

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2022.

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No. 001-34658

**BWX TECHNOLOGIES, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization) 80-0558025  
(I.R.S. Employer Identification No.)

800 Main Street, 4th Floor  
Lynchburg, Virginia  
(Address of principal executive offices) 24504  
(Zip Code)

Registrant's telephone number, including area code: (980) 365-4300

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	BWXT	New York Stock Exchange

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

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

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

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

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

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

The number of shares of the registrant's common stock outstanding at August 4, 2022 was 91,215,647.

**BWX TECHNOLOGIES, INC.**  
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**PART I****FINANCIAL INFORMATION****Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****BWX TECHNOLOGIES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS****ASSETS**

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited) (In thousands)</b>	
Current Assets:		
Cash and cash equivalents	\$ 67,404	\$ 33,891
Restricted cash and cash equivalents	2,898	2,896
Investments	3,777	3,811
Accounts receivable – trade, net	85,926	70,663
Accounts receivable – other	18,975	16,651
Retainages	51,780	51,507
Contracts in progress	564,326	546,595
Other current assets	57,574	47,718
Total Current Assets	<u>852,660</u>	<u>773,732</u>
Property, Plant and Equipment, Net	<u>1,088,847</u>	<u>1,045,640</u>
Investments	<u>8,053</u>	<u>9,558</u>
Goodwill	<u>296,905</u>	<u>285,502</u>
Deferred Income Taxes	<u>21,556</u>	<u>21,394</u>
Investments in Unconsolidated Affiliates	<u>113,400</u>	<u>85,284</u>
Intangible Assets	<u>208,941</u>	<u>185,551</u>
Other Assets	<u>115,161</u>	<u>94,719</u>
TOTAL	<u>\$ 2,705,523</u>	<u>\$ 2,501,380</u>

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	June 30, 2022	December 31, 2021
	(Unaudited)	
	(In thousands, except share and per share amounts)	
Current Liabilities:		
Accounts payable	\$ 150,167	\$ 189,842
Accrued employee benefits	69,028	71,835
Accrued liabilities – other	78,977	80,998
Advance billings on contracts	104,847	111,619
Accrued warranty expense	6,348	5,321
Total Current Liabilities	<u>409,367</u>	<u>459,615</u>
Long-Term Debt	1,380,249	1,189,304
Accumulated Postretirement Benefit Obligation	23,063	24,333
Environmental Liabilities	94,102	92,642
Pension Liability	50,904	59,388
Other Liabilities	43,488	38,863
Commitments and Contingencies (Note 5)		
Stockholders' Equity:		
Common stock, par value \$0.01 per share, authorized 325,000,000 shares; issued 127,604,870 and 127,311,985 shares at June 30, 2022 and December 31, 2021, respectively	1,276	1,273
Preferred stock, par value \$0.01 per share, authorized 75,000,000 shares; No shares issued	—	—
Capital in excess of par value	183,251	174,288
Retained earnings	1,868,822	1,775,751
Treasury stock at cost, 36,404,085 and 35,915,747 shares at June 30, 2022 and December 31, 2021, respectively	(1,352,324)	(1,326,280)
Accumulated other comprehensive income (loss)	3,261	12,143
Stockholders' Equity – BWX Technologies, Inc.	<u>704,286</u>	<u>637,175</u>
Noncontrolling interest	64	60
Total Stockholders' Equity	<u>704,350</u>	<u>637,235</u>
TOTAL	<u>\$ 2,705,523</u>	<u>\$ 2,501,380</u>

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(Unaudited)			
	(In thousands, except share and per share amounts)			
Revenues	\$ 554,208	\$ 505,099	\$ 1,084,946	\$ 1,033,372
Costs and Expenses:				
Cost of operations	413,000	375,817	817,827	768,623
Research and development costs	2,611	3,505	5,564	6,621
Losses (gains) on asset disposals and impairments, net	(1)	(29)	29	(37)
Selling, general and administrative expenses	54,680	59,318	114,814	117,579
Total Costs and Expenses	470,290	438,611	938,234	892,786
Equity in Income of Investees	11,319	7,263	20,098	15,579
Operating Income	95,237	73,751	166,810	156,165
Other Income (Expense):				
Interest income	73	77	190	209
Interest expense	(8,307)	(10,203)	(15,358)	(17,242)
Other – net	11,096	15,306	23,905	31,692
Total Other Income (Expense)	2,862	5,180	8,737	14,659
Income before Provision for Income Taxes	98,099	78,931	175,547	170,824
Provision for Income Taxes	23,418	19,522	41,792	41,600
Net Income	\$ 74,681	\$ 59,409	\$ 133,755	\$ 129,224
Net Income Attributable to Noncontrolling Interest	(68)	(62)	(132)	(128)
Net Income Attributable to BWX Technologies, Inc.	\$ 74,613	\$ 59,347	\$ 133,623	\$ 129,096
Earnings per Common Share:				
Basic:				
Net Income Attributable to BWX Technologies, Inc.	\$ 0.82	\$ 0.62	\$ 1.46	\$ 1.35
Diluted:				
Net Income Attributable to BWX Technologies, Inc.	\$ 0.82	\$ 0.62	\$ 1.46	\$ 1.35
Shares used in the computation of earnings per share (Note 9):				
Basic	91,394,853	95,354,932	91,479,226	95,329,330
Diluted	91,540,319	95,529,189	91,670,307	95,544,026

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(Unaudited) (In thousands)			
Net Income	\$ 74,681	\$ 59,409	\$ 133,755	\$ 129,224
Other Comprehensive Income (Loss):				
Currency translation adjustments	(15,281)	7,220	(9,916)	15,221
Derivative financial instruments:				
Unrealized (losses) gains arising during the period, net of tax benefit (provision) of \$134, \$(15), \$170 and \$124, respectively	(388)	40	(496)	(372)
Reclassification adjustment for losses (gains) included in net income, net of tax (benefit) provision of \$(52), \$(55), \$(104) and \$1, respectively	148	163	300	(3)
Amortization of benefit plan costs, net of tax benefit of \$(162), \$(158), \$(325) and \$(315), respectively	651	580	1,302	1,160
Unrealized (losses) gains on investments arising during the period, net of tax benefit of \$13, \$84, \$19 and \$60, respectively	(48)	—	(72)	89
Other Comprehensive Income (Loss)	(14,918)	8,003	(8,882)	16,095
Total Comprehensive Income	59,763	67,412	124,873	145,319
Comprehensive Income Attributable to Noncontrolling Interest	(68)	(62)	(132)	(128)
Comprehensive Income Attributable to BWX Technologies, Inc.	\$ 59,695	\$ 67,350	\$ 124,741	\$ 145,191

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

	Common Stock		Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Par Value							
	(In thousands, except share and per share amounts)								
Balance December 31, 2021	127,311,985	\$ 1,273	\$ 174,288	\$ 1,775,751	\$ 12,143	\$ (1,326,280)	\$ 637,175	\$ 60	\$ 637,235
Net income	—	—	—	59,010	—	—	59,010	64	59,074
Dividends declared (\$0.22 per share)	—	—	—	(20,279)	—	—	(20,279)	—	(20,279)
Currency translation adjustments	—	—	—	—	5,365	—	5,365	—	5,365
Derivative financial instruments	—	—	—	—	44	—	44	—	44
Defined benefit obligations	—	—	—	—	651	—	651	—	651
Available-for-sale investments	—	—	—	—	(24)	—	(24)	—	(24)
Exercises of stock options	—	—	—	—	—	—	—	—	—
Shares placed in treasury	—	—	—	—	—	(26,011)	(26,011)	—	(26,011)
Stock-based compensation charges	279,242	3	3,955	—	—	—	3,958	—	3,958
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(59)	(59)
Balance March 31, 2022 (unaudited)	127,591,227	\$ 1,276	\$ 178,243	\$ 1,814,482	\$ 18,179	\$ (1,352,291)	\$ 659,889	\$ 65	\$ 659,954
Net income	—	—	—	74,613	—	—	74,613	68	74,681
Dividends declared (\$0.22 per share)	—	—	—	(20,273)	—	—	(20,273)	—	(20,273)
Currency translation adjustments	—	—	—	—	(15,281)	—	(15,281)	—	(15,281)
Derivative financial instruments	—	—	—	—	(240)	—	(240)	—	(240)
Defined benefit obligations	—	—	—	—	651	—	651	—	651
Available-for-sale investments	—	—	—	—	(48)	—	(48)	—	(48)
Exercises of stock options	—	—	—	—	—	—	—	—	—
Shares placed in treasury	—	—	—	—	—	(33)	(33)	—	(33)
Stock-based compensation charges	13,643	—	5,008	—	—	—	5,008	—	5,008
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(69)	(69)
Balance June 30, 2022 (unaudited)	127,604,870	\$ 1,276	\$ 183,251	\$ 1,868,822	\$ 3,261	\$ (1,352,324)	\$ 704,286	\$ 64	\$ 704,350
Balance December 31, 2020	127,009,536	\$ 1,270	\$ 153,800	\$ 1,549,950	\$ 8,198	\$ (1,095,452)	\$ 617,766	\$ 2	\$ 617,768
Net income	—	—	—	69,749	—	—	69,749	66	69,815
Dividends declared (\$0.21 per share)	—	—	—	(20,173)	—	—	(20,173)	—	(20,173)
Currency translation adjustments	—	—	—	—	8,001	—	8,001	—	8,001
Derivative financial instruments	—	—	—	—	(578)	—	(578)	—	(578)
Defined benefit obligations	—	—	—	—	580	—	580	—	580
Available-for-sale investments	—	—	—	—	89	—	89	—	89
Exercises of stock options	61,260	—	1,517	—	—	—	1,517	—	1,517
Shares placed in treasury	—	—	—	—	—	(24,694)	(24,694)	—	(24,694)
Stock-based compensation charges	191,350	3	3,978	—	—	—	3,981	—	3,981
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	—
Balance March 31, 2021 (unaudited)	127,262,146	\$ 1,273	\$ 159,295	\$ 1,599,526	\$ 16,290	\$ (1,120,146)	\$ 656,238	\$ 68	\$ 656,306
Net income	—	—	—	59,347	—	—	59,347	62	59,409
Dividends declared (\$0.21 per share)	—	—	—	(20,164)	—	—	(20,164)	—	(20,164)
Currency translation adjustments	—	—	—	—	7,220	—	7,220	—	7,220
Derivative financial instruments	—	—	—	—	203	—	203	—	203
Defined benefit obligations	—	—	—	—	580	—	580	—	580
Available-for-sale investments	—	—	—	—	—	—	—	—	—
Exercises of stock options	13,936	—	339	—	—	—	339	—	339
Shares placed in treasury	—	—	—	—	—	(58)	(58)	—	(58)
Stock-based compensation charges	11,597	—	5,292	—	—	—	5,292	—	5,292
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(40)	(40)
Balance June 30, 2021 (unaudited)	127,287,679	\$ 1,273	\$ 164,926	\$ 1,638,709	\$ 24,293	\$ (1,120,204)	\$ 708,997	\$ 90	\$ 709,087

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended June 30,	
	2022	2021
	(Unaudited) (In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 133,755	\$ 129,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,216	32,992
Income of investees, net of dividends	(5,616)	(5,874)
Recognition of losses for pension and postretirement plans	1,627	1,475
Stock-based compensation expense	8,966	9,273
Other, net	2,921	1,548
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(1,925)	93,503
Accounts payable	(22,571)	(16,875)
Retainages	(92)	4,308
Contracts in progress and advance billings on contracts	(38,703)	(53,649)
Income taxes	(4,897)	876
Accrued and other current liabilities	(8,045)	411
Pension liabilities, accrued postretirement benefit obligations and employee benefits	(29,798)	(44,746)
Other, net	200	5,857
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>72,038</b>	<b>158,323</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(94,946)	(170,170)
Acquisition of business, net of cash acquired	(47,328)	—
Purchases of securities	(1,975)	(2,378)
Sales and maturities of securities	1,981	2,764
Investments, net of return of capital, in equity method investees	(22,554)	—
Other, net	71	182
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(164,751)</b>	<b>(169,602)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings of long-term debt	322,400	625,800
Repayments of long-term debt	(132,400)	(300,800)
Payment of debt issuance costs	—	(4,838)
Repayment of bank overdraft	—	(88,694)
Repurchases of common stock	(20,000)	(20,007)
Dividends paid to common shareholders	(40,758)	(40,326)
Exercises of stock options	—	2,011
Cash paid for shares withheld to satisfy employee taxes	(6,044)	(4,745)
Other, net	1,848	(8,979)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>125,046</b>	<b>159,422</b>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	977	64
<b>TOTAL INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>33,310</b>	<b>148,207</b>
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	39,775	48,298
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 73,085</b>	<b>\$ 196,505</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 21,732	\$ 20,270
Income taxes (net of refunds)	\$ 45,187	\$ 40,661
<b>SCHEDULE OF NON-CASH INVESTING ACTIVITY:</b>		
Accrued capital expenditures included in accounts payable	\$ 10,072	\$ 26,328

See accompanying notes to condensed consolidated financial statements.



**BWX TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**  
**(UNAUDITED)**

**NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

We have presented the condensed consolidated financial statements of BWX Technologies, Inc. ("BWXT" or the "Company") in U.S. dollars in accordance with the interim reporting requirements of Form 10-Q, Rule 10-01 of Regulation S-X and accounting principles generally accepted in the United States ("GAAP"). Certain financial information and disclosures normally included in our financial statements prepared annually in accordance with GAAP have been condensed or omitted. Readers of these financial statements should, therefore, refer to the consolidated financial statements and notes in our annual report on Form 10-K for the year ended December 31, 2021 (our "2021 10-K"). We have included all adjustments, in the opinion of management, consisting only of normal recurring adjustments, necessary for a fair presentation.

We use the equity method to account for investments in entities that we do not control, but over which we have the ability to exercise significant influence. We generally refer to these entities as "joint ventures." We have eliminated all intercompany transactions and accounts. We classify assets and liabilities related to long-term contracts as current using the duration of the related contract or program as our operating cycle, which is generally longer than one year. We present the notes to our condensed consolidated financial statements on the basis of continuing operations, unless otherwise stated.

Unless the context otherwise indicates, "we," "us" and "our" mean BWXT and its consolidated subsidiaries.

***Reportable Segments***

We operate in two reportable segments: Government Operations and Commercial Operations. Our reportable segments reflect changes we made during the first quarter of 2022 to better align our businesses by their government and commercial nature, which reflects the manner in which our operating segment information is reported for purposes of assessing operating performance and allocating resources. Prior to 2022, we reported three segments: Nuclear Operations Group, Nuclear Power Group and Nuclear Services Group.

Our Government Operations segment consists of our legacy Nuclear Operations Group and Nuclear Services Group segments with certain research and development activities in the areas of advanced reactors and advanced manufacturing. Our Commercial Operations segment consists of our legacy Nuclear Power Group segment with certain research and development and commercialization activities in the areas of medical and industrial radioisotopes. Both segments now include research and development and certain commercialization activities associated with new technologies previously reported centrally, outside of our reportable segments. The change in our reportable segments had no impact on our previously reported consolidated results of operations, financial condition or cash flows. We have applied the change in reportable segments to previously reported historical financial information and related disclosures included in this quarterly report on Form 10-Q. Our reportable segments are further described as follows:

- Our Government Operations segment manufactures naval nuclear reactors, including the related nuclear fuel, for the U.S. Naval Nuclear Propulsion Program for use in submarines and aircraft carriers. Through this segment, we also fabricate fuel-bearing precision components that range in weight from a few grams to hundreds of tons, manufacture electro-mechanical equipment, perform design, manufacturing, inspection, assembly and testing activities and downblend Cold War-era government stockpiles of high-enriched uranium. In addition, we supply proprietary and sole-source valves, manifolds and fittings to global naval and ship customers. In-house capabilities also include wet chemistry uranium processing, advanced heat treatment to optimize component material properties and a controlled, clean-room environment with the capacity to assemble railcar-size components. This segment also provides various other services, primarily through joint ventures, to the U.S. Government including nuclear materials management and operation, environmental management and administrative and operating services for various U.S. Government-owned facilities. These services are provided to the U.S. Department of Energy ("DOE"), including the National Nuclear Security Administration, the Office of Nuclear Energy, the Office of Science and the Office of Environmental Management, and NASA. In addition, this segment also develops technology for a variety of applications, including advanced nuclear power sources, and offers complete advanced nuclear fuel and reactor design and engineering, licensing and manufacturing services for new advanced nuclear reactors.
- Our Commercial Operations segment fabricates commercial nuclear steam generators, nuclear fuel, fuel handling systems, pressure vessels, reactor components, heat exchangers, tooling delivery systems and other auxiliary equipment, including containers for the storage of spent nuclear fuel and other high-level waste and supplies nuclear-

grade materials and precisely machined components for nuclear utility customers. We have supplied the nuclear industry with more than 1,300 large, heavy components worldwide, and we are the only commercial heavy nuclear component manufacturer in North America. This segment also provides specialized engineering services that include structural component design, 3-D thermal-hydraulic engineering analysis, weld and robotic process development, electrical and controls engineering and metallurgy and materials engineering. In addition, this segment offers in-plant inspection, maintenance and modification services for nuclear steam generators, heat exchangers, reactors, fuel handling systems and balance of plant equipment, as well as specialized non-destructive examination and tooling/repair solutions. This segment is also a leading global manufacturer and supplier of critical medical radioisotopes and radiopharmaceuticals for research, diagnostic and therapeutic uses.

See Note 8 and Note 3 for financial information about our segments. Operating results for the three and six months ended June 30, 2022 are not necessarily indicative of the results that may be expected for the year ending December 31, 2022. For further information, refer to the consolidated financial statements and notes included in our 2021 10-K.

#### ***Recently Adopted Accounting Standards***

There were no accounting standards adopted during the six months ended June 30, 2022.

#### ***Contracts and Revenue Recognition***

We generally recognize contract revenues and related costs over time for individual performance obligations based on a cost-to-cost method in accordance with FASB Topic *Revenue from Contracts with Customers*. We recognize estimated contract revenue and resulting income based on the measurement of the extent of progress toward completion as a percentage of the total project. Certain costs may be excluded from the cost-to-cost method of measuring progress, such as significant costs for uninstalled materials, if such costs do not depict our performance in transferring control of goods or services to the customer. We review contract price and cost estimates periodically as the work progresses and reflect adjustments proportionate to the percentage-of-completion in income in the period when those estimates are revised. Certain of our contracts recognize revenue at a point in time, and revenue on these contracts is recognized when control transfers to the customer. The majority of our revenue that is recognized at a point in time is related to parts and certain medical radioisotopes and radiopharmaceuticals in our Commercial Operations segment. For all contracts, if a current estimate of total contract cost indicates a loss on a contract, the projected loss is recognized in full when determined.

#### ***Provision for Income Taxes***

We are subject to federal income tax in the U.S., Canada and the United Kingdom as well as income tax within multiple U.S. state jurisdictions. We provide for income taxes based on the enacted tax laws and rates in the jurisdictions in which we conduct our operations. These jurisdictions may have regimes of taxation that vary with respect to nominal rates and with respect to the basis on which these rates are applied. This variation, along with the changes in our mix of income within these jurisdictions, can contribute to shifts in our effective tax rate from period to period.

Our effective tax rate for the three months ended June 30, 2022 was 23.9% as compared to 24.7% for the three months ended June 30, 2021. Our effective tax rate for the six months ended June 30, 2022 was 23.8% as compared to 24.4% for the six months ended June 30, 2021. The effective tax rates for the three and six months ended June 30, 2022 and 2021 were higher than the U.S. corporate income tax rate of 21% primarily due to state income taxes within the U.S. and the unfavorable rate differential associated with our Canadian earnings.

#### ***Cash and Cash Equivalents and Restricted Cash and Cash Equivalents***

At June 30, 2022, we had restricted cash and cash equivalents totaling \$5.7 million, \$2.8 million of which was held for future decommissioning of facilities (which is included in Other Assets on our condensed consolidated balance sheets) and \$2.9 million of which was held to meet reinsurance reserve requirements of our captive insurer.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents on our condensed consolidated balance sheets to the totals presented on our condensed consolidated statement of cash flows:

	June 30, 2022	December 31, 2021
	(In thousands)	
Cash and cash equivalents	\$ 67,404	\$ 33,891
Restricted cash and cash equivalents	2,898	2,896
Restricted cash and cash equivalents included in Other Assets	2,783	2,988
Total cash and cash equivalents and restricted cash and cash equivalents as presented on our condensed consolidated statement of cash flows	<u>\$ 73,085</u>	<u>\$ 39,775</u>

### ***Inventories***

At June 30, 2022 and December 31, 2021, Other current assets included inventories totaling \$26.2 million and \$16.3 million, respectively, consisting entirely of raw materials and supplies.

### ***Property, Plant and Equipment, Net***

Property, plant and equipment, net is stated at cost and is set forth below:

	June 30, 2022	December 31, 2021
	(In thousands)	
Land	\$ 9,857	\$ 9,538
Buildings	347,215	321,872
Machinery and equipment	1,000,173	957,423
Property under construction	489,341	487,856
	<u>1,846,586</u>	<u>1,776,689</u>
Less: Accumulated depreciation	757,739	731,049
Property, Plant and Equipment, Net	<u>\$ 1,088,847</u>	<u>\$ 1,045,640</u>

### ***Accumulated Other Comprehensive Income (Loss)***

The components of Accumulated other comprehensive income (loss) included in Stockholders' Equity are as follows:

	June 30, 2022	December 31, 2021
	(In thousands)	
Currency translation adjustments	\$ 20,711	\$ 30,627
Net unrealized loss on derivative financial instruments	(890)	(694)
Unrecognized prior service cost on benefit obligations	(16,720)	(18,022)
Net unrealized gain on available-for-sale investments	160	232
Accumulated other comprehensive income (loss)	<u>\$ 3,261</u>	<u>\$ 12,143</u>

The amounts reclassified out of Accumulated other comprehensive income (loss) by component and the affected condensed consolidated statements of income line items are as follows:

Accumulated Other Comprehensive Income (Loss) Component Recognized	Three Months Ended June 30,		Six Months Ended June 30,		Line Item Presented
	2022	2021	2022	2021	
	(In thousands)				
Realized gain (loss) on derivative financial instruments	\$ (23)	\$ (95)	\$ 66	\$ 132	Revenues
	(177)	(123)	(470)	(128)	Cost of operations
	(200)	(218)	(404)	4	Total before tax
	52	55	104	(1)	Provision for Income Taxes
	\$ (148)	\$ (163)	\$ (300)	\$ 3	Net Income
Amortization of prior service cost on benefit obligations	\$ (813)	\$ (738)	\$ (1,627)	\$ (1,475)	Other – net
	162	158	325	315	Provision for Income Taxes
	\$ (651)	\$ (580)	\$ (1,302)	\$ (1,160)	Net Income
Total reclassification for the period	\$ (799)	\$ (743)	\$ (1,602)	\$ (1,157)	

### *Derivative Financial Instruments*

Our operations give rise to exposure to market risks from changes in foreign currency exchange ("FX") rates. We use derivative financial instruments, primarily FX forward contracts, to reduce the impact of changes in FX rates on our operating results. We use these instruments to hedge our exposure associated with revenues or costs on our long-term contracts and other transactions that are denominated in currencies other than our operating entities' functional currencies. We do not hold or issue derivative financial instruments for trading or other speculative purposes.

We enter into derivative financial instruments primarily as hedges of certain firm purchase and sale commitments and loans between domestic and foreign subsidiaries denominated in foreign currencies. We record these contracts at fair value on our condensed consolidated balance sheets. Based on the hedge designation at the inception of the contract, the related gains and losses on these contracts are deferred in stockholders' equity as a component of Accumulated other comprehensive income until the hedged item is recognized in earnings. The gain or loss on a derivative instrument not designated as a hedging instrument is immediately recognized in earnings. Gains and losses on derivative financial instruments that require immediate recognition are included as a component of Other – net on our condensed consolidated statements of income.

We have designated the majority of our FX forward contracts that qualify for hedge accounting as cash flow hedges. The hedged risk is the risk of changes in functional-currency-equivalent cash flows attributable to changes in FX spot rates of forecasted transactions primarily related to long-term contracts. We exclude from our assessment of effectiveness the portion of the fair value of the FX forward contracts attributable to the difference between FX spot rates and FX forward rates. At June 30, 2022, we had deferred approximately \$0.9 million of net losses on these derivative financial instruments. Assuming market conditions continue, we expect to recognize the majority of this amount in the next 12 months. For the three months ended June 30, 2022 and 2021, we recognized (gains) losses of \$(7.5) million and \$4.7 million, respectively, and for the six months ended June 30, 2022 and 2021, we recognized losses of \$0.4 million and \$8.7 million, respectively, in Other – net on our condensed consolidated statements of income associated with FX forward contracts not designated as hedging instruments.

At June 30, 2022, our derivative financial instruments consisted of FX forward contracts with a total notional value of \$442.3 million with maturities extending to December 2024. These instruments consist primarily of FX forward contracts to purchase or sell Canadian dollars and Euros. We are exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. We attempt to mitigate this risk by using major financial institutions with high credit ratings. Our counterparties to derivative financial instruments have the benefit of the same collateral arrangements and covenants as described under our credit facility.

**NOTE 2 – ACQUISITIONS**
***Dynamic Controls Limited and Citadel Capital Corporation***

On April 11, 2022, our subsidiary BWXT Government Group, Inc. acquired all of the outstanding stock of U.K.-based Dynamic Controls Limited ("Dynamic") and U.S.-based Citadel Capital Corporation, along with its wholly-owned subsidiary, Cunico Corporation ("Cunico"), for approximately \$49.9 million. Our preliminary purchase price allocation resulted in the recognition of \$29.6 million of Intangible Assets, \$8.4 million of inventory and \$15.6 million of Goodwill. In addition, we recognized right-of-use assets and lease liabilities of \$7.2 million. The assets acquired and liabilities assumed have been recorded at preliminary estimates of fair value as determined by management, based on information currently available and on current assumptions of future operations, and are subject to change upon completion of acquisition accounting. Dynamic and Cunico are suppliers of highly-engineered, proprietary valves, manifolds and fittings for global naval nuclear and diesel-electric submarines, surface warfare ships and commercial shipping vessels. These companies are reported as part of our Government Operations segment.

The intangible assets included above consist of the following (dollar amounts in thousands):

	Amount	Amortization Period
Customer relationships	\$ 17,700	21 years
Backlog	\$ 7,700	5 years
Unpatented technology	\$ 4,200	8 years

**NOTE 3 – REVENUE RECOGNITION**

As described in Note 1, our operations are assessed based on two reportable segments. In connection with our segment reporting change, we have revised historical amounts to conform to current segment presentation.

***Disaggregated Revenues***

Revenues by geographic area and customer type were as follows:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
	(In thousands)					
<u><i>United States:</i></u>						
Government	\$ 410,793	\$ —	\$ 410,793	\$ 384,029	\$ —	\$ 384,029
Non-Government	22,236	8,856	31,092	19,483	11,488	30,971
	<u>\$ 433,029</u>	<u>\$ 8,856</u>	<u>\$ 441,885</u>	<u>\$ 403,512</u>	<u>\$ 11,488</u>	<u>\$ 415,000</u>
<u><i>Canada:</i></u>						
Non-Government	\$ 841	\$ 102,757	\$ 103,598	\$ 634	\$ 84,576	\$ 85,210
<u><i>Other:</i></u>						
Government	\$ 725	\$ —	\$ 725	\$ —	\$ —	\$ —
Non-Government	1,942	6,909	8,851	1,351	5,778	7,129
	<u>\$ 2,667</u>	<u>\$ 6,909</u>	<u>\$ 9,576</u>	<u>\$ 1,351</u>	<u>\$ 5,778</u>	<u>\$ 7,129</u>
Segment Revenues	<u>\$ 436,537</u>	<u>\$ 118,522</u>	<u>555,059</u>	<u>\$ 405,497</u>	<u>\$ 101,842</u>	<u>507,339</u>
Eliminations			(851)			(2,240)
Revenues			<u>\$ 554,208</u>			<u>\$ 505,099</u>

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
(In thousands)						
<i>United States:</i>						
Government	\$ 817,040	\$ —	\$ 817,040	\$ 782,653	\$ —	\$ 782,653
Non-Government	45,794	16,070	61,864	40,929	21,760	62,689
	<u>\$ 862,834</u>	<u>\$ 16,070</u>	<u>\$ 878,904</u>	<u>\$ 823,582</u>	<u>\$ 21,760</u>	<u>\$ 845,342</u>
<i>Canada:</i>						
Non-Government	\$ 1,819	\$ 193,155	\$ 194,974	\$ 1,654	\$ 175,931	\$ 177,585
<i>Other:</i>						
Government	\$ 725	\$ —	\$ 725	\$ —	\$ —	\$ —
Non-Government	2,936	9,247	12,183	3,536	11,549	15,085
	<u>\$ 3,661</u>	<u>\$ 9,247</u>	<u>\$ 12,908</u>	<u>\$ 3,536</u>	<u>\$ 11,549</u>	<u>\$ 15,085</u>
Segment Revenues	<u>\$ 868,314</u>	<u>\$ 218,472</u>	<u>1,086,786</u>	<u>\$ 828,772</u>	<u>\$ 209,240</u>	<u>1,038,012</u>
Eliminations			(1,840)			(4,640)
Revenues			<u>\$ 1,084,946</u>			<u>\$ 1,033,372</u>

Revenues by timing of transfer of goods or services were as follows:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
(In thousands)						
Over time	\$ 436,537	\$ 104,580	\$ 541,117	\$ 405,408	\$ 91,857	\$ 497,265
Point-in-time	—	13,942	13,942	89	9,985	10,074
Segment Revenues	<u>\$ 436,537</u>	<u>\$ 118,522</u>	<u>555,059</u>	<u>\$ 405,497</u>	<u>\$ 101,842</u>	<u>507,339</u>
Eliminations			(851)			(2,240)
Revenues			<u>\$ 554,208</u>			<u>\$ 505,099</u>

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
(In thousands)						
Over time	\$ 868,286	\$ 190,495	\$ 1,058,781	\$ 828,658	\$ 185,744	\$ 1,014,402
Point-in-time	28	27,977	28,005	114	23,496	23,610
Segment Revenues	<u>\$ 868,314</u>	<u>\$ 218,472</u>	<u>1,086,786</u>	<u>\$ 828,772</u>	<u>\$ 209,240</u>	<u>1,038,012</u>
Eliminations			(1,840)			(4,640)
Revenues			<u>\$ 1,084,946</u>			<u>\$ 1,033,372</u>

Revenues by contract type were as follows:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
(In thousands)						
Fixed-Price Incentive Fee	\$ 324,948	\$ 1,969	\$ 326,917	\$ 318,843	\$ 3,730	\$ 322,573
Firm-Fixed-Price	60,672	75,351	136,023	46,466	75,276	121,742
Cost-Plus Fee	49,970	—	49,970	38,022	—	38,022
Time-and-Materials	947	41,202	42,149	2,166	22,836	25,002
Segment Revenues	<u>\$ 436,537</u>	<u>\$ 118,522</u>	<u>555,059</u>	<u>\$ 405,497</u>	<u>\$ 101,842</u>	<u>507,339</u>
Eliminations			(851)			(2,240)
Revenues			<u>\$ 554,208</u>			<u>\$ 505,099</u>

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
	(In thousands)					
Fixed-Price Incentive Fee	\$ 626,373	\$ 4,516	\$ 630,889	\$ 621,169	\$ 4,220	\$ 625,389
Firm-Fixed-Price	144,238	153,333	297,571	126,723	143,333	270,056
Cost-Plus Fee	95,488	—	95,488	76,837	—	76,837
Time-and-Materials	2,215	60,623	62,838	4,043	61,687	65,730
Segment Revenues	<u>\$ 868,314</u>	<u>\$ 218,472</u>	1,086,786	<u>\$ 828,772</u>	<u>\$ 209,240</u>	1,038,012
Eliminations			(1,840)			(4,640)
Revenues			<u>\$ 1,084,946</u>			<u>\$ 1,033,372</u>

### Performance Obligations

As we progress on our contracts and the underlying performance obligations for which we recognize revenue over time, we refine our estimates of variable consideration and total estimated costs at completion, which impact the overall profitability on our contracts and performance obligations. Changes in these estimates result in the recognition of cumulative catch-up adjustments that impact our revenues and/or costs of contracts. During the three and six months ended June 30, 2022, we recognized net changes in estimates related to contracts that recognize revenue over time that resulted in increases (decreases) in revenues of \$2.1 million and \$(3.1) million, respectively, and increases in cost of operations of \$2.2 million for both the three and six months ended June 30, 2022. Included in these amounts are contract adjustments for cost overruns related to the manufacture of non-nuclear components being produced within our Government Operations segment. We recognized decreases in operating income of \$11.3 million for the three and six months ended June 30, 2022 related to this matter. These contract adjustments resulted in decreases in earnings per share of \$0.09 for the three and six months ended June 30, 2022. We are exploring opportunities for recovery of cost overruns related to this project. During the three and six months ended June 30, 2021, we recognized net favorable changes in estimates related to contracts that recognize revenue over time that resulted in increases in revenues of \$3.2 million and \$9.7 million, respectively.

### Contract Assets and Liabilities

We include revenues and related costs incurred, plus accumulated contract costs that exceed amounts invoiced to customers under the terms of the contracts, in Contracts in progress. We include in Advance billings on contracts billings that exceed accumulated contract costs and revenues recognized over time. Amounts that are withheld on our fixed-price incentive fee contracts are classified within Retainages. Certain of these amounts require conditions other than the passage of time to be achieved, with the remaining amounts only requiring the passage of time. Most long-term contracts contain provisions for progress payments. Our unbilled receivables do not contain an allowance for credit losses as we expect to invoice customers and collect all amounts for unbilled receivables. Changes in Contracts in progress and Advance billings on contracts are primarily driven by differences in the timing of revenue recognition and billings to our customers. Our fixed-price incentive fee contracts for our Government Operations segment include provisions that result in an increase in retainages on contracts during the first and third quarters of the year, with larger payments received during the second and fourth quarters. Retainages also vary as a result of timing differences between incurring costs and achieving milestones that allow us to recover these amounts.

	June 30, 2022	December 31, 2021
	(In thousands)	
Included in Contracts in progress:		
Unbilled receivables	\$ 544,067	\$ 528,644
Retainages	\$ 51,780	\$ 51,507
Included in Other Assets:		
Retainages	\$ 1,074	\$ 1,271
Advance billings on contracts	\$ 104,847	\$ 111,619

During the three months ended June 30, 2022 and 2021, we recognized \$38.6 million and \$23.1 million, respectively, of revenues that were in Advance billings on contracts at the beginning of each year. During the six months ended June 30, 2022 and 2021, we recognized \$77.3 million and \$53.1 million, respectively, of revenues that were in Advance billings on contracts at the beginning of each year.

### Remaining Performance Obligations

Remaining performance obligations represent the dollar amount of revenue we expect to recognize in the future from performance obligations on contracts previously awarded and in progress. At June 30, 2022, our remaining performance obligations were \$4,720.7 million. We expect to recognize approximately 57% of the revenue associated with our remaining performance obligations by the end of 2023, with the remainder to be recognized thereafter.

### NOTE 4 – PENSION PLANS AND POSTRETIREMENT BENEFITS

We record the service cost component of net periodic benefit cost within Operating income on our condensed consolidated statements of income. For the three months ended June 30, 2022 and 2021, these amounts were \$3.2 million and \$3.2 million, respectively. For the six months ended June 30, 2022 and 2021, these amounts were \$6.2 million and \$6.3 million, respectively. All other components of net periodic benefit cost are included in Other – net within the condensed consolidated statements of income. For the three months ended June 30, 2022 and 2021, these amounts were \$(12.6) million and \$(13.4) million, respectively. For the six months ended June 30, 2022 and 2021, these amounts were \$(25.2) million and \$(26.7) million, respectively. Components of net periodic benefit cost included in net income were as follows:

	Pension Benefits				Other Benefits			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021	2022	2021	2022	2021
	(In thousands)							
Service cost	\$ 2,988	\$ 2,972	\$ 5,905	\$ 5,929	\$ 166	\$ 196	\$ 331	\$ 386
Interest cost	7,858	6,781	15,679	13,535	347	286	694	568
Expected return on plan assets	(20,888)	(20,448)	(41,756)	(40,862)	(737)	(715)	(1,475)	(1,431)
Amortization of prior service cost (credit)	807	782	1,614	1,564	6	(44)	13	(89)
Net periodic benefit income	<u>\$ (9,235)</u>	<u>\$ (9,913)</u>	<u>\$ (18,558)</u>	<u>\$ (19,834)</u>	<u>\$ (218)</u>	<u>\$ (277)</u>	<u>\$ (437)</u>	<u>\$ (566)</u>

### NOTE 5 – COMMITMENTS AND CONTINGENCIES

There were no material contingencies during the period covered by this Form 10-Q.

### NOTE 6 – FAIR VALUE MEASUREMENTS

#### Investments

The following is a summary of our investments measured at fair value at June 30, 2022:

	Total	Level 1	Level 2	Level 3	Unclassified
	(In thousands)				
<u>Equity securities</u>					
Mutual funds	\$ 6,221	\$ —	\$ 6,221	\$ —	\$ —
<u>Available-for-sale securities</u>					
U.S. Government and agency securities	3,235	3,235	—	—	—
Corporate bonds	2,326	1,784	542	—	—
Asset-backed securities and collateralized mortgage obligations	48	—	48	—	—
Total	<u>\$ 11,830</u>	<u>\$ 5,019</u>	<u>\$ 6,811</u>	<u>\$ —</u>	<u>\$ —</u>



The following is a summary of our investments measured at fair value at December 31, 2021:

	Total	Level 1	Level 2	Level 3	Unclassified
	(In thousands)				
<b><u>Equity securities</u></b>					
Mutual funds	\$ 7,650	\$ —	\$ 7,650	\$ —	\$ —
<b><u>Available-for-sale securities</u></b>					
U.S. Government and agency securities	2,738	2,738	—	—	—
Corporate bonds	2,926	1,852	1,074	—	—
Asset-backed securities and collateralized mortgage obligations	55	—	55	—	—
<b>Total</b>	<b>\$ 13,369</b>	<b>\$ 4,590</b>	<b>\$ 8,779</b>	<b>\$ —</b>	<b>\$ —</b>

We estimate the fair value of investments based on quoted market prices. For investments for which there are no quoted market prices, we derive fair values from available yield curves for investments of similar quality and terms.

### **Derivatives**

Level 2 derivative assets and liabilities currently consist of FX forward contracts. Where applicable, the value of these derivative assets and liabilities is computed by discounting the projected future cash flow amounts to present value using market-based observable inputs, including FX forward and spot rates, interest rates and counterparty performance risk adjustments. At June 30, 2022 and December 31, 2021, we had FX forward contracts outstanding to purchase or sell foreign currencies, primarily Canadian dollars and Euros, with a total fair value of \$0.4 million and \$(3.2) million, respectively.

### **Other Financial Instruments**

We used the following methods and assumptions in estimating our fair value disclosures for our other financial instruments, as follows:

*Cash and cash equivalents and restricted cash and cash equivalents.* The carrying amounts that we have reported in the accompanying condensed consolidated balance sheets for Cash and cash equivalents and Restricted cash and cash equivalents approximate their fair values due to their highly liquid nature.

*Long-term and short-term debt.* We base the fair values of debt instruments, including our 4.125% senior notes due 2028 (the "Senior Notes due 2028") and our 4.125% senior notes due 2029 (the "Senior Notes due 2029"), on quoted market prices. Where quoted prices are not available, we base the fair values on the present value of future cash flows discounted at estimated borrowing rates for similar debt instruments or on estimated prices based on current yields for debt issues of similar quality and terms. At June 30, 2022 and December 31, 2021, the fair value of the Senior Notes due 2028 was \$358.0 million and \$406.3 million, respectively, and the fair value of the Senior Notes due 2029 was \$357.0 million and \$406.5 million, respectively. The fair value of our remaining debt instruments approximated their carrying values at June 30, 2022 and December 31, 2021.

### **NOTE 7 – STOCK-BASED COMPENSATION**

Stock-based compensation recognized for all of our plans for the three months ended June 30, 2022 and 2021 totaled \$5.1 million and \$5.0 million, respectively, with associated tax benefit totaling \$0.9 million and \$0.8 million, respectively. Stock-based compensation recognized for all of our plans for the six months ended June 30, 2022 and 2021 totaled \$9.2 million and \$9.2 million, respectively, with associated tax benefit totaling \$1.6 million and \$1.5 million, respectively.

**NOTE 8 – SEGMENT REPORTING**

As described in Note 1, our operations are assessed based on two reportable segments. In connection with our segment reporting change, we have revised historical amounts to conform to current segment presentation. An analysis of our operations by reportable segment is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(In thousands)			
<b>REVENUES:</b>				
Government Operations	\$ 436,537	\$ 405,497	\$ 868,314	\$ 828,772
Commercial Operations	118,522	101,842	218,472	209,240
Eliminations <sup>(1)</sup>	(851)	(2,240)	(1,840)	(4,640)
	<u>\$ 554,208</u>	<u>\$ 505,099</u>	<u>\$ 1,084,946</u>	<u>\$ 1,033,372</u>

(1) Segment revenues are net of the following intersegment transfers:

Government Operations Transfers	\$ (851)	\$ (1,897)	\$ (1,774)	\$ (4,116)
Commercial Operations Transfers	—	(343)	(66)	(524)
	<u>\$ (851)</u>	<u>\$ (2,240)</u>	<u>\$ (1,840)</u>	<u>\$ (4,640)</u>

**OPERATING INCOME:**

Government Operations	\$ 83,783	\$ 72,871	\$ 156,014	\$ 151,116
Commercial Operations	12,864	5,640	16,826	11,934
	<u>\$ 96,647</u>	<u>\$ 78,511</u>	<u>\$ 172,840</u>	<u>\$ 163,050</u>
Unallocated Corporate <sup>(2)</sup>	(1,410)	(4,760)	(6,030)	(6,885)
Total Operating Income	<u>\$ 95,237</u>	<u>\$ 73,751</u>	<u>\$ 166,810</u>	<u>\$ 156,165</u>
Other Income (Expense)	2,862	5,180	8,737	14,659
Income before Provision for Income Taxes	<u>\$ 98,099</u>	<u>\$ 78,931</u>	<u>\$ 175,547</u>	<u>\$ 170,824</u>

(2) Unallocated corporate includes general corporate overhead not allocated to segments.

	June 30,	December 31,
	2022	2021
	(In thousands)	
<b>SEGMENT ASSETS:</b>		
Government Operations	\$ 1,516,899	\$ 1,430,863
Commercial Operations	1,033,360	976,382
Total Segment Assets	<u>\$ 2,550,259</u>	<u>\$ 2,407,245</u>
Corporate Assets	155,264	94,135
Total Assets	<u>\$ 2,705,523</u>	<u>\$ 2,501,380</u>

**NOTE 9 – EARNINGS PER SHARE**

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
(In thousands, except share and per share amounts)				
<b>Basic:</b>				
Net Income Attributable to BWX Technologies, Inc.	\$ 74,613	\$ 59,347	\$ 133,623	\$ 129,096
Weighted-average common shares	91,394,853	95,354,932	91,479,226	95,329,330
Basic earnings per common share	\$ 0.82	\$ 0.62	\$ 1.46	\$ 1.35
<b>Diluted:</b>				
Net Income Attributable to BWX Technologies, Inc.	\$ 74,613	\$ 59,347	\$ 133,623	\$ 129,096
Weighted-average common shares (basic)	91,394,853	95,354,932	91,479,226	95,329,330
Effect of dilutive securities:				
Stock options, restricted stock units and performance shares <sup>(1)</sup>	145,466	174,257	191,081	214,696
Adjusted weighted-average common shares	91,540,319	95,529,189	91,670,307	95,544,026
Diluted earnings per common share	\$ 0.82	\$ 0.62	\$ 1.46	\$ 1.35

(1) At June 30, 2022 and 2021, we excluded 80,117 and 7,914 shares, respectively, from our diluted share calculation as their effect would have been antidilutive.

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

### ***Cautionary Statement Concerning Forward-Looking Statements***

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in Item 1 in Part I of this quarterly report on Form 10-Q ("Report"), as well as the audited consolidated financial statements and the related notes and Item 7 of our annual report on Form 10-K for the year ended December 31, 2021 (our "2021 10-K").

In this Report, unless the context otherwise indicates, "we," "us" and "our" mean BWX Technologies, Inc. ("BWXT" or the "Company") and its consolidated subsidiaries.

From time to time, our management or persons acting on our behalf make forward-looking statements to inform existing and potential security holders about our Company. Forward-looking statements include those statements that express a belief, expectation or intention, as well as those that are not statements of historical fact, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements and assumptions regarding expectations and projections of specific projects, our future backlog, revenues, income and capital spending, strategic investments, acquisitions or divestitures, return of capital activities, margin improvement initiatives or impacts of the novel strain of coronavirus ("COVID-19") pandemic are examples of forward-looking statements. Forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "plan," "seek," "goal," "could," "intend," "may," "should" or other words that convey the uncertainty of future events or outcomes. In addition, sometimes we will specifically describe a statement as being a forward-looking statement and refer to this cautionary statement.

We have based our forward-looking statements on information currently available to us and our current expectations, estimates and projections about our Company, industries and business environment. We caution that these statements are not guarantees of future performance and you should not rely unduly on them as they involve risks, uncertainties and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. For example, the extent to which the COVID-19 pandemic will continue to impact our business will depend on future developments that are highly uncertain and cannot be predicted, including the length and severity of the COVID-19 health crisis, the potential recurrence of COVID-19, subsequent waves or strains or the development of similar diseases, the actions to contain the impact of such diseases and potential responses to such actions by our suppliers, contractors and employees. While our management considers these statements and assumptions to be reasonable, they are inherently subject to numerous factors, including potentially the risk factors described in Item 1A of our 2021 10-K, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results may differ materially from the future performance that we have expressed or forecast in our forward-looking statements.

We have discussed many of these factors in more detail elsewhere in this Report, including under the heading "COVID-19 Assessment" of this Item 2 and Item 1A of our 2021 10-K. These factors are not necessarily all the factors that could affect us. Unpredictable or unanticipated factors we have not discussed in this Report or in our 2021 10-K could also have material adverse effects on actual results of matters that are the subject of our forward-looking statements. We do not intend to update or review any forward-looking statement or our description of important factors, whether as a result of new information, future events or otherwise, except as required by applicable laws.

### ***General***

We operate in two reportable segments: Government Operations and Commercial Operations. Our reportable segments reflect changes we made during the first quarter of 2022 to better align our businesses by their government and commercial nature, which reflects the manner in which our operating segment information is reported for purposes of assessing operating performance and allocating resources. Prior to 2022, we reported three segments: Nuclear Operations Group, Nuclear Power Group and Nuclear Services Group.

Our Government Operations segment consists of our legacy Nuclear Operations Group and Nuclear Services Group segments with certain research and development activities in the areas of advanced reactors and advanced manufacturing. Our Commercial Operations segment consists of our legacy Nuclear Power Group segment with certain research and development and commercialization activities in the areas of medical and industrial radioisotopes. Both segments now include research and development and certain commercialization activities associated with new technologies previously reported centrally, outside of our reportable segments. The change in our reportable segments had no impact on our previously reported consolidated results

of operations, financial condition or cash flows. We have applied the change in reportable segments to previously reported historical financial information and related disclosures included in this Report.

In general, we operate in capital-intensive industries and rely on large contracts for a substantial amount of our revenues. We are currently exploring growth strategies across our segments to expand and complement our existing businesses. We would expect to fund these opportunities with cash generated from operations or by raising additional capital through debt, equity or some combination thereof.

#### *Government Operations*

The revenues of our Government Operations segment are largely a function of defense spending by the U.S. Government. Through this segment, we engineer, design and manufacture precision naval nuclear components, reactors and nuclear fuel for the U.S. Department of Energy ("DOE")/National Nuclear Security Administration's Naval Nuclear Propulsion Program. In addition, we perform fabrication activities for missile launch tubes for U.S. Navy submarines and supply proprietary and sole-source valves, manifolds and fittings to global naval and ship customers. As a supplier of major nuclear components for certain U.S. Government programs, this segment is a significant participant in the defense industry.

This segment also provides various services to the U.S. Government by managing and operating high-consequence operations at U.S. nuclear weapons sites, national laboratories and manufacturing complexes. The revenues and equity in income of investees under these types of contracts are largely a function of spending of the U.S. Government and the performance scores we and our consortium partners earn in managing and operating these sites. With our specialized capabilities of full life-cycle management of special materials, facilities and technologies, we believe this segment is well-positioned to continue to participate in the continuing cleanup, operation and management of critical government-owned nuclear sites, laboratories and manufacturing complexes maintained by the DOE, NASA and other federal agencies.

Additionally, this segment also develops technology for a variety of applications, including advanced nuclear power sources, and offers complete advanced nuclear fuel and reactor design and engineering, licensing and manufacturing services for new advanced nuclear reactors.

#### *Commercial Operations*

Through this segment, we design and manufacture commercial nuclear steam generators, heat exchangers, pressure vessels, reactor components, as well as other auxiliary equipment, including containers for the storage of spent nuclear fuel and other high-level nuclear waste. This segment is a leading supplier of nuclear fuel, fuel handling systems, tooling delivery systems, nuclear-grade materials and precisely machined components, and related services for CANDU nuclear power plants. This segment also provides a variety of engineering and in-plant services and is a significant supplier to nuclear power utilities undergoing major refurbishment and plant life extension projects. Additionally, this segment is a leading global manufacturer and supplier of critical medical radioisotopes and radiopharmaceuticals.

Our Commercial Operations segment's overall activity primarily depends on the demand and competitiveness of nuclear energy and the demand for radioisotopes and radiopharmaceuticals for research, diagnostic and therapeutic uses. A significant portion of our Commercial Operations segment's operations depends on the timing of maintenance outages, the cyclical nature of capital expenditures and major refurbishment and life extension projects, as well as the demand for nuclear fuel and fuel handling equipment primarily in the Canadian market, which could cause variability in our financial results.

#### *Acquisition of Dynamic Controls Limited and Citadel Capital Corporation*

On April 11, 2022, our subsidiary BWXT Government Group, Inc. acquired all of the outstanding stock of U.K.-based Dynamic Controls Limited ("Dynamic") and U.S.-based Citadel Capital Corporation, along with its wholly-owned subsidiary, Cunico Corporation ("Cunico"). Dynamic and Cunico are suppliers of highly-engineered, proprietary valves, manifolds and fittings for global naval nuclear and diesel-electric submarines, surface warfare ships and commercial shipping vessels. These companies are reported as part of our Government Operations segment.

For additional information on the acquisition of Dynamic and Cunico, see Note 2 to our condensed consolidated financial statements.

### ***Critical Accounting Estimates***

For a summary of the critical accounting policies and estimates that we use in the preparation of our unaudited condensed consolidated financial statements, see Item 7 of our 2021 10-K. There have been no material changes to our critical accounting policies and estimates during the six months ended June 30, 2022.

#### ***Accounting for Contracts***

On certain of our performance obligations, we recognize revenue over time. In accordance with FASB Topic *Revenue from Contracts with Customers*, we are required to estimate the total amount of costs on these performance obligations. As of June 30, 2022, we have provided for the estimated costs to complete all of our ongoing contracts. However, it is possible that current estimates could change due to unforeseen events, which could result in adjustments to overall contract revenues and costs. A principal risk on fixed-price contracts is that revenue from the customer is insufficient to cover increases in our costs. It is possible that current estimates could materially change for various reasons, including, but not limited to, fluctuations in forecasted labor productivity or steel and other raw material prices. In some instances, we guarantee completion dates related to our projects or provide performance guarantees. Increases in costs on our fixed-price contracts could have a material adverse impact on our consolidated results of operations, financial condition and cash flows. Alternatively, reductions in overall contract costs at completion could materially improve our consolidated results of operations, financial condition and cash flows.

During the three and six months ended June 30, 2022, we recognized net changes in estimates related to contracts that recognize revenue over time, which decreased operating income by approximately \$(0.1) million and \$(5.3) million, respectively. Included in these amounts are contract adjustments for cost overruns related to the manufacture of non-nuclear components being produced within our Government Operations segment. We have recognized decreases in operating income of \$11.3 million for the three and six months ended June 30, 2022 related to this matter. These contract adjustments resulted in a decrease in earnings per share of \$0.09 for the three and six months ended June 30, 2022. We are exploring opportunities for recovery of cost overruns related to this project. During the three and six months ended June 30, 2021, we recognized net changes in estimates related to contracts that recognize revenue over time, which increased operating income by approximately \$3.2 million and \$9.7 million, respectively.

### ***COVID-19 Assessment***

#### ***General***

We continue to monitor the COVID-19 pandemic and its impacts and potential impacts on our business. We continue to operate our facilities and have taken numerous precautions to mitigate exposure and protect the health and well-being of our workforce, including arranging for the vaccination of our workforce, where possible. To date, we have experienced localized operational challenges as a result of employee illness, quarantines and social distancing protocols, but the severity of these impacts has subsided significantly. Because developments related to the spread of COVID-19 and its impacts continue to change, it is difficult to predict any future impact at this time. Additionally, COVID-19 may also adversely impact our supply chain and other manufacturers, which could delay our receipt of essential goods and services. Any number of these potential risks could have a material adverse effect on our financial condition, results of operations and cash flows.

#### ***Government Assistance***

On March 27, 2020, the U.S. Government enacted the Coronavirus Aid, Relief and Economic Security Act, which, among other things, provides employers an option to defer payroll tax payments for a limited period. As of June 30, 2022, we have deferred \$10.7 million of payroll taxes which are due by January 2023. Additionally, on April 11, 2020, the Canadian Government enacted the Canada Emergency Wage Subsidy ("CEWS") under the COVID-19 Economic Response Plan to prevent large layoffs and help employers offset a portion of their employee salaries and wages for a limited period. During the six months ended June 30, 2022, we recognized subsidies under the CEWS as an offset to operating expenses of \$0.6 million, compared to \$3.3 million and \$4.2 million during the three and six months ended June 30, 2021, respectively. The timeframe for submitting new claims under the CEWS ended in May 2022, and we do not expect to qualify for further assistance under this program.

**Results of Operations – Three and Six Months Ended June 30, 2022 vs. Three and Six Months Ended June 30, 2021**

Selected financial highlights are presented in the table below:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	\$ Change	2022	2021	\$ Change
(In thousands)						
<b>REVENUES:</b>						
Government Operations	\$ 436,537	\$ 405,497	\$ 31,040	\$ 868,314	\$ 828,772	\$ 39,542
Commercial Operations	118,522	101,842	16,680	218,472	209,240	9,232
Eliminations	(851)	(2,240)	1,389	(1,840)	(4,640)	2,800
	<u>\$ 554,208</u>	<u>\$ 505,099</u>	<u>\$ 49,109</u>	<u>\$ 1,084,946</u>	<u>\$ 1,033,372</u>	<u>\$ 51,574</u>
<b>OPERATING INCOME:</b>						
Government Operations	\$ 83,783	\$ 72,871	\$ 10,912	\$ 156,014	\$ 151,116	\$ 4,898
Commercial Operations	12,864	5,640	7,224	16,826	11,934	4,892
	<u>\$ 96,647</u>	<u>\$ 78,511</u>	<u>\$ 18,136</u>	<u>\$ 172,840</u>	<u>\$ 163,050</u>	<u>\$ 9,790</u>
Unallocated Corporate	(1,410)	(4,760)	3,350	(6,030)	(6,885)	855
Total Operating Income	<u>\$ 95,237</u>	<u>\$ 73,751</u>	<u>\$ 21,486</u>	<u>\$ 166,810</u>	<u>\$ 156,165</u>	<u>\$ 10,645</u>

**Consolidated Results of Operations**
*Three months ended June 30, 2022 vs. 2021*

Consolidated revenues increased 9.7%, or \$49.1 million, to \$554.2 million in the three months ended June 30, 2022 compared to \$505.1 million for the corresponding period in 2021, due to increases in our Government Operations and Commercial Operations segments of \$31.0 million and \$16.7 million, respectively.

Consolidated operating income increased \$21.5 million to \$95.2 million in the three months ended June 30, 2022 compared to \$73.8 million for the corresponding period of 2021. Operating income in our Government Operations and Commercial Operations segments increased by \$10.9 million and \$7.2 million, respectively. We also experienced lower Unallocated Corporate expenses of \$3.4 million when compared to the prior year.

*Six months ended June 30, 2022 vs. 2021*

Consolidated revenues increased 5.0%, or \$51.6 million, to \$1,084.9 million in the six months ended June 30, 2022 compared to \$1,033.4 million for the corresponding period of 2021, due to increases in our Government Operations and Commercial Operations segments of \$39.5 million and \$9.2 million, respectively.

Consolidated operating income increased \$10.6 million to \$166.8 million in the six months ended June 30, 2022 compared to \$156.2 million for the corresponding period of 2021. Operating income in our Government Operations and Commercial Operations segments increased by \$4.9 million and \$4.9 million, respectively. We also experienced lower Unallocated Corporate expenses of \$0.9 million when compared to the prior year.

**Government Operations**

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	\$ Change	2022	2021	\$ Change
(In thousands)						
Revenues	\$ 436,537	\$ 405,497	\$ 31,040	\$ 868,314	\$ 828,772	\$ 39,542
Operating Income	\$ 83,783	\$ 72,871	\$ 10,912	\$ 156,014	\$ 151,116	\$ 4,898
% of Revenues	19.2%	18.0%		18.0%	18.2%	

*Three months ended June 30, 2022 vs. 2021*

Revenues increased \$31.0 million, or 7.7%, to \$436.5 million in the three months ended June 30, 2022 compared to \$405.5 million for the corresponding period of 2021. The increase was primarily related to additional volume in the

manufacture of nuclear components for U.S. Government programs and the timing of the procurement of certain long-lead materials totaling \$34.9 million when compared to the corresponding period in the prior year.

Operating income increased \$10.9 million to \$83.8 million in the three months ended June 30, 2022 compared to \$72.9 million for the corresponding period of 2021. The increase was due to the operating income impact of the changes in revenues noted above in addition to a \$4.1 million increase in equity income of investees, primarily related to the Savannah River site that was awarded in 2021. These increases were partially offset by the year over year change in favorable contract adjustments totaling \$6.9 million, primarily related to adjustments on our non-nuclear component manufacturing contract.

*Six months ended June 30, 2022 vs. 2021*

Revenues increased 4.8%, or \$39.5 million, to \$868.3 million in the six months ended June 30, 2022 compared to \$828.8 million for the corresponding period of 2021. The increase was primarily related to additional volume in the manufacture of nuclear components for U.S. Government programs and the timing of the procurement of certain long-lead materials totaling \$41.4 million when compared to the corresponding period in the prior year.

Operating income increased \$4.9 million to \$156.0 million in the six months ended June 30, 2022 compared to \$151.1 million for the corresponding period of 2021. The increase was due to the operating income impact of the changes in revenues noted above in addition to a \$4.5 million increase in equity income of investees, primarily related to the Savannah River site that was awarded in 2021. These increases were partially offset by the year over year change in favorable contract adjustments totaling \$20.1 million, primarily related to adjustments on our non-nuclear component manufacturing contract.

*Commercial Operations*

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	\$ Change	2022	2021	\$ Change
	(In thousands)					
Revenues	\$ 118,522	\$ 101,842	\$ 16,680	\$ 218,472	\$ 209,240	\$ 9,232
Operating Income	\$ 12,864	\$ 5,640	\$ 7,224	\$ 16,826	\$ 11,934	\$ 4,892
% of Revenues	10.9%	5.5%		7.7%	5.7%	

*Three months ended June 30, 2022 vs. 2021*

Revenues increased 16.4%, or \$16.7 million, to \$118.5 million in the three months ended June 30, 2022 compared to \$101.8 million for the corresponding period of 2021. The increase was primarily related to higher levels of in-plant inspection, maintenance and modification services totaling \$14.0 million and increases in revenue for our nuclear fuel handling and medical radioisotopes product lines. These increases were partially offset by decreased revenues in our fuel fabrication business of \$4.4 million when compared to the same period in the prior year.

Operating income increased \$7.2 million to \$12.9 million in the three months ended June 30, 2022 compared to \$5.6 million for the corresponding period of 2021, due to the operating income impact of the changes in revenues noted above as well as a favorable shift in our project and product line mix when compared to the same period in the prior year. These operating income improvements were partially offset by a \$3.3 million decrease in wage subsidies we received under the CEWS to offset the effects of COVID-19 on our Canadian operations when compared to the corresponding period of the prior year.

*Six months ended June 30, 2022 vs. 2021*

Revenues increased 4.4%, or \$9.2 million, to \$218.5 million in the six months ended June 30, 2022 compared to \$209.2 million for the corresponding period of 2021. The increase was primarily related to higher revenues in our nuclear fuel handling business of \$9.5 million, additional in-plant inspection, maintenance and modification services as well as increases in revenue in our medical radioisotopes businesses. These increases were partially offset by decreased revenues in our parts manufacturing and fuel fabrication businesses when compared to the same period in the prior year.

Operating income increased \$4.9 million to \$16.8 million in the six months ended June 30, 2022 compared to \$11.9 million for the corresponding period of 2021, due to the operating income impact of the changes in revenues noted above as well as a favorable shift in our project and product line mix when compared to the same period in the prior year. These increases were partially offset by a \$3.6 million decrease in wage subsidies we received under the CEWS to offset the effects of



COVID-19 on our Canadian operations when compared to the corresponding period of the prior year in addition to restructuring related costs of \$2.2 million incurred during the six months ended June 30, 2022.

#### *Unallocated Corporate*

Unallocated corporate expenses decreased \$3.4 million in the three months ended June 30, 2022 compared to the corresponding period of 2021, primarily due to a decrease in healthcare costs of \$1.5 million and lower levels of compensation, which were partially offset by an increase in legal and consulting costs related to acquisition activities.

Unallocated corporate expenses decreased \$0.9 million in the six months ended June 30, 2022 compared to the corresponding period of 2021, primarily due to lower levels of compensation, which were partially offset by restructuring related costs and an increase in legal and consulting costs related to acquisition activities.

#### *Provision for Income Taxes*

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	\$ Change	2022	2021	\$ Change
	(In thousands)					
Income before Provision for Income Taxes	\$ 98,099	\$ 78,931	\$ 19,168	\$ 175,547	\$ 170,824	\$ 4,723
Provision for Income Taxes	\$ 23,418	\$ 19,522	\$ 3,896	\$ 41,792	\$ 41,600	\$ 192
Effective Tax Rate	23.9%	24.7%		23.8%	24.4%	

We primarily operate in the U.S., Canada, and the U.K. and recognize our U.S. income tax provision based on the U.S. federal statutory rate of 21%, our Canadian tax provision based on the Canadian local statutory rate of approximately 25%, and our U.K. tax provision based on the U.K. local statutory rate of 19%.

Our effective tax rate for the three months ended June 30, 2022 was 23.9% as compared to 24.7% for the three months ended June 30, 2021. Our effective tax rate for the six months ended June 30, 2022 was 23.8% as compared to 24.4% for the six months ended June 30, 2021. The effective tax rates for the three and six months ended June 30, 2022 and 2021 were higher than the U.S. corporate income tax rate of 21% primarily due to state income taxes within the U.S. and the unfavorable rate differential associated with our Canadian earnings.

#### *Backlog*

Backlog represents the dollar amount of revenue we expect to recognize in the future from contracts awarded and in progress. Not all of our expected revenue from a contract award is recorded in backlog for a variety of reasons, including that some projects are awarded and completed within the same reporting period.

Our backlog is equal to our remaining performance obligations under contracts that meet the criteria in FASB Topic *Revenue from Contracts with Customers*, as discussed in Note 3 to our condensed consolidated financial statements included in this Report. It is possible that our methodology for determining backlog may not be comparable to methods used by other companies.

We are subject to the budgetary and appropriations cycle of the U.S. Government as it relates to our Government Operations segment. Backlog may not be indicative of future operating results, and projects in our backlog may be cancelled, modified or otherwise altered by customers.

	June 30, 2022	December 31, 2021
	(In approximate millions)	
Government Operations	\$ 3,989	\$ 4,532
Commercial Operations	732	644
Total Backlog	\$ 4,721	\$ 5,176

We do not include the value of our unconsolidated joint venture contracts in backlog. These unconsolidated joint ventures are included in our Government Operations segment.

At June 30, 2022, our ending backlog was \$4,720.7 million, which included \$89.6 million of unfunded backlog related to U.S. Government contracts. We expect to recognize approximately 57% of the revenue associated with our backlog by the end of 2023, with the remainder to be recognized thereafter.

Major new awards from the U.S. Government are typically received following Congressional approval of the budget for the U.S. Government's next fiscal year, which starts October 1, and may not be awarded to us before the end of the calendar year. Due to the fact that most contracts awarded by the U.S. Government are subject to these annual funding approvals, the total values of the underlying programs are significantly larger.

The value of unexercised options excluded from backlog as of June 30, 2022, was approximately \$0.4 billion, which is expected to be awarded in annual installments through 2024, subject to annual Congressional appropriations.

## ***Liquidity and Capital Resources***

### ***Credit Facility***

On March 24, 2020, we entered into an Amendment No. 1 to Credit Agreement, which amended the Credit Agreement dated as of May 24, 2018 (as amended, the "Credit Facility") with Wells Fargo Bank, N.A., as administrative agent, and the other lenders party thereto. The Credit Facility provides for a \$750 million senior secured revolving credit facility (the "Revolving Credit Facility"). All obligations under the Revolving Credit Facility are scheduled to mature on March 24, 2025. The proceeds of loans under the Revolving Credit Facility are available for working capital needs, permitted acquisitions and other general corporate purposes.

The Credit Facility allows for additional parties to become lenders and, subject to certain conditions, for the increase of the commitments under the Credit Facility, subject to an aggregate maximum for all additional commitments of (1) the greater of (a) \$250 million and (b) 65% of EBITDA, as defined in the Credit Facility, for the last four full fiscal quarters, plus (2) all voluntary prepayments of the term loans, plus (3) additional amounts provided the Company is in compliance with a pro forma first lien leverage ratio test of less than or equal to 2.50 to 1.00.

The Company's obligations under the Credit Facility are guaranteed, subject to certain exceptions, by substantially all of the Company's present and future wholly owned domestic restricted subsidiaries. The Credit Facility is secured by first-priority liens on certain assets owned by the Company and its subsidiary guarantors (other than the majority of its subsidiaries comprising its Government Operations segment).

The Revolving Credit Facility requires interest payments on revolving loans on a periodic basis until maturity. We may prepay all loans under the Credit Facility at any time without premium or penalty (other than customary Eurocurrency breakage costs), subject to notice requirements.

The Credit Facility includes financial covenants that are tested on a quarterly basis, based on the rolling four-quarter period that ends on the last day of each fiscal quarter. The maximum permitted leverage ratio is 4.00 to 1.00, which may be increased to 4.50 to 1.00 for up to four consecutive fiscal quarters after a material acquisition. The minimum consolidated interest coverage ratio is 3.00 to 1.00. In addition, the Credit Facility contains various restrictive covenants, including with respect to debt, liens, investments, mergers, acquisitions, dividends, equity repurchases and asset sales. As of June 30, 2022, we were in compliance with all covenants set forth in the Credit Facility.

Outstanding loans under the Revolving Credit Facility bear interest at our option at either (1) the Eurocurrency rate plus a margin ranging from 1.0% to 1.75% per year or (2) the base rate plus a margin ranging from 0.0% to 0.75% per year. We are charged a commitment fee on the unused portion of the Revolving Credit Facility, and that fee ranges from 0.15% to 0.225% per year. Additionally, we are charged a letter of credit fee of between 1.0% and 1.75% per year with respect to the amount of each financial letter of credit issued under the Credit Facility, and a letter of credit fee of between 0.75% and 1.05% per year with respect to the amount of each performance letter of credit issued under the Credit Facility. The applicable margin for loans, the commitment fee and the letter of credit fees set forth above will vary quarterly based on our leverage ratio. Based on the leverage ratio applicable at June 30, 2022, the margin for Eurocurrency rate and base rate revolving loans was 1.50% and 0.50%, respectively, the letter of credit fee for financial letters of credit and performance letters of credit was 1.50% and 0.90%, respectively, and the commitment fee for the unused portion of the Revolving Credit Facility was 0.20%.

As of June 30, 2022, borrowings and letters of credit issued under the Revolving Credit Facility totaled \$590.0 million and \$35.4 million, respectively. As a result, as of June 30, 2022 we had \$124.6 million available under the Revolving Credit

Facility for borrowings and to meet letter of credit requirements. As of June 30, 2022, the interest rate on outstanding borrowings under our Credit Facility was 2.77%.

The Credit Facility generally includes customary events of default for a secured credit facility. Under the Credit Facility, (1) if an event of default relating to bankruptcy or other insolvency events occurs with respect to the Company, all related obligations will immediately become due and payable; (2) if any other event of default exists, the lenders will be permitted to accelerate the maturity of the related obligations outstanding; and (3) if any event of default exists, the lenders will be permitted to terminate their commitments thereunder and exercise other rights and remedies, including the commencement of foreclosure or other actions against the collateral.

If any default occurs under the Credit Facility, or if we are unable to make any of the representations and warranties in the Credit Facility, we will be unable to borrow funds or have letters of credit issued under the Credit Facility.

#### *Senior Notes due 2028*

We issued \$400 million aggregate principal amount of 4.125% senior notes due 2028 (the "Senior Notes due 2028") pursuant to an indenture dated June 12, 2020 (the "2020 Indenture"), among the Company, certain of our subsidiaries, as guarantors, and U.S. Bank Trust Company, National Association (formerly known as U.S. Bank National Association) ("U.S. Bank"), as trustee. The Senior Notes due 2028 are guaranteed by each of the Company's present and future direct and indirect wholly owned domestic subsidiaries that is a guarantor under the Credit Facility.

Interest on the Senior Notes due 2028 is payable semi-annually in cash in arrears on June 30 and December 30 of each year at a rate of 4.125% per annum. The Senior Notes due 2028 will mature on June 30, 2028.

We may redeem the Senior Notes due 2028, in whole or in part, at any time on or after June 30, 2023 at a redemption price equal to (i) 102.063% of the principal amount to be redeemed if the redemption occurs during the twelve-month period beginning on June 30, 2023, (ii) 101.031% of the principal amount to be redeemed if the redemption occurs during the twelve-month period beginning on June 30, 2024 and (iii) 100.0% of the principal amount to be redeemed if the redemption occurs on or after June 30, 2025, in each case plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to June 30, 2023, we may also redeem up to 40.0% of the Senior Notes due 2028 with net cash proceeds of certain equity offerings at a redemption price equal to 104.125% of the principal amount of the Senior Notes due 2028 to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time prior to June 30, 2023, we may redeem the Senior Notes due 2028, in whole or in part, at a redemption price equal to 100.0% of the principal amount of the Senior Notes due 2028 to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus an applicable "make-whole" premium.

The 2020 Indenture contains customary events of default, including, among other things, payment default, failure to comply with covenants or agreements contained in the 2020 Indenture or the Senior Notes due 2028 and certain provisions related to bankruptcy events. The 2020 Indenture also contains customary negative covenants. As of June 30, 2022, we were in compliance with all covenants set forth in the 2020 Indenture and the Senior Notes due 2028.

#### *Senior Notes due 2029*

We issued \$400 million aggregate principal amount of 4.125% senior notes due 2029 (the "Senior Notes due 2029") pursuant to an indenture dated April 13, 2021 (the "2021 Indenture"), among the Company, certain of our subsidiaries, as guarantors, and U.S. Bank, as trustee. The Senior Notes due 2029 are guaranteed by each of the Company's present and future direct and indirect wholly owned domestic subsidiaries that is a guarantor under the Credit Facility.

Interest on the Senior Notes due 2029 is payable semi-annually in cash in arrears on April 15 and October 15 of each year, at a rate of 4.125% per annum. The Senior Notes due 2029 will mature on April 15, 2029.

We may redeem the Senior Notes due 2029, in whole or in part, at any time on or after April 15, 2024 at a redemption price equal to (i) 102.063% of the principal amount to be redeemed if the redemption occurs during the twelve-month period beginning on April 15, 2024, (ii) 101.031% of the principal amount to be redeemed if the redemption occurs during the twelve-month period beginning on April 15, 2025 and (iii) 100.0% of the principal amount to be redeemed if the redemption occurs on or after April 15, 2026, in each case plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to April 15, 2024, we may also redeem up to 40.0% of the Senior Notes due 2029 with net cash proceeds of certain equity offerings at a redemption price equal to 104.125% of the principal amount of the Senior Notes due 2029 to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time prior to April 15, 2024, we

may redeem the Senior Notes due 2029, in whole or in part, at a redemption price equal to 100.0% of the principal amount of the Senior Notes due 2029 to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus an applicable "make-whole" premium.

The 2021 Indenture contains customary events of default, including, among other things, payment default, failure to comply with covenants or agreements contained in the 2021 Indenture or the Senior Notes due 2029 and certain provisions related to bankruptcy events. The 2021 Indenture also contains customary negative covenants. As of June 30, 2022, we were in compliance with all covenants set forth in the 2021 Indenture and the Senior Notes due 2029.

#### *Other Arrangements*

We have posted surety bonds to support regulatory and contractual obligations for certain decommissioning responsibilities, projects and legal matters. We utilize bonding facilities to support such obligations, but the issuance of bonds under those facilities is typically at the surety's discretion, and the bonding facilities generally permit the surety, in its sole discretion, to terminate the facility or demand collateral. Although there can be no assurance that we will maintain our surety bonding capacity, we believe our current capacity is adequate to support our existing requirements for the next twelve months. In addition, these bonds generally indemnify the beneficiaries should we fail to perform our obligations under the applicable agreements. We, and certain of our subsidiaries, have jointly executed general agreements of indemnity in favor of surety underwriters relating to surety bonds those underwriters issue. As of June 30, 2022, bonds issued and outstanding under these arrangements totaled approximately \$109.3 million.

#### *Long-term Benefit Obligations*

As of June 30, 2022, we had underfunded defined benefit pension and postretirement benefit plans with obligations totaling approximately \$78.3 million. These long-term liabilities are expected to require use of our resources to satisfy future funding obligations. Based largely on statutory funding requirements, we expect to make contributions of approximately \$9.6 million for the remainder of 2022 related to our pension and postretirement plans. We may also make additional contributions based on a variety of factors including, but not limited to, tax planning, evaluation of funded status and risk mitigation strategies.

#### *Other*

##### *Cash, Cash Equivalents, Restricted Cash and Investments*

Our domestic and foreign cash and cash equivalents, restricted cash and cash equivalents and investments as of June 30, 2022 and December 31, 2021 were as follows:

	June 30, 2022	December 31, 2021
	(In thousands)	
Domestic	\$ 58,665	\$ 39,128
Foreign	26,250	14,016
Total	<u>\$ 84,915</u>	<u>\$ 53,144</u>

Our working capital increased by \$129.2 million to \$443.3 million at June 30, 2022 from \$314.1 million at December 31, 2021, primarily attributable to an increased cash balance and the timing of project cash flows and vendor payments.

Our net cash provided by operating activities decreased by \$86.3 million to \$72.0 million in the six months ended June 30, 2022, compared to \$158.3 million in the six months ended June 30, 2021. The decrease in cash provided by operating activities was primarily attributable to an \$88.7 million customer payment delayed until the first quarter of 2021, which was originally expected in 2020.

Our net cash used in investing activities decreased by \$4.9 million to \$164.8 million in the six months ended June 30, 2022, compared to \$169.6 million in the six months ended June 30, 2021. The decrease in cash used in investing activities was primarily attributable to a decrease in purchases of property, plant and equipment of \$75.2 million, partially offset by the acquisition of Dynamic and Cunico as well as a \$22.6 million increase in investments in equity method investees in the six months ended June 30, 2022.

Our net cash provided by financing activities decreased by \$34.4 million to \$125.0 million in the six months ended June 30, 2022, compared to \$159.4 million in the six months ended June 30, 2021. The decrease in cash provided by financing activities was primarily attributable to a decrease in net borrowings of long-term debt of \$135.0 million in the six months ended June 30, 2022 compared to the corresponding period of the prior year. This was partially offset by the repayment of bank overdrafts of \$88.7 million in the six months ended June 30, 2021.

At June 30, 2022, we had restricted cash and cash equivalents totaling \$5.7 million, \$2.8 million of which was held for future decommissioning of facilities (which is included in other assets on our condensed consolidated balance sheets) and \$2.9 million of which was held to meet reinsurance reserve requirements of our captive insurer.

At June 30, 2022, we had short-term and long-term investments with a fair value of \$11.8 million. Our investment portfolio consists primarily of U.S. Government and agency securities, corporate bonds and mutual funds. Our debt securities are carried at fair value and are either classified as trading, with unrealized gains and losses reported in earnings, or as available-for-sale, with unrealized gains and losses, net of tax, being reported as a component of other comprehensive income. Our equity securities are carried at fair value with the unrealized gains and losses reported in earnings.

#### *Cash Requirements*

Our cash requirements have not changed materially from those disclosed in Item 7 of our 2021 10-K. We believe we have sufficient cash and cash equivalents and borrowing capacity, along with cash generated from operations and continued access to debt markets, to satisfy our cash requirements for the next 12 months and beyond.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Our exposures to market risks have not changed materially from those disclosed in Item 7A of our 2021 10-K.

### **Item 4. CONTROLS AND PROCEDURES**

As of the end of the period covered by this Report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) adopted by the Securities and Exchange Commission ("SEC") under the Exchange Act). This evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Our disclosure controls and procedures were developed through a process in which our management applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. You should note that the design of any system of disclosure controls and procedures is based in part upon various assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Based on the evaluation referred to above, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures are effective as of June 30, 2022 to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding disclosure. There has been no change in our internal control over financial reporting during the three months ended June 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II****OTHER INFORMATION****Item 1. LEGAL PROCEEDINGS**

For information regarding ongoing investigations and litigation, see Note 5 to our unaudited condensed consolidated financial statements in Part I of this Report, which we incorporate by reference into this Item.

**Item 1A. RISK FACTORS**

In addition to the other information in this Report, the other factors presented in Item 1A of our 2021 10-K are some of the factors that could materially affect our business, financial condition or future results. There have been no material changes to our risk factors from those disclosed in our 2021 10-K.

**Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Since November 2012, we have periodically announced that our Board of Directors has authorized share repurchase programs. The following table provides information on our purchases of equity securities during the three months ended June 30, 2022. Any shares purchased that were not part of a publicly announced plan or program are related to repurchases of common stock pursuant to the provisions of employee benefit plans that permit the repurchase of shares to satisfy statutory tax withholding obligations.

Period	Total number of shares purchased <sup>(1)</sup>	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions) <sup>(2)</sup>
April 1, 2022 - April 30, 2022	556	\$ 51.92	—	\$ 397.6
May 1, 2022 - May 31, 2022	56	\$ 50.33	—	\$ 397.6
June 1, 2022 - June 30, 2022	18	\$ 53.17	—	\$ 397.6
Total	<u>630</u>	<u>\$ 51.81</u>	<u>—</u>	

- (1) Includes 556, 56 and 18 shares repurchased during April, May and June, respectively, pursuant to the provisions of employee benefit plans that permit the repurchase of shares to satisfy statutory tax withholding obligations.
- (2) On April 30, 2021, our Board of Directors authorized us to repurchase an indeterminate number of shares of our common stock at an aggregate market value of up to \$500 million with no expiration date.

**Item 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Certificate of Amendment to Restated Certificate of Incorporation dated May 14, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2019 (File No. 1-34658)).</a>
3.2	<a href="#">Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2019 (File No. 1-34658)).</a>
3.3	<a href="#">Amended and Restated Bylaws (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (File No. 1-34658)).</a>
10.1	<a href="#">Supplemental Indenture No. 2, dated as of May 25, 2022, between Citadel Capital Corporation, Cunico Corporation and U.S. Bank Trust Company, National Association, as Trustee under the Indenture, dated as of June 12, 2020.</a>
10.2	<a href="#">Supplemental Indenture, dated as of May 25, 2022, between Citadel Capital Corporation, Cunico Corporation and U.S. Bank Trust Company, National Association, as trustee under the Indenture, dated as of April 13, 2021.</a>
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) certification of Chief Executive Officer.</a>
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) certification of Chief Financial Officer.</a>
32.1	<a href="#">Section 1350 certification of Chief Executive Officer.</a>
32.2	<a href="#">Section 1350 certification of Chief Financial Officer.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

**SIGNATURES**

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

BWX TECHNOLOGIES, INC.

By: /s/ Robb A. LeMasters  
Robb A. LeMasters  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer and Duly Authorized  
Representative)

By: /s/ Jason S. Kerr  
Jason S. Kerr  
Vice President and Chief Accounting Officer  
(Principal Accounting Officer and Duly Authorized  
Representative)

August 8, 2022



SUPPLEMENTAL INDENTURE NO. 2

SUPPLEMENTAL INDENTURE NO. 2 (this “Supplemental Indenture”), dated as of May 25, 2022, among BWX Technologies, Inc. (the “Issuer”), Citadel Capital Corporation (“Citadel”) and CUNICO CORPORATION (“Cunico”, together with Citadel, the “Guaranteeing Subsidiaries”, and each a “Guaranteeing Subsidiary”), each a subsidiary of the Issuer, and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association), as trustee under the Indenture referred to below (the “Trustee”).

WITNESSETH

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture (the “Indenture”), dated as of June 12, 2020 providing for the issuance of 4.125% Senior Notes due 2028 (the “Notes”);

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “Guarantee”); and

WHEREAS, pursuant to Section 901 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 12 thereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuer or any Guaranteeing Subsidiary under the Notes, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

4. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO AGREE TO SUBMIT TO THE

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JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT LOCATED IN THE BOROUGH OF MANHATTAN, IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE.

5. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of the Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of the Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience or reference only and are not intended to be considered a part hereof and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuer.

*[signature page follows]*

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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

BWX TECHNOLOGIES, INC.

By: /s/ Kirt J. Kubbs  
Name: Kirt J. Kubbs  
Title: Vice President, Treasurer

CITADEL CAPITAL CORPORATION

By: /s/ Kirt J. Kubbs  
Name: Kirt J. Kubbs  
Title: Treasurer

CUNICO CORPORATION

By: /s/ Kirt J. Kubbs  
Name: Kirt J. Kubbs  
Title: Treasurer

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U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: /s/ Melody M. Scott

Name: Melody M. Scott

Title: AVP

## SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this “Supplemental Indenture”), dated as of May 25, 2022, among BWX Technologies, Inc. (the “Issuer”), Citadel Capital Corporation (“Citadel”) and CUNICO CORPORATION (“Cunico”, together with Citadel, the “Guaranteeing Subsidiaries”, and each a “Guaranteeing Subsidiary”), each a subsidiary of the Issuer, and U.S. Bank Trust Company, National Association (as successor to U.S. Bank National Association), as trustee under the Indenture referred to below (the “Trustee”).

### WITNESSETH

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture (the “Indenture”), dated as of April 13, 2021 providing for the issuance of 4.125% Senior Notes due 2029 (the “Notes”);

WHEREAS, the Indenture provides that under certain circumstances each Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which such Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer’s Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the “Guarantee”); and

WHEREAS, pursuant to Section 901 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, each Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. **CAPITALIZED TERMS.** Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. **AGREEMENT TO GUARANTEE.** Each Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 12 thereof.

3. **NO RECOURSE AGAINST OTHERS.** No past, present or future director, officer, employee, incorporator, stockholder or agent of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Issuer or any Guaranteeing Subsidiary under the Notes, any Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

4. **GOVERNING LAW.** THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE PARTIES HERETO AGREE TO SUBMIT TO THE

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JURISDICTION OF ANY UNITED STATES FEDERAL OR STATE COURT LOCATED IN THE BOROUGH OF MANHATTAN, IN THE CITY OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SUPPLEMENTAL INDENTURE.

5. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. The exchange of copies of the Supplemental Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of the Supplemental Indenture as to the parties hereto and may be used in lieu of the original Supplemental Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience or reference only and are not intended to be considered a part hereof and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by each Guaranteeing Subsidiary and the Issuer.

*[signature page follows]*

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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first above written.

BWX TECHNOLOGIES, INC.

By: /s/ Kirt J. Kubbs  
Name: Kirt J. Kubbs  
Title: Vice President, Treasurer

CITADEL CAPITAL CORPORATION

By: /s/ Kirt J. Kubbs  
Name: Kirt J. Kubbs  
Title: Treasurer

CUNICO CORPORATION

By: /s/ Kirt J. Kubbs  
Name: Kirt J. Kubbs  
Title: Treasurer

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U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: /s/ Melody M. Scott

Name: Melody M. Scott

Title: AVP



## CERTIFICATION

I, Rex D. Geveden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BWX Technologies, Inc. for the quarterly period ended June 30, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2022

/s/ Rex D. Geveden

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Rex D. Geveden

President and Chief Executive Officer

## CERTIFICATION

I, Robb A. LeMasters, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BWX Technologies, Inc. for the quarterly period ended June 30, 2022;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2022

/s/ Robb A. LeMasters

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Robb A. LeMasters

Senior Vice President and Chief Financial Officer

BWX TECHNOLOGIES, INC.

Certification Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002  
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Rex D. Geveden, President and Chief Executive Officer of BWX Technologies, Inc., a Delaware corporation (the "Company"), hereby certify, to my knowledge, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2022

/s/ Rex D. Geveden

Rex D. Geveden

President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

BWX TECHNOLOGIES, INC.

Certification Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002  
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Robb A. LeMasters, Senior Vice President and Chief Financial Officer of BWX Technologies, Inc., a Delaware corporation (the "Company"), hereby certify, to my knowledge, that:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2022

/s/ Robb A. LeMasters

Robb A. LeMasters

Senior Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.