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# Fiscal 2025 Third Quarter Earnings Call

**Bruce Caswell**

President & Chief Executive Officer

August 7, 2025

# Forward-looking Statements & Non-GAAP Information

These slides should be read in conjunction with our most recent quarterly earnings press release, along with listening to or reading a transcript of management comments from our most recent quarterly earnings conference call.

This document contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results, and providing meaningful period-to-period comparisons. These measures should be used in conjunction with, rather than instead of, their comparable GAAP measures. For a reconciliation of non-GAAP measures to the comparable GAAP measures presented in this document, see the Company's most recent quarterly earnings press release.

The Company does not provide certain information under the heading "Fiscal Year 2026 Early Thoughts" on a GAAP basis because, given the preliminary nature of these forward-looking statements, the items that the Company excludes from GAAP to calculate the comparable non-GAAP measure can be dependent on future events that are less capable of being controlled or reliably predicted by management and are not part of the Company's routine operating activities. The occurrence, timing and amount of any of the items excluded from GAAP to calculate non-GAAP could significantly impact the Company's fiscal 2026 GAAP results.

Included in this presentation are forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "on track," "opportunity," "could," "potential," "believe," "project," "estimate," "expect," "forecast," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods.

Forward-looking statements that are not historical facts, including statements about our confidence, strategies and initiatives and our expectations about guidance, revenues, results of operations, profitability, liquidity, market demand 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 Special Note Regarding Forward-Looking Statements is included within our forthcoming Form 10-Q and 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, 2024, filed on November 21, 2024, as supplemented by the risk factor set forth in Part II, Item 1A "Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, which was filed with the SEC on May 8, 2025.

Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update the guidance herein or any other forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Throughout this presentation, numbers may not add due to rounding.

# Continued Organic Growth in the Quarter

Revenue of  
**\$1.35 billion**  
in the quarter



**4.3%** organic  
revenue growth  
year-over-year



Record-breaking  
adjusted diluted  
EPS of **\$2.16**,  
24% increase  
year-over-year



**15%** growth in  
adjusted EBITDA,  
year-over-year



# CEO Messages

- Maximus excels at translating policy changes into performance-based operational models, and is purpose-built for the fast-paced, policy-driven environment of government contracting
- U.S. Services Segment working diligently to support states with recent legislation changes:
  - Medicaid redeterminations required twice annually (up from annually) for expansion population, effective December 2026
  - Work requirements mandate for expansion population, effective January 2027; managed care plans prohibited from verifying or processing exemptions
  - States with higher SNAP error rates will be required to absorb more program costs, beginning with 2025 data
- Earlier OPM guidance increased states' flexibility to engage contractors
- Agencies are focused on efficiency and technology adoption—an opportunity for Maximus to showcase innovative service delivery
- Maximus is a proven, conflict-free partner with deep experience; leveraging contact centers and digital tools for accessible, empathetic engagement



# Delivering on Strategy Through Execution and Pipeline

- Maximus committed to strengthening its leadership and **expanding its growth team** across U.S. Federal markets—civilian, defense, and health—while targeting adjacent agencies
- These strategies led to a major win: a **\$77 million contract** with the U.S. Air Force Life Cycle Management Center to deliver cybersecurity and cloud services across the Department of Defense
- Our recent achievement of **CMMC Level 2 certification** positions us to compete more broadly across federal contracting as cybersecurity standards evolve
- This certification has already expanded our pipeline with new opportunities anticipated in FY26; within the U.S. Federal Segment, we are on track to **exceed our original 10-12% operating income target** from 2022, reflecting the success of our strategic investment

New Awards (YTD)	June 30, 2025
Signed Contracts	\$3.4 billion
Unsigned Contracts	\$1.4 billion
Book-to-Bill ratio (TTM)	0.8x

<b>\$44.7B</b> Total pipeline of sales opportunities	<b>63%</b> New work
	<b>67%</b> U.S. Federal Services Segment

**\$3.1B**  
Proposals pending

**\$1.2B**  
Proposals in preparation

**\$40.4B**  
Opportunities tracking

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# Fiscal 2025 Third Quarter Earnings Call

**David Mutryn**

Chief Financial Officer

August 7, 2025

# Total Company Results – Third Quarter of FY25

(\$ in millions, except per share data)	Q3 FY25	Margin	Q3 FY24	Margin	% Change
U.S. Federal Services	\$ 761.2		\$ 683.3		11.4 %
U.S. Services	439.8		472.3		(6.9)%
Outside the U.S.	147.4		159.3		(7.5)%
<b>Total Revenue</b>	<b>\$1,348.4</b>		<b>\$1,314.9</b>		<b>2.5 %</b>
U.S. Federal Services	\$ 137.9	18.1%	\$ 106.1	15.5%	29.9 %
U.S. Services	45.0	10.2%	61.5	13.0%	(26.9)%
Outside the U.S.	5.9	4.0%	(1.4)	-0.9%	nm
Intangibles amortization	(23.0)		(23.5)		(2.3)%
Divestiture-related charges	-		-		nm
Other	(0.1)		(0.9)		nm
<b>Total Operating Income</b>	<b>\$ 165.7</b>	<b>12.3%</b>	<b>\$ 141.7</b>	<b>10.8%</b>	<b>16.9 %</b>
Intangibles amortization	\$ 23.0		\$ 23.5		(2.3)%
Depreciation & amortization (PP&E/CapSW)	9.6		7.5		27.6 %
<b>Adjusted EBITDA (Non-GAAP)</b>	<b>\$ 198.3</b>	<b>14.7%</b>	<b>\$ 172.8</b>	<b>13.1%</b>	<b>14.7 %</b>
Interest expense	\$ 22.7		\$ 20.6		10.2 %
Effective tax rate	25.9 %		25.4 %		
Net income	\$ 106.0		\$ 89.8		18.1 %
<b>Diluted EPS</b>	<b>\$ 1.86</b>		<b>\$ 1.46</b>		<b>27.4 %</b>
Intangibles amortization per share	\$ 0.30		\$ 0.28		7.1 %
<b>Adjusted Diluted EPS (Non-GAAP)</b>	<b>\$ 2.16</b>		<b>\$ 1.74</b>		<b>24.1 %</b>

- Revenue increased **2.5%**, or 4.3% on an organic basis, driven by the U.S. Federal Services Segment; U.S. Services Segment was in line with expectations, Outside the U.S. Segment had positive organic growth
- Adjusted EBITDA margin was **14.7%** and noticeably above our target range of 10% to 13%
- Adjusted diluted EPS was **\$2.16** for Q3 FY25
- We have the ability to gain operating leverage when program volumes are higher than anticipated, which is due, in part, to intentional investments in technology, workflow optimization, and cost models

# Segment Results

## U.S. Federal Services Segment

- Revenue increased by **11.4%** and the growth was all organic
- A favorable trend across this year of elevated run rate on volumes, especially in the clinical portfolio, along with prior investments enabled us to meet high demand and drove favorable results
- Segment margin of **18.1%** this quarter is a testament to our ability to process elevated levels and can be unplanned

(\$ in millions)	Q3 FY25	Q3 FY24	% Change
Revenue	\$761.2	\$683.3	11.4 %
Operating Income	\$137.9	\$106.1	29.9 %
Operating Margin %	18.1 %	15.5 %	

## U.S. Services Segment

- Revenue decreased by 6.9% as a result of prior year period being positively impacted by the Medicaid unwinding exercise that was completed across Q1 to Q3 FY24
- Segment margin this quarter of **10.2%** compares to higher prior year period margin which benefitted from the excess unwinding volumes
- Focused on driving bottom-line improvements headed into next fiscal year, which is before taking into account new market opportunities

(\$ in millions)	Q3 FY25	Q3 FY24	% Change
Revenue	\$439.8	\$472.3	(6.9) %
Operating Income	\$45.0	\$61.5	(26.9) %
Operating Margin %	10.2 %	13.0 %	

## Outside the U.S. Segment

- Revenue decreased as anticipated and was driven by divestitures of multiple employment services businesses
- Organic revenue growth was positive at **7.3%**
- Segment margin of **4.0%** this quarter reflects ongoing margin stability; the goal remains to drive further margin improvement through continued scaling in our present markets

(\$ in millions)	Q3 FY25	Q3 FY24	% Change
Revenue	\$147.4	\$159.3	(7.5)%
Operating Income	\$5.9	\$(1.4)	nm
Operating Margin %	4.0 %	(0.9) %	



# Cash Flows & Balance Sheet

## Cash Flows & DSO

<b>\$ in millions</b>	<b>Q3 FY25</b>	<i>FY25 Guidance</i>
Cash (used in)/provided by operating activities	\$ (182.7)	
Purchases of property and equipment and capitalized software costs	(15.5)	
<b>Free cash flow (Non-GAAP)</b>	<b>\$ (198.2)</b>	<i>\$370M - \$390M</i>

- As anticipated, Q3 FY25 cash flows reflected continued impact by payment delays in which DSOs of 96 days this quarter are expected to represent a peak
- Positive developments post-Q3 FY25 include collecting more than \$300 million related to a U.S. Federal Services program and completing an extension of a large state-based contract for which we anticipate collecting \$224 million in Q4 FY25
- As a result, we anticipate strong Q4 FY25 cash flows and raising full-year guidance; the exact timing of payments can impact FY25 reported cash flows

## Debt & Capital Allocation

- At June 30, 2025, total debt was \$1.67 billion and the ratio of debt, net of allowed cash, to consolidated EBITDA on TTM basis, as calculated in accordance with our credit agreement, was 2.1x compared to 1.9x at March 31, 2025; higher near-term borrowings necessary to cover the higher DSO increased our ratio and we remain at the low end our 2 to 3x target debt ratio
- The delay in collections has led to a more constrained capital allocation approach, but we anticipate returning to our historic approach of seeking potential opportunities for M&A and an opportunistic approach to share repurchases
- Approximately \$66 million remains under current Board of Directors authorization for future share repurchases

# Raising Fiscal Year 2025 Guidance

Fiscal 2025 Guidance	Updated	Previous
Revenue	<b>\$5.375B - \$5.475B</b>	\$5.25B - \$5.4B
Adjusted EBITDA margin	<b>Approx. 13%</b>	Approx. 11.7%
Adjusted diluted EPS	<b>\$7.35 - \$7.55</b>	\$6.30 - \$6.60
Free cash flow	<b>\$370M - \$390M</b>	\$355M - \$385M

- Third consecutive raise to FY25 revenue guidance reflects exceptional Q3 results and an improved Q4 outlook
- Revenue guidance at the midpoint increases by \$100 million and implies **~4% organic revenue growth** vs. FY24
- Adjusted EBITDA margin guidance **improves by 130bp** and adjusted diluted EPS guidance **increases by \$1.00** at the midpoint vs. previous FY25 guidance
- FY25 full year segment margin commentary:
  - U.S. Federal Services Segment: ~15%
  - U.S. Services Segment: ~10.5%
  - Outside the U.S. Segment: 3 - 5%
- Other FY25 assumptions:
  - Amortization of intangible assets expense: \$92 million
  - Depreciation & amortization of PP&E and CapSW: \$41 million
  - Interest expense: \$81 million
  - Full-year effective income tax rate: 28 - 29%
  - WASO: ~58 million

*(\$ in millions except per share items)*

	FY25 Guidance Reconciliation	
	Low End	High End
Operating income	\$ 527	\$ 543
Add: amortization of intangible assets	92	92
Add: depreciation & amortization of PP&E and CapSW	41	41
Add: divestiture-related charges	39	39
Adjusted EBITDA	\$ 699	\$ 716
Revenue	\$ 5,375	\$ 5,475
Adjusted EBITDA margin	13.0%	13.1%
Diluted EPS	\$ 5.51	\$ 5.71
Add: effect of amortization of intangible assets on diluted EPS	1.17	1.17
Add: effect of divestiture-related charges on diluted EPS	0.67	0.67
Adjusted diluted EPS	\$ 7.35	\$ 7.55
Cash flows from operating activities	\$ 440	\$ 460
Remove: purchases of property and equipment and capitalized software costs	(70)	(70)
Free cash flow	\$ 370	\$ 390

# Fiscal Year 2026 Early Thoughts

- As context, FY25 guidance has increased by \$175 million for revenue and by \$1.60 adjusted diluted earnings per share; Maximus is purpose-built to scale up to meet higher demand as seen in FY25, meaning volume-sensitive programs can sometimes be less easy to precisely predict
- Early thinking on **FY26 has wide-ranging scenarios** due to
  - Similar volume prediction dynamic as in FY25
  - Budget pressures and efficiency objectives by select customers could create near-term headwinds, but may also create opportunities in the long run
  - Large pipeline opportunities awaiting adjudication could make some FY26 contributions and potentially stronger FY27 contributions, if successful
  - Opportunities tied to the One Big Beautiful Bill are believed to be key contributors to FY27, although a portion could land in FY26
- Revenue **possibilities for FY26** include:
  - A revenue range roughly in line with, or slightly below, the latest raise to FY25 guidance
  - Revenue **could see modest growth** if there is less volume moderation vs. FY25, less budget pressure, and/or acceleration of pipeline opportunities and OBBBA opportunities; we believe **FY27 could see acceleration of revenue** tied to these opportunities
- Adjusted EBITDA margin for FY26 is expected to range **at or near the high end of our 10 - 13% target range**, thanks to prior investments and focus on ongoing productivity and efficiency in program delivery
- Anticipate a meaningful reduction to interest expense in FY26 vs. FY25
- FY26 guidance to be provided on November year-end call per normal practice



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