

May 3, 2023



# Maximus Reports Fiscal Year 2023 Second Quarter Results

***Company reaffirms guidance in strengthened financial position following significant debt reduction***

TYSONS, Va.--(BUSINESS WIRE)-- Maximus (NYSE: MMS), a leading provider of government services worldwide, reported financial results for the three and six months ended March 31, 2023.

Highlights for the second quarter of fiscal year 2023 include:

- Revenue increased 2.5% to \$1.21 billion, compared to \$1.18 billion for the prior year period. Organic growth was 3.9% and driven by new or expanded programs in the U.S. segments.
- Diluted earnings per share were \$0.52, and adjusted diluted earnings per share were \$0.80.
- Record cash flows with cash provided by operating activities totaling \$309.7 million and free cash flow of \$291.6 million, enabling \$275 million of debt reduction.
- The company is maintaining revenue and earnings guidance for fiscal year 2023, with revenue expected to range between \$4.85 billion and \$5.0 billion and adjusted diluted earnings per share between \$4.00 and \$4.30 per share.
- A quarterly cash dividend of \$0.28 per share is payable on May 31, 2023, to shareholders of record on May 15, 2023.

"Our second quarter results demonstrated solid execution, and we are entering the second half of fiscal year 2023 with excellent visibility into the key drivers to achieve our full-year financial targets," said Bruce Caswell, President and Chief Executive Officer. "In the quarter, we de-levered our debt position by a full half-turn which was driven by record cash flows. We continue to focus on optimizing our portfolio with the divestiture of two small businesses in the Outside the U.S. segment, which were not core to our strategy and did not meet our financial objectives."

Caswell continued, "Last quarter, we noted good line of sight to key operating assumptions, most notably around Medicaid redeterminations and volume growth in our Federal clinical services business driven by PACT Act legislation. I'm pleased that our outlook has proven durable as we are reaffirming fiscal year 2023 guidance and remain confident in our capability to execute in a superior manner in support of our customers' essential programs."

## **Second Quarter Results**

Revenue for the second quarter of fiscal year 2023 increased 2.5% to \$1.21 billion,

compared to \$1.18 billion for the prior year period. Organic growth was 3.9% driven by new or expanded programs in the U.S. segments.

For the second quarter of fiscal year 2023, operating margin was 5.2% and the adjusted operating margin was 7.1%. This compares to margins of 6.4% and 8.3%, respectively, for the prior year period. Diluted earnings per share were \$0.52 and adjusted diluted earnings per share were \$0.80. This compares to \$0.80 and \$1.07, respectively, for the prior-year period.

An operating loss in the Outside the U.S. segment and lower-than-expected U.S. Federal Services segment profitability tempered second quarter fiscal year 2023 results. Two small businesses in the Outside the U.S. segment, which contributed to the operating loss, were divested in the quarter resulting in an approximately one-cent reduction to diluted earnings per share for the second quarter of fiscal year 2023.

Additionally, the prior year period contained profitable short-term COVID response work in the U.S. segments and had less interest expense due to a more favorable rate environment.

### **U.S. Federal Services Segment**

U.S. Federal Services Segment revenue for the second quarter of fiscal year 2023 increased 1.9% to \$584.1 million, compared to \$573.3 million reported for the prior year period. All growth was organic and driven primarily by volume growth on the Veterans Affairs Medical Disability Exams (MDE) contracts, which comprise the Veterans Evaluations Services (VES) business.

The segment operating margin for the second quarter of fiscal year 2023 was 8.2%, compared to 8.1% reported for the prior year, and slightly lower than company expectations. While MDE contract volumes increased across the quarter, total volumes were slightly lower than forecasted, and higher costs were incurred for training of VES staff to yield full productivity. Strong line of sight remains on the volume forecast, and the full-year fiscal 2023 margin for the U.S. Federal Services Segment is still expected to range between 10% and 11%.

### **U.S. Services Segment**

U.S. Services Segment revenue for the second quarter of fiscal year 2023 increased 13.0% to \$449.7 million, compared to \$398.1 million reported in the prior year period. All growth was organic and driven by previously disclosed new work in the core business areas of eligibility support and clinical services.

The segment operating margin for the second quarter of fiscal year 2023 was 9.5%, compared to 11.7% reported for the prior year period that contained profitable, short-term work. The segment's profitability remained impacted by the paused Medicaid redeterminations, which are scheduled to restart in the third quarter. The full-year fiscal 2023 margin for the U.S. Services Segment is still expected to range between 9% and 11% with a lift to profitability expected in the fourth quarter reflecting an expected full-period contribution from redeterminations.

### **Outside the U.S. Segment**

Outside the U.S. Segment revenue for the second quarter of fiscal year 2023 decreased 16.0% to \$173.1 million, compared to \$206.0 million reported in the prior year period. Organic revenue contracted 8% due primarily to lower revenue in Australia following last year's rebid outcome and currency was a 7% headwind.

The segment realized an operating loss of \$3.7 million for the second quarter of fiscal year 2023, compared to an operating profit of \$4.3 million in the prior year period. The company is focused on portions of the segment that are underperforming. Two small businesses, a commercial division within the United Kingdom and the employment services business in Sweden, were divested, which had combined operating losses in the quarter of \$1.5 million.

## **Sales and Pipeline**

Year-to-date signed contract awards at March 31, 2023, totaled \$1.22 billion and contracts pending (awarded but unsigned) totaled \$1.27 billion. The book-to-bill ratio at March 31, 2023, was 2.1x calculated on a trailing twelve-month basis.

The sales pipeline at March 31, 2023, totaled \$31.9 billion, comprised of approximately \$5.6 billion in proposals pending, \$0.94 billion in proposals in preparation, and \$25.3 billion in opportunities tracking. New work opportunities represent approximately 78% of the total sales pipeline.

## **Balance Sheet and Cash Flows**

At March 31, 2023, cash and cash equivalents totaled \$56.3 million, and gross debt was \$1.30 billion. The ratio of debt, net of allowed cash, to adjusted EBITDA for the quarter ended March 31, 2023, as calculated in accordance with the company's credit agreement, was 2.5x assisted by \$275 million of debt reduction in the quarter. This compares to 3.0x at December 31, 2022.

For the second quarter of fiscal year 2023, cash provided by operating activities totaled \$309.7 million and free cash flow was \$291.6 million. The record quarterly cash flows made up for the temporarily low cash flows in the first quarter of fiscal year 2023. DSO was 56 days as of March 31, 2023. Going forward, the company expects to be in the target range of 60 to 70 days.

On April 6, 2023, our Board of Directors declared a quarterly cash dividend of \$0.28 for each share of our common stock outstanding. The dividend is payable on May 31, 2023, to shareholders of record on May 15, 2023.

## **Reaffirming FY23 Guidance**

Maximus is reaffirming fiscal year 2023 guidance from the prior quarter. Revenue is expected to range between \$4.85 billion and \$5.0 billion, and adjusted operating income is expected to range between \$415 million and \$440 million, which excludes an estimated \$94 million of expense for amortization of intangible assets. Adjusted diluted earnings per share is expected to range between \$4.00 and \$4.30 per share and free cash flow is expected to range between \$225 million and \$275 million.

The company's guidance still assumes that redetermination activities in the U.S. Services Segment phase in during the third quarter, making a full period contribution in the fourth

quarter of fiscal year 2023, and volumes continue to ramp on the MDE contracts in the VES business related to the PACT Act in U.S. Federal Services.

The company forecasts a slight reduction to interest expense, now ranging between \$82 million and \$85 million, an effective income tax rate between 24.5% and 25.5%, and weighted average shares outstanding between 61.2 million and 61.3 million shares for fiscal year 2023.

### **Conference Call and Webcast Information**

Maximus will host a conference call tomorrow, May 4, 2023, at 9:00 a.m. ET. Shareholders are invited to submit questions for management's consideration by emailing [IR@maximus.com](mailto:IR@maximus.com) up to one hour prior to the call.

The call is open to the public and available by [webcast](#) or by phone at:

877.407.8289 (Domestic) / +1.201.689.8341 (International)

For those unable to listen to the live call, a recording of the webcast will be available on [investor.maximus.com](http://investor.maximus.com).

### **About Maximus**

As a leading strategic partner to governments across the globe, Maximus helps improve the delivery of public services amid complex technology, health, economic, environmental, and social challenges. With a deep understanding of program service delivery, acute insights that achieve operational excellence, and an extensive awareness of the needs of the people being served, our employees advance the critical missions of our partners. Maximus delivers innovative business process management, impactful consulting services, and technology solutions that provide improved outcomes for the public and higher levels of productivity and efficiency of government-sponsored programs. For more information, visit [maximus.com](http://maximus.com).

### **Non-GAAP Measures and Risk Factors**

This release refers to non-GAAP measures and other indicators, including organic growth, free cash flow, operating income and EPS adjusted for amortization of intangible assets, EBITDA, and other non-GAAP measures.

A description of these non-GAAP measures, the reasons why we use and present them, and details as to how they are calculated are included in our earnings presentation and forthcoming Form 10-Q.

The presentation of these non-GAAP numbers is not meant to be considered in isolation, nor as alternatives to cash flows from operations, revenue growth, or net income as measures of performance. These non-GAAP financial measures, as determined and presented by us, may not be comparable to related or similarly titled measures presented by other companies.

Statements that are not historical facts, including statements about the company's confidence and strategies, and the company's expectations about revenues, results of

operations, profitability, future contracts, market opportunities, market demand, or acceptance of the company's products are forward-looking statements that involve risks and uncertainties.

These risks could cause the company's actual results to differ materially from those indicated by such forward-looking statements. A summary of risk factors can be found in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2022, which was filed with the Securities and Exchange Commission (SEC) on November 22, 2022. The Company's SEC reports are accessible on [maximus.com](https://www.maximus.com).

**Maximus, Inc.**  
**Consolidated Statements of Operations**  
**(Unaudited)**

|                                               | For the Three Months Ended                      |                   | For the Six Months Ended |                   |
|-----------------------------------------------|-------------------------------------------------|-------------------|--------------------------|-------------------|
|                                               | March 31,<br>2023                               | March 31,<br>2022 | March 31,<br>2023        | March 31,<br>2022 |
|                                               | <i>(in thousands, except per share amounts)</i> |                   |                          |                   |
| Revenue                                       | \$ 1,206,852                                    | \$ 1,177,326      | \$ 2,456,098             | \$ 2,328,202      |
| Cost of revenue                               | 978,249                                         | 948,875           | 1,982,748                | 1,871,596         |
| Gross profit                                  | 228,603                                         | 228,451           | 473,350                  | 456,606           |
| Selling, general, and administrative expenses | 142,448                                         | 130,307           | 288,900                  | 254,528           |
| Amortization of intangible assets             | 23,650                                          | 22,856            | 47,168                   | 45,261            |
| Operating income                              | 62,505                                          | 75,288            | 137,282                  | 156,817           |
| Interest expense                              | 20,999                                          | 9,438             | 42,605                   | 19,076            |
| Other income/(expense), net                   | 818                                             | 715               | 1,084                    | 404               |
| Income before income taxes                    | 42,324                                          | 66,565            | 95,761                   | 138,145           |
| Provision for income taxes                    | 10,536                                          | 16,469            | 23,978                   | 34,719            |
| Net income                                    | <u>\$ 31,788</u>                                | <u>\$ 50,096</u>  | <u>\$ 71,783</u>         | <u>\$ 103,426</u> |
| <b>Earnings per share:</b>                    |                                                 |                   |                          |                   |
| Basic                                         | \$ 0.52                                         | \$ 0.81           | \$ 1.17                  | \$ 1.66           |
| Diluted                                       | \$ 0.52                                         | \$ 0.80           | \$ 1.17                  | \$ 1.66           |
| <b>Weighted average shares outstanding:</b>   |                                                 |                   |                          |                   |
| Basic                                         | 61,120                                          | 62,227            | 61,119                   | 62,256            |
| Diluted                                       | 61,383                                          | 62,381            | 61,265                   | 62,409            |
| Dividends declared per share                  | \$ 0.28                                         | \$ 0.28           | \$ 0.56                  | \$ 0.56           |

**Maximus, Inc.**  
**Consolidated Balance Sheets**

|                                                                                                                                                                                         | March 31, 2023 | September 30, 2022 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------|
|                                                                                                                                                                                         | (unaudited)    |                    |
|                                                                                                                                                                                         | (in thousands) |                    |
| Assets:                                                                                                                                                                                 |                |                    |
| Cash and cash equivalents                                                                                                                                                               | \$ 56,344      | \$ 40,658          |
| Accounts receivable, net                                                                                                                                                                | 742,387        | 807,110            |
| Income taxes receivable                                                                                                                                                                 | 12,156         | 2,158              |
| Prepaid expenses and other current assets                                                                                                                                               | 141,017        | 182,387            |
| Total current assets                                                                                                                                                                    | 951,904        | 1,032,313          |
| Property and equipment, net                                                                                                                                                             | 46,915         | 52,258             |
| Capitalized software, net                                                                                                                                                               | 71,393         | 58,740             |
| Operating lease right-of-use assets                                                                                                                                                     | 162,633        | 132,885            |
| Goodwill                                                                                                                                                                                | 1,780,200      | 1,779,415          |
| Intangible assets, net                                                                                                                                                                  | 751,194        | 804,904            |
| Deferred contract costs, net                                                                                                                                                            | 47,498         | 47,732             |
| Deferred compensation plan assets                                                                                                                                                       | 42,049         | 37,050             |
| Deferred income taxes                                                                                                                                                                   | 5,865          | 4,970              |
| Other assets                                                                                                                                                                            | 39,205         | 42,447             |
| Total assets                                                                                                                                                                            | \$ 3,898,856   | \$ 3,992,714       |
| Liabilities and Shareholders' Equity:                                                                                                                                                   |                |                    |
| Liabilities:                                                                                                                                                                            |                |                    |
| Accounts payable and accrued liabilities                                                                                                                                                | \$ 259,463     | \$ 264,553         |
| Accrued compensation and benefits                                                                                                                                                       | 156,990        | 178,199            |
| Deferred revenue, current portion                                                                                                                                                       | 66,796         | 87,146             |
| Income taxes payable                                                                                                                                                                    | 4,482          | 718                |
| Long-term debt, current portion                                                                                                                                                         | 84,490         | 63,458             |
| Operating lease liabilities, current portion                                                                                                                                            | 55,928         | 63,999             |
| Other current liabilities                                                                                                                                                               | 53,026         | 116,374            |
| Total current liabilities                                                                                                                                                               | 681,175        | 774,447            |
| Deferred revenue, non-current portion                                                                                                                                                   | 25,776         | 21,414             |
| Deferred income taxes                                                                                                                                                                   | 201,079        | 206,099            |
| Long-term debt, non-current portion                                                                                                                                                     | 1,205,028      | 1,292,483          |
| Deferred compensation plan liabilities, non-current portion                                                                                                                             | 43,706         | 40,210             |
| Operating lease liabilities, non-current portion                                                                                                                                        | 121,957        | 86,175             |
| Other liabilities                                                                                                                                                                       | 18,413         | 22,515             |
| Total liabilities                                                                                                                                                                       | 2,297,134      | 2,443,343          |
| Shareholders' equity:                                                                                                                                                                   |                |                    |
| Common stock, no par value; 100,000 shares authorized; 60,784 and 60,774 shares issued and outstanding as of March 31, 2023, and September 30, 2022, respectively (shares in thousands) | 572,632        | 557,978            |
| Accumulated other comprehensive loss                                                                                                                                                    | (33,303)       | (33,961)           |
| Retained earnings                                                                                                                                                                       | 1,062,393      | 1,025,354          |
| Total shareholders' equity                                                                                                                                                              | 1,601,722      | 1,549,371          |
| Total liabilities and shareholders' equity                                                                                                                                              | \$ 3,898,856   | \$ 3,992,714       |

**Maximus, Inc.**  
**Consolidated Statements of Cash Flows**  
(Unaudited)

|                                                                                          | For the Three Months Ended |                   | For the Six Months Ended |                   |
|------------------------------------------------------------------------------------------|----------------------------|-------------------|--------------------------|-------------------|
|                                                                                          | March 31,<br>2023          | March 31,<br>2022 | March 31,<br>2023        | March 31,<br>2022 |
|                                                                                          | <i>(in thousands)</i>      |                   |                          |                   |
| <b>Cash flows from operating activities:</b>                                             |                            |                   |                          |                   |
| Net income                                                                               | \$ 31,788                  | \$ 50,096         | \$ 71,783                | \$ 103,426        |
| Adjustments to reconcile net income to cash flows from operations:                       |                            |                   |                          |                   |
| Depreciation and amortization of property, equipment, and capitalized software           | 14,041                     | 9,834             | 26,321                   | 21,199            |
| Amortization of intangible assets                                                        | 23,650                     | 22,856            | 47,168                   | 45,261            |
| Amortization of debt issuance costs and debt discount                                    | 601                        | 648               | 1,635                    | 1,297             |
| Deferred income taxes                                                                    | (37)                       | (3,089)           | (1,368)                  | (3,318)           |
| Stock compensation expense                                                               | 9,540                      | 6,804             | 13,943                   | 15,052            |
| Loss on sale of businesses                                                               | 883                        | —                 | 883                      | —                 |
| Change in assets and liabilities, net of effects of business combinations and disposals: |                            |                   |                          |                   |
| Accounts receivable                                                                      | 263,278                    | (34,950)          | 62,529                   | (49,064)          |
| Prepaid expenses and other current assets                                                | 2,788                      | 14,884            | 13,412                   | 9,769             |
| Deferred contract costs                                                                  | 1,596                      | 380               | 583                      | (6,431)           |
| Accounts payable and accrued liabilities                                                 | (10,003)                   | 29,405            | (6,361)                  | (3,047)           |
| Accrued compensation and benefits                                                        | 39,049                     | 28,024            | (14,222)                 | (28,281)          |
| Deferred revenue                                                                         | (33,111)                   | 12,544            | (18,347)                 | 18,473            |
| Income taxes                                                                             | (16,043)                   | (23,836)          | (6,578)                  | (13,515)          |
| Operating lease right-of-use assets and liabilities                                      | (1,124)                    | 5,077             | (2,072)                  | (1,293)           |
| Other assets and liabilities                                                             | (17,200)                   | (3,899)           | (14,272)                 | 2,331             |
| Net cash provided by operating activities                                                | 309,696                    | 114,778           | 175,037                  | 111,859           |
| <b>Cash flows from investing activities:</b>                                             |                            |                   |                          |                   |
| Purchases of property and equipment and capitalized software                             | (18,054)                   | (16,571)          | (33,751)                 | (22,898)          |
| Acquisitions of businesses, net of cash acquired                                         | —                          | (4)               | —                        | (4)               |
| Proceeds from sale of businesses                                                         | 9,124                      | —                 | 9,124                    | —                 |
| Net cash used in investing activities                                                    | (8,930)                    | (16,575)          | (24,627)                 | (22,902)          |
| <b>Cash flows from financing activities:</b>                                             |                            |                   |                          |                   |
| Cash dividends paid to Maximus shareholders                                              | (17,016)                   | (17,312)          | (34,033)                 | (34,659)          |
| Purchases of Maximus common stock                                                        | —                          | (24,464)          | —                        | (25,843)          |
| Tax withholding related to RSU vesting                                                   | —                          | —                 | (8,475)                  | (9,673)           |
| Payments for contingent consideration                                                    | (2,626)                    | —                 | (4,041)                  | —                 |
| Proceeds from borrowings                                                                 | 193,696                    | 140,000           | 462,398                  | 240,000           |
| Principal payments for debt                                                              | (469,105)                  | (287,023)         | (530,460)                | (303,708)         |
| Restricted cash movements                                                                | (47,587)                   | —                 | (57,060)                 | —                 |
| Net cash used in financing activities                                                    | (342,638)                  | (188,799)         | (171,671)                | (133,883)         |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash           | 765                        | (48)              | 3,186                    | 324               |
| Net change in cash, cash equivalents, and restricted cash                                | (41,107)                   | (90,644)          | (18,075)                 | (44,602)          |
| Cash, cash equivalents and restricted cash, beginning of period                          | 159,827                    | 202,612           | 136,795                  | 156,570           |
| Cash, cash equivalents and restricted cash, end of period                                | \$ 118,720                 | \$ 111,968        | \$ 118,720               | \$ 111,968        |

**Maximus, Inc.**  
**Consolidated Results of Operations by Segment**  
**(Unaudited)**

|                                                       | For the Three Months Ended |        |                     |       | For the Six Months Ended |       |                     |        |
|-------------------------------------------------------|----------------------------|--------|---------------------|-------|--------------------------|-------|---------------------|--------|
|                                                       | March 31, 2023             |        | March 31, 2022      |       | March 31, 2023           |       | March 31, 2022      |        |
|                                                       | Amount                     | % (1)  | Amount              | % (1) | Amount                   | % (1) | Amount              | % (1)  |
| <i>(dollars in thousands)</i>                         |                            |        |                     |       |                          |       |                     |        |
| <b>Revenue:</b>                                       |                            |        |                     |       |                          |       |                     |        |
| U.S. Federal Services                                 | \$ 584,075                 |        | \$ 573,288          |       | \$ 1,202,242             |       | \$ 1,155,159        |        |
| U.S. Services                                         | 449,703                    |        | 398,077             |       | 889,181                  |       | 784,494             |        |
| Outside the U.S.                                      | 173,074                    |        | 205,961             |       | 364,675                  |       | 388,549             |        |
| Revenue                                               | <u>\$ 1,206,852</u>        |        | <u>\$ 1,177,326</u> |       | <u>\$ 2,456,098</u>      |       | <u>\$ 2,328,202</u> |        |
| <b>Gross profit:</b>                                  |                            |        |                     |       |                          |       |                     |        |
| U.S. Federal Services                                 | \$ 122,874                 | 21.0%  | \$ 115,153          | 20.1% | \$ 245,568               | 20.4% | \$ 241,729          | 20.9%  |
| U.S. Services                                         | 86,016                     | 19.1%  | 84,971              | 21.3% | 169,614                  | 19.1% | 174,670             | 22.3%  |
| Outside the U.S.                                      | 19,713                     | 11.4%  | 28,327              | 13.8% | 58,168                   | 16.0% | 40,207              | 10.3%  |
| Gross profit                                          | <u>\$ 228,603</u>          | 18.9%  | <u>\$ 228,451</u>   | 19.4% | <u>\$ 473,350</u>        | 19.3% | <u>\$ 456,606</u>   | 19.6%  |
| <b>Selling, general, and administrative expenses:</b> |                            |        |                     |       |                          |       |                     |        |
| U.S. Federal Services                                 | \$ 75,050                  | 12.8%  | \$ 68,949           | 12.0% | \$ 146,699               | 12.2% | \$ 133,874          | 11.6%  |
| U.S. Services                                         | 43,415                     | 9.7%   | 38,273              | 9.6%  | 89,257                   | 10.0% | 73,375              | 9.4%   |
| Outside the U.S.                                      | 23,425                     | 13.5%  | 24,011              | 11.7% | 51,814                   | 14.2% | 45,351              | 11.7%  |
| Loss on sale of businesses (2)                        | 883                        | NM     | —                   | NM    | 883                      | NM    | —                   | NM     |
| Other (3)                                             | (325)                      | NM     | (926)               | NM    | 247                      | NM    | 1,928               | NM     |
| Selling, general, and administrative expenses         | <u>\$ 142,448</u>          | 11.8%  | <u>\$ 130,307</u>   | 11.1% | <u>\$ 288,900</u>        | 11.8% | <u>\$ 254,528</u>   | 10.9%  |
| <b>Operating income/(loss):</b>                       |                            |        |                     |       |                          |       |                     |        |
| U.S. Federal Services                                 | \$ 47,824                  | 8.2%   | \$ 46,204           | 8.1%  | \$ 98,869                | 8.2%  | \$ 107,855          | 9.3%   |
| U.S. Services                                         | 42,601                     | 9.5%   | 46,698              | 11.7% | 80,357                   | 9.0%  | 101,295             | 12.9%  |
| Outside the U.S.                                      | (3,712)                    | (2.1)% | 4,316               | 2.1%  | 6,354                    | 1.7%  | (5,144)             | (1.3)% |
| Amortization of intangible assets                     | (23,650)                   | NM     | (22,856)            | NM    | (47,168)                 | NM    | (45,261)            | NM     |
| Loss on sale of businesses (2)                        | (883)                      | NM     | —                   | NM    | (883)                    | NM    | —                   | NM     |
| Other (3)                                             | 325                        | NM     | 926                 | NM    | (247)                    | NM    | (1,928)             | NM     |
| Operating income                                      | <u>\$ 62,505</u>           | 5.2%   | <u>\$ 75,288</u>    | 6.4%  | <u>\$ 137,282</u>        | 5.6%  | <u>\$ 156,817</u>   | 6.7%   |

(1) Percentage of respective segment revenue. Percentages not considered meaningful are marked "NM."

(2) During the second quarter of fiscal year 2023, we sold a small commercial practice in the United Kingdom and our employment operations business in Sweden, both subsidiaries within our Outside the U.S. Segment, resulting in a loss.

(3) Other includes credits and costs that are not allocated to a particular segment.

**Maximus, Inc.**  
**Consolidated Free Cash Flows - Non-GAAP**  
**(Unaudited)**

|                                                              | For the Three Months Ended |                  | For the Six Months Ended |                  |
|--------------------------------------------------------------|----------------------------|------------------|--------------------------|------------------|
|                                                              | March 31, 2023             | March 31, 2022   | March 31, 2023           | March 31, 2022   |
|                                                              | <i>(in thousands)</i>      |                  |                          |                  |
| Net cash provided by operating activities                    | \$ 309,696                 | \$ 114,778       | \$ 175,037               | \$ 111,859       |
| Purchases of property and equipment and capitalized software | (18,054)                   | (16,571)         | (33,751)                 | (22,898)         |
| Free cash flow                                               | <u>\$ 291,642</u>          | <u>\$ 98,207</u> | <u>\$ 141,286</u>        | <u>\$ 88,961</u> |



**Maximus, Inc.**  
**Non-GAAP Adjusted Results Excluding Amortization of Intangible Assets**  
**(Unaudited)**

|                                                                                            | For the Three Months Ended |                   | For the Six Months Ended |                   |
|--------------------------------------------------------------------------------------------|----------------------------|-------------------|--------------------------|-------------------|
|                                                                                            | March 31,<br>2023          | March 31,<br>2022 | March 31,<br>2023        | March 31,<br>2022 |
| <i>(dollars in thousands, except per share data)</i>                                       |                            |                   |                          |                   |
| Operating income                                                                           | \$ 62,505                  | \$ 75,288         | \$ 137,282               | \$ 156,817        |
| Add back: Amortization of intangible assets                                                | 23,650                     | 22,856            | 47,168                   | 45,261            |
| Adjusted operating income excluding amortization of intangible assets (Non-GAAP)           | <u>\$ 86,155</u>           | <u>\$ 98,144</u>  | <u>\$ 184,450</u>        | <u>\$ 202,078</u> |
| Adjusted operating income margin excluding amortization of intangible assets (Non-GAAP)    | 7.1%                       | 8.3%              | 7.5%                     | 8.7%              |
| Net income                                                                                 | \$ 31,788                  | \$ 50,096         | \$ 71,783                | \$ 103,426        |
| Add back: Amortization of intangible assets, net of tax                                    | 17,446                     | 16,884            | 34,806                   | 33,414            |
| Adjusted net income excluding amortization of intangible assets (Non-GAAP)                 | <u>\$ 49,234</u>           | <u>\$ 66,980</u>  | <u>\$ 106,589</u>        | <u>\$ 136,840</u> |
| Diluted earnings per share                                                                 | \$ 0.52                    | \$ 0.80           | \$ 1.17                  | \$ 1.66           |
| Add back: Effect of amortization of intangible assets on diluted earnings per share        | 0.28                       | 0.27              | 0.57                     | 0.53              |
| Adjusted diluted earnings per share excluding amortization of intangible assets (Non-GAAP) | <u>\$ 0.80</u>             | <u>\$ 1.07</u>    | <u>\$ 1.74</u>           | <u>\$ 2.19</u>    |

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