

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

**FORM 8-K**

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **July 6, 2023 (July 3, 2023)**



**VSE CORPORATION**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or Other Jurisdiction of Incorporation)	<b>000-03676</b> (Commission File Number)	<b>54-0649263</b> (IRS Employer Identification Number)
<b>6348 Walker Lane</b> <b>Alexandria, Virginia</b> (Address of Principal Executive Offices)		<b>22310</b> (Zip Code)

**(703) 960-4600**  
(Registrant's Telephone Number, Including Area Code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, par value \$.05 per share</b>	<b>VSEC</b>	<b>The NASDAQ Global Select Market</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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.

**Item 1.01 Entry into a Material Definitive Agreement.**

On July 3, 2023, VSE Corporation (“VSE” or the “Company”) and a majority of its wholly owned subsidiaries, as borrowers, entered into that certain Fifth Amendment (the “Amendment”) to the Fourth Amended and Restated Business Loan and Security Agreement, dated as of January 5, 2018 (as amended, restated or otherwise modified to date, the “Credit Agreement”) with Citizens Bank, N.A. and certain other banks and financial institutions from time to time party thereto (the “Lenders”) as lenders, and Citizens Bank, N.A., as administrative agent (as successor by merger to Citizens Bank of Pennsylvania ) (in such capacity, the “Administrative Agent”).

The Amendment, among other things, provides for the following: (i) the extension of a new term loan in the aggregate principal amount of \$90.0 million (the “New Term Loan”), which will mature on the same date as the Company’s existing term loans; (ii) a reduction in the Company’s capacity to incur incremental revolving or term loan credit facilities from \$100 million to \$25 million; (iii) quarterly amortization payments for the New Term Loan in the amount of \$2,250,000 (commencing for the fiscal quarter ending September 30, 2023); (iv) an increase in the maximum Total Funded Debt to EBITDA ratio from 4.50x to 5.00x, with such ratios decreasing thereafter as indicated in Table I below; (v) the addition of a tier to the top of the pricing grid if the Total Funded Debt to EBITDA ratio exceeds 4.50x; and (vi) expressly permitting the Desser Acquisition (as defined below) and the Loar Sale (as defined below). The net proceeds received by the Company under the New Term Loan were used to fund a portion of the cash consideration for the Desser Acquisition.

**Table I.**

<b>Testing Period Ending</b>	<b>Maximum Total Funded Debt to EBITDA Ratio</b>
June 30, 2023 through and including September 30, 2023	5.00 to 1.00
December 31, 2023 through and including June 30, 2024	4.75 to 1.00
September 30, 2024	4.50 to 1.00
December 31, 2024 through and including March 31, 2025	4.25 to 1.00
June 30, 2025 through and including June 30, 2025	4.00 to 1.00
September 30, 2025 and thereafter	3.75 to 1.00

From time to time, certain of the parties under the Credit Agreement and/or their affiliates provide financial services to the Company.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the full text of the Amendment, a copy of which will be filed with the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2023.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On July 3, 2023, the Company completed its previously announced acquisition of Desser-Graham Partnership, L.P. (“Desser Aerospace”). Desser Aerospace is a leading independent distributor of specialty aviation tires, tubes, brakes, and batteries and a provider of component Maintenance, Repair and Overhaul (MRO) services.

Pursuant to an agreement and plan of merger, dated May 3, 2023, by and among VSE Aviation, Inc., a wholly-owned subsidiary of the Company (“VSE Aviation”), one of VSE Aviation’s wholly-owned subsidiaries (“Merger Sub”), Desser Aerospace, and Desser Holdings Partnership GP, LLC, Merger Sub merged with and into Desser Aerospace resulting in Desser Aerospace being a wholly-owned subsidiary of VSE Aviation (the “Desser Acquisition”). VSE Aviation paid total cash consideration in connection with the Desser Acquisition of approximately \$124 million, subject to certain customary post-closing adjustments. Concurrent with the closing of the Desser Acquisition, the Company sold Desser Aerospace’s proprietary solutions businesses to Loar Group Inc. for cash consideration of approximately \$30 million (the “Loar Sale”).

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The Company funded the cash consideration for the Desser Acquisition with the \$90 million of proceeds from the New Term Loan, together with \$30 million of proceeds from the Loar Sale and \$4 million of borrowings under the Company's revolving credit facility under the Credit Agreement. Upon the closing of the Desser Acquisition and the Loar Sale, the Company's net total cash consideration for the remaining business of Desser Aerospace was approximately \$94 million, subject to certain customary post-closing adjustments.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information under Item 1.01 and 2.01 is incorporated by reference herein.

**Item 7.01 Regulation FD Disclosure.**

On July 3, 2023, the Company published a press release announcing the completion of the Desser Acquisition and the Loar Sale. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated into this Item 7.01 by reference.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

<b>Exhibit</b>	<b>Description</b>
2.2*†	Agreement and Plan of Merger, dated as of May 3, 2023, by and among VSE Aviation, Inc., Diamond Merger Sub 1, LLC, Desser-Graham Partnership, L.P. and Desser Holdings Partnership GP, LLC, as the Representative (incorporated by reference to <a href="#">Exhibit 2.2 to the Company's Current Report on Form 8-K filed with the SEC on May 5, 2023</a> ).
99.1	<a href="#">Press release dated July 3, 2023 related to the Desser Acquisition and the Loar Sale.</a>
104	Cover Page Interactive Data File

\* Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish supplementally a copy of any omitted schedules or exhibits to the Securities and Exchange Commission upon request.

† Certain information has been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company will furnish supplementally a copy of any omitted information to the Securities and Exchange Commission upon request.

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**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 hereunto duly authorized.

**VSE CORPORATION**  
(Registrant)

Date: July 6, 2023

By: /s/ Farinaz S. Tehrani  
Farinaz S. Tehrani  
Chief Legal Officer and Corporate Secretary



## VSE Corporation Completes Desser Aerospace Acquisition

ALEXANDRIA, Va., July 3, 2023 – VSE Corporation (NASDAQ: VSEC; “VSE”, or the “Company”), a leading provider of aftermarket distribution and maintenance, repair and overhaul (“MRO”) services for air, land and sea transportation assets for commercial and government markets, announced today it has closed its previously announced acquisition of Desser Holding Company LLC (“Desser Aerospace”), a global aftermarket solutions provider of specialty distribution and MRO services. Concurrent with the purchase of Desser Aerospace, VSE sold Desser Aerospace’s Proprietary Solutions businesses to the Loar Group Inc. (“Loar”), a diversified manufacturer and supplier specializing in aerospace and defense.

### MANAGEMENT COMMENTARY

“We are excited to officially welcome the talented Desser Aerospace team to our VSE Aviation business,” stated John Cuomo, President and CEO of VSE Corporation. “The acquisition marks an important step on our path to increase the Company’s exposure to the high-growth, higher-margin aviation distribution and MRO markets. By combining Desser Aerospace’s distribution and repair capabilities with VSE Aviation’s aftermarket business, we have broadened our product and service portfolio and created a platform for geographic expansion into international markets.”

“VSE Aviation and Desser Aerospace have long been committed to providing market-leading, technical solutions that enhance the value and performance of their customers’ aircraft,” said Ben Thomas, President of VSE Aviation. “We’re excited to bring these two teams together as we look to create one organization focused on supporting the unique needs of our combined customer bases.”

### AGREEMENT TERMS

VSE acquired Desser Aerospace for a total cash consideration of \$124 million, subject to customary working capital adjustments. In a separate transaction, the Company concurrently sold Desser Aerospace’s Proprietary Solutions businesses, including Seginus Aerospace, AOG Aviation Spares, and DAC Engineered Products to Loar, for a total cash consideration of \$30 million. The total net cash outlay for the assets VSE acquired is \$94 million.

The Company amended its existing credit facility with its lending syndicate in connection with the acquisition. The amendment provided for an incremental \$90 million Term Loan A and a revision of certain financial covenants of the existing credit facility.

Upon closing, the Company funded \$90 million of the purchase price with the proceeds from Term Loan A and a \$4 million drawdown on its existing credit facility.

### ADVISORS

Jones Day served as legal counsel to VSE Corporation. Jefferies LLC served as financial advisor to Desser Holding Company LLC.

### ABOUT VSE CORPORATION

VSE is a leading provider of aftermarket distribution and repair services for air, land and sea transportation assets for commercial and government markets. Core services include MRO services, parts distribution, supply chain management and logistics, engineering support, and consulting and training services for global commercial, federal, military and defense customers. VSE also provides information technology and energy consulting services. For additional information regarding VSE’s services and products, visit [www.vsecorp.com](http://www.vsecorp.com).

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## **ABOUT DESSER HOLDING COMPANY LLC**

Founded in 1920, Desser Aerospace is a leading independent distributor of specialty aviation tires, tubes, brakes, and batteries and a provider of component Maintenance, Repair and Overhaul (MRO) services. Desser Aerospace operates locations in California, Tennessee, the United Kingdom and Australia, serving a diverse and attractive customer base across all aviation industry segments, including commercial aviation, business and general aviation and military aftermarket customers.

## **ABOUT LOAR GROUP INC.**

Loar Group Inc. is a diversified manufacturer and supplier with established relationships across leading aerospace and defense OEMs and Tier One customers worldwide. The company's mandate is to create a strategic global alliance of companies specializing in the design and manufacture of aerospace and defense components. Loar provides its partners and customers with innovative, cost-effective engineering and manufacturing capabilities and responsive, dependable service, leading to profitable and sustainable long-term relationships.

## **FORWARD-LOOKING STATEMENTS**

This press release contains statements relating to future business opportunities and conditions, the anticipated benefits of the Desser Holding Company LLC ("Desser Aerospace") acquisition and the expected contributions of the Desser Aerospace's business to the Company's future financial results. These forward-looking statements, which are included in accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, may involve known and unknown risks, uncertainties and other factors that may cause VSE's actual results and performance in future periods to be materially different from any future results or performance suggested by the forward-looking statements in this document. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that actual results will not differ materially from these expectations. "Forward-looking" statements, as such term is defined by the SEC in its rules, regulations and releases, represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, the impact of widespread health developments, such as any ongoing impacts of the COVID-19 pandemic and commercial, consumer and other responses thereto, growth and acquisition strategies, investments and future operational plans. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "forecast," "seek," "plan," "predict," "project," "could," "estimate," "might," "continue," "seeking" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors, including, but not limited to, our ability to execute upon our strategic repositioning of the Company; failure to realize the benefits expected from the proposed transactions, including projected synergies, risk related to the performance of the aviation aftermarket, global economic and political conditions, prolonged periods of inflation and our ability to mitigate the impact thereof, our dependence on third-party package delivery companies, risks related to technology security and cyber-attack, risks related to our outstanding indebtedness, and the other factors identified in our reports filed with the SEC including our Annual Report on Form 10-K for the year ended December 31, 2022. All forward-looking statements made herein are qualified by these cautionary statements and risk factors and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results.

## **INVESTOR CONTACT**

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