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

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2025

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

For the transition period from __________to__________.

Commission file number: 1-12997

Maximus, Inc.

(Exact name of registrant as specified in its charter)

Virginia	54-1000588
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1600 Tysons Boulevard, McLean, Virginia	22102
(Address of principal executive offices)	(Zip Code)

(703) 251-8500

(Registrant's telephone number, including the area code)

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

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

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

Large accelerated filer ☒	Accelerated filer ☐	
Non-accelerated filer ☐	Smaller reporting company ☐	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. ☐

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

There were 56,349,399 shares of the registrant's Common Stock outstanding as of May 5, 2025.

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Unless otherwise specified, references in this Quarterly Report on Form 10-Q to "our," "we," "us," "Maximus," the "Company," and "our business" refer to Maximus, Inc. and its subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Included in this Quarterly Report on Form 10-Q 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," "continue," "forecast," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods.

Any statements herein 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, and our recent acquisitions and divestitures, are forward-looking statements that are subject to risks and uncertainties. These risks could cause our actual results to differ materially from those indicated by such forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- a failure to meet performance requirements could lead to penalties, liquidated damages, actual damages, adverse settlement agreements, and/or contract termination;
- our ability to successfully compete, bid for, and accurately price contracts to generate our desired profit;
- the effects of future legislative or government budgetary and spending changes;
- the impact of the U.S. government on federal procurement, federal funding to states' safety-net programs, and the overall decision-making process related to our industry, including our business and customers;
- the ability of the government to issue or revise existing rules, regulations, executive orders, and directives at any time, or to take non-routine actions, which creates uncertainty for our business operations and requires significant additional compliance efforts and costs;
- our ability to manage our growth, including acquired businesses;
- difficulties in integrating or achieving projected revenues, earnings, and other benefits associated with acquired businesses;
- the outcome of reviews or audits, which might result in financial penalties and impair our ability to respond to invitations for new work;
- our ability to manage capital investments and other contract startup costs;
- our ability to manage our debt;
- our ability to maintain our technology systems and otherwise protect confidential or protected information;
- our discovery of additional information related to the previously disclosed cybersecurity incident and any potential legal, business, reputational, or financial consequences resulting from the incident;
- our ability to attract and retain executive officers, senior managers, and other qualified personnel to execute our business;
- the effect of union activity and organizing efforts at our U.S. locations;
- the ability of government customers to not exercise options, or to recompete or terminate contracts on short notice, with or without cause;
- our ability to win recompetes and/or succeed in protests on our significant contracts;
- our reliance on a small number of individual contracts;
- our ability to realize the full value of our backlog;
- our ability to maintain relationships with key government entities from whom a substantial portion of our revenue is derived;
- a failure to comply with laws governing our business, which might result in the Company being subject to fines, penalties, suspension, debarment, and other sanctions;
- the costs and outcome of litigation;
- our ability to manage third parties upon whom we depend to provide services to our customers;
- the effects of changes in laws and regulations governing our business, including actions resulting from non-routine government actions or orders, changes in tax laws and applicable interpretations and guidance thereunder, or changes in accounting policies, rules, methodologies, and practices, and our ability to estimate the impact of such changes, including shifting macro economic conditions and uncertainty;
- the effects of emerging technologies, such as artificial intelligence (AI) and machine learning (ML), on our business;

- matters related to businesses we disposed of or divested; and
- other factors set forth in Item 1A, "Risk Factors" of our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on November 21, 2024.

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.

PART I - Financial Information

Item 1. Financial Statements

Maximus, Inc.
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(in thousands, except per share amounts)			
Revenue	$ 1,361,786	$ 1,348,357	$ 2,764,461	$ 2,675,398
Cost of revenue	1,022,965	1,030,768	2,124,083	2,057,755
Gross profit	338,821	317,589	640,378	617,643
Selling, general, and administrative expenses	162,857	168,454	354,592	337,649
Amortization of intangible assets	22,996	21,641	46,031	44,990
Operating income	152,968	127,494	239,755	235,004
Interest expense	21,469	20,366	38,991	41,873
Other income, net	963	822	651	334
Income before income taxes	132,462	107,950	201,415	193,465
Provision for income taxes	35,893	27,440	63,650	48,807
Net income	$ 96,569	$ 80,510	$ 137,765	$ 144,658
Earnings per share:				
Basic	$ 1.70	$ 1.31	$ 2.36	$ 2.36
Diluted	$ 1.69	$ 1.31	$ 2.35	$ 2.35
Weighted average shares outstanding:				
Basic	56,892	61,371	58,330	61,330
Diluted	57,057	61,622	58,553	61,573
Dividends declared per share	$ 0.30	$ 0.30	$ 0.60	$ 0.60

See accompanying notes to consolidated financial statements.

Maximus, Inc.
Consolidated Statements of Comprehensive Income
(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(in thousands)			
Net income	$ 96,569	$ 80,510	$ 137,765	$ 144,658
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	3,731	(2,245)	14,183	3,667
Net gains/(losses) on cash flow hedges, net of tax provision/(benefit) of $(911), $957, $(35), and $(2,212) , respectively	(2,552)	2,684	(98)	(6,201)
Other comprehensive income/(loss)	1,179	439	14,085	(2,534)
Comprehensive income	$ 97,748	$ 80,949	$ 151,850	$ 142,124

See accompanying notes to consolidated financial statements.

Maximus, Inc.
Consolidated Balance Sheets

	March 31, 2025	September 30, 2024
	(unaudited)	
	(in thousands)	
Assets:		
Cash and cash equivalents	$ 108,059	$ 183,123
Accounts receivable, net	1,097,404	879,514
Income taxes receivable	3,491	5,282
Prepaid expenses and other current assets	119,313	132,625
Total current assets	1,328,267	1,200,544
Property and equipment, net	34,883	38,977
Capitalized software, net	210,980	187,677
Operating lease right-of-use assets	118,302	133,594
Goodwill	1,780,726	1,782,871
Intangible assets, net	584,229	630,569
Deferred contract costs, net	60,800	59,432
Deferred compensation plan assets	52,523	55,913
Deferred income taxes	10,035	14,801
Other assets	19,027	27,130
Total assets	$ 4,199,772	$ 4,131,508
Liabilities and Shareholders' Equity:		
Liabilities:		
Accounts payable and accrued liabilities	$ 306,445	$ 303,321
Accrued compensation and benefits	165,350	237,121
Deferred revenue, current portion	79,447	83,238
Income taxes payable	17,677	26,535
Long-term debt, current portion	47,055	40,139
Operating lease liabilities, current portion	38,788	47,656
Other current liabilities	66,475	69,519
Total current liabilities	721,237	807,529
Deferred revenue, non-current portion	36,431	45,077
Deferred income taxes	166,632	169,118
Long-term debt, non-current portion	1,445,746	1,091,954
Deferred compensation plan liabilities, non-current portion	52,321	57,599
Operating lease liabilities, non-current portion	88,487	97,221
Other liabilities	21,444	20,195
Total liabilities	2,532,298	2,288,693
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Common stock, no par value; 100,000 shares authorized; 56,349 and 60,352 shares issued and outstanding as of March 31, 2025 and September 30, 2024, respectively	616,315	598,304
Accumulated other comprehensive loss	(18,375)	(32,460)
Retained earnings	1,069,534	1,276,971
Total shareholders' equity	1,667,474	1,842,815
Total liabilities and shareholders' equity	$ 4,199,772	$ 4,131,508

See accompanying notes to consolidated financial statements.

Maximus, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended	
	March 31, 2025	March 31, 2024
	(in thousands)	
Cash flows from operating activities:		
Net income	$ 137,765	$ 144,658
Adjustments to reconcile net income to cash flows from operations:		
Depreciation and amortization of property, equipment, and capitalized software	17,895	16,616
Amortization of intangible assets	46,031	44,990
Amortization of debt issuance costs and debt discount	1,310	1,202
Deferred income taxes	(590)	(8,315)
Stock compensation expense	19,575	18,124
Divestiture-related charges	39,343	1,018
Change in assets and liabilities, net of effects of business combinations and divestitures:		
Accounts receivable	(234,882)	(92,385)
Prepaid expenses and other current assets	7,943	19,932
Deferred contract costs	(1,915)	(3,600)
Accounts payable and accrued liabilities	5,943	(6,301)
Accrued compensation and benefits	(48,001)	(10,556)
Deferred revenue	(11,293)	10,705
Income taxes	(6,465)	13,310
Operating lease right-of-use assets and liabilities	(2,363)	(385)
Other assets and liabilities	(7,578)	3,083
Net cash (used in)/provided by operating activities	(37,282)	152,096
Cash flows from investing activities:		
Purchases of property and equipment and capitalized software	(40,198)	(47,547)
Asset acquisition	—	(18,006)
Proceeds from divestitures	736	3,078
Other	(2,165)	—
Net cash used in investing activities	(41,627)	(62,475)
Cash flows from financing activities:		
Cash dividends paid to Maximus shareholders	(34,961)	(36,608)
Purchases of Maximus common stock	(306,443)	—
Tax withholding related to RSU vesting	(16,441)	(13,455)
Payments for contingent consideration	—	(8,168)
Payments for debt financing costs	(1,658)	—
Proceeds from borrowings	959,000	423,409
Principal payments for debt	(597,639)	(464,787)
Other	(1,181)	5,122
Net cash provided by/(used in) financing activities	677	(94,487)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1,593)	1,115
Net change in cash, cash equivalents, and restricted cash	(79,825)	(3,751)
Cash, cash equivalents, and restricted cash, beginning of period	235,763	122,091
Cash, cash equivalents, and restricted cash, end of period	$ 155,938	$ 118,340

See accompanying notes to consolidated financial statements.

Maximus, Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

	Common Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares	Amount			
			(in thousands)		
Balance at September 30, 2024	60,352	$ 598,304	$ (32,460)	$ 1,276,971	$ 1,842,815
Net income	—	—	—	41,196	41,196
Foreign currency translation	—	—	10,452	—	10,452
Cash flow hedge, net of tax	—	—	2,454	—	2,454
Cash dividends	—	—	—	(18,060)	(18,060)
Dividends on RSUs	—	301	—	(301)	—
Purchases of Maximus common stock	(3,113)	—	—	(236,655)	(236,655)
Stock compensation expense	—	6,952	—	—	6,952
Tax withholding adjustment related to RSU vesting	—	(2,305)	—	—	(2,305)
RSUs vested	47	—	—	—	—
Balance as of December 31, 2024	57,286	603,252	(19,554)	1,063,151	1,646,849
Net income	—	—	—	96,569	96,569
Foreign currency translation	—	—	3,731	—	3,731
Cash flow hedge, net of tax	—	—	(2,552)	—	(2,552)
Cash dividends	—	—	—	(16,901)	(16,901)
Dividends on RSUs	—	440	—	(440)	—
Purchases of Maximus common stock	(947)	—	—	(72,845)	(72,845)
Stock compensation expense	—	12,623	—	—	12,623
RSUs vested	10	—	—	—	—
Balance as of March 31, 2025	56,349	$ 616,315	$ (18,375)	$ 1,069,534	$ 1,667,474

See accompanying notes to consolidated financial statements.

Maximus, Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

	Common Stock		Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares	Amount			
			(in thousands)		
Balance at September 30, 2023	60,998	$ 577,898	$ (27,615)	$ 1,117,552	$ 1,667,835
Net income	—	—	—	64,148	64,148
Foreign currency translation	—	—	5,912	—	5,912
Cash flow hedge, net of tax	—	—	(8,885)	—	(8,885)
Cash dividends	—	—	—	(18,299)	(18,299)
Dividends on RSUs	—	285	—	(285)	—
Stock compensation expense	—	9,427	—	—	9,427
Tax withholding adjustment related to RSU vesting	—	(2,332)	—	—	(2,332)
RSUs vested	33	—	—	—	—
Balance as of December 31, 2023	61,031	585,278	(30,588)	1,163,116	1,717,806
Net income	—	—	—	80,510	80,510
Foreign currency translation	—	—	(2,245)	—	(2,245)
Cash flow hedge, net of tax	—	—	2,684	—	2,684
Cash dividends	—	—	—	(18,309)	(18,309)
Dividends on RSUs	—	412	—	(412)	—
Stock compensation expense	—	8,697	—	—	8,697
RSUs vested	6	—	—	—	—
Balance as of March 31, 2024	61,037	$ 594,387	$ (30,149)	$ 1,224,905	$ 1,789,143

See accompanying notes to consolidated financial statements.

Maximus, Inc.

Notes to the Consolidated Financial Statements

1. ORGANIZATION

Maximus, a Virginia corporation established in 1975, is a leading strategic partner to government agencies. Under our mission of *Moving People Forward*, Maximus helps improve the delivery of public services to millions of people amid complex technological, health, economic, environmental, and social challenges. With 50 years of experience working with local, state, federal, and international government clients, we proudly design, develop, and deliver innovative and impactful programs that change lives. We are driven to strengthen communities and improve the lives of those we serve.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements, including the notes, include the accounts of the Company and its wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP, and the rules and regulations of the U.S. Securities and Exchange Commission (SEC). All intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation for Interim Periods

Certain information and disclosures normally included for the annual financial statements to be prepared in accordance with U.S. GAAP have been condensed or omitted for the interim periods presented. We believe that the unaudited interim financial statements include all adjustments (which are normal and recurring in nature) necessary to present fairly our financial position and the results of operations and cash flows for the periods presented.

The results of operations for the interim periods presented are not necessarily indicative of results that may be expected for the year or future periods. The financial statements should be read in conjunction with our audited consolidated financial statements and the accompanying notes contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. We have continued to follow the accounting policies set forth in those financial statements.

Use of Estimates

The preparation of these financial statements, in conformity with U.S. GAAP, requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenue and expenses. At each reporting period end, we make estimates, including those related to revenue recognition and cost estimation on certain contracts, the realizability of long-lived assets, and amounts related to income taxes, certain accrued liabilities, and contingencies and litigation.

At March 31, 2025, our capitalized software balance includes $40.9 million related to technology for new services within our U.S. Services Segment. During the first quarter of fiscal year 2024, we evaluated these assets by comparing their carrying value to their estimated future cash flows. At that time, our probability-weighted undiscounted cash flows showed that we would recover the costs of these assets through our contract pipeline. We continue to monitor these assets. If circumstances change, we may be required to adjust the value or asset life of these assets.

3. BUSINESS SEGMENTS

We conduct our operations through three business segments: U.S. Federal Services, U.S. Services, and Outside the U.S. Our operating segments represent the manner in which our Chief Executive Officer reviews our financial results.

U.S. Federal Services

Our U.S. Federal Services Segment delivers solutions that help various U.S. federal government agencies better deliver on their mission, including program operations and management, clinical services, and technology solutions. The segment also includes system and application development, Information Technology (IT) modernization, and maintenance services. Clinical services comprises appeals and assessments services, which includes managing the evaluation process for U.S. veterans and service members on behalf of the U.S. Department of Veterans Affairs (VA) and certain state-based assessments and appeals work that is part of the segment's heritage. Under Technology Consulting Services (TCS), the segment executes on its digital strategy to deliver technology solutions that advance agency missions, including the challenge to modernize, provide better customer experience, and drive process efficiencies.

U.S. Services

Our U.S. Services Segment provides a variety of services, such as program operations, clinical services, employment services and technology solutions, and related consulting work for U.S. state and local government programs. These services support a variety of programs, including the programs under the Affordable Care Act (ACA), Medicaid, the Children's Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF), and child support programs. Program operations include comprehensive program administration services for government clients. The services we provide vary from program to program and include: centralized multilingual customer contact centers and multichannel, digital self-service options to better serve citizens' needs; application assistance to beneficiaries to help them access benefits; person centered clinical assessment services; provider enrollment systems and related business process services; employment services including eligibility support, case management, job-readiness preparation, job search and employer outreach, job retention and career advancement, and selected educational and training services. Our consulting services include technical and financial consulting services, including Independent Verification and Validation (IV&V) services, program modernization consulting; and project management.

Outside the U.S.

Our Outside the U.S. Segment provides BPS and technology solutions for international governments. These services include health and disability assessments, program administration for employment services, wellbeing solutions and other job seeker-related services, digitally-enabled customer services, and advanced technologies for modernization. We support programs and deliver services in various locations, including the United Kingdom, where we serve the newly awarded Functional Assessment Services (FAS) contract, which replaced the Health Assessment Advisory Service (HAAS) contract, and the Restart employment program. In recent years, we have divested components of this segment including, in the first quarter of fiscal year 2025, our businesses in Australia and Korea.

Table 3.1: Results of Operations by Business Segment

	For the Three Months Ended				For the Six Months Ended			
	March 31, 2025		March 31, 2024		March 31, 2025		March 31, 2024	
	Amount	% (1)	Amount	% (1)	Amount	% (1)	Amount	% (1)
	(dollars in thousands)							
Revenue:								
U.S. Federal Services	$ 777,927		$ 701,702		$ 1,558,582		$ 1,378,780	
U.S. Services	442,350		486,115		894,600		975,960	
Outside the U.S.	141,509		160,540		311,279		320,658	
Revenue	$ 1,361,786		$ 1,348,357		$ 2,764,461		$ 2,675,398	
Gross profit:								
U.S. Federal Services	$ 202,058	26.0 %	$ 163,337	23.3 %	$ 375,373	24.1 %	$ 319,999	23.2 %
U.S. Services	111,770	25.3 %	130,122	26.8 %	206,774	23.1 %	248,485	25.5 %
Outside the U.S.	24,993	17.7 %	24,130	15.0 %	58,231	18.7 %	49,159	15.3 %
Gross profit	$ 338,821	24.9 %	$ 317,589	23.6 %	$ 640,378	23.2 %	$ 617,643	23.1 %
Selling, general, and administrative expenses:								
U.S. Federal Services	$ 83,076	10.7 %	$ 79,867	11.4 %	$ 157,291	10.1 %	$ 167,722	12.2 %
U.S. Services	57,963	13.1 %	62,201	12.8 %	112,121	12.5 %	114,501	11.7 %
Outside the U.S.	20,197	14.3 %	23,460	14.6 %	45,315	14.6 %	48,601	15.2 %
Divestiture-related charges (2)	1,002	NM	—	NM	39,343	NM	1,018	NM
Other (3)	619	NM	2,926	NM	522	NM	5,807	NM
Selling, general, and administrative expenses	$ 162,857	12.0 %	$ 168,454	12.5 %	$ 354,592	12.8 %	$ 337,649	12.6 %
Operating income:								
U.S. Federal Services	$ 118,982	15.3 %	$ 83,470	11.9 %	$ 218,082	14.0 %	$ 152,277	11.0 %
U.S. Services	53,807	12.2 %	67,921	14.0 %	94,653	10.6 %	133,984	13.7 %
Outside the U.S.	4,796	3.4 %	670	0.4 %	12,916	4.1 %	558	0.2 %
Amortization of intangible assets	(22,996)	NM	(21,641)	NM	(46,031)	NM	(44,990)	NM
Divestiture-related charges (2)	(1,002)	NM	—	NM	(39,343)	NM	(1,018)	NM
Other (3)	(619)	NM	(2,926)	NM	(522)	NM	(5,807)	NM
Operating income	$ 152,968	11.2 %	$ 127,494	9.5 %	$ 239,755	8.7 %	$ 235,004	8.8 %

(1) Percentage of respective segment revenue. Percentages not considered meaningful are marked "NM."

(2) During fiscal years 2025 and 2024, we have divested businesses from our Outside the U.S. Segment. See "Note 6. Divestitures" for additional information.

(3) Other expenses include credits and costs that are not allocated to a particular segment.

4. REVENUE RECOGNITION

We recognize revenue as, or when, we satisfy performance obligations under a contract. The majority of our contracts have performance obligations that are satisfied over time. In most cases, we view our performance obligations as promises to transfer a series of distinct services to our customers that are substantially the same and which have the same pattern of service. We recognize revenue over the performance period as a customer receives the benefits of our services.

Disaggregation of Revenue

In addition to our segment reporting, we disaggregate our revenues by service, contract type, and customer type.

Table 4.1: Revenue by Service Type

	For the Three Months Ended				For the Six Months Ended			
	March 31, 2025		March 31, 2024		March 31, 2025		March 31, 2024	
	(dollars in thousands)							
Program Operations	$ 690,772	50.7 %	$ 665,050	49.3 %	$ 1,418,739	51.3 %	$ 1,352,420	50.6 %
Clinical Services	503,963	37.0 %	466,623	34.6 %	975,489	35.3 %	894,992	33.5 %
Employment & Other	78,989	5.8 %	116,072	8.6 %	192,607	7.0 %	234,360	8.8 %
Technology Solutions	88,062	6.5 %	100,612	7.5 %	177,626	6.4 %	193,626	7.2 %
Total revenue	$ 1,361,786		$ 1,348,357		$ 2,764,461		$ 2,675,398	

Table 4.2: Revenue by Contract Type

	For the Three Months Ended				For the Six Months Ended			
	March 31, 2025		March 31, 2024		March 31, 2025		March 31, 2024	
	(in thousands)							
Performance-based	$ 714,406	52.5 %	$ 738,888	54.8 %	$ 1,432,177	51.8 %	$ 1,443,599	54.0 %
Cost-plus	334,499	24.6 %	334,498	24.8 %	718,926	26.0 %	676,513	25.3 %
Fixed price	185,009	13.6 %	166,816	12.4 %	359,688	13.0 %	343,493	12.8 %
Time and materials	127,872	9.4 %	108,155	8.0 %	253,670	9.2 %	211,793	7.9 %
Total revenue	$ 1,361,786		$ 1,348,357		$ 2,764,461		$ 2,675,398	

Table 4.3: Revenue by Customer Type

	For the Three Months Ended				For the Six Months Ended			
	March 31, 2025		March 31, 2024		March 31, 2025		March 31, 2024	
	(dollars in thousands)							
New York state government agencies	$ 155,949	11.5 %	$ 166,952	12.4 %	$ 317,644	11.5 %	$ 327,486	12.2 %
Other U.S. state government agencies	287,184	21.1 %	316,195	23.5 %	578,251	20.9 %	642,604	24.0 %
Total U.S. state government agencies	443,133		483,147		895,895		970,090	
U.S. federal government agencies	759,583	55.8 %	685,939	50.9 %	1,524,020	55.1 %	1,348,885	50.4 %
International government agencies	138,724	10.2 %	156,796	11.6 %	305,590	11.1 %	312,408	11.7 %
Other, including local municipalities and commercial customers	20,346	1.5 %	22,475	1.7 %	38,956	1.4 %	44,015	1.6 %
Total revenue	$ 1,361,786		$ 1,348,357		$ 2,764,461		$ 2,675,398	

Contract balances

Differences in timing between revenue recognition and cash collection result in contract assets and contract liabilities. We classify these assets as accounts receivable — billed and billable and unbilled receivables; the liabilities are classified as deferred revenue.

In many contracts, we bill our customers on a monthly basis shortly after the month end for work performed in that month and such balances are considered collectible and are included within accounts receivable, net.

Exceptions to this pattern will arise for various reasons, including those listed below.

- Under cost-plus contracts, we are typically required to estimate a contract's share of our general and administrative expenses. This share is based upon estimates of total costs, which may vary over time. We typically invoice our customers at an agreed provisional billing rate, which may differ from actual rates incurred. If our actual rates are higher than the provisional billing rates, an asset is recorded for this variance; if the provisional billing rates are higher than our actual rates, we record a liability.
- Certain contracts include retainage balances, whereby revenue is earned, but some portion of cash payments are held back by the customer for a period of time, typically to allow the customer to confirm the objective criteria laid out by the contract have been met. This balance is classified as accounts receivable - unbilled until restrictions on billing are lifted. As of March 31, 2025, and September 30, 2024, $24.3 million and $31.9 million, respectively, of our unbilled receivables related to amounts pursuant to contractual retainage provisions.
- In certain contracts, we may receive funds from our customers prior to performing operations. These funds are typically referred to as "set-up costs" and reflect the need for us to make investments in infrastructure prior to providing a service. This investment in infrastructure is not a performance obligation that is distinct from the service that is subsequently provided and, as a result, revenue is not recognized based upon the establishment of this infrastructure, but rather over the course of the contractual relationship. The funds are initially recorded as deferred revenue and recognized over the term of the contract. Other contracts may not include set-up fees but will provide higher fees in earlier periods of the contract. The premium on these fees is deferred.
- Some of our contracts, notably our employment services contracts in the Outside the U.S. Segment, include payments for desired outcomes, such as job placement and job retention, and these outcome payments occur over several months. We are required to estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery.

During the three and six months ended March 31, 2025, we recognized revenue of $ 25.6 million and $73.2 million, respectively, included in our deferred revenue balances at September 30, 2024. During the three and six months ended March 31, 2024, we recognized revenue of $7.6 million and $45.3 million, respectively, included in our deferred revenue balances at September 30, 2023.

Contract estimates

We are required to use estimates in recognizing revenue from some of our contracts.

Certain performance-based contracts include variable consideration in the form of penalties and incentives, based upon our performance under the terms of the contract. The calculation of these penalties and incentives requires the evaluation of both objective and subjective criteria, which may require the use of estimates.

Within our employment services business in our Outside the U.S. Segment, some of our performance-based contract revenue is recognized based upon future milestones defined in each contract, which requires us to make estimates about the attainment of the milestones.

We estimate the total variable consideration we will receive using the expected value method. We recognize the revenue over the expected period of performance. At each reporting period, we update our estimates of the variable fees to represent the circumstances present at the end of the reporting period. We are required to constrain our estimates to the extent that it is probable that there will not be a significant reversal of cumulative revenue when the uncertainty is resolved. We do not have a history of significant constraints on these contracts.

Table 4.4: Effect of Changes in Contract Estimates

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(in thousands, except per share data)			
Increase in/(reduction of) revenue recognized due to changes in contract estimates	$ 3,804	$ (3,098)	$ 10,573	$ (9,169)
Increase in/(reduction of) diluted earnings per share recognized due to changes in contract estimates	$ 0.05	$ (0.04)	$ 0.13	$ (0.11)

Remaining performance obligations

As of March 31, 2025, we had approximately $ 318 million of remaining performance obligations, with obligations running through March 2032. We anticipate that most of the obligations will be settled within a shorter period of time, with 64% of this balance being utilized within the next 12 months. This balance excludes contracts with an original duration of twelve months or less, including contracts with a penalty-free termination for convenience clause, and any variable consideration that is allocated entirely to future performance obligations, including variable transaction fees or fees tied directly to costs incurred.

5. EARNINGS PER SHARE

Table 5: Weighted Average Number of Shares - Earnings Per Share

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(in thousands)			
Basic weighted average shares outstanding	56,892	61,371	58,330	61,330
Dilutive effect of unvested RSUs and PSUs	165	251	223	243
Denominator for diluted earnings per share	57,057	61,622	58,553	61,573

The diluted earnings per share calculation for the three and six months ended March 31, 2025 excludes approximately 178,000 and 150,000 unvested anti-dilutive restricted stock units, respectively. The diluted earnings per share calculation for the three and six months ended March 31, 2024 excludes approximately 202,000 and 227,000 unvested anti-dilutive restricted stock units per share calculation, respectively.

6. DIVESTITURES

We have recently made divestitures from our Outside the U.S. Segment.

In December 2024, we sold our businesses in Australia and Korea for a nominal sum. The sale agreement includes up to $ 5.0 million of contingent consideration based upon future performance. As of March 31, 2025, we have not recorded any potential contingent consideration. Our divestiture-related charges of $39.3 million included approximately $21.3 million of previously unrealized foreign exchange losses, which we had recorded through other comprehensive income. The divestiture-related charges are recorded as "selling, general, and administrative expenses" on our consolidated statement of operations. We also provided an indemnification to the buyer, the fair value of which we estimate to be $10.6 million. No tax benefit is anticipated from this transaction.

In November 2023, we sold our businesses in Italy and Singapore, as well as our employment services in Canada, recording a loss of $ 1.0 million.

7. DEBT AND DERIVATIVES

Table 7.1: Details of Debt

	March 31, 2025	September 30, 2024
	(in thousands)	
Term Loan A (TLA)	$ 875,625	$ 641,875
Term Loan B (TLB)	496,250	498,750
Revolver	135,000	—
Subsidiary loan agreements	—	5,194
Total debt principal	1,506,875	1,145,819
Less: Unamortized debt-issuance costs and discounts	(14,074)	(13,726)
Total debt	1,492,801	1,132,093
Less: Current portion of long-term debt	(47,055)	(40,139)
Long-term debt	$ 1,445,746	$ 1,091,954

On March 20, 2025, we amended our existing credit agreement (the "Amendment") with J.P. Morgan Chase Bank, N.A. The Amendment increased our Term Loan A facility (TLA) by $250 million, leaving all other terms and conditions unchanged. Such amounts are available for general corporate purposes, including the funding of working capital, capital expenditures, and possible future acquisitions. Costs related to the Amendment have been reported as a reduction to the debt principal and will be amortized over the remaining term of the agreement.

Our credit agreements require us to comply with a number of covenants, including leverage and interest coverage ratios. At March 31, 2025, we are in compliance with all covenants. We do not believe that the covenants represent a significant restriction on our ability to successfully operate the business or to pay dividends.

The following table sets forth future minimum principal payments due under our debt obligations as of March 31, 2025 for the remainder of fiscal year 2025 through fiscal year 2031:

Table 7.2: Details of Future Minimum Principal Payments Due

	Amount Due
	(in thousands)
April 1, 2025 through September 30, 2025	$ 25,000
Year ended September 30, 2026	55,625
Year ended September 30, 2027	72,500
Year ended September 30, 2028	78,125
Year ended September 30, 2029	801,875
Years ended thereafter	473,750
Total payments	$ 1,506,875

Interest Rate Derivative Instruments

We utilize interest rate swaps to reduce our risk from interest rates, which we have designated as cash flow hedges.

- We have an arrangement for a notional amount of $75.0 million, which hedges a Secured Overnight Financing Rate (SOFR) component of our TLB to a fixed amount of 4.09%. This arrangement expires in September 2025.
- We have arrangements for a combined notional amount of $500.0 million, which hedges a SOFR component of our TLA to a fixed amount of 2.31%. These arrangements expire in May 2026.
- We have an arrangement for a notional amount of $75.0 million, which hedges a SOFR component of our TLB to a fixed amount of 3.72%. This arrangement expires in September 2026.

The balance of the debt pays interest based upon the SOFR. At March 31, 2025, our effective interest rate, including the original issuance costs and discount rate, was 5.4%.

At March 31, 2025, we recorded an asset of $ 10.2 million and a liability of $ 1.1 million to reflect the fair value of our interest rate swap agreements, compared to an asset of $12.6 million and a liability of $ 3.4 million at September 30, 2024. The asset and liability are recorded as "other assets" and "other liabilities," respectively, within our consolidated balance sheets. As these instruments are effective cash flow hedges, gains and losses based upon interest rate fluctuations are recorded within "accumulated other comprehensive income" within our consolidated financial statements.

In April 2025, we entered into two interest rate swap agreements for a combined notional amount of $ 250.0 million, effective June 1, 2026. The first arrangement is for a notional amount of $150.0 million and hedges a SOFR component of our TLA to a fixed amount of 3.14%. This arrangement expires in September 2027. The second arrangement is for a notional amount of $100.0 million and hedges a SOFR component of our TLA to a fixed amount of 3.19%. This arrangement expires in September 2028.

8. FAIR VALUE MEASUREMENTS

The following assets and liabilities are recorded at fair value on a recurring basis.

- We hold mutual fund assets within a Rabbi Trust to cover liabilities in our deferred compensation plan. These assets have prices quoted within active markets and, accordingly, are classified as level 1 within the fair value hierarchy.
- We have interest rate swap agreements serving to reduce our interest rate risk on our debt. These agreements can be valued using observable data and, accordingly, are classified as level 2 within the fair value hierarchy.
- In connection with the businesses sold in Australia and Korea, we indemnified the buyer related to certain potential losses, which are recorded at fair value, based on an assessment of probability-weighted outcomes. Accordingly, these inputs are not observable and are classified as level 3 within the fair value hierarchy. Changes in the fair value of the indemnification liability are recorded in the consolidated statement of operations.

The tables below present assets and liabilities measured and recorded at fair value in our consolidated balance sheets on a recurring basis and their corresponding level within the fair value hierarchy. No transfers between Level 1, Level 2, and Level 3 fair value measurements occurred for the six months ended March 31, 2025.

Table 8.1: Fair Value Measurements

	As of March 31, 2025			
	Level 1	Level 2	Level 3	Balance
	(in thousands)			
Assets:				
Deferred compensation assets - Rabbi Trust	$ 34,339	$ —	$ —	$ 34,339
Interest rate swap - $450 million notional value	—	10,190	—	10,190
Total assets	$ 34,339	$ 10,190	$ —	$ 44,529
Liabilities:				
Interest rate swap - $200 million notional value	$ —	$ 1,144	$ —	$ 1,144
Indemnification liabilities	—	—	10,601	10,601
Total liabilities	$ —	$ 1,144	$ 10,601	$ 11,745

The fair values of receivables, prepaids, other assets, accounts payable, accrued costs, and other current liabilities approximate the carrying values as a result of the short-term nature of these instruments. The carrying value of our debt is consistent with the fair value as the stated interest rates in the agreements are consistent with the current market rates used in notes with similar terms in the markets (Level 2 inputs).

Accumulated Other Comprehensive Loss

All amounts recorded in accumulated other comprehensive loss are related to our foreign currency translations and interest rate swaps, net of tax. The following table shows changes in accumulated other comprehensive loss. Amounts reclassified from other comprehensive income were recorded within our selling, general and administrative expenses (for foreign currency translation adjustments) and within interest expense (for gains on derivatives).

Table 8.2: Details of Changes in Accumulated Other Comprehensive Loss by Category

	Foreign currency translation adjustment	Net unrealized gain on derivatives, net of tax	Total
	(in thousands)		
Balance as of September 30, 2024	$ (39,225)	$ 6,765	$ (32,460)
Other comprehensive income before reclassifications	(7,089)	4,360	(2,729)
Amounts reclassified from accumulated other comprehensive loss	21,272	(4,458)	16,814
Net current period other comprehensive income/(loss)	14,183	(98)	14,085
Balance as of March 31, 2025	$ (25,042)	$ 6,667	$ (18,375)

9. EQUITY

Stock Compensation

We grant restricted stock units ("RSUs") and performance stock units ("PSUs") to eligible participants under our 2021 Omnibus Incentive Plan, which was approved by the Board of Directors and stockholders. The RSUs granted to employees vest ratably over three to four years and one year for members of the Board of Directors, in each case from the grant date. PSU vesting is subject to the achievement of certain performance and market conditions, and the number of PSUs earned could vary from 0% to 200% of the number of PSUs awarded. The PSUs will vest at the end of a three-year performance period. We issue new shares to satisfy our obligations under these plans. The fair value of each RSU and PSU is calculated at the date of the grant.

During the six months ended March 31, 2025, we issued approximately 356,000 RSUs, which will vest ratably over one to four years, and approximately 154,000 PSUs, which will vest after three years.

Stock Repurchase Programs

Under resolutions adopted in June 2024 and December 2024, the Board of Directors authorized an increase to our existing stock purchase program that allows us to purchase, at management's discretion, up to $400 million of our common stock.

During the six months ended March 31, 2025, we purchased approximately 4.1 million common shares at a cost of $ 309.5 million, which includes an additional charge from the 1% excise tax on share purchases. No purchases were made in the six months ended March 31, 2024.

At March 31, 2025, $65.8 million remained available for future stock purchases.

10. OTHER ITEMS

Cash, Cash Equivalents, and Restricted Cash

Table 10.1: Details of Cash and Cash Equivalents and Restricted Cash

	March 31, 2025	September 30, 2024
	(in thousands)	
Cash and cash equivalents	$ 108,059	$ 183,123
Restricted cash	47,879	52,640
Cash, cash equivalents, and restricted cash	$ 155,938	$ 235,763

Restricted cash is recorded within "Prepaid expenses and other current assets" on the Consolidated Balance Sheets.

Table 10.2: Supplemental Disclosures of Cash Flow Information

	For the Six Months Ended	
	March 31, 2025	March 31, 2024
	(in thousands)	
Interest payments	$ 38,767	$ 39,946
Income tax payments	$ 70,397	$ 43,794

Accounts Receivable, Net

Table 10.3: Details of Accounts Receivable, Net

	March 31, 2025	September 30, 2024
	(in thousands)	
Billed and billable receivables	$ 738,932	$ 734,817
Unbilled receivables	368,090	149,488
Allowance for credit losses	(9,618)	(4,791)
Accounts receivable, net	$ 1,097,404	$ 879,514

We have a Receivables Purchase Agreement with Wells Fargo Bank N.A., under which we may sell certain U.S.-originated accounts receivable balances up to a maximum amount of $200.0 million at any given time. In return for these sales, we receive a cash payment equal to the face value of the receivables less a financing charge.

We account for these transfers as sales. We have no retained interest in the transferred receivables other than administrative responsibilities, and Wells Fargo has no recourse for any credit risk. We estimate that the implicit servicing fees for an arrangement of this size and type would be immaterial.

For the six months ended March 31, 2025 and 2024, the gross fair value of accounts receivables transferred to Wells Fargo and derecognized from our balance sheet was $377.2 million and $ 133.0 million, respectively. In exchange for these sales, we received cash of $ 374.9 million and $ 132.2 million for the same periods, respectively. The difference, representing a loss on sale from these transfers, is included within our selling, general, and administrative expenses. We have recorded these transactions within our operating cash flows.

11. COMMITMENTS AND CONTINGENCIES

Litigation

We are subject to audits, investigations, and reviews relating to compliance with the laws and regulations that govern our role as a contractor to agencies and departments of federal, state, local, and foreign governments. Adverse findings could lead to criminal, civil, or administrative proceedings, and we could be faced with penalties, fines, suspension, or debarment. Adverse findings could also have a material adverse effect on us because of our reliance on government contracts. We are subject to periodic audits by federal, state, local, and foreign governments for taxes. We are also involved in various claims, arbitrations, and lawsuits arising in the normal conduct of our business, which include but are not limited to bid protests, employment matters, contractual disputes, and charges before administrative agencies. Except for the matters described below for which we cannot predict the outcome, we do not believe the outcome of any existing matter would likely have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

We evaluate developments in our litigation matters and establish or make adjustments to our accruals as appropriate. A liability is accrued if a loss is probable and the amount of such loss can be reasonably estimated. If the risk of loss is probable, but the amount cannot be reasonably estimated, or the risk of loss is only reasonably possible, a potential liability will be disclosed but not accrued, if material. Due to the inherent uncertainty in the outcome of litigation, our estimates and assessments may prove to be incomplete or inaccurate and could be impacted by unanticipated events and circumstances, adverse outcomes, or other future determinations.

MOVEit Cybersecurity Incident Litigation

As the Company has previously disclosed, on May 31, 2023, Progress Software Corporation, the developer of MOVEit, a file transfer application used by many organizations to transfer data, announced a critical zero-day vulnerability in the application that allowed unauthorized third parties to access its customers' MOVEit environments. Maximus uses MOVEit for internal and external file sharing purposes, including to share data with government customers related to Maximus's services in support of certain government programs. Based on its review of the impacted files to date, the Company has provided notices to individuals whose personal information, including social security numbers, protected health information, and/or other personal information, may have been included in the impacted files.

On August 1, 2023, a purported class action was filed against Maximus Federal Services, Inc. (a wholly-owned subsidiary of Maximus, Inc.) in the U.S. District Court for the Eastern District of Virginia arising out of the MOVEit cybersecurity incident – Bishop v. Maximus Federal Services, Case No. 1:23-cv-01019 (U.S. Dist. Ct. E. D. VA). The plaintiff, who purports to represent a nationwide class of individuals, alleges, among other things, that the Company's negligence resulted in the compromise of the plaintiff's personally identifiable information and protected health information. The plaintiff seeks damages to be proved at trial. Over the course of the next year, twelve similar cases were filed in federal courts across the country (inclusive of one case filed in state court and removed to federal court by the Company).

On October 4, 2023, the United States Judicial Panel on Multidistrict Litigation granted a Motion to Transfer creating a Multidistrict Litigation (MDL) in the District of Massachusetts for all cases related to the MOVEit cybersecurity incident. Each of the actions pending in federal courts are now centralized in the MDL.

On December 12, 2024, the Court granted in part Defendants' omnibus motion to dismiss Plaintiffs' claims pursuant to Rule 12(b)(1), challenging Plaintiffs' standing to bring this suit, dismissing claims brought by four of the Plaintiffs in the MOVEit MDL. None of the dismissed claims were asserted against the Company.

The Court has also named the Company as a bellwether defendant in the MDL. The Company and the other bellwether defendants have submitted motions to dismiss the pending actions pursuant to Rule 12(b)(6). The Company and the other bellwether defendants are participating in phased discovery, with discovery partially limited prior to the Court's decision on the Rule 12(b)(6) motions.

Separately, there is currently an individual action pending against the Company in Florida state court. On September 6, 2023, an individual action related to the MOVEit incident was filed in state court in the Florida Circuit Court for the 7th Judicial Circuit, Volusia County: Taylor v. Maximus Federal Services, Case No. 2023-12349 (Fla. Cir. Ct., 7th Jud. Cir., Volusia Cnty.). The plaintiff alleges, among other things, that the Company's negligence resulted in the compromise of the plaintiff's personally identifiable information and protected health information. The plaintiff seeks damages to be proved at trial. On April 3, 2024, the Court stayed this action pending further developments in the MOVEit MDL. This case remains stayed.

While the Company is unable to predict the ultimate outcome of any of the remaining proceedings, we have accrued an amount within a range of possible outcomes expected to be incurred to resolve the matters.

Census Project – Civil Investigation Demand ("CID")

In 2021, Maximus received a CID from the U.S. Department of Justice (DOJ) pursuant to the False Claims Act seeking records pertaining to the Census project. The CID requested the production of documents related to the Company's compliance with telephone call quality assurance scoring and reporting requirements. The Company fully cooperated with the DOJ's inquiry and chose to amicably resolve the matter while admitting no wrongdoing. As of September 30, 2024, the Company had accrued $8.2 million related to this matter. During the second quarter of fiscal year 2025, we settled this matter for an amount consistent with our accrual.

12. SUBSEQUENT EVENT

On April 5, 2025, our Board of Directors declared a quarterly cash dividend of $ 0.30 for each share of our common stock outstanding. The dividend is payable on May 31, 2025, to shareholders of record on May 15, 2025. Based upon the number of shares outstanding, we anticipate a cash payment of approximately $16.9 million.

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

The following discussion is intended to help the reader understand our business, financial condition, results of operations, liquidity and capital resources. You should read this discussion in conjunction with "Risk Factors," "Special Note Regarding Forward-Looking Statements," and our financial statements and related notes included in our Annual Report on Form 10-K for fiscal year 2024 filed with the SEC on November 21, 2024 (the "2024 Form 10-K") and elsewhere in this Quarterly Report on Form 10-Q, as applicable.

Business Overview

Maximus, under its mission of *Moving People Forward*, helps millions of people access the vital government services they need. With nearly 50 years of experience working with local, state, federal, and international government clients, we proudly design, develop, and deliver innovative and impactful programs that change lives. We are driven to strengthen communities and improve the lives of those we serve.

We create value for our customers through our ability to translate health and human services public policy into operating models that achieve outcomes for governments at scale. Our work covers a broad array of services, including the operation of large health insurance eligibility and enrollment programs; clinical services, including assessments, appeals, and independent medical reviews; and technology services. These services benefit from a market with increasing demographic demand, constrained government budgets, and an increased focus on technology as governments prioritize modernization. We also demonstrate the ability to move quickly, ranging from digitally enabled contact center support services for natural disaster response to swift establishments of public health and safety initiatives, examples of which occurred during the COVID-19 pandemic. Our organic growth has occurred through increased contract scope and entry into new markets. In addition, we have made strategic acquisitions, intended to drive additional organic growth through new capabilities or customer sets gained.

We continue to execute on our strategic plan introduced in fiscal year 2022. We believe in further expansion of our business and remain in a strong position to capitalize on organic growth opportunities in our core business. Our strategic plan consists of three central pillars:

- Customer Services, Digitally Enabled. Elevate the customer experience to achieve higher levels of satisfaction, performance, and outcomes through intelligent automation and cognitive computing. The launch of Maximus Total Experience Management (TXM) is evidence of this focus and commitment. TXM is an integrated solution designed to help federal agencies deliver trusted information and government services simply, consistently, and securely. This new differentiated solution seamlessly integrates people, experience, data insights, and secure technologies into one digitally powered platform to reimagine government service delivery.
- Future of Health. Help governments reach the rising demand for health services by growing our clinical capabilities and increasing the level of sophistication of underlying tools to improve the health of people and their communities.
- Advanced Technologies for Modernization. Further our credibility as a technology leader, enabling the transformation of government programs and legacy system environments to be resilient, dynamic, integrated, and equitable.

Our strategic plan is aligned with specific opportunities within all three segments and includes a common focus on optimizing processes and simplifying our structure under our Maximus Forward corporate initiative. We also continue to focus on our people - the foundation of our strategy. As an employer of choice, our goal is to continue to prioritize attracting, retaining, developing, and empowering employees as a central part of our plan for achieving future growth.

Financial Overview

A number of factors have affected our results for the three and six months ended March 31, 2025. More detail on these changes is presented below within our "Results of Operations" section.

Results of Operations

The following table sets forth items from our consolidated statements of operations for the three and six months ended March 31, 2025, and March 31, 2024.

Table MD&A 1: Consolidated Results of Operations

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(dollars in thousands, except per share data)			
Revenue	$ 1,361,786	$ 1,348,357	$ 2,764,461	$ 2,675,398
Cost of revenue	1,022,965	1,030,768	2,124,083	2,057,755
Gross profit	338,821	317,589	640,378	617,643
Gross profit percentage	***24.9 %***	***23.6 %***	***23.2 %***	***23.1 %***
Selling, general, and administrative expenses	162,857	168,454	354,592	337,649
Selling, general, and administrative expenses as a percentage of revenue	***12.0 %***	***12.5 %***	***12.8 %***	***12.6 %***
Amortization of intangible assets	22,996	21,641	46,031	44,990
Operating income	152,968	127,494	239,755	235,004
Operating margin	***11.2 %***	***9.5 %***	***8.7 %***	***8.8 %***
Interest expense	21,469	20,366	38,991	41,873
Other income, net	963	822	651	334
Income before income taxes	132,462	107,950	201,415	193,465
Provision for income taxes	35,893	27,440	63,650	48,807
Effective tax rate	***27.1 %***	***25.4 %***	***31.6 %***	***25.2 %***
Net income	$ 96,569	$ 80,510	$ 137,765	$ 144,658
Earnings per share:				
Basic	$ 1.70	$ 1.31	$ 2.36	$ 2.36
Diluted	$ 1.69	$ 1.31	$ 2.35	$ 2.35

Our business segments have different factors driving revenue fluctuations and profitability. The sections that follow cover these segments in greater detail. Our revenue reflects fees earned for services provided. Cost of revenue consists of direct costs related to labor and related overhead, subcontractor labor, outside vendors, rent, and other direct costs. The largest component of cost of revenue, approximately two-thirds, is labor, including subcontracted labor.

Table MD&A 2: Changes in Revenue, Cost of Revenue, and Gross Profit for the Three Months Ended March 31, 2025

	Revenue		Cost of Revenue		Gross Profit	
	Dollars	% Change	Dollars	% Change	Dollars	% Change
			(dollars in thousands)			
Three Months Ended March 31, 2024	$ 1,348,357		$ 1,030,768		$ 317,589	
Organic effect	39,802	3.0 %	17,739	1.7 %	22,063	6.9 %
Disposal of businesses	(24,673)	(1.8) %	(24,141)	(2.3) %	(532)	(0.2) %
Currency effect compared to the prior period	(1,700)	(0.1) %	(1,401)	(0.1) %	(299)	(0.1) %
Three Months Ended March 31, 2025	$ 1,361,786	1.0 %	$ 1,022,965	(0.8) %	$ 338,821	6.7 %

Table MD&A 3: Changes in Revenue, Cost of Revenue, and Gross Profit for the Six Months Ended March 31, 2025

	Revenue		Cost of Revenue		Gross Profit	
	Dollars	% Change	Dollars	% Change	Dollars	% Change
			(dollars in thousands)			
Six months ended March 31, 2024	$ 2,675,398		$ 2,057,755		$ 617,643	
Organic effect	122,890	4.6 %	99,896	4.9 %	22,994	3.7 %
Disposal of businesses	(35,569)	(1.3) %	(35,007)	(1.7) %	(562)	(0.1) %
Currency effect compared to the prior period	1,742	0.1 %	1,439	0.1 %	303	— %
Six months ended March 31, 2025	$ 2,764,461	3.3 %	$ 2,124,083	3.2 %	$ 640,378	3.7 %

Selling, general, and administrative ("SG&A") expenses

Selling, general, and administrative expenses ("SG&A") consist of indirect costs related to general management, marketing, and administration. It is primarily composed of labor costs. These costs may be incurred at a segment level, for dedicated resources that are not client-facing, or at a corporate level. Corporate costs are allocated to segments on a consistent and rational basis. Fluctuations in our SG&A are primarily driven by changes in our administrative cost base, which are not directly driven by changes in our revenue. As part of our work for the U.S. federal government and many states, we allocate these costs using a methodology driven by the U.S. Federal Cost Accounting Standards.

Our SG&A expense for the six months ended March 31, 2025, includes $39.3 million of divestiture-related charges from our sale of businesses in the Outside the U.S. Segment. These charges included accumulated foreign currency losses incurred over two decades of operations, as well as indemnifications provided to the buyer.

Amortization of intangible assets

Amortization of intangible assets remained consistent for the three and six months ended March 31, 2025 as compared to the same periods in fiscal year 2024.

Our balance sheet includes $438.9 million of intangible assets from a 2021 acquisition. These assets, comprised of customer relationships, technology, and a medical provider network, continue to support medical disability examinations (MDE) contracts with the VA. The greater part of these assets are being amortized over the remaining eight years. In the event that our expectations change with respect to these acquired contracts, the value of these assets and the estimated remaining lives of these assets may need to be adjusted.

Interest Expense

Our interest expense has declined in fiscal year 2025 compared to fiscal year 2024 as a result of a reduction in year-over-year interest rates. Following the amendment of our debt agreement, we continue to mitigate our risk by fixing interest rates on approximately half of our debt.

Provision for Income Taxes

Our effective income tax rate for the three and six months ended March 31, 2025, was 27.1% and 31.6%, respectively, compared to 25.4% and 25.2% for the three and six months ended March 31, 2024, respectively. The year-to-date rate increase is a result of the disposition of our businesses in Australia and Korea, which negatively impacted the effective tax rate. For fiscal year 2025, we expect an overall effective tax rate between 28.0% and 29.0%, inclusive of the divestiture and other non-recurring items which negatively impact our full year rate.

U.S. Federal Services Segment

Our U.S. Federal Services Segment delivers solutions that help various U.S. federal government agencies better deliver on their mission, including program operations and management, clinical services, and technology solutions. The segment also includes system and application development, IT modernization, and maintenance services. Clinical services comprises appeals and assessments services, which includes managing the evaluation process for U.S. veterans and service members on behalf of the VA and certain state-based assessments and appeals work that is part of the segment's heritage. Under TCS, the segment executes on its digital strategy to deliver technology solutions that advance agency missions, including the challenge to modernize, provide better customer experience, and drive process efficiencies.

Table MD&A 4: U.S. Federal Services Segment - Financial Results

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(dollars in thousands)			
Revenue	$ 777,927	$ 701,702	$ 1,558,582	$ 1,378,780
Cost of revenue	575,869	538,365	1,183,209	1,058,781
Gross profit	202,058	163,337	375,373	319,999
Selling, general, and administrative expenses	83,076	79,867	157,291	167,722
Operating income	118,982	83,470	218,082	152,277
Gross profit percentage	26.0 %	23.3 %	24.1 %	23.2 %
Operating margin percentage	15.3 %	11.9 %	14.0 %	11.0 %

Our revenue and cost of revenue for the three months ended March 31, 2025 and 2024, increased 10.9% and 7.0%, respectively. For the six months ended March 31, 2025 and 2024, our revenue and cost of revenue increased 13.0% and 11.8%, respectively.

Our revenue growth continues to be driven by clinical programs, including medical assessments, as well as broad growth across our portfolio of contracts. Our medical assessment revenue in the first two quarters of fiscal year 2025 benefited from increased volumes and performance improvements, which reduced the volume of penalties incurred. These volume increases include those driven by the Honoring our PACT Act, which had necessitated a contract rebid to expand the scale of these arrangements, as well as additional volume to keep up with assessment demand. These additional volumes also enhanced our profit margins. Our second quarter of fiscal year 2025 also benefited from support provided to the Federal Emergency Management Agency (FEMA). These contracts provide short-term assistance for natural disasters, and are expected to conclude during the third fiscal quarter of 2025.

At this time, we are not anticipating our workload of volume-based contracts to maintain its current level and, accordingly, we anticipate a full-year operating margin between 12.5% and 13.0% for fiscal year 2025. The significance of volume-based assessment work in this segment, and the potential opportunities for fluctuations in volumes, make this segment's margin more challenging to estimate.

U.S. Services Segment

Our U.S. Services Segment provides a variety of services, such as program operations, clinical services, employment services and technology solutions and related consulting work for U.S. state and local government programs. These services support a variety of programs, including the programs under the Affordable Care Act (ACA), Medicaid, the Children's Health Insurance Program (CHIP), Temporary Assistance to Needy Families (TANF), and child support programs. Program operations include comprehensive program administration services for government clients. The services we provide vary from program to program and include: centralized multilingual customer contact centers and multichannel, digital self-service options to better serve citizens' needs; application assistance to beneficiaries to help them access benefits; person centered clinical assessment services; provider enrollment systems and related business process services; employment services including eligibility support, case management, job-readiness preparation, job search and employer outreach, job retention and career advancement, and selected educational and training services. Our consulting services include technical and financial consulting services, including Independent Verification and Validation (IV&V) services, program modernization consulting; and project management.

Table MD&A 5: U.S. Services Segment - Financial Results

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(dollars in thousands)			
Revenue	$ 442,350	$ 486,115	$ 894,600	$ 975,960
Cost of revenue	330,580	355,993	687,826	727,475
Gross profit	111,770	130,122	206,774	248,485
Selling, general, and administrative expenses	57,963	62,201	112,121	114,501
Operating income	53,807	67,921	94,653	133,984
Gross profit percentage	25.3 %	26.8 %	23.1 %	25.5 %
Operating margin percentage	12.2 %	14.0 %	10.6 %	13.7 %

Our revenue and cost of revenue for the three months ended March 31, 2025 and 2024, decreased 9.0% and 7.1%, respectively. For the six months ended March 31, 2025 and 2024, our revenue and cost of revenue decreased 8.3% and 5.5%, respectively.

As noted at the time, our business in the first half of fiscal year 2024 was experiencing higher volumes from the resumption of Medicaid redetermination activities, driving benefits in both revenue and margins. Our business had returned to normal activity levels by the fourth quarter of fiscal year 2024.

We anticipate a full-year operating margin of approximately 11% for this segment in fiscal year 2025.

Outside the U.S. Segment

Our Outside the U.S. Segment provides BPS and technology solutions for international governments. These services include health and disability assessments, program administration for employment services, wellbeing solutions and other job seeker-related services, digitally-enabled customer services, and advanced technologies for modernization. We support programs and deliver services in various locations, including the United Kingdom, where we serve the newly awarded Functional Assessment Services (FAS) contract, which replaced the Health Assessment Advisory Service (HAAS) contract, and the Restart employment program. In recent years, we have divested components of the segment including, in the first quarter of fiscal year 2025, our businesses in Australia and Korea.

Table MD&A 6: Outside the U.S. Segment - Financial Results

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(dollars in thousands)			
Revenue	$ 141,509	$ 160,540	$ 311,279	$ 320,658
Cost of revenue	116,516	136,410	253,048	271,499
Gross profit	24,993	24,130	58,231	49,159
Selling, general, and administrative expenses	20,197	23,460	45,315	48,601
Operating income/(loss)	4,796	670	12,916	558
Gross profit percentage	17.7 %	15.0 %	18.7 %	15.3 %
Operating margin percentage	3.4 %	0.4 %	4.1 %	0.2 %

Table MD&A 7: Outside the U.S. Segment - Changes in Revenue, Cost of Revenue, and Gross Profit for the Three Months Ended March 31, 2025

	Revenue		Cost of Revenue		Gross Profit	
	Amount	% Change	Amount	% Change	Amount	% Change
	(dollars in thousands)					
Three Months Ended March 31, 2024	$ 160,540		$ 136,410		$ 24,130	
Organic effect	7,342	4.6 %	5,648	4.1 %	1,694	7.0 %
Disposal of businesses	(24,673)	(15.4) %	(24,141)	(17.7) %	(532)	(2.2) %
Currency effect compared to the prior period	(1,700)	(1.1) %	(1,401)	(1.0) %	(299)	(1.2) %
Three Months Ended March 31, 2025	$ 141,509	(11.9) %	$ 116,516	(14.6) %	$ 24,993	3.6 %

Table MD&A 8: Outside the U.S. Segment - Changes in Revenue, Cost of Revenue, and Gross Profit for the Six Months Ended March 31, 2025

	Revenue		Cost of Revenue		Gross Profit	
	Amount	% Change	Amount	% Change	Amount	% Change
	(dollars in thousands)					
Six Months Ended March 31, 2024	$ 320,658		$ 271,499		$ 49,159	
Organic effect	24,448	7.6 %	15,117	5.6 %	9,331	19.0 %
Disposal of businesses	(35,569)	(11.1)%	(35,007)	(12.9)%	(562)	(1.1) %
Currency effect compared to the prior period	$ 1,742	0.5 %	$ 1,439	0.5 %	303	0.6 %
Six Months Ended March 31, 2025	$ 311,279	(2.9)%	$ 253,048	(6.8)%	$ 58,231	18.5 %

This segment has moved from breakeven to profitability between fiscal years 2024 and 2025.

We divested a number of employment services businesses over the past two years. The most significant divestiture impacting the results above is the sale of our operations in Australia and Korea in the first quarter of fiscal year 2025, which has reduced revenue and costs but provided a benefit to margin.

Organic growth was derived from our UK contracts, notably the FAS contract, as well as efficiency savings across the segment.

We anticipate the full-year operating margin will range between 3% and 5% for this segment in fiscal year 2025.

Liquidity and Capital Resources

Our primary sources of liquidity are cash on hand, cash from operations, and availability under our revolving credit facilities. As of March 31, 2025, we had $108.1 million in cash and cash equivalents. We believe that our current cash position, access to our revolving debt, and cash flow generated from operations should be sufficient for our operating requirements for the next 12 months and beyond, including enabling us to fund required long-term debt repayments, dividends, and any share purchases we might choose to make. See "Note 7. Debt and Derivatives" to the Consolidated Financial Statements for a more detailed discussion of our debt financing arrangements.

We have included the following table showing our debt balances as of March 31, 2025, and their effective interest rates.

Table MD&A 9: Debt Balances and Interest Rates as of March 31, 2025

	March 31, 2025		
	Carrying value	Effective cash interest rate	Interest rate basis
	(dollars in thousands)		
Term Loan A - Hedged through May 2026	$ 500,000	3.68 %	Fixed rate of 2.31% plus margin. (1)
Term Loan A - Unhedged	375,625	5.70 %	Term SOFR reset monthly plus margin. (1)
Term Loan B - Hedged through September 2026	75,000	5.72 %	Fixed Rate of 3.72% plus 2% margin.
Term Loan B - Hedged through September 2025	75,000	6.09 %	Fixed Rate of 4.09% plus 2% margin.
Term Loan B - Unhedged	346,250	6.32 %	Term SOFR reset monthly plus 2% margin.
Revolver	135,000	5.69 %	Term SOFR reset monthly plus margin. (1)
Debt Principal	$ 1,506,875		

(1) The margin ranges between 1% and 2%, based upon our leverage ratio. At March 31, 2025, the margin was 1.375%.

Our effective interest rate reflects the drivers of our cash interest payments as of March 31, 2025, which can change based upon the reset of the rates. Including the amortization of the upfront payments, our effective interest rate as of March 31, 2025, is 5.4%.

The below table summarizes our change in cash, cash equivalents, and restricted cash.

Table MD&A 10: Net Change in Cash and Cash Equivalents and Restricted Cash

	For the Six Months Ended	
	March 31, 2025	March 31, 2024
	(in thousands)	
Operating activities:		
Net cash (used in)/provided by operating activities	$ (37,282)	$ 152,096
Net cash used in investing activities	(41,627)	(62,475)
Net cash provided by/(used in) financing activities	677	(94,487)
Effect of foreign exchange rates on cash and cash equivalents and restricted cash	(1,593)	1,115
Net change in cash and cash equivalents and restricted cash	$ (79,825)	$ (3,751)

Net Cash (Used in)/Provided by Operating Activities

We reported net cash used in operations of $37.3 million for the first six months of fiscal year 2025, compared to net cash provided by operations of $152.1 million for the first half of the 2024 fiscal year.

Our cash flows in fiscal year 2025 have been impacted by a delay in payments from a single contract with one of our U.S. State customers attributable to administrative delays tied to a pending extension of the work. We anticipate executing this contract during the second half of fiscal year 2025, with anticipated cash inflows shortly thereafter as invoices are issued, accepted and paid by the customer. We are experiencing other slight delays in payments within both the U.S. federal government and in our international businesses. These delays are reflected in Days Sales Outstanding ("DSO") at March 31, 2025, which were 73 days, compared with 61 days at September 30, 2024. We anticipate returning to a normal level of receivables in the fourth quarter of fiscal year 2025.

Net Cash Used in Investing Activities

We continue to make investments in our capital base, most notably in upgrading technology on our Federal MDE contracts. We anticipate the pace of this investment will continue to decline through the latter half of fiscal year 2025 as compared to fiscal year 2024.

Net Cash Provided by/(Used in) Financing Activities

During fiscal year 2025, we increased our term loan debt facility by $250 million, using the proceeds to reduce our revolving debt and meet our working capital needs. In addition, we have utilized $306.4 million to repurchase 4.1 million of our common shares.

Credit Facilities

Our principal debt agreement is with JPMorgan Chase Bank N.A. (the "Credit Agreement"). At March 31, 2025, we owed $1.51 billion under the Credit Agreement, with access to approximately $615 million through a revolving credit facility. Our principal loans mature in May 2029 and May 2031, when the remaining balances must be renegotiated or repaid in full. As noted above, we expanded one of our term loans by $250 million in March 2025. The revolving facility also matures in May 2029. In addition, our term loans require quarterly mandatory repayments.

The Credit Agreement contains a number of covenants. Failure to meet these requirements would result in a need to renegotiate the agreement, seek a waiver, or a requirement to repay our outstanding debt in full. There are two financial covenants, both defined in the Credit Agreement:

- Our Consolidated Net Total Leverage Ratio means, for any twelve-month period, the ratio of our Funded Debt (as defined by the Credit Agreement), offset by up to $150 million of unrestricted cash (Consolidated Net Total Leverage), against our Consolidated EBITDA (as defined by the Credit Agreement). To comply with our Credit Agreement, this ratio cannot exceed 4.00:1.00 at the end of each quarter, with a step up to 4.50:1.00 under certain circumstances. This ratio also determines both our interest rate and the charge we pay on the unused component of our revolving credit facility, with the charge increasing as the leverage ratio increases.

- Our Consolidated Net Interest Coverage Ratio means, for any twelve-month period, the ratio of our Consolidated EBITDA against our Consolidated Net Interest Expense, as defined by the Credit Agreement. To comply with our Credit Agreement, this ratio cannot be less than 3.00:1.00 at the end of each quarter.

Consolidated EBITDA also drives certain permissions within the Credit Agreement, such as the level of investment we are entitled to make without seeking additional approval from our lenders.

Our Credit Agreement defines Consolidated EBITDA, as well as other components of the calculations above. The definition of Consolidated EBITDA requires us to include adjustments not typically included within EBITDA, including unusual, non-recurring expenses, certain non-cash adjustments, the pro forma effects of acquisitions and disposals, and estimated synergies from acquisitions. As a result, Consolidated EBITDA as defined by the Credit Agreement may not be comparable to EBITDA or related or similarly titled measures presented by other companies.

We have summarized below the components of our two financial ratio calculations, including the components of Consolidated EBITDA as defined by the Credit Agreement which are included within our financial statements. At March 31, 2025, we were in compliance with all applicable covenants of our Credit Agreement. We do not believe that these covenants represent a significant restriction on our ability to operate our business or to pay our dividends.

Table MD&A 11: Reconciliation of Net Income to Consolidated EBITDA as defined by our Credit Agreement

	For the Three Months Ended March 31, 2025	For the Trailing Twelve Months Ended March 31, 2025
	(in thousands)	
Net income	$ 96,569	$ 300,021
Adjustments:		
Interest expense	21,469	79,558
Other income, net	(963)	(767)
Provision for income taxes	35,893	114,438
Amortization of intangibles	22,996	92,611
Stock compensation expense	12,623	36,800
Acquisition-related expenses	(3)	1,386
Divestiture-related charges	1,002	39,343
Depreciation and amortization of property, equipment, and capitalized software	9,440	35,236
Pro forma and other adjustments permitted by our Credit Agreement	12,645	55,777
Consolidated EBITDA (as defined by our Credit Agreement)	$ 211,671	$ 754,403

Table MD&A 12: Consolidated Net Total Leverage Ratio

	For the Trailing Twelve Months Ended March 31, 2025
	(in thousands, except ratio data)
Funded Debt (as defined by our Credit Agreement)	$ 1,506,875
Cash and cash equivalents up to $150 million	108,059
Consolidated Net Total Leverage (as defined by our Credit Agreement)	$ 1,398,816
Consolidated Net Total Leverage Ratio (as defined by our Credit Agreement)	1.85

Table MD&A 13: Consolidated Net Interest Coverage Ratio

	For the Trailing Twelve Months Ended March 31, 2025
	(in thousands, except ratio data)
Consolidated EBITDA (as defined by our Credit Agreement)	$ 754,403
Interest expense	79,558
Components of other income/expense, net allowed in ratio calculation	2,317
Consolidated Net Interest Expense (as defined by our Credit Agreement)	$ 81,875
Consolidated Net Interest Coverage Ratio (as defined by our Credit Agreement)	9.21

Cash in Foreign Locations

We have no requirement to remit funds from our foreign locations to the United States. We will continue to explore opportunities to remit additional funds, taking into consideration the working capital requirements and relevant tax rules in each jurisdiction. When we are unable to remit funds back without incurring a penalty, we will consider these funds indefinitely reinvested until such time as these restrictions are changed. As a result, we do not record U.S. deferred income taxes on any funds held in foreign jurisdictions. We have not attempted to calculate our potential liability from any transfer of these funds, as any such transaction might include tax planning strategies that we have not fully explored. Accordingly, it is not possible to estimate the potential tax obligations if we were to remit all of our funds from foreign locations to the United States.

Free Cash Flow (Non-GAAP)

Table MD&A 14: Free Cash Flow (Non-GAAP)

	For the Six Months Ended	
	March 31, 2025	March 31, 2024
	(in thousands)	
Net cash (used in)/provided by in operating activities	$ (37,282)	$ 152,096
Purchases of property and equipment and capitalized software	(40,198)	(47,547)
Free cash flow (Non-GAAP)	$ (77,480)	$ 104,549

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates, judgments, and assumptions that affect the amounts reported. Actual results could differ from those estimates. The 2024 Form 10-K, as filed with the SEC on November 21, 2024, includes a summary of critical accounting policies we believe are the most important to aid in understanding our financial results. There have been no changes to those critical accounting policies that have had a material impact on our reported amounts of assets, liabilities, revenues, or expenses during the six months ended March 31, 2025.

Non-GAAP and Other Measures

We utilize non-GAAP measures where we believe it will assist users of our financial statements in understanding our business. The presentation of these measures is meant to complement, but not replace, other financial measures in this document. The presentation of non-GAAP numbers is not meant to be considered in isolation, nor as an alternative to revenue growth, net cash provided by operating activities, net income, or earnings per share as measures of performance or liquidity. These non-GAAP measures, as determined and presented by us, may not be comparable to related or similarly titled measures presented by other companies.

For the three months ended March 31, 2025, 10% of our revenue was generated outside the U.S. We believe that users of our financial statements wish to understand the performance of our foreign operations using a methodology that excludes the effect of year-over-year exchange rate fluctuations. To calculate year-over-year currency movement, we determine the current fiscal year's results for all foreign businesses using the exchange rates in the prior fiscal year.

In recent years, we made a number of acquisitions and divestitures. We believe users of our financial statements wish to evaluate the performance of our operations, excluding changes that have arisen due to businesses acquired or disposed of. We identify acquired revenue and cost of revenue by showing these results for periods for which no comparative results exist within our financial statements. We identify revenue and cost of revenue that has been disposed of in a similar manner. This information is supplemented by our calculations of organic growth. To calculate organic growth, we compare current fiscal year results, excluding transactions from acquisitions or disposals, to our prior fiscal year results.

Our previous acquisitions have resulted in significant intangible assets, which are amortized over their estimated useful lives. We believe users of our financial statements wish to understand the performance of the business by using a methodology that excludes the amortization of our intangible assets. For the six months ended March 31, 2025 and 2024, we also incurred losses on sales of businesses. We believe that providing supplemental measures that exclude the impact of the items detailed below is useful to investors in evaluating our core operations and results in relation to past periods. Adjusted EBITDA is also a useful measure of performance that focuses on the cash generating capacity of the business as it excludes the non-cash expenses of depreciation, amortization and divestiture-related charges, and makes for easier comparisons between the operating performance of companies with different capital structures by excluding interest expense and therefore, the impacts of financing costs. Accordingly, we have calculated our operating income, Adjusted EBITDA, net income, and diluted earnings per share, excluding the effect of the amortization of intangible assets and divestiture-related charges. As noted above, Adjusted EBITDA is calculated in a different manner from Consolidated EBITDA, as defined by our Credit Agreement. We have included a table showing our reconciliation of these income measures to their corresponding GAAP measures.

Table MD&A 15: Non-GAAP Adjusted Results - Operating Income, Adjusted EBITDA, Net Income, and Diluted Earnings per Share

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2025	March 31, 2024	March 31, 2025	March 31, 2024
	(dollars in thousands, except per share data)			
Operating income	$ 152,968	$ 127,494	$ 239,755	$ 235,004
Add back: Amortization of intangible assets	22,996	21,641	46,031	44,990
Add back: Divestiture-related charges	1,002	—	39,343	1,018
Add back: Depreciation and amortization of property, equipment, and capitalized software	9,440	8,205	17,895	16,616
Adjusted EBITDA (Non-GAAP)	$ 186,406	$ 157,340	$ 343,024	$ 297,628
Adjusted EBITDA margin (Non-GAAP)	13.7 %	11.7 %	12.4 %	11.1 %
Net income	$ 96,569	$ 80,510	$ 137,765	$ 144,658
Add back: Amortization of intangible assets, net of tax	16,948	15,949	33,925	33,158
Add back: Divestiture-related charges	1,002	—	39,343	1,018
Adjusted net income excluding amortization of intangible assets and divestiture-related charges (Non-GAAP)	$ 114,519	$ 96,459	$ 211,033	$ 178,834
Diluted earnings per share	$ 1.69	$ 1.31	$ 2.35	$ 2.35
Add back: Effect of amortization of intangible assets on diluted earnings per share	0.30	0.26	0.58	0.53
Add back: Effect of divestiture-related charges on diluted earnings per share	0.02	—	0.67	0.02
Adjusted diluted earnings per share excluding amortization of intangible assets and divestiture-related charges (Non-GAAP)	$ 2.01	$ 1.57	$ 3.60	$ 2.90

In order to sustain our cash flows from operations, we regularly refresh our fixed assets and technology. We believe that users of our financial statements wish to understand the cash flows that directly correspond with our operations and the investments we must make in those operations using a methodology that combines operating cash flows and capital expenditures. We provide free cash flow to complement our statement of cash flows. Free cash flow shows the effects of our operations and replacement capital expenditures and excludes the cash flow effects of acquisitions, purchases of our common stock, dividend payments, and other financing transactions. We have provided a reconciliation of cash flows from operations to free cash flow in "Liquidity and Capital Resources."

To sustain our operations, our principal source of financing comes from receiving payments from our customers. We believe that users of our financial statements wish to evaluate our efficiency in converting revenue into cash receipts. Accordingly, we provide DSO, which we calculate by dividing billed and unbilled receivable balances at the end of each quarter by revenue per day for the quarter. Revenue per day for a quarter is determined by dividing total revenue by 91 days.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we are exposed to financial risks such as changes in interest rates, foreign currency exchange rates, and counterparty risk. We use derivative instruments to manage selected interest rate exposures. The Company's market rate risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" on the 2024 Form 10-K, as filed with the SEC on November 21, 2024, have not changed materially during the six month period ended March 31, 2025.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings

Refer to our disclosures included in " Note 11. Commitments and Contingencies" included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

In connection with information set forth in this Form 10-Q, the factors discussed below and under “Risk Factors” in our Form 10-K for fiscal year ended September 30, 2024, should be considered. The risks included below and in the Form 10-K could materially and adversely affect our business, financial condition and results of operations.

Other than as set forth below, there have been no material changes to the factors discussed in our Annual Report on Form 10-K for the year ended September 30, 2024, which was filed with the Securities and Exchange Commission on November 21, 2024.

Our business could be adversely affected by legislative or government budgetary and spending changes.

The market for our services depends largely on domestic and international legislative programs and the budgetary capability to support programs, including the continuance of existing programs. Many of our contracts are not fully funded at inception and rely upon future appropriations of funds. Accordingly, a failure to receive additional anticipated funding may result in early termination of a contract. In addition, many of our contracts include clauses that allow clients to unilaterally modify or terminate contracts with little or no recompense. Decreases in funding for, or delays in contract awards and in government spending on the types of programs that we support, and terminations or price reductions on government contracts on which we are currently performing could adversely affect our future revenues and profitability.

Changes in state or federal government initiatives or in the level of government spending due to budgetary or deficit considerations may have a significant impact on our future financial performance. In recent quarters, the U.S. Federal Government has placed a significant focus on efficiency, including with respect to contracting with private companies. These efforts have and may continue to have effects on our business, including, but not limited to:

- Changes in priorities may result in procurement changes, delays or cancellations, as well as changes in scope, pricing, or outright cancellations of existing contracts.
- Changes in priorities may also affect the level of demand or funding for our state programs in the United States, which are typically mandated and fully or partially funded from the U.S. Federal Government.
- Changes to procurement rules may result in additional competition, scrutiny and costs of compliance.
- Changes in federal regulations, such as those related to the elimination of diversity, equity and inclusion initiatives, or return to office mandates may require us to change our existing business practices, may be disruptive to our business, may create a level of uncertainty within our workforce and may conflict with local laws and regulations.
- The U.S. Government may seek to lower barriers to entry to allow greater involvement by the private sector. While this may provide additional opportunities for us, it may also expose us to greater levels of competition.

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

(a) None.

(b) None.

(c) The following table sets forth the information required regarding purchases of common stock that we made during the three months ended March 31, 2025.

Common Stock Repurchase Activity During the Three Months Ended March 31, 2025

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Plans or Programs [(1)]	Maximum Dollar Value that May Yet Be Purchased Under the Plans or Programs *(in thousands)*
January 1, 2025 - January 31, 2025	685,543	$ 77.20	685,543	$ 85,010
February 1, 2025 - February 28, 2025	261,400	$ 73.34	261,400	$ 65,839
March 1, 2025 - March 31, 2025	—	$ —	—	$ 65,839
Total	946,943	$ 76.13	946,943	

(1) Under a resolution adopted in December 2024, the Board of Directors authorized an increase to our existing stock purchase program that allows us to purchase, at management's discretion, up to $200 million of our common stock.

Item 3. Defaults Upon Senior Securities

(a) None.

(b) None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) During the three months ended March 31, 2025, no director or officer of the Company adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit No.		Description of Exhibit
10.1		First Amendment to the Amended and Restated Credit Agreement, dated as of March 20, 2025, by and among the Company, the loan parties party thereto, JPMorgan Chase Bank, N.A., in its capacity as administrative agent, collateral agent, an issuing lender and swing line lender and the other lenders and financial institutions party thereto.
31.1	❖	Certification of Chief Executive Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	❖	Certification of Chief Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Φ	Certification of Chief Executive Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2	Φ	Certification of Chief Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
101.INS	❖	Inline XBRL Instance Document.
101.SCH	❖	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	❖	Inline XBRL Taxonomy Calculation Linkbase Document.
101.DEF	❖	Inline XBRL Taxonomy Definition Linkbase Document.
101.LAB	❖	Inline XBRL Taxonomy Label Linkbase Document.
101.PRE	❖	Inline XBRL Taxonomy Presentation Linkbase Document.
104	❖	Cover Page Interactive Data File (formatted as Inline XBRL tags and contained in Exhibit 101).

❖ Filed herewith.
Φ Furnished herewith.

SIGNATURES

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

Maximus, Inc.

/s/ Bruce L. Caswell	May 8, 2025
By: Bruce L. Caswell President and Chief Executive Officer (Principal Executive Officer)	
/s/ David W. Mutryn	May 8, 2025
By: David W. Mutryn Chief Financial Officer (Principal Financial Officer)	

EXHIBIT 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bruce L. Caswell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Maximus, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Bruce L. Caswell — May 8, 2025

By: Bruce L. Caswell
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David W. Mutryn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Maximus, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ David W. Mutryn	May 8, 2025

By: David W. Mutryn
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

Certification Pursuant to 18 U.S.C. Section 1350,

As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Maximus, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bruce Caswell, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Bruce L. Caswell	May 8, 2025

By: Bruce L. Caswell
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Maximus, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Mutryn, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ David W. Mutryn	May 8, 2025

By: David W. Mutryn
Chief Financial Officer
(Principal Financial Officer)