

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

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

Date of report (Date of earliest event reported): May 11, 2021

Mercury Systems, Inc.

(Exact Name of Registrant as Specified in its Charter)

Massachusetts
(State or Other Jurisdiction
of Incorporation)

000-23599
(Commission File Number)

04-2741391
(IRS Employer
Identification No.)

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

01810
(Zip Code)

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

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

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

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

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

Emerging growth company

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01	MRCY	Nasdaq Global Select Market

Item 7.01 Regulation FD Disclosure.

The management of Mercury Systems, Inc. (the "Company") will present an overview of the Company's business on May 11, 2021 at the Goldman Sachs Industrials & Materials Conference. Attached as exhibit 99.1 to this Current Report is a copy of the presentation to be made by the Company at the conference.

The information provided in Item 7.01 of this Current Report on Form 8-K and in the attached exhibit 99.1 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. This Current Report will not be deemed an admission as to the materiality of any information in this report that is being disclosed pursuant to Regulation FD.

Please refer to page 2 of exhibit 99.1 for a discussion of certain forward-looking statements included therein and the risks and uncertainties related thereto, as well as the use of non-GAAP financial measures included therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation materials dated May 11, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Dated: May 11, 2021

MERCURY SYSTEMS, INC.

By: /s/ Michael D. Ruppert
Michael D. Ruppert
Executive Vice President, Chief Financial Officer, and Treasurer

The Mercury logo is displayed in a white, lowercase, sans-serif font against a dark blue background. The background of the entire slide features a blue-tinted photograph of a young child from behind, pointing towards a sky with clouds and several fighter jets flying in formation. A white geometric frame is overlaid on the right side of the image.

mercury

**GOLDMAN SACHS
INDUSTRIALS &
MATERIALS CONFERENCE**

Mark Aslett
President & CEO

Mike Ruppert
Executive Vice President & CFO

May 11, 2021

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Forward-looking safe harbor statement

This presentation contains certain forward-looking statements, as that term is defined in the Private Securities Litigation Reform Act of 1995, including those relating to the acquisitions described herein and to fiscal 2021 business performance and beyond and the Company's plans for growth and improvement in profitability and cash flow. You can identify these statements by the use of the words "may," "will," "could," "should," "would," "plans," "expects," "anticipates," "continue," "estimate," "project," "intend," "likely," "forecast," "probable," "potential," and similar expressions. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include, but are not limited to, continued funding of defense programs, the timing and amounts of such funding, general economic and business conditions, including unforeseen weakness in the Company's markets, effects of epidemics and pandemics such as COVID, effects of any U.S. federal government shutdown or extended continuing resolution, effects of continued geopolitical unrest and regional conflicts, competition, changes in technology and methods of marketing, delays in completing engineering and manufacturing programs, changes in customer order patterns, changes in product mix, continued success in technological advances and delivering technological innovations, changes in, or in the U.S. Government's interpretation of, federal export control or procurement rules and regulations, market acceptance of the Company's products, shortages in components, production delays or unanticipated expenses due to performance quality issues with outsourced components, inability to fully realize the expected benefits from acquisitions and restructurings, or delays in realizing such benefits, challenges in integrating acquired businesses and achieving anticipated synergies, increases in interest rates, changes to industrial security and cyber-security regulations and requirements, changes in tax rates or tax regulations, changes to interest rate swaps or other cash flow hedging arrangements, changes to generally accepted accounting principles, difficulties in retaining key employees and customers, unanticipated costs under fixed-price service and system integration engagements, and various other factors beyond our control. These risks and uncertainties also include such additional risk factors as are discussed in the Company's filings with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended July 3, 2020. The Company cautions readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

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

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

Mercury Systems at-a-glance

Innovation That Matters. By and For People Who Matter.

Founded in
1981
NASDAQ: MRCY

Transformational business model at the intersection of high tech and defense

Making commercial technology profoundly more accessible

Our goal is to provide all processing solutions on every system requiring uncompromised computing

Deployed on 300+ programs – serving defense Primes and critical infrastructure providers

Defense industry's highest Glassdoor employee ratings

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Mercury Systems by the numbers

2,300+

Number of team members globally,
~30% hold DoD security clearances

4-5x

Research & development relative
investment compared to our industry

\$797M

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

24

Global state-of-the-art facilities

300+

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

\$176M

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

35+

Years of tech leadership
in the A&D industry





















25+

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

12

Number of M&A transactions
completed since FY14

Mercury solutions deployed on 300+ programs with 25+ primes

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

Investment highlights

Innovative growth company at intersection of high tech and defense

Focused on large, growing, well-funded addressable markets

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

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

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

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

Mercury's financial profile demonstrates our unique strategy



Notes:
 • Market data per FactSet as of July 14, 2020. Market participant data based on LTM from Mercury's fiscal 2020 year end and comparable historical period per FactSet. Mercury FY17-FY20 financial information based on historical data per Mercury's Form 10-Ks. Financial information represents reported results and are not adjusted for acquisitions or divestitures.
 • Mercury FY21 financial information reflects the mid-point of guidance provided within Mercury's earnings release dated May 4, 2021.
 • TIER 2 DEFENSE INDEX: AMV, Aerget, Bodebyne, Acquirment, AVON Enterprise Ball Corporation, BAW Technologies, Camtech 13, Communications Corp, Cubic, Curtiss-Wright, Ducommun, Elbit Systems, RLR Systems, HECCO, Hexcel, Honeywell Int'l, Kaman, Kratos Defense & Security Solutions, L3Harris Technologies, Maxar, Moog, Oshkosh, O3 Systems, Teledyne Technologies, Textron, TransDigm Group, Triumph Group, Viasat, Woodward, Inc.

THANK YOU.

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APPENDIX

Mercury strategy: A plan to meet market needs at speed

1/
Invest to grow organically

2/
Expand capabilities,
market access and penetration
through M&A

3/
Invest in trusted, secure
Innovation That Matters®

4/
Continuously improve
operational capability
and scalability

5/
Attract and retain
the right talent

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

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

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

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



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

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

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

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

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

Sensor Processing



Sensor Processing

Open Middleware
Security
Displays
Rugged Embedded Comp
Storage
Sensor Interface
Digitization
RF

Platform & Mission Management



Avionics/Vetronics

Certification
Security
Displays
Mission Computer
Safety
Network Management
Video Switching
PNT/APNT

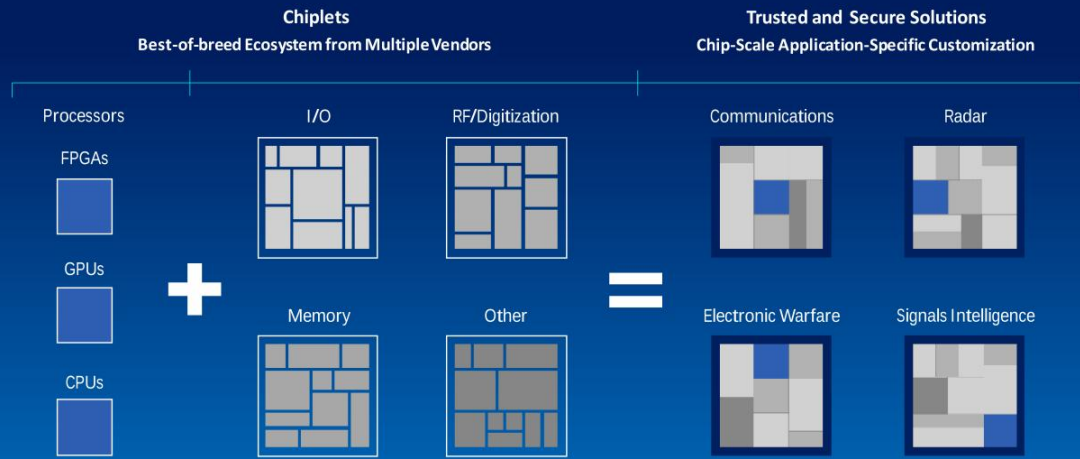
C3I



C2/Comms

Software Integration
Security
Displays
Mission Computer
Storage
Network Management
Comms/Datalink
Rugged Servers

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



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

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



C4I Tier 2 market
\$22.4B
4.1% CAGR



Provide all other computers that need trust, security, safety

Trusted and Secure Computing

SEMS Tier 2 market
\$16.4B
4.6% CAGR



Move into adjacent submarkets and other system sensors

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

Notes

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

Sources: RSNalysis research & analysis, November 2019. CAGRs referenced are for periods GP19-GP24. Numbers are rounded.

Six major trends shaping the defense industry

1/ Defense spending pressures

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

2/ Challenging global security environment

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

3/ Defense electronics modernization underway

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

4/ Investment and innovation challenges

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

5/ Need access to commercial technology

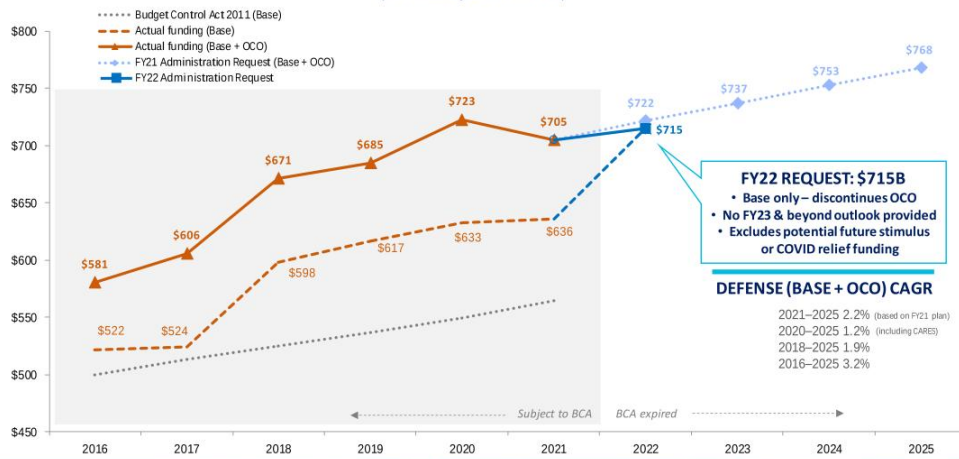
Leverage high-tech commercial investment and innovation; must be tailored for defense purposes. Microelectronics elevated to DoD's #1 technology priority

6/ Imperative for U.S.-produced technology

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

FY22 DoD initial request adds \$10B over FY21 appropriated amount, but no out year guidance has been provided

Topline Defense Budget Outlook
(Discretionary BA, Current \$B)



Notes

- FY20 O51 appropriations amount \$723B includes \$88 of MILCON emergency requirements and \$10B of CARES stimulus in OCO
- Budget and BCA Caps represent the O51 account (DoD)
- BBA O51 totals are estimated using O50 cap and typical O51 rate
- BCA Caps expire after FY21

Sources









BBA 2019, FY21 PBR, CBO, CRS, OMB, FY20 DoD Green Book, FY18-21 Defense Appropriations bills, FY21 OMB "skinny budget" release, RSAdvisors research & analysis

The A&D electronics systems market is ~ \$125B annually
Our total addressable market is now ~\$40B

Aerospace & Defense Platform and Systems Electronics Content

C4I (\$22.4B)*

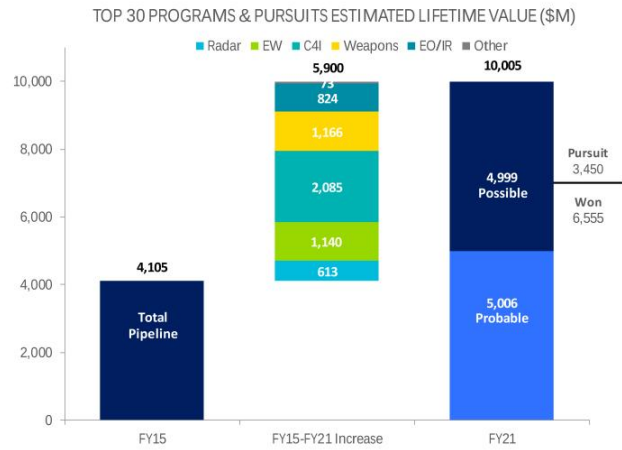
Sensor & Effector Mission Systems (\$16.4B)*

MARKET SEGMENT	C4I (\$22.4B)*				Sensor & Effector Mission Systems (\$16.4B)*			
	Platform & Mission Mgmt	C2I	Comms	EW	Radar	EO/IR	Acoustics	Weapons
								
	Avionics/Vetronics	Command & Control/Battle Management	Dedicated Communications	Electronic Warfare	Radar	Electro-Optical/Infrared	Acoustics	Missiles/Munitions
DEFINITION	Control & operation of platform & mission systems	Processing & exploitation of information	Dissemination of information	Offensive / defensive exploitation of EM spectrum	Use of RF signal to detect, track, ID	Thermo-graphic camera with video output	Sound pulses to determine object location	Seekers, HEL, HPM Naval Launched Air Launched
GFY19 ELECTRONICS MARKET (\$B)	\$28.1B 4.0%	\$37.6B 2.7%	\$16.4B 3.9%	\$8.8B 4.2%	\$10.2B 3.2%	\$11.6B 3.5%	\$4.0B 5.2%	\$5.8B 4.0%
	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR
GFY19 TIER 2* MARKET (\$B)	\$7.1B 4.8%	\$7.7B 3.7%	\$7.6B 4.0%	\$5.4B 4.3%	\$5.3B 3.6%	\$1.8B 4.8%	\$1.0B 6.0%	\$2.9B 4.4%
	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR	'19-24 CAGR

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

Acquisitions and investments driving significant opportunity growth

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



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

	Mercury Systems	Glassdoor Average	Proxy Peer Group ⁽¹⁾	Tier 2 Defense Company Index ⁽²⁾
Overall Rating	4.7	3.5	3.5	3.7
Culture & Values	4.7	3.4	3.3	3.5
Diversity & Inclusion	4.3	3.6	3.5	7.2
Work-Life Balance	4.3	3.4	3.5	6.7
Senior Management	4.6	3.2	3.2	3.2
Compensation & Benefits	4.5	3.2	3.3	3.5
Career Opportunities	4.5	3.1	3.2	3.4
Recommend to Friend	95%	65%	64%	67%
CEO Approval	99%	72%	78%	78%
Positive Business Outlook	94%	51%	55%	55%

(1) PROXY PEER GROUP: Astronics, Belden, Brooks Automation, Cognex, Comtech Systems, HICO, II-VI Inc., InLinea, iRobot, Kratos, Methode Electronics, M&S Instruments, NetScout, NetScout Systems, Novanta, OSI Systems, Ribbon Communications, Rogers

(2) TIER 2 DEFENSE INDEX: AAR, Aerojet Rocketdyne, AeroVironment, AXON Enterprises, Ball Aerospace, BWX Technologies, Comtech Telecom, Cubic, Curtiss-Wright, Ducommun, Elbit Systems, F. B. Systems, HECO, Hascel, Honeywell, Kaman, Kratos, L3Harris, Maxar, MOOG, Oshkosh Defense, OSI Systems, Teledyne Technologies, Textron, Transdigm Group, Triumph Group, Viasat, Woodward Aerospace

(3) Source: Glassdoor, Inc., April 21, 2021

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

Aerospace & Defense Platform and Systems Electronics Content

C4I (\$22.4B)*

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

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

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

Mercury M&A philosophy and value creation blueprint

Culture & Values Assess cultural fit and rapidly enculturate the acquiree	Full Integration We believe in full integration – We're not a holding company	Unify Brand One Brand – Mercury Systems	Combine Like Entities Combine like businesses or product lines to gain scale and efficiencies	Consolidate Manufacturing Invest capital to consolidate and modernize manufacturing facilities
Deploy Common Processes & Systems Deploy scalable enterprise processes, systems, security, collaboration	Invest R&D Leverage G&A Raise R&D to accelerate new design wins – Centralize G&A where possible	Accelerate Organic Growth Strategic account and solution sales model to accelerate organic growth	Continuously Improve Matrix structure drives clarity, consistency, continuous improvement	Deliver Results Common business management process and operating cadence

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

- Innovative growth company at intersection of high tech and defense
- Aligned with dominant industry trends
- Proven transformational business model for A&D industry
- Low-risk content expansion strategies with substantial headroom
- Successful M&A strategy targeting new capabilities and market expansion
- Clear purpose and positioning, unique business model, highly-engaged workforce

mercury

FINANCIAL OVERVIEW

MICHAEL RUPPERT

EXECUTIVE VICE PRESIDENT & CFO

The evolution of Mercury Systems

In millions, except percentage and per share data.

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

Notes

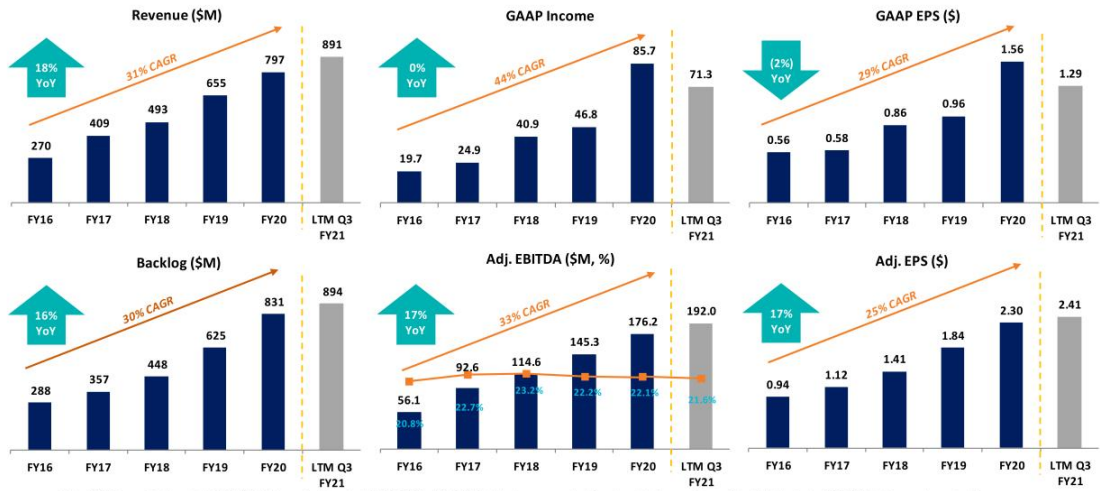
(1) Trailing four fiscal quarters ended FY15 and FY20, respectively. Operational figures are based on fiscal year and fiscal quarter results as reported in the Company's Form 10-Ks, Form 10-Qs and/or most recent earnings release. Historical results are as reported, not pro forma for acquisitions.

(2) Valuation for FY15 based on basic shares from the cover page of the Company's FY15 10-K and stock price as of June 30, 2015. Valuation for FY20 based on basic shares from the cover page of the Company's Q3 FY20 10-Q and stock price as of June 30, 2020.

(3) Non-GAAP; see reconciliation table.

(4) Acquisitions completed and capital deployed in acquisitions: FY15-FY20.

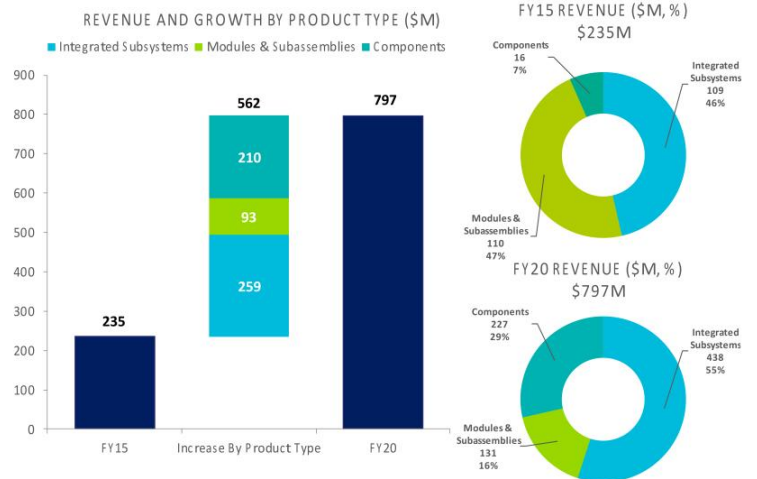
Mercury continues to deliver strong financial results



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

Content expansion from modules to subsystems

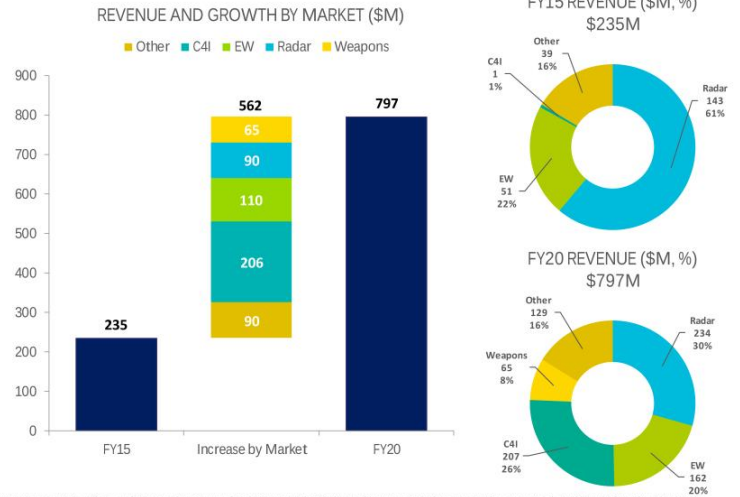
- **Components:**
 - Expansion via custom microelectronics acquisition from Microsemi
 - Investment in trusted microelectronics
- **Modules/Subassemblies:**
 - Down from 47% of revenue in FY15 to 16% in FY20 as shift towards subsystems
- **Subsystems:**
 - Expansion into \$40B Tier 2 RF & computing market
 - Subsystems represent 63% of top 30 program lifetime value



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

Expanding into new markets

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



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

Since FY14, we have outspent our industry in R&D, Capex and M&A to make trusted, secure commercial technology profoundly more accessible

~\$475M

R&D

4-5X peers

~\$163M

Capex

2-3X peers

~\$1.1B

M&A

12 acquisitions

~\$1.7B

Total Investment

Notes:

All figures are approximate and reflect the period of FY14-Q3 FY21 using information reported in the Company's Form 10-Ks, Form 10-Qs and/or recent public announcements. Numbers are rounded.

LTM Q3 FY21 performance

In \$ millions, except percentage and per share data	LTM Q3 FY20 ⁽³⁾⁽⁴⁾	LTM Q3 FY21 ⁽³⁾⁽⁴⁾	CHANGE
Bookings	\$917.0	\$899.5	(2%)
Book-to-Bill	1.21	1.01	
Backlog	\$769.8	\$893.7	16%
12-Month Backlog	544.8	545.5	
Revenue	\$756.2	\$890.5	18%
Organic Revenue Growth ⁽¹⁾	11%	10%	
Gross Margin	45.0%	42.6%	(2.4 pts)
Operating Expenses	\$254.6	\$294.0	
Selling, General & Administrative	127.5	138.2	
Research & Development	91.8	112.8	15%
Amortization/Restructuring/Acquisition	35.3	43.0	
GAAP Net Income	\$71.3	\$71.3	
Effective Tax Rate	10.4%	14.2%	N.M.
GAAP EPS	\$1.32	\$1.29	(2%)
Adjusted EPS ⁽²⁾	\$2.06	\$2.41	17%
Adj. EBITDA ⁽²⁾	\$164.5	\$192.5	17%
% of revenue	21.8%	21.6%	
Operating Cash Flow	\$112.4	\$98.8	(12%)
Free Cash Flow ⁽²⁾	\$71.8	\$52.6	(27%)
% of Adjusted EBITDA	44%	27%	

Notes

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

(2) Non-GAAP, see reconciliation table.

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

(4) LTM figures are based on the trailing four fiscal quarters using information reported in the Company's Form 10-K, Form 10-Q, and/or most recent earnings release.

Mercury recent acquisition history

Company	Expansion Primary Theme	Closing Date	Purchase Price (\$M)	Ending Debt Balance	Funding
LIT	Security	Dec-2015	\$ 10	\$ 0	Cash on Hand
Microsem ⁽¹⁾	Weapons, EW, Security	May-2016	\$ 300	-	Term Loan Cash on Hand
April 2016 Equity Offering			(\$ 93)	\$ 200	Equity Offering
CES	Platform/Mission, Comm's	Nov-2016	\$ 39	\$ 190	Cash on Hand
January 2017 Equity Offering			(\$ 216)	\$ 0 ⁽²⁾	Equity Offering
Delta Microwave	EW, Space	Apr-2017	\$ 41	\$ 0 ⁽²⁾	Cash on Hand
RTL	Platform/Mission	Jul-2017	\$ 6	\$ 0	Cash on Hand
Themis	C2I, Comm's	Feb-2018	\$ 180	\$ 195	Revolver
Germane Systems	C2I, Acoustics	Jul-2018	\$ 45	\$ 240	Revolver
GECO	Platform/Mission	Jan-2019	\$ 37	\$ 277	Revolver
Athena	Security	Apr-2019	\$ 46	\$ 325	Revolver
Syntonic Microwave	EW	Apr-2019	\$ 46	\$ 325	Revolver
May 2019 Equity Offering			(\$ 455)	\$ 0 ⁽³⁾	Equity Offering
APC	Platform/Mission, Vectronics	Sep-2019	\$ 100	\$ 0 ⁽⁴⁾	Cash on Hand
POC	Platform/Mission, C2I	Dec-2020	\$ 310	\$ 160 ⁽⁵⁾	Revolver Cash on Hand

Total Capital Deployed: \$1,114M

Source: Company filings, Company investor presentations.
 (1) Represents carve-out acquisition from Microsemi Corp.
 (2) On June 27, 2017, Mercury amended its senior secured credit facility, increasing and extending the revolving credit facility and utilizing the January 2017 equity offering proceeds to repay the remaining principal on the existing term loan.
 (3) Reflects repayment of debt with proceeds from the May 2019 common stock offering.
 (4) Reflects acquisition of American Panel Corporation (APC) on September 23, 2019 with proceeds from the May 2019 common stock offering.
 (5) Acquisition of POC on December 30, 2020 funded with \$150M of cash on hand and \$160M draw on revolver.

Committed to maintaining differentiated and attractive financial profile

Increase adj. EBITDA margins

- Operating expense leverage
- Program production mix
- Operational improvements
- Full acquisition integration

Grow organically at high-single / low-double digit

- Alignment with DoD priorities
- Increased outsourcing and delayering
- Program content expansion
- Increased market share

Supplement w/strategic M&A

- Large pipeline of targets
- Significant financial firepower
- Revolver with attractive terms
- Identify, execute, integrate

Strategy and business model delivering financial performance well above industry average

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

Balance sheet

(In \$ millions) ⁽¹⁾	3/27/20	7/3/20	As of 10/2/20	1/1/21	4/2/21
ASSETS					
Cash & cash equivalents	\$407.1	\$226.8	\$239.1	\$109.1	\$121.9
Restricted cash	-	-	-	61.6	-
Accounts receivable, net	214.0	210.7	207.8	240.2	264.0
Inventory, net	161.9	178.1	206.0	218.4	226.8
PP&E, net	78.7	87.7	94.7	125.4	128.3
Goodwill and intangibles, net	831.4	822.8	815.3	1,093.6	1,077.3
Other	78.5	84.6	90.2	100.8	85.0
TOTAL ASSETS	\$1,771.6	\$1,610.7	\$1,653.2	\$1,949.2	1,903.3
LIABILITIES AND S/E					
AP and accrued expenses	\$109.6	\$107.0	\$119.7	\$116.8	131.3
Deferred consideration	-	-	-	61.6	-
Other liabilities	112.6	118.9	125.6	180.1	158.0
Debt	200.0	-	-	160.0	160.0
Total liabilities	422.2	225.9	245.3	518.5	449.3
Stockholders' equity	1,349.4	1,384.8	1,407.9	1,430.6	1,454.0
TOTAL LIABILITIES AND S/E	\$1,771.6	\$1,610.7	\$1,653.2	\$1,949.2	1,903.3

Notes:
(1) Rounded amounts used.

Cash flow summary

(In \$ millions) ⁽¹⁾	For the Fiscal Quarters Ended				
	3/27/20	7/3/20	10/2/20	1/1/21	4/2/21
Net Income	\$23.6	\$27.2	\$15.8	\$12.7	\$15.6
Depreciation and amortization	12.7	12.8	13.0	13.3	20.0
(Gain)/Loss on investment	(3.8)	(2.0)	-	0.4	-
Other non-cash items, net	8.5	6.8	4.5	8.0	5.7
Changes in Operating Assets and Liabilities					
Accounts receivable, unbilled receivables, and costs in excess of billings	(20.7)	3.2	3.5	(10.3)	(21.5)
Inventory	(8.2)	(18.1)	(27.8)	(1.4)	(8.4)
Accounts payable and accrued expenses	18.4	(4.4)	10.8	(12.7)	5.1
Other	(0.4)	3.2	3.1	14.0	6.7
	(10.9)	(16.1)	(10.4)	(10.4)	(18.1)
Operating Cash Flow	30.1	28.7	22.9	23.9	23.2
Capital expenditures	(10.9)	(11.5)	(11.0)	(13.8)	(10.0)
Free Cash Flow⁽²⁾	\$19.2	\$17.2	\$12.0	\$10.2	\$13.2
<i>Free Cash Flow⁽²⁾ / Adjusted EBITDA⁽²⁾</i>	<i>41%</i>	<i>35%</i>	<i>28%</i>	<i>22%</i>	<i>24%</i>
<i>Free Cash Flow⁽²⁾ / GAAP Net Income</i>	<i>82%</i>	<i>63%</i>	<i>76%</i>	<i>80%</i>	<i>85%</i>

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

Q3 FY21 vs. Q3 FY20

In \$ millions, except percentage and per share data	Q3 FY20 ⁽³⁾	Q3 FY21 ⁽³⁾	CHANGE
Bookings	\$250.3	\$210.2	(16%)
Book-to-Bill	1.20	0.82	
Backlog	\$769.8	\$893.7	16%
12-Month Backlog	544.8	545.5	
Revenue	\$208.0	\$256.9	23%
Organic Revenue Growth ⁽¹⁾	11%	5%	
Gross Margin	44.9%	41.1%	(3.8 pts)
Operating Expenses	\$67.0	\$83.9	
Selling, General & Administrative	34.0	38.3	25%
Research & Development	25.0	30.2	
Amortization/Restructuring/Acquisition	8.0	15.4	
GAAP Net Income	\$23.6	\$15.6	(34%)
Effective Tax Rate	18.5%	25.5%	
GAAP EPS	\$0.43	\$0.28	(35%)
Weighted Average Diluted Shares	55.1	55.5	
Adjusted EPS ⁽²⁾	\$0.60	\$0.64	7%
Adj. EBITDA ⁽²⁾	\$47.1	\$54.8	16%
% of revenue	22.6%	21.3%	
Operating Cash Flow	\$30.1	\$23.2	(23%)
Free Cash Flow ⁽²⁾	\$19.2	\$13.2	(31%)
% of Adjusted EBITDA	41%	24%	

Notes

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

(2) Non-GAAP, see reconciliation table.

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

Adjusted EBITDA reconciliation

(In thousands)	Q3 FY20	Q3 FY21	LTM Q3 FY20	LTM Q3 FY21
Net Income	\$ 23,565	\$ 15,635	\$ 71,292	\$ 71,343
Other non-operating adjustments, net	(3,138)	(775)	(2,867)	(3,210)
Interest (income) expense, net	(400)	515	(308)	1,210
Income tax (benefit) provision	5,363	5,362	8,238	11,759
Depreciation	4,803	7,243	18,274	23,200
Amortization of intangible assets	7,848	12,717	29,867	35,792
Restructuring and other charges	66	(4)	1,802	2,234
Impairment of long-lived assets	-	-	-	-
Acquisition and financing costs	891	3,260	12,045	7,706
Fair value adjustments from purchase accounting	600	182	1,200	783
Litigation and settlement expense, net	174	312	648	1,065
COVID related expenses ⁽²⁾	397	2,745	397	10,569
Stock-based and other non-cash compensation expense	6,917	7,565	23,958	30,011
Adjusted EBITDA	\$ 47,086	\$ 54,757	\$ 164,546	\$ 192,462

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

Adjusted EPS reconciliation

(In thousands, except per share data)	Q3 FY20	Q3 FY21	LTM Q3 FY20	LTM Q3 FY21
Earnings per share⁽¹⁾	\$ 0.43	\$ 0.28	\$ 1.32	\$ 1.29
Net Income	\$ 23,565	\$ 15,635	\$ 71,292	\$ 71,343
Other non-operating adjustments, net	(3,138)	(775)	(2,867)	(3,210)
Amortization of intangible assets	7,848	12,717	29,867	35,792
Restructuring and other charges	66	(4)	1,802	2,234
Impairment of long-lived assets	-	-	-	-
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Litigation and settlement expense, net	174	312	648	1,065
COVID related expenses ⁽³⁾	397	2,745	397	10,569
Stock-based and other non-cash compensation expense	6,917	7,565	23,958	30,011
Impact to income taxes ⁽⁴⁾	(4,048)	(6,187)	(27,079)	(22,779)
Adjusted income	\$ 33,272	\$ 35,450	\$ 111,263	\$ 133,514
Adjusted earnings per share⁽¹⁾	\$ 0.60	\$ 0.64	\$ 2.06	\$ 2.41
Weighted-average shares outstanding:				
Basic	54,604	55,146		
Diluted	55,127	55,526		

Notes

(1) Per share information is presented on a fully diluted basis.

(2) Rounded amounts used.

(3) Effective as of the third quarter of fiscal 2020, the Company has added back incremental COVID related expenses.

(4) Impact to income taxes is calculated by recasting income before income taxes to include the add-backs involved in determining adjusted income and recalculating the income tax provision using the adjusted income from operations before income taxes. The recalculation also adjusts for any discrete tax expense or benefits related to the add-backs.

(5) Effective as of July 1, 2019, the Company's fiscal year has changed to the 52-week or 53-week period ending on the Friday closest to the last day of June. All references in this presentation to the fourth quarter of fiscal 2020 and full fiscal 2020 are to the quarter and the 53-week period ended July 3, 2020, and to the fourth quarter of fiscal 2021 and full fiscal 2021 are to the quarter and 52-week period ending July 2, 2021.

Free cash flow reconciliation

(In thousands)	Q3 FY20	Q3 FY21	LTM Q3 FY20	LTM Q3 FY21
Cash provided by operating activities	\$ 30,082	\$ 23,185	\$ 112,427	\$ 98,779
Purchases of property and equipment	(10,869)	(9,955)	\$ (40,617)	(46,214)
Free cash flow	\$ 19,213	\$ 13,230	\$ 71,810	\$ 52,565

Organic revenue reconciliation

(In thousands)	Q3 FY20	Q3 FY21	LTM Q3 FY20	LTM Q3 FY21
Organic revenue ⁽¹⁾	\$ 208,016	\$ 218,365	\$ 753,189	\$ 830,714
Acquired revenue	-	38,492	3,007	59,817
Net revenues	\$ 208,016	\$ 256,857	\$ 756,196	\$ 890,531

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

Glossary

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

