

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended September 30, 2025  
OR  
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
For the transition period from to  
Commission File Number: 001-07782



**Parsons Corporation**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**95-3232481**  
(I.R.S. 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**

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 20, 2025, the registrant had 106,488,582 shares of common stock, \$1.00 par value per share, outstanding.

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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**PARSONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
*(in thousands, except share information)*

	September 30, 2025 (Unaudited)	December 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (including \$91,469 and \$202,121 Cash of consolidated joint ventures)	\$ 422,554	\$ 453,548
Accounts receivable, net (including \$397,196 and \$294,700 Accounts receivable of consolidated joint ventures)	1,223,904	1,100,396
Contract assets (including \$9,197 and \$7,906 Contract assets of consolidated joint ventures)	822,487	741,504
Prepaid expenses and other current assets (including \$17,208 and \$14,723 Prepaid expenses and other current assets of consolidated joint ventures)	180,100	166,952
<b>Total current assets</b>	<b>2,649,045</b>	<b>2,462,400</b>
Property and Equipment, net (including \$2,800 and \$2,971 Property and equipment of consolidated joint ventures)	125,867	111,575
Right of use assets, operating leases (including \$4,208 and \$5,726 Right of use assets, operating leases of consolidated joint ventures)	133,535	153,048
Goodwill	2,163,469	2,082,680
Investments in and advances to unconsolidated joint ventures	156,421	138,759
Intangible assets, net	339,426	349,937
Deferred tax assets	106,921	133,450
Other noncurrent assets	62,033	56,113
<b>Total assets</b>	<b>\$ 5,736,717</b>	<b>\$ 5,487,962</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable (including \$36,515 and \$28,214 Accounts payable of consolidated joint ventures)	\$ 271,415	\$ 207,589
Accrued expenses and other current liabilities (including \$213,246 and \$198,797 Accrued expenses and other current liabilities of consolidated joint ventures)	912,138	894,425
Contract liabilities (including \$57,327 and \$66,144 Contract liabilities of consolidated joint ventures)	343,509	289,799
Short-term lease liabilities, operating leases (including \$2,516 and \$3,522 Short-term lease liabilities, operating leases of consolidated joint ventures)	49,514	52,725
Income taxes payable	11,375	7,701
Short Term Debt	-	463,405
<b>Total current liabilities</b>	<b>1,587,951</b>	<b>1,915,644</b>
Long-term employee incentives	29,838	31,818
Long-term debt	1,236,700	784,096
Long-term lease liabilities, operating leases (including \$1,689 and \$2,203 Long-term lease liabilities, operating leases of consolidated joint ventures)	97,673	114,386
Deferred tax liabilities	17,665	11,043
Other long-term liabilities	102,250	96,486
<b>Total liabilities</b>	<b>\$ 3,072,077</b>	<b>\$ 2,953,473</b>
Contingencies (Note 12)		
Shareholders' equity:		
Common stock, \$1 par value; authorized 1,000,000,000 shares; 146,368,908 and 146,656,225 shares issued; 55,535,089 and 52,657,447 public shares outstanding; 50,952,945 and 54,117,904 ESOP shares outstanding	\$ 146,369	\$ 146,655
Treasury stock, 39,880,875 shares at cost	(815,282)	(815,282)
Additional paid-in capital	2,645,230	2,684,829
Retained earnings	605,795	426,781
Accumulated other comprehensive loss	(24,282)	(26,594)
<b>Total Parsons Corporation shareholders' equity</b>	<b>2,557,830</b>	<b>2,416,389</b>
Noncontrolling interests	106,810	118,100
<b>Total shareholders' equity</b>	<b>2,664,640</b>	<b>2,534,489</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,736,717</b>	<b>\$ 5,487,962</b>

The accompanying notes are an integral part of these consolidated financial statements.

**PARSONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
*(In thousands, except per share information)*  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue	\$ 1,621,748	\$ 1,810,116	\$ 4,760,431	\$ 5,016,259
Direct cost of contracts	1,261,893	1,449,831	3,698,240	3,979,589
Equity in earnings (losses) of unconsolidated joint ventures	8,266	872	6,937	(18,025)
Selling, general and administrative expenses	260,166	246,169	756,279	690,391
Operating income	<u>107,955</u>	<u>114,988</u>	<u>312,849</u>	<u>328,254</u>
Interest income	1,839	4,232	5,049	9,209
Interest expense	(13,535)	(13,034)	(38,350)	(39,040)
Convertible debt repurchase loss	-	-	-	(18,355)
Other income (expense), net	1,570	1,921	8,224	(510)
Total other income (expense)	<u>(10,126)</u>	<u>(6,881)</u>	<u>(25,077)</u>	<u>(48,696)</u>
Income before income tax expense	97,829	108,107	287,772	279,558
Income tax expense	(16,035)	(22,518)	(53,702)	(58,257)
Net income including noncontrolling interests	81,794	85,589	234,070	221,301
Net income attributable to noncontrolling interests	(17,671)	(13,638)	(48,514)	(40,428)
Net income attributable to Parsons Corporation	<u>\$ 64,123</u>	<u>\$ 71,951</u>	<u>\$ 185,556</u>	<u>\$ 180,873</u>
Earnings per share:				
Basic	\$ 0.60	\$ 0.68	\$ 1.74	\$ 1.70
Diluted	\$ 0.59	\$ 0.65	\$ 1.69	\$ 1.64

The accompanying notes are an integral part of these consolidated financial statements.

**PARSONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
*(In thousands)*  
(Unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u> <u>2025</u>	<u>September 30,</u> <u>2024</u>	<u>September 30,</u> <u>2025</u>	<u>September 30,</u> <u>2024</u>
Net income including noncontrolling interests	\$ 81,794	\$ 85,589	\$ 234,070	\$ 221,301
Other comprehensive income, net of tax				
Foreign currency translation adjustment, net of tax	(4,946)	2,977	3,522	(1,195)
Pension adjustments, net of tax	(1,275)	23	(1,206)	(24)
Comprehensive income including noncontrolling interests, net of tax	75,573	88,589	236,386	220,082
Comprehensive income attributable to noncontrolling interests, net of tax	(17,671)	(13,641)	(48,514)	(40,443)
Comprehensive income attributable to Parsons Corporation, net of tax	<u>\$ 57,902</u>	<u>\$ 74,948</u>	<u>\$ 187,872</u>	<u>\$ 179,639</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PARSONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*  
(Unaudited)

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2025</b>	<b>September 30, 2024</b>
<b>Cash flows from operating activities:</b>		
Net income including noncontrolling interests	\$ 234,070	\$ 221,301
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	85,844	73,513
Amortization of debt issue costs	3,834	6,563
Loss (gain) on disposal of property and equipment	187	573
Convertible debt repurchase loss	-	18,355
Deferred taxes	27,841	(1,015)
Foreign currency transaction gains and losses	(5,327)	898
Equity in losses of unconsolidated joint ventures	(6,937)	18,025
Return on investments in unconsolidated joint ventures	26,562	31,770
Stock-based compensation	32,726	39,960
Contributions of treasury stock	54,023	43,372
Changes in assets and liabilities, net of acquisitions and consolidated joint ventures:		
Accounts receivable	(90,740)	(116,468)
Contract assets	(70,659)	(29,597)
Prepaid expenses and other assets	(17,249)	32,884
Accounts payable	45,365	56,665
Accrued expenses and other current liabilities	(47,559)	25,654
Contract liabilities	39,497	343
Income taxes	3,713	(3,354)
Other long-term liabilities	(4,327)	(22,602)
Net cash provided by operating activities	<u>310,864</u>	<u>396,840</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(36,030)	(30,446)
Proceeds from sale of property and equipment	35	128
Payments for acquisitions, net of cash acquired	(118,294)	(198,875)
Investments in unconsolidated joint ventures	(62,383)	(115,446)
Return of investments in unconsolidated joint ventures	28,358	25
Net cash used in investing activities	<u>(188,314)</u>	<u>(344,614)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings under credit agreement	243,700	153,200
Repayments of borrowings under credit agreement	(243,700)	(153,200)
Proceeds from issuance of convertible notes due 2029	-	800,000
Repurchases of convertible notes due 2025	(113,405)	(495,590)
Proceeds from term loan	450,000	-
Repayment of delayed draw term loan	(350,000)	-
Payments for debt issuance costs	(2,571)	(19,185)
Contributions by noncontrolling interests	1,503	1,038
Distributions to noncontrolling interests	(62,827)	(29,006)
Repurchases of common stock	(64,994)	(10,000)
Taxes paid on vested stock	(18,958)	(19,228)
Capped call transactions	-	(88,400)
Bond hedge termination	-	195,549
Redemption of warrants	-	(104,952)
Proceeds from issuance of common stock	4,796	3,740
Net cash (used in) provided by financing activities	<u>(156,456)</u>	<u>233,966</u>
Effect of exchange rate changes	2,912	(312)
Net increase (decrease) in cash, cash equivalents, and restricted cash	<u>(30,994)</u>	<u>285,880</u>
Cash, cash equivalents and restricted cash:		
Beginning of year	453,548	272,943
End of period	<u>\$ 422,554</u>	<u>\$ 558,823</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PARSONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Shareholders' Equity**  
For the Three Months Ended September 30, 2025 and September 30, 2024  
(In thousands)  
(Unaudited)

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Parsons Equity	Noncontrolling Interests	Total
<b>Balance at June 30, 2025</b>	<u>\$ 146,676</u>	<u>\$ (815,282)</u>	<u>\$ 2,660,579</u>	<u>\$ 541,965</u>	<u>\$ (18,067)</u>	<u>\$ 2,515,871</u>	<u>\$ 105,740</u>	<u>\$ 2,621,611</u>
Net income	-	-	-	64,123	-	64,123	17,671	81,794
Foreign currency translation loss, net	-	-	-	-	(4,940)	(4,940)	(6)	(4,946)
Pension adjustments, net	-	-	-	-	(1,275)	(1,275)	-	(1,275)
Contributions	-	-	-	-	-	-	1,176	1,176
Distributions	-	-	-	-	-	-	(17,771)	(17,771)
Issuance of equity securities, net of retirement	16	-	(472)	(293)	-	(749)	-	(749)
Repurchases of common stock	(323)	-	(24,677)	-	-	(25,000)	-	(25,000)
Stock based compensation	-	-	9,800	-	-	9,800	-	9,800
<b>Balance at September 30, 2025</b>	<u>\$ 146,369</u>	<u>\$ (815,282)</u>	<u>\$ 2,645,230</u>	<u>\$ 605,795</u>	<u>\$ (24,282)</u>	<u>\$ 2,557,830</u>	<u>\$ 106,810</u>	<u>\$ 2,664,640</u>
<b>Balance at June 30, 2024</b>	<u>\$ 146,697</u>	<u>\$ (827,311)</u>	<u>\$ 2,615,623</u>	<u>\$ 302,640</u>	<u>\$ (19,139)</u>	<u>\$ 2,218,510</u>	<u>\$ 101,134</u>	<u>\$ 2,319,644</u>
Net income	-	-	-	71,951	-	71,951	13,638	85,589
Foreign currency translation gain, net	-	-	-	-	2,974	2,974	3	2,977
Pension adjustments, net	-	-	-	-	23	23	-	23
Contributions	-	-	-	-	-	-	961	961
Distributions	-	-	-	-	-	-	(13,757)	(13,757)
Issuance of equity securities, net of retirements	6	-	(145)	(152)	-	(291)	-	(291)
Stock based compensation	-	-	19,285	-	-	19,285	-	19,285
<b>Balance at September 30, 2024</b>	<u>\$ 146,703</u>	<u>\$ (827,311)</u>	<u>\$ 2,634,763</u>	<u>\$ 374,439</u>	<u>\$ (16,142)</u>	<u>\$ 2,312,452</u>	<u>\$ 101,979</u>	<u>\$ 2,414,431</u>

The accompanying notes are an integral part of these consolidated financial statements.

**PARSONS CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Shareholders' Equity**  
For the Nine Months Ended September 30, 2025 and September 30, 2024  
(In thousands)  
(Unaudited)

	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Parsons Equity	Noncontrolling Interests	Total
<b>Balance at December 31, 2024</b>	\$ 146,655	\$ (815,282)	\$ 2,684,829	\$ 426,781	\$ (26,594)	\$ 2,416,389	\$ 118,100	\$ 2,534,489
Net income	-	-	-	185,556	-	185,556	48,514	234,070
Foreign currency translation gain, net	-	-	-	-	3,518	3,518	4	3,522
Pension adjustments, net	-	-	-	-	(1,206)	(1,206)	-	(1,206)
Contributions	-	-	-	-	-	-	3,017	3,017
Distributions	-	-	-	-	-	-	(62,825)	(62,825)
Issuance of equity securities, net of retirement	680	-	(8,297)	(6,542)	-	(14,159)	-	(14,159)
Repurchases of common stock	(966)	-	(64,028)	-	-	(64,994)	-	(64,994)
Stock based compensation	-	-	32,726	-	-	32,726	-	32,726
<b>Balance at September 30, 2025</b>	<u>\$ 146,369</u>	<u>\$ (815,282)</u>	<u>\$ 2,645,230</u>	<u>\$ 605,795</u>	<u>\$ (24,282)</u>	<u>\$ 2,557,830</u>	<u>\$ 106,810</u>	<u>\$ 2,664,640</u>
<b>Balance at December 31, 2023</b>	\$ 146,341	\$ (827,311)	\$ 2,779,365	\$ 203,724	\$ (14,908)	\$ 2,287,211	\$ 89,504	\$ 2,376,715
Net income	-	-	-	180,873	-	180,873	40,428	221,301
Foreign currency translation loss, net	-	-	-	-	(1,210)	(1,210)	15	(1,195)
Pension adjustments, net	-	-	-	-	(24)	(24)	-	(24)
Contributions	-	-	-	-	-	-	1,038	1,038
Distributions	-	-	-	-	-	-	(29,006)	(29,006)
Capped call transactions	-	-	(66,121)	-	-	(66,121)	-	(66,121)
Repurchase of warrants	-	-	(104,952)	-	-	(104,952)	-	(104,952)
Bond hedge termination	-	-	149,308	-	-	149,308	-	149,308
Convertible debt inducement	-	-	(147,105)	-	-	(147,105)	-	(147,105)
Issuance of equity securities, net of retirement	493	-	(5,823)	(10,158)	-	(15,488)	-	(15,488)
Repurchases of common stock	(131)	-	(9,869)	-	-	(10,000)	-	(10,000)
Stock based compensation	-	-	39,960	-	-	39,960	-	39,960
<b>Balance at September 30, 2024</b>	<u>\$ 146,703</u>	<u>\$ (827,311)</u>	<u>\$ 2,634,763</u>	<u>\$ 374,439</u>	<u>\$ (16,142)</u>	<u>\$ 2,312,452</u>	<u>\$ 101,979</u>	<u>\$ 2,414,431</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Parsons Corporation and Subsidiaries**  
**Notes to Consolidated Financial Statements (unaudited)**

**1. Description of Operations**

**Organization**

Parsons Corporation, a Delaware corporation, and its subsidiaries (collectively, the "Company") provide sophisticated design, engineering and technical services, and smart and agile software to the United States federal government and Critical Infrastructure customers worldwide. The Company performs work in various foreign countries through local subsidiaries, joint ventures and foreign offices maintained to carry out specific projects.

**2. Basis of Presentation and Principles of Consolidation**

The accompanying unaudited consolidated financial statements and related notes of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and pursuant to the interim period reporting requirements of Form 10-Q. They do not include all of the information and footnotes required by GAAP for complete financial statements and, therefore, should be read in conjunction with our consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2024.

In the opinion of management, the consolidated financial statements reflect all normal recurring adjustments necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented. The results of operations and cash flows for any interim period are not necessarily indicative of results for the full year or for future years.

This Quarterly Report on Form 10-Q includes the accounts of Parsons Corporation and its subsidiaries and affiliates which it controls. Interests in joint ventures that are controlled by the Company, or for which the Company is otherwise deemed to be the primary beneficiary, are consolidated. For joint ventures in which the Company does not have a controlling interest, but exerts a significant influence, the Company applies the equity method of accounting (see "Note 14 – Investments in and Advances to Joint Ventures" for further discussion). Intercompany accounts and transactions are eliminated in consolidation. Certain amounts may not foot due to rounding.

**Adoption of Accounting Standards Update 2024-04**

As discussed in the Company's Form 10-K for the year ended December 31, 2024, in the fourth quarter of fiscal 2024, the Company adopted Accounting Standards Update ("ASU") 2024-04, "Debt—Debt with Conversion and Other Options (Subtopic 470-20)" ("ASU 2024-04"). The Company elected to early adopt ASU 2024-04 as of January 1, 2024 on a prospective basis.

In the first quarter of 2024, the Company took an extinguishment charge related to the partial repurchase of Convertible Senior Notes due 2025. This repurchase was recorded in the Company's financial statements as a loss on debt extinguishment according to the applicable guidance prior to ASU 2024-04. With the early adoption of ASU 2024-04, the Company reassessed the accounting conclusion of the first quarter 2024 partial repurchase of Convertible Senior Notes due 2025 and concluded the partial repurchase is subject to inducement accounting under ASU 2024-04.

Under inducement accounting, the difference in the fair value of the securities issuable pursuant to conversion privileges compared to the fair value of the consideration paid on the date of the acceptance of the inducement offer is recorded to inducement expense. The difference in the consideration paid to note holders, less inducement expenses, less the fair value of the notes repurchased is charged to equity.

For the nine months ended September 30, 2024, the Company reversed the loss on extinguishment of debt for the partial repurchase of the Convertible Senior Notes due 2025 and recorded the repurchase transaction as an induced conversion. This change from extinguishment to inducement accounting resulted in the Company (i.) reversing the \$211.0 million loss and the related \$49.9 million tax benefit on extinguishment of debt, recorded in Q1 2024, (ii.) recording a \$18.4 million convertible debt repurchase loss, (iii.) the difference between the extinguishment loss and inducement expense of \$192.6 million recorded to equity, and (iv.) the related tax benefit of \$45.6 million recorded to equity. See "Note 10— Debt and Credit Facilities" for a further discussion of the first quarter 2024 extinguishment accounting and

subsequent change to inducement accounting. Also see "Note 20—Quarterly Information" for the quarterly financial statement impacts related to this accounting change.

### **Use of Estimates**

The preparation of the consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates. The Company's most significant estimates and judgments involve revenue recognition with respect to the determination of the costs to complete contracts and transaction price; determination of self-insurance reserves; useful lives of property and equipment and intangible assets; valuation of deferred income tax assets and uncertain tax positions, among others. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" and "Note 2—Summary of Significant Accounting Policies" in the notes to our consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2024, for a discussion of the significant estimates and assumptions affecting our consolidated financial statements. Estimates of costs to complete contracts are continually evaluated as work progresses and are revised when necessary. When a change in estimate is determined to have an impact on contract profit, the Company records a positive or negative adjustment to the consolidated statement of income.

### **3. New Accounting Pronouncements**

In the fourth quarter of 2024, the Financial Accounting Standards Board ("FASB") Issued Accounting Standards Update ("ASU") 2024-04, "Debt—Debt with Conversion and Other Options (Subtopic 470-20)" ("ASU 2024-04"). ASU 2024-04 improves the relevance and consistency in application of the induced conversion guidance in Subtopic 470-20, Debt—Debt with Conversion and Other Options. The amendments in ASU 2024-04 clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. Under the amendments, to account for a settlement of a convertible debt instrument as an induced conversion, an inducement offer is required to provide the debt holder with, at a minimum, the consideration (in form and amount) issuable under the conversion privileges provided in the terms of the instrument. The amendments in this Update are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The Company adopted ASU 2020-06 in the first quarter of 2021. The Company early adopted ASU 2024-04 as of January 1, 2024 on a prospective basis. The adoption of this ASU had a material impact on the Company's consolidated financial statements. See the Company's Form 10-K for the year ended December 31, 2024 for further details regarding the adoption of ASU 2024-04.

In the fourth quarter of 2024, the FASB Issued ASU 2024-03 "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)" (ASU 2024-03). ASU 2024-03 requires disclosure, in the notes to financial statements, of specified information about certain costs and expenses. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The adoption of this ASU will not have a material impact on the Company's consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"), to improve the transparency of income tax disclosures. ASU 2023-09 requires a public business entity ("PBE") to disclose, on an annual basis, specific categories in its income tax rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. ASU 2023-09 also requires all entities to disclose its income taxes paid, net of refunds received, disaggregated by federal, state and foreign taxes, with further disaggregation required for significant individual jurisdictions. For public business entities, the new standard is effective for annual periods beginning after December 15, 2024. The Company plans to adopt ASU 2023-09 using the prospective approach in its fourth quarter of 2025 for the period ending December 31, 2025, and the adoption will impact only our disclosures with no material impact on the Company's consolidated financial statements.

#### 4. Acquisitions

##### Chesapeake Technology International, Corp

On June 30, 2025, the Company acquired a 100% ownership interest in Chesapeake Technology International, Corp ("CTI"), a privately owned company, for \$91.5 million from cash on hand. CTI brings extensive capabilities as an all-domain technology solutions provider, powered by cutting-edge products that enhance the warfighters' ability to sense, evaluate and deliver effects within the invisible battlespaces. CTI enhances our mission-ready solutions for the Department of Defense. In connection with this acquisition, the Company recognized \$2.2 million of acquisition-related expenses in "Selling, general and administrative expense" in the consolidated statements of income for the nine months ended September 30, 2025, including legal fees, consulting fees, and other miscellaneous direct expenses associated with the acquisition.

The following table summarizes the acquisition date fair value of the purchase consideration transferred (in thousands):

	<b>Amount</b>
Cash and cash equivalents	\$ 4,769
Accounts receivable	28,145
Contract assets	4,256
Inventory	169
Right of use assets, operating leases	2,310
Prepaid expenses and other current assets	762
Property and Equipment	1,029
Goodwill	57,998
Intangible assets	34,820
Other noncurrent assets	3,173
Accounts payable	(17,818)
Short-term lease liabilities, operating leases	(143)
Accrued expenses and other current liabilities	(7,265)
Contract liabilities	(8,079)
Deferred income taxes	(6,300)
Long-term lease liabilities, operating leases	(2,167)
Other long-term liabilities	(4,125)
Net assets acquired	<u>\$ 91,534</u>

Of the total purchase price, the following values were preliminarily assigned to intangible assets (in thousands, except for years):

	<b>Gross Carrying Amount</b>	<b>Amortization Period</b>
		(in years)
Customer relationships	\$ 20,690	15
Backlog	8,010	5
Developed technologies	3,000	3
Non-compete agreements	2,460	3
Trade name	\$ 660	1

Amortization expense of \$1.4 million related to these intangible assets was recorded for the three and nine months ended September 30, 2025. The entire value of goodwill was assigned to the Federal Solutions reporting unit and represents synergies expected to be realized from this business combination. \$8.5 million of goodwill is deductible for tax purposes.

The amount of revenue generated by CTI and included within consolidated revenue is \$19.2 million for the three and nine months ended September 30, 2025. The Company has determined that the presentation of net income from the date of acquisition is impracticable due to the integration of general corporate functions upon acquisition.

The Company is still in the process of finalizing its valuation of the assets and liabilities acquired.

### Supplemental Pro Forma Information (Unaudited)

Supplemental information of unaudited pro forma operating results assuming the CTI acquisition had been consummated as of the beginning of fiscal year 2024 (in thousands) is as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Pro forma Revenue	\$ 1,621,748	\$ 1,828,838	\$ 4,815,991	\$ 5,065,144
Pro forma Net Income including noncontrolling interests	82,693	83,368	236,520	211,653

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets, and the pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses which are reflected in the earliest period presented. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been consummated during the periods for which pro forma information is presented.

### TRS Group, Inc.

On January 31, 2025, the Company acquired a 100% ownership interest in TRS Group, Inc. ("TRS") a privately owned company, for \$36.6 million from cash on hand (of which \$3.8 million will be paid in July 2026). TRS is an environmental solutions firm that specializes in remediation technology. In connection with this acquisition, the Company recognized \$0.5 million of acquisition-related expenses in "Selling, general and administrative expense" in the consolidated statements of income for nine months ended September 30, 2025, including legal fees, consulting fees, and other miscellaneous direct expenses associated with the acquisition.

The following table summarizes the acquisition date fair value of the purchase consideration transferred (in thousands):

	Amount
Cash and cash equivalents	\$ 2,054
Accounts receivable	3,390
Contract assets	2,277
Income taxes receivable	354
Prepaid expenses and other current assets	2,414
Property and Equipment	5,832
Goodwill	22,972
Intangible assets	6,100
Accounts payable	(1,095)
Accrued expenses and other current liabilities	(3,270)
Contract liabilities	(4,222)
Short-term lease liabilities, operating leases	(116)
Long-term lease liabilities, operating leases	(124)
Net assets acquired	<u>\$ 36,566</u>

Of the total purchase price, the following values were preliminarily assigned to intangible assets (in thousands, except for years):

	<u>Gross Carrying Amount</u>	<u>Amortization Period</u>
		(in years)
Backlog	\$ 1,900	3
Developed technologies	3,900	5
Trade name	\$ 300	1

Amortization expense of \$0.4 million and \$1.1 million related to these intangible assets was recorded for the three and nine months ended September 30, 2025, respectively. The entire value of goodwill was assigned to the Critical Infrastructure reporting unit and represents synergies expected to be realized from this business combination. The entire value of goodwill is deductible for tax purposes.

The amount of revenue generated by TRS and included within consolidated revenue is \$7.6 million and \$19.0 million for the three and nine months ended September 30, 2025, respectively. The Company has determined that the presentation of net income from the date of acquisition is impracticable due to the integration of general corporate functions upon acquisition.

The Company is still in the process of finalizing its valuation of the assets and liabilities acquired.

#### Supplemental Pro Forma Information (Unaudited)

Supplemental information of unaudited pro forma operating results assuming the TRS acquisition had been consummated as of the beginning of fiscal year 2024 (in thousands) is as follows:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Pro forma Revenue	\$ 1,621,748	\$ 1,817,499	\$ 4,762,454	\$ 5,037,031
Pro forma Net Income including noncontrolling interests	82,057	85,410	234,856	220,098

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets, and the pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses which are reflected in the earliest period presented. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been consummated during the periods for which pro forma information is presented.

#### BCC Engineering, LLC

On November 1, 2024, the Company acquired a 100% ownership interest in BCC Engineering, LLC ("BCC") a privately owned company, for \$233.5 million from cash on hand. BCC is a full-service engineering firm that provides planning, design, and management services for transportation, civil and structural engineering projects in Florida, Georgia, Texas, South Carolina, and Puerto Rico. This acquisition strengthens Parsons' position as an infrastructure leader while expanding the company's reach in the southeastern United States. In connection with this acquisition, the Company recognized \$4.2 million of acquisition-related expenses in "Selling, general and administrative expense" in the

consolidated statements of income for the year ended December 31, 2024, including legal fees, consulting fees, and other miscellaneous direct expenses associated with the acquisition.

The following table summarizes the acquisition date fair value of the purchase consideration transferred (in thousands):

	<b>Amount</b>
Cash and cash equivalents	\$ 2,839
Accounts receivable	24,142
Contract assets	16,649
Prepaid expenses and other current assets	2,483
Right of use assets, operating leases	9,438
Property and Equipment	1,586
Other noncurrent assets	1,744
Goodwill	175,680
Intangible assets	32,400
Accounts payable	(8,668)
Accrued expenses and other current liabilities	(7,296)
Contract liabilities	(4,446)
Short-term lease liabilities, operating leases	(2,090)
Deferred income taxes	(2,299)
Long-term lease liabilities, operating leases	(7,462)
Other long-term liabilities	(1,183)
Net assets acquired	<u>\$ 233,517</u>

Of the total purchase price, the following values were assigned to intangible assets (in thousands, except for years):

	<b>Gross Carrying Amount</b>	<b>Amortization Period</b>
		(in years)
Customer relationships	\$ 6,500	4
Backlog	23,400	4
Non-compete agreements	1,700	3
Other	\$ 800	1

Amortization expense of \$2.2 million and \$6.6 million related to these intangible assets was recorded for the three and nine months ended September 30, 2025, respectively. The entire value of goodwill was assigned to the Critical Infrastructure reporting unit and represents synergies expected to be realized from this business combination. \$45.8 million of goodwill is deductible for tax purposes.

The amount of revenue generated by BCC and included within consolidated revenue is \$32.5 million and \$95.9 million for the three and nine months ended September 30, 2025, respectively. The Company has determined that the

presentation of net income from the date of acquisition is impracticable due to the integration of general corporate functions upon acquisition.

### Supplemental Pro Forma Information (Unaudited)

Supplemental information of unaudited pro forma operating results assuming the BCC acquisition had been consummated as of the beginning of fiscal year 2023 (in thousands) is as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Pro forma Revenue	\$ 1,621,748	\$ 1,836,915	\$ 4,760,431	\$ 5,093,599
Pro forma Net Income including noncontrolling interests	82,775	83,518	237,013	213,256

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets, and the pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses which are reflected in the earliest period presented. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been consummated during the periods for which pro forma information is presented.

### BlackSignal Technologies, LLC.

On August 16, 2024, the Company acquired a 100% ownership interest in BlackSignal Technologies, LLC, ("BlackSignal") a privately-owned company, for \$203.7 million from cash on hand. Headquartered in Chantilly, Virginia, BlackSignal is a next-generation digital signal processing, electronic warfare, and cyber security provider built to counter near peer threats. Parsons believes that the acquisition will expand Parsons' customer base across the Department of Defense and Intelligence Community and significantly strengthen Parsons' positioning within cyber warfare, while adding new capabilities in the counterspace radio frequency domain. In connection with this acquisition, the Company recognized \$2.5 million of acquisition-related expenses in "Selling, general and administrative expense" in the consolidated statements of income for the three and nine months ended September 30, 2024, including legal fees, consulting fees, and other miscellaneous direct expenses associated with the acquisition.

The following table summarizes the acquisition date fair value of the purchase consideration transferred (in thousands):

	Amount
Cash and cash equivalents	\$ 4,917
Accounts receivable	5,171
Contract assets	3,209
Prepaid expenses and other current assets	447
Right of use assets, operating leases	5,370
Property and Equipment	997
Goodwill	116,849
Intangible assets	97,600
Other assets	145
Accounts payable	(951)
Accrued expenses and other current liabilities	(4,999)
Short-term lease liabilities, operating leases	(800)
Deferred income taxes	(19,647)
Long-term lease liabilities, operating leases	(4,570)
Net assets acquired	\$ 203,738

Of the total purchase price, the following values were assigned to intangible assets (in thousands, except for years):

	<u>Gross Carrying Amount</u>	<u>Amortization Period</u>
		(in years)
Customer relationships	\$ 73,900	14
Backlog	11,700	3
Developed technologies	5,200	5
Non-compete agreements	6,100	3
Other	\$ 700	1

Amortization expense of \$3.2 million and \$9.7 million related to these intangible assets was recorded for the three and nine months ended September 30, 2025, respectively and \$2.1 million for the three and nine months ended September 30, 2024. The entire value of goodwill was assigned to the Federal Solutions reporting unit and represents synergies expected to be realized from this business combination. \$17.1 million of goodwill is deductible for tax purposes.

The amount of revenue generated by BlackSignal and included within consolidated revenue is \$6.7 million for the three and nine months September 30, 2024. The Company has determined that the presentation of net income from the date of acquisition is impracticable due to the integration of general corporate functions upon acquisition.

#### Supplemental Pro Forma Information (Unaudited)

Supplemental information of unaudited pro forma operating results assuming the BlackSignal acquisition had been consummated as of the beginning of fiscal year 2023 (in thousands) is as follows:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Pro forma Revenue	\$ 1,621,748	\$ 1,816,364	\$ 4,760,431	\$ 5,048,235
Pro forma Net Income including noncontrolling interests	82,324	86,364	236,142	214,787

The unaudited pro forma supplemental information is based on estimates and assumptions which the Company believes are reasonable and reflects the pro forma impact of additional amortization related to the fair value of acquired intangible assets, and the pro forma impact of reflecting acquisition costs, which consisted of legal, advisory and due diligence fees and expenses which are reflected in the earliest period presented. This supplemental pro forma information has been prepared for comparative purposes and does not purport to be indicative of what would have occurred had the acquisition been consummated during the periods for which pro forma information is presented.

## 5. Contracts with Customers

### Disaggregation of Revenue

The Company's contracts contain both fixed-price and cost reimbursable components. Contract types are based on the component that represents the majority of the contract. The following table presents revenue disaggregated by contract type (in thousands):

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Fixed-Price	\$ 535,901	\$ 790,820	\$ 1,642,609	\$ 2,129,274
Time-and-Materials	394,076	354,114	1,114,111	1,052,040
Cost-Plus	691,771	665,182	2,003,711	1,834,945
Total	\$ 1,621,748	\$ 1,810,116	\$ 4,760,431	\$ 5,016,259

See “Note 18 – Segments Information” for the Company’s revenues by business lines.

**Contract Assets and Contract Liabilities**

Contract assets and contract liabilities balances at September 30, 2025 and December 31, 2024 were as follows (in thousands):

	September 30, 2025	December 31, 2024	\$ change	% change
Contract assets	\$ 822,487	\$ 741,504	\$ 80,983	10.9%
Contract liabilities	343,509	289,799	53,710	18.5%
Net contract assets (liabilities) (1)	<u>\$ 478,978</u>	<u>\$ 451,705</u>	<u>\$ 27,273</u>	<u>6.0%</u>

(1) Total contract retentions included in net contract assets (liabilities) were \$109.3 million as of September 30, 2025, of which \$54.1 million are not expected to be paid in the next 12 months. Total contract retentions included in net contract assets (liabilities) were \$89.8 million as of December 31, 2024. Contract assets at September 30, 2025 and December 31, 2024 include \$58.6 million and \$70.7 million, respectively, related to net claim recoveries. For the three and nine months ended September 30, 2025 and September 30, 2024, there were no material losses recognized related to the collectability of claims, unapproved change orders, and requests for equitable adjustment.

During the three months ended September 30, 2025 and September 30, 2024, the Company recognized revenue of \$12.9 million and \$10.7 million, respectively, and \$178.1 million and \$179.9 million during the nine months ended September 30, 2025 and September 30, 2024, respectively that was included in the corresponding contract liability balances at December 31, 2024 and December 31, 2023, respectively.

There was no significant impairment of contract assets recognized during the three and nine months ended September 30, 2025 and September 30, 2024.

Certain changes in contract assets and contract liabilities consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
Acquired contract assets	\$ 6,533	\$ 19,858
Acquired contract liabilities	12,301	4,446

The following table presents certain financial statement impacts from revisions in estimates, such as changes in estimated claims or incentives, related to performance obligations partially satisfied in previous periods that individually had an impact of \$5 million or more on revenue. In certain instances, revisions in estimates on a contract do not exceed the threshold in any particular quarter but exceed the threshold on a year-to-date basis (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue impact, net	\$ 1,286	\$ (21,626)	\$ (977)	\$ (35,129)
Operating income (loss)	1,286	(23,520)	(977)	(37,023)
Net income (loss)	\$ 974	\$ (17,569)	\$ (740)	\$ (27,656)

**Accounts Receivable, net**

Accounts receivable, net consisted of the following as of September 30, 2025 and December 31, 2024 (in thousands):

	2025	2024
Billed	\$ 724,743	\$ 712,046
Unbilled	503,047	392,236
Total accounts receivable, gross	1,227,790	1,104,282
Allowance for doubtful accounts	(3,886)	(3,886)
Total accounts receivable, net	<u>\$ 1,223,904</u>	<u>\$ 1,100,396</u>

Billed accounts receivable represents amounts billed to clients that have not been collected. Unbilled accounts receivable represents amounts where the Company has a present contractual right to bill but an invoice has not been issued to the customer at the period-end date. Receivables from contracts with the U.S. federal government and its agencies were 16% and 23% as of September 30, 2025 and December 31, 2024, respectively.

The allowance for doubtful accounts was determined based on consideration of trends in actual and forecasted credit quality of clients, including delinquency and payment history, type of client, such as a government agency or commercial sector client, and general economic conditions and particular industry conditions that may affect a client's ability to pay.

#### *Transaction Price Allocated to the Remaining Unsatisfied Performance Obligations*

The Company's remaining unsatisfied performance obligations ("RUPO") as of September 30, 2025 represent a measure of the total dollar value of work to be performed on contracts awarded and in-progress. The Company had \$7.0 billion in RUPO as of September 30, 2025.

RUPO will increase with awards of new contracts and decrease as the Company performs work and recognizes revenue on existing contracts. Projects are included within RUPO at such time the project is awarded and agreement on contract terms has been reached.

RUPO is comprised of: (a) original transaction price, (b) change orders for which written confirmations from our customers have been received, (c) pending change orders for which the Company expects to receive confirmations in the ordinary course of business, and (d) claim amounts that the Company has made against customers for which it has determined that it has a legal basis under existing contractual arrangements and a significant reversal of revenue is not probable, less revenue recognized to-date.

The Company expects to satisfy its RUPO as of September 30, 2025 over the following periods (in thousands):

<b>Period RUPO Will Be Satisfied</b>	<b>Within One Year</b>	<b>Within One to Two Years</b>	<b>Thereafter</b>
Federal Solutions	\$ 1,812,846	\$ 451,123	\$ 159,490
Critical Infrastructure	2,241,022	1,364,224	1,019,598
<b>Total</b>	<b>\$ 4,053,868</b>	<b>\$ 1,815,347</b>	<b>\$ 1,179,088</b>

## **6. Leases**

The Company has operating and finance leases for corporate and project office spaces, vehicles, heavy machinery and office equipment. Our leases have remaining lease terms of one year to eleven years, some of which may include options to extend the leases for up to five years, and some of which may include options to terminate the leases after the third year.

The components of lease costs for the three and nine months ended September 30, 2025 and September 30, 2024 are as follows (in thousands):

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30, 2025</b>	<b>September 30, 2024</b>	<b>September 30, 2025</b>	<b>September 30, 2024</b>
Operating lease cost	\$ 16,971	\$ 16,022	\$ 50,235	\$ 49,584
Short-term lease cost	3,642	4,480	10,309	11,912
Amortization of right-of-use assets	1,136	923	3,413	2,535
Interest on lease liabilities	135	115	396	313
Sublease income	(974)	(1,008)	(2,796)	(3,246)
<b>Total lease cost</b>	<b>\$ 20,910</b>	<b>\$ 20,532</b>	<b>\$ 61,557</b>	<b>\$ 61,098</b>

Supplemental cash flow information related to leases for the nine months ended September 30, 2025 and September 30, 2024 is as follows (in thousands):

	Nine Months Ended	
	September 30, 2025	September 30, 2024
Operating cash flows for operating leases	\$ 49,892	\$ 51,013
Operating cash flows for finance leases	396	313
Financing cash flows from finance leases	3,311	2,419
Right-of-use assets obtained in exchange for new operating lease liabilities	18,942	15,633
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 2,164	\$ 4,003

Supplemental balance sheet and other information related to leases as of September 30, 2025 and December 31, 2024 are as follows (in thousands):

	September 30, 2025	December 31, 2024
<b>Operating Leases:</b>		
Right-of-use assets	\$ 133,535	\$ 153,048
<b>Lease liabilities:</b>		
Current	49,514	52,725
Long-term	97,673	114,386
Total operating lease liabilities	\$ 147,187	\$ 167,111
<b>Finance Leases:</b>		
Other noncurrent assets	\$ 9,519	\$ 9,864
Accrued expenses and other current liabilities	\$ 4,072	\$ 3,645
Other long-term liabilities	\$ 5,792	\$ 6,441
<b>Weighted Average Remaining Lease Term:</b>		
Operating leases	3.7 Years	3.9 Years
Finance leases	2.7 Years	2.8 Years
<b>Weighted Average Discount Rate:</b>		
Operating leases	4.6%	4.5%
Finance leases	5.0%	5.0%

As of September 30, 2025, the Company has no operating leases that have not yet commenced.

A maturity analysis of the future undiscounted cash flows associated with the Company's operating and finance lease liabilities as of September 30, 2025 is as follows (in thousands):

	Operating Leases	Finance Leases
2025 (remaining)	\$ 15,831	\$ 1,178
2026	48,882	4,383
2027	34,576	3,131
2028	28,496	1,791
2029	21,053	393
Thereafter	11,421	48
Total lease payments	160,259	10,924
Less: imputed interest	(13,072)	(1,060)
Total present value of lease liabilities	\$ 147,187	\$ 9,864

## 7. Goodwill

The following table summarizes the changes in the carrying value of goodwill by reporting segment from December 31, 2024 to September 30, 2025 (in thousands):

	December 31, 2024	Acquisitions	Foreign Exchange	September 30, 2025
Federal Solutions	\$ 1,806,564	\$ 55,183	\$ -	\$ 1,861,747
Critical Infrastructure	276,116	24,012	1,594	301,722
<b>Total</b>	<b>\$ 2,082,680</b>	<b>\$ 79,195</b>	<b>\$ 1,594</b>	<b>\$ 2,163,469</b>

The Company performed a qualitative triggering analysis and determined there was no triggering event indicating a potential impairment to the carrying value of its goodwill at September 30, 2025 and concluded there has not been an impairment.

## 8. Intangible Assets

The gross amount and accumulated amortization of intangible assets with finite useful lives included in "Intangible assets, net" on the consolidated balance sheets are as follows (in thousands except for years):

	September 30, 2025			December 31, 2024			Weighted Average Amortization Period (in years)
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	
Backlog	\$ 152,009	\$ (74,849)	\$ 77,160	\$ 142,100	\$ (51,322)	\$ 90,778	4.5
Customer relationships	393,620	(159,398)	234,222	372,930	(139,568)	233,362	11.7
Developed technology	30,100	(11,881)	18,219	23,200	(7,458)	15,742	4.4
Trade name	2,460	(1,798)	662	1,500	(367)	1,133	1.0
Non-compete agreements	10,760	(3,421)	7,339	8,300	(1,203)	7,097	3.0
In process research and development	1,800	-	1,800	1,800	-	1,800	n/a
Other intangibles	24	-	24	25	-	25	n/a
Total intangible assets	<u>\$ 590,773</u>	<u>\$ (251,347)</u>	<u>\$ 339,426</u>	<u>\$ 549,855</u>	<u>\$ (199,918)</u>	<u>\$ 349,937</u>	

The aggregate amortization expense of intangible assets for the three months ended September 30, 2025 and September 30, 2024 was \$18.0 million and \$13.3 million, respectively and for the nine months ended September 30, 2025 and September 30, 2024 was \$51.4 million and \$40.8 million, respectively.

Estimated amortization expense for the remainder of the current fiscal year and in each of the next four years and beyond is as follows (in thousands):

	September 30, 2025
2025	\$ 17,743
2026	63,882
2027	56,973
2028	41,596
2029	26,421
Thereafter	131,011
<b>Total</b>	<b>\$ 337,626</b>

## 9. Property and Equipment, Net

Property and equipment consisted of the following at September 30, 2025 and December 31, 2024 (in thousands):

	September 30, 2025	December 31, 2024	Useful life (years)
Buildings and leasehold improvements	\$ 111,399	\$ 103,945	1-15
Furniture and equipment	88,677	84,720	3-10
Computer systems and equipment	182,269	172,437	3-10
Construction equipment	17,021	6,463	5-7
Construction in progress	32,295	30,342	
	<u>431,662</u>	<u>397,907</u>	
Accumulated depreciation	(305,795)	(286,332)	
Property and equipment, net	<u>\$ 125,867</u>	<u>\$ 111,575</u>	

Depreciation expense for the three months ended September 30, 2025 and September 30, 2024 was \$9.5 million and \$9.5 million, respectively and for the nine months ended September 30, 2025 and September 30, 2024 was \$28.1 million and \$28.0 million, respectively.

## 10. Debt and Credit Facilities

Debt consisted of the following (in thousands):

	September 30, 2025	December 31, 2024
<b>Short-Term Debt:</b>		
Delayed draw term loan due 2025	\$ -	\$ 350,000
Convertible senior notes due 2025	-	113,405
Total Short-Term Debt	<u>-</u>	<u>463,405</u>
<b>Long-Term Debt:</b>		
Convertible senior notes due 2029	800,000	800,000
Revolving credit facility	-	-
Term loan due 2028	450,000	-
Debt issuance costs	(13,300)	(15,904)
Total Long-Term Debt	<u>1,236,700</u>	<u>784,096</u>
Total Debt	<u>\$ 1,236,700</u>	<u>\$ 1,247,501</u>

In June 2025, the Company terminated its \$350 million Delayed Draw Term Loan due 2025 and its \$650 million Revolving Credit Facility due 2026 and replaced these credit facilities with a \$450 million Term Loan due 2028 and a \$750 million Revolving Credit Facility due 2030. Proceeds from the Term Loan were used to payoff the outstanding balance of the Delayed Draw Term Loan.

### Term Loan

In June 2025, the Company entered into a \$450 million unsecured Term Loan with an increase option of up to \$150 million. Proceeds of the Term Loan Agreement may be used (a) to pay off in full, or partially payoff, the Company's existing Convertible Senior Notes, (b) to prepay revolving loans outstanding under the Revolving Credit Agreement (as defined below), or (c) for working capital, capital expenditures and other lawful corporate purposes. The Company incurred \$0.9 million of debt issuance costs in connection with the Term Loan. These costs are presented as a direct deduction from long-term debt on the face of the balance sheet. Interest expense related to the Term Loan for the three and nine months ended September 30, 2025 were \$6.4 million and \$8.1 million, respectively. The amortization of debt issuance costs and interest expense is recorded in "Interest expense" on the consolidated statements of income. As of September 30, 2025 there was \$450.0 million outstanding under the Term Loan.

The Term Loan has a three-year maturity and permits the Company to borrow in U.S. dollars. The Term Loan does not require any amortization payments by the Company. Depending on the Company's consolidated leverage ratio (or debt rating after such time as the Company has such rating), borrowings under the Term Loan Agreement will bear interest at either an adjusted Term SOFR benchmark rate plus a margin between 0.875% and 1.500% or a base rate plus

a margin of between 0% and 0.500% and will initially bear interest at the middle of this range. Amounts outstanding under the Term Loan Agreement may be prepaid at the option of the Company without premium or penalty, subject to customary breakage fees in connection with the prepayment of benchmark rate loans. The interest rate on September 30, 2025 was 5.3%.

#### **Delayed Draw Term Loan (Terminated June 2025)**

In September 2022, the Company entered into a \$350 million unsecured Delayed Draw Term Loan with an increase option of up to \$150 million (the "2022 Delayed Draw Term Loan"). Proceeds of the 2022 Delayed Draw Term Loan Agreement may be used (a) to pay off in full, or partially payoff, the Company's existing Senior Notes, (b) to prepay revolving loans outstanding under the Revolving Credit Agreement (as defined below), or (c) for working capital, capital expenditures and other lawful corporate purposes. The Company incurred \$0.9 million of debt issuance costs in connection with the delayed draw term loan. These costs are presented as a direct deduction from long-term debt on the face of the balance sheet. Interest expense related to the Delayed Draw Term Loan for the three months ended September 30, 2025 and September 30, 2024 were \$0.0 million and \$5.9 million, respectively and \$8.2 million and \$17.7 million for the nine months ended September 30, 2025 and September 30, 2024, respectively. The amortization of debt issuance costs and interest expense is recorded in "Interest expense" on the consolidated statements of income. At December 31, 2024, there was \$350.0 million outstanding under the Delayed Draw Term Loan.

The 2022 Delayed Draw Term Loan has a three-year maturity and permits the Company to borrow in U.S. dollars. The 2022 Delayed Draw Term Loan does not require any amortization payments by the Company. Depending on the Company's consolidated leverage ratio (or debt rating after such time as the Company has such rating), borrowings under the 2022 Delayed Draw Term Loan Agreement will bear interest at either an adjusted Term SOFR benchmark rate plus a margin between 0.875% and 1.500% or a base rate plus a margin of between 0% and 0.500% and will initially bear interest at the middle of this range. The Company will pay a ticking fee on unused term loan commitments at a rate of 0.175% commencing with the date that is ninety (90) days after the Closing Date. Amounts outstanding under the 2022 Delayed Draw Term Loan Agreement may be prepaid at the option of the Company without premium or penalty, subject to customary breakage fees in connection with the prepayment of benchmark rate loans. The interest rates on June 30, 2025 (loan termination period) and December 31, 2024 were 5.6% and 5.6%, respectively.

#### **Convertible Senior Notes due 2025**

In August 2020, the Company issued an aggregate \$400.0 million of 0.25% Convertible Senior Notes due 2025, including the exercise of a \$50.0 million initial purchasers' option. The Company received proceeds from the issuance and sale of the Convertible Senior Notes of \$389.7 million, net of \$10.3 million of transaction fees and other third-party offering expenses. The Convertible Senior Notes accrued interest at a rate of 0.25% per annum, payable semi-annually on February 15 and August 15 of each year beginning on February 15, 2021. The Convertible Senior Notes due 2025 matured August 15, 2025.

The Company recognized interest expense of \$0.04 million and \$0.1 million for the three months ended September 30, 2025 and September 30, 2024, respectively and \$0.2 million and \$3.8 million for the nine months ended September 30, 2025 and September 30, 2024, respectively. The net carrying value of the Convertible Senior Notes were \$0.0 million and \$113.4 million as of September 30, 2025 and December 31, 2024, respectively.

See the discussion of the partial repurchase of Convertible Senior Notes due 2025 and the unwind of the related note hedge and warrants below.

#### **Note Hedge and Warrant - Convertible Senior Notes due 2025**

In connection with the sale of the Convertible Senior Notes, the Company purchased a bond hedge designed to mitigate the potential dilution from the conversion of the Convertible Senior Notes. Under the five-year term of the bond hedge, upon a conversion of the bonds, the Company will receive the number of shares of common stock equal to the remaining common stock deliverable upon conversion of the Convertible Senior Notes if the conversion value exceeds the principal amount of the Notes. The aggregate number of shares that the Company could be obligated to issue upon conversion of the Convertible Senior Notes is approximately 8.9 million shares. The cost of the convertible note hedge transactions was \$55.0 million.

The cost of the convertible note hedge was partially offset by the Company's sale of warrants to acquire approximately 8.9 million shares of the Company's common stock. The warrants were initially exercisable at a price of at least \$66.46 per share and are subject to customary adjustments upon the occurrence of certain events, such as the payment of dividends. The Company received \$13.8 million in cash proceeds from the sales of these warrants.

The bond hedge and warrant transactions effectively increased the conversion price associated with the Convertible Senior Notes during the term of these transactions from 35%, or \$44.86, to 100%, or \$66.46, at their issuance, thereby reducing the dilutive economic effect to shareholders upon actual conversion.

The bond hedges and warrants are indexed to, and potentially settled in, shares of the Company's common stock. The net cost of \$41.2 million for the purchase of the bond hedges and sale of the warrants was recorded as a reduction to additional paid-in capital in the consolidated balance sheets.

At issuance, the Company recorded a deferred tax liability of \$16.2 million related to the Convertible Senior Notes debt discount and the capitalized debt issuance costs. The Company also recorded a deferred tax asset of \$16.5 million related to the convertible note hedge transactions and the tax basis of the capitalized debt issuance costs through additional paid-in capital. The deferred tax liability and deferred tax asset were included net in "Deferred tax assets" on the consolidated balance sheets. Upon adoption of ASU 2020-06, the Company reversed the deferred tax liability of \$13.9 million that the Company had recorded at issuance related to the Convertible Senior Note debt discount and recorded an additional deferred tax liability of \$0.4 million related to the capitalized debt issuance costs. In addition, the Company recorded a \$0.9 million adjustment to the deferred tax asset through retained earnings related to the tax effect of book accretion recorded in 2020 and reversed upon adoption.

### ***Convertible Senior Notes due 2029***

In February 2024, the Company issued an aggregate \$800.0 million of 2.625% Convertible Senior Notes due 2029 (the "2029 Convertible Notes"), including the exercise of a \$100.0 million initial purchasers' option in full. The Company received proceeds from the issuance and sale of the 2029 Convertible Notes of \$781.1 million, net of \$18.9 million of transaction fees and other third-party offering expenses. The 2029 Convertible Notes accrue interest at a rate of 2.625% per annum, payable semi-annually on March 1 and September 1 of each year beginning on September 1, 2024, and will mature on March 1, 2029, unless earlier repurchased, redeemed or converted.

The 2029 Convertible Notes are the Company's senior unsecured obligations and will rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 2029 Convertible Notes; equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness, including borrowings under the Company's revolving credit facility and term loan credit facility, to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of the Company's subsidiaries.

Each \$1,000 of principal of the 2029 Convertible Notes will initially be convertible into 10.6256 shares of our common stock, which is equivalent to an initial conversion price of approximately \$94.11 per share, subject to adjustment upon the occurrence of specified events. On or after October 1, 2028 until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2029 Convertible Notes, holders may convert all or a portion of their 2029 Convertible Notes, regardless of the conditions below.

Prior to the close of business on the business day immediately preceding October 1, 2028, the 2029 Convertible Notes will be convertible at the option of the holders thereof only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2024, if the last reported sale price of the Company's common stock for at least 20 trading days, whether or not consecutive, during a period of 30 consecutive trading days ending on, and including the last trading day of the immediately preceding calendar quarter, is greater than or equal to 130% of the conversion price on each applicable trading day;
- during the five business day period after any ten consecutive trading day period in which, for each trading day of that period, the trading price per \$1,000 principal amount of 2029 Convertible Notes for such trading day was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day;

- if the Company calls such 2029 Convertible Notes for redemption; or
- upon the occurrence of specified corporate events described in the Indenture.

The Company may redeem all or any portion of the 2029 Convertible Notes for cash, at its option, on or after March 8, 2027 and before the 51st scheduled trading day immediately before the maturity date at a redemption price equal to 100% of the principal amount of the 2029 Convertible Notes to be redeemed, plus accrued and unpaid interest, but only if the last reported sale price per share of the Company's common stock exceeds 130% of the conversion price for a specified period of time. In addition, calling any 2029 Convertible Notes for redemption will constitute a Make-Whole Fundamental Change with respect to that 2029 Convertible Note, in which case the conversion rate applicable to the conversion of that 2029 Convertible Notes will be increased in certain circumstances if it is converted after it is called for redemption.

Upon the occurrence of a fundamental change prior to the maturity date of the 2029 Convertible Notes, holders of the 2029 Convertible Notes may require the Company to repurchase all or a portion of the 2029 Convertible Notes for cash at a price equal to 100% of the principal amount of the 2029 Convertible Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Upon conversion, the Company will settle the principal amount of the 2029 Convertible Notes converted in cash and will settle the remainder of the consideration owed upon conversion in cash, shares of the Company's common stock, or a combination thereof, at the Company's option, with such amount of cash and, if applicable, shares of common stock due upon conversion based on a daily conversion value calculated on a proportionate basis for each trading day in a 50-trading day observation period.

The Company recognized interest expense with respect to the Convertible Senior Notes Due 2029 of \$6.3 million and \$6.3 million for the three months ended September 30, 2025 and September 30, 2024, respectively and \$18.9 million and \$15.0 million for the nine months ended September 30, 2025 and September 30, 2024, respectively. As of September 30, 2025 and December 31, 2024, the net, carrying value of the Convertible Senior Notes Due 2029 were \$787.5 million and \$784.3 million, respectively.

#### ***Capped Call Transactions - Convertible Senior Notes due 2029***

In February 2024, in connection with the offering of the 2029 Convertible Notes, the Company entered into capped call transactions (the "Capped Call Transactions") with certain financial institutions. The Capped Call Transactions are expected generally to reduce the potential dilution to the Company's common stock upon any conversion of the Convertible Senior Notes due 2029 and/or offset any cash payments the Company is required to make in excess of the principal amount of any converted Convertible Senior Notes due 2029, as the case may be. If, however, the market price per share of the Company's common stock, as measured under the terms of the Capped Call Transactions, exceeds the cap price of the Capped Call Transactions, there would nevertheless be dilution and/or there would not be an offset of such cash payments, in each case, to the extent that such market price exceeds the cap price of the Capped Call Transactions.

The cap price of the Capped Call Transactions is initially \$131.7575 per share, which represents a premium of 75% over the last reported sale price of the Company's common stock of \$75.29 per share on the New York Stock Exchange on February 21, 2024, and is subject to certain adjustments under the terms of the Capped Call Transactions. The cost of \$88.4 million for the Capped Call Transactions was recorded as a reduction to additional paid-in capital in the consolidated balance sheets.

At issuance, the Company recorded a deferred tax asset of \$22.3 million related to the Capped Call Transactions costs through additional paid-in capital. The deferred tax asset was included in Deferred tax assets in the consolidated balance sheets.

#### ***Convertible Senior Notes due 2025 Partial Repurchase and Note Hedge and Warrants Partial Unwind***

In connection with the issuance of the Convertible Senior Notes due 2029, we used \$391.8 million of the net proceeds to purchase approximately \$228.1 million aggregate principal amount of our Convertible Senior Notes due 2025 concurrently with the offering in separate and individually negotiated transactions. In addition, we used \$103.8 million to settle the repurchase of approximately \$56.5 million aggregate principal amount of our Convertible Senior Notes due 2025 in a separately negotiated transaction that settled in March 2024. We also received approximately \$90.6 million in cash

from the note hedge counterparties for the partial termination of the existing bond hedge relating to the Convertible Senior Notes due 2025 repurchased, net of our obligations to the counterparties in connection with the partial termination of the related warrant transactions. The tax effect of \$46.2 million from the partial unwind of the existing bond hedge was recognized as a reduction in additional paid-in capital in the consolidated balance sheets. The income tax payable was included in Income taxes payable in the consolidated balance sheets.

The partial repurchase, during the nine months ended September 30, 2024, resulted in a \$18.4 million repurchase loss<sup>1</sup> and a \$3.2 million charge to interest expense for the acceleration of the amortization of debt issuance costs associated with the 0.25% Convertible Senior Notes due 2025. The tax effect of the repurchase loss, excluding the interest expense, was recognized as a discrete event during the nine months ended September 30, 2024 with a tax benefit of \$4.3 million recognized in the income statement.

<sup>1</sup>During the first quarter of 2024, prior to the early adoption of ASU 2024-04, the Company recorded a \$211.0 million loss on debt extinguishment associated with the 0.25% Convertible Senior Notes due 2025. The tax effect of the debt extinguishment, excluding the interest expense, was recognized as a discrete event to the quarter giving rise to an increase in the effective tax rate and tax benefit of \$49.9 million recognized in the income statement. Please see "Note 2—Basis of Presentation and Principles of Consolidation—Adoption of Accounting Standards Update 2024-04" for a discussion of the Company's adoption of ASU 2024-04. The extinguishment charge and related income tax impacts were reversed from the Company's consolidated financial statements and recorded as a convertible debt repurchase loss as described above.

### ***Revolving Credit Facility due 2030***

In June 2025, the Company entered into a \$750 million unsecured revolving credit facility (the "Credit Agreement"). The Company incurred \$1.7 million of costs in connection with this Credit Agreement. The 2025 Credit Agreement replaced an existing Credit Agreement dated as of June 25, 2021. Under the new agreement, the Company's revolving credit facility was increased from \$650 million to \$750 million. The credit facility has a five-year maturity, which may be extended up to two times for periods determined by the Company and the applicable extending lenders, and permits the Company to borrow in U.S. dollars, certain specified foreign currencies, and each other currency that may be approved in accordance with the 2025 Facility. The borrowings under the Credit Agreement bear interest at either the Term SOFR rate plus a margin between 1.0% and 1.625% or a base rate (as defined in the Credit Agreement) plus a margin of between 0% and 0.625%. The rate on September 30, 2025 was 5.4%. Letters of credit commitments outstanding under this agreement aggregated to \$41.8 million at September 30, 2025 which reduced borrowing limits available to the Company.

Interest expense related to the Credit Agreements (due 2030 and due 2026) was \$0.1 million and \$0.1 million for the three months ended September 30, 2025 and September 30, 2024, respectively and \$0.6 million and \$0.6 million for the nine months ended September 30, 2025 and September 30, 2024.

The Credit Agreement includes various covenants, including restrictions on indebtedness, liens, acquisitions, investments or dispositions, payment of dividends and maintenance of certain financial ratios and conditions. The Company was in compliance with these covenants at September 30, 2025.

### ***Revolving Credit Facility due 2026 (Terminated June 2025)***

In June 2021, the Company entered into a \$650 million unsecured revolving credit facility (the "Credit Agreement"). The Company incurred \$1.9 million of costs in connection with this Credit Agreement. The 2021 Credit Agreement replaced an existing Fifth Amended and Restated Credit Agreement dated as of November 15, 2017. Under the new agreement, the Company's revolving credit facility was increased from \$550 million to \$650 million. The credit facility has a five-year maturity, which may be extended up to two times for periods determined by the Company and the applicable extending lenders, and permits the Company to borrow in U.S. dollars, certain specified foreign currencies, and each other currency that may be approved in accordance with the 2021 Facility. The borrowings under the Credit Agreement bear interest at either the Term SOFR rate plus a margin between 1.0% and 1.625% or a base rate (as defined in the Credit Agreement) plus a margin of between 0% and 0.625%. The rates on June 30, 2025 (loan termination period) and December 31, 2024 were 5.7% and 5.7%, respectively. Borrowings under this Credit Agreement are guaranteed by certain Company operating subsidiaries. Letters of credit commitments outstanding under this agreement aggregated to \$43.0 million at December 31, 2024, respectively, which reduced borrowing limits available to the Company.

The Credit Agreement includes various covenants, including restrictions on indebtedness, liens, acquisitions, investments or dispositions, payment of dividends and maintenance of certain financial ratios and conditions. The Company was in compliance with these covenants at December 31, 2024.

## **Letters of Credit**

The Company also has in place several secondary bank credit lines for issuing letters of credit, principally for foreign contracts, to support performance and completion guarantees. Letters of credit commitments outstanding under these bank lines aggregated approximately \$354.3 million and \$328.4 million at September 30, 2025 and December 31, 2024, respectively.

## **11. Income Taxes**

On July 4th 2025, President Trump signed into law the "One Big Beautiful Bill Act" ("OBBA" or "the Bill") which includes a broad range of tax reform provisions affecting businesses, including extending and modifying certain domestic and international provisions of the 2017 Tax Cuts & Jobs Act. Based on the Company's assessment, the change in tax law has led to a reduction in our current cash tax liability without significant impact to the annual effective tax rate.

The Company's effective tax rate was 16.4% and 20.8% for the three months ended September 30, 2025 and September 30, 2024, respectively. The decrease in the effective tax rate was due primarily to a discrete tax benefit related to the reduction of unrecognized tax benefits for various tax positions resulting from the expiration of the statute of limitations, a change in the jurisdictional mix of earnings, and return-to-provision adjustments from changes in estimates related to business and foreign tax credits, partially offset by a decrease in the foreign-derived intangible income (FDII) deduction and an increase in unrecognized tax benefits for foreign tax credits.

The Company's effective tax rate was 18.7% and 20.8% for the nine months ended September 30, 2025 and September 30, 2024, respectively. The change in effective tax rate was primarily due to a discrete tax benefit related to the reduction of unrecognized tax benefits for various tax positions resulting from the expiration of the statute of limitations, a change in the jurisdictional mix of earnings, and return-to-provision adjustments from changes in estimates related to business and foreign tax credits, partially offset by a decrease in the FDII deduction and the windfall equity-based compensation deduction, and an increase in unrecognized tax benefits for foreign tax credits.

The difference between the effective tax rate and the statutory U.S. Federal income tax rate of 21% for the three months ended September 30, 2025 primarily relates to a discrete tax benefit related to the reduction of unrecognized tax benefits for various tax positions resulting from the expiration of the statute of limitations, and the tax benefit related to untaxed income attributed to noncontrolling interests, offset by state income taxes and foreign withholding taxes and an increase in unrecognized tax benefits for foreign tax credits.

The difference between the effective tax rate and the statutory U.S. Federal income tax rate of 21% for the nine months ended September 30, 2025 primarily relates to a discrete tax benefit related to the reduction of unrecognized tax benefits for various tax positions resulting from the expiration of the statute of limitations, a discrete windfall tax benefit from equity-based compensation, and the tax benefit related to untaxed income attributed to noncontrolling interests partially offset by state income taxes, foreign withholding taxes, and an increase in unrecognized tax benefits for foreign tax credits.

As of September 30, 2025, the Company's deferred tax assets were subject to a valuation allowance of \$45.0 million primarily related to foreign net operating loss carryforwards, foreign tax credit carryforwards, and capital losses that the Company has determined are not more-likely-than-not to be realized. The factors used to assess the likelihood of realization include: the past performance of the entities, forecasts of future taxable income, future reversals of existing taxable temporary differences, and available tax planning strategies that could be implemented to realize the deferred tax assets. The ability or failure to achieve the forecasted taxable income in these entities could affect the ultimate realization of deferred tax assets.

As of September 30, 2025 and December 31, 2024, the liability for income taxes associated with uncertain tax positions was \$28.1 million and \$29.5 million, respectively.

Although the Company believes its reserves for its tax positions are reasonable, the final outcome of tax audits could be materially different, both favorably and unfavorably. It is reasonably possible that certain audits may conclude in the

next 12 months and that the unrecognized tax benefits the Company has recorded in relation to these tax years may change compared to the liabilities recorded for these periods.

Different non-US tax jurisdictions continue to enact legislation to adopt components of the Organization for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar Two Model Rules. The Company has evaluated the impact of the enacted legislation to date and has determined there is no material impact to the Company's income tax provision. We are continuing to evaluate the potential impact on future periods of the Pillar Two Framework, pending enactment of legislation by individual countries.

## 12. Contingencies

The Company is subject to certain lawsuits, claims and assessments that arise in the ordinary course of business. Additionally, the Company has been named as a defendant in lawsuits alleging personal injuries as a result of contact with asbestos products at various project sites. Management believes that any significant costs relating to these claims will be reimbursed by applicable insurance and, although there can be no assurance that these matters will be resolved favorably, management believes that the ultimate resolution of any of these claims will not have a material adverse effect on our consolidated financial position, results of operations, or cash flows. A liability is recorded when it is both probable that a loss has been incurred and the amount of loss or range of loss can be reasonably estimated. When using a range of loss estimate, the Company records the liability using the low end of the range unless some amount within the range of loss appears at that time to be a better estimate than any other amount in the range. The Company records a corresponding receivable for costs covered under its insurance policies. Management judgment is required to determine the outcome and the estimated amount of a loss related to such matters. Management believes that there are no claims or assessments outstanding which would materially affect the consolidated results of operations or the Company's financial position.

In September 2015, a former Parsons employee filed an action in the United States District Court for the Northern District of Alabama against us as a qui tam relator on behalf of the United States (the "Relator") alleging violation of the False Claims Act. The plaintiff alleges that, as a result of these actions, the United States paid in excess of \$1 million per month between February and September 2006 that it should have paid to another contractor, plus \$2.9 million to acquire vehicles for the contractor defendant to perform its security services. The lawsuit sought (i) that we cease and desist from violating the False Claims Act, (ii) monetary damages equal to three times the amount of damages that the United States has sustained because of our alleged violations, plus a civil penalty of not less than \$5,500 and not more than \$11,000 for each alleged violation of the False Claims Act, (iii) monetary damages equal to the maximum amount allowed pursuant to §3730(d) of the False Claims Act, and (iv) Relator's costs for this action, including recovery of attorneys' fees and costs incurred in the lawsuit. The United States government did not intervene in this matter as it is allowed to do so under the statute. The court heard dispositive motions in 2023, including Parsons' motion for summary judgment. On March 19, 2025, the court granted Parsons' motion for summary judgment. The Relator filed a notice of appeal on April 9, 2025. The appellate briefs have been filed. Oral argument will likely occur in 2026.

On July 1, 2024, a final judgment was filed with the clerk of the Superior Court of the State of California In and For the County of San Mateo with an award of damages in the total amount of approximately \$102.5 million in favor of Parsons Transportation Group, Inc. and against Alstom Signaling Operations LLC (Alstom"). This proposed award relates back to a lawsuit Parsons initially filed against the Peninsula Corridor Joint Powers Board for breach of contract and wrongful termination in February 2017 (which was settled between Parsons and the Joint Powers Board in 2021) and a cross-complaint filed against Alstom Signaling Operations LLC in November 2017, as subsequently amended, for breach of contract, negligence and intentional misrepresentation. On September 23, 2024, the Court awarded prejudgment interest in the amount of \$34.0 million and amended the judgment accordingly to include such interest. Alstom filed a Notice of Appeal and has posted a bond as required under California law. Alstom's appellate brief was filed on April 18, 2025. Parsons' has filed its appellate brief. Oral arguments will likely occur in 2026.

At this time, the Company is unable to determine the probability of the outcome of the litigation.

Federal government contracts are subject to audits, which are performed for the most part by the Defense Contract Audit Agency ("DCAA"). Audits by the DCAA and other agencies consist of reviews of our overhead rates, operating systems and cost proposals to ensure that we account for such costs in accordance with the Federal Acquisition Regulations ("FAR"). If the DCAA determines we have not accounted for such costs in accordance with the FAR, the DCAA may disallow these costs. The disallowance of such costs may result in a reduction of revenue and additional liability for the Company. Historically, the Company has not experienced any material disallowed costs as a result of

government audits. However, the Company can provide no assurance that the DCAA or other government audits will not result in material disallowances for incurred costs in the future. All audits of costs incurred on work performed through 2014 have been closed, and years thereafter remain open. All of Parsons operating systems have been deemed adequate by the U.S. federal government.

Although there can be no assurance that these matters will be resolved favorably, management believes that their ultimate resolution will not have a material adverse impact on the Company's consolidated financial position, results of operations, or cash flows.

### **13. Retirement Benefit Plan**

The Company's principal retirement benefit plan is the Parsons Employee Stock Ownership Plan ("ESOP"), a stock bonus plan, established in 1975 to cover eligible employees of the Company and certain affiliated companies. Contributions of treasury stock to the ESOP are made annually in amounts determined by the Company's board of directors and are held in trust for the sole benefit of the participants. Shares allocated to a participant's account are fully vested after three years of credited service, or in the event(s) of reaching age 65, death or disability while an active employee of the Company. As of September 30, 2025 and December 31, 2024, total shares of the Company's common stock outstanding were 106,488,033 and 106,775,350, respectively, of which 50,952,945 and 54,117,904, respectively, were held by the ESOP.

A participant's interest in their ESOP account is redeemable upon certain events, including retirement, death, termination due to permanent disability, a severe financial hardship following termination of employment, certain conflicts of interest following termination of employment, or the exercise of diversification rights. Distributions from the ESOP of participants' interests are made in the Company's common stock based on quoted prices of a share of the Company's common stock on the NYSE. A participant will be able to sell such shares of common stock in the market, subject to any requirements of the federal securities laws.

Total ESOP contribution expense was \$18.6 million and \$13.2 million for the three months ended September 30, 2025 and September 30, 2024, respectively and \$54.0 million and \$43.4 million for the nine months ended September 30, 2025 and September 30, 2024, respectively. The expense is recorded in "Direct costs of contracts" and "Selling, general and administrative expense" in the consolidated statements of income. The fiscal 2025 ESOP contribution has not yet been made. The amount is currently included in accrued liabilities.

### **14. Investments in and Advances to Joint Ventures**

The Company participates in joint ventures to bid, negotiate and complete specific projects. The Company is required to consolidate these joint ventures if it holds the majority voting interest or if the Company meets the criteria under the consolidation model, as described below.

The Company performs an analysis to determine whether its variable interests give the Company a controlling financial interest in a Variable Interest Entity ("VIE") for which the Company is the primary beneficiary and should, therefore, be consolidated. Such analysis requires the Company to assess whether it has the power to direct the activities of the VIE and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

The Company analyzed all of its joint ventures and classified them into two groups: (1) joint ventures that must be consolidated because they are either not VIEs and the Company holds the majority voting interest, or because they are VIEs and the Company is the primary beneficiary; and (2) joint ventures that do not need to be consolidated because they are either not VIEs and the Company holds a minority voting interest, or because they are VIEs and the Company is not the primary beneficiary.

Many of the Company's joint venture agreements provide for capital calls to fund operations, as necessary; however, such funding is infrequent and is not anticipated to be material.

Letters of credit outstanding described in "Note 10 – Debt and Credit Facilities" that relate to project ventures are \$180.9 million and \$176.7 million at September 30, 2025 and December 31, 2024.

In the table below, aggregated financial information relating to the Company's joint ventures is provided because their nature, risk and reward characteristics are similar. None of the Company's current joint ventures that meet the characteristics of a VIE are individually significant to the consolidated financial statements.

### **Consolidated Joint Ventures**

The following represents financial information for consolidated joint ventures included in the consolidated financial statements (in thousands):

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 515,072	\$ 519,450
Noncurrent assets	8,184	9,841
Total assets	<u>523,256</u>	<u>529,291</u>
Current liabilities	309,665	296,774
Noncurrent liabilities	3,022	2,203
Total liabilities	<u>312,687</u>	<u>298,977</u>
Total joint venture equity	<u>\$ 210,569</u>	<u>\$ 230,314</u>

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Revenue	\$ 213,752	\$ 193,461	\$ 602,905	\$ 582,209
Costs	178,123	165,873	505,145	500,308
Net income	<u>\$ 35,629</u>	<u>\$ 27,588</u>	<u>\$ 97,760</u>	<u>\$ 81,901</u>
Net income attributable to noncontrolling interests	\$ 17,671	\$ 13,638	\$ (48,514)	\$ 40,428

The assets of the consolidated joint ventures are restricted for use only by the particular joint venture and are not available for the Company's general operations.

### **Unconsolidated Joint Ventures**

The Company accounts for its unconsolidated joint ventures using the equity method of accounting. Under this method, the Company recognizes its proportionate share of the net earnings of these joint ventures as "Equity in (losses) earnings of unconsolidated joint ventures" in the consolidated statements of income. The Company's maximum exposure to loss as a result of its investments in unconsolidated joint ventures is typically limited to the aggregate of the carrying value of the investment and future funding commitments.

The following represents the financial information of the Company's unconsolidated joint ventures as presented in their unaudited financial statements (in thousands):

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Current assets	\$ 1,431,451	\$ 1,477,950
Noncurrent assets	433,197	431,476
Total assets	<u>1,864,648</u>	<u>1,909,426</u>
Current liabilities	937,469	947,072
Noncurrent liabilities	477,035	469,808
Total liabilities	<u>1,414,504</u>	<u>1,416,880</u>
Total joint venture equity	<u>\$ 450,144</u>	<u>\$ 492,546</u>
Investments in and advances to unconsolidated joint ventures	\$ 156,421	\$ 138,759

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue	\$ 608,305	\$ 581,232	\$ 1,558,656	\$ 1,598,764
Costs	563,832	560,492	1,476,009	1,593,213
Net income	\$ 44,473	\$ 20,740	\$ 82,647	\$ 5,551
Equity in earnings of unconsolidated joint ventures	\$ 8,266	\$ 872	\$ 6,937	\$ (18,025)

The Company had net distributions to its unconsolidated joint ventures of \$0.2 million and net contributions of \$34.4 million for the three months ended September 30, 2025 and September 30, 2024, respectively and net contributions of \$7.5 million and \$83.7 million for the nine months ended September 30, 2025 and September 30, 2024, respectively.

The following table presents certain financial statement impacts from changes in estimates on unconsolidated joint ventures in the Critical Infrastructure segment. In certain instances, revisions in estimates on unconsolidated joint ventures do not exceed the threshold in any particular quarter but exceed the threshold on a year-to-date basis (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Operating loss	\$ -	\$ (6,716)	\$ (14,478)	\$ (37,509)
Net loss	-	(4,936)	(10,869)	(35,258)
Diluted loss per share	\$ -	\$ (0.04)	\$ (0.10)	\$ (0.33)

## 15. Related Party Transactions

The Company often provides services to unconsolidated joint ventures and revenues include amounts related to recovering costs for these services. Revenues related to services the Company provided to unconsolidated joint ventures for the three months ended September 30, 2025 and September 30, 2024 were \$56.9 million and \$47.6 million, respectively and \$144.3 million and \$144.9 million for the nine months ended September 30, 2025 and September 30, 2024, respectively.

For the three months ended September 30, 2025 and September 30, 2024, the Company incurred reimbursable costs of \$36.4 million and \$36.7 million, respectively, and \$104.2 million and \$108.3 million for the nine months ended September 30, 2025 and September 30, 2024, respectively.

Amounts included in the consolidated balance sheets related to services the Company provided to unconsolidated joint ventures are as follows (in thousands):

	September 30, 2025	December 31, 2024
Accounts receivable	\$ 43,181	\$ 38,443
Contract assets	27,342	11,540
Contract liabilities	8,495	10,776

## 16. Fair Value of Financial Instruments

The authoritative guidance on fair value measurement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (referred to as an "exit price"). At September 30, 2025 and December 31, 2024, the Company's financial instruments include cash, cash equivalents, accounts receivable, accounts payable, and other liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term maturities.

Fair value is determined by using one or more of the following valuation techniques:

- *Market approach*—Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- *Cost approach*—Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- *Income approach*—Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models and lattice models).

In addition, the guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are:

- Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities;
- Level 2 Pricing inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the instrument; and
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurements and unobservable.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The carrying values and estimated fair values of our financial instruments that are not required to be recorded at fair value in our consolidated balance sheets, on the basis of Level 2 inputs, were as follows (in thousands):

	September 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Liabilities:</b>				
Convertible senior notes due 2025	\$ -	\$ -	\$ 113,405	\$ 233,206
Convertible senior notes due 2029	800,000	903,920	800,000	939,280
Term loan due 2028	450,000	450,000	-	-
Delayed draw term loan due 2025	-	-	350,000	350,000
<b>Total</b>	<b>\$ 1,250,000</b>	<b>\$ 1,353,920</b>	<b>\$ 1,263,405</b>	<b>\$ 1,522,486</b>

## 17. Earnings Per Share

Basic earnings per share ("EPS") is computed using the weighted average number of shares outstanding during the period and income available to shareholders. Diluted EPS includes additional common shares that would have been outstanding if potential common shares with a dilutive effect had been issued using the if-converted method for Convertible Debt and the treasury stock method for all other instruments.

Under the treasury stock method, the weighted average number of shares outstanding is adjusted to reflect the dilutive effects of stock-based awards.

Under the if-converted method:

1. Convertible Senior Notes due 2025:
  - a. Income available to shareholders is adjusted to add back interest expense, after tax (unless antidilutive).
  - b. Weighted average number of shares outstanding is adjusted to include the shares underlying the convertible debt (unless antidilutive).
  - c. Shares underlying the bond hedge (unless antidilutive).

- d. Shares underlying the warrants (unless antidilutive).
2. Convertible Senior Notes due 2029:
- a. Interest has been excluded from the numerator and no shares have been included in the denominator of diluted EPS, as the principal amount of convertible debt will be settled in cash with any excess conversion value settled in cash or shares of common stock.
  - b. Excludes shares underlying the capped call as the shares are antidilutive.

The following tables reconcile the denominator and numerator used to compute basic EPS to the denominator and numerator used to compute diluted EPS for the three and nine months ended September 30, 2025 and September 30, 2024 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
<b>Numerator for Basic and Diluted EPS:</b>				
Net income attributable to Parsons Corporation - basic	\$ 64,123	\$ 71,951	\$ 185,556	\$ 180,873
Convertible senior notes if-converted method interest adjustment	27	54	135	2,874
Net income attributable to Parsons Corporation - diluted	<u>\$ 64,150</u>	<u>\$ 72,005</u>	<u>\$ 185,691</u>	<u>\$ 183,747</u>
<b>Denominator for Basic and Diluted EPS:</b>				
Basic weighted average number of shares outstanding	106,763	106,291	106,864	106,211
Dilutive effect of stock-based awards	1,395	1,661	1,400	1,628
Dilutive effect of warrants	289	561	245	358
Dilutive effect of convertible senior notes due 2025	631	2,573	1,547	3,983
Diluted weighted average number of shares outstanding	<u>109,078</u>	<u>111,086</u>	<u>110,056</u>	<u>112,180</u>
<b>Earnings per share:</b>				
Basic	\$ 0.60	\$ 0.68	\$ 1.74	\$ 1.70
Diluted	\$ 0.59	\$ 0.65	\$ 1.69	\$ 1.64

Anti-dilutive stock-based awards excluded from the calculation of earnings per share for the three months ended September 30, 2025 and September 30, 2024 were 2,521 and 949, respectively and for the nine months ended September 30, 2025 and September 30, 2024 were 13,248 and 4,497, respectively

#### Share Repurchases

On August 9, 2021, the Company's Board of Directors authorized the Company to acquire a number of shares of Common Stock having an aggregate market value of not greater than \$100 million from time to time, commencing on August 12, 2021. The Board further amended this authorization in August 2022 to remove the prior expiration date and grant executive leadership the discretion to determine the price for such share repurchases. The Board further amended this authorization in February 2024 to restore the repurchase capacity to \$100 million and removed the \$25 million quarterly cap on such repurchases. The Board further amended this authorization in March 2025 to increase and reset the

repurchase capacity to \$250 million. Any purchases made by the Company during Q1 of 2025 would be deducted from the reset capacity.

Under prior authorizations, the Company had repurchased shares with an aggregate market value of \$79.7 million. The aggregate market value of shares of Common Stock the Company is authorized to acquire from prior authorizations and the March 2025 authorization is not greater than \$329.7 million.

As of September 30, 2025, the Company has spent \$144.7 million repurchasing 2,679,421 shares of Common Stock at an average price of \$54.00 per share.

Repurchased shares of common stock are retired and included in “Repurchases of common stock” in cash flows from financing activities in the Consolidated Statements of Cash Flows. The primary purpose of the Company’s share repurchase program is to reduce the dilutive effect of shares issued under the Company’s ESOP and other stock benefit plans. The timing, amount and manner of share repurchases may depend upon market conditions and economic circumstances, availability of investment opportunities, the availability and costs of financing, the market price of the Company’s common stock, other uses of capital and other factors.

The following table summarizes the repurchase activity under the stock repurchase program:

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Total shares repurchased	323,175	-	965,940	131,053
Total shares retired	323,175	-	965,940	131,053
Average price paid per share (1)	\$ 77.36	\$ -	\$ 67.29	\$ 76.30

<sup>1</sup> Includes commissions in the calculation of average price per share

## 18. Segment Information

The Company operates in two reportable segments: Federal Solutions and Critical Infrastructure.

The Federal Solutions segment provides advanced technical solutions to the U.S. government, delivering timely, cost-effective hardware, software and services for mission-critical projects. The segment provides advanced technologies, supporting national security missions in cyber operations, missile defense, and military facility modernization, logistics support, hazardous material remediation and engineering services.

The Critical Infrastructure segment provides integrated engineering and management services for complex physical and digital infrastructure around the globe. The Critical Infrastructure segment is a technology innovator focused on next generation digital systems and complex structures. Industry leading capabilities in engineering and project management allow the Company to deliver significant value to customers by employing cutting-edge technologies, improving timelines and reducing costs.

The Company defines its reportable segments based on the way the chief operating decision maker (“CODM”), its Chief Executive Officer, evaluates the performance of each segment and manages the operations of the Company for purposes of allocating resources among the segments. The CODM evaluates segment operating performance using segment Revenue, segment direct cost of contracts, segment Selling, General and Administrative expense and segment Adjusted EBITDA attributable to Parsons Corporation.

The Company defines Adjusted EBITDA attributable to Parsons Corporation as Adjusted EBITDA excluding Adjusted EBITDA attributable to noncontrolling interests. The Company defines Adjusted EBITDA as net income (loss) attributable to Parsons Corporation, adjusted to include net income (loss) attributable to noncontrolling interests and to exclude interest expense (net of interest income), provision for income taxes, depreciation and amortization and certain other items that are not considered in the evaluation of ongoing operating performance. These other items include net income (loss) attributable to noncontrolling interests, asset impairment charges, income and expense recognized on litigation matters, expenses incurred in connection with acquisitions and other non-recurring transaction costs and expenses related to our prior restructuring.

Adjusted EBITDA is the measure of our operating performance used by the CODM to assess our segments’ financial performance. The CODM uses Adjusted EBITDA for business planning purposes, including to manage our segments against internal projected results of operations and measure the performance of our segments generally.

The following tables present segment information provided to the CODM, as of each period presented, along with a reconciliation of segment adjusted EBITDA attributable to Parsons Corporation to net income attributable to Parsons Corporation for the periods presented (in thousands):

	Three Months Ended September 30, 2025		
	Federal Solutions	Critical Infrastructure	Total
Revenue	\$ 788,607	\$ 833,141	\$ 1,621,748
Direct cost of contracts	(612,500)	(649,393)	(1,261,893)
Selling, general and administrative expenses (a)	(47,980)	(44,259)	(92,239)
Equity in earnings (losses) of unconsolidated joint ventures	986	7,280	8,266
Other segment items (b)	(56,612)	(78,966)	(135,578)
Adjusted EBITDA attributable to Parsons Corporation	\$ 72,501	\$ 67,803	140,304
Reconciliation: Segment Adjusted EBITDA to Net Income Attributable to Parsons Corporation			
Adjusted EBITDA attributable to non-controlling interests			17,833
Depreciation and amortization			(29,849)
Interest expense, net			(11,696)
Income tax expense			(16,035)
Equity-based compensation expense			(11,568)
Transaction related costs (c)			(5,074)
Restructuring expense (d)			(292)
Other (e)			(1,829)
Net income including noncontrolling interests			81,794
Net income attributable to noncontrolling interests			(17,671)
Net income attributable to Parsons Corporation			\$ 64,123

	Three Months Ended September 30, 2024		
	Federal Solutions	Critical Infrastructure	Total
Revenue	\$ 1,105,580	\$ 704,536	\$ 1,810,116
Direct cost of contracts	(881,208)	(568,623)	(1,449,831)
Selling, general and administrative expenses (a)	(42,816)	(34,776)	(77,592)
Equity in earnings (losses) of unconsolidated joint ventures	1,002	(130)	872
Other segment items (b)	(62,467)	(68,000)	(130,467)
Adjusted EBITDA attributable to Parsons Corporation	\$ 120,091	\$ 33,007	153,098
Reconciliation: Segment Adjusted EBITDA to Net Income Attributable to Parsons Corporation			
Adjusted EBITDA attributable to non-controlling interests			13,913
Depreciation and amortization			(24,542)
Interest expense, net			(8,802)
Income tax expense			(22,518)
Equity-based compensation expense			(21,251)
Transaction related costs (c)			(3,770)
Other (e)			(539)
Net income including noncontrolling interests			85,589
Net income attributable to noncontrolling interests			(13,638)
Net income attributable to Parsons Corporation			\$ 71,951

	Nine Months Ended September 30, 2025		
	Federal Solutions	Critical Infrastructure	Total
Revenue	\$ 2,436,628	\$ 2,323,803	\$ 4,760,431
Direct cost of contracts	(1,917,218)	(1,781,022)	(3,698,240)
Selling, general and administrative expenses (a)	(136,604)	(138,938)	(275,542)
Equity in losses of unconsolidated joint ventures	983	5,954	6,937
Other segment items (b)	(168,684)	(217,614)	(386,298)
Adjusted EBITDA attributable to Parsons Corporation	\$ 215,105	\$ 192,183	407,288
Reconciliation: Segment Adjusted EBITDA to Net Income Attributable to Parsons Corporation			
Adjusted EBITDA attributable to non-controlling interests			48,756
Depreciation and amortization			(85,844)
Interest expense, net			(33,301)
Income tax expense			(53,702)
Equity-based compensation expense			(30,190)
Transaction related costs (c)			(13,910)
Restructuring expense (d)			(2,653)
Other (e)			(2,374)
Net income including noncontrolling interests			234,070
Net income attributable to noncontrolling interests			(48,514)
Net income attributable to Parsons Corporation			\$ 185,556

	Nine Months Ended September 30, 2024		
	Federal Solutions	Critical Infrastructure	Total
Revenue	\$ 3,003,791	\$ 2,012,468	\$ 5,016,259
Direct cost of contracts	(2,394,247)	(1,585,341)	(3,979,589)
Selling, general and administrative expenses (a)	(113,448)	(103,611)	(217,059)
Equity in losses of unconsolidated joint ventures	1,999	(20,024)	(18,025)
Other segment items (b)	(182,682)	(201,910)	(384,593)
Adjusted EBITDA attributable to Parsons Corporation	\$ 315,413	\$ 101,582	416,995
Reconciliation: Segment Adjusted EBITDA to Net Income Attributable to Parsons Corporation			
Adjusted EBITDA attributable to non-controlling interests			41,339
Depreciation and amortization			(73,513)
Interest expense, net			(29,831)
Income tax expense			(58,257)
Equity-based compensation expense			(44,554)
Convertible debt repurchase loss			(18,355)
Transaction related costs (c)			(8,958)
Other (e)			(3,565)
Net income including noncontrolling interests			221,301
Net income attributable to noncontrolling interests			(40,428)
Net income attributable to Parsons Corporation			\$ 180,873

- (a) The amount of selling, general and administrative expenses (“SG&A”) is total SG&A excluding allocations.
- (b) The amount of other segment items is the difference between segment revenue less direct cost of contracts, segment SG&A expenses, equity in earnings (losses) of unconsolidated joint ventures, and Adjusted EBITDA attributable to Parsons Corporation. Other segment items primarily include:
- i. Corporate and shared segment SG&A (excluding Adjusted EBITDA items)
  - ii. Noncontrolling interests attributable to operating income and other income/expense
  - iii. Bad debt expense
  - iv. Sublease income
  - v. Foreign currency gain/loss, and
  - vi. Certain other income/expense items
- (c) Reflects costs incurred in connection with acquisitions, and other non-recurring transaction costs, primarily fees paid for professional services and employee retention.
- (d) Reflects costs associated with and related to our corporate restructuring in initiatives.
- (e) 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.

Asset information by segment is not a key measure of performance used by the CODM.

The following tables present revenues and property and equipment, net by geographic area (in thousands):

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30, 2025</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Revenue				
North America	\$ 1,313,775	\$ 1,541,209	\$ 3,907,105	\$ 4,232,786
Middle East	302,886	264,437	838,656	769,421
Rest of World	5,087	4,470	14,670	14,052
Total Revenue	<u>\$ 1,621,748</u>	<u>\$ 1,810,116</u>	<u>\$ 4,760,431</u>	<u>\$ 5,016,259</u>

The geographic location of revenue is determined by the location of the customer.

	<u>September 30, 2025</u>	<u>December 31, 2024</u>
Property and Equipment, Net		
North America	\$ 113,585	\$ 101,044
Middle East	12,282	10,531
Total Property and Equipment, Net	<u>\$ 125,867</u>	<u>\$ 111,575</u>

North America includes revenue in the United States for the three months ended September 30, 2025 and September 30, 2024 of \$1.2 billion and \$1.4 billion, respectively and \$3.5 billion and \$3.9 billion for the nine months ended September 30, 2025 and September 30, 2024, respectively. North America property and equipment, net includes \$106.0 million and \$94.0 million of property and equipment, net in the United States at September 30, 2025 and December 31, 2024, respectively.

The following table presents revenues by business units (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenue				
Defense and Intelligence	\$ 468,935	\$ 459,318	\$ 1,369,832	\$ 1,288,102
Engineered Systems	319,672	646,262	1,066,796	1,715,689
Federal Solutions revenues	788,607	1,105,580	2,436,628	3,003,791
Infrastructure – North America	528,564	438,307	1,479,720	1,237,752
Infrastructure – Europe, Middle East and Africa	304,577	266,229	844,083	774,716
Critical Infrastructure revenues	833,141	704,536	2,323,803	2,012,468
Total Revenue	\$ 1,621,748	\$ 1,810,116	\$ 4,760,431	\$ 5,016,259

## 19. Subsequent Events

After the quarter ended September 30, 2025, the Company entered into a merger agreement to acquire a 100% ownership interest in Applied Sciences Consulting, Inc. ("Applied Sciences") for approximately \$28 million from cash on hand. Headquartered in Tampa, Florida, Applied Sciences works closely with agencies across Florida to deliver solutions that protect and advance the region's water infrastructure resilience. At the time of the filing of this Form 10-Q, the Company has just started the process of obtaining the relevant data to make the required acquisition related disclosures. This acquisition is not material to the Company's consolidated financial statements.

## 20. Quarterly Information - Unaudited

The following table presents selected quarterly financial information (in thousands except per share data):

	Before Adoption of ASU 2024-04		After Adoption of ASU 2024-04	
	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
Federal Solutions revenue	\$	3,003,791	\$	3,003,791
Critical Infrastructure revenue		2,012,468		2,012,468
Total revenue		5,016,259		5,016,259
Operating income		328,254		328,254
Convertible debt repurchase loss (1)		(211,018)		(18,355)
Income tax expense (1)		(12,699)		(58,257)
Net income attributable to Parsons Corporation (1)		33,768		180,873
Earnings per share:				
Basic	\$	0.32	\$	1.70
Diluted (2)	\$	0.31	\$	1.64

<sup>1</sup> Presents the revised quarterly financial data resulting from the adoption of Accounting Standards Update ("ASU") 2024-04 as of January 1, 2024 on a prospective basis. As a result of the adoption of ASU 2024-04, the Company reversed a loss on extinguishment of debt for the partial repurchase of the Convertible Senior Notes due 2025 and recorded the repurchase transaction as an induced conversion. This change from extinguishment to inducement accounting resulted in the Company (i.) reversing the \$211.0 million loss and the related \$49.9 million tax benefit on extinguishment of debt, recorded in Q1 2024, (ii.) recording a \$18.4 million convertible debt repurchase loss, (iii.) the difference between the extinguishment loss and inducement expense of \$192.6 million recorded to equity, and (iv.) the related tax benefit of \$45.6 million recorded to equity. See "Note 2—Basis of Presentation and Principles of Consolidation" for a further discussion of the first quarter 2024 extinguishment accounting and subsequent change to inducement accounting.

<sup>2</sup> Diluted earnings per share prior to the adoption of ASU 2024-04 did not include certain adjustments as their inclusion would have been antidilutive. Subsequent to the adoption of ASU 2024-04 these adjustments are no longer antidilutive. Dilutive adjustments include if converted interest of \$2.9 million, 1.6 million shares related to stock based awards and 4.0 million shares related to convertible senior notes. Inclusion of these dilution adjustments resulted in dilutive net income attributable to Parsons Corporation of \$183.7 million and total diluted shares of 112.2 million for the nine months ended September 30, 2024.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion and analysis is intended to help investors understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion together with our consolidated financial statements and related notes thereto included elsewhere in this Form 10-Q and in conjunction with the Company’s Form 10-K for the year ended December 31, 2024. Certain amounts may not foot due to rounding.

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in “Risk Factors” and “Special Note Regarding Forward-Looking Statements” in the Company’s Form 10-K for the year ended December 31, 2024. We undertake no obligation to revise publicly any forward-looking statements. Actual results may differ materially from those contained in any forward-looking statements.

# PARSONS CORPORATION

Delivering innovative solutions that make the world safer, healthier, and more connected.

## SEGMENTS



**Critical Infrastructure**  
Lead smart, sustainable infrastructure deployment

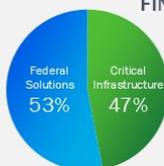


**Federal Solutions**  
Deliver information dominance across all domains

## FINANCIAL SNAPSHOT

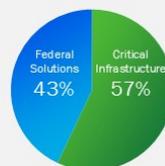
**\$6.5B**

Total Revenue  
(Trailing 12-Months)



**\$6.5B**

Contract Awards  
(Trailing 12-Months)



## KEY FACTS AND FIGURES



**80**

Years Of History



**20K+**

Employees



**\$438M**

Cash Flow From Operations  
(Trailing 12-Months)



**1.0X**

Book-To-Bill Ratio  
(Trailing 12-Months)



**\$8.8B**

Backlog As Of  
9/30/2025

## Overview

We are a leading provider of the integrated solutions and services required in today’s complex security environment and a world of digital transformation. We deliver innovative technology-driven solutions to customers worldwide. We have developed significant expertise and differentiated capabilities in key areas of cybersecurity, intelligence, missile defense, C5ISR, space, transportation, water/wastewater and environmental remediation. By combining our talented team of professionals and advanced technology, we solve complex technical challenges to enable a safer, smarter, more secure and more connected world.

We operate in two reporting segments, Federal Solutions and Critical Infrastructure. Our Federal Solutions business provides advanced technical solutions to the U.S. government. Our Critical Infrastructure business provides integrated engineering and management services for complex physical and digital infrastructure to state and local governments and large companies.

Our employees provide services pursuant to contracts that we are awarded by the customer and specific task orders relating to such contracts. These contracts are often multi-year, which provides us backlog and visibility on our revenues for future periods. Many of our contracts and task orders are subject to renewal and rebidding at the end of their term, and some are subject to the exercise of contract options and issuance of task orders by the applicable government

entity. In addition to focusing on increasing our revenues through increased contract awards and backlog, we focus our financial performance on margin expansion and cash flow.

### Key Metrics

We manage and assess the performance of our business by evaluating a variety of metrics. The following table sets forth selected key metrics (in thousands, except Book-to-Bill):

	September 30, 2025	September 30, 2024
Awards (year to date)	\$ 4,865,560	\$ 5,367,109
Backlog (1)	\$ 8,832,447	\$ 8,784,047
Book-to-Bill (year to date)	1.0	1.1

- (1) Difference between our backlog of \$8.8 billion and our remaining unsatisfied performance obligations, or RUPO, of \$7.0 billion, each as of September 30, 2025, is due to (i) unissued task orders and unexercised option years, to the extent their issuance or exercise is probable, as well as (ii) contract awards, to the extent we believe contract execution and funding is probable.

### Awards

Awards generally represent the amount of revenue expected to be earned in the future from funded and unfunded contract awards received during the period. Contract awards include both new and re-compete contracts and task orders. Given that new contract awards generate growth, we closely track our new awards each year.

The following table summarizes the year to-date value of new awards for the periods presented below (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Federal Solutions	\$ 649,692	\$ 1,012,432	\$ 2,045,171	\$ 3,100,242
Critical Infrastructure	943,317	772,304	2,820,389	2,266,867
Total Awards	<u>\$ 1,593,009</u>	<u>\$ 1,784,736</u>	<u>\$ 4,865,560</u>	<u>\$ 5,367,109</u>

The change in new awards from year to year is primarily due to ordinary course fluctuations in our business. The volume of contract awards can fluctuate in any given period due to win rate and the timing and size of the awards issued by our customers.

The increase in awards for the three and nine months ended September 30, 2025 in our Critical Infrastructure segment when compared to the corresponding period last year was primarily driven by an overall increase in awards in the current year periods. Critical Infrastructure awards for the three months ended September 30, 2024 included a significant design award. The decrease in awards for the three and nine months ended September 30, 2025 in our Federal Solutions segment when compared to the corresponding periods last year was primarily driven by a delay in the timing of awards of a number of contracts being pursued. Awards for the three and nine months ended September 30, 2024 included significant option period awards from the confidential contract in the Federal Solutions segment.

### Backlog

We define backlog to include the following two components:

- **Funded**—Funded backlog represents future revenue anticipated from orders for services under existing contracts for which funding is appropriated or otherwise authorized.
- **Unfunded**—Unfunded backlog represents future revenue anticipated from orders for services under existing contracts for which funding has not been appropriated or otherwise authorized.

Backlog includes (i) unissued task orders and unexercised option years, to the extent their issuance or exercise is probable, as well as (ii) contract awards, to the extent we believe contract execution and funding is probable.

The following table summarizes the value of our backlog at the respective dates presented below (in thousands):

	September 30, 2025	September 30, 2024
Federal Solutions:		
Funded	\$ 1,897,010	\$ 1,982,336
Unfunded	2,409,177	2,936,109
<b>Total Federal Solutions</b>	<b>4,306,187</b>	<b>4,918,445</b>
Critical Infrastructure:		
Funded	4,483,659	3,811,638
Unfunded	42,601	53,964
<b>Total Critical Infrastructure</b>	<b>4,526,260</b>	<b>3,865,602</b>
<b>Total Backlog (1)</b>	<b>\$ 8,832,447</b>	<b>\$ 8,784,047</b>

- (1) Difference between our backlog of \$8.8 billion and our RUPO of \$7.0 billion, each as of September 30, 2025, is due to (i) unissued task orders and unexercised option years, to the extent their issuance or exercise is probable, as well as (ii) contract awards, to the extent we believe contract execution and funding is probable.

Our backlog includes orders under contracts that in some cases extend for several years. For example, the U.S. Congress generally appropriates funds for our U.S. federal government customers on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years to complete. As a result, our federal contracts typically are only partially funded at any point during their term. All or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

We expect to recognize \$4.1 billion of our funded backlog at September 30, 2025 as revenues in the following twelve months. However, our U.S. federal government customers may cancel their contracts with us at any time through a termination for convenience or may elect to not exercise option periods under such contracts. In the case of a termination for convenience, we would not receive anticipated future revenues, but would generally be permitted to recover all or a portion of our incurred costs and fees for work performed. See “Risk Factors—Risk Relating to Our Business—We may not realize the full value of our backlog, which may result in lower than expected revenue” in the Company’s Form 10-K for the year ended December 31, 2024.

The increase in backlog in the Critical Infrastructure segment was primarily from ordinary course fluctuations in our business and an overall increase in awards. The decrease in Federal Solutions backlog was primarily related to a reduction in work on our confidential contract as a result of the recent Department of State reorganization issued May 29, 2025 and a delay in the timing of awards of a number of contracts being pursued.

### **Book-to-Bill**

Book-to-bill is the ratio of total awards to total revenue recorded in the same period. Our management believes our book-to-bill ratio is a useful indicator of our potential future revenue growth in that it measures the rate at which we are generating new awards compared to the Company’s current revenue. To drive future revenue growth, our goal is for the level of awards in a given period to exceed the revenue booked. A book-to-bill ratio greater than 1.0 indicates that awards generated in a given period exceeded the revenue recognized in the same period, while a book-to-bill ratio of less than 1.0 indicates that awards generated in such period were less than the revenue recognized in such period. The following table sets forth the book-to-bill ratio for the periods presented below:

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Federal Solutions	0.8	0.9	0.8	1.0
Critical Infrastructure	1.1	1.1	1.2	1.1
<b>Overall</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>

## **Factors and Trends Affecting Our Results of Operations**

We believe that the financial performance of our business and our future success are dependent upon many factors, including those highlighted in this section. Our operating performance will depend upon many variables, including the success of our growth strategies and the timing and size of investments and expenditures that we choose to undertake, as well as market growth and other factors that are not within our control.

### ***Government Spending***

Changes in the relative mix of government spending and areas of spending growth, with shifts in priorities on homeland security, intelligence, defense-related programs, infrastructure and urbanization, and continued increased spending on technology and innovation, including cybersecurity, artificial intelligence, connected communities and physical infrastructure, could impact our business and results of operations. Cost-cutting and efficiency initiatives, current and future budget restrictions, spending cuts and other efforts to reduce government spending could cause our government customers to reduce or delay funding or invest appropriated funds on a less consistent basis or not at all, and demand for our solutions or services could diminish. Furthermore, any disruption in the functioning of government agencies, including as a result of government closures and shutdowns, could have a negative impact on our operations and cause us to lose revenue or incur additional costs due to, among other things, our inability to deploy our staff to customer locations or facilities as a result of such disruptions.

### ***Federal Budget Uncertainty***

There is uncertainty around the timing, extent, nature and effect of Congressional and other U.S. government actions to address budgetary constraints, caps on the discretionary budget for defense and non-defense departments and agencies, and the ability of Congress to determine how to allocate the available budget authority and pass appropriations bills to fund both U.S. government departments and agencies that are, and those that are not, subject to the caps. Additionally, budget deficits and the growing U.S. national debt increase pressure on the U.S. government to reduce federal spending across all federal agencies, with uncertainty about the size and timing of those reductions. Furthermore, delays in the completion of future U.S. government budgets could in the future delay procurement of the federal government services we provide. A reduction in the amount of, or delays, or cancellations of funding for, services that we are contracted to provide to the U.S. government as a result of any of these impacts or related initiatives, legislation or otherwise could have a material adverse effect on our business and results of operations.

### ***Regulations***

Increased audit, review, investigation and general scrutiny by government agencies of performance under government contracts and compliance with the terms of those contracts and applicable laws could affect our operating results. Negative publicity and increased scrutiny of government contractors in general, including us, relating to government expenditures for contractor services and incidents involving the mishandling of sensitive or classified information, as well as the increasingly complex requirements of the U.S. Department of Defense and the U.S. Intelligence Community, including those related to cybersecurity, could impact our ability to perform in the markets we serve.

### ***Competitive Markets***

The industries we operate in consist of a large number of enterprises ranging from small, niche-oriented companies to multi-billion-dollar corporations that serve many government and commercial customers. We compete on the basis of our technical expertise, technological innovation, our ability to deliver cost-effective multi-faceted services in a timely manner, our reputation and relationships with our customers, qualified and/or security-clearance personnel, and pricing. We believe that we are uniquely positioned to take advantage of the markets in which we operate because of our proven track record, long-term customer relationships, technology innovation, scalable and agile business offerings and world class talent. Our ability to effectively deliver on project engagements and successfully assist our customers affects our ability to win new contracts and drives our financial performance.

## **Acquired Operations**

### *Chesapeake Technology International, Corp*

On June 30, 2025, the Company acquired a 100% ownership interest in Chesapeake Technology International, Corp ("CTI"), a privately owned company, for \$91.5 million from cash on hand. CTI brings extensive capabilities as an all-domain technology solutions provider, powered by cutting-edge products that enhance the warfighters' ability to sense, evaluate and deliver effects within the invisible battlespaces. The financial results of CTI have been included in our consolidated results of operations from June 30, 2025 onward.

### *TRS Group, Inc.*

On January 31, 2025, the Company acquired a 100% ownership interest in TRS Group, Inc. ("TRS") a privately owned company, for \$36.6 million. TRS is an environmental solutions firm that specializes in remediation technology. The acquisition of TRS significantly enhances Parsons' environmental remediation capabilities. The financial results of TRS have been included in our consolidated results of operations from January 31, 2025 onward.

### *BCC Engineering, LLC*

On November 1, 2024, the Company acquired a 100% ownership interest in BCC Engineering, LLC ("BCC") a privately owned company, for \$233.5 million. BCC is a full-service engineering firm that provides planning, design, and management services for transportation, civil and structural engineering projects in Florida, Georgia, Texas, South Carolina, and Puerto Rico. This acquisition strengthens Parsons' position as an infrastructure leader while expanding the company's reach in the southeastern United States. The financial results of BCC have been included in our consolidated results of operations from October 18, 2024 onward.

### *BlackSignal Technologies, LLC*

On August 16, 2024, the Company acquired a 100% ownership interest in BlackSignal Technologies, LLC, ("BlackSignal") a privately-owned company, for \$203.7 million. Headquartered in Chantilly, Virginia, BlackSignal is a next-generation digital signal processing, electronic warfare, and cyber security provider built to counter near peer threats. Parsons believes that the acquisition will expand Parsons' customer base across the Department of Defense and Intelligence Community and significantly strengthen Parsons' positioning within cyber warfare, while adding new capabilities in the counterspace radio frequency domain. The financial results of BlackSignal have been included in our consolidated results of operations from August 16, 2024 onward.

## **Seasonality**

Our results may be affected by variances as a result of weather conditions and contract award seasonality impacts that we experience across our businesses. The latter issue is typically driven by the U.S. federal government fiscal year-end, September 30. While not certain, it is not uncommon for U.S. government agencies to award task orders or complete other contract actions in the weeks before the end of the U.S. federal government fiscal year in order to avoid the loss of unexpended U.S. federal government fiscal year funds. In addition, we have also historically experienced higher bid and proposal costs in the months leading up to the U.S. federal government fiscal year-end as we pursue new contract opportunities expected to be awarded early in the following U.S. federal government fiscal year as a result of funding appropriated for that U.S. federal government fiscal year. Furthermore, many U.S. state governments with fiscal years ending on June 30 tend to accelerate spending during their first quarter, when new funding becomes available. We may continue to experience this seasonality in future periods, and our results of operations may be affected by it.

## **Results of Operations**

### **Revenue**

Our revenue consists of both services provided by our employees and pass-through fees from subcontractors and other direct costs. Our Federal Solutions segment derives revenue primarily from the U.S. federal government and our Critical Infrastructure segment derives revenue primarily from government and commercial customers.

We enter into the following types of contracts with our customers:

- Under cost-plus contracts, we are reimbursed for allowable or otherwise defined costs incurred, plus a fee. The contracts may also include incentives for various performance criteria, including quality, timeliness, safety and cost-effectiveness. In addition, costs are generally subject to review by clients and regulatory

audit agencies, and such reviews could result in costs being disputed as non-reimbursable under the terms of the contract.

- Under time-and-materials contracts, hourly billing rates are negotiated and charged to clients based on the actual time spent on a project. In addition, clients reimburse actual out-of-pocket costs for other direct costs and expenses that are incurred in connection with the performance under the contract.
- Under fixed-price contracts, clients pay an agreed fixed-amount negotiated in advance for a specified scope of work.

Refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” and “Note 2—Summary of Significant Accounting Policies” in the notes to our consolidated financial statements included in the Company’s Form 10-K for the year ended December 31, 2024 for a description of our policies on revenue recognition.

The table below presents the percentage of total revenue for each type of contract.

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Fixed-price	33.0%	43.7%	34.5%	42.4%
Time-and-materials	24.3%	19.6%	23.4%	21.0%
Cost-plus	42.7%	36.7%	42.1%	36.6%

The amount of risk and potential reward varies under each type of contract. Under cost-plus contracts, there is limited financial risk, because we are reimbursed for all allowable costs up to a ceiling. However, profit margins on this type of contract tend to be lower than on time-and-materials and fixed-price contracts. Under time-and-materials contracts, we are reimbursed for the hours worked using the predetermined hourly rates for each labor category. In addition, we are typically reimbursed for other direct contract costs and expenses at cost. We assume financial risk on time-and-materials contracts because our labor costs may exceed the negotiated billing rates. Profit margins on well-managed time-and-materials contracts tend to be higher than profit margins on cost-plus contracts as long as we are able to staff those contracts with people who have an appropriate skill set. Under fixed-price contracts, we are required to deliver the objectives under the contract for a pre-determined price. Compared to time-and-materials and cost-plus contracts, fixed-price contracts generally offer higher profit margin opportunities because we receive the full benefit of any cost savings, but they also generally involve greater financial risk because we bear the risk of any cost overruns. In the aggregate, the contract type mix in our revenue for any given period will affect that period’s profitability. Over time, we have generally experienced a relatively stable contract mix.

The significant change in the contract mix for the three and nine months ended September 30, 2025 compared to the corresponding periods last year primarily relates to decreased business volume from a fixed price contract from a confidential contract in our Federal Solutions segment.

Our recognition of profit on long-term contracts requires the use of assumptions related to transaction price and total cost of completion. Estimates are continually evaluated as work progresses and are revised when necessary. When a change in estimated cost or transaction price is determined to have an impact on contract profit, we record a positive or negative adjustment to revenue.

### Joint Ventures

We conduct a portion of our business through joint ventures or similar partnership arrangements. For the joint ventures we control, we consolidate all the revenues and expenses in our consolidated statements of income (including revenues and expenses attributable to noncontrolling interests). For the joint ventures we do not control, we recognize equity in (losses) earnings of unconsolidated joint ventures. Our revenues included amounts related to services we provided to our unconsolidated joint ventures for the three months ended September 30, 2025 and September 30, 2024 of \$56.9 million and \$47.6 million, respectively and \$144.3 million and \$144.9 million for the nine months ended September 30, 2025 and September 30, 2024, respectively.

### Operating costs and expenses

Operating costs and expenses primarily include direct costs of contracts and selling, general and administrative expenses. Costs associated with compensation-related expenses for our people and facilities, which includes ESOP contribution expenses, are the most significant component of our operating expenses. Total ESOP contribution expense for the three months ended September 30, 2025 and September 30, 2024 was \$18.6 million and \$13.2 million,

respectively, and \$54.0 million and \$43.4 million for the nine months ended September 30, 2025 and September 30, 2024, respectively and is recorded in “Direct cost of contracts” and “Selling, general and administrative expenses.”

Direct costs of contracts consist of direct labor and associated fringe benefits, indirect overhead, subcontractor and materials (“pass-through costs”), travel expenses and other expenses incurred to perform on contracts.

Selling, general and administrative expenses (“SG&A”) include salaries and wages and fringe benefits of our employees not performing work directly for customers, facility costs and other costs related to these indirect functions.

### Other income and expenses

Other income and expenses primarily consist of interest income, interest expense and other income, net.

Interest income primarily consists of interest earned on U.S. government money market funds.

Interest expense consists of interest expense incurred under our Senior Notes, Convertible Senior Notes, and Credit Agreement.

Other income, net primarily consists of gain or loss on sale of assets, sublease income and transaction gain or loss related to movements in foreign currency exchange rates.

### Adjusted EBITDA

The following table sets forth Adjusted EBITDA, Net Income Margin, and Adjusted EBITDA Margin for the three and nine months ended September 30, 2025 and September 30, 2024.

(U.S. dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Adjusted EBITDA (1)	\$ 158,137	\$ 167,011	\$ 456,044	\$ 458,334
Net Income Margin (2)	5.0%	4.7%	4.9%	4.4%
Adjusted EBITDA Margin (3)	9.8%	9.2%	9.6%	9.1%

- (1) A reconciliation of net income attributable to Parsons Corporation to Adjusted EBITDA is set forth below (in thousands).
- (2) Net Income Margin is calculated as net income including noncontrolling interest divided by revenue in the applicable period
- (3) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by revenue in the applicable period.

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net income attributable to Parsons Corporation	\$ 64,123	\$ 71,951	\$ 185,556	\$ 180,873
Interest expense, net	11,696	8,802	33,301	29,831
Income tax expense	16,035	22,518	53,702	58,257
Depreciation and amortization	29,849	24,542	85,844	73,513
Net income attributable to noncontrolling interests	17,671	13,638	48,514	40,428
Equity-based compensation	11,568	21,251	30,190	44,554
Convertible debt repurchase loss	-	-	-	18,355
Transaction-related costs (a)	5,074	3,770	13,910	8,958
Restructuring (b)	292	-	2,653	-
Other (c)	1,829	539	2,374	3,565
Adjusted EBITDA	\$ 158,137	\$ 167,011	\$ 456,044	\$ 458,334

- (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.

Adjusted EBITDA is a supplemental measure of our operating performance used by management and our board of directors to assess our financial performance both on a segment and on a consolidated basis. We discuss Adjusted EBITDA because our management uses this measure for business planning purposes, including to manage the business against internal projected results of operations and measure the performance of the business generally. Adjusted EBITDA is frequently used by analysts, investors and other interested parties to evaluate companies in our industry.

Adjusted EBITDA is not a GAAP measure of our financial performance or liquidity and should not be considered as an alternative to net income as a measure of financial performance or cash flows from operations as measures of liquidity, or any other performance measure derived in accordance with GAAP. We define Adjusted EBITDA as net income (loss) attributable to Parsons Corporation, adjusted to include net income (loss) attributable to noncontrolling interests and to exclude interest expense (net of interest income), provision for income taxes, depreciation and amortization and certain other items that we do not consider in our evaluation of ongoing operating performance. These other items include, among other things, impairment of goodwill, intangible and other assets, interest and other expenses recognized on litigation matters, expenses incurred in connection with acquisitions and other non-recurring transaction costs and expenses related to our corporate restructuring initiatives. Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not reflect tax payments, debt service requirements, capital expenditures and certain other cash costs that may recur in the future, including, among other things, cash requirements for working capital needs and cash costs to replace assets being depreciated and amortized. Management compensates for these limitations by relying on our GAAP results in addition to using Adjusted EBITDA supplementally. Our measure of Adjusted EBITDA is not necessarily comparable to similarly titled captions of other companies due to different methods of calculation.

The following table shows Adjusted EBITDA attributable to Parsons Corporation for each of our reportable segments and Adjusted EBITDA attributable to noncontrolling interests (in thousands):

The following table sets forth our results of operations for the three and nine months ended September 30, 2025 and September 30, 2024 as a percentage of revenue.

	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Revenues	100%	100%	100%	100%
Direct costs of contracts	77.8%	80.1%	77.7%	79.3%
Equity in (losses) earnings of unconsolidated joint ventures	0.5%	0.0%	0.1%	-0.4%
Selling, general and administrative expenses	16.0%	13.6%	15.9%	13.8%
Operating income	6.7%	6.4%	6.6%	6.5%
Interest income	0.1%	0.2%	0.1%	0.2%
Interest expense	-0.8%	-0.7%	-0.8%	-0.8%
Convertible debt repurchase loss	0.0%	0.0%	0.0%	-0.4%
Other income, net	0.1%	0.1%	0.2%	0.0%
Total other income (expense)	-0.6%	-0.4%	-0.5%	-1.0%
Income before income tax expense	6.0%	6.0%	6.0%	5.6%
Income tax expense	-1.0%	-1.2%	-1.1%	-1.2%
Net income including noncontrolling interests	5.0%	4.7%	4.9%	4.4%
Net income attributable to noncontrolling interests	-1.1%	-0.8%	-1.0%	-0.8%
Net income attributable to Parsons Corporation	4.0%	4.0%	3.9%	3.6%

## Revenue

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Revenue	\$ 1,621,748	\$ 1,810,116	\$ (188,368)	-10.4%

Revenue decreased \$188.4 million for the three months ended September 30, 2025 when compared to the corresponding period last year, due to a decrease in revenue in our Federal Solutions segment of \$317.0 million, offset by an increase in revenue in our Critical Infrastructure Segment of \$128.6 million. See "Segment Results" below for a further discussion of the changes in the Company's revenue.

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Revenue	\$ 4,760,431	\$ 5,016,259	\$ (255,828)	-5.1%

The decrease in revenue of \$255.8 million for the nine months ended September 30, 2025 when compared to the corresponding period last year, was due to a decrease in our Federal Solutions segment of \$567.2 million offset by an increase in revenue in our Critical Infrastructure segment of \$311.3 million, respectively.

## Direct costs of contracts

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Direct costs of contracts	\$ 1,261,893	\$ 1,449,831	\$ (187,938)	-13.0%

Direct cost of contracts decreased \$187.9 million for the three months ended September 30, 2025 when compared to the corresponding period last year, primarily due to a decrease of \$268.7 million in our Federal Solutions segment offset by an increase of \$80.8 million in our Critical Infrastructure segment. The decrease in direct costs of contracts in the Federal Solutions segment is primarily related to reduced volume from our confidential contract, See "Segment Results" below for a further discussion. The increase in direct costs of contracts in the Critical Infrastructure segment is primarily related to increased volume from new and existing contracts.

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Direct costs of contracts	\$ 3,698,240	\$ 3,979,589	\$ (281,349)	-7.1%

The decrease in direct cost of contracts \$281.3 million for the nine months ended September 30, 2025 when compared to the corresponding period last year, was primarily due to a decrease of \$477.0 million in our Federal Solutions segment offset by an increase of \$195.7 million in our Critical Infrastructure segment. The changes in direct cost of contracts for the nine months ended September 30, 2025 compared to the corresponding period last year were primarily impacted by the factors noted above for both segments for the three months ended September 30, 2025.

## Equity in earnings (losses) of unconsolidated joint ventures

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Equity in earnings of unconsolidated joint ventures	\$ 8,266	\$ 872	\$ 7,394	847.9%

Equity in losses of unconsolidated joint ventures improved by \$7.4 million for the three months ended September 30, 2025 compared to the corresponding period last year which included significant write-downs on certain joint ventures. The Company is winding down its participation in construction joint ventures.

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Equity in earnings (losses) of unconsolidated joint ventures	\$ 6,937	\$ (18,025)	\$ 24,962	138.5%

Equity in earnings (losses) of unconsolidated joint ventures improved by \$25.0 million for the nine months ended September 30, 2025 compared to the corresponding period last year which included significant write-downs on certain joint ventures. The Company is winding down its participation in construction joint ventures.

*Selling, general and administrative expenses*

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Selling, general and administrative expenses	\$ 260,166	\$ 246,169	\$ 13,997	5.7%

As a percentage of revenue, our SG&A increased by 2.4% to 16.0% for the three months ended September 30, 2025 compared to 13.6% for the corresponding period last year. The increase in SG&A was primarily due to an increase in segment level SG&A, in particular from business acquisitions, increased investments in bid and proposal activity, critical hires in support of our strong pipeline, and large strategic pursuits aligned to the Trump administration's priorities. Partially offsetting these increases in SG&A was a decrease in incentive compensation cost. Partially driving the increase in SG&A as a percent of revenue, was the decrease in business volume in the Federal Solutions segment discussed below.

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Selling, general and administrative expenses	\$ 756,279	\$ 690,391	\$ 65,888	9.5%

As a percentage of revenue, SG&A increased by 2.1% to 15.9% for the nine months ended September 30, 2025 compared to 13.8% for the corresponding period last year. The increase in SG&A was primarily due to the factors noted above for the three months ended September 30, 2025.

*Total other income (expense)*

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Interest income	\$ 1,839	\$ 4,232	\$ (2,393)	-56.5%
Interest expense	(13,535)	(13,034)	(501)	-3.8%
Other income (expense), net	1,570	1,921	(351)	-18.3%
Total other income (expense)	\$ (10,126)	\$ (6,881)	\$ (3,245)	-47.2%

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Interest income	\$ 5,049	\$ 9,209	\$ (4,160)	-45.2%
Interest expense	(38,350)	(39,040)	690	1.8%
Convertible debt repurchase loss	-	(18,355)	18,355	n/a
Other income (expense), net	8,224	(510)	8,734	1712.5%
Total other income (expense)	\$ (25,077)	\$ (48,696)	\$ 23,619	48.5%

Interest income is related to interest earned on investments in government money funds.

Interest expense for the three and nine months ended September 30, 2025 and September 30, 2024 is primarily due to debt related to our Convertible Senior Notes and Term Loan. Interest expense for the nine months ended September 30, 2024 included a \$3.2 million charge related to the March 2024 partial repurchase of the Company's Convertible Senior Notes due 2025 (discussed in more detail below).

During the nine months ended September 30, 2024, we paid \$495.6 million in cash to repurchase \$284.6 million aggregate principal amount of our Convertible Senior Notes due 2025 (the "Repurchase Transaction") concurrently with the offering of 2.625% Convertible Senior Notes due 2029. As a result of the Repurchase Transaction, we incurred a \$18.4 million loss<sup>1</sup> on debt extinguishment. The Repurchase Transaction is a partial repurchase of our Convertible Senior Notes due 2025. See "Note 10 – Debt and Credit Facilities," for a further discussion of this transaction.

<sup>1</sup>During the first quarter of 2024, prior to the early adoption of ASU 2024-04, the Company recorded a \$211.0 million loss on debt extinguishment associated with the 0.25% Convertible Senior Notes due 2025. Please see "Note 2— Basis of Presentation and Principles of Consolidation" for a discussion of the Company's adoption of ASU 2024-04. As a result of the early adoption, the extinguishment charge was reversed from the Company's consolidated financial statements and a convertible debt repurchase loss was recorded as described above.

The amounts in other income (expense), net are primarily related to transaction gains and losses on foreign currency transactions and sublease income. Other income (expense), net for the nine months ended September 30, 2024 included a \$1.8 million change in the estimated fair value of contingent consideration which was settled in the prior fiscal year.

#### Income tax expense

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Income tax expense	\$ 16,035	\$ 22,518	\$ (6,483)	-28.8%

The Company's effective tax rate was 16.4% and 20.8% and income tax expense was \$16.0 million and \$22.5 million for the three months ended September 30, 2025 and September 30, 2024, respectively. The decrease in tax expense for the three months ended September 30, 2025 compared to the three months ended September 30, 2024 was due primarily to the tax impact of a decrease in pre-tax income, a discrete tax benefit related to the reduction of unrecognized tax benefits for various tax positions resulting from the expiration of the statute of limitations, a change in the jurisdictional mix of earnings and an increase in untaxed income attributed to noncontrolling interests, partially offset by a decrease in the foreign-derived intangible income (FDII) deduction and an increase in unrecognized tax benefits for foreign tax credits.

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Income tax expense	\$ 53,702	\$ 58,257	\$ (4,555)	-7.8%

The Company's effective income tax rate was 18.7% and 20.8% for the nine months ended September 30, 2025 and September 30, 2024, respectively. Income tax expense was \$53.7 million and \$58.3 million for the nine months ended September 30, 2025 and September 30, 2024, respectively. The decrease in tax expense for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024 was due primarily to a discrete tax benefit related to the reduction of unrecognized tax benefits for various tax positions resulting from the expiration of the statute of limitations, a change in the jurisdictional mix of earnings and an increase in untaxed income attributed to noncontrolling interests, partially offset by a decreases in the FDII deduction and the windfall equity-based compensation deduction, and an increase in unrecognized tax benefits for foreign tax credits.

## Segment Results

We evaluate segment operating performance using segment revenue and segment Adjusted EBITDA attributable to Parsons Corporation. Adjusted EBITDA attributable to Parsons Corporation is Adjusted EBITDA excluding Adjusted EBITDA attributable to noncontrolling interests. Presented above, in this Management's Discussion and Analysis of Financial Condition and Results of Operations, is a discussion of our definition of Adjusted EBITDA, how we use this metric, why we present this metric and the material limitations on the usefulness of this metric. See "Note 18—Segments Information" in the notes to the consolidated financial statements in this Form 10-Q for further discussion regarding our segment Adjusted EBITDA attributable to Parsons Corporation.

The following table shows Adjusted EBITDA attributable to Parsons Corporation for each of our reportable segments and Adjusted EBITDA attributable to noncontrolling interests:

(U.S. dollars in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Federal Solutions Adjusted EBITDA attributable to Parsons Corporation	\$ 72,501	\$ 120,091	\$ 215,105	\$ 315,413
Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation	67,803	33,007	192,183	101,582
Adjusted EBITDA attributable to noncontrolling interests	17,833	13,913	48,756	41,339
Total Adjusted EBITDA	<u>\$ 158,137</u>	<u>\$ 167,011</u>	<u>\$ 456,044</u>	<u>\$ 458,334</u>

### *Federal Solutions*

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Revenue	\$ 788,607	\$ 1,105,580	\$ (316,973)	-28.7%
Adjusted EBITDA attributable to Parsons Corporation	\$ 72,501	\$ 120,091	\$ (47,590)	-39.6%

The decrease in Federal Solutions revenue for the three months ended September 30, 2025 compared to the corresponding period last year was primarily driven by our confidential contract operating at a reduced volume as a result of the recent Department of State reorganization issued May 29, 2025. This decrease was offset by the recognition of incentive fees, growth on existing contracts, and the ramp-up of new task orders.

The decrease in Federal Solutions Adjusted EBITDA attributable to Parsons Corporation for the three months ended September 30, 2025 compared to the corresponding period last year was primarily due to the factors impacting revenue discussed above and an increase in SG&A including investments made in key personnel and bid and proposal activity on strategic pursuits.

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Revenue	\$ 2,436,628	\$ 3,003,791	\$ (567,163)	-18.9%
Adjusted EBITDA attributable to Parsons Corporation	\$ 215,105	\$ 315,413	\$ (100,308)	-31.8%

The decrease in Federal Solutions revenue for the nine months ended September 30, 2025 compared to the corresponding period last year was primarily related to the factors impacting revenue discussed above for the three months ended September 30, 2025.

The decrease in Federal Solutions Adjusted EBITDA attributable to Parsons Corporation for the nine months ended September 30, 2025 compared to the corresponding period last year was primarily related to the factors discussed above for Adjusted EBITDA attributable to Parsons Corporation for the three months ended September 30, 2025.

### Critical Infrastructure

(U.S. dollars in thousands)	Three Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Revenue	\$ 833,141	\$ 704,536	\$ 128,605	18.3%
Adjusted EBITDA attributable to Parsons Corporation	\$ 67,803	\$ 33,007	\$ 34,796	105.4%

The increase in Critical Infrastructure revenue for the three months ended September 30, 2025 compared to the corresponding periods last year was primarily related to organic growth of 12.7% and \$38.9 million from business acquisitions. Organic growth was primarily due to an increase in business volume from existing contracts and ramping up of recent awards.

The increase in Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation for the three months ended September 30, 2025 compared to the corresponding period last year was primarily related to the revenue impacts discussed above, recent business acquisitions, and improvement in equity in earnings (losses) from unconsolidated joint ventures. These increases in Adjusted EBITDA, were partially offset by an increase in SG&A.

(U.S. dollars in thousands)	Nine Months Ended		Variance	
	September 30, 2025	September 30, 2024	Dollar	Percent
Revenue	\$ 2,323,803	\$ 2,012,468	\$ 311,335	15.5%
Adjusted EBITDA attributable to Parsons Corporation	\$ 192,183	\$ 101,582	\$ 90,601	89.2%

The increase in Critical Infrastructure revenue for the nine months ended September 30, 2025 compared to the corresponding period last year was primarily related to organic growth of 9.8% and \$113.8 million from business acquisitions along with the other factors impacting revenue discussed above.

The increase in Critical Infrastructure Adjusted EBITDA attributable to Parsons Corporation for the nine months ended September 30, 2025 compared to the corresponding period last year was primarily related to the factors discussed above for Adjusted EBITDA for the three months ended September 30, 2025.

### Liquidity and Capital Resources

We currently finance our operations and capital expenditures through a combination of internally generated cash from operations, our Convertible Senior Notes, Term Loan and periodic borrowings under our Revolving Credit Facility.

Generally, cash provided by operating activities has been adequate to fund our operations. Due to fluctuations in our cash flows and growth in our operations, it may be necessary from time to time in the future to borrow under our Credit Agreement to meet cash demands. Our management regularly monitors certain liquidity measures to monitor performance. We calculate our available liquidity as a sum of cash and cash equivalents from our consolidated balance sheet plus the amount available and unutilized on our Credit Agreement.

As of September 30, 2025, we believe we have adequate liquidity and capital resources to fund our operations, support our debt service and our ongoing acquisition strategy for at least the next twelve months based on the liquidity from cash provided by our operating activities, cash and cash equivalents on-hand and our borrowing capacity under our Revolving Credit Facility. Management continually monitors debt maturities to strategically execute optimal terms and ensure appropriate levels of working capital liquidity are maintained for the company.

### Cash Flows

Cash received from customers, either from the payment of invoices for work performed or for advances in excess of revenue recognized, is our primary source of cash. We generally do not begin work on contracts until funding is appropriated by the customers. Billing timetables and payment terms on our contracts vary based on a number of factors, including whether the contract type is cost-plus, time-and-materials, or fixed-price. We generally bill and collect cash more frequently under cost-plus and time-and-materials contracts, as we are authorized to bill as the costs are incurred or work is performed. In contrast, we may be limited to bill certain fixed-price contracts only when specified milestones, including deliveries, are achieved. A number of our contracts may provide for performance-based payments, which allow us to bill and collect cash prior to completing the work.

Billed accounts receivable represents amounts billed to clients that have not been collected. Unbilled accounts receivable represents amounts where the Company has a present contractual right to bill but an invoice has not been issued to the customer at the period-end date.

Accounts receivable is the principal component of our working capital and includes billed and unbilled amounts. The total amount of our accounts receivable can vary significantly over time but is generally sensitive to revenue levels. We experience delays in collections from time to time from Middle East customers. Net days sales outstanding, which we refer to as Net DSO, is calculated by dividing (i) (accounts receivable plus contract assets) less (contract liabilities plus accounts payable) by (ii) average revenue per day (calculated by dividing trailing twelve months revenue by the number of days in that period). We focus on collecting outstanding receivables to reduce Net DSO and working capital. Net DSO was 62 days at September 30, 2025 an 11 day increase from September 30, 2024. Impacting the change in DSO was lower volume from our confidential contract and delayed collections in the Middle East. Our working capital (current assets less current liabilities) was \$1.1 billion at September 30, 2025 and \$546.8 million at December 31, 2024.

Our cash and cash equivalents decreased by \$31.0 million to \$422.6 million at September 30, 2025 from \$453.5 million at December 31, 2024.

The following table summarizes our sources and uses of cash over the periods presented (in thousands):

	<b>Nine Months Ended</b>	
	<b>September 30, 2025</b>	<b>September 30, 2024</b>
Net cash provided by operating activities	\$ 310,864	\$ 396,840
Net cash used in investing activities	(188,314)	(344,614)
Net cash (used in) provided by financing activities	(156,456)	233,966
Effect of exchange rate changes	2,912	(312)
Net (decrease) increase in cash and cash equivalents	<u>\$ (30,994)</u>	<u>\$ 285,880</u>

#### *Operating Activities*

Net cash provided by operating activities consists primarily of net income adjusted for noncash items, such as: equity in losses (earnings) of unconsolidated joint ventures, contributions of treasury stock, depreciation and amortization of property and equipment and intangible assets, and provisions for doubtful accounts. The timing between the conversion of our billed and unbilled receivables into cash from our customers and disbursements to our employees and vendors is the primary driver of changes in our working capital. Our operating cash flows are primarily affected by our ability to invoice and collect from our clients in a timely manner, our ability to manage our vendor payments and the overall profitability of our contracts.

Net cash provided by operating activities decreased \$86.0 million for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The primary driver of the decrease in cash flows provided by operating activities was a \$103.8 million decrease in cash inflows from our working capital accounts (primarily from contract assets, prepaid expenses and other assets, accounts payable, and accrued expenses and other current liabilities offset by changes in accounts receivable and contract liabilities) offset by a change in other long-term liabilities of \$18.3 million.

#### *Investing Activities*

Net cash used in investing activities consists primarily of cash flows associated with capital expenditures, joint ventures and business acquisitions.

Net cash used in investing activities decreased \$156.3 million for the nine months ended September 30, 2025, when compared to the nine months ended September 30, 2024. This change was primarily driven by a \$80.6 million decrease in payments for acquisitions, net of cash acquired, a \$53.1 million decrease in investments in unconsolidated joint ventures and a \$28.3 million increase in return of investments in unconsolidated joint ventures.

#### *Financing Activities*

Net cash (used in) provided by financing activities is primarily associated with proceeds from debt, the repayment thereof, and distributions to noncontrolling interests.

Net cash used in financing activities increased \$390.4 million for the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024. The change in cash flows (used in) provided by financing

activities is primarily driven by net cash inflows from our convertible bond transactions for the nine months ended June 30, 2024 of \$316.2 million. See “Note 10 – Debt and Credit Facilities,” for a further discussion of these transactions. Also impacting net cash (used in) provided by financing activities were \$55.0 million of repurchase of common stock and a \$33.8 million change in distributions to noncontrolling interest offset in part by net, proceeds from the term loan of \$100 million.

During the quarter ended September 30, 2025, the Company paid \$84.9 million to holders of the remaining balance of the Company's Convertible Senior Notes due 2025 that matured on August 15, 2025. During the nine months ended September 30, 2025, the Company paid \$113.4 million to repurchase the Company's Convertible Senior Notes due 2025.

In June 2025, the Company terminated its \$350 million Delayed Draw Term Loan due 2025 and its \$650 million Revolving Credit Facility due 2026 and replaced these credit facilities with a \$450 million Term Loan due 2028 and a \$750 million Revolving Credit Facility due 2030. See “Note 10 – Debt and Credit Facilities and the Company's Form 8-K filed June 5, 2025 for a further discussion of these credit facilities. Proceeds from the Term Loan were used to payoff the outstanding balance of the Delayed Draw Term Loan.

### **Letters of Credit**

We have in place several secondary bank credit lines for issuing letters of credit, principally for foreign contracts, to support performance and completion guarantees. Letters of credit commitments outstanding under these bank lines aggregated to \$354.3 million as of September 30, 2025. Letters of credit outstanding under the Credit Agreement total \$41.8 million as of September 30, 2025.

### **Recent Accounting Pronouncements**

See the information set forth in “Note 3—New Accounting Pronouncements” in the notes to our consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

### **Off-Balance Sheet Arrangements**

As of September 30, 2025, we have no off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

### **Interest Rate Risk**

We are exposed to interest rate risks related to the Company's Revolving Credit Facility and Term Loan.

As of September 30, 2025, there were no amounts outstanding under the Revolving Credit Facility. Borrowings under the Credit Facility effective June 2025 bear interest at either the Term SOFR rate plus a margin between 1.0% and 1.625% or a base rate (as defined in the Credit Agreement) plus a margin of between 0% and 0.625%. The rates on September 30, 2025 and December 31, 2024 were 5.4% and 5.7% (prior facility), respectively.

As of September 30, 2025, there was \$450.0 million outstanding under the Term Loan. Borrowings under the Term Loan Agreement effective June 2025 will bear interest at either an adjusted Term SOFR benchmark rate plus a margin between 0.875% and 1.500% or a base rate plus a margin of between 0% and 0.500% and will initially bear interest at the middle of this range. The interest rate at September 30, 2025 and December 31, 2024 were 5.3% and 5.6% (prior facility), respectively.

### **Foreign Currency Exchange Risk**

We are exposed to foreign currency exchange rate risk resulting from our operations outside of the U.S. We limit exposure to foreign currency fluctuations in most of our contracts through provisions that require client payments in currencies corresponding to the currency in which costs are incurred. As a result of this natural hedge, we generally do not need to hedge foreign currency cash flows for contract work performed.

**Item 4. Controls and Procedures.****Evaluation of Disclosure Control and Procedures**

Our management carried out, as of September 30, 2025, with the participation of our Chief Executive Officer and our Chief Financial Officer, an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in reports we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

During the third quarter of 2025, there were no changes to our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

The information required by this Item 1 is included in “Note 12 – Contingencies” included in the Notes to Consolidated Financial Statements appearing under Part I, Item 1 of this Form 10-Q which is incorporated herein by reference.

### Item 1A. Risk Factors.

There have been no material changes to our Risk Factors disclosed in the Company’s Form 10-K for the year ended December 31, 2024.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

#### Issuer Purchases of Equity Securities

On August 9, 2021, the Company’s Board of Directors authorized the Company to acquire a number of shares of Common Stock having an aggregate market value of not greater than \$100 million from time to time, commencing on August 12, 2021. The Board further amended this authorization in August 2022 to remove the prior expiration date and grant executive leadership the discretion to determine the price for such share repurchases. The Board further amended this authorization in March 2025 to increase and reset the repurchase capacity to \$250 million. Any purchases made by the Company during Q1 of 2025 would be deducted from the reset capacity.

Under prior authorizations, the Company had repurchased shares with an aggregate market value of \$79.7 million. The aggregate market value of shares of Common Stock the Company is authorized to acquire from prior authorizations and the March 2025 authorization is not greater than \$329.7 million.

As of September 30, 2025, the Company has spent \$144.7 million repurchasing 2,679,421 shares of Common Stock at an average price of \$54.00 per share.

Repurchased shares of common stock are retired and included in “Repurchases of common stock” in cash flows from financing activities in the Consolidated Statements of Cash Flows. The primary purpose of the Company’s share repurchase program is to reduce the dilutive effect of shares issued under the Company’s ESOP and other stock benefit plans. The timing, amount and manner of share repurchases may depend upon market conditions and economic circumstances, availability of investment opportunities, the availability and costs of financing, the market price of the Company’s common stock, other uses of capital and other factors.

The following table presents the Company’s repurchases of equity securities for the three months ended September 30, 2025.

Period	(a) Total number of shares (or units purchased)	(b) Average price paid per share (or unit) (1)	(c) Total number of shares (or units) purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans programs
July 1 to 31, 2025	-	\$ -	-	\$ 210,005,603
August 1 to 31, 2025	188,720	\$ 79.48	188,720	195,005,752
September 1 to 30, 2025	134,455	\$ 74.37	134,455	185,005,893
Total	<u>323,175</u>	<u>\$ 77.36</u>	<u>323,175</u>	<u>\$ 185,005,893</u>

<sup>1</sup> Includes commissions in the calculation of average price per share

### Item 3. Defaults Upon Senior Securities.

None

**Item 4. Mine Safety Disclosures.**

Not Applicable

**Item 5. Other Information.****Insider Trading Relationships and Policies**

In conformance with updated SEC regulations, the Company has adopted amended insider trading policies and procedures governing the purchase, sale and/or other dispositions of the Company's securities by directors, officers and employees, or the Company itself, that are reasonably designed to promote compliance with insider trading laws, rules and regulations, and New York Stock Exchange standards.

**Executive Compensation**

As anticipated in the 8-K filed by Parsons Corporation on June 2, 2025, Parsons received notice of the termination for convenience of the material confidential contract with the Department of State on July 16, 2025. At the time of establishing the 2025 employee incentive plan, this termination was unforeseeable, and it was not within the control of the company nor its employees, having followed soon after the exercise of the contract option. Accordingly, the Parsons Board of Directors unanimously agreed that it is appropriate to modify certain 2025 short-term and long-term incentives for Parsons' employees. Should the termination be revoked or the contract otherwise extended, any related financial benefit would be excluded from the incentive performance metrics.

**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Earnings, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).

\* Filed herewith.

**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 thereunto duly authorized.

Parsons Corporation

Date: November 5, 2025

By: \_\_\_\_\_ /s/ Matthew M. Ofilos  
Matthew M. Ofilos  
Chief Financial Officer  
(Principal Financial Officer)





**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Parsons Corporation (the "Company") on Form 10-Q for the period ending September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carey A. Smith, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 5, 2025

By: \_\_\_\_\_  
/s/ Carey A. Smith  
Carey A. Smith  
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Parsons Corporation (the "Company") on Form 10-Q for the period ending September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew M. Ofilos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 5, 2025

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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