

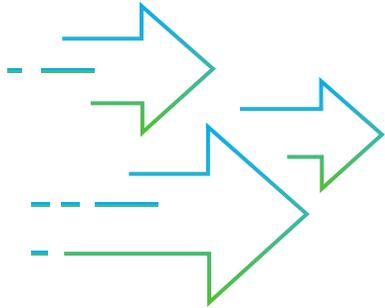


# SECOND QUARTER 2023

Earnings Conference Call Presentation

August 2, 2023

# FORWARD LOOKING STATEMENTS



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on our current expectations, beliefs, and assumptions, and are not guarantees of future performance. Forward-looking statements are inherently subject to uncertainties, risks, changes in circumstances, trends and factors that are difficult to predict, many of which are outside of our control. Accordingly, actual performance, results and events may vary materially from those indicated in the forward-looking statements, and you should not rely on the forward-looking statements as predictions of future performance, results or events. Numerous factors could cause actual future performance, results and events to differ materially from those indicated in the forward-looking statements, including, among others: the impact of COVID-19; any issue that compromises our relationships with the U.S. federal government or its agencies or other state, local or foreign governments or agencies; any issues that damage our professional reputation; changes in governmental priorities that shift expenditures away from agencies or programs that we support; our dependence on long-term government contracts, which are subject to the government's budgetary approval process; the size of addressable markets and the amount of government spending on private contractors; failure by us or our employees to obtain and maintain necessary security clearances or certifications; failure to comply with numerous laws and regulations; changes in government procurement, contract or other practices or the adoption by governments of new laws, rules, regulations and programs in a manner adverse to us; the termination or nonrenewal of our government contracts, particularly our contracts with the U.S. government; our ability to compete effectively in the competitive bidding process and delays, contract

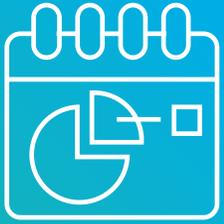
terminations or cancellations caused by competitors' protests of major contract awards received by us; our ability to generate revenue under certain of our contracts; any inability to attract, train or retain employees with the requisite skills, experience and security clearances; the loss of members of senior management or failure to develop new leaders; misconduct or other improper activities from our employees or subcontractors; our ability to realize the full value of our backlog and the timing of our receipt of revenue under contracts included in backlog; changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time and resources for our contracts; changes in estimates used in recognizing revenue; internal system or service failures and security breaches; and inherent uncertainties and potential adverse developments in legal proceedings including litigation, audits, reviews and investigations, which may result in material adverse judgments, settlements or other unfavorable outcomes. These factors are not exhaustive and additional factors could adversely affect our business and financial performance. For a discussion of additional factors that could materially adversely affect our business and financial performance, see the factors including under the caption "Risk Factors" in our Annual Report with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2022, on Form 10-K, filed on February 17, 2023, and our other filings with the Securities and Exchange Commission. All forward-looking statements are based on currently available information and speak only as of the date on which they are made. We assume no obligation to update any forward-looking statement made in this presentation that becomes untrue because of subsequent events, new information or otherwise, except to the extent we are required to do so in connection with our ongoing requirements under federal securities laws.



# MAJOR MESSAGES

## Strong Second Quarter 2023 Results

- Delivered another record quarter with all-time highs for revenue, organic revenue growth, adjusted EBITDA, contract awards, and total backlog
- Record organic growth of 23%, including organic growth of over 20% in both segments
- Strong book-to-bill ratio of 1.4x on contract awards growth of 95%
- Six contract wins over \$100M in the quarter; the most in Parsons' history
- 11 consecutive quarters with a Critical Infrastructure book-to-bill ratio of 1.0x or higher
- Continued recognition for ESG commitment
- Capitalizing on unprecedented global infrastructure spending and the increasing demand for national security solutions
- Raised FY23 guidance ranges for revenue, adjusted EBITDA, and cash flow from operations



## Q2 2023 REVENUE

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\$1.4 Billion

## NET INCOME

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\$43 Million

## ADJUSTED EBITDA

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\$118 Million

## CASH FLOW FROM OPERATIONS

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\$23 Million

## BOOK-TO-BILL RATIO

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1.4x      Trailing 12-months of 1.2x

## STRONG BALANCE SHEET

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1.4x Net Debt Leverage Ratio

# Q2 2023 KEY HIGHLIGHTS

## Record second quarter

- Total revenue growth of 34% year-over-year; total organic growth of 23%
- Strong revenue driven by Critical Infrastructure organic growth of 25% and Federal Solutions organic growth of 20%
- Record quarterly adjusted EBITDA of \$118M, up 53% from Q2 2022
- Record total backlog of \$8.9B, up \$674M from Q2 2022
- Record hiring quarter

## Continuing to win large contracts and positioned for growth

- Contract awards increase 95% year-over-year
- 1.4x book-to-bill ratio with 1.5x in Federal Solutions and 1.3x in Critical Infrastructure
- Six contract wins over \$100M in the quarter

## Strong balance sheet

- 1.4x net debt leverage will enable Parsons to make additional organic and M&A investments to drive growth and expand margins

## Increasing FY23 total revenue, adjusted EBITDA, and cash flow guidance

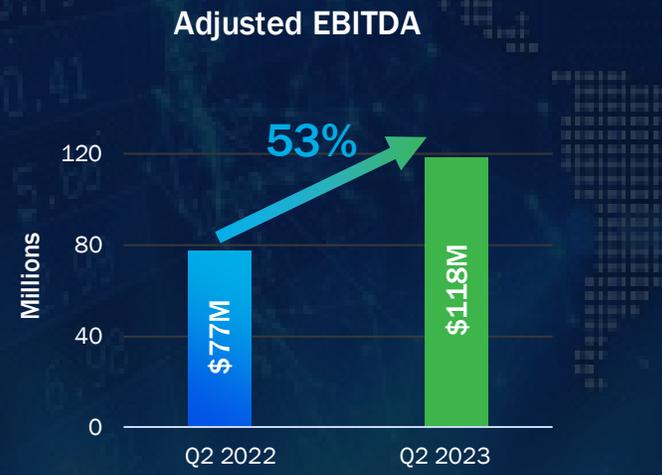


# Q2 2023 FINANCIAL SUMMARY



## Record revenue, organic growth, adjusted EBITDA, contract award activity, and total backlog

- Q2 2023 total revenue of \$1.4B increased 34% year-over-year
- Organic revenue growth of 23% year-over-year
- Adjusted EBITDA of \$118M increased 53% from prior year period
- Contract awards increased 95% to \$1.9B
- Total backlog increased \$674M to \$8.9B from Q2 2022
- Q2 book-to-bill ratio of 1.4x; TTM ratio of 1.2x



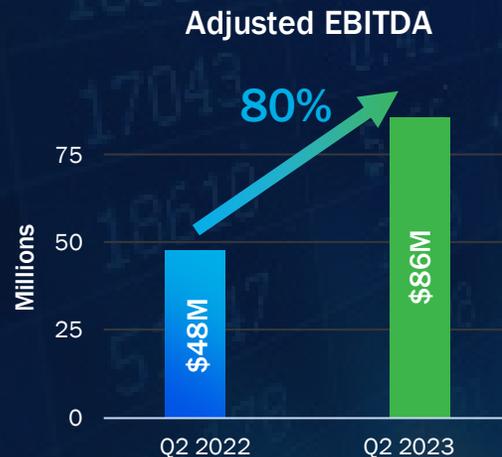


# BUSINESS SEGMENT SUMMARY



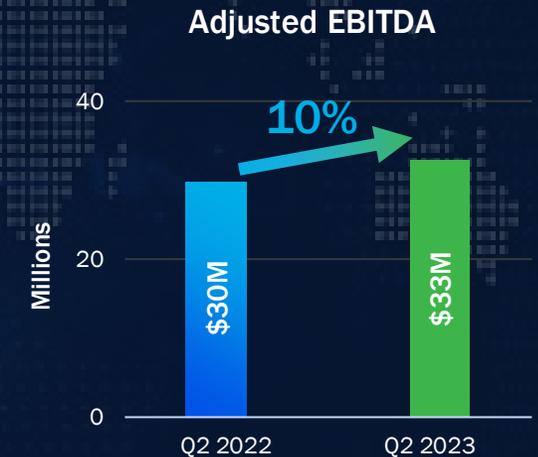
## Federal Solutions

- Q2 2023 revenue increased 42% and increased 20% organically from Q2 2022
- Adjusted EBITDA increased 80% to \$86M
- Contract awards increased 201% year-over-year
- Book-to-bill ratio of 1.5x



## Critical Infrastructure

- Q2 2023 revenue increased 26% and increased 25% organically from Q2 2022
- Adjusted EBITDA increased 10% to \$33M
- Contract awards increased 25% year-over-year
- Book-to-bill ratio of 1.3x





# SIGNIFICANT CONTRACT WINS – Q2 2023



Awarded  
**\$1.8B**

Awarded the Federal Aviation Administration's \$1.8 billion ceiling value re-compete contract to support their Aviation System Capital Investment Plan, of which the company booked the 3-year base period for \$641 million. Parsons has been the prime contractor on this work for more than two decades. With the Infrastructure Investment and Jobs Act, the FAA has \$5 billion of additional funding for facilities-related work.



Awarded  
**\$1.2B**

Awarded a new five-year single-award contract from the General Services Administration with a potential value of \$1.2 billion, of which the company booked the one-year base period for \$217 million. This contract supports the Department of Defense and its strategic partners in delivering global quick reaction capabilities leveraging advanced technology solutions across the all-domain battlespace.



Awarded  
**\$170M**

Awarded a \$170 million five-year ceiling value task order by the Defense Threat Reduction Agency under the Assessments, Exercises, Modeling, and Simulation Support multiple-award IDIQ contract. This contract contains new and existing work to provide vulnerability assessments, design reviews, and analysis that advances the DoD and DTRA's missions to counter and mitigate a broad spectrum of existing and emerging vulnerabilities and threats. The company booked \$34 million on this contract in the second quarter.



Awarded  
**\$130M**

Awarded a new \$130 million single-award contract as lead designer for the Port Authority of New York and New Jersey to enhance infrastructure at the John F. Kennedy International Airport. The scope includes a new on-airport roadway transportation network, parking garage, pedestrian bridge, and utility upgrades. The company booked this entire contract value in the second quarter.



# SIGNIFICANT CONTRACT WINS (continued)



Awarded  
**\$127M**

Awarded a new \$127 million contract as a subcontractor to a federal customer, of which the company booked \$25 million, to deliver detection technology solutions.



Awarded  
**\$109M**

Awarded a \$109 million recompile contract from the United States Cyber Command to provide cyber capability discovery, development, testing, and advanced analytics. The company booked \$52 million on this contract in the second quarter. This is the company's second consecutive win with the Cyber Command this year.



Awarded  
**\$93M**

Awarded a new \$93 million five-year single-award contract to complete project and design management for a major development in Saudi Arabia. The company booked the entire value of this contract in the second quarter.



Awarded  
**\$130M**

After the second quarter ended, the company was awarded a five-year contract with an estimated value of \$130 million on the Repairs, Operations, Maintenance, and Engineering contract by the National Aeronautics and Space Administration (NASA). As a subcontractor to a small business, Parsons will provide facilities construction management and engineering and technical services.

# ESG Highlights



## US Completes Chemical Weapons Stockpile Destruction Operations

Parsons was part of the team that helped the United States comply with the 1997 Chemical Weapons Convention agreement by destroying the country's last chemical weapon. The final sarin nerve agent filled M55 rocket was destroyed on July 7, 2023.



## Accelerating Climate Objectives While Creating the Future of Global Infrastructure and National Security

The company announced it already exceeded its 2025 target to reduce Scope 1 and 2 emissions by 20%. Also announced a commitment to set updated near and long-term targets for Greenhouse Gas (GHG) emissions aligned with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign; a leading global coalition committed to taking urgent climate action.



## America's Best Employers for Diversity by Forbes

Recognized as one of the best employers for diversity by Forbes. This recognition demonstrates how the company has prioritized Diversity, Equity, and Inclusion by striving to create an inclusive workplace for all employees to be their most authentic selves.



## Recognized for Commitment to Recruiting, Hiring, and Supporting Veterans

Recognized as a VETS Indexes 4 Star Employer for its commitment to recruiting, hiring, retaining, developing, and supporting veterans and the military-connected community.



## Top 50 Employer by Women Engineer Magazine

Recognized as a top 50 employer by Women Engineer Magazine. This publication selects the top companies in the country for which they would most like to work for and/or whom they believe would provide a positive working environment for women engineers.



## Recognized for Commitment to Diversity by Washington Business Journal

Honored by the Washington Business Journal as one of the most diverse companies and employers in the Washington, D.C. metropolitan area.



# FISCAL YEAR 2023 GUIDANCE: INCREASING ALL GUIDANCE RANGES

	Current FY23 Guidance	Prior FY23 Guidance	FY23 Y/Y Growth at Mid-Point
Total Revenue	\$4.85 - \$5.05B	\$4.5 - \$4.7B	+18% (+12% organic)
Adjusted EBITDA	\$410 - \$440M	\$375 - \$415M	+20%
Cash Flow from Operations	\$280 - \$340M	\$275 - \$335M	+31%

Net income guidance is not presented as the company believes volatility associated with interest, taxes, depreciation, amortization and other matters affecting net income, including but not limited to one-time and nonrecurring events and the impact of M&A, will preclude the company from providing, with reasonable certainty, net income guidance for fiscal year 2023.



# FISCAL YEAR 2023 GUIDANCE ASSUMPTIONS

- ~ 54% of total revenue to be generated from Federal Solutions segment at the mid-point
- Adjusted EBITDA margin of ~ 8.6% at the mid-point of the revenue guidance, up 20bps from 2022
- Net interest expense of ~ \$27M
- GAAP effective tax rate of ~ 24%
- Adjusted net income diluted share count of ~ 106M shares, GAAP net income diluted shares of ~ 115M with convertible note; includes share repurchases of ~ \$20M
- Capital expenditures ~ 1% of total revenue
- Equity-based compensation expenses of ~ \$33M
- Depreciation and amortization expenses of ~ \$115M, which includes ~ \$70M of acquisition-related amortization
- FY23 guidance includes ~ \$10M of transaction and other expenses from prior acquisitions, but does not include future acquisitions
- **Patterns:**
  - Revenue: expect Q3 to be up ~ 10% from Q3 2022 and Q4 2023 to be up ~ 6% from Q4 2022
  - Adjusted EBITDA \$: expect Q3 to be up ~ 9% from Q3 2022 and Q4 2023 to be up ~ 5% from Q4 2022
  - Operating Cash Flow: expect Q3 2023 to be up ~ 6% from Q3 2022, with the remaining balance in Q4 to get to the mid-point of the \$310 million guidance range



# APPENDIX: SUPPLEMENTAL MATERIALS

# ADJUSTED EBITDA RECONCILIATION

PARSONS CORPORATION

Non-GAAP Financial Information

Reconciliation of Net Income to Adjusted EBITDA

(in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income attributable to Parsons Corporation	\$43,241	\$18,295	\$68,794	\$38,962
Interest expense, net	6,993	4,354	12,658	8,227
Income tax provision (benefit)	15,223	5,732	26,726	13,851
Depreciation and amortization (a)	28,689	30,581	57,048	61,090
Net income attributable to noncontrolling interests	11,530	4,485	21,253	7,661
Equity-based compensation	9,314	4,791	16,017	8,689
Transaction-related costs (b)	1,917	9,525	3,535	11,923
Restructuring (c)	-	-	546	213
Other (d)	1,399	(349)	2,120	1,046
<b>Adjusted EBITDA</b>	<b>\$118,306</b>	<b>\$77,414</b>	<b>\$208,697</b>	<b>\$151,662</b>

(a) Depreciation and amortization for the three and six months ended June 30, 2023, is \$24.4 million and \$48.4 million, respectively, in the Federal Solutions Segment and \$4.3 million and \$8.6 million, respectively, in the Critical Infrastructure Segment. Depreciation and amortization for the three and six months ended June 30, 2022, is \$25.9 million and \$52.1 million, respectively, in the Federal Solutions Segment and \$4.7 million and \$9.0 million, respectively, in the Critical Infrastructure Segment.

(b) Reflects costs incurred in connection with acquisitions and other non-recurring transaction costs, primarily fees paid for professional services and employee retention.

(c) Reflects costs associated with and related to our corporate restructuring initiatives.

(d) Includes a combination of gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.



# ADJUSTED EBITDA ATTRIBUTABLE TO NCI

PARSONS CORPORATION

Non-GAAP Financial Information

Computation of Adjusted EBITDA Attributable to Noncontrolling Interests

(in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	\$85,640	\$47,645	\$141,788	\$90,283
Federal Solutions Adjusted EBITDA attributable to noncontrolling interests	85	49	170	166
Federal Solutions Adjusted EBITDA including noncontrolling interests	\$85,725	\$47,694	\$141,958	\$90,449
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	20,936	25,160	45,293	53,475
Critical Infrastructure Adjusted EBITDA attributable to noncontrolling interests	11,645	4,560	21,446	7,738
Critical Infrastructure Adjusted EBITDA including noncontrolling interests	\$32,581	\$29,720	\$66,739	\$61,213
<b>Total Adjusted EBITDA including noncontrolling interests</b>	<b>\$118,306</b>	<b>\$77,414</b>	<b>\$208,697</b>	<b>\$151,662</b>



# ADJUSTED NET INCOME ATTRIBUTABLE TO PARSONS

PARSONS CORPORATION

Non-GAAP Financial Information

Reconciliation of Net Income Attributable to Parsons Corporation to Adjusted

Net Income Attributable to Parsons Corporation

(in thousands, except per share information)

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Net income attributable to Parsons Corporation</b>	<b>\$43,241</b>	<b>\$18,295</b>	<b>\$68,794</b>	<b>\$38,962</b>
<b>Acquisition related intangible asset amortization</b>	<b>18,117</b>	<b>19,714</b>	<b>36,126</b>	<b>39,804</b>
<b>Equity-based compensation</b>	<b>9,314</b>	<b>4,791</b>	<b>16,017</b>	<b>8,689</b>
<b>Transaction-related costs (a)</b>	<b>1,917</b>	<b>9,525</b>	<b>3,535</b>	<b>11,923</b>
<b>Restructuring (b)</b>	<b>-</b>	<b>-</b>	<b>546</b>	<b>213</b>
<b>Other (c)</b>	<b>1,399</b>	<b>(349)</b>	<b>2,120</b>	<b>1,046</b>
<b>Tax effect on adjustments</b>	<b>(7,726)</b>	<b>(8,854)</b>	<b>(15,075)</b>	<b>(15,526)</b>
<b>Adjusted net income attributable to Parsons Corporation</b>	<b>66,262</b>	<b>43,122</b>	<b>112,063</b>	<b>85,111</b>
<b>Adjusted earnings per share:</b>				
<b>Weighted-average number of basic shares outstanding</b>	<b>104,908</b>	<b>103,675</b>	<b>104,856</b>	<b>103,722</b>
<b>Weighted-average number of diluted shares outstanding (d)</b>	<b>105,791</b>	<b>104,334</b>	<b>105,797</b>	<b>104,451</b>
<b>Adjusted net income attributable to Parsons Corporation per basic share</b>	<b>\$0.63</b>	<b>\$0.42</b>	<b>\$1.07</b>	<b>\$0.82</b>
<b>Adjusted net income attributable to Parsons Corporation per diluted share</b>	<b>\$0.63</b>	<b>\$0.41</b>	<b>\$1.06</b>	<b>\$0.81</b>

(a) Reflects costs incurred in connection with acquisitions and other non-recurring transaction costs, primarily fees paid for professional services and employee retention.

(b) Reflects costs associated with and related to our corporate restructuring initiatives.

(c) Includes a combination of gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.

(d) Excludes dilutive effect of convertible senior notes due to bond hedge.