mercury

JEFFERIES VIRTUAL INDUSTRIALS CONFERENCE

Mark Aslett
President & CEO

Mike Ruppert
Executive Vice President & CFO

August 4, 2021

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, changes in, or in the interpretation or enforcement of, environmental 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, restructurings and value creation initiatives such as 1MPACT, 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

mercury

Mercury Systems by the numbers

~2,400
Number of team members globally, ~30% hold DoD security clearances

4-5x
Research & development relative investment compared to our industry

$924M
FY21 Revenue, 28% CAGR FY16-FY21
~9.4% avg. organic growth FY16-FY21

25
Global state-of-the-art facilities

300+
Installed base: number of A&D programs with Mercury embedded

$202M
FY21 Adj. EBITDA, 22% margin
29% CAGR FY16-FY21

35+
Years of tech leadership in the A&D industry

25+
Prime customers: including virtually all leaders in the A&D industry

13
Number of M&A transactions completed since FY14

Mercury's financial profile demonstrates our unique strategy

ALL NYSE AND NASDAQ U.S. LISTED COMPANIES WITH MARKET CAPITALIZATION BETWEEN $1B - $5B

		TIER 2 DEFENSE FY21 INDEX MEDIAN	mercury FY20	mercury FY21
1,242 → 410	LTM EBITDA Margin >20%	18%	22%	22%
410 → 100	Revenue CAGR >10% 5-Year	4%	28%	28%
100 → 30	FY Revenue Growth >20%	(5%)	22%	16%

Notes:
- Fiscal year figures for Mercury are based on the trailing four fiscal quarters using information reported in Mercury's Form 10-Ks, Form 10-Qs and/or most recent earnings release. All other data per FactSet as of July 15, 2021. 5-year CAGR for market participants calculated per FactSet for the trailing four fiscal quarters available as of July 15, 2021 and the comparable historical period. Mercury 5-year CAGR calculated as the trailing four fiscal quarters ending fiscal Q4 FY21 and fiscal Q4 FY20 for FY21 and FY20, respectively, compared to the trailing four fiscal quarters ending fiscal Q4 FY16 and Q4 FY15, respectively. Financials represent reported results and are not adjusted for acquisitions or divestitures.
- TIER 2 DEFENSE INDEX: AAR, Aerojet Rocketdyne, AeroVironment, AXON Enterprise, Ball Corporation, BWX Technologies, Comtech Telecommunications Corp, Curtiss-Wright, Ducommun, Elbit Systems, HEICO, Hexcel, Honeywell Intl, Kaman, Kratos Defense & Security Solutions, L3Harris Technologies, Maxar, Moog, Oshkosh, OSI Systems, Rada Electronic Industries Ltd., Teledyne Technologies, Textron, TransDigm Group, Triumph Group, ViaSat, Woodward, Inc.

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"

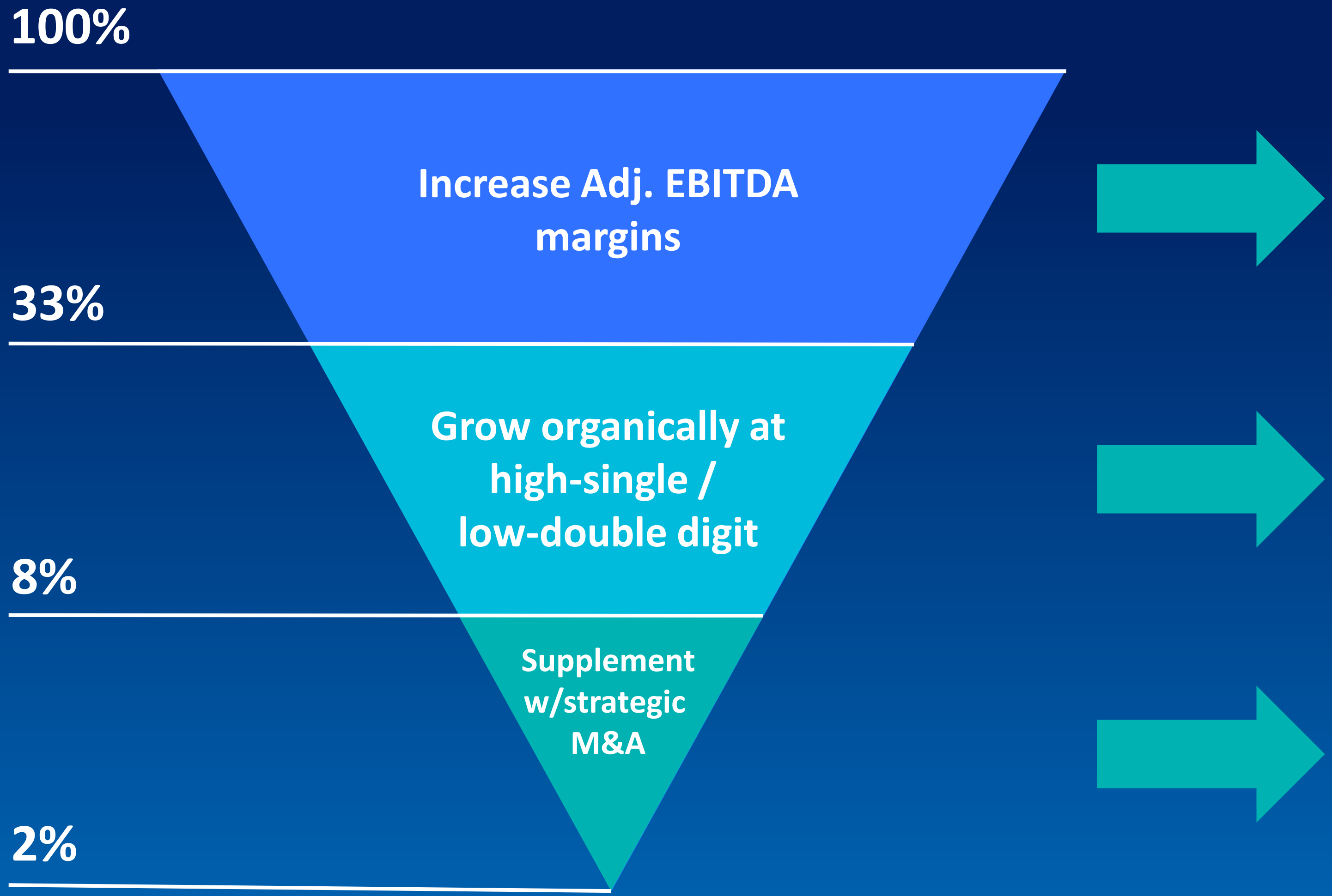
Low-risk content expansion strategies delivering above-average organic revenue CAGR

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

1MPACT» : a 3-year effort to achieve our full growth and EBITDA potential

- Engaged tier 1 consulting firm to do full company assessment
- Transforming organizational structure and how we do business to scale
- Anticipate $22M benefit in FY22 resulting from actions taken in Q4 FY21 & Q1 FY22
- Organizational efficiency and scalability, streamlined procurement, facilities optimization, R&D investment efficiency, capital and asset efficiency, scalable processes and systems
- Expect to realize $30M-$50M incremental adjusted EBITDA by FY25
- Selectively reinvesting in people, IT and business systems towards future scalability

Clear path to maintaining differentiated and attractive financial profile



- Operating expense leverage
- Program production mix
- VCP / 1MPACT
- Full acquisition integration

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

- Large pipeline of targets
- Significant financial firepower
- Revolver with attractive terms
- Ability to identify, execute, integrate

mercury