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 September 30, 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 **(State or Other Jurisdiction of Incorporation or Organization)**	**52-1261113** **(I.R.S. Employer Identification No.)**
555 12th Street NW Washington, DC **(Address of Principal Executive Offices)**	**20004** **(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 October 17, 2024
Common Stock, $0.01 par value	35,944,329

FTI CONSULTING, INC. AND SUBSIDIARIES

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PART I—FINANCIAL INFORMATION

FTI Consulting, Inc. and Subsidiaries

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

Item 1. Financial Statements

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 386,344	$ 303,222
Accounts receivable, net	1,184,475	1,102,142
Current portion of notes receivable	44,836	30,997
Prepaid expenses and other current assets	100,318	119,092
Total current assets	1,715,973	1,555,453
Property and equipment, net	150,379	159,662
Operating lease assets	206,945	208,910
Goodwill	1,240,280	1,234,569
Intangible assets, net	17,523	18,285
Notes receivable, net	108,450	75,431
Other assets	77,630	73,568
Total assets	$ 3,517,180	$ 3,325,878
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable, accrued expenses and other	$ 201,806	$ 223,758
Accrued compensation	556,606	601,074
Billings in excess of services provided	64,764	67,937
Total current liabilities	823,176	892,769
Noncurrent operating lease liabilities	216,992	223,774
Deferred income taxes	138,562	140,976
Other liabilities	86,251	86,939
Total liabilities	1,264,981	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 35,949 (2024) and 35,521 (2023)	360	355
Additional paid-in capital	41,555	16,760
Retained earnings	2,345,143	2,114,765
Accumulated other comprehensive loss	(134,859)	(150,460)
Total stockholders' equity	2,252,199	1,981,420
Total liabilities and stockholders' equity	$ 3,517,180	$ 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues	$ 926,019	$ 893,261	$ 2,803,728	$ 2,564,558
Operating expenses				
Direct cost of revenues	628,079	598,804	1,891,862	1,740,407
Selling, general and administrative expenses	205,995	186,088	614,100	556,672
Amortization of intangible assets	1,053	1,340	3,149	4,939
	835,127	786,232	2,509,111	2,302,018
Operating income	90,892	107,029	294,617	262,540
Other income (expense)				
Interest income and other	(909)	5,147	2,581	3,221
Interest expense	(1,197)	(4,474)	(6,235)	(10,435)
	(2,106)	673	(3,654)	(7,214)
Income before income tax provision	88,786	107,702	290,963	255,326
Income tax provision	22,320	24,385	60,585	62,067
Net income	$ 66,466	$ 83,317	$ 230,378	$ 193,259
Earnings per common share — basic	$ 1.88	$ 2.44	$ 6.55	$ 5.75
Earnings per common share — diluted	$ 1.85	$ 2.34	$ 6.43	$ 5.43
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments, net of tax expense of $0	$ 28,752	$ (18,228)	$ 15,601	$ (1,982)
Total other comprehensive income (loss), net of tax	28,752	(18,228)	15,601	(1,982)
Comprehensive income	$ 95,218	$ 65,089	$ 245,979	$ 191,277

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
Net income	—	$ —	$ —	$ 83,947	$ —	$ 83,947
Other comprehensive loss:						
Cumulative translation adjustment	—	—	—	—	(1,718)	(1,718)
Issuance of common stock in connection with:						
Exercise of options	180	2	6,714	—	—	6,716
Restricted share grants, less net settled shares of 15	25	—	(3,210)	—	—	(3,210)
Share-based compensation	—	—	9,289	—	—	9,289
Balance at June 30, 2024	35,902	$ 359	$ 33,955	$ 2,278,677	$ (163,611)	$ 2,149,380
Net income	—	$ —	$ —	$ 66,466	$ —	$ 66,466
Other comprehensive income:						
Cumulative translation adjustment	—	—	—	—	28,752	28,752
Issuance of common stock in connection with:						
Restricted share grants, less net settled shares of 10	47	1	(2,274)	—	—	(2,273)
Share-based compensation	—	—	9,874	—	—	9,874
Balance at September 30, 2024	35,949	$ 360	$ 41,555	$ 2,345,143	$ (134,859)	$ 2,252,199

	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
Net income	—	$ —	$ —	$ 62,395	$ —	$ 62,395
Other comprehensive income:						
Cumulative translation adjustment	—	—	—	—	6,396	6,396
Issuance of common stock in connection with:						
Exercise of options	21	—	718	—	—	718
Restricted share grants, less net settled shares of 13	30	—	(2,408)	—	—	(2,408)
Conversion of convertible senior notes due 2023	—	—	(375)	—	—	(375)
Share-based compensation	—	—	7,538	—	—	7,538
Balance at June 30, 2023	34,034	$ 340	$ 5,473	$ 1,949,815	$ (160,476)	$ 1,795,152
Net income	—	$ —	$ —	$ 83,317	$ —	$ 83,317
Other comprehensive loss:						
Cumulative translation adjustment	—	—	—	—	(18,228)	(18,228)
Issuance of common stock in connection with:						
Exercise of options	1	—	42	—	—	42
Restricted share grants, less net settled shares of 17	14	—	(3,291)	—	—	(3,291)
Settlement of conversion premium of convertible senior notes due 2023	1,461	15	(21)	—	—	(6)
Share-based compensation	—	—	7,509	—	—	7,509
Balance at September 30, 2023	35,510	$ 355	$ 9,712	$ 2,033,132	$ (178,704)	$ 1,864,495

See accompanying notes to condensed consolidated financial statements

FTI Consulting, Inc. and Subsidiaries

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

	Nine Months Ended September 30,	
	2024	**2023**
Operating activities		
Net income	$ 230,378	$ 193,259
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	32,176	29,926
Amortization of intangible assets	3,149	4,939
Provision for expected credit losses	28,376	21,347
Share-based compensation	27,975	21,412
Deferred income taxes	(3,768)	(4,602)
Acquisition-related contingent consideration	(1,025)	4,263
Amortization of debt issuance costs and other	710	1,722
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable, billed and unbilled	(100,004)	(333,713)
Notes receivable	(45,589)	(22,600)
Prepaid expenses and other assets	(8,604)	(3,252)
Accounts payable, accrued expenses and other	(2,590)	(8,895)
Income taxes	(20,202)	(347)
Accrued compensation	(57,691)	(65,394)
Billings in excess of services provided	(3,509)	3,410
Net cash provided by (used in) operating activities	79,782	(158,525)
Investing activities		
Purchases of property and equipment and other	(21,729)	(43,224)
Maturity of short-term investment	25,246	—
Purchase of short-term investment	—	(24,356)
Net cash provided by (used in) investing activities	3,517	(67,580)
Financing activities		
Borrowings under revolving line of credit	600,000	725,000
Repayments under revolving line of credit	(600,000)	(440,000)
Repayment of convertible notes	—	(315,763)
Purchase and retirement of common stock	—	(20,982)
Share-based compensation tax withholdings	(16,593)	(15,211)
Proceeds on stock option exercises	10,614	1,208
Deposits and other	1,106	(1,332)
Net cash used in financing activities	(4,873)	(67,080)
Effect of exchange rate changes on cash and cash equivalents	4,696	2,645
Net increase (decrease) in cash and cash equivalents	83,122	(290,540)
Cash and cash equivalents, beginning of period	303,222	491,688
Cash and cash equivalents, end of period	$ 386,344	$ 201,148
Supplemental cash flow disclosures		
Cash paid for interest	$ 5,445	$ 10,160
Cash paid for income taxes and tax credits, net of refunds	$ 84,554	$ 67,015
Non-cash 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.

In August 2022, the Inflation Reduction Act ("IRA") was enacted into law. The IRA, among other things, includes provisions that permit clean energy tax credits that are transferable to an unrelated third party in exchange for cash payment. When the control of the investment tax credits transfers, the acquired credits are recognized as deferred tax assets and are measured under Accounting Standards Codification Topic 740, Income Taxes. The difference between the purchase price and the tax basis of the purchased credits is recognized as deferred credits. The deferred credits are recognized in income tax expense in proportion to the reversal of the associated deferred tax asset. The amounts paid for the tax credits are presented in the "Cash paid for income taxes and tax credits, net of tax refunds" line in the supplemental cash flow disclosures.

2. New Accounting Standards

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 United States ("U.S.") (federal, state and local) 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 upon exercise or vesting of outstanding awards 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 and nine months ended September 30, 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 and nine months ended September 30, 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 and nine months ended September 30, 2024, there were no 2023 Convertible Notes outstanding.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator — basic and diluted				
Net income	$ 66,466	$ 83,317	$ 230,378	$ 193,259
Denominator				
Weighted average number of common shares outstanding — basic	35,315	34,128	35,172	33,599
Effect of dilutive share-based awards	521	515	527	547
Effect of dilutive stock options	56	285	143	296
Effect of dilutive convertible notes	—	728	—	1,157
Weighted average number of common shares outstanding — diluted	35,892	35,656	35,842	35,599
Earnings per common share — basic	$ 1.88	$ 2.44	$ 6.55	$ 5.75
Earnings per common share — diluted	$ 1.85	$ 2.34	$ 6.43	$ 5.43
Antidilutive stock options and share-based awards	19	2	27	5

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 prior 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 $8.8 million and $16.2 million for the three and nine months ended September 30, 2024, respectively, and $10.4 million and $6.6 million for the three and nine months ended September 30, 2023, respectively.

Unfulfilled performance obligations primarily consist of fees not yet recognized on certain fixed-fee, performance-based and contingent arrangements. As of September 30, 2024 and December 31, 2023, the aggregate amount of the remaining contract transaction price allocated to unfulfilled performance obligations was $24.8 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 September 30, 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 September 30, 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:

	September 30, 2024	December 31, 2023
Accounts receivable:		
Billed receivables	$ 824,634	$ 745,371
Unbilled receivables	435,247	421,488
Allowance for expected credit losses	(75,406)	(64,717)
Accounts receivable, net	$ 1,184,475	$ 1,102,142

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Provision for expected credit losses	$ 8,454	$ 10,159	$ 28,376	$ 21,347
Write-offs	$ 11,065	$ 1,974	$ 30,946	$ 11,527

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	1,371	1,140	271	70	2,859	5,711
Balance at September 30, 2024	$ 542,362	$ 214,555	$ 268,753	$ 96,872	$ 117,738	$ 1,240,280

(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 September 30, 2024 and December 31, 2023.

(2) Amounts for our Strategic Communications segment include gross carrying values of $311.9 million and $309.0 million as of September 30, 2024 and December 31, 2023, respectively, and accumulated impairment losses of $194.1 million as of September 30, 2024 and December 31, 2023.

Intangible Assets

Intangible assets were as follows:

	September 30, 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	$ 29,566	$ 18,649	$ 10,917	$ 27,000	$ 16,640	$ 10,36
Trademarks	9,823	8,450	1,373	9,712	7,129	2,58
Acquired software and other	901	769	132	888	646	24
	40,290	27,868	12,423	37,600	24,415	13,18
Non-amortizing intangible assets						
Trademarks	5,100	—	5,100	5,100	—	5,10
Total	$ 45,390	$ 27,868	$ 17,523	$ 42,700	$ 24,415	$ 18,28

Intangible assets with finite lives are amortized over their estimated useful lives. We recorded amortization expense of $1.1 million and $3.1 million during the three and nine months ended September 30, 2024, respectively, and $1.3 million and $4.9 million for the three and nine months ended September 30, 2023, respectively.

7. Financial Instruments

The fair values of all financial instruments are estimated to be equal to their carrying values as of September 30, 2024 and December 31, 2023. 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 $5.4 million and $12.8 million as of September 30, 2024 and December 31, 2023, respectively. There were no other assets or liabilities subject to Level 3 fair value measurements as of September 30, 2024 and December 31, 2023.

8. Debt

There was no debt outstanding as of September 30, 2024 and December 31, 2023.

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) euros, Euro Interbank Offered Rate, (iii) British pounds, Sterling Overnight Index Average Reference Rate, (iv) Australian dollars, Bank Bill Swap Reference Bid Rate, (v) Canadian dollars, Canadian Dollar Offered Rate, (vi) Swiss francs, 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.

There were $2.8 million and $3.4 million of unamortized debt issuance costs related to the Credit Facility as of September 30, 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	September 30, 2024	December 31, 2023
Assets			
Operating lease assets	Operating lease assets	$ 206,945	$ 208,910
Total lease assets		$ 206,945	$ 208,910
Liabilities			
Current			
Operating lease liabilities	Accounts payable, accrued expenses and other	$ 36,174	$ 33,864
Noncurrent			
Operating lease liabilities	Noncurrent operating lease liabilities	216,992	223,774
Total lease liabilities		$ 253,166	$ 257,638

The table below summarizes total lease costs:

Lease Cost	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Operating lease costs	$ 12,785	$ 12,923	$ 37,692	$ 38,871
Short-term lease costs	889	756	2,282	2,156
Variable lease costs and other	4,177	3,148	10,960	8,925
Total lease cost, net	$ 17,851	$ 16,827	$ 50,934	$ 49,952

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 September 30, 2024
2024 (remaining)	$ 13,058
2025	54,413
2026	47,533
2027	45,290
2028	35,930
Thereafter	120,552
Total future lease payments	316,776
Less: imputed interest	(63,610)
Total	$ 253,166

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:

	Nine Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities	$ 42,052	$ 41,793
Operating lease assets obtained in exchange for lease liabilities	$ 22,865	$ 26,488
Weighted average remaining lease term (years)		
Operating leases	7.5	8.0
Weighted average discount rate		
Operating leases	5.9 %	5.8 %

10. Commitments and Contingencies

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 nine months ended September 30, 2024, we granted equity awards of 124,514 restricted shares, 76,510 restricted stock units and 82,652 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 nine months ended September 30, 2024, 15,369 shares of restricted stock and 2,459 restricted stock units were forfeited prior to the completion of the applicable vesting requirements. Additionally, 988 performance stock units were forfeited during the nine months ended September 30, 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 September 30,		Nine Months Ended September 30,	
Income Statement Classification	**2024**	**2023**	**2024**	**2023**
Direct cost of revenues	$ 5,681	$ 4,407	$ 16,480	$ 13,667
Selling, general and administrative expenses	5,061	3,581	14,967	12,488
Total share-based compensation expense	$ 10,742	$ 7,988	$ 31,447	$ 26,155

12. Stockholders' Equity

2016 Stock Repurchase Program

On June 2, 2016, our Board of Directors authorized a stock repurchase program (the "Repurchase Program"), which was most recently increased by $400.0 million to an aggregate authorization of $1.3 billion on December 1, 2022. 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 September 30, 2024, we had $460.7 million available under the Repurchase Program to repurchase additional shares of our common stock.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	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

Common stock outstanding was approximately 35.9 million shares and 35.5 million shares as of September 30, 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues				
Corporate Finance	$ 341,512	$ 347,560	$ 1,055,493	$ 981,124
FLC	168,778	166,137	514,348	488,636
Economic Consulting	222,033	193,866	657,454	565,283
Technology	110,404	98,860	326,992	286,922
Strategic Communications	83,292	86,838	249,441	242,593
Total revenues	$ 926,019	$ 893,261	$ 2,803,728	$ 2,564,558
Adjusted Segment EBITDA				
Corporate Finance	$ 57,919	$ 68,094	$ 199,611	$ 165,450
FLC	19,991	21,480	68,694	68,861
Economic Consulting	35,244	27,756	93,690	77,472
Technology	16,465	14,873	51,976	50,326
Strategic Communications	12,124	13,454	36,161	35,273
Total Adjusted Segment EBITDA	$ 141,743	$ 145,657	$ 450,132	$ 397,382

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 66,466	$ 83,317	$ 230,378	$ 193,259
Add back:				
Income tax provision	22,320	24,385	60,585	62,067
Interest income and other	909	(5,147)	(2,581)	(3,221)
Interest expense	1,197	4,474	6,235	10,435
Unallocated corporate expenses	39,321	27,589	121,736	101,349
Segment depreciation expense	10,477	9,699	30,630	28,554
Amortization of intangible assets	1,053	1,340	3,149	4,939
Total Adjusted Segment EBITDA	$ 141,743	$ 145,657	$ 450,132	$ 397,382

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 and nine months ended September 30, 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(dollar amounts in thousands, except per share data)		(dollar amounts in thousands, except per share data)	
Revenues	$ 926,019	$ 893,261	$ 2,803,728	$ 2,564,558
Net income	$ 66,466	$ 83,317	$ 230,378	$ 193,259
Adjusted EBITDA	$ 102,948	$ 118,748	$ 329,942	$ 297,405
Earnings per common share — diluted	$ 1.85	$ 2.34	$ 6.43	$ 5.43
Adjusted earnings per common share — diluted	$ 1.85	$ 2.34	$ 6.43	$ 5.43
Net cash provided by (used in) operating activities	$ 219,374	$ 106,675	$ 79,782	$ (158,525)
Total number of employees	8,382	8,089	8,382	8,089

Third Quarter 2024 Executive Highlights

Revenues

Revenues for the three months ended September 30, 2024 increased $32.8 million, or 3.7%, to $926.0 million, compared to the three months ended September 30, 2023. The increase in revenues was primarily due to higher demand and realized bill rates in our Economic Consulting segment and higher demand in our Technology segment, which was partially offset by lower demand and realized bill rates in our Corporate Finance segment.

Net income

Net income for the three months ended September 30, 2024 decreased $16.9 million, or 20.2%, to $66.5 million, compared to the three months ended September 30, 2023. The decrease in net income was primarily due to an increase in direct compensation and selling, general and administrative ("SG&A") expenses and an FX remeasurement loss compared to a gain in the same quarter in the prior year, which was partially offset by higher revenues.

Adjusted EBITDA

Adjusted EBITDA for the three months ended September 30, 2024 decreased $15.8 million, or 13.3%, to $102.9 million, compared to the three months ended September 30, 2023. Adjusted EBITDA Margin of 11.1% for the three months ended September 30, 2024 compared to 13.3% for the three months ended September 30, 2023. The decrease in Adjusted EBITDA was primarily due to an increase in direct compensation and SG&A expenses, which was partially offset by higher revenues.

EPS and Adjusted EPS

EPS for the three months ended September 30, 2024 decreased $0.49 to $1.85 compared to $2.34 for the three months ended September 30, 2023. The decrease in EPS was primarily due to lower net income as described above.

Adjusted EPS was equal to EPS for the three months ended September 30, 2024 and 2023.

Liquidity and Capital Allocation

Net cash provided by operating activities for the three months ended September 30, 2024 increased $112.7 million, or 105.6%, to $219.4 million, compared to the three months ended September 30, 2023. The increase in net cash provided by operating activities was primarily due to an increase in cash collections. Days sales outstanding ("DSO") of 108 days at September 30, 2024 compared to 114 days at September 30, 2023. The decrease in DSO was primarily due to cash collections that outpaced the increase in revenues.

Free Cash Flow for the three months ended September 30, 2024 increased $119.9 million, or 129.6%, to $212.3 million, compared to the three months ended September 30, 2023. The increase was primarily due to higher net cash provided by operating activities, as described above, and 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 nine months ended September 30, 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
Additions (reductions), net	(18)	(6)	(15)	16	(9)	(32)	14	(18)
June 30, 2024	2,167	1,457	1,076	662	972	6,334	1,703	8,037
Additions, net	128	72	44	56	25	325	20	345
September 30, 2024	2,295	1,529	1,120	718	997	6,659	1,723	8,382
Percentage change in headcount from December 31, 2023	3.6%	5.7%	2.8%	14.3%	2.7%	4.9%	5.1%	4.9%

CONSOLIDATED RESULTS OF OPERATIONS

Segment and Consolidated Operating Results:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands, except per share data)		(in thousands, except per share data)	
Revenues				
Corporate Finance	$ 341,512	$ 347,560	$ 1,055,493	$ 981,124
FLC	168,778	166,137	514,348	488,636
Economic Consulting	222,033	193,866	657,454	565,283
Technology	110,404	98,860	326,992	286,922
Strategic Communications	83,292	86,838	249,441	242,593
Total revenues	$ 926,019	$ 893,261	$ 2,803,728	$ 2,564,558
Segment operating income				
Corporate Finance	$ 54,503	$ 64,633	$ 189,615	$ 154,724
FLC	18,118	19,708	63,185	63,881
Economic Consulting	33,880	26,293	89,697	73,017
Technology	12,524	11,481	40,600	39,803
Strategic Communications	11,188	12,503	33,256	32,464
Total segment operating income	130,213	134,618	416,353	363,889
Unallocated corporate expenses	(39,321)	(27,589)	(121,736)	(101,349)
Operating income	90,892	107,029	294,617	262,540
Other income (expense)				
Interest income and other	(909)	5,147	2,581	3,221
Interest expense	(1,197)	(4,474)	(6,235)	(10,435)
	(2,106)	673	(3,654)	(7,214)
Income before income tax provision	88,786	107,702	290,963	255,326
Income tax provision	22,320	24,385	60,585	62,067
Net income	$ 66,466	$ 83,317	$ 230,378	$ 193,259
Earnings per common share — basic	$ 1.88	$ 2.44	$ 6.55	$ 5.75
Earnings per common share — diluted	$ 1.85	$ 2.34	$ 6.43	$ 5.43

Reconciliation of Net Income to Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Net income	$ 66,466	$ 83,317	$ 230,378	$ 193,259
Add back:				
Income tax provision	22,320	24,385	60,585	62,067
Interest income and other	909	(5,147)	(2,581)	(3,221)
Interest expense	1,197	4,474	6,235	10,435
Depreciation and amortization	11,003	10,379	32,176	29,926
Amortization of intangible assets	1,053	1,340	3,149	4,939
Adjusted EBITDA	$ 102,948	$ 118,748	$ 329,942	$ 297,405

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 and nine months ended September 30, 2024 and 2023.

Reconciliation of Net Cash Provided by (Used in) Operating Activities to Free Cash Flow:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Net cash provided by (used in) operating activities	$ 219,374	$ 106,675	$ 79,782	$ (158,525)
Purchases of property and equipment	(7,047)	(14,199)	(21,748)	(43,284)
Free Cash Flow	$ 212,327	$ 92,476	$ 58,034	$ (201,809)

Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 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 September 30, 2024 increased $11.7 million, or 42.5%, to $39.3 million compared to $27.6 million for the three months ended September 30, 2023. The increase was primarily due to higher compensation expenses, investments related to artificial intelligence (“AI”) capabilities and an increase in legal expenses.

Interest income and other

Interest income and other, which includes FX gains and losses, decreased $6.1 million to a $0.9 million loss for the three months ended September 30, 2024 compared to a $5.1 million gain for the three months ended September 30, 2023. The decrease was primarily due to a $2.5 million FX loss for the three months ended September 30, 2024 compared to a $2.8 million FX gain for the three months ended September 30, 2023.

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 September 30, 2024 decreased $3.3 million, or 73.2%, to $1.2 million compared to $4.5 million for the three months ended September 30, 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 (“2023 Convertible Notes”), 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 decreased $2.1 million, or 8.5%, to $22.3 million for the three months ended September 30, 2024 compared to $24.4 million for the three months ended September 30, 2023. Our effective tax rate of 25.1% for the three months ended September 30, 2024 compared to 22.6% for the three months ended September 30, 2023. The decrease in the income tax provision was primarily due to a decrease in income before income tax provision, which was partially offset by a higher tax rate related to an unfavorable tax return adjustment as compared to the prior year income tax provision.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 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 nine months ended September 30, 2024 increased $20.4 million, or 20.1%, to $121.7 million compared with $101.3 million for the nine months ended September 30, 2023. The increase was primarily due to higher compensation expenses, investments related to AI capabilities and an increase in legal expenses, which was partially offset by lower expenses for corporate initiatives.

Interest income and other

Interest income and other, which includes FX gains and losses, decreased $0.6 million, or 19.9%, to $2.6 million for the nine months ended September 30, 2024 compared with $3.2 million for the nine months ended September 30, 2023.

Interest expense

Interest expense for the nine months ended September 30, 2024 decreased $4.2 million, or 40.2%, to $6.2 million compared with $10.4 million for the nine months ended September 30, 2023. The decrease was primarily due to lower borrowings, which was partially offset by higher interest rates on our borrowings. Our borrowings in the same period in the prior year included amounts owed on our 2023 Convertible Notes, which matured in August 2023, as well as borrowings on our Credit Facility.

Income tax provision

Our income tax provision decreased $1.5 million, or 2.4%, to $60.6 million for the nine months ended September 30, 2024 compared to $62.1 million for the nine months ended September 30, 2023. Our effective tax rate of 20.8% for the nine months ended September 30, 2024 compared to 24.3% for the nine months ended September 30, 2023. The decrease in the income tax provision was primarily due to a favorable tax benefit related to share-based compensation, as a larger number of non-qualified stock options were exercised during the nine months ended September 30, 2024 compared to the same period in the prior year, and a decrease in foreign taxes as compared to the nine months ended September 30, 2023.

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 and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)		(in thousands)	
Net income	$ 66,466	$ 83,317	$ 230,378	$ 193,259
Add back:				
Income tax provision	22,320	24,385	60,585	62,067
Interest income and other	909	(5,147)	(2,581)	(3,221)
Interest expense	1,197	4,474	6,235	10,435
Unallocated corporate expenses	39,321	27,589	121,736	101,349
Total segment operating income	130,213	134,618	416,353	363,889
Add back:				
Segment depreciation expense	10,477	9,699	30,630	28,554
Amortization of intangible assets	1,053	1,340	3,149	4,939
Total Adjusted Segment EBITDA	$ 141,743	$ 145,657	$ 450,132	$ 397,382

Other Segment Operating Data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Number of revenue-generating professionals (at period end):				
Corporate Finance	2,295	2,251	2,295	2,251
FLC	1,529	1,503	1,529	1,503
Economic Consulting	1,120	1,085	1,120	1,085
Technology [(1)]	718	629	718	629
Strategic Communications	997	1,010	997	1,010
Total revenue-generating professionals	6,659	6,478	6,659	6,478
Utilization rates of billable professionals: [(2)]				
Corporate Finance	57 %	60 %	60 %	59 %
FLC	55 %	57 %	57 %	58 %
Economic Consulting	65 %	65 %	68 %	67 %
Average billable rate per hour: [(3)]				
Corporate Finance	$ 503	$ 514	$ 505	$ 492
FLC	$ 388	$ 388	$ 395	$ 384
Economic Consulting	$ 598	$ 559	$ 577	$ 533

(1) 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 855 as-needed employees during the three months ended September 30, 2024 compared with 792 as-needed employees during the three months ended September 30, 2023.

(2) 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.

(3) 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(dollars in thousands, except rate per hour)		(dollars in thousands, except rate per hour)	
Revenues	$ 341,512	$ 347,560	$ 1,055,493	$ 981,124
Percentage change in revenues from prior year	-1.7 %	23.2 %	7.6 %	16.6 %
Operating expenses				
Direct cost of revenues	231,958	231,500	701,717	667,498
Selling, general and administrative expenses	54,266	50,380	161,829	154,833
Amortization of intangible assets	785	1,047	2,332	4,069
	287,009	282,927	865,878	826,400
Segment operating income	54,503	64,633	189,615	154,724
Percentage change in segment operating income from prior year	-15.7 %	29.6 %	22.6 %	0.2 %
Add back:				
Depreciation and amortization of intangible assets	3,416	3,461	9,996	10,726
Adjusted Segment EBITDA	$ 57,919	$ 68,094	$ 199,611	$ 165,450
Gross profit [(1)]	$ 109,554	$ 116,060	$ 353,776	$ 313,626
Percentage change in gross profit from prior year	-5.6 %	24.5 %	12.8 %	10.4 %
Gross profit margin [(2)]	32.1 %	33.4 %	33.5 %	32.0 %
Adjusted Segment EBITDA as a percentage of revenues	17.0 %	19.6 %	18.9 %	16.9 %
Number of revenue-generating professionals (at period end)	2,295	2,251	2,295	2,251
Percentage change in number of revenue-generating professionals from prior year	2.0 %	9.8 %	2.0 %	9.8 %
Utilization rate of billable professionals	57 %	60 %	60 %	59 %
Average billable rate per hour	$ 503	$ 514	$ 505	$ 492

(1) Revenues less direct cost of revenues

(2) Gross profit as a percentage of revenues

Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023

Revenues decreased $6.0 million, or 1.7%, to $341.5 million for the three months ended September 30, 2024, primarily due to lower demand for our business transformation & strategy services, which was partially offset by higher demand for our transactions services.

Gross profit decreased $6.5 million, or 5.6%, to $109.6 million for the three months ended September 30, 2024. Gross profit margin decreased 1.3 percentage points for the three months ended September 30, 2024. The decrease in gross profit margin was primarily due to a 3 percentage point decline in utilization and lower realized bill rates.

SG&A expenses increased $3.9 million, or 7.7%, to $54.3 million for the three months ended September 30, 2024. SG&A expenses of 15.9% of revenues for the three months ended September 30, 2024 compared with 14.5% of revenues for the three months ended September 30, 2023. The increase in SG&A expenses was primarily due to higher bad debt, infrastructure support, and other general and administrative expenses.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenues increased $74.4 million, or 7.6%, to $1,055.5 million for the nine months ended September 30, 2024, primarily due to higher demand and realized bill rates for our transactions services, higher realized bill rates for our restructuring services and higher demand for our business transformation & strategy services.

Gross profit increased $40.2 million, or 12.8%, to $353.8 million for the nine months ended September 30, 2024. Gross profit margin increased 1.6 percentage points for the nine months ended September 30, 2024. The increase in gross profit margin was primarily due to higher realized bill rates.

SG&A expenses increased $7.0 million, or 4.5%, to $161.8 million for the nine months ended September 30, 2024. SG&A expenses of 15.3% of revenues for the nine months ended September 30, 2024 compared with 15.8% of revenues for the nine months ended September 30, 2023. The increase in SG&A expenses was primarily due to higher bad debt, compensation, infrastructure support and business development expenses, which was partially offset by the reversal of expenses for business acquisition liabilities.

FORENSIC AND LITIGATION CONSULTING

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(dollars in thousands, except rate per hour)		(dollars in thousands, except rate per hour)	
Revenues	$ 168,778	$ 166,137	$ 514,348	$ 488,636
Percentage change in revenues from prior year	1.6 %	15.9 %	5.3 %	13.1 %
Operating expenses				
Direct cost of revenues	113,500	110,920	345,818	326,992
Selling, general and administrative expenses	36,931	35,285	104,736	97,132
Amortization of intangible assets	229	224	609	631
	150,660	146,429	451,163	424,755
Segment operating income	18,118	19,708	63,185	63,881
Percentage change in segment operating income from prior year	-8.1 %	34.5 %	-1.1 %	53.4 %
Add back:				
Depreciation and amortization of intangible assets	1,873	1,772	5,509	4,980
Adjusted Segment EBITDA	$ 19,991	$ 21,480	$ 68,694	$ 68,861
Gross profit (1)	$ 55,278	$ 55,217	$ 168,530	$ 161,644
Percentage change in gross profit from prior year	0.1 %	22.7 %	4.3 %	27.1 %
Gross profit margin (2)	32.8 %	33.2 %	32.8 %	33.1 %
Adjusted Segment EBITDA as a percentage of revenues	11.8 %	12.9 %	13.4 %	14.1 %
Number of revenue-generating professionals (at period end)	1,529	1,503	1,529	1,503
Percentage change in number of revenue-generating professionals from prior year	1.7 %	2.7 %	1.7 %	2.7 %
Utilization rate of billable professionals	55 %	57 %	57 %	58 %
Average billable rate per hour	$ 388	$ 388	$ 395	$ 384

(1) Revenues less direct cost of revenues
(2) Gross profit as a percentage of revenues

Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023

Revenues increased $2.6 million, or 1.6%, to $168.8 million for the three months ended September 30, 2024. Acquisition-related revenues contributed $1.9 million, or 1.1% of the increase. Excluding the acquisition-related revenues, the $0.8 million, or 0.5%, increase in revenues was primarily due to higher construction solutions and disputes revenues, which was partially offset by lower data & analytics and investigations revenues.

Gross profit increased $0.1 million, or 0.1%, to $55.3 million for the three months ended September 30, 2024. Gross profit margin decreased 0.5 percentage points for the three months ended September 30, 2024. The decrease in gross profit margin was primarily due to higher compensation expenses as a percentage of revenues, which was largely offset by internal cost recovery related to an initiative to develop AI capabilities for the Company. The related costs are included in our unallocated corporate expenses.

SG&A expenses increased $1.6 million, or 4.7%, to $36.9 million for the three months ended September 30, 2024. SG&A expenses of 21.9% of revenues for the three months ended September 30, 2024 compared with 21.2% of revenues for the three months ended September 30, 2023. The increase in SG&A expenses was primarily due to higher compensation, legal and marketing expenses, which was partially offset by lower infrastructure support expenses.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenues increased $25.7 million, or 5.3%, to $514.3 million for the nine months ended September 30, 2024, primarily due to higher disputes, constructions solutions, health solutions and investigations revenues, which was partially offset by lower data & analytics revenues.

Gross profit increased $6.9 million, or 4.3%, to $168.5 million for the nine months ended September 30, 2024. Gross profit margin decreased 0.3 percentage points for the nine months ended September 30, 2024. The decrease in gross profit margin was primarily due to higher compensation expenses as a percentage of revenues, which was largely offset by internal cost recovery related to an initiative to develop AI capabilities for the Company. The related costs are included in our unallocated corporate expenses.

SG&A expenses increased $7.6 million, or 7.8%, to $104.7 million for the nine months ended September 30, 2024. SG&A expenses of 20.4% of revenues for the nine months ended September 30, 2024 compared with 19.9% of revenues for the nine months ended September 30, 2023. The increase in SG&A expenses was primarily driven by higher bad debt, travel and entertainment, compensation, and other general and administrative expenses.

ECONOMIC CONSULTING

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(dollars in thousands, except rate per hour)		(dollars in thousands, except rate per hour)	
Revenues	$ 222,033	$ 193,866	$ 657,454	$ 565,283
Percentage change in revenues from prior year	14.5 %	0.4 %	16.3 %	8.0 %
Operating expenses				
Direct cost of revenues	158,193	138,423	476,672	412,547
Selling, general and administrative expenses	29,960	29,150	91,085	79,719
	188,153	167,573	567,757	492,266
Segment operating income	33,880	26,293	89,697	73,017
Percentage change in segment operating income from prior year	28.9 %	-17.0 %	22.8 %	1.3 %
Add back:				
Depreciation and amortization	1,364	1,463	3,993	4,455
Adjusted Segment EBITDA	$ 35,244	$ 27,756	$ 93,690	$ 77,472
Gross profit (1)	$ 63,840	$ 55,443	$ 180,782	$ 152,736
Percentage change in gross profit from prior year	15.1 %	5.8 %	18.4 %	12.4 %
Gross profit margin (2)	28.8 %	28.6 %	27.5 %	27.0 %
Adjusted Segment EBITDA as a percentage of revenues	15.9 %	14.3 %	14.3 %	13.7 %
Number of revenue-generating professionals (at period end)	1,120	1,085	1,120	1,085
Percentage change in number of revenue-generating professionals from prior year	3.2 %	8.7 %	3.2 %	8.7 %
Utilization rate of billable professionals	65 %	65 %	68 %	67 %
Average billable rate per hour	$ 598	$ 559	$ 577	$ 533

(1) Revenues less direct cost of revenues

(2) Gross profit as a percentage of revenues

Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023

Revenues increased $28.2 million, or 14.5%, to $222.0 million for the three months ended September 30, 2024, primarily due to higher demand for our M&A-related antitrust services, which was partially offset by lower demand for our non-M&A-related antitrust services.

Gross profit increased $8.4 million, or 15.1%, to $63.8 million for the three months ended September 30, 2024. Gross profit margin increased 0.2 percentage points for the three months ended September 30, 2024.

SG&A expenses increased $0.8 million, or 2.8%, to $30.0 million for the three months ended September 30, 2024. SG&A expenses of 13.5% of revenues for the three months ended September 30, 2024 compared with 15.0% of revenues for the three months ended September 30, 2023. The increase in SG&A expenses was primarily driven by higher compensation, travel and entertainment, infrastructure support and other general and administrative expenses, which was partially offset by lower bad debt expenses.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenues increased $92.2 million, or 16.3%, to $657.5 million for the nine months ended September 30, 2024, primarily due to higher demand and realized bill rates for our M&A-related antitrust, financial economics and non-M&A-related antitrust services.

Gross profit increased $28.0 million, or 18.4%, to $180.8 million for the nine months ended September 30, 2024. Gross profit margin increased 0.5 percentage points for the nine months ended September 30, 2024. The increase in gross profit margin was primarily due to higher realized bill rates and a 1 percentage point increase in utilization.

SG&A expenses increased $11.4 million, or 14.3%, to $91.1 million for the nine months ended September 30, 2024. SG&A expenses of 13.9% of revenues for the nine months ended September 30, 2024 compared with 14.1% of revenues for the nine months ended September 30, 2023. The increase in SG&A expenses was primarily driven by higher bad debt, compensation and infrastructure support expenses.

TECHNOLOGY

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(dollars in thousands)		(dollars in thousands)	
Revenues	$ 110,404	$ 98,860	$ 326,992	$ 286,922
Percentage change in revenues from prior year	11.7 %	16.4 %	14.0 %	18.0 %
Operating expenses				
Direct cost of revenues	71,577	61,538	208,096	176,066
Selling, general and administrative expenses	26,303	25,841	78,296	71,053
	97,880	87,379	286,392	247,119
Segment operating income	12,524	11,481	40,600	39,803
Percentage change in segment operating income from prior year	9.1 %	16.8 %	2.0 %	59.2 %
Add back:				
Depreciation and amortization	3,941	3,392	11,376	10,523
Adjusted Segment EBITDA	$ 16,465	$ 14,873	$ 51,976	$ 50,326
Gross profit [(1)]	$ 38,827	$ 37,322	$ 118,896	$ 110,856
Percentage change in gross profit from prior year	4.0 %	20.8 %	7.3 %	30.9 %
Gross profit margin [(2)]	35.2 %	37.8 %	36.4 %	38.6 %
Adjusted Segment EBITDA as a percentage of revenues	14.9 %	15.0 %	15.9 %	17.5 %
Number of revenue-generating professionals (at period end) [(3)]	718	629	718	629
Percentage change in number of revenue-generating professionals from prior year	14.1 %	14.8 %	14.1 %	14.8 %

(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 September 30, 2024 Compared with Three Months Ended September 30, 2023

Revenues increased $11.5 million, or 11.7%, to $110.4 million for the three months ended September 30, 2024, primarily due to higher demand for our M&A-related “second request,” litigation and information governance, privacy & security services, which was partially offset by lower demand for our investigations services.

Gross profit increased $1.5 million, or 4.0%, to $38.8 million for the three months ended September 30, 2024. Gross profit margin decreased 2.6 percentage points for the three months ended September 30, 2024. The decrease in gross profit margin was primarily due to lower profitability and a decreased mix of our higher margin hosting services and lower profitability of our managed review services, which was partially offset by higher profitability of our processing services.

SG&A expenses increased $0.5 million, or 1.8%, to $26.3 million for the three months ended September 30, 2024. SG&A expenses of 23.8% of revenues for the three months ended September 30, 2024 compared with 26.1% of revenues for the three months ended September 30, 2023. The increase in SG&A expenses was primarily due to higher compensation, travel and entertainment, infrastructure support, and other general and administrative expenses, which was partially offset by lower bad debt expenses.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenues increased $40.1 million, or 14.0%, to $327.0 million for the nine months ended September 30, 2024, primarily due to higher demand for M&A-related “second request,” information governance, privacy & security and litigation services, which was partially offset by lower demand for our investigations services.

Gross profit increased $8.0 million, or 7.3%, to $118.9 million for the nine months ended September 30, 2024. Gross profit margin decreased by 2.3 percentage points for the nine months ended September 30, 2024. The decrease in gross profit margin was primarily due to a decreased mix and lower profitability of our higher margin hosting services and lower profitability of our consulting services, which was partially offset by higher profitability and an increased mix of our processing services.

SG&A expenses increased $7.2 million, or 10.2%, to $78.3 million for the nine months ended September 30, 2024. SG&A expenses of 23.9% of revenues for the nine months ended September 30, 2024 compared with 24.8% of revenues for the nine months ended September 30, 2023. The increase in SG&A expenses was primarily due to higher compensation, travel and entertainment and infrastructure support expenses, which was partially offset by lower bad debt expenses.

STRATEGIC COMMUNICATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(dollars in thousands)		(dollars in thousands)	
Revenues	$ 83,292	$ 86,838	$ 249,441	$ 242,593
Percentage change in revenues from prior year	-4.1 %	19.9 %	2.8 %	13.2 %
Operating expenses				
Direct cost of revenues	52,851	56,422	159,559	157,304
Selling, general and administrative expenses	19,214	17,844	56,418	52,586
Amortization of intangible assets	39	69	208	239
	72,104	74,335	216,185	210,129
Segment operating income	11,188	12,503	33,256	32,464
Percentage change in segment operating income from prior year	-10.5 %	2.9 %	2.4 %	-13.7 %
Add back:				
Depreciation and amortization of intangible assets	936	951	2,905	2,809
Adjusted Segment EBITDA	$ 12,124	$ 13,454	$ 36,161	$ 35,273
Gross profit (1)	$ 30,441	$ 30,416	$ 89,882	$ 85,289
Percentage change in gross profit from prior year	0.1 %	9.5 %	5.4 %	3.0 %
Gross profit margin (2)	36.5 %	35.0 %	36.0 %	35.2 %
Adjusted Segment EBITDA as a percentage of revenues	14.6 %	15.5 %	14.5 %	14.5 %
Number of revenue-generating professionals (at period end)	997	1,010	997	1,010
Percentage change in number of revenue-generating professionals from prior year	-1.3 %	6.2 %	-1.3 %	6.2 %

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(1) Revenues less direct cost of revenues
(2) Gross profit as a percentage of revenues

Three Months Ended September 30, 2024 Compared with Three Months Ended September 30, 2023

Revenues decreased $3.5 million, or 4.1%, to $83.3 million for the three months ended September 30, 2024, which included a 1.0% estimated positive impact from FX. Excluding the estimated impact from FX, revenues decreased $4.4 million, or 5.1%. Pass-through revenues contributed $3.1 million, or 3.6% of the decrease, compared to the same quarter in the prior year. Excluding the pass-through and FX revenues impact, revenues decreased $1.3 million, or 1.5%, primarily due to lower corporate reputation revenues, which was partially offset by higher public affairs revenues.

Gross profit was flat at $30.4 million for the three months ended September 30, 2024. Gross profit margin increased 1.5 percentage points for the three months ended September 30, 2024. The increase in gross profit margin was primarily due to lower compensation expenses as a percentage of revenues, excluding revenues related to pass-through expenses.

SG&A expenses increased $1.4 million, or 7.7%, to $19.2 million for the three months ended September 30, 2024, which included a 1.0% estimated negative impact from FX. SG&A expenses of 23.1% of revenues for the three months ended September 30, 2024 compared with 20.5% of revenues for the three months ended September 30, 2023. The increase in SG&A expenses was primarily due to higher bad debt, rent, and outside services expenses.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Revenues increased $6.8 million, or 2.8%, to $249.4 million for the nine months ended September 30, 2024, primarily due to higher public affairs revenues, which was partially offset by lower corporate reputation revenues.

Gross profit increased $4.6 million, or 5.4%, to $89.9 million for the nine months ended September 30, 2024. Gross profit margin increased 0.9 percentage points for the nine months ended September 30, 2024. The increase in gross profit margin was primarily due to lower compensation expenses as a percentage of revenues.

SG&A expenses increased $3.8 million, or 7.3%, to $56.4 million for the nine months ended September 30, 2024. SG&A expenses of 22.6% of revenues for the nine months ended September 30, 2024 compared with 21.7% of revenues for the nine months ended September 30, 2023. The increase in SG&A expenses was primarily due to higher rent, compensation, bad debt, and other general and administrative 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, political and workforce disruptions arise, including any impact of future public health crises, political situations, 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

	Nine Months Ended September 30,	
	2024	2023
Cash Flows	(dollars in thousands)	
Net cash provided by (used in) operating activities	$ 79,782	$ (158,525)
Net cash provided by (used in) investing activities	$ 3,517	$ (67,580)
Net cash used in financing activities	$ (4,873)	$ (67,080)
Effect of exchange rate changes on cash and cash equivalents	$ 4,696	$ 2,645
DSO [1]	108	114

[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.

Nine Months Ended September 30, 2024 Compared with Nine Months Ended September 30, 2023

Net cash provided by operating activities of $79.8 million for the nine months ended September 30, 2024 compared to net cash used in operating activities of $158.5 million for the nine months ended September 30, 2023. The increase of $238.3 million in net cash provided by operating activities was primarily due to an increase in cash collections, which was partially offset by an increase in salaries largely related to annual salary increases and headcount growth, and higher annual bonus payments, forgivable loan issuances, operating expenses and income tax payments as compared to the same period in the prior year. DSO was 108 and 114 days as of September 30, 2024 and 2023, respectively. The decrease in DSO was primarily due to cash collections that outpaced the increase in revenues.

Net cash provided by investing activities of $3.5 million for the nine months ended September 30, 2024 compared to net cash used in investing activities of $67.6 million for the nine months ended September 30, 2023. The increase of $71.1 million in net cash provided by investing activities was primarily due to a $24.4 million payment for a short-term investment during the nine months ended September 30, 2023 and the maturity of the short-term investment of $25.2 million during the nine months ended September 30, 2024. In addition, there was a $21.5 million decrease in capital expenditures primarily driven by lower spend on leasehold improvements and cloud computing costs as compared to the nine months ended September 30, 2023.

Net cash used in financing activities of $4.9 million for the nine months ended September 30, 2024 compared to $67.1 million for the nine months ended September 30, 2023. The decrease of $62.2 million, or 92.7%, in net cash used in financing activities was primarily due to the repayment of the $315.8 million principal amount of our 2023 Convertible Notes at maturity during the nine months ended September 30, 2023, a decrease of $21.0 million in payments for common stock repurchases under the Repurchase Program and an increase in proceeds on stock option exercises of $9.4 million, which was partially offset by a decrease in net borrowings of $285.0 million under our Credit Facility as compared to the same period in the prior year.

The effect of exchange rate changes on cash and cash equivalents had a favorable impact of $4.7 million and $2.6 million for the nine months ended September 30, 2024 and 2023, respectively.

For the nine months ended September 30, 2024, cash paid for income taxes and tax credits, net of tax refunds included $23.5 million of payments for the purchase of tax credits.

Principal Sources of Capital Resources

As of September 30, 2024, our capital resources included $386.3 million of cash and cash equivalents and available borrowing capacity of $900.0 million under the 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 September 30, 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 nine months ended September 30, 2024, we spent $21.7 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 $14 million and $17 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

We have no future contractual obligations as of September 30, 2024 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 exclude any revolving line of credit borrowings or repayments subsequent to September 30, 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 $36.2 million and non-current obligations of $217.0 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 outside or internal bad actors, 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, geopolitical disruptions 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 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 current or 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 September 30, 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 September 30, 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 of Shares That May Yet Be Purchased Under the Program
	(in thousands, except per share data)			
July 1 through July 31, 2024	—	$ —	—	$ 460,653
August 1 through August 31, 2024	— [2]	$ 221.65	—	$ 460,653
September 1 through September 30, 2024	10 [3]	$ 225.46	—	$ 460,653
	10		—	

(1) On June 2, 2016, our Board of Directors authorized a stock repurchase program (the "Repurchase Program"), which was most recently increased by $400.0 million to an aggregate authorization of $1.3 billion on December 1, 2022. 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 September 30, 2024.

(2) Includes 347 shares of common stock withheld to cover payroll tax withholdings related to the lapse of restrictions on restricted stock.

(3) Includes 9,742 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 September 30, 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.)
10.1*	Amendment No. 6 dated as of September 30, 2024 to Employment Agreement dated as of December 13, 2013, by and between FTI Consulting, Inc. and Steven H. Gunby. (Filed with the Securities and Exchange Commission on September 30, 2024 as an Exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 25, 2024 and incorporated herein by reference.)
14.1	FTI Consulting, Inc. Code of Ethics and Business Conduct, Amended and Restated Effective as of September 26, 2024. (Filed with the Securities and Exchange Commission on September 26, 2024 as an Exhibit to FTI Consulting, Inc.'s Current Report on Form 8-K dated September 24, 2024 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 September 30, 2024 and December 31, 2023; (ii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2024 and 2023; (iii) Condensed Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2024 and 2023; (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 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 September 30, 2024, formatted in Inline XBRL (included as Exhibit 101).

* Management contract or compensatory plan or arrangement.

† 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: October 24, 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: October 24, 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: October 24, 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 September 30, 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: October 24, 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 September 30, 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: October 24, 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.