
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 28, 2026



(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-07782
(Commission File Number)

95-3232481
(IRS Employer
Identification No.)

14291 Park Meadow Drive, Suite 100
Chantilly, Virginia
(Address of Principal Executive Offices)

20151
(Zip Code)

Registrant's Telephone Number, Including Area Code: (703) 988-8500

(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1 par value	PSN	New York Stock Exchange

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

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On October 28, 2026, Parson Corporation (the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2026 and certain other financial information. A copy of the press release is attached to this Form 8-K as Exhibit 99.1

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

The following exhibit is furnished as part of this Report pursuant to Item 2.02

99.1 [Press Release Dated October 28, 2026, announcing the Company's financial results for the quarter ended September 30, 2026.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

The information disclosed pursuant to Items 2.02 and 9.01 in this Current Report on Form 8-K, including the exhibit, shall not be deemed “filed” for the purposes of Section 18 of the Securities Act of 1934, as amended, or otherwise subject to the liabilities of that section. Furthermore, the information disclosed pursuant to Items 2.02 and 9.01 of this Current Report on Form 8-K, including the exhibit, shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, of the Securities Exchange Act of 1934, as amended

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Parsons Corporation

Date: October 28, 2026

By: /s/ Matthew M. Ofilos
Matthew M. Ofilos
Chief Financial Officer



THIRD QUARTER 2026

Earnings Press Release



Parsons Reports Third Quarter 2026 Results

Q3 2026 Key Takeaways

- Revenue, profitability, and cash flow exceeded commitments, with adjusted EBITDA and margin reaching record levels
- Continued strong demand across both segments, with contract awards increasing 14% year-over-year and a 1.1x consolidated book-to-bill ratio, including a 53% increase in Federal Solutions contract awards
- Record total and funded backlog
- Third-quarter financial results, combined with growing backlog, strong bookings, and a robust pipeline, underscore the resilience of the company's portfolio and provide a solid foundation for sustained organic growth across both segments

Q3 2026 Highlights

- Achieved a 1.1x book-to-bill ratio, maintaining a TTM ratio of at least 1.0x in every quarter since 2019 IPO; both segments delivered a third-quarter ratio of 1.0x or greater
- Q3 revenue of \$1.7 billion increased 2% year-over-year and decreased 1% on an organic basis, exceeding commitments
- Revenue growth of 5% excluding confidential contract; 2% on an organic basis
- Net income of \$54 million decreased \$10 million. Net income was impacted by transaction-related expenses
- Adjusted EBITDA increased 6% to a record \$168 million; margin expanded 40 basis points to a record 10.2%
- Total and funded backlog increased 6% and 7%, respectively, both reaching record levels of \$9.4 billion and \$6.8 billion
- Signed a definitive purchase agreement and finalizing novation for the divestiture of the remote-location contracts; made measurable progress on the Critical Infrastructure joint venture program
- Narrowing and reiterating mid-point of fiscal year 2026 revenue and adjusted EBITDA guidance ranges; reiterating operating cash flow guidance range

Chantilly, VA – October 28, 2026, Parsons Corporation (NYSE: PSN) today announced financial results for the third quarter ended September 30, 2026.

CEO Commentary

"We delivered a strong third quarter, exceeding our commitments with record adjusted EBITDA and adjusted EBITDA margin, and robust operating cash flow and bookings across both Federal Solutions and Critical Infrastructure. This performance highlights the resilience of our diversified portfolio and the strength of our differentiated solutions and products. Strong awards, record total and funded backlog, and a robust pipeline provide a solid foundation for continued organic growth," said Carey Smith, chair, president, and chief executive officer.

"We also continued to strengthen our portfolio, making meaningful progress on the strategic initiatives we outlined last quarter. While we continue to navigate procurement timing and geopolitical uncertainty, the alignment of our differentiated capabilities with our customers' most critical national security and infrastructure needs reinforces our confidence in Parsons' outlook. We remain focused on disciplined execution, converting our strong pipeline and recent awards into profitable growth, and delivering long-term value for our customers, employees, and shareholders."

Third Quarter 2026 Results

Year-over-Year Comparisons (Q3 2026 vs. Q3 2025)

Total revenue for the third quarter of 2026 increased by \$29 million, or 2%, to \$1.7 billion and was down 1% on an organic basis. Excluding the company's confidential contract, total revenue increased 5% and organic revenue increased 2%, driven by growth in our Cyber and Electronic Warfare and Transportation markets. Operating income decreased 4% to \$104 million primarily due to higher transaction-related expenses. Net income decreased 16% to \$54

million because of these same factors. GAAP diluted earnings per share (EPS) attributable to Parsons was \$0.51 in the third quarter of 2026, compared to \$0.59 in the prior year period.

Adjusted EBITDA including noncontrolling interests for the third quarter of 2026 was \$168 million, a 6% increase over the prior year period. Adjusted EBITDA margin expanded 40 basis points to 10.2%, a company record, compared to 9.8% in the third quarter of 2025. These increases were driven by accretive growth across both our Critical Infrastructure and Federal Solutions segments. Adjusted diluted EPS was \$0.89 in the third quarter of 2026, compared to \$0.86 in the third quarter of 2025. The year-over-year adjusted diluted EPS increase was driven by the items that impacted adjusted EBITDA above.

Segment Results

Critical Infrastructure Segment

Critical Infrastructure Year-over-Year Comparisons (Q3 2026 vs. Q3 2025)

(in millions)	Three Months Ended		Growth		Nine Months Ended		Growth	
	September 30, 2026	September 30, 2025	Dollars/Percent	Percent	September 30, 2026	September 30, 2025	Dollars/Percent	Percent
Revenue	\$ 846	\$ 833	\$ 13	2%	\$ 2,394	\$ 2,324	\$ 70	3%
Adjusted EBITDA	\$ 94	\$ 86	\$ 8	9%	\$ 229	\$ 241	\$ (12)	(5)%
Adjusted EBITDA margin	11.1%	10.3%	0.8%	8%	9.6%	10.4%	(0.8)%	(8)%

Third quarter 2026 Critical Infrastructure revenue increased \$13 million, or 2%, from the third quarter of 2025, reaching an all-time high. This increase was driven by organic growth of 1% and inorganic revenue contributions from the company's Applied Sciences acquisition. Organic growth was primarily driven by our Transportation market.

Third quarter 2026 adjusted EBITDA including noncontrolling interests increased by \$8 million, or 9%, compared to the prior year period. Adjusted EBITDA margin expanded 80 basis points to a record 11.1% from 10.3% in the prior year period. These increases were driven by ramp up of recent awards, contributions from accretive acquisitions, and stronger program execution.

Federal Solutions Segment

Federal Solutions Year-over-Year Comparisons (Q3 2026 vs. Q3 2025)

(in millions)	Three Months Ended		Growth		Nine Months Ended		Growth	
	September 30, 2026	September 30, 2025	Dollars/Percent	Percent	September 30, 2026	September 30, 2025	Dollars/Percent	Percent
Revenue	\$ 805	\$ 789	\$ 16	2%	\$ 2,324	\$ 2,437	\$ (113)	(5)%
Adjusted EBITDA	\$ 74	\$ 73	\$ 2	2%	\$ 132	\$ 215	\$ (83)	(39)%
Adjusted EBITDA margin	9.2%	9.2%	(—)%	(—)%	5.7%	8.8%	(3.1)%	(35)%

Third quarter 2026 revenue increased \$16 million, or 2%, compared to the prior year period and decreased 3% on an organic basis. Excluding the company's confidential contract, Federal Solutions' revenue increased 9% and 3% on an organic basis. These increases were driven by growth in our Cyber and Electronic Warfare and Transportation markets, and contributions from our Altamira acquisition.

Third quarter 2026 Federal Solutions adjusted EBITDA including noncontrolling interests increased by \$2 million, or 2%, compared to the prior year period. Adjusted EBITDA margin remained unchanged at 9.2% compared to the prior year period. These increases were primarily driven by contributions from acquisitions and growth on accretive contracts.

Third Quarter 2026 Key Performance Indicators

- Book-to-bill ratio: 1.1x on net bookings of \$1.8 billion.
- Book-to-bill ratio (trailing twelve months): 1.1x on net bookings of \$7.3 billion.
- Record total backlog of \$9.4 billion, up \$530 million, or 6%, from Q3 2025. Record funded backlog of \$6.8 billion represented 73% of total backlog and increased 7% year-over-year.
- Cash flow from operating activities: Q3 2026 of \$269 million compared to \$163 million in third quarter of 2025. On a trailing-12-month basis, the company generated \$490 million in operating cash flow, an increase of 12% over the prior 12-month period.

Significant Contract Wins

Parsons continues to win new business across both segments. During the third quarter of 2026, the company received three contract actions valued at more than \$100 million each and continued to expand its use of Other Transaction Agreements (OTAs).

- Received an increase in the ceiling value of the five-year, sole-source OTA with U.S. Cyber Command to \$750 million. Under this agreement, the company has begun full-rate production of the Joint Cyber Hunt Kit, or JCHK. In total, the company has booked \$250 million on this agreement.
- Awarded a 66-month, \$495 million ceiling value contract for a national security customer to acquire and deploy advanced communications, power, and software capabilities. The company booked \$37 million on this contract during the third quarter.
- Booked \$234 million of the \$514 million Missile Defense Agency's (MDA) Technical, Engineering, Advisory, and Management Support (TEAMS) – NEXT Systems Engineering contract two-year option period. For the first nine months of 2026, the company has booked \$429 million on this contract extension.
- Awarded a five-year, \$97 million Other Transaction Agreement by a government customer to deliver technology to simulate radio frequency and cyber conditions. The company booked \$4 million on this agreement during the third quarter.
- Awarded a five-year, \$95 million Other Transaction Agreement by a government customer to modernize software supporting early-warning capabilities. The company booked \$19 million on this agreement during the third quarter.
- Awarded an OTA by the Department of War for solutions related to the Pacific Command theater of operations. This three-year OTA has a ceiling value of \$95 million and expands the company's footprint in PACOM, enabling continued deployment of exquisite solutions that advance mission success and protect national security. The company booked \$30 million on this agreement during the third quarter.
- Awarded a 75-month, \$86 million OTA by Army Contracting Command – Rock Island, in coordination with Air Force Civil Engineering Center. Under this agreement, which represents new work for the company, Parsons will serve as the Owner's Advisor for the development of U.S. Space Command's new headquarters at Redstone Arsenal in Huntsville, Alabama, providing comprehensive program and construction management support during planning, design, construction, and operationalization. This OTA will oversee one of the Department of War's largest progressive design-build initiatives to date and is one of the Air Force's first uses of an Owner's Advisor delivery approach. The company booked the full amount on this agreement during the third quarter.
- Awarded a \$70 million single-award task order under the Air Base, Air Defense IDIQ contract. Under this task order, Parsons will support the integration, testing, deployment, sustainment, maintenance, and operational transition of point-defense systems designed to defend personnel, aircraft, installations, and other critical assets from emerging aerial threats through Europe and Africa. This contract has a four-year period of performance with three 12-month option periods. The company booked \$46 million on this contract during the third quarter.

CFO Transition

Matt Ofilos, Parsons' Chief Financial Officer, has notified the Company of his decision to resign from his position, effective November 6, 2026, to pursue another professional opportunity. Mr. Ofilos' resignation is not the result of any disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

George Ball, who served as Parsons' Chief Financial Officer from 2008 to 2022 and has served on the Company's Board of Directors since 2022, has been appointed interim Chief Financial Officer, effective November 6, 2026.

Additional Corporate Highlights

Parsons continues to be recognized as a leading global infrastructure company, receiving multiple awards for project excellence. Parsons was also designated a Best Veteran Employer.

- Received an Award of Merit under the Highway/Bridge category for the Brooklyn Bridge Rehabilitation project by Engineering News-Record (ENR) New York. This project was also honored with the Centennial Project of the Year by the New York State Society of Professional Engineers.
- Recognized by ENR Midwest with an Award of Merit under the Highway/Bridge category for the I-70 Rochepoint Bridge Replacement Design-Build and Best Project designation for The Gordie Howe International Bridge Project, which was also named a Finalist in the Midwest Best Projects of the Year by ENR.
- Honored with the Best Project designation under the Airport/Transit category, Award of Merit for Excellence in Sustainability, and Excellence in Safety for the Federal Way Link Extension project by ENR Northwest.
- Awarded Digital Transformation of the Year under the Consultant category at the Construction Technology Awards 2026.
- Recognized as a Best Veteran Employer by Vetted Employer for 2026-2027. This official designation was earned by meeting the benchmark requirements of the Vetted Checkup Survey, which evaluates an organization's veteran hiring practices, retention, and military-connected support programs.

Fiscal Year 2026 Guidance

The company is narrowing and reiterating the mid-point of its fiscal year 2026 revenue and adjusted EBITDA guidance ranges and reiterating its operating cash flow guidance range.

	Current Fiscal Year 2026 Guidance	Prior Fiscal Year 2026 Guidance
Revenue	\$6.25 billion - \$6.45 billion	\$6.20 billion - \$6.50 billion
Adjusted EBITDA including non-controlling interest	\$510 million - \$550 million	\$500 million - \$560 million
Cash Flow from Operating Activities	\$430 million - \$490 million	\$430 million - \$490 million

We have not provided a reconciliation of our Adjusted EBITDA guidance because the information needed to reconcile this measure is unavailable due to the inherent difficulty of forecasting the timing or amount of various items that have not yet occurred, which may be significant. Additionally, estimating such GAAP measures and providing a meaningful reconciliation for future periods requires a level of precision that is unavailable for these future periods and cannot be accomplished without unreasonable effort.

Conference Call Information

Parsons will host a conference call today, October 28, 2026, at 8:00 a.m. ET to discuss the financial results for its third quarter 2026.

Access to a webcast of the live conference call can be obtained through the Investor Relations section of the company's website (<https://investors.parsons.com>). Those parties interested in participating via telephone may register on the Investor Relations website or by clicking [here](#).

A replay will be available on the company's website approximately two hours after the conference call and continuing for one year.

About Parsons Corporation

Parsons (NYSE: PSN) is a leading disruptive technology provider in the national security and global infrastructure markets, with capabilities across cyber and electronic warfare, space and missile defense, transportation, water and environment, urban development, and critical infrastructure protection. Please visit [Parsons.com](https://www.parsons.com) and follow us on LinkedIn and Facebook to learn how we're making an impact.

Forward-Looking Statements

This Earnings Release contains forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. Words or phrases such as “may”, “will”, “should”, “expects”, “plans”, “anticipates”, “could”, “intends”, “target”, “projects”, “contemplates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these words or other similar terms or expressions are intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, without limitation, the factors listed under “Risk Factors” in the Company’s Form 10-K for the year ended December 31, 2025, and subsequent filings with the U.S. Securities and Exchange Commission, as well as the following: 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; volatility of government budgets and funding; our dependence on the award, maintenance and renewal of long-term government contracts, which are subject to the government’s budgetary approval process; our ability to successfully and timely perform our contractual obligations; the size of our 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. federal 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; underperformance, misconduct or other improper activities of 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, including the impact of contract divestments, program exits and program changes, and our ability to accurately estimate or otherwise recover expenses, time and resources for our contracts; changes in estimates used in recognizing revenue and expenses; internal system or service failures and cyber or other security breaches; and inherent uncertainties and potential adverse developments in legal proceedings including litigation, audits, reviews and investigations, which may result in materially adverse judgments, settlements, failure to successfully collect on judgments or claims to the extent we expected and recorded as revenue, or other unfavorable outcomes.

Forward-looking statements are primarily based on our current estimates, assumptions, expectations and projections. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, many of which are beyond our control and difficult to predict. All forward-looking statements are based

on currently available information and speak only as of the date on which they are made. These statements are inherently uncertain, and you are cautioned not to unduly rely upon these statements. We undertake no obligation to update any forward-looking statements due to subsequent events, new information or otherwise, except as required in connection with our ongoing requirements under federal securities laws.

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PARSONS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Revenue	\$ 1,650,548	\$ 1,621,748	\$ 4,717,591	\$ 4,760,431
Direct cost of contracts	1,268,481	1,261,893	3,682,866	3,698,240
Equity in earnings (losses) of unconsolidated joint ventures	7,242	8,266	(20,350)	6,937
Selling, general and administrative expenses	285,490	260,166	813,587	756,279
Operating income	103,819	107,955	200,788	312,849
Interest income	864	1,839	3,240	5,049
Interest expense	(16,301)	(13,535)	(48,685)	(38,350)
Other (expense) income, net	(525)	1,570	17,569	8,224
Total other expense	(15,962)	(10,126)	(27,876)	(25,077)
Income before income tax expense	87,857	97,829	172,912	287,772
Income tax expense	(20,446)	(16,035)	(40,755)	(53,702)
Net income including noncontrolling interests	67,411	81,794	132,157	234,070
Net income attributable to noncontrolling interests	(13,258)	(17,671)	(40,297)	(48,514)
Net income attributable to Parsons Corporation	\$ 54,153	\$ 64,123	\$ 91,860	\$ 185,556
Earnings per share:				
Basic	\$ 0.51	\$ 0.60	\$ 0.86	\$ 1.74
Diluted	\$ 0.51	\$ 0.59	\$ 0.85	\$ 1.69

Weighted average number shares used to compute basic and diluted EPS

(In thousands) (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Basic weighted average number of shares outstanding	105,966	106,763	106,710	106,864
Dilutive effect of stock-based awards	789	1,395	855	1,400
Dilutive effect of warrants	-	289	9	245
Dilutive effect of convertible senior notes	-	631	-	1,547
Diluted weighted average number of shares outstanding	106,755	109,078	107,574	110,056

Net income available to shareholders used to compute diluted EPS as a result of adopting the if-converted method in connection with the Convertible Senior Notes

(In thousands) (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Net income attributable to Parsons Corporation	\$ 54,153	\$ 64,123	\$ 91,860	\$ 185,556
Convertible senior notes if-converted method interest adjustment	-	27	-	135
Diluted net income attributable to Parsons Corporation	\$ 54,153	\$ 64,150	\$ 91,860	\$ 185,691

PARSONS CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except share information)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents (including \$113,889 and \$153,144 Cash of consolidated joint ventures)	\$ 296,954	\$ 466,388
Accounts receivable, net (including \$303,583 and \$337,270 Accounts receivable of consolidated joint ventures)	1,108,366	1,124,417
Contract assets (including \$49,488 and \$41,318 Contract assets of consolidated joint ventures)	951,578	915,806
Prepaid expenses and other current assets (including \$13,043 and \$11,145 Prepaid expenses and other current assets of consolidated joint ventures)	201,251	176,932
Assets held for sale	20,960	-
Total current assets	<u>2,579,109</u>	<u>2,683,543</u>
Property and Equipment, net (including \$2,251 and \$2,488 Property and equipment of consolidated joint ventures)	168,286	151,061
Right of use assets, operating leases (including \$3,512 and \$4,482 Right of use assets, operating leases of consolidated joint ventures)	157,932	126,770
Goodwill	2,421,589	2,186,650
Investments in and advances to unconsolidated joint ventures	174,764	148,640
Intangible assets, net	362,668	325,880
Deferred tax assets	59,830	88,191
Other noncurrent assets	61,059	58,799
Total assets	<u>\$ 5,985,237</u>	<u>\$ 5,769,534</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable (including \$46,000 and \$58,914 Accounts payable of consolidated joint ventures)	\$ 243,380	\$ 250,514
Accrued expenses and other current liabilities (including \$186,050 and \$195,747 Accrued expenses and other current liabilities of consolidated joint ventures)	968,905	884,445
Contract liabilities (including \$35,706 and \$44,802 Contract liabilities of consolidated joint ventures)	308,414	340,113
Short-term lease liabilities, operating leases (including \$1,766 and \$2,395 Short-term lease liabilities, operating leases of consolidated joint ventures)	38,742	45,353
Income taxes payable	260	11,239
Liabilities held for sale	57,415	-
Total current liabilities	<u>1,617,116</u>	<u>1,531,664</u>
Long-term employee incentives	27,528	30,834
Long-term debt	1,357,164	1,237,816
Long-term lease liabilities, operating leases (including \$1,742 and \$2,083 Long-term lease liabilities, operating leases of consolidated joint ventures)	133,244	94,044
Deferred tax liabilities	10,089	12,159
Other long-term liabilities	91,939	95,345
Total liabilities	<u>\$ 3,237,080</u>	<u>\$ 3,001,862</u>
Contingencies (Note 12)		
Shareholders' equity:		
Common stock, \$1 par value; authorized 1,000,000,000 shares; 144,239,300 and 145,676,335 shares issued; 57,002,408 and 56,103,965 public shares outstanding; 48,528,639 and 50,864,117 ESOP shares outstanding	\$ 144,239	\$ 145,676
Treasury stock, 38,708,253 shares at cost	(793,002)	(792,638)
Additional paid-in capital	2,564,768	2,648,730
Retained earnings	748,805	661,173
Accumulated other comprehensive loss	(27,162)	(20,921)
Total Parsons Corporation shareholders' equity	2,637,648	2,642,020
Noncontrolling interests	110,509	125,652
Total shareholders' equity	<u>2,748,157</u>	<u>2,767,672</u>
Total liabilities and shareholders' equity	<u>\$ 5,985,237</u>	<u>\$ 5,769,534</u>

PARSONS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	For the Nine Months Ended	
	September 30, 2026	September 30, 2025
Cash flows from operating activities:		
Net income including noncontrolling interests	\$ 132,157	\$ 234,070
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	106,681	85,844
Amortization of debt issue costs	3,669	3,834
Loss (gain) on disposal of property and equipment	798	187
Loss (gain) on sale of business	(19,300)	-
Deferred taxes	3,167	27,841
Foreign currency transaction gains and losses	2,240	(5,327)
Equity in losses (earnings) of unconsolidated joint ventures	20,350	(6,937)
Return on investments in unconsolidated joint ventures	21,123	26,562
Stock-based compensation	34,713	32,726
Contributions of treasury stock	59,789	54,023
Changes in assets and liabilities, net of acquisitions		
Accounts receivable	32,775	(90,740)
Contract assets	(51,178)	(70,659)
Prepaid expenses and other assets	(31,874)	(17,249)
Accounts payable	(10,647)	45,365
Accrued expenses and other current liabilities	22,425	(47,559)
Contract liabilities	26,788	39,497
Income taxes	(12,059)	3,713
Other long-term liabilities	(18,998)	(4,327)
Net cash provided by operating activities	322,619	310,864
Cash flows from investing activities:		
Capital expenditures	(48,961)	(36,030)
Proceeds from sale of property and equipment	-	35
Proceeds from sale of business	23,966	-
Payments for acquisitions, net of cash acquired	(330,123)	(118,294)
Investments in unconsolidated joint ventures	(79,176)	(62,383)
Return of investments in unconsolidated joint ventures	7,537	28,358
Net cash used in investing activities	(426,757)	(188,314)
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	569,300	243,700
Repayments of borrowings under revolving credit facility	(453,300)	(243,700)
Repurchases of convertible notes due 2025	-	(113,405)
Proceeds from term loan	-	450,000
Repayment of delayed draw term loan	-	(350,000)
Payments for debt issuance costs	-	(2,571)
Contributions by noncontrolling interests	504	1,503
Distributions to noncontrolling interests	(55,945)	(62,827)
Repurchases of common stock	(109,987)	(64,994)
Taxes paid on vested stock	(20,412)	(18,958)
Redemption of warrants	(4)	-
Proceeds from issuance of common stock	5,700	4,796
Net cash used in financing activities	(64,144)	(156,456)
Effect of exchange rate changes	(1,152)	2,912
Net increase (decrease) in cash, cash equivalents, and restricted cash	(169,434)	(30,994)
Cash, cash equivalents and restricted cash:		
Beginning of year	466,388	453,548
End of period	\$ 296,954	\$ 422,554

Contract Awards

(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Federal Solutions	\$ 994,280	\$ 649,692	\$ 3,010,914	\$ 2,045,171
Critical Infrastructure	\$ 826,916	943,317	2,737,657	2,820,389
Total Awards	<u>\$ 1,821,196</u>	<u>\$ 1,593,009</u>	<u>\$ 5,748,571</u>	<u>\$ 4,865,560</u>

Backlog

(in thousands)

	September 30, 2026	September 30, 2025
Federal Solutions:		
Funded	\$ 2,147,451	\$ 1,897,010
Unfunded	2,495,738	2,409,177
Total Federal Solutions	<u>4,643,189</u>	<u>4,306,187</u>
Critical Infrastructure:		
Funded	4,684,985	4,483,659
Unfunded	34,292	42,601
Total Critical Infrastructure	<u>4,719,277</u>	<u>4,526,260</u>
Total Backlog	<u>\$ 9,362,466</u>	<u>\$ 8,832,447</u>

Book-To-Bill Ratio¹:

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Federal Solutions	1.2	0.8	1.3	0.8
Critical Infrastructure	1.0	1.1	1.1	1.2
Overall	1.1	1.0	1.2	1.0

¹ Book-to-Bill ratio is calculated as total contract awards divided by total revenue for the period.

Non-GAAP Financial Information

The tables under "Parsons Corporation Inc. Reconciliation of Non-GAAP Measures" present Adjusted Net Income attributable to Parsons Corporation, Adjusted Earnings per Share, Earnings before Interest, Taxes, Depreciation, and Amortization ("EBITDA"), Adjusted EBITDA, EBITDA Margin, and Adjusted EBITDA Margin, reconciled to their most directly comparable GAAP measure. These financial measures are calculated and presented on the basis of methodologies other than in accordance with U.S. generally accepted accounting principles ("Non-GAAP Measures"). Parsons has provided these Non-GAAP Measures to adjust for, among other things, the impact of amortization expenses related to our acquisitions, costs associated with a loss or gain on the disposal or sale of property, plant and equipment, restructuring and related expenses, costs associated with mergers and acquisitions, software implementation costs, legal and settlement costs, and other costs considered non-operational in nature. These items have been Adjusted because they are not considered core to the company's business or otherwise not considered operational or because these charges are non-cash or non-recurring. The company presents these Non-GAAP Measures because management believes that they are meaningful to understanding Parsons's performance during the periods presented and the company's ongoing business. Non-GAAP Measures are not prepared in accordance with GAAP and therefore are not necessarily comparable to similarly titled metrics or the financial results of other companies. These Non-GAAP Measures should be considered a supplement to, not a substitute for, or superior to, the corresponding financial measures calculated in accordance with GAAP.

PARSONS CORPORATION
Non-GAAP Financial Information
Reconciliation of Net Income to Adjusted EBITDA

(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
GAAP Net income attributable to Parsons Corporation	\$ 54,153	\$ 64,123	\$ 91,860	\$ 185,556
Interest expense, net	15,437	11,696	45,445	33,301
Income tax expense	20,446	16,035	40,755	53,702
Depreciation and amortization (a)	34,118	29,849	106,681	85,844
Net income attributable to noncontrolling interests	13,258	17,671	40,297	48,514
Equity-based compensation	11,518	11,568	31,049	30,190
Transaction-related costs (b)	16,180	5,074	17,493	13,910
Restructuring (c)	-	292	-	2,653
Other (d)	2,733	1,829	(12,588)	2,374
Non-GAAP Adjusted EBITDA	<u>\$ 167,843</u>	<u>\$ 158,137</u>	<u>\$ 360,992</u>	<u>\$ 456,044</u>
GAAP Revenue	\$ 1,650,548	\$ 1,621,748	\$ 4,717,591	\$ 4,760,431
Non-GAAP Adjusted EBITDA Margin	<u>10.2%</u>	<u>9.8%</u>	<u>7.7%</u>	<u>9.6%</u>

- (a) Depreciation and amortization for the three and nine months ended September 30, 2026, is \$24.6 million and \$79.0 million, respectively in the Federal Solutions Segment and \$9.5 million and \$27.7 million, respectively in the Critical Infrastructure Segment. Depreciation and amortization for the three and nine months ended September 30, 2025, is \$21.1 million and \$60.7 million, respectively in the Federal Solutions Segment and \$8.8 million and \$25.1 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 on sale of business, gain/loss related to sale of fixed assets, software implementation costs, and other individually insignificant items that are non-recurring in nature.

PARSONS CORPORATION
Non-GAAP Financial Information
Computation of Adjusted EBITDA Attributable to Noncontrolling Interests

(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	\$ 74,126	\$ 72,501	\$ 131,893	\$ 215,105
Federal Solutions Adjusted EBITDA attributable to noncontrolling interests	24	11	64	73
Federal Solutions Adjusted EBITDA including noncontrolling interests	\$ 74,150	\$ 72,512	\$ 131,957	\$ 215,178
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	80,254	67,803	188,162	192,183
Critical Infrastructure Adjusted EBITDA attributable to noncontrolling interests	13,439	17,822	40,873	48,683
Critical Infrastructure Adjusted EBITDA including noncontrolling interests	\$ 93,693	\$ 85,625	\$ 229,035	\$ 240,866
Total Adjusted EBITDA including noncontrolling interests	\$ 167,843	\$ 158,137	\$ 360,992	\$ 456,044

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		Nine Months Ended	
	September 30, 2026	September 30, 2025	September 30, 2026	September 30, 2025
GAAP Net income attributable to Parsons Corporation	\$ 54,153	\$ 64,123	\$ 91,860	\$ 185,556
Acquisition related intangible asset amortization	21,511	17,996	68,988	51,431
Equity-based compensation	11,518	11,568	31,049	30,190
Transaction-related costs (a)	16,180	5,074	17,493	13,910
Restructuring (b)	-	292	-	2,653
Other (c)	2,733	1,829	(12,588)	2,374
Tax effect on adjustments	(11,172)	(7,829)	(23,077)	(24,235)
Non-GAAP Adjusted net income attributable to Parsons Corporation	<u>\$ 94,923</u>	<u>\$ 93,053</u>	<u>\$ 173,725</u>	<u>\$ 261,879</u>
Adjusted earnings per share:				
GAAP Weighted-average number of basic shares outstanding	105,966	106,763	106,710	106,864
GAAP Weighted-average number of diluted shares outstanding (d)	106,755	108,158	107,565	108,264
Non-GAAP Adjusted net income attributable to Parsons Corporation per basic share	\$ 0.90	\$ 0.87	\$ 1.63	\$ 2.45
Non-GAAP Adjusted net income attributable to Parsons Corporation per diluted share	<u>\$ 0.89</u>	<u>\$ 0.86</u>	<u>\$ 1.62</u>	<u>\$ 2.42</u>

- (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 on sale of business, 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 2025 due to bond hedge.

