

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): May 6, 2025

Mercury Systems, Inc.

(Exact Name of Registrant as Specified in its Charter)

Massachusetts
(State or Other Jurisdiction
of Incorporation)

001-41194
(Commission File Number)

04-2741391
(IRS Employer
Identification No.)

50 Minuteman Road, Andover, Massachusetts
(Address of Principal Executive Offices)

01810
(Zip Code)

Registrant's telephone number, including area code: (978) 256-1300

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

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	MRCY	Nasdaq Global Select Market

Item 2.02. Results of Operations and Financial Condition.

On May 6, 2025, Mercury Systems, Inc. (the "Company" or "we") issued a press release and an earnings presentation regarding its financial results for the third quarter ended March 28, 2025. The press release and earnings presentation are attached as exhibits 99.1 and 99.2 to this Current Report on Form 8-K and incorporated by reference herein.

Information in Item 2.02 of this Current Report on Form 8-K and the exhibits 99.1 and 99.2 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Use of Non-GAAP 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, and free cash flow, 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 more completely understand its past financial performance and prospects for the future. However, the presentation of these non-GAAP financial measures is not meant to be considered in isolation or as a substitute for financial information provided in accordance with GAAP. Management believes these non-GAAP financial 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.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release dated May 6, 2025
99.2	Earnings Presentation dated May 6, 2025
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

Dated: May 6, 2025

MERCURY SYSTEMS, INC.

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated May 6, 2025 of Mercury Systems, Inc.
99.2	Earnings Presentation, dated May 6, 2025 of Mercury Systems, Inc.



Innovation That Matters®

FOR IMMEDIATE RELEASE

Mercury Systems Reports Third Quarter Fiscal 2025 Results

- **Q3 FY25 Bookings of \$200.4 million; trailing-twelve-month book-to-bill of 1.1**
- **Backlog of \$1.34 billion; up 4% year-over-year**
- **Q3 FY25 Revenue of \$211.4 million; GAAP net loss of \$19.2 million; and adjusted EBITDA of \$24.7 million**
- **Operating Cash Flow of \$30.0 million with Free Cash Flow of \$24.1 million**

ANDOVER, Mass. May 6, 2025 Mercury Systems, Inc. (NASDAQ: MRCY, www.mrcy.com), reported operating results for the third quarter of fiscal year 2025, ended March 28, 2025.

"We delivered solid results in the third quarter of fiscal 2025 that were once again in line with or ahead of our expectations, reinforcing the confidence we have in our strategic positioning and expectations to deliver predictable organic growth with expanding margins and robust free cash flow," said Bill Ballhaus, Mercury's Chairman and CEO.

"In the quarter we secured bookings of \$200.4 million, and a trailing-twelve-month book-to-bill of 1.1; revenue of \$211.4 million, contributing to year to date revenue growth of 8.9%; adjusted EBITDA of \$24.7 million, and adjusted EBITDA margin of 11.7%, both up substantially year-over-year; and free cash flow of \$24.1 million, up \$49.8 million year-over-year. These results reflect continued progress in each of our four priority areas, including solid execution across our portfolio of production and development programs, a growing backlog, reduced operating expenses enabling increased positive operating leverage, and continued progress on free cash flow drivers."

Third Quarter Fiscal 2025 Results

Total Company third quarter fiscal 2025 revenues were \$211.4 million, compared to \$208.3 million in the third quarter of fiscal 2024.

Total bookings for the third quarter of fiscal 2025 were \$200.4 million, yielding a book-to-bill ratio of 0.95 for the quarter.

Total Company GAAP net loss and loss per share for the third quarter of fiscal 2025 were \$19.2 million, and \$0.33, respectively, compared to GAAP net loss and loss per share of \$44.6 million, and \$0.77, respectively, for the third quarter of fiscal 2024. Adjusted earnings (loss) per share ("adjusted EPS") was \$0.06 per share for the third quarter of fiscal 2025, compared to \$(0.26) per share in the third quarter of fiscal 2024.

Third quarter fiscal 2025 adjusted EBITDA for the total Company was \$24.7 million, compared to \$(2.4) million for the third quarter of fiscal 2024.

Cash flows provided by (used in) operating activities in the third quarter of fiscal 2025 were \$30.0 million, compared to \$(17.8) million in the third quarter of fiscal 2024. Free cash flow, defined as cash flows from operating activities less capital expenditures for property and equipment, was \$24.1 million for the third quarter of fiscal 2025 and \$(25.7) million for the third quarter of fiscal 2024.

Backlog

Mercury's total backlog at March 28, 2025 was \$1.34 billion, an approximate \$51.0 million increase from a year ago. Of the March 28, 2025 total backlog, \$787.6 million represents orders expected to be recognized as revenue within the next 12 months.

Conference Call Information

Management will host a conference call and simultaneous webcast at 5:00 p.m. ET on Tuesday, May 6, 2025, to discuss Mercury's quarterly financial results, business highlights and outlook. In addition, Company representatives may answer questions concerning business and financial developments and trends, the Company's view on earnings forecasts, and other business and financial matters affecting the Company, the responses to which may contain information that has not been previously disclosed.

To attend the conference call or webcast, participants should register online at ir.mrcy.com/events-presentations. Participants are requested to register a day in advance or at a minimum 15 minutes before the start of the call. A replay of the webcast will be available two hours after the call and archived on the same web page for six months.

Use of Non-GAAP 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 earnings per share ("adjusted EPS") and free cash flow, 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 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 press release is contained in the attached exhibits.

Mercury Systems – Innovation that Matters®

Mercury Systems is a technology company that delivers mission-critical processing power to the edge, making advanced technologies profoundly more accessible for today's most challenging aerospace and defense missions. The Mercury Processing Platform allows customers to tap into innovative capabilities from silicon to system scale, turning data into decisions on timelines that matter. Mercury's products and solutions are deployed in more than 300 programs and across 35 countries, enabling a broad range of applications in mission computing, sensor processing, command and control, and communications. Mercury is headquartered in Andover, Massachusetts, and has more than 20 locations worldwide. To learn more, visit mrcy.com. (Nasdaq: MRCY)

Investors and others should note that we announce material financial information using our website (www.mrcy.com), SEC filings, press releases, public conference calls, webcasts, and social media, including X ([X.com/mrcy](https://x.com/mrcy)) and LinkedIn (www.linkedin.com/company/mercury-systems). Therefore, we encourage investors and others interested in Mercury to review the information we post on the social media and other communication channels listed on our website.

50 Minuteman Road, Andover, Massachusetts 01810 U.S.A. | +1-(978)-256-1300 | www.mrcy.com | twitter: [@MRCY](https://twitter.com/MRCY)

Forward-Looking Safe Harbor Statement

This press release contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to the Company's focus on enhanced execution of the Company's strategic plan. 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 the Company's markets, effects of any U.S. federal government shutdown or extended continuing resolution, effects of geopolitical unrest 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 the Company's 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, 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, 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, changes in tax rates or tax regulations, such as the deductibility of internal research and development, 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 dispute arising with the former CEO over his resignation, 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 June 28, 2024 and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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.

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Contact:
Tyler Hojo, CFA, Vice President of Investor Relations
Mercury Systems, Inc.
978-967-3676

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MERCURY SYSTEMS, INC.
 UNAUDITED CONSOLIDATED BALANCE SHEETS
 (In thousands)

	March 28, 2025	June 28, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 269,822	\$ 180,521
Accounts receivable, net	103,401	111,441
Unbilled receivables and costs in excess of billings, net	271,293	304,029
Inventory	352,689	335,300
Prepaid income taxes	2,960	—
Prepaid expenses and other current assets	19,339	22,493
Total current assets	1,019,504	953,784
Property and equipment, net	107,477	110,353
Goodwill	938,093	938,093
Intangible assets, net	215,977	250,512
Operating lease right-of-use assets, net	54,640	60,860
Deferred tax asset	72,575	58,612
Other non-current assets	6,151	6,691
Total assets	\$ 2,414,417	\$ 2,378,905
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 73,554	\$ 81,068
Accrued expenses	45,406	42,926
Accrued compensation	35,120	36,398
Income taxes payable	—	109
Deferred revenues and customer advances	142,484	73,915
Total current liabilities	296,564	234,416
Income taxes payable	7,713	7,713
Long-term debt	591,500	591,500
Operating lease liabilities	55,315	62,584
Other non-current liabilities	12,236	9,917
Total liabilities	963,328	906,130
Shareholders' equity:		
Preferred stock	—	—
Common stock	589	581
Additional paid-in capital	1,279,118	1,242,402
Retained earnings	165,525	219,799
Accumulated other comprehensive income	5,857	9,993
Total shareholders' equity	1,451,089	1,472,775
Total liabilities and shareholders' equity	\$ 2,414,417	\$ 2,378,905

MERCURY SYSTEMS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Third Quarters Ended		Nine Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net revenues	\$ 211,358	\$ 208,258	\$ 638,914	\$ 586,712
Cost of revenues ⁽¹⁾	154,248	167,616	469,188	464,023
Gross margin	57,110	40,642	169,726	122,689
Operating expenses:				
Selling, general and administrative ⁽¹⁾	43,044	43,157	116,698	123,421
Research and development ⁽¹⁾	15,983	21,563	55,734	81,911
Amortization of intangible assets	10,185	11,533	32,574	36,350
Restructuring and other charges	4,931	9,841	7,231	19,389
Acquisition costs and other related expenses	311	204	666	1,404
Total operating expenses	74,454	86,298	212,903	262,475
Loss from operations	(17,344)	(45,656)	(43,177)	(139,786)
Interest income	1,290	542	2,240	674
Interest expense	(8,068)	(9,319)	(25,404)	(25,856)
Other income (expense), net	2,304	(2,784)	(2,900)	(5,706)
Loss before income tax benefit	(21,818)	(57,217)	(69,241)	(170,674)
Income tax benefit	(2,648)	(12,643)	(14,967)	(43,811)
Net loss	\$ (19,170)	\$ (44,574)	\$ (54,274)	\$ (126,863)
Basic net loss per share	\$ (0.33)	\$ (0.77)	\$ (0.93)	\$ (2.20)
Diluted net loss per share	\$ (0.33)	\$ (0.77)	\$ (0.93)	\$ (2.20)
Weighted-average shares outstanding:				
Basic	58,749	57,698	58,614	57,536
Diluted	58,749	57,698	58,614	57,536
(1) Includes stock-based compensation expense, allocated as follows:				
Cost of revenues	\$ 813	\$ 1,299	\$ 759	\$ 2,119
Selling, general and administrative	\$ 6,228	\$ 4,123	\$ 17,156	\$ 11,626
Research and development	\$ 1,507	\$ 1,498	\$ 4,687	\$ 4,678

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

	Third Quarters Ended		Nine Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Cash flows from operating activities:				
Net loss	\$ (19,170)	\$ (44,574)	\$ (54,274)	\$ (126,863)
Depreciation and amortization	19,916	21,754	62,058	66,639
Other non-cash items, net	8,989	27,489	19,674	25,478
Cash settlement for termination of interest rate swap	—	—	—	7,403
Changes in operating assets and liabilities	20,239	(22,474)	73,318	15,964
Net cash provided by (used in) operating activities	29,974	(17,805)	100,776	(11,379)
Cash flows from investing activities:				
Purchases of property and equipment	(5,914)	(7,938)	(15,705)	(23,943)
Other investing activities	2,700	—	4,600	—
Net cash used in investing activities	(3,214)	(7,938)	(11,105)	(23,943)
Cash flows from financing activities:				
Proceeds from employee stock plans	—	—	1,492	3,163
Borrowings under credit facilities	—	—	—	105,000
Payments of deferred financing and offering costs	—	—	(2,249)	(1,931)
Payments for retirement of common stock	—	—	—	(15)
Net cash (used in) provided by financing activities	—	—	(757)	106,217
Effect of exchange rate changes on cash and cash equivalents	497	(258)	387	187
Net increase (decrease) in cash and cash equivalents	27,257	(26,001)	89,301	71,082
Cash and cash equivalents at beginning of period	242,565	168,646	180,521	71,563
Cash and cash equivalents at end of period	\$ 269,822	\$ 142,645	\$ 269,822	\$ 142,645

UNAUDITED SUPPLEMENTAL INFORMATION RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(In thousands)

Adjusted EBITDA, a non-GAAP measure for reporting financial performance, excludes the impact of certain items and, therefore, has not been calculated in accordance with GAAP. Management believes that exclusion of these items assists in providing a more complete understanding of the Company's underlying 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. The adjustments to calculate this non-GAAP financial measure, and the basis for such adjustments, are outlined below:

Other non-operating adjustments. The Company records other non-operating adjustments such as gains or losses on foreign currency remeasurement, investments and fixed asset sales or disposals among other adjustments. These adjustments may vary from period to period without any direct correlation to underlying operating performance.

Interest income and expense. The Company receives interest income on investments and incurs interest expense on loans, financing leases and other financing arrangements. These amounts may vary from period to period due to changes in cash and debt balances and interest rates driven by general market conditions or other circumstances which may be outside of the normal course of the Company's operations.

Income taxes. The Company's GAAP tax expense can fluctuate materially from period to period due to tax adjustments that are not directly related to underlying operating performance or to the current period of operations.

Depreciation. The Company incurs depreciation expense related to capital assets purchased to support the ongoing operations of the business. These assets are recorded at cost or fair value and are depreciated using the straight-line method over the useful life of the asset. Purchases of such assets may vary significantly from period to period and without any direct correlation to underlying operating performance.

Amortization of intangible assets. The Company incurs amortization of intangible assets primarily as a result of acquired intangible assets such as backlog, customer relationships and completed technologies but also due to licenses, patents and other arrangements. These intangible assets are valued at the time of acquisition or upon receipt of right to use the asset, amortized over the requisite life and generally cannot be changed or influenced by management after acquisition.

Restructuring and other charges. The Company incurs restructuring and other charges in connection with management's decisions to undertake certain actions to realign operating expenses through workforce reductions and the closure of certain Company facilities, businesses and product lines. The Company's adjustments reflected in restructuring and other charges are typically related to acquisitions and organizational redesign programs initiated as part of discrete post-acquisition integration activities. Management believes these items are non-routine and may not be indicative of ongoing operating results.

Impairment of long-lived assets. The Company incurs impairment charges of long-lived assets based on events that may or may not be within the control of management. Management believes these items are outside the normal operations of the Company's business and are not indicative of ongoing operating results.

Acquisition, financing and other third party costs. The Company incurs transaction costs related to acquisition and potential acquisition opportunities, such as legal, accounting, and other third party advisory fees. The Company may also incur third party costs, such as legal, banking, communications, proxy solicitation, and other third party advisory fees in connection with engagements by activist investors or unsolicited acquisition offers. Although the Company may incur such third party costs and other related charges and adjustments, it is not indicative that any transaction will be consummated. Additionally, the Company incurs unused revolver and bank fees associated with maintaining its credit facility as well as non-cash financing expenses associated with obtaining its credit facility. Management believes these items are outside the normal operations of the Company's business and are not indicative of ongoing operating results.

Fair value adjustments from purchase accounting. As a result of applying purchase accounting rules to acquired assets and liabilities, certain fair value adjustments are recorded in the opening balance sheet of acquired companies. These adjustments are then reflected in the Company's income statements in periods subsequent to the acquisition. In addition, the impact of any changes to originally recorded contingent consideration amounts are reflected in the income statements in the period of the change. Management believes these items are outside the normal operations of the Company and are not indicative of ongoing operating results.

Litigation and settlement income and expense. The Company periodically receives income and incurs expenses related to pending claims and litigation and associated legal fees and potential case settlements and/or judgments. Although the Company may incur such costs and other related charges and adjustments, it is not indicative of any particular outcome until the matter is fully resolved. Management believes these items are outside the normal operations of the Company's business, often occur in periods other than the period of activity, and are not indicative of ongoing operating results. The Company periodically receives warranty claims from customers and makes warranty claims towards its vendors and supply chain. Management believes the expenses and gains associated with these recurring warranty items are within the normal operations and operating cycle of the Company's business. Therefore, management deems no adjustments are necessary unless under extraordinary circumstances.

Stock-based and other non-cash compensation expense. The Company incurs expense related to stock-based compensation included in its GAAP presentation of cost of revenues, selling, general and administrative expense and research and development expense. The Company also incurs non-cash based compensation in the form of pension related expenses and matching contributions to its defined contribution plan. Although stock-based and other non-cash compensation is an expense of the Company and viewed as a form of compensation, these expenses vary in amount from period to period, and are affected by market forces that are difficult to predict and are not within the control of management, such as the market price and volatility of the Company's shares, risk-free interest rates and the expected term and forfeiture rates of the awards, as well as pension actuarial assumptions. Management believes that exclusion of these expenses allows comparisons of operating results to those of other companies, both public, private or foreign, that disclose non-GAAP financial measures that exclude stock-based compensation and other non-cash compensation.

Mercury uses adjusted EBITDA as an important indicator of the operating performance of its business. Management excludes the above-described items from its internal forecasts and models when establishing internal operating budgets, supplementing the financial results and forecasts reported to the Company's board of directors, determining a portion of bonus compensation for executive officers and other key employees based on operating performance, evaluating short-term and long-term operating trends in the Company's operations, and allocating resources to various initiatives and operational requirements. The Company believes that adjusted EBITDA permits a comparative assessment of its operating performance, relative to its performance based on its GAAP results, while isolating the effects of charges that may vary from period to period without direct correlation to underlying operating performance. The Company believes 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 its financial and operational decision-making. The Company believes that trends in its adjusted EBITDA are valuable indicators of its 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. The Company expects to continue to incur expenses similar to the adjusted EBITDA financial adjustments described above, and investors should not infer from the Company's presentation of this non-GAAP financial measure that these costs are unusual, infrequent or non-recurring.

The following table reconciles the most directly comparable GAAP financial measure to the non-GAAP financial measure.

	Third Quarters Ended		Nine Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net loss	\$ (19,170)	\$ (44,574)	\$ (54,274)	\$ (126,863)
Other non-operating adjustments, net	(3,911)	(64)	(3,097)	(375)
Interest expense, net	6,778	8,777	23,164	25,182
Income tax benefit	(2,648)	(12,643)	(14,967)	(43,811)
Depreciation	9,731	10,221	29,484	30,289
Amortization of intangible assets	10,185	11,533	32,574	36,350
Restructuring and other charges	4,931	9,841	7,231	19,389
Impairment of long-lived assets	—	—	—	—
Acquisition, financing and other third party costs	1,072	778	4,512	2,970
Fair value adjustments from purchase accounting	131	177	486	532
Litigation and settlement expense, net	5,467	2,096	8,948	3,982
Stock-based and other non-cash compensation expense	12,124	11,461	34,108	30,607
Adjusted EBITDA	\$ 24,690	\$ (2,397)	\$ 68,169	\$ (21,748)

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, and, therefore, has not been calculated in accordance with GAAP. Management believes free cash flow provides investors with an important perspective on cash available for investment and acquisitions after making capital investments required to support ongoing business operations and long-term value creation. The Company believes that trends in its free cash flow are valuable indicators of its 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. The Company expects to continue to incur expenditures similar to the free cash flow financial adjustment described above, and investors should not infer from the Company's presentation of this non-GAAP financial measure that these expenditures reflect all of the Company's obligations which require cash.

The following table reconciles the most directly comparable GAAP financial measure to the non-GAAP financial measure.

	Third Quarters Ended		Nine Months Ended	
	March 28, 2025	March 29, 2024	March 28, 2025	March 29, 2024
Net cash provided by (used in) operating activities	\$ 29,974	\$ (17,805)	\$ 100,776	\$ (11,379)
Purchases of property and equipment	(5,914)	(7,938)	(15,705)	(23,943)
Free cash flow	\$ 24,060	\$ (25,743)	\$ 85,071	\$ (35,322)

UNAUDITED SUPPLEMENTAL INFORMATION RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(In thousands, except per share data)

Adjusted income and adjusted earnings per share (“adjusted EPS”) are non-GAAP measures for reporting financial performance, exclude the impact of certain items and, therefore, have not been calculated in accordance with GAAP. Management believes that exclusion of these items assists in providing a more complete understanding of the Company’s underlying results and trends and allows for comparability with its 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. The Company uses these measures along with the corresponding GAAP financial measures to manage the Company’s business and to evaluate its performance compared to prior periods and the marketplace. The Company defines adjusted income as 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⁽¹⁾. Adjusted EPS expresses adjusted income on a per share basis using weighted average diluted shares outstanding.

The following tables reconcile the most directly comparable GAAP financial measures to the non-GAAP financial measures.

	Third Quarters Ended							
	March 28, 2025		March 29, 2024					
Net loss and loss per share	\$	(19,170)	\$	(0.33)	\$	(44,574)	\$	(0.77)
Other non-operating adjustments, net		(3,911)		(64)				
Amortization of intangible assets		10,185		11,533				
Restructuring and other charges		4,931		9,841				
Impairment of long-lived assets		—		—				
Acquisition, financing and other third party costs		1,072		778				
Fair value adjustments from purchase accounting		131		177				
Litigation and settlement expense, net		5,467		2,096				
Stock-based and other non-cash compensation expense		12,124		11,461				
Impact to income taxes ⁽¹⁾		(7,240)		(6,384)				
Adjusted income (loss) and adjusted earnings (loss) per share ⁽²⁾	\$	3,589	\$	0.06	\$	(15,136)	\$	(0.26)
Diluted weighted-average shares outstanding				59,367				57,698

(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 expense or benefit related to the items.

(2) Adjusted earnings per share is calculated using diluted shares whereas Net loss per share or Adjusted loss per share is calculated using basic shares. There was no impact to the calculation of adjusted earnings per share as a result of this for the third quarters ended March 28, 2025 and March 29, 2024.

	Nine Months Ended							
	March 28, 2025		March 29, 2024					
Net loss and loss per share	\$	(54,274)	\$	(0.93)	\$	(126,863)	\$	(2.20)
Other non-operating adjustments, net		(3,097)		(375)				
Amortization of intangible assets		32,574		36,350				
Restructuring and other charges		7,231		19,389				
Impairment of long-lived assets		—		—				
Acquisition, financing and other third party costs		4,512		2,970				
Fair value adjustments from purchase accounting		486		532				
Litigation and settlement expense, net		8,948		3,982				
Stock-based and other non-cash compensation expense		34,108		30,607				
Impact to income taxes ⁽¹⁾		(20,515)		(19,588)				
Adjusted income (loss) and adjusted earnings (loss) per share ⁽²⁾	\$	9,973	\$	0.17	\$	(52,996)	\$	(0.92)
Diluted weighted-average shares outstanding				59,024				57,536

(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 expense 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 to the calculation of adjusted earnings per share as a result of this for the nine months ended March 28, 2025 and no impact to the calculation of adjusted earnings per share as a result of this for the nine months ended March 29, 2024.



THIRD QUARTER FISCAL YEAR 2025 FINANCIAL RESULTS

Bill Ballhaus

Chairman and CEO

David Farnsworth

Executive Vice President and CFO

May 6, 2025, 5:00 pm ET

WEBCAST LOGIN AT WWW.MRCY.COM/INVESTOR

WEBCAST REPLAY AVAILABLE BY 7:00 P.M. ET MAY 6, 2025

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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 Company's focus on enhanced execution of the Company's strategic plan. 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 the Company's markets, effects of any U.S. federal government shutdown or extended continuing resolution, effects of geopolitical unrest 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 the Company's 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, 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, 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, changes in tax rates or tax regulations, such as the deductibility of internal research and development, 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 dispute arising with the former CEO over his resignation, 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 June 28, 2024 and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. 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, and free cash flow, 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.

Today's call

- Opening remarks on business and results
- Update on our four focus areas
- Performance expectations for FY25 and beyond
- Q&A

Business and results

- Confident in strategic positioning and our expectations to deliver predictable organic growth with expanding margins and robust free cash flow.
- Backlog of \$1.34 billion. Trailing twelve-month book to bill of 1.1x.
- Revenue of \$211M; year-to-date revenue growth of 8.9%.
- Adjusted EBITDA of \$24.7M (11.7% margin).
- Free cash flow of \$24M, up \$50M year over year. Ended Q3 with \$270M of cash on hand.
- Solid execution across our broad portfolio of production and development programs.
- Reduced operating expense driving positive operating leverage.
- Continued progress on free cash flow drivers, with net working capital down \$148 million year-over-year.

Delivering predictable performance

- Our focus on predictable performance positively impacted our Q3 results primarily in two areas:
 - Net EAC change impacts down sequentially; this reflects maturing capabilities in program management, engineering, and operations and progress in completing development programs
 - Focus on accelerating customer deliveries allowed us to largely offset the \$29M of revenue that we accelerated into Q2 as discussed in our last call.

Driving organic growth

- Q3 bookings of \$200 million resulted in backlog of \$1.34 billion, up 4% year over year.
- Q3 included \$40 million of production contracts for our Common Processing Architecture, adding to our backlog in this area.
- Notably, during April, we had several significant bookings highlighted by a \$20M follow-on with an innovative space company.
- Early in Q4 we entered into two agreements that will enhance our competitive positioning.
 - The Star Lab acquisition increases our differentiation with Common Processing Architecture products.
 - The outsourcing of our manufacturing operation in Switzerland will help facilitate our International growth through increased capacity while also improving efficiency.

Expanding margins

- Remain focused on the following levers in our efforts to achieve targeted adjusted EBITDA margins in the low to mid 20% range:
 - backlog margin expansion as we burn down lower margin existing backlog and expect to replace with new bookings aligned with our target margin profile.
 - driving organic growth to realize positive operating leverage given our streamlined operations.
- Q3 adjusted EBITDA margin in line with expectations and indicative of progress on each of these levers.
- Q3 gross margin was in line with expectations driven by backlog entering FY25.
- Operating expenses down both year-over-year and year-to date driven by prior actions to streamline and focus operations.

Driving improved free cash flow conversion and release

- Progress on drivers of free cash flow. Net working capital is at the lowest level since Q2 of FY22.
- LTM FCF is approximately \$146M, and net debt is down to \$322M the lowest level since Q1 of FY22.
- Focused on continued reduction in working capital and net debt going forward.

Expectations for FY25 and beyond

- Focused on driving future results toward our target profile of above market top-line growth, adjusted EBITDA margins in the low to mid 20% range, and FCF conversion of 50%.
- Continue to expect FY25 revenue growth approaching mid-single-digits year over year.
- Continue to expect low double digit adjusted EBITDA margins overall for FY25, with Q4 margins at the highest level of the fiscal year approaching mid-teens.
- Full year FCF above prior expectations with \$85 million generated YTD. Expect Q4 FCF around break even.

Q3 FY25 vs. Q3 FY24

\$ millions, except percentage and per share data	Q3 FY25 ⁽²⁾	Q3 FY24 ⁽²⁾	CHANGE
Bookings	\$200.4	\$219.9	(9%)
Book-to-Bill	0.95	1.06	
Backlog	\$1,340.9	\$1,289.9	4%
12-Month Backlog	787.6	761.1	
Revenue	\$211.4	\$208.3	1%
Gross Margin	27.0%	19.5%	750 bps
Operating Expenses	\$74.5	\$86.3	(14%)
Selling, General & Administrative	43.0	43.2	
Research & Development	16.0	21.6	
Amortization/Restructuring/Acquisition	15.5	21.5	
GAAP Net Loss	(\$19.2)	(\$44.6)	N.A.
GAAP Net Loss Per Share	(\$0.33)	(\$0.77)	N.A.
Weighted Average Diluted Shares	58.7	57.7	
Adjusted EPS ⁽¹⁾	\$0.06	(\$0.26)	N.A.
Adj. EBITDA ⁽¹⁾	\$24.7	(\$2.4)	N.A.
% of revenue	11.7%	N.A.	
Operating Cash Flow	\$30.0	\$(17.8)	N.A.
Free Cash Flow ⁽¹⁾	\$24.1	(\$25.7)	N.A.
% of Adjusted EBITDA	97.4%	N.A.	

Notes
1. Non-GAAP, see reconciliation table.
2. All references in this presentation to the third quarter of fiscal 2025 are to the quarter ended March 28, 2025. All references in this presentation to the third quarter of fiscal 2024 are to the quarter ended March 29, 2024.

Balance sheet

(In \$ millions) ⁽¹⁾	As of				
	3/29/24	6/28/24	9/27/24	12/27/24	3/28/25
ASSETS					
Cash & cash equivalents	\$142.6	\$180.5	\$158.1	\$242.6	\$269.8
Accounts receivable and unbilled receivables, net	417.2	415.5	422.8	383.1	374.7
Inventory, net	343.0	335.3	351.1	344.4	352.7
PP&E, net	113.9	110.4	105.1	111.5	107.5
Goodwill and intangibles, net	1,199.9	1,188.6	1,177.4	1,164.2	1,154.1
Other	161.6	148.6	154.5	155.7	155.6
TOTAL ASSETS	\$2,378.1	\$2,378.9	\$2,369.0	\$2,401.5	\$2,414.4
LIABILITIES AND S/E					
AP and accrued expenses	\$136.9	\$160.4	\$135.4	\$137.3	\$154.1
Deferred revenues and customer advances	70.7	73.9	96.3	136.0	142.5
Other liabilities	81.2	80.3	86.0	76.4	75.2
Debt	616.5	591.5	591.5	591.5	591.5
Total liabilities	905.3	906.1	909.2	941.2	963.3
Stockholders' equity	1,472.8	1,472.8	1,459.8	1,460.3	1,451.1
TOTAL LIABILITIES AND S/E	\$2,378.1	\$2,378.9	\$2,369.0	\$2,401.5	\$2,414.4

Notes
1. Rounded amounts used.

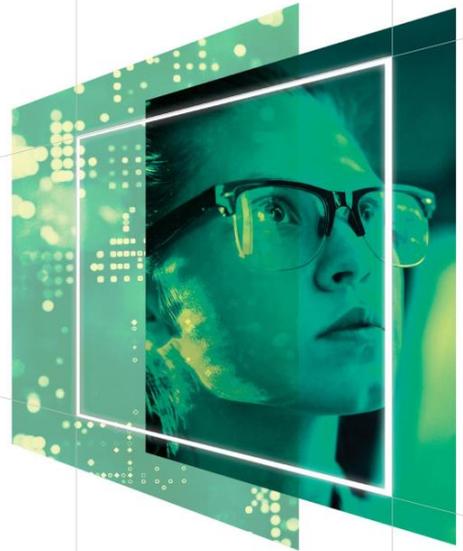
Cash flow summary

(In \$ millions) ⁽¹⁾	For the Fiscal Quarters Ended				
	3/29/24	6/28/24	9/27/24	12/27/24	3/28/25
Net loss	(\$44.6)	(\$10.8)	(\$17.5)	(\$17.6)	(\$19.2)
Depreciation and amortization	21.8	21.4	21.2	20.9	19.9
Other non-cash items, net	27.5	0.3	5.6	5.1	9.0
Changes in Operating Assets and Liabilities					
Accounts receivable, unbilled receivables, and costs in excess of billings	8.6	(1.9)	(6.1)	37.6	9.3
Inventory	8.5	7.1	(13.9)	(7.9)	(7.3)
Accounts payable and accrued expenses	(7.7)	26.6	(27.0)	7.2	14.5
Other	(31.9)	29.1	23.0	40.2	3.8
	(22.5)	60.9	(24.0)	77.1	20.2
Operating Cash Flow	(17.8)	71.8	(14.7)	85.5	30.0
Capital expenditures	(7.9)	(10.4)	(6.2)	(3.6)	(5.9)
Free Cash Flow⁽²⁾	(\$25.7)	\$61.4	(\$20.9)	\$81.9	\$24.1
<i>Free Cash Flow⁽²⁾ / Adjusted EBITDA⁽²⁾</i>	<i>N.A.</i>	<i>197.1%</i>	<i>N.A.</i>	<i>372.3%</i>	<i>97.6%</i>
<i>Free Cash Flow⁽²⁾ / GAAP Net (Loss) Income</i>	<i>N.A.</i>	<i>N.A.</i>	<i>N.A.</i>	<i>N.A.</i>	<i>N.A.</i>

Notes
1. Rounded amounts used.
2. Non-GAAP, see reconciliation table.

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APPENDIX



Adjusted EPS reconciliation

(In thousands, except per share data) ⁽²⁾	Q3 FY24	Q3 FY25	LTM Q3 FY24	LTM Q3 FY25
Loss per share⁽¹⁾	(\$0.77)	(\$0.33)	(\$2.35)	(\$1.12)
Net Loss	(\$44,574)	(\$19,170)	(\$135,099)	(\$65,051)
Other non-operating adjustments, net	(64)	(3,911)	(1,961)	(3,314)
Amortization of intangible assets	11,533	10,185	48,983	43,885
Restructuring and other charges	9,841	4,931	20,015	14,012
Impairment of long-lived assets	—	—	—	—
Acquisition, financing and other third party costs	778	1,072	6,804	5,912
Fair value adjustments from purchase accounting	177	131	709	664
Litigation and settlement expense, net	2,096	5,467	2,736	9,893
COVID related expenses	—	—	5	—
Stock-based and other non-cash compensation expense	11,461	12,124	36,466	44,758
Impact to income taxes ⁽³⁾	(6,384)	(7,240)	(25,497)	(27,548)
Adjusted (loss) income	(\$15,136)	\$3,589	(\$46,839)	\$23,211
Adjusted (loss) earnings per share⁽¹⁾⁽⁵⁾	(\$0.26)	\$0.06	(\$0.81)	\$0.40
Weighted-average shares outstanding:				
Basic	57,698	58,749		
Diluted	57,698	59,367		

Notes

- Per share information is presented on a fully diluted basis.
- Rounded amounts used.
- 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 expense or benefit related to the items.
- All references in this presentation to the third quarter of fiscal 2025 and LTM Q3 FY25 are to the quarter ended March 28, 2025, and the four-quarter period ended March 28, 2025. All references in this presentation to the third quarter of fiscal 2024 and LTM Q3 FY24 are to the quarter ended March 29, 2024, and the four-quarter period ended March 29, 2024.
- Earnings per share and Adjusted earnings per share is calculated using diluted shares whereas loss per share and adjusted loss per share is calculated using basic shares. There was no impact to the calculation of adjusted earnings per share as a result of this for the third quarters ended March 28, 2025 and March 29, 2024.

Adjusted EBITDA reconciliation

(In thousands) ¹⁾⁽²⁾	Q3 FY24	Q3 FY25	LTM Q3 FY24	LTM Q3 FY25
Net loss	(\$44,574)	(\$19,170)	(\$135,099)	(\$65,051)
Other non-operating adjustments, net	(64)	(3,911)	(1,961)	(3,314)
Interest expense, net	8,777	6,778	31,769	31,798
Income tax benefit	(12,643)	(2,648)	(50,399)	(22,791)
Depreciation	10,221	9,731	40,158	39,564
Amortization of intangible assets	11,533	10,185	48,983	43,885
Restructuring and other charges	9,841	4,931	20,015	14,012
Impairment of long-lived assets	—	—	—	—
Acquisition, financing and other third party costs	778	1,072	6,804	5,912
Fair value adjustments from purchase accounting	177	131	709	664
Litigation and settlement expense, net	2,096	5,467	2,736	9,893
COVID related expenses	—	—	5	—
Stock-based and other non-cash compensation expense	11,461	12,124	36,466	44,758
Adjusted EBITDA	(\$2,397)	\$24,690	\$186	\$99,330

Notes

1. Rounded amounts used.
2. All references in this presentation to the third quarter of fiscal 2025 and LTM Q3 FY25 are to the quarter ended March 28, 2025, and the four-quarter period ended March 28, 2025. All references in this presentation to the third quarter of fiscal 2024 and LTM Q3 FY24 are to the quarter ended March 29, 2024, and the four-quarter period ended March 29, 2024.

Free cash flow reconciliation

(In thousands) ⁽¹⁾	Q3 FY24	Q3 FY25	LTM Q3 FY24	LTM Q3 FY25
Cash (used in) provided by operating activities	(\$17,805)	\$29,974	\$1,231	\$172,537
Purchases of property and equipment	(7,938)	(5,914)	(32,789)	(26,053)
Free cash flow	(\$25,743)	\$24,060	(\$31,558)	\$146,484

Notes
1. Rounded amounts used.

