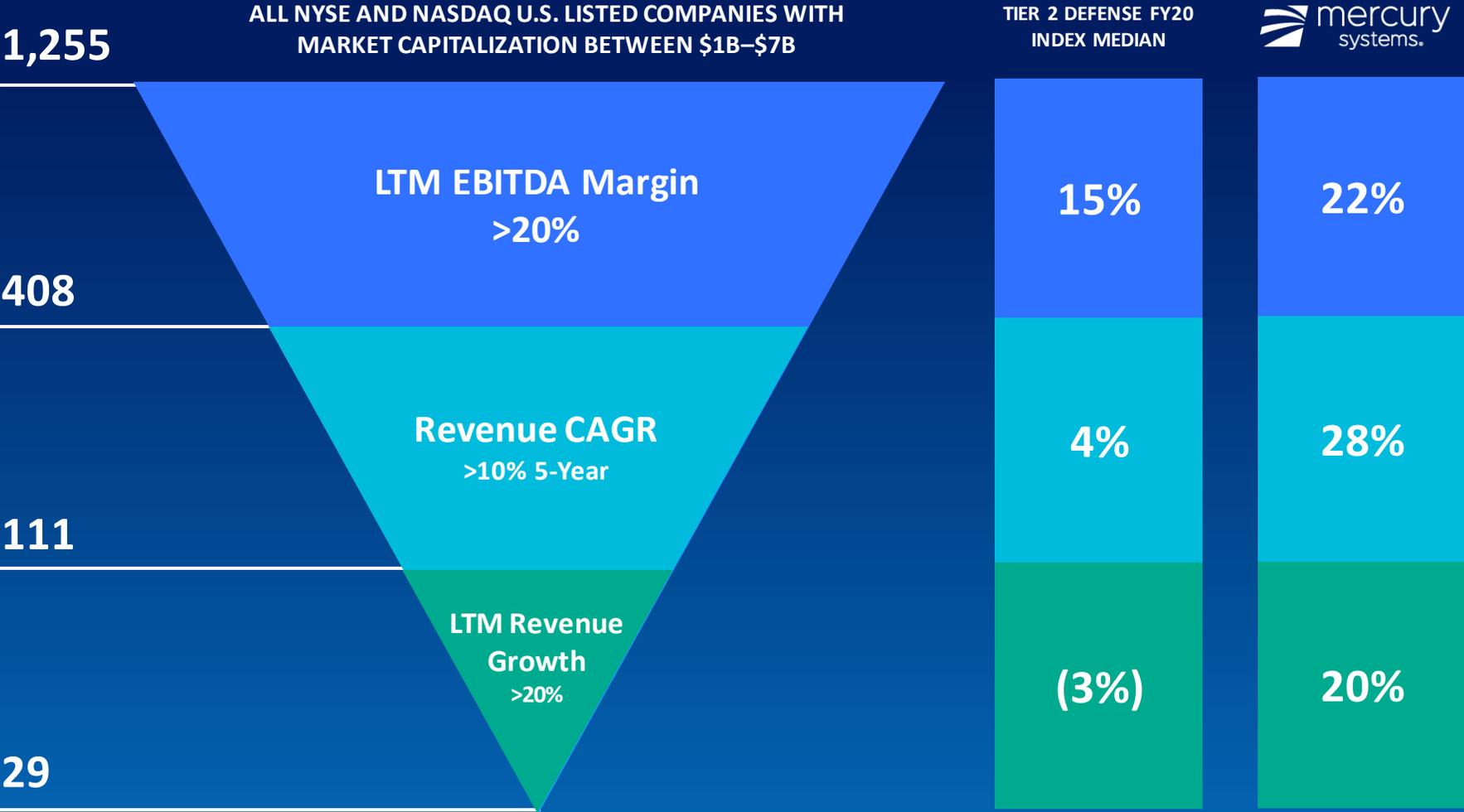
Successful M&A and integration strategy targeting new capabilities and market expansion

Financial performance in top 5% of similarly sized public companies*

*Based on relative performance in LTM EBITDA; 5-year CAGR; and LTM revenue growth



Mercury's financial profile demonstrates our unique strategy



- Notes**
- Fiscal year figures for Mercury are based on the trailing four fiscal quarters using information reported in Mercury's Form 10-Ks, Form 10-Qs and/or most recent earnings release. All other data per FactSet as of December 2, 2020. 5-year CAGR for market participants calculated per FactSet for the trailing four fiscal quarters available as of December 2, 2020 and the comparable historical period. Mercury 5-year CAGR calculated as the trailing four fiscal quarters ending fiscal Q1 FY21 compared to the trailing four fiscal quarters ending fiscal Q1 FY16. Financials represent reported results and are not adjusted for acquisitions or divestitures.
 - TIER 2 DEFENSE INDEX: AAR, Aerojet Rocketdyne, AeroVironment, AXON Enterprise, Ball Corporation, BWX Technologies, Comtech Telecommunications Corp, Cubic, Curtiss-Wright, Ducommun, Elbit Systems, FLIR Systems, HEICO, Hexcel, Honeywell Intl, Kaman, Kratos Defense & Security Solutions, L3Harris Technologies, Maxar, Moog, Oshkosh, OSI Systems, Teledyne Technologies, Textron, TransDigm Group, Triumph Group, ViaSat, Woodward, Inc.

Mercury strategy: A plan to meet market needs at speed

1/

Invest to grow organically

2/

Expand capabilities,
market access and penetration
through M&A

3/

Invest in trusted, secure
Innovation That Matters[®]

4/

Continuously improve
operational capability
and scalability

5/

Attract and retain
the right talent

6 highly differentiated capabilities: To invest in any one of these would be significant. We invest in all six.

Silicon: We are a leader in adapting commercially developed silicon technology to be purpose-built specifically for aerospace and defense.

Safety: Design safety-certifiable processing systems up to the highest design assurance levels.

Security: Investment in industry-leading embedded security capabilities and secure manufacturing facilities.



Speed: Highest performance and densest processing solutions available onboard military platforms.

SWaP: Everything optimized for size, weight and power, along with most advanced packaging and cooling technology.

Software: Investment in the most advanced open middleware and software allowing customers to port their applications on top of open mission systems architecture.

However, our overarching strategy is to provide all types of processing subsystems requiring trusted, secure computing

- Traditional COTS product integration model broken
- Procurement reform has shifted development risk to industry
- Customers burdened with integration risk and cost
- Our approach reduces program risk, meets outsourcing need, delivers at speed of relevance

Sensor Processing



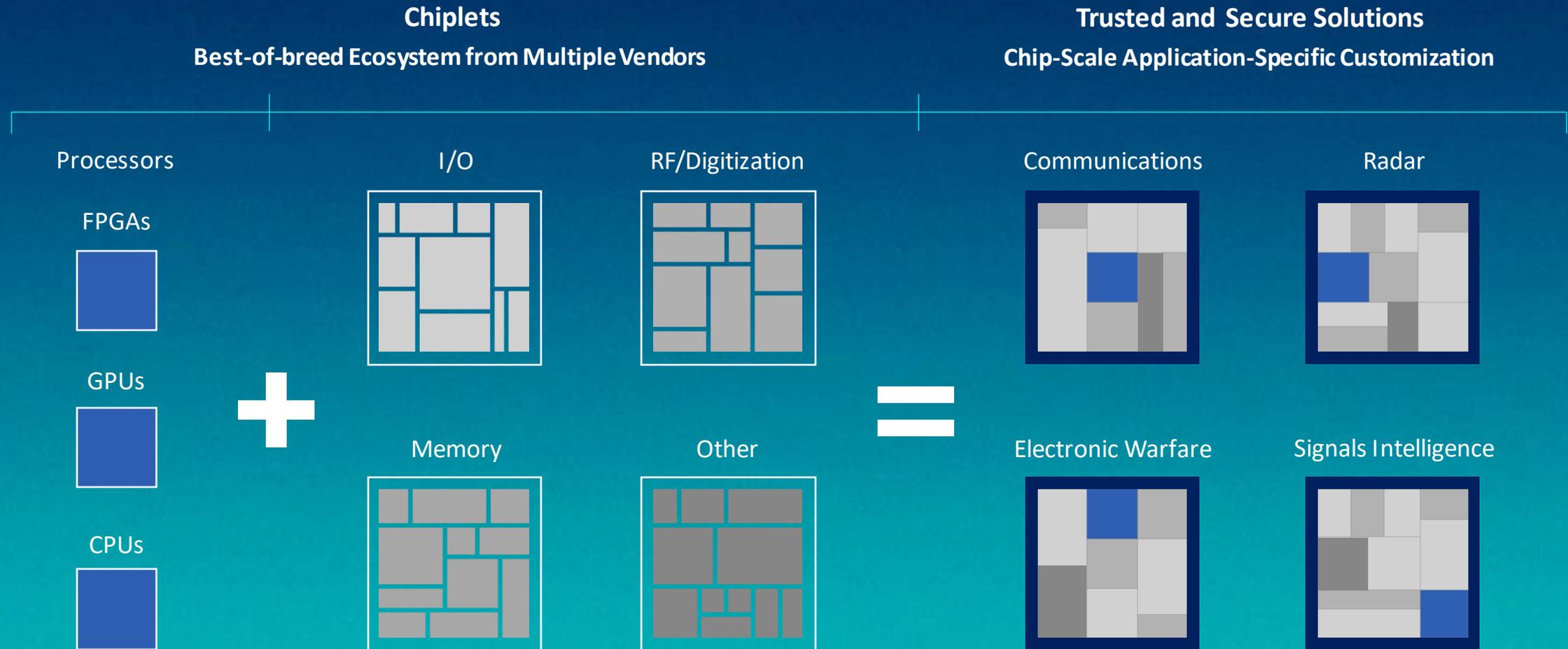
Platform & Mission Management



C3I



This game-changing capability will enable new applications at a rapid pace



We are simultaneously expanding our content footprint vertically while horizontally expanding our market access

Up to a 12x increase in content
per system as customers outsource more
due to secure computing requirements
and as system complexity grows



C4I Tier 2 market
\$22.4B
4.1% CAGR



Provide all other
computers that need
trust, security, safety

**Trusted and Secure
Computing**

SEMS Tier 2 market
\$16.4B
4.6% CAGR



Move into adjacent
submarkets and other
system sensors

Up to another 2x higher-margin
content increase per system as new
trusted microelectronic capabilities
enable new applications and performance

Notes

Tier 2 includes embedded computing and subsystems with RF content. Includes US Government and Global Defense & Commercial Aerospace Markets

Sources: RSAdvisors research & analysis, November 2019. CAGRs referenced are for periods GFY19-GFY24. Numbers are rounded.

Six major trends shaping the defense industry

1/ Defense spending pressures

Political uncertainty, COVID-19 stimulus, interest payments, healthcare and social spending remain long-term headwinds; Pressures require prioritization within DoD

2/ Challenging global security environment

National Defense Strategy is focused on near-peer threats; Chinese militarization and power projection, resurgent Russia; drives technology requirements

3/ Defense electronics modernization underway

Significant system upgrades underway to maintain and extend competitive advantage: Sensor & C4I as well as weapon systems modernization and readiness

4/ Investment and innovation challenges

Primes increasing headcount but recruitment challenges and aging workforce; Relatively low IRAD requires focused investment and increased outsourcing

5/ Need access to commercial technology

Leverage high-tech commercial investment and innovation; must be tailored for defense purposes. Microelectronics elevated to DoD's #1 technology priority

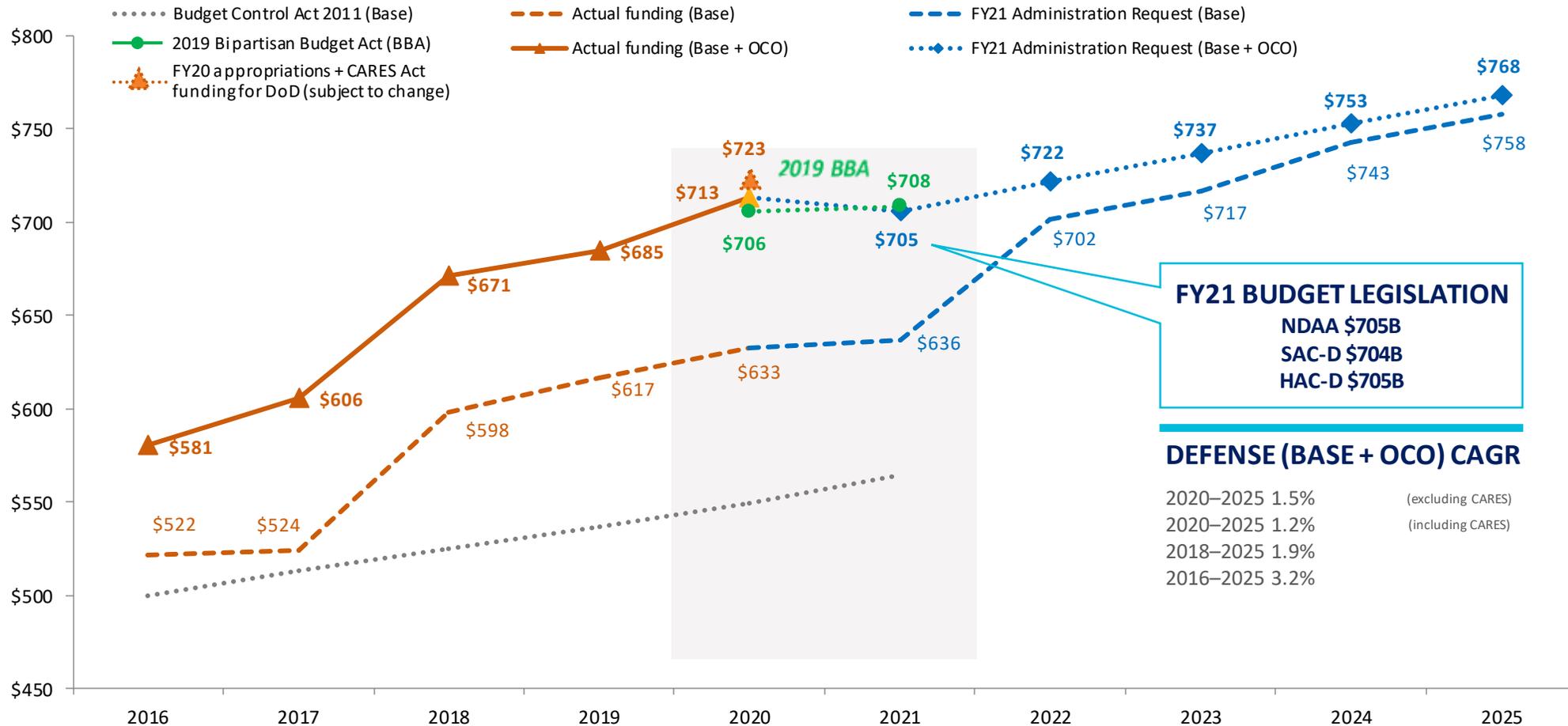
6/ Imperative for U.S.-produced technology

Supply chain globalization vs. need for trust, security and assurance. Need to onshore capacity and capability



FY21 DoD PBR reflects 2019 BBA topline for FY20-21 and calls for ~1.5% topline budget growth over the FYDP

Topline Defense Budget vs. BCA Caps (Discretionary BA, Current \$B)



Notes

- FY20 051 appropriations amount \$723B includes ~\$8B of MILCON emergency requirements and ~\$10B of CARES stimulus in OCO
- FY20 051 appropriations amount \$713B includes only ~\$8B of MILCON emergency requirements in OCO
- Budget and BCA Caps represent the 051 account (DoD)
- BBA 051 totals are estimated using 050 cap and typical 051 ratio

Sources

BBA 2019, FY21 PBR, CBO, CRS, OMB, FY20 DoD Green Book, FY18-20 Defense Appropriations bills, RSAdvisors research & analysis

FY21 BUDGET LEGISLATION

NDA \$705B
SAC-D \$704B
HAC-D \$705B

DEFENSE (BASE + OCO) CAGR

2020–2025 1.5% (excluding CARES)
2020–2025 1.2% (including CARES)
2018–2025 1.9%
2016–2025 3.2%



The A&D electronics systems market is ~ \$125B annually

Our total addressable market is now ~\$40B

Aerospace & Defense Platform and Systems Electronics Content

C4I (\$22.4B)*

Sensor & Effector Mission Systems (\$16.4B)*

| MARKET SEGMENT | Platform & Mission Mgmt | C2I | Comms | EW | Radar | EO/IR | Acoustics | Weapons |
|---------------------------------------|---|---|--|---|---|---|---|---|
| |  |  |  |  |  |  |  |  |
| | Avionics/ Vetronics | Command & Control/Battle Management | Dedicated Communications | Electronic Warfare | Radar | Electro-Optical/ Infrared | Acoustics | Missiles/ Munitions |
| DEFINITION | Control & operation of platform & mission systems | Processing & exploitation of information | Dissemination of information | Offensive/defensive exploitation of EM spectrum | Use of RF signal to detect, track, ID | Thermo-graphic camera with video output | Sound pulses to determine object location | Seekers, HEL, HPM Naval Launched Air Launched |
| GFY19 ELECTRONICS MARKET (\$B) | \$28.1B 4.0% '19-24 CAGR | \$37.6B 2.7% '19-24 CAGR | \$16.4B 3.9% '19-24 CAGR | \$8.8B 4.2% '19-24 CAGR | \$10.2B 3.2% '19-24 CAGR | \$11.6B 3.5% '19-24 CAGR | \$4.0B 5.2% '19-24 CAGR | \$5.8B 4.0% '19-24 CAGR |
| GFY19 TIER 2* MARKET (\$B) | \$7.1B 4.8% '19-24 CAGR | \$7.7B 3.7% '19-24 CAGR | \$7.6B 4.0% '19-24 CAGR | \$5.4B 4.3% '19-24 CAGR | \$5.3B 3.6% '19-24 CAGR | \$1.8B 4.8% '19-24 CAGR | \$1.0B 6.0% '19-24 CAGR | \$2.9B 4.4% '19-24 CAGR |

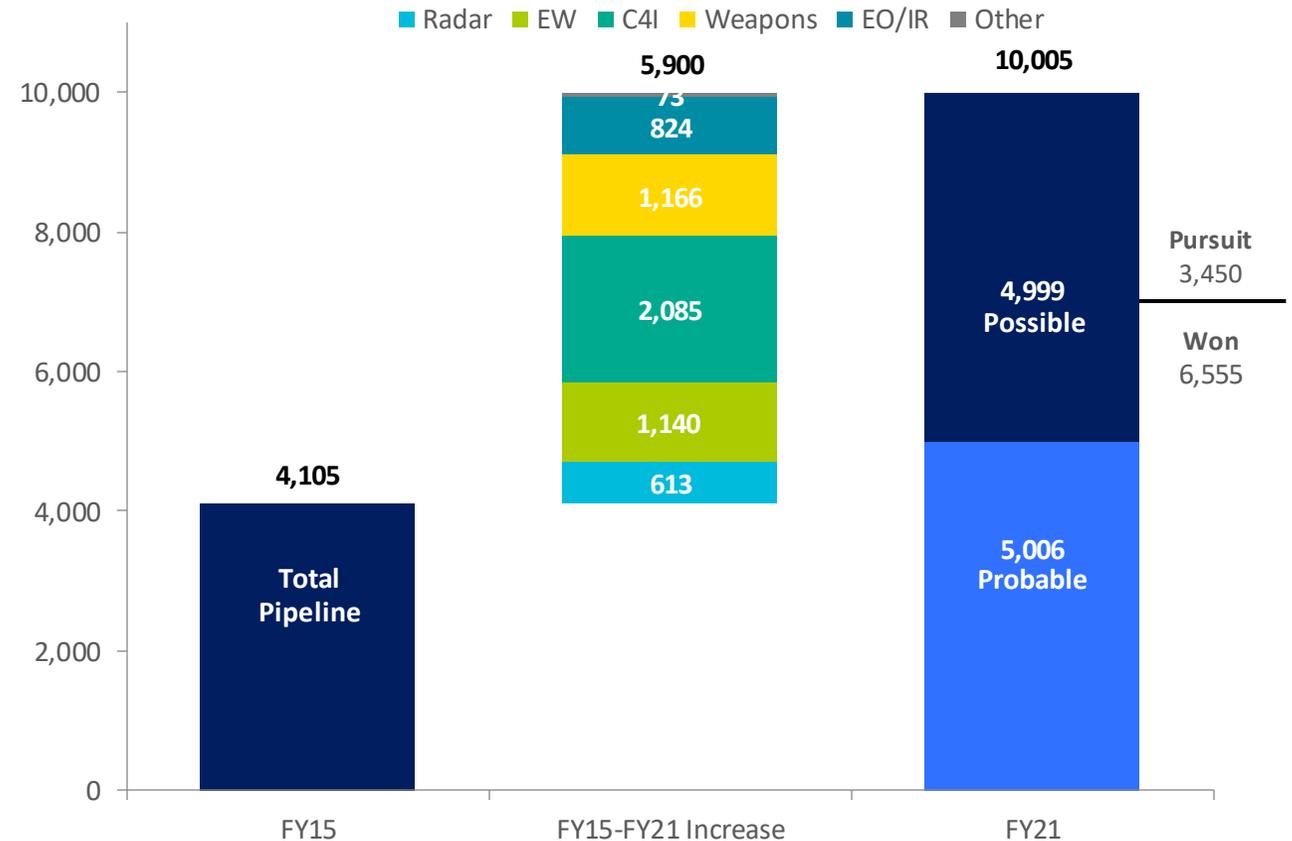
Notes: *Tier 2 includes embedded computing and subsystems with RF content. Includes US Government and Global Defense & Commercial Aerospace Markets
Sources: RSAdvisors research & analysis, November 2019. Numbers are rounded.



Acquisitions and investments driving significant opportunity growth

- Defense prime contractors outsourcing more
- Outsourced integrated subsystems 74% of top 30 program lifetime value
- Content expansion driving above-average growth
- Defense primes' flight to quality suppliers
- Supply chain delayering and reshoring
- Foreign military and international sales increasing

TOP 30 PROGRAMS & PURSUITS ESTIMATED LIFETIME VALUE (\$M)



Note: Probable and Possible values are as of the beginning of the referenced fiscal year. Numbers are rounded.



Glassdoor current employee ratings validate Mercury's status as a destination employer and acquirer of choice

| | Mercury Systems | Glassdoor Average | Proxy Peer Group ⁽¹⁾ | Tier 2 Defense Company Index ⁽²⁾ |
|---------------------------|-----------------|-------------------|---------------------------------|---|
| Overall Rating | 4.7 | 3.6 | 3.5 | 3.6 |
| Culture & Values | 4.7 | 3.4 | 3.4 | 3.5 |
| Diversity & Inclusion | 4.3 | 3.6 | 3.6 | 3.6 |
| Work-Life Balance | 4.2 | 3.5 | 3.5 | 3.6 |
| Senior Management | 4.6 | 3.2 | 3.1 | 3.2 |
| Compensation & Benefits | 4.5 | 3.2 | 3.4 | 3.5 |
| Career Opportunities | 4.5 | 3.1 | 3.2 | 3.4 |
| Recommend to Friend | 95% | 64% | 64% | 67% |
| CEO Approval | 99% | 73% | 80% | 78% |
| Positive Business Outlook | 94% | 51% | 54% | 54% |

(1) **PROXY PEER GROUP:** ADTRAN, Inc., Astronics Corp., Brooks Automation, Inc., Cognex Corp., Comtech Telecommunications Corp., CTS Corp., Diodes Inc., Ducommun Inc., II-VI Inc., Infinera Corp., iRobot Corp., Kratos Defense & Security Solutions, Inc., MACOM Technology Solutions Holdings, Inc., Methode Electronics, Inc., MKS Instruments, Inc., Netgear Inc., NetScout Systems, Inc., Novanta Inc., OSI Systems, Inc., Ribbon Communications, Inc., Rogers Corp.

(2) **TIER 2 DEFENSE INDEX:** AAR Corp., Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BXW Technologies, Comtech Telecom, Cubic Corp, Curtiss Wright Corp, Ducommun, Elbit Systems, FLIR Systems, Harris Corp, Heico, Hexcel, Honeywell Intl, Kaman, KBR, Kratos Defense, L-3 Technologies, Maxar, MOOG, Oshkosh Defense, OSI Systems, Teledyne Technologies, Textron, Transdigm Group, Triumph Group, United Technologies, Vectrus, Viasat, Woodward Aerospace.

(3) Source: Glassdoor, Inc., Dec. 2, 2020



We have executed on a disciplined and focused M&A strategy

Aerospace & Defense Platform and Systems Electronics Content

C4I (\$22.4B)*

Sensor & Effector Mission Systems (\$16.4B)*

| MARKET SEGMENT | C4I (\$22.4B)* | | | Sensor & Effector Mission Systems (\$16.4B)* | | | | |
|-------------------------------|--|--|---|--|--|---|--|--|
| | Platform & Mission Mgmt | C2I | Comms | EW | Radar | EO/IR | Acoustics | Weapons |
| |  |  |  |  |  |  |  |  |
| | Avionics/ Vetronics | Command & Control/Battle Management | Dedicated Communications | Electronic Warfare | Radar | Electro-Optical/ Infrared | Acoustics | Missiles/ Munitions |
| ACQUISITIONS |  |  |  |  |  | Organic |  |  |
| GFY19 TIER 2* MARKET (\$B) | \$7.1B 4.8% '19-24 CAGR | \$7.7B 3.7% '19-24 CAGR | \$7.6B 4.0% '19-24 CAGR | \$5.4B 4.3% '19-24 CAGR | \$5.3B 3.6% '19-24 CAGR | \$1.8B 4.8% '19-24 CAGR | \$1.0B 6.0% '19-24 CAGR | \$2.9B 4.4% '19-24 CAGR |

Notes: *Tier 2 includes embedded computing and subsystems with RF content. Includes US Government and Global Defense & Commercial Aerospace Markets

Sources: RSAdvisors research & analysis, November 2019. Numbers are rounded.

(1) Represents carve-out acquisition from Microsemi Corp.



Mercury M&A philosophy and value creation blueprint

Culture & Values

Assess cultural fit and rapidly enculturate the acquiree

Full Integration

We believe in full integration – We're not a holding company

Unify Brand

One Brand – Mercury Systems

Combine Like Entities

Combine like businesses or product lines to gain scale and efficiencies

Consolidate Manufacturing

Invest capital to consolidate and modernize manufacturing facilities

Deploy Common Processes & Systems

Deploy scalable enterprise processes, systems, security, collaboration

Invest R&D Leverage G&A

Raise R&D to accelerate new design wins – Centralize G&A where possible

Accelerate Organic Growth

Strategic account and solution sales model to accelerate organic growth

Continuously Improve

Matrix structure drives clarity, consistency, continuous improvement

Deliver Results

Common business management process and operating cadence



We're a leader in trusted, secure technologies and subsystems

- Innovative growth company at intersection of high tech and defense
- Aligned with dominant industry trends
- Proven transformational business model for A&D industry
- Low-risk content expansion strategies with substantial headroom
- Successful M&A strategy targeting new capabilities and market expansion
- Financial performance in top 5% of similarly sized public companies



Michael Ruppert

Executive Vice President & CFO

FINANCIAL OVERVIEW



The evolution of Mercury Systems

In millions, except percentage and per share data.

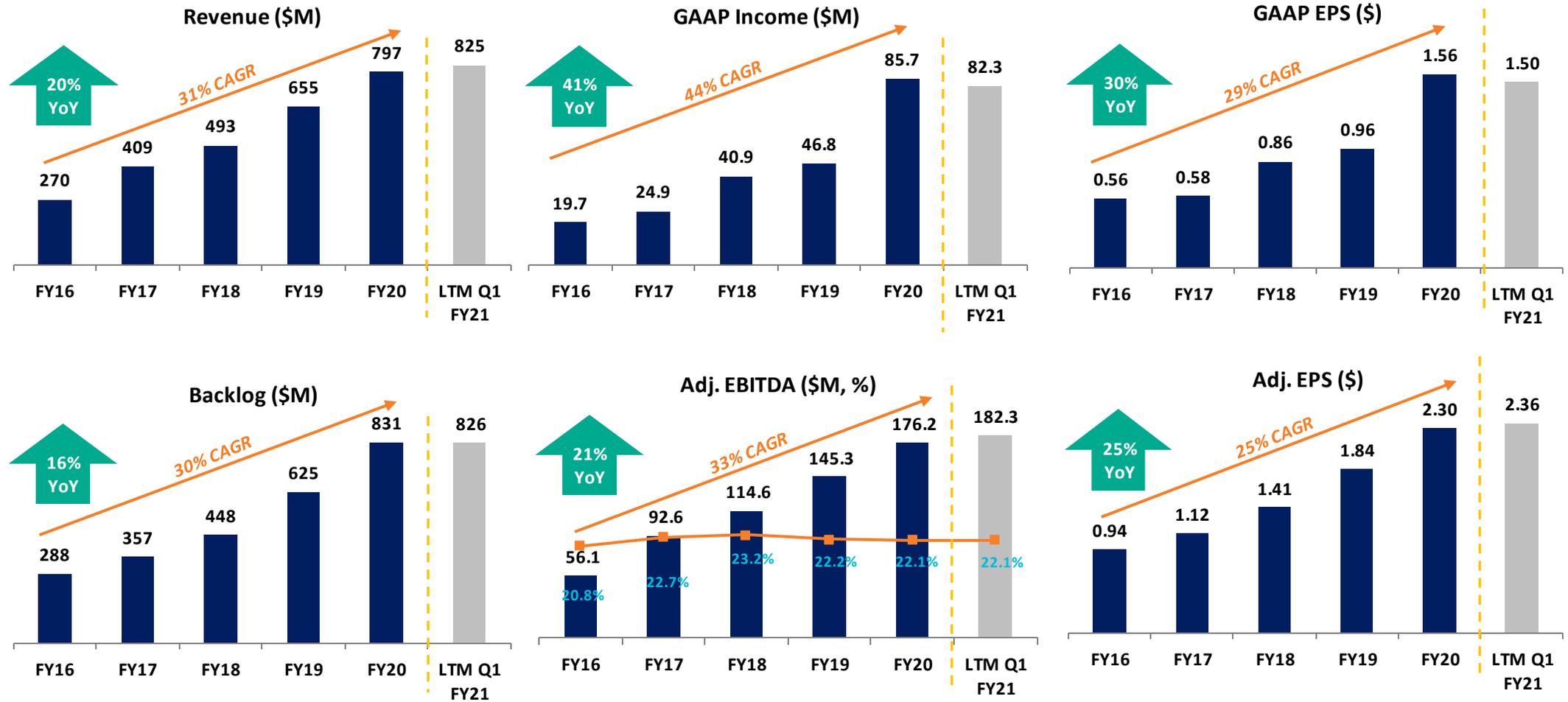
| | | FY15 ⁽¹⁾ | FY20 ⁽¹⁾ | Change |
|-------------|--|---------------------|---------------------|----------------|
| Valuation | Market Capitalization ⁽²⁾ | \$504 | \$4,373 | 9x |
| | Enterprise Value ⁽²⁾ | \$426 | \$4,165 | 10x |
| Operational | Revenue ⁽²⁾ | \$235 | \$797 | 3x |
| | Adj. EBITDA ⁽³⁾ % Margin | \$44 19% | \$176 22% | 4x +320 bps |
| | Adj. EPS ⁽³⁾ | \$0.80 | \$2.30 | 3x |
| Strategy | Number of Acquisitions ⁽⁴⁾ | N.A. | 11 | N.M. |
| | Capital Deployed ⁽⁴⁾ | N.A. | \$804 | N.M. |

Notes

- (1) Trailing four fiscal quarters ended FY15 and FY20, respectively. Operational figures are based on fiscal year and fiscal quarter results as reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release. Historical results are as reported, not pro forma for acquisitions.
- (2) Valuation for FY15 based on basic shares from the cover page of the Company's FY15 10-K and stock price as of June 30, 2015. Valuation for FY20 based on basic shares from the cover page of the Company's Q3 FY20 10-Q and stock price as of June 30, 2020.
- (3) Non-GAAP, see reconciliation table.
- (4) Acquisitions completed and capital deployed in acquisitions FY15-FY20.



Mercury continues to deliver strong financial results



Notes: CAGR figures for the period FY16-FY20. YoY figures for the period LTM Q1 F20 vs. LTM Q1 FY21. Numbers are rounded. Per share data is presented on a fully diluted basis. As of Q3 FY20, the Company has revised its definition of a adjusted EBITDA to incorporate other non-operating adjustments, net, which includes gains or losses on foreign currency measurement and fixed assets sales and disposals among other adjustments.

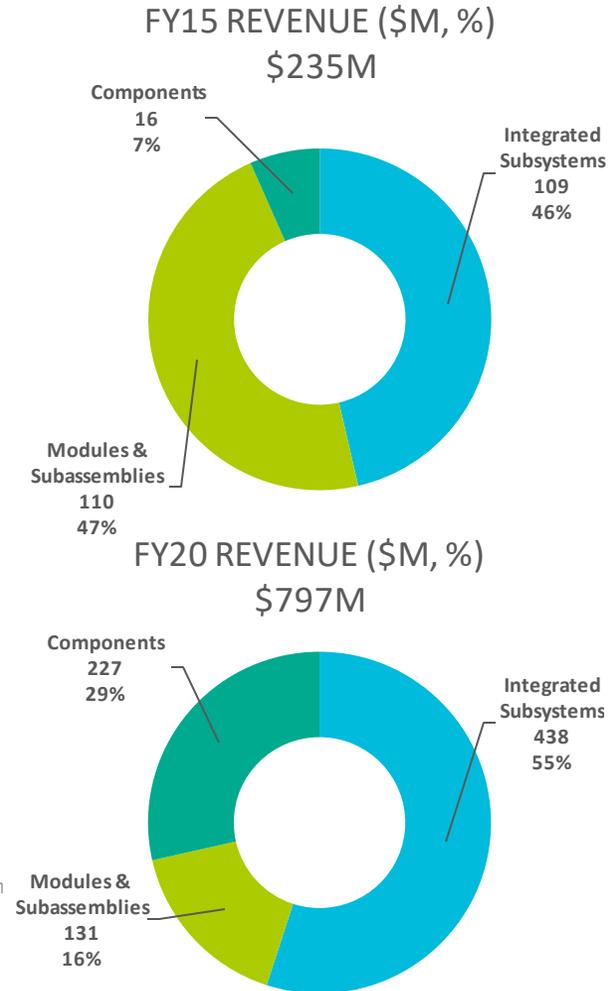
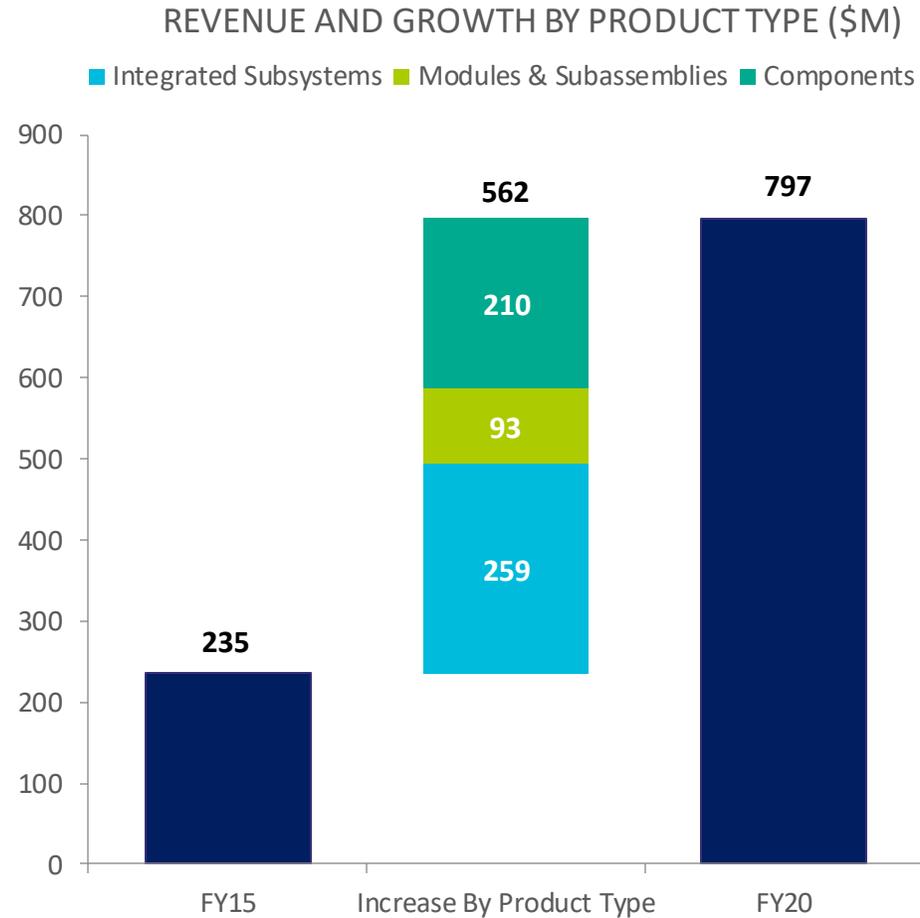


Content expansion from modules to subsystems

- **Components:**
 - ▶ Expansion via custom microelectronics acquisition from Microsemi
 - ▶ Investment in trusted microelectronics

- **Modules/Subassemblies:**
 - ▶ Down from 47% of revenue in FY15 to 16% in FY20 as shift towards subsystems

- **Subsystems:**
 - ▶ Expansion into \$40B Tier 2 RF & computing market
 - ▶ Subsystems represent 63% of top 30 program lifetime value



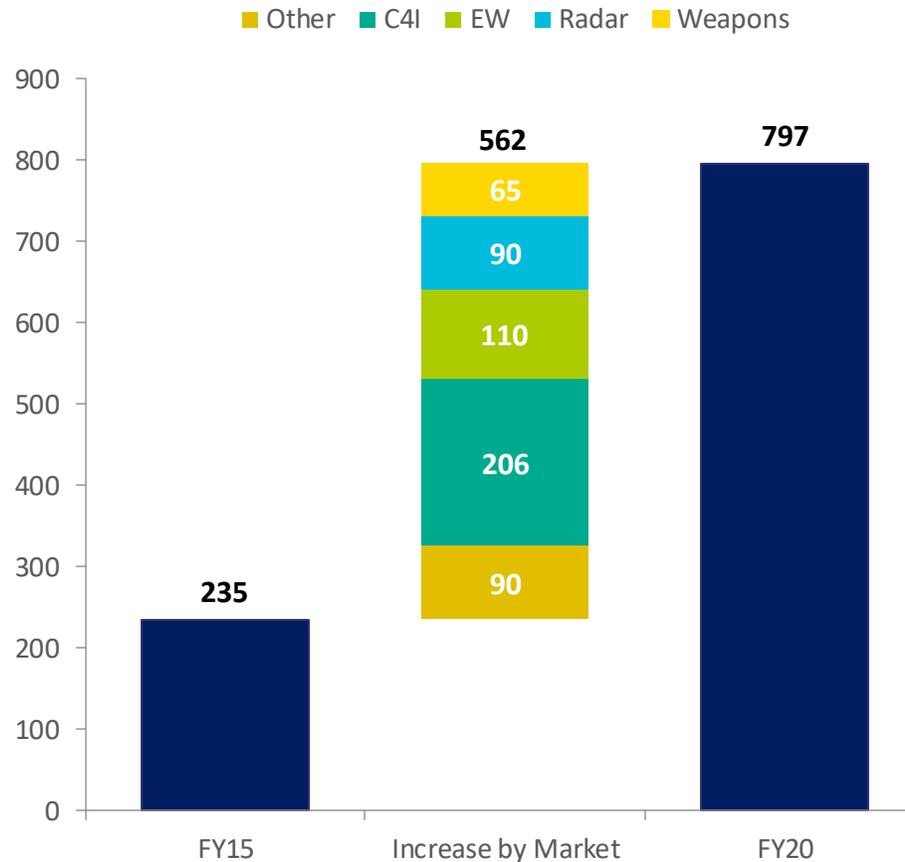
Notes: FY15-FY19 fiscal years ended June 30. FY20 fiscal year ended July 3, 2020. FY15-FY20 figures are as reported in the Company's Form 10-Ks and/or internal Company data. Percent of total may not equal 100% due to other non-categorized revenue. Numbers are rounded. As additional information related to the Company's products by end user, application and/or product grouping is attained, the categorization of these products can vary over time. When this occurs, the Company reclassifies revenue by end user, application and/or product grouping for prior periods.



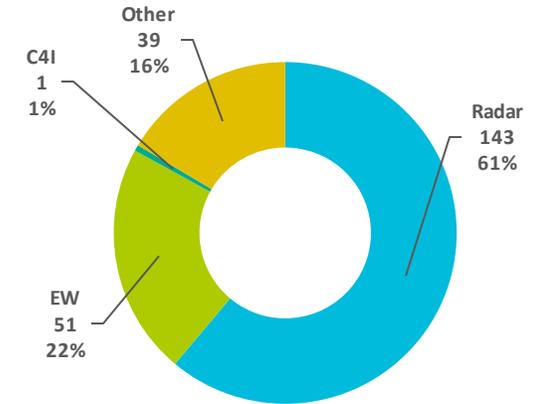
Expanding into new markets

- Continued growth in core markets
- Expansion into adjacent markets and leveraging current capabilities
- Additional capabilities drive content expansion
- Broader program and customer base
- Vastly larger addressable market
- Consistently driving above market growth rates

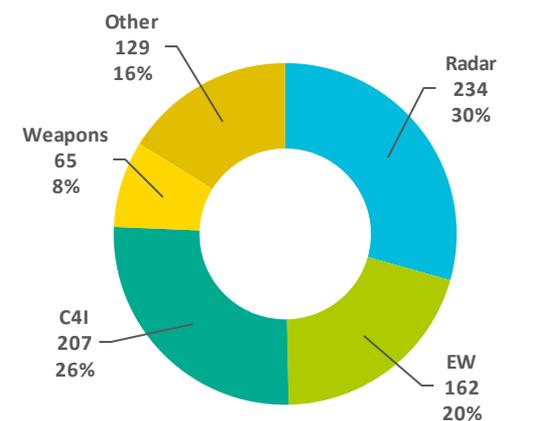
REVENUE AND GROWTH BY MARKET (\$M)



FY15 REVENUE (\$M, %)
\$235M



FY20 REVENUE (\$M, %)
\$797M



Notes: FY15-FY19 fiscal years ended June 30. FY20 fiscal year ended July 3, 2020. FY15-FY20 figures are as reported in the Company's Form 10-Ks and/or internal Company data. Percent of total may not equal 100% due to other non-categorized revenue. Numbers are rounded. As additional information related to the Company's products by end user, application and/or product grouping is attained, the categorization of these products can vary over time. When this occurs, the Company reclassifies revenue by end user, application and/or product grouping for prior periods.



Taking market share due to significant investments

Focused on core markets, technologies and scale. Invested \$1.3 billion since FY14 driving outsourcing



| | |
|-------------------------------|----------------|
| IR&D | ~\$390M |
| Capital Expenditures | ~\$140M |
| Acquisition Investment | ~\$800M |
| Total Investment | ~\$1.3B |

Markets C4I and SEMS

Aerospace & Defense Platform and Systems Electronics Content

| Platform & Mission Mgmt | Sensor & Effector Mission Systems | | | | | | |
|-------------------------|-----------------------------------|-------|----|-------|-------|-----------|---------|
| | C2I | Comms | EW | Radar | EO/IR | Acoustics | Weapons |
| | | | | | | | |

Trusted and Secure Mission-Critical Technologies and Subsystems



Trusted Domestic Manufacturing and Integration from Chip-scale to Systems

Defense Microelectronics Activity



- 1U, 2U and custom form factors
- Made in the U.S.A. motherboards
- Composable security features
- MIL-STD 810G/F, 901D, 167-1, 461
- Field-proven, approved design

Notes

All figures are approximate and reflect the period of FY14-FY20 using information reported in the Company's Form 10-Ks, Form 10-Qs and/or recent public announcements. Numbers are rounded.



LTM Q1 FY21 performance

| In \$ millions, except percentage and per share data | LTM Q1 FY20 ⁽³⁾⁽⁴⁾ | LTM Q1 FY21 ⁽³⁾⁽⁴⁾ | CHANGE |
|--|-------------------------------|-------------------------------|---------|
| Bookings | \$820.0 | \$939.2 | 15% |
| Book-to-Bill | 1.19 | 1.14 | |
| Backlog | \$711.8 | \$826.1 | 16% |
| 12-Month Backlog | 499.2 | 516.1 | |
| Revenue | \$688.0 | \$824.9 | 20% |
| Organic Revenue Growth ⁽¹⁾ | 19% | 13% | |
| Gross Margin | 44.0% | 44.4% | 0.4 pts |
| Operating Expenses | \$222.7 | \$274.2 | 23% |
| Selling, General & Administrative | 115.9 | 135.2 | |
| Research & Development | 75.8 | 104.0 | |
| Amortization/Restructuring/Acquisition | 30.9 | 35.0 | |
| GAAP Net Income | \$58.5 | \$82.3 | 41% |
| Effective Tax Rate | 11.5% | 13.1% | |
| GAAP EPS | \$1.15 | \$1.50 | 30% |
| Weighted Average Diluted Shares | | | |
| Adjusted EPS ⁽²⁾ | \$1.89 | \$2.36 | 25% |
| Adj. EBITDA ⁽²⁾ | \$150.4 | \$182.3 | 21% |
| % of revenue | 21.9% | 22.1% | |
| Operating Cash Flow | \$101.8 | \$113.8 | 12% |
| Free Cash Flow ⁽²⁾ | \$69.2 | \$69.1 | N.M. |
| % of Adjusted EBITDA | 46% | 38% | |

Notes

- (1) Organic revenue represents total company revenue excluding net revenue from acquisitions for the first four full quarters since the entities' acquisition date (which excludes any intercompany transactions). After the completion of four fiscal quarters, acquired businesses are treated as organic for current and comparable historical periods.
- (2) Non-GAAP, see reconciliation table.
- (3) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the first quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended September 27, 2019 and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the first quarter of fiscal 2021 and full fiscal 2021 are to the quarter ending October 2, 2020 and 52-week period ending July 2, 2021.
- (4) LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release.



FY20 vs. FY19

| In \$ millions, except percentage and per share data | FY19 | FY20 ⁽³⁾ | CHANGE |
|--|---------|---------------------|---------|
| Bookings | \$782.9 | \$954.3 | 22% |
| Book-to-Bill | 1.20 | 1.20 | |
| Backlog | \$625.4 | \$831.1 | 33% |
| 12-Month Backlog | 451.2 | 567.7 | |
| Revenue | \$654.7 | \$796.6 | 22% |
| Organic Revenue Growth ⁽¹⁾ | 12% | 14% | |
| Gross Margin | 43.7% | 44.8% | 1.1 pts |
| Operating Expenses | \$209.6 | \$265.8 | 27% |
| Selling, General & Administrative | 110.7 | 132.3 | |
| Research & Development | 68.9 | 98.5 | |
| Amortization/Restructuring/Acquisition | 29.9 | 35.0 | |
| GAAP Net Income | \$46.8 | \$85.7 | 83% |
| Effective Tax Rate | 21.4% | 8.8% | |
| GAAP EPS | \$0.96 | \$1.56 | 63% |
| Weighted Average Diluted Shares | 48.5 | 55.1 | |
| Adjusted EPS ⁽²⁾ | \$1.84 | \$2.30 | 25% |
| Adj. EBITDA ⁽²⁾ | \$145.3 | \$176.2 | 21% |
| % of revenue | 22.2% | 22.1% | |
| Operating Cash Flow | \$97.5 | \$115.2 | 18% |
| Free Cash Flow ⁽²⁾ | \$70.8 | \$71.9 | 2% |
| % of Adjusted EBITDA | 49% | 41% | |

Notes

- (1) Organic revenue represents total company revenue excluding net revenue from acquisitions for the first four full quarters since the entities' acquisition date (which excludes any intercompany transactions). After the completion of four fiscal quarters, acquired businesses are treated as organic for current and comparable historical periods.
- (2) Non-GAAP, see reconciliation table.
- (3) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the first quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended September 27, 2019 and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the first quarter of fiscal 2021 and full fiscal 2021 are to the quarter ending October 2, 2020 and 52-week period ending July 2, 2021.



Mercury recent acquisition history

| Company | Expansion Primary Theme | Closing Date | Purchase Price (\$M) | Ending Debt Balance | Funding |
|------------------------------|------------------------------|--------------|----------------------|---------------------|---------------------------|
| LIT | Security | Dec-2015 | \$ 10 | \$ 0 | Cash on Hand |
| Microsemi ⁽¹⁾ | Weapons, EW, Security | May-2016 | \$ 300 | - | Term Loan Cash on Hand |
| April 2016 Equity Offering | | | (\$ 93) | \$ 200 | Equity Offering |
| CES | Platform/Mission, Comm's | Nov-2016 | \$ 39 | \$ 190 | Cash on Hand |
| January 2017 Equity Offering | | | (\$ 216) | \$ 0 ⁽²⁾ | Equity Offering |
| Delta Microwave | EW, Space | Apr-2017 | \$ 41 | \$ 0 ⁽²⁾ | Cash on Hand |
| RTL | Platform/Mission | Jul-2017 | \$ 6 | \$ 0 | Cash on Hand |
| Themis | C2I, Comm's | Feb-2018 | \$ 180 | \$ 195 | Revolver |
| Germane Systems | C2I, Acoustics | Jul-2018 | \$ 45 | \$ 240 | Revolver |
| GECO | Platform/Mission | Jan-2019 | \$ 37 | \$ 277 | Revolver |
| Athena | Security | Apr-2019 | \$ 46 | \$ 325 | Revolver |
| Syntonic Microwave | EW | Apr-2019 | \$ 46 | \$ 325 | Revolver |
| May 2019 Equity Offering | | | (\$ 455) | \$ 0 ⁽³⁾ | Equity Offering |
| APC | Platform/Mission, Vectronics | Sep-2019 | \$ 100 | \$ 0 ⁽⁴⁾ | Cash on Hand |

Total Capital Deployed: \$804M

Source: Company filings, Company investor presentations

(1) Represents carve-out acquisition from Microsemi Corp.

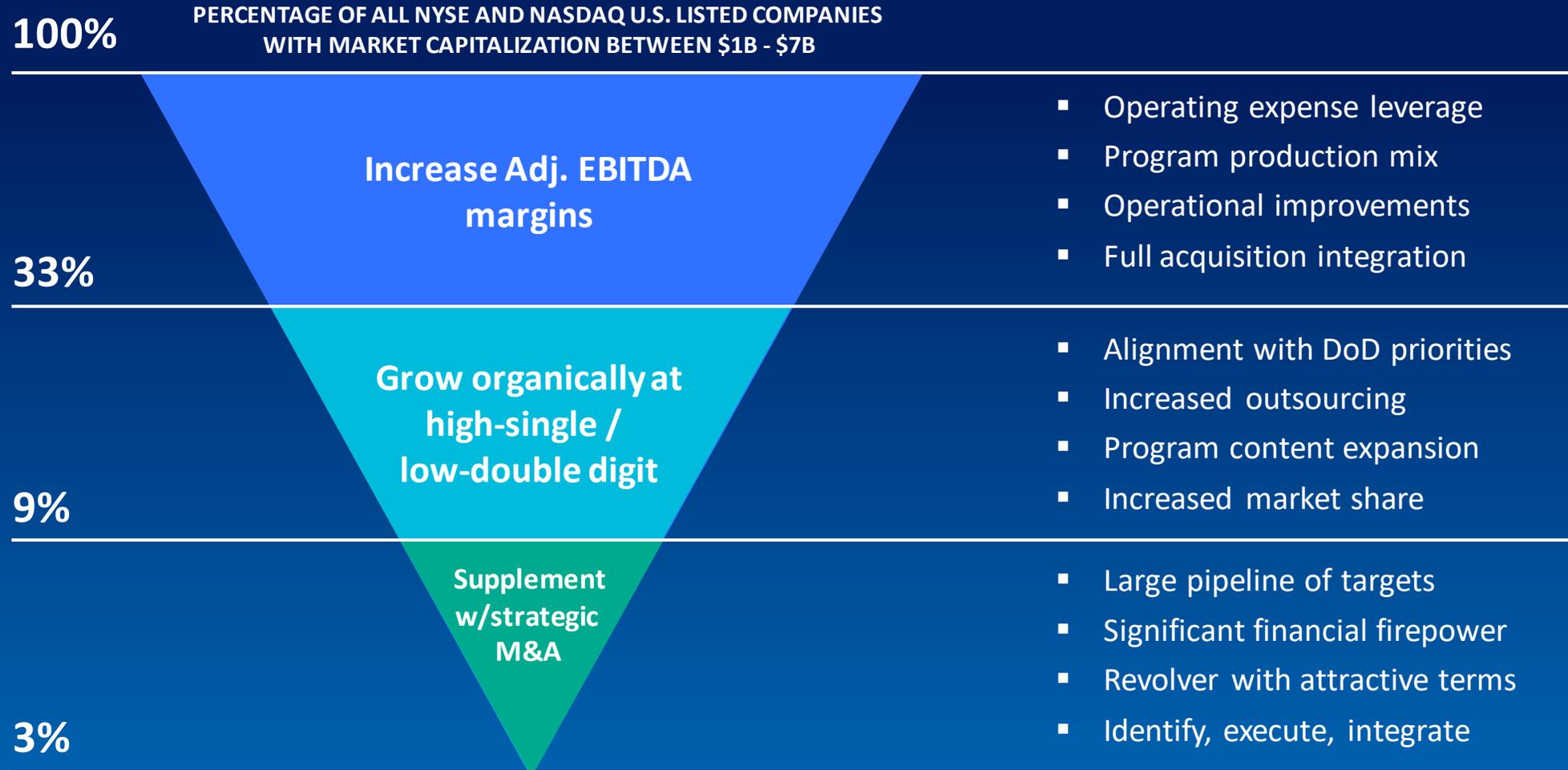
(2) On June 27, 2017, Mercury amended its senior secured credit facility, increasing and extending the revolving credit facility and utilizing the January 2017 equity offering proceeds to repay the remaining principal on the existing term loan.

(3) Reflects repayment of debt with proceeds from the May 2019 common stock offering.

(4) Reflects acquisition of American Panel Corporation (APC) on September 23, 2019 with proceeds from the May 2019 common stock offering.



Committed to maintaining differentiated and attractive financial profile



Strategy and business model delivering financial performance well above industry average

- Track record of strong organic growth, profitability and strategic M&A
- Significant investment over last 5 years is competitive differentiator
- Poised for continued organic growth and margin expansion
- Well positioned for future M&A with strong pipeline and financial flexibility
- Clear strategy to continue to maintain unique financial profile



APPENDIX



Balance sheet

| (In \$ millions) ⁽¹⁾ | As of | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| | 9/27/19 | 12/27/19 | 3/27/20 | 7/3/20 | 10/2/20 |
| ASSETS | | | | | |
| Cash & cash equivalents | \$161.3 | \$182.0 | \$407.1 | \$226.8 | \$239.1 |
| Accounts receivable, net | 177.5 | 193.4 | 214.0 | 210.7 | 207.8 |
| Inventory, net | 148.5 | 153.6 | 161.9 | 178.1 | 206.0 |
| PP&E, net | 65.9 | 72.7 | 78.7 | 87.7 | 94.7 |
| Goodwill and intangibles, net | 847.4 | 839.2 | 831.4 | 822.8 | 815.3 |
| Other | 73.3 | 71.7 | 78.5 | 84.6 | 90.2 |
| TOTAL ASSETS | \$1,473.9 | \$1,512.6 | \$1,771.6 | \$1,610.7 | \$1,653.2 |
| LIABILITIES AND S/E | | | | | |
| AP and accrued expenses | \$84.8 | \$91.3 | \$109.6 | \$107.0 | \$119.7 |
| Other liabilities | 93.7 | 104.3 | 112.6 | 118.9 | 125.6 |
| Debt | - | - | 200.0 | - | - |
| Total liabilities | 178.5 | 195.6 | 422.2 | 225.9 | 245.3 |
| Stockholders' equity | 1,295.3 | 1,317.1 | 1,349.4 | 1,384.8 | 1,407.9 |
| TOTAL LIABILITIES AND S/E | \$1,473.9 | \$1,512.6 | \$1,771.6 | \$1,610.7 | \$1,653.2 |

Notes

(1) Rounded amounts used.



Cash flow summary

| (In \$ millions) ⁽¹⁾ | For the Fiscal Quarters Ended | | | | |
|--|-------------------------------|---------------|---------------|---------------|---------------|
| | 9/27/19 | 12/27/19 | 3/27/20 | 7/3/20 | 10/2/20 |
| Net Income | \$19.2 | \$15.7 | \$23.6 | \$27.2 | \$15.8 |
| Depreciation and amortization | 11.4 | 12.5 | 12.7 | 12.8 | 13.0 |
| Gain on investment | - | - | (3.8) | (2.0) | - |
| Other non-cash items, net | 6.4 | 7.6 | 8.5 | 6.8 | 4.5 |
| Changes in Operating Assets and Liabilities | | | | | |
| Accounts receivable, unbilled receivables, and costs in excess of billings | 2.2 | (15.7) | (20.7) | 3.2 | 3.5 |
| Inventory | 0.4 | (5.7) | (8.2) | (18.1) | (27.8) |
| Accounts payable and accrued expenses | (6.3) | 5.8 | 18.4 | (4.4) | 10.8 |
| Other | (9.0) | 11.8 | (0.4) | 3.2 | 3.1 |
| | (12.8) | (3.8) | (10.9) | (16.1) | (10.4) |
| Operating Cash Flow | 24.3 | 32.1 | 30.1 | 28.7 | 22.9 |
| Capital expenditures | (9.6) | (11.3) | (10.9) | (11.5) | (11.0) |
| Free Cash Flow⁽²⁾ | \$14.7 | \$20.7 | \$19.2 | \$17.2 | \$12.0 |
| <i>Free Cash Flow⁽²⁾ / Adjusted EBITDA⁽²⁾</i> | <i>40%</i> | <i>48%</i> | <i>41%</i> | <i>35%</i> | <i>28%</i> |
| <i>Free Cash Flow⁽²⁾ / GAAP Net Income</i> | <i>76%</i> | <i>132%</i> | <i>82%</i> | <i>63%</i> | <i>76%</i> |

Notes

(1) Rounded amounts used.

(2) Non-GAAP, see reconciliation table.



Q1 FY21 vs. Q1 FY20

| In \$ millions, except percentage and per share data | Q1 FY20 ⁽³⁾⁽⁴⁾ | Q1 FY21 ⁽³⁾⁽⁵⁾ | CHANGE |
|--|---------------------------|---------------------------|-----------|
| Bookings | \$215.7 | \$200.7 | (7%) |
| Book-to-Bill | 1.22 | 0.98 | |
| Backlog | \$711.8 | \$826.1 | 16% |
| 12-Month Backlog | 499.2 | 516.1 | |
| Revenue | \$177.3 | \$205.6 | 16% |
| Organic Revenue Growth ⁽¹⁾ | 17% | 12% | |
| Gross Margin | 44.2% | 42.9% | (1.3) pts |
| Operating Expenses | \$60.9 | \$69.3 | |
| Selling, General & Administrative | 30.0 | 32.9 | 14% |
| Research & Development | 21.9 | 27.4 | |
| Amortization/Restructuring/Acquisition | 9.1 | 9.0 | |
| GAAP Net Income | \$19.2 | \$15.8 | (18%) |
| Effective Tax Rate | (12%) | 12% | |
| GAAP EPS | \$0.35 | \$0.29 | (17%) |
| Weighted Average Diluted Shares | 55.1 | 55.3 | |
| Adjusted EPS ⁽²⁾ | \$0.45 | \$0.51 | 13% |
| Adj. EBITDA ⁽²⁾ | \$36.7 | \$42.8 | 16% |
| % of revenue | 20.7% | 20.8% | |
| Operating Cash Flow | \$24.3 | \$22.9 | (6%) |
| Free Cash Flow ⁽²⁾ | \$14.7 | \$12.0 | (19%) |
| % of Adjusted EBITDA | 40% | 28% | |

Notes

- (1) Organic revenue represents total company revenue excluding net revenue from acquisitions for the first four full quarters since the entities' acquisition date (which excludes any intercompany transactions). After the completion of four fiscal quarters, acquired businesses are treated as organic for current and comparable historical periods.
- (2) Non-GAAP, see reconciliation table.
- (3) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the first quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended September 27, 2019 and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the first quarter of fiscal 2021 and full fiscal 2021 are to the quarter ended October 2, 2020 and 52-week period ending July 2, 2021.
- (4) The first quarter of fiscal 2020 included \$6.6M, or \$0.12 per share, of discrete tax benefits.
- (5) The first quarter of fiscal 2021 included \$2.5M, or \$0.05 per share, of discrete tax benefits.



Adjusted EPS reconciliation

| (In thousands, except per share data) | Q1 FY20 | Q1 FY21 | LTM Q1 FY20 | LTM Q1 FY21 |
|---|------------------|------------------|------------------|-------------------|
| Earnings per share⁽¹⁾ | \$ 0.35 | \$ 0.29 | \$ 1.15 | \$ 1.50 |
| Net Income | \$ 19,247 | \$ 15,798 | \$ 58,543 | \$ 82,263 |
| Other non-operating adjustments, net ⁽²⁾ | 301 | (182) | 300 | (6,119) |
| Amortization of intangible assets | 7,019 | 7,731 | 27,752 | 31,272 |
| Restructuring and other charges | 648 | 1,297 | 704 | 2,454 |
| Impairment of long-lived assets | - | - | - | - |
| Acquisition and financing costs | 2,236 | 841 | 10,821 | 4,250 |
| Fair value adjustments from purchase accounting | - | - | 93 | 1,801 |
| Litigation and settlement expense, net | 313 | 187 | 657 | 818 |
| COVID related expenses ⁽³⁾ | - | 2,319 | - | 4,912 |
| Stock-based and other non-cash compensation expense | 5,776 | 7,367 | 20,654 | 28,563 |
| Impact to income taxes ⁽⁴⁾ | (10,925) | (7,024) | (24,390) | (19,733) |
| Adjusted income | \$ 24,615 | \$ 28,334 | \$ 95,134 | \$ 130,481 |
| Adjusted earnings per share⁽¹⁾ | \$ 0.45 | \$ 0.51 | \$ 1.89 | \$ 2.36 |
| Weighted-average shares outstanding: | | | | |
| Basic | 54,388 | 54,883 | | |
| Diluted | 55,078 | 55,339 | | |

Notes

- (1) Per share information is presented on a fully diluted basis.
- (2) Effective as of the third quarter of fiscal 2020, the Company has revised its definition of adjusted income and adjusted earnings per share to incorporate other non-operating adjustments, which includes gains or losses on foreign currency remeasurement, investments and fixed asset sales or disposals among other adjustments. Adjusted EPS for prior periods has been recast for comparative purposes.
- (3) Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID related expenses.
- (4) Impact to income taxes is calculated by recasting income before income taxes to include the add-backs 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 expense or benefit related to the add-backs.
- (5) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the second quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended December 27, 2019 and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the second quarter of fiscal 2021 and full fiscal 2021 are to the quarter ended January 1, 2021 and 52-week period ending July 2, 2021.



Adjusted EBITDA reconciliation

| (In thousands) | Q1 FY20 | Q1 FY21 | LTM Q1 FY20 | LTM Q1 FY21 |
|---|------------------|------------------|-------------------|-------------------|
| Net Income | \$ 19,247 | \$ 15,798 | \$ 58,543 | \$ 82,263 |
| Other non-operating adjustments, net | 301 | (182) | 300 | (6,119) |
| Interest (income) expense, net | (1,187) | (72) | 4,797 | (30) |
| Income tax (benefit) provision | (2,018) | 2,198 | 7,605 | 12,437 |
| Depreciation | 4,362 | 5,266 | 18,475 | 19,674 |
| Amortization of intangible assets | 7,019 | 7,731 | 27,752 | 31,272 |
| Restructuring and other charges | 648 | 1,297 | 704 | 2,454 |
| Impairment of long-lived assets | - | - | - | - |
| Acquisition and financing costs | 2,236 | 841 | 10,821 | 4,250 |
| Fair value adjustments from purchase accounting | - | - | 93 | 1,801 |
| Litigation and settlement expense, net | 313 | 187 | 657 | 818 |
| COVID related expenses ⁽²⁾ | - | 2,319 | - | 4,912 |
| Stock-based and other non-cash compensation expense | 5,776 | 7,367 | 20,654 | 28,563 |
| Adjusted EBITDA | \$ 36,697 | \$ 42,750 | \$ 150,401 | \$ 182,295 |

Notes

- (1) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the second quarter of fiscal 2020 and full fiscal 2020 are to the quarter ended December 27, 2019 and full fiscal 2020 are to the 53-week period ended July 3, 2020, and to the second quarter of fiscal 2021 and full fiscal 2021 are to the quarter ended January 1, 2021 and 52-week period ending July 2, 2021.
- (2) Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID related expenses.



Free cash flow reconciliation

| (In thousands) | Q1 FY20 | Q1 FY21 | LTM Q1 FY20 | LTM Q1 FY21 |
|---------------------------------------|------------------|------------------|------------------|------------------|
| Cash provided by operating activities | \$ 24,310 | \$ 22,929 | \$ 101,798 | \$ 113,805 |
| Purchases of property and equipment | (9,595) | (10,978) | (32,559) | (44,677) |
| Free cash flow | \$ 14,715 | \$ 11,951 | \$ 69,239 | \$ 69,128 |

Organic revenue reconciliation

| (In thousands) | Q1 FY20 | Q1 FY21 | LTM Q1 FY20 | LTM Q1 FY21 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Organic revenue⁽¹⁾ | \$ 176,361 | \$ 196,785 | \$ 682,508 | \$ 771,304 |
| Acquired revenue | 943 | 8,836 | 5,484 | 53,623 |
| Net revenues | \$ 177,304 | \$ 205,621 | \$ 687,992 | \$ 824,927 |

Notes

(1) Organic revenue represents total company revenue excluding net revenue from acquisitions for the first four full quarters since the entities' acquisition date (which excludes any intercompany transactions). After the completion of four fiscal quarters, acquired businesses are treated as organic for current and comparable historical periods.



Glossary

| | |
|----------------|---|
| API | Application Programming Interface |
| BCA | Budget Control Act |
| C4I | Command, Control, Communications, Computers |
| COTS | Commercial off-the Shelf |
| CPU | Central Processing Unit |
| EO/IR | Electro-optical / Infrared |
| EW | Electronic Warfare |
| FPGA | Field Programmable Gate Array |
| GPU | Graphics Processing Unit |
| I/O | Input/Output |
| IP | Intellectual Property |
| IRAD | Internal Research And Development |
| NTCD | Non-traditional Defense Contractor |
| OTA | Other Transaction Authority |
| PBR | President's Budget Request |
| R&D | Research & Development |
| RF | Radio Frequency |
| SEMS | Sensor and Effector Mission Systems |

