

# EARNINGS CALL PRESENTATION

*Fiscal Year 2024, Second Quarter*

October 27, 2023

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# CALL PARTICIPANTS

HORACIO ROZANSKI

*President and Chief Executive Officer*

MATT CALDERONE

*Chief Financial Officer*

NATHAN RUTLEDGE

*Director & Head of Investor Relations*

# DISCLAIMER

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## Forward Looking Safe Harbor Statement

Certain statements contained in this presentation and in related comments by our management include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include information concerning Booz Allen’s preliminary financial results, financial outlook and guidance, including forecasted revenue, Adjusted EBITDA, Diluted EPS, Adjusted Diluted EPS, future quarterly dividends, and future improvements in operating margins, as well as any other statement that does not directly relate to any historical or current fact. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “forecasts,” “expects,” “intends,” “plans,” “anticipates,” “projects,” “outlook,” “believes,” “estimates,” “predicts,” “potential,” “continue,” “preliminary,” or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give you no assurance these expectations will prove to have been correct.

These forward-looking statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. A number of important factors could cause actual results to differ materially from those contained in or implied by these forward-looking statements, including those factors discussed in our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the fiscal year ended March 31, 2023, which can be found at the SEC’s website at [www.sec.gov](http://www.sec.gov). All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

## Note Regarding Non-GAAP Financial Data Information

Booz Allen discloses Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, Adjusted Diluted EPS, Free Cash Flow, Free Cash Flow Conversion, and Net Leverage Ratio, which are not recognized measurements under accounting principles generally accepted in the United States, or GAAP, and when analyzing Booz Allen’s performance or liquidity as applicable, investors should (i) evaluate each adjustment in our reconciliation of revenue to Revenue, Excluding Billable Expenses, operating income to Adjusted Operating Income, net income attributable to common stockholders to Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income and Adjusted Diluted EPS, and net cash used in operating activities to Free Cash Flow and Free Cash Flow Conversion, and net debt to Net Leverage Ratio and the explanatory footnotes regarding those adjustments, each as defined under GAAP, (ii) use Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue Excluding Billable Expenses, Adjusted Net Income, and Adjusted Diluted EPS in addition to, and not as an alternative to, revenue, operating income, net income attributable to common stockholders or diluted EPS as measures of operating results, each as defined under GAAP, (iii) use Free Cash Flow, Free Cash Flow Conversion, and Net Leverage Ratio, in addition to, and not as an alternative to, net cash used in operating activities as a measure of liquidity, each as defined under GAAP, and (iv) use Net Leverage Ratio in addition to, and not as an alternative to, net debt as a measure of Booz Allen’s debt leverage. The Appendix includes a reconciliation of Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, Adjusted Diluted EPS, Free Cash Flow, Free Cash Flow Conversion, and Net Leverage Ratio to the most directly comparable financial measure calculated and presented in accordance with GAAP. Booz Allen presents these supplemental performance measures because it believes that these measures provide investors and securities analysts with important supplemental information with which to evaluate Booz Allen’s performance, long term earnings potential, or liquidity, as applicable, and to enable them to assess Booz Allen’s performance on the same basis as management. These supplemental performance and liquidity measurements may vary from and may not be comparable to similarly titled measures by other companies in Booz Allen’s industry. With respect to our expectations under “Financial Outlook”, reconciliation of Adjusted Diluted EPS guidance, Adjusted EBITDA, and Adjusted EBITDA Margin on Revenue to the closest corresponding GAAP measure is not available without unreasonable efforts on a forward-looking basis due to our inability to predict our stock price, equity grants and dividend declarations with respect to Adjusted Diluted EPS, and our net income, net interest and other expenses with respect to Adjusted EBITDA and Adjusted EBITDA Margin on Revenue, during the course of fiscal 2024. With respect to Adjusted Diluted EPS guidance, projecting future stock price, equity grants and dividends to be declared would be necessary to accurately calculate the difference between Adjusted Diluted EPS and GAAP EPS as a result of the effects of the two-class method and related possible dilution used in the calculation of EPS. Consequently, any attempt to disclose such reconciliation would imply a degree of precision that could be confusing or misleading to investors. We expect the variability of the above charges to have an unpredictable, and potentially significant, impact on our future GAAP financial results. For the same reason, a reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin on Revenue guidance for fiscal 2024 and 2025 and of Adjusted EBITDA guidance through fiscal 2025 to the closest corresponding GAAP measures are not available without unreasonable efforts on a forward-looking basis due to our inability to predict specific quantifications of the amounts that would be required to reconcile such measures. Accordingly, Booz Allen is relying on the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K to exclude these reconciliations.

# KEY FINANCIAL RESULTS

## SECOND QUARTER FISCAL YEAR 2024 RESULTS

	SECOND QUARTER <sup>(1)</sup>		FIRST HALF <sup>(1)</sup>	
Revenue	\$2.7 billion	+16.0%	\$5.3 billion	+17.0%
Revenue, Excluding Billable Expenses	\$1.8 billion	+14.1%	\$3.7 billion	+15.5%
Net Income	\$171 million	—%	\$332 million	+7.5%
Adjusted EBITDA <sup>2</sup>	\$291 million	+1.6%	\$598 million	+11.0%
Adjusted EBITDA Margin on Revenue <sup>2</sup>	10.9%	(12.1)%	11.2%	(5.1)%
Adjusted Net Income	\$169 million	(4.9)%	\$362 million	+10.2%
Diluted EPS	\$1.29	+0.8%	\$2.51	+8.7%
Adjusted Diluted EPS	\$1.29	(3.7)%	\$2.76	+11.7%
Net Cash Used in Operating Activities	\$(47) million	(117.4)%	\$(119) million	(152.4)%

(1) Comparisons are to prior fiscal year period.

(2) Reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin on Revenue can be found on Slide 12. Net Income attributable to common stockholders was \$170.7 million and \$332.1 millions for the three and six months ended September 30, 2023, respectively. Net income margin attributable to common stockholders was 6.4% and 6.2% for the three and six months ended September 30, 2023, respectively.

INVESTMENT THESIS

# EXCEPTIONAL SHAREHOLDER VALUE CREATION

FY2023 — FY2025 GOALS

Competitive  
Edge at the  
Mission-  
Innovation  
Intersection

# ADJUSTED EBITDA GROWTH TO \$1.2—1.3B

Organic  
Revenue  
5—8%

+

Strategic  
Acquisitions &  
Investments

+

Strong Mid 10%  
Adjusted EBITDA  
Margin

Disciplined  
Capital  
Deployment  
\$3.5—4.5B

# KEY FINANCIAL RESULTS

## SECOND QUARTER FISCAL YEAR 2024 RESULTS

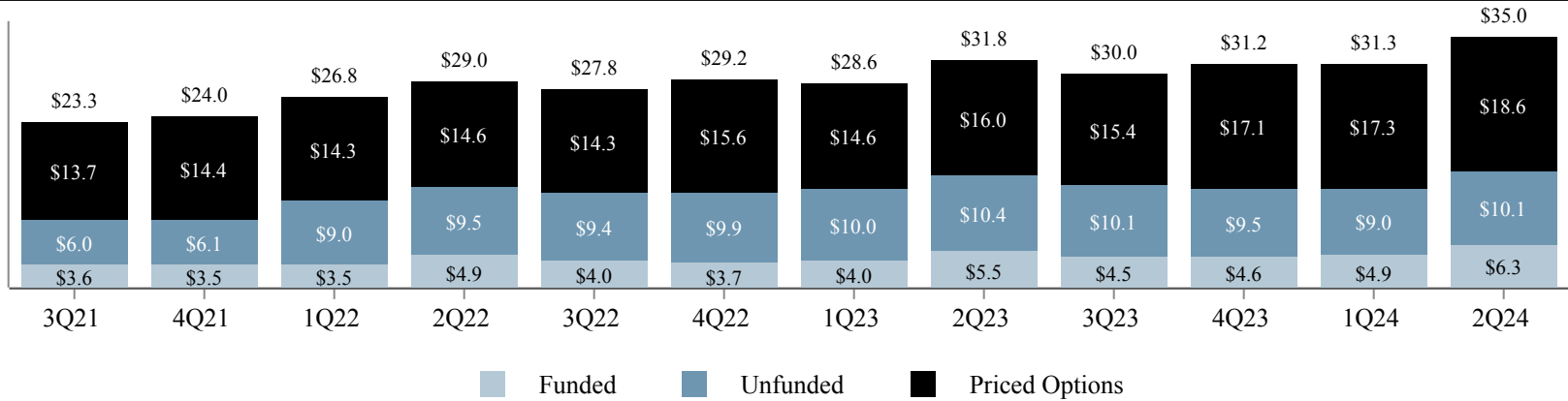
	SECOND QUARTER <sup>(1)</sup>		FIRST HALF <sup>(1)</sup>	
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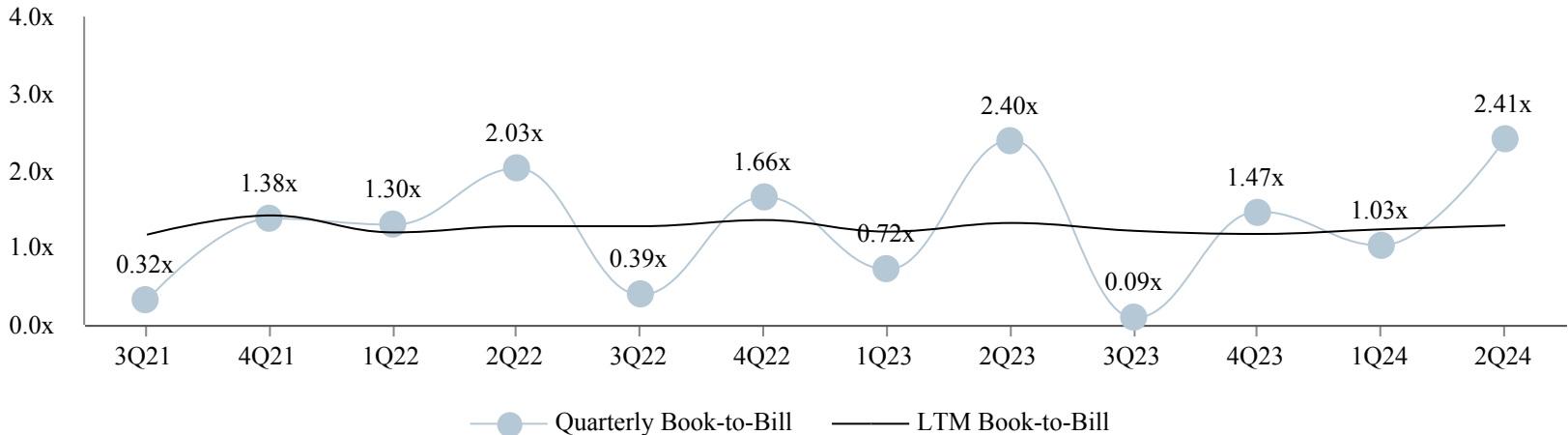
(2) Reconciliations of Adjusted EBITDA and Adjusted EBITDA Margin on Revenue can be found on Slide 12. Net Income attributable to common stockholders was \$170.7 million and \$332.1 millions for the three and six months ended September 30, 2023, respectively. Net income margin attributable to common stockholders was 6.4% and 6.2% for the three and six months ended September 30, 2023, respectively.

# HISTORICAL BACKLOG & BOOK-TO-BILL

## BACKLOG (\$ IN BILLIONS) <sup>(1)</sup>



## BOOK-TO-BILL TRENDS



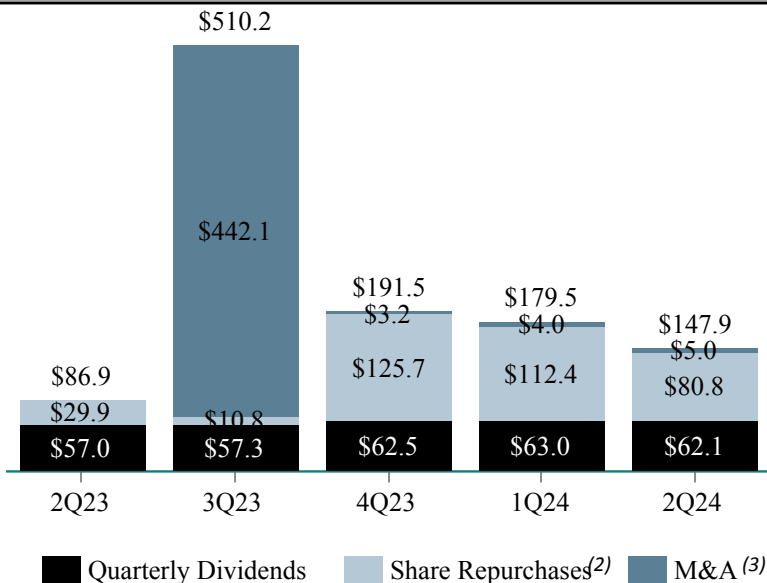
(1) For more information on the components of backlog, and the differences between backlog and remaining performance obligations, please see the Company's Form 10-K for the fiscal year ended March 31, 2023; totals may not sum due to rounding.

# CAPITAL ALLOCATION

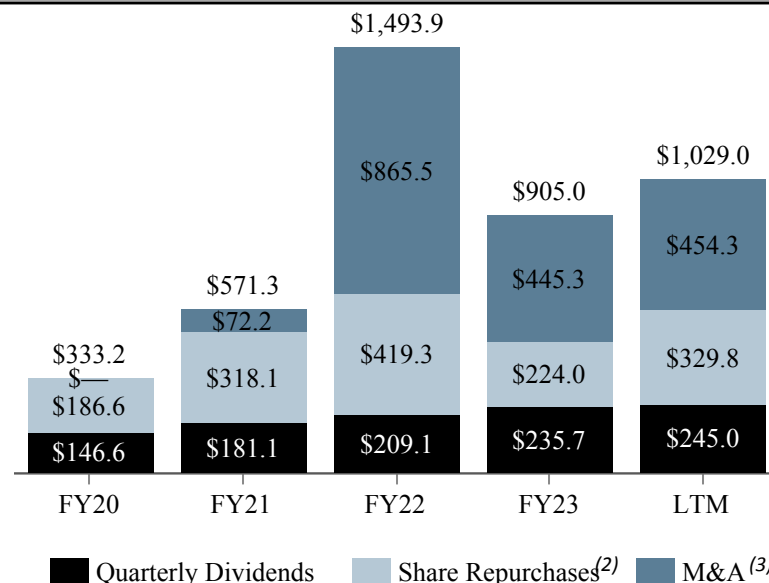
## DELIVERING STRONG CAPITAL RETURNS THROUGH EFFICIENT CAPITAL DEPLOYMENT STRATEGY

- Our multi-year capital deployment plan is to follow a disciplined and opportunistic approach, subject to market conditions
- In Q2 FY 2024, we deployed approximately \$147.9 million:
  - \$62.1 million through quarterly dividends;
  - \$80.8 million through share repurchases; and
  - \$5.0 million through strategic investments and acquisitions
- The Board authorized a dividend of \$0.47 per share payable on December 4, 2023 to stockholders of record on November 15, 2023
- Share repurchase authorization capacity is \$675.9 million available as of September 30, 2023
- Our capital allocation priorities remain: operating needs, quarterly dividend, strategic M&A, share repurchases, and debt repayment

QUARTERLY CAPITAL DEPLOYMENT (\$ IN MILLIONS)<sup>(1)</sup>



HISTORICAL CAPITAL DEPLOYMENT (\$ IN MILLIONS)<sup>(1)</sup>



(1) Totals may not sum due to rounding.

(2) Includes share repurchases transacted but not settled and paid.

(3) Represents payments for strategic investments, net of cash acquired.



# FINANCIAL OUTLOOK

## FULL YEAR FISCAL 2024 GUIDANCE<sup>(1)</sup>

OPERATING PERFORMANCE	Updated Fiscal Year 2024 Guidance	Original Fiscal Year 2024 Guidance
Revenue Growth	11.0% – 14.0%	7.0% – 11.0%
Adjusted EBITDA	\$1,115 – \$1,145 million	\$1,075 – \$1,105 million
Adjusted EBITDA Margin on Revenue	High 10% to 11%	High 10% to 11%
Adjusted Diluted EPS	\$4.95 – \$5.10	\$4.80 – \$4.95
Updated Net Cash Provided by Operating Activities <sup>(2)</sup>	\$160 – \$260 million	\$160 – \$260 million

KEY ASSUMPTIONS	Updated Fiscal Year 2024 Assumptions	Original Fiscal Year 2024 Assumptions
Inorganic Revenue Contributions	~1.0%	~1.0%
Effective Tax Rate	23% – 25%	23% – 25%
Average Diluted Shares Outstanding	129 – 131 million	129 – 131 million
Interest Expense	\$170 – \$180 million	\$137 – \$147 million
Depreciation and Amortization	~\$165 million	~\$165 million
Cash Taxes Related to Section 174	~\$100 million	~\$100 million
Capital Expenditures	\$75 – \$95 million	\$85 – \$105 million

(1) Reconciliations omitted in reliance on Item 10(e)(1)(i)(B) of Regulation S-K. See "Disclaimer."

(2) Reflects estimated net impact of settlement with the Department of Justice.

# APPENDIX

# NON-GAAP FINANCIAL INFORMATION

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- “Revenue, Excluding Billable Expenses” represents revenue less billable expenses. Booz Allen uses Revenue, Excluding Billable Expenses because it provides management useful information about the Company’s operating performance by excluding the impact of costs that are not indicative of the level of productivity of its client staff headcount and its overall direct labor, which management believes provides useful information to its investors about its core operations.
- “Adjusted Operating Income” represents operating income before the change in provision for claimed indirect costs, acquisition and divestiture costs, financing transaction costs, significant acquisition amortization, and the reserve associated with the U.S. Department of Justice investigation disclosed in Note 15 to the Condensed Consolidated Financial Statements in the Company’s Form 10-Q for the quarter ended September 30, 2023. Booz Allen prepares Adjusted Operating Income to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.
- “Adjusted EBITDA” represents net income (loss) attributable to common stockholders before income taxes, net interest and other expense and depreciation and amortization and before certain other items, including the change in provision for claimed indirect costs, acquisition and divestiture costs, financing transaction costs, and the reserve associated with the U.S. Department of Justice investigation disclosed in Note 15 to the Condensed Consolidated Financial Statements in the Company’s Form 10-Q for the quarter ended September 30, 2023, and restructuring costs. “Adjusted EBITDA Margin on Revenue” is calculated as Adjusted EBITDA divided by revenue. “Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses” is calculated as Adjusted EBITDA divided by Revenue, Excluding Billable Expenses. Booz Allen prepares Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, and Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.
- “Adjusted Net Income” represents net income attributable to common stockholders before: (i) the change in provision for claimed indirect costs, (ii) acquisition and divestiture costs, (iii) financing transaction costs, (iv) significant acquisition amortization, (v) the reserve associated with the U.S. Department of Justice investigation disclosed in Note 15 to the Condensed Consolidated Financial Statements in the Company’s Form 10-Q for the quarter ended September 30, 2023, (vi) gains associated with divestitures or deconsolidation, and (vii) amortization and write-off of debt issuance costs and debt discount, in each case net of the tax effect where appropriate calculated using an assumed effective tax rate. Booz Allen prepares Adjusted Net Income to eliminate the impact of items, net of tax, it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature. Booz Allen views Adjusted Net Income as an important indicator of performance consistent with the manner in which management measures and forecasts the Company’s performance and the way in which management is incentivized to perform.
- “Adjusted Diluted EPS” represents diluted EPS calculated using Adjusted Net Income as opposed to net income. Additionally, Adjusted Diluted EPS does not contemplate any adjustments to net income as required under the two-class method as disclosed in the footnotes to the consolidated financial statements of the Company’s Form 10-K for the fiscal year ended March 31, 2023.
- “Free Cash Flow” represents the net cash generated from operating activities less the impact of purchases of property, equipment and software. “Free Cash Flow Conversion” is calculated as Free Cash Flow divided by Adjusted Net Income.
- “Net Leverage Ratio” is calculated as net debt (total debt less cash) divided by Adjusted EBITDA over the prior twelve months.

# NON-GAAP FINANCIAL INFORMATION (Unaudited)

(In thousands, except share and per share data)	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue, Excluding Billable Expenses</b>				
Revenue	\$ 2,666,282	\$ 2,298,976	\$ 5,320,768	\$ 4,548,576
Less: Billable expenses	824,788	684,941	1,637,092	1,359,207
Revenue, Excluding Billable Expenses*	<u>\$ 1,841,494</u>	<u>\$ 1,614,035</u>	<u>\$ 3,683,676</u>	<u>\$ 3,189,369</u>
<b>Adjusted Operating Income</b>				
Operating Income	\$ 266,989	\$ 223,921	\$ 501,407	\$ 431,116
Change in provision for claimed indirect costs (a)	(18,345)	—	(18,345)	—
Acquisition and divestiture costs (b)	260	15,932	3,528	21,025
Financing transaction costs (c)	820	6,888	820	6,888
Significant acquisition amortization (d)	13,596	11,087	26,704	22,174
Legal matter reserve (e)	—	—	27,453	—
Adjusted Operating Income	<u>\$ 263,320</u>	<u>\$ 257,828</u>	<u>\$ 541,567</u>	<u>\$ 481,203</u>
<b>EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue &amp; Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses</b>				
Net income attributable to common stockholders	\$ 170,718	\$ 170,932	\$ 332,106	\$ 309,216
Income tax expense	55,071	51,258	94,551	92,747
Interest and other, net (f)	41,200	1,882	74,750	29,495
Depreciation and amortization	40,907	39,052	82,754	79,154
EBITDA	<u>307,896</u>	<u>263,124</u>	<u>584,161</u>	<u>510,612</u>
Change in provision for claimed indirect costs (a)	(18,345)	—	(18,345)	—
Acquisition and divestiture costs (b)	260	15,932	3,528	21,025
Financing transaction costs (c)	820	6,888	820	6,888
Legal matter reserve (e)	—	—	27,453	—
Adjusted EBITDA	<u>\$ 290,631</u>	<u>\$ 285,944</u>	<u>\$ 597,617</u>	<u>\$ 538,525</u>
Net income margin attributable to common stockholders	6.4 %	7.4 %	6.2 %	6.8 %
Adjusted EBITDA Margin on Revenue	10.9 %	12.4 %	11.2 %	11.8 %
Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses	15.8 %	17.7 %	16.2 %	16.9 %

\* Revenue, Excluding Billable Expenses includes \$18.3 million of revenue resulting from the reduction to our provision for claimed indirect costs as noted on page 14.

# NON-GAAP FINANCIAL INFORMATION (Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
<b>Adjusted Net Income</b>				
Net income attributable to common stockholders	\$ 170,718	\$ 170,932	\$ 332,106	\$ 309,216
Change in provision for claimed indirect costs (a)	(18,345)	—	(18,345)	—
Acquisition and divestiture costs (b)	260	15,932	3,528	21,025
Financing transaction costs (c)	820	6,888	820	6,888
Significant acquisition amortization (d)	13,596	11,087	26,704	22,174
Legal matter reserve (e)	—	—	27,453	—
Gains associated with divestitures or deconsolidation (g)	—	(31,160)	—	(31,160)
Amortization or write-off of debt issuance costs and debt discount	1,106	4,177	1,888	5,000
Adjustments for tax effect (h)	988	(77)	(11,954)	(4,498)
Adjusted Net Income	<u>\$ 169,143</u>	<u>\$ 177,779</u>	<u>\$ 362,200</u>	<u>\$ 328,645</u>
<b>Adjusted Diluted Earnings Per Share</b>				
Weighted-average number of diluted shares outstanding	\$ 131,133,145	\$ 132,729,245	\$ 131,337,913	\$ 132,869,141
Diluted earnings per share	\$ 1.29	\$ 1.28	\$ 2.51	\$ 2.31
Adjusted Net Income Per Diluted Share (i)	<u>\$ 1.29</u>	<u>\$ 1.34</u>	<u>\$ 2.76</u>	<u>\$ 2.47</u>
<b>Free Cash Flow</b>				
Net cash provided by (used in) operating activities	(47,385)	272,726	(118,917)	227,092
Less: Purchases of property, equipment and software	(16,948)	(16,000)	(27,436)	(29,734)
Free Cash Flow	<u>\$ (64,333)</u>	<u>\$ 256,726</u>	<u>\$ (146,353)</u>	<u>\$ 197,358</u>
Operating cash flow conversion	(28)%	160 %	(36)%	73 %
Free cash flow conversion	(38)%	144 %	(40)%	60 %

# NON-GAAP FINANCIAL INFORMATION (Unaudited)

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- (a) Represents the reduction to our provision for claimed indirect costs recorded during the second quarter of fiscal 2024, which resulted in a corresponding increase to revenue, as a result of the Defense Contract Audit Agency's findings related to its audit of our claimed indirect costs for fiscal 2022. See Note 15, "Commitments and Contingencies," to the condensed consolidated financial statements for further information.
- (b) Represents costs associated with the acquisition efforts of the Company related to transactions for which the Company has entered into a letter of intent to acquire a controlling financial interest in the target entity, as well as the divestiture costs incurred in divesting a portion of our business. Acquisition and divestiture costs primarily include costs associated with (i) buy-side and sell-side due diligence activities, (ii) compensation expenses associated with employee retention, and (iii) legal and advisory fees, primarily associated with the acquisitions of Liberty IT Solutions, LLC ("Liberty") and Tracepoint Holdings, LLC ("Tracepoint") in fiscal 2022, and the acquisition of EverWatch Corp. ("EverWatch") and the divestitures of our management consulting business serving the Middle East and North Africa ("MENA") and our Managed Threat Services business ("MTS") in fiscal 2023. See Note 5, "Acquisition, Goodwill and Intangible Assets," to the condensed consolidated financial statements for further information.
- (c) Reflects expenses associated with debt financing activities incurred during the second quarters of fiscal 2024 and 2023.
- (d) Amortization expense associated with acquired intangibles from significant acquisitions. Significant acquisitions include acquisitions which the Company considers to be beyond the scope of our normal operations. Significant acquisition amortization includes amortization expense associated with the acquisition of Liberty in the second quarter of fiscal 2022 and EverWatch in the third quarter of fiscal 2023.
- (e) Reserve associated with the U.S. Department of Justice's investigation of the Company. See Note 15, "Commitments and Contingencies," to the condensed consolidated financial statements for further information.
- (f) Reflects the combination of Interest expense and Other income (expense), net from the condensed consolidated statement of operations.
- (g) Represents the gain recognized on the MENA divestiture.
- (h) Reflects the tax effect of adjustments at an assumed effective tax rate of 26%, which approximates the blended federal and state tax rates, and consistently excludes the impact of other tax credits and incentive benefits realized. The tax effect of certain discrete items is calculated specifically and may vary from the general 26% rate. The tax effect also includes the indirect effects of uncertainty around the application of Section 174 of the Tax Cuts and Jobs Act of 2017.
- (i) Excludes adjustments of approximately \$1.4 million and \$2.7 million of net earnings for the three and six months ended September 30, 2023, respectively, and approximately \$1.4 million and \$2.3 million of net earnings for the three and six months ended September 30, 2022, respectively, associated with the application of the two-class method for computing diluted earnings per share.

# NON-GAAP FINANCIAL INFORMATION (Unaudited)

(In thousands, except share and per share data)	Three Months Ended September 30, 2023	Three Months Ended June 30, 2023	Three Months Ended March 31, 2023	Three Months Ended December 31, 2022	
Net income (loss) attributable to common stockholders	\$ 170,718	\$ 161,388	\$ (68,422)	\$ 30,997	(a) Reflects the combination of Interest expense and Other income, net from the condensed consolidated statement of operations.
Income tax (benefit) expense	55,071	39,480	(6,552)	10,539	(b) Represents the reduction to our provision for claimed indirect costs recorded during the second quarter of fiscal 2024, which resulted in a corresponding increase to revenue, as a result of the Defense Contract Audit Agency's findings related to its audit of our claimed indirect costs for fiscal 2022. See Note 15, "Commitments and Contingencies," to the condensed consolidated financial statements for further information.
Interest and other, net (a)	41,200	33,550	31,992	17,412	
Depreciation and amortization	40,907	41,847	44,284	42,046	
EBITDA	\$ 307,896	\$ 276,265	\$ 1,302	\$ 100,994	
Change in provision for claimed indirect costs (b)	(18,345)	—	—	—	
Acquisition and divestiture costs (c)	260	3,268	4,148	19,096	
Financing transaction costs (d)	820	—	—	—	
Legal matter reserve (e)	—	27,453	226,000	124,000	(c) Represents costs associated with the acquisition efforts of the Company related to transactions for which the Company has entered into a letter of intent to acquire a controlling financial interest in the target entity, as well as the divestiture costs incurred in divesting a portion of our business. Acquisition and divestiture costs primarily include costs associated with (i) buy-side and sell-side due diligence activities, (ii) compensation expenses associated with employee retention, and (iii) legal and advisory fees primarily associated with the acquisitions of Liberty and Tracepoint in fiscal 2022, and the acquisition of EverWatch and the divestitures of our MENA business and MTS business in fiscal 2023. See Note 5, "Acquisition, Goodwill and Intangible Assets," to the condensed consolidated financial statements for further information.
Adjusted EBITDA	\$ 290,631	\$ 306,986	\$ 231,450	\$ 244,090	
Last 12 months Adjusted EBITDA	\$ 1,073,157				
Total Debt	\$ 3,430,402				
Less: Cash	557,296				
Net Debt	\$ 2,873,106				
Net Leverage Ratio (g)	2.7				
	Three Months Ended September 30, 2022	Three Months Ended June 30, 2022	Three Months Ended March 31, 2022	Three Months Ended December 31, 2021	
Net income attributable to common stockholders	\$ 170,932	\$ 138,284	\$ 90,873	\$ 128,931	
Income tax expense	51,258	41,489	33,897	30,090	
Interest and other, net (a)	1,882	27,613	23,653	18,276	
Depreciation and amortization	39,052	40,102	40,824	39,576	(d) Reflects expenses associated with debt financing activities incurred during the second quarters of fiscal 2024 and 2023.
EBITDA	\$ 263,124	\$ 247,488	\$ 189,247	\$ 216,873	
Acquisition and divestiture costs (c)	15,932	5,093	11,670	5,346	(e) Reserve associated with the U.S. Department of Justice's investigation of the Company. See Note 15, "Commitments and Contingencies," to the condensed consolidated financial statements for further information.
Financing transaction costs (d)	6,888	—	—	—	
Restructuring costs (f)	—	—	4,164	—	(f) Represents restructuring charges of \$8.3 million incurred during the fourth quarter of fiscal 2022, net of approximately \$4.2 million of revenue recognized on recoverable expenses, associated with severance costs of a restructuring plan to reduce certain executive administrative personnel costs.
Adjusted EBITDA	\$ 285,944	\$ 252,581	\$ 205,081	\$ 222,219	
Last 12 months Adjusted EBITDA	\$ 965,825				
Total Debt	\$ 2,831,261				
Less: Cash	756,520				
Net Debt	\$ 2,074,741				
Net Leverage Ratio (g)	2.1				(g) "Net Leverage Ratio" is calculated as net debt (total debt less cash) divided by Adjusted EBITDA over the prior twelve months.

# FINANCIAL RESULTS – KEY DRIVERS

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**Second Quarter Fiscal 2024** – Below is a summary of the key factors driving results for the fiscal 2024 second quarter ended September 30, 2023 as compared to the prior year period:

- Revenue increased 16.0% to \$2.7 billion and Revenue, Excluding Billable Expenses increased 14.1% to \$1.8 billion. Revenue growth was primarily driven by strong demand for our services and solutions as well as continued headcount growth. The increase in revenue also includes approximately \$34.0 million of contributions related to the Company's acquisition of EverWatch in the third quarter of fiscal 2023 as well as an increase of \$18.3 million representing the reduction to our provision for claimed indirect costs recorded during the second quarter of fiscal 2024. See Note 15, "Commitments and Contingencies," to the condensed consolidated financial statements for further information.
- Operating income increased 19.2% to \$267.0 million and Adjusted Operating Income increased 2.1% to \$263.3 million. The increase was primarily driven by the same drivers benefiting revenue growth as well as strong contract-level performance coupled with ongoing cost management efforts, but also reflects higher billable expenses. The increase in Adjusted Operating Income was driven by the same factors impacting operating income.
- Net income remained flat at \$170.7 million and net income attributable to common stockholders decreased 0.1% to \$170.7 million. Adjusted Net Income decreased 4.9% to \$169.1 million. These changes were primarily driven by the same factors as operating income and Adjusted Operating Income, as well as a \$31.2 million pre-tax gain from the sale of the Company's MENA business in the second quarter of fiscal 2023, not present in the current year. Net income and Adjusted Net Income were also affected by higher interest expense and higher income tax expense.
- EBITDA increased 17.0% to \$307.9 million and Adjusted EBITDA increased 1.6% to \$290.6 million. These changes were due to the same factors as operating income and Adjusted Operating Income, respectively.
- Diluted EPS increased to \$1.29 from \$1.28 and Adjusted Diluted EPS decreased to \$1.29 from \$1.34. The changes were primarily driven by the same factors as net income and Adjusted Net Income, respectively, partially offset by a lower share count in the second quarter of fiscal 2024.
- Net cash used in operating activities was \$47.4 million for the quarter ended September 30, 2023, as compared to net cash provided by operating activities of \$272.7 million in the prior year. Free Cash Flow was \$(64.3) million for the quarter ended September 30, 2023, as compared to \$256.7 million in the prior year. Operating cash was aided by strong collection performance and overall revenue growth but was impacted by a \$377.5 million outflow related to the Department of Justice settlement which was paid in July.