



Impossible Ends **Here** 

Second Quarter Fiscal Year 2025 Earnings Presentation

 August 7, 2025

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Forward-Looking Statements

This presentation may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend all forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the fact that they do not relate strictly to historical or current facts and by the use of forward-looking words such as “expect,” “expectation,” “believe,” “anticipate,” “may,” “could,” “intend,” “belief,” “plan,” “estimate,” “target,” “predict,” “likely,” “seek,” “project,” “model,” “ongoing,” “will,” “should,” “forecast,” “outlook” or similar terminology. These statements are based on and reflect our current expectations, estimates, assumptions and/ or projections, our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results to differ materially from those indicated by those statements. There can be no assurance that our expectations, estimates, assumptions and/or projections, including with respect to the future earnings and performance or capital structure of Karman, will prove to be correct or that any of our expectations, estimates or projections will be achieved.

Numerous factors could cause our actual results and events to differ materially from those expressed or implied by forward-looking statements, including, without limitation, that a significant portion of our revenue is generated from contracts with the United States military and U.S. military spending is dependent upon the U.S. defense budget; U.S. government contracts are subject to a competitive bidding process that can consume significant resources without generating any revenue; our business and operations expose us to numerous legal and regulatory requirements, and any violation of these requirements could materially adversely affect our business, results of operations, prospects and financial condition; our inability to adequately enforce and protect our intellectual property or defend against assertions of infringement could prevent or restrict our ability to compete; and we have in the past consummated acquisitions and intend to continue to pursue acquisitions, and our business may be adversely affected if we cannot consummate acquisitions on satisfactory terms, or if we cannot effectively integrate acquired operations. Readers and/or attendees are directed to the risk factors identified in the filings we make with the SEC from time to time, copies of which are available free of charge at the SEC’s website at www.sec.gov under Karman Holdings Inc.

The forward-looking statements included in this announcement are only made as of the date of this announcement. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable law.

Karman is a Leading IP-Driven Merchant Supplier to Prime Contractors in Three High-Priority End Markets



END MARKETS

Hypersonics & Strategic Missile Defense



Hypersonics, missile deterrent technologies and strategic missile defense systems

Tactical Missiles & Integrated Defense Systems



Precision guided, small-diameter rocket and missile technologies and integrated defense systems

Space & Launch



Traditional and new space launch and rocket systems, space capsules, vehicles and payloads

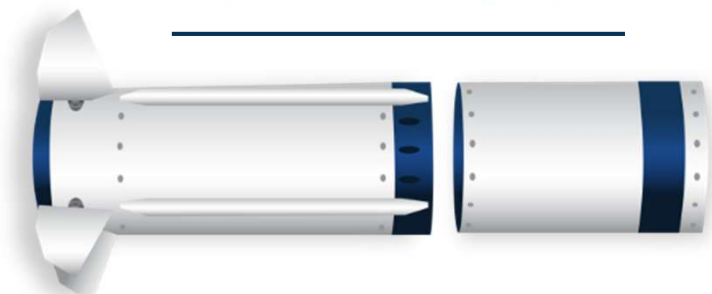
PRODUCT AREAS

Propulsion Systems



Vertically integrated offering of propulsion systems, launchers and subsystems

Aerodynamic Interstage Systems



Supporting subsystems for aerodynamics and interstage / hardware connection systems

Payload Protection & Deployment Systems



Full design and manufacturing of deployable shrouds, nose cones and supporting systems

~800K Square Ft.
Across 11 Locations

40+ Years
Heritage of Mission-Success

~1,100
Employees @12/31/24

~180
Engineers @ 12/31/24

ADVANCED SOLUTIONS FROM DESIGN TO PRODUCTION FOR OVER 70 CUSTOMERS & 100 PROGRAMS

Second Quarter Fiscal Year 2025 | Key Financial Highlights



Record Revenue

- \$115.1 million
- +35% Year-over-Year (YoY)



Record Gross Profit

- \$47 million
- +36% YoY



Record Adjusted EBITDA & EPS

- \$35.3 million adjusted EBITDA, + 29% YoY
- \$0.10 adjusted Earnings Per Share (fully diluted), + 233% YoY



Record Funded Backlog

- \$719 million
- + 36% YoY

RECORD SECOND QUARTER 2025 RESULTS; RAISING GUIDANCE FOR 2025



Second Quarter 2025 Highlights

Impossible Ends **Here** 

Refinanced credit facilities

Acquired MTI and ISP; integration on schedule

KRMN added to Russell 1000, S&P Aerospace & Defense Select Industry Index and other indices

Oversubscribed \$1.2 billion secondary offering in July

Second Quarter 2025 Financial Results



	For the Three Months Ended June 30, ⁽¹⁾		YoY Growth	For the Six Months Ended June 30, 2025
	2025	2024		
<i>(In \$ millions, except percentages)</i>				
Revenue	\$115.1	\$85.0	35%	\$215.2
Gross Profit	\$47.0	\$34.6	36%	\$86.5
Income before Provision for Income Tax	\$8.6	\$4.9	75%	\$7.1
Net Income	\$6.8	\$4.6	48%	\$2.0
Adjusted EBITDA ⁽¹⁾	\$35.3	\$27.4	29%	\$65.6
Adjusted EBITDA Margin ⁽¹⁾	30.7%	32.2%	(150 bps)	30.5%
Adjusted Earnings Per Share (diluted) ⁽¹⁾	\$0.10	\$0.03	233%	\$0.16
Funded Backlog ⁽²⁾	\$719.0	\$528.0	36%	-

(1) Adjusted EBITDA, Adjusted EPS and Adjusted EBITDA margin are non-GAAP measures – see appendix for reconciliation. Non-GAAP financial measures should be viewed in conjunction with the GAAP metrics included in the appendix. Refer to the appendix for explanation and reconciliation of non-GAAP financial measures.

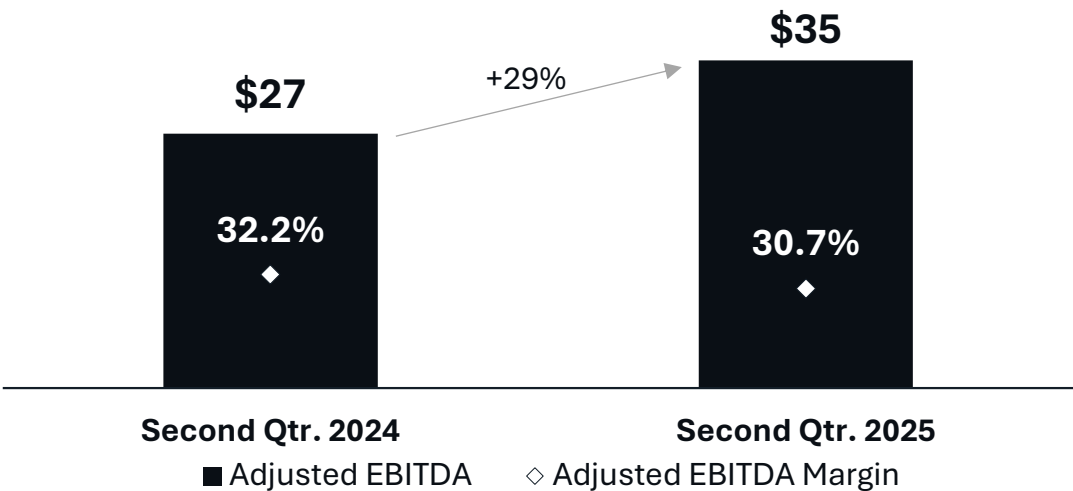
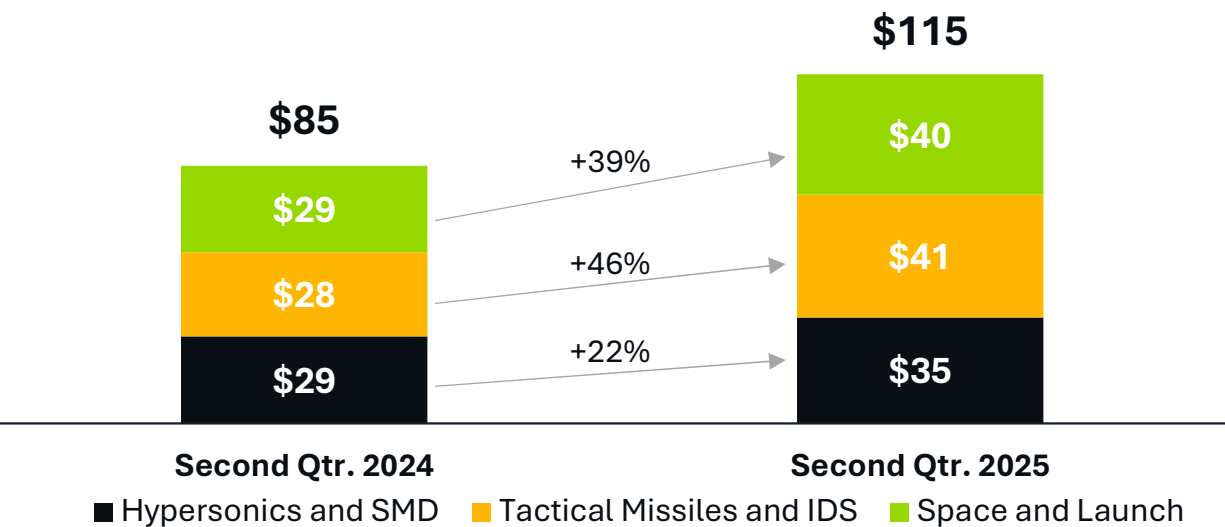
(2) Represents the total value of existing contracts, less amounts previously invoiced. Contract types include but are not limited to purchase orders, long term agreements and contractual authorization to proceed.

Double-Digit Growth in End Market Revenue and Adjusted EBITDA



Revenue (\$M)

Adj. EBITDA (\$M) & Margin⁽¹⁾



- Total revenue for the quarter ended June 30, 2025 was \$115M
- Double-digit revenue growth across each of our end-markets
- 35% year-over-year growth in revenue and 29% in adjusted EBITDA

(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Please see the appendix for a reconciliation of each non-GAAP measure to its most closely comparable GAAP measure.

Karman is Well-Positioned to Capitalize on Robust Defense Spending Trends

Tailwinds expected from incremental ~\$150bn defense spending provided as part of OBBBA⁽¹⁾

“Golden Dome”

~\$25bn



- Supports vision for layered missile defense architecture for America, utilizing missile technologies and space-based assets

Unmanned Systems

~\$5bn⁽²⁾



- Increased deployment and development of multi-domain drone and counter-drone technology

Hypersonics

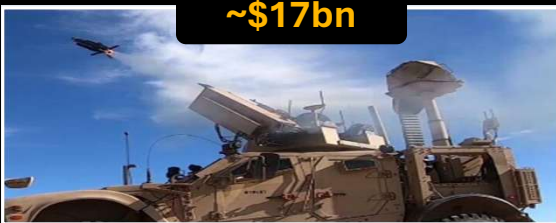
~\$3bn⁽³⁾



- Continued development and acceleration of hypersonic defense, strike, and strategic sourcing

Missile & Munitions

~\$17bn



- Restocks America’s arsenal of munitions, expands production of missile interceptors, and expands industrial base capacity



Karman
Positioning

Longstanding **supplier to critical programs likely to form core infrastructure** with proven **capability set critical for development and delivery of new solutions**

Multi-year track record delivering critical enabling technologies (i.e., solid rocket motors, launcher systems)

Continue to **leverage proven, technical design capabilities** to win with emerging hypersonic technologies and programs

Longstanding supplier to critical programs serving **70+ prime contractor customers across more than 100 programs**

Source: House Armed Service Committee.

(1) Passed as part of One Big Beautiful Bill Act (“OBBBA”) and signed into law on July 4, 2025.

(2) Includes estimated \$2.4bn captured in “Missiles & Munitions”.

(3) Includes estimated \$2.6bn captured in “Golden Dome” and \$0.4bn captured in “Missile & Munitions”.

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Updated 2025 Full Year Guidance



Revenue Range

\$452 million - \$458 million

32% year over year increase to midpoint of range

Adjusted EBITDA Range

\$138.5 million - \$141.5 million

32% year over year increase to midpoint of range

- Supported by 100% revenue visibility based on first half 2025 revenue and funded backlog expected to convert to revenue in the second half of fiscal year 2025 (to the midpoint of revenue guidance range)
- Solutions highly aligned with U.S. Department of Defense priorities in missiles, missile defense, space and launch
- Highly diversified portfolio of customers and programs
- Minimal current international sales mitigates potential demand impact from tariffs

Karman is a New Kind of Space & Defense Company



Profitable Space & Defense “Smidcap” Growth Company

24% revenue CAGR, **33%** adjusted EBITDA CAGR 2022-2024



Highly Diverse Space & Defense Portfolio

70+ prime contractor customers, **100+** programs across full lifecycle



Merchant Supplier of Critical Content

Uniquely aligned with key national security and space priorities



Full Solution Provider

From IP-driven design through vertically integrated, full rate production



Proven Inorganic Growth Process

Identification
Acquisition
Integration
Synergy Generation

Financial Tables

Non-GAAP Financial Measures



This presentation includes certain non-GAAP financial measures: Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS. We believe the non-GAAP financial measures will help investors understand our financial condition and operating results and assess our future prospects. We believe these non-GAAP financial measures, each of which is discussed in greater detail in the earnings release that accompanies this presentation, are important supplemental measures because they exclude unusual or non-recurring items as well as non-cash items that are unrelated to or may not be indicative of our ongoing operating results. Further, when read in conjunction with our U.S. GAAP results, these non-GAAP financial measures provide a baseline for analyzing trends in our underlying businesses and can be used by management as a tool to help make financial, operational and planning decisions. We may use non-GAAP financial metrics in certain management compensation plans, debt covenants, internal budgetary decision making, and other resource allocation decisions. Finally, these measures are often used by analysts and other interested parties to evaluate companies in our industry by providing more comparable measures that are less affected by factors such as capital structure.

We recognize that these non-GAAP financial measures have limitations, including that they may be calculated differently by other companies or may be used under different circumstances or for different purposes, thereby affecting their comparability from company to company. In order to compensate for these and the other limitations discussed below, management does not consider these measures in isolation from or as alternatives to the comparable financial measures determined in accordance with U.S. GAAP. Readers should review the reconciliations on the following page and should not rely on any single financial measure to evaluate our business.

Consolidated Balance Sheets - Assets



(\$ in thousands)

	June 30, 2025	December 31, 2024
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 27,438	\$ 11,530
Accounts receivable, net	57,902	55,220
Contract assets	133,590	107,222
Inventory	14,740	9,883
Prepaid and other	8,382	17,856
Total current assets	242,052	201,711
Property, plant and equipment, net	79,272	60,880
Goodwill	301,840	225,146
Intangible assets, net	251,144	208,952
Right-of-use lease assets	72,841	76,084
Other	6,780	1,187
Total assets	<u>\$ 953,929</u>	<u>\$ 773,960</u>

Consolidated Balance Sheets – Liabilities and Equity



(\$ in thousands)

	June 30, 2025 (unaudited)	December 31, 2024
LIABILITIES AND EQUITY		
Accounts payable	\$ 28,056	\$ 28,296
Accrued payroll and related expenses	10,677	11,249
Contract liabilities	19,897	29,868
Short term notes payable, net of debt issuance costs	2,816	7,140
Short term lease liabilities	5,806	5,513
Income taxes payable	15,104	20,054
Other current liabilities	5,803	12,487
Total current liabilities	88,159	114,607
Noncurrent lease liabilities, net of current	81,315	83,295
Noncurrent notes payable, net of current, net of debt issuance costs	365,847	326,920
Revolving line of credit	30,000	25,000
Deferred tax liabilities	24,652	25,370
Other non-current	2,479	2,772
Total liabilities	592,452	577,964
Total Equity	361,477	195,996
Total liabilities and equity	\$ 953,929	\$ 773,960

Reconciliation of Non-GAAP Financial Measures



(unaudited, in thousands, except percent and per share data)	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Net income	\$ 6,807	\$ 4,604	\$ 2,009	\$ 6,726
Income tax provision	1,784	312	5,092	399
Depreciation and amortization ¹	10,307	8,306	19,176	15,656
Interest expense, net	11,893	13,401	23,266	25,461
EBITDA	30,791	26,623	49,543	48,242
Transaction-related expenses ²	3,904	79	5,866	2,090
Integration expenses and non-recurring restructuring costs ³	380	476	641	892
Lender and administrative agent fees ⁴	206	—	1,466	—
Share-based Compensation ⁵	—	246	8,084	743
Adjusted EBITDA	\$ 35,281	\$ 27,424	\$ 65,600	\$ 51,967
Revenue	\$ 115,097	\$ 85,039	\$ 215,221	\$ 168,045
Net income margin	5.9%	5.4%	0.9%	4.0%
Adjusted EBITDA Margin	30.7%	32.2%	30.5%	30.9%
GAAP net income per share	\$ 0.05	\$ 0.03	\$ 0.02	\$ 0.04
Transaction-related expenses ²	0.03	—	0.04	0.01
Integration expenses and non-recurring restructuring costs ³	—	—	—	0.01
Lender and administrative agent fees ⁴	—	—	0.01	—
Share-based compensation ⁵	—	—	0.06	—
Other non-recurring costs ⁶	0.02	—	0.02	—
Adjusted EPS⁷	\$ 0.10	\$ 0.03	\$ 0.16	\$ 0.06

1. Depreciation and amortization expenses include depreciation of PP&E, amortization of intangible assets and right-of-use assets.
2. Represents legal and due diligence fees incurred in connection with planned and completed acquisitions, which are required to be expensed as incurred. For the three months ended June 30, 2025, these expenses related to the MTI and ISP acquisitions.
3. These costs include company-wide system implementation expenses and Company re-branding costs. This category also includes post-acquisition integration costs, and employee expenses related to acquisitions or restructuring activities.
4. Reflects non-recurring lender fees associated with refinance of Company's Term Loan B, separate from ongoing administrative fees.
5. Reflects share-based compensation expenses associated with the Company's P Units and Phantom Units. These Units were fully vested in connection with the completion of the Company's IPO in February 2025.
6. Other non-recurring costs for the three months ended June 30, 2025, represent the write-off of unamortized debt issuance costs associated with our previous term loan, which was refinanced with the new Term Loan B.
7. Total may not sum due to rounding.



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