Risk Factors Comparison 2024-03-05 to 2023-03-02 Form: 10-K

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In evaluating our Company and business, you should carefully consider the risks and uncertainties described below, together with information disclosed elsewhere in this Annual Report on Form 10- K, including our consolidated financial statements and the related notes and" Management' s Discussion and Analysis of Financial Condition and Results of Operations" in Part II of this Annual Report, and other documents we file with the SEC. The risks described below relate to our business, governmental regulations, indebtedness, financial condition and markets, and our securities. Also, the risks and uncertainties described below are those that we have identified as material but are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may materially harm our business, financial condition or operating results and result in a decline in our stock price. **RISKS RELATED TO OUR BUSINESS** ~~Summary of Risk Factors Risks Related to Our Business •~~ Our profitability or performance could suffer if we are unable to recruit and retain qualified personnel or if we are unable to maintain adequate staffing levels for our contracts. ~~• A significant portion of our workforce is represented by labor unions, and our business could be harmed in the event of a prolonged work stoppage. • Competition within our markets may reduce our revenue and market share. • We may not be successful in winning new contracts or recompeting our existing contracts, which could have an adverse impact on our business and prospects. • Our earnings and margins may vary based on the mix of our contracts, our performance, and our ability to control costs. • While firm- fixed- price contracts allow us to benefit from cost savings, these contracts also increase our exposure to the risk of cost overruns. • A significant portion of our revenue is derived from a few large contracts, and the loss or material reduction of any of these contracts could have a material adverse effect on our results of operations and cash flows. • Termination, expiration or non- renewal of our existing U. S. government contracts may adversely affect our business. • Uncertainties in the U. S. government defense budget, changes in spending or budgetary priorities or delays in contract awards may significantly and adversely affect our future revenue and limit our growth prospects. • Business disruptions caused by natural disasters, pandemics, global hostilities and other crises could adversely affect our profitability and our overall financial position. • Our contract sites are inherently dangerous workplaces. Failure to maintain safe work sites and equipment or effectively respond to the impacts of COVID- 19 to our workplaces could result in environmental disasters, employee deaths or injuries, reduced profitability, the loss of projects or customers and possible exposure to litigation. • We work in international locations where there are high security risks, which could result in harm to our employees and contractors and the incurrence of substantial costs. • We are subject to legal and regulatory compliance risks associated with operating internationally. • We conduct a portion of our operations through joint ventures, exposing us to certain risks and uncertainties, many of which are outside of our control. • Our business could be adversely affected by bid protests. • We are dependent on the U. S. government and, if our reputation or relationship with the U. S. government was harmed, our revenue and growth prospects could be adversely affected. • Misconduct of our employees, subcontractors, agents, prime contractors or business partners could cause us to lose customers and could have a material adverse impact on our business and reputation, adversely affecting our ability to obtain new contracts. • Our earnings and margins depend, in part, on subcontractor performance. • We rely on internal and external information technology systems to conduct our business, and disruption or failure of these systems could adversely affect our business and results of operations. • We rely on our information and communications systems in our operations. Security breaches and other disruptions could adversely affect our business and results of operations. • We are subject to certain data privacy regulations, which expose us to certain risks if we do not comply with these requirements. • We may not realize the anticipated benefits and cost savings of the Merger and integrating the two companies may be more difficult, costly or time- consuming than expected. • We may pursue acquisitions and other investments that involve numerous risks and uncertainties. • We use estimates in accounting for many of our programs, and changes in our estimates could adversely affect our future financial results. • We may be required to contribute additional funds to meet any present or future underfunded benefit obligations associated with multiemployer pension plans in which we participate. • Our insurance may be insufficient to protect us from claims or losses. • There is a rapidly evolving awareness and focus from stakeholders with respect to environmental, social and governance practices, which could affect our business. Risks Related to Governmental Regulations and Laws • Environmental, health and safety issues could have a material adverse effect on our business, financial position or results of operations. • As a U. S. government contractor, we are subject to a number of procurement laws and regulations and could be adversely affected by changes in regulations or our failure to comply with these regulations. • Our business is subject to audits, reviews, cost adjustments, and investigations by the U. S. government, which, if resolved unfavorably to us, could adversely affect our profitability, cash position or growth prospects. • The DoD continues to modify its business practices, which could have a material effect on its overall procurement processes and adversely impact our current programs and potential new awards. • Our business depends upon obtaining and maintaining required facility security clearance and individual security clearances. • Our business may be negatively impacted if we are unable to adequately protect our intellectual property rights. Risks Related to Our Indebtedness, Financial Condition and Markets • In connection with the Merger, we assumed significantly more indebtedness than V2X' s prior indebtedness. Our level of indebtedness and our ability to make payments on or service our indebtedness could adversely affect our business, financial condition, results of operations, cash flow and liquidity. • Our variable rate indebtedness may expose us to interest rate risks, which could cause our debt costs to increase significantly. • Our debt agreements contain covenants with which we must comply or risk default, or that impose restrictions on us and certain of our subsidiaries that may affect our ability to operate our businesses. • The effects of changes in worldwide economic and capital~~

~~markets conditions may significantly affect our ability to maintain liquidity or procure capital. • We may not realize as revenue the full amounts reflected in our backlog, which could adversely affect our future revenue and growth. • Goodwill represents a significant portion of our assets and any impairment of these assets could negatively impact our results of operations. Risks Related to Our Securities • We meet the requirements to be a “ controlled company ” within the meaning of the rules of the New York Stock Exchange (NYSE) and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance standards, which limit the presence of independent directors on its Board of Directors or Board committees. • If our significant shareholders who received shares of our common stock in the Merger sell their shares of our common stock after such shares are no longer subject to resale restrictions, our common stock price could be materially affected. • Anti- takeover provisions in our organizational documents and Indiana law could delay or prevent a change in control. RISKS RELATED TO OUR BUSINESS~~ Due to the specialized nature of our business, our future performance and rate of growth is highly dependent upon the continued services of our personnel and executive officers, the development of additional management personnel and the hiring of new qualified technical, marketing, sales, and management personnel for our operations. Recruitment of qualified personnel is highly competitive, and we may not be successful in attracting or retaining qualified personnel. In recent years, the industry- wide market for qualified employees became even more competitive than in previous years. We also must manage leadership development and succession planning throughout our business. The loss of key employees, coupled with an inability to attract new, qualified employees or adequately train employees, or the delay in hiring key personnel could significantly impact our ability to perform under our contracts and could have an adverse effect on our business, results of operations and financial condition. In addition, our profitability is affected by how efficiently we utilize our workforce, including our ability to transition employees from completed contracts to new assignments; to hire and assimilate new employees; to hire personnel in or timely deploy expatriates to foreign countries; to manage attrition and a subcontractor workforce; and to devote time and resources to training, business development, professional development and other non- chargeable activities. ~~Further~~ **We may not be successful in winning new contracts or recompeting our existing contracts** , ~~continued visa~~ **which could have** ~~and~~ - **an adverse impact on our business and prospects. We derive a substantial majority of our revenue from our contracts with the federal government, which are typically awarded through a rigorous competitive bidding process. This competitive bidding process presents a number of risks, including the following: • We may bid on programs for which the work activities, deliverables, and timelines are vague or for which the solicitation incompletely describes the actual work, which may result in inaccurate pricing assumptions; • We may incur substantial costs and spend a significant amount of managerial time and effort preparing bids and proposals; and • We may realize the lost opportunity cost of not bidding on and winning** other ~~travel restrictions related~~ **contracts that we may have pursued otherwise. If we are unable** to **win a particular new contract, we may be prevented from providing the customer the services that are purchased under that contract for a number of years. In addition, we face rigorous competition and pricing pressures for any additional contract awards from the U. S. government. Some of our existing contracts must be recompeted when** ~~the~~ **their** ~~ongoing COVID contracts must be recompeted when their~~ original period of performance ends.Recompetes represent opportunities for competitors to take market share away from us.Recompetes also represent opportunities for our customers to obtain more favorable terms and discounts from us.We may be required to qualify or continue to qualify under multiple award task orders,and it may be more difficult for us to win future task orders.If we are unable to consistently win new contract awards,or successfully recompete our existing contracts,our business and prospects will be adversely affected,and our actual results may differ materially and adversely from those anticipated **.Termination,expiration or non** - ~~19 pandemic~~ **renewal of our existing U.S.government contracts may adversely affect our** business.The U.S.government services marketplace is characterized by contracts of shorter duration as compared to large production and systems integration programs.U.S.government services contracts generally are of a finite duration of five years and usually range between three and ten years.The termination,expiration or non- renewal of our existing U.S.government contracts could result in a loss of anticipated future revenue attributable to that program,which could have an adverse impact on our operations.The U.S.government may terminate any of our government contracts,in whole or in part,at any time at its convenience with little or no notice.The U.S.government ~~may also terminate our contracts for default if we fail to meet our obligations~~ may also ~~impact S.government may also~~ terminate our contracts for default if we fail to meet our obligations under a contract.If any of our contracts were terminated for convenience,we generally would be entitled to receive payment for work completed and allowable termination or cancellation costs.If any of our government contracts were terminated for default,generally the customer would pay us only for the work that has been accepted.Moreover,the customer can require us to pay the difference between the original contract price and the cost to re- procure the contract deliverables,net of the work accepted from the original contract.In addition,the U.S.government can also hold us liable for damages resulting from the default.The expiration,non- renewal or termination of any government contracts,whether for convenience or default,would adversely affect our current programs and reduce our revenue,earnings and cash flows.A termination for default may also negatively affect our **reputation,performance ratings and** our ability to **win new government** ~~properly perform on our~~ contracts ~~. See the risk factor below~~ , **particularly for contracts covering the same or** ~~“ We face various risks related to health epidemics, pandemics and~~ similar ~~outbreaks~~ **types of services. A significant portion of our revenue is derived from a few large contracts** , ~~particularly COVID- 19, which may~~ **and the loss or material reduction of any of these contracts could** have **a** material adverse ~~effects~~ - **effect** on our ~~business, financial position,~~ results of operations and ~~/ or~~ cash flows. ~~” On~~ **Aggregate revenue from our three largest contracts amounted to approximately $ 1. 1 billion, or 27. 5 % of our revenue for the year ended** December 31, ~~2022~~ **2023 . As of December 31** , **2023, our three largest contracts were the Kuwait and Iraq Task Orders under the LOGCAP V contract vehicle and T- 45 Contractor Logistics Support. Performance on the Kuwait Task Order began in July 2021, and performance on the Iraq Task Order began in June 2021. The awards are** approximately **$ 1.** 5 **billion and $ 1. 7 billion** , **respectively** ~~400 of our employees~~ , ~~or~~ **with estimated period of performance completion in December 2026. T- 45 Contractor Logistics Support**

was acquired through the Merger. The award is approximately ~~35~~ **$ 2. 5 billion with estimated period of performance completion in January 2028. The Kuwait Task Order under LOGCAP V accounted for more than 10** % of our ~~employee base were unionized. We~~ **revenue for the year ended December 31, 2023, and we expect this contract will continue to** have **a significant contribution to** ~~54 collective bargaining agreements with labor unions. We cannot predict how stable our union relationships will be or~~ **our revenue. The loss** ~~whether we will be able to successfully negotiate successor agreements without impacting our~~ - **or material reduction of any of** ~~financial condition. In addition, the~~ **these contracts** ~~presence of unions may limit our flexibility in managing our workforce. Work stoppages by our union employees or implementation of a work stoppage contingency plan~~ could **have a material adverse effect** ~~negatively impact our ability to provide services to our customers~~ on ~~a timely basis, which could in turn negatively impact~~ our **revenue,** results of operations and **cash flows. See" Item 7. Management' s Discussion and Analysis of** ~~financial~~ **Financial** ~~condition~~ **Condition and Results of Operations- Significant Contracts" in this Annual Report on Form 10- K. Competition within our markets may reduce our revenue and market share**. Our business is highly competitive, and we compete with larger companies that have greater name recognition, greater financial resources, and larger technical staff, as well as companies with a competitive advantage due to a small business designation. Within our industry, companies have engaged in mergers and acquisitions to increase their competitive position. Our competitors may provide our customers with different or greater capabilities or better contract terms than we can provide, including past contract experience, geographic presence, price, and the availability of qualified professional personnel. In addition, our competitors may consolidate or establish teaming or other relationships among themselves or with third parties to increase their ability to address customers' needs. Even if we are qualified to work on a government contract, we may not be awarded the contract because of existing government policies designed to assist small businesses and other designated classifications of business, such as under- represented minority contractors. Accordingly, larger or new competitors, alliances among competitors, or competitors designated as small business contractors may emerge that may adversely affect our ability to compete. If we are unable to compete successfully against our current or future competitors, we may experience declines in revenue and market share, which could negatively impact our financial position, results of operations, or cash flows. ~~We derive a substantial majority~~ **Our earnings and margins may vary based on the mix** of ~~our revenue from~~ our contracts ~~with the federal government~~ , ~~which are typically awarded through a rigorous competitive bidding process. This competitive bidding process presents a number of risks, including the following: • We may bid on programs for which the work activities, deliverables, and timelines are vague or~~ **our performance** ~~for which the solicitation incompletely describes the actual work~~ , **and our ability to control** ~~which may result in inaccurate pricing assumptions; • We may incur substantial~~ costs and spend a significant amount of managerial...... differ materially and adversely from those anticipated . We generate revenue under various types of contracts, which include cost- plus, cost- reimbursable (including non- fee- bearing costs) ~~and~~ **,** firm- fixed- price **and time- and- materials** . Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenue derived from each type of contract, the nature of services provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined. Cost- reimbursable contracts generally have lower profitability than firm- fixed- price contracts. **Given the current pace of inflation and other geopolitical factors, we are monitoring the impact of rising costs on our active and future government contracts. For example, global hostilities could change the total mix of our contracts. The Company' s earnings and profitability may vary materially depending on significant changes to the total mix of contracts.** Our profitability is adversely affected when we incur contract costs that we cannot bill to our customers. Profitability also may be adversely affected during the start of a new contract due to initial spending necessary to successfully complete phase- in requirements. ~~For example, as we continue the phase- in process for LOGCAP V, we are required to outlay certain amounts of capital to perform under the contract, which amounts we may or may not recoup from the U. S. government.~~ To varying degrees, each of our contract types involves risk that we could underestimate the costs and resources necessary to fulfill the contract. In addition, our failure to satisfy customer expectations or contract requirements may result in reduced fees or claims made against us by our customers and may affect our financial performance. Under each type of contract, if we are unable to control costs, our operating results could be adversely affected, particularly if we are unable to justify an increase in contract value to our customers. Cost overruns or the failure to perform on existing programs also may adversely affect our ability to retain existing programs and win future contract awards ~~our future financial results~~ .Revenue from our contracts is recognized primarily using the input method (e.g.,costs incurred to date relative to total estimated costs at completion) to measure progress towards completion.This methodology requires estimates of total contract revenue,total costs at completion,and fees earned on the contract.Contract estimates are based on various assumptions to project the outcome of future events.These assumptions include labor productivity and availability;the complexity of the work to be performed;the cost and availability of materials;and the performance of subcontractors.This estimation process,particularly due to the nature of the services being performed,is complex and involves significant judgment.Adjustments to original estimates are often required as work progresses,experience is gained,and additional information becomes known,even though the scope of the work required under the contract may not change.Any adjustment as a result of a change in estimates is recognized as additional information becomes known.Changes in the underlying assumptions,circumstances or estimates could result in adjustments that may adversely affect **our future financial results** . While firm- fixed- price contracts allow us to benefit from cost savings, these contracts also increase our exposure to the risk of cost overruns. Because many fixed- price contracts are long- term and may also involve new technologies, unforeseen events, such as **significant inflation,** technological difficulties, cost fluctuations ~~, significant inflation~~ , problems with suppliers, and cost overruns can result in the contractual price becoming less favorable or even unprofitable to us. Revenue derived from firm- fixed- price contracts represented approximately ~~40~~ **41** % of our total revenue for the year ended December 31, ~~2022~~ **2023 . We monitor the impact of rising costs on our active and future government contracts given the current pace of inflation and other geopolitical factors. To date, the Company has not experienced broad- based material**

increases from inflation or geopolitical hostilities in the costs of its firm- fixed- price, cost- plus and time- and- materials contracts. However, if the geopolitical conditions worsen or if the Company experiences greater than expected inflation in its supply chain and labor costs, then profit margins, and in particular, the profit margin from firm- fixed- price, cost- plus and time- and- materials contracts, which represent a substantial portion of its contracts, could be adversely affected . When making proposals on firm- fixed- price contracts, we rely heavily on our estimates of costs and timing for completing the associated projects, as well as assumptions regarding technical issues. In each case, our failure to accurately estimate costs or the resources needed to perform our contracts or to effectively manage and control our costs could result in reduced profits or losses. If we incur costs in excess of initial estimates or funding on a contract, we generally seek reimbursement for those costs through requests for equitable adjustments (REAs) or claims to the Contracting Officer, the denial of which may be appealed to the Armed Services Board of Contracting Appeals, and make assumptions on what we expect to recover in our financial statements, but we may not be able to negotiate full recovery for these costs. In addition, pursuit of these REAs and claims can require significant time and additional costs, including legal fees and expenses, and there is no guarantee that such actions would ultimately be successful. **Uncertainties in** ~~Given the current pace of inflation and other~~ - - **the U. S.** ~~geopolitical factors, we are monitoring the impact of rising costs on our active and future~~ government **defense budget** ~~contracts. To date~~ , **changes** ~~we have not experienced broad- based increases due to inflation~~ in **spending** ~~the costs of our~~ - **or budgetary priorities** ~~fixed- price contracts that are material to the business as a whole; however, if we begin to experience greater than expected inflation in our~~ - **or delays** ~~supply chain and labor costs, our profit margins, and~~ in ~~particular, our profit margin from fixed- price contracts, which represent a substantial portion of our contracts, could be adversely affected. Aggregate revenue from our four largest contracts amounted to approximately $ 0. 9 billion, or 31. 0 % of our revenue for the year ended December 31, 2022. As of December 31, 2022, our four largest contracts were the Kuwait and Iraq Task Orders under the LOGCAP V~~ contract ~~vehicle, the Kuwait Base Operations and Security Support Services in Kuwait (K- BOSSS) contract, and the OMDAC- SWACA contract. The Kuwait Task Order was previously part of the U. S. Army' s K- BOSSS contract, which was exercised through August 28, 2023, and is being transitioned under LOGCAP V and retained by us. Performance on the Kuwait Task Order began in July 2021, and performance on the Iraq Task Order began in June 2021. The~~ awards ~~are approximately $ 1, 078. 6 million and $ 992. 8 million, respectively, with estimated period of performance completion in December 2026. The OMDAC- SWACA contract was re- awarded on December 29, 2020, and performance on the contract began on July 16, 2021. The new award is an approximately $ 673. 1 million cost- plus- fixed- fee contract with an estimated period of performance completion in April 2026. The Kuwait and Iraq Task orders under LOGCAP V each accounted for~~ - **or collection** ~~more than 10 %~~ of our **receivables may** ~~revenue for the year ended December 31, 2022, and we expect these contracts will continue to have a significant~~ **significantly** ~~contribution to our revenue. The loss or material reduction of any of these contracts could have a material adverse effect on our revenue, results of operations~~ and ~~cash flows. See" Significant Contracts" in Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations, in this Annual Report on Form 10- K. Termination, expiration or non- renewal of our existing U. S. government contracts may~~ adversely affect our **financial** business. The U. S....... may also negatively affect our reputation, performance ~~ratings~~ and **limit** ~~our ability to win new government contracts, particularly for contracts covering the same or~~ **our growth prospects** ~~similar types of services~~ . Our contracts and revenue primarily depend upon the U. S. DoD budget, which is subject to the congressional budget authorization and appropriations process and is difficult to predict. The U. S. Congress usually appropriates funds for a given program on a September 30 fiscal year basis, even though contract periods of performance may extend over many years. Consequently, at the beginning of a major program, the contract is usually partially funded, and additional monies are committed to the contract by the procuring agency only as appropriations are made by Congress in future fiscal years. **Impacts on** DoD budgets are a function of **many** ~~a number of~~ factors beyond our control, including, but not limited to, changes in U. S. procurement policies, budget considerations, the federal debt ceiling, current and future economic conditions, presidential administration and congressional priorities, government shutdowns, continuing resolutions, changing national security and defense requirements, geopolitical developments and actual fiscal year congressional appropriations for defense budgets. **The 2024 United States presidential election may introduce further uncertainties to congressional spending and budgetary priorities that may materially affect our business.** Any of these factors could result in a significant redirection of current and future DoD budgets and impact our future operations and cash flows. Such factors may have **a** direct bearing on our new business opportunities as well as on whether the U. S. government will exercise its options for services under existing contracts, thus affecting the timing and volume of our business. The U. S. government also conducts periodic reviews of U. S. defense strategies and priorities, which may shift DoD budgetary priorities, reduce DoD spending or delay contract or task order awards for defense **-** related programs. A reduction in U. S. government defense spending, changing defense spending priorities or delays in contract or task order awards could potentially reduce our future revenue, earnings and cash flow and have a material impact on our business . ~~federal agency~~ **We depend on the collection of our receivables to generate cash flow,provide working capital,pay debt and continue our business operations.The government** may ~~suspend~~ **fail to pay outstanding invoices for a number of reasons,including lack of appropriated funds,lack of an approved budget** ~~our~~ - **or changes in** ~~performance under the contract pending~~ **spending** ~~the outcome of the protest~~ **levels or budgetary priorities,which may materially and adversely affect our future revenue and limit our growth prospects** .We ~~cannot predict~~ **are dependent on** the ~~timing~~ **U.S.government and,if** ~~or~~ **our reputation** ~~outcome of protests.In addition,we may protest the contract awards of our~~ - **or** ~~competitors when we believe it is prudent to do so to~~ **relationship with the U.S.government was harmed,our revenue and growth** ~~protect~~ **prospects could be adversely affected** ~~our rights and interest in the competition.This process requires the time,effort and attention of our management and employees and incurs additional costs~~ .We derive ~~all or most~~ **a substantial majority** of our revenue from work performed under U.S.government contracts,primarily the DoD,either as a prime contractor or as a subcontractor to other contractors engaged in work for the U.S.government.For the year ended December 31, ~~2022~~ **2023** ,we generated approximately ~~46~~ **41** % of our total revenue from the U.S.Army.Our reputation and relationship with the U.S.government,and in particular with the branches and agencies of the DoD,are key factors in maintaining and growing this revenue.Negative press reports or publicity,which could pertain to employee or subcontractor misconduct,alleged violations of labor trafficking laws,conflicts of interest,termination of a contract or task order,poor contract performance,deficiencies in services,reports or other deliverables,information security breaches,business system disapprovals,or other aspects of our business,regardless of accuracy,could harm our reputation.If our reputation is negatively affected,we may lose our ability to conduct business in a foreign country (e.g.,loss of business license),lose a required security clearance,or **if we** are suspended or debarred from contracting with government agencies or any branch of the DoD,our revenue and growth prospects could be adversely impacted. ~~Misconduct~~ **Business disruptions caused by natural disasters** , ~~fraud or~~ **global hostilities,pandemics,and** other **crises** ~~improper activities by our employees,subcontractors,agents,prime contractors or business partners~~ could ~~have a material adverse~~ **adversely affect** ~~impact on our business and reputation.Such misconduct could include the failure to comply with federal,state,local or~~ **our profitability and** ~~foreign government procurement regulations,regulations regarding the protection of classified or~~ **our** ~~personal information,~~ **overall financial position** . We have operations located in regions of the U. S. and internationally that may be exposed to natural disasters, such as hurricanes, tornadoes, blizzards, flooding, wildfires or earthquakes. Our business could also be disrupted by **national or international crises or hostilities and** pandemics, ~~including~~ **such** as ~~a result of~~ COVID- 19 ~~, and other national or international crises, such as the war in Ukraine~~ . Although preventative measures may help mitigate the damage from such occurrences, impacts on our supply chain and the damage and disruption to our business resulting from any of these events may be significant. If our insurance and other risk mitigation mechanisms are not sufficient to recover all costs, including loss of revenue from sales to customers, we could experience a material adverse effect on our financial position and results of operations. There is also an increasing concern over the risks of climate change and related environmental sustainability matters. In addition to physical risks, climate change risk includes longer- term shifts in climate patterns, such as extreme heat, sea level rise, and more frequent and prolonged drought. Such events could disrupt our operations or those of our customers or third parties on which we rely, including through direct damage to assets and indirect impacts from supply chain disruption and market volatility. ~~COVID- 19~~ **We rely on** ~~or~~ **our information and communications systems in our operations. Security breaches, cybersecurity attacks, and** other ~~pandemics have in the past and may in the future negatively affect the U. S. and global economy, disrupt global supply chains, result in significant travel and transport restrictions, and create significant disruption~~ **disruptions** ~~in the global financial markets. To date, COVID- 19 has not had a material adverse impact on our operating results and our business. However, the extent of the continued impact of COVID- 19 pandemic on our operational and financial performance, including our ability to execute our programs in the expected timeframe, will depend on future developments, including any potential subsequent waves or variants of COVID- 19. The ultimate impact on financial markets and the global economy, new government regulations for defense contractors and other related actions taken by the U. S. government, state and local government officials, and international governments to prevent disease spread remain uncertain and cannot be predicted. It is also possible that the continued spread of COVID- 19 could continue to delay or limit the ability of the U. S. government and other customers to perform on its contractual obligations, including making timely payments to us. Essentially all of our revenue is derived from services ultimately sold to the U. S. government, and we cannot predict the effect COVID- 19 or other pandemics may have on our customers' spending and mission priorities. COVID- 19 or other pandemics could delay the announcement of new contract awards and / or the timing of start- up or transition of our major contracts. Any prolonged interruptions in payment or transition activities on our large contracts may disrupt our cash flows, and these uncertainties~~ could adversely affect **our business and results of operations. As a U. S. defense contractor, various privacy and security laws require us to protect sensitive, confidential, and controlled unclassified information from disclosure** both **for us and others. Cybersecurity risks continue to increase as various threat actors including nation states and hackers, focus efforts to compromise** our ~~operations~~ **operational** and **developmental** ~~others.However,we have faced and may continue to face certain security threats,including cybersecurity threats to our~~ information technology infrastructure ~~,~~ **.These threat actors** ~~attempts~~ - **attempt** to gain access to **sensitive,confidential,** proprietary or **controlled** ~~classified~~ **unclassified** information,and **may pose** threats to physical security. **We** ~~As a government contractor,we~~ and our suppliers face a ~~heightened~~ **continual** risk ~~of a~~ **associated with** security ~~breach~~ **events** or ~~disruption~~ **disruptions ,cybersecurity** ~~resulting from an attack~~ **attacks and cyber intrusions** by computer hackers,foreign governments,and cyber terrorists **as attack vectors and technologies advance in sophistication,including from emerging technologies** .In connection with the information technology and network communications services that we provide to our customers,we also may encounter cybersecurity threats at customer sites that we operate.We face ~~and~~ - **an** ~~financial position~~ **added risk of a security event or other significant disruption of our information technology systems and related systems that we develop, install, operate and maintain for our customers, which may involve managing and protecting controlled unclassified information relating to national security and other sensitive government functions or personally identifiable or protected health information** . **Cybersecurity risks are significant and continue to evolve.** ~~The~~ **They** ~~spread of COVID~~ **include, among others, phishing attempts, ransomware, malware and zero** - ~~19 has~~ **day attacks attempting to gain unauthorized access to systems or data. Other electronic security events could lead to disruptions in mission critical systems, unauthorized release of personal identifiable information, confidential or otherwise protected unclassified information and corruption of data. In addition to security risks listed, we are also subject to other systems failures, including network, software or hardware failures, whether** caused **by** us ~~to significantly modify~~ **, third- party service providers, natural disasters, power shortages, terrorist attacks** ~~our~~ - **or other events. Our systems reside within cloud service environments which presents various risks, including platform and software as a service providers' inability to identify or quantify, in a timely manner, specific problems that affect the** business ~~practices~~ **functions which impact V2X. Integration and sustainment of existing or new information**

technology systems, carry a high risk of delays or integration failures. Such delays, failures, or impacts from security events or disruptions described above, could result in loss of revenues, product development delays, compromise, corruption or loss of confidential, proprietary or sensitive information (including **personal information** ~~limiting employee and contractor presence at our~~ - **or** ~~work locations~~ **controlled unclassified information**), **remediation costs, indemnity obligations** and **other potential liabilities, regulatory or** ~~we may take further actions as may be required by~~ government **action** ~~authorities or our customers or that we determine are in the best interests of our employees~~ , **breach of** ~~contractors~~ --- **contract claims** , ~~customers~~ **contract termination** , ~~suppliers~~ **class action or individual lawsuits from affected parties** , **negative media attention, reputational damage,** and ~~communities~~ **loss of confidence from our government clients** . ~~There is~~ **Any of the foregoing could materially and adversely affect our business, financial condition or operations, and our insurance and other risk mitigation mechanisms may** ~~no~~ **not** ~~certainty that such measures will~~ be sufficient to ~~mitigate~~ **recover** the ~~risks posed by the virus,~~ **costs. Our contract sites are inherently dangerous workplaces. Failure to maintain safe work sites** and **equipment** ~~our~~ - **or** ~~ability~~ **effectively respond** to ~~perform critical functions~~ **the impacts of pandemics in our workplaces** could ~~be adversely impacted. Further, the impact of COVID- 19 in affected regions where we operate could affect our ability to operate effectively. Additionally, the effects on our long- term operations as a~~ result **in employee deaths** ~~of a significant portion of our~~ - **or injuries** ~~workforce continuing to work in a hybrid or remote capacity for a prolonged period are unknown. Further~~ , ~~prolonged telework by a large portion of our workforce presents potential cybersecurity and data security risks, which in the event of a cybersecurity incident, could have a material adverse impact on our business, results of operations and financial condition. Due to the many uncertainties and the rapidly changing business environment~~ **environmental disasters** , **reduced profitability,** the **loss of projects** ~~impacts from the COVID- 19 pandemic may have a material adverse effect on our~~ - **or customers** ~~business, financial position, results of operations~~ and **possible exposure to litigation** ~~/ or cash flows in the future. The ongoing pandemic may also have the effect of heightening many of the other risks identified in this Annual Report on Form 10- K for the year ended December 31, 2022~~ . Our project sites often put our employees and others in close proximity with mechanized equipment, moving vehicles, and highly regulated materials. Additionally, ~~the~~ **global pandemics, such as** COVID-19 ~~pandemic has~~ **, could** ~~introduced~~ - **introduce** additional risks to our worksites ~~, which require~~ **requiring** additional policies and procedures. Although we have safety procedures in place, if we fail to implement them, or if the procedures we implement are ineffective or insufficient, we may suffer the loss of or injury to our employees, as well as expose ourselves to possible litigation. As a result, our failure to maintain adequate safety standards and equipment, as well as the nature of the environment in which we conduct business, could result in **employee deaths or injuries,** environmental disasters ~~, employee deaths or injuries~~ , reduced profitability, or the loss of projects or customers, any of which could have a material adverse impact on our business, financial condition, results of operations and reputation. **We work in international locations where there are high security risks, which could result in harm to our employees and contractors and the incurrence of substantial costs.** Some of our services, including those using subcontractors, are performed in high- risk locations, including but not limited to ~~, Iraq,~~ **the Middle East and** certain parts of Africa ~~, and the Middle East~~ , where the country, region or surrounding areas may have unstable governments, or in areas of military conflict, or hostile and unstable environments, including war zones, or at military installations. ~~These operations~~ **Political or economic instability, international security concerns and geopolitical conflict or global hostilities in countries where we provide services and products may** increase the risk of an incident resulting in damage or destruction to our work or living sites **or our inability to meet contractual obligations** or resulting in injury or loss of life to our employees, subcontractors or other third parties. Our insurance coverage may not be adequate to cover these claims and liabilities and we may be forced to bear substantial costs arising from those claims. The impact of these factors is difficult to predict, but any one or more of them could adversely affect our financial position, results of operations or cash flows. **A significant portion of our workforce is represented by labor unions, and our business could be harmed in the event of a prolonged work stoppage. As of December 31, 2023, approximately 4, 700 of our employees, or approximately 30 % of our employee base were unionized. We have 46 collective bargaining agreements with labor unions. We cannot predict how stable our union relationships will be or whether we will be able to successfully renew or negotiate these labor contracts, or enter into new agreements, on terms that are acceptable to us. In addition, the presence of unions may limit our flexibility in managing our workforce. Labor actions, work stoppages or the threat of work stoppages by our union employees or implementation of a work stoppage contingency plan, and our failure to obtain favorable labor contract terms during negotiations, may disrupt our operations, negatively impact our ability to provide services to our customers on a timely basis, and result in higher labor costs, which could in turn negatively impact our reputation, results of operations and financial condition. We are subject to legal and regulatory compliance risks associated with operating internationally.** Our U. S. government contracts operating internationally represented approximately ~~48~~ **42** % of total revenue for the year ended December 31, ~~2022~~ **2023** . We are subject to a variety of U. S. and foreign laws and regulations, including, without limitation, business compliance, tax and anti- corruption laws, including the U. S. Foreign Corrupt Practices Act. We also employ international personnel and engage with foreign subcontractors and labor brokers, which requires compliance with numerous foreign laws and regulations related to labor, benefits, taxes, insurance and reporting requirements, among others, such as the European Union (EU) General Data Protection Regulation (GDPR). Failure by us or our subcontractors or vendors to comply with these laws and regulations could result in administrative, civil, or criminal liabilities, suspension or debarment from government contracts, any of which could have a material adverse effect on us. Our business operations are also subject to additional risks associated with conducting business internationally, including, without limitation: • Political instability in foreign countries; • Terrorist activity by various groups in the areas in which we operate; • Imposition of inconsistent foreign laws, regulations or policies or changes in or interpretations of such laws, regulations or policies; • Currency exchange controls, fluctuations of currency and foreign exchange rates, and currency revaluations; • Conducting business in places where laws, business practices and customs are unfamiliar or unknown; and • Imposition of limitations on or increases in withholding and other taxes on payments by foreign operations. Our failure to adapt to or mitigate these risks could affect our ability to conduct our business internationally and adversely affect our financial position, results of operations or cash flows. We ~~conduct a portion~~ **may not realize the anticipated benefits and cost savings** of ~~our operations through joint ventures where control~~ **the Merger and integrating the two companies** may be **more difficult** ~~shared with unaffiliated third parties. In addition~~ , **costly** ~~as with any joint venture arrangement, differences in views among the joint venture participants may result in delayed decisions or in failures to agree on major issues. We also cannot control the actions of our~~ - **or** joint venture partners, including any failure...... It can take a significant amount of time to resolve contract protests and, in...... financial results. We rely on third - **consuming** party subcontractors to perform some of the...... react to problems affecting a business function than **expected** ~~we would be in a more centralized environment. In addition, " company- wide " business initiatives, such as the integration of information technology systems, carry a higher risk of failure. Depending on the nature of the initiative, such failure could result in loss of revenues, product development delays, compromise, corruption or loss of confidential, proprietary or sensitive information (including personal information or technical business information), remediation costs, indemnity obligations and other potential liabilities, regulatory or government action, breach of contract claims, contract termination, class action or individual lawsuits from affected parties, negative media attention, reputational damage, and loss of confidence from our government clients. Any of the foregoing could materially adversely affect our business, financial condition or results of operations, and our insurance and other risk mitigation mechanisms may not be sufficient to recover the costs. We continue to update and replace many of our systems and network infrastructure to protect our computing environment, to stay current on vendor supported products, to improve the effectiveness of our systems, strengthen cybersecurity requirements and improve the efficiency of our systems. The implementation of new systems and information technology could adversely impact our operations by imposing substantial capital expenditures or difficulties in transitioning to new systems. In addition, our systems implementations may not result in productivity improvements at the levels anticipated. Systems implementation disruption and any other information technology disruption could have a material adverse effect on our business. Many of the systems and networks that we develop, install and maintain for our customers involve managing and protecting personal information and information relating to national security and other sensitive government functions. If a system or network that we develop, install or maintain were to fail or experience a security breach or service interruption, we may experience loss of revenue, remediation costs or face claims for damages or contract termination. Any such event could prevent us from having access to or being eligible for further work on such systems and networks and cause serious harm to our business and reputation. Our liability insurance may be inadequate to compensate us for all of the damages that we may incur and, as a result, our future results could be adversely affected. As a U. S. entity operating in multiple European countries, we are also subject to regulatory compliance requirements under the EU GDPR that require our business to comply with security and privacy controls to protect personal data and privacy of EU citizens for transactions that occur within EU member states. A failure to comply with these requirements could negatively impact our business and financial condition. In addition, similar regulations regarding data protection and privacy rights are emerging in the U. S. and have the potential to negatively impact our business and financial condition. As a U. S. government contractor, we are also subject to regulatory compliance requirements under the DFARS and other federal regulations that require our IT systems to comply with the security and privacy controls in National Institute of Standards and Technology Special Publication 800- 171 (NIST 800- 171). We may also be responsible if our subcontractors do not comply with these requirements. A failure to comply with these requirements could negatively impact our business and financial condition~~ . The success of the Merger, including anticipated benefits and cost savings, will depend, in part, on our ability to **continue to** ~~successfully combine and~~ integrate our business with Vertex' s. We may not realize the **various anticipated financial and strategic** benefits of the Merger ~~, including, among other things: (i) the expectation that combining Vectrus and Vertex would create a larger, stronger company with (a) an enhanced ability to compete for more integrated business opportunities, (b) a more diversified revenue base across geographies, clients and contract types in supporting missions for the DoD and other government agencies, and (c) a combined contract portfolio that will be more balanced across the government agencies served or (ii) the expectation that Vectrus will be able to use free cash flow to reduce its indebtedness~~ . The Merger involves the integration of Vertex' s business with our legacy business, which is a complex, costly and time- consuming process. Furthermore, Vertex' s current process of integrating its Defense Training and Mission Critical Services business, which still relies on certain operating and support services from Raytheon Company, could further increase the complexity and costs of integrating Vertex' s businesses following the Merger. It is possible that the integration process could result in material challenges, including, without limitation: • ~~the diversion of management' s attention from ongoing business concerns and performance shortfalls at one or both of the companies as a result of the devotion of management' s attention to the Merger; •~~ managing a larger combined company; • the creation of a new executive management team; • ~~maintaining employee morale and retaining key management and other employees; •~~ the possibility of faulty assumptions underlying expectations regarding the integration process **including unforeseen expenses** ; • retaining existing business and operational relationships and attracting new business and operational relationships; • consolidating corporate and administrative infrastructures and eliminating duplicative operations and inconsistencies in standards, controls, procedures and policies; • integrating the companies' financial reporting and internal control systems, including the Company' s compliance with Section 404 of the Sarbanes- Oxley Act of 2002, as amended, and the rules promulgated thereunder by the SEC; ~~• coordinating geographically separate organizations; • maintaining~~ and ~~protecting the competitive advantages of each of Vectrus and Vertex, including the trade secrets, know- how and intellectual property related to its processes;~~ • unanticipated issues in integrating information technology, communications and other systems ~~; and • unforeseen expenses or delays associated with the Merger~~ . Many of these factors will be outside of the Company' s control, and any one of them could result in delays, increased costs, decreases in revenues and diversion of management' s time and energy, which could materially affect the Company' s financial position, results of operations and cash flows **. Management recently concluded that, as of December 31, 2023, the Company' s disclosure controls and procedures were not effective due to a**

material weakness in internal control over financial reporting at a subsidiary within Vertex. For details, please reference" Item 9A. Controls and Procedures- Management' s Report on Internal Control over Financial Reporting" in this Annual Report on Form 10- K . If we experience difficulties with the integration process, the anticipated benefits of the Merger may not be realized fully or at all, or may take longer to realize than expected. These integration matters could have an adverse effect on us for an undetermined period after completion of the Merger. In addition, the actual cost savings of the Merger could be less than anticipated. Our future results may be adversely impacted if the Company does not effectively manage its expanded operations. ~~Following the completion of the Merger, the size of the Company' s business is significantly larger than the previous size of either Vectrus' or Vertex' s respective businesses. Our ability to successfully manage this expanded business will depend, in part, upon management' s ability to design and implement strategic initiatives that address not only the integration of two discrete companies, but also the increased scale and scope of the combined business with its associated costs and complexity.~~ There can be no assurances that we will be successful or that we will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the Merger ~~extend existing task orders or issue new task orders under a subcontract,proper invoicing,cost reasonableness,allocability,allowability,adjustments to the scope of the subcontractor' s work,or the subcontractor' s failure to comply with applicable law or regulations.Uncertain economic conditions heighten the risk of financial stress of our subcontractors,which could adversely impact their ability to meet their contractual requirements to us.If any of our subcontractors fail to timely meet their contractual obligations or have regulatory compliance or other problems,our ability to fulfill our obligations may be jeopardized.Significant losses could arise in future periods and subcontractor performance deficiencies could result in our termination for default.Our business could be adversely affected by bid protests.We may experience additional costs and delays if our competitors protest or challenge awards of contracts to us in competitive bidding.Any such protest or challenge could result in the resubmission of bids on modified specifications,or in the termination,reduction or modification of the awarded contract.It can take a significant amount of time~~ to resolve contract protests and,in the interim,the contracting U.S.federal agency may suspend our performance under the contract pending the outcome of the protest.We cannot predict the timing or outcome of protests.In addition,we may protest the contract awards of our competitors when we believe it is prudent to do so to protect our rights and interest in the competition.This process requires the time,effort and attention of our management and employees and incurs additional costs. **We derive all or most of our revenue from work performed under U.S.government contracts,primarily the DoD,either as a prime contractor or as a subcontractor to other contractors engaged in work for the U.S.government.For the year ended December 31,2022,we generated approximately 46 % of our total revenue from the U.S.Army.Our reputation and relationship with the U.S.government,and in particular with the branches and agencies of the DoD,are key factors in maintaining and growing this revenue.Negative press reports or publicity,which could pertain to employee or subcontractor misconduct,alleged violations of labor trafficking laws,conflicts of interest,termination of a contract or task order,poor contract performance,deficiencies in services,reports or other deliverables,information security breaches,business system disapprovals,or other aspects of our business,regardless of accuracy,could harm our reputation.If our reputation is negatively affected,we may lose our ability to conduct business in a foreign country (e.g.,loss of business license),lose a required security clearance,or are suspended or debarred from contracting with government agencies or any branch of the DoD,our revenue and growth prospects could be adversely impacted.**
Misconduct ~~of~~ **,fraud or other improper activities by** our employees,subcontractors,agents,prime contractors or business partners ~~could cause us to lose customers and~~ could have a material adverse impact on our business and reputation ~~,adversely affecting our ability to obtain new contracts.Misconduct,fraud or other improper activities by our employees,subcontractors,agents,prime contractors or business partners could have a material adverse impact on our business and reputation~~ .Such misconduct could include the failure to comply with federal,state,local or foreign government procurement regulations,regulations regarding the protection of classified or personal information,legislation regarding the pricing of labor and other costs in government contracts,laws and regulations relating to environmental matters,bribery of foreign government officials,lobbying or similar activities,boycotts,antitrust and any other applicable laws or regulations.Misconduct involving data security lapses or inadequate cybersecurity protections resulting in the compromise of personal information or the improper use of our customer' s sensitive or classified information could result in remediation costs,regulatory sanctions against us and serious harm to our reputation.Although we have implemented policies,procedures ~~,~~ **and** controls and training that are designed to prevent and detect these activities,these precautions may not prevent all misconduct and as a result,we could face unknown risks or losses.Misconduct by any of our employees,subcontractors,agents,prime contractors or business partners or our failure to comply with applicable laws or regulations could subject us to fines and penalties,loss of security clearance,loss of current and future customer contracts and suspension or debarment from contracting with federal,state or local government agencies,any of which would adversely affect our business,our reputation and our future financial results. **We rely** ~~Our success depends,in part,~~ on **third** ~~our ability~~ . We have and may in the future selectively pursue strategic acquisitions and other investments. These transactions require significant investment of time and resources and may disrupt our business and distract our management from other responsibilities. Even if successful, these transactions could affect our operating results for a number of reasons, including the amortization of intangible assets, impairment charges, acquired operations that are not yet profitable or the payment of additional consideration under earn- out arrangements if an acquisition performs better than expected. If we engage in such transactions, we may incur significant transaction and integration costs and have difficulty integrating personnel, operations, products or technologies or otherwise realizing synergies or other benefits from the transactions. The integration process could result in the loss of key employees, loss of key customers, loss of key vendors, decreases in revenue and increases in operating costs. In addition, we may assume material **risks and** liabilities in an acquisition, including liabilities that are unknown as of the time of the acquisition. Such transactions may dilute our earnings per share, disrupt our ongoing business, distract our management and employees, increase our expenses, perform poorly, subject us to liabilities, and increase our risk of litigation,

all of which could harm our business . Revenue from our contracts is recognized...... may adversely affect our future financial results . We depend on our teaming arrangements and relationships with other contractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenue, profitability and growth prospects could be adversely affected. We rely on our teaming relationships and other arrangements with other prime contractors or subcontractors in order to submit bids for large procurements or other opportunities where we believe the combination of services provided by us and the other companies will help us to win and perform the contract. Our future revenue and growth prospects could be adversely affected if other contractors eliminate or reduce their contract relationships with us, or if the U. S. government terminates or reduces these other contractors' programs, does not award them new contracts or refuses to pay under a contract. **We may be required to contribute additional funds to meet any present or future underfunded benefit obligations associated with multiemployer pension plans in which we participate.** A multiemployer pension plan is typically established under a collective bargaining agreement with a union to represent workers of various unrelated companies. Certain collective bargaining agreements require us to contribute to their various multiemployer pension plans. For the year ended December 31, ~~2022~~ **2023** , we contributed $ ~~6~~ **12** . ~~3~~ **9** million to multiemployer pension plans. Under the Employee Retirement Income Security Act (ERISA), an employer who contributes to a multiemployer pension plan, absent an applicable exemption or other mitigating circumstance, may also be liable, upon termination or withdrawal from the plan, for its proportionate share of the multiemployer pension plan' s unfunded vested benefit. If we terminate or withdraw from a multiemployer plan, absent an applicable exemption or other mitigating circumstance, we could be required to contribute a significant amount of cash to fund the multiemployer plan' s unfunded vested benefit, which could materially and adversely affect our financial results. Legal disputes could require us to pay potentially large damage awards and could be costly to defend, which would adversely affect our cash balances and profitability, and could damage our reputation. We are subject to a number of lawsuits and claims as described under Part I, **"** Item 3 **.** ~~, "~~ Legal Proceedings ~~,~~ " in this Annual Report on Form 10- K. We are also subject to, and may become a party to, a variety of other litigation or claims and suits that arise from time to time in the ordinary course of our business. Adverse judgments or settlements in some or all of these legal disputes may result in significant monetary damages or injunctive relief against us. Any claims or litigation could be costly to defend, and even if we are successful or if fully indemnified or insured, such claims or litigation could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. In addition, any securities litigation that we could encounter as a publicly traded company could be costly, divert management' s attention and resources from our business and could require us to make substantial payments to settle those proceedings or satisfy any judgments that may be reached against us. Litigation and other claims are subject to inherent uncertainties and management' s view of these matters may change in the future **. Our insurance may be insufficient to protect us from claims or losses** . We maintain insurance coverage with third- party insurers as part of our overall risk management strategy and because some of our contracts require us to maintain specific insurance coverage limits. However, not every risk or liability is or can be protected by insurance, and, for those risks we insure, the limits of coverage we purchase or that are reasonably obtainable in the market may not be sufficient to cover all actual losses or liabilities incurred. If any of our third- party insurers fail, cancel our coverage or otherwise are unable to provide us with adequate insurance coverage, then our overall risk exposure and our operational expenses would increase, and the management of our business operations would be disrupted. Our insurance may be insufficient to protect us from significant warranty and other liability claims or losses. Moreover, there is a risk that commercially available liability insurance will not continue to be available to us at a reasonable cost, if at all. If liability claims or losses exceed our current or available insurance coverage, our business and prospects may be harmed. We are also subject to the requirements of the Defense Base Act (DBA), which generally requires insurance coverage to be provided to persons employed at U. S. military bases outside of the U. S. Failure to obtain DBA insurance may result in fines or other sanctions, including the loss of a particular contract. **There is a rapidly evolving awareness and focus from stakeholders with respect to environmental, social and governance practices, which could affect our business.** Stakeholder expectations with respect to environmental, social and governance matters have been rapidly evolving and increasing. We risk damage to our reputation if we do not act responsibly in key areas including diversity and inclusion, environmental stewardship, support for local communities and corporate governance. A failure to maintain appropriate environmental, social, governance practices may result in loss of business, and an inability to attract and retain customers and talented personnel, and which could have a negative impact on our business, results of operations and financial condition, and potentially on the price of our common stock and cost of capital. RISKS RELATED TO GOVERNMENTAL REGULATIONS AND LAWS **Environmental, health and safety issues could have a material adverse effect on our business, financial position or results of operations.** We are subject to federal, state, local, and foreign environmental, health and safety laws and regulations, including those governing: **climate change;** air emissions; discharges to water; the management, storage, transportation and disposal of hazardous wastes, petroleum, and other regulated substances; the investigation and cleanup of contaminated property; and the maintenance of a safe and healthy workplace for our employees, contractors, and visitors. These laws and their implementing regulations can impose certain operational controls for minimization of pollution, permitting, training, recordkeeping, monitoring and reporting requirements or other operational or siting constraints on our business, result in costs to remediate releases of regulated substances into the environment, result in facility shutdowns to address violations, or require costs to remediate sites to which we sent regulated substances for disposal. Violations of these laws and regulations can cause significant delays and add additional costs to a project. We have incurred and will continue to incur operating, maintenance and other expenditures as a result of environmental, health and safety laws and regulations. **Past business practices at companies that we have acquired may also expose us to future unknown environmental, health and safety liabilities. We are subject to laws and regulations related to climate change. The State of California has enacted new climate change disclosure requirements, including emissions requirements. In addition, the European Union Corporate Sustainability Reporting Directive became effective in 2023 and requires expansive**

disclosures on various sustainability topics, and the SEC has issued proposed climate change rules. We are currently assessing our obligations under these laws and regulations, but we expect that compliance with these laws and regulations could result in substantial compliance costs, including monitoring and reporting costs. Noncompliance with these laws or regulations may result in potential cost increases, litigation, fines, penalties, brand or reputational damage, and higher investor activism activities. We cannot predict how future laws and regulations, or future interpretations of current laws and regulations related to climate change will affect our business, financial condition and results of operations. Any new developments such as the adoption of new environmental, health and safety laws and regulations could result in material costs and liabilities that we currently do not anticipate and could increase our expenditures and also materially adversely affect our business, financial position or results of operations **. As a U. S. government contractor, we are subject to a number of procurement laws and regulations and could be adversely affected by changes in regulations or our failure to comply with these regulations** . We operate in a highly regulated environment and must comply with many significant procurement regulations and other requirements. These regulations and requirements, although customary in government contracts, increase our performance and compliance costs. If any such regulations or procurement requirements change, our costs of complying with them could increase and therefore reduce our margins. Some significant statutes and regulations that affect us include: • The FAR and department or agency- specific regulations that implement or supplement the FAR, such as the DoD' s DFARS, which regulate the formation, administration and performance of U. S. government contracts; • The Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with certain contract negotiations; • The Procurement Integrity Act, which regulates access to competitor bid and proposal information and government source selection information, and our ability to provide compensation to certain former government officials; • The Civil False Claims Act, which provides for substantial civil penalties, including claims for treble damages, for violations, including for submission of a false or fraudulent claim to the U. S. government for payment or approval; • The CTIP Act, which ensures that government contractors and others are fully trained to combat human trafficking pursuant to the National Security Presidential Directive 22; and • The U. S. Government Cost Accounting Standards (CAS), which impose accounting requirements that govern our right to reimbursement under certain cost- based U. S. government contracts. If we are found to have violated any of these or other laws or regulations, or are found not to have acted responsibly as defined by them, we may be subject to reductions of the value of contracts; contract modifications or terminations; the assessment of penalties and fines, compensatory damages or treble damages; or suspension or debarment from government contracting or subcontracting, any of which could have a material adverse effect on our financial position, results of operations, or cash flows. **Our business is subject to audits, reviews, cost adjustments, and investigations by the U. S. government, which, if resolved unfavorably to us, could adversely affect our profitability, cash position or growth prospects.** U. S. government agencies, including the DCAA, the DCMA and others, routinely audit and review our performance on government contracts, indirect rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. They also review the adequacy of our compliance with government standards for our business systems, including our accounting, purchasing, government property, estimating, and related business systems. Recently, these audits and reviews have become more rigorous and the standards to which we are held are being more strictly interpreted and applied, increasing the likelihood of an audit or review resulting in an adverse outcome. Although customary in government contracts, these audits and reviews increase our performance and compliance costs. Government audits or other reviews could result in adjustments to contract costs, the disallowance of or adjustment to costs allocated to certain contracts, mandatory customer refunds, or decreased billings to our U. S. government customers until the deficiencies identified in the audits or reviews are corrected and our corrections are accepted by DCMA. Such adjustments could be applied retroactively, which could result in significant customer refunds. A determination of non- compliance with applicable contracting and procurement laws, regulations and standards could result in the U. S. government imposing penalties and sanctions against us, including withholding of payments, suspension of payments and increased government scrutiny that could delay or adversely affect our ability to invoice and receive timely payment on contracts, perform contracts or compete for contracts. Non- compliance by us could result in our being placed on the " Excluded Parties List " maintained by the General Services Administration, and we could become ineligible to receive certain contracts, subcontracts and other benefits from the U. S. government or to perform work under a government contract or subcontract until the basis for the listing has been appropriately addressed, which would materially adversely affect our ability to do business. In addition, if a review or investigation identifies improper or illegal activities, we may be subject to civil or criminal penalties or administrative sanctions, including the termination of contracts, forfeiture of profits, the triggering of price reduction clauses, suspension of payments, fines and suspension or debarment from doing business with governmental agencies. Civil penalties and sanctions are not uncommon in our industry. If we incur a material penalty or administrative sanction, our reputation, business, results of operations, and future business could be adversely affected. The DoD continues to **modify its business practices, which could have a material effect on its overall procurement processes and adversely impact our current programs and potential new awards. The DoD continues to** pursue various initiatives designed to gain efficiencies and to focus and enhance business practices. These initiatives and resulting changes, such as increased usage of firm- fixed- price contracts, where we bear the risk that increased or unexpected costs may reduce our profit or cause us to sustain losses, multiple award IDIQ contracts and small and disadvantaged business set- aside contracts, have an impact on the contracting environment in which we do business. Any of these changes could impact our ability to obtain new contracts or renew our existing contracts when those contracts are recompeted. These initiatives, such as IDIQ contracts, continue to evolve, and the full impact to our business remains uncertain and subject to the way the DoD implements them. As a result of these initiatives, our profit margins on future contracts may be reduced and may require us to make sustained efforts to reduce costs in order to realize revenue and profits under our contracts. If we are not successful in reducing the amount of costs we incur, our profitability on our contracts will be negatively impacted. Any new contracting requirements or procurement methods could be costly or administratively difficult for us to implement and could adversely affect our future revenue, profitability and prospects. **Our business depends upon obtaining and maintaining required facility security clearance and individual security clearances.** Many of our federal government contracts require our employees to maintain various levels of security ~~clearances~~ - **clearance** ~~complying~~ **eligibility and access in compliance** with U. S. government requirements. Obtaining and maintaining security ~~clearances~~ - **clearance eligibility** ~~for employees~~ involves a lengthy process and it can be difficult to identify, recruit and retain employees who already hold **or meet** security ~~clearances~~ - **clearance eligibility** . If our employees are unable to obtain or ~~retain~~ **maintain** security ~~clearances~~ - **clearance eligibility** or if our employees who hold security ~~clearances~~ - **clearance eligibility** terminate employment with us, our ability to perform the work under the contract may be negatively affected, and the customer whose work requires cleared employees could terminate the contract or decide not to renew it upon its expiration. In addition, many of the contracts on which we bid **and perform** require us to maintain a facility security clearance **that is in compliance with U. S. government Code of Federal Regulations** . To the extent we are not able to maintain a facility security clearance, we may not be able to bid on or win new contracts, or effectively re- bid on expiring contracts **. As a U. S. defense contractor, we are subject to security restrictions, which may limit investor insight into portions of our business. Our federal government contracts may be subject to security restrictions, which preclude the dissemination of information and technology that is classified for national security purposes under applicable law and regulation. In general, access to classified information, technology, facilities and programs requires the appropriate need to know and personnel security access. These types of contracts are subject to strict government oversight and require specialized infrastructure and the appropriate facility clearances. As we are limited in our ability to provide information about these contracts and services, such as the scope of work, associated risks and any disputes or claims, our investors may have limited insight into a portion of our business which may hinder their ability to fully evaluate the risks related to that portion of our business. Our business may be negatively impacted if we are unable to adequately protect our intellectual property rights** . Our success is dependent, in part, on our ability to utilize technology to differentiate our services from our competitors. We rely on a combination of patents, confidentiality agreements and other contractual arrangements, as well as copyright, trademark, patent and trade secret laws, to protect our intellectual property rights and interests. However, these methods only provide a limited amount of protection and may not adequately protect our intellectual property rights and interests. Our employees, contractors and joint venture partners are subject to confidentiality obligations, but this protection may be inadequate to deter or prevent misappropriation of our confidential information and / or infringement of our intellectual property rights. Further, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to adequately protect, maintain or enforce our intellectual property rights may adversely limit our competitive position. We cannot provide assurances that others will not independently develop technology substantially similar to our protected technology or that we can successfully preserve our intellectual property rights in the future. Our intellectual property rights could be invalidated, circumvented, challenged, misappropriated or infringed upon. Any infringement, misappropriation or related claims, whether meritorious or not, are time consuming, divert technical and management personnel, are expensive to resolve, and the outcome is unpredictable. As a result of any such dispute, we may have to develop non- infringing technology, pay damages, enter into royalty or licensing agreements, cease utilizing certain products or services or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us. If we are unable to prevail in the litigation or retain or obtain sufficient rights or develop non- infringing intellectual property or otherwise alter our business practices on a timely or cost- efficient basis, our business and operating results may be adversely affected. In addition, our clients or other third parties may also provide us with their technology and intellectual property. There is a risk that we may not sufficiently protect our or their information from improper use or dissemination and, as a result, could be subject to claims and litigation and resulting liabilities, loss of contracts or other consequences that could have an adverse impact on our business, financial condition and results of operation. We also hold licenses from third parties which may be utilized in our business operations. If we are no longer able to license such technology on commercially reasonable terms or otherwise, our business and financial performance could be adversely affected. Government withholding regulations could adversely affect our operating performance. A DFARS rule allows withholding of a percentage of payments when a contractor' s business system has one or more significant deficiencies. The DFARS rule applies to CAS- covered contracts that have the DFARS clause in the contract terms and conditions. Contracting officers may withhold 5 % of contract payments for one or more significant deficiencies in any single contractor business system or up to 10 % of contract payments for significant deficiencies in multiple contractor business systems. A significant deficiency as defined by the DoD is a " shortcoming in the system that materially affects the ability of officials of the DoD to rely upon information produced by the system that is needed for management purposes. " If we have significant deficiencies and contract payments are withheld, our revenue and financial position may be adversely affected. **We are subject to certain data privacy regulations, which expose us to certain risks if we do not comply with these requirements. Many of the systems and networks that we develop, install and maintain for our customers involve managing and protecting personal information and information relating to national security and other sensitive government functions. The collection and use of personal data is subject to various U. S. federal and state privacy and data security laws and regulations. Outside of the U. S., many countries have privacy and data security laws and regulations concerning the collection and use of personal data, including but not limited to, the EU' s GDPR. These laws and regulations are complex, constantly evolving, and may be subject to significant change in the future. In addition, enforcement of such laws and regulations is increasing and the application, interpretation and enforcement of these laws and regulations are often uncertain, particularly in new and rapidly evolving areas of technology all of which can make compliance challenging and costly, may expose us to related risks and liabilities and could negatively impact our business and financial condition. As a U. S. government contractor, we are also subject to regulatory compliance requirements under DFARS and other federal regulations that require our IT systems to comply with the security and privacy**

controls such as the National Institute of Standards and Technology Special Publication 800- 171 (NIST 800- 171). We may also be responsible if our subcontractors do not comply with these requirements. A failure to comply with these requirements could negatively impact our business and financial condition. RISKS RELATED TO OUR INDEBTEDNESS, FINANCIAL CONDITION AND MARKETS **In connection with the Merger, we assumed significantly more indebtedness than V2X' s prior indebtedness. Our level of indebtedness and our ability to make payments on or service our indebtedness could adversely affect our business, financial condition, results of operations, cash flow and liquidity.** As of December 31, ~~2022~~ **2023** , we had approximately $ 1, ~~336~~ **154** . ~~8~~ **2** million of aggregate debt outstanding, which consists of the First Lien Term Facility ~~,~~ **and** the ~~Second Lien~~ **2023 Revolver and** Term **Loan** ~~Facility and the ABL Facility~~ (See Note 10, Debt, in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10- K). ~~In for working capital,capital expenditures,acquisitions,and the repayment or refinancing of our indebtedness as~~ it becomes due **and other general corporate purposes and may create competitive disadvantages for us relative to other companies with lower debt levels** .If we do not achieve the expected benefits and cost savings from the Merger,or if our financial performance does not meet current expectations,then our ability to service our indebtedness may be adversely impacted.If we are not able to repay or refinance our debt as it becomes due,we may be required to adopt one or more alternatives,such as selling assets,restructuring debt or obtaining additional debt or equity on terms that may be onerous or highly dilutive,if we can obtain it at all.If we raise equity through the issuance of preferred stock,the terms of the preferred stock may give the holders rights,preferences and privileges senior to those of holders of our common stock ~~,particularly~~ connection with the Merger ~~The agreements that govern the indebtedness incurred in connection with the Merger~~ contain various affirmative and negative covenants that may,subject to certain significant exceptions,restrict our and certain of our subsidiaries' ability to incur debt and our and certain of our subsidiaries' ability to merge,dissolve,liquidate or consolidate;make acquisitions,investments,advances or loans;dispose of or transfer assets;pay dividends;redeem or repurchase certain debt;and enter into certain restrictive agreements.Our and our subsidiaries' ability to comply with these provisions may be affected by events beyond our control.Failure to comply with these covenants could result in an event of default,which,if not cured or waived,could accelerate our repayment obligations and could result in a default and acceleration **under other agreements containing cross- default provisions.Under these circumstances** , we ~~incurred~~ **might not have sufficient funds or other resources to satisfy all of our obligations. Goodwill represents a** significant **portion of our assets, and any impairment of these assets could negatively impact our results of operations. As of December 31, 2023, our goodwill was approximately $ 1. 7 billion, which represented approximately 53. 7 % of our total assets. We test goodwill for impairment on an annual basis, or whenever events or changes in circumstances indicate that the carrying value of goodwill may not be recoverable. (For** additional ~~indebtedness~~ **information on our goodwill impairment testing** , **see** ~~including under the First Lien Term Facility and the Second Lien Term Facility and the ABL Facility (each as defined in~~ Note ~~10~~ **1** , ~~Debt~~ **Description of Business and Summary of Significant Accounting Policies** , in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10- K) **.Because of the significance of our goodwill,any future impairment of this asset could have a material adverse effect on our results of operations.The effects of changes in worldwide economic and capital markets conditions may significantly affect our ability to maintain liquidity or procure capital.** Our business may be adversely affected by factors in the U.S.and other countries that are beyond our control,such as disruptions in financial markets or downturns in economic activity in specific countries or regions,or in the various industries in which our company operates;social,political or labor conditions in specific countries or regions;geopolitical conflict or **global** hostilities;or adverse changes in the availability and cost of capital,inflation,interest rates,foreign currency exchange rates,tax rates,or regulations in the jurisdictions in which our company operates.If we lose access to our revolving credit facility,or if we are required to raise additional capital,we may be unable to do so in the current credit and stock market environment,or we may be able to do so only on unfavorable terms.Adverse changes to financial conditions also could jeopardize certain counterparty obligations,including those of our insurers and financial institutions and other third parties. ~~As of December 31,2022,our total backlog was $ 12.3 billion,which included $ 2.6 billion in funded backlog.~~ We may not realize ~~the full amount of our backlog~~ as revenue ~~,particularly unfunded~~ **the full amounts reflected in our** backlog ~~and future services where the customer has an option to decline our continued services under a contract.In addition~~ , which could adversely affect our **future revenue** ~~business operations, cash flows~~ and **growth** ~~liquidity, including by decreasing our business flexibility and increasing our interest expense~~ . ~~The~~ **As of December 31, 2023, our total backlog was $ 12. 8 billion, which included $ 2. 8 billion in funded backlog. We may not realize the full** amount of ~~cash required to pay interest on our increased indebtedness levels following completion of the Merger, and thus the demands on our cash resources, is expected to be greater than the amount of cash flows required to service our indebtedness prior to the Merger. The increased levels of indebtedness following completion of the Merger could also reduce funds available for working capital, capital expenditures, acquisitions, the repayment or~~ **our backlog** ~~refinancing of our indebtedness~~ as **revenue** it becomes due and other general corporate...... those of holders of our common stock , particularly **unfunded backlog and future services where** ~~in the event of liquidation. Our ability to arrange additional financing or refinancing will depend on, among other~~ -- **the customer** ~~factors, our financial position and performance, as~~ **has** ~~well as prevailing market conditions and~~ - **an option** ~~other factors beyond our control. We cannot assure you that we will be able~~ to **decline** ~~obtain additional financing or~~ **our continued services under** ~~refinancing on terms acceptable to us or at all. The secured credit facilities include fallback language providing for~~ a **contract** ~~mechanism to convert to a new reference when the London Interbank Offered Rate (LIBOR) ceases to exist~~ . In **addition** ~~certain circumstances, such transition may also occur at the election of Vertex and the administrative agent under the respective credit facility. This could materially and adversely affect our results of operations, cash flows and liquidity. The methodology for calculating these reference rates differs in a number of respects from the methodology for calculating LIBOR, and they are not expected to be the economic equivalent of LIBOR. As a result of such differences in methodology, among other factors, it is possible that these rates will perform differently from LIBOR in future periods and may~~

~~be more volatile. Additionally~~ , there can be no assurance that **our backlog** ~~the new reference rates~~ will ~~attain market acceptance will~~ result in actual revenue in any particular period.Our receipt of revenue,and the timing and amount of revenue under contracts included in our backlog are subject to various contingencies,many of which are beyond our control,including congressional appropriations.In particular,delays in the completion of the U.S.government' s budgeting process and the use of continuing resolutions could adversely affect our ability to recognize revenue timely under the contracts included in our backlog.Furthermore,the actual receipt of revenue from contracts included in our backlog may never occur or may be delayed because:• a program schedule could change,or the program could be canceled;a contract' s funding or scope could be reduced,modified,delayed,or terminated early, **including** as ~~replacements of LIBOR. These interest rates will fluctuate with changing market conditions and, if they increase, our interest expense will also increase. The market transition away from LIBOR to alternative reference rates is complex and could have~~ a ~~range of material adverse effects on our business, financial condition and results~~ - **result** of **a lack** ~~operations. Borrowing under the secured credit facilities are at variable rates~~ of **appropriated funds** ~~interest and will expose us to interest rate risk. As of December 31, 2022, we had approximately $ 1, 336. 8 million of aggregate debt outstanding under our~~ - **or as a result of cost cutting initiatives** ~~secured credit facility. Given the current rising interest rate environment, if interest rates continue to increase, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed would remain the same, and our ability to generate cash from operations~~ and other **efforts to reduce U. S. government spending or the automatic federal defense spending cuts required by sequestration; • in the** ~~cash~~ **case** ~~flows~~ **of funded backlog** , ~~including~~ **the period of performance for the contract has expired; or • in the** ~~cash~~ **case of unfunded backlog, funding may not be** available **;** ~~for~~ - **or** ~~servicing our indebtedness~~ , ~~would correspondingly decrease. We may~~ in the ~~future enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce future interest rate volatility of our variable rate indebtedness. However, due to risks for hedging gains and losses and cash~~ **case** ~~settlement costs~~ **of priced options** , ~~we~~ **our clients** may not **exercise** elect to maintain such interest rate swaps...... in a default and acceleration under other - **their options** ~~agreements containing cross-default provisions. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations~~ . Unanticipated changes in our tax provisions or exposure to additional U. S. and foreign tax liabilities could affect our profitability. We are subject to various taxes, including but not limited to income, gross receipts and payroll withholding taxes in the U. S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision or benefit for taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Furthermore, changes in domestic or foreign tax laws and regulations, or their interpretation and enforcement, could result in higher or lower taxes assessed or changes in the taxability of certain revenue or the deductibility of certain expenses, thereby affecting our tax expense and profitability. See Note 13, Income Taxes, in the Notes to Consolidated Financial Statements included in this Annual Report on Form 10- K for additional information. In addition, we regularly are under audit by tax authorities. The final determination of tax audits and any related litigation could be materially different from our historical tax provisions and accruals. Additionally, changes in the geographic mix of our revenue, including certain additional foreign taxes resulting from the Merger, could also impact our tax liabilities and affect our overall tax expense and profitability. Our business may be adversely affected by...... effect on our results of operations. RISKS RELATED TO OUR SECURITIES We meet the requirements to be a " controlled company " within the meaning of the rules of the NYSE and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance standards, which limit the presence of independent directors on its Board of Directors or Board committees. **As** ~~Following the Merger, approximately 62. 25 %~~ of **December 31** ~~the outstanding shares of the common stock of the Company is held by holders of the equity interests of Vertex~~ , **2023** ~~on a fully diluted basis~~ , ~~and approximately 37. 75 % is held by the holders of the common stock of Vectrus, on a fully diluted basis.~~ Vertex Aerospace Holdco LLC, a Delaware limited liability company (Vertex Holdco), an affiliate of American Industrial Partners Capital Fund VI, L. P., a Delaware limited partnership and private equity fund affiliated with American Industrial Partners, owns approximately ~~62~~ **59** . ~~25~~ **3** % of the ~~fully diluted~~ **issued and outstanding** shares of the common stock of the Company. As a result, we are a " controlled company " for purposes of Section 303A of the NYSE Listed Company Manual and are exempt from certain governance requirements otherwise required by the NYSE. Under Section 303A, a company of which more than 50 % of the voting power is held by an individual, a group or another company is a " controlled company " and is exempt from certain corporate governance requirements, including requirements that (1) a majority of the board of directors consist of independent directors, (2) compensation of officers be determined or recommended to the board of directors by a majority of its independent directors or by a compensation committee that is composed entirely of independent directors and (3) director nominees be selected or recommended for selection by a majority of the independent directors or by a nominating / corporate governance committee composed solely of independent directors. Following the consummation of the Merger, we continue to have an audit committee that is composed entirely of independent directors. In addition, the procedures for approving significant corporate decisions could be determined by directors who have a direct or indirect interest in such decisions, and our shareholders will not have the same protections afforded to shareholders of other companies that are required to comply with the independence rules of the NYSE. Our stock price may be volatile. The market price of our common stock has been, and is likely to continue to be, highly volatile due to a number of factors, including the volatility of the stock market in general ~~and~~ **,** uncertainty related to major contract awards, ~~such as our LOGCAP V Award~~ **the budgetary and political climate, and overall trading liquidity** . The trading price of our stock varied from a low of $ ~~29~~ **37** . ~~81~~ **71** to a high of $ ~~48~~ **54** . ~~04~~ **76** in ~~2022~~ **2023** . Because of this volatility, investors in our stock may experience a decline in the value of their investment or may not be able to sell their common stock at or above the price paid for the shares. Any future offerings of securities, including debt or preferred stock, which would be senior to our common stock, or other equity securities may materially and adversely affect us or our shareholders, including the per share trading price of our common stock. We may issue, from time to time, additional securities, including common stock, preferred stock, depository shares, warrants, rights and debt securities, whether through an effective registration statement or otherwise. In addition to issuing more shares of our common stock, in the future, we may attempt to increase our capital resources by making additional offerings of debt, including senior debt securities or subordinated debt securities, or preferred stock, or securities that are exchangeable or exercisable or for or convertible into any of the foregoing. Holders of debt and holders of preferred stock may be entitled to receive payments of interest, dividends or otherwise prior to holders of shares of our common stock receiving dividends or any other payments and, in addition, upon liquidation, holders of debt and holders of shares of preferred stock will be entitled to receive our available assets prior to distribution to the holders of our common stock. Our preferred stock, if issued, has rights, preferences and privileges, including a preference on liquidating distributions and / or a preference on dividend payments, which could limit our ability to pay dividends to holders of our common stock. Additionally, any convertible, exercisable or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and may result in dilution to owners of our common stock. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of future offerings. As a result, our shareholders bear the risk that our future offerings could adversely affect their rights as holders of common stock, reduce the per share trading price of our common stock and dilute their interest in us. If our significant shareholders who received shares of our common stock in the Merger sell their shares, the price of our common stock could be materially affected. If our significant shareholders who received shares of our common stock in connection with the Merger choose to sell a significant number of our shares, such sales could have a material impact on the market price for our common stock. The restrictions on sales contained in the Shareholders Agreement, dated as of July 5, 2022, among the Company and certain of its shareholders (the Shareholders Agreement) have expired, and all of the shares of our common stock issued in connection with the completion of the Merger are available for resale in the public market, including pursuant to an effective registration statement that the Company filed for these shareholders. As of the date of this Form 10- K, approximately ~~60~~ **59** . 1 % of the outstanding shares of our common stock are held by the shareholders party to the Shareholders Agreement. Such shareholders may decide not to hold the shares of our common stock they received upon completion of the Merger. In addition, certain of such shareholders, such as funds with limitations on their permitted holdings of stock in individual issuers, may be required to sell the shares of our common stock that they received upon completion of the Merger. The impact on our stock price of sales of shares by such shareholders could be positive or negative, whether in the immediate term or in the future, and could be material. The effect and magnitude would depend on various factors, including market conditions, public float, trading volume and liquidity, shareholder composition and ownership, market perception, the number of shares sold and analyst coverage. In addition, future events and conditions could further increase the dilution from sales of these shares, including adverse changes in market conditions, additional transaction and integration related costs and other factors such as the failure to realize some or all of the benefits anticipated in the Merger. Any dilution of, or delay of any accretion to, our earnings per share could cause the price of shares of our common stock to decline or grow at a reduced rate. These sales may also make it more difficult for us to sell equity or equity- linked securities in the future at a time and at a price that we deem appropriate to raise funds through future offerings. We do not currently plan to pay dividends on our common stock, and our indebtedness could limit our ability to pay dividends on our common stock in the future. We do not currently plan to pay dividends on our common stock. The declaration of any future cash dividends and, if declared, the amount of any such dividends, will be subject to our financial condition, earnings, capital requirements, financial covenants and other contractual restrictions and to the discretion of our Board of Directors. Our Board of Directors may consider such matters as general business conditions, industry practice, our financial condition and performance, our future prospects, our cash needs and capital investment plans, income tax consequences, applicable law and such other factors as our Board of Directors may deem relevant. Further, pursuant to the Shareholders Agreement, for so long as the Former Vertex Stockholders (as defined in the Shareholders Agreement) collectively beneficially own 34 % or more of the outstanding shares of the Company' s common stock, the Company will not, without the requisite consent of the Former Vertex Stockholders declare or pay any dividend or distribution (a) on a non- pro- rata basis or (b) in excess of $ 25. 0 million in the aggregate during any fiscal year. Additionally, our indebtedness could have important consequences for holders of our common stock. If we cannot generate sufficient cash flow from operations to meet our debt payment obligations, then our ability to pay dividends, if so determined by the Board of Directors, will be impaired. In addition, the terms of the agreements governing our current debt limit the payment of dividends and debt that we may incur in the future may also limit the payment of dividends. **Anti- takeover provisions in our organizational documents and Indiana law could delay or prevent a change in control.** Certain provisions of our amended and restated articles of incorporation and our second amended and restated by- laws may delay or prevent a merger or acquisition that a shareholder may consider favorable. For example, the amended and restated articles of incorporation and the second amended and restated by- laws, among other things, provide for a classified board, do not permit shareholders to convene special meetings or to remove our directors other than for cause, limit our shareholders' ability to fill vacancies on our Board of Directors and impose advance notice requirements for shareholder proposals and nominations of Directors to be considered at meetings of shareholders. In addition, the amended and restated articles of incorporation authorize our Board of Directors to issue one or more series of preferred stock without further action by our shareholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price. Indiana law also imposes restrictions on mergers and other business combinations between any beneficial holder of 10 % or more of our outstanding common stock and us.