

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

**FORM 10-Q**

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

For the quarterly period ended December 26, 2025  
OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
COMMISSION FILE NUMBER: 001-41194

**MERCURY SYSTEMS, INC.**

(Exact name of registrant as specified in its charter)

**Massachusetts**  
(State or other jurisdiction of  
incorporation or organization)

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

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

**01810**  
(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.01 per share	MRCY	Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

Shares of Common Stock outstanding as of January 31, 2026: 60,014,632 shares.

**MERCURY SYSTEMS, INC.**  
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	December 26, 2025	June 27, 2025
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 334,990	\$ 309,099
Accounts receivable, net of allowance for credit losses of \$1,832 and \$1,767 at December 26, 2025 and June 27, 2025, respectively	105,832	109,588
Unbilled receivables and costs in excess of billings, net of allowance for credit losses of \$5,311 for both December 26, 2025 and June 27, 2025	273,938	278,475
Inventory	349,645	332,920
Prepaid income taxes	1,230	457
Prepaid expenses and other current assets	66,518	27,639
Total current assets	1,132,153	1,058,178
Property and equipment, net	102,019	101,440
Goodwill	938,093	938,093
Intangible assets, net	193,232	210,611
Operating lease right-of-use assets, net	51,972	52,264
Deferred tax assets	76,429	69,016
Other non-current assets	8,206	5,162
Total assets	\$ 2,502,104	\$ 2,434,764
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 106,182	\$ 79,116
Accrued expenses	72,437	35,264
Due to factoring facility	32,255	7,879
Accrued compensation	35,251	51,321
Deferred revenues and customer advances	136,918	126,797
Total current liabilities	383,043	300,377
Income taxes payable	4,046	4,046
Long-term debt	591,500	591,500
Operating lease liabilities	50,960	52,738
Other non-current liabilities	12,567	12,642
Total liabilities	1,042,116	961,303
Commitments and contingencies (Note M)		
Shareholders' equity:		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, \$0.01 par value; 85,000,000 shares authorized; 59,376,887 and 59,003,174 shares issued and outstanding at December 26, 2025 and June 27, 2025, respectively	594	590
Additional paid-in capital	1,302,020	1,287,478
Retained earnings	154,285	181,895
Accumulated other comprehensive income	3,089	3,498
Total shareholders' equity	1,459,988	1,473,461
Total liabilities and shareholders' equity	\$ 2,502,104	\$ 2,434,764

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

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Net revenues	\$ 232,872	\$ 223,125	\$ 458,081	\$ 427,556
Cost of revenues	172,239	162,299	334,549	314,940
Gross margin	60,633	60,826	123,532	112,616
Operating expenses:				
Selling, general and administrative	42,139	40,501	88,045	73,654
Research and development	15,381	21,368	28,565	39,751
Amortization of intangible assets	9,694	11,154	19,953	22,389
Restructuring and other charges	4,055	40	5,639	2,300
Acquisition costs and other related expenses	182	178	745	355
Total operating expenses	71,451	73,241	142,947	138,449
Loss from operations	(10,818)	(12,415)	(19,415)	(25,833)
Interest income	1,648	406	3,675	950
Interest expense	(7,849)	(8,430)	(15,735)	(17,336)
Other expense, net	(440)	(3,865)	(2,520)	(5,204)
Loss before income tax benefit	(17,459)	(24,304)	(33,995)	(47,423)
Income tax benefit	(2,364)	(6,725)	(6,385)	(12,319)
Net loss	\$ (15,095)	\$ (17,579)	\$ (27,610)	\$ (35,104)
Basic net loss per share	\$ (0.26)	\$ (0.30)	\$ (0.47)	\$ (0.60)
Diluted net loss per share	\$ (0.26)	\$ (0.30)	\$ (0.47)	\$ (0.60)
Weighted-average shares outstanding:				
Basic	59,415	58,561	59,324	58,454
Diluted	59,415	58,561	59,324	58,454
Comprehensive loss:				
Net loss	\$ (15,095)	\$ (17,579)	\$ (27,610)	\$ (35,104)
Change in fair value of derivative instruments, net of tax	(411)	3,777	(667)	(2,115)
Foreign currency translation adjustments	(103)	603	334	283
Deferred compensation and pension benefit plan, net of tax	(35)	(46)	(76)	(93)
Total other comprehensive (loss) income, net of tax	(549)	4,334	(409)	(1,925)
Total comprehensive loss	\$ (15,644)	\$ (13,245)	\$ (28,019)	\$ (37,029)

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

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

For the Second Quarter Ended December 26, 2025

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at September 26, 2025	59,427	\$ 594	\$ 1,301,397	\$ 169,380	\$ 3,638	\$ 1,475,009
Issuance of common stock under employee stock incentive plans	60	1	(1)	—	—	—
Issuance of common stock under employee stock purchase plan	70	1	2,727	—	—	2,728
Issuance of common stock under defined contribution plan	42	—	3,164	—	—	3,164
Retirement of common stock	(222)	(2)	(14,999)	—	—	(15,001)
Stock-based compensation	—	—	9,732	—	—	9,732
Net loss	—	—	—	(15,095)	—	(15,095)
Other comprehensive loss	—	—	—	—	(549)	(549)
Balance at December 26, 2025	59,377	\$ 594	\$ 1,302,020	\$ 154,285	\$ 3,089	\$ 1,459,988

For the Second Quarter Ended December 27, 2024

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at September 27, 2024	58,455	\$ 584	\$ 1,253,249	\$ 202,274	\$ 3,734	\$ 1,459,841
Issuance of common stock under employee stock incentive plans	57	1	(1)	—	—	—
Issuance of common stock under employee stock purchase plan	60	1	1,491	—	—	1,492
Issuance of common stock under defined contribution plan	88	1	3,368	—	—	3,369
Stock-based compensation	—	—	8,819	—	—	8,819
Net loss	—	—	—	(17,579)	—	(17,579)
Other comprehensive income	—	—	—	—	4,334	4,334
Balance at December 27, 2024	58,660	\$ 587	\$ 1,266,926	\$ 184,695	\$ 8,068	\$ 1,460,276

For the Six Months Ended December 26, 2025

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at June 27, 2025	59,003	\$ 590	\$ 1,287,478	\$ 181,895	\$ 3,498	\$ 1,473,461
Issuance of common stock under employee stock incentive plans	405	4	(4)	—	—	—
Issuance of common stock under employee stock purchase plan	70	1	2,727	—	—	2,728
Issuance of common stock under defined contribution plan	121	1	8,369	—	—	8,370
Retirement of common stock	(222)	(2)	(14,999)	—	—	(15,001)
Stock-based compensation	—	—	18,449	—	—	18,449
Net loss	—	—	—	(27,610)	—	(27,610)
Other comprehensive loss	—	—	—	—	(409)	(409)
Balance at December 26, 2025	59,377	\$ 594	\$ 1,302,020	\$ 154,285	\$ 3,089	\$ 1,459,988

For the Six Months Ended December 27, 2024

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount				
Balance at June 28, 2024	58,094	\$ 581	\$ 1,242,402	\$ 219,799	\$ 9,993	\$ 1,472,775
Issuance of common stock under employee stock incentive plans	292	3	(3)	—	—	—
Issuance of common stock under employee stock purchase plan	60	1	1,491	—	—	1,492
Issuance of common stock under defined contribution plan	214	2	7,879	—	—	7,881
Stock-based compensation	—	—	15,157	—	—	15,157
Net loss	—	—	—	(35,104)	—	(35,104)
Other comprehensive loss	—	—	—	—	(1,925)	(1,925)
Balance at December 27, 2024	58,660	\$ 587	\$ 1,266,926	\$ 184,695	\$ 8,068	\$ 1,460,276

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

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

	Six Months Ended	
	December 26, 2025	December 27, 2024
Cash flows from operating activities:		
Net loss	\$ (27,610)	\$ (35,104)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	37,213	42,142
Stock-based compensation expense	20,167	14,054
Stock-based matching contributions on defined contribution plan	11,444	7,860
Benefit for deferred income taxes	(7,445)	(13,089)
Provision for bad debt	(36)	342
Other non-cash items	1,025	1,518
Changes in operating assets and liabilities:		
Accounts receivable, unbilled receivables, and costs in excess of billings	8,144	31,498
Inventory	(23,689)	(21,783)
Prepaid income taxes	(786)	5
Prepaid expenses and other current assets	(29,802)	2,188
Other non-current assets	(2,297)	3,583
Accounts payable, accrued expenses, accrued compensation, and due to factoring	66,952	(19,816)
Deferred revenues and customer advances	2,793	62,163
Income taxes payable	5	202
Other non-current liabilities	(2,285)	(4,961)
Net cash provided by operating activities	53,793	70,802
Cash flows from investing activities:		
Purchases of property and equipment	(12,450)	(9,791)
Other investing activities	—	1,900
Net cash used in investing activities	(12,450)	(7,891)
Cash flows from financing activities:		
Proceeds from employee stock plans	2,728	1,492
Purchase and retirement of common stock	(15,001)	—
Payments of deferred financing and offering costs	(3,156)	(2,249)
Net cash used in financing activities	(15,429)	(757)
Effect of exchange rate changes on cash and cash equivalents	(23)	(110)
Net increase in cash and cash equivalents	25,891	62,044
Cash and cash equivalents at beginning of period	309,099	180,521
Cash and cash equivalents at end of period	\$ 334,990	\$ 242,565
Cash paid (refunded) during the period for:		
Interest	\$ 16,636	\$ 19,237
Income taxes paid (refunded), net	\$ 1,370	\$ (398)
Supplemental disclosures—non-cash activities:		
Non-cash investing activity: Purchases of property and equipment incurred but not yet paid	\$ 4,991	\$ 2,644
Non-cash investing activity: Inventory transfer to property and equipment, net	\$ 4,444	\$ 12,675

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

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

**A. Description of Business**

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

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

**B. Summary of Significant Accounting Policies**

**BASIS OF PRESENTATION**

The accompanying consolidated financial statements have been prepared by the Company in accordance with Generally Accepted Accounting Principles (“GAAP”) in the United States of America for interim financial information and with the instructions to the Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in annual consolidated financial statements have been condensed or omitted pursuant to those rules and regulations; however, in the opinion of management the financial information reflects all adjustments, consisting of adjustments of a normal recurring nature, necessary for fair presentation. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the fiscal year ended June 27, 2025, which are contained in the Company’s Annual Report on Form 10-K filed with the SEC on August 11, 2025. The results for the second quarter and six months ended December 26, 2025 are not necessarily indicative of the results to be expected for the full fiscal year.

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

All references to the second quarter of fiscal 2026 are to the quarter ended December 26, 2025. There were 13 weeks during the second quarters ended December 26, 2025 and December 27, 2024, respectively. There were 26 weeks during the six months ended December 26, 2025 and December 27, 2024, respectively.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**FOREIGN CURRENCY**

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

**ACCOUNTS RECEIVABLE**

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

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

#### ACCOUNTS RECEIVABLES FACTORING

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

Proceeds for amounts factored by the Company are recorded as an increase to cash and a reduction to accounts receivable outstanding in the Consolidated Balance Sheets. Cash flows attributable to factored receivables are reflected as cash flows from operating activities in the Company's Consolidated Statements of Cash Flows. Factoring fees are included as Selling, general and administrative expenses in the Company's Consolidated Statements of Operations and Comprehensive Loss. The Company is responsible for collecting customer payments related to factored receivables and will remit these payments to the counterparty. From time to time, the Company will collect customer payments related to factored receivables, which are not remitted to the counterparty prior to the end of the period due to the timing of receiving funds from the customer. As of December 26, 2025 and June 27, 2025, the Company had collected \$32,255 and \$7,879, respectively, that was not remitted to the counterparty by quarter end. These collected balances are reflected as Cash and cash equivalents and the related obligation to remit the cash to the counterparty is recorded in Due to factoring facility on the Company's Consolidated Balance Sheet. The decrease in the receivable for these collections is reflected within the change in operating assets and liabilities within the Company's Consolidated Statement of Cash Flows for the six months ended December 26, 2025.

The Company had \$75,000 of factored accounts receivable, of which \$42,745 was included as a contra account within Accounts receivable, net of allowance for credit losses on the Company's Consolidated Balance Sheet and \$32,255 was recorded in Due to factoring facility on the Company's Consolidated Balance Sheet as of December 26, 2025. The Company incurred factoring fees of approximately \$542 and \$961 for the second quarter and six months ended December 26, 2025. The Company had \$59,977 of factored accounts receivable, of which \$58,120 was included as a contra account within Accounts receivable, net of allowance for credit losses on the Company's Consolidated Balance Sheet and \$1,857 was recorded in Due to factoring facility on the Company's Consolidated Balance Sheet as of December 27, 2024. The Company incurred factoring fees of approximately \$459 and \$821 for the second quarter and six months ended December 27, 2024.

#### DERIVATIVES

The Company records the fair value of its derivative financial instruments in its consolidated financial statements in Other non-current assets, or Other non-current liabilities depending on their net position, regardless of the purpose or intent for holding the derivative contract. Changes in the fair value of the derivative financial instruments are either recognized periodically in earnings or in shareholders' equity as a component of Other comprehensive income (loss) (“OCI”). Changes in the fair value of cash flow hedges that qualify for hedge accounting treatment are recorded in OCI and reclassified into earnings in the same line item on the Consolidated Statements of Operations and Comprehensive Loss as the impact of the hedged transaction when the underlying contract matures and, for interest rate exposure derivatives, over the term of the corresponding debt instrument. Changes in the fair values of derivatives not qualifying for hedge accounting are reported in earnings as they occur. All derivatives for the Company qualified for hedge accounting as of December 26, 2025.

#### REVENUE RECOGNITION

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

Revenue recognized at a point in time generally relates to contracts that include a combination of components, modules and sub-assemblies, integrated solutions and related system integration or other services. Contracts with distinct performance obligations recognized at a point in time, with or without an allocation of the transaction price, totaled 55% and 54% of revenues for the second quarter and six months ended December 26, 2025, respectively. Contracts with distinct performance obligations recognized at a point in time, with or without an allocation of the transaction price, totaled 55% and 50% of revenues for the second quarter and six months ended December 27, 2024, respectively.

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

Total revenue recognized over time was 45% and 46% of total revenues for the second quarter and six months ended December 26, 2025, respectively. Total revenue recognized over time was 45% and 50% of total revenues for the second quarter and six months ended December 27, 2024, respectively.

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
<i>(In thousands, except per share data)</i>				
Loss from operations	\$ (3,479)	\$ (4,408)	\$ (7,529)	\$ (12,701)
Net loss <sup>(1)</sup>	\$ (2,539)	\$ (3,218)	\$ (5,496)	\$ (9,272)
Diluted net loss per share	\$ (0.04)	\$ (0.05)	\$ (0.09)	\$ (0.16)
Diluted Shares	59,415	58,561	59,324	58,454

(1) Federal and state statutory rate of 27%

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

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

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

#### CONTRACT BALANCES

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

The contract asset balances were \$273,938 and \$278,475 as of December 26, 2025 and June 27, 2025, respectively. The contract asset balance decreased due to \$216,232 of billings, partially offset by revenue recognized under over time contracts of \$211,695 during the six months ended December 26, 2025. The contract liability balances were \$137,278 and \$127,605 as of December 26, 2025 and June 27, 2025, respectively. The contract liability increased due to the timing of revenue recognized across multiple programs.

Revenue recognized for the second quarter and six months ended December 26, 2025 that was included in the contract liability balance at June 27, 2025 was \$18,256 and \$57,898, respectively. Revenue recognized for the second quarter and six months ended December 27, 2024 that was included in the contract liability balance at June 28, 2024 was \$15,336 and \$41,747, respectively.

#### REMAINING PERFORMANCE OBLIGATIONS

The Company includes in its computation of remaining performance obligations customer orders for which it has accepted executed sales orders. The definition of remaining performance obligations excludes contracts with original expected durations of less than one year, as well as those contracts that provide the customer with the right to cancel or terminate the order with no substantial penalty, even if the Company's historical experience indicates the likelihood of cancellation or termination is remote. As of December 26, 2025, the aggregate amount of the transaction price allocated to remaining performance obligations was \$823,523. The Company expects to recognize approximately 50% of its remaining performance obligations as revenue in the next 12 months and the balance thereafter.

#### LONG-LIVED ASSETS

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

#### GOODWILL AND INTANGIBLE ASSETS

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

Intangible assets result from the Company's various business acquisitions and certain licensed technologies, and consist of identifiable intangible assets, including completed technology, licensing agreements, patents, customer relationships, trademarks, backlog and non-compete agreements. Intangible assets are reported at cost, net of accumulated amortization and are either amortized on a straight-line basis over their estimated useful lives of up to 12.5 years or over the period the economic benefits of the intangible asset are consumed.

#### PRODUCT WARRANTY ACCRUAL

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

	<b>Total</b>
Balance at June 27, 2025	\$ 2,945
Accruals for warranties issued during the period	1,449
Settlements made during the period	(1,508)
Balance at December 26, 2025	<u>\$ 2,886</u>

#### WEIGHTED-AVERAGE SHARES

Weighted-average shares were calculated as follows:

	<b>Second Quarters Ended</b>		<b>Six Months Ended</b>	
	<b>December 26, 2025</b>	<b>December 27, 2024</b>	<b>December 26, 2025</b>	<b>December 27, 2024</b>
Basic weighted-average shares outstanding	59,415	58,561	59,324	58,454
Effect of dilutive equity instruments	—	—	—	—
Diluted weighted-average shares outstanding	<u>59,415</u>	<u>58,561</u>	<u>59,324</u>	<u>58,454</u>

Equity instruments to purchase 2,633 and 2,610 shares of common stock were not included in the calculation of diluted net loss per share for the second quarter and six months ended December 26, 2025, respectively, because the equity instruments were anti-dilutive. Equity instruments to purchase 2,993 and 2,840 shares of common stock were not included in the calculation of diluted net loss per share for the second quarter and six months ended December 27, 2024, respectively, because the equity instruments were anti-dilutive.

#### RETIREMENT OF COMMON STOCK

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

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

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

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

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

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

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

#### RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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

#### C. Fair Value of Financial Instruments

The following table summarizes the Companies' financial instruments measured at fair value on a recurring basis as of December 26, 2025:

	Fair Value Measurements			
	December 26, 2025	Level 1	Level 2	Level 3
Liabilities:				
Interest rate swap	\$ 4,453	\$ —	\$ 4,453	\$ —
Total measured at fair value	\$ 4,453	\$ —	\$ 4,453	\$ —

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

During the first quarter ended September 29, 2023, the Company entered into an interest rate hedging agreement (the “September 2023 Swap”). The fair value of the September 2023 Swap is estimated using a discounted cash flow analysis based on the contractual terms of the derivative, leveraging observable inputs other than quoted prices, such as interest rates. As of December 26, 2025, the fair value of the September 2023 Swap was a liability of \$4,453 and is included within Other non-current liabilities in the Company’s Consolidated Balance Sheets.

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

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

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

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

#### D. Inventory

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

	As of	
	December 26, 2025	June 27, 2025
Raw materials	\$ 195,304	\$ 195,496
Work in process	133,061	118,376
Finished goods	21,280	19,048
<b>Total</b>	<b>\$ 349,645</b>	<b>\$ 332,920</b>

#### E. Property and Equipment

Property and equipment, net consisted of the following:

	Estimated Useful Lives (Years)	As of	
		December 26, 2025	June 27, 2025
Computer equipment and software	3-4	\$ 155,561	\$ 149,342
Furniture and fixtures	5	11,559	23,176
Leasehold improvements	lesser of estimated useful life or lease term	73,216	74,278
Machinery and equipment	5-10	192,720	168,412
		433,056	415,208
Less: accumulated depreciation		(331,037)	(313,768)
<b>Property and equipment, net</b>		<b>\$ 102,019</b>	<b>\$ 101,440</b>

The \$579 increase in property and equipment, net was primarily due to capital expenditures of \$12,450 and the reclassification of work in process inventory to property and equipment of \$4,444, partially offset by depreciation expense.

There was \$12,450 and \$9,791 of capital expenditures during the six months ended December 26, 2025 and December 27, 2024, respectively. There was \$161 and \$97 retirements of property and equipment during the six months ended December 26, 2025 and December 27, 2024, respectively.

Depreciation expense related to property and equipment for the second quarter and six months ended December 26, 2025 was \$8,606 and \$17,260, respectively. Depreciation expense related to property and equipment for the second quarter and six months ended December 27, 2024 was \$9,768 and \$19,753, respectively.

#### F. Goodwill

In the second quarter ended December 26, 2025, the Company completed its internal reorganization, which changed how segment management reviewed discrete financial information, by consolidating two divisions into a single integrated structure that unified all lines of business and matrixed business functions. The Company's U.S.-based businesses are now aligned into two product-oriented reporting units, Signal Technologies and Processing Technologies, a third reporting unit focused on more comprehensive solutions, Integrated Processing Solutions, and a fourth reporting unit is dedicated to bringing its advanced edge processing capabilities to the international market, Europe, the Middle East and Africa ("EMEA").

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

The Company performs its annual goodwill impairment test in the fourth quarter of each fiscal year. The Company also assesses potential triggering events during interim reporting periods. During the second quarter ended December 26, 2025, the Company assessed events and circumstances to consider its reporting units for a potential triggering event, including: macroeconomic conditions, industry and market considerations, financial performance and expectations of projected financial performance and cash flows, changes in the Company's stock price in relation to the carrying value of its reporting units, among other relevant factors. The Company concluded that the internal reorganization and change in reporting units qualified as a triggering event and required goodwill to be tested for impairment. As required by ASC 350, the Company tested goodwill for impairment immediately before and after the reorganization. The testing indicated that the fair values of the Company's reporting units each had an estimated fair value substantially in excess of their carrying values. As a result of these analyses, it was determined that goodwill was not impaired before or after the reorganization.

In the second quarter ended December 26, 2025, the Company assigned goodwill to the new reporting units based on the relative fair value of transferred operations. There has been no change to the carrying amount of goodwill during the second quarter and six months ended December 26, 2025.

#### G. Restructuring

During the six months ended December 26, 2025, the Company approved and initiated workforce reductions that eliminated approximately 100 positions, resulting in \$5,639 of severance costs. The Company incurs restructuring and other charges in connection with management's decision to undertake certain actions to realign operating expenses through workforce reductions and the closure of certain Company facilities, businesses and lines of business. All of the restructuring and other charges are classified as Operating expenses in the Consolidated Statements of Operations and Comprehensive Loss and any remaining restructuring obligations are expected to be paid within the next twelve months. The restructuring liability is classified as Accrued expenses in the Consolidated Balance Sheets.

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

	Severance & Related	
Balance at June 27, 2025	\$	1,206
Restructuring charges		5,639
Cash paid		<u>(2,547)</u>
Balance at December 26, 2025	\$	<u>4,298</u>

## H. Income Taxes

The Company recorded an income tax benefit of \$2,364 and \$6,725 on a loss before income taxes of \$17,459 and \$24,304 for the second quarters ended December 26, 2025 and December 27, 2024, respectively. The Company recorded an income tax benefit of \$6,385 and \$12,319 on a loss before income taxes of \$33,995 and \$47,423 for the six months ended December 26, 2025 and December 27, 2024, respectively.

During the second quarter and six months ended December 26, 2025, the Company recognized a tax benefit of \$1,002 and \$2,122 related to stock compensation windfalls, respectively, and during the second quarter and six months ended December 27, 2024, the Company recognized a tax provision of \$138 and \$357 related to stock compensation shortfalls, respectively.

The effective tax rate for the second quarter and six months ended December 26, 2025 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, stock compensation windfalls, and state taxes. The effective tax rate for the second quarter and six months ended December 27, 2024 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, and state taxes.

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

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

## I. Debt

### REVOLVING CREDIT FACILITY

The Company has a 5-year revolving credit facility (the "Revolver") with a maturity extended to November 4, 2030. The borrowing capacity as defined under the Revolver as of December 26, 2025 is \$850,000 less outstanding borrowings of \$591,500. There were outstanding letters of credit of \$5,878 as of December 26, 2025. During the second quarter and six months ended December 26, 2025, the Company made no borrowings or repayments. As of December 26, 2025, the Company was in compliance with all covenants and conditions under the Revolver. The Company incurred interest expense of \$7,849 and \$15,735 for the second quarter and six months ended December 26, 2025, respectively.

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

As of December 26, 2025, the Company's outstanding balance of unamortized deferred financing costs was \$4,961, which is being amortized to Other expense, net in the Consolidated Statements of Operations and Comprehensive Loss on a straight line basis over the term of the Revolver and includes the costs incurred in conjunction with the August 2024 and November 2025 amendments to the Revolver.

## J. Employee Benefit Plan

### PENSION PLAN

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

The Company recognizes a net asset or liability for the Plan equal to the difference between the projected benefit obligation of the Plan and the fair value of the Plan's assets as required by ASC 715. The funded status may vary from year to year due to changes in the fair value of the Plan's assets and variations on the underlying assumptions of the projected benefit obligation of the Plan. The Plan's funded status at December 26, 2025 was a net liability of \$5,458, which is recorded in Other non-current liabilities on the Consolidated Balance Sheet. The Company recognized net periodic benefit costs of \$167 and \$231 associated with the Plan and a net loss of \$56 and \$51 in AOCI during the second quarters ended December 26, 2025 and December 27, 2024, respectively. The Company recognized net periodic benefit costs of \$334 and \$463 associated with the Plan and a net loss of \$113 and \$105 in AOCI during the six months ended December 26, 2025 and December 27, 2024, respectively. The Company's total expected employer contributions to the Plan during fiscal 2026 are \$706.

#### *401(k) Plan*

The Company maintains a qualified 401(k) plan (the "401(k) Plan") for its U.S. employees and matches participants' contributions to the plan and/or qualified student loan payments of up to 6% of their eligible annual compensation in Company stock. The Company may also make optional contributions to the plan for any plan year at its discretion. Stock-based 401(k) matching compensation cost is measured based on the value of the matching amount and is recognized as expense as incurred. During the second quarter and six months ended December 26, 2025, the Company recognized share-based matching contributions related to the 401(k) plan of \$4,694 and \$11,444, as compared to \$3,428 and \$7,860 during the second quarter and six months ended December 27, 2024.

#### *Deferred Compensation Plan*

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

As of December 26, 2025, the Company held assets under the rabbi trust of \$714, and was subject to liabilities for amounts payable under the plan to participants (including accrued employer matching contributions not yet credited to plan participants) of \$714. Assets related to this plan are included in Other assets, and liabilities related to this plan are included in Accrued compensation in the Consolidated Balance Sheets. During the second quarters ended December 26, 2025 and December 27, 2024, the Company recognized an immaterial value of compensation expense as a result of changes in the value of notional investments selected by plan participants for the investment of their plan account balances, with the same amount being recorded as other income attributable to changes in the market value of the assets held by the rabbi trust.

### **K. Stock-Based Compensation**

#### **STOCK INCENTIVE PLANS**

The Company's 2025 Long Term Incentive Plan (as amended from time to time, the "2025 Plan") was adopted by the Company's Board of Directors in July 2025 and approved by the Company's shareholders on October 22, 2025. At December 26, 2025, the aggregate number of shares authorized for issuance under the 2025 Plan is 1,954 shares, including 1,900 shares approved by the Company's shareholders on October 22, 2025 and 54 shares by virtue of awards forfeited from and after October 22, 2025 under a predecessor stock incentive plan, the Company's Amended and Restated 2018 Stock Incentive Plan (the "2018 Plan"). The 2025 Plan provides for the grant to employees and non-employees of non-qualified and incentive stock options, stock appreciation rights, time-based and performance-based restricted stock awards or units, and deferred stock awards or units. Stock options and stock appreciation rights must be granted with an exercise price of not less than 100% of the fair value of the Company's common stock on the date of grant and have a maximum exercisable term of ten years. Under the share counting rules applicable to the 2025 Plan, each share issued pursuant to a stock option or stock appreciation right counts as 0.5 shares against the available share reserve, and each share issued pursuant to any other award (a "full value" award) counts as one share against the available reserve. Accordingly, at December 26, 2025, a maximum of 3,859 shares underlying future awards of stock options and stock appreciation rights are issuable under the 2025 Plan, and a maximum of 1,929 shares underlying future full value awards are issuable under the 2025 Plan.

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

#### EMPLOYEE STOCK PURCHASE PLAN

The Company's 1997 Employee Stock Purchase Plan, as amended and restated (the "1997 ESPP") was terminated in accordance with its terms effective May 14, 2024. Under the 1997 ESPP, rights were granted to purchase shares of common stock at 85% of the lesser of the market value of such shares at either the beginning or the end of each six-month offering period. The 1997 ESPP permitted employees to purchase common stock through payroll deductions, which may not have exceeded 10% of an employee's compensation as defined in the 1997 ESPP. There were no shares issued under the 1997 ESPP during the six months ended December 26, 2025 and December 27, 2024, respectively. There were an immaterial amount of shares related to the 1997 Plan issued and returned to the reserve during the six months ended December 27, 2024.

The Company adopted a new employee stock purchase plan (the "2024 ESPP") in April 2024. The Company's shareholders approved the plan at the Company's 2024 annual meeting of shareholders, held on October 23, 2024. The number of shares authorized for issuance under the 2024 ESPP is 1,000 shares. Under the 2024 ESPP, rights are granted to purchase shares of common stock at 85% of the lesser of the market value of such shares at either the beginning or the end of each six-month offering period. The 2024 ESPP permits employees to purchase common stock through payroll deductions, which may not exceed 10% of an employee's compensation as defined in the 2024 ESPP. There were 70 and 65 shares issued under the 2024 ESPP during the six months ended December 26, 2025 and December 27, 2024, respectively. Shares available for future purchase under the 2024 ESPP totaled 800 at December 26, 2025.

#### STOCK OPTION AND AWARD ACTIVITY

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

	Options Outstanding				Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value as of December 26, 2025
	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Exercise Price			
Outstanding at June 27, 2025	934	\$ 12.71	\$ 45.00			—
Granted	—					—
Exercised	—					—
Canceled	—					—
Outstanding at December 26, 2025	934	12.71	45.00	2.32 years		—
Exercisable at December 26, 2025	—	\$ —	\$ —	—		—

There were no options vested or exercised during the six months ended December 26, 2025. Non-vested stock options are subject to the risk of forfeiture until the fulfillment of specified conditions. As of December 26, 2025, there was \$4,046 of total unrecognized compensation cost related to non-vested options granted that is expected to be recognized over a weighted-average period of 1.32 years from December 26, 2025.

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

	Non-vested Restricted Stock Awards	
	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested at June 27, 2025	1,742	\$ 40.37
Granted	555	67.08
Vested	(405)	39.86
Forfeited	(90)	47.89
Non-vested at December 26, 2025	<u>1,802</u>	<u>\$ 48.45</u>

#### STOCK-BASED COMPENSATION EXPENSE

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

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Cost of revenues	\$ 1,863	\$ (167)	\$ 3,623	\$ (54)
Selling, general and administrative	7,026	6,317	13,322	10,928
Research and development	1,705	1,812	3,222	3,180
Stock-based compensation expense before tax	10,594	7,962	20,167	14,054
Income taxes <sup>(1)</sup>	(2,860)	(2,150)	(5,445)	(3,795)
Stock-based compensation expense, net of income taxes	<u>\$ 7,734</u>	<u>\$ 5,812</u>	<u>\$ 14,722</u>	<u>\$ 10,259</u>

(1) Federal and state statutory rate of 27%

#### L. Operating Segment, Geographic Information and Significant Customers

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

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

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

	U.S.	Europe	Eliminations	Total
<b>SECOND QUARTER ENDED DECEMBER 26, 2025</b>				
Net revenues to unaffiliated customers	\$ 221,010	\$ 11,862	\$ —	\$ 232,872
Inter-geographic revenues	1,874	4,491	(6,365)	—
Net revenues	<u>\$ 222,884</u>	<u>\$ 16,353</u>	<u>\$ (6,365)</u>	<u>\$ 232,872</u>
<b>SECOND QUARTER ENDED DECEMBER 27, 2024</b>				
Net revenues to unaffiliated customers	\$ 205,054	\$ 18,071	\$ —	\$ 223,125
Inter-geographic revenues	2,718	2,529	(5,247)	—
Net revenues	<u>\$ 207,772</u>	<u>\$ 20,600</u>	<u>\$ (5,247)</u>	<u>\$ 223,125</u>
<b>SIX MONTHS ENDED DECEMBER 26, 2025</b>				
Net revenues to unaffiliated customers	\$ 433,008	\$ 25,073	\$ —	\$ 458,081
Inter-geographic revenues	4,175	6,977	(11,152)	—
Net revenues	<u>\$ 437,183</u>	<u>\$ 32,050</u>	<u>\$ (11,152)</u>	<u>\$ 458,081</u>
<b>SIX MONTHS ENDED DECEMBER 27, 2024</b>				
Net revenues to unaffiliated customers	\$ 397,714	\$ 29,842	\$ —	\$ 427,556
Inter-geographic revenues	4,773	5,348	(10,121)	—
Net revenues	<u>\$ 402,487</u>	<u>\$ 35,190</u>	<u>\$ (10,121)</u>	<u>\$ 427,556</u>

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

	U.S.	Europe	Total
December 26, 2025	\$ 101,154	\$ 865	\$ 102,019
June 27, 2025	\$ 100,484	\$ 956	\$ 101,440

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

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

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

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

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Domestic <sup>(1)</sup>	\$ 194,480	\$ 176,291	\$ 382,404	\$ 337,485
International/Foreign Military Sales <sup>(2)</sup>	38,392	46,834	75,677	90,071
Total Net Revenue	<u>\$ 232,872</u>	<u>\$ 223,125</u>	<u>\$ 458,081</u>	<u>\$ 427,556</u>

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

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

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Radar <sup>(1)</sup>	\$ 53,724	\$ 47,110	\$ 83,914	\$ 80,859
Electronic Warfare <sup>(2)</sup>	27,483	23,930	48,482	50,276
Other Sensor & Effector <sup>(3)</sup>	23,949	22,131	53,714	48,497
Total Sensor & Effector	105,156	93,171	186,110	179,632
C4I <sup>(4)</sup>	90,868	88,370	202,334	173,650
Other <sup>(5)</sup>	36,848	41,584	69,637	74,274
Total Net Revenue	\$ 232,872	\$ 223,125	\$ 458,081	\$ 427,556

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

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Components <sup>(1)</sup>	\$ 48,703	\$ 45,085	\$ 94,202	\$ 89,949
Modules and Sub-assemblies <sup>(2)</sup>	60,496	46,106	126,692	91,928
Integrated Solutions <sup>(3)</sup>	123,673	131,934	237,187	245,679
Total Net Revenue	\$ 232,872	\$ 223,125	\$ 458,081	\$ 427,556

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

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
Airborne <sup>(1)</sup>	\$ 84,200	\$ 96,214	\$ 178,888	\$ 186,704
Land <sup>(2)</sup>	59,110	44,831	101,993	79,145
Naval <sup>(3)</sup>	23,891	22,193	43,530	42,846
Space <sup>(4)</sup>	11,920	11,827	30,395	27,186
Other <sup>(5)</sup>	53,751	48,060	103,275	91,675
Total Net Revenues	\$ 232,872	\$ 223,125	\$ 458,081	\$ 427,556

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

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

	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
	RTX Corporation	19 %	15 %	15 %
Northrop Grumman	12 %	*	11 %	*
Lockheed Martin Corporation	11 %	*	12 %	10 %
U.S. Navy	*	11 %	*	10 %
L3Harris	*	*	*	10 %
	42 %	26 %	38 %	42 %

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

While the Company typically has customers from which it derives 10% or more of its revenue, the sales to each of these customers are spread across multiple programs and platforms. There were no programs comprising 10% or more of the Company's revenues for the second quarters and six months ended December 26, 2025 and December 27, 2024.

## M. Commitments and Contingencies

### LEGAL CLAIMS

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

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

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

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

On December 13, 2023, a securities class action complaint was filed against the Company, Mark Aslett, and Michael Ruppert in the U.S. District Court for the District of Massachusetts. The complaint asserted Section 10(b) and 20(a) securities fraud claims on behalf of a purported class of purchasers and sellers of the Company's stock from December 7, 2020, through June 23, 2023. The complaint alleged that the Company's public disclosures in SEC filings and on earnings calls were false and/or misleading. On February 27, 2024, the Court entered an order appointing Carpenters Pension Trust Fund for Northern California as lead plaintiff. On April 18, 2024, the lead plaintiff filed an amended complaint including William Ballhaus and David Farnsworth as additional defendants and amended the class period to February 3, 2021 through February 6, 2024. The Company filed a motion to dismiss on May 24, 2024, and after the plaintiffs' filed their opposition motion and the Company filed its reply to their opposition, a hearing on the motion was conducted by the Court on July 24, 2024. On July 24, 2024, the Court dismissed the case without prejudice and permitted the plaintiffs 30 days to file an amended complaint. The plaintiffs filed for leave to amend their complaint on August 23, 2024, the Company filed its opposition motion on September 6th, the plaintiffs filed their response brief on September 17, 2024, and the Company filed its reply on September 30, 2024. On February 20, 2025, the Court issued an order that dismissed claims relating to 14 of 17 challenged statements and that allowed the remaining three challenged statements to proceed. The Court also dismissed Messrs. Ruppert and Farnsworth from the lawsuit. Subject to the terms of the Company's by-laws and applicable Massachusetts law, Mr. Aslett and Mr. Ballhaus are indemnified by the Company for the federal securities class action. While in discovery, the parties participated in a mediation on September 11, 2025. After the mediation, all parties to the securities class action lawsuit agreed to a settlement in principle to resolve the litigation for \$32,500, which settlement in principle is subject to a final settlement agreement and review and approval by the court. As of December 26, 2025, a \$32,500 receivable and payable were included within Prepaid expenses and other current assets and Accrued expenses in the Company's Consolidated Balance Sheet, respectively. The increase and decrease in the receivable and payable were reflected within the changes in operating assets and liabilities within the Company's Consolidated Statement of Cash Flows for the six months ended December 26, 2025.

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

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

In September 2025, an internal investigation was initiated, with the assistance of outside counsel, in connection with what the Company preliminarily believes may be inaccurately reported test results and certifications of conformance with certain product performance specifications under subcontracts involving approximately \$15,000 in total revenue over approximately 20

years in support of a government program. The Company has no evidence that the product has not been effective in its intended use or function, nor has it encountered reported safety issues. The Company has reported the matter to the customer and, in an abundance of caution, to the government. The Company's customer has notified the Company that there is no impact to system performance resulting from the reported deviations from specifications, and that such deviations are within tolerances. The Company's customer has agreed to modify the specifications so that the Company can continue producing the product. The Company cannot currently estimate the amount or range of cost or loss, if any, associated with this matter. Any determination that the Company's previous operations were not in compliance with laws or regulations such as the False Claims Act could result in the imposition of civil or criminal fines, penalties, disgorgement, restitution, equitable relief, or other losses or conduct restrictions, and could be material to the Company's financial results or business operations.

#### INDEMNIFICATION OBLIGATIONS

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

#### PURCHASE COMMITMENTS

As of December 26, 2025, the Company has entered into non-cancelable purchase commitments for certain inventory components and services used in its normal operations. The purchase commitments covered by these agreements aggregate to \$203,714.

#### OTHER

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

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

#### N. Derivatives

The Company utilizes interest rate derivatives to mitigate interest rate exposure with respect to its financing arrangements. As of the reporting date, the Company entered into interest rate swaps with a total notional amount of \$300,000 to fix the interest rate associated with a portion of the \$591,500 existing borrowings on Company's Revolver. The Swap agreement is designated and qualified for hedge accounting treatment as a cash flow hedge and is scheduled to mature on February 28, 2027, coterminous with the maturity of the Revolver. As of December 26, 2025, the fair value of the Swap was a liability of \$4,453 and is included within Other non-current liabilities in the Company's Consolidated Balance Sheet.

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

During the second quarter and six months ended December 26, 2025, the Company amortized a total of \$881 and \$1,762, respectively, of the gain associated with the previously disclosed interest swaps terminated on September 29, 2022 and September 28, 2023, as disclosed in Note Q of Form 10-K filed with the SEC on August 11, 2025, which is included within AOCI.

The market risk associated with the Company's derivative instrument is the result of interest rate movements that are expected to offset the market risk of the underlying arrangement. The counterparty to the September 2023 Swap is JPMorgan. Based on the credit ratings of the Company's counterparty as of December 26, 2025, nonperformance is not perceived to be a material risk. Furthermore, none of the Company's derivatives are subject to collateral or other security arrangements and none contain provisions that are dependent on the Company's credit ratings from any credit rating agency. While the contract or notional amounts of derivative financial instruments provide one measure of the volume of these transactions, they do not represent the amount of the Company's exposure to credit risk. The amounts potentially subject to credit risk (arising from the possible inability of the counterparty to meet the terms of their contracts) are generally limited to the amounts, if any, by which the counterparty obligations under the contracts exceed the obligations of the Company to the counterparty. As a result of the above considerations, the Company does not consider the risk of counterparty default to be significant.

**O. Share Repurchase Program**

On November 3, 2025, the Board of Directors authorized a new share repurchase program for the purchase of up to \$200,000 of the Company's outstanding common stock. The program has no expiration date and repurchases may be made through open market or privately negotiated transactions from time to time at prevailing market prices. The timing and amount of repurchases will depend on market conditions and other factors. All share repurchases are made in accordance with Rule 10b-18. During the second quarter and six months ended December 26, 2025, 221,510 shares of the Company's common stock were repurchased and immediately retired under the share repurchase program at an average cost of \$67.70 per share. As of December 26, 2025, there was \$185,003 available for future share repurchases under this share repurchase program.

**P. Subsequent Events**

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

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

### FORWARD-LOOKING STATEMENTS

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

### OVERVIEW

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

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

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

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

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

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

As of December 26, 2025, we had 2,135 employees. We employ hardware and software architects and design engineers, primarily engaged in engineering and research and product development activities to achieve our objectives to fully capitalize upon and maintain our technological leads in the high-performance, real-time sensor processing industry and in mission computing, platform management and other safety-critical applications. Our talent attraction, engagement and retention is critical to execute on our long-term strategy. We invest in our culture and values to drive employee engagement that turns ideas into action, delivering trusted and secure solutions at the speed of innovation. We believe that our success depends on our ability to foster a company-wide culture that values a broad range of solutions to problems, a wide array of skills and experiences, and multiple perspectives. We are committed to providing an inclusive environment that respects the varied backgrounds and viewpoints of our employees. We believe that the workforce required to grow our business and deliver creative solutions must be rich in diverse thought and experience. Our initiatives focus on building and maintaining the talent that will create cohesive and collaborative teams that drive innovation. By adhering to these values, it will help our employees to realize their full potential at work to provide Innovation That Matters®.

Our consolidated revenues, net loss, diluted net loss per share, adjusted earnings per share (“adjusted EPS”), and adjusted EBITDA for the second quarter ended December 26, 2025 were \$232.9 million, \$15.1 million, \$0.26, \$0.16, and \$30.0 million, respectively. Our consolidated revenues, net loss, diluted net loss per share, adjusted earnings per share (“adjusted EPS”), and adjusted EBITDA for the six months ended December 26, 2025 were \$458.1 million, \$27.6 million, \$0.47, \$0.41, and \$65.6 million, respectively. See the Non-GAAP Financial Measures section for a reconciliation to our most directly comparable GAAP financial measures.

**RESULTS OF OPERATIONS:**

There were 13 weeks included in the results of operations for the second quarters ended December 26, 2025 and December 27, 2024, respectively. There were 26 weeks during the six months ended December 26, 2025 and December 27, 2024, respectively. The results for the second quarter and six months ended December 26, 2025 are not necessarily indicative of the results to be expected for the full fiscal year.

**The second quarter ended December 26, 2025 compared to the second quarter ended December 27, 2024**

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

(In thousands)	December 26, 2025	As a % of Total Net Revenue	December 27, 2024	As a % of Total Net Revenue
Net revenues	\$ 232,872	100.0 %	\$ 223,125	100.0 %
Cost of revenues	172,239	74.0	162,299	72.7
Gross margin	60,633	26.0	60,826	27.3
Operating expenses:				
Selling, general and administrative	42,139	18.0	40,501	18.2
Research and development	15,381	6.6	21,368	9.6
Amortization of intangible assets	9,694	4.2	11,154	5.0
Restructuring and other charges	4,055	1.7	40	—
Acquisition costs and other related expenses	182	0.1	178	0.1
Total operating expenses	71,451	30.6	73,241	32.9
Loss from operations	(10,818)	(4.6)	(12,415)	(5.6)
Interest income	1,648	0.7	406	0.2
Interest expense	(7,849)	(3.4)	(8,430)	(3.8)
Other expense, net	(440)	(0.2)	(3,865)	(1.7)
Loss before income tax benefit	(17,459)	(7.5)	(24,304)	(10.9)
Income tax benefit	(2,364)	(1.0)	(6,725)	(3.0)
Net Loss	\$ (15,095)	(6.5)%	\$ (17,579)	(7.9)%

**REVENUES**

Total revenues increased \$9.7 million, or 4.4%, to \$232.9 million during the second quarter ended December 26, 2025, as compared to \$223.1 million during the second quarter ended December 27, 2024. Revenues increased year over year as we continued to execute on our program base, and continued toward full rate production of our common processing architecture programs. Point in time revenue and over time revenue represented 55% and 45%, respectively, of total revenues during the second quarter ended December 26, 2025, an increase of \$6.6 million and \$3.3 million, respectively. Point in time revenue and over time revenue represented 55% and 45% respectively, of total revenues during the second quarter ended December 27, 2024.

Revenue increases were driven by the modules and sub-assemblies as well as the components product grouping which increased \$14.4 million and \$3.6 million, respectively, partially offset by the integrated solutions product grouping which decreased \$8.3 million during the second quarter ended December 26, 2025, when compared to the prior period. The increase in total revenue was primarily driven by the radar, electronic warfare, C4I, and other sensor and effector end applications with increases of \$6.5 million, \$3.6 million, \$2.5 million, and \$1.8 million respectively, partially offset by other end applications which decreased \$4.7 million. The increase in total revenue was also driven by the Land, Other, and Naval platforms with increases of \$14.3 million, \$5.7 million, and \$1.7 million, respectively, partially offset by a decrease to the Airborne platform of \$12.0 million. The largest program increases were related to two secure processing programs and SEWIP, partially offset by decreases in Aegis and an electronic warfare program when compared to the prior period. There were no programs comprising 10% or more of our revenues for the second quarters ended December 26, 2025 or December 27, 2024.

## GROSS MARGIN

Gross margin was 26.0% for the second quarter ended December 26, 2025, a decrease of 130 basis points from the 27.3% gross margin realized during the second quarter ended December 27, 2024. The lower gross margin was driven primarily by execution on lower margin programs, higher scrap of \$3.1 million, higher inventory reserves of \$2.4 million, partially offset by lower manufacturing variances of \$5.3 million and net estimate at completion ("EAC") change impact on our programs recognized over time of approximately \$3.5 million recorded in the quarter, an incremental improvement of approximately \$0.9 million, or 50 basis points, when compared to the prior period. We may experience increases in our manufacturing costs related to the imposition of tariffs on the import of components from other countries. We have not seen material increases to these costs in the second quarter of fiscal 2026, but they could impact our gross margins in the future.

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

<i>(in thousands)</i>	Second Quarters Ended	
	December 26, 2025	December 27, 2024
Gross favorable	\$ 7,550	\$ 7,040
Gross unfavorable	(11,029)	(11,448)
Net impact of changes in estimates	\$ (3,479)	\$ (4,408)

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

## SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses increased \$1.6 million, or 4.0%, to \$42.1 million during the second quarter ended December 26, 2025, as compared to \$40.5 million in the second quarter ended December 27, 2024. The increase was primarily driven by higher litigation and settlement expense and software licensing fees of \$1.2 million and \$1.1 million, respectively. These increases were partially offset by lower consulting expense of \$0.8 million. The litigation and settlement expense incurred during the second quarter ended December 26, 2025 was primarily comprised of \$2.0 million related to the dispute with our former CEO, which was settled during the current quarter, as compared to \$1.4 million during the second quarter ended December 27, 2024. Litigation and settlement expense also included \$1.0 million related to contract matters as compared to \$0.2 million during the second quarter ended December 27, 2024.

## RESEARCH AND DEVELOPMENT

Research and development expenses decreased \$6.0 million, or 28.0%, to \$15.4 million during the second quarter ended December 26, 2025, as compared to \$21.4 million during the second quarter ended December 27, 2024. The decrease was primarily driven by efficiency improvements and the savings from headcount reductions of approximately 225 employees, initiated in fiscal 2025, resulting in lower expense of \$4.1 million. We also saw decreased expense on supply, depreciation, and software licensing fees of \$1.0 million, \$0.6 million, and \$0.4 million, respectively.

## AMORTIZATION OF INTANGIBLE ASSETS

We recognized \$9.7 million of amortization of intangible assets during the second quarter ended December 26, 2025, as compared to \$11.2 million during the second quarter ended December 27, 2024, primarily due to various customer relationship intangibles being fully amortized in fiscal 2025.

## RESTRUCTURING AND OTHER CHARGES

We incurred \$4.1 million of restructuring and other charges during the second quarter ended December 26, 2025, as compared to an immaterial amount during the second quarter ended December 27, 2024. Restructuring and other charges during the second quarter ended December 26, 2025 were primarily severance related charges associated with workforce reductions initiated during the quarter that eliminated approximately 60 positions. There was an immaterial amount of restructuring and other charges during the second quarters ended December 27, 2024.

## ACQUISITION COSTS AND OTHER RELATED EXPENSES

There was an immaterial amount of acquisition costs and other related expenses during the second quarters ended December 26, 2025 and December 27, 2024.

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

#### INTEREST INCOME

We recognized \$1.6 million of interest income during the second quarter ended December 26, 2025, as compared to \$0.4 million during the second quarter ended December 27, 2024. The increase was driven by higher average cash and cash equivalents during the period.

#### INTEREST EXPENSE

We incurred \$7.8 million of interest expense during the second quarter ended December 26, 2025, as compared to \$8.4 million during the second quarter ended December 27, 2024. The decrease was driven by lower interest rates during the period on our existing credit facility (the "Revolver").

#### OTHER EXPENSE, NET

Other expense, net was \$0.4 million during the second quarter ended December 26, 2025, as compared to \$3.9 million during the second quarter ended December 27, 2024. The second quarter ended December 26, 2025 includes \$1.5 million of financing costs, partially offset by \$0.2 million net foreign currency translation gains. The second quarter ended December 27, 2024 includes \$2.4 million net foreign currency translation losses, \$1.1 million of financing costs, \$0.1 million of consulting costs, and \$0.1 million of securities class action expense.

#### INCOME TAXES

We recorded an income tax benefit of \$2.4 million and \$6.7 million on a loss before income taxes of \$17.5 million and \$24.3 million for the second quarters ended December 26, 2025 and December 27, 2024, respectively.

During the second quarter ended December 26, 2025 and December 27, 2024, we recognized a tax benefit of \$1.0 million related to stock compensation windfalls and a tax provision of \$0.1 million related to stock compensation shortfalls, respectively.

The effective tax rate for the second quarter ended December 26, 2025 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, stock compensation windfalls, and state taxes. The effective tax rate for the second quarter ended December 27, 2024 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, and state taxes.

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

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

**Six months ended December 26, 2025 compared to the six months ended December 27, 2024**

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

(In thousands)	December 26, 2025	As a % of Total Net Revenue	December 27, 2024	As a % of Total Net Revenue
Net revenues	\$ 458,081	100.0 %	\$ 427,556	100.0 %
Cost of revenues	334,549	73.0	314,940	73.7
Gross margin	123,532	27.0	112,616	26.3
Operating expenses:				
Selling, general and administrative	88,045	19.2	73,654	17.2
Research and development	28,565	6.2	39,751	9.3
Amortization of intangible assets	19,953	4.4	22,389	5.2
Restructuring and other charges	5,639	1.2	2,300	0.5
Acquisition costs and other related expenses	745	0.2	355	0.1
Total operating expenses	142,947	31.2	138,449	32.3
Loss from operations	(19,415)	(4.2)	(25,833)	(6.0)
Interest income	3,675	0.8	950	0.2
Interest expense	(15,735)	(3.4)	(17,336)	(4.1)
Other expense, net	(2,520)	(0.6)	(5,204)	(1.2)
Loss before income tax benefit	(33,995)	(7.4)	(47,423)	(11.1)
Income tax benefit	(6,385)	(1.4)	(12,319)	(2.9)
Net Loss	\$ (27,610)	(6.0)%	\$ (35,104)	(8.2)%

**REVENUES**

Total revenues increased \$30.5 million, or 7.1%, to \$458.1 million during the six months ended December 26, 2025, as compared to \$427.6 million during the six months ended December 27, 2024. Revenues increased year over year as we continued to execute on our program base, and continued toward full rate production of our common processing architecture programs. Point in time revenue and over time revenue represented 54% and 46%, respectively, of total revenues during the six months ended December 26, 2025, an increase of \$31.7 million and decrease of \$1.2 million, respectively. Point in time revenue and over time revenue each represented 50% of total revenue during the six months ended December 27, 2024.

Revenue increases by were driven by the modules and sub-assemblies, as well as the components product grouping which increased \$34.7 million and \$4.3 million, respectively, partially offset by the integrated solutions product grouping which decreased \$8.5 million, when compared to the prior period. The increase in total revenue was primarily driven by the C4I, other sensor and effector, and radar end applications with increases of \$28.6 million, \$5.2 million, and \$3.1 million, respectively, partially offset by decreases to other end applications and electronic warfare of \$4.6 million and \$1.8 million, respectively. The increase in total revenue was also driven by the Land, Other, Space, and Naval platforms with increases of \$22.8 million, \$11.6 million, \$3.2 million, and \$0.7 million, respectively, partially offset by a decrease to the Airborne platform of \$7.8 million. The largest program increases were related to two secure processing programs, KC-46, F/A-18, and an electronic warfare program, partially offset by Aegis. There were no programs comprising 10% or more of our revenues for the six months ended December 26, 2025 or December 27, 2024.

**GROSS MARGIN**

Gross margin was 27.0% for the six months ended December 26, 2025, an increase of 70 basis points from the 26.3% gross margin realized during the six months ended December 27, 2024. The higher gross margin was driven primarily by lower manufacturing variances of \$12.7 million and net estimate at completion ("EAC") change impact on our programs recognized over time of \$7.5 million recorded in the period, an incremental improvement of approximately \$5.2 million, or 100 basis points, when compared to the prior period, partially offset by higher scrap and inventory reserves of \$3.5 million and \$1.5 million, respectively. We may experience increases in our manufacturing costs related to the imposition of tariffs on the import of components from other countries. We have not seen material increases to these costs in fiscal 2026, but they could impact our gross margins in the future.

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

<i>(in thousands)</i>	Six Months Ended	
	December 26, 2025	December 27, 2024
Gross favorable	\$ 16,006	\$ 14,814
Gross unfavorable	(23,535)	(27,515)
Net impact of changes in estimates	<u>\$ (7,529)</u>	<u>\$ (12,701)</u>

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

#### SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses increased \$14.4 million, or 19.5%, to \$88.0 million during the six months ended December 26, 2025, as compared to \$73.7 million during the six months ended December 27, 2024. The increase was primarily driven by higher litigation and settlement expense, compensation costs, and software licensing fees of \$7.2 million, \$7.0 million, and \$1.5 million, respectively. These increases were partially offset by lower consulting and depreciation expense of \$1.3 million and \$1.2 million, respectively. The litigation and settlement expense incurred during the six months ended December 26, 2025 was primarily comprised of \$7.1 million related to the dispute with our former CEO, which was settled during the current quarter, as compared to \$1.4 million during the six months ended December 27, 2024. Litigation and settlement expense also included \$2.0 million related to contract matters as compared to \$0.2 million during the six months ended December 27, 2024.

#### RESEARCH AND DEVELOPMENT

Research and development expenses decreased \$11.2 million, or 28.1%, to \$28.6 million during the six months ended December 26, 2025, as compared to \$39.8 million during the six months ended December 27, 2024. The decrease was primarily driven by efficiency improvements and the savings from headcount reductions of 225 employees, initiated in fiscal 2025, resulting in lower expense of \$9.5 million, as well as decreased expense on depreciation, software license fees, and outside services of \$1.1 million, \$0.8 million, and \$0.6 million, respectively. These decreases were partially offset by higher supply expense of \$1.2 million.

#### AMORTIZATION OF INTANGIBLE ASSETS

We recognized \$9.7 million of amortization of intangible assets during the six months ended December 26, 2025, as compared to \$11.2 million during the six months ended December 27, 2024, primarily due to various customer relationship intangibles being fully amortized in fiscal 2025.

#### RESTRUCTURING AND OTHER CHARGES

Restructuring and other charges were \$5.6 million during the six months ended December 26, 2025, as compared to \$2.3 million during the six months ended December 27, 2024. Restructuring and other charges during the six months ended December 26, 2025 were primarily severance related charges associated with workforce reductions initiated during the six months ended that eliminated approximately 100 positions. Restructuring and other charges during the six months ended December 27, 2024 are primarily related to severance related charges.

#### ACQUISITION COSTS AND OTHER RELATED EXPENSES

Acquisition costs and other related expenses were \$0.7 million during the six months ended December 26, 2025, as compared to \$0.4 million during the six months ended December 27, 2024. Acquisition costs and other related expenses during the six months ended December 27, 2024 includes \$0.4 million related to run-rate amortization of fair value adjustments from purchase accounting.

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

#### INTEREST INCOME

We recognized \$3.7 million of interest income during the six months ended December 26, 2025, as compared to \$1.0 million during the six months ended December 27, 2024. The increase was driven by higher average cash and cash equivalents during the period.

#### INTEREST EXPENSE

We incurred \$15.7 million of interest expense during the six months ended December 26, 2025, as compared to \$17.3 million during the six months ended December 27, 2024. The decrease was driven by lower interest rates during the period on the Revolver.

#### OTHER EXPENSE, NET

Other expense, net decreased \$2.7 million to \$2.5 million during the six months ended December 26, 2025, as compared to \$5.2 million during the six months ended December 27, 2024. There was \$2.3 million of financing costs and \$0.6 million of net foreign currency translation losses during the six months ended December 26, 2025. During the six months ended December 27, 2024, there were \$3.4 million of financing costs, \$0.9 million of net foreign currency translation losses, \$0.7 million of consulting costs, and \$0.3 million of securities class action expense, partially offset by other income of \$0.2 million.

#### INCOME TAXES

We recorded an income tax benefit of \$6.4 million and \$12.3 million on a loss before income taxes of \$34.0 million and \$47.4 million for the six months ended December 26, 2025 and December 27, 2024, respectively.

During the six months ended December 26, 2025 and December 27, 2024, we recognized a tax benefit of \$2.1 million related to stock compensation windfalls and a tax provision of \$0.4 million related to stock compensation shortfalls, respectively.

The effective tax rate for the six months ended December 26, 2025 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, stock compensation windfalls, and state taxes. The effective tax rate for the six months ended December 27, 2024 differed from the federal statutory rate primarily due to federal and state research and development credits, non-deductible compensation, and state taxes.

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

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

#### LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity come from existing cash and cash generated from operations, our Revolver, and our ability to raise capital under our universal shelf registration statement. Our near-term fixed commitments for cash expenditures consist primarily of payments under operating leases and inventory purchase commitments. As of the six months ended December 26, 2025, our working capital balance decreased \$34.6 million, or 8%, as compared to the balance as of June 27, 2025.

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

### ***Shelf Registration Statement***

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

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

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

### ***Revolving Credit Facilities***

We have a 5-year Revolver with a maturity extended to November 4, 2030. The borrowing capacity as defined under the Revolver as of December 26, 2025 is the total availability of \$850.0 million less outstanding borrowings of \$591.5 million and outstanding letters of credit of \$5.9 million. During the six months ended December 26, 2025, we made no borrowings or repayments. As of December 26, 2025, we were in compliance with all covenants and conditions under the Revolver.

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

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

### ***Receivables Purchase Agreement***

On August 13, 2024, we entered into a \$60.0 million committed receivables purchase and servicing agreement (“RPSA”) with a new party. The RPSA has an initial term of two years. Pursuant to the RPSA, the new party has committed to purchase receivables at a discount from a list of certain of our customers, maintaining a balance of purchased receivables at or below \$60.0 million. On December 10, 2025, the Company amended the RPSA to increase the facility from \$60.0 million to \$75.0 million. We had \$75.0 million of factored accounts receivable, of which \$42.7 million was included as a contra account within Accounts receivable, net of allowance for credit losses on our Consolidated Balance Sheet and \$32.3 million was recorded in Due to factoring facility on our Consolidated Balance Sheet as of December 26, 2025. We incurred factoring fees of approximately \$1.0 million during the six months ended December 26, 2025. We had \$60.0 million of factored accounts receivable, of which \$58.1 million was included as a contra account within Accounts receivable, net of allowance for credit losses on our Consolidated Balance Sheet and \$1.9 million was recorded in Due to factoring facility on our Consolidated Balance Sheet as of December 27, 2024. We incurred factoring fees of approximately \$0.8 million during the six months ended December 27, 2024.

### ***Share Repurchase Agreement***

On November 3, 2025, the Board of Directors authorized a new share repurchase program for the purchase of up to \$200.0 million of our outstanding common stock. The program has no expiration date and repurchases may be made through open market or privately negotiated transactions from time to time at prevailing market prices. The timing and amount of repurchases will depend on market conditions and other factors. Repurchased shares are accounted for as authorized and unissued shares. All share repurchases are made in accordance with Rule 10b-18. During the second quarter and six months ended December 26, 2025, 221,510 shares of our common stock were repurchased under the share repurchase program at an average cost of \$67.70 per share. As of December 26, 2025, there was \$185.0 million available for future share repurchases under this share repurchase program.

## CASH FLOWS

(In thousands)	As of and For the Six Months Ended,	
	December 26, 2025	December 27, 2024
Net cash provided by operating activities	\$ 53,793	\$ 70,802
Net cash used in investing activities	\$ (12,450)	\$ (7,891)
Net cash used in financing activities	\$ (15,429)	\$ (757)
Net increase in cash and cash equivalents	\$ 25,891	\$ 62,044
Cash and cash equivalents at end of period	\$ 334,990	\$ 242,565

Our cash and cash equivalents increased by \$25.9 million from June 27, 2025 to December 26, 2025, as the result of \$53.8 million of cash provided by operating activities, partially offset by \$15.0 million of cash paid in the purchase and retirement of common stock and \$12.5 million invested in purchases of property and equipment.

### Operating Activities

During the six months ended December 26, 2025, we had an inflow of \$53.8 million in cash from operating activities compared to a \$70.8 million inflow during the six months ended December 27, 2024. The reduced inflow during the six months ended December 26, 2025 was primarily due to a \$59.4 million lower inflow from deferred revenues and customer advances, an outflow of \$29.8 million due to prepaid expenses and other current assets, as compared to an inflow of \$2.2 million in the prior period, and a \$23.4 million lower inflow from accounts receivable, unbilled receivables, and costs in excess of billings. This activity was partially offset by an increase of \$67.0 million from accounts payable, accrued expenses, accrued compensation, and due to factoring, as compared to a decrease in the prior period of \$19.8 million. Under the terms of the RPSA for some customers, we will collect customer payments related to factored receivables, which are then remitted to the counterparty after receipt. As of December 26, 2025, we had collected \$32.3 million on behalf of the RPSA. These collected balances are reflected as Cash and cash equivalents and the related obligation to remit the cash to the counterparty is recorded in Due to factoring facility on our Consolidated Balance Sheet. The lower inflow of cash from operating activities was also offset by a lower net loss of \$7.5 million, and higher stock-based compensation expense of \$6.1 million. The settlement in principle of the federal securities class action lawsuit, which is expected to be covered by our insurance, reached during the six months ended September 26, 2025, increased the cash provided by accrued expenses and was offset by a \$32.5 million outflow in other current assets, respectively.

### Investing Activities

During the six months ended December 26, 2025, we had higher purchases of property and equipment of \$12.5 million, an increase of \$2.7 million, as compared to \$9.8 million during the six months ended December 27, 2024. The six months ended December 27, 2024 also included an inflow of \$1.9 million due to other investing activities.

### Financing Activities

During the six months ended December 26, 2025, we had \$15.0 million of cash paid related to the purchase and retirement of common stock as well as \$3.2 million of cash paid in financing costs in conjunction with the amendment to our Revolver during the second quarter of fiscal 2026, partially offset by \$2.7 million proceeds from employee stock plans. The six months ended December 27, 2024, included \$2.2 million of cash paid in financing costs in conjunction with the amendment to our Revolver during the first quarter of fiscal 2025, partially offset by \$1.5 million proceeds from employee stock plans.

## COMMITMENTS, CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The following is a schedule of our commitments and contractual obligations outstanding at December 26, 2025:

(In thousands)	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Purchase obligations	\$ 203,714	\$ 185,968	\$ 12,676	\$ 5,070	\$ —
Operating leases	74,023	15,164	29,398	19,326	10,135
	<u>\$ 277,737</u>	<u>\$ 201,132</u>	<u>\$ 42,074</u>	<u>\$ 24,396</u>	<u>\$ 10,135</u>

Purchase obligations represent open non-cancelable purchase commitments for certain inventory components and services used in normal operations. The purchase commitments covered by these agreements aggregated approximately \$203.7 million at December 26, 2025.

We have a liability at December 26, 2025 of \$4.0 million for uncertain tax positions that have been taken or are expected to be taken in various income tax returns. We do not know the ultimate resolution on these uncertain tax positions and as such, do not know the ultimate timing of payments or amount, if any, related to this liability. Accordingly, these amounts are not included in the above table.

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

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

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

#### **OFF-BALANCE SHEET ARRANGEMENTS**

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

#### **NON-GAAP FINANCIAL MEASURES**

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

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

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

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

(In thousands)	Second Quarters Ended		Six Months Ended	
	December 26, 2025	December 27, 2024	December 26, 2025	December 27, 2024
	Net loss	\$ (15,095)	\$ (17,579)	\$ (27,610)
Other non-operating adjustments, net	(299)	2,549	449	814
Interest expense, net	6,201	8,024	12,060	16,386
Income tax benefit	(2,364)	(6,725)	(6,385)	(12,319)
Depreciation	8,606	9,768	17,260	19,753
Amortization of intangible assets	9,694	11,154	19,953	22,389
Restructuring and other charges	4,055	40	5,639	2,300
Impairment of long-lived asset	—	—	—	—
Acquisition, financing and other third party costs	1,514	1,109	2,831	3,440
Fair value adjustments from purchase accounting	131	178	262	355
Litigation and settlement expense, net	2,287	2,087	9,511	3,481
Stock-based and other non-cash compensation expense	15,285	11,424	31,613	21,984
Adjusted EBITDA	\$ 30,015	\$ 22,029	\$ 65,583	\$ 43,479

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

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

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

(In thousands, except per share data)	Second Quarters Ended			
	December 26, 2025		December 27, 2024	
Net loss and loss per share	\$ (15,095)	\$ (0.26)	\$ (17,579)	\$ (0.30)
Other non-operating adjustments, net	(299)		2,549	
Amortization of intangible assets	9,694		11,154	
Restructuring and other charges	4,055		40	
Impairment of long-lived assets	—		—	
Acquisition, financing and other third party costs	1,514		1,109	
Fair value adjustments from purchase accounting	131		178	
Litigation and settlement expense, net	2,287		2,087	
Stock-based and other non-cash compensation expense	15,285		11,424	
Impact to income taxes <sup>(1)</sup>	(8,135)		(7,022)	
Adjusted income and adjusted earnings per share <sup>(2)</sup>	\$ 9,437	\$ 0.16	\$ 3,940	\$ 0.07
Diluted weighted-average shares outstanding		60,523		58,843

(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 a \$0.01 impact and no impact to the calculation of adjusted earnings per share as a result of this for the second quarters ended December 26, 2025 and December 27, 2024, respectively.

(In thousands, except per share data)	Six Months Ended			
	December 26, 2025		December 27, 2024	
Net loss and loss per share	\$ (27,610)	\$ (0.47)	\$ (35,104)	\$ (0.60)
Other non-operating adjustments, net	449		814	
Amortization of intangible assets	19,953		22,389	
Restructuring and other charges	5,639		2,300	
Impairment of long-lived assets	—		—	
Acquisition and financing costs	2,831		3,440	
Fair value adjustments from purchase accounting	262		355	
Litigation and settlement expense, net	9,511		3,481	
Stock-based and other non-cash compensation expense	31,613		21,984	
Impact to income taxes <sup>(1)</sup>	(17,651)		(13,275)	
Adjusted income and adjusted earnings per share <sup>(2)</sup>	\$ 24,997	\$ 0.41	\$ 6,384	\$ 0.11
Diluted weighted-average shares outstanding		60,349		58,752

(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 and no impact to the calculation of adjusted earnings per share as a result of this for the six months ended December 26, 2025 and December 27, 2024, respectively.

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

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

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

<b>(In thousands)</b>	<b>Second Quarters Ended</b>		<b>Six Months Ended</b>	
	<b>December 26, 2025</b>	<b>December 27, 2024</b>	<b>December 26, 2025</b>	<b>December 27, 2024</b>
Net cash provided by operating activities	\$ 51,611	\$ 85,462	\$ 53,793	\$ 70,802
Purchase of property and equipment	(5,902)	(3,555)	(12,450)	(9,791)
Free cash flow	\$ 45,709	\$ 81,907	\$ 41,343	\$ 61,011

#### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

#### RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

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

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There were no material changes in our exposure to market risk from June 27, 2025 to December 26, 2025.

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

We conducted an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), regarding the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 26, 2025. We continue to review our disclosure controls and procedures and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our Company’s business. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

***(b) Changes in Internal Control Over Financial Reporting***

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended December 26, 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

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

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

There were no sales of unregistered equity securities during the quarter ended December 26, 2025.

The table below summarizes our repurchases of common stock during the three months ended December 26, 2025. See Note O for more information on our share repurchase program.

Period	Total Number of Shares Purchased	Average Price Paid per Share <sup>(2)</sup>	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(3)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (\$ in thousands) <sup>(3)</sup>
September 27, 2025 - October 24, 2025 <sup>(1)</sup>	—	\$ —	—	\$ 200,000
October 25, 2025 - November 21, 2025 <sup>(1)</sup>	168,903	68.06	168,903	188,504
November 22, 2025 - December 26, 2025 <sup>(1)</sup>	52,607	66.56	52,607	185,003
Total	221,510	\$ 67.70	221,510	\$ 185,003

(1) We close our books and records for each 52-week or 53-week fiscal year on the Friday closest to the last day in June to align our financial close with our business processes and needs. As a result, our fiscal months often differ from calendar months. For example, December 26, 2025 was the last day of our December 2025 fiscal month.

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

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

### ITEM 5. OTHER INFORMATION

#### 10b5-1 Plans

During the second quarter ended December 26, 2025, none of the Company's directors or executive officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement as each term is defined in Section 408(a) of Regulation S-K.

**ITEM 6. EXHIBITS**

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

<a href="#"><u>10.1*</u></a>	<a href="#"><u>Form of Indemnification Agreement between the Company and each of its Directors and Executive Officers</u></a>
<a href="#"><u>31.1</u></a>	<a href="#"><u>Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>31.2</u></a>	<a href="#"><u>Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
<a href="#"><u>32.1+</u></a>	<a href="#"><u>Certification of the Company's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
101.INS	eXtensible Business Reporting Language (XBRL) Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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

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

**MERCURY SYSTEMS, INC.**

**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in  
MERCURY SYSTEMS, INC.

By:

/s/ DAVID E. FARNSWORTH

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**David E. Farnsworth**  
**Executive Vice President,**  
**Chief Financial Officer**

Andover, Massachusetts, on February 3, 2026.

## INDEMNIFICATION AGREEMENT

This Indemnification Agreement (“Agreement”), dated as of [DATE], is by and between Mercury Systems, Inc., a Massachusetts corporation (the “Company”) and [NAME OF DIRECTOR/OFFICER] (the “Indemnitee”).

WHEREAS, Indemnitee is a director or an officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies;

WHEREAS, the board of directors of the Company (the “Board”) has determined that enhancing the ability of the Company to retain and attract as directors and officers the most capable persons is in the best interests of the Company and that the Company therefore should seek to assure such persons that indemnification and insurance coverage is available; and

WHEREAS, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee’s continued service as a director or officer, as applicable, of the Company and to enhance Indemnitee’s ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company’s Articles of Organization or By-Laws (collectively, the “Constituent Documents”), any change in the composition of the Board or any change in control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancement of Expenses (as defined in Section 1(f) below) to, Indemnitee as set forth in this Agreement and to the extent insurance is maintained for the continued coverage of Indemnitee under the Company’s directors’ and officers’ liability insurance policies.

NOW, THEREFORE, in consideration of the foregoing and the Indemnitee’s agreement to continue to provide services to the Company, the parties agree as follows:

1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) “Beneficial Owner” has the meaning given to the term “beneficial owner” in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

(b) “Change in Control” means the occurrence after the date of this Agreement of any of the following events:

(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of the Company’s then outstanding Voting Securities unless the change in relative Beneficial Ownership of the Company’s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

(ii) the consummation of a reorganization, merger or consolidation, unless immediately following such reorganization, merger or consolidation, all of the Beneficial Owners of the Voting Securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 25% of the combined voting power of the outstanding Voting Securities of the entity resulting from such transaction;

(iii) during any period of two consecutive years, not including any period prior to the execution of this Agreement, individuals who at the beginning of such period constituted the Board (including for this purpose any new directors whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any reason to constitute at least a majority of the Board; or

(iv) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(c) "Claim" means:

(i) any threatened, pending or completed action, suit, proceeding or alternative dispute resolution mechanism, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; or

(ii) any inquiry, hearing or investigation that the Indemnitee determines might lead to the institution of any such action, suit, proceeding or alternative dispute resolution mechanism.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(e) "Expenses" means any and all expenses, including attorneys' and experts' fees, court costs, transcript costs, travel expenses, duplicating, printing and binding costs, telephone charges, and all other costs and expenses incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Claim, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 5 only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) “Expense Advance” means any payment of Expenses advanced to Indemnitee by the Company pursuant to Section 4 or Section 5 hereof.

(g) “Massachusetts Court” shall have the meaning ascribed to it in [Section 9\(e\)](#) below.

(h) “Indemnifiable Event” means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was a director, officer, employee or agent of the Company or any subsidiary of the Company, or is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise (collectively with the Company, “Enterprise”) or by reason of an action or inaction by Indemnitee in any such capacity (whether or not serving in such capacity at the time any Loss is incurred for which indemnification can be provided under this Agreement).

(i) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently performs, nor in the past three years has performed, services for either: (i) the Company or Indemnitee (other than in connection with matters concerning Indemnitee under this Agreement or of other indemnitees under similar agreements) or (ii) any other party to the Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(j) “Losses” means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA excise taxes, amounts paid or payable in settlement, including any interest, assessments, any federal, state, local or foreign taxes imposed as a result of the actual or deemed receipt of any payments under this Agreement and all other charges paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness or participate in, any Claim.

(k) “Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity and includes the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act.

(l) “Standard of Conduct Determination” shall have the meaning ascribed to it in [Section 9\(b\)](#) below.

(m) “Voting Securities” means any securities of the Company that vote generally in the election of directors.

2. [Services to the Company](#). Indemnitee agrees to continue to serve as a director or officer of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee

tenders his or her resignation or is no longer serving in such capacity. This Agreement shall not be deemed an employment agreement between the Company (or any of its subsidiaries or Enterprise) and Indemnitee. Indemnitee specifically acknowledges that his or her service to the Company or any of its subsidiaries or Enterprise is at will and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment agreement between Indemnitee and the Company (or any of its subsidiaries or Enterprise), other applicable formal severance policies duly adopted by the Board or, with respect to service as a director or officer of the Company, by the Company's Constituent Documents or Massachusetts law.

3. Indemnification. Subject to Section 9 and Section 10 of this Agreement, the Company shall indemnify Indemnitee, to the fullest extent permitted by the laws of the Commonwealth of Massachusetts in effect on the date hereof, or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, against any and all Losses if Indemnitee was or is or becomes a party to or participant in, or is threatened to be made a party to or participant in, any Claim by reason of or arising in part out of an Indemnifiable Event, including, without limitation, Claims brought by or in the right of the Company, Claims brought by third parties, and Claims in which the Indemnitee is solely a witness.

4. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company, prior to the final disposition of any Claim by final adjudication to which there are no further rights of appeal, of any and all Expenses actually and reasonably paid or incurred by Indemnitee in connection with any Claim arising out of an Indemnifiable Event. Indemnitee's right to such advancement is not subject to the satisfaction of any standard of conduct. Without limiting the generality or effect of the foregoing, within thirty (30) days after any request by Indemnitee, the Company shall, in accordance with such request, (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses. In connection with any request for Expense Advances, Indemnitee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. In connection with any request for Expense Advances, Indemnitee shall execute and deliver to the Company an undertaking (which shall be accepted without reference to Indemnitee's ability to repay the Expense Advances) to repay any amounts paid, advanced, or reimbursed by the Company for such Expenses to the extent that it is ultimately determined, following the final disposition of such Claim, that Indemnitee is not entitled to indemnification hereunder. Indemnitee's obligation to reimburse the Company for Expense Advances shall be unsecured and no interest shall be charged thereon.

5. Indemnification for Expenses in Enforcing Rights. To the fullest extent allowable under applicable law, the Company shall also indemnify against, and, if requested by Indemnitee, shall advance to Indemnitee subject to and in accordance with Section 4, any Expenses actually and reasonably paid or incurred by Indemnitee in connection with any action or proceeding by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Claims relating to Indemnifiable Events, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be

entitled to such indemnification or insurance recovery, as the case may be. However, in the event that Indemnitee is ultimately determined not to be entitled to such indemnification or insurance recovery, as the case may be, then all amounts advanced under this Section 5 shall be repaid. Indemnitee shall be required to reimburse the Company in the event that a final judicial determination is made that such action brought by Indemnitee was frivolous or not made in good faith.

6. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of any Losses in respect of a Claim related to an Indemnifiable Event but not for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

7. Notification and Defense of Claims.

(a) Notification of Claims. Indemnitee shall notify the Company in writing as soon as practicable of any Claim which could relate to an Indemnifiable Event or for which Indemnitee could seek Expense Advances, including a brief description (based upon information then available to Indemnitee) of the nature of, and the facts underlying, such Claim. The failure by Indemnitee to timely notify the Company hereunder shall not relieve the Company from any liability hereunder unless the Company's ability to participate in the defense of such claim was materially and adversely affected by such failure.

(b) Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any such Claim, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, however, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of such Claim, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel or (iv) the Company shall not in fact have employed counsel to assume the defense of such Claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

8. Procedure upon Application for Indemnification. In order to obtain indemnification pursuant to this Agreement, Indemnitee shall submit to the Company a written request therefor, including in such request such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Claim, provided that

documentation and information need not be so provided to the extent that the provision thereof would undermine or otherwise jeopardize attorney-client privilege. Indemnification shall be made insofar as the Company determines Indemnitee is entitled to indemnification in accordance with Section 9 below.

9. Determination of Right to Indemnification.

(a) Mandatory Indemnification; Indemnification as a Witness.

(i) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Claim relating to an Indemnifiable Event or any portion thereof or in defense of any issue or matter therein, including without limitation dismissal without prejudice, Indemnitee shall be indemnified against all Losses relating to such Claim in accordance with Section 3 to the fullest extent allowable by law.

(ii) To the extent that Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to prepare to serve and serve as a witness, and not as a party, the Indemnitee shall be indemnified against all Losses incurred in connection therewith to the fullest extent allowable by law.

(b) Standard of Conduct. To the extent that the provisions of Section 9(a) are inapplicable to a Claim related to an Indemnifiable Event that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Massachusetts law that is a legally required condition to indemnification of Indemnitee hereunder against Losses relating to such Claim and any determination that Expense Advances must be repaid to the Company (a "Standard of Conduct Determination") shall be made as follows:

(i) if no Change in Control has occurred, (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum or (C) if there are no such Disinterested Directors, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and

(ii) if a Change in Control shall have occurred, (A) if the Indemnitee so requests in writing, by a majority vote of the Disinterested Directors, even if less than a quorum of the Board or (B) otherwise, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within thirty (30) days of such request, any and all Expenses incurred by Indemnitee in cooperating with the person or persons making such Standard of Conduct Determination.

(c) Making the Standard of Conduct Determination. The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 9(b) to be made as promptly as practicable. If the person or persons designated to make the Standard of Conduct Determination under Section 9(b) shall not have made a determination within 30 days after the later of (A) receipt by the Company of a written request from Indemnitee for indemnification pursuant to Section 8 (the date of such receipt being the “Notification Date”) and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; provided that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person or persons making such determination in good faith requires such additional time to obtain or evaluate information relating thereto. Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of any Claim.

(d) Payment of Indemnification. If, in regard to any Losses:

(i) Indemnitee shall be entitled to indemnification pursuant to Section 9(a);

(ii) no Standard Conduct Determination is legally required as a condition to indemnification of Indemnitee hereunder; or

(iii) Indemnitee has been determined or deemed pursuant to Section 9(b) or Section 9(c) to have satisfied the Standard of Conduct Determination,

then the Company shall pay to Indemnitee, within five days after the later of (A) the Notification Date or (B) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) is satisfied, an amount equal to such Losses.

(e) Selection of Independent Counsel for Standard of Conduct Determination. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b)(i), the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is to be made by Independent Counsel pursuant to Section 9(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of “Independent Counsel” in Section 1(i), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person or firm so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent

Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit; and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences, the introductory clause of this sentence and numbered clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 9(e) to make the Standard of Conduct Determination shall have been selected within 20 days after the Company gives its initial notice pursuant to the first sentence of this Section 9(e) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 9(e), as the case may be, either the Company or Indemnitee may petition a court of competent jurisdiction in The Commonwealth of Massachusetts ("Massachusetts Court") to resolve any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or to appoint as Independent Counsel a person to be selected by the Court or such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 9(b).

(f) Presumptions and Defenses.

(i) Indemnitee's Entitlement to Indemnification. In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the Company shall have the burden of proof to overcome that presumption and establish that Indemnitee is not so entitled. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by the Indemnitee in the Massachusetts Court. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct may be used as a defense to any legal proceedings brought by Indemnitee to secure indemnification or reimbursement or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(ii) Reliance as a Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act are taken in good faith reliance upon the records of the Company, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board or by any other Person

(including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and/or actions, or failures to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

(iii) No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or have any particular belief, or that indemnification hereunder is otherwise not permitted.

(iv) Defense to Indemnification and Burden of Proof. It shall be a defense to any action brought by Indemnitee against the Company to enforce this Agreement (other than an action brought to enforce a claim for Losses incurred in defending against a Claim related to an Indemnifiable Event in advance of its final disposition) that it is not permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed. In connection with any such action or any related Standard of Conduct Determination, the burden of proving such a defense or that the Indemnitee did not satisfy the applicable standard of conduct shall be on the Company.

10. Exclusions from Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated to:

(a) indemnify or advance funds to Indemnitee for Expenses or Losses with respect to proceedings initiated by Indemnitee, including any proceedings against the Company or its directors, officers, employees or other indemnitees and not by way of defense, except:

(i) proceedings referenced in Section 5 above (unless a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous); or

(ii) where the Company has joined in or the Board has consented to the initiation of such proceedings.

(b) indemnify Indemnitee if a final decision by a court of competent jurisdiction determines that such indemnification is prohibited by applicable law.

(c) indemnify Indemnitee for the disgorgement of profits arising from the purchase or sale by Indemnitee of securities of the Company in violation of Section 16(b) of the Exchange Act, or any similar successor statute.

(d) indemnify or advance funds to Indemnitee for Indemnitee's reimbursement to the Company of any bonus or other incentive-based or equity-based compensation

previously received by Indemnitee, or payment of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements under Section 304 of the Sarbanes-Oxley Act of 2002 in connection with an accounting restatement of the Company or under any clawback policy adopted by the Company, including the Company's clawback policy to comply with Rule 10D-1 under the Exchange Act and applicable stock exchange listing requirements, or the payment to the Company of profits arising from the purchase or sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act).

11. Settlement of Claims. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Claim related to an Indemnifiable Event effected without the Company's prior written consent, which shall not be unreasonably withheld; provided, however, that if a Change in Control has occurred, the Company shall be liable for indemnification of the Indemnitee for amounts paid in settlement if an Independent Counsel has approved the settlement. The Company shall not settle any Claim related to an Indemnifiable Event in any manner that would impose any Losses on the Indemnitee without the Indemnitee's prior written consent.

12. Duration. All agreements and obligations of the Company contained herein shall continue during the period that Indemnitee is a director or officer of the Company (or is serving at the request of the Company as a director, officer, employee, member, trustee or agent of another Enterprise) and shall continue thereafter (i) so long as Indemnitee may be subject to any possible Claim relating to an Indemnifiable Event (including any rights of appeal thereto) and (ii) throughout the pendency of any proceeding (including any rights of appeal thereto) commenced by Indemnitee to enforce or interpret his or her rights under this Agreement, even if, in either case, he or she may have ceased to serve in such capacity at the time of any such Claim or proceeding.

13. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, the Massachusetts Business Corporations Act, any other contract or otherwise (collectively, "Other Indemnity Provisions"); provided, however, that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder.

14. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Losses to the extent Indemnitee has otherwise received payment under any insurance policy, the Constituent Documents, Other Indemnity Provisions or otherwise of the amounts otherwise indemnifiable by the Company hereunder.

15. Subrogation. In the event of payment to Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee. Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

16. Amendments. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be binding unless in the form of a writing signed by the party against whom enforcement of the waiver is sought, and no such waiver shall operate as a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided herein, no failure to exercise or any delay in exercising any right or remedy hereunder shall constitute a waiver thereof.

17. Binding Effect. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

18. Severability. The provisions of this Agreement shall be severable in the event that any of the provisions hereof (including any portion thereof) are held by a court of competent jurisdiction to be invalid, illegal, void or otherwise unenforceable, and the remaining provisions shall remain enforceable to the fullest extent permitted by law. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

19. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed, by postage prepaid, certified or registered mail:

- (a) if to Indemnitee, to the address set forth on the signature page hereto.
- (b) if to the Company, to: Mercury Systems, Inc.

Attn: Chief Legal Officer

50 Minuteman Road

Andover, MA 01810

Notice of change of address shall be effective only when given in accordance with this Section. All notices complying with this Section shall be deemed to have been received on the date of hand delivery or on the third business day after mailing.

20. Governing Law and Forum. This Agreement shall be governed by and construed and enforced in accordance with the laws of The Commonwealth of Massachusetts applicable to

contracts made and to be performed in such state without giving effect to its principles of conflicts of laws. The Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Massachusetts Court and not in any other state or federal court in the United States, (b) consent to submit to the exclusive jurisdiction of the Massachusetts Court for purposes of any action or proceeding arising out of or in connection with this Agreement and (c) waive, and agree not to plead or make, any claim that the Massachusetts Court lacks venue or that any such action or proceeding brought in the Massachusetts Court has been brought in an improper or inconvenient forum.

21. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation thereof.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original, but all of which together shall constitute one and the same Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

MERCURY SYSTEMS, INC.

By: \_\_\_\_\_

Name:

Title:

INDEMNITEE

\_\_\_\_\_

Name:

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*[Signature Page to the Indemnification Agreement]*



## CERTIFICATION

I, William L. Ballhaus, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mercury Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ WILLIAM L. BALLHAUS

William L. Ballhaus

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

Date: February 3, 2026

## CERTIFICATION

I, David E. Farnsworth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mercury Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID E. FARNSWORTH

David E. Farnsworth

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

Date: February 3, 2026

Mercury Systems, Inc.

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

In connection with the Quarterly Report of Mercury Systems, Inc. (the "Company") on Form 10-Q for the period ended December 26, 2025 as filed with the Securities and Exchange Commission (the "Report"), we, William L. Ballhaus, Chairman, President and Chief Executive Officer of the Company, and David E. Farnsworth, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18, United States Code, that to our knowledge the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 3, 2026

/s/ WILLIAM L. BALLHAUS

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William L. Ballhaus  
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

/s/ DAVID E. FARNSWORTH

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David E. Farnsworth  
EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER