UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 18, 2021

MAXIMUS®

**Maximus, Inc.**
*(Exact name of registrant as specified in its charter)*

| Virginia | 1-12997 | 54-1000588 |
|---|---|---|
| *(State or other jurisdiction of incorporation)* | *(Commission File Number)* | *(I.R.S. Employer Identification No.)* |

| 1891 Metro Center Drive | Reston , VA | 20190 |
|---|---|---|
| *(Address of principal executive offices)* | | *(Zip Code)* |

Registrant's telephone number, including the area code ( 703 ) 251-8500

No Change
*(Former name or former address, if changed since last report)*

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, no par value | MMS | New York Stock Exchange |

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

Emerging growth company ☐

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

**Item 2.02 Results of Operations and Financial Condition.**

On November 18, 2021, the Company issued a press release announcing its financial results for the quarter and year ended September 30, 2021. The full text of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference into this Item 2.02.

On November 18, 2021, the Company held a conference call with respect to these financial results. The conference call was open to the public. The transcript and slide presentation that accompanied the call are furnished as Exhibit 99.2 and Exhibit 99.3 to this Current Report on Form 8-K and incorporated by reference into this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits. The following exhibits are being furnished pursuant to Item 2.02 above.

| Exhibit No. | Description |
|---|---|
| 99.1 | Press release dated November 18, 2021 |
| 99.2 | Conference call transcript for Earnings Call - November 18, 2021 |
| 99.3 | Conference call slide presentation for Earnings Call - November 18, 2021 |

## SIGNATURES

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

| | |
|---|---|
| | Maximus, Inc. |
| | (Registrant) |
| Date: November 22, 2021 | /s/ David R. Francis |
| | David R. Francis<br>General Counsel and Secretary |

**FOR IMMEDIATE RELEASE** **CONTACT:** James Francis 703.251.8526
JamesBFrancis@maximus.com
**Date: November 18, 2021** Madison West 703.251.8443
MadisonTWest@maximus.com

**Maximus Reports Fourth Quarter and Full Year Results for Fiscal Year 2021**

**- Establishes Guidance for Fiscal Year 2022 -**

**(RESTON, Va. - November 18, 2021)** - Maximus (NYSE: MMS), a leading provider of government services worldwide, reported financial results for the three months and year ended September 30, 2021.

Highlights for fiscal year 2021 include:

- Revenue increased 22.9% to $4.25 billion compared to $3.46 billion for the prior year, driven by approximately $1.1 billion of COVID-19 response work and $322.7 million of revenue contributions from the Attain Federal and Veterans Evaluation Services (VES) acquisitions, and offset by the completed Census contract.
- Operating margin was 9.6% compared to 8.3% for the prior year. Diluted earnings per share were $4.67. Amortization of intangible assets was $44.4 million, or $0.52 diluted earnings per share. Adjusting for amortization of intangible assets, operating income margin and diluted earnings per share would be 10.6% and $5.19, respectively.
- A quarterly cash dividend of $0.28 per share payable on November 30, 2021, to shareholders of record on November 15, 2021.

"Fiscal year 2021 was significant for the Company including three acquisitions, transition of leadership in our U.S. Federal Segment, several large contract wins including the U.K. Restart Programme, and operating over $1 billion of COVID-19 response work helping governments respond to the pandemic," shared Bruce Caswell, President and Chief Executive Officer. "The integration of the acquisitions evolves our strategy and matures our portfolio while remaining true to our core business as a program administrator dedicated to helping government serve the people."

**Consolidated Fiscal Year 2021 Results**

Revenue for fiscal year 2021 increased 22.9% to $4.25 billion, compared to $3.46 billion for the prior year. The $0.79 billion increase was driven by COVID-19 response work including vaccination distribution support services, unemployment insurance program support, disease investigation, contact tracing, and other key public health initiatives. COVID-19 response work contributed approximately $1.1 billion for the year ended, or an increase of approximately $0.9 billion over the prior year for this work. The acquired businesses of Attain Federal and VES completed on March 1, 2021 and May 28, 2021, respectively, contributed a combined $322.7 million of revenue to fiscal year 2021. The increases were offset by the completed Census contract which contributed approximately $450 million less revenue in fiscal year 2021.

For fiscal year 2021, operating income totaled $408.5 million, yielding an operating margin of 9.6%. This compares to an operating margin of 8.3% for the prior year. Diluted earnings per share were $4.67 as compared to $3.39 for the prior-year period.

Operating income includes amortization of intangible assets which was $44.4 million, or $0.52 diluted earnings per share for fiscal year 2021. Adjusting for amortization, operating margin and diluted earnings per share would be 10.6% and $5.19, respectively, in fiscal year 2021. In the prior year, amortization totaled $35.6 million, or $0.41, which would result in adjusted operating margin and diluted earnings per share of 9.4% and $3.80, respectively.

**U.S. Services Segment**

U.S. Services Segment revenue for fiscal year 2021 increased 25.0% to $1.66 billion, compared to $1.33 billion reported in the prior year. This increase was driven by COVID-19 response work, which contributed an estimated $618 million of revenue to this segment in fiscal 2021, compared to an estimated $129 million in the prior year.

Operating margin for fiscal year 2021 was 15.3% compared to 17.1% reported for the prior-year period. Fourth quarter of fiscal year 2021 included a write-off of fixed assets, leased assets and deferred contract costs related to a contract in its startup phase in this segment. Excluding the write-off, the segment margin would be 16.0% and reflects a full year of headwinds experienced on some of this segment's core programs, including those impacted by the pause of Medicaid redeterminations.

**U.S. Federal Services Segment**

U.S. Federal Services Segment revenue for fiscal year 2021 increased 15.9% to $1.89 billion, compared to $1.63 billion reported for the prior year. As expected, the Census contract contributed approximately $450 million less revenue in fiscal year 2021 as compared to the prior-year period due the natural conclusion of this contract. This was offset by COVID-19 response work that contributed an estimated $466 million of revenue to the segment, compared to an estimated $71 million in the prior year. Segment results for fiscal year 2021 included $322.7 million of revenue from Attain Federal and VES.

The operating margin for fiscal year 2021 was 10.0% as compared to 8.1% reported for the prior year. Both the fourth quarter and full fiscal year 2021 margins for this segment fell short of the Company's expectations due to several non-recurring investments that are expected to benefit future operating results.

**Outside the U.S. Segment**

Outside the U.S. Segment revenue for fiscal year 2021 increased 40.1% to $699.1 million as compared to $498.9 million reported for the prior year. Operating income for fiscal year 2021 was $20.1 million, yielding an operating margin of 2.9%, compared to an operating loss of $34.1 million for fiscal year 2020.

As previously disclosed, this segment has several contracts in startup, most notably the two-region win on the U.K. Restart Programme. The startup contracts resulted in planned startup losses incurred in the fourth quarter of fiscal 2021 as the U.K. Restart Programme ramped as expected. Significant improvement to the financial contribution from these contracts is still expected in the second half of fiscal 2022.

**Sales and Pipeline**

Year-to-date signed contract awards at September 30, 2021, totaled $5.62 billion and contracts pending (awarded but unsigned) totaled $0.72 billion. These awards reflect total contract value (TCV) and include the previously announced U.K. Restart Programme award of more than $960.0 million. Less than $1 billion of the $5.62 billion signed contract awards relate to COVID-19 response work. Remaining increases to signed contract awards were driven by wins in the U.S. Services and U.S. Federal Services Segments.

The sales pipeline at September 30, 2021, was $33.9 billion (comprised of approximately $8.8 billion in proposals pending, $1.42 billion in proposals in preparation, and $23.69 billion in opportunities tracking). New work opportunities represent 69.5% of the total sales pipeline.

**Balance Sheet and Cash Flows**

At September 30, 2021, cash and cash equivalents totaled $135.1 million and gross debt was $1.52 billion. The ratio of debt, net of allowed cash, to pro-forma EBITDA for the full year ended September 30, 2021, as calculated in accordance with our credit agreement, was 2.3x. This compares to 2.4x at June 30, 2021.

For fiscal year 2021, cash flows from operations totaled $517.3 million and free cash flow was $480.8 million. This compares to $244.6 million and $203.9 million, respectively, in the prior year. Strong cash flows for fiscal 2021 resulted from a decrease in investment in working capital and improved earnings as compared to fiscal year 2020. The decrease in investment resulted from good collections combined with advance payments on new work and deferral of payroll taxes.

As of September 30, 2021, DSO were 68 days and within the Company's typical range of 65 to 80 days.

On October 8, 2021, our Board of Directors declared a quarterly cash dividend of $0.28 for each share of our common stock outstanding. The dividend is payable on November 30, 2021, to shareholders of record on November 15, 2021.

**FY22 Outlook**

Maximus is establishing fiscal year 2022 guidance. The Company expects revenue to range between $4.40 billion and $4.60 billion. Diluted earnings per share is expected to range between $4.00 and $4.30. Forecasted fiscal year 2022 earnings includes approximately $90 million of amortization of intangible assets, or $1.07 on a diluted per share basis. Excluding amortization, diluted earnings per share is expected to range between $5.07 and $5.37.

Cash flows from operations are expected to range between $275 million and $325 million, and free cash flow to range between $225 million and $275 million in fiscal year 2022. The cash flow projections reflect increased investment in working capital as current liabilities normalize due to payroll tax deferrals, new work maturing, and accruals returning to a more normal level. Additionally, greater investment in accounts receivable is required by an increased revenue projection in fiscal year 2022.

For fiscal year 2022, the effective income tax rate is expected to range between 25% and 26%, weighted average shares outstanding to range between 62.5 million and 62.6 million, absent significant share purchase activity, and interest expense to range between $30 and $33 million.

The outlook for fiscal year 2022 includes assumptions around the timing and level at which core programs return to pre-pandemic levels, most notably those in the U.S. Services Segment. While the timing is uncertain, the Company expects the Public Health Emergency (PHE) to conclude and enable Medicaid redetermination activities to commence during fiscal year 2022.

"Taken together, the market and company operating dynamics anticipated in the second half of FY22 create a positive environment and momentum for the business," Caswell continued. "These dynamics include not just the anticipated conclusion of the PHE, but also our new startup contracts moving to operations, new organic wins in U.S. Services coming online, the fiscal year 2021 acquisitions maturing in their integration and contribution, and the benefits of a substantial new work pipeline. Throughout the pandemic, we proved our ability to be of service and offer value to governments. We are proud of the resulting new customers, solutions, and capabilities we have gained that offer us a solid foundation to drive future organic growth."

Caswell concluded with, "Our accomplishments have been made possible by the hard work of our employees, and I offer my sincerest thanks to our more than 35,000 dedicated colleagues that support Maximus globally."

**Conference Call and Webcast Information**

Maximus will host a conference call this morning, November 18, 2021, at 9:00 a.m. (ET).

The call is open to the public and available by webcast or by phone at:

877.407.8289 (Domestic) / +1.201.689.8341 (International)

For those unable to listen to the live call, a recording of the webcast will be available on investor.maximus.com.

**About Maximus**

Since 1975, Maximus has operated under its founding mission of *Helping Government Serve the People®*, enabling citizens around the globe to successfully engage with their governments at all levels and across a variety of health and human services programs. Maximus delivers innovative business process management and technology solutions that contribute to improved outcomes for citizens and higher levels of productivity, accuracy, accountability, and efficiency of government-sponsored programs. With more than 35,000 employees worldwide, Maximus is a proud partner to government agencies in the United States, Australia, Canada, Italy, Saudi Arabia, Singapore, South Korea, Sweden, and the United Kingdom. For more information, visit maximus.com.

**Non-GAAP Measures and Risk Factors**

This release refers to non-GAAP measures and other indicators, including free cash flow, results on a pro forma basis and other non-GAAP measures.

A description of these non-GAAP measures, the reasons why we use and present them, and details as to how they are calculated are included in our Annual Report on Form 10-K.

The presentation of these non-GAAP numbers is not meant to be considered in isolation, nor as alternatives to cash flows from operations, revenue growth, or net income as measures of performance. These non-GAAP financial measures, as determined and presented by us, may not be comparable to related or similarly titled measures presented by other companies.

Statements that are not historical facts, including statements about the Company's confidence and strategies, and the Company's expectations about revenues, results of operations, profitability, future contracts, market opportunities, market demand, or acceptance of the Company's products are forward-looking statements that involve risks and uncertainties such as those related to the impact of the pandemic and our recently-completed acquisitions including but not limited to:

- Our indebtedness following the completion of the VES acquisition is significant and could adversely affect our business and our ability to meet our obligations.
- Difficulties in integrating our operations with those of Attain and VES and realizing the expected benefits of these acquisitions.
- If one or more of these contracts with the VA are terminated or are not renewed on favorable terms or at all, if the VA reduces the number of medical examinations allocated to VES under the contracts or if VES receives an adverse finding or review resulting from an audit or investigation, the benefits of the VES acquisition may be adversely affected.
- In connection with the acquisitions, we may be required to take write-downs or write-offs, restructuring and impairment, or other charges that could negatively affect our business, assets, liabilities, prospects, outlook, financial condition, and results of operations.
- The ultimate duration of the pandemic.
- The threat of further negative pandemic-related impacts.
- Delays in our core programs returning to normal volumes and operations.
- The potential impacts resulting from budget challenges with our government clients.
- The possibility of delayed or missed payments by customers.
- The potential for further supply chain disruptions impacting IT or safety equipment.
- The impact of further legislation and government policies on the programs we operate.

These risks could cause the Company's actual results to differ materially from those indicated by such forward-looking statements. A summary of risk factors can be found in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2021, which will be filed with the Securities and Exchange Commission (SEC) on November 18, 2021. The Company's SEC reports are accessible on maximus.com.

**Maximus, Inc.**
**Consolidated Statements of Operations**

| | For the Three Months Ended September 30, | | For the Year Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | *(in thousands, except share data and per share amounts)* | | | |
| | *(Unaudited)* | *(Unaudited)* | | |
| Revenue | $ 1,106,131 | $ 923,836 | $ 4,254,485 | $ 3,461,537 |
| Cost of revenue | 887,725 | 726,985 | 3,307,510 | 2,750,535 |
| Gross profit | 218,406 | 196,851 | 946,975 | 711,002 |
| Selling, general, and administrative expenses | 129,590 | 103,428 | 494,088 | 387,090 |
| Amortization of intangible assets | 20,639 | 8,900 | 44,357 | 35,634 |
| Operating income | 68,177 | 84,523 | 408,530 | 288,278 |
| Interest expense | (10,695) | (494) | (14,744) | (2,059) |
| Other (expense)/income, net | (521) | 222 | (10,105) | 843 |
| Income before income taxes | 56,961 | 84,251 | 383,681 | 287,062 |
| Provision for income taxes | 4,947 | 20,590 | 92,481 | 72,553 |
| Net income | $ 52,014 | $ 63,661 | $ 291,200 | $ 214,509 |
| | | | | |
| Earnings per share: | | | | |
| Basic | $ 0.84 | $ 1.03 | $ 4.69 | $ 3.40 |
| Diluted | $ 0.83 | $ 1.02 | $ 4.67 | $ 3.39 |
| Weighted average shares outstanding: | | | | |
| Basic | 62,082 | 61,874 | 62,072 | 63,062 |
| Diluted | 62,506 | 62,256 | 62,365 | 63,322 |
| | | | | |
| Dividends declared per share | $ 0.28 | $ 0.28 | $ 1.12 | $ 1.12 |

**Maximus, Inc.**
**Consolidated Balance Sheets**

| | As of September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | *(in thousands)* | |
| Assets: | | |
| Cash and cash equivalents | $ 135,061 | $ 71,737 |
| Accounts receivable, net | 834,819 | 786,203 |
| Income taxes receivable | 5,413 | 2,075 |
| Prepaid expenses and other current assets | 104,201 | 72,543 |
| Total current assets | 1,079,494 | 932,558 |
| Property and equipment, net | 62,627 | 66,721 |
| Capitalized software, net | 42,868 | 38,033 |
| Operating lease right-of-use assets | 179,349 | 177,159 |
| Goodwill | 1,774,406 | 593,129 |
| Intangible assets, net | 879,168 | 145,893 |
| Deferred contract costs, net | 36,486 | 20,891 |
| Deferred compensation plan assets | 46,738 | 36,819 |
| Deferred income taxes | 990 | 1,915 |
| Other assets | 16,839 | 11,584 |
| Total assets | $ 4,118,965 | $ 2,024,702 |
| Liabilities and Shareholders' Equity: | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | $ 305,565 | $ 253,338 |
| Accrued compensation and benefits | 186,809 | 137,101 |
| Deferred revenue, current portion | 98,588 | 51,655 |
| Income taxes payable | 6,782 | 5,377 |
| Long-term debt, current portion | 80,555 | 10,878 |
| Operating lease liabilities, current portion | 76,077 | 80,748 |
| Other current liabilities | 35,057 | 22,071 |
| Total current liabilities | 789,433 | 561,168 |
| Deferred revenue, non-current portion | 35,932 | 27,311 |
| Deferred income taxes | 194,638 | 24,737 |
| Long-term debt, non-current portion | 1,429,137 | 18,017 |
| Deferred compensation plan liabilities, non-current portion | 47,405 | 38,654 |
| Operating lease liabilities, non-current portion | 121,771 | 104,011 |
| Other liabilities | 20,320 | 8,985 |
| Total liabilities | 2,638,636 | 782,883 |
| Shareholders' equity: | | |
| Common stock, no par value; 100,000 shares authorized; 61,954 and 61,504 shares issued and outstanding as of September 30, 2021 and 2020, respectively (shares in thousands) | 532,411 | 513,959 |
| Accumulated other comprehensive loss | (39,908) | (42,638) |
| Retained earnings | 987,826 | 770,498 |
| Total shareholders' equity | 1,480,329 | 1,241,819 |
| Total liabilities and shareholders' equity | $ 4,118,965 | $ 2,024,702 |

**Maximus, Inc.**
**Consolidated Statements of Cash Flows**

| | For the Three Months Ended September 30, | | For the Year Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | *(Unaudited)* | *(Unaudited)* | | |
| | *(in thousands)* | | | |
| Cash flows from operating activities: | | | | |
| Net income | $ 52,014 | $ 63,661 | $ 291,200 | $ 214,509 |
| Adjustments to reconcile net income to cash flows from operations: | | | | |
| Depreciation and amortization of property, equipment and capitalized software | 12,697 | 17,031 | 46,361 | 64,527 |
| Amortization of intangible assets | 20,639 | 8,900 | 44,357 | 35,634 |
| Amortization of debt issuance costs and debt discount | 865 | — | 865 | — |
| Deferred income taxes | (10,209) | (13,935) | (6,577) | (19,145) |
| Stock compensation expense | 7,731 | 6,150 | 28,554 | 23,708 |
| Gain on sale of a business | — | (12) | — | (1,718) |
| Costs related to debt financing | — | — | 8,509 | — |
| Change in assets and liabilities, net of effects of business combinations | | | | |
| Accounts receivable | 292,882 | 47,146 | 38,578 | (180,747) |
| Prepaid expenses and other current assets | (24,268) | (10,368) | (16,726) | (9,839) |
| Deferred contract costs | 347 | (515) | (15,426) | (1,911) |
| Accounts payable and accrued liabilities | (89,969) | 31,308 | 26,904 | 79,930 |
| Accrued compensation and benefits | (16,275) | (4,163) | 18,112 | 29,484 |
| Deferred revenue | 30,028 | (415) | 53,652 | 2,391 |
| Income taxes | (17,898) | 2,927 | (2,733) | 3,490 |
| Operating lease right-of-use assets and liabilities | 4,237 | 515 | 5,314 | (556) |
| Other assets and liabilities | 7,842 | 279 | (3,622) | 4,835 |
| Net cash provided by operating activities | 270,663 | 148,509 | 517,322 | 244,592 |
| Cash flows from investing activities: | | | | |
| Purchases of property and equipment and capitalized software costs | (4,432) | (12,271) | (36,565) | (40,707) |
| Acquisitions of businesses, net of cash acquired | (19,442) | (4,455) | (1,798,915) | (7,066) |
| Proceeds from the sale of a business | — | — | — | 3,250 |
| Other | — | — | — | 385 |
| Net cash used in investing activities | (23,874) | (16,726) | (1,835,480) | (44,138) |
| Cash flows from financing activities: | | | | |
| Cash dividends paid to Maximus shareholders | (17,213) | (17,167) | (68,838) | (70,155) |
| Purchases of Maximus common stock | — | — | (3,363) | (166,959) |
| Tax withholding related to RSU vesting | — | — | (9,818) | (10,614) |
| Payments for debt financing | (454) | — | (23,213) | — |
| Proceeds from borrowings | 33,129 | 216,560 | 2,318,129 | 638,048 |
| Principal payments for debt | (216,603) | (340,474) | (824,483) | (619,445) |
| Other | 42 | (8) | (2,721) | (965) |
| Net cash provided by/(used in) financing activities | (201,099) | (141,089) | 1,385,693 | (230,090) |
| Effect of exchange rate changes on cash, cash equivalents, and restricted cash | (2,356) | 1,879 | 474 | 1,705 |
| Net change in cash, cash equivalents, and restricted cash | 43,334 | (7,427) | 68,009 | (27,931) |
| Cash, cash equivalents and restricted cash, beginning of period | 113,236 | 95,988 | 88,561 | 116,492 |
| Cash, cash equivalents and restricted cash, end of period | $ 156,570 | $ 88,561 | $ 156,570 | $ 88,561 |

**Maximus, Inc.**
**Consolidated Results of Operations by Segment**

| | For the Three Months Ended September 30, | | | | For the Year Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2021 | | 2020 | |
| | Amount (1) | % (2) | Amount (1) | % (2) | Amount (1) | % (2) | Amount (1) | % (2) |
| | *(Unaudited)* | | | | | | | |
| | *(dollars in thousands)* | | | | | | | |
| **Revenue:** | | | | | | | | |
| U.S. Services | $ 392,623 | | $ 371,345 | | $ 1,662,110 | | $ 1,329,274 | |
| U.S. Federal Services | 540,302 | | 423,232 | | 1,893,284 | | 1,633,337 | |
| Outside the U.S. | 173,206 | | 129,259 | | 699,091 | | 498,926 | |
| Revenue | $ 1,106,131 | | $ 923,836 | | $ 4,254,485 | | $ 3,461,537 | |
| **Gross Profit:** | | | | | | | | |
| U.S. Services | $ 84,794 | 21.6 % | $ 92,199 | 24.8 % | $ 408,050 | 24.6 % | $ 360,272 | 27.1 % |
| U.S. Federal Services | 120,146 | 22.2 % | 86,423 | 20.4 % | 432,551 | 22.8 % | 318,925 | 19.5 % |
| Outside the U.S. | 13,466 | 7.8 % | 18,229 | 14.1 % | 106,374 | 15.2 % | 31,805 | 6.4 % |
| Gross Profit | $ 218,406 | 19.7 % | $ 196,851 | 21.3 % | $ 946,975 | 22.3 % | $ 711,002 | 20.5 % |
| **Selling, general, and administrative expense:** | | | | | | | | |
| U.S. Services | $ 36,954 | 9.4 % | $ 29,856 | 8.0 % | $ 153,609 | 9.2 % | $ 132,489 | 10.0 % |
| U.S. Federal Services | 70,608 | 13.1 % | 54,568 | 12.9 % | 243,485 | 12.9 % | 186,023 | 11.4 % |
| Outside the U.S. | 21,230 | 12.3 % | 18,813 | 14.6 % | 86,248 | 12.3 % | 65,938 | 13.2 % |
| Gain on sale of business (4) | — | NM | (12) | NM | — | NM | (1,718) | NM |
| Other (3) | 798 | NM | 203 | NM | 10,746 | NM | 4,358 | NM |
| Selling, general and administrative expense | $ 129,590 | 11.7 % | $ 103,428 | 11.2% | $ 494,088 | 11.6 % | $ 387,090 | 11.2 % |
| **Operating income:** | | | | | | | | |
| U.S. Services | $ 47,840 | 12.2 % | $ 62,343 | 16.8 % | $ 254,441 | 15.3 % | $ 227,783 | 17.1 % |
| U.S. Federal Services | 49,538 | 9.2 % | 31,855 | 7.5 % | 189,066 | 10.0 % | 132,902 | 8.1 % |
| Outside the U.S. | (7,764) | (4.5) % | (584) | (0.5) % | 20,126 | 2.9 % | (34,133) | (6.8) % |
| Amortization of intangible assets | (20,639) | NM | (8,900) | NM | (44,357) | NM | (35,634) | NM |
| Gain on sale of business (4) | — | NM | 12 | NM | — | NM | 1,718 | NM |
| Other (3) | (798) | NM | (203) | NM | (10,746) | NM | (4,358) | NM |
| Operating income | $ 68,177 | 6.2 % | $ 84,523 | 9.1 % | $ 408,530 | 9.6 % | $ 288,278 | 8.3 % |

(1) Expenses that are not specifically included in the segments are included in other categories, including amortization of intangible assets and the direct costs of acquisitions. These costs are excluded from measuring each segment's operating performance.

(2) Percentage of respective segment revenue. Percentages not considered meaningful are marked “NM.”

(3) Other selling, general, and administrative expenses includes credits and costs that are not allocated to a particular segment. This includes expenses incurred as part of our acquisitions, as well as potential acquisitions which have not been or may not be completed. Our results for the year ended September 30, 2021, included $9.5 million of expenses relating to the acquisitions of Attain, LLC, and VES Group, Inc.

(4) During fiscal year 2020, we sold Q2 Administrators LLC, a subsidiary within our U.S. Federal Services Segment, resulting in a gain.

**Maximus, Inc.**
**Consolidated Free Cash Flows - Non-GAAP**

| | For the Three Months Ended September 30, | | For the Year Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | (unaudited, in thousands) | | | |
| Net cash provided by operating activities | $ 270,663 | $ 148,509 | $ 517,322 | $ 244,592 |
| Purchases of property and equipment and capitalized software costs | (4,432) | (12,271) | (36,565) | (40,707) |
| Free cash flows | $ 266,231 | $ 136,238 | $ 480,757 | $ 203,885 |

**Maximus, Inc.**
**Unaudited Pro Forma Results**

| | For the Year Ended September 30, | |
|---|---|---|
| | 2021 | 2020 |
| | (dollars in thousands, except per share amounts) | |
| Revenue | $ 4,672,597 | $ 4,013,994 |
| Cost of revenue | 3,566,894 | 3,107,493 |
| Gross profit | 1,105,703 | 906,501 |
| Selling, general, and administrative expenses | 553,048 | 485,903 |
| Amortization of intangible assets | 85,621 | 101,467 |
| Operating income | 467,034 | 319,131 |
| Interest expense | (37,410) | (38,239) |
| Other expense, net | (2,414) | (12,791) |
| Income before income taxes | 427,210 | 268,101 |
| Provision for income taxes | 102,045 | 64,328 |
| Net income | $ 325,165 | $ 203,773 |
| | | |
| Earnings per share: | | |
| Basic | $ 5.24 | $ 3.23 |
| Diluted | $ 5.21 | $ 3.22 |
| Weighted average shares outstanding: | | |
| Basic | 62,072 | 63,062 |
| Diluted | 62,365 | 63,322 |

These pro forma results are shown as though VES and Attain acquisitions occurred on October 1, 2019. Please refer to our Annual Report on Form 10-K for an explanation of the methodology used to prepare these pro forma financial results.

**Maximus, Inc.**

**Non-GAAP Adjusted Results Excluding Amortization of Intangible Assets**

| | For the Three Months Ended September 30, | | For the Year Ended September 30, | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | *(dollars in thousands, except per share data)* | | | |
| Operating income | $ 68,177 | $ 84,523 | $ 408,530 | $ 288,278 |
| Add back: Amortization of intangible assets | 20,639 | 8,900 | 44,357 | 35,634 |
| Adjusted operating income excluding amortization of intangible assets (Non-GAAP) | $ 88,816 | $ 93,423 | $ 452,887 | $ 323,912 |
| Adjusted operating income margin excluding amortization of intangible assets (Non-GAAP) | 8.0 % | 10.1 % | 10.6 % | 9.4 % |
| | | | | |
| Net income | $ 52,014 | $ 63,661 | $ 291,200 | $ 214,509 |
| Add back: Amortization of intangible assets, net of tax | 15,388 | 6,437 | 32,752 | 26,321 |
| Adjusted net income excluding amortization of intangible assets (Non-GAAP) | $ 67,402 | $ 70,098 | $ 323,952 | $ 240,830 |
| | | | | |
| Diluted earnings per share | $ 0.83 | $ 1.02 | $ 4.67 | $ 3.39 |
| Add back: Effect of amortization of intangible assets on diluted earnings per share | 0.25 | 0.11 | 0.52 | 0.41 |
| Adjusted diluted earnings per share excluding amortization of intangible assets (Non-GAAP) | $ 1.08 | $ 1.13 | $ 5.19 | $ 3.80 |

Maximus Fiscal 2021 Fourth Quarter and Year End Earnings Call
November 18, 2021

**Operator**
Greetings, and welcome to the Maximus Fiscal 2021 Fourth Quarter and Year End Earnings Conference Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad.

As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, James Francis, Vice President of Investor Relations for Maximus. Thank you, please go ahead.

**James Francis**
Good morning, and thanks for joining us. With me today is Bruce Caswell, President and CEO, Rick Nadeau, CFO, and David Mutryn, Senior Vice President of Finance. I'd like to remind everyone that a number of statements being made today will be forward-looking in nature. Please remember that such statements are only predictions. Actual events and results may differ materially as a result of risks we face, including those discussed in item 1A of our most recent forms 10-Q and 10-K.

We encourage you to review the information contained in our earnings press release today and our recent filings with the SEC, including our annual report to be released shortly. The company does not assume any obligation to revise or update these forward-looking statements to reflect subsequent events or circumstances except as required by law.

Today's presentation also contains non-GAAP financial information. Management uses this information internally to analyze results and believes it may be informative to investors in gauging the quality of our financial performance, identifying trends, and providing meaningful period to period comparisons. For a reconciliation of the non-GAAP measures presented, please see the company's most recent earnings press release.

And with that, I'll hand the call over to Rick and David.

**Rick Nadeau**
Thank you, James. And good morning. As we announced in January, I will retire at the end of this month, and David Mutryn will become the Chief Financial Officer on December 1st. I am confident that David is the right person to succeed me as CFO to help guide Maximus in the future. It has been a privilege to be the CFO for Maximus and a great place to finish my career. I am proud of all that we accomplished together as a team during my time here.

While we have been diligently reporting our contributions to shareholders, we have not discussed in this forum the substantial commitments to ESG and our accomplishments in this area over the last five years. Maximus is a unique company dedicated to delivering better-than-average returns to all stakeholders while simultaneously aligned with core ESG principles by making vital government services more accessible to millions of people.

If you look at our progression on the MSCI framework, we began with a B rating in 2016 and currently hold a triple-B rating for 2021. While triple-B is a good score, we believe there is more progress to be made. Our commitment to ESG is a journey of continuous improvement. We view our ISS governance score of two as solid, and we are quite pleased with our latest ISS social score of one, both as of October 2021.

Our recent ESG report includes our updated ESG materiality assessment, an ongoing commitment to provide essential services to the most vulnerable citizens in the communities we serve.

Thank you to everyone who I have worked with during my time at Maximus for a wonderful and fulfilling experience. David?

**David Mutryn**

Thanks, Rick. Fiscal Year 2021 was a dynamic year, with the COVID pandemic creating both challenges and opportunities. Maximus accomplished significant milestones this year, including winning and operating over one billion dollars of COVID response work and closing two large and strategic acquisitions. We completed another significant acquisition in early October with a student loan servicing business for 5.6 million U.S. Department of Education-owned borrower accounts which we have branded as Aidvantage.

As noted in our press release this morning, total company revenue for Fiscal 2021 increased by 23% to $4.25 billion as compared to $3.46 billion in the prior year. The revenue increase was primarily attributable to COVID response work which grew about $0.9 billion year over year and totaled approximately $1.1 billion for the year. Revenue also increased as a result of the Attain Federal and VES acquisitions, which together contributed $323 million of revenue in the year.

On the bottom line, our full-year operating income margin was 9.6%, and diluted earnings per share were 4.67. As you know, operating income margin is calculated after the expense for amortization of intangible assets, which increased significantly due to the two acquisitions that closed during the year. Excluding the amortization expense, our operating margin would be 10.6%, and our adjusted diluted EPS would be $5.19.

Let me point out a few items specific to fourth quarter results. Number one, as expected, short-term COVID response work declined and totaled $225 million in the fourth quarter, which is $246 million less than in the third quarter. Number two, the fourth quarter included a write-off of fixed assets, leased assets, and deferred contract costs pertaining to a contract in its startup phase in the U.S. services segment. While there are often puts and takes in our results, this is a $12 million detriment to pre-tax earnings, or $0.14 diluted EPS, and the most significant reason our results were below the midpoint of our guidance range.

Number three, implied in our previous guidance was a low fourth quarter tax rate, but our tax expense was slightly more favorable. And number four, adjusted for COVID response work and revenue from the census contract, our fourth quarter revenue showed normalized organic growth of 3.4% over the comparable prior-year period.

Maximus Fiscal 2021 Fourth Quarter and Year End Earnings Call
November 18, 2021

I'll now take you through segment Fiscal 2021 results. For the U.S. services segment, revenue increased to \$1.66 billion as compared to \$1.33 billion in the prior year. The segment experienced strong demand for COVID response work which contributed an estimated \$618 million of revenue to the segment in Fiscal 2021 compared to an estimated \$129 million of this type of work in the prior year.

The segment operating income margin was 15.3% for the full year and 12.2% in the fourth quarter which fell short of our expectations due primarily to the single contract write-off I mentioned earlier. Excluding the write-off, the U.S. services margin would be 16.0% for the full year and 15.2% in the fourth quarter. The segment's COVID response work helped offset the negative operating income impact on core programs, most notably, the pause in Medicaid redeterminations.

The public health emergency has had multiple extensions, most recently of which occurred on October 15th and will remain in effect for 90 days. Despite the prolonged negative impact, the guidelines for resuming this work as communicated by the Centers for Medicare and Medicaid Services gave us confidence that redetermination activities should resume in Fiscal 2022.

For the U.S. federal services segment, Fiscal 2021 revenue increased 15.9% to \$1.89 billion. The segment benefitted from COVID response work and the two acquisitions, partially offset by the lower revenue due to the end of the census contract. COVID response work contributed an estimated \$466 million of revenue to the segment in Fiscal 2021 compared to an estimated \$71 million of this type of work in the prior year.

As I mentioned, the two acquisitions contributed \$323 million this year. The Census contract contributed \$448 million less revenue than in the prior year. The operating income margin for U.S. federal services was 10.0% in Fiscal 2021 as compared to 8.1% in the prior year. The segment's fourth quarter margin was 9.2% and fell short of our estimates. This was driven by several non-recurring investments made in the quarter that are expected to benefit our future operating results.

The outside the U.S. segment experienced strong demand for employment services in Fiscal 2021 as it rebounded from the most pronounced impacts of the pandemic. Revenue for the segment increased approximately \$200 million, or 40%, to \$699 million. Operating income was positive \$20 million, or a 2.9% margin, compared to a \$34 million operating loss in the prior year. As we noted on the August earnings call, the fourth quarter of Fiscal 2021 realized anticipated startup losses, most notably due to the U.K. Restart Programme ramping.

Let me turn to the balance sheet and cash flow items. As of September 30th, 2021, we had gross debt of \$1.52 billion and we had unrestricted cash and cash equivalents of \$135 million. The ratio of debt net of allowed cash to proforma EBITDA for the full year ended September 30th, 2021 as calculated in accordance with our credit agreement is 2.3 times. This compares to 2.4 times at June 30th, 2021.

As we stated on our third quarter call, we used our free cash flow in the fourth quarter to reduce our debt. Cash flows from operations totaled \$517 million, and free cash flow was \$481 million for Fiscal 2021 as compared to

$245 million and $204 million, respectively, for the prior-year period. In addition to improved earnings, strong cash flows resulted from the decrease in the investment in working capital of more than $100 million. This was driven by good collections combined with advanced payments on new work and deferral of payroll taxes as permitted by the U.S. government.

Proforma DSO was 68 days at September 30th, 2021, compared to 77 days for the same day last year. Our DSO target remains 65 to 80 days.

Turning to Fiscal Year 2022 guidance, revenue is projected to be between $4.4 and $4.6 billion. Diluted earnings per share is projected to be between $4.00 and $4.40. The mid-point of this guidance implies an operating income margin of 8.4%, which includes approximately $90 million of estimated amortization expense. Excluding the amortization expense yields adjusted diluted EPS of $5.07 to $5.37, and the implied operating income margin excluding amortization expense is 10.4%.

We expect cash flows from operations to range between $275 and $325 million and free cash flow between $225 and $275 million. We are projecting that the investment in working capital will increase in Fiscal 2022 as the payroll tax deferral is eliminated and the new work matures. We expect interest expense to be between $30 and $33 million, and the effective income tax rate, assuming no change in U.S. federal rates, should be between 25% and 26%. Absent share purchases, we would expect the weighted average shares to be between 62.5 and 62.6 million.

Turning to segment margins, we expect our U.S. services segment to be between 13% and 14% for the year. We expect the U.S. federal services margin to be in the 10% to 11% range. This expectation includes the Aidvantage program, which we expect to deliver margins in line with similar BPO contracts in our federal portfolio over time. However, as with many of our contracts, we expect the Aidvantage contract to start with lower margins and increase as the program matures.

Finally, we expect outside the U.S. operating income margins in the three to five percent range.

Let me provide some commentary on the guidance. On our top line, the first notable item is COVID response work which began winding down in the later stages of Fiscal Year 2021 and is currently expected to contribute about $250 million of revenue in Fiscal 2022. COVID response work is predominantly tied to unemployment insurance support and vaccine administration with shorter periods of performance. It is important to note that relationships that began with COVID work are now leading to some longer-term work, particularly related to unemployment insurance support.

The second item is the startups outside the U.S., including U.K. Restart. We forecast that these startups will add $150 million of revenue to Fiscal 2022, which is unchanged from our thinking on the prior earnings call.

The third item is acquisitions. There will be full period revenue contributions from the Attain Federal, VES, and the Aidvantage acquisitions. Combined, these three acquisitions make up approximately one billion dollars of our forecasted Fiscal 2022 revenue.

If you separate out the COVID work, the acquisitions, and the small amount of census contract revenue in Fiscal 2021, our top-line guidance reflects normalized organic growth of 18% with a profile that increases over the course of the year. This demonstrates that our core business growth engine is accelerating, driven by new contract awards in Fiscal 2021.

We were successful in winning new work awards in the year, with a total contract value of $3.5 billion. Of that, less than one billion dollars was associated with COVID response work. Our largest single award was the U.K. Restart Programme, with a total contract value of more than $960 million over six years. In addition, the U.S. segments were awarded several new contracts, all of which are longer-term work.

On the bottom line, we anticipate a slow start to Fiscal 2022, but also a solid line of sight to a strong second half. There are two primary factors causing this. Number one, the continued delays in our core programs returning to pre-pandemic levels creates depressed earnings in the first half of Fiscal 2022. As a reminder, we previously noted that the COVID work may decline before we see the core programs return, which is what we are now experiencing. Number two, the startup contracts in the outside the U.S. segment, most notable U.K. Restart, will continue to ramp with operating losses in the first half of Fiscal 2022.

We continue to anticipate these programs will achieve breakeven by the midpoint of the year and significant financial improvement in the back half with performance in our corporate guideposts of 10% to 15% operating income margins over their lives. The startup contracts are progressing well and are currently meeting our expectations. To quantify the steeper ramp in earnings, we forecast 60% to 65% of our operating income and earnings to be realized in the second half of Fiscal 2022. While our earnings profile suggests a valley for the first half of the fiscal year, we anticipate exiting the year at a strong run rate.

I noted the expected segment margin ranges earlier. The margins in all three segments are expected to improve over the course of the year as the quarterly revenue profile is expected to be less steep than earnings. We do not provide quarterly guidance, but I will share that the first quarter of Fiscal 2022 is forecasted to look similar to the fourth quarter of Fiscal 2021 after normalizing for the lower tax rate in the fourth quarter.

Our guidance does reflect our expectation that the public health emergency will conclude and that redeterminations will restart in our third fiscal quarter. The outside the U.S. startups are ramping up, and we have other portions of the Fiscal 2021 new work awards that are scheduled to begin generating revenue in Fiscal 2022. Delays to any of these items, many of which are outside our control, may cause revenue and earnings to move to the right and to potentially fall short of guidance for Fiscal 2022.

In closing, Bruce, Rick, and I, along with the broader leadership team, are proud of how Maximus rose to overcome unique challenges in the last two years and emerge a stronger company. We are pleased to see the

underlying organic growth improving as we come out of the pandemic and our recent acquisitions performing well. I would also like to personally thank Rick for his leadership for the past seven years.

With that, I will turn the call over to Bruce.

**Bruce Caswell**

Thank you, David. On behalf of the management team, we offer Rick our deep appreciation for your leadership. You have led Maximus through many accomplishments during your tenure as CFO, including leading our M&A strategy development with six major acquisitions beginning with Acentia in April 2015, closing a new corporate credit facility, and funding the VES acquisition through new debt sources for the company. Helping navigate our international growth into new geographies as we grew from four countries to nine. Pushing us to think and operate as a company at scale, including maturing our corporate back office capacity, which proved vital to supporting our inorganic and organic growth. Mentoring and sponsoring many of our rising stars and building a talent pipeline not only in the finance division but across the company at large, and championing our ESG strategy development and advancements.

I should note that when we ended fiscal year 2014, we had revenues of $1.7 billion and diluted earnings per share of $2.11. Today we are reporting $4.25 billion in revenue and diluted EPS of $4.67, a compound growth rate of 14% and 12%, respectively. Your expertise helped us continue our growth as a leading partner to government in the delivery of critical programs on a global scale. Thank you again on behalf of all of us.

Since the beginning of Fiscal Year 21, Maximus has completed four acquisitions, realized several large wins, transitioned leadership in our U.S. Federal segment, and more. I will spend my time today talking about the progress we've made toward executing the strategy I have articulated since April 2018, how these four acquisitions support those goals, and some refinements we're making to that strategy.

On October 6th, we closed a contract innovation with Navient Corporation, which the Department of Education Federal Student Aid, or FSA, approved on October 20th to begin servicing student loans in January 2022 under the new brand name Aidvantage. As a long-term partner and provider of consumer engagement services to government, Maximus will focus on the end-to-end borrower experience and help fulfill FSA's mission while remaining independent and conflict-free as we do not and will never provide loan origination, consolidation, or collection services.

We view student loan servicing as an opportunity to apply our insights, expertise, and quality-driven approach through support of both the FSA and the agency's customers, student borrowers. Aidvantage is an extension of a long-standing partnership to support FSA and is in line with our core business. This development demonstrates the availability of increased scope for companies that can successfully manage citizen interactions at scale and our ability to build on trusted relationships with government, a core component of our business model.

Maximus Fiscal 2021 Fourth Quarter and Year End Earnings Call
November 18, 2021

As you may recall, we have a position on the FSA NextGen contract vehicle to which this work will likely transition in future contract periods. Our immediate priority is to successfully transition the 5.6 million Navient borrower accounts to provide stability and high-quality service as student loan repayment obligations resume on February 1st, 2022. We subsequently will focus on the FSA's stated goals of improving the borrower experience through improved performance, transparency, and accountability under the loan servicing contract.

To that end, our plan includes implementing best practices and continuous review, performance management, and quality monitoring to promote greater transparency and maintain compliance. Again, our role is solely to support student borrowers as they navigate repayment, and for many, options related to available authorized loan forgiveness programs. As an independent and conflict-free partner to FSA, we will not own, consolidate, or originate loans.

Meanwhile, the integration of our VES and Attain acquisitions are going as planned, operating as expected and delivering financial results that are consistent with our acquisition analysis. To provide a bit more color, I'm particularly proud of our Attain colleagues' recent success, including securing the rebid and expansion of critical work for the Securities and Exchange Commission and supporting the U.S. Customs and Immigration Services client at a critical juncture in their mission. Likewise, our VES colleagues have achieved record volumes recently in scheduling veterans for critical disability benefit evaluations as that program moves closer to its pre-pandemic operating model.

As for our fourth acquisition in the United Kingdom, I'm pleased to share that Connect Assist, a market-leading provider of citizen engagement centers and digital services, has joined Maximus UK. This combination strengthens our program administration capabilities and enables our expansion into adjacent markets. As we previously lacked contact center capabilities in-country, a pre-requisite for many government procurements. Maximus now employees more than 4,500 people in the United Kingdom, including approximately 1,400 healthcare professionals across more than 270 locations, serving as one of the largest providers of employment, health, and disability support program administration in the country.

The tireless work of our team this past year resulted in several new contracts and opportunities across the segments. This includes approximately $1.1 billion of COVID response work to help governments respond to the pandemic. Our ability to respond quickly and effectively for our clients has provided the proof points and enhanced our relationships now driving additional work opportunities such as unemployment insurance program support services for several states beyond the pandemic.

This fiscal year we won more new employment services startup work outside the U.S. than we projected. This includes the notable U.K. Restart Programme, where Maximus provides tailored support to help people back into work. Thus far, thousands of people have been supported by our delivery of the Restart Programme, with nearly 1,500 people finding sustainable employment since we began delivery at the end of June 2021, tracking very favorably against our forecast.

Maximus Fiscal 2021 Fourth Quarter and Year End Earnings Call
November 18, 2021

Turning to new awards and pipeline as of September 30th. For the fourth quarter of fiscal year 2021, full fiscal year signed awards were $5.62 billion of total contract value at September 30th. Further, at September 30th, there were another $721 million worth of contracts that have been awarded but not yet signed. Of the $5.6 billion of signed work, $3.5 billion represents new work awards with less than one billion associated with COVID response work, illustrating a healthy level of new work in our core business.

Let me turn our attention to our pipeline of addressable sales opportunities. Our total contract value pipeline at September 30th was $33.9 billion compared to $33.6 billion reported in the third quarter of Fiscal 2021. The September 30th pipeline is comprised of approximately $8.8 billion in proposals pending, $1.4 billion in proposals and preparation, and $23.7 billion in opportunities tracking. Of the total pipeline, 69% represents new work opportunities.

It has been 20 long months since the start of the public health emergency, or PHE. We anticipate the PHE will expire at the end of the first calendar quarter of 2022. With this in mind, as David noted, we expect a solid second half of FY22, which means we should exit the year at a strong run rate. Taken together, our view is that the market and company operating dynamics anticipated in the second half of FY22 create a positive environment and momentum for the business. These dynamics include not just the anticipated conclusion of the PHE and resumption of pre-pandemic activities, including redeterminations, but also the startup contracts exiting that phase, new organic wins in U.S. services coming online, the FY21 acquisitions maturing in their integration and contribution, and the benefits of a substantial new work pipeline.

I also want to address an area that has received national attention. In September, President Biden signed an executive order requiring U.S.-based employees of federal government contractors to be fully vaccinated against COVID-19 with limited exemptions for medical and religious reasons. Earlier this month, per the President's direction, OSHA also mandated vaccination or weekly testing for employers with 100 or more employees, which goes into effect in January 2022. We are planning for implementation of these requirements, which includes extensive employee education and resources, paid time off to receive a vaccination, and frequent reminders regarding timelines and options.

As we have throughout the pandemic, we have prioritized employee safety and wellbeing, and we actively monitor guidance and update our procedures accordingly. Demand for talent is highly competitive. Our implementation of these requirements may result in some workforce attrition and difficulty meeting our existing or future hiring needs. That being said, Maximus has a strong talent brand that was, if anything, strengthened as a key differentiator over the past 20 months with the many benefits and programs we quickly implemented to support and protect our people.

During FY21, we hired more than 42,000 employees around the world. Our recruiting programs focus on identifying and evaluating talent through practices that welcome a diverse workforce, including veterans, people with disabilities, language barriers, and those from varying socio-economic backgrounds. To support the training and development of our employees, over 165,000 online learning resources and tools are available, in addition to other development opportunities.

We continue to operate in a hybrid environment, recognizing that some employees are required to be on site due to customer requirements. We are imagining new ways of working that put us in an even better position over the long term to attract the necessary talent for our business through workplace flexibility and outside of historical geographical bounds.

On a final note, I am pleased that our execution on our three-pronged strategy of expanding our clinical business, driving digital transformation for our customers and the citizens we serve, and expanding to adjacent markets has successfully led to balanced organic and inorganic growth since I became CEO and set the table for future organic growth in our expanded core and new markets.

With this as the backdrop and our current focus on delivering shareholder value through our FY21 acquisitions, we have concurrently kicked off a three- to five-year strategy refresh initiative with participation from across the business. Not only do we seek to define what the next phase in our clinical and technology journey will look like, but we are looking further over the horizon than we would in our annual planning process. I'm excited about the energy and ideas that this collaborative process has already yielded and look forward to sharing more formal insights with our shareholders and the analyst community during our planned Investor Day in 2022.

And with that, we will open the line for Q&A. Operator?

**Operator**
Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you would like to remove your question from the queue. We ask that you limit your follow-up questions to one so that others may have an opportunity to ask questions. You may reenter the queue by pressing star one.

Our first question is coming from Donald Hooker of KeyBanc Capital Markets. Please go ahead.

**Donald Hooker**
Great. Good morning. And Rick, best of luck with your future endeavors. I guess the message here, it looks like the first half of the year is going to be a bit rough on the EPS line but you're going to have a big second half, I guess. Maybe north of five bucks a share run rate exiting the year. Correct me if I'm wrong with that, that sort of seems to be the message here. And then one of the big variables is sort of the restarting of these redeterminations. And I just wanted to get a sense of your confidence around the timing of that or what visibility you have on that or any quantification of that?

**Rick Nadeau**
Thank you for the comment. I'll let David Mutryn answer that question. But I do appreciate it. Thank you.

Maximus Fiscal 2021 Fourth Quarter and Year End Earnings Call
November 18, 2021

**Donald Hooker**
Sure.

**David Mutryn**
Yeah. Thanks, Don. Yeah, you heard in my prepared remarks that we did say that 60% to 65% of the earnings are expected to be in the back half of the year. So I follow your math there. With respect to the redeterminations, what I would say is our guidance is built on the assumption that April 1st would be the resumption of those in our programs. While I pointed out that that risk along with the risk of other new business potentially not starting on time could put some pressure on our guidance, I would say that the bottom end of our range could accommodate some flip in that timing.

**Bruce Caswell**
And Don, this is Bruce Caswell. I just wanted to give you a little kind of policy color on this as well. This topic of the – what's being referred to at CMS and more broadly as the PHE unwinding – is getting a lot of attention these days. I mean, going back to the summer when CMS administrator Chiquita Brooks-LaSure spoke about the importance of ensuring that the 10 million to 15 million Medicaid beneficiaries that gained coverage under – during the pandemic period – don't fall off the Medicaid cliff and lose coverage.

What we are seeing is a continued dialogue with states as recently as the National Association of Medicaid Directors or NAMD conference that's just concluded. This was a topic of great discussion. So my sense is there's a lot of planning going on right now. Because not only are we talking about those that gained coverage, because Medicaid enrollments went from 71 to 82 million during the pandemic, but effectively 80 million folks have to be redetermined for eligibility.

And so the tight choreography that's needed between the existing Medicaid programs and the exchanges, because the likelihood is not everybody's going to pick up employer-sponsored insurance, but rather qualify for subsidized coverage under the Affordable Care Act and so forth. That choreography needs to be very tight so that there's a seamless continuity of benefits for individuals. What we are sensing is there is a great deal of now kind of operational dialogue around that topic which suggests that the assumption that we've based our numbers on is a solid assumption presently. I will caveat that by saying you never know what's going to happen with this pandemic, right? And any further strains or variants or anything that could cause that to shift. But this is a different environment than it was a quarter ago as it relates to the operational dialogue around this topic.

**James Francis**
Great, thanks. Don, do you have a follow-up?

**Donald Hooker**
Yeah, I'll do one quick follow-up on that. It's sort of on the theme of the second half of the year and the run rate EPS coming out of the year. The other variable I'm trying to get my hands around or mind around are the – sort of the acquisitions. You talked about a billion dollars of – I think a billion dollars of incremental revenue from

acquisitions. There are three pieces to that, and I think you mentioned a third, maybe something in the U.K. you acquired. Can you maybe break that out a little bit and talk about how the different acquisitions are growing and just give us a little bit more color around that billion dollars?

**David Mutryn**
Sure, Don, it's David. So the billion dollars is the total revenue from those. It's not an incremental number from year to year, to be clear. And to give you a little more color on it, last quarter we said to expect about $750 million of revenue from Attain and VES in our fiscal 2022. For Aidvantage, if you look at the filings of the seller of that business you can see that it was running at about $130 million to $140 million of revenue per year. So we add that to the $750, and the rest is really more growth in all three of those, Attain, VES, and Aidvantage, that we expect now.

**James Francis**
Right. And you can see on the guidance commentary slide for Fiscal 2022, $323 million of acquisition revenues in Fiscal 2021 and then growing to one billion in 2022.

Operator, back to you. Next question, please.

**Operator**
Thank you. Once again, that is star one if you have a question at this time.

Our next question is coming from Charlie Strausser. Please go ahead.

**Brendan Hoffman**
Good morning. This is Brendan on for Charlie. We want to wish Rick well as well. And I just wanted to ask on the investment spend in U.S. federal. The margin obviously is a bit light, and it sounds like there is some increased cost there. If you could just walk us through what exactly you're doing there and anything that could be recurring for FY22?

**Bruce Caswell**
Sure, Brendan, it's Bruce. I'm going to ask David to address that. And obviously, like we've said, we believe that these investments benefit future periods. David?

**David Mutryn**
Yeah, thanks. So as we noted in the remarks, the U.S. Federal segment had a 10.0 aligned margin for the year and 9.2% for the fourth quarter, which did fall a little bit short of what we had previously communicated. So a little bit more on the investments. There was one item where we agreed with the customer to accept a lower margin for a contract modification, but that also increased the overall funding and future revenue. And another item I'd point out is that we paid some incentives to workers to be vaccinated. These payments were made in the fourth quarter. And we believe that having the vaccinated staff with the documentation will benefit future periods.

Maximus Fiscal 2021 Fourth Quarter and Year End Earnings Call
November 18, 2021

**James Francis**
Great. Thanks, Brendan. Do you have a next question or a follow-up?

**Brendan Hoffman**
Yeah, yeah. Just a follow-up and a kind of similar idea, but moving to the services – U.S. Services margin. Obviously some of the margin drop-off is from the COVID work, which you guys are really – were getting – after a couple of quarters doing that where you're starting to get really good margin on. Could you just walk us through the cadence? We know it's going to be higher in the second half with your expected – the redeterminations coming back. But can you just give us an idea of how I guess dramatic the cadence is going to be from first half to second half?

**David Mutryn**
Sure. This is David again. So for U.S. Services, yes, we said that margin was expected to be between 13% and 14% in Fiscal Year 22. I also pointed out that the margin is expected to improve over the year as it is in all segments. For U.S. Services, in particular, just to give you a little sense of the slope of that, we would expect to be above the high end of that 13% to 14% range in the back half of the year.

**James Francis**
Great. Brendan, we'll keep your line open if you have anything else for us. No need to get back in the queue.

**Brenden Hoffman**
I'll jump back in the queue.

**James Francis**
Why don't you go ahead.

**Operator**
I'm sorry. You're looking for which individual to be made live again, please?

**James Francis**
That's okay. Let me just quickly say – let me add something here. We have an appointment later today with the shareholders who would like to cover a topic with the management team. We thought this audience on the call today might like to hear the answer as well. So, Bruce, topic is the Aidvantage business that you explained earlier. Could you speak to how Maximus is handling the transition and what steps are being taken to address the risks on this contract? That would be, I think, helpful for everyone.

**Bruce Caswell**
Absolutely, I'd be happy to. So, first of all, I'd like to begin by saying that the Navient team that's been running this program to date has been a top provider in the program for two important elements that are critical to borrowers. One is called risk outreach. And this is the process by which loan accounts are profiled in terms of

risk and obviously risk in terms of falling into delinquency. And there's proactive outreach steps that are taken, including the mailing of reminders and so forth to those accounts to try to help keep them current.

The second component is called income-driven repayment, or IDR. On both of those KPIs the Navient team has really provided excellent service historically. We are excited to welcome them to Maximus to continue to provide that service.

As I mentioned in my prepared remarks, it's very important to note that, unlike Navient, we are not providing, consolidating, or originating loans. So we don't have the same risk profile nor a potential prospective conflict of interest. We are servicing loans for which the federal government was the direct lender in a conflict-free and independent manner.

All the providers you can anticipate will be facing a very dynamic loan pool when payment obligations resume in February of 2022, which could lead to a number of delinquencies that need to be addressed as the program is reinstated. It's super important that there be adequate customer service staffing during this period because this will all go into effect at the same time for all borrowers and rather than in a phased approach. So we're preparing our staffing to ensure that we're answering the phones on time and continuing the same level of risk outreach that had been provided historically by the Navient team.

We're very committed as a company to a borrower-centric model. That should come as no surprise. We pride ourselves on providing citizen-centric services in the programs that we administer. And we look forward to working in partnership with FSA as they envision a borrower experience that also improves transparency and accountability in the program.

To that end, I might also add that the contract that was novated to us was extended. And all of the servicers now on that contract have strong terms and conditions that underpinned really that intent by FSA, but quite frankly, aligned to work that we do in normal course every day on contracts that we operate. So there's a minimum threshold established for customer satisfaction. There are metrics like abandonment rate, very common in the work that we do. There is a metric related to interaction quality monitoring and accuracy as well. We think those are good things. Contractors are required to respond in a full and timely manner to borrower complaints related to contract performance and so forth, which we also think is a good thing.

So look, over time, we believe that achieving the SLAs and the KPIs that we will now have on this contract will lead to and we know will be a substantial driver in the assignment of new accounts and greater volumes. So we're very much supportive, it goes without saying, of a model like this where contractors are held accountable.

**James Francis**
Great. Thanks for those thoughts, Bruce.

**Bruce Caswell**
Sure.

**James Francis**
Operator, back to you.

**Operator**
Ladies and gentlemen, we thank you for your participation. This does bring us to the end of our Q&A session. Maximus thanks you for your participation. You may disconnect at this time.

# Fiscal 2021 Year End Earnings Call

Rick Nadeau
Chief Financial Officer

David Mutryn
Senior Vice President, Finance

MAXIMUS

November 18, 2021

# Forward-looking Statements & Non-GAAP Information

*These slides should be read in conjunction with the Company's most recent quarterly earnings press release, along with listening to or reading a transcript of the comments of Company management from our most recent quarterly earnings conference call.*

*This document may contain non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results, and providing meaningful period-to-period comparisons. These measures should be used in conjunction with, rather than instead of, their comparable GAAP measures. For a reconciliation of non-GAAP measures to the comparable GAAP measures presented in this document, see the Company's most recent quarterly earnings press release.*

*In this presentation, we use terms such as "normalized organic growth." We calculate this number by removing the effects of the U.S. Census contract, the estimated revenues from COVID-19 response work, the benefit from our acquisitions and the period-over-period currency effects from our revenue. We have provided a reconciliation from our reported and forecasted revenue to normalized organic growth. We believe normalized organic growth allows our investors to understand the effect on our revenue and revenue growth of various key drivers whose effects will vary from year to year. It should be used to complement analysis of our revenue and revenue growth.*

*Included in this presentation are forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "opportunity," "could," "potential," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods.*

*Forward-looking statements that are not historical facts, including statements about our confidence, strategies and initiatives and our expectations about revenues, results of operations, profitability, liquidity, market demand or the impact of the pandemic are forward-looking statements that involve risks and uncertainties such as those related to the impact of the pandemic and our recently-completed acquisitions.*

*These risks could cause the Company's actual results to differ materially from those indicated by such forward-looking statements. A summary of risk factors can be found in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2021, which will be filed with the Securities and Exchange Commission (SEC) on November 18, 2021.*

*Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.*

*Throughout this presentation, numbers may not add due to rounding.*

# Total Company Results – Fiscal Year 2021

| ($ in millions, except per share data) | FY21 | FY20 | % Change |
|---|---|---|---|
| **Revenue** | | | |
| U.S. Services | $ 1,662.1 | $ 1,329.3 | 25 % |
| U.S. Federal Services | 1,893.3 | 1,633.3 | 16 % |
| Outside the U.S. | 699.1 | 498.9 | 40 % |
| **Total Revenue** | **$ 4,254.5** | **$ 3,461.5** | 23 % |
| **Operating Income** | | | |
| U.S. Services | $ 254.4 | $ 227.8 | 12 % |
| U.S. Federal Services | 189.1 | 132.9 | 42 % |
| Outside the U.S. | 20.1 | (34.1) | nm |
| **Segment Income** | $ 463.6 | $ 326.6 | 42 % |
| Intangibles amortization | (44.4) | (35.6) | nm |
| Other | (10.7) | (2.7) | nm |
| **Total Operating Income** | **$ 408.5** | **$ 288.3** | 42 % |
| ***Operating Margin %*** | ***9.6 %*** | ***8.3 %*** | |
| *Operating Margin %, excluding intangibles amortization* | *10.6 %* | *9.4 %* | |
| *Effective Tax Rate* | *24.1 %* | *25.3 %* | |
| **Net Income** | **$ 291.2** | **$ 214.5** | 36 % |
| **Diluted EPS** | **$ 4.67** | **$ 3.39** | 38 % |

- Revenue growth of 23% driven by:
  - COVID-19 response work which grew approximately $0.9B ($1.1B in FY21 vs. $0.2B in FY20)
  - Attain Federal and Veterans Evaluation Services (VES) acquisitions and contributing $323M to FY21
- Operating income margin of 9.6% and diluted EPS of $4.67; excluding the amortization expense, operating income margin would be 10.6% and diluted EPS would be $5.19
- Noteworthy items in Q4 FY21:
  - COVID-19 response revenue declined as expected and totaled $225M, a reduction of $246M from Q3 FY21
  - Write-off related to a U.S. Services contract in startup phase was $12M detriment to pre-tax earnings ($0.14 diluted EPS)
  - Effective tax rate was slightly favorable against expectations
  - On Q4 vs Q4 basis, normalized organic growth, excluding revenue from Census contract and COVID-19 response work, was 3.4%

| *$ millions* | Q4 FY21 | Q4 FY20 |
|---|---|---|
| **Reported revenue** | **$ 1,106.1** | **$ 923.8** |
| *Growth %* | *19.7%* | |
| Census (CQA) revenue | - | (135) |
| COVID-19 response revenue | (225) | (140) |
| Acquisitions (Attain & VES) | (202) | - |
| Currency | (8) | - |
| **Normalized organic revenue** | **$ 671.1** | **$ 648.8** |
| ***Normalized organic growth %*** | ***3.4%*** | |

# U.S. Services Segment

**FY21 Revenue**

- Increase driven by an estimated $618M of COVID-19 response work ($129M in FY20)

**FY21 Operating Margin**

- Delivered 15.3% for the year and 12.2% in Q4 FY21, which fell short of expectations due primarily to the startup contract write-off
- Excluding the write-off, the full year margin would be 16.0% and 15.2% in Q4 FY21
- COVID-19 response work in the segment helped offset the negative operating income effect on core programs, most notably the pause in Medicaid redeterminations
- Centers for Medicare & Medicaid Services (CMS) have recently provided guidance for restarting redeterminations, giving confidence that these activities should resume in FY22 (see Fiscal Year 2022 Guidance slide)

| ($ in millions) | FY21 | FY20 | % Change |
|---|---|---|---|
| **Revenue** | | | |
| U.S. Services | $ 1,662.1 | $ 1,329.3 | 25 % |
| **Operating Income** | | | |
| U.S. Services | $ 254.4 | $ 227.8 | 12 % |
| ***Operating Margin %*** | *15.3 %* | *17.1 %* | |

# U.S. Federal Services Segment

**FY21 Revenue**

- Increased due to estimated $466M of COVID-19 response work ($71M in FY20) and contributions from the Attain Federal and VES acquisitions totaling $323M
- Census contract (completed as of Q1 FY21) delivered $448M less revenue compared to FY20

**FY21 Operating Margin**

- Delivered 10.0% for the year and 9.2% in Q4 FY21, which fell short of estimates due to several non-recurring investments expected to benefit future operating results

| ($ in millions) | FY21 | FY20 | % Change |
|---|---|---|---|
| **Revenue** | | | |
| U.S. Federal Services | $ 1,893.3 | $ 1,633.3 | 16 % |
| **Operating Income** | | | |
| U.S. Federal Services | $ 189.1 | $ 132.9 | 42 % |
| *Operating Margin %* | *10.0 %* | *8.1 %* | |

# Outside the U.S. Segment

**FY21 Revenue**

- Strong demand for employment services helped this segment rebound in FY21
- Outside the U.S. segment experienced the most pronounced impacts from the pandemic, negatively impacting results in FY20

**FY21 Operating Income**

- Low single-digit margin for FY21 was expected due, in part, to planned Q4 FY21 startup losses, due primarily to the U.K. Restart Programme as it continues ramping in line with expectations

| ($ in millions) | FY21 | FY20 | % Change |
|---|---|---|---|
| **Revenue** | | | |
| Outside the U.S. | $ 699.1 | $ 498.9 | 40 % |
| **Operating Income/(Loss)** | | | |
| Outside the U.S. | $ 20.1 | $ (34.1) | nm |
| *Operating Margin %* | *2.9 %* | *(6.8)%* | |

# Balance Sheet and Cash Flows

**Balance Sheet**

- At September 30, 2021, $1.52B of gross debt and cash and cash equivalents of $135M
- Ratio of debt, net of allowed cash, to pro-forma EBITDA (calculated in accordance with credit agreement) results in 2.3x at September 30, 2021. At June 30, 2021, ratio was 2.4x

**Cash Flows**

| $ in millions | | FY21 |
|---|---|---|
| **Cash flows from operations** | $ | 517.3 |
| Purchases of property and equipment and capitalized software costs | | (36.6) |
| **Free cash flows** | $ | 480.8 |

- Strong cash flows in FY21 benefitted from improved earnings and decreased investment in working capital totaling more than $100M. The decrease resulted from good collections combined with advance payments on new work and deferral of payroll taxes.

**Days Sales Outstanding (DSO)**

- Pro-forma DSO of 68 days at September 30, 2021, compared to 77 days for the same day last year

# Fiscal Year 2022 Guidance

| FY22 Guidance | |
|---|---|
| Revenue | **$4.40B – $4.60B** |
| Diluted EPS | **$4.00 – $4.30** |
| Cash flows from operations | **$275M – $325M** |
| Free cash flows | **$225M – $275M** |

- Guidance midpoints implies operating margin of 8.4%
  - Includes approximately $90M of forecasted intangibles amortization for FY22
  - Excluding amortization, adjusted diluted EPS guidance range is $5.07 – $5.37 and implied adjusted operating margin is 10.4%
- Cash flow guidance reflects increased investment in working capital combined with elimination of payroll tax deferral and new work maturing
- Tax rate projection is 25% − 26%, WASO projection is 62.5M – 62.6M, and interest expense projection is $30M – $33M
- Anticipated ranges for segment income margins
  - U.S. Services: 13% – 14%
  - U.S. Federal Services: 10% – 11%
  - Outside the U.S.: 3% – 5%

# Fiscal Year 2022 Guidance Commentary

**FY22 Revenue Commentary**

- COVID-19 response work expected to contribute ~$250M of revenue in FY22 (compared to $1.12B in FY21)
- Startups in Outside the U.S. segment still forecasted to add ~$150M
- Acquisitions of Attain Federal, VES, and Aidvantage (student loans) should contribute ~$1.0B to FY22 (compared to $323M in FY21)
- Normalized organic revenue growth projected at 18.4% in FY22 (chart at right); growth helped by new work awarded in FY21 which totaled $3.5B, of which less than $1B related to COVID-19 response

| *$ in millions* | **FY22E** | **FY21** |
|---|---|---|
| **Revenue** | $ 4,500 | $ 4,254 |
| *Total growth %* | *5.8%* | |
| Census contract | - | (67) |
| COVID-19 response revenue | (250) | (1,120) |
| Acquisitions - Attain/VES/Aidvantage | (1,000) | (323) |
| **Normalized organic revenue** | **$ 3,250** | **$ 2,744** |
| ***Normalized organic growth %*** | ***18.4%*** | |

**FY22 Earnings Commentary**

- Slow start to FY22 is expected with line of sight to strong H2 FY22 caused by
  - Delays in core programs returning to pre-pandemic levels creates depressed H1 FY22; guidance anticipates the public health emergency (PHE) will conclude and *redeterminations assumed to restart in Q3 FY22*
  - Startups in Outside the U.S. segment continue to ramp with losses planned in H1 FY22, moving to breakeven by midpoint of FY22, and making significant contributions to H2 FY22; these contracts expected to deliver within 10% – 15% margin range over their lives
- 60% – 65% of operating income and earnings expected to be realized in H2 FY22, with the Company anticipating to exit FY22 at a strong run rate

# Fiscal 2021 Year End Earnings Call

Bruce Caswell
President & Chief Executive Officer

MAXIMUS

November 18, 2021

# Aidvantage

## What is Aidvantage

- Contract novation closed on October 6 for student loan program
- Maximus **does not and will not** provide loan origination, consolidation, or collection services

## Why Maximus

- Focus on the end-to-end borrower experience and helping fulfill the mission of the Federal Student Aid (FSA), while remaining **independent and conflict-free**
- Demonstrates the availability of increased scope for companies that can successfully manage citizen interactions at scale, and our ability to build on trusted relationships with government, a core component of our business model
- Maintain a position on the FSA NexGen contract vehicle to which this work will likely transition in future contract periods

## Plan of Action

- Immediate priority is to successfully transition the 5.6M borrower accounts to provide stability and high-quality service as student loan repayment obligations resume on February 1, 2022
- Will subsequently focus on FSA's stated goals of improving the borrower experience
- Our strategy includes implementing best practice in continuous review, performance management and quality monitoring to promote greater transparency, and maintain compliance

# Acquisition Integration Status

## United States

- VES and Attain acquisition integrations going as planned, operating as expected, delivering financial results consistent with our analysis
- Attain colleagues recently secured the rebid and expansion of critical work for Securities and Exchange Commission, supporting the U.S. Customs and Immigration Services
- VES colleagues achieved record volumes in scheduling veterans for critical disability benefit evaluations

## United Kingdom

- Connect Assist, market leading provider of citizen engagement centers and digital services, joined Maximus UK
- Combination strengthens our program administration capabilities and enables our expansion into adjacent markets
- Employ 4,500+ people in the U.K., including 1,400+ healthcare professionals across 270+ locations
- One of the largest providers of employment, health, and disability support program administration in the U.K.

# FY21 New Business Success

**COVID-19 Response Work**

- Tireless work of team this past year resulted in several new contracts and opportunities across segments
- Generated revenue of approximately $1.1B from COVID-19 response work to help governments respond to the pandemic
- Our success in response has enhanced client relationships, driving additional work opportunities such as unemployment insurance program support for several states beyond the pandemic

**OUS Employment Services Startup Work**

- Awarded more new employment services work than projected
- Thousands supported by our delivery of the notable U.K. Restart Programme
  - Nearly 1,500 people found sustainable employment since we began delivery in late June 2021
  - Tracking favorably against our forecast

# New Awards & Pipeline

| New Awards (YTD) | September 30, 2021 |
|---|---|
| Signed Contracts | **$5.62B** |
| Unsigned Contracts | **$721M** |

| Sales Pipeline | September 30, 2021 | New Work % |
|---|---|---|
| Proposals Pending | $8.8B | |
| Proposals in Preparation | $1.4B | |
| Opportunities Tracking | $23.7B | |
| **Total Pipeline** | **$33.9B** | **69%** |

**Award dynamics**

- Of the $5.6B of signed awards for year ending September 30, 2021, approximately $3.5B represents new work with less than $1B associated with COVID-19 response work
  - Illustrates healthy level of new work in our core business

# Fiscal Year 2022 Expectations

- 20 long months since start of public health emergency (PHE) which we anticipate to expire at end of the first calendar quarter of 2022
- Expect solid second half of FY22 with positive environment and momentum for the business, exiting the year at a strong run rate
- Dynamics include:
  - Anticipated conclusion of PHE and resumption of pre-pandemic activities including redeterminations
  - Startup contracts exiting that phase
  - New organic wins in U.S. Services coming online
  - FY21 acquisitions maturing in their integration and contribution
  - Benefits of substantial new work pipeline

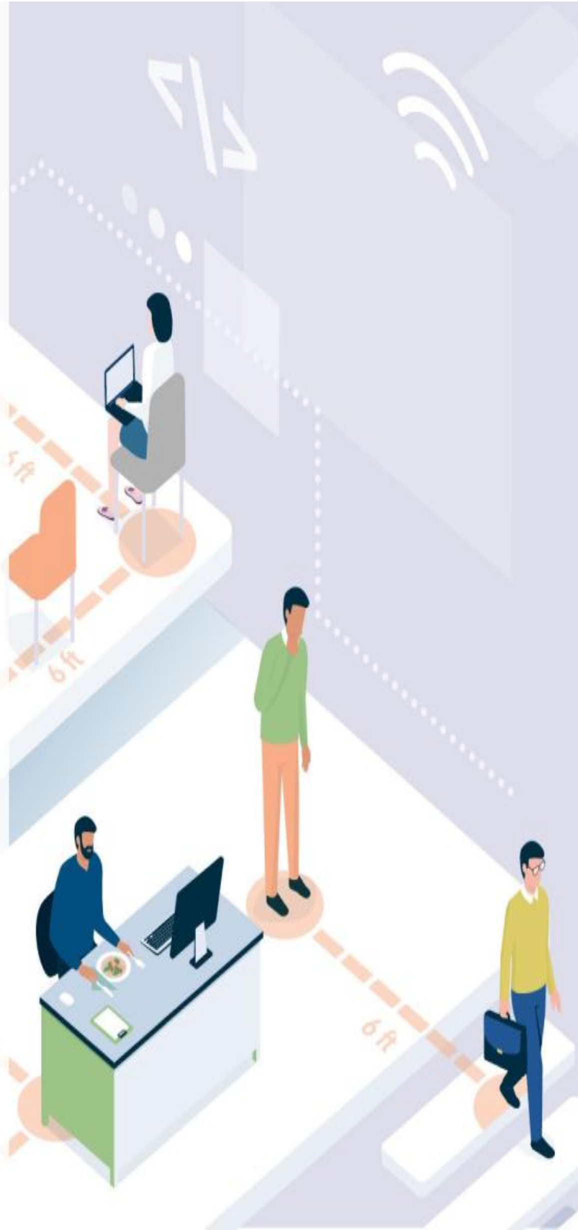
# Labor Market

### Vaccine Mandate

- Planning for implementation of Biden Administration executive order and OSHA requirements which includes extensive employee education and resources, paid time off to receive a vaccination, and frequent reminders regarding timelines and options
- Continue to prioritize employee safety and wellbeing, actively monitoring guidance and updating our procedures accordingly

### Demand for Talent

- Demand for talent highly competitive; our implementation of vaccine requirements may result in some workforce attrition and difficulty meeting existing or future hiring needs
- Strong talent brand is a key differentiator for the Company with expansion of benefits and programs to support and protect our people over the past 20 months
- Recruiting programs focus on identifying and evaluating talent through practices that welcome a diverse workforce, including veterans, people with disabilities, language barriers, and those from varying socioeconomic backgrounds
- Imagining new ways of working put us in an even better position over the long-term to attract the necessary talent through workplace flexibility and outside of historical geographical bounds



# Conclusion

## Strategy Execution

- Pleased on execution of three-pronged strategy of expanding clinical business, driving digital transformation, expanding to adjacent markets
  - Led to balanced organic and inorganic growth and set the table for future organic growth in expanded core and new markets
- With focus on delivering shareholder value through our FY21 acquisitions, concurrently kicked-off strategy refresh initiative to:
  - Define the next phase in our clinical and technology journey
  - Look further into the horizon than our traditional annual planning process

## Investor Day

- Excited about the energy and ideas this collaborative process has already yielded
- Look forward to sharing more formal insights with our shareholders and the analyst community during our planned Investor Day in 2022

# Appendix

# Normalized 3 Year Organic Growth

*$ in millions*

| | Est. 2022 change | 2021 change | 2020 change | | |
|---|---|---|---|---|---|
| **FY19 Revenue** | | | | **$ 2,887** | |
| Estimated pre-acquisition results from citizen engagement centers business | | | | 98 | |
| | *Changes per Form 10K (2020 & 2021)* | | | **$ 2,985** | *a* |
| Normalize: growth from Census contract | (67) | (448) | 329 | (185) | |
| Normalize: currency effect | - | 52 | (4) | 48 | |
| Subtotal normalized | $ (67) | $ (395) | $ 325 | $ (137) | *b* |
| **FY19 normalized organic revenue** | | | | **$ 2,847** | *c=a+b* |
| **FY22 guidance midpoint** | | | | **$ 4,500** | |
| Normalize: short-term COVID response work | | | | (250) | |
| Normalize: acquisition contribution | | | | (1,000) | |
| **FY22 normalized organic revenue** | | | | **$ 3,250** | *d* |
| *FY19 vs FY22 normalized organic revenue growth* | | | | *14.1%* | *d vs. c* |
| ***Normalized organic revenue CAGR (3 Year)*** | | | | ***4.5%*** | *d vs. c, annualized* |

# Adjusted EPS

| Adjusted EPS Analysis | FY19 | FY20 Q1 | FY20 Q2 | FY20 Q3 | FY20 Q4 | FY20 | FY21 Q1 | FY21 Q2 | FY21 Q3 | FY21 Q4 | FY21 | FY22E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | *$4.00 - $4.30* |
| **GAAP diluted EPS** | **$ 3.72** | **$ 0.91** | **$ 0.43** | **$ 1.04** | **$ 1.02** | **$ 3.39** | **$ 1.03** | **$ 1.29** | **$ 1.51** | **$ 0.83** | **$ 4.67** | **$ 4.15** |
| Amortization of intangibles expense (in millions) | $ 33,054 | $ 9,088 | $ 8,934 | $ 8,712 | $ 8,900 | $ 35,634 | $ 6,516 | $ 5,070 | $ 12,132 | $ 20,639 | $ 44,357 | $ 90,000 |
| Amortization of intangible assets, diluted EPS basis | $ 0.51 | $ 0.14 | $ 0.14 | $ 0.14 | $ 0.14 | $ 0.56 | $ 0.10 | $ 0.08 | $ 0.19 | $ 0.33 | $ 0.71 | $ 1.44 |
| Amortization tax effect | (0.13) | (0.04) | (0.04) | (0.04) | (0.04) | (0.15) | (0.03) | (0.02) | (0.05) | (0.09) | (0.19) | (0.37) |
| Diluted EPS effect | $ 0.38 | $ 0.10 | $ 0.10 | $ 0.10 | $ 0.11 | $ 0.41 | $ 0.08 | $ 0.06 | $ 0.14 | $ 0.24 | $ 0.52 | $ 1.07 |
| **Adjusted diluted EPS** | **$ 4.10** | **$ 1.01** | **$ 0.53** | **$ 1.14** | **$ 1.13** | **$ 3.80** | **$ 1.11** | **$ 1.35** | **$ 1.65** | **$ 1.07** | **$ 5.19** | **$ 5.22** |
| | | | | | | | | | | | | *$5.07 - $5.37* |

*Note: Figures may not foot due to rounding*