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

FORM 10-Q

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

For the quarterly period ended March 31, 2024

OR

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

For the transition period from to

Commission File Number: 001-14875

FTI CONSULTING, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland	**52-1261113**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
555 12th Street NW Washington, DC	**20004**
(Address of Principal Executive Offices)	**(Zip Code)**

(202) 312-9100

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	**FCN**	**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 Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 18, 2024
Common Stock, $0.01 par value	35,697,614

FTI CONSULTING, INC. AND SUBSIDIARIES

INDEX

PART I—FINANCIAL INFORMATION

FTI Consulting, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets
(in thousands, except per share data)

Item 1. Financial Statements

	March 31, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 243,960	$ 303,222
Accounts receivable, net	1,157,465	1,102,142
Current portion of notes receivable	45,211	30,997
Prepaid expenses and other current assets	98,062	119,092
Total current assets	1,544,698	1,555,453
Property and equipment, net	152,949	159,662
Operating lease assets	199,596	208,910
Goodwill	1,230,645	1,234,569
Intangible assets, net	19,455	18,285
Notes receivable, net	96,806	75,431
Other assets	80,379	73,568
Total assets	$ 3,324,528	$ 3,325,878
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable, accrued expenses and other	$ 226,787	$ 223,758
Accrued compensation	332,677	601,074
Billings in excess of services provided	68,236	67,937
Total current liabilities	627,700	892,769
Long-term debt, net	205,000	—
Noncurrent operating lease liabilities	213,576	223,774
Deferred income taxes	136,065	140,976
Other liabilities	87,831	86,939
Total liabilities	1,270,172	1,344,458
Commitments and contingencies (Note 10)		
Stockholders' equity		
Preferred stock, $0.01 par value; shares authorized — 5,000; none outstanding	—	—
Common stock, $0.01 par value; shares authorized — 75,000; shares issued and outstanding 35,697 (2024) and 35,521 (2023)	357	355
Additional paid-in capital	21,162	16,760
Retained earnings	2,194,730	2,114,765
Accumulated other comprehensive loss	(161,893)	(150,460)
Total stockholders' equity	2,054,356	1,981,420
Total liabilities and stockholders' equity	$ 3,324,528	$ 3,325,878

See accompanying notes to condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income
(in thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenues	$ 928,553	$ 806,706
Operating expenses		
Direct cost of revenues	626,034	553,509
Selling, general and administrative expenses	201,870	184,213
Amortization of intangible assets	1,016	2,182
	828,920	739,904
Operating income	99,633	66,802
Other income (expense)		
Interest income and other	1,581	(1,342)
Interest expense	(1,719)	(2,939)
	(138)	(4,281)
Income before income tax provision	99,495	62,521
Income tax provision	19,530	14,974
Net income	$ 79,965	$ 47,547
Earnings per common share — basic	$ 2.29	$ 1.43
Earnings per common share — diluted	$ 2.23	$ 1.34
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments, net of tax expense of $0	$ (11,433)	$ 9,850
Total other comprehensive income (loss), net of tax	(11,433)	9,850
Comprehensive income	$ 68,532	$ 57,397

See accompanying notes to condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries

Condensed Consolidated Statements of Stockholders' Equity
(in thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance at December 31, 2023	35,521	$ 355	$ 16,760	$ 2,114,765	$ (150,460)	$ 1,981,420
Net income	—	$ —	$ —	$ 79,965	$ —	$ 79,965
Other comprehensive loss:						
Cumulative translation adjustment	—	—	—	—	(11,433)	(11,433)
Issuance of common stock in connection with:						
Exercise of options	106	1	3,897	—	—	3,898
Restricted share grants, less net settled shares of 57	70	1	(11,112)	—	—	(11,111)
Stock units issued under incentive compensation plan	—	—	2,805	—	—	2,805
Share-based compensation	—	—	8,812	—	—	8,812
Balance at March 31, 2024	35,697	$ 357	$ 21,162	$ 2,194,730	$ (161,893)	$ 2,054,356

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
Balance at December 31, 2022	34,026	$ 340	$ —	$ 1,858,103	$ (176,722)	$ 1,681,721
Net income	—	$ —	$ —	$ 47,547	$ —	$ 47,547
Other comprehensive income:						
Cumulative translation adjustment	—	—	—	—	9,850	9,850
Issuance of common stock in connection with:						
Exercise of options	14	—	449	—	—	449
Restricted share grants, less net settled shares of 55	55	1	(9,514)	—	—	(9,513)
Stock units issued under incentive compensation plan	—	—	2,274	—	—	2,274
Purchase and retirement of common stock	(112)	(1)	(17,798)	—	—	(17,799)
Conversion of convertible senior notes due 2023	—	—	(6)	—	—	(6)
Share-based compensation	—	—	6,365	—	—	6,365
Reclassification of negative additional paid-in capital	—	—	18,230	(18,230)	—	—
Balance at March 31, 2023	33,983	$ 340	$ —	$ 1,887,420	$ (166,872)	$ 1,720,888

See accompanying notes to condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	**2023**
Operating activities		
Net income	$ 79,965	$ 47,547
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	10,424	9,443
Amortization of intangible assets	1,016	2,182
Provision for expected credit losses	11,420	7,012
Share-based compensation	8,812	6,365
Deferred income taxes	(8,107)	(3,016)
Acquisition-related contingent consideration	660	1,284
Amortization of debt issuance costs and other	236	646
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable, billed and unbilled	(73,201)	(93,739)
Notes receivable	(35,937)	(6,851)
Prepaid expenses and other assets	(5,612)	321
Accounts payable, accrued expenses and other	4,317	1,315
Income taxes	1,691	5,658
Accrued compensation	(271,044)	(230,967)
Billings in excess of services provided	542	(1,406)
Net cash used in operating activities	(274,818)	(254,206)
Investing activities		
Purchases of property and equipment and other	(4,640)	(18,012)
Maturity of short-term investment	25,246	—
Net cash provided by (used in) investing activities	20,606	(18,012)
Financing activities		
Borrowings under revolving line of credit	280,000	90,000
Repayments under revolving line of credit	(75,000)	(45,000)
Purchase and retirement of common stock	—	(20,982)
Share-based tax withholdings net of option exercises	(8,712)	(9,064)
Deposits and other	2,297	813
Net cash provided by financing activities	198,585	15,767
Effect of exchange rate changes on cash and cash equivalents	(3,635)	3,302
Net decrease in cash and cash equivalents	(59,262)	(253,149)
Cash and cash equivalents, beginning of period	303,222	491,688
Cash and cash equivalents, end of period	$ 243,960	$ 238,539
Supplemental cash flow disclosures		
Cash paid for interest	$ 765	$ 3,625
Cash paid for income taxes and tax credits, net of refunds	$ 25,943	$ 12,331
Non-cash investing and financing activities:		
Issuance of stock units under incentive compensation plans	$ 2,805	$ 2,274

See accompanying notes to condensed consolidated financial statements

Notes to Condensed Consolidated Financial Statements
(dollar and share amounts in tables in thousands, except per share data)
(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

The unaudited condensed consolidated financial statements of FTI Consulting, Inc., including its consolidated subsidiaries (collectively, the "Company," "we," "our" or "FTI Consulting"), presented herein, have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and under the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Some of the information and footnote disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations. Certain prior period amounts have been reclassified to conform to the current period presentation. In management's opinion, the interim financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented. All adjustments made were normal recurring accruals. Results of operations for the interim periods presented herein are not necessarily indicative of results of operations for a full year. These financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC.

Note 1 to the Consolidated Financial Statements included in Part II, Item 8, of our Annual Report on Form 10-K for the year ended December 31, 2023 describes the significant accounting policies and methods used in preparation of the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

2. New Accounting Standards

Accounting Standards Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. The ASU is effective for annual periods beginning after December 15, 2023 and interim periods beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. Early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance on its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*: *Improvements to Income Tax Disclosures*, which expands annual disclosures in an entity's income tax rate reconciliation table and requires annual disclosures regarding cash taxes paid both in the U.S. (federal and state) and foreign jurisdictions. The amendments in this ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance on its consolidated financial statements.

3. Earnings per Common Share

Basic earnings per common share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common share adjusts basic earnings per common share for the effects of potentially dilutive common shares. Potentially dilutive common shares include the dilutive effects of shares issuable under our equity compensation plans, including stock options and share-based awards (restricted share awards, restricted stock units and performance stock units), each using the treasury stock method.

For the three months ended March 31, 2023, we used the if-converted method for calculating the potential dilutive effect of the conversion feature of the principal amount of our 2.0% convertible senior notes due 2023 ("2023 Convertible Notes") on earnings per common share. The conversion feature had a dilutive impact on earnings per common share for the three months ended March 31, 2023, as the average market price per share of our common stock for the period exceeded the conversion price of $101.38 per share. During the three months ended March 31, 2024, there were no 2023 Convertible Notes outstanding.

	Three Months Ended March 31,	
	2024	2023
Numerator — basic and diluted		
Net income	$ 79,965	$ 47,547
Denominator		
Weighted average number of common shares outstanding — basic	34,977	33,301
Effect of dilutive share-based awards	549	576
Effect of dilutive stock options	261	305
Effect of dilutive convertible notes	—	1,300
Weighted average number of common shares outstanding — diluted	35,787	35,482
Earnings per common share — basic	$ 2.29	$ 1.43
Earnings per common share — diluted	$ 2.23	$ 1.34
Antidilutive stock options and share-based awards	25	8

4. Revenues

We generate the majority of our revenues by providing consulting services to our clients. Revenues are recognized when we satisfy a performance obligation by transferring services promised in a contract to a customer and in an amount that reflects the consideration that we expect to receive in exchange for those services. Performance obligations in our contracts represent distinct or separate services that we provide to our customers. If, at the outset of an arrangement, we determine that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

Revenues recognized during the current period may include revenues from performance obligations satisfied or partially satisfied in previous periods. This primarily occurs when the estimated transaction price has changed based on our current probability assessment over whether the agreed-upon outcome for our performance-based and contingent arrangements will be achieved. The aggregate amount of revenues recognized related to a change in the transaction price in the current period, which related to performance obligations satisfied or partially satisfied in a prior period, was $6.4 million and $4.8 million for the three months ended March 31, 2024 and 2023, respectively.

Unfulfilled performance obligations primarily consist of fees not yet recognized on certain fixed-fee arrangements and performance-based and contingent arrangements. As of March 31, 2024 and December 31, 2023, the aggregate amount of the remaining contract transaction price allocated to unfulfilled performance obligations was $28.9 million and $34.6 million, respectively. We expect to recognize the majority of the related revenues over the next 36 months. We elected to utilize the optional exemption to exclude from this disclosure fixed-fee and performance-based and contingent arrangements with an original expected duration of one year or less and to exclude our time and expense arrangements for which revenues are recognized using the right-to-invoice practical expedient.

Contract assets are defined as assets for which we have recorded revenues but are not yet entitled to receive our fees because certain events, such as completion of the measurement period or client approval, must occur. The contract asset balance was immaterial as of March 31, 2024 and December 31, 2023.

Contract liabilities are defined as liabilities incurred when we have received consideration but have not yet performed the agreed-upon services. This may occur when clients pay fees before work begins. The contract liability balance was immaterial as of March 31, 2024 and December 31, 2023.

5. Accounts Receivable and Allowance for Expected Credit Losses

The following table summarizes the components of "Accounts receivable, net" as presented on the Condensed Consolidated Balance Sheets:

	March 31, 2024	December 31, 2023
Accounts receivable:		
Billed receivables	$ 804,914	$ 745,371
Unbilled receivables	422,372	421,488
Allowance for expected credit losses	(69,821)	(64,717)
Accounts receivable, net	$ 1,157,465	$ 1,102,142

The following table summarizes the total provision for expected credit losses and write-offs:

	Three Months Ended March 31,	
	2024	2023
Provision for expected credit losses	$ 11,420	$ 7,012
Write-offs	$ 10,370	$ 7,888

Our provision for expected credit losses includes recoveries, direct write-offs and charges to other accounts. Billed accounts receivables are written off when the potential for recovery is considered remote.

6. Goodwill and Intangible Assets

Goodwill

The table below summarizes the changes in the carrying amount of goodwill by reportable segment:

	Corporate Finance & Restructuring [(1)]	Forensic and Litigation Consulting [(1)]	Economic Consulting [(1)]	Technology [(1)]	Strategic Communications [(2)]	Total
Balance at December 31, 2023	$ 540,991	$ 213,415	$ 268,482	$ 96,802	$ 114,879	$ 1,234,569
Foreign currency translation adjustment	(2,738)	(426)	(158)	(13)	(589)	(3,924)
Balance at March 31, 2024	$ 538,253	$ 212,989	$ 268,324	$ 96,789	$ 114,290	$ 1,230,645

(1) There were no accumulated impairment losses for the Corporate Finance & Restructuring ("Corporate Finance"), Forensic and Litigation Consulting ("FLC"), Economic Consulting or Technology segments as of March 31, 2024 and December 31, 2023.

(2) Amounts for our Strategic Communications segment include gross carrying values of $308.4 million and $309.0 million as of March 31, 2024 and December 31, 2023, respectively, and accumulated impairment losses of $194.1 million as of March 31, 2024 and December 31, 2023.

Intangible Assets

Intangible assets were as follows:

	March 31, 2024			December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortizing intangible assets						
Customer relationships	$ 29,077	$ 17,045	$ 12,032	$ 27,000	$ 16,640	$ 10,36
Trademarks	9,497	7,371	2,126	9,712	7,129	2,58
Acquired software and other	868	671	197	888	646	24
	39,442	25,087	14,355	37,600	24,415	13,18
Non-amortizing intangible assets						
Trademarks	5,100	—	5,100	5,100	—	5,10
Total	$ 44,542	$ 25,087	$ 19,455	$ 42,700	$ 24,415	$ 18,28

Intangible assets with finite lives are amortized over their estimated useful lives. We recorded amortization expense of $1.0 million and $2.2 million during the three months ended March 31, 2024 and 2023, respectively.

We estimate our future amortization expense for our intangible assets with finite lives to be as follows:

Year	As of March 31, 2024 [1]
2024 (remaining)	$ 3,006
2025	3,336
2026	2,193
2027	2,122
2028	1,717
Thereafter	1,981
	$ 14,355

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(1) Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, impairments, changes in useful lives, or other relevant factors or changes.

7. Financial Instruments

We estimate the fair value of acquisition-related contingent consideration using either a probability-weighted discounted cash flow model or a Monte Carlo pricing model. These fair value estimates represent Level 3 measurements as they are based on significant inputs not observed in the market and reflect our own assumptions. Significant increases (or decreases) in these unobservable inputs in isolation would result in significantly lower (or higher) fair values. We reassess the fair value of our acquisition-related contingent consideration at each reporting period based on additional information as it becomes available. The fair value of acquisition-related contingent consideration was $9.8 million and $12.8 million as of March 31, 2024 and December 31, 2023, respectively.

The fair values of all financial instruments are estimated to be equal to their carrying values as of March 31, 2024 and December 31, 2023. There were no other assets or liabilities subject to Level 3 fair value measurements as of March 31, 2024 and December 31, 2023.

8. Debt

The table below presents the components of the Company’s debt:

	March 31, 2024	December 31, 2023
Credit Facility	$ 205,000	$ —
Long-term debt, net [(1)]	$ 205,000	$ —

(1) There were no current portions of long-term debt as of March 31, 2024 and December 31, 2023.

Credit Facility

In November 2022, we entered into the second amended and restated credit agreement governing our senior secured bank revolving credit facility (“Credit Facility”) to, among other things, (i) extend the maturity to November 21, 2027, (ii) increase the revolving line of credit limit from $550.0 million to $900.0 million, and (iii) increase the incremental facility from $150.0 million to a maximum of $300.0 million, subject to certain conditions, and incurred an additional $4.0 million of debt issuance costs. The Credit Facility is guaranteed by substantially all of our wholly owned domestic subsidiaries and is secured by a first priority security interest in substantially all of the assets of FTI Consulting and such domestic subsidiaries.

Borrowings under the Credit Facility bear interest at a rate equal to, in the case of: (i) U.S. Dollars (“USD”), at our option, Adjusted Term Secured Overnight Financing Rate (“SOFR”) or Adjusted Daily Simple SOFR, (ii) euro, Euro Interbank Offered Rate, (iii) British pound, Sterling Overnight Index Average Reference Rate, (iv) Australian dollars, Bank Bill Swap Reference Bid Rate, (v) Canadian dollars, Canadian Dollar Offered Rate, (vi) Swiss franc, Swiss Average Rate Overnight, and (vii) Japanese yen, Tokyo Interbank Offered Rate, in each case, plus an applicable margin that will fluctuate between 1.25% per annum and 2.00% per annum based upon the Company’s Consolidated Total Net Leverage Ratio (as defined in the Credit Facility) at such time or, in the case of USD borrowings, an alternative base rate plus an applicable margin that will fluctuate between 0.25% per annum and 1.00% per annum based upon the Company’s Consolidated Total Net Leverage Ratio at such time. The alternative base rate is a fluctuating rate per annum equal to the highest of (1) the federal funds rate plus the sum of 50 basis points, (2) the rate of interest in effect for such day as the prime rate announced by Bank of America, and (3) the one-month Term SOFR plus 100 basis points.

Under the Credit Facility, we are required to pay a commitment fee rate that fluctuates between 0.20% and 0.35% per annum and a letter of credit fee rate that fluctuates between 1.25% and 2.00% per annum, in each case, based upon the Company’s Consolidated Total Net Leverage Ratio.

The Company classified the borrowings under the Credit Facility as long-term debt in the accompanying Condensed Consolidated Balance Sheets, as we have the intent and unilateral ability to refinance any borrowings on a continuous basis through the maturity of the Credit Facility on November 21, 2027.

There were $3.2 million and $3.4 million of unamortized debt issuance costs related to the Credit Facility as of March 31, 2024 and December 31, 2023, respectively. These amounts are included in “Other assets” on our Condensed Consolidated Balance Sheets.

9. Leases

We lease office space and equipment under non-cancelable operating leases. The table below summarizes the carrying amount of our operating lease assets and liabilities:

Leases	Classification	March 31, 2024	December 31, 2023
Assets			
Operating lease assets	Operating lease assets	$ 199,596	$ 208,910
Total lease assets		$ 199,596	$ 208,910
Liabilities			
Current			
Operating lease liabilities	Accounts payable, accrued expenses and other	$ 34,731	$ 33,864
Noncurrent			
Operating lease liabilities	Noncurrent operating lease liabilities	213,576	223,774
Total lease liabilities		$ 248,307	$ 257,638

The table below summarizes total lease costs:

Lease Cost	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating lease costs	$ 12,543	$ 12,983
Short-term lease costs	441	692
Variable leases and other	3,087	2,792
Total lease cost, net	$ 16,071	$ 16,467

The maturity analysis below summarizes the remaining future undiscounted cash flows for our operating leases and includes a reconciliation to operating lease liabilities reported on the Condensed Consolidated Balance Sheets:

	As of March 31, 2024
2024 (remaining)	$ 40,029
2025	47,383
2026	42,765
2027	41,696
2028	32,480
Thereafter	108,340
Total future lease payments	312,693
Less: imputed interest	(64,386)
Total	$ 248,307

The table below includes cash paid for our operating lease liabilities, other non-cash information, our weighted average remaining lease term and weighted average discount rate:

	Three Months Ended March 31,	
	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities	$ 13,942	$ 14,170
Operating lease assets obtained in exchange for lease liabilities	$ 1,209	$ 13,105
Weighted average remaining lease term (years)		
Operating leases	7.7	8.3
Weighted average discount rate		
Operating leases	5.9 %	5.7 %

10. Commitments and Contingencies

We lease office space and equipment under non-cancelable operating leases. See Note 9, "Leases" for future minimum lease commitments.

We are subject to legal actions arising in the ordinary course of business. In management's opinion, we believe we have adequate legal defenses and/or insurance coverage with respect to the eventuality of such actions. We are not aware of any asserted or unasserted legal proceedings or claims that we believe would have a material adverse effect on our financial condition or results of our operations.

11. Share-Based Compensation

During the three months ended March 31, 2024, we granted 26,946 restricted share awards, 39,293 restricted stock units and 75,994 performance stock units under the FTI Consulting, Inc. 2017 Omnibus Incentive Compensation Plan, our employee equity compensation plan. Our performance stock units are presented at the maximum potential payout percentage of 150% of target shares granted. These awards are recorded as equity on the Condensed Consolidated Balance Sheets. During the three months ended March 31, 2024, 5,464 shares of restricted stock and no stock options were forfeited prior to the completion of the applicable vesting requirements. Additionally, 988 performance stock units were forfeited during the three months ended March 31, 2024, arising from award targets that were not achieved.

Total share-based compensation expense, net of forfeitures is detailed in the following table:

	Three Months Ended March 31,	
Income Statement Classification	2024	2023
Direct cost of revenues	$ 5,718	$ 4,699
Selling, general and administrative expenses	4,500	5,044
Total share-based compensation expense	$ 10,218	$ 9,743

12. Stockholders' Equity

On June 2, 2016, our Board of Directors authorized a stock repurchase program of up to $100.0 million (the "Repurchase Program"). On each of May 18, 2017, December 1, 2017, February 21, 2019 and February 20, 2020, our Board of Directors authorized an additional $100.0 million. On each of July 28, 2020 and December 3, 2020, our Board of Directors authorized an additional $200.0 million. On December 1, 2022, our Board of Directors authorized an additional $400.0 million, increasing the Repurchase Program to an aggregate authorization of $1.3 billion. No time limit has been established for the completion of the Repurchase Program, and the Repurchase Program may be suspended, discontinued or replaced by the Board of Directors at any time without prior notice. As of March 31, 2024, we had $460.7 million available under the Repurchase Program to repurchase additional shares.

The following table details our stock repurchases under the Repurchase Program:

	Three Months Ended March 31,	
	2024	2023
Shares of common stock repurchased and retired	—	112
Average price paid per share	$ —	$ 158.70
Total cost	$ —	$ 17,797

As we repurchase our common shares, we reduce stated capital on our Condensed Consolidated Balance Sheets for the $0.01 of par value of the shares repurchased, with the excess purchase price over par value recorded as a reduction to additional paid-in capital. If additional paid-in capital is reduced to zero, we record the remainder of the excess purchase price over par value as a reduction of retained earnings.

Common stock outstanding was approximately 35.7 million shares and 35.5 million shares as of March 31, 2024 and December 31, 2023, respectively. Common stock outstanding includes unvested restricted stock awards, which are considered issued and outstanding under the terms of the restricted stock award agreements.

13. Segment Reporting

We manage our business in five reportable segments: Corporate Finance, FLC, Economic Consulting, Technology and Strategic Communications.

Our Corporate Finance segment focuses on the strategic, operational, financial, transactional and capital needs of our clients around the world. Our clients include companies, boards of directors, investors, private equity sponsors, lenders, governments and other financing sources and creditor groups, as well as other parties-in-interest. We deliver a wide range of services centered around four core offerings: Business Transformation, Strategy, Transactions and Turnaround & Restructuring.

Our FLC segment provides law firms, companies, boards of directors, government entities, private equity firms and other interested parties with a multidisciplinary and independent range of services across risk and investigations and disputes, supported by our data & analytics technology-enabled solutions, with a focus on highly regulated industries. Our services are centered around five core offerings: Construction, Projects & Assets and Environmental Solutions, Data & Analytics, Disputes, Healthcare Risk Management & Advisory and Risk and Investigations.

Our Economic Consulting segment, including subsidiary Compass Lexecon LLC, provides law firms, companies, government entities and other interested parties with analyses of complex economic issues for use in international arbitration, legal and regulatory proceedings, and strategic decision making and public policy debates around the world. We deliver a wide range of services centered around three core offerings: Antitrust & Competition Economics, Financial Economics and International Arbitration.

Our Technology segment provides companies, law firms, private equity firms and government entities with a comprehensive global portfolio of digital insights and risk management consulting services. Our professionals help organizations better address risk as the growing volume and variety of enterprise and emerging data intersects with legal, regulatory and compliance needs. We deliver a wide range of expert and analytics-powered solutions driven by investigations, litigation, antitrust and competition, merger & acquisition, restructuring and compliance and risk through three core offerings: Corporate Legal Department Consulting, E-discovery Services and Expertise, and Information Governance, Privacy & Security Services.

Our Strategic Communications segment develops and executes communications strategies to help management teams, boards of directors, law firms, governments and regulators manage change and mitigate risk surrounding transformational and disruptive events, including transactions, investigations, disputes, crises, regulation and legislation. We deliver a wide range of services centered around three core offerings: Corporate Reputation, Financial Communications and Public Affairs.

We evaluate the performance of our operating segments based on Adjusted Segment EBITDA, a GAAP financial measure. We define Adjusted Segment EBITDA as a segment’s share of consolidated operating income before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We define Total Adjusted Segment EBITDA, which is a non-GAAP financial measure, as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses. We use Adjusted Segment EBITDA as a basis to internally evaluate the financial performance of our segments because we believe it reflects current core operating performance and provides an indicator of the segment’s ability to generate cash.

The table below presents revenues and Adjusted Segment EBITDA for our reportable segments:

	Three Months Ended March 31,	
	2024	2023
Revenues		
Corporate Finance [(1)]	$ 366,010	$ 315,652
FLC [(1)]	176,074	157,739
Economic Consulting	204,548	169,595
Technology	100,713	90,618
Strategic Communications	81,208	73,102
Total revenues	$ 928,553	$ 806,706
Adjusted Segment EBITDA		
Corporate Finance [(1)]	$ 75,225	$ 51,847
FLC [(1)]	33,709	21,784
Economic Consulting	14,150	14,193
Technology	14,581	15,366
Strategic Communications	12,426	9,556
Total Adjusted Segment EBITDA	$ 150,091	$ 112,746

(1) Effective July 1, 2023, prior period segment information for the Corporate Finance and FLC segments has been recast in this Quarterly Report on Form 10-Q to include the reclassification of a portion of the Company's health solutions practice in the FLC segment to our realigned business transformation practice within our Corporate Finance segment.

The table below reconciles net income to Total Adjusted Segment EBITDA:

	Three Months Ended March 31,	
	2024	2023
Net income	$ 79,965	$ 47,547
Add back:		
Income tax provision	19,530	14,974
Interest income and other	(1,581)	1,342
Interest expense	1,719	2,939
Unallocated corporate expenses	39,531	34,735
Segment depreciation expense	9,911	9,027
Amortization of intangible assets	1,016	2,182
Total Adjusted Segment EBITDA	$ 150,091	$ 112,746

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

The following is a discussion and analysis of our consolidated financial condition, results of operations, and liquidity and capital resources for the three months ended March 31, 2024 and 2023, and significant factors that could affect our prospective financial condition and results of operations. This discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes and with our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the United States ("U.S.") Securities and Exchange Commission ("SEC"). In addition to historical information, the following discussion includes forward-looking statements based on current expectations that involve risks, uncertainties and assumptions, such as our plans, objectives, expectations and intentions. Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, these expectations or any of the forward-looking statements could prove to be incorrect, and actual results could differ materially from those projected or assumed in the forward-looking statements.

BUSINESS OVERVIEW

FTI Consulting, Inc., including its consolidated subsidiaries (collectively, the "Company," "we," "our" or "FTI Consulting"), is a global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. Individually, each of our segments and practices is staffed with experts recognized for the depth of their knowledge and a track record of making an impact. Collectively, FTI Consulting offers a comprehensive suite of services designed to assist clients across the business cycle, from proactive risk management to rapid response to unexpected events and dynamic environments.

We report financial results for the following five reportable segments:

Our **Corporate Finance & Restructuring ("Corporate Finance")** segment focuses on the strategic, operational, financial, transactional and capital needs of our clients around the world. Our clients include companies, boards of directors, investors, private equity sponsors, lenders, governments and other financing sources and creditor groups, as well as other parties-in-interest. We deliver a wide range of services centered around four core offerings: Business Transformation, Strategy, Transactions and Turnaround & Restructuring.

Our **Forensic and Litigation Consulting ("FLC")** segment provides law firms, companies, boards of directors, government entities, private equity firms and other interested parties with a multidisciplinary and independent range of services across risk and investigations and disputes, supported by our data & analytics technology-enabled solutions, with a focus on highly regulated industries. Our services are centered around five core offerings: Construction, Projects & Assets and Environmental Solutions, Data & Analytics, Disputes, Healthcare Risk Management & Advisory and Risk and Investigations.

Our **Economic Consulting** segment, including subsidiary Compass Lexecon LLC, provides law firms, companies, government entities and other interested parties with analyses of complex economic issues for use in international arbitration, legal and regulatory proceedings, and strategic decision making and public policy debates around the world. We deliver a wide range of services centered around three core offerings: Antitrust & Competition Economics, Financial Economics and International Arbitration.

Our **Technology** segment provides companies, law firms, private equity firms and government entities with a comprehensive global portfolio of digital insights and risk management consulting services. Our professionals help organizations better address risk as the growing volume and variety of enterprise and emerging data intersects with legal, regulatory and compliance needs. We deliver a wide range of expert and analytics-powered solutions driven by investigations, litigation, antitrust and competition, merger & acquisition ("M&A"), restructuring and compliance and risk through three core offerings: Corporate Legal Department Consulting, E-discovery Services and Expertise, and Information Governance, Privacy & Security Services.

Our **Strategic Communications** segment develops and executes communications strategies to help management teams, boards of directors, law firms, governments and regulators manage change and mitigate risk surrounding transformational and disruptive events, including transactions, investigations, disputes, crises, regulation and legislation. We deliver a wide range of services centered around three core offerings: Corporate Reputation, Financial Communications and Public Affairs.

We derive substantially all of our revenues from providing professional services to both U.S. and international clients. Most of our services are rendered under time and expense contract arrangements, which require the client to pay us based on the number of hours worked at contractually agreed-upon rates. Under this arrangement, we typically bill our clients for reimbursable expenses, including those relating to travel, out-of-pocket expenses, outside consultants and other outside service costs. Certain contracts are rendered under fixed-fee arrangements, which require the client to pay a fixed fee in exchange for a predetermined set of professional services. Fixed-fee arrangements may require certain clients to pay us a recurring retainer.

Our contract arrangements may also contain success fees or performance-based arrangements in which our fees are based on the attainment of contractually defined objectives with our client. This type of success fee may supplement a time and expense or fixed-fee arrangement. Success fee revenues may cause variations in our revenues and operating results due to the timing of when achieving the performance-based criteria becomes probable. Seasonal factors, such as the timing of our employees' and clients' vacations and holidays, may impact the timing of our revenues across our segments.

In our Technology segment, certain clients are billed based on the amount of data storage used or the volume of information processed. Unit-based revenues are defined as revenues billed on a per item, per page or another unit-based method and include revenues from data processing and hosting. Unit-based revenues include revenues associated with licensed software products made available to customers via a web browser ("on-demand"). On-demand revenues are charged on a unit or monthly basis and include, but are not limited to, processing and review related functions.

Our financial results are primarily driven by:

- the number, size and type of engagements we secure;
- the rate per hour or fixed charges we charge our clients for services;
- the utilization rates of the revenue-generating professionals we employ;
- the timing of revenue recognition related to revenues subject to certain performance-based contingencies;
- the number of revenue-generating professionals;
- the types of assignments we are working on at different times;
- the length of the billing and collection cycles; and
- the geographic locations of our clients or locations in which services are rendered.

We define acquisition growth as revenues of acquired companies in the first 12 months following the effective date of an acquisition. When significant, we identify the impact of acquisition-related revenue growth.

When significant, we identify the estimated impact of foreign currency ("FX") driven by our businesses with functional currencies other than the U.S. dollar ("USD"). The estimated impact of FX on the period-to-period performance results is calculated as the difference between the prior period results, multiplied by the average FX exchange rates to USD in the current period and the prior period results, multiplied by the average FX exchange rates to USD in the prior period.

Non-GAAP Financial Measures

In the accompanying analysis of financial information, we sometimes use information derived from consolidated and segment financial information that may not be presented in our financial statements or prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"). Certain of these financial measures are considered not in conformity with GAAP ("non-GAAP financial measures") under the SEC rules. Specifically, we have referred to the following non-GAAP financial measures:

- Total Segment Operating Income
- Adjusted EBITDA
- Total Adjusted Segment EBITDA
- Adjusted EBITDA Margin
- Adjusted Net Income
- Adjusted Earnings per Diluted Share
- Free Cash Flow

We have included the definitions of Segment Operating Income and Adjusted Segment EBITDA, which are GAAP financial measures, below in order to more fully define the components of certain non-GAAP financial measures in the accompanying analysis of financial information. As described in Note 13, "Segment Reporting" in Part I, Item 1, of this

Quarterly Report on Form 10-Q, we evaluate the performance of our operating segments based on Adjusted Segment EBITDA, and Segment Operating Income is a component of the definition of Adjusted Segment EBITDA.

We define Segment Operating Income as a segment's share of consolidated operating income. We define Total Segment Operating Income, which is a non-GAAP financial measure, as the total of Segment Operating Income for all segments, which excludes unallocated corporate expenses. We use Segment Operating Income for the purpose of calculating Adjusted Segment EBITDA. We define Adjusted Segment EBITDA as a segment's share of consolidated operating income before depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges and goodwill impairment charges. We use Adjusted Segment EBITDA as a basis to internally evaluate the financial performance of our segments because we believe it reflects current core operating performance and provides an indicator of the segment's ability to generate cash.

We define Total Adjusted Segment EBITDA, which is a non-GAAP financial measure, as the total of Adjusted Segment EBITDA for all segments, which excludes unallocated corporate expenses. We define Adjusted EBITDA, which is a non-GAAP financial measure, as consolidated net income before income tax provision, other non-operating income (expense), depreciation, amortization of intangible assets, remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges, gain or loss on sale of a business and losses on early extinguishment of debt. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results and GAAP financial measures, provide management and investors with a more complete understanding of our operating results, including underlying trends. In addition, EBITDA is a common alternative measure of operating performance used by many of our competitors. It is used by investors, financial analysts, rating agencies and others to value and compare the financial performance of companies in our industry. Therefore, we also believe that these non-GAAP financial measures, considered along with corresponding GAAP financial measures, provide management and investors with additional information for comparison of our operating results with the operating results of other companies. We define Adjusted EBITDA Margin, which is a non-GAAP financial measure, as Adjusted EBITDA as a percentage of total revenues.

We define Adjusted Net Income and Adjusted Earnings per Diluted Share ("Adjusted EPS"), which are non-GAAP financial measures, as net income and earnings per diluted share ("EPS"), respectively, excluding the impact of remeasurement of acquisition-related contingent consideration, special charges, goodwill impairment charges, the gain or loss on sale of a business and losses on early extinguishment of debt. We use Adjusted Net Income for the purpose of calculating Adjusted EPS. Management uses Adjusted EPS to assess total Company operating performance on a consistent basis. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results and GAAP financial measures, provide management and investors with an additional understanding of our business operating results, including underlying trends.

We define Free Cash Flow, which is a non-GAAP financial measure, as net cash used in operating activities less cash payments for purchases of property and equipment. We believe this non-GAAP financial measure, when considered together with our GAAP financial results, provides management and investors with an additional understanding of the Company's ability to generate cash for ongoing business operations and other capital deployment.

Non-GAAP financial measures are not defined in the same manner by all companies and may not be comparable with other similarly titled measures of other companies. Non-GAAP financial measures should be considered in addition to, but not as a substitute for or superior to, the information contained in our Condensed Consolidated Statements of Comprehensive Income and Condensed Consolidated Statements of Cash Flows. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this report.

EXECUTIVE HIGHLIGHTS

	Three Months Ended March 31,	
	2024	2023
	(dollar amounts in thousands, except per share data)	
Revenues	$ 928,553	$ 806,706
Net income	$ 79,965	$ 47,547
Adjusted EBITDA	$ 111,073	$ 78,427
Earnings per common share — diluted	$ 2.23	$ 1.34
Adjusted earnings per common share — diluted	$ 2.23	$ 1.34
Net cash used in operating activities	$ (274,818)	$ (254,206)
Total number of employees	8,055	7,794

First Quarter 2024 Executive Highlights

Revenues

Revenues for the three months ended March 31, 2024 increased $121.8 million, or 15.1%, to $928.6 million, as compared to the three months ended March 31, 2023, primarily due to increased demand across all of our business segments, as well as higher realized bill rates, particularly in Corporate Finance and Economic Consulting.

Net income

Net income for the three months ended March 31, 2024 increased $32.4 million, or 68.2%, to $80.0 million, as compared to the three months ended March 31, 2023. The increase in net income was primarily due to higher revenues, a lower effective tax rate and a decrease in FX remeasurement losses compared to the prior year quarter, which was partially offset by an increase in direct compensation expenses, higher selling, general and administrative ("SG&A") expenses, primarily due to higher compensation, which included the impact of a 5.0% increase in non-billable headcount, and an increase in bad debt expense and legal services as compared to the same quarter in the prior year.

Adjusted EBITDA

Adjusted EBITDA for the three months ended March 31, 2024 increased $32.6 million, or 41.6%, to $111.1 million, compared to the three months ended March 31, 2023. Adjusted EBITDA Margin of 12.0% for the three months ended March 31, 2024 compared to 9.7% for the three months ended March 31, 2023. The increase in Adjusted EBITDA was primarily due to higher revenues, which was partially offset by an increase in direct compensation expenses and higher SG&A expenses, primarily due to higher compensation, which included the impact of a 5.0% increase in non-billable headcount, and an increase in bad debt expense and legal services compared to the same quarter in the prior year.

EPS and Adjusted EPS

EPS for the three months ended March 31, 2024 increased $0.89 to $2.23 compared to $1.34 for the three months ended March 31, 2023. The increase in EPS was primarily due to higher net income as described above.

Adjusted EPS was equal to EPS for the three months ended March 31, 2024 and 2023, respectively.

Liquidity and Capital Allocation

Net cash used in operating activities for the three months ended March 31, 2024 increased $20.6 million to $274.8 million, compared to $254.2 million for the three months ended March 31, 2023. The increase in net cash used in operating activities was primarily due to an increase in salaries, higher annual bonus payments and an increase in forgivable loan issuances, which was partially offset by higher cash collections compared to the prior year period. Days sales outstanding ("DSO") of 105 days at March 31, 2024 compared to 102 days at March 31, 2023. The increase in DSO was primarily due to cash collections that did not keep pace with higher revenues.

Free Cash Flow was an outflow of $279.5 million and $272.2 million for the three months ended March 31, 2024 and 2023, respectively. The decrease in Free Cash Flow for the three months ended March 31, 2024 was primarily due to higher net cash used in operating activities, as described above, partially offset by a decrease in net cash used for purchases of property and equipment.

Headcount

The following table includes the net headcount additions (reductions) by segment and in total for the three months ended March 31, 2024.

	Billable Headcount							
	Corporate Finance	FLC	Economic Consulting	Technology	Strategic Communications	Total	Non-Billable Headcount	Total Headcount
December 31, 2023	2,215	1,447	1,089	628	971	6,350	1,640	7,990
Additions (reductions), net	(30)	16	2	18	10	16	49	65
March 31, 2024	2,185	1,463	1,091	646	981	6,366	1,689	8,055
Percentage change in headcount from December 31, 2023	(1.4)%	1.1%	0.2%	2.9%	1.0%	0.3%	3.0%	0.8%

CONSOLIDATED RESULTS OF OPERATIONS

Segment and Consolidated Operating Results:

	Three Months Ended March 31,	
	2024	2023
	(in thousands, except per share data)	
Revenues		
Corporate Finance [(1)]	$ 366,010	$ 315,652
FLC [(1)]	176,074	157,739
Economic Consulting	204,548	169,595
Technology	100,713	90,618
Strategic Communications	81,208	73,102
Total revenues	$ 928,553	$ 806,706
Segment operating income		
Corporate Finance [(1)]	$ 71,919	$ 47,976
FLC [(1)]	31,967	20,288
Economic Consulting	12,865	12,700
Technology	10,939	11,890
Strategic Communications	11,474	8,683
Total segment operating income	139,164	101,537
Unallocated corporate expenses	(39,531)	(34,735)
Operating income	99,633	66,802
Other income (expense)		
Interest income and other	1,581	(1,342)
Interest expense	(1,719)	(2,939)
	(138)	(4,281)
Income before income tax provision	99,495	62,521
Income tax provision	19,530	14,974
Net income	$ 79,965	$ 47,547
Earnings per common share — basic	$ 2.29	$ 1.43
Earnings per common share — diluted	$ 2.23	$ 1.34

(1) Effective July 1, 2023, prior period segment information for the Corporate Finance and FLC segments has been recast in this Quarterly Report on Form 10-Q to include the reclassification of a portion of the Company's health solutions practice in the FLC segment to our realigned business transformation practice within our Corporate Finance segment.

Reconciliation of Net Income to Adjusted EBITDA:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in thousands)	
Net income	$ 79,965	$ 47,547
Add back:		
Income tax provision	19,530	14,974
Interest income and other	(1,581)	1,342
Interest expense	1,719	2,939
Depreciation and amortization	10,424	9,443
Amortization of intangible assets	1,016	2,182
Adjusted EBITDA	$ 111,073	$ 78,427

Reconciliation of Net Income and EPS to Adjusted Net Income and Adjusted EPS:

Net Income and EPS were equal to Adjusted Net Income and Adjusted EPS, respectively, for the three months ended March 31, 2024 and 2023.

Reconciliation of Net Cash Used in Operating Activities to Free Cash Flow:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(in thousands)	
Net cash used in operating activities	$ (274,818)	$ (254,206)
Purchases of property and equipment	(4,641)	(18,033)
Free Cash Flow	$ (279,459)	$ (272,239)

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

Revenues and operating income

See “Segment Results” for an expanded discussion of revenues, gross profit and SG&A expenses.

Unallocated corporate expenses

Unallocated corporate expenses for the three months ended March 31, 2024 increased $4.8 million, or 13.8%, to $39.5 million compared to $34.7 million for the three months ended March 31, 2023. The increase was primarily due to higher compensation, investments related to artificial intelligence (“AI”) and higher legal services.

Interest income and other

Interest income and other, which includes FX gains and losses, increased $2.9 million to $1.6 million for the three months ended March 31, 2024 compared to a $1.3 million expense for the three months ended March 31, 2023. The increase was primarily due to a decrease of $3.8 million in FX losses, which was partially offset by a $0.8 million decrease in interest income.

FX gains and losses, both realized and unrealized, relate to the remeasurement or settlement of monetary assets and liabilities that are denominated in a currency other than an entity’s functional currency. These monetary assets and liabilities include cash, as well as third-party and intercompany receivables and payables.

Interest expense

Interest expense for the three months ended March 31, 2024 decreased $1.2 million, or 41.5%, to $1.7 million compared to $2.9 million for the three months ended March 31, 2023. The decrease was primarily due to lower borrowings, which was partially offset by higher interest rates on our borrowings. Our borrowings in the prior year quarter included amounts owed on our 2.0% convertible senior notes due 2023, which matured in August 2023, as well as our borrowings on our senior secured bank revolving credit facility (“Credit Facility”).

Income tax provision

Our income tax provision increased $4.6 million, or 30.4%, to $19.5 million for the three months ended March 31, 2024 compared to $15.0 million for the three months ended March 31, 2023. Our effective tax rate of 19.6% for the three months ended March 31, 2024 compared to 24.0% for the three months ended March 31, 2023. The increase in the income tax provision was due to an increase in income before income tax provision, which was partially offset by a decrease in the tax rate. The tax rate for the three months ended March 31, 2024 was impacted by a more favorable tax benefit related to share-based compensation and a decrease in foreign taxes as compared to the three months ended March 31, 2023. During the three months ended March 31, 2024, a larger number of non-qualified stock options were exercised as compared to the prior year quarter.

SEGMENT RESULTS

Total Adjusted Segment EBITDA

We evaluate the performance of each of our operating segments based on Adjusted Segment EBITDA, which is a GAAP financial measure. The following table reconciles net income to Total Adjusted Segment EBITDA, a non-GAAP financial measure, for the three months ended March 31, 2024 and 2023:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net income	$ 79,965	$ 47,547
Add back:		
Income tax provision	19,530	14,974
Interest income and other	(1,581)	1,342
Interest expense	1,719	2,939
Unallocated corporate expenses	39,531	34,735
Total segment operating income	139,164	101,537
Add back:		
Segment depreciation expense	9,911	9,027
Amortization of intangible assets	1,016	2,182
Total Adjusted Segment EBITDA	$ 150,091	$ 112,746

Other Segment Operating Data

	Three Months Ended March 31,	
	2024	2023
Number of revenue-generating professionals (at period end):		
Corporate Finance [1]	2,185	2,152
FLC [1]	1,463	1,427
Economic Consulting	1,091	1,031
Technology [2]	646	581
Strategic Communications	981	995
Total revenue-generating professionals	6,366	6,186
Utilization rates of billable professionals: [3]		
Corporate Finance [1]	62 %	59 %
FLC [1]	59 %	57 %
Economic Consulting	68 %	68 %
Average billable rate per hour: [4]		
Corporate Finance [1]	$ 515	$ 478
FLC [1]	$ 406	$ 375
Economic Consulting	$ 533	$ 458

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(1) Effective July 1, 2023, prior period segment information for the Corporate Finance and FLC segments has been recast in this Quarterly Report on Form 10-Q to include the reclassification of a portion of the Company's health solutions practice in the FLC segment to our realigned business transformation practice within our Corporate Finance segment.

(2) The number of revenue-generating professionals for the Technology segment excludes as-needed professionals, who we employ based on demand for the segment's services. We employed an average of 727 as-needed employees during the three months ended March 31, 2024 compared with 499 as-needed employees during the three months ended March 31, 2023.

(3) We calculate the utilization rate for our billable professionals by dividing the number of hours that all of our billable professionals worked on client assignments during a period by the total available working hours for all of our billable professionals during the same period. Available hours are determined by the standard hours worked by each employee, adjusted for part-time hours, U.S. standard work weeks and local country holidays. Available working hours include vacation and professional training days, but exclude holidays. Utilization rates are presented for our segments that primarily bill clients on an hourly basis. We have not presented utilization rates for our Technology and Strategic Communications segments as most of the revenues of these segments are not generated on an hourly basis.

(4) For engagements where revenues are based on number of hours worked by our billable professionals and fixed-fee arrangements, average billable rate per hour is calculated by dividing revenues (excluding revenues from success fees, pass-through revenues and outside consultants) for a period by the number of hours worked on client assignments during the same period. We have not presented average billable rates per hour for our Technology and Strategic Communications segments as most of the revenues of these segments are not based on billable hours.

CORPORATE FINANCE & RESTRUCTURING

	Three Months Ended March 31,	
	2024	2023 [1]
	(dollars in thousands, except rate per hour)	
Revenues	$ 366,010	$ 315,652
Percentage change in revenues from prior year	16.0 %	19.1 %
Operating expenses		
Direct cost of revenues	238,190	213,648
Selling, general and administrative expenses	55,068	52,116
Amortization of intangible assets	833	1,912
	294,091	267,676
Segment operating income	71,919	47,976
Percentage change in segment operating income from prior year	49.9 %	-4.9 %
Add back:		
Depreciation and amortization of intangible assets	3,306	3,871
Adjusted Segment EBITDA	$ 75,225	$ 51,847
Gross profit [2]	$ 127,820	$ 102,004
Percentage change in gross profit from prior year	25.3 %	14.3 %
Gross profit margin [3]	34.9 %	32.3 %
Adjusted Segment EBITDA as a percentage of revenues	20.6 %	16.4 %
Number of revenue-generating professionals (at period end)	2,185	2,152
Percentage change in number of revenue-generating professionals from prior year	1.5 %	14.0 %
Utilization rate of billable professionals	62 %	59 %
Average billable rate per hour	$ 515	$ 478

(1) Effective July 1, 2023, prior period segment information for the Corporate Finance and FLC segments has been recast in this Quarterly Report on Form 10-Q to include the reclassification of a portion of the Company's health solutions practice in the FLC segment to our realigned business transformation practice within our Corporate Finance segment.

(2) Revenues less direct cost of revenues

(3) Gross profit as a percentage of revenues

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

Revenues increased $50.4 million, or 16.0%, to $366.0 million for the three months ended March 31, 2024, primarily due to higher realized bill rates and demand in our restructuring and transaction services as well as higher realized bill rates in our business transformation & strategy services.

Gross profit increased $25.8 million, or 25.3%, to $127.8 million for the three months ended March 31, 2024. Gross profit margin increased 2.6 percentage points for the three months ended March 31, 2024. The increase in gross profit margin was primarily due to the impact of higher realized bill rates, a 3 percentage point increase in utilization and higher success fees.

SG&A expenses increased $3.0 million, or 5.7%, to $55.1 million for the three months ended March 31, 2024. SG&A expenses of 15.0% of revenues for the three months ended March 31, 2024 compared with 16.5% of revenues for the three months ended March 31, 2023. The increase in SG&A expenses was primarily due to higher business development, compensation and infrastructure support, which was partially offset by lower recruiting costs.

FORENSIC AND LITIGATION CONSULTING

	Three Months Ended March 31,			
	2024		2023 [1]	
	(dollars in thousands, except rate per hour)			
Revenues	$	176,074	$	157,739
Percentage change in revenues from prior year		11.6 %		10.9 %
Operating expenses				
Direct cost of revenues		112,394		106,241
Selling, general and administrative expenses		31,600		31,026
Amortization of intangible assets		113		184
		144,107		137,451
Segment operating income		31,967		20,288
Percentage change in segment operating income from prior year		57.6 %		34.2 %
Add back:				
Depreciation and amortization of intangible assets		1,742		1,496
Adjusted Segment EBITDA	$	33,709	$	21,784
Gross profit [2]	$	63,680	$	51,498
Percentage change in gross profit from prior year		23.7 %		24.8 %
Gross profit margin [3]		36.2 %		32.6 %
Adjusted Segment EBITDA as a percentage of revenues		19.1 %		13.8 %
Number of revenue-generating professionals (at period end)		1,463		1,427
Percentage change in number of revenue-generating professionals from prior year		2.5 %		3.2 %
Utilization rate of billable professionals		59 %		57 %
Average billable rate per hour	$	406	$	375

(1) Effective July 1, 2023, Corporate Finance and FLC segment information for the prior periods has been recast in this Quarterly Report on Form 10-Q to include the reclassification of a portion of the Company's health solutions practice in the FLC segment to our realigned business transformation practice within our Corporate Finance segment.

(2) Revenues less direct cost of revenues

(3) Gross profit as a percentage of revenues

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

Revenues increased $18.3 million, or 11.6%, to $176.1 million for the three months ended March 31, 2024, primarily due to higher demand and realized bill rates for our investigations and disputes services, primarily in North America.

Gross profit increased $12.2 million, or 23.7%, to $63.7 million for the three months ended March 31, 2024. Gross profit margin increased 3.5 percentage points for the three months ended March 31, 2024. The increase in gross profit margin was primarily due to a 2 percentage point increase in utilization.

SG&A expenses increased $0.6 million, or 1.9%, to $31.6 million for the three months ended March 31, 2024. SG&A expenses of 17.9% of revenues for the three months ended March 31, 2024 compared with 19.7% of revenues for the three months ended March 31, 2023. The increase in SG&A expenses was primarily driven by higher infrastructure support, travel and entertainment, and other general and administrative expenses, which was partially offset by favorable litigation settlements.

ECONOMIC CONSULTING

	Three Months Ended March 31,	
	2024	2023
	(dollars in thousands, except rate per hour)	
Revenues	$ 204,548	$ 169,595
Percentage change in revenues from prior year	20.6 %	2.2 %
Operating expenses		
Direct cost of revenues	159,440	131,846
Selling, general and administrative expenses	32,243	25,049
	191,683	156,895
Segment operating income	12,865	12,700
Percentage change in segment operating income from prior year	1.3 %	-36.3 %
Add back:		
Depreciation and amortization	1,285	1,493
Adjusted Segment EBITDA	$ 14,150	$ 14,193
Gross profit (1)	$ 45,108	$ 37,749
Percentage change in gross profit from prior year	19.5 %	-9.1 %
Gross profit margin (2)	22.1 %	22.3 %
Adjusted Segment EBITDA as a percentage of revenues	6.9 %	8.4 %
Number of revenue-generating professionals (at period end)	1,091	1,031
Percentage change in number of revenue-generating professionals from prior year	5.8 %	8.5 %
Utilization rate of billable professionals	68 %	68 %
Average billable rate per hour	$ 533	$ 458

(1) Revenues less direct cost of revenues

(2) Gross profit as a percentage of revenues

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

Revenues increased $35.0 million, or 20.6%, to $204.5 million for the three months ended March 31, 2024, primarily due to higher demand and realized bill rates for our non-M&A-related antitrust and financial economics services.

Gross profit increased $7.4 million, or 19.5%, to $45.1 million for the three months ended March 31, 2024. Gross profit margin decreased 0.2 percentage points for the three months ended March 31, 2024. The slight decrease in gross profit margin was primarily due to an increase in compensation, which was partially offset by the positive impact of higher realized bill rates.

SG&A expenses increased $7.2 million, or 28.7%, to $32.2 million for the three months ended March 31, 2024. SG&A expenses of 15.8% of revenues for the three months ended March 31, 2024 compared with 14.8% of revenues for the three months ended March 31, 2023. The increase in SG&A expenses was primarily driven by higher bad debt expense.

TECHNOLOGY

	Three Months Ended March 31, 2024	2023
	(dollars in thousands)	
Revenues	$ 100,713	$ 90,618
Percentage change in revenues from prior year	11.1 %	12.6 %
Operating expenses		
Direct cost of revenues	64,069	53,978
Selling, general and administrative expenses	25,705	24,750
	89,774	78,728
Segment operating income	10,939	11,890
Percentage change in segment operating income from prior year	-8.0 %	16.1 %
Add back:		
Depreciation and amortization	3,642	3,476
Adjusted Segment EBITDA	$ 14,581	$ 15,366
Gross profit [1]	$ 36,644	$ 36,640
Percentage change in gross profit from prior year	— %	23.9 %
Gross profit margin [2]	36.4 %	40.4 %
Adjusted Segment EBITDA as a percentage of revenues	14.5 %	17.0 %
Number of revenue-generating professionals (at period end) [3]	646	581
Percentage change in number of revenue-generating professionals from prior year	11.2 %	17.1 %

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(1) Revenues less direct cost of revenues

(2) Gross profit as a percentage of revenues

(3) Includes personnel involved in direct client assistance and revenue-generating consultants and excludes professionals employed on an as-needed basis.

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

Revenues increased $10.1 million, or 11.1%, to $100.7 million for the three months ended March 31, 2024, primarily due to higher demand for M&A-related “second request” and information governance, privacy & security services, which was partially offset by lower demand for investigations services.

Gross profit was flat at $36.6 million for the three months ended March 31, 2024. Gross profit margin decreased 4.0 percentage points for the three months ended March 31, 2024. The decrease in gross profit margin was primarily due to lower profitability in our consulting and data transformation & production services.

SG&A expenses increased $1.0 million, or 3.9%, to $25.7 million for the three months ended March 31, 2024. SG&A expenses of 25.5% of revenues for the three months ended March 31, 2024 compared with 27.3% of revenues for the three months ended March 31, 2023. The increase in SG&A expenses was primarily due to higher compensation, which was partially offset by lower bad debt expense.

STRATEGIC COMMUNICATIONS

	Three Months Ended March 31,	
	2024	2023
	(dollars in thousands)	
Revenues	$ 81,208	$ 73,102
Percentage change in revenues from prior year	11.1 %	4.5 %
Operating expenses		
Direct cost of revenues	51,941	47,804
Selling, general and administrative expenses	17,723	16,529
Amortization of intangible assets	70	86
	69,734	64,419
Segment operating income	11,474	8,683
Percentage change in segment operating income from prior year	32.1 %	-41.5 %
Add back:		
Depreciation and amortization of intangible assets	952	873
Adjusted Segment EBITDA	$ 12,426	$ 9,556
Gross profit [(1)]	$ 29,267	$ 25,298
Percentage change in gross profit from prior year	15.7 %	-12.6 %
Gross profit margin [(2)]	36.0 %	34.6 %
Adjusted Segment EBITDA as a percentage of revenues	15.3 %	13.1 %
Number of revenue-generating professionals (at period end)	981	995
Percentage change in number of revenue-generating professionals from prior year	-1.4 %	16.2 %

(1) Revenues less direct cost of revenues

(2) Gross profit as a percentage of revenues

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

Revenues increased $8.1 million, or 11.1%, to $81.2 million for the three months ended March 31, 2024, which included a 1.4% estimated positive impact from FX. Excluding the estimated impact from FX, revenues increased $7.1 million, or 9.7%, primarily driven by higher demand for our public affairs and corporate reputation services.

Gross profit increased $4.0 million, or 15.7%, to $29.3 million for the three months ended March 31, 2024. Gross profit margin increased 1.4 percentage points for the three months ended March 31, 2024. The increase in gross profit margin was primarily driven by lower compensation expenses as a percentage of revenues.

SG&A expenses increased $1.2 million, or 7.2%, to $17.7 million for the three months ended March 31, 2024, which included a 1.2% estimated negative impact from FX. SG&A expenses of 21.8% of revenues for the three months ended March 31, 2024 compared with 22.6% of revenues for the three months ended March 31, 2023. The increase in SG&A expenses was primarily driven by higher compensation, infrastructure support, rent and occupancy, and travel and entertainment expenses.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which we have prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Note 1 to the Consolidated Financial Statements included in Part II, Item 8, of our Annual Report on Form 10-K for the year ended December 31, 2023 describes the significant accounting policies and methods used in preparation of the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q. We evaluate our estimates, including those related to revenues, goodwill and intangible assets, income taxes and contingencies, on an ongoing basis. Our estimates are based on current facts and circumstances, historical experience and various other assumptions that we believe are reasonable, which form the basis for making judgments about the values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The accounting estimates that reflect our more significant judgments, and which we believe are the most critical to aid in fully understanding and evaluating our reported financial results, include the following:

- Revenue Recognition
- Goodwill and Intangible Assets

There were no material changes to our critical accounting estimates from the information provided in “Critical Accounting Estimates” in the Management’s Discussion and Analysis of Financial Condition and Results of Operations, in Part II, Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2023, or from the information provided in Part II, Item 8, of our Annual Report on Form 10-K for the year ended December 31, 2023.

SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS

See Note 2, “New Accounting Standards” in Part I, Item 1, of this Quarterly Report on Form 10-Q.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our annual cash flows from operations generally exceed our cash needs for capital expenditures and debt service requirements. We typically finance our day-to-day operations, capital expenditures, acquisitions and share repurchases through cash flows from operations. During the first quarter of each fiscal year, our cash needs generally exceed our cash flows from operations due to the payment of annual incentive compensation. We believe that our cash flows from operations, supplemented by borrowings under our Credit Facility, as necessary, will provide adequate cash to fund our cash needs for at least the next 12 months.

Our operating assets and liabilities consist primarily of billed and unbilled accounts receivable, notes receivable from employees, accounts payable, accrued expenses and accrued compensation expenses. The timing of billings and collections of receivables, as well as compensation and vendor payments, affects the changes in these balances.

Results of operations for our non-U.S. subsidiaries are translated from the designated functional currency to our reporting currency of USD. Revenues and expenses are translated at average exchange rates for each month, while assets and liabilities are translated at balance sheet date exchange rates. Resulting net translation adjustments are recorded as a component of stockholders’ equity in “Accumulated other comprehensive loss.”

Uncertainties and Trends Affecting Liquidity

Our conclusion that we will be able to fund our cash requirements for at least the next 12 months by using existing capital resources and cash generated from operations does not take into account events beyond our control that could result in a material adverse impact on our business, the impact of any future acquisitions or unexpected significant changes in the number of employees or other unanticipated uses of cash. The anticipated cash needs of our business could change significantly if we pursue and complete additional business acquisitions, if our business plans change, if events such as economic and workforce disruptions arise, including any future impact of future public health crises, or economic or business conditions change from those currently prevailing or from those now anticipated, or if unexpected circumstances or other events beyond our control arise that may have a material adverse effect on the cash flow or profitability of our business, including material negative changes in the health and welfare of our employees or those of our clients, and the operating performance or financial results of our business. Any of these events or circumstances, including any new business opportunities, could involve significant additional funding and could require us to borrow under our Credit Facility or raise additional debt or equity funding to meet those needs. Our ability to borrow or raise additional capital, if necessary, is subject to a variety of factors that we cannot predict with certainty, including:

- our future profitability;
- the quality of our accounts receivable;
- our relative levels of debt and equity;
- the volatility and overall condition of the capital markets; and
- the market prices of our securities.

Any new debt funding, if available, may be on terms less favorable to us than our Credit Facility. See “Forward-Looking Statements” in Part I, Item 2, of this Quarterly Report on Form 10-Q, and the information contained under the heading “Risk Factors” in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2023.

Cash Flows

	Three Months Ended March 31,	
	2024	2023
Cash Flows	(dollars in thousands)	
Net cash used in operating activities	$ (274,818)	$ (254,206)
Net cash provided by (used in) investing activities	$ 20,606	$ (18,012)
Net cash provided by financing activities	$ 198,585	$ 15,767
Effect of exchange rate changes on cash and cash equivalents	$ (3,635)	$ 3,302
DSO [(1)]	105	102

(1) DSO is a performance measure used to assess how quickly revenues are collected by the Company. We calculate DSO at the end of each reporting period by dividing net accounts receivable reduced by billings in excess of services provided, by revenues for the quarter, adjusted for changes in FX rates. We multiply the result by the number of days in the quarter.

Three Months Ended March 31, 2024 Compared with Three Months Ended March 31, 2023

Net cash used in operating activities of $274.8 million for the three months ended March 31, 2024 compared to $254.2 million for the three months ended March 31, 2023. The increase of $20.6 million, or 8.1%, in net cash used in operating activities was primarily due to an increase in salaries, higher annual bonus payments and an increase in forgivable loan issuances, which was partially offset by an increase in cash collections compared to the prior year period. DSO was 105 and 102 days as of March 31, 2024 and 2023, respectively.

Net cash provided by investing activities of $20.6 million for the three months ended March 31, 2024 compared to $18.0 million net cash used in investing activities for the three months ended March 31, 2023. The increase of $38.6 million, or

214.4%, in net cash provided by investing activities was primarily due to short-term investments of $25.2 million maturing during the three months ended March 31, 2024, as there were no proceeds from short-term investments during the three months ended March 31, 2023, and a $13.4 million decrease in capital expenditures, primarily driven by lower spend on leasehold improvements and cloud computing costs as compared to the prior year quarter.

Net cash provided by financing activities of $198.6 million for the three months ended March 31, 2024 compared to $15.8 million for the three months ended March 31, 2023. The increase of $182.8 million, or 1,159.5%, in net cash provided by financing activities was primarily due to an increase in net borrowings of $160.0 million under our Credit Facility and a decrease of $21.0 million in payments for common stock repurchases under the Repurchase Program as compared with the same period in the prior year.

The effect of exchange rate changes on cash and cash equivalents had an unfavorable impact of $3.6 million for the three months ended March 31, 2024 compared to a favorable impact of $3.3 million for the three months ended March 31, 2023.

$23.5 million of the $25.9 million of cash paid for income taxes and tax credits, net of tax refunds related to payments for the purchase of tax credits.

Principal Sources of Capital Resources

As of March 31, 2024, our capital resources included $244.0 million of cash and cash equivalents and available borrowing capacity of $695.0 million under the $900.0 million revolving line of credit under our Credit Facility. The $900.0 million revolving line of credit under our Credit Facility includes a $125.0 million sublimit for borrowings in currencies other than USD, including the euro, British pound, Australian dollar, Canadian dollar, Swiss franc and Japanese yen.

The availability of borrowings, as well as issuances and extensions of letters of credit under our Credit Facility, are subject to specified conditions. Subject to certain conditions, at any time prior to maturity, we will be able to invite existing and new lenders to increase the size of the facility up to a maximum of $1.2 billion. See Note 8, "Debt" in Part I, Item 1, of this Quarterly Report on Form 10-Q for a further discussion of borrowing rates and guarantees under the Credit Facility.

The second amended and restated credit agreement entered into on November 21, 2022 (the "Credit Agreement") governing the Credit Facility and our other indebtedness outstanding from time to time contains covenants that, among other things, may limit our ability to: incur additional indebtedness; create liens; pay dividends on our capital stock, make distributions or repurchases of our capital stock or make specified other restricted payments; consolidate, merge or sell all or substantially all of our assets; guarantee obligations of other entities or our foreign subsidiaries; enter into hedging agreements; enter into transactions with affiliates or related persons; or engage in any business other than consulting-related businesses. In addition, the Credit Agreement includes a financial covenant that requires us not to exceed a maximum consolidated total net leverage ratio (the ratio of funded debt (less unrestricted cash up to $300.0 million) to Consolidated EBITDA, as defined in the Credit Agreement). As of March 31, 2024, we were in compliance with the covenants contained in the Credit Agreement. See Note 8, "Debt" in Part I, Item 1, of this Quarterly Report on Form 10-Q for a further discussion of the Credit Agreement.

Principal Uses of Capital Resources

Future Capital Requirements

We anticipate that our future capital requirements will principally consist of funds required for:

- operating and general corporate expenses relating to the operation of our businesses;
- capital expenditures, primarily for information technology equipment and information or financial systems, office furniture and leasehold improvements;
- debt service requirements, including interest payments on our long-term debt;
- compensation to designated executive management and senior managing directors under our various long-term incentive compensation programs;
- discretionary funding of the Repurchase Program;
- contingent obligations related to our acquisitions;
- potential acquisitions of businesses; and
- other known future contractual obligations.

Capital Expenditures

During the three months ended March 31, 2024, we spent $4.6 million in capital expenditures to support our organization, including direct support for specific client engagements. For the remainder of 2024, we currently expect additional capital expenditures to support our organization in an aggregate amount of between $28 million and $34 million. Our estimate takes into consideration the needs of our existing businesses but does not include the impact of any purchases that we may be required to make as a result of future acquisitions or specific client engagements that are not completed or not currently contemplated. Our capital expenditure requirements may change if our staffing levels or technology needs change significantly from what we currently anticipate, if we are required to purchase additional equipment specifically to support new client engagements, or if we pursue and complete additional acquisitions.

Future Contractual Obligations

Our future contractual obligations as of March 31, 2024 include long-term obligations of $205.0 million related to outstanding borrowings under our Credit Facility. For more information on our Credit Facility, refer to Note 8, "Debt" in Part I, Item 1. Future contractual obligations related to our debt assume that payments will be made based on the current payment schedule and that interest payments will be at their stated rates and exclude any additional revolving line of credit borrowings or repayments subsequent to March 31, 2024 and prior to the November 21, 2027 maturity date of our Credit Facility. Under our operating leases as described in Note 9, "Leases" in Part I, Item 1, we have current obligations of $34.7 million and non-current obligations of $213.6 million.

These amounts reflect future unconditional payments and are based on the terms of the relevant agreements, appropriate classification of items under GAAP currently in effect and certain assumptions such as interest rates. Future events could cause actual payments to differ from these amounts.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve uncertainties and risks. Forward-looking statements include statements concerning our plans, initiatives, projections, prospects, policies, processes and practices, objectives, goals, commitments, strategies, future events, future revenues, future results and performance, future capital allocations and expenditures, expectations, plans or intentions relating to acquisitions, share repurchases and other matters, business trends, new, or changes to, laws and regulations, including U.S. and foreign tax laws, environmental, social and governance ("ESG")-related issues, climate change-related matters, scientific or technological developments, including relating to new and emerging technologies, such as AI and machine learning and other information that is not historical. Forward-looking statements often contain words such as *"estimates," "expects," "anticipates," "projects," "plans," "intends," "believes," "commits," "aspires," "forecasts," "future," "goal," "seeks"* and variations of such words or similar expressions. All forward-looking statements, including, without limitation, management's financial guidance and examination of operating trends, are based upon our historical performance and our current plans, estimates, intentions and expectations at the time we make them, and various assumptions. Our actual financial results, performance or achievements and outcomes could differ materially from those expressed in, or implied by, any forward-looking statements. Any references to standards of measurement and performance made regarding our climate change-, ESG- or other sustainability-related plans, goals, commitments, intentions, aspirations, forecasts or projections, or expectations are developing and based on assumptions. There can be no assurance that management's plans, performance, expectations, intentions, aspirations, beliefs, goals, estimates, forecasts and projections, including any that are ESG- or other sustainability-related, will result or be achieved, and the inclusion of any forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates, forecasts, intentions, aspirations, beliefs or expectations contemplated by us will be achieved. Given these risks, uncertainties and other factors, you should not place undue reliance on any forward-looking statements.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in, or implied by, this Quarterly Report on Form 10-Q. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Quarterly Report on Form 10-Q include those set forth under the heading "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2023, as well as in other information that we file with the SEC from time to time. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this Quarterly Report on Form 10-Q include, but are not limited to, the following:

- changes in demand for our services;

- our ability to recruit and retain qualified professionals and senior management, including segment, industry and regional leaders;
- conflicts resulting in our inability to represent certain clients;
- our former employees joining or forming competing businesses;
- the enactment of legislation rendering contractual protections against competition by former employees unenforceable;
- our ability to manage our headcount needs and our professionals' utilization and billing rates and maintain or increase the pricing of our services and products;
- our ability to identify suitable acquisition candidates, negotiate favorable terms, take advantage of opportunistic acquisition situations and integrate the operations of acquisitions, as well as the costs of integration;
- our ability to adapt to and manage the risks associated with operating in non-U.S. markets;
- our ability to replace key personnel, including former executives, officers, senior managers and practice and regional leaders who have highly specialized skills and experience;
- our ability to protect the confidentiality of internal and client data and proprietary and confidential information, including from cyberattacks, systems failures or other similar events, or the use or misuse of social media;
- legislation or judicial rulings, including legislation or rulings regarding data privacy and the discovery process;
- periodic fluctuations in revenues, operating income and cash flows;
- damage to our reputation as a result of claims involving the quality of our services, failures of our internal information technology systems controls or adverse publicity relating to certain clients or engagements;
- fee discounting or renegotiation, lower pricing, less advantageous contract terms and unexpected termination of client engagements;
- competition for clients and key personnel;
- general economic factors, industry trends, restructuring and bankruptcy rates, legal or regulatory requirements, capital market conditions, merger and acquisition activity, major litigation activity and other events outside of our control;
- our ability to manage growth;
- risk of non-payment of receivables;
- the amount and terms of our outstanding indebtedness;
- risks relating to the obsolescence, replacement, protection, implementation or operation of our information technology systems, including our enterprise resource planning ("ERP") and other financial systems, and software, proprietary software products, intellectual property rights and trade secrets, which could adversely affect our ability to retain or win clients, conduct business, preserve or enhance our reputation, maintain business continuity or report financial results;
- risks relating to the adoption and integration of technological innovations such as AI and machine learning;
- foreign currency disruptions and currency fluctuations between the U.S. dollar and foreign currencies;
- U.S. and foreign tax law changes, including the enactment of tax legislation, proposed from time-to-time, into law, which could increase our effective tax rate and cash tax expenditures;
- physical risks related to climate change, including rising temperatures, severe storms, energy disruptions and rising sea levels, among others, which could adversely impact our ability to conduct business or maintain business continuity, including by affecting our access to our leased office space in affected geographies and the integrity of our information technology systems;

- our climate change and ESG-related initiatives and goals, including our policies and practices relating to the environment and climate change, sustainability, and diversity and inclusion, if they do not meet or keep pace with evolving governmental, investor or other stakeholder expectations and standards or rules and regulations; and
- fluctuations in the mix of our services and the geographic locations in which our clients are located or our services are rendered.

There may be other factors that may cause our actual results to differ materially from our forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included herein. We undertake no obligation to publicly update or revise any forward-looking statements to reflect subsequent events or circumstances and do not intend to do so.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For information regarding our exposure to certain market risks, see "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A, of our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes in our market risk exposure during the period covered by this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. An evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q, was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (a) were effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is timely recorded, processed, summarized and reported and (b) included, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting. There have not been any changes in our internal control over financial reporting during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

From time to time in the ordinary course of business, we are subject to claims, asserted or unasserted, or named as a party to lawsuits or investigations. Litigation, in general, and intellectual property and securities litigation in particular, can be expensive and disruptive to normal business operations. Moreover, the results of legal proceedings cannot be predicted with any certainty and in the case of more complex legal proceedings such as intellectual property and securities litigation, the results are difficult to predict at all. We are not aware of any asserted or unasserted legal proceedings or claims that we believe would have a material adverse effect on our financial condition or results of our operations.

Item 1A. Risk Factors

There have been no material changes in any risk factors previously disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the United States Securities and Exchange Commission ("SEC"). We may disclose changes to risk factors or disclose additional factors from time to time in our future filings with the SEC. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

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

Unregistered sales of equity securities.

None.

Repurchases of our common stock.

The following table provides information with respect to purchases we made of our common stock during the three months ended March 31, 2024:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program [1]	Approximate Dollar Value That May Yet Be Purchased Under the Program
	(in thousands, except per share data)			
January 1 through January 31, 2024	6 [2]	$ 197.89	—	$ 460,653
February 1 through February 29, 2024	34 [3]	$ 192.22	—	$ 460,653
March 1 through March 31, 2024	17 [4]	$ 204.37	—	$ 460,653
	57		—	

(1) On June 2, 2016, our Board of Directors authorized a stock repurchase program of up to $100.0 million (the "Repurchase Program"). On each of May 18, 2017, December 1, 2017, February 21, 2019 and February 20, 2020, our Board of Directors authorized an additional $100.0 million. On each of July 28, 2020 and December 3, 2020, our Board of Directors authorized an additional $200.0 million. On December 1, 2022, our Board of Directors authorized an additional $400.0 million, increasing the Repurchase Program to an aggregate authorization of $1.3 billion. No time limit has been established for the completion of the Repurchase Program, and the Repurchase Program may be suspended, discontinued or replaced by the Board of Directors at any time without prior notice. There were no repurchases of shares of our common stock pursuant to the Repurchase Program during the quarter ended March 31, 2024.

(2) Includes 5,736 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

(3) Includes 33,793 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

(4) Includes 17,030 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(c) Trading plans

During the quarter ended March 31, 2024, no director or Section 16 officer of the Company adopted or terminated any Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
3.1	Articles of Incorporation of FTI Consulting, Inc., as amended and restated. (Filed with the Securities and Exchange Commission on May 23, 2003 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated May 21, 2003 and incorporated herein by reference.)
3.2	Articles of Amendment of FTI Consulting, Inc. (Filed with the Securities and Exchange Commission on June 2, 2011 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated June 1, 2011 and incorporated herein by reference.)
3.3	Bylaws of FTI Consulting, Inc., as Amended and Restated Adopted February 20, 2023. (Filed with the Securities and Exchange Commission on February 21, 2023 as an exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated February 20, 2023 and incorporated herein by reference.)
31.1†	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002.)
31.2†	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended (Section 302 of the Sarbanes-Oxley Act of 2002.)
32.1†**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002.)
32.2†**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 (Section 906 of the Sarbanes-Oxley Act of 2002.)
101	The following financial information from the Quarterly Report on Form 10-Q of FTI Consulting, Inc., included herewith, and formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of March 31, 2024 and December 31, 2023; (ii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2024 and 2023; (iii) Condensed Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2024 and 2023; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023; and (v) Notes to the Condensed Consolidated Financial Statements, tagged as blocks of text.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in Inline XBRL (included as Exhibit 101).

† Filed herewith.

** This certification is deemed not filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

SIGNATURES

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

Date: April 25, 2024

FTI CONSULTING, INC.

By: /s/ Brendan Keating

Brendan Keating
Chief Accounting Officer and Controller
(principal accounting officer)

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Rule 13a-14(a) and 15d-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Steven H. Gunby, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FTI Consulting, 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.

Date: April 25, 2024

By: /S/ STEVEN H. GUNBY

Steven H. Gunby
President and Chief Executive Officer
(principal executive officer)

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Rule 13a-14(a) and 15d-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Ajay Sabherwal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of FTI Consulting, 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.

Date: April 25, 2024

By: /S/ AJAY SABHERWAL
Ajay Sabherwal
Chief Financial Officer
(principal financial officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of FTI Consulting, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven H. Gunby, President and Chief Executive Officer (principal 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 to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 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.

Date: April 25, 2024

By: /s/ STEVEN H. GUNBY

Steven H. Gunby
President and Chief Executive Officer
(principal executive officer)

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

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of FTI Consulting, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ajay Sabherwal, Chief Financial Officer (principal 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 to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or Section 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.

Date: April 25, 2024

By: /S/ AJAY SABHERWAL

Ajay Sabherwal
Chief Financial Officer
(principal financial officer)

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