PARSONS

FOURTH QUARTER AND FISCAL YEAR 2023

Earnings Conference Call Presentation

February 14, 2024

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, 2023, on Form 10-K, filed on February 14, 2024, 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 execution driving consistent results

Record Q4 and FY23 results since our IPO: total revenue, organic revenue, net income, adjusted EBITDA, operating cash flow, and contract awards

- Record total revenue: $5.4B for FY23 and $1.5B for Q4
- Record organic revenue growth: 23% for FY23 and 34% for Q4 - organic growth of more than 20% in both segments for FY23
- Record net income: $161M for FY23 and $45M for Q4
- Record adjusted EBITDA: $465M for FY23 and $128M for Q4
- Record operating cash flow: $408M for FY23 and $190M for Q4
- Record contract awards: $6B for FY23 and $1.2B for Q4
- Closed three strategic acquisitions in FY23
- Strong results driven by tailwinds in our six growing and enduring markets, ability to win and ramp new contracts, strong hiring and retention, and on-contract growth

2023 FINANCIAL PERFORMANCE

Exceptional growth for all three financial guidance metrics

	2023 Guidance Mid-point*	2023 Actuals	Highlights
Total Revenue	$5.250B	$5.443B	30% total revenue growth and organic growth of 23% over FY22
Adjusted EBITDA	$450M	$465M	32% increase over the prior year
Cash Flow from Operations	$320M	$408M	72% increase over FY22

**FY23 guidance as of November 1, 2023. FY23 guidance increased on May 3rd, August 2nd, and November 1, 2023*

Q4 2023 REVENUE

$1.5 Billion

NET INCOME

$45 Million

ADJUSTED EBITDA

$128 Million

CASH FLOW FROM OPERATIONS

$190 Million

BOOK-TO-BILL RATIO

0.8x Trailing 12-months of 1.1x

STRONG BALANCE SHEET

Net Debt Leverage Ratio 1.0x

Q4 2023 KEY HIGHLIGHTS

Record finish to the year

- Q4 2023 revenue growth of 35% over Q4 2022 with record 34% organic growth
- Record net income increased 60% to $45M year-over-year
- Record adjusted EBITDA increased 30% to $128M
- Record cash flow of $190M increases 113% over Q4 2022

Continuing to win large contracts and positioned for growth

- Record contract awards increased 13% year-over-year to $1.2B
- Two contract wins over $100M in Q4 bringing the total wins >$100M to 15 for FY23, a company record
- Total backlog of $8.6B increased 5% year-over-year
- Strong hiring and employee retention continues

Strong balance sheet

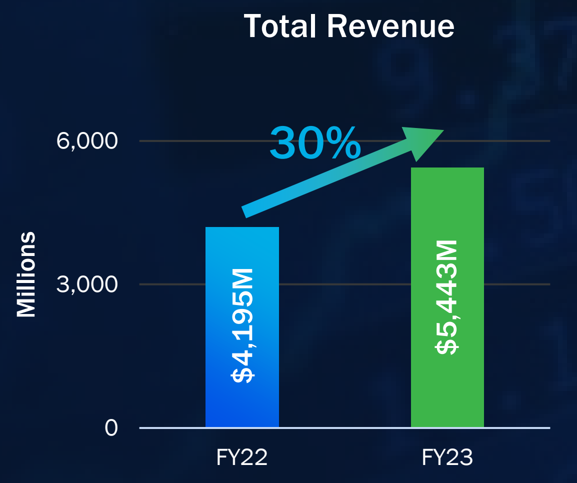
- Net debt leverage ratio of 1.0x and undrawn borrowing capacity will enable Parsons to continue to make internal investments and accretive acquisitions to drive additional growth
- Strong Q4 cash flow drives 120% free cash flow conversion of adj. net income in FY23

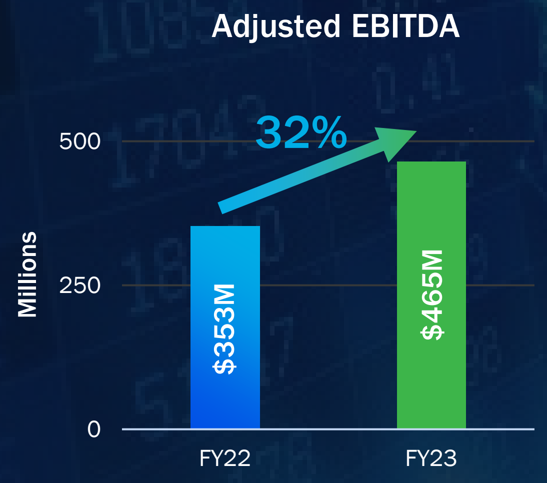
Establishing fiscal year 2024 guidance and increasing long-term Investor Day Targets

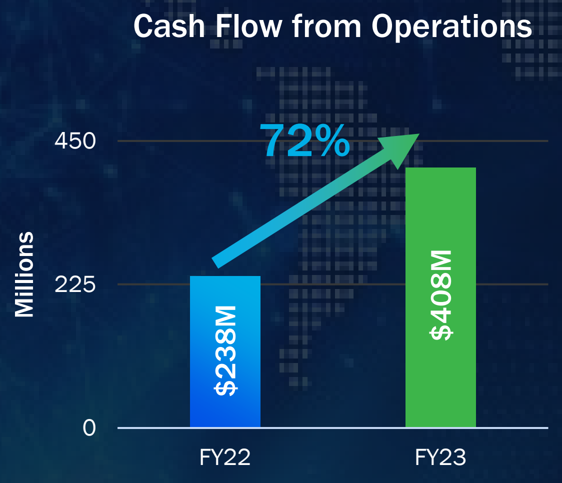
FY23 FINANCIAL SUMMARY

Record total revenue, organic revenue, adjusted EBITDA, operating cash flow, and contract awards

- FY23 total revenue of $5,443M increased 30% and 23% organically from FY22
- Adjusted EBITDA of $465M increased 32% from prior year
- Cash flow from operations of $408M increased 72% from FY22
- Contract awards of $5,997M increased 40% from FY22





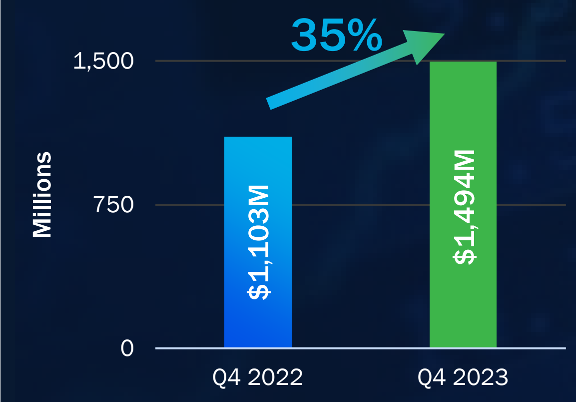


Q4 2023 FINANCIAL SUMMARY

Record quarterly total revenue, organic revenue, adjusted EBITDA, operating cash flow, and contract awards

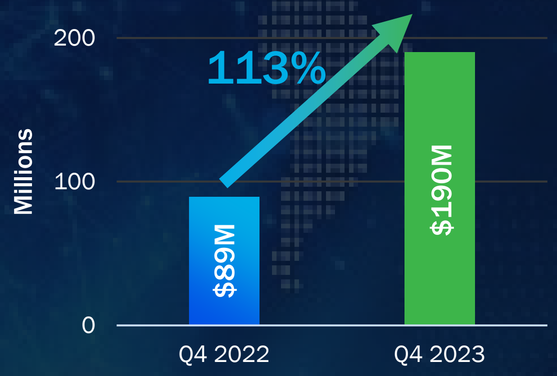
- Q4 2023 total revenue of $1,494M increased 35% and 34% organically from Q4 2022
- Adjusted EBITDA of $128M increased 30% from prior year period
- Cash flow from operations of $190M, compared to $89M in Q4 2022
- Contract awards increased 13% from Q4 2022 to $1,248M; TTM book-to-bill ratio of 1.1x

Q4 2023 Total Revenue

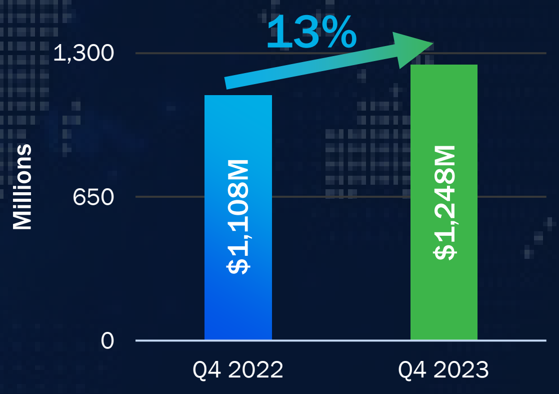


Adjusted EBITDA

Cash Flow from Operations



Contract Awards

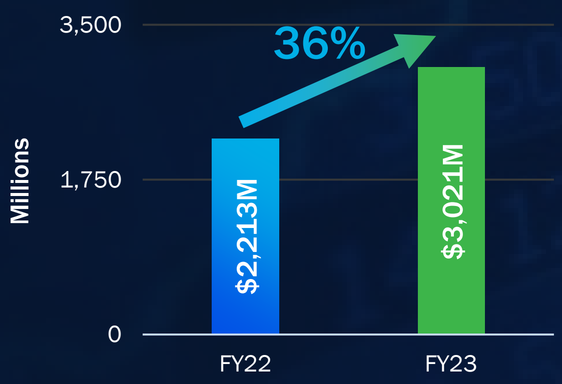


FY23 BUSINESS SEGMENT SUMMARY

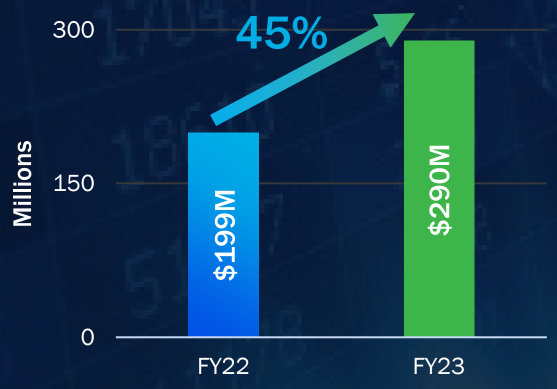
Federal Solutions

- FY23 revenue of $3,021M increased 36% and 25% organically from FY22
- Adjusted EBITDA of $290M increased 45% from prior year period
- Contract awards of $3,259M increased 70% from FY22, 1.1x TTM book-to-bill ratio in FY23

Total Revenue



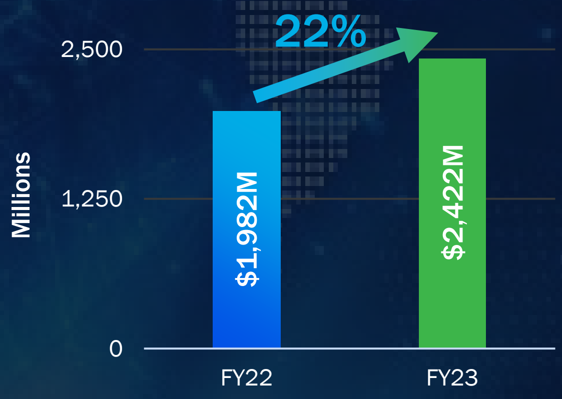
Adjusted EBITDA



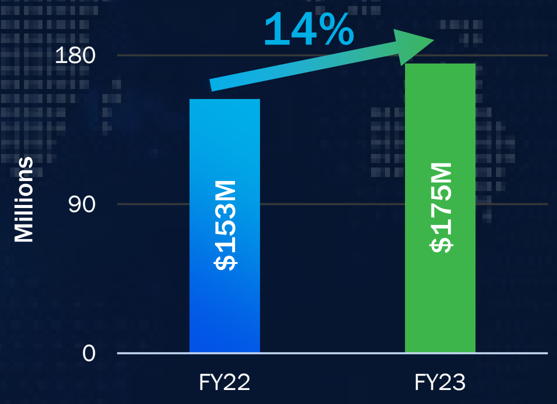
Critical Infrastructure

- FY23 revenue of $2,422M increased 22% (essentially all organic) from FY22
- Adjusted EBITDA of $175M increased 14% from prior year period
- Contract awards of $2,738M, increased 16% from FY22, 1.1x TTM book-to-bill ratio in FY23

Total Revenue



Adjusted EBITDA

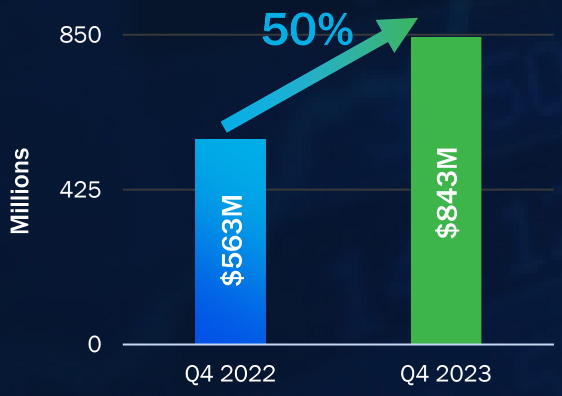


Q4 2023 BUSINESS SEGMENT SUMMARY

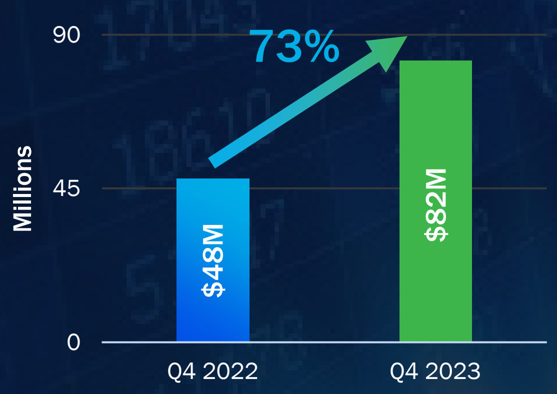
Federal Solutions

- Q4 2023 revenue increased 50% and 47% organically from Q4 2022
- Adjusted EBITDA of $82M increased 73% from prior year period
- TTM book-to-bill ratio of 1.1x

Total Revenue



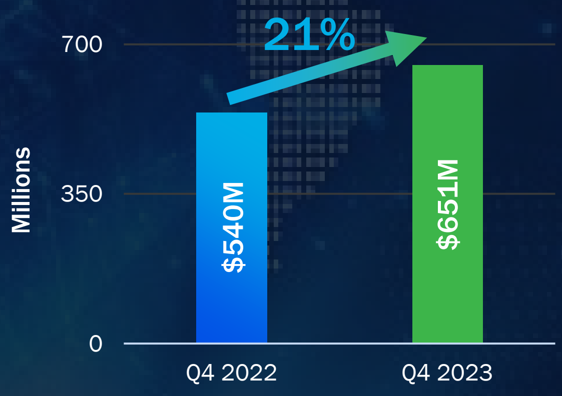
Adjusted EBITDA



Critical Infrastructure

- Q4 2023 revenue increased 21% and 20% organically from Q4 2022
- Adjusted EBITDA of $46M decreased 10% from prior year period due to a net $20M negative impact from adjustments on two programs; FY23 adjusted EBITDA grew 14% y/y
- TTM book-to-bill ratio of 1.1x

Total Revenue



Adjusted EBITDA

SIGNIFICANT CONTRACT WINS

Awarded
>$250M

Awarded a single-award classified contract for continued work in support of the U.S. Government, valued at over $250 million. This award represents a critical task that the corporation and its acquired companies have been performing for over a decade and has a base period of one year with four one-year option periods. The company booked $50 million on this contract in the fourth quarter.

Awarded
$150M

Awarded a new $150 million single-award contract to serve as lead designer on a major infrastructure replacement project in the northeast United States. The company plans to book the full value of the contract in Q1 2024.

Awarded
$80M

Awarded a new $80 million contract to provide remediation of lead contaminated soil for a U.S. customer. The company booked $73 million on this contract in the fourth quarter.

SIGNIFICANT CONTRACT WINS (continued)

Awarded

>$245M ceiling

>$200M ceiling

Awarded prime positions on two multiple-award indefinite-delivery, indefinite-quantity contracts. The first one is a U.S. Army Corps of Engineers Kansas City District contract with a value of $245 million. The five-year contract for environmental remediation activities represents new work for the company. The contract consists of funding from the Infrastructure Investment and Jobs Act related to Environmental Protection Agency projects. The second one is a General Services Administration Public Building Service contract with an estimated value of $200 million for program management and construction management services. The contract has a five-year ordering period and represents new work for the company.

Awarded

$115M

After the fourth quarter of 2023 ended, the company was selected by the United States Department of Labor Job Corps Acquisition Services to assist with planning, management, and oversight of the Job Corps Facilities Program. Parsons is the sole awardee on the over $115 million ceiling value contract, which includes a base performance period of one year and four one-year option periods. This award continues a contract that the company has held since 2013.

Awarded

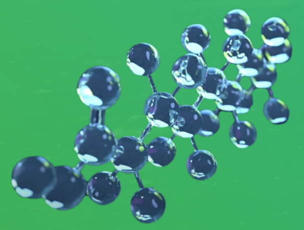
$87M

After the fourth quarter of 2023 ended, the company was also awarded a new $87 million contract to provide project management services for a major tourism and entertainment development in the Middle East.

Additional Corporate Highlights

Acquired Full-Service Consulting Firm - I.S. Engineers

Parsons announced and closed the acquisition of I.S. Engineers for $12.2 million. This acquisition is consistent with Parsons' strategy of completing accretive acquisitions of companies with revenue growth and adjusted EBITDA margins exceeding 10%, while adding critical infrastructure talent and bolstering the company's portfolio in large and growing states. Texas is poised to receive nearly $30 billion in total transportation funding from the Infrastructure Investment and Jobs Act between 2022 and 2026.



PFAS Leader

Parsons completed a comprehensive assessment, investigation, and treatment of per- and polyfluoroalkyl substances (PFAS) for a major Fortune 100 industrial client. Completing this project from investigation to treatment – without causing downtime for the facility – is a testament to the innovation, creativity, and expertise of Parsons' multidisciplinary PFAS team, and helps the company continue delivering a better world. The Parsons Water Treatability Lab in Syracuse, New York has been a leader of water treatment innovation for more than 30 years.

One of the Best Places to Work for LGBTQ+ Equality

Recognized with the highest achievable score of 100 by the Human Rights Campaign Foundation on their 2023 – 2024 Corporate Equality Index for active support and inclusion of the lesbian, gay, bisexual, transgender, queer (LGBTQ+) community. The company has been recognized as a leader in LGBTQ+ rights by the Human Rights Campaign since 2019.

Recognized as a top Best for Vets company by Military Times

This sought-after distinction recognizes organizations for their programs and policies that support veterans' post-military careers.

FISCAL YEAR 2024 GUIDANCE

	2023 Actuals	2024 Guidance	Growth at Mid-Point
Total Revenue	$5.4B	$5.8 - $6.0B	+8% (7% organic)
Adjusted EBITDA	$465M	$505 - $545M	+13% (40 bps)
Cash Flow from Operations	$408M	$350 - $410M	-7%*

**2024 free cash flow conversion is expected to be approximately 100% of adjusted net income*

Top Line Drivers

- $8.6B of total backlog
- Both segments poised for increased spending
- Hiring and retention momentum
- Low re-compete rate (less than 5%)
- Strong contract win rates
- On-contract growth
- $14B in contract wins not included in total backlog

Bottom Line Drivers

- Operating leverage – revenue outpacing cost growth
- Higher equity in earnings from improved JV performance
- Supply vs. Demand in a growing global infrastructure spend
- Growth in high margin markets
- Bid discipline
- Strong program execution
- Potential accretive M&A

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 impact of M&A, will preclude the company from providing accurate net income guidance for fiscal year 2024.

Increased Investor Day Growth Targets

	Current 2025 Trajectory	March 2023 Investor Day Guidance	Highlights
Organic Revenue Growth	Mid- single-digit organic growth or better	3% - 5%	Growth is off a revenue base that is $1.2 billion higher than the figures presented in March 2023
Total Revenue Growth	M&A to enhance organic growth profile	4% - 6%	Strategic acquisitions of companies that are accretive to Parsons' growth and margin profile
Adjusted EBITDA Margin Expansion	Average 20 - 30 bps/year	Average 20 - 30 bps/year	Continual margin improvement opportunity. Adjusted EBITDA expansion also off a higher revenue base
Free Cash Flow Conversion	≥100%	≥100%	Robust free cash flow generation to fund future organic and inorganic investment opportunities
Capital deployment priorities: Continued focus on strategic M&A and share repurchase program to drive shareholder value			

FISCAL YEAR 2024 GUIDANCE ASSUMPTIONS

- ~ 56% of total revenue to be generated from Federal Solutions segment at the mid-point
- Adjusted EBITDA margin of ~ 8.9% at the mid-point of the revenue guidance, up 40bps from 2023
- Net interest expense of ~ $32M
- GAAP effective tax rate of ~ 24%
- Net income attributable to noncontrolling interests of ~ $50M
- Tax effect on adjustments ~ (-$25M) for full-year
- Adjusted net income diluted share count of ~ 108M shares
- CapEx slightly less than ~ 1% of total revenue
- Equity-based compensation expenses of ~ $39M
- D&A expenses of ~ $90M, which includes ~ $50M of acquisition-related amortization
- FY24 guidance includes ~$10M of transaction and other expenses - does not include future acquisitions
- **Patterns:**
  - Revenue: Q1 revenue to experience the fastest growth rate for the year with strong double-digit growth over Q1 2023. From Q1 onward, we expect sequential improvements through Q4 to get to guidance mid-point
  - Adjusted EBITDA $: expect Q1 2024 to be up ~ 30% from Q1 2023. From Q1 onward, we expect sequential improvements through Q4 to get to guidance mid-point
  - Operating Cash Flow: expect typical seasonality with negative operating cash flow in Q1 of approximately $80M and then positive cash flow throughout the year

APPENDIX: SUPPLEMENTAL MATERIALS

ADJUSTED EBITDA RECONCILIATION

PARSONS CORPORATION
Non-GAAP Financial Information
Reconciliation of Net Income to Adjusted EBITDA
(in thousands)

	Three Months Ended		Twelve Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net income attributable to Parsons Corporation	$44,908	$28,131	$161,149	$96,664
Interest expense, net	8,528	8,051	29,306	22,219
Income tax provision (benefit)	14,194	12,014	56,138	39,657
Depreciation and amortization (a)	32,771	29,833	119,973	120,501
Net income attributable to noncontrolling interests	13,149	8,216	46,766	29,901
Equity-based compensation	11,059	8,540	36,151	24,354
Transaction-related costs (b)	2,985	1,784	12,013	16,270
Restructuring (c)	698	-	1,244	213
Other (d)	(149)	1,864	1,933	3,003
Adjusted EBITDA	$128,143	$98,433	$464,673	$352,782

(a) Depreciation and amortization for the three and twelve months ended December 31, 2023, is $27.8 million and $101.2 million, respectively, in the Federal Solutions Segment and $4.9 million and $18.7 million, respectively in the Critical Infrastructure Segment. Depreciation and amortization for the three and twelve months ended December 31, 2022, is $25.5 million and $102.9 million, respectively in the Federal Solutions Segment and $4.3 million and $17.6 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		Twelve Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	$82,423	$47,717	$289,250	$199,004
Federal Solutions Adjusted EBITDA attributable to noncontrolling interests	62	88	321	361
Federal Solutions Adjusted EBITDA including noncontrolling interests	$82,485	$47,805	$289,571	$199,365
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	32,304	42,365	127,785	123,385
Critical Infrastructure Adjusted EBITDA attributable to noncontrolling interests	13,354	8,263	47,317	30,032
Critical Infrastructure Adjusted EBITDA including noncontrolling interests	$45,658	$50,628	$175,102	$153,417
Total Adjusted EBITDA including noncontrolling interests	$128,143	$98,433	$464,673	$352,782

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		Twelve Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net income attributable to Parsons Corporation	$44,908	$28,131	$161,149	$96,664
Acquisition related intangible asset amortization	21,632	19,314	76,558	78,189
Equity-based compensation	11,059	8,540	36,151	24,354
Transaction-related costs (a)	2,985	1,784	12,013	16,270
Restructuring (b)	698	-	1,244	213
Other (c)	(149)	1,864	1,933	3,003
Tax effect on adjustments	(7,600)	(5,565)	(30,558)	(29,452)
Adjusted net income attributable to Parsons Corporation	73,533	54,068	258,490	189,241
Adjusted earnings per share:				
Weighted-average number of basic shares outstanding	105,285	103,980	104,992	103,758
Weighted-average number of diluted shares outstanding (d)	106,680	105,036	106,165	104,566
Adjusted net income attributable to Parsons Corporation per basic share	$0.70	$0.52	$2.46	$1.82
Adjusted net income attributable to Parsons Corporation per diluted share	$0.69	$0.51	$2.43	$1.81

(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.