

**BigBear.ai Holdings, Inc.**  
**1Q 26 Earnings Call and Webcast**  
**May 5, 2026**

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**Presenters**

**Sean Ricker - CFO & Principal Accounting Officer**

**Kevin McAleenan - CEO & Director**

**Sean Ricker**

Good afternoon, and thank you all for joining us today for our first-quarter 2026 earnings call. I'm Sean Ricker, CFO of Big Bear AI, and I'm joined today by our CEO, Kevin McAleenan.

Statements made in today's call that are not historical fact are considered forward-looking statements and are made pursuant to the Safe Harbor provisions of the federal securities laws. Actual results may differ materially from those projected in the forward-looking statements. Please see today's press release and our SEC filings for description of some of the factors that may cause actual results to differ materially from those in the forward-looking statements.

We have posted charts on our website today that we plan to address during the call to supplement our comments. These charts also include information regarding non-GAAP measures that may be used in today's call. Please access our website at [www.bigbear.ai](http://www.bigbear.ai) and click on the Investor Relations link to view and follow the charts.

And with that, I'll hand it over to Kevin.

**Kevin McAleenan**

Thanks, Sean. I would like to start by expressing appreciation again for our servicemen and women who have been executing missions both overseas and here at home since our last call. We are proud to provide technology that supports their efforts, and we continue to develop solutions that will strengthen our national security posture and capabilities. We also send our well wishes to our allies and partners who have been in harm's way in the Middle East.

In critical moments like these, BigBear.ai teams excel. It is a privilege to work alongside colleagues who have the operational experience and mission insight our customers value and expect. Our teams have stepped forward for government and commercial customers involved in the Iran conflict, augmenting the capabilities of war fighters, helping businesses adjust to supply chain disruptions, and supporting the Homeland Security community as it prepares for a rapidly changing threat landscape here in the United States.

On our last earnings call, I underscored that the BigBear.ai growth strategy builds upon our strengths as a specialized defense and security technology company delivering mission-ready AI.

We are focused on two core markets that are growing, national security and trade and travel. And we are bringing together three capabilities that make us different - deep mission understanding, expert command of applied AI, and a unique combination of scale and agility that is vital for adapting and delivering as mission needs evolve rapidly.

The strategy is working. We are on a path to grow and transform as a business. On our last call, I shared that we finished 2025 in the strongest financial position in the company's history. We closed the first quarter of 2026 with \$431 million of cash and investments. We entered the second quarter showing clear progress on key metrics in Q1, and we are armed with a strong balance sheet and clear strategic focus, growth priorities, and target customers.

We are currently implementing an enhanced go-to-market approach that aligns talent, technology development, and customer delivery teams directly against emerging customer needs where we see the greatest growth potential.

Let me turn now to provide updates against each of the four company priorities before Sean covers the details of our Q1 2026 earnings, summarized in the press release issued today. As a reminder, the four priorities we outlined for the fiscal year in our last call were, number one, top-line growth, two, focusing on the operator, three, enhancing executional rigor, and four, capitalizing on catalytic M&A.

Our first priority is top-line growth with high-quality revenue in our target markets. We entered 2026 in a much improved position to take advantage of tailwinds. I'm therefore pleased to share four significant examples of customer wins in Q1. In Q1, we signed a large, classified sole-source contract with an intelligence community customer that we are executing now and will continue over the next two years. The ceiling value is approximately \$53 million. This contract is with an existing customer that values our unique skills and underscores our national security credentials.

In this instance, we are the prime contractor, which is testament to the trust our teams have established over years and our reputation for execution. I'm very proud of the team that has worked hard to serve this customer's needs at a time when operational insight and understanding matters more than ever.

In our trade and travel market, we're well underway deploying capabilities under two recent contract wins at Chicago-O'Hare and Dallas-Fort Worth. The combined value of these contracts is \$7 million and leverages our veriScan and Trueface products. These wins further demonstrate the demand for faster, more efficient, and more secure travel.

Our technology outperforms the competition, reducing friction without compromising on security. This need becomes even more pronounced when airport staffing is under pressure, as it was when millions of travelers in the United States felt the pain of disruptions in recent months due to a confluence of factors.

The global market for increased shipbuilding remains robust and underscored by the historic \$65.8 billion in new funding requested for naval shipbuilding in the administration's 2027 budget. BigBear.ai is leveraging our manufacturing modeling and simulation platform, Shipyard AI, to support U.S. and allied shipyards. In Q1, we won two new notable contracts in the space. The first is with Chantier Davie, Canada's premier shipbuilder and global leader in the delivery of mission-critical vessels to government and commercial customers. And the other is with Bollinger Shipyards, a leading designer and builder of high-performance vessels and a critical part of the U.S. defense industrial base.

We are seeing continued demand for ProModel in our predictive analytics platforms, including Shipyard AI. ProModel simulation platforms are the foundation of powerful digital twins, empowering industries for manufacturing, warehousing, logistics, healthcare, and defense to predict and enhance operational outcomes.

We have also won new generative AI platform contracts with NASA, the Army's Intelligence and Security Command in Virginia, and the Naval Research Lab, who are now using Ask Sage. The significance of the work these customers are doing to advance our collective national security is a real point of pride. Providing them with secure access to the latest generative AI models and agentic tools will support their critical missions.

From a business perspective, new Ask Sage customers also contribute to a continued shift in revenue mix from services to technology contracts. These examples of new contracts illustrate following through against our strategy. Overall, we have increased our backlog from Q4 by 14% to \$281.9 million, while substantially improving our gross margin.

Looking forward, I should also take a moment to mention the development relevant to our ongoing work with DHS. Senator Markwayne Mullin was confirmed by the U.S. Senate as the ninth Secretary of Homeland Security on March 23rd. Secretary Mullin has strongly signaled his intent to enhance the pace of applying funds to projects where BigBear is well positioned to win, and we are actively bidding live RFPs right now. Secretary Mullin's confirmation and initial actions were further bolstered with the welcome news that the majority of DHS's fiscal year 2026 budget was signed last Thursday, along with a plan to fully fund remaining agencies through a congressional budget reconciliation process by June 1st. These are very positive developments.

While the partial shutdown has not affected the majority of our work at DHS due to the critical nature of the security missions our programs support, receiving full fiscal year funding will unlock the potential for new starts and allow DHS agencies to move forward with additional technology procurements.

I'm also excited to share that Troy Miller, former Acting Customs and Border Protection Commissioner and longtime Director of the National Targeting Center, joined BigBear.ai in a full-time capacity in April after three decades of federal service. Troy is an expert in counterterrorism, internationally recognized for being the driving force behind the world's most advanced InComm Conferencing

programs to screen and vet travel applications and cargo in and out of the United States. He will lead our efforts to serve DHS and the federal civilian security and law enforcement agencies, and no one has more credibility or a more substantive track record of applying emerging technologies to homeland and national security analytical missions. His operational expertise, mission focus, and demonstrated leadership skills, and deep and established trust with the communities we serve will further provide momentum and lift to our growth efforts.

Our second priority for 2026 is to focus on the operator. We are centering our business on serving specific groups of operators that will need BigBear.ai technology and solutions in the months and years ahead. In April, we announced internally that we are launching a significant growth initiative that realigns teams to execute against specific mission needs with rigor and pace. We are well into the implementation phase of this important change, which is generating focus and energy within BigBear.

Historically, growth, technology, delivery, and customer success teams have been centralized. As of the second quarter, we are taking a new approach, realigning our go-to-market. Dedicated sales, technology, delivery, and customer success teams are now integrated and aligned to our growth priorities in national security and travel and trade. This moves decision-making and action across the key organizational growth drivers closer to our customers and will allow us to innovate more rapidly with capabilities tailored to operators' needs.

In April, we launched an integrated marketing campaign in Washington, D.C. and nationally to drive the importance of mission understanding and the development of advanced technology. The center of our message is that technology built and deployed by BigBear.ai is by operators for operators. The campaign is focused on connecting with our customers and underscores that, when you choose BigBear.ai, you're getting solutions designed for real operating conditions.

By operators, we mean war fighters, intelligence analysts behind the scenes, officers protecting ports of entry, and those in the private sector protecting our supply chain and critical infrastructure. Each day, they make consequential decisions with imperfect information under immense pressure. The campaign launched with an opinion piece placed in the Wall Street Journal. In it, I highlighted the threat landscape is evolving rapidly and that operator insight is critical for our national security.

I believe strongly that the nature of threats, from homeland to the edge, is morphing at a pace that outstrips traditional planning, procurement, and problem-solving structures. This threat system asymmetry, the mismatch between the pace and complexity of modern threats, and the rigidity of the systems designed to counter them is critically important. Nations that solve this asymmetry will maintain and extend their strategic advantage. Those that don't will lose it.

This is a message that I have taken to Congress. Last month, I offered BigBear.ai's insights to the House Homeland Security Committee Roundtable on the need to invest in critical technology to protect our citizens from emerging threats. Advanced AI capabilities are already being used by

our adversaries in combat zones and by criminal networks at home and abroad. I believe that the United States must be peerless in developing, deploying, and countering advanced AI threats. Haste is everything, and close collaboration between lawmakers and the executive branch will be essential.

Moving to our third priority, execution rigor, in addition to the internal realignment initiative that will strengthen our operational rigor and execution, we have strengthened our leadership team with the announcement of two experienced executives. Jo Ann Bjornson joined BigBear.ai as Chief Human Resources Officer on March 16, bringing more than 25 years of experience and human resources leadership within federal contracting commercial markets. Recognized as one of Washington HR executives to watch, Jo Ann has held senior HR roles at B2X, SEIC, and Leidos, and has served as the chair of the Washington HR Exec Council. Jo Ann has a deep understanding of the talent landscape in our sector and will play a big role centered on our culture at BigBear, our efforts to scale, and our efforts to acquire and integrate companies in the future.

Alex Thompson joined BigBear.ai as the Chief Corporate Affairs Officer on March 1, bringing more than two decades of experience. He leads brand strategy, strategic communication, government affairs, and marketing. Alex has extensive international experience, having previously served as President of Global Practices and Sectors for the leading strategic communications firm globally, Edelman, and as Chief Communications Officer for the global content-driven software company, Thomson Reuters. In that role, he has also led government and regulatory affairs and spent significant time supporting engagements with US government customers that BigBear.ai also serves.

Our fourth priority is to capitalize on the strategic acquisitions we made in 2025 and early in 2026, Ask Sage and CargoSeer. This includes fully integrating the businesses, identifying opportunities to build on and expand their product sets, and cross-selling to our established customer base. I am pleased to update that both integrations are on track and progressing well.

Platform-agnostic generative AI that gives customers flexibility to use hundreds of models in secure environments without data leakage or vendor lock-in as well as non-intrusive inspection supported by AI analysis continue to be technology platforms at the forefront of government and commercial procurement agendas. Both Ask Sage and CargoSeer have launched new capabilities since our last call.

For CargoSeer, supply chain disruptions and revenue collection pressures highlighted by global conflicts have reinforced the business case, ensuring facilitated movement of trade while identifying smuggling threats and ensuring accurate revenue collection are universal priorities for Customs and Border Management agencies. CargoSeer continues to enhance its models and is establishing new beachheads in air cargo environments to support these missions, deploying new technology to correlate documents with the contents of air cargo. For example, this week, we launched a new capability to detect fraud in invoices used by shippers in all ports of entry, and the first customer will be live in the coming weeks.

Last week, Ask Sage launched a new, simpler user interface. It increases ease of use for customers, and we have received great feedback so far. With version two, customers experience faster iteration, a streamlined user experience, and powerful tools like Chat, Workbook, CodeCanvas, and AgentBuilder. Each is designed to close gaps identified in user feedback. We've reimagined chat, model selection, and classification handling to eliminate friction and allow customers to focus on deriving maximum mission capability from the models and agentic tools.

In response to a strong customer demand, Ask Sage also launched a new commercial offering last week, extending access to our GenAI platform beyond government users and defense industrial-based customers to broader industry and international partners. The platform supports most current AI models, the vast majority of foundational models available for global consumption, enabling partners to align AI capabilities directly to their missions. This deepens BigBear.ai's commercial relationships with a broader range of customers in the defense industrial base and security and critical infrastructure industries.

I'm really pleased to see this progress, and I'm looking forward to sharing additional news about product and platform extensions from our GenAI team in the coming quarters.

I'll turn over now to Sean to talk through the details of our financial performance in Q1.

**Sean Ricker**

Thanks, Kevin. Now let's turn to our operating results for the first quarter. Revenue for the first quarter of 2026 was \$34.4 million, which was comparable to the first quarter of 2025 and driven by increased revenue from GenAI platforms and products resulting from the Ask Sage acquisition, which we closed on December 31st of last year. This was offset by lower volume on Army programs in the first quarter of 2025 that was not repeated in the first quarter of 2026.

Gross margin was 34% in the first quarter of 2026, an increase of almost 1,300 basis points as compared to the first quarter of 2025. The expansion in gross margins was driven by a higher mix of revenue from GenAI platforms and products from the Ask Sage acquisition versus the comparable period.

SG&A expenses in the first quarter of 2026 were \$29.2 million versus \$22.7 million in the comparable period. The increase in SG&A expenses was primarily driven by increased intangible asset amortization from the Ask Sage acquisition, increased legal and proxy expenses related to our special stockholder meeting and our new retail voting program, and increased sales and marketing expenses resulting from partnerships and expanding our growth team.

R&D expenses increased from \$4.2 million in the first quarter of 2025 to \$5.5 million in the first quarter of 2026 as we continue to invest in new capabilities and technologies across the domains of national security and trade and travel.

Our net loss for the first quarter of 2026 was \$56.8 million versus a net loss of about \$62 million in the comparable period. The decrease in net loss was primarily driven by a decrease in interest expense of \$4.8 million, higher gross margin of \$4.3 million, and increased interest income of \$3.2 million. Additionally, we had about \$36 million of non-cash charges in the first quarter of 2026, comprised of fair value changes in derivatives and losses on debt extinguishment. These non-cash items are non-operational and were mostly the result of the conversion of our 2029 notes to equity, which we executed in January of this year.

Adjusted EBITDA for the first quarter of 2026 was negative \$9.9 million versus negative \$7 million in the comparable period. The decrease in adjusted EBITDA was primarily driven by increased investment in sales and go-to-market capabilities and investment in research and development, both of which were partially offset by expanded gross margins, as previously mentioned.

Next, turning to backlog, we closed the first quarter of 2026 with ending backlog of about \$282 million, roughly a 14% increase from the fourth quarter of 2025 that was primarily driven by the new orders that Kevin previously mentioned. We've had a solid start to the year, and we are affirming our outlook for 2026 of revenue between \$135 million and \$165 million.

Now I'd like to take a moment to provide two updates regarding how we made it easier for retail shareholders to vote for proposals and to mention our upcoming annual general meeting in June. First, in recognizing that we have a great number of retail shareholders, we recently launched a retail voting program, which upon opting into the program, provides retail shareholders with the ability to automatically have their shares voted in accordance with recommendations of the board on future proxy solicitations. BigBear is one of the first public companies to launch such a program, and we've seen positive reception and traction. Retail shareholders who would like more information about how to enroll in the program can visit our website at [www.bigbear.ai/sci](http://www.bigbear.ai/sci).

Second, as we look ahead to our annual general meeting on June 9, we'd like to encourage all shareholders to vote, and we'd encourage all eligible retail shareholders to opt into the retail voting program. By opting into the retail voting program, your votes will be cast in favor of all the proposals at the June 9th meeting and in accordance with board recommendations at future meetings.

I'll now turn it back to Kevin to discuss our priorities and to give a few closing remarks.

**Kevin McAleenan**

Thanks, Sean. Our first quarter results show that we are making progress in our priorities to grow the business while rapidly adapting to our national security and trade and travel customers' needs as the threat landscape evolves. We are moving with clear intent and pace. Our strategy, realigned structure, and tech development and acquisitions are all targeted to stay ahead of the operators' requirements, anticipating what they will need next so that BigBear.ai continues to deploy mission-ready AI and delivers enduring strategic advantage.

We look forward to continued developments over the rest of the year and appreciate our shareholders' trust and support.

I'd like to close by thanking our BigBear.ai team for their energy and focus in this dynamic climate and expressing our appreciation and support for our military professionals serving in harm's way. We were honored last week by the opportunity to support the USO in providing 2,000 care packages for our servicemen and women being deployed abroad, a small token of our thanks.

I would also like to acknowledge the steadfast service of our security professionals at the Department of Homeland Security who have continued to protect us even with the disruptions of the longest shutdown in history into multiple weeks without pay. Your professionalism is inspiring. Thank you.

To conclude the call, I look forward to updating our shareholders on our next quarterly earnings call in August and welcome you to attend our Annual General Meeting in June.