

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 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 0-19655

**TETRA TECH, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**95-4148514**

(I.R.S. Employer Identification Number)

**3475 East Foothill Boulevard, Pasadena, California 91107**

(Address of principal executive offices) (Zip Code)

**(626) 351-4664**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	TTEK	The NASDAQ Stock Market LLC

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

At July 22, 2024, 53,532,413 shares of the registrant's common stock were outstanding.

TETRA TECH, INC.

INDEX

<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>	<u>PAGE NO.</u>
<u>Item 1.</u>	<u>Financial Statements (Unaudited)</u>	<u>3</u>
	<u>Consolidated Balance Sheets as of June 30, 2024 and October 1, 2023</u>	<u>3</u>
	<u>Consolidated Statements of Income for the Three and Nine Months Ended June 30, 2024 and July 2, 2023</u>	<u>4</u>
	<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended June 30, 2024 and July 2, 2023</u>	<u>5</u>
	<u>Consolidated Statements of Cash Flows for the Nine Months Ended June 30, 2024 and July 2, 2023</u>	<u>6</u>
	<u>Consolidated Statements of Equity for the Three and Nine Months Ended June 30, 2024 and July 2, 2023</u>	<u>7</u>
	<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>9</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>43</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>44</u>
<u>PART II.</u>	<u>OTHER INFORMATION</u>	<u>44</u>
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>44</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>45</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>45</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	<u>45</u>
<u>Item 5.</u>	<u>Other Information</u>	<u>45</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>45</u>
<u>SIGNATURES</u>		<u>46</u>

**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Tetra Tech, Inc.**  
**Consolidated Balance Sheets**  
(unaudited - in thousands, except par value)

	June 30, 2024	October 1, 2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 212,321	\$ 168,831
Accounts receivable, net	1,053,758	974,535
Contract assets	118,556	113,939
Prepaid expenses and other current assets	121,846	98,719
Total current assets	1,506,481	1,356,024
Property and equipment, net	70,694	74,832
Right-of-use assets, operating leases	167,317	175,932
Goodwill	1,992,110	1,880,244
Intangible assets, net	164,459	173,936
Deferred tax assets	89,510	89,002
Other non-current assets	94,334	70,507
Total assets	\$ 4,084,905	\$ 3,820,477
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 198,341	\$ 173,271
Accrued compensation	317,457	302,755
Contract liabilities	372,283	335,044
Short-term lease liabilities, operating leases	65,932	65,005
Current contingent earn-out liabilities	47,407	51,108
Other current liabilities	244,842	280,959
Total current liabilities	1,246,262	1,208,142
Deferred tax liabilities	17,254	14,256
Long-term debt	861,830	879,529
Long-term lease liabilities, operating leases	128,892	144,685
Non-current contingent earn-out liabilities	22,876	22,314
Other non-current liabilities	141,588	148,045
Commitments and contingencies (Note 18)		
Equity:		
Preferred stock - authorized, 2,000 shares of \$0.01 par value; no shares issued and outstanding at June 30, 2024 and October 1, 2023	—	—
Common stock - authorized, 150,000 shares of \$0.01 par value; issued and outstanding, 53,532 and 53,248 shares at June 30, 2024 and October 1, 2023, respectively	535	532
Additional paid-in capital	28,171	—
Accumulated other comprehensive loss	(154,689)	(195,295)
Retained earnings	1,792,121	1,598,196
Tetra Tech stockholders' equity	1,666,138	1,403,433
Noncontrolling interests	65	73
Total stockholders' equity	1,666,203	1,403,506
Total liabilities and stockholders' equity	\$ 4,084,905	\$ 3,820,477

See Notes to Consolidated Financial Statements.

**Tetra Tech, Inc.**  
**Consolidated Statements of Income**  
(unaudited – in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Revenue	\$ 1,344,323	\$ 1,208,947	\$ 3,824,205	\$ 3,261,938
Subcontractor costs	(234,742)	(221,387)	(646,828)	(568,252)
Other costs of revenue	(886,409)	(798,714)	(2,556,212)	(2,180,749)
Gross profit	223,172	188,846	621,165	512,937
Selling, general and administrative expenses	(94,042)	(89,064)	(263,293)	(227,912)
Acquisition and integration expenses	—	(2,107)	—	(25,812)
Contingent consideration – fair value adjustments	(500)	—	(477)	(8,477)
Income from operations	128,630	97,675	357,395	250,736
Interest expense, net	(9,912)	(14,869)	(29,374)	(33,563)
Other non-operating income	—	—	—	89,402
Income before income tax expense	118,718	82,806	328,021	306,575
Income tax expense	(32,894)	(22,568)	(90,758)	(86,781)
Net income	85,824	60,238	237,263	219,794
Net income attributable to noncontrolling interests	(14)	(3)	(35)	(23)
Net income attributable to Tetra Tech	\$ 85,810	\$ 60,235	\$ 237,228	\$ 219,771
Earnings per share attributable to Tetra Tech:				
Basic	\$ 1.60	\$ 1.13	\$ 4.44	\$ 4.13
Diluted	\$ 1.59	\$ 1.12	\$ 4.40	\$ 4.10
Weighted-average common shares outstanding:				
Basic	53,515	53,231	53,451	53,188
Diluted	54,052	53,653	53,901	53,615

See Notes to Consolidated Financial Statements.

**Tetra Tech, Inc.**  
**Consolidated Statements of Comprehensive Income**  
(unaudited – in thousands)

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Net income	\$ 85,824	\$ 60,238	\$ 237,263	\$ 219,794
Other comprehensive income, net of tax				
Foreign currency translation adjustment, net of tax	1,854	44,500	40,616	69,453
Loss on cash flow hedge valuations, net of tax	—	(1,044)	—	(2,029)
Net pension adjustments	3	—	(10)	2,794
Other comprehensive income, net of tax	1,857	43,456	40,606	70,218
Comprehensive income, net of tax	\$ 87,681	\$ 103,694	\$ 277,869	\$ 290,012
Less: Comprehensive income attributable to noncontrolling interests, net of tax	14	4	35	23
Comprehensive income attributable to Tetra Tech, net of tax	<u>\$ 87,667</u>	<u>\$ 103,690</u>	<u>\$ 277,834</u>	<u>\$ 289,989</u>

See Notes to Consolidated Financial Statements.

**Tetra Tech, Inc.**  
**Consolidated Statements of Cash Flows**  
(unaudited – in thousands)

	Nine Months Ended	
	June 30, 2024	July 2, 2023
<b>Cash flows from operating activities:</b>		
Net income	\$ 237,263	\$ 219,794
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56,718	43,221
Amortization of stock-based awards	23,713	21,640
Deferred income taxes	(9,736)	21,475
Fair value adjustments to foreign currency forward contract	—	(89,402)
Fair value adjustments to contingent consideration	477	8,477
Other non-cash items	3,769	(796)
Changes in operating assets and liabilities, net of effects of business acquisitions:		
Accounts receivable and contract assets	(54,286)	(41,824)
Prepaid expenses and other assets	(18,437)	1,970
Accounts payable	18,991	(3,678)
Accrued compensation	(7,982)	5,263
Contract liabilities	33,011	56,189
Income taxes receivable/payable	(16,436)	10,645
Other liabilities	(13,955)	(6,921)
Net cash provided by operating activities	253,110	246,053
<b>Cash flows from investing activities:</b>		
Payments for business acquisitions, net of cash acquired	(93,650)	(854,319)
Settlement of foreign currency forward contract	—	109,306
Capital expenditures	(11,324)	(17,322)
Proceeds from sale of assets	666	439
Net cash used in investing activities	(104,308)	(761,896)
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	180,000	979,859
Repayments on long-term debt	(200,000)	(411,676)
Shares repurchased for tax withholdings on share-based awards	(12,906)	(16,785)
Payments of contingent earn-out liabilities	(29,112)	(15,078)
Stock options exercised	2,690	425
Dividends paid	(43,303)	(38,268)
Principal payments on finance leases	(4,827)	(4,082)
Net cash (used in) provided by financing activities	(107,458)	494,395
Effect of exchange rate changes on cash and cash equivalents	2,146	12,410
Net increase (decrease) in cash and cash equivalents	43,490	(9,038)
Cash and cash equivalents at beginning of period	168,831	185,094
Cash and cash equivalents at end of period	\$ 212,321	\$ 176,056
Supplemental information:		
Cash paid during the period for:		
Interest	\$ 26,867	\$ 34,839
Income taxes, net of refunds received of \$4.0 million and \$1.5 million	\$ 115,933	\$ 54,967

See Notes to Consolidated Financial Statements.

**Tetra Tech, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**Three Months Ended July 2, 2023 and June 30, 2024**  
(unaudited – in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Tetra Tech Equity	Non-Controlling Interests	Total Equity
	Shares	Amount						
<b>BALANCE AT APRIL 2, 2023</b>	<b>53,228</b>	<b>\$ 532</b>	<b>\$ 10,639</b>	<b>\$ (181,381)</b>	<b>\$ 1,525,809</b>	<b>\$ 1,355,599</b>	<b>\$ 69</b>	<b>\$ 1,355,668</b>
Net income	—	—	—	—	60,235	60,235	3	60,238
Other comprehensive income	—	—	—	43,455	—	43,455	1	43,456
Cash dividends of \$0.26 per common share	—	—	—	—	(13,840)	(13,840)	—	(13,840)
Stock-based compensation	—	—	7,038	—	—	7,038	—	7,038
Restricted & performance shares released	3	—	(105)	—	—	(105)	—	(105)
Stock options exercised	12	—	334	—	—	334	—	334
<b>BALANCE AT JULY 2, 2023</b>	<b>53,243</b>	<b>\$ 532</b>	<b>\$ 17,906</b>	<b>\$ (137,926)</b>	<b>\$ 1,572,204</b>	<b>\$ 1,452,716</b>	<b>\$ 73</b>	<b>\$ 1,452,789</b>
<b>BALANCE AT MARCH 31, 2024</b>	<b>53,497</b>	<b>\$ 535</b>	<b>\$ 18,972</b>	<b>\$ (156,546)</b>	<b>\$ 1,721,833</b>	<b>\$ 1,584,794</b>	<b>\$ 56</b>	<b>\$ 1,584,850</b>
Net income	—	—	—	—	85,810	85,810	14	85,824
Other comprehensive income	—	—	—	1,857	—	1,857	—	1,857
Distributions paid to noncontrolling interests	—	—	—	—	—	—	(5)	(5)
Cash dividends of \$0.29 per common share	—	—	—	—	(15,522)	(15,522)	—	(15,522)
Stock-based compensation	—	—	8,096	—	—	8,096	—	8,096
Restricted & performance shares released	1	—	(125)	—	—	(125)	—	(125)
Stock options exercised	34	—	1,228	—	—	1,228	—	1,228
<b>BALANCE AT JUNE 30, 2024</b>	<b>53,532</b>	<b>\$ 535</b>	<b>\$ 28,171</b>	<b>\$ (154,689)</b>	<b>\$ 1,792,121</b>	<b>\$ 1,666,138</b>	<b>\$ 65</b>	<b>\$ 1,666,203</b>

**Tetra Tech, Inc.**  
**Consolidated Statements of Stockholders' Equity**  
**Nine Months Ended July 2, 2023 and June 30, 2024**  
(unaudited – in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Tetra Tech Equity	Non-Controlling Interests	Total Equity
	Shares	Amount						
<b>BALANCE AT OCTOBER 2, 2022</b>	<b>52,981</b>	<b>\$ 530</b>	<b>\$ —</b>	<b>\$ (208,144)</b>	<b>\$ 1,390,701</b>	<b>\$ 1,183,087</b>	<b>\$ 50</b>	<b>\$ 1,183,137</b>
Net income	—	—	—	—	219,771	219,771	23	219,794
Other comprehensive income	—	—	—	70,218	—	70,218	—	70,218
Cash dividends of 0.72 per common share	—	—	—	—	(38,268)	(38,268)	—	(38,268)
Stock-based compensation	—	—	21,640	—	—	21,640	—	21,640
Restricted & performance shares released	149	1	(16,786)	—	—	(16,785)	—	(16,785)
Stock options exercised	15	—	425	—	—	425	—	425
Shares issued for Employee Stock Purchase Plan	98	1	12,627	—	—	12,628	—	12,628
<b>BALANCE AT JULY 2, 2023</b>	<b>53,243</b>	<b>\$ 532</b>	<b>\$ 17,906</b>	<b>\$ (137,926)</b>	<b>\$ 1,572,204</b>	<b>\$ 1,452,716</b>	<b>\$ 73</b>	<b>\$ 1,452,789</b>
<b>BALANCE AT OCTOBER 1, 2023</b>	<b>53,248</b>	<b>\$ 532</b>	<b>\$ —</b>	<b>\$ (195,295)</b>	<b>\$ 1,598,196</b>	<b>\$ 1,403,433</b>	<b>\$ 73</b>	<b>\$ 1,403,506</b>
Net income	—	—	—	—	237,228	237,228	35	237,263
Other comprehensive income	—	—	—	40,606	—	40,606	—	40,606
Distributions paid to noncontrolling interests	—	—	—	—	—	—	(43)	(43)
Cash dividends of 0.81 per common share	—	—	—	—	(43,303)	(43,303)	—	(43,303)
Stock-based compensation	—	—	23,713	—	—	23,713	—	23,713
Restricted & performance shares released	108	1	(12,907)	—	—	(12,906)	—	(12,906)
Stock options exercised	72	1	2,689	—	—	2,690	—	2,690
Shares issued for Employee Stock Purchase Plan	104	1	14,676	—	—	14,677	—	14,677
<b>BALANCE AT JUNE 30, 2024</b>	<b>53,532</b>	<b>\$ 535</b>	<b>\$ 28,171</b>	<b>\$ (154,689)</b>	<b>\$ 1,792,121</b>	<b>\$ 1,666,138</b>	<b>\$ 65</b>	<b>\$ 1,666,203</b>

See Notes to Consolidated Financial Statements.



**TETRA TECH, INC.**  
**Notes to Consolidated Financial Statements**

**1. Basis of Presentation**

The accompanying unaudited consolidated financial statements and related notes of Tetra Tech, Inc. ("we," "us," "our" or "Tetra Tech") have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and, therefore, should be read in conjunction with the audited consolidated financial statements and the notes contained in our Annual Report on Form 10-K for the fiscal year ended October 1, 2023.

These financial statements reflect all normal recurring adjustments that are considered necessary for a fair statement of our financial position, results of operations and cash flows for the interim periods presented. The results of operations and cash flows for any interim period are not necessarily indicative of results for the full fiscal year or for future fiscal years. Certain prior year amounts have been reclassified to conform to the current year presentation in the accompanying notes.

**2. Recent Accounting Pronouncements**

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires that an entity report segment information in accordance with Topic 280, Segment Reporting. The amendments in the ASU are intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 (fiscal 2025 for us). Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements; however, we do not plan to adopt Topic 280 before fiscal 2025.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The amendments in the ASU are intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU are effective for annual periods beginning after December 15, 2024 (fiscal 2026 for us). Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements; however, we do not plan to adopt Topic 740 before fiscal 2026.

**3. Revenue and Contract Balances**

We disaggregate revenue by client sector and contract type, as we believe it best depicts how the nature, timing and uncertainty of our revenue and cash flows are affected by economic factors. The following tables present our revenue disaggregated by client sector and contract type (in thousands):

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
<b>Client Sector:</b>				
U.S. federal government <sup>(1)</sup>	\$ 432,242	\$ 338,022	\$ 1,221,320	\$ 996,471
U.S. state and local government	146,401	151,462	444,877	452,447
U.S. commercial	241,838	225,907	665,675	633,401
International <sup>(2)</sup>	523,842	493,556	1,492,333	1,179,619
<b>Total</b>	<b>\$ 1,344,323</b>	<b>\$ 1,208,947</b>	<b>\$ 3,824,205</b>	<b>\$ 3,261,938</b>
<b>Contract Type:</b>				
Fixed-price	\$ 548,452	\$ 452,605	\$ 1,478,915	\$ 1,194,266
Time-and-materials	589,301	596,904	1,730,796	1,550,970
Cost-plus	206,570	159,438	614,494	516,702
<b>Total</b>	<b>\$ 1,344,323</b>	<b>\$ 1,208,947</b>	<b>\$ 3,824,205</b>	<b>\$ 3,261,938</b>

<sup>(1)</sup> Includes revenue generated under U.S. federal government contracts performed outside the United States.

<sup>(2)</sup> Includes revenue generated from non-U.S. clients, primarily in Canada, Australia, Europe and the United Kingdom.

Other than the U.S. federal government, no single client accounted for more than 10% of our revenue for the three and nine months ended June 30, 2024 and July 2, 2023.

#### Contract Assets and Contract Liabilities

We invoice customers based on the contractual terms of each contract. However, the timing of revenue recognition may differ from the timing of invoice issuance. Contract assets represent revenue recognized in excess of the amounts for which we have the contractual right to bill our customers. Such amounts are recoverable from customers based upon various measures of performance, including achievement of certain milestones or completion of a contract. In addition, many of our time-and-materials arrangements are billed in arrears pursuant to contract terms that are standard within the industry, resulting in contract assets and/or unbilled receivables being recorded, as revenue is recognized in advance of billings. Contract retentions, included in contract assets, represent amounts withheld by clients until certain conditions are met or the project is completed, which may extend beyond one year.

Contract liabilities consist of billings in excess of revenue recognized. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation and increase as billings in advance of revenue recognition occur. Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. There were no substantial non-current contract assets or liabilities for the periods presented. Net contract assets/liabilities consisted of the following (in thousands):

	Balance at	
	June 30, 2024	October 1, 2023
Contract assets <sup>(1)</sup>	\$ 118,556	\$ 113,939
Contract liabilities	(372,283)	(335,044)
<b>Net contract liabilities</b>	<b>\$ (253,727)</b>	<b>\$ (221,105)</b>

<sup>(1)</sup> Includes \$6.2 million and \$6.8 million of contract retentions at June 30, 2024 and October 1, 2023, respectively.

Both our contract assets and contract liabilities increased in the third quarter of fiscal 2024 compared to fiscal 2023 year-end, due to the timing of our milestone billing on fixed-price contracts which were different from the timing of revenue recognition on those contracts. For the first nine months of fiscal 2024 and 2023, we recognized revenue of approximately \$214 million and \$143 million, respectively, from the amounts included in the contract liability balances at the end of fiscal 2023 and 2022, respectively.

Revenue is recognized by measuring progress over time under Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers". We estimate and measure progress on our contracts over time whereby we compare our total costs incurred on each contract as a percentage of the total expected contract costs. Changes in those estimates could result in the recognition of cumulative catch-up adjustments to the contract's inception-to-date revenue, costs and profit in the period in which such changes are made. As a result, for the third quarter and first nine months of fiscal 2024, we recognized net favorable revenue and operating income adjustments of \$6.5 million and \$16.4 million, respectively. For the first nine months of fiscal 2023, we recognized net favorable revenue and operating income adjustments of \$4.0 million (substantially all in the first quarter).

Changes in revenue and cost estimates could also result in a projected loss, determined at the contract level, which would be recorded immediately in earnings. At June 30, 2024 and October 1, 2023, our consolidated balance sheets included liabilities for anticipated losses of \$15.0 million and \$8.5 million, respectively. The estimated cost to complete these related contracts was approximately \$ 95 million and \$68 million at June 30, 2024 and October 1, 2023, respectively.

#### Accounts Receivable, Net

Net accounts receivable consisted of the following (in thousands):

	Balance at	
	June 30, 2024	October 1, 2023
Billed	\$ 685,184	\$ 672,712
Unbilled	372,913	306,788
<b>Total accounts receivable</b>	<b>1,058,097</b>	<b>979,500</b>
Allowance for doubtful accounts	(4,339)	(4,965)
<b>Total accounts receivable, net</b>	<b>\$ 1,053,758</b>	<b>\$ 974,535</b>

Billed accounts receivable represent amounts billed to clients that have not been collected. Unbilled accounts receivable, which represent an unconditional right to payment subject only to the passage of time, include unbilled amounts typically resulting from revenue recognized but not yet billed pursuant to contract terms or billed after the period end date. Substantially all of our unbilled receivables at June 30, 2024 are expected to be billed and collected within 12 months. The allowance for doubtful accounts represents amounts that are expected to become uncollectible or unrealizable in the future. We determine an estimated allowance for uncollectible accounts based on management's consideration of trends in the actual and forecasted credit quality of our clients, including delinquency and payment history; type of client, such as a government agency or a commercial sector client; and general economic and industry conditions, which may affect our clients' ability to pay.

Other than the U.S. federal government, no single client accounted for more than 10% of our accounts receivable at June 30, 2024 and October 1, 2023.

#### Remaining Unsatisfied Performance Obligation ("RUPO")

Our RUPO represents a measure of the total dollar value of work to be performed on contracts awarded and in progress. We had \$ 5.2 billion of RUPO at June 30, 2024. Our RUPO increases with awards from new contracts or additions on existing contracts, and decreases as work is performed and revenue is recognized on existing contracts. Our RUPO may also decrease when projects are canceled or modified in scope. We include a contract within our RUPO when the contract is awarded and an agreement on contract terms has been reached.

We expect to satisfy our RUPO at June 30, 2024 over the following periods (in thousands):

	Amount
Within 12 months	\$ 3,508,571
Beyond	1,683,295
<b>Total</b>	<b>\$ 5,191,866</b>

Although RUPO reflects business that is considered to be firm, cancellations, deferrals or scope adjustments may occur. Our RUPO is adjusted to reflect any known project cancellations, revisions to project scope and cost, foreign currency

exchange fluctuations and project deferrals, as appropriate. Our operations and maintenance contracts can generally be terminated by the clients without a substantive financial penalty; therefore, the remaining performance obligations on such contracts are limited to the notice period required for the termination (usually 30, 60, or 90 days).

#### **4. Acquisitions**

In the second quarter of fiscal 2024, we acquired LS Technologies ("LST"), an innovative U.S. federal enterprise technology services and management consulting firm based in Fairfax, Virginia. LST provides high-end consulting and engineering services including advanced data analytics, cybersecurity and digital transformation solutions to U.S. government clients. In the third quarter of fiscal 2024, we also acquired Convergence Controls & Engineering ("CCE"), an industry leader in process automation and systems integration solutions. CCE's expertise includes customized digital controls and software solutions, advanced data analytics, cloud data integration, and cybersecurity applications. Both LST and CCE are included in our Government Services Group ("GSG") segment. The aggregate fair value of the purchase price of these two acquisitions was \$120 million. This amount consisted of \$93 million in initial cash payments, \$4 million of cash holdback related to a tax reserve, and \$23 million for the estimated fair value of contingent earn-out obligations, with a maximum of \$60 million, based upon the achievement of specified operating income targets in each of the three years following the acquisition dates. The \$120 million purchase price was allocated \$12 million to net tangible assets, \$23 million to identifiable intangible assets, and \$85 million to goodwill. The purchase price allocation is preliminary and subject to adjustment as the estimates, assumptions, valuations and other analyses have not yet been finalized in order to make a definitive allocation. These acquisitions were not considered material, individually or in aggregate, to our consolidated financial statements. As a result, no pro forma information has been provided.

On September 23, 2022, we made an all cash offer to acquire all the outstanding shares of RPS Group plc ("RPS"), a publicly traded company on the London Stock Exchange for 222 pence per share, through a scheme of arrangement, which was unanimously recommended by RPS' Board of Directors. On November 3, 2022, RPS' shareholders approved the scheme of arrangement. On January 19, 2023, the court-sanctioned scheme of arrangement to purchase RPS was approved, and we completed the acquisition on January 23, 2023. RPS employs approximately 5,000 associates in the United Kingdom, Europe, Asia Pacific and North America, delivering high-end solutions, especially in energy transformation, water and program management for government and commercial clients. Substantially all of RPS is included in our Commercial/International Services Group ("CIG") segment.

The total purchase price for RPS was approximately £633 million (\$784 million). In the third quarter and first nine months of fiscal 2023, we incurred \$2.1 million and \$25.8 million, respectively, of acquisition and integration costs primarily for professional fees, substantially all of which were paid as of the end of the third quarter of fiscal 2023. On January 23, 2023, we also settled a foreign exchange forward contract that was integral to our plan to finance the RPS acquisition. The cash gain of \$109.3 million did not qualify for hedge accounting. As a result, the gain was recognized as non-operating income over the life of the contract and not included in the purchase price allocation below. However, the cash proceeds of \$109.3 million economically reduced the purchase price for the shares of RPS to approximately \$675 million. This forward contract is explained further in Note 16, "Derivative Financial Instruments".

The table below represents the purchase price allocation for RPS based on estimates, assumptions, valuations and other analyses as of January 23, 2023. The all cash purchase consideration, excluding the aforementioned forward contract gain, was allocated to the tangible and intangible assets, and liabilities of RPS based on their estimated fair values, with any excess purchase consideration allocated to goodwill as follows (in thousands):

	<b>Amount</b>
Cash and cash equivalents	\$ 32,093
Accounts receivable and contract assets	202,303
Prepaid expenses and other current assets	45,999
Income taxes receivables	1,999
Property and equipment	38,435
Right-of-use assets, operating leases	40,179
Intangible assets	174,094
Deferred income taxes	35,084
Other long-term assets	1,061
<b>Total assets acquired</b>	<b>571,247</b>
Accounts payable	\$ (44,376)
Accrued compensation	(19,073)
Contract liabilities	(46,287)
Income tax payable	(7,083)
Short-term lease liabilities, operating leases	(13,477)
Other current liabilities	(135,474)
Current portion of long-term debt	(91,973)
Long-term lease liabilities, operating leases	(26,702)
Other long-term liabilities	(13,742)
Deferred tax liabilities	(41,613)
<b>Total liabilities assumed</b>	<b>(439,800)</b>
<b>Fair value of net assets acquired</b>	<b>131,447</b>
Goodwill	652,762
<b>Total purchase consideration</b>	<b>\$ 784,209</b>

The following table summarizes the estimated fair values that were assigned to intangible assets at the acquisition date:

	<b>Fair Value</b>	<b>Weighted-Average Estimated Useful Life</b>
	(in thousands)	(in years)
Backlog	\$ 27,880	1.6
Trade names	27,260	3.0
Client relations	118,954	11.1
<b>Total intangible assets acquired</b>	<b>\$ 174,094</b>	<b>8.3</b>

Estimated fair value measurements for the intangible assets related to the RPS acquisition were made using Level 3 inputs including discounted cash flow techniques. Fair value was estimated using a multi-period excess earnings method for backlog and client relations and a relief from royalty method for trade names. The significant assumptions used in estimating fair value of backlog and client relations include (i) the estimated life the asset will contribute to cash flows, such as remaining contractual terms, (ii) revenue growth rates and EBITDA margins, (iii) attrition rate of customers, and (iv) the estimated discount rates that reflect the level of risk associated with receiving future cash flows. The significant assumptions used in estimating fair value of trade names include the royalty rates and discount rates.

### Supplemental Pro Forma Information (Unaudited)

Following are the supplemental consolidated financial results of Tetra Tech and RPS for the third quarter and first nine months of fiscal 2023 on an unaudited pro forma basis, as if the RPS acquisition had been consummated at the beginning of fiscal 2023 (in thousands):

	Three Months Ended	Nine Months Ended
	July 2, 2023	July 2, 2023
Revenue	\$ 1,208,947	\$ 3,519,792
Net income including noncontrolling interests	61,770	104,564

In fiscal 2023, we also acquired Amyx, Inc. ("Amyx"), an enterprise technology services, cybersecurity and management consulting firm based in Reston, Virginia. With over 500 employees, Amyx provides application modernization, cybersecurity, systems engineering, financial management and program management support on over 30 Federal Government programs. Amyx is included in our GSG segment. The total fair value of the purchase price of Amyx was \$120.9 million, consisted of a \$100.0 million payable in a promissory note issued to the sellers (paid subsequent to closing), \$8.7 million of payables related to estimated post-closing adjustments, and \$ 12.2 million for the estimated fair value of contingent earn-out obligations, with a maximum of \$25.0 million, based upon the achievement of specified operating income targets in each of the three years following the acquisition date. Amyx was not considered material to our consolidated financial statements. As a result, no pro forma information has been provided.

The fiscal 2024 goodwill addition from LST and CCE are deductible for tax purposes, while the majority of the goodwill from the fiscal 2023 acquisitions is not deductible for tax purposes. The results of fiscal 2024 and 2023 acquisitions were included in our consolidated financial statements beginning on their respective closing dates.

Our fiscal 2024 goodwill additions from the LST and CCE acquisitions reflect the extensive technical knowledge of the acquired workforces, the anticipated synergies in data analytics, cybersecurity and digital transformation services, and collective reputations of these acquisitions in providing mission critical solutions to both commercial and government customers. The goodwill additions from fiscal 2023 business combinations are primarily attributable to the significant technical expertise residing in embedded workforces that are sought out by clients, synergies expected to arise after the acquisitions in the areas of enterprise technology services, data management, energy transformation, water, program management, and data analytics and the long-standing reputations of RPS and Amyx. These acquisitions further expand and complement our market-leading positions in water and environment; enhanced by a combined suite of differentiated data analytics and digital technologies, and expansion into existing and new geographies.

Intangible assets with finite lives arise from business acquisitions and are amortized based on the period over which the contractual or economic benefit of the intangible assets are expected to be realized on a straight-line basis over the useful lives of the underlying assets, ranging from one to 12 years. These consist of client relations, backlog and trade names. For detailed information regarding our intangible assets, see Note 5, "Goodwill and Intangible Assets".

Most of our acquisition agreements include contingent earn-out agreements, which are generally based on the achievement of future operating income thresholds. The contingent earn-out arrangements are based on our valuations of the acquired companies and reduce the risk of overpaying for acquisitions if the projected financial results are not achieved. The fair values of any earn-out arrangements are included as part of the purchase price of the acquired companies on their respective acquisition dates. For each transaction, we estimate the fair value of contingent earn-out payments as part of the initial purchase price and record the estimated fair value of contingent consideration as a liability in "Current contingent earn-out liabilities" and "Non-current contingent earn-out liabilities" on the consolidated balance sheets. We consider several factors when determining that contingent earn-out liabilities are part of the purchase price, including the following: (1) the valuation of our acquisitions is not supported solely by the initial consideration paid, and the contingent earn-out formula is a critical and material component of the valuation approach to determining the purchase price; and (2) the former owners of acquired companies that remain as key employees receive compensation other than contingent earn-out payments at a reasonable level compared with the compensation of our other key employees. The contingent earn-out payments are not affected by employment termination.

We measure our contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy. We use a probability-weighted discounted income approach as a valuation technique to convert future estimated cash flows to a single present value amount. The significant unobservable inputs used in

the fair value measurements are operating income projections over the earn-out period (generally three to five years), and the probability outcome percentages we assign to each scenario. Significant increases or decreases to either of these inputs in isolation would result in a significantly higher or lower liability, with a higher liability capped by the contractual maximum of the contingent earn-out obligation. Ultimately, the liability will be equivalent to the amount paid, and the difference between the fair value estimate and amount paid will be recorded in earnings. The amount paid that is less than or equal to the contingent earn-out liability on the acquisition date is reflected as cash used in financing activities in our consolidated statements of cash flows. Any amount paid in excess of the contingent earn-out liability on the acquisition date is reflected as cash used in operating activities in our consolidated statements of cash flows.

We review and reassess the estimated fair value of contingent consideration on a quarterly basis, and the updated fair value could differ materially from the initial estimates. Changes in the estimated fair value of our contingent earn-out liabilities related to the time component of the present value calculation are reported in interest expense. Adjustments to the estimated fair value related to changes in all other unobservable inputs are reported in operating income. In the first nine months of fiscal 2024, we evaluated our estimates for contingent consideration liabilities for the remaining earn-out periods for each individual acquisition, which included a review of their financial results to-date, the status of ongoing projects in their RUPO, and the inventory of prospective new contract awards.

During the third quarter and first nine months of fiscal 2024, we recorded immaterial adjustments, individually and in aggregate, to our contingent earn-out liabilities and included the corresponding amount in our operating income. During the first nine months of fiscal 2023, we recorded adjustments to our contingent earn-out liabilities and reported a related net loss in operating income of \$8.5 million (largely in the second quarter). The net loss primarily resulted from increased valuation of the contingent consideration liabilities for our prior acquisitions of Segue Technologies, Inc., Hoare Lea, LLP and The Integration Group of Americas, Inc., reflecting financial performance that exceeded our previous expectations.

The following table summarizes the changes in the fair value of estimated contingent consideration (in thousands):

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Beginning balance	\$ 74,579	\$ 88,082	\$ 73,422	\$ 65,566
Estimated earn-out liabilities for acquisitions	1,138	—	23,038	12,248
Payments of contingent consideration	(7,000)	(13,078)	(29,112)	(15,078)
Adjustments to fair value recorded in earnings	500	—	477	8,477
Interest accretion expense	1,038	707	1,953	1,919
Effect of foreign currency exchange rate changes	28	888	505	3,467
<b>Ending balance</b>	<b>\$ 70,283</b>	<b>\$ 76,599</b>	<b>\$ 70,283</b>	<b>\$ 76,599</b>
<b>Maximum potential payout at end of period</b>	<b>\$ 128,573</b>	<b>\$ 120,320</b>	<b>\$ 128,573</b>	<b>\$ 120,320</b>

## 5. Goodwill and Intangible Assets

The following table summarizes the changes in the carrying value of goodwill by reportable segment (in thousands):

	GSG	CIG	Total
<b>Balance at October 1, 2023</b>	<b>\$ 659,942</b>	<b>\$ 1,220,302</b>	<b>\$ 1,880,244</b>
Acquisition activity	84,865	—	84,865
Translation and other adjustments	2,282	24,719	27,001
<b>Balance at June 30, 2024</b>	<b>\$ 747,089</b>	<b>\$ 1,245,021</b>	<b>\$ 1,992,110</b>

The goodwill addition in GSG resulted from the purchase price allocations for our fiscal 2024 acquisitions which are preliminary and subject to adjustment based upon the final determinations of the net assets acquired and information to perform the final valuation. Goodwill adjustments primarily related to the foreign currency translation adjustments which resulted from our foreign subsidiaries with functional currencies that are different than our reporting currency. These goodwill amounts are presented net of reductions from historical impairment adjustments. The gross amounts for GSG were \$764.8 million and \$677.6 million at June 30, 2024 and October 1, 2023, respectively, excluding accumulated impairment of \$ 17.7 million at each

date. The gross amounts of goodwill for CIG were \$1,366.5 million and \$1,341.8 million at June 30, 2024 and October 1, 2023, respectively, excluding accumulated impairment of \$121.5 million at each date.

We perform our annual goodwill impairment review at the beginning of our fiscal fourth quarter. Our most recent annual review at July 3, 2023 (i.e. the first day of our fourth quarter in fiscal 2023) indicated that we had no impairment of goodwill, and all of our reporting units had estimated fair values that were in excess of their carrying values, including goodwill. At July 3, 2023, we had no reporting units that had estimated fair values that exceeded their carrying values by less than 45%.

We also regularly evaluate whether events and circumstances have occurred that may indicate a potential change in the recoverability of goodwill. We perform interim goodwill impairment reviews between our annual reviews if certain events and circumstances have occurred, such as a deterioration in general economic conditions; an increase in the competitive environment; a change in management, key personnel, strategy or customers; negative or declining cash flows; or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods. Although we believe that our estimates of fair value for these reporting units are reasonable, if financial performance for these reporting units falls significantly below our expectations or market prices for similar business decline, the goodwill for these reporting units could become impaired.

The following table presents the gross amount and accumulated amortization of our acquired identifiable intangible assets with finite useful lives included in "Intangible assets, net" on the consolidated balance sheets (\$ in thousands):

	Weighted-Average Remaining Life (in Years)	Period Ended					
		June 30, 2024			October 1, 2023		
		Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Client relations	8.4	\$ 190,329	\$ (50,980)	\$ 139,349	\$ 169,217	\$ (36,072)	\$ 133,145
Backlog	0.6	72,579	(65,050)	7,529	63,825	(47,802)	16,023
Trade names	1.7	38,773	(21,192)	17,581	37,411	(12,643)	24,768
<b>Total</b>		<b>\$ 301,681</b>	<b>\$ (137,222)</b>	<b>\$ 164,459</b>	<b>\$ 270,453</b>	<b>\$ (96,517)</b>	<b>\$ 173,936</b>

Amortization expense for the third quarter and first nine months of fiscal 2024 was \$13.8 million and \$38.4 million, compared to \$14.1 million and \$29.6 million, respectively, for the prior-year periods. Estimated amortization expense for the remainder of fiscal 2024 and succeeding years is as follows (in thousands):

	Amount
2024 (remaining)	\$ 11,322
2025	34,712
2026	23,334
2027	16,830
2028	16,320
Beyond	61,941
<b>Total</b>	<b>\$ 164,459</b>



## 6. Property and Equipment

Property and equipment consisted of the following (in thousands):

	Balance at	
	June 30, 2024	October 1, 2023
Equipment, furniture and fixtures	\$ 130,748	\$ 132,744
Leasehold improvements	46,042	44,733
<b>Total property and equipment</b>	<b>176,790</b>	<b>177,477</b>
Accumulated depreciation	(106,096)	(102,645)
<b>Property and equipment, net</b>	<b>\$ 70,694</b>	<b>\$ 74,832</b>

For the third quarter and first nine months of fiscal 2024, our depreciation expense related to property and equipment was \$5.7 million and \$18.3 million, respectively, compared to \$5.6 million and \$13.7 million for third quarter and first nine months of fiscal 2023, respectively.

## 7. Stock Repurchase and Dividends

On October 5, 2021, our Board of Directors authorized a new stock repurchase program under which we could repurchase up to \$ 400 million of our common stock. We did not repurchase any shares of our common stock in the first nine months of fiscal 2024 and 2023. At June 30, 2024, we had a remaining balance of \$347.8 million under our stock repurchase program.

The following table presents dividends declared and paid in the first nine months of fiscal 2024 and 2023:

Declare Date	Dividend Paid Per Share	Record Date	Payment Date	Dividend Paid (in thousands)
November 13, 2023	\$ 0.26	November 30, 2023	December 13, 2023	\$ 13,873
January 29, 2024	0.26	February 14, 2024	February 27, 2024	13,908
April 29, 2024	0.29	May 20, 2024	May 31, 2024	15,522
<b>Total dividend paid as of June 30, 2024</b>				<b>\$ 43,303</b>
November 7, 2022	\$ 0.23	November 21, 2022	December 9, 2022	\$ 12,186
January 30, 2023	0.23	February 13, 2023	February 24, 2023	12,242
May 8, 2023	0.26	May 24, 2023	June 6, 2023	13,840
<b>Total dividend paid as of July 2, 2023</b>				<b>\$ 38,268</b>

## 8. Leases

Our operating leases are primarily for corporate and project office spaces. To a much lesser extent, we have operating leases for vehicles and equipment. Our operating leases have remaining lease terms of one month to ten years, some of which may include options to extend the leases for up to five years.

We determine if an arrangement is a lease at inception. Operating leases are included in "Right-of-use assets, operating leases", "Short-term lease liabilities, operating leases" and "Long-term lease liabilities, operating leases" in the consolidated balance sheets. Our finance leases are primarily for certain IT equipment and are immaterial.

Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, incremental borrowing rates are used based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset at the commencement date also includes any lease payments made to the lessor at or before the commencement date and initial direct costs less lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The components of lease costs are as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Operating lease cost	\$ 24,562	\$ 24,775	\$ 73,580	\$ 70,155
Sublease income	(184)	(46)	(347)	(125)
<b>Total lease cost</b>	<b>\$ 24,378</b>	<b>\$ 24,729</b>	<b>\$ 73,233</b>	<b>\$ 70,030</b>

Supplemental cash flow information related to leases is as follows (in thousands):

	Nine Months Ended	
	June 30, 2024	July 2, 2023
Operating cash flows for operating leases	\$ 56,379	\$ 57,871
Right-of-use assets obtained in exchange for new operating lease liabilities	38,160	72,294

Supplemental balance sheet and other information related to leases are as follows (in thousands):

	Balance at	
	June 30, 2024	October 1, 2023
<b>Operating leases:</b>		
Right-of-use assets	\$ 167,317	\$ 175,932
<b>Lease liabilities:</b>		
Current	65,932	65,005
Non-current	128,892	144,685
<b>Total operating lease liabilities</b>	<b>\$ 194,824</b>	<b>\$ 209,690</b>
<b>Weighted-average remaining lease term:</b>		
Operating leases	4 years	5 years
<b>Weighted-average discount rate:</b>		
Operating leases	3.4 %	3.0 %

At June 30, 2024, we had \$13.9 million of operating leases that have not yet commenced.

A maturity analysis of the future undiscounted cash flows associated with our lease liabilities at June 30, 2024 is as follows (in thousands):

	<b>Operating Leases</b>
2024 (remaining)	\$ 20,124
2025	65,068
2026	44,638
2027	31,231
2028	20,176
Beyond	28,412
Total lease payments	209,649
Less: imputed interest	(14,825)
<b>Total present value of lease liabilities</b>	<b>\$ 194,824</b>

## 9. Employee Benefits

In fiscal 2020, the Canadian federal government implemented the Canadian Emergency Wage Subsidy ("CEWS") program in response to the negative impact of the coronavirus disease 2019 pandemic on businesses operating in Canada. Some of our Canadian legal entities qualified for and applied for these CEWS cash benefits to partially offset the impacts of revenue reductions and on-going staffing costs. The \$21 million total received was initially recorded in "Other long-term liabilities" until all potential amendments to the qualification criteria, including some that were proposed with retroactive application, were finalized in fiscal 2022. In the first nine months of fiscal 2024 (all in the first quarter of fiscal 2024), we distributed approximately \$10 million to our Canadian employees. The remaining \$11 million, which we expect to distribute within one year, is reported in "Accrued compensation". We do not expect there will be any related impact on our operating income, and we have no outstanding applications for further government assistance.

## 10. Stockholders' Equity and Stock Compensation Plans

We recognize the fair value of our stock-based awards as compensation expense on a straight-line basis over the requisite service period in which the award vests. Stock-based compensation expense for the three and nine months ended June 30, 2024 was \$8.1 million and \$23.7 million, compared to \$7.0 million and \$21.6 million for the same periods last year. Most of these amounts were included in selling, general and administrative expenses on our consolidated statements of income. In the first nine months of fiscal 2024, we awarded 55,836 performance share units ("PSUs") to our non-employee directors and executive officers at an estimated fair value of \$203.53 per share on the award date. All PSUs are performance-based and vest, if at all, after the conclusion of the three-year performance period. The number of PSUs that ultimately vest is based 50% on the growth in our diluted earnings per share and 50% on our relative total shareholder return over the vesting period. Additionally, we awarded 141,880 restricted stock units ("RSUs") to our non-employee directors, executive officers and employees at a fair value of \$164.78 per share on the award date. All executive officer and employee RSUs have time-based vesting over a four-year period, and the non-employee director RSUs vest after one year.

## 11. Earnings per Share ("EPS")

Basic EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding, less unvested restricted stock for the period. Diluted EPS is computed by dividing net income by the weighted-average number of common shares outstanding and dilutive potential common shares for the period. Potential common shares include the weighted-average dilutive effects of stock-based awards and shares underlying our Convertible Senior Notes (the "Convertible Notes").

For the third quarter and first nine months of fiscal 2024, our Convertible Notes, described in Note 15, "Long-Term Debt", had a dilution impact on the dilutive potential common shares, which was calculated using the if-converted method. The dilution impact was due to the price of our common stock exceeding the conversion price. The related capped call transactions (the "Capped Call Transactions") were excluded from the calculation of dilutive potential common shares as their effect is anti-dilutive. For the third quarters and first nine months of fiscal 2024 and 2023, no options were excluded from the calculation of dilutive potential common shares.

The following table presents the number of weighted-average shares used to compute basic and diluted EPS (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Net income attributable to Tetra Tech	\$ 85,810	\$ 60,235	\$ 237,228	\$ 219,771
Weighted-average common shares outstanding – basic	53,515	53,231	53,451	53,188
Effect of dilutive stock options and unvested restricted stock	433	422	415	427
Shares issuable assuming conversion of convertible notes	104	—	35	—
Weighted-average common shares outstanding – diluted	54,052	53,653	53,901	53,615
<b>Earnings per share attributable to Tetra Tech:</b>				
Basic	\$ 1.60	\$ 1.13	\$ 4.44	\$ 4.13
Diluted	\$ 1.59	\$ 1.12	\$ 4.40	\$ 4.10

## 12. Income Taxes

The effective tax rates for the first nine months of fiscal 2024 and 2023 were 27.7% and 28.3%, respectively. Income tax expense was reduced by \$2.9 million and \$2.2 million of excess tax benefits on share-based payments in the first nine months of fiscal 2024 and 2023, respectively. In addition, income tax expense in the first nine months of fiscal 2024 included \$4.3 million of expense for the settlement of various tax positions that were under audit for fiscal years 2018 through 2021. Furthermore, income tax expense in the first nine months of fiscal 2023 included non-operating income tax expenses of \$7.2 million (\$6.9 million in the second quarter) to recognize the tax liability for foreign earnings, primarily in the United Kingdom and Australia, that are no longer indefinitely reinvested and to increase the liability for an uncertain tax position. Excluding the impact of the excess tax benefits on share-based payments, the settlement amounts in the first nine months of fiscal 2024 and the additional \$7.2 million in the first nine months of fiscal 2023, our effective tax rates in the first nine months of fiscal 2024 and 2023 were 27.2% and 26.7%, respectively.

At June 30, 2024 and October 1, 2023, the liability for income taxes associated with uncertain tax positions was \$ 64.0 million and \$62.0 million, respectively. It is reasonably possible that the liabilities with respect to certain of our unrecognized tax positions may significantly decrease in the next 12 months. These changes would be the result of ongoing examinations. These liabilities represent our current estimates of the additional tax liabilities that we may be assessed when the related audits are concluded. If these audits are resolved in a manner more unfavorable than our current expectations, our tax liabilities could be materially higher than the amounts currently recorded resulting in additional tax expense.

## 13. Reportable Segments

We manage our operations under two reportable segments. Our GSG reportable segment primarily includes activities with U.S. government clients (federal, state and local) and all activities with development agencies worldwide. Our CIG reportable segment primarily includes activities with U.S. commercial clients and international clients other than development agencies.

GSG provides high-end consulting and engineering services primarily to U.S. government clients (federal, state and local) and international development agencies worldwide. GSG supports U.S. government civilian and defense agencies with services in water, environment, sustainable infrastructure, information technology and disaster management. GSG also provides engineering design services for U.S. based federal and municipal clients, especially in water infrastructure, flood protection and solid waste. GSG also leads our support for development agencies worldwide, especially in the United States, United Kingdom and Australia.

CIG primarily provides high-end consulting and engineering services to U.S. commercial clients, and international clients inclusive of the commercial and government sectors. CIG supports commercial clients worldwide in renewable energy,

industrial, high performance buildings and aerospace markets. CIG also provides sustainable infrastructure and related environmental, engineering and project management services to commercial and local government clients across Canada, in Asia Pacific (primarily Australia and New Zealand), Europe, the United Kingdom and South America (primarily Brazil).

Management evaluates the performance of these reportable segments based upon their respective segment operating income before the effect of amortization expense related to acquisitions, and other unallocated corporate expenses. We account for inter-segment revenues and transfers as if they were to third parties; that is, by applying a negotiated fee onto the costs of the services performed. All significant intercompany balances and transactions are eliminated in consolidation. In the third quarter and first nine months of fiscal 2023, our Corporate segment operating losses included \$2.1 million and \$25.8 million of acquisition and integration expenses, respectively, as described in Note 4, "Acquisitions".

The following tables summarize financial information regarding our reportable segments (in thousands):

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
<b>Revenue</b>				
GSG	\$ 640,553	\$ 531,050	\$ 1,812,721	\$ 1,565,371
CIG	723,617	691,386	2,063,879	1,741,300
Elimination of inter-segment revenue	(19,847)	(13,489)	(52,395)	(44,733)
<b>Total revenue</b>	<b>\$ 1,344,323</b>	<b>\$ 1,208,947</b>	<b>\$ 3,824,205</b>	<b>\$ 3,261,938</b>
<b>Income from operations</b>				
GSG	\$ 71,518	\$ 54,496	\$ 198,652	\$ 167,053
CIG	86,465	69,572	233,821	172,199
Corporate <sup>(1)</sup>	(29,353)	(26,393)	(75,078)	(88,516)
<b>Total income from operations</b>	<b>\$ 128,630</b>	<b>\$ 97,675</b>	<b>\$ 357,395</b>	<b>\$ 250,736</b>

<sup>(1)</sup> Includes amortization of intangibles, acquisition and integration expenses, as well as other costs and other income not allocable to our reportable segments.

	Balance at	
	June 30, 2024	October 1, 2023
<b>Total Assets</b>		
GSG	\$ 632,346	\$ 543,066
CIG	1,066,241	994,470
Corporate <sup>(1)</sup>	2,386,318	2,282,941
<b>Total assets</b>	<b>\$ 4,084,905</b>	<b>\$ 3,820,477</b>

<sup>(1)</sup> Corporate assets consist of intercompany eliminations and assets not allocated to our reportable segments including goodwill, intangible assets, deferred income taxes and certain other assets.

#### 14. Fair Value Measurements

We classified our assets and liabilities that were carried at fair value in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

*Derivative Instruments.* Our derivative instruments are categorized within Level 2 of the fair value hierarchy. For additional information about our derivative financial instruments (see Note 16, "Derivative Financial Instruments").

*Contingent Consideration.* We measure our contingent earn-out liabilities at fair value on a recurring basis using significant unobservable inputs classified within Level 3 of the fair value hierarchy. (see Note 4, "Acquisitions" for further information).

*Debt.* The fair value of long-term debt under our Credit Facility was determined using the present value of future cash flows based on the borrowing rates currently available for debt with similar terms and maturities (Level 2 measurement, as described in "Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the fiscal year ended October 1, 2023). The carrying value of our long-term debt under our Credit Facility approximated fair value at June 30, 2024 and October 1, 2023. At June 30, 2024, we had \$ 300 million in outstanding borrowings under the Amended Credit Agreement, which was consisted of \$300 million under the New Term Loan Facility and no borrowings under the Amended Revolving Credit Facility.

The estimated fair value of our \$575 million Convertible Notes was determined based on the trading price of the Convertible Notes as of the last trading day of our third quarter of fiscal 2024. We consider the fair value of the Convertible Notes to be a Level 2 measurement as they are not actively traded in markets. The carrying amounts and estimated fair values of the Convertible Notes were approximately \$563 million and \$674 million, respectively, at June 30, 2024, and \$561 million and \$566 million, respectively, at October 1, 2023.

## 15. Long-Term Debt

Long-term debt consisted of the following (in thousands):

	Balance at	
	June 30, 2024	October 1, 2023
Credit facilities	\$ 300,000	\$ 320,000
Convertible notes	575,000	575,000
Debt issuance costs and discount	(13,170)	(15,471)
<b>Long-term debt</b>	<b>\$ 861,830</b>	<b>\$ 879,529</b>

On August 22, 2023, we issued \$575.0 million in Convertible Notes that bear interest at a rate of 2.25% per annum payable in arrears on February 15 and August 15 of each year, beginning on February 15, 2024, and mature on August 15, 2028, unless converted, redeemed or repurchased. Prior to May 15, 2028, the Convertible Notes will be convertible at the option of the holders only upon the occurrence of certain events and during certain periods. Thereafter, the Convertible Notes will be convertible at the option of the holders at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

The initial conversion rate applicable to the Convertible Notes was 5.0855 shares of our common stock per \$1,000 principal amount of the Convertible Notes, which was equivalent to an initial price of approximately \$196.64 per share of our common stock. The conversion rate is subject to adjustment for certain events, including stock splits and issuance of certain stock dividends on our common stock. At June 30, 2024, the applicable conversion rate was 5.0862 shares of common stock per \$1,000 principal amount of the Convertible Notes (equivalent to an adjusted conversion price of approximately \$196.61 per share of common stock). Upon conversion, we will pay cash up to the aggregate principal amount of the Convertible Notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the Convertible Notes being converted. In addition, upon the occurrence of a "fundamental change" as defined in the indenture governing the Convertible Notes, holders may require us to repurchase for cash all or any portion of their Convertible Notes at a fundamental change repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased plus any accrued and unpaid interest. If certain corporate events occur prior to the maturity date of the Convertible Notes or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such event or notice of redemption.

We will not be able to redeem the Convertible Notes prior to August 20, 2026. On or after August 20, 2026, we have the option to redeem for cash all or any portion of the Convertible Notes if the last reported sale price of our common stock is

equal to or greater than 130% of the conversion price for a specified period of time at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus any accrued but unpaid interest. In addition, as described in the indenture governing the Convertible Notes, certain events of default including, but not limited to, bankruptcy, insolvency or reorganization, may result in the Convertible Notes becoming due and payable immediately.

Our net proceeds from the offering were approximately \$560.5 million after deducting the initial purchasers' discounts and commissions and offering expenses. We used approximately \$51.8 million of the net proceeds to pay the cost of the Capped Call Transactions described below. We used the remaining net proceeds to repay all \$185.0 million principal amount outstanding under our revolving credit facility, the remaining \$ 234.4 million principal amount outstanding under our senior secured term loan due 2027 and approximately \$89.4 million principal amount outstanding under our senior secured term loan due 2026.

The Convertible Notes were recorded as a single unit within "Long-term debt" in our consolidated balance sheets as the conversion option within the Convertible Notes was not a derivative that would require bifurcation and the Convertible Notes did not involve a substantial premium. Transaction costs to issue the Convertible Notes were recorded as direct deductions from the related debt liabilities and are amortized to interest expense using the effective interest method over the terms of the Convertible Notes resulting in an effective annual interest rate of 2.79%.

The net carrying amount of the Convertible Notes was as follows (in thousands):

	Balance at	
	June 30, 2024	October 1, 2023
Principal	\$ 575,000	\$ 575,000
Unamortized discount and issuance costs	(12,118)	(14,158)
<b>Net carrying amount</b>	<b>\$ 562,882</b>	<b>\$ 560,842</b>

The following table sets forth the interest expense recognized related to the Convertible Notes for the third quarter and first nine months of fiscal 2024 (in thousands):

	Three Months Ended	Nine Months Ended
	June 30, 2024	June 30, 2024
Interest expense	\$ 3,234	\$ 9,631
Amortization of discount and issuance costs	680	2,040
<b>Total interest expense</b>	<b>\$ 3,914</b>	<b>\$ 11,671</b>

Concurrent with the offering of the Convertible Notes, in August 2023, we entered into the Capped Call Transactions. The Capped Call Transactions are expected generally to reduce the potential dilution of our common stock upon conversion of the Convertible Notes and/or offset any cash payments we elect to make in excess of the principal amount of converted Convertible Notes, as the case may be. If, however, the market price per share of our common stock, as measured under the terms of the Capped Call Transactions, exceeds the cap price of the Capped Call Transactions, there would nevertheless be dilution and/or there would not be an offset of such cash payments, in each case, to the extent that such market price exceeds the cap price of the Capped Call Transactions. The cap price of the Capped Call Transactions was initially \$259.56 per share, which represented a premium of 65% over the last reported sale price of our common stock of \$ 157.31 per share on the NASDAQ Global Select Market on August 17, 2023. The cap price is subject to adjustment for certain events, including stock splits and issuance of certain stock dividends on our common stock. At June 30, 2024, the adjusted cap price was approximately \$259.53 per share. We recorded the Capped Call Transactions as separate transactions from the issuance of the Convertible Notes. The cost of \$51.8 million incurred to purchase the Capped Call Transactions was recorded as a reduction to additional paid-in capital (net of \$12.9 million in deferred taxes) on our consolidated balance sheet as of fiscal 2023 year-end.

On October 26, 2022, we entered into a Third Amended and Restated Credit Agreement that provides for an additional \$ 500 million senior secured term loan facility (the "New Term Loan Facility") increasing our total borrowing capacity to \$1.55 billion. On January 23, 2023, we drew the entire amount of the New Term Loan Facility to partially finance the RPS

acquisition. The New Term Loan Facility is not subject to any amortization payments of principal and matures on the third anniversary of the RPS acquisition closing date in January 2026.

On February 18, 2022, we entered into Amendment No. 2 to Second Amended and Restated Credit Agreement ("Amended Credit Agreement") with a total borrowing capacity of \$1.05 billion that will mature in February 2027. The Amended Credit Agreement is a \$ 750 million senior secured, five-year facility that provides for a \$250 million term loan facility (the "Amended Term Loan Facility") and a \$ 500 million revolving credit facility (the "Amended Revolving Credit Facility"). In addition, the Amended Credit Agreement includes a \$300 million accordion feature that allows us to increase the Amended Credit Agreement to \$1.05 billion subject to lender approval. The Amended Credit Agreement provides for, among other things, (i) refinance indebtedness under our Credit Agreement dated at July 30, 2018; (ii) finance open market repurchases of common stock, acquisitions, and cash dividends and distributions; and (iii) utilize the proceeds for working capital, capital expenditures and other general corporate purposes. The Amended Credit Agreement provides for a reduction in the interest grid for meeting certain sustainability targets related to the (i) reduction of greenhouse gas emissions through the Company's projects and operational sustainability initiatives and (ii) improvement of peoples' lives as a result of the Company's projects that provide environmental, social and governance benefits. The Amended Revolving Credit Facility includes a \$100 million sublimit for the issuance of standby letters of credit, a \$20 million sublimit for swingline loans and a \$300 million sublimit for multicurrency borrowings and letters of credit.

The entire Amended Term Loan Facility was drawn on February 18, 2022. We may borrow on the Amended Revolving Credit Facility, at our option, at either (a) a benchmark rate plus a margin that ranges from 1.000% to 1.875% per annum, or (b) a base rate for loans in U.S. dollars (the highest of the U.S. federal funds rate plus 0.50% per annum, the bank's prime rate or the Secured Overnight Financing Rate ("SOFR") rate plus 1.00%, plus a margin that ranges from 0% to 0.875% per annum. In each case, the applicable margin is based on our Consolidated Leverage Ratio, calculated quarterly. The Amended Term Loan Facility is subject to the same interest rate provisions. The Amended Credit Agreement expires on February 18, 2027, or earlier at our discretion upon payment in full of loans and other obligations.

At June 30, 2024, we had \$300 million in outstanding borrowings under the Amended Credit Agreement, which was consisted of \$ 300 million under the New Term Loan Facility and no borrowings under the Amended Revolving Credit Facility. During the nine months ended June 30, 2024, the weighted-average interest rate of the outstanding borrowings under the Amended Credit Agreement was 6.72%. In addition, we had \$0.7 million in standby letters of credit under the Amended Credit Agreement. At June 30, 2024, we had \$ 499.3 million of available credit under the Amended Revolving Credit Facility, all of which could be borrowed without a violation of our debt covenants.

The Amended Credit Agreement contains certain affirmative and restrictive covenants, and customary events of default. The financial covenants provide for a maximum Consolidated Leverage Ratio of 3.25 to 1.00 (total funded debt/EBITDA, as defined in the Amended Credit Agreement) and a minimum Consolidated Interest Coverage Ratio of 3.00 to 1.00 (EBITDA/Consolidated Interest Charges, as defined in the Amended Credit Agreement). Our obligations under the Amended Credit Agreement are guaranteed by certain of our domestic subsidiaries and are secured by first priority liens on (i) the equity interests of certain of our subsidiaries, including those subsidiaries that are guarantors or borrowers under the Amended Credit Agreement, and (ii) the accounts receivable, general intangibles and intercompany loans and those of our subsidiaries that are guarantors or borrowers. At June 30, 2024, we were in compliance with these covenants with a consolidated leverage ratio of 1.51x and a consolidated interest coverage ratio of 12.47x.

In addition to the Amended Credit Agreement, we maintain other credit facilities, which may be used for short-term cash advances and bank guarantees. At June 30, 2024, there were no outstanding borrowings under these facilities and the aggregate amount of standby letters of credit outstanding was \$50.6 million. As of June 30, 2024, we had no bank overdrafts related to our disbursement bank accounts.

## **16. Derivative Financial Instruments**

We periodically use certain interest rate derivative contracts to hedge interest rate exposures on our variable rate debt. We also enter into foreign currency derivative contracts with financial institutions to reduce the risk that cash flows and earnings could adversely be affected by foreign currency exchange rate fluctuations. Our hedging program is not designated for trading or speculative purposes.

We recognize derivative instruments as either assets or liabilities on the accompanying consolidated balance sheets at fair value. We record changes in the fair value (i.e., gains or losses) of the derivatives that have been designated as cash flow hedges in our consolidated balance sheets as accumulated other comprehensive income, and in our consolidated statements of income for those derivatives designated as fair value hedges. Our derivative contracts are categorized within Level 2 of the fair value hierarchy.



In the fourth quarter of fiscal 2022, we entered into a forward contract to acquire GBP 714.0 million at a rate of 1.0852 for a total of USD 774.8 million that was integrated with our plan to acquire RPS. This contract matured on December 30, 2022. On December 28, 2022, we entered into an extension of the integrated forward contract to acquire GBP 714.0 million at a rate of 1.086 for a total of USD 775.4 million, extending the maturity date to January 23, 2023, the closing date of the RPS acquisition. Although an effective economic hedge of our foreign exchange risk related to this transaction, the forward contract did not qualify for hedge accounting. As a result, the forward contract was marked-to-market with changes in fair value recognized in earnings each period. The intrinsic value of the forward contract was immaterial at inception as the GBP/USD spot and forward exchange rates were essentially the same. The fair value of the forward contract at October 2, 2022 was \$19.9 million, and an unrealized gain of the same amount was recognized in our fourth quarter of fiscal 2022 results. On January 23, 2023, the forward contract was settled at the fair value of \$109.3 million. We recognized additional gains of \$68.0 million and \$21.4 million in the first and second quarters of fiscal 2023, respectively. All gains related to this transaction were reported in "Other non-operating income" on our consolidated income statements for the respective periods.

In fiscal 2018, we entered into five interest rate swap agreements that we designated as cash flow hedges to fix the interest rate on the borrowings under our term loan facility. The five swaps expired on July 31, 2023. The related loss of \$1.0 million and \$2.0 million were recognized and reported on our consolidated statement of comprehensive income for the three and nine months ended July 2, 2023. There were no derivative instruments that were not designated as hedging instruments for the first nine months of fiscal 2024 and 2023.

# 17. Reclassifications Out of Accumulated Other Comprehensive Income

The accumulated balances and activities for the three and nine months ended June 30, 2024 and July 2, 2023 related to reclassifications out of accumulated other comprehensive income are summarized as follows (in thousands):

	Three Months Ended			
	Foreign Currency Translation Adjustments	Gain (Loss) on Derivative Instruments	Net Pension Adjustments	Accumulated Other Comprehensive Income (Loss)
<b>Balance at April 2, 2023</b>	<b>\$ (185,602)</b>	<b>\$ 1,427</b>	<b>\$ 2,794</b>	<b>\$ (181,381)</b>
Other comprehensive income (loss) before reclassifications	44,499	(2,137)	—	42,362
Amounts reclassified from accumulated other comprehensive loss:				
Interest rate contracts, net of tax <sup>(1)</sup>	—	1,093	—	1,093
<b>Net current-period other comprehensive income (loss)</b>	<b>44,499</b>	<b>(1,044)</b>	<b>—</b>	<b>43,455</b>
<b>Balance at July 2, 2023</b>	<b>\$ (141,103)</b>	<b>\$ 383</b>	<b>\$ 2,794</b>	<b>\$ (137,926)</b>
<b>Balance at March 31, 2024</b>	<b>\$ (159,171)</b>	<b>\$ —</b>	<b>\$ 2,625</b>	<b>\$ (156,546)</b>
Other comprehensive income before reclassifications	1,854	—	3	1,857
<b>Net current-period other comprehensive income</b>	<b>1,854</b>	<b>—</b>	<b>3</b>	<b>1,857</b>
<b>Balance at June 30, 2024</b>	<b>\$ (157,317)</b>	<b>\$ —</b>	<b>\$ 2,628</b>	<b>\$ (154,689)</b>

  

	Nine Months Ended			
	Foreign Currency Translation Adjustments	Gain (Loss) on Derivative Instruments	Net Pension Adjustments	Accumulated Other Comprehensive Income (Loss)
<b>Balance at October 2, 2022</b>	<b>\$ (210,556)</b>	<b>\$ 2,412</b>	<b>—</b>	<b>\$ (208,144)</b>
Other comprehensive income (loss) before reclassifications	69,453	(4,439)	2,794	67,808
Amounts reclassified from accumulated other comprehensive loss:				
Interest rate contracts, net of tax <sup>(1)</sup>	—	2,410	—	2,410
<b>Net current-period other comprehensive income (loss)</b>	<b>69,453</b>	<b>(2,029)</b>	<b>2,794</b>	<b>70,218</b>
<b>Balance at July 2, 2023</b>	<b>\$ (141,103)</b>	<b>\$ 383</b>	<b>\$ 2,794</b>	<b>\$ (137,926)</b>
<b>Balance at October 1, 2023</b>	<b>\$ (197,933)</b>	<b>\$ —</b>	<b>\$ 2,638</b>	<b>\$ (195,295)</b>
Other comprehensive income (loss) before reclassifications	40,616	—	(10)	40,606
<b>Net current-period other comprehensive income (loss)</b>	<b>40,616</b>	<b>—</b>	<b>(10)</b>	<b>40,606</b>
<b>Balance at June 30, 2024</b>	<b>\$ (157,317)</b>	<b>\$ —</b>	<b>\$ 2,628</b>	<b>\$ (154,689)</b>

<sup>(1)</sup> This accumulated other comprehensive component is reclassified to "Interest expense" in our consolidated statements of income. See Note 16 "Derivative Financial Instruments", for more information.

## 18. Commitments and Contingencies

We are subject to certain claims and lawsuits typically filed against the consulting and engineering profession, alleging primarily professional errors or omissions. We carry professional liability insurance, subject to certain deductibles and policy limits, against such claims. However, in some actions, parties are seeking damages that exceed our insurance coverage or for which we are not insured. While management does not believe that the resolution of these claims will have a material adverse effect, individually or in aggregate, on our financial position, results of operations or cash flows, management acknowledges the uncertainty surrounding the ultimate resolution of these matters.

On July 15, 2019, following an initial January 14, 2019 filing, the Civil Division of the United States Attorney's Office filed an amended complaint in intervention in three qui tam actions filed against our subsidiary, Tetra Tech EC, Inc. ("TtEC"), in the U.S. District Court for the Northern District of California. The complaint alleges False Claims Act violations and breach of contract related to TtEC's contracts to perform environmental remediation services at the former Hunters Point Naval Shipyard in San Francisco, California. TtEC disputes the claims and will defend this matter vigorously. We are currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any.

## 19. Related Party Transactions

We often provide services to unconsolidated joint ventures. The table below presents revenue and reimbursable costs related to services we provided to our unconsolidated joint ventures (in thousands):

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Revenue	\$ 16,753	\$ 22,373	\$ 50,157	\$ 65,249
Related reimbursable costs	15,287	20,848	46,025	61,475

Our consolidated balance sheets also included the following amounts related to these services (in thousands):

	Balance at	
	June 30, 2024	October 1, 2023
Accounts receivable, net	\$ 14,305	\$ 19,944
Contract assets	1,997	2,723
Contract liabilities	(3,708)	(3,158)

## 20. Subsequent Events

On July 29, 2024, our Board of Directors declared a quarterly cash dividend of \$0.29 per share payable on August 30, 2024 to stockholders of record as of the close of business on August 15, 2024.

On July 29, 2024, our Board of Directors also approved a five-for-one stock split of our common stock. The split will be effected through an amendment to our Restated Certificate of Incorporation, which will result in a proportionate increase in the number of shares of authorized common stock. The stock split is intended to make shares more accessible to a broader base of investors and enhance liquidity in the trading of Tetra Tech's shares. Each record holder of common stock as of the close of market on September 5, 2024, will receive four additional shares of common stock. The stock split is expected to be effective after close of trading on September 6, 2024. Trading is expected to commence on a split-adjusted basis at market open on September 9, 2024. The following table reflects basic and diluted weighted average shares and net income per share on an unaudited pro forma basis giving effect to the stock split as if it had been effective for all periods presented:

	Pro Forma (Unaudited)			
	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
Net income attributable to Tetra Tech	\$ 85,810	\$ 60,235	\$ 237,228	\$ 219,771
Weighted-average common shares outstanding - basic	267,575	266,155	267,255	265,940
Effect of dilutive stock options and unvested restricted stock	2,165	2,110	2,075	2,135
Shares issuable assuming conversion of convertible notes	520	—	175	—
Weighted-average common shares outstanding - diluted	270,260	268,265	269,505	268,075
<b>Earnings per share attributable to Tetra Tech:</b>				
Basic	\$ 0.32	\$ 0.23	\$ 0.89	\$ 0.83
Diluted	\$ 0.32	\$ 0.22	\$ 0.88	\$ 0.82

This forward stock split will trigger adjustments to the share-based ratios related to our Convertible Notes and Capped Call Transactions, see Note 15, “Long-Term Debt” of the “Notes to Consolidated Financial Statements”.

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

### FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements regarding future events and our future results that are subject to the safe harbor provisions created under the Securities Act of 1933 and the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts and projections about the industries in which we operate and the beliefs and assumptions of our management. Words such as "expects," "anticipates," "targets," "goals," "projects," "intends," "plans," "believes," "estimates," "seeks," "continues," "may," variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict, including those identified below under "Part II, Item 1A. Risk Factors," and elsewhere herein. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. We undertake no obligation to revise or update publicly any forward-looking statements for any reason.

### GENERAL OVERVIEW

Tetra Tech, Inc. is a leading global provider of high-end consulting and engineering services that focuses on water, environment and sustainable infrastructure. We are a global company that is *Leading with Science*® to provide innovative solutions for our public and private clients. We typically begin at the earliest stage of a project by identifying technical solutions and developing execution plans tailored to our clients' needs and resources.

Our reputation for high-end consulting and engineering services and our ability to develop solutions for water and environmental management has supported our growth for more than 50 years. Today, we are proud to be making a difference in people's lives worldwide through our high-end consulting, engineering and technology service offerings. We are working on over 100,000 projects, in more than 100 countries on all seven continents, with a talent force of 28,000 associates. We are *Leading with Science*® throughout our operations, with domain experts across multiple disciplines supported by our advanced analytics, artificial intelligence, machine learning and digital technology solutions. Our ability to provide innovative and first-of-kind solutions is enhanced by partnerships with our forward-thinking clients. We are diverse, equitable and inclusive, embracing the breadth of experience across our talented workforce worldwide with a culture of innovation and entrepreneurship. We are disciplined in our business, and focused on delivering value to customers and high performance for our shareholders. In supporting our clients, we seek to add value and provide long-term sustainable consulting, engineering and technology solutions.

By combining ingenuity and practical experience, we have helped to advance sustainability by managing water, protecting the environment, providing renewable energy, restoring ecosystems and creating green solutions for our cities and communities.

We derive income from fees for professional, technical, program management and construction management services. As primarily a professional services company, we are labor-intensive rather than capital-intensive. Our revenue is driven by our ability to attract and retain qualified and productive employees, identify business opportunities, secure new and renew existing client contracts, provide outstanding services to our clients and execute projects successfully. We provide services to a diverse base of U.S. federal government, U.S. state and local government, U.S. commercial and international clients.

The following table presents the percentage of our revenue by client sector:

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
<b>Client Sector</b>				
U.S. federal government <sup>(1)</sup>	32.1 %	28.0 %	32.0 %	30.5 %
U.S. state and local government	10.9	12.5	11.6	13.9
U.S. commercial	18.0	18.7	17.4	19.4
International <sup>(2)</sup>	39.0	40.8	39.0	36.2
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

<sup>(1)</sup> Includes revenue generated under U.S. federal government contracts performed outside the United States.

<sup>(2)</sup> Includes revenue generated from non-U.S. clients, primarily in Canada, Australia, Europe and the United Kingdom.

We manage our operations under two reportable segments. Our Government Services Group reportable segment primarily includes activities with U.S. government clients (federal, state and local) and all activities with development agencies worldwide. Our Commercial/International Group reportable segment primarily includes activities with U.S. commercial clients and international clients other than development agencies.

*Government Services Group ("GSG").* GSG provides high-end consulting and engineering services primarily to U.S. government clients (federal, state and local) and international development agencies worldwide. GSG supports U.S. government civilian and defense agencies with services in water, environment, sustainable infrastructure, information technology and disaster management. GSG also provides engineering design services for U.S. based federal and municipal clients, especially in water infrastructure, flood protection and solid waste. GSG also leads our support for development agencies worldwide, especially in the United States, United Kingdom and Australia.

*Commercial/International Group ("CIG").* CIG primarily provides high-end consulting and engineering services to U.S. commercial clients, and international clients inclusive of the commercial and government sectors. CIG supports commercial clients worldwide in renewable energy, industrial, high performance buildings and aerospace markets. CIG also provides sustainable infrastructure and related environmental, engineering and project management services to commercial and local government clients across Canada, in Asia Pacific (primarily Australia and New Zealand), Europe, the United Kingdom and South America (primarily Brazil).

The following table presents the percentage of our revenue by reportable segment:

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
<b>Reportable Segment</b>				
GSG	47.7 %	43.9 %	47.4 %	48.0 %
CIG	53.8	57.2	54.0	53.4
Inter-segment elimination	(1.5)	(1.1)	(1.4)	(1.4)
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Our services are performed under three principal types of contracts with our clients: fixed-price, time-and-materials and cost-plus. The following table presents the percentage of our revenue by contract type:

	Three Months Ended		Nine Months Ended	
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023
<b>Contract Type</b>				
Fixed-price	40.8 %	37.4 %	38.7 %	36.6 %
Time-and-materials	43.8	49.4	45.2	47.6
Cost-plus	15.4	13.2	16.1	15.8
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Under fixed-price contracts, clients agree to pay a specified price for our performance of the entire contract or a specified portion of the contract. Under time-and-materials contracts, we are paid for labor at negotiated hourly billing rates and paid for other expenses. Under cost-plus contracts, some of which are subject to a contract ceiling amount, we are reimbursed for allowable costs plus fees, which may be fixed or performance-based. Profitability on these contracts is driven by billable headcount and our cost control. Revenue is recognized by measuring progress over time under Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers". We estimate and measure progress on our contracts over time whereby we compare our total costs incurred on each contract as a percentage of the total expected contract costs. Changes in those estimates could result in the recognition of cumulative catch-up adjustments to the contract's inception-to-date revenue, costs and profit in the period in which such changes are made. On a quarterly basis, we review and assess our revenue and cost estimates for each significant contract. Changes in revenue and cost estimates could also result in a projected loss that would be recorded immediately in earnings.

Other contract costs include professional compensation and related benefits, together with certain direct and indirect overhead costs such as rents, utilities and travel. Professional compensation represents a large portion of these costs. Our "Selling, general and administrative expenses" ("SG&A") are comprised primarily of marketing and bid and proposal costs, and our corporate headquarters' costs related to the executive offices, finance, accounting, administration and information technology. Our SG&A expenses also include a portion of stock-based compensation and depreciation of property and equipment related to our corporate headquarters, and the amortization of identifiable intangible assets. Most of these costs are unrelated to specific clients or projects, and can vary as expenses are incurred to support company-wide activities and initiatives.

We experience seasonal trends in our business. Our revenue and operating income are typically lower in the first half of our fiscal year, primarily due to the Thanksgiving (in the U.S. and Canada), Christmas and New Year's holidays. Many of our clients' employees, as well as our own employees, take vacations during these holiday periods. Further, seasonal inclement weather conditions occasionally cause some of our offices to close temporarily or may hamper our project field work in the northern hemisphere's temperate and arctic regions. These occurrences result in fewer billable hours worked on projects and, correspondingly, less revenue recognized.

## ACQUISITIONS AND DIVESTITURES

*Acquisitions.* We continuously evaluate the marketplace for acquisition opportunities to further our strategic growth plans. Due to our reputation, size, financial resources, geographic presence and range of services, we have numerous opportunities to acquire privately and publicly held companies or selected portions of such companies. We evaluate an acquisition opportunity based on its ability to strengthen our leadership in the markets we serve, the technologies and solutions they provide and the additional new geographies and clients they bring. Also, during our evaluation, we examine an acquisition's ability to drive organic growth, its accretive effect on long-term earnings and its ability to generate return on investment. Generally, we proceed with an acquisition if we believe that it will strategically expand our service offerings, improve our long-term financial performance and increase shareholder returns.

We view acquisitions as a key component in the execution of our growth strategy, and we intend to use cash, debt or equity, as we deem appropriate, to fund acquisitions. We may acquire other businesses that we believe are synergistic and will ultimately increase our revenue and net income, strengthen our ability to achieve our strategic goals, provide critical mass with existing clients and further expand our lines of service. We typically pay a purchase price that results in the recognition of goodwill, generally representing the intangible value of a successful business with an assembled workforce specialized in our areas of interest. Acquisitions are inherently risky, and no assurance can be given that our previous or future acquisitions will be successful or will not have a material adverse effect on our financial position, results of operations or cash flows. All acquisitions require the approval of our Board of Directors.

In the second quarter of fiscal 2024, we acquired LS Technologies ("LST"), an innovative U.S. federal enterprise technology services and management consulting firm based in Fairfax, Virginia. LST provides high-end consulting and engineering services including advanced data analytics, cybersecurity and digital transformation solutions to U.S. government clients. In the third quarter of fiscal 2024, we also acquired Convergence Controls & Engineering ("CCE"), an industry leader in process automation and systems integration solutions. CCE's expertise includes customized digital controls and software solutions, advanced data analytics, cloud data integration and cybersecurity applications. Both LST and CCE are included in our GSG segment.

In the second quarter of fiscal 2023, we completed the acquisition of RPS Group plc ("RPS"), a publicly traded company on the London Stock Exchange in an all cash transaction totaling \$784 million. We funded the RPS acquisition with debt, net of \$109 million in proceeds from a foreign exchange forward contract that we entered into at the same time we made the formal offer to acquire RPS on September 23, 2022. RPS employs approximately 5,000 associates in the United Kingdom, Europe, Asia Pacific and North America, delivering high-end solutions, especially in energy transformation, water and program management for government and commercial clients. Substantially all of RPS is included in our CIG segment.

In the second quarter of fiscal 2023, we also acquired Amyx, Inc. ("Amyx"), an enterprise technology services, cybersecurity and management consulting firm based in Reston, Virginia. With over 500 employees, Amyx provides application modernization, cybersecurity, systems engineering, financial management and program management support on over 30 U.S. federal government programs. Amyx is included in our GSG segment.

For detailed information regarding acquisitions, see Note 4, "Acquisitions" of the "Notes to Consolidated Financial Statements".

**Divestitures.** We regularly review and evaluate our existing operations to determine whether our business model should change through the divestiture of certain businesses. Accordingly, from time to time, we may divest or wind-down certain non-core businesses and reallocate our resources to businesses that better align with our long-term strategic direction.

## OVERVIEW OF RESULTS AND BUSINESS TRENDS

**General.** For the first nine months of fiscal 2024, our revenue increased 17.2% compared to the fiscal 2023 period primarily reflecting increased activity in our U.S. federal and international client sectors. This revenue growth includes \$299 million from our recent acquisitions, that did not have comparable revenue for the same period last year. Excluding the impact of these acquisitions, our revenue increased 8.1% compared to the prior-year period.

The table below presents our revenue by client sector (amounts in thousands):

Client Sector	Nine Months Ended			
	June 30, 2024	July 2, 2023	Change	
			\$	%
U.S. federal government <sup>(1)</sup>	\$ 1,221,320	\$ 996,471	\$ 224,849	22.6%
U.S. state and local government	444,877	452,447	(7,570)	(1.7)%
U.S. commercial	665,675	633,401	32,274	5.1%
International <sup>(2)</sup>	1,492,333	1,179,619	312,714	26.5%
<b>Total</b>	<b>\$ 3,824,205</b>	<b>\$ 3,261,938</b>	<b>\$ 562,267</b>	<b>17.2%</b>

<sup>(1)</sup> Includes revenue generated under U.S. federal government contracts performed outside the United States.

<sup>(2)</sup> Includes revenue generated from non-U.S. clients, primarily in Canada, Australia, Europe and the United Kingdom.



### U.S. Federal Government.

	Nine Months Ended			
	June 30, 2024	July 2, 2023	Change	
			\$	%
			(\$ in thousands)	
Revenue <sup>(1)</sup>	\$ 1,221,320	\$ 996,471	\$ 224,849	22.6%

<sup>(1)</sup> Includes revenue generated under U.S. federal government contracts performed outside the United States.

Our 22.6% growth in U.S. federal revenue in the first nine months of fiscal 2024 compared to the first nine months of last year primarily reflects increased international development activity and increased environmental activity for both civilian and defense agencies. The growth in our international development activity primarily relates to activity in Ukraine to support energy security and other humanitarian needs. For the first nine months of fiscal 2024, our international development revenue increased approximately \$102 million compared to the prior-year period. The overall revenue growth also includes approximately \$83 million of revenue from our recent acquisitions, that did not have comparable revenue in the fiscal 2023 period. We expect our U.S. federal government revenue to continue to grow in the fourth quarter of fiscal 2024. Approximately \$1 trillion in new U.S. federal funding passed in 2021 through the Infrastructure Investment and Jobs Act, the Inflation Reduction Act and the CHIPS and Science Act. Each of these programs includes substantial planned investments in our key end markets including water, environment and sustainable infrastructure over the next five to ten years.

### U.S. State and Local Government.

	Nine Months Ended			
	June 30, 2024	July 2, 2023	Change	
			\$	%
	(\$ in thousands)			
Revenue	\$ 444,877	\$ 452,447	\$ (7,570)	(1.7)%

For the first nine months of fiscal 2024, our U.S. state and local government revenue declined year-over-year due to lower disaster response revenue of approximately \$51 million primarily due to the wind-down of hurricane related projects in the southeastern U.S. last year. Excluding our disaster response activities, our U.S. state and local government revenue increased 14.3% in the first nine months of fiscal 2024 compared to the year-ago period, primarily reflecting continued increased revenue from advanced water treatment projects. Most of our work for the U.S. state and local governments relates to critical water and environmental programs, which we expect to continue to grow in the fourth quarter of fiscal 2024.

### U.S. Commercial.

	Nine Months Ended			
	June 30, 2024	July 2, 2023	Change	
			\$	%
			(\$ in thousands)	
Revenue	\$ 665,675	\$ 633,401	\$ 32,274	5.1%

For the first nine months of fiscal 2024, our U.S. commercial revenue growth was due to increased planning and permitting projects related to renewable energy generation and transmission. We expect revenue growth to continue in our U.S. commercial business in the fourth quarter of fiscal 2024.

### International.

	Nine Months Ended			
	June 30, 2024	July 2, 2023	Change	
			\$	%
			(\$ in thousands)	
Revenue <sup>(1)</sup>	\$ 1,492,333	\$ 1,179,619	\$ 312,714	26.5%

<sup>(1)</sup> Includes revenue generated from non-U.S. clients, primarily in Canada, Australia, Europe and the United Kingdom.

For the first nine months of fiscal 2024, our international revenue increased 26.5% compared to the prior-year period primarily due to higher renewable energy revenue and commercial activities related to an increased focus on sustainability in addition to contributions from acquisitions. This revenue growth includes approximately \$182 million of revenue from our recent acquisitions, that did not have comparable revenue for the same period last year. Excluding the impact of these acquisitions, our revenue increased 11.1% compared to the fiscal 2023 period. We expect growth in our international work to continue in the fourth quarter of fiscal 2024.

## RESULTS OF OPERATIONS

### Consolidated Results of Operations

	Three Months Ended				Nine Months Ended				
	June 30, 2024	July 2, 2023	Change		June 30, 2024	July 2, 2023	Change		
			\$	%			\$	%	
(\$ in thousands, except per share data)									
Revenue	\$ 1,344,323	\$ 1,208,947	\$ 135,376	11.2%	\$ 3,824,205	\$ 3,261,938	\$ 562,267	17.2%	
Subcontractor costs	(234,742)	(221,387)	(13,355)	(6.0)	(646,828)	(568,252)	(78,576)	(13.8)	
Revenue, net of subcontractor costs <sup>(1)</sup>	1,109,581	987,560	122,021	12.4	3,177,377	2,693,686	483,691	18.0	
Other costs of revenue	(886,409)	(798,714)	(87,695)	(11.0)	(2,556,212)	(2,180,749)	(375,463)	(17.2)	
Gross profit	223,172	188,846	34,326	18.2	621,165	512,937	108,228	21.1	
Selling, general and administrative expenses	(94,042)	(89,064)	(4,978)	(5.6)	(263,293)	(227,912)	(35,381)	(15.5)	
Acquisition and integration expenses	—	(2,107)	2,107	NM	—	(25,812)	25,812	NM	
Contingent consideration - fair value adjustments	(500)	—	(500)	NM	(477)	(8,477)	8,000	NM	
Income from operations	128,630	97,675	30,955	31.7	357,395	250,736	106,659	42.5	
Interest expense	(9,912)	(14,869)	4,957	33.3	(29,374)	(33,563)	4,189	12.5	
Other non-operating income	—	—	—	NM	—	89,402	(89,402)	NM	
Income before income tax expense	118,718	82,806	35,912	43.4	328,021	306,575	21,446	7.0	
Income tax expense	(32,894)	(22,568)	(10,326)	(45.8)	(90,758)	(86,781)	(3,977)	(4.6)	
Net income	85,824	60,238	25,586	42.5	237,263	219,794	17,469	7.9	
Net income attributable to noncontrolling interests	(14)	(3)	(11)	(366.7)	(35)	(23)	(12)	(52.2)	
Net income attributable to Tetra Tech	\$ 85,810	\$ 60,235	\$ 25,575	42.5	\$ 237,228	\$ 219,771	\$ 17,457	7.9	
Diluted earnings per share	\$ 1.59	\$ 1.12	\$ 0.47	42.0%	\$ 4.40	\$ 4.10	\$ 0.30	7.3%	

<sup>(1)</sup> We believe that the presentation of "Revenue, net of subcontractor costs", which is a non-U.S. GAAP financial measure, enhances investors' ability to analyze our business trends and performance because it substantially measures the work performed by our employees. While providing services, we routinely subcontract various services and, under certain international development programs, issue grants. Generally, these subcontractor costs and grants are passed through to our clients and, in accordance with U.S. GAAP and industry practice, are included in our revenue when it is our contractual responsibility to procure or manage these activities. Because subcontractor services can vary significantly from project to project and period to period, changes in revenue may not necessarily be indicative of our business trends. Accordingly, we segregate subcontractor costs from revenue to promote a better understanding of our business by evaluating revenue exclusive of costs associated with external service providers.

NM = not meaningful

Our revenue growth in the third quarter and first nine months of fiscal 2024 reflects increases in both of our reportable segments. Our GSG segment's revenue and revenue, net of subcontractor costs, increased \$109.5 million, or 20.6%, and \$98.0 million, or 25.1%, respectively, in the third quarter of fiscal 2024 compared to the prior-year quarter. Our CIG segment's revenue increased \$32.2 million, or 4.7%, and revenue, net of subcontractor costs, increased \$24.0 million, or 4.0% in the third quarter of fiscal 2024 compared to the year-ago quarter.

In the first nine months of fiscal 2024, our GSG segment's revenue and revenue, net of subcontractor costs, increased \$247.4 million, or 15.8%, and \$218.6 million, or 18.5%, respectively, compared to the same period last year. Our CIG segment's revenue increased \$322.6 million, or 18.5%, and revenue, net of subcontractor costs, increased \$265.1 million, or 17.5% in the first nine months of fiscal 2024 compared to fiscal 2023 period. The third quarter and first nine months results for GSG and CIG segments are described below under "Government Services Group" and "Commercial/International Group", respectively.

The following table reconciles our reported results to non-U.S. GAAP adjusted results, which exclude acquisition and integration costs related to the RPS acquisition in the third quarter and first nine months of fiscal 2023, and losses from adjustments to contingent consideration liabilities incurred in the first half of fiscal 2023. Our adjusted earnings per share ("EPS") for the first nine months of fiscal 2023 also excludes non-operating gains on a foreign exchange contract of \$89.4 million (all in the first half of fiscal 2023). The gain is reported as "Other non-operating income" in our consolidated statements of income. Further, our adjusted EPS excludes acquisition costs and the write-off of previously deferred debt origination fees reflected as additional interest expense, of \$2.1 million in the third quarter and \$29.6 million in the first nine months of fiscal 2023 related to the RPS acquisition. The effective tax rate applied to the adjustments to EPS to arrive at adjusted EPS averaged 26% for the first nine months of fiscal 2023. We applied the relevant marginal statutory tax rate based on the nature of the adjustments and the tax jurisdiction in which it occurred. Both EPS and adjusted EPS were calculated using diluted weighted-average common shares outstanding for the respective periods as reflected in our consolidated statement of income.

	Three Months Ended				Nine Months Ended			
	June 30,	July 2,	Change		June 30,	July 2,	Change	
	2024	2023	\$	%	2024	2023	\$	%
(\$ in thousands, except per share data)								
Income from operations	\$ 128,630	\$ 97,675	\$ 30,955	31.7%	\$ 357,395	\$ 250,736	\$ 106,659	42.5%
Acquisition & integration expenses	—	2,107	(2,107)	NM	—	25,812	(25,812)	NM
Earn-out adjustments	—	—	—	NM	—	8,477	(8,477)	NM
Adjusted income from operations <sup>(1)</sup>	\$ 128,630	\$ 99,782	\$ 28,848	28.9%	\$ 357,395	\$ 285,025	\$ 72,370	25.4%
EPS	\$ 1.59	\$ 1.12	\$ 0.47	42.0%	\$ 4.40	\$ 4.10	\$ 0.30	7.3%
Acquisition & integration expenses	—	0.03	(0.03)	NM	—	0.55	(0.55)	NM
Earn-out adjustments	—	—	—	NM	—	0.13	(0.13)	NM
Foreign exchange forward contract gain	—	—	—	NM	—	(1.23)	1.23	NM
Adjusted EPS <sup>(1)</sup>	\$ 1.59	\$ 1.15	\$ 0.44	38.3%	\$ 4.40	\$ 3.55	\$ 0.85	23.9%

NM = not meaningful

<sup>(1)</sup> Non-GAAP financial measure

Operating income in the third quarter and first nine months of fiscal 2023 included \$2.1 million and \$25.8 million of acquisition and integration expenses (primarily legal and other professional fees), respectively, for the RPS acquisition. The first nine months of fiscal 2023 results also include losses of \$8.5 million (all in the first half of fiscal 2023), related to changes in the estimated fair value of contingent earn-out liabilities. Excluding the acquisition expenses and earn-out losses, our adjusted operating income increased \$28.8 million, or 28.9% in the third quarter and \$72.4 million, or 25.4%, in the first nine months of fiscal 2024 compared to the same periods last year. These increases reflect improved results in both of our operating segments, which are described below under "Government Services Group" and "Commercial/International Group", respectively.

Three Months Ended					Nine Months Ended				
June 30, 2024	July 2, 2023	Change			June 30, 2024	July 2, 2023	Change		
		\$	%				\$	%	

(\$ in thousands)

Net interest expense	\$	9,912	\$	14,869	\$	(4,957)	(33.3)%	\$	29,374	\$	33,563	\$	(4,189)	(12.5)%
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For the third quarter of fiscal 2024, net interest expense decreased primarily due to the lower borrowing costs from our convertible notes (the "Convertible Notes") issued in the fourth quarter of fiscal 2023, which we used to refinance the existing higher-cost debt. For the first nine months of fiscal 2023 (all in the first quarter), net interest expense included \$2.7 million of additional expense for the write-off of previously deferred debt origination fees due to the cancellation of the bridge loan facility that we entered to support our offer to acquire RPS, which was replaced with an amendment to our existing debt facility. For the first nine months of fiscal 2023 (all in the second quarter), net interest expense also included \$1.1 million of additional expense for the write-off of previously deferred debt origination fees due to the repayment and cancellation of RPS' debt facilities. Excluding these write-offs, our interest expense decreased \$0.4 million in the first nine months of fiscal 2024 compared to the same period last year.

Three Months Ended					Nine Months Ended				
June 30, 2024	July 2, 2023	Change			June 30, 2024	July 2, 2023	Change		
		\$	%				\$	%	

(\$ in thousands)

Other non-operating income	\$	—	\$	—	\$	—	NM	\$	—	\$	89,402	\$	(89,402)	NM
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Other non-operating income for the first nine months of fiscal 2023 reflects gains on a foreign exchange forward contract integrated with the acquisition of RPS. Although an effective economic hedge of our foreign exchange risk related to this transaction, the forward contract did not qualify for hedge accounting. As a result, the forward contract was marked-to-market with changes in fair value recognized in earnings each period. The forward contract was settled on January 23, 2023, together with the closing of the RPS acquisition, with a cumulative cash gain of approximately \$109 million.

Three Months Ended					Nine Months Ended				
June 30, 2024	July 2, 2023	Change			June 30, 2024	July 2, 2023	Change		
		\$	%				\$	%	

(\$ in thousands)

Income tax expense	\$	32,894	\$	22,568	\$	10,326	45.8%	\$	90,758	\$	86,781	\$	3,977	4.6%
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The effective tax rates for the first nine months of fiscal 2024 and 2023 were 27.7% and 28.3%, respectively. Income tax expense was reduced by \$2.9 million and \$2.2 million of excess tax benefits on share-based payments in the first nine months of fiscal 2024 and 2023, respectively. In addition, income tax expense in the first nine months of fiscal 2024 included \$4.3 million (\$2.8 million in the second quarter) of expense for the settlement of various tax positions that were under audit for fiscal years 2018 through 2021. Furthermore, income tax expense in the first nine months of fiscal 2023 included non-operating income tax expenses of \$7.2 million (\$6.9 million in the second quarter) to recognize the tax liability for foreign earnings, primarily in the United Kingdom and Australia, that are no longer indefinitely reinvested and to increase the liability for an uncertain tax position. Excluding the impact of the excess tax benefits on share-based payments, the settlement amounts in the first nine months of fiscal 2024 and the additional \$7.2 million in the first nine months of fiscal 2023, our effective tax rates in the first nine months of fiscal 2024 and 2023 were 27.2% and 26.7%, respectively.

## Segment Results of Operations

### Government Services Group

	Three Months Ended				Nine Months Ended				
	June 30, 2024	July 2, 2023	Change		June 30, 2024	July 2, 2023	Change		
			\$	%			\$	%	
(\$ in thousands)									
Revenue	\$ 640,553	\$ 531,050	\$ 109,503	20.6%	\$ 1,812,721	\$ 1,565,371	\$ 247,350	15.8%	
Subcontractor costs	(152,349)	(140,834)	(11,515)	(8.2)	(415,321)	(386,559)	(28,762)	(7.4)	
Revenue, net of subcontractor costs <sup>(1)</sup>	<u>\$ 488,204</u>	<u>\$ 390,216</u>	<u>\$ 97,988</u>	25.1	<u>\$ 1,397,400</u>	<u>\$ 1,178,812</u>	<u>\$ 218,588</u>	18.5	
Income from operations	\$ 71,518	\$ 54,496	\$ 17,022	31.2%	\$ 198,652	\$ 167,053	\$ 31,599	18.9%	

<sup>(1)</sup> Non-GAAP financial measure

For the third quarter and first nine months of fiscal 2024, the revenue growth of 20.6% and 15.8%, respectively, compared to the same periods last year primarily reflects higher U.S. federal government activities related to international development, U.S. state and local government activities related to advanced water treatment and contributions from our recent acquisitions. This growth was partially offset by lower disaster response activity. The revenue growth in the third quarter and first nine months of fiscal 2024 includes a \$46 million increase and a \$102 million increase, respectively, from the aforementioned international development activities in Ukraine compared to the fiscal 2023 periods. For the third quarter and first nine months of fiscal 2024, our revenue growth also includes approximately \$33 million and \$94 million, respectively, of revenue from our recent acquisitions, that did not have comparable revenue for the same periods in fiscal 2023. Conversely, our revenue growth also includes decreased revenue from disaster response activities, which was approximately \$10 million and \$51 million lower in the third quarter and first nine months of fiscal 2024, respectively, compared to the prior-year periods. Excluding the acquisitions, increased activity in Ukraine and the partially offsetting lower disaster response revenue, our revenue increased 8.6% and 7.9% in the third quarter and first nine months of fiscal 2024, respectively, compared to the same periods last year.

Operating income increased primarily due to the aforementioned revenue growth. Our operating margin, based on revenue, net of subcontractor costs, was 14.2% for the first nine months of both fiscal 2024 and 2023.

### Commercial/International Group

	Three Months Ended					Nine Months Ended			
	June 30, 2024	July 2, 2023	Change		June 30, 2024	July 2, 2023	Change		
			\$	%			\$	%	
(\$ in thousands)									
Revenue	\$ 723,617	\$ 691,386	\$ 32,231	4.7%	\$ 2,063,879	\$ 1,741,300	\$ 322,579	18.5 %	
Subcontractor costs	(102,240)	(94,042)	(8,198)	(8.7)	(283,902)	(226,426)	(57,476)	(25.4)	
Revenue, net of subcontractor costs <sup>(1)</sup>	<u>\$ 621,377</u>	<u>\$ 597,344</u>	<u>\$ 24,033</u>	4.0	<u>\$ 1,779,977</u>	<u>\$ 1,514,874</u>	<u>\$ 265,103</u>	17.5	
Income from operations	\$ 86,465	\$ 69,572	\$ 16,893	24.3%	\$ 233,821	\$ 172,199	\$ 61,622	35.8 %	

<sup>(1)</sup> Non-GAAP financial measure

For the third quarter and first nine months of fiscal 2024, the revenue growth of 4.7% and 18.5%, respectively, compared to the same periods last year primarily reflects increased activities related to renewable energy and international sustainable infrastructure in addition to contributions from acquisitions. The revenue growth in the first nine months of fiscal 2024 includes approximately \$205 million from the RPS acquisition that did not have comparable revenue in the fiscal 2023 period. Excluding the impact of the RPS acquisition, our revenue increased 6.8% in the first nine months of fiscal 2024 compared to the year-ago period.

For the third quarter and first nine months of fiscal 2024, our operating income increased due to the aforementioned revenue growth for both periods. In addition, our operating margin improved in the first nine months of fiscal 2024 compared to the same period last year. Our operating margin, based on revenue, net of subcontractor costs, improved approximately 170 basis points from 11.4% in the first nine months of fiscal 2023 to 13.1% in the first nine months of this fiscal year. The improved operating margin was primarily due to our increased focus on high-end consulting services, and improved project execution, particularly in the RPS operations.

## Backlog

Backlog generally represents the dollar amount of revenues we expect to realize in the future when we perform the work. The difference between our remaining unsatisfied performance obligation ("RUPO") and backlog relates to contract terms. Specifically, our backlog does not consider the potential impact of termination for convenience clauses within the contracts. The contract term and thus remaining performance obligation on certain of our operations and maintenance contracts, are limited to the notice period required for contract termination (usually 30, 60, or 90 days). The differences between our backlog and RUPO at June 30, 2024 and October 1, 2023 were immaterial (see the table below):

	Balance at	
	June 30, 2024	October 1, 2023
	(\$ in millions)	
RUPO	\$ 5,192	\$ 4,755
Backlog	5,230	4,790

## Financial Condition, Liquidity and Capital Resources

**Capital Requirements.** At June 30, 2024, we had \$212.3 million of cash and cash equivalents and access to an additional \$800 million of borrowings available under our credit facility. During the first nine months of fiscal 2024, we generated \$253.1 million of cash from operations. Our primary sources of liquidity are cash flows from operations and borrowings under our credit facilities. Our primary uses of cash are to fund working capital, cash dividends, capital expenditures and repayment of debt, as well as to fund acquisitions and earn-out obligations from prior acquisitions. We believe that our existing cash and cash equivalents, operating cash flows and borrowing capacity under our credit agreement, as described below, will be sufficient to meet our capital requirements for at least the next 12 months.

**Cash and Cash Equivalents.** The following tables summarize information regarding our cash and cash equivalents (amounts in thousands):

	Balance at			
	June 30, 2024	October 1, 2023	Change	
			\$	%
Cash and cash equivalents	\$ 212,321	\$ 168,831	\$ 43,490	25.8 %

	Nine Months Ended			
	June 30, 2024	July 2, 2023	Change	
			\$	%
Net cash provided by (used in):				
Operating activities	\$ 253,110	\$ 246,053	\$ 7,057	2.9 %
Investing activities	(104,308)	(761,896)	657,588	86.3
Financing activities	(107,458)	494,395	(601,853)	(121.7)
Effect of exchange rate changes	2,146	12,410	(10,264)	(82.7)
Net increase (decrease) in cash and cash equivalents	\$ 43,490	\$ (9,038)	\$ 52,528	581.2 %

**Operating Activities.** Cash from operations in the first nine months of fiscal 2024 increased compared to fiscal 2023 period. This positive change was a result of increased earnings in the first nine months of fiscal 2024 and a continuation of more efficient management of working capital through the collection of accounts receivable. For the first nine months of fiscal 2024, we also paid \$8 million less in interest compared to the prior-year period, primarily due the lower borrowing costs from our convertible notes issued in the fourth quarter of fiscal 2023, which we used to refinance the existing higher-cost debt incurred to fund the RPS acquisition in the second quarter of fiscal 2023. The increase in operating cash was partially offset by an increased use of working capital to fund the 17.2% revenue growth for the first nine months of the fiscal 2024. Additionally, we paid \$27 million in U.S. federal income tax in the first quarter of fiscal 2024 that typically would have been made in fiscal 2023, but for the IRS permitted 2023 federal tax payment deferrals for disaster zones that we elected.

**Investing Activities.** For the first nine months of fiscal 2024, the cash used in investing activities includes net payments of \$94 million for the acquisitions completed year-to-date. The fiscal 2023 period reflects \$854 million of net payments for the acquisitions completed in the second quarter of fiscal 2023, net of the \$109 million of related foreign exchange hedge proceeds in the second quarter of fiscal 2023.

**Financing Activities.** For the first nine months of fiscal 2024, net cash provided by financing activities declined. The decrease was due to a higher net borrowing of \$588 million in the prior-year period, which was used to primarily fund our fiscal 2023 acquisitions. To a lesser extent, the decline in our net cash provided by financing activities was due to \$14 million more cash used for contingent earn-out payments in the current year's period compared to the same period last year.

**Debt Financing.** On October 26, 2022, we entered into a Third Amended and Restated Credit Agreement that provides for an additional \$500 million senior secured term loan facility (the "New Term Loan Facility") increasing our total borrowing capacity to \$1.55 billion. On January 23, 2023, we drew the entire amount of the New Term Loan Facility to partially finance the RPS acquisition. The New Term Loan Facility is not subject to any amortization payments of principal and matures on the third anniversary of the RPS acquisition closing date.

On February 18, 2022, we entered into Amendment No. 2 to our Second Amended and Restated Credit Agreement ("Amended Credit Agreement") with a total borrowing capacity of \$1.05 billion that will mature in February 2027. The Amended Credit Agreement is a \$750 million senior secured, five-year facility that provides for a \$250 million term loan facility (the "Amended Term Loan Facility") and a \$500 million revolving credit facility (the "Amended Revolving Credit Facility"). In addition, the Amended Credit Agreement includes a \$300 million accordion feature that allows us to increase the Amended Credit Agreement to \$1.05 billion subject to lender approval. The Amended Credit Agreement provides for, among other things, (i) refinance indebtedness under our Credit Agreement dated as of July 30, 2018; (ii) finance open market repurchases of common stock, acquisitions and cash dividends and distributions; and (iii) utilize the proceeds for working capital, capital expenditures and other general corporate purposes. The Amended Credit Agreement provides for a reduction in the interest grid for meeting certain sustainability targets related to the (i) reduction of greenhouse gas emissions through the Company's projects and operational sustainability initiatives and (ii) improvement of peoples' lives as a result of the Company's projects that provide environmental, social and governance benefits. The Amended Revolving Credit Facility includes a \$100 million sublimit for the issuance of standby letters of credit, a \$20 million sublimit for swingline loans and a \$300 million sublimit for multicurrency borrowings and letters of credit.

The entire Amended Term Loan Facility was drawn on February 18, 2022. We may borrow on the Amended Revolving Credit Facility, at our option, at either (a) a benchmark rate plus a margin that ranges from 1.000% to 1.875% per annum, or (b) a base rate for loans in U.S. dollars (the highest of the U.S. federal funds rate plus 0.50% per annum, the bank's prime rate or the Secured Overnight Financing Rate ("SOFR") rate plus 1.00%, plus a margin that ranges from 0% to 0.875% per annum. In each case, the applicable margin is based on our Consolidated Leverage Ratio, calculated quarterly. The Amended Term Loan Facility is subject to the same interest rate provisions. The Amended Credit Agreement expires on February 18, 2027, or earlier at our discretion upon payment in full of loans and other obligations.



On August 22, 2023, we issued \$575.0 million in the Convertible Notes that bear interest at 2.25% per annum payable semiannually in arrears on February 15 and August 15 of each year, beginning on February 15, 2024 with a maturity date of August 15, 2028. As of October 1, 2023, \$560.8 million of the Convertible Notes was included in long-term debt in our consolidated balance sheets, which is net of \$14.2 million of unamortized debt issuance costs. The net proceeds from the Convertible Notes were \$560.5 million, \$51.8 million of which were used to purchase related capped call transactions on the issue date. The remaining proceeds were used to prepay and terminate the \$234.4 million outstanding under the Amended Term Loan Facility, to prepay \$89.4 million outstanding under the New Term Loan Facility and to pay down borrowings of \$185.0 million under the Amended Revolving Credit Facility. See Note 15, "Long-Term Debt" of the "Notes to Consolidated Financial Statements" for further discussion.

At June 30, 2024, we had \$300 million in outstanding borrowings under the Amended Credit Agreement, which consisted of \$300 million under the New Term Loan Facility and no borrowings under the Amended Revolving Credit Facility. For the first nine months of fiscal 2024, the weighted-average interest rate of the outstanding borrowings under the Amended Credit Agreement was 6.72%. In addition, we had \$0.7 million in standby letters of credit under the Amended Credit Agreement. At June 30, 2024, we had \$499.3 million of available credit under the Amended Revolving Credit Facility, all of which could be borrowed without a violation of our debt covenants.

The Amended Credit Agreement contains certain affirmative and restrictive covenants, and customary events of default. The financial covenants provide for a maximum Consolidated Leverage Ratio of 3.25 to 1.00 (total funded debt/EBITDA, as defined in the Amended Credit Agreement) and a minimum Consolidated Interest Coverage Ratio of 3.00 to 1.00 (EBITDA/Consolidated Interest Charges, as defined in the Amended Credit Agreement). Our obligations under the Amended Credit Agreement are guaranteed by certain of our domestic subsidiaries and are secured by first priority liens on (i) the equity interests of certain of our subsidiaries, including those subsidiaries that are guarantors or borrowers under the Amended Credit Agreement, and (ii) the accounts receivable, general intangibles and intercompany loans, and those of our subsidiaries that are guarantors or borrowers. At June 30, 2024, we were in compliance with these covenants with a consolidated leverage ratio of 1.51x and a consolidated interest coverage ratio of 12.47x.

In addition to the Amended Credit Agreement, we maintain other credit facilities, which may be used for short-term cash advances and bank guarantees. At June 30, 2024, there were no borrowings under these facilities, and the aggregate amount of standby letters of credit outstanding was \$50.6 million. At June 30, 2024, we had no bank overdrafts related to our disbursement bank accounts.

**Inflation.** We believe our operations have not been, and, in the foreseeable future, are not expected to be, materially adversely affected by inflation or changing prices due to the average duration of our projects and our ability to negotiate prices as contracts end and new contracts begin.

**Stock repurchases.** On October 5, 2021, our Board of Directors authorized a new stock repurchase program under which we could repurchase up to \$400 million of our common stock. In fiscal 2024 and 2023, we did not repurchase any shares of our common stock. At June 30, 2024, we had a remaining balance of \$347.8 million under our stock repurchase program.

**Dividends.** Our Board of Directors has authorized the following dividends in fiscal 2024:

	Dividend Per Share	Record Date	Total Maximum Payment (in thousands)	Payment Date
November 13, 2023	\$ 0.26	November 30, 2023	\$ 13,873	December 13, 2023
January 29, 2024	0.26	February 14, 2024	13,908	February 27, 2024
April 29, 2024	0.29	May 20, 2024	15,522	May 31, 2024

**Subsequent Events.** On July 29, 2024, our Board of Directors declared a quarterly cash dividend of \$0.29 per share payable on August 30, 2024 to stockholders of record as of the close of business on August 15, 2024.

On July 29, 2024, our Board of Directors also approved a five-for-one stock split of our common stock. The split will be effected through an amendment to our Restated Certificate of Incorporation, which will result in a proportionate increase in the number of shares of authorized common stock. The stock split is intended to make shares more accessible to a broader base of investors and enhance liquidity in the trading of Tetra Tech's shares. Each record holder of common stock as of the close of market on September 5, 2024, will receive four additional shares of common stock. The stock split is expected to be effective after close of trading on September 6, 2024. Trading is expected to commence on a split-adjusted basis at market open on September 9, 2024. For detailed information regarding our stock split, see Note 20, "Subsequent Events" of the "Notes to Consolidated Financial Statements".

## Income Taxes

We evaluate the realizability of our deferred tax assets by assessing the valuation allowance and adjust the allowance, if necessary. The factors used to assess the likelihood of realization are our forecast of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets. The ability or failure to achieve the forecasted taxable income in the applicable taxing jurisdictions could affect the ultimate realization of deferred tax assets. Based on future operating results in certain jurisdictions, it is unlikely that the current valuation allowance positions of those jurisdictions could be adjusted in the next 12 months.

It is reasonably possible that the amount of the unrecognized benefit with respect to certain of our unrecognized tax positions may not significantly decrease within the next 12 months. These liabilities represent our current estimates of the additional tax liabilities that we may be assessed when the related audits are concluded. If these audits are resolved in a manner more unfavorable than our current expectations, our additional tax liabilities could be materially higher than the amounts currently recorded resulting in additional tax expense. At June 30, 2024 and October 1, 2023, the liability for income taxes associated with uncertain tax positions was \$64.0 million and \$62.0 million, respectively.

## Off-Balance Sheet Arrangements

In the ordinary course of business, we may use off-balance sheet arrangements if we believe that such arrangements would be an efficient way to lower our cost of capital or help us manage the overall risks of our business operations. We do not believe that such arrangements have had a material adverse effect on our financial position or our results of operations.

The following is a summary of our off-balance sheet arrangements:

- Letters of credit and bank guarantees are used primarily to support project performance and insurance programs. We are required to reimburse the issuers of letters of credit and bank guarantees for any payments they make under the outstanding letters of credit or bank guarantees. Our Amended Credit Agreement and additional letter of credit facilities cover the issuance of our standby letters of credit and bank guarantees and are critical for our normal operations. If we default on the Amended Credit Agreement or additional credit facilities, our inability to issue or renew standby letters of credit and bank guarantees would impair our ability to maintain normal operations. At June 30, 2024, we had \$0.7 million in standby letters of credit outstanding under our Amended Credit Agreement and \$50.6 million in standby letters of credit outstanding under our additional letter of credit facilities.
- From time to time, we provide guarantees and indemnifications related to our services. If our services under a guaranteed or indemnified project are later determined to have resulted in a material defect or other material deficiency, then we may be responsible for monetary damages or other legal remedies. When sufficient information about claims on guaranteed or indemnified projects is available and monetary damages or other costs or losses are determined to be probable, we recognize such guaranteed losses.
- In the ordinary course of business, we enter into various agreements as part of certain unconsolidated subsidiaries, joint ventures and other jointly executed contracts where we are jointly and severally liable. We enter into these agreements primarily to support the project execution commitments of these entities. The potential payment amount of an outstanding performance guarantee is typically the remaining cost of work to be performed by or on behalf of third parties under engineering and construction contracts. However, we are not able to estimate other amounts that may be required to be paid in excess of estimated costs to complete contracts and, accordingly, the total potential payment amount under our outstanding performance guarantees cannot be estimated. For cost-plus contracts, amounts that may become payable pursuant to guarantee provisions are normally recoverable from the client for work performed under the contract. For lump sum or fixed-price contracts, this amount is the cost to complete the contracted work less amounts remaining to be billed to the client under the contract. Remaining billable amounts could be greater or less than the cost to complete. In those cases where costs exceed the remaining amounts payable under the contract, we may have recourse to third parties, such as owners, co-venturers, subcontractors or vendors, for claims.
- In the ordinary course of business, our clients may request that we obtain surety bonds in connection with contract performance obligations that are not required to be recorded in our consolidated balance sheets. We are obligated to reimburse the issuer of our surety bonds for any payments made thereunder. Each of our commitments under performance bonds generally ends concurrently with the expiration of our related contractual obligation.

## Critical Accounting Policies

Our critical accounting policies are disclosed in our Annual Report on Form 10-K for the fiscal year ended October 1, 2023. To date, there have been no material changes in our critical accounting policies as reported in our fiscal 2023 Annual Report on Form 10-K.

## New Accounting Pronouncements

For information regarding recent accounting pronouncements, see “Notes to Consolidated Financial Statements” included in Part I, Item 1 of this Quarterly Report.

## Financial Market Risks

We do not enter into derivative financial instruments for trading or speculation purposes. In the normal course of business, we have exposure to both interest rate risk and foreign currency transaction and translation risk, primarily related to the Canadian and Australian dollars, the Euro, and the British Pound.

We are exposed to interest rate risk under our Amended Credit Agreement. We can borrow, at our option, under both the Amended Term Loan Facility and Amended Revolving Credit Facility. We may borrow on the Amended Revolving Credit Facility, at our option, at either (a) a Eurocurrency rate plus a margin that ranges from 1.000% to 1.875% per annum, or (b) a base rate for loans in U.S. dollars (the highest of the U.S. federal funds rate plus 0.50% per annum, the bank’s prime rate or the SOFR rate plus 1.00%) plus a margin that ranges from 0% to 0.875% per annum. In each case, the applicable margin is based on our Consolidated Leverage Ratio, calculated quarterly. The Amended Term Loan Facility is subject to the same interest rate provisions. Borrowings at the base rate have no designated term and may be repaid without penalty any time prior to the Facility’s maturity date. Borrowings at a SOFR rate have a term no less than 30 days and no greater than 180 days and may be prepaid without penalty. Typically, at the end of such term, such borrowings may be rolled over at our discretion into either a borrowing at the base rate or a borrowing at a SOFR rate with similar terms, not to exceed the maturity date of the Facility. The Facility matures on February 18, 2027. At June 30, 2024, we had \$300 million in outstanding borrowings under the Amended Credit Agreement, which was consisted of \$300 million under the New Term Loan Facility and no borrowings under the Amended Revolving Credit Facility. For the first nine months of fiscal 2024, the weighted-average interest rate of the outstanding borrowings under the Amended Credit Agreement was 6.72%.

The majority of our transactions are in U.S. dollars; however, some of our subsidiaries conduct business in foreign currencies, primarily the Canadian and Australian dollars, the Euro, and the British Pound. Therefore, we are subject to currency exposure and volatility because of currency fluctuations. We attempt to minimize our exposure to these fluctuations by matching revenue and expenses in the same currency for our contracts. For the first nine months of fiscal 2024, we reported \$1.0 million of foreign currency losses in “Selling, general and administrative expenses” on our consolidated statements of income. The impact of the foreign currency gains and losses was immaterial for the first nine months of fiscal 2023.

We have foreign currency exchange rate exposure in our results of operation s and equity primarily because of the currency translation related to our foreign subsidiaries where the local currency is the functional currency. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions will result in reduced revenue, operating expenses, assets and liabilities. Similarly, our revenue, operating expenses, assets and liabilities will increase if the U.S. dollar weakens against foreign currencies. For the first nine months of fiscal 2024 and 2023, 39.0% and 36.2% of our consolidated revenue, respectively, was generated by our international business. For the first nine months of fiscal 2024, the effect of foreign exchange rate translation on our consolidated balance sheet was an increase in equity of \$40.6 million compared to an increase of \$69.5 million in the prior-year period. These amounts were recognized as adjustments to equity through other comprehensive income.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

Please refer to the information we have included under the heading “Financial Market Risks” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Item 2 of this Form 10-Q which is incorporated herein by reference.

**Item 4. Controls and Procedures**

**Evaluation of disclosure controls and procedures and changes in internal control over financial reporting.** At June 30, 2024, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer), our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act), were effective.

**Changes in internal control over financial reporting.** There were no changes in our internal control over financial reporting that occurred during the quarter ended June 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**

For information regarding legal proceedings, see Note 18, "Commitments and Contingencies" included in the "Notes to Consolidated Financial Statements" included in Part I, Item 1 of this Form 10-Q which is incorporated herein by reference.

**Item 1A. Risk Factors**

There have been no material changes in our risk factors disclosed in Part I, Item 1A in our 2023 Annual Report on Form 10-K. For updated disclosures related to interest and exchange rate risks, see "Financial Market Risks" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 2 of this Form 10-Q which is incorporated herein by reference.

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

On October 5, 2021, our Board of Directors authorized a new stock repurchase program under which we could repurchase up to \$400 million of our common stock. In fiscal 2024 and 2023, we did not repurchase any shares of our common stock. At June 30, 2024, we had a remaining balance of \$347.8 million under our stock repurchase program.

**Item 4. Mine Safety Disclosures**

Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires domestic mine operators to disclose violations and orders issued under the Mine Act by Mine Safety and Health Administration. We do not act as the owner of any mines, but we may act as a mining operator as defined under the Mine Act where we may be an independent contractor performing services or construction at such mine. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K is included in Exhibit 95.

**Item 5. Other Information*****Rule 10b5-1 Trading Plans***

During the third quarter of fiscal 2024, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act or any "non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K.

**Item 6. Exhibits**

The following documents are filed as Exhibits to this Report:

[31.1](#) [Chief Executive Officer Certification pursuant to Rule 13a-14\(a\)/15d-14\(a\).](#)

[31.2](#) [Chief Financial Officer Certification pursuant to Rule 13a-14\(a\)/15d-14\(a\).](#)

[32.1](#) [Certification of Chief Executive Officer pursuant to Section 1350.](#)

[32.2](#) [Certification of Chief Financial Officer pursuant to Section 1350.](#)

[95](#) [Mine Safety Disclosure.](#)

101 The following financial information from our Company's Quarterly Report on Form 10-Q, for the period ended June 30, 2024, formatted in Inline eXtensible Business Reporting Language: (i) Consolidated Balance Sheets (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Equity, (vi) Notes to Consolidated Financial Statements.

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

## SIGNATURES

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

Dated: August 2, 2024

TETRA TECH, INC.

By: /s/ DAN L. BATRACK  
Dan L. Batrack  
Chairman, Chief Executive Officer and President  
(Principal Executive Officer)

By: /s/ STEVEN M. BURDICK  
Steven M. Burdick  
Executive Vice President, Chief Financial Officer  
(Principal Financial Officer)

By: /s/ BRIAN N. CARTER  
Brian N. Carter  
Senior Vice President, Corporate Controller  
(Principal Accounting Officer)

**Chief Executive Officer Certification Pursuant to  
Rule 13a-14(a)/15d-14(a)**

I, Dan L. Batrack, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tetra Tech, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of 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(s) 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(s) 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.

Dated: August 2, 2024

/s/ Dan L. Batrack

Dan L. Batrack

Chairman, Chief Executive Officer and President

(Principal Executive Officer)

**Chief Financial Officer Certification Pursuant to  
Rule 13a-14(a)/15d-14(a)**

I, Steven M. Burdick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tetra Tech, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of 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(s) 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(s) 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.

Dated: August 2, 2024

/s/ Steven M. Burdick

Steven M. Burdick

Executive Vice President, Chief Financial Officer

(Principal Financial Officer)



**Certification of Chief Executive Officer Pursuant to  
Section 1350**

In connection with the Quarterly Report of Tetra Tech, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dan L. Batrack, Chairman, Chief Executive Officer and President of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

/s/ Dan L. Batrack

Dan L. Batrack

Chairman, Chief Executive Officer and President

August 2, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Tetra Tech, Inc. and will be retained by Tetra Tech, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

**Certification of Chief Financial Officer Pursuant to  
Section 1350**

In connection with the Quarterly Report of Tetra Tech, Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven M. Burdick, Executive Vice President, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

/s/ Steven M. Burdick

Steven M. Burdick

Executive Vice President, Chief Financial Officer

August 2, 2024

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Tetra Tech, Inc. and will be retained by Tetra Tech, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

### MINE SAFETY DISCLOSURES

The following table shows, for each project performed at U.S. mines that is subject to the Federal Mine Safety and Health Act of 1977 (“**MSHA**”), the information required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K. Section references are to sections of MSHA.

3 Month Period Ending June 30, 2024

Tetra Tech, Inc.

Alleged violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard (#)	0
Section 104(b) orders (#)	0
Section 104(d) citations and orders (#)	0
Section 110(b)(2) violations (#)	0
Section 107(a) orders (#)	0
Proposed assessments under MSHA (\$) whole dollars	0
Mining-related fatalities (#)	0
Section 104(e) notice	0
Notice of the potential for a pattern of violations under Section 104(e)	0
Legal actions before the Federal Mine Safety and Health Review Commission (“FMSHRC”) initiated (#)	0
Legal actions before the FMSHRC resolved	0
Legal actions pending before the FMSHRC, end of period	-
Contests of citations and orders reference in Subpart B of 29 CFR Part 2700	0
Contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700 (#)	0
Complaints for compensation referenced in Subpart D of 29 CFR Part 2700 (#)	0
Complaints of discharge, discrimination or interference reference in Subpart E of 29 CFR Part 2700 (#)	0
Applications for temporary relief referenced in Subpart F of 29 CFR Part 2700 (#)	0
Appeals of judges’ decisions or orders reference in Subpart H of 29 CFR Part 2700 (#)	0
Total pending legal actions (#)	0