

**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 September 30, 2023.

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 October 30, 2023 was 91,512,788.

**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>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited) (In thousands)</b>	
Current Assets:		
Cash and cash equivalents	\$ 50,201	\$ 35,244
Restricted cash and cash equivalents	3,022	2,928
Investments	—	3,804
Accounts receivable – trade, net	100,570	60,782
Accounts receivable – other	21,447	26,894
Retainages	77,823	48,566
Contracts in progress	558,979	538,365
Other current assets	65,839	55,036
Total Current Assets	<u>877,881</u>	<u>771,619</u>
Property, Plant and Equipment, Net	<u>1,186,065</u>	<u>1,134,897</u>
Investments	<u>8,806</u>	<u>8,097</u>
Goodwill	<u>293,603</u>	<u>293,165</u>
Deferred Income Taxes	<u>18,216</u>	<u>20,585</u>
Investments in Unconsolidated Affiliates	<u>105,050</u>	<u>100,198</u>
Intangible Assets	<u>184,990</u>	<u>193,612</u>
Other Assets	<u>102,228</u>	<u>96,766</u>
TOTAL	<u>\$ 2,776,839</u>	<u>\$ 2,618,939</u>

See accompanying notes to condensed consolidated financial statements.

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

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	September 30, 2023	December 31, 2022
	(Unaudited)	
	(In thousands, except share and per share amounts)	
<b>Current Liabilities:</b>		
Current portion of long-term debt	\$ 6,250	\$ 6,250
Accounts payable	151,433	127,112
Accrued employee benefits	58,421	61,079
Accrued liabilities – other	63,075	84,693
Advance billings on contracts	71,990	88,726
<b>Total Current Liabilities</b>	<b>351,169</b>	<b>367,860</b>
Long-Term Debt	1,334,473	1,282,624
Accumulated Postretirement Benefit Obligation	17,437	18,157
Environmental Liabilities	96,257	90,989
Pension Liability	51,159	57,832
Other Liabilities	54,433	53,122
Commitments and Contingencies (Note 5)		
<b>Stockholders' Equity:</b>		
Common stock, par value \$0.01 per share, authorized 325,000,000 shares; issued 128,048,653 and 127,671,756 shares at September 30, 2023 and December 31, 2022, respectively	1,280	1,277
Preferred stock, par value \$0.01 per share, authorized 75,000,000 shares; No shares issued	—	—
Capital in excess of par value	202,674	189,263
Retained earnings	2,049,254	1,932,970
Treasury stock at cost, 36,537,831 and 36,417,480 shares at September 30, 2023 and December 31, 2022, respectively	(1,360,777)	(1,353,270)
Accumulated other comprehensive income (loss)	(20,395)	(21,930)
<b>Stockholders' Equity – BWX Technologies, Inc.</b>	<b>872,036</b>	<b>748,310</b>
Noncontrolling interest	(125)	45
<b>Total Stockholders' Equity</b>	<b>871,911</b>	<b>748,355</b>
<b>TOTAL</b>	<b>\$ 2,776,839</b>	<b>\$ 2,618,939</b>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited)			
	(In thousands, except share and per share amounts)			
Revenues	\$ 589,989	\$ 523,711	\$ 1,770,794	\$ 1,608,657
Costs and Expenses:				
Cost of operations	436,296	399,281	1,338,750	1,217,108
Research and development costs	1,156	1,426	5,955	6,990
Losses (gains) on asset disposals and impairments, net	—	(251)	(15)	(222)
Selling, general and administrative expenses	79,828	58,160	205,100	172,974
Total Costs and Expenses	<u>517,280</u>	<u>458,616</u>	<u>1,549,790</u>	<u>1,396,850</u>
Equity in Income of Investees	12,649	14,783	38,862	34,881
Operating Income	<u>85,358</u>	<u>79,878</u>	<u>259,866</u>	<u>246,688</u>
Other Income (Expense):				
Interest income	643	273	1,623	463
Interest expense	(12,175)	(9,625)	(35,200)	(24,983)
Other – net	4,340	11,496	9,490	35,401
Total Other Income (Expense)	<u>(7,192)</u>	<u>2,144</u>	<u>(24,087)</u>	<u>10,881</u>
Income before Provision for Income Taxes	78,166	82,022	235,779	257,569
Provision for Income Taxes	17,814	20,185	55,769	61,977
Net Income	<u>\$ 60,352</u>	<u>\$ 61,837</u>	<u>\$ 180,010</u>	<u>\$ 195,592</u>
Net Loss (Income) Attributable to Noncontrolling Interest	(79)	(234)	(48)	(366)
Net Income Attributable to BWX Technologies, Inc.	<u>\$ 60,273</u>	<u>\$ 61,603</u>	<u>\$ 179,962</u>	<u>\$ 195,226</u>
Earnings per Common Share:				
Basic:				
Net Income Attributable to BWX Technologies, Inc.	<u>\$ 0.66</u>	<u>\$ 0.67</u>	<u>\$ 1.96</u>	<u>\$ 2.13</u>
Diluted:				
Net Income Attributable to BWX Technologies, Inc.	<u>\$ 0.66</u>	<u>\$ 0.67</u>	<u>\$ 1.96</u>	<u>\$ 2.13</u>
Shares used in the computation of earnings per share (Note 9):				
Basic	91,659,117	91,407,599	91,596,650	91,455,350
Diluted	<u>91,895,480</u>	<u>91,655,536</u>	<u>91,833,450</u>	<u>91,665,383</u>

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited) (In thousands)			
Net Income	\$ 60,352	\$ 61,837	\$ 180,010	\$ 195,592
Other Comprehensive Income (Loss):				
Currency translation adjustments	(13,485)	(36,906)	(868)	(46,822)
Derivative financial instruments:				
Unrealized (losses) gains arising during the period, net of tax benefit (provision) of \$2, \$(177), \$(207) and \$(7), respectively	(11)	515	603	19
Reclassification adjustment for losses (gains) included in net income, net of tax (benefit) provision of \$(31), \$(74), \$101 and \$(178), respectively	100	220	(293)	520
Amortization of benefit plan costs, net of tax benefit of \$(162), \$(163), \$(488) and \$(488), respectively	668	650	2,002	1,952
Unrealized gains (losses) on investments arising during the period, net of tax (provision) benefit of \$(14), \$5, \$(25) and \$24, respectively	53	(20)	91	(92)
Other Comprehensive Income (Loss)	<u>(12,675)</u>	<u>(35,541)</u>	<u>1,535</u>	<u>(44,423)</u>
Total Comprehensive Income	<u>47,677</u>	<u>26,296</u>	<u>181,545</u>	<u>151,169</u>
Comprehensive Loss (Income) Attributable to Noncontrolling Interest	<u>(79)</u>	<u>(234)</u>	<u>(48)</u>	<u>(366)</u>
Comprehensive Income Attributable to BWX Technologies, Inc.	<u>\$ 47,598</u>	<u>\$ 26,062</u>	<u>\$ 181,497</u>	<u>\$ 150,803</u>

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, 2022	127,671,756	\$ 1,277	\$ 189,263	\$ 1,932,970	\$ (21,930)	\$ (1,353,270)	\$ 748,310	\$ 45	\$ 748,355
Net income (loss)	—	—	—	61,092	—	—	61,092	(99)	60,993
Dividends declared (\$0.23 per share)	—	—	—	(21,231)	—	—	(21,231)	—	(21,231)
Currency translation adjustments	—	—	—	—	1,694	—	1,694	—	1,694
Derivative financial instruments	—	—	—	—	554	—	554	—	554
Defined benefit obligations	—	—	—	—	657	—	657	—	657
Available-for-sale investments	—	—	—	—	(9)	—	(9)	—	(9)
Exercises of stock options	3,000	2	70	—	—	—	72	—	72
Shares placed in treasury	—	—	—	—	—	(6,903)	(6,903)	—	(6,903)
Stock-based compensation charges	293,961	1	3,892	—	—	—	3,893	—	3,893
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(67)	(67)
Balance March 31, 2023 (unaudited)	127,968,717	\$ 1,280	\$ 193,225	\$ 1,972,831	\$ (19,034)	\$ (1,360,173)	\$ 788,129	\$ (121)	\$ 788,008
Net income	—	—	—	58,597	—	—	58,597	68	58,665
Dividends declared (\$0.23 per share)	—	—	—	(21,216)	—	—	(21,216)	—	(21,216)
Currency translation adjustments	—	—	—	—	10,923	—	10,923	—	10,923
Derivative financial instruments	—	—	—	—	(333)	—	(333)	—	(333)
Defined benefit obligations	—	—	—	—	677	—	677	—	677
Available-for-sale investments	—	—	—	—	47	—	47	—	47
Exercises of stock options	4,417	—	105	—	—	—	105	—	105
Shares placed in treasury	—	—	—	—	—	(46)	(46)	—	(46)
Stock-based compensation charges	12,967	—	4,776	—	—	—	4,776	—	4,776
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(78)	(78)
Balance June 30, 2023 (unaudited)	127,986,101	\$ 1,280	\$ 198,106	\$ 2,010,212	\$ (7,720)	\$ (1,360,219)	\$ 841,659	\$ (131)	\$ 841,528
Net income	—	—	—	60,273	—	—	60,273	79	60,352
Dividends declared (\$0.23 per share)	—	—	—	(21,231)	—	—	(21,231)	—	(21,231)
Currency translation adjustments	—	—	—	—	(13,485)	—	(13,485)	—	(13,485)
Derivative financial instruments	—	—	—	—	89	—	89	—	89
Defined benefit obligations	—	—	—	—	668	—	668	—	668
Available-for-sale investments	—	—	—	—	53	—	53	—	53
Exercises of stock options	39,468	—	932	—	—	—	932	—	932
Shares placed in treasury	—	—	—	—	—	(558)	(558)	—	(558)
Stock-based compensation charges	23,084	—	3,636	—	—	—	3,636	—	3,636
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(73)	(73)
Balance September 30, 2023 (unaudited)	128,048,653	\$ 1,280	\$ 202,674	\$ 2,049,254	\$ (20,395)	\$ (1,360,777)	\$ 872,036	\$ (125)	\$ 871,911

**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
Net income	—	—	—	61,603	—	—	61,603	234	61,837
Dividends declared (\$0.22 per share)	—	—	—	(20,228)	—	—	(20,228)	—	(20,228)
Currency translation adjustments	—	—	—	—	(36,906)	—	(36,906)	—	(36,906)
Derivative financial instruments	—	—	—	—	735	—	735	—	735
Defined benefit obligations	—	—	—	—	650	—	650	—	650
Available-for-sale investments	—	—	—	—	(20)	—	(20)	—	(20)
Exercises of stock options	19,345	—	458	—	—	—	458	—	458
Shares placed in treasury	—	—	—	—	—	(945)	(945)	—	(945)
Stock-based compensation charges	13,833	—	3,081	—	—	—	3,081	—	3,081
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(76)	(76)
Balance September 30, 2022 (unaudited)	127,638,048	\$ 1,276	\$ 186,790	\$ 1,910,197	\$ (32,280)	\$ (1,353,269)	\$ 712,714	\$ 222	\$ 712,936

See accompanying notes to condensed consolidated financial statements.



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

	<b>Nine Months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited) (In thousands)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 180,010	\$ 195,592
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,205	54,808
Income of investees, net of dividends	(4,854)	(10,733)
Recognition of losses for pension and postretirement plans	2,490	2,441
Stock-based compensation expense	12,305	12,047
Other, net	21	1,966
Changes in assets and liabilities, net of effects from acquisitions:		
Accounts receivable	(31,520)	10,518
Accounts payable	24,874	(17,996)
Retainages	(29,257)	(24,684)
Contracts in progress and advance billings on contracts	(38,217)	(42,824)
Income taxes	(5,331)	(4,019)
Accrued and other current liabilities	(10,231)	(8,487)
Pension liabilities, accrued postretirement benefit obligations and employee benefits	(10,874)	(34,994)
Other, net	(5,684)	3,400
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>141,937</b>	<b>137,035</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(100,498)	(134,591)
Acquisition of business, net of cash acquired	—	(47,328)
Purchases of securities	(2,343)	(2,700)
Sales and maturities of securities	5,996	2,667
Investments, net of return of capital, in equity method investees	—	(11,450)
Other, net	(8,142)	324
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(104,987)</b>	<b>(193,078)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings of long-term debt	332,000	373,700
Repayments of long-term debt	(281,688)	(223,700)
Repurchases of common stock	—	(20,000)
Dividends paid to common shareholders	(63,870)	(60,894)
Cash paid for shares withheld to satisfy employee taxes	(7,505)	(6,588)
Settlements of forward contracts, net	(2,030)	13,917
Other, net	902	(147)
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(22,191)</b>	<b>76,288</b>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	414	(3,093)
<b>TOTAL INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>15,173</b>	<b>17,152</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>40,990</b>	<b>39,775</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 56,163</b>	<b>\$ 56,927</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 44,745	\$ 26,809
Income taxes (net of refunds)	\$ 59,947	\$ 67,555
<b>SCHEDULE OF NON-CASH INVESTING ACTIVITY:</b>		
Accrued capital expenditures included in accounts payable	\$ 9,239	\$ 7,427

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**  
**(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, 2022 (our "2022 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 have reclassified certain amounts previously reported in our condensed consolidated statements of cash flows to conform to the presentation for the nine months ended September 30, 2023. 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 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 commercial shipping 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 primarily 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, the Department of Defense and NASA. In addition, this segment also develops technology for advanced nuclear reactors for a variety of power and propulsion applications in the space and terrestrial domains and offers complete advanced nuclear fuel and reactor design and engineering, licensing and manufacturing services for these programs.
- 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 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 also manufactures medical radioisotopes, radiopharmaceuticals and medical devices, and partners with life science and pharmaceutical companies developing new drugs.

See Note 8 and Note 3 for financial information about our segments. Operating results for the three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023. For further information, refer to the consolidated financial statements and notes included in our 2022 10-K.

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

There were no accounting standards adopted during the nine months ended September 30, 2023 that had a significant impact on our financial position, results of operations, cash flows or disclosures.

### ***Change in Accounting Principle***

During the quarter ended September 30, 2023, we changed our annual goodwill impairment test date from September 30 to November 15. This is a change in method of applying an accounting principle which we believe is a preferable alternative as the new date of assessment is more closely aligned with the approval of our fourth quarter forecast and includes the most recent financial information available. This change does not delay, accelerate or avoid a potential impairment charge.

### ***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.

See Note 3 for a further discussion of revenue recognition.

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

We are subject to federal income tax in the U.S., Canada, and the U.K., 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 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 September 30, 2023 was 22.8% as compared to 24.6% for the three months ended September 30, 2022. Our effective tax rate for the nine months ended September 30, 2023 was 23.7% as compared to 24.1% for the nine months ended September 30, 2022. The effective tax rates for the three and nine months ended September 30, 2023 and 2022 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 foreign earnings.

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

At September 30, 2023, we had restricted cash and cash equivalents totaling \$6.0 million, \$2.9 million of which was held for future decommissioning of facilities (which is included in Other Assets on our condensed consolidated balance sheets) and \$3.0 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 statements of cash flows:

	September 30, 2023	December 31, 2022
	(In thousands)	
Cash and cash equivalents	\$ 50,201	\$ 35,244
Restricted cash and cash equivalents	3,022	2,928
Restricted cash and cash equivalents included in Other Assets	2,940	2,818
Total cash and cash equivalents and restricted cash and cash equivalents as presented on our condensed consolidated statements of cash flows	<u>\$ 56,163</u>	<u>\$ 40,990</u>

### ***Inventories***

At September 30, 2023 and December 31, 2022, Other current assets included inventories totaling \$31.6 million and \$22.9 million, respectively, consisting entirely of raw materials and supplies.

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

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

	September 30, 2023	December 31, 2022
	(In thousands)	
Land	\$ 10,621	\$ 9,844
Buildings	377,478	365,955
Machinery and equipment	1,070,368	1,026,024
Property under construction	555,268	515,494
	<u>2,013,735</u>	<u>1,917,317</u>
Less: Accumulated depreciation	827,670	782,420
Property, Plant and Equipment, Net	<u>\$ 1,186,065</u>	<u>\$ 1,134,897</u>

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

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

	September 30, 2023	December 31, 2022
	(In thousands)	
Currency translation adjustments	\$ (5,075)	\$ (4,207)
Net unrealized gain on derivative financial instruments	415	105
Unrecognized prior service cost on benefit obligations	(15,953)	(17,955)
Net unrealized gain on available-for-sale investments	218	127
Accumulated other comprehensive income (loss)	<u>\$ (20,395)</u>	<u>\$ (21,930)</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 September 30,		Nine Months Ended September 30,		Line Item Presented
	2023	2022	2023	2022	
	(In thousands)				
Realized gain (loss) on derivative financial instruments	\$ (207)	\$ (152)	\$ (80)	\$ (86)	Revenues
	76	(142)	474	(612)	Cost of operations
	(131)	(294)	394	(698)	Total before tax
	31	74	(101)	178	Provision for Income Taxes
	<u>\$ (100)</u>	<u>\$ (220)</u>	<u>\$ 293</u>	<u>\$ (520)</u>	Net Income
Amortization of prior service cost on benefit obligations	\$ (830)	\$ (813)	\$ (2,490)	\$ (2,440)	Other – net
	162	163	488	488	Provision for Income Taxes
	<u>\$ (668)</u>	<u>\$ (650)</u>	<u>\$ (2,002)</u>	<u>\$ (1,952)</u>	Net Income
Total reclassification for the period	<u>\$ (768)</u>	<u>\$ (870)</u>	<u>\$ (1,709)</u>	<u>\$ (2,472)</u>	

### 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 (loss) 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 and are recorded in our condensed consolidated statements of cash flows based on the nature and use of the instruments.

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 September 30, 2023, we had deferred approximately \$0.4 million of net gains 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 September 30, 2023 and 2022, we recognized gains of \$12.6 million and \$36.6 million, respectively, and for the nine months ended September 30, 2023 and 2022, we recognized gains of \$3.7 million and \$36.2 million, respectively, in Other – net on our condensed consolidated statements of income associated with FX forward contracts not designated as hedging instruments.

At September 30, 2023, our derivative financial instruments consisted of FX forward contracts with a total notional value of \$503.7 million with maturities extending to June 2025. 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 final purchase price allocation resulted in the recognition of \$28.5 million of Intangible Assets, \$7.2 million of inventory and \$17.2 million of Goodwill. In addition, we recognized right-of-use assets and lease liabilities of \$7.2 million. 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):

	<b>Amount</b>	<b>Amortization Period</b>
Customer relationships	\$ 17,700	21 years
Backlog	\$ 6,600	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.

**Disaggregated Revenues**

Revenues by geographic area and customer type were as follows:

	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
(In thousands)						
<b><u>United States:</u></b>						
Government	\$ 427,237	\$ —	\$ 427,237	\$ 402,300	\$ —	\$ 402,300
Non-Government	47,004	15,322	62,326	16,753	7,700	24,453
	<u>\$ 474,241</u>	<u>\$ 15,322</u>	<u>\$ 489,563</u>	<u>\$ 419,053</u>	<u>\$ 7,700</u>	<u>\$ 426,753</u>
<b><u>Canada:</u></b>						
Government	\$ 90	\$ —	\$ 90	\$ —	\$ —	\$ —
Non-Government	161	92,904	93,065	658	90,143	90,801
	<u>\$ 251</u>	<u>\$ 92,904</u>	<u>\$ 93,155</u>	<u>\$ 658</u>	<u>\$ 90,143</u>	<u>\$ 90,801</u>
<b><u>Other:</u></b>						
Government	\$ 1,008	\$ —	\$ 1,008	\$ 346	\$ —	\$ 346
Non-Government	2,355	4,133	6,488	2,464	3,951	6,415
	<u>\$ 3,363</u>	<u>\$ 4,133</u>	<u>\$ 7,496</u>	<u>\$ 2,810</u>	<u>\$ 3,951</u>	<u>\$ 6,761</u>
Segment Revenues	<u>\$ 477,855</u>	<u>\$ 112,359</u>	<u>590,214</u>	<u>\$ 422,521</u>	<u>\$ 101,794</u>	<u>524,315</u>
Eliminations			(225)			(604)
Revenues			<u>\$ 589,989</u>			<u>\$ 523,711</u>

	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
(In thousands)						
<b><u>United States:</u></b>						
Government	\$ 1,318,149	\$ —	\$ 1,318,149	\$ 1,219,340	\$ —	\$ 1,219,340
Non-Government	98,777	41,518	140,295	62,547	23,770	86,317
	<u>\$ 1,416,926</u>	<u>\$ 41,518</u>	<u>\$ 1,458,444</u>	<u>\$ 1,281,887</u>	<u>\$ 23,770</u>	<u>\$ 1,305,657</u>
<b><u>Canada:</u></b>						
Government	\$ 178	\$ —	\$ 178	\$ —	\$ —	\$ —
Non-Government	754	286,016	286,770	2,477	283,298	285,775
	<u>\$ 932</u>	<u>\$ 286,016</u>	<u>\$ 286,948</u>	<u>\$ 2,477</u>	<u>\$ 283,298</u>	<u>\$ 285,775</u>
<b><u>Other:</u></b>						
Government	\$ 3,311	\$ —	\$ 3,311	\$ 1,071	\$ —	\$ 1,071
Non-Government	8,539	14,669	23,208	5,400	13,198	18,598
	<u>\$ 11,850</u>	<u>\$ 14,669</u>	<u>\$ 26,519</u>	<u>\$ 6,471</u>	<u>\$ 13,198</u>	<u>\$ 19,669</u>
Segment Revenues	<u>\$ 1,429,708</u>	<u>\$ 342,203</u>	<u>1,771,911</u>	<u>\$ 1,290,835</u>	<u>\$ 320,266</u>	<u>1,611,101</u>
Eliminations			(1,117)			(2,444)
Revenues			<u>\$ 1,770,794</u>			<u>\$ 1,608,657</u>

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

	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
	(In thousands)					
Over time	\$ 473,778	\$ 101,005	\$ 574,783	\$ 422,459	\$ 87,159	\$ 509,618
Point-in-time	4,077	11,354	15,431	62	14,635	14,697
Segment Revenues	<u>\$ 477,855</u>	<u>\$ 112,359</u>	<u>590,214</u>	<u>\$ 422,521</u>	<u>\$ 101,794</u>	<u>524,315</u>
Eliminations			(225)			(604)
Revenues			<u>\$ 589,989</u>			<u>\$ 523,711</u>

	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
	(In thousands)					
Over time	\$ 1,415,319	\$ 291,721	\$ 1,707,040	\$ 1,290,745	\$ 277,654	\$ 1,568,399
Point-in-time	14,389	50,482	64,871	90	42,612	42,702
Segment Revenues	<u>\$ 1,429,708</u>	<u>\$ 342,203</u>	<u>1,771,911</u>	<u>\$ 1,290,835</u>	<u>\$ 320,266</u>	<u>1,611,101</u>
Eliminations			(1,117)			(2,444)
Revenues			<u>\$ 1,770,794</u>			<u>\$ 1,608,657</u>

Revenues by contract type were as follows:

	Three Months Ended September 30, 2023			Three Months Ended September 30, 2022		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
	(In thousands)					
Fixed-Price Incentive Fee	\$ 301,392	\$ 2,225	\$ 303,617	\$ 308,827	\$ 2,531	\$ 311,358
Firm-Fixed-Price	87,812	72,719	160,531	47,359	69,170	116,529
Cost-Plus Fee	83,549	—	83,549	65,679	—	65,679
Time-and-Materials	5,102	37,415	42,517	656	30,093	30,749
Segment Revenues	<u>\$ 477,855</u>	<u>\$ 112,359</u>	<u>590,214</u>	<u>\$ 422,521</u>	<u>\$ 101,794</u>	<u>524,315</u>
Eliminations			(225)			(604)
Revenues			<u>\$ 589,989</u>			<u>\$ 523,711</u>

	Nine Months Ended September 30, 2023			Nine Months Ended September 30, 2022		
	Government Operations	Commercial Operations	Total	Government Operations	Commercial Operations	Total
	(In thousands)					
Fixed-Price Incentive Fee	\$ 920,821	\$ 9,013	\$ 929,834	\$ 935,200	\$ 7,047	\$ 942,247
Firm-Fixed-Price	259,853	221,841	481,694	191,597	222,503	414,100
Cost-Plus Fee	242,774	—	242,774	161,167	—	161,167
Time-and-Materials	6,260	111,349	117,609	2,871	90,716	93,587
Segment Revenues	<u>\$ 1,429,708</u>	<u>\$ 342,203</u>	<u>1,771,911</u>	<u>\$ 1,290,835</u>	<u>\$ 320,266</u>	<u>1,611,101</u>
Eliminations			(1,117)			(2,444)
Revenues			<u>\$ 1,770,794</u>			<u>\$ 1,608,657</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 nine months ended September 30, 2023, we recognized net favorable changes in estimates related to contracts that recognize revenue over time that resulted in increases in revenues of \$17.4 million and \$4.4 million, respectively. During the three and nine months ended September 30, 2023, we recognized decreases in cost of operations of \$2.5 million. Included in these amounts are contract adjustments related to a nuclear operations contract within our Government Operations segment. These adjustments resulted in net favorable increases in revenue of \$20.4 million and \$20.0 million and decreases in cost of operations of \$2.5 million for the three and nine months ended September 30, 2023, respectively. During the three and nine months ended September 30, 2022, we recognized net favorable changes in estimates related to contracts that recognize revenue over time that resulted in increases in revenues of \$4.2 million and \$1.1 million, respectively, and increases in cost of operations of \$2.2 million for the nine months ended September 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 nine months ended September 30, 2022 related to this matter. We are pursuing recovery of cost overruns related to this project.

**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. Costs specific to certain contracts for which we recognize revenue at a point in time are also included 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.

	September 30, 2023	December 31, 2022
	(In thousands)	
Included in Contracts in progress:		
Unbilled receivables	\$ 541,120	\$ 521,291
Retainages	\$ 77,823	\$ 48,566
Advance billings on contracts	\$ 71,990	\$ 88,726

During the three months ended September 30, 2023 and 2022, we recognized \$1.1 million and \$11.2 million, respectively, of revenues that were in Advance billings on contracts at the beginning of each year. During the nine months ended September 30, 2023 and 2022, we recognized \$70.3 million and \$88.5 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 September 30, 2023, our remaining performance obligations were \$3,980.8 million. We expect to recognize approximately 57% of the revenue associated with our remaining performance obligations by the end of 2024, 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 September 30, 2023 and 2022, these amounts were \$2.0 million and \$3.1 million, respectively. For the nine months ended September 30, 2023 and 2022, these amounts were \$5.9 million and

\$9.3 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 September 30, 2023 and 2022, these amounts were \$(2.5) million and \$(12.6) million, respectively. For the nine months ended September 30, 2023 and 2022, these amounts were \$(7.4) million and \$(37.8) million, respectively. Components of net periodic benefit cost included in net income were as follows:

	Pension Benefits				Other Benefits			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
	(In thousands)							
Service cost	\$ 1,881	\$ 2,945	\$ 5,639	\$ 8,850	\$ 86	\$ 163	\$ 255	\$ 494
Interest cost	11,913	7,825	35,772	23,504	538	345	1,607	1,039
Expected return on plan assets	(15,113)	(20,863)	(45,332)	(62,619)	(634)	(738)	(1,903)	(2,213)
Amortization of prior service cost	820	807	2,460	2,421	10	7	30	20
Net periodic benefit income	<u>\$ (499)</u>	<u>\$ (9,286)</u>	<u>\$ (1,461)</u>	<u>\$ (27,844)</u>	<u>\$ —</u>	<u>\$ (223)</u>	<u>\$ (11)</u>	<u>\$ (660)</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 September 30, 2023:

	Total	Level 1	Level 2	Level 3	Unclassified
	(In thousands)				
<u>Equity securities</u>					
Mutual funds	\$ 7,034	\$ —	\$ 7,034	\$ —	\$ —
<u>Available-for-sale securities</u>					
Corporate bonds	1,772	1,772	—	—	—
Total	<u>\$ 8,806</u>	<u>\$ 1,772</u>	<u>\$ 7,034</u>	<u>\$ —</u>	<u>\$ —</u>

The following is a summary of our investments measured at fair value at December 31, 2022:

	Total	Level 1	Level 2	Level 3	Unclassified
	(In thousands)				
<u>Equity securities</u>					
Mutual funds	\$ 6,341	\$ —	\$ 6,341	\$ —	\$ —
<u>Available-for-sale securities</u>					
U.S. Government and agency securities	3,253	3,253	—	—	—
Corporate bonds	2,265	1,714	551	—	—
Asset-backed securities and collateralized mortgage obligations	42	—	42	—	—
Total	<u>\$ 11,901</u>	<u>\$ 4,967</u>	<u>\$ 6,934</u>	<u>\$ —</u>	<u>\$ —</u>

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 September 30, 2023 and December 31, 2022, we had FX forward contracts outstanding to purchase or sell foreign currencies, primarily Canadian dollars and Euros, with a total fair value of \$5.4 million and \$1.2 million, respectively. Derivative assets and liabilities are included in Accounts receivable – other and Accounts payable, respectively, on our condensed consolidated balance sheets.

### **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 September 30, 2023 and December 31, 2022, the fair value of the Senior Notes due 2028 was \$352.2 million and \$358.0 million, respectively, and the fair value of the Senior Notes due 2029 was \$347.2 million and \$352.0 million, respectively. The fair value of our remaining debt instruments approximated their carrying values at September 30, 2023 and December 31, 2022.

*Note receivable.* Included in Other Assets is a note receivable related to a third-party loan entered into during the three months ended September 30, 2023. We base the fair value of this level 2 note receivable instrument on the present value of future cash flows discounted at market interest rates for financial instruments with similar quality and terms. At September 30, 2023, the carrying value of our note receivable was \$7.3 million and approximated its fair value.

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

Stock-based compensation recognized for all of our plans for the three months ended September 30, 2023 and 2022 totaled \$3.7 million and \$3.2 million, respectively, with associated tax benefit totaling \$0.5 million and \$0.5 million, respectively. Stock-based compensation recognized for all of our plans for the nine months ended September 30, 2023 and 2022 totaled \$12.5 million and \$12.4 million, respectively, with associated tax benefit totaling \$2.0 million and \$2.1 million, respectively.

**NOTE 8 – SEGMENT REPORTING**

As described in Note 1, our operations are assessed based on two reportable segments. An analysis of our operations by reportable segment is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands)			
<b>REVENUES:</b>				
Government Operations	\$ 477,855	\$ 422,521	\$ 1,429,708	\$ 1,290,835
Commercial Operations	112,359	101,794	342,203	320,266
Eliminations <sup>(1)</sup>	(225)	(604)	(1,117)	(2,444)
	<u>\$ 589,989</u>	<u>\$ 523,711</u>	<u>\$ 1,770,794</u>	<u>\$ 1,608,657</u>

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

Government Operations Transfers	\$ (213)	\$ (604)	\$ (1,001)	\$ (2,378)
Commercial Operations Transfers	(12)	—	(116)	(66)
	<u>\$ (225)</u>	<u>\$ (604)</u>	<u>\$ (1,117)</u>	<u>\$ (2,444)</u>

**OPERATING INCOME:**

Government Operations	\$ 85,632	\$ 77,735	\$ 258,400	\$ 233,749
Commercial Operations	9,083	6,847	21,613	23,673
	<u>\$ 94,715</u>	<u>\$ 84,582</u>	<u>\$ 280,013</u>	<u>\$ 257,422</u>
Unallocated Corporate <sup>(2)</sup>	(9,357)	(4,704)	(20,147)	(10,734)
Total Operating Income	<u>\$ 85,358</u>	<u>\$ 79,878</u>	<u>\$ 259,866</u>	<u>\$ 246,688</u>
Other Income (Expense)	(7,192)	2,144	(24,087)	10,881
Income before Provision for Income Taxes	<u>\$ 78,166</u>	<u>\$ 82,022</u>	<u>\$ 235,779</u>	<u>\$ 257,569</u>

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

**NOTE 9 – EARNINGS PER SHARE**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands, except share and per share amounts)			
<b>Basic:</b>				
Net Income Attributable to BWX Technologies, Inc.	\$ 60,273	\$ 61,603	\$ 179,962	\$ 195,226
Weighted-average common shares	91,659,117	91,407,599	91,596,650	91,455,350
Basic earnings per common share	<u>\$ 0.66</u>	<u>\$ 0.67</u>	<u>\$ 1.96</u>	<u>\$ 2.13</u>
<b>Diluted:</b>				
Net Income Attributable to BWX Technologies, Inc.	\$ 60,273	\$ 61,603	\$ 179,962	\$ 195,226
Weighted-average common shares (basic)	91,659,117	91,407,599	91,596,650	91,455,350
Effect of dilutive securities:				
Stock options, restricted stock units and performance shares <sup>(1)</sup>	236,363	247,937	236,800	210,033
Adjusted weighted-average common shares	<u>91,895,480</u>	<u>91,655,536</u>	<u>91,833,450</u>	<u>91,665,383</u>
Diluted earnings per common share	<u>\$ 0.66</u>	<u>\$ 0.67</u>	<u>\$ 1.96</u>	<u>\$ 2.13</u>

(1) At September 30, 2023 and 2022, we excluded 92,389 and 31,507 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**

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, 2022 (our "2022 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.

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

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, capital spending, strategic investments, acquisitions or divestitures, return of capital activities or margin improvement initiatives 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. 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 2022 10-K, most of which are difficult to predict and many of which are beyond our control. As a contractor to the U.S. Government, such risks include, without limitation, budget uncertainty, the risk of future budget cuts, the impact of continuing resolution funding mechanisms and the debt ceiling, the potential for government shutdowns and changing funding and acquisition priorities. 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. 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 2022 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. 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 commercial shipping 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 income of investees under these types of contracts are largely a function of spending by 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 participating in the ongoing 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 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 critical radioisotopes and radiopharmaceuticals. 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 included in this Report.

#### *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 2022 10-K. There have been no material changes to our critical accounting policies and estimates during the nine months ended September 30, 2023.

#### *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 September 30, 2023, 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 the cost of labor, forecasted labor productivity or 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 nine months ended September 30, 2023, we recognized net favorable changes in estimates related to contracts that recognize revenue over time that resulted in increases in revenues of \$17.4 million and \$4.4 million, respectively. During the three and nine months ended September 30, 2023, we recognized decreases in cost of operations of \$2.5 million. Included in these amounts are contract adjustments related to a nuclear operations contract within our Government Operations segment. These adjustments resulted in net favorable increases in revenue of \$20.4 million and \$20.0 million and decreases in cost of operations of \$2.5 million for the three and nine months ended September 30, 2023, respectively. During the three and nine months ended September 30, 2022, we recognized net favorable changes in estimates related to contracts that recognize revenue over time that resulted in increases in revenues of \$4.2 million and \$1.1 million, respectively, and increases in cost of operations of \$2.2 million for the nine months ended September 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 nine months ended September 30, 2022 related to this matter. We are pursuing recovery of cost overruns related to this project.

The U.S. Government is currently operating under a continuing resolution to continue funding the U.S Government at fiscal year 2023 levels through the earlier of November 17, 2023, or until fiscal year 2024 appropriations bills are enacted. Under the continuing resolution, funding at amounts consistent with appropriated levels for fiscal year 2023 are available, subject to certain restrictions, but new contract and program starts are not authorized. We expect our key programs will continue to be supported and funded under the continuing resolution. However, during periods covered by continuing resolutions, we may experience delays in new awards of our products and services, and those delays may adversely affect our results of operations. If Congress is not able to enact fiscal year 2024 appropriations bills or extend the continuing resolution, the U.S. Government will enter a whole or partial shutdown. The impact of any government shutdown is uncertain. However, if a government shutdown were to occur and were to continue for an extended period, we could be at risk of program cancellations, schedule delays, production halts and other disruptions and nonpayment, which could adversely affect our results of operations.

We anticipate the federal budget will continue to be subject to debate and compromise shaped by, among other things, heightened political tensions, the global security environment, inflationary pressures and macroeconomic conditions. The result may be shifting funding priorities, which could have material impacts on defense spending broadly and our programs. See the discussion of U.S. Government contracting and funding risks within “Item 1A, Risk Factors” included in our 2022 10-K, including under the heading “Federal budget delays, federal debt ceiling limitations, or reductions in government spending could adversely impact government spending for the products and services we provide.”

#### **Results of Operations – Three and Nine Months Ended September 30, 2023 vs. Three and Nine Months Ended September 30, 2022**

Selected financial highlights are presented in the table below:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	\$ Change	2023	2022	\$ Change
	(In thousands)					
<b>REVENUES:</b>						
Government Operations	\$ 477,855	\$ 422,521	\$ 55,334	\$ 1,429,708	\$ 1,290,835	\$ 138,873
Commercial Operations	112,359	101,794	10,565	342,203	320,266	21,937
Eliminations	(225)	(604)	379	(1,117)	(2,444)	1,327
	<u>\$ 589,989</u>	<u>\$ 523,711</u>	<u>\$ 66,278</u>	<u>\$ 1,770,794</u>	<u>\$ 1,608,657</u>	<u>\$ 162,137</u>
<b>OPERATING INCOME:</b>						
Government Operations	\$ 85,632	\$ 77,735	\$ 7,897	\$ 258,400	\$ 233,749	\$ 24,651
Commercial Operations	9,083	6,847	2,236	21,613	23,673	(2,060)
	<u>\$ 94,715</u>	<u>\$ 84,582</u>	<u>\$ 10,133</u>	<u>\$ 280,013</u>	<u>\$ 257,422</u>	<u>\$ 22,591</u>
Unallocated Corporate	(9,357)	(4,704)	(4,653)	(20,147)	(10,734)	(9,413)
Total Operating Income	<u>\$ 85,358</u>	<u>\$ 79,878</u>	<u>\$ 5,480</u>	<u>\$ 259,866</u>	<u>\$ 246,688</u>	<u>\$ 13,178</u>

### Consolidated Results of Operations

#### Three months ended September 30, 2023 vs. 2022

Consolidated revenues increased 12.7%, or \$66.3 million, to \$590.0 million in the three months ended September 30, 2023 compared to \$523.7 million for the corresponding period of 2022 due to increases in revenues in our Government Operations and Commercial Operations segments of \$55.3 million and \$10.6 million, respectively.

Consolidated operating income increased \$5.5 million to \$85.4 million in the three months ended September 30, 2023 compared to \$79.9 million for the corresponding period of 2022. Operating income in our Government Operations and Commercial Operations segments increased \$7.9 million and \$2.2 million, respectively. These increases were partially offset by higher Unallocated Corporate expenses of \$4.7 million compared to the corresponding period of 2022.

#### Nine months ended September 30, 2023 vs. 2022

Consolidated revenues increased 10.1%, or \$162.1 million, to \$1,770.8 million in the nine months ended September 30, 2023 compared to \$1,608.7 million for the corresponding period of 2022 due to increases in revenues in our Government Operations and Commercial Operations segments of \$138.9 million and \$21.9 million, respectively.

Consolidated operating income increased \$13.2 million to \$259.9 million in the nine months ended September 30, 2023 compared to \$246.7 million for the corresponding period of 2022. Operating income in our Government Operations segment increased \$24.7 million which was partially offset by lower operating income in our Commercial Operations segment of \$2.1 million when compared to the prior year. We also experienced higher Unallocated Corporate expenses of \$9.4 million.

### Government Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	\$ Change	2023	2022	\$ Change
	(In thousands)					
Revenues	\$ 477,855	\$ 422,521	\$ 55,334	\$ 1,429,708	\$ 1,290,835	\$ 138,873
Operating Income	\$ 85,632	\$ 77,735	\$ 7,897	\$ 258,400	\$ 233,749	\$ 24,651
% of Revenues	17.9%	18.4%		18.1%	18.1%	

#### Three months ended September 30, 2023 vs. 2022

Revenues increased \$55.3 million, or 13.1%, to \$477.9 million in the three months ended September 30, 2023 compared to \$422.5 million for the corresponding period of 2022. The increase was driven by additional revenues associated with naval nuclear fuel and uranium processing as well as higher volume in the manufacture of nuclear components for U.S. Government programs, resulting in increases in revenues of \$36.7 million and \$24.9 million, respectively. Continued growth in design and engineering work executed by our advanced technologies business, particularly in the defense market, resulted in an additional increase in revenues of \$20.3 million. These increases were partially offset by the timing of long-lead material procurements when compared to the corresponding period of the prior year.

Operating income increased \$7.9 million to \$85.6 million in the three months ended September 30, 2023 compared to \$77.7 million for the corresponding period of 2022, primarily due to the operating income impact of the changes in revenues noted above which was partially offset by lower fee income associated with our joint venture activities.

#### Nine months ended September 30, 2023 vs. 2022

Revenues increased 10.8%, or \$138.9 million, to \$1,429.7 million in the nine months ended September 30, 2023 compared to \$1,290.8 million for the corresponding period of 2022. Higher volume in the manufacture of nuclear components for U.S. Government programs and additional revenues associated with naval nuclear fuel and uranium processing resulted in increases in revenues of \$68.5 million and \$48.7 million, respectively. Continued growth in design and engineering work executed by our advanced technologies business, particularly in the defense market, resulted in an additional increase in revenues of \$55.5 million. These increases were partially offset by the timing of long-lead material procurements when compared to the corresponding period in the prior year.

Operating income increased \$24.7 million to \$258.4 million in the nine months ended September 30, 2023 compared to \$233.7 million for the corresponding period of 2022. The increase was due to the operating income impact of the changes in



revenues noted above in addition to higher fee income associated with our joint venture activities when compared to the corresponding period of prior year.

### Commercial Operations

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	\$ Change	2023	2022	\$ Change
	(In thousands)					
Revenues	\$ 112,359	\$ 101,794	\$ 10,565	\$ 342,203	\$ 320,266	\$ 21,937
Operating Income	\$ 9,083	\$ 6,847	\$ 2,236	\$ 21,613	\$ 23,673	\$ (2,060)
% of Revenues	8.1%	6.7%		6.3%	7.4%	

#### Three months ended September 30, 2023 vs. 2022

Revenues increased 10.4%, or \$10.6 million, to \$112.4 million in the three months ended September 30, 2023 compared to \$101.8 million for the corresponding period of 2022. The increase was primarily related to higher levels of in-plant inspection, maintenance, modification and refurbishment services of \$8.5 million and an increase in revenues in our medical radioisotopes business of \$4.3 million. These increases were partially offset by decreased revenues in our fuel handling business.

Operating income increased \$2.2 million to \$9.1 million in the three months ended September 30, 2023 compared to \$6.8 million for the corresponding period of 2022. The increase was due to the operating income impact of the changes in revenues noted above which was partially offset by a shift in our project and product line mix.

#### Nine months ended September 30, 2023 vs. 2022

Revenues increased 6.8%, or \$21.9 million, to \$342.2 million in the nine months ended September 30, 2023 compared to \$320.3 million for the corresponding period of 2022. The increase was primarily related to higher levels of in-plant inspection, maintenance, modification and refurbishment services of \$13.4 million and an increase in revenues in our medical radioisotopes business of \$9.1 million. We also experienced higher volume in our nuclear components manufacturing businesses. These increases were partially offset by decreased revenues in our fuel handling and fuel fabrication businesses.

Operating income decreased \$2.1 million to \$21.6 million in the nine months ended September 30, 2023 compared to \$23.7 million in 2022. The decrease was primarily due to a shift in our project and product line mix. In particular, our field services business has experienced a considerable increase in volume associated with large scale, long-term construction projects in support of major refurbishment and plant life extension projects in Canada. In addition, an increase in restructuring-related expenses of \$1.6 million had an unfavorable impact on operating income when compared to the corresponding period of the prior year.

### Unallocated Corporate

Unallocated corporate expenses increased \$4.7 million and \$9.4 million in the three and nine months ended September 30, 2023, respectively, compared to the corresponding period of 2022 primarily due to increases in healthcare costs and compensation related expenses. These increases were partially offset by a decrease in legal and consulting costs associated with due diligence activities when compared to the prior year.

### Provision for Income Taxes

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	\$ Change	2023	2022	\$ Change
	(In thousands)					
Income before Provision for Income Taxes	\$ 78,166	\$ 82,022	\$ (3,856)	\$ 235,779	\$ 257,569	\$ (21,790)
Provision for Income Taxes	\$ 17,814	\$ 20,185	\$ (2,371)	\$ 55,769	\$ 61,977	\$ (6,208)
Effective Tax Rate	22.8%	24.6%		23.7%	24.1%	

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 25%.

Our effective tax rate for the three months ended September 30, 2023 was 22.8% as compared to 24.6% for the three months ended September 30, 2022. Our effective tax rate for the nine months ended September 30, 2023 was 23.7% as compared to 24.1% for the nine months ended September 30, 2022. The effective tax rates for the three and nine months ended September 30, 2023 and 2022 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 foreign 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.

	September 30, 2023	December 31, 2022
	(In approximate millions)	
Government Operations	\$ 3,259	\$ 3,515
Commercial Operations	722	629
Total Backlog	\$ 3,981	\$ 4,144

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.

As of September 30, 2023, our ending backlog was \$3,980.8 million, which included \$455.3 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 2024, 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 September 30, 2023, was approximately \$200 million, which is expected to be awarded in annual installments through 2024, subject to annual Congressional appropriations.

### *Liquidity and Capital Resources*

#### *Credit Facility*

On October 12, 2022, we entered into an Amended and Restated Credit Agreement (the "Credit Facility") with Wells Fargo Bank, National Association, as administrative agent, and the other lenders party thereto. The Credit Facility consists of a \$750 million senior secured revolving credit facility (the "Revolving Credit Facility") and a \$250 million senior secured term A loan (the "Term Loan"). The Revolving Credit Facility and the Term Loan are scheduled to mature on October 12, 2027. The

proceeds of loans under the 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) \$400 million and (b) 100% of EBITDA, as defined in the Credit Facility, for the last four full fiscal quarters, plus (2) all voluntary prepayments of the Term Loan, plus (3) additional amounts provided the Company is in compliance with a pro forma first lien net 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 its subsidiaries comprising a portion of its Government Operations segment).

The Credit Facility requires interest payments on outstanding loans on a periodic basis until maturity. We are required to make quarterly amortization payments on the Term Loan in an amount equal to (i) 0.625% of the initial aggregate principal amount of the Term Loan on the last business day of each quarter beginning the quarter ended March 31, 2023 and ending the quarter ending December 31, 2024 and (ii) 1.25% of the initial aggregate principal amount of the Term Loan on the last business day of each quarter ending after December 31, 2024, with the balance of the Term Loan due at maturity. We may prepay all loans under the Credit Facility at any time without premium or penalty (other than customary Term SOFR breakage costs), subject to notice requirements.

The Credit Facility includes financial covenants that are evaluated on a quarterly basis, based on the rolling four-quarter period that ends on the last day of each fiscal quarter. The maximum permitted total net 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 September 30, 2023, we were in compliance with all covenants set forth in the Credit Facility.

Outstanding loans under the Credit Facility bear interest at our option at either (1) the Term SOFR plus a credit spread adjustment of 0.10% 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 Revolving 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 Revolving 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 total net leverage ratio. Based on the total net leverage ratio applicable at September 30, 2023, the margin for Term SOFR and base rate 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 September 30, 2023, borrowings under the Term Loan totaled \$245.3 million, borrowings and letters of credit issued under the Revolving Credit Facility totaled \$305.0 million and \$1.7 million, respectively, and we had \$443.3 million available under the Revolving Credit Facility for borrowings and to meet letter of credit requirements. As of September 30, 2023, the weighted-average interest rate on outstanding borrowings under the Credit Facility was 6.93%.

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 12-month period beginning on June 30, 2023, (ii) 101.031% of the principal amount to be redeemed if the redemption occurs during the 12-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.

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 September 30, 2023, 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 12-month period beginning on April 15, 2024, (ii) 101.031% of the principal amount to be redeemed if the redemption occurs during the 12-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 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 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 September 30, 2023, 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 12 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 September 30, 2023, bonds issued and outstanding under these arrangements totaled approximately \$113.6 million.

Similarly, we have provided letters of credit to governmental agencies and contractual counterparties to support regulatory and contractual obligations for certain decommissioning responsibilities, projects and legal matters. We utilize our Revolving Credit Facility and a bilateral letter of credit facility to support such obligations, but the issuance of letters of credit under our bilateral letter of credit facility is at the issuer's discretion, and our bilateral letter of credit facility generally permits the issuer, in its sole discretion, to demand collateral if the issuer does not otherwise have the benefit of the collateral under our Credit Facility. Although there can be no assurance that we will maintain our bilateral letter of credit facility capacity, we believe our current capacity, together with capacity under our Revolving Credit Facility, is adequate to support our existing requirements for the next 12 months. As of September 30, 2023, letters of credit issued and outstanding under our bilateral letter of credit facility totaled approximately \$39.2 million, and such letters of credit are secured by the collateral under our Credit Facility.

#### *Long-term Benefit Obligations*

As of September 30, 2023, we had underfunded defined benefit pension and postretirement benefit plans with obligations totaling approximately \$73.1 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 \$2.7 million for the remainder of 2023 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 September 30, 2023 and December 31, 2022 were as follows:

	September 30, 2023	December 31, 2022
	(In thousands)	
Domestic	\$ 45,793	\$ 38,455
Foreign	19,176	14,436
Total	<u>\$ 64,969</u>	<u>\$ 52,891</u>

Our working capital increased by \$123.0 million to \$526.7 million at September 30, 2023 from \$403.8 million at December 31, 2022, primarily attributable to the timing of project cash flows and customer payments as well as an increase in cash and cash equivalents as of September 30, 2023.

Our net cash provided by operating activities increased by \$4.9 million to \$141.9 million in the nine months ended September 30, 2023, compared to \$137.0 million in the nine months ended September 30, 2022. The increase in cash provided by operating activities was primarily attributable to the timing of vendor payments largely offset by the timing of project cash flows when compared to the prior year.

Our net cash used in investing activities decreased by \$88.1 million to \$105.0 million in the nine months ended September 30, 2023, compared to \$193.1 million in the nine months ended September 30, 2022. The decrease in cash used in investing activities was primarily attributable to the \$47.3 million acquisition of Dynamic and Cunico in the prior year. In addition, we experienced a decrease in purchases of property, plant and equipment of \$34.1 million as well as a \$11.5 million decrease in investments in equity method investees in the nine months ended September 30, 2023.

Our net cash used in financing activities increased by \$98.5 million to \$22.2 million in the nine months ended September 30, 2023, compared to \$76.3 million cash provided by financing activities in the nine months ended September 30, 2022. The increase in cash used in financing activities was primarily attributable to a reduction in net borrowings of long-term debt of \$99.7 million which was partially offset by a reduction in repurchases of common stock of \$20.0 million when compared to the corresponding period of the prior year.

At September 30, 2023, we had restricted cash and cash equivalents totaling \$6.0 million, \$2.9 million of which was held for future decommissioning of facilities (which is included in other assets on our condensed consolidated balance sheets) and \$3.0 million of which was held to meet reinsurance reserve requirements of our captive insurer.

At September 30, 2023, we had long-term investments with a fair value of \$8.8 million. Our investment portfolio consists primarily of 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*

In April 2023, one of our joint ventures was awarded a DOE contract which was protested and returned to the DOE to reassess the procurement. If re-awarded to us, we would expect this contract to transition at the earliest in the first half of 2024. After transition, we expect significant working capital contributions will be required for the first 12 months of the contract. Apart from this item, our cash requirements have not changed materially from those disclosed in Item 7 of our 2022 10-K. Furthermore, we believe we have sufficient cash and cash equivalents and borrowing capacity, along with cash generated from operations and continued access to capital 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 2022 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 September 30, 2023 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 September 30, 2023 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 2022 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 2022 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 September 30, 2023. 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>
July 1, 2023 - July 31, 2023	4,272	\$ 71.55	—	\$ 397.6
August 1, 2023 - August 31, 2023	3,433	\$ 73.36	—	\$ 397.6
September 1, 2023 - September 30, 2023	—	\$ —	—	\$ 397.6
Total	<u>7,705</u>	<u>\$ 72.36</u>	<u>—</u>	

- (1) Includes 4,272, 3,433 and 0 shares repurchased during July, August and September, 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 5. OTHER INFORMATION***Rule 10b5-1 Trading Arrangements*

During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**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, effective August 2, 2023 (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (File No. 1-34658)).</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/ Mike T. Fitzgerald  
Mike T. Fitzgerald  
Vice President, Finance and Chief Accounting Officer  
(Principal Accounting Officer and Duly Authorized Representative)

November 1, 2023

## 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 September 30, 2023;
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.

November 1, 2023

/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 September 30, 2023;
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.

November 1, 2023

/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 September 30, 2023 (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: November 1, 2023

/s/ Rex D. Geveden

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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 September 30, 2023 (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: November 1, 2023

/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.