

REFINITIV

# DELTA REPORT

## 10-Q

CBZ - CBIZ, INC.

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	778
CHANGES	302
DELETIONS	141
ADDITIONS	335

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

FORM 10-Q

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

For the quarterly period ended **March 31, 2024** **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 1-32961

**CBIZ, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**5959 Rockside Woods, N. Suite 600 Independence, Ohio**

(Address of principal executive offices)

**22-2769024**

(I.R.S. Employer  
Identification No.)

**44131**

(Zip Code)

**(216) 447-9000**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

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	CBZ	New York Stock Exchange

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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

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

CBIZ, INC. AND SUBSIDIARIES  
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**PART I – FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**CBIZ, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**  
**(In thousands)**

		March 31, 2024	December 31, 2023
		June 30, 2024	December 31, 2023
ASSETS			
ASSETS			
ASSETS			
Current assets:			
Current assets:			
Current assets:			
Cash and cash equivalents			
Cash and cash equivalents			
Cash and cash equivalents			
Restricted cash			
Accounts receivable, net			
Other current assets			
Current assets before funds held for clients			
Funds held for clients			
Total current assets			
Non-current assets:			
Property and equipment, net			
Property and equipment, net			
Property and equipment, net			
Goodwill and other intangible assets, net			
Assets of deferred compensation plan			
Right-of-use assets, net			
Other non-current assets			
Total non-current assets			
Total assets			
LIABILITIES			
Current liabilities:			
Current liabilities:			
Current liabilities:			
Accounts payable			
Accounts payable			
Accounts payable			
Income taxes payable			
Accrued personnel costs			
Contingent purchase price liabilities			
Operating lease liabilities			
Other current liabilities			
Current liabilities before client fund obligations			
Client fund obligations			
Total current liabilities			
Non-current liabilities:			
Bank debt			
Bank debt			
Bank debt			

Debt issuance costs
Total long-term debt, net
Income taxes payable
Deferred income taxes, net
Deferred compensation plan obligations
Contingent purchase price liabilities
Lease liabilities
Other non-current liabilities
Total non-current liabilities
Total liabilities
STOCKHOLDERS' EQUITY
Common stock
Common stock
Common stock
Additional paid in capital
Retained earnings
Treasury stock
Accumulated other comprehensive income
Total stockholders' equity
Total liabilities and stockholders' equity

See the accompanying notes to the unaudited condensed consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)  
 (In thousands, except per share data)

	Three Months Ended March 31,					
	Three Months Ended March 31,					
	Three Months Ended March 31,					
	Three Months Ended March 31,					
	2024					
	2024					
	Three Months Ended June 30,		Six Months Ended June 30,			
	2024		2024		2023	
Revenue						
Revenue						
Revenue						
Operating expenses						
Operating expenses						
Operating expenses						
Gross margin						
Gross margin						
Gross margin						
Corporate general and administrative expenses						
Corporate general and administrative expenses						
Corporate general and administrative expenses						
Operating income						
Operating income						
Operating income						



Operating income
Other (expense) income:
Other (expense) income:
Other (expense) income:
Interest expense
Interest expense
Interest expense
Gain on sale of operations, net
Gain on sale of operations, net
Gain on sale of operations, net
Other income, net
Other income, net
Other income, net
Total other income, net
Total other income, net
Total other income, net
Income before income tax expense
Income before income tax expense
Total other (expense) income, net
Income before income tax expense
Income tax expense
Income tax expense
Income tax expense
Net Income
Net Income
Net Income
Earnings per share:
Earnings per share:
Earnings per share:
Basic
Basic
Basic
Diluted
Diluted
Diluted
Basic weighted average shares outstanding
Basic weighted average shares outstanding
Basic weighted average shares outstanding
Diluted weighted average shares outstanding
Diluted weighted average shares outstanding
Diluted weighted average shares outstanding
Comprehensive income:
Comprehensive income:
Comprehensive income:
Net income
Net income
Net income
Other comprehensive income (loss), net of tax
Other comprehensive income (loss), net of tax
Other comprehensive income (loss), net of tax
Other comprehensive (loss) income, net of tax

Comprehensive income

Comprehensive income

Comprehensive income

See the accompanying notes to the unaudited condensed consolidated financial statements

CBIZ, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)  
(In thousands)

	Issued Common Shares	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Totals	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Totals
December 31, 2023																	
March 31, 2024																	
Net income																	
Other comprehensive income																	
Other comprehensive loss																	
Indirect repurchase of shares for minimum tax withholding																	
Indirect repurchase of shares for minimum tax withholding																	
Indirect repurchase of shares for minimum tax withholding																	
Restricted stock units and awards																	
Performance share units																	
Restricted stock units and awards																	
Restricted stock units and awards																	
Stock-based compensation																	
Stock-based compensation																	
Stock-based compensation																	
Business acquisitions																	
March 31, 2024																	
March 31, 2024																	
March 31, 2024																	
June 30, 2024																	
June 30, 2024																	
June 30, 2024																	

	Issued Common Shares	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Totals	Issued Common Shares	Treasury Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income	Totals
December 31, 2022																	
March 31, 2023																	
Net income																	
Other comprehensive loss																	

Other comprehensive income
Share repurchases
Indirect repurchase of shares for minimum tax withholding
Restricted stock units and awards
Performance share units
Restricted stock units and awards
Restricted stock units and awards
Stock options exercised
Stock options exercised
Stock options exercised
Stock-based compensation
Business acquisitions
March 31, 2023
Excise tax on share repurchases
June 30, 2023

See the accompanying notes to the unaudited condensed consolidated financial statement

CBIZ, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Unaudited)

(In thousands)

	Issued		Additional				Accumulated	Totals
	Common	Treasury	Common	Paid-In	Retained	Treasury	Other	
	Shares	Shares	Stock	Capital	Earnings	Stock	Comprehensive Income	
December 31, 2023	137,387	87,573	\$ 1,374	\$ 832,475	\$ 855,084	\$ (899,093)	\$ 1,778	\$ 791,618
Net income	—	—	—	—	96,677	—	—	96,677
Other comprehensive income	—	—	—	—	—	—	876	876
Indirect repurchase of shares for minimum tax withholding	—	170	—	—	—	(11,229)	—	(11,229)
Restricted stock units and awards	118	—	1	(1)	—	—	—	—
Performance share units	273	—	3	(3)	—	—	—	—
Stock-based compensation	—	—	—	5,016	—	—	—	5,016
Business acquisitions	127	—	1	8,475	—	—	—	8,476
June 30, 2024	137,905	87,743	\$ 1,379	\$ 845,962	\$ 951,761	\$ (910,322)	\$ 2,654	\$ 891,434

	Issued		Additional				Accumulated	Totals
	Common	Treasury	Common	Paid-In	Retained	Treasury	Other	
	Shares	Shares	Stock	Capital	Earnings	Stock	Comprehensive Income	
December 31, 2022	136,295	86,115	\$ 1,363	\$ 799,147	\$ 734,116	\$ (824,778)	\$ 3,604	\$ 713,452
Net income	—	—	—	—	100,023	—	—	100,023
Other comprehensive income	—	—	—	—	—	—	324	324



Share repurchases	—	975	—	—	—	(48,528)	—	(48,528)
Indirect repurchase of shares for minimum tax withholding	—	169	—	—	—	(8,224)	—	(8,224)
Restricted stock units and awards	144	—	1	(1)	—	—	—	—
Performance share units	244	—	2	(2)	—	—	—	—
Stock options exercised	221	—	3	4,249	—	—	—	4,252
Stock-based compensation	—	—	—	6,619	—	—	—	6,619
Business acquisitions	177	—	2	8,294	—	—	—	8,296
Excise tax on share repurchases	—	—	\$ —	\$ 387	\$ —	\$ (558)	\$ —	\$ (171)
<b>June 30, 2023</b>	<b>137,081</b>	<b>87,259</b>	<b>\$ 1,371</b>	<b>\$ 818,693</b>	<b>\$ 834,139</b>	<b>\$ (882,088)</b>	<b>\$ 3,928</b>	<b>\$ 776,043</b>

See the accompanying notes to the unaudited condensed consolidated financial statements

**CBIZ, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
(In thousands)

	Three Months Ended			Six Months Ended		
	March 31,			June 30,		
	2024	2024	2023	2024	2024	2023
<b>Cash flows from operating activities:</b>	<b>Cash flows from operating activities:</b>			<b>Cash flows from operating activities:</b>		
<b>Net income</b>						
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>						
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>						
Depreciation and amortization expense						
Depreciation and amortization expense						
Depreciation and amortization expense						
Gain on sale of operations, net						
Bad debt expense, net of recoveries						
Adjustment to contingent earnout liability						
Stock-based compensation expense						
Deferred income taxes						
Deferred income taxes						
Deferred income taxes						
Other, net						
<i>Changes in assets and liabilities, net of acquisitions and divestitures:</i>						
Accounts receivable, net						
Accounts receivable, net						
Accounts receivable, net						
Other assets						
Accounts payable						
Income taxes payable						
Accrued personnel costs						
Other liabilities						
<b>Net cash used in operating activities</b>						
<b>Net cash provided by operating activities</b>						
<b>Net cash used in operating activities</b>						
<b>Net cash provided by operating activities</b>						
<b>Net cash used in operating activities</b>						
<b>Net cash provided by operating activities</b>						
<b>Cash flows from investing activities:</b>						
Business acquisitions and purchases of client lists, net of cash acquired						

Business acquisitions and purchases of client lists, net of cash acquired

Business acquisitions and purchases of client lists, net of cash acquired

Purchases of client fund investments

Proceeds from the sales and maturities of client fund investments

Proceeds from sales of divested operations

Change in funds held for clients

Additions to property and equipment

Other, net

**Net cash used in investing activities**

**Cash flows from financing activities:**

Proceeds from bank debt

Proceeds from bank debt

Proceeds from bank debt

Payment of bank debt

Payment for acquisition of treasury stock

Indirect repurchase of shares for minimum tax withholding

Changes in client funds obligations

Proceeds from exercise of stock options

Payment of contingent consideration for acquisitions and client lists

**Net cash provided by financing activities**

**Net cash provided by financing activities**

**Net cash provided by financing activities**

**Net cash (used in) provided by financing activities**

**Net cash (used in) provided by financing activities**

**Net cash (used in) provided by financing activities**

**Net decrease in cash, cash equivalents and restricted cash**

Cash, cash equivalents and restricted cash at beginning of year

**Cash, cash equivalents and restricted cash at end of period**

**Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets:**

**Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets:**

**Reconciliation of cash, cash equivalents and restricted cash to the Condensed Consolidated Balance Sheets:**

Cash and cash equivalents

Restricted cash

Cash equivalents included in funds held for clients

**Total cash, cash equivalents and restricted cash**

See the accompanying notes to the unaudited condensed consolidated financial statements

**CBIZ, INC. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Selected Terms Used in Notes to the Condensed Consolidated Financial Statements**

**ASA** – Administrative Service Agreement

**ASC** – Accounting Standards Codification

**ASU** – Accounting Standards Update

**CPA firm** – Certified Public Accounting firm

**FASB** – The Financial Accounting Standards Board

**GAAP** – United States Generally Accepted Accounting Principles

**SOFR** – Secured Overnight Financing Rate

**SEC** – United States Securities and Exchange Commission

**Description of Business:** CBIZ, Inc. is a diversified services company which, acting through its subsidiaries, has been providing professional business services since 1996, primarily to small and medium-sized businesses, as well as individuals, governmental entities, and not-for-profit enterprises throughout the United States and parts of Canada. CBIZ, Inc. manages and reports its operations along three practice groups: Financial Services, Benefits and Insurance Services and National Practices. A further description of products and services offered by each of the practice groups is provided in Note 11, Segment Disclosures, to the accompanying unaudited condensed consolidated financial statements.

During the **three six** months ended **March 31, 2024 June 30, 2024**, we completed the acquisitions of Erickson, Brown & Kloster, LLC ("EBK") and **ComputData, CompuData, Inc.** ("CompuData") in our Financial Services practice group **and Educational & Institutional Insurance Administrator, Inc.'s EIIA Higher Education Benefit Trust ("EIIA")** in our Benefits and Insurance practice group for a total aggregated purchase price of **\$37.3 million \$40.1 million**, including **\$13.5 million \$15.2 million** recorded as contingent consideration. For the **three six** months ended **March 31, 2024 June 30, 2024**, we recorded **\$4.6 million \$12.6 million** in total revenue from those acquisitions. **Neither None of the** acquisition **is are** considered material, individually or in the aggregate.

**Basis of Consolidation:** The accompanying unaudited condensed consolidated financial statements include the operations of CBIZ, Inc. and all of its wholly-owned subsidiaries ("CBIZ", the "Company", "we", "us", or "our"), after elimination of all intercompany balances and transactions. These unaudited condensed consolidated financial statements do not reflect the operations or accounts of variable interest entities as the impact is not material to the financial condition, results of operations or cash flows of CBIZ.

**Unaudited Interim Financial Statements:** The unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and applicable rules and regulations of the SEC regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

In the opinion of CBIZ management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial condition, results of operations, and cash flows for the interim periods presented, but are not necessarily indicative of the results of operations to be anticipated for the full year ending December 31, 2024.

**Use of Estimates:** The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Changes in circumstances could cause actual results to differ materially from these estimates.

**Changes in Accounting Policies:** We have consistently applied the accounting policies for the periods presented as described in Note 1, Basis of Presentation and Significant Accounting Policies, to the

consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

The FASB ASC is the sole source of authoritative GAAP other than the SEC issued rules and regulations that apply only to SEC registrants. The FASB issues an ASU to communicate changes to the FASB ASC. We assess and review the impact of all issued ASUs. During the **three six** months ended **March 31, 2024 June 30, 2024**, we have implemented all new ASUs that are in effect and that may impact our consolidated financial statements.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, less allowance for doubtful accounts, reflects the net realizable value of receivables and approximates fair value. Unbilled revenue is recorded at estimated net realizable value. Assessing the collectability of the receivables (billed and unbilled) requires management judgment based on a combination of factors, including but not limited to, an evaluation of our historical incurred loss experience, credit-worthiness of our clients, age of the trade receivable balance, current economic conditions that may affect a client's ability to pay, and reasonable and supportable forecasts. Receivables are charged-off against the allowance when the balance is deemed uncollectible.

Accounts receivable, net, at **March 31, 2024 June 30, 2024** and December 31, 2023 was as follows (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Trade accounts receivable		
Unbilled revenue, at net realizable value		
Total accounts receivable		
Allowance for doubtful accounts		
Accounts receivable, net		

Changes to the allowance for doubtful accounts for the **three six** months ended **March 31, 2024 June 30, 2024** and twelve months ended December 31, 2023 were as follows (in thousands):

	March 31, 2024	December 31, 2023
	June 30, 2024	December 31, 2023
Balance at beginning of period		
Provision		
Charge-offs, net of recoveries		
Allowance for doubtful accounts		

NOTE 4. DEBT AND FINANCING ARRANGEMENTS

**2022 Credit Facility** - Our primary financing arrangement is the 2022 credit facility. The 2022 credit facility has a borrowing capacity of \$600 million and provides us with the capital necessary to meet our working capital needs as well as the flexibility to continue with our strategic initiatives, including business acquisitions and share repurchases. The 2022 credit facility matures on May 4, 2027. The balance outstanding under the 2022 credit facility was \$437.8 million \$381.0 million and \$312.4 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

The effective interest rates under the 2022 credit facility, including the impact of interest rate swaps associated with the 2022 credit facility, for the three six months ended March 31, 2024 June 30, 2024 and 2023 was were as follows:

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
	2024
	2024
Weighted average rates	
Weighted average rates	
Weighted average rates	
Range of effective rates	
Range of effective rates	
Range of effective rates	

We had approximately \$147.9 million \$209.8 million of available funds under the 2022 credit facility at March 31, 2024 June 30, 2024, net of outstanding letters of credit of \$3.2 million. Available funds under the 2022 credit facility are based on a multiple of earnings before interest, taxes, depreciation and amortization as defined in the 2022 credit facility, and are reduced by letters of credit, other indebtedness and outstanding borrowings under the 2022 credit facility. Under the 2022 credit facility, loans are charged an interest rate consisting of a base rate or term SOFR rate plus an applicable margin, letters of credit are charged based on the same applicable margin, and a commitment fee is charged on the unused portion of the 2022 credit facility.

The 2022 credit facility contains certain restrictive covenants customary for facilities of this type, including restrictions on indebtedness, liens or other encumbrances, making certain payments, investments, or to sell or otherwise dispose of a substantial portion of assets, or to merge or consolidate with an unaffiliated entity. The 2022 credit facility also limits our ability to make dividend payments. Historically, we have not paid cash dividends on our common stock. Our Board of Directors has discretion over the payment and level of dividends on common stock, subject to the limitations of the 2022 credit facility and applicable law. The 2022 credit facility contains a provision that, in the event of a defined change in control, the 2022 credit facility may be terminated. In addition, the 2022 credit facility contains financial covenants that require us to meet certain requirements with respect to (i) a total leverage ratio and (ii) minimum interest coverage ratio which may limit our ability to borrow up to the total commitment amount. As of March 31, 2024 June 30, 2024, we are in compliance with all covenants.

Refer to the Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion on the 2022 credit facility.

**Other Line of Credit** - We have an unsecured \$20.0 million line of credit by and among CBIZ Benefits and Insurance, Inc. and Huntington National Bank. We utilize this line to support our short-term funding requirements of payroll client fund obligations due to the investment of client funds, rather than liquidating client funds that have already been invested in available-for-sale securities. The line of credit which was renewed on August 3, 2023 and will terminate on August 1, 2024, did not have a balance outstanding at March 31, 2024 June 30, 2024. On August 1, 2024, we renewed the line of credit and it will terminate on July 31, 2025.

**Interest Expense** - Interest expense, including amortization of deferred financing costs, commitment fees, line of credit fees, and other applicable bank charges, for the three and six months ended March 31, 2024 June 30, 2024 and 2023 was as follows (in thousands):

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024

Credit facilities
Credit facilities
Credit facilities
Other
Other
Other
Total
Total
Total

NOTE 5. COMMITMENTS AND CONTINGENCIES

**Letters of Credit and Guarantees** - We provide letters of credit to landlords (lessors) of our leased premises in lieu of cash security deposits, which totaled \$3.2 million and \$3.5 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding was \$2.3 million and \$2.3 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively.

**Legal Proceedings** - On December 19, 2016, CBIZ Operations, Inc. ("CBIZ Operations") was named as a defendant in a lawsuit filed by Zotec Partners, LLC ("Zotec") in the Marion County Indiana Superior Court. After various amendments, the lawsuit asserted claims under Indiana law for securities, statutory and common law fraud or deception, unjust enrichment, breach of contract, and vicarious liability against CBIZ Operations and a former employee of CBIZ MMP in connection with the sale of the CBIZ MMP medical billing practice to Zotec. The plaintiff claimed that CBIZ Operations had a duty to disclose

the fact, unknown to employees of CBIZ Operations at the time of the transaction, that the former employee had a financial arrangement with a Zotec vendor at the time CBIZ Operations sold CBIZ MMP to Zotec. The plaintiff sought damages of up to \$177.0 million out of the \$200.0 million transaction price. Trial was held in October 2021. The jury found in favor of CBIZ on all fraud, contract and other claims before it. On November 14, 2022, the trial court ruled in favor of CBIZ and against Zotec's claim for statutory securities fraud. The court also ruled in favor of CBIZ on its counterclaim for indemnification under contract. The trial court conducted a hearing on December 12, 2023, to consider evidence regarding the amount of damages owed by Zotec to CBIZ on the counterclaim. On March 12, 2024, the court awarded CBIZ \$3.1 million on its counterclaim. On April 10, 2024, Zotec filed a notice of appeal.

On November 10, 2023, CBIZ was named as a defendant in a putative class action lawsuit in the United States District Court for the District of Massachusetts by an individual claiming to be an employee of a CBIZ client whose personally identifiable information ("PII") was compromised and stolen during a cyberattack CBIZ experienced on or about May 31, 2023. As a result of this incident, hackers were able to access and download certain files from CBIZ's MOVEit Transfer server. The lawsuit alleges that CBIZ and Progress Software Corporation, the owner of MOVEit Transfer, failed to adequately secure and safeguard the individual's, and similarly situated employees of CBIZ's clients, PII from unauthorized access. The lawsuit seeks various remedies, including actual, compensatory, and punitive damages, along with injunctive relief, costs, and attorneys' fees.

On December 8, 2023, CBIZ was named as a defendant in a second putative class action lawsuit in the United States District Court for the District of Massachusetts by an individual making similar claims and seeking similar remedies as in the first lawsuit regarding the cyberattack CBIZ experienced on or about May 31, 2023.

Both cases were transferred into a multidistrict litigation, styled as In Re: MOVEit Customer Data Security Breach Litigation, pending in the United States District Court for the District of Massachusetts (the "MDL"). To date, the MDL has over 180 cases against over 100 different defendants, all with claims arising out of the cyberbreach by hackers of Progress Software Corporation's MOVEit Transfer software. The cases in the MDL, including the cases against CBIZ, are in their earliest stages, with a stay in place until the MDL Court issues a scheduling order. Due to the early stage of litigation, the Company is not able to determine or predict the ultimate outcome of these lawsuits nor reasonably provide an estimate or range of the possible outcome or losses, if any.

In addition to the items disclosed above, the Company is, from time to time, subject to claims and lawsuits arising in the ordinary course of business. We cannot predict the outcome of all such matters or estimate the possible loss, if any. Although the proceedings are subject to uncertainties in the litigation process and the ultimate disposition of these proceedings is not presently determinable, we intend to vigorously defend these matters.

Refer to the Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion on the Company's commitments and contingencies.

NOTE 6. FINANCIAL INSTRUMENTS

**Available-For-Sale Debt Securities** - In connection with certain services provided by our payroll operations, we collect funds from our clients' accounts in advance of paying client obligations. These funds held for clients are segregated and invested in accordance with our investment policy, which requires all investments carry an investment grade rating at the time of initial investment. These investments, primarily consisting of corporate and municipal bonds, are classified as available-for-sale and are included in the "Funds held for clients" line item on the accompanying unaudited Condensed Consolidated Balance Sheets. The par value of these investments totaled \$39.0 million \$39.7 million and \$40.0 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively, and these investments have maturity or callable dates ranging from April July 2024 through January 2026.

At March 31, 2024 June 30, 2024, unrealized losses on the securities were not material and have not been recognized as a credit loss because the bonds are investment grade quality and management is not required or does not intend to sell prior to an expected recovery in value. The bond issuers continue to make timely principal and interest payments.

The following table summarizes activities related to these investments for the three six months ended March 31, 2024 June 30, 2024 and the twelve months ended December 31, 2023 (in thousands):

	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Six Months Ended June 30, 2024
	Six Months Ended June 30, 2024
	Six Months Ended June 30, 2024
Fair value at beginning of period	
Fair value at beginning of period	
Fair value at beginning of period	
Purchases	
Purchases	
Purchases	
Redemptions	
Redemptions	
Redemptions	
Maturities	
Maturities	
Maturities	
Change in bond premium	
Change in bond premium	
Change in bond premium	
Fair market value adjustment	
Fair market value adjustment	
Fair market value adjustment	
Fair value at end of period	
Fair value at end of period	
Fair value at end of period	

In addition to the available-for-sale debt securities discussed above, we also held other depository assets in the amount of \$2.1 million \$1.6 million and \$1.0 million at March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Those depository assets are classified as Level 1 in the fair value hierarchy.

**Interest Rate Swaps** - We utilize interest rate swaps to manage interest rate risk exposure associated with our floating-rate debt under the 2022 credit facility, or the forecasted acquisition of such liability. We do not purchase or hold any derivative instruments for trading or speculative purposes. Refer to the Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion on our interest rate swaps.

The following table summarizes our outstanding interest rate swaps and their classification in the accompanying unaudited Condensed Consolidated Balance Sheets at March 31, 2024 June 30, 2024 and December 31, 2023 (amounts in thousands):

March 31, 2024										June 30, 2024									
	Notional		Notional		Fixed		Expiration		Fair	Balance		Notional		Fixed		Expiration		Fair	Bal
	Amount		Amount		Rate				Value	Sheet		Amount		Rate				Value	St
										Location									Loc
Interest	Interest								Other	Other	Interest							Other	Oth
rate	rate								non-	non-	current							current	curr
swap	swap	\$50,000	0.834	0.834	%		4/14/2025		\$2,089	asset	asset	swap	\$50,000	0.834	0.834	%		\$1,654	asset

Interest rate swap	Interest rate swap	\$30,000	1.186	1.186 %	12/14/2026	\$2,357	Other non-current asset	Other non-current asset	Interest rate swap	\$30,000	1.186	1.186 %	12/14/2026	\$2,227	Other non-current asset	Other non-current asset
Interest rate swap	Interest rate swap	\$20,000	2.450	2.450 %	8/14/2027	\$1,051	Other non-current asset	Other non-current asset	Interest rate swap	\$20,000	2.450	2.450 %	8/14/2027	\$1,039	Other non-current asset	Other non-current asset
Interest rate swap	Interest rate swap	\$25,000	3.669	3.669 %	4/14/2028	\$ 322	Other non-current asset	Other non-current asset	Interest rate swap	\$25,000	3.669	3.669 %	4/14/2028	\$ 388	Other non-current asset	Other non-current asset
Interest rate swap	Interest rate swap	\$25,000	4.488	4.488 %	10/14/2028	\$ (538)	Other non-current liability	Other non-current liability	Interest rate swap	\$25,000	4.488	4.488 %	10/14/2028	\$ (418)	Other non-current liability	Other non-current liability

December 31, 2023

	Notional Amount	Fixed Rate	Expiration	Fair Value	Balance Sheet Location
Interest rate swap	\$ 50,000	0.834 %	4/14/2025	\$ 2,282	Other non-current asset
Interest rate swap	\$ 30,000	1.186 %	12/14/2026	\$ 2,125	Other non-current asset
Interest rate swap	\$ 20,000	2.450 %	8/14/2027	\$ 784	Other non-current asset
Interest rate swap	\$ 25,000	3.669 %	4/14/2028	\$ (129)	Other non-current liability
Interest rate swap	\$ 25,000	4.488 %	10/14/2028	\$ (1,063)	Other non-current liability

Refer to Note 7, Fair Value Measurements, for additional disclosures regarding fair value measurements.

The following table summarizes the effects of the interest rate swaps on the accompanying unaudited Condensed Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2024 June 30, 2024 and 2023 (in thousands):

	Gain (Loss) Recognized in AOCI, net of tax
	Gain (Loss) Recognized in AOCI, net of tax
	Gain (Loss) Recognized in AOCI, net of tax
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Gain Recognized in AOCI, net of tax
	Gain Recognized in AOCI, net of tax
	Gain Recognized in AOCI, net of tax
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024

Interest rate swaps	
Interest rate swaps	
Interest rate swaps	
	Gain Recognized in AOCI, net of tax
	Gain Recognized in AOCI, net of tax
	Gain Recognized in AOCI, net of tax
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
	2024
	2024
Interest rate swaps	
Interest rate swaps	
Interest rate swaps	

NOTE 7. FAIR VALUE MEASUREMENTS

The following table summarizes our assets and (liabilities) at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively, that are measured at fair value on a recurring basis subsequent to initial recognition and indicates the fair value hierarchy of the valuation techniques utilized by us to determine such fair value (in thousands):

	Level
	Level
	Level
Deferred compensation plan assets	
Deferred compensation plan assets	
Deferred compensation plan assets	
Available-for-sale debt securities	
Available-for-sale debt securities	
Available-for-sale debt securities	
Other depository assets	
Other depository assets	
Other depository assets	
Deferred compensation plan liabilities	
Deferred compensation plan liabilities	
Deferred compensation plan liabilities	
Interest rate swaps	
Interest rate swaps	
Interest rate swaps	
Bank debt	
Bank debt	
Bank debt	
Contingent purchase price liabilities	
Contingent purchase price liabilities	
Contingent purchase price liabilities	

During the **three six** months ended **March 31, 2024** **June 30, 2024** and 2023, there were no transfers between the valuation hierarchy Levels 1, 2 and 3.



The following table summarizes the change in Level 3 fair values of our contingent purchase price liabilities for the **three** **six** months ended **March 31, 2024** **June 30, 2024** and 2023 (pre-tax basis, in thousands):

	2024
	2024
	2024
Beginning balance – December 31	
Beginning balance – December 31	
Beginning balance – December 31	
Additions from business acquisitions	
Additions from business acquisitions	
Additions from business acquisitions	
Settlement of contingent purchase price liabilities	
Settlement of contingent purchase price liabilities	
Settlement of contingent purchase price liabilities	
Change in fair value of contingencies	
Change in fair value of contingencies	
Change in fair value of contingencies	
Change in net present value of contingencies	
Change in net present value of contingencies	
Change in net present value of contingencies	
Ending balance – March 31	
Ending balance – March 31	
Ending balance – March 31	
Ending balance – June 30	
Ending balance – June 30	
Ending balance – June 30	

The following table summarizes the changes in contingent purchase price consideration for previous acquisitions and contingent payments made for previous business acquisitions in the three **and six** months ended **March 31, 2024** **June 30, 2024** and 2023, respectively (in thousands):

	Three Months Ended March 31,			Six Months Ended June 30,		
	Three Months Ended March 31,			Six Months Ended June 30,		
	Three Months Ended March 31,			Six Months Ended June 30,		
	2024			2024	2023	2023
	2024			2024	2023	2023
Net expense						
Net expense						
Net expense						
Cash settlement paid						
Cash settlement paid						
Cash settlement paid						
Shares issued (number)	Shares issued (number)	34	4	94	94	75
Shares issued (number)						
Shares issued (number)						

Refer to the Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion on the fair value measurements and classification of our financial assets and liabilities.

#### NOTE 8. OTHER COMPREHENSIVE INCOME

The following table is a summary of other comprehensive income and discloses the tax impact of each component of other comprehensive **(loss)** income for the three **and six** months ended **March 31, 2024** **June 30, 2024** and 2023 (in thousands):

	Three Months Ended March 31,
--	---------------------------------

	Three Months Ended March 31,		Three Months Ended March 31,		
	2024		2024		
	2024		2024		
		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
Net unrealized gain on available-for-sale securities, net of taxes <sup>(1)</sup>					
Net unrealized gain on available-for-sale securities, net of taxes <sup>(1)</sup>					
Net unrealized gain on available-for-sale securities, net of taxes <sup>(1)</sup>					
Net unrealized gain (loss) on interest rate swaps, net of taxes <sup>(2)</sup>					
Net unrealized gain (loss) on interest rate swaps, net of taxes <sup>(2)</sup>					
Net unrealized gain (loss) on interest rate swaps, net of taxes <sup>(2)</sup>					
Net unrealized (loss) gain on interest rate swaps, net of taxes <sup>(2)</sup>					
Foreign currency translation					
Foreign currency translation					
Foreign currency translation					
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Total other comprehensive (loss) income					

- (1) Net of income tax expense of \$21 \$68 and \$71 \$64 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. Net of income tax expense of \$89 and \$135 for the six months ended June 30, 2024 and 2023, respectively.
- (2) Net of income tax benefit of \$99 and income tax expense of \$322 \$449 for the three months ended June 30, 2024 and 2023, respectively. Net of income tax expense of \$223 and income tax benefit of \$463 \$14 for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

#### NOTE 9. EMPLOYEE STOCK PLANS

On May 10, 2023, the shareholders of the Company approved an amendment to the 2019 Stock Omnibus Incentive Plan (the "2019 Plan"). The amendment added 1.5 million shares to the total number of shares that may be issued under the 2019 Plan. All other respects of the 2019 Plan remain unchanged. The 2019 Plan, which expires in 2029, permits the grant of various forms of stock-based awards. A maximum of 4.6 million stock options, restricted stock or other stock-based compensation awards may be granted. The terms and vesting schedules for the stock-based awards vary by type and date of grant. Shares subject to award under the 2019 Plan may be either authorized but unissued shares of our common stock or treasury shares. Refer to the Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion on the 2019 Plan.

Compensation expense for stock-based awards recognized during the three and six months ended March 31, 2024 June 30, 2024 and 2023 was as follows (in thousands):

	Three Months Ended March 31,		Three Months Ended March 31,		
	2024		2024		
	2024		2024		
		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2024	2023	2024	2023
Stock options					
Stock options					
Stock options					
Restricted stock units and awards					

Restricted stock units and awards
Restricted stock units and awards
Performance share units
Performance share units
Performance share units
Total stock-based compensation expense
Total stock-based compensation expense
Total stock-based compensation expense

**Stock Options and Restricted Stock Units and Awards** – The Company did not grant any stock options during the three six months ended March 31, 2024 June 30, 2024.

The following table presents our restricted stock units and awards activity during the three six months ended March 31, 2024 June 30, 2024 (in thousands, except per share data):

	Restricted Stock Units and Awards
	Restricted Stock Units and Awards
	Restricted Stock Units and Awards
	Number of Shares
	Number of Shares
	Number of Shares
Outstanding at beginning of year	
Outstanding at beginning of year	
Outstanding at beginning of year	
Granted	
Granted	
Granted	
Exercised or released	
Exercised or released	
Exercised or released	
Expired or canceled	
Expired or canceled	
Expired or canceled	
Outstanding at March 31, 2024	
Outstanding at March 31, 2024	
Outstanding at March 31, 2024	
Exercisable at March 31, 2024	
Exercisable at March 31, 2024	
Exercisable at March 31, 2024	
Outstanding at June 30, 2024	
Outstanding at June 30, 2024	
Outstanding at June 30, 2024	
Exercisable at June 30, 2024	
Exercisable at June 30, 2024	
Exercisable at June 30, 2024	

(1) Represents weighted average market value of the shares; awards are granted at no cost to the recipients.

**Performance Share Units (“PSUs”)** – PSUs are earned based on our financial performance over a contractual term of three years and the associated expense is recognized over that period based on the fair value of the award. A three-year cliff vesting schedule of the PSUs is dependent upon the Company’s performance relative to pre-established goals based on an earnings per share target (weighted 70%) and total growth in revenue (weighted 30%). The fair value of PSUs is calculated using the market value of a share of our common stock on the date of grant. For performance achieved above specified levels, the recipient may earn additional shares of stock, not to exceed 200% of the number of PSUs initially granted.

Performance  
Share Units  
Performance  
Share Units  
Performance  
Share Units

Outstanding at beginning of year
Outstanding at beginning of year
Outstanding at beginning of year
Granted
Granted
Granted
Vested
Vested
Vested
Canceled
Canceled
Canceled
Outstanding at March 31, 2024
Outstanding at March 31, 2024
Outstanding at March 31, 2024
Outstanding at June 30, 2024
Outstanding at June 30, 2024
Outstanding at June 30, 2024

#### NOTE 10. EARNINGS PER SHARE

	Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,	Three Months Ended June 30,	Six Months Ended June 30,	
	2024	2024	2023	2024
	2024			2023
	2024			
Numerator:				
Numerator:				
Numerator:				
Net Income				
Net Income				
Net Income				
Denominator:				
Denominator:				
Denominator:				
Basic				
Basic				

**Basic**

Weighted average common shares outstanding  
Weighted average common shares outstanding  
Weighted average common shares outstanding

**Diluted****Diluted****Diluted**

Stock options <sup>(1)</sup>  
Stock options <sup>(1)</sup>  
Stock options <sup>(1)</sup>

Restricted stock units and awards <sup>(1)</sup>

Restricted stock units and awards <sup>(1)</sup>

Restricted stock units and awards <sup>(1)</sup>

Contingent shares <sup>(2)</sup>

Contingent shares <sup>(2)</sup>

Performance share units

Contingent shares <sup>(2)</sup>

Diluted weighted average common shares  
outstanding <sup>(3)</sup>

Diluted weighted average common shares  
outstanding <sup>(3)</sup>

Diluted weighted average common shares  
outstanding <sup>(3)</sup>

Basic earnings per share

Basic earnings per share

Basic earnings per share

Diluted earnings per share

Diluted earnings per share

Diluted earnings per share

- (1) A total of 409 thousand and 80 96 thousand shares of stock-based awards were excluded from the calculation of diluted earnings per share for three and six months ended March 31, 2024 June 30, 2024, respectively, as their effect would be anti-dilutive. A total of 12 thousand and 53 thousand shares of stock-based awards were excluded from the calculation of diluted earnings per share for three and six months ended June 30, 2023, respectively, as their effect would be anti-dilutive.
- (2) Contingent shares represent additional shares to be issued for purchase price earned by former owners of businesses acquired by us once future considerations have been met.
- (3) The denominator used in calculating diluted earnings per share did not include 254 thousand PSUs for both the three and 326 six months ended June 30, 2024. The denominator used in calculating diluted earnings per share did not include 220 thousand PSUs for both the three and six months ended March 31, 2024, and 2023, respectively. The June 30, 2023. The performance conditions associated with these PSUs were not met and consequently none of these PSUs were considered as issuable for the three and six months ended March 31, 2024 June 30, 2024 and 2023.

**NOTE 11. SEGMENT DISCLOSURES**

Our business units have been aggregated into three practice groups: Financial Services, Benefits and Insurance Services and National Practices. The business units have been aggregated based on the following factors: similarity of the products and services provided to clients; similarity of the regulatory environment in which they operate; and similarity of economic conditions affecting long-term performance. The business units are managed along these segment lines. A general description of services provided by each practice group is provided in the table below.

Financial Services	Benefits and Insurance Services	National Practices
Accounting and Tax	Employee Benefits Consulting	Information Technology Managed Networking and Hardware Services
Financial Advisory	Payroll / Human Capital Management	Healthcare Consulting
Valuation	Property and Casualty Insurance	
Risk and Advisory Services	Retirement and Investment Services	
Government Healthcare Consulting		



	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	\$ 681,863	—	—	\$ 681,863
Core benefits and insurance services	—	198,738	—	198,738
Non-core benefits and insurance services	—	7,089	—	7,089
Managed networking, hardware services	—	—	20,438	20,438
National practices consulting	—	—	6,181	6,181
<b>Total revenue</b>	<b>\$ 681,863</b>	<b>\$ 205,827</b>	<b>\$ 26,619</b>	<b>\$ 914,309</b>

  

	Six Months Ended June 30, 2023			
	Financial Services	Benefits and Insurance Services	National Practices	Consolidated
Accounting, tax, advisory and consulting	\$ 634,016	—	—	\$ 634,016
Core benefits and insurance services	—	187,648	—	187,648
Non-core benefits and insurance services	—	8,244	—	8,244
Managed networking, hardware services	—	—	18,021	18,021
National practices consulting	—	—	5,179	5,179
<b>Total revenue</b>	<b>\$ 634,016</b>	<b>\$ 195,892</b>	<b>\$ 23,200</b>	<b>\$ 853,108</b>

Segment information for the three months ended March 31, 2024 June 30, 2024 and 2023 was as follows (in thousands):

	Three Months Ended March 31, 2024				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	\$ 372,630	\$ 108,408	\$ 13,259	\$ —	\$ 494,297
Operating expenses	265,561	83,637	11,933	15,354	376,485
Gross margin	107,069	24,771	1,326	(15,354)	117,812
Corporate general and administrative expenses	—	—	—	18,711	18,711
Operating income (loss)	107,069	24,771	1,326	(34,065)	99,101
Other income (expense):					
Interest expense	—	—	—	(4,511)	(4,511)
Other income, net	86	44	—	9,294	9,424
Total other income, net	86	44	—	4,783	4,913
Income before income tax expense	\$ 107,155	\$ 24,815	\$ 1,326	\$ (29,282)	\$ 104,014

	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2023
	Three Months Ended June 30, 2024
	Three Months Ended June 30, 2024
	Three Months Ended June 30, 2024

	Financial Services
	Financial Services
	Financial Services
Revenue	
Revenue	
Revenue	
Operating expenses	

Operating expenses
Operating expenses
Gross margin
Gross margin
Gross margin
Corporate general and administrative expenses
Corporate general and administrative expenses
Corporate general and administrative expenses
Operating income (loss)
Operating income (loss)
Operating income (loss)
Other income (expense):
Other income (expense):
Other income (expense):
Interest expense
Interest expense
Interest expense
Gain on sale of operations, net
Gain on sale of operations, net
Gain on sale of operations, net
Other income, net
Other income, net
Other income, net
Total other income, net
Total other income, net
Total other income, net
Total other income (expense), net
Total other income (expense), net
Total other income (expense), net
Income (loss) before income tax expense
Income (loss) before income tax expense
Income (loss) before income tax expense

	Three Months Ended June 30, 2023				
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	\$ 290,930	\$ 95,838	\$ 11,734	\$ —	\$ 398,502
Operating expenses	243,445	78,374	10,545	11,623	343,987
Gross margin	47,485	17,464	1,189	(11,623)	54,515
Corporate general and administrative expenses	—	—	—	15,793	15,793
Operating income (loss)	47,485	17,464	1,189	(27,416)	38,722
Other income (expense):					
Interest expense	—	—	—	(5,534)	(5,534)
Other income, net	235	153	1	5,032	5,421
Total other income (loss), net	235	153	1	(502)	(113)
Income (loss) before income tax expense	\$ 47,720	\$ 17,617	\$ 1,190	\$ (27,918)	\$ 38,609

Segment information for the six months ended June 30, 2024 and 2023 was as follows (in thousands):

Six Months Ended June 30, 2024
--------------------------------



	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	\$ 681,863	\$ 205,827	\$ 26,619	\$ —	\$ 914,309
Operating expenses	528,370	166,880	23,961	23,642	742,853
Gross margin	153,493	38,947	2,658	(23,642)	171,456
Corporate general and administrative expenses	—	—	—	40,761	40,761
Operating income (loss)	153,493	38,947	2,658	(64,403)	130,695
Other income (expense):					
Interest expense	—	—	—	(10,395)	(10,395)
Other income, net	214	87	(4)	11,610	11,907
Total other income (expense), net	214	87	(4)	1,215	1,512
Income (loss) before income tax expense	\$ 153,707	\$ 39,034	\$ 2,654	\$ (63,188)	\$ 132,207

  

Six Months Ended June 30, 2023					
	Financial Services	Benefits and Insurance Services	National Practices	Corporate and Other	Total
Revenue	\$ 634,016	\$ 195,892	\$ 23,200	\$ —	\$ 853,108
Operating expenses (income)	487,888	155,297	21,128	20,685	684,998
Gross margin	146,128	40,595	2,072	(20,685)	168,110
Corporate general and administrative expenses	—	—	—	31,391	31,391
Operating income (loss)	146,128	40,595	2,072	(52,076)	136,719
Other income (expense):					
Interest expense	—	(1)	—	(9,174)	(9,175)
Gain on sale of operations, net	99	—	—	—	99
Other income (expense), net	490	330	1	9,712	10,533
Total other income (expense), net	589	329	1	538	1,457
Income (loss) before income tax expense	\$ 146,717	\$ 40,924	\$ 2,073	\$ (51,538)	\$ 138,176

## NOTE 12. SUBSEQUENT EVENTS

On July 30, 2024, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Marcum LLP, a New York registered limited liability partnership ("Marcum"), Marcum Advisory Group LLC, a Delaware limited liability company and wholly owned subsidiary of Marcum ("MAG"), PMMS LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("Merger Sub"), and Marcum Partners SPV LLC, a Delaware limited liability company.

Under the terms of the Merger Agreement, Merger Sub will merge with and into MAG, with MAG continuing as the surviving entity and as a wholly owned subsidiary of the Company (the "Merger"). Prior to the closing of the Merger, Marcum will contribute substantially all of its non-attest business assets to MAG and MAG will assume substantially all of Marcum's liabilities, in each case subject to certain exclusions. In a separate transaction, Mayer Hoffman McCann P.C., a national independent Certified Public Accounting firm with which the Company has an existing Administrative Service Agreement, will purchase from Marcum substantially all of Marcum's attest business assets (the "Attest Purchase"). The Merger and the transactions contemplated by the Merger Agreement are referred to herein as the "Transaction." Subject to the satisfaction of the conditions described below and other customary closing conditions, the Transaction is expected to close in the fourth quarter of 2024.

The aggregate consideration to be paid by the Company in connection with the Transaction is approximately \$2.3 billion, on a cash-free and debt-free basis and subject to calculation and adjustments as provided in the Merger Agreement, of which approximately \$1.1 billion is expected to be paid in cash and the remainder is expected to be paid in approximately 14.4 million shares of the Company's Common Stock, par value \$0.01 per share (the "Common Stock") (based on \$76.84 per share as specified in the Merger Agreement, which was the 30-day volume weighted average price of our Common Stock as of three business days prior to the date of the Merger Agreement).

The consideration payable in shares of common stock (the "Shares") will be delivered as follows: (i) approximately 5% of the Shares will be subject to continued service requirements and, subject to satisfaction of those requirements, be delivered on the fourth anniversary of the closing ("performance shares"); (ii) excluding those performance shares, approximately 25% of the Shares will be delivered on the later of three business days following closing and January 2, 2025; and (iii) the remaining approximately 75% of the Shares, excluding performance shares, will be delivered in 36 monthly installments after the initial delivery. The Shares, once fully issued, will constitute approximately 22% of the Company's outstanding shares, without giving effect to any subsequent issuances, repurchases or other changes in the number of shares outstanding.

Each of the Company, Merger Sub, Marcum and MAG has provided customary representations, warranties and covenants in the Merger Agreement. The completion of the Merger is subject to various closing conditions, including, among others, (a) the expiration of all waiting periods and receipt of all approvals required under the Hart-

Scott-Rodino Antitrust Improvements Act of 1976; (b) the Company obtaining stockholder approval of the issuance of the Shares in connection with the Transaction as required by the rules of the New York Stock Exchange; (c) Marcum obtaining the requisite approval of its partners as specified in the Merger Agreement; (d) the Company obtaining debt financing as contemplated by the commitment letter described below; and (e) the completion of the Attest Purchase.

The Merger Agreement contains customary termination rights for both the Company and Marcum. Both the Company and Marcum have the right to terminate the Merger Agreement if the Transaction is not consummated on or prior to May 1, 2025, subject to certain exceptions. In the case of certain terminations under the circumstances described in the Merger Agreement, the Company may be required to pay a termination fee to Marcum of \$48.0 million if debt financing is not obtained or \$25.0 million if approval of the Company's stockholders is not obtained or the Company's board changes its recommendation with respect to the Transaction. Marcum may be required to pay a termination fee to the Company of \$22.0 million if the requisite approval of Marcum partners is not obtained within the time period specified in the Merger Agreement.

The Company has obtained committed financing to, among other things, fund the cash portion of the purchase price pursuant to a commitment letter (the "Commitment Letter") entered into on July 30, 2024, with Bank of America, N.A. and BofA Securities, Inc., which provides commitments for senior secured credit facilities (the "Senior Credit Facilities") in an aggregate principal amount of \$2.0 billion, consisting of (x) a \$600 million five year senior secured revolving credit facility and (y) a \$1.4 billion five year senior secured term loan facility. The funding of the Senior Credit Facilities is contingent on the satisfaction of customary conditions, including (i) execution and delivery of definitive documentation with respect to the Senior Credit Facilities in accordance with the terms set forth in the Commitment Letter and (ii) consummation of the acquisition of Marcum.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context otherwise requires, references in this Quarterly Report on Form 10-Q to "we", "us", "our", "CBIZ" or the "Company" shall mean CBIZ, Inc., a Delaware corporation, and its operating subsidiaries.

The following discussion is intended to assist in the understanding of our financial position at March 31, 2024 June 30, 2024 and December 31, 2023, results of operations for the three and six months ended March 31, 2024 June 30, 2024 and 2023, and cash flows for the three six months ended March 31, 2024 June 30, 2024 and 2023, and should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2023. This discussion and analysis contains forward-looking statements and should be read in conjunction with the disclosures and information contained in "Forward-Looking Statements" included elsewhere in this Quarterly Report on Form 10-Q and in "Item 1A. Risk Factors" included in this Quarterly Report on Form 10-Q and in the Annual Report on Form 10-K for the year ended December 31, 2023.

### OVERVIEW

We provide professional business services, products and solutions that help our clients grow and succeed by better managing their finances and employees. These services are primarily provided to small and medium-sized businesses, as well as individuals, governmental entities and not-for-profit enterprises throughout the United States and parts of Canada. We deliver integrated services through three practice groups: Financial Services, Benefits and Insurance Services, and National Practices. Refer to Note 11, Segment Disclosures, to the accompanying unaudited condensed consolidated financial statements for a general description of services provided by each practice group.

Refer to the Annual Report on Form 10-K for the year ended December 31, 2023 for further discussion of our business and strategies, as well as the external relationships and regulatory factors that currently impact our operations.

### EXECUTIVE SUMMARY

Revenue for the three months ended March 31, 2024 June 30, 2024 increased by \$39.7 million \$21.5 million, or 8.7% 5.4%, to \$494.3 million \$420.0 million from \$454.6 million \$398.5 million for the same period in 2023. Same-unit revenue increased by approximately \$26.9 million \$11.0 million, or 5.9% 2.8%, as compared to the same period in 2023. Revenue from newly acquired operations net of divestitures, contributed \$12.8 million \$10.5 million, or 2.8% 2.6%, of incremental revenue for the three months ended March 31, 2024 June 30, 2024 as compared to the same period in 2023.

Revenue for the six months ended June 30, 2024 increased by \$61.2 million, or 7.2%, to \$914.3 million from \$853.1 million for the same period in 2023. Same-unit revenue increased by approximately \$37.9 million, or 4.4%, as compared to the same period in 2023. Revenue from newly acquired operations contributed \$23.3 million, or 2.7%, of incremental revenue for the six months ended June 30, 2024 as compared to the same period in 2023. A detailed discussion of revenue by practice group is included under "Operating Practice Groups".

Net income was \$76.9 million \$19.8 million, or \$1.53 \$0.39 per diluted share, in the first second quarter of 2024, compared to \$73.2 million \$26.9 million, or \$1.44 \$0.53 per diluted share, in the first second quarter of 2023. For the six months ended June 30, 2024, net income was \$96.7 million, or \$1.92 per diluted share, compared to \$100.0 million, or \$1.98 per diluted share, for the same period in 2023. Refer to "Results of Operations" for a detailed discussion of the components of net income.

On July 30, 2024, we entered into a Merger Agreement to acquire the non-attest business of Marcum for a total consideration of approximately 2.3 billion. The Merger and the transactions contemplated by the Merger Agreement are referred to herein as the "Transaction". Subject to the satisfaction of closing conditions, the Transaction is expected to close in the fourth quarter of 2024. Refer to Note 12. Subsequent Events to the accompanying unaudited condensed consolidated financial statements for further discussion regarding the Transaction.

### Strategic Use of Capital

Our first priority for use of capital is to make strategic acquisitions. We also have the financing flexibility and the capacity to actively repurchase shares of our common stock. We believe that repurchasing shares of our common stock can be a prudent use of our financial resources, and that investing in our stock is an attractive use of capital and an efficient means to provide value to our stockholders. During the three six months ended March 31, 2024 June 30, 2024, we completed two three acquisitions for \$21.3 million \$22.5 million in cash. We also repurchased 0.2 million shares of our common stock for tax withholding purposes at a total cost of approximately \$11.2 million in the three six months ended March 31, 2024 June 30, 2024.

During the first quarter of 2024, the CBIZ Board of Directors authorized the purchase of up to 5.0 million shares of our common stock under our Share Repurchase Program (the "Share Repurchase Program"), which may be suspended or discontinued at any time and expires on March 31, 2025. The shares may be purchased in the open market, in privately negotiated transactions, and pursuant to Rule 10b5-1 trading plans. Privately negotiated transactions may include purchases from our employees, officers and directors, in

accordance with the Securities and Exchange Commission (the “SEC”) rules. CBIZ management will determine the timing and amount of the transactions based on its evaluation of market conditions and other factors.

RESULTS OF OPERATIONS

Revenue

The following tables summarize total revenue for the three and six months ended March 31, 2024 June 30, 2024 and 2023:

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024
Financial Services	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
Financial Services	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
	2024
	2024
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
Financial Services	
Benefits and Insurance Services	
National Practices	
Total CBIZ	

Total CBIZ  
Total CBIZ

A detailed discussion of same-unit revenue by practice group is included under "Operating Practice Groups."

#### Non-qualified Deferred Compensation Plan

We sponsor a non-qualified deferred compensation plan (the "deferred compensation plan"), under which a CBIZ employee's compensation deferral is held in a rabbi trust and invested accordingly as directed by the employee. Income and expenses related to the non-qualified deferred compensation plan, which are recorded in "Corporate and Other" for segment reporting purposes, are included in "Operating expenses", "Gross margin" and "Corporate general and administrative expenses" and are directly offset by deferred compensation gains or losses in "Other (expense) income, (expense), net" in the accompanying unaudited Condensed Consolidated Statements of Comprehensive Income. The non-qualified deferred compensation plan has no impact on "Income before income tax expense" or diluted earnings per share.

Income and expenses related to the deferred compensation plan for the three and six months ended March 31, 2024 June 30, 2024 and 2023 are as follows:

		Three Months Ended March 31,		Three Months Ended March 31,		Three Months Ended March 31,	
				Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2024	2023	2024	2023	2023
		2024					
		2024					
		(Amounts in thousands)					
		(Amounts in thousands)					
		(Amounts in thousands)					
Operating expenses				(Amounts in thousands)			
Corporate general and administrative expenses							
Corporate general and administrative expenses							
Corporate general and administrative expenses							
Other income, net							
Other income, net							
Other income, net							

	As Reported	Deferred Compensation Plan	Adjusted	% of Revenue	As Reported	Deferred Compensation Plan
Gross margin	\$171,456	\$10,859	\$182,315	19.9 %	\$168,110	\$ 9,862
Operating income	130,695	12,239	142,934	15.6 %	136,719	11,135
Other income						
(expense), net	11,907	(12,239)	(332)	— %	10,533	(11,135)
Income before income tax expense	132,207	—	132,207	14.5 %	138,176	—

#### Operating Expenses

	Three Months Ended March 31,			
	2024	2023	\$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses by segment:				
Financial Services	\$ 265,561	\$ 244,443	\$ 21,118	8.6 %
Benefits and Insurance Services	83,637	76,923	6,714	8.7 %
National Practices	11,933	10,583	1,350	12.8 %
Corporate and Other	15,354	9,062	6,292	69.4 %
Total Operating expenses	\$ 376,485	\$ 341,011	\$ 35,474	10.4 %
Operating expenses % of revenue	76.2 %	75.0 %		
Operating expenses excluding deferred compensation	\$ 367,909	\$ 336,251	\$ 31,658	9.4 %
Operating expenses excluding deferred compensation % of revenue	74.4 %	74.0 %		

The following tables summarize total operating expenses for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,			
	2024	2023	\$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses by segment:				
Financial Services	\$ 262,809	\$ 243,445	\$ 19,364	8.0 %
Benefits and Insurance Services	83,243	78,374	4,869	6.2 %
National Practices	12,028	10,545	1,483	14.1 %
Corporate and Other	8,288	11,623	(3,335)	(28.7)%
Total Operating expenses	\$ 366,368	\$ 343,987	\$ 22,381	6.5 %
Operating expenses % of revenue	87.2 %	86.3 %		
Operating expenses excluding deferred compensation	\$ 364,085	\$ 338,885	\$ 25,200	7.4 %
Operating expenses excluding deferred compensation % of revenue	86.7 %	85.0 %		
	Six Months Ended June 30,			
	2024	2023	\$ Change	% Change
	(Amounts in thousands, except percentages)			
Operating expenses by segment:				
Financial Services	\$ 528,370	\$ 487,888	\$ 40,482	8.3 %
Benefits and Insurance Services	166,880	155,297	\$ 11,583	7.5 %
National Practices	23,961	21,128	\$ 2,833	13.4 %
Corporate and Other	23,642	20,685	\$ 2,957	14.3 %
Total Operating expenses	\$ 742,853	\$ 684,998	\$ 57,855	8.4 %
Operating expenses % of revenue	81.2 %	80.3 %		

Operating expenses excluding deferred compensation	\$	731,994	\$	675,136	\$	56,858	8.4 %
Operating expenses excluding deferred compensation % of revenue		80.1 %		79.1 %			

Three months ended March 31, 2024 June 30, 2024 compared to March 31, 2023 June 30, 2023. Total operating expenses for the three months ended March 31, 2024 June 30, 2024 increased by \$35.5 million \$22.4 million, or 10.4% 6.5%, to \$376.5 million \$366.4 million as compared to \$341.0 million \$344.0 million in the same period of 2023. The non-qualified deferred compensation plan increased operating expenses by \$8.6 million \$2.3 million for the three months ended March 31, 2024 June 30, 2024, and by \$4.8 million \$5.1 million during the same period in 2023. Excluding the non-qualified deferred compensation expenses, which were recorded in "Corporate and Other" for segment reporting purposes, operating expenses would have been \$367.9 million \$364.1 million and \$336.3 million \$338.9 million, or 74.4% 86.7% and 74.0% 85.0% of revenue, for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively. In addition, operating expenses for the three months ended March 31, 2024 June 30, 2024 included approximately \$0.1 million \$0.2 million non-recurring integration costs associated with the two acquisitions completed in 2024, and operating expenses for the three months ended March 31, 2023 June 30, 2023 included \$0.4 million \$0.6 million non-recurring integration costs associated with the Somerset CPAs and Advisors ("Somerset") acquisition.

The majority of our operating expenses relate to personnel costs, which include (i) salaries and benefits, (ii) commissions paid to producers, (iii) incentive compensation, and (iv) stock-based compensation. Excluding the impact of deferred compensation, which was recorded in "Corporate and Other" for segment reporting purposes, operating expenses increased by approximately \$31.7 million \$25.2 million during the three months ended March 31, 2024 June 30, 2024 as compared to the same period in 2023, driven by \$23.0 million \$18.1 million higher personnel costs (of which \$7.5 million \$5.0 million was the result of acquisitions), \$2.0 million higher facility costs, \$1.8 million higher professional services costs, \$1.6 million higher technology related costs, \$1.4 million \$2.8 million higher direct costs, \$1.3 million \$2.1 million higher technology costs, \$0.9 million higher professional service costs, \$0.6 million higher travel and entertainment costs, and \$0.7 million \$0.4 million higher depreciation facility costs, and amortization expense, as well as \$0.6 million higher

**\$0.3 million higher** discretionary spending to support business growth. Personnel costs are discussed in further detail under “Operating Practice Groups.”

**Six months ended June 30, 2024 compared to June 30, 2023.** Total operating expenses for the six months ended June 30, 2024 increased by \$57.9 million, or 8.4%, to \$742.9 million as compared to \$685.0 million in the same period of 2023. The deferred compensation plan increased operating expenses by \$10.9 million for the six months ended June 30, 2024, and by \$9.9 million during the same period in 2023. Excluding the impact of deferred compensation, which was recorded in "Corporate and Other" for segment reporting purposes, operating expenses would have been \$732.0 million and \$675.1 million, or 80.1% and 79.1% of revenue, for the six months ended June 30, 2024 and 2023, respectively, an increase of \$56.9 million as compared to the same period in 2023. In addition, operating expense for the six months ended June 30, 2024 included approximately \$0.3 million non-recurring integration costs related to the acquisitions completed in 2024, and operating expenses for the six months ended June 30, 2023 included \$1.0 million non-recurring integration and retention costs associated with the Somerset acquisition. The increase in operating expense was driven by personnel costs increase of \$41.2 million (of which \$12.5 million was the result of acquisitions), \$4.1 higher direct cost, \$3.7 million higher technology costs, \$2.7 million higher professional service costs, \$2.3 million higher facility costs, \$1.9 higher travel and entertainment costs, \$0.9 million higher depreciation and amortization expense, and \$0.1 million higher other discretionary spending to support business growth. Personnel costs are discussed in further detail under "Operating Practice Groups".

**Corporate General & Administrative (“G&A”) Expenses**

[illegible]

	2024	2023	\$ Change	% Change
(Amounts in thousands, except percentages)				
G&A expenses	\$40,761	\$31,391	\$9,370	29.8 %
G&A expenses % of revenue				
G&A expenses excluding deferred compensation				
G&A expenses excluding deferred compensation				
G&A expenses excluding deferred compensation	\$39,381	\$30,118	\$9,263	30.8 %
G&A expenses excluding deferred compensation % of revenue				

**Three months ended March 31, 2024 June 30, 2024 compared to March 31, 2023 June 30, 2023.** The deferred compensation plan increased G&A expenses by \$1.1 \$0.3 million for the three months ended March 31, 2024 June 30, 2024, and increased G&A expenses by \$0.6 million during the same period in 2023. G&A expenses, excluding the impact of the deferred compensation

plan, would have been \$17.7 \$21.7 million, or 3.6% 5.2% of revenue, for the three months ended March 31, 2024 June 30, 2024, compared to \$15.0 \$15.2 million, or 3.3% 3.8% of revenue, for the same period in 2023, an increase of approximately \$2.7 million \$6.6 million. The increase was primarily driven by \$2.2 million \$5.6 million higher legal and other professional services costs \$0.2 million largely associated with the announced Transaction, \$0.4 million higher personnel travel and entertainment costs, and \$0.1 million \$0.4 million higher technology costs, \$0.2 million higher depreciation costs, as well as \$0.2 million and \$0.7 million higher other discretionary spending to support the business growth. The increase in G&A expenses was partially offset by \$0.7 million lower personnel costs and \$0.1 million lower facility related costs. G&A expense for the three months ended March 31, 2024 June 30, 2024 included approximately \$0.5 million \$0.1 million of non-recurring transaction and integration costs associated with the two acquisitions completed in 2024, and G&A expense for the three months ended March 31, 2023 June 30, 2023 included approximately \$1.2 million \$0.3 million of non-recurring transaction and integration costs associated with the Somerset acquisition.

**Six months ended June 30, 2024 compared to June 30, 2023.** The deferred compensation plan increased G&A expense by \$1.4 million for the six months ended June 30, 2024, and increased G&A expenses by \$1.3 million during the same period in 2023. G&A expenses, excluding the impact of the deferred compensation plan, would have been \$39.4 million, or 4.3% of revenue, for the six months ended June 30, 2024, compared to \$30.1 million, or 3.5% of revenue, for the same period in 2023. The increase in G&A expenses was primarily driven by \$7.8 million higher legal and other professional services costs largely associated with the announced Transaction, \$0.4 million higher travel and entertainment costs, \$0.3 million higher technology costs, \$0.3 million higher depreciation costs, and \$1.0 million higher other discretionary spending to support the business growth. The increase in G&A expenses for the six months ended June 30, 2024 was partially offset by \$0.5 million lower personnel costs and \$0.1 million lower facility related costs. In addition, G&A expense for the six months ended June 30, 2024 included a \$0.6 million non-recurring transaction and integration costs related to the acquisitions completed in 2024. G&A expense for the six months ended June 30, 2023 included a \$1.5 million non-recurring transaction and integration costs related to the Somerset acquisition.

#### Other (Expense) Income, (Expense), Net

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
Interest expense	
Interest expense	
Interest expense	
Other income, net <sup>(1)</sup>	

Other income, net <sup>(1)</sup>  
Other income, net <sup>(1)</sup>  
Total other expense, net  
Total other expense, net  
Total other expense, net

<sup>(1)</sup> Other income, net includes a net gain of \$2.6 million during the three months ended June 30, 2024, and a net gain of \$5.7 million for the same period in 2023, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as "Operating expenses" and "G&A expenses." The deferred compensation plan has no impact on "Income before income tax expense" or diluted earnings per share. In addition, included in Other income, net for the three months ended June 30, 2024 and 2023, is expense of \$0.2 million and \$0.8 million, respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.

<sup>(1)</sup> Other income, net includes a net gain of \$2.6 million during the three months ended June 30, 2024, and a net gain of \$5.7 million for the same period in 2023, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as "Operating expenses" and "G&A expenses." The deferred compensation plan has no impact on "Income before income tax expense" or diluted earnings per share. In addition, included in Other income, net for the three months ended June 30, 2024 and 2023, is expense of \$0.2 million and \$0.8 million, respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.

<sup>(1)</sup> Other income, net includes a net gain of \$2.6 million during the three months ended June 30, 2024, and a net gain of \$5.7 million for the same period in 2023, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as "Operating expenses" and "G&A expenses." The deferred compensation plan has no impact on "Income before income tax expense" or diluted earnings per share. In addition, included in Other income, net for the three months ended June 30, 2024 and 2023, is expense of \$0.2 million and \$0.8 million, respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.

Six Months Ended June 30,  
Six Months Ended June 30,  
Six Months Ended June 30,

2024

2024

2024

(Amounts in thousands, except percentages)

(Amounts in thousands, except percentages)

(Amounts in thousands, except percentages)

Interest expense  
Interest expense  
Interest expense

Gain on sale of operations, net  
Gain on sale of operations, net  
Gain on sale of operations, net

Other income, net <sup>(1)</sup>  
Other income, net <sup>(2)</sup>  
Other income, net <sup>(1)</sup>  
Other income, net <sup>(2)</sup>  
Other income, net <sup>(1)</sup>  
Other income, net <sup>(2)</sup>

Total other income, net  
Total other income, net  
Total other income, net

<sup>(1)</sup> Other income, net includes a net gain of \$9.6 million during the three months ended March 31, 2024, and a net gain of \$5.4 million for the same period in 2023, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as "Operating expenses" and "G&A expenses." The deferred compensation plan has no impact on "Income before income tax expense" or diluted earnings per share. In addition, included in Other income, net for the three months ended March 31, 2024 and 2023, is expense of \$0.4 million and \$0.6 million, respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.

<sup>(2)</sup> Other income, net includes a net gain of \$12.2 million during the six months ended June 30, 2024, and a net gain of \$11.1 million for the same period in 2023, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as "Operating expenses" and "G&A expenses." The deferred compensation plan has no impact on "Income before income tax expense" or diluted earnings per share. In addition, included in Other income, net for the six months ended June 30, 2024 and 2023, is expense of \$0.6 million and \$1.4 million, respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.



(2) Other income, net includes a net gain of \$12.2 million during the six months ended June 30, 2024, and a net gain of \$11.1 million for the same period in 2023, associated with the value of investments held in a rabbi trust related to the deferred compensation plan, which were recorded in "Corporate and Other" for segment reporting purposes. The adjustments to the investments held in a rabbi trust related to the deferred compensation plan are offset by a corresponding increase or decrease to compensation expense, which is recorded as "Operating expenses" and "G&A expenses." The deferred compensation plan has no impact on "Income before income tax expense" or diluted earnings per share. In addition, included in Other income, net for the six months ended June 30, 2024 and 2023, is expense of \$0.6 million and \$1.4 million, respectively, related to net changes in the fair value of contingent consideration related to prior acquisitions.

Income tax expense	\$35,530	\$38,153	\$(2,623)	(6.9) %
Effective tax rate				

Three and six months ended March 31, 2024 June 30, 2024 compared with March 31, 2023 June 30, 2023. The effective tax rate for the three months ended March 31, 2024 June 30, 2024 was 26.1% 29.8%, compared to an effective tax rate of 26.5% 30.4% for the comparable period in 2023. The decrease in the effective tax rate for the three month period ending June 30, 2024 was primarily due to the tax effect of lower non-deductible expenses and lower state tax expenses relative to pre-tax income during the firstsecond quarter of 2024 as compared to the same period in 2023.

The effective tax rate for the six months ended June 30, 2024 was 26.9%, compared to an effective tax rate of 27.6% for the same period in 2023. The decrease in the effective tax rate for the six month period ending June 30, 2024 was primarily due to the tax effect of lower non-deductible expenses and lower state tax expenses relative to pre-tax income during the six months ended June 30, 2024 as compared to the same period in 2023.

### Operating Practice Groups

We deliver our integrated services through three practice groups: Financial Services, Benefits and Insurance Services, and National Practices. A description of these groups' operating results and factors affecting their businesses is provided below.

Same-unit revenue represents total revenue adjusted to reflect comparable periods of activity for acquisitions and divestitures. Divested operations represent operations that did not meet the criteria for treatment as discontinued operations.

### Financial Services

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	2024
	2024
	2024
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
Revenue	
Revenue	
Revenue	
Same-unit	
Same-unit	
Same-unit	
Acquired businesses	
Acquired businesses	
Acquired businesses	
Total revenue	
Total revenue	
Total revenue	
Operating expenses	
Operating expenses	
Operating expenses	
Gross margin / Operating income	
Gross margin / Operating income	
Gross margin / Operating income	
Total other income, net	
Total other income, net	
Total other income, net	

Income before income tax expense  
Income before income tax expense  
Income before income tax expense  
Gross margin percent  
Gross margin percent  
Gross margin percent

	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
	2024
	2024
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
	(Amounts in thousands, except percentages)
Revenue	
Revenue	
Revenue	
Same-unit	
Same-unit	
Same-unit	
Acquired businesses	
Acquired businesses	
Acquired businesses	
Total revenue	
Total revenue	
Total revenue	
Operating expenses	
Operating expenses	
Operating expenses	
Gross margin / Operating income	
Gross margin / Operating income	
Gross margin / Operating income	
Total other income, net	
Total other income, net	
Total other income, net	
Income before income tax expenses	
Income before income tax expenses	
Income before income tax expenses	
Gross margin percent	
Gross margin percent	
Gross margin percent	

Three months ended March 31, 2024 June 30, 2024 compared to March 31, 2023 June 30, 2023

Revenue

The Financial Services practice group revenue for the three months ended March 31, 2024 June 30, 2024 grew by 8.6% 6.3% to \$372.6 million \$309.2 million from \$343.1 million \$290.9 million during the same period in 2023. Same-unit revenue grew by \$17.5 million \$8.8 million, or 5.1% 3.0%, across all product lines, primarily driven by those units that provide government healthcare compliance business consulting, which increased by \$8.3 million, and those units that provide project based advisory services, which increased by approximately \$2.2 million. The increase was offset by a decrease in revenue of approximately \$1.7 million from those units that provide traditional accounting and tax-related services which increased \$10.1 million, an increase of approximately \$4.7 million in government healthcare compliance business, and an increase of approximately \$2.7 million in those units that provide project-oriented advisory services. The for the three months ended June 30, 2024.The impact of acquired businesses contributed \$12.1 million \$9.5 million, or 3.2% 3.1%, of 2024 revenue.

We provide a range of services to affiliated CPA firms under joint referral and administrative service agreements ("ASAs"). Fees earned under the ASAs are recorded as revenue in the accompanying Condensed Consolidated Statements of Comprehensive Income and were approximately \$87.8 million \$68.9 million and \$84.8 million \$65.9 million for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively.

#### Operating Expenses

Operating expenses increased by \$21.1 million \$19.4 million, or 8.6% 8.0%, as compared to the same period last year. Personnel costs increased by \$13.8 million \$12.9 million, of which acquisitions contributed approximately \$7.0 million \$4.6 million to the increase. Compared to the same period in 2023, facility direct costs, direct technology costs, professional services costs, technology travel and entertainment costs, corporate allocated costs, facility costs, depreciation and amortization costs, corporate allocated costs, travel and entertainment costs, bad debt costs, employee gifts and marketing costs activities increased by approximately \$1.7 million, \$1.6 million, \$1.1 million \$2.6 million, \$1.4 million, \$0.8 million, \$0.6 million, \$0.6 million \$0.4 million, \$0.5 million \$0.4 million, \$0.2 million, and \$0.2 million \$0.1 million, respectively. Other discretionary costs, net increased by approximately \$1.5 million. Operating expenses as a percentage of revenue increased slightly to 71.3% 85.0% for the three months ended March 31, 2024 June 30, 2024 from 71.2% 83.7% of revenue for the prior year quarter.

#### Six months ended June 30, 2024 compared to June 30, 2023

##### Revenue

Revenue for the six months ended June 30, 2024 grew by 7.5% to \$681.9 million from \$634.0 million during the same period in 2023. Same-unit revenue grew by \$26.2 million, or 4.1%, across almost all service lines, primarily driven by those units that provide government healthcare compliance business consulting, which increased by \$13.0 million, the units that provide traditional accounting and tax-related services, which increased \$9.0 million, and by those units that provide project-oriented advisory services, which increased by approximately \$4.2 million. The impact of acquired businesses contributed a total of \$21.6 million, or 3%, of Financial Services practice group's revenue for the six months ended June 30, 2024.

Fees earned under the ASAs, as described above, were approximately \$156.8 million and \$150.7 million for the six months ended June 30, 2024 and 2023, respectively.

##### Operating Expenses

Operating expenses increased by \$40.5 million, or 8.3%, as compared to the same period last year. Personnel costs increased by \$27.0 million, of which acquisitions contributed approximately \$11.6 million to the increase. Compared to the same period in 2023, direct costs, technology costs, facility costs, professional services costs, travel and entertainment costs, corporate allocated costs, depreciation and amortization costs, bad debt, and marketing costs increased by approximately \$4.2 million, \$2.2 million, \$2.1 million, \$1.9 million, \$1.2 million, \$1 million, \$0.8 million, \$0.3 million, and \$0.3 million respectively. Other discretionary costs, net increased by approximately \$1.5 million. Operating expense as a percentage of revenue increased to 77.5% during the six months ended June 30, 2024 from 77.0% of revenue during the same period in 2023.

#### Benefits and Insurance Services

		Three Months Ended March 31,						Three Months Ended June 30,					
		2024		2024	2023	\$	%			2024			
						Change	Change						
(Amounts in thousands, except percentages)													
<b>Revenue</b>													
Same-unit													
Same-unit													
Same-unit		\$107,646	\$	\$100,054	\$	\$ 7,592	7.6	7.6	%	\$ 96,475	\$	\$ 95,838	\$
Acquired businesses	Acquired businesses	762	—	—	762	762	N/M	N/M		Acquired businesses	944	—	—
Total revenue	Total revenue												
Total revenue		\$108,408	\$	\$100,054	\$	\$ 8,354	8.3	8.3	%	\$ 97,419	\$	\$ 95,838	\$
Operating expenses	Operating expenses	83,637	76,923	76,923	6,714	6,714	8.7	8.7	%	Operating expenses	83,243	78,374	78,374
Gross margin / Operating income	Gross margin / Operating income									Gross margin / Operating income			
		\$ 24,771	\$	\$ 23,131	\$	\$ 1,640	7.1	7.1	%	income	\$ 14,176	\$	\$17,464
Total other income, net	Total other income, net	44	176	176	(132)	(132)	(75.0)	(75.0)	%	Total other income, net	43	153	153
Income before income tax expense	Income before income tax expense	24,815	23,307	23,307	1,508	1,508	6.5	6.5	%	Income before income tax expense	14,219	17,617	17,617

Gross margin  
percent

	Six Months Ended June 30,			
	Six Months Ended June 30,			
	Six Months Ended June 30,			
	2024	2023	\$ Change	% Change

(Amounts in thousands, except percentages)

Revenue				
Same-unit				
Same-unit				
Same-unit	\$204,121	\$195,892	\$ 8,229	4.2 %
Acquired businesses				
Total revenue				
Total revenue	\$205,827	\$195,892	\$ 9,935	5.1 %
Operating expenses	166,880	155,297	11,583	7.5 %
Gross margin/ Operating income	\$ 38,947	\$ 40,595	\$(1,648)	(4.1) %
Total other income, net	87	329	(242)	(4.1) %
Income before income tax expenses	39,034	40,924	(1,890)	(4.6) %
Gross margin percent				

Three months ended **March 31, 2024** **June 30, 2024** compared to **March 31, 2023** **June 30, 2023**

Revenue

The Benefits and Insurance Services practice group revenue increased by **\$8.4 million** **\$1.6 million**, or **8.3%** **1.6%**, to **\$108.4 million** **\$97.4 million** during the three months ended **March 31, 2024** **June 30, 2024** compared to **\$100.1 million** **\$95.8 million** for the same period in 2023. Same-unit revenue grew by **\$7.6 million** **\$0.6 million**, or **7.6%** **0.7%**, across almost all of the major service lines, primarily driven by a **\$4.5 million** **\$3.2 million** increase in the employee benefit and retirement benefit services lines, a **\$2.6 million** increase in the property and casualty services, and a **\$0.7 million** increase **\$0.5 million** increase in the payroll-related services, partially offset by an approximately **\$0.2 million** a **\$2.2 million** decrease from other project-based in property and casualty services. During the three months ended June 30, 2024, property and casualty service line experienced the departure of a small group of producers and support staff and a loss of clients served by this group, which contributed to the **\$2.2 million** decrease in revenue generated by the property and casualty services.

Operating Expenses

Operating expenses increased by **\$6.7 million** **\$4.9 million**, or **8.7%** **6.2%**, when compared to the same period last year. Personnel costs increased by **\$6.0 million** **\$3.9 million**, of which acquisitions contributed approximately **\$0.4 million** **\$0.5 million**, primarily due to the impact of annual merit increases as well as investment in producers. Compared to the same period in 2023, professional services costs, corporate allocated costs, technology costs direct costs, travel and entertainment cost, and facility bad debt costs increased by approximately **\$0.4 million** and **\$0.3 million**, **\$0.2 million**, **\$0.2 million**, **\$0.1 million**, **\$0.1 million**, and **\$0.1 million**, respectively, and was partially offset by **\$0.2 million** **\$0.1 million** lower bad debt expense travel and entertainment costs as compared to the same period in 2023. In addition, other miscellaneous discretionary costs, net decreased by **\$0.1 million**. Operating expenses as a percentage of revenue increased slightly to **77.2%** **85.4%** for the quarter ended **March 31, 2024** **June 30, 2024** from **76.9%** **81.8%** of revenue for the same period in 2023, primarily due to decrease in revenue generated from the property and casualty services.

Six months ended **June 30, 2024** compared to **June 30, 2023**

Revenue

The Benefits and Insurance Services practice group revenue increased by **\$9.9 million**, or **5.1%**, to **\$205.8 million**, during the six months ended June 30, 2024 compared to **\$195.9 million** for the same period in 2023. Same-unit revenue grew by **\$8.2 million**, or **4.2%**, across almost all of the major service lines, primarily driven by a **\$7.7 million** increase in employee benefit and retirement benefit services lines, a **\$1.2 million** increase in payroll related services, and a **\$0.5 million** increase in the property and casualty services, partially offset by an approximately **\$1.0 million** decrease in other project based services.

Operating Expenses

Operating expenses increased by **\$11.6 million**, or **7.5%**, when compared to the same period last year. Personnel cost increased by **\$9.9 million** primarily due to timing of annual merit increases, bonus accrual, as well as investment in producers. Compared to the same period in 2023, technology costs, direct costs, bad debt costs, as well as facility costs increased by approximately **\$0.6 million**, **\$0.3 million**, **\$0.2 million**, and **\$0.2 million**, respectively. Operating expense as a percentage of revenue slightly increased to **81.1%** during the six months ended June 30, 2024 from **79.3%** of revenue for the same period in 2023.

## National Practices

Three Months Ended March 31,										Three Months Ended June 30,									
2024			2024		2023		\$		%		2024		2024		2023		%		
(Amounts in thousands, except percentages)																			
Same-unit revenue	Same-unit revenue	\$13,259	\$	\$11,466	\$	\$1,793	15.6	15.6	%	Same-unit revenue	\$ 13,360	\$	\$11,734	\$	\$1,626	13.9			
Operating expenses	Operating expenses	11,933	10,583	10,583	1,350	1,350	12.8	12.8	%	Operating expenses	12,028	10,545	10,545	1,483	1,483				
Gross margin / Operating income	Gross margin / Operating income	\$ 1,326	\$	\$ 883	\$	\$ 443	50.2	50.2	%	Gross margin / Operating income	\$ 1,332	\$	\$ 1,189	\$	\$ 143	12.0			
Income before income tax expense																			
Income before income tax expense																			
Total other (expense) income, net		(4)		1		(5)		N/M											
Income before income tax expense		1,326	883	883	443	443	50.2	50.2	%	Income before income tax expense	1,328	1,190	1,190	138	138				
Gross margin percent																			
Six Months Ended June 30,																			
Six Months Ended June 30,																			
Six Months Ended June 30,																			
\$																			
%																			
2024																			
2023																			
Change																			
Change																			
(Amounts in thousands, except percentages)																			
Same-unit revenue		\$26,619		\$23,200		\$3,419		14.7	%										
Operating expenses		23,961		21,128		2,833		13.4	%										
Gross margin / Operating income		\$ 2,658		\$ 2,072		\$ 586		28.3	%										
Total other (expense) income, net		(4)		1		(5)		N/M											
Income before income tax expenses		2,654		2,073		581		28.0	%										
Gross margin percent																			

The National Practices group is primarily driven by a cost-plus contract with a single client, which has existed since 1999. The cost-plus contract is a five-year contract with the most recent renewal through December 31, 2028. Revenues from this single client accounted for approximately 75% of the National Practice group's revenue. During

the three and six months ended **March 31, 2024** **June 30, 2024**, revenue increased by **\$1.8 million** **\$1.6 million**, or **13.9%**, and **\$3.4 million**, or **15.6%** **14.7%**, respectively, while operating expenses increased by **\$1.4 million** **\$1.5 million**, or **14.1%**, and **\$2.8 million**, or **12.8%** **13.4%**, respectively.

#### Corporate and Other

Corporate and Other are operating expenses that are not directly allocated to the individual business units. These expenses primarily consist of certain health care costs, gains or losses attributable to assets held in our **non-qualified** deferred compensation plan, stock-based compensation, consolidation and integration charges, certain professional fees, certain advertising costs and other various expenses.

Three Months Ended March 31,										Three Months Ended June 30,				
		2024	2023	\$ Change		% Change				2024	2023	\$ Change		
(Amounts in thousands, except percentages)														
Operating expenses	\$	8,288	\$	11,623	(3,335)	(28.7)	%							
Corporate general and administrative expenses		22,050		15,793	6,257	39.6	%							
Operating loss														
Operating loss														
Operating loss		(30,338)		(27,416)	(2,922)	10.7	%							
Total other expense, net		(3,568)		(502)	(3,066)	610.8	%							
Loss before income tax expense		(33,906)		(27,918)	(5,988)	21.4	%							
Six Months Ended June 30,														
Six Months Ended June 30,														
Six Months Ended June 30,														
2024			2024		2023		\$ Change		% Change		2024		2023	
(Amounts in thousands, except percentages)														
Operating expenses	Operating expenses	\$15,354	\$	9,062	6,292	6,292	69.4	69.4	%	Operating expenses	\$	23,642	\$	20,688
Corporate general and administrative expenses	Corporate general and administrative expenses	18,711	15,598	15,598	3,113	3,113	20.0	20.0	%	Corporate general and administrative expenses		40,761		31,391
Operating loss														
Operating loss														
Operating loss		(34,065)	(24,660)	(24,660)	(9,405)	(9,405)	38.1	38.1	%		(64,403)	(52,076)		(52,076)
Total other income, net	Total other income, net	4,783	1,040	1,040	3,743	3,743	359.9	359.9	%	Total other income, net		1,215		538
Loss before income tax expense		(29,282)		(23,620)	(5,662)	(5,662)	24.0	%						
Loss before income tax expenses		(63,188)		(51,538)	(11,650)	(11,650)	22.6	%						

#### Three months ended **March 31, 2024** **June 30, 2024** compared to **March 31, 2023** **June 30, 2023**

Total operating expenses **increased** **decreased** by **\$6.3 million** **\$3.3 million** during the three months ended **March 31, 2024** **June 30, 2024**, as compared to the same period in 2023. The **non-qualified** deferred compensation plan increased operating expenses by **\$8.6 million** **\$2.3 million** for the three months ended **March 31, 2024** **June 30, 2024** and by **\$4.8 million** **\$5.1 million** during the same period in 2023. Excluding the **non-qualified** deferred compensation expenses, operating expenses **increased** **decreased** by **\$2.5 million** **\$0.5 million** during the three months ended **March 31, 2024** **June 30, 2024**, as compared to the same period in 2023. The **increase** **decrease** was primarily driven by **higher** **personnel** **lower** marketing as well as facility related costs.

Total corporate general and administrative expenses increased by **\$3.1 million** **\$6.3 million**, or **20.0%** **39.6%**, during the three months ended **March 31, 2024** **June 30, 2024**, as compared to the same period in 2023. The **non-qualified** deferred compensation plan increased corporate general and administrative expenses by **\$1.1 million** **\$0.3 million** for the

three months ended **March 31, 2024** **June 30, 2024** and by \$0.6 million during the same period in 2023. Excluding the **non-qualified** deferred compensation expenses, corporate general and administrative expense increased by approximately **\$2.7 million** **\$6.6 million**. The increase was primarily driven by **\$2.2 million** **\$5.6 million** higher legal and other professional services costs **\$0.2 million** largely associated with the announced Transaction, **\$0.4 million** higher **personnel** travel and entertainment costs, and **\$0.1 million** **\$0.4 million** higher technology costs, **\$0.2 million** higher depreciation costs, **as well as \$0.2 million** and **\$0.7 million** higher other discretionary spending to support the business growth. The increase in G&A expenses was partially offset by **\$0.7 million** lower personnel costs and **\$0.1 million** lower facility related costs. G&A expense for the three months ended **March 31, 2024** **June 30, 2024** included approximately **\$0.5 million** **\$0.1 million** non-recurring transaction and integration costs associated with the **two** acquisitions completed in 2024, and G&A expense for the three months ended **March 31, 2023** **June 30, 2023** included approximately **\$1.2 million** **\$0.3 million** non-recurring transaction and integration costs associated with the Somerset acquisition.

Total other **income, expense**, net increased by **\$3.7 million** **\$3.1 million** during the three months ended **March 31, 2024** **June 30, 2024**, as compared to the same period in 2023. For the three months ended **March 31, 2024** **June 30, 2024**, total other **income, expense**, net includes a net gain of **\$9.6 million** **\$2.6 million** associated with the **non-qualified** deferred compensation plan. For the same period in 2023, total other expense, net includes a net gain of \$5.7 million associated with the deferred compensation plan. Excluding the impact of the deferred compensation plan, total other expense, net would have been \$6.2 million in 2024 and \$6.2 million in 2023, relatively unchanged.

#### **Six months ended June 30, 2024 compared to June 30, 2023**

Total operating expenses increased by \$3.0 million, or 14.3%, during the six months ended June 30, 2024, as compared to the same period in 2023. The deferred compensation plan increased operating expenses by \$10.9 million for the six months ended June 30, 2024, and by \$9.9 million during the same period in 2023. Excluding the deferred compensation expenses, operating expense increase by approximately \$2.0 million during the six months ended June 30, 2024, primarily driven by higher personnel related costs, as compared to the same period in 2023.

Total G&A expenses increased by \$9.4 million, or 29.8%, during the six months ended June 30, 2024, as compared to the same period in 2023. The deferred compensation plan increased G&A expenses by \$1.4 million for the six months ended June 30, 2024, and by \$1.3 million during the same period in 2023. Excluding the deferred compensation expenses, G&A expense increased by approximately \$9.3 million during the six months ended June 30, 2024, compared to the same period in 2023. The increase in G&A expenses was primarily driven by \$7.8 million higher legal and other professional services costs largely associated with the announced Transaction, \$0.4 million higher travel and entertainment costs, \$0.3 million higher technology costs, \$0.3 million higher depreciation costs, and \$1.0 million higher other discretionary spending to support the business growth. The increase in G&A expenses was partially offset by \$0.5 million lower personnel costs and \$0.1 million lower facility related costs. In addition, G&A expense for the six months ended June 30, 2024 included a \$0.6 million non-recurring transaction and integration costs related to the acquisitions completed in 2024. G&A expense for the six months ended June 30, 2023 included a \$1.5 million non-recurring transaction and integration costs related to the Somerset acquisition.

Total other income, net increased by \$0.7 million during the six months ended June 30, 2024, as compared to the same period in 2023. Total other income, net for the six months ended June 30, 2024 includes a net gain of \$12.2 million associated with the deferred compensation plan. For the same period in 2023, total other income, net includes a net gain of **\$5.4 million** **\$11.1 million** associated with the **non-qualified** deferred compensation plan. Excluding the impact of the **non-qualified** deferred compensation plan, total other income, net would have been \$4.9 million of expense in 2024 and \$4.4 million of expense in 2023, a net change of \$0.5 million decreased by \$0.4 million, primarily attributed due to **\$0.9 million** **\$1.2 million** higher interest expense **in** due to higher average outstanding balance and interest rates during 2024 as compared to 2023, offset by **\$0.4 million** decrease in expenses driven by **\$0.2 million** **\$0.8 million** lower net changes in the fair value of contingent consideration related to prior acquisitions.

#### **LIQUIDITY**

Our principal sources of liquidity are cash generated from operating activities and financing activities. Our cash flows from operating activities are driven primarily by our operating results and changes in our working capital requirements while our cash flows from financing activities are dependent upon our ability to access credit or other capital. We historically maintain low cash levels and apply any available cash to pay down the outstanding debt balance.

We historically experience a use of cash to fund working capital requirements during the first quarter of each fiscal year. This is primarily due to the seasonal accounting and tax services period under the Financial Services practice group, as well as payment of accrued employees' incentives programs. Upon completion of the seasonal accounting and tax services period, cash provided by operations during the remaining three quarters of the fiscal year substantially exceeds the use of cash in the first quarter of the fiscal year.

Accounts receivable balances increase in response to the first **three six** months' revenue generated by the Financial Services practice group. A significant amount of this revenue is billed and collected in subsequent quarters. Days sales outstanding ("DSO") represent accounts receivable and unbilled revenue (net of realization adjustments) at the end of the period, divided by trailing twelve months' daily revenue. We provide DSO data because such data is commonly used as a performance measure by analysts and investors and as a measure of our ability to collect on receivables in a timely manner. **Trailing-twelve-month** DSO, **including the impact of acquisitions**, was **101** **95** days and 94 days at **March 31, 2024** **June 30, 2024** and **2023, 2023, respectively**. DSO at December 31, 2023 was 78 days.

The following table presents selected cash flow information. For additional details, refer to the accompanying Condensed Consolidated Statements of Cash Flows.

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Six Months Ended June 30,
	Six Months Ended June 30,
	Six Months Ended June 30,
	2024
	2024
	2024
(Amounts in thousands)	



(Amounts in thousands)

(Amounts in thousands)

Net cash used in operating activities

Net cash used in operating activities

Net cash used in operating activities

Net cash provided by operating activities

Net cash provided by operating activities

Net cash provided by operating activities

Net cash used in investing activities

Net cash used in investing activities

Net cash used in investing activities

Net cash provided by financing activities

Net cash provided by financing activities

Net cash provided by financing activities

Net cash (used in) provided by financing activities

Net cash (used in) provided by financing activities

Net cash (used in) provided by financing activities

Net decrease in cash, cash equivalents and restricted cash

Net decrease in cash, cash equivalents and restricted cash

Net decrease in cash, cash equivalents and restricted cash

**Operating Activities** - Cash used in provided by operating activities was \$63.7 million \$24.4 million during the three six months ended March 31, 2024 June 30, 2024, primarily consisted of working capital use of \$155.9 million \$101.5 million, which was offset by net income of \$76.9 million \$96.7 million and certain non-cash items, such as depreciation and amortization expense of \$9.5 million \$19.0 million, deferred income tax of \$2.1 million \$3.1 million, and stock-based compensation expense of \$2.6 million \$5.0 million. Cash used in provided by operating activities was \$44.5 million \$29.7 million during the three six months ended March 31, 2023 June 30, 2023 and primarily consisted of working capital use of \$133.9 million, which was offset by net income of \$73.2 million \$100.0 million and certain non-cash items, such as depreciation and amortization expense of \$8.6 million \$17.8 million, deferred income tax of \$2.6 million \$4.6 million, and stock-based compensation expense of \$3.8 million \$6.6 million. The cash inflow was offset by working capital use of \$101.6 million during the six months ended June 30, 2023.

**Investing Activities** - Cash used in investing activities during the three six months ended March 31, 2024 June 30, 2024 was \$28.7 million \$33.2 million and consisted primarily of \$21.3 million \$22.5 million used for business acquisitions, \$5.1 million \$7.0 million in capital expenditures, and \$2.2 million \$3.8 million in other investing activities primarily related to acquisition related working capital adjustment payments and notes receivable. The net cash flow related to funds held for clients and other activities were immaterial. Cash used in investing activities during the three months ended March 31, 2023 June 30, 2023 was \$45.9 million \$65.6 million and consisted primarily of \$39.1 million \$48.6 million used for business acquisitions, \$3.6 million \$11.7 million in capital expenditures, and \$3.9 million \$9.0 million in other investing activities primarily related to working capital payments and notes receivable. The During the six months ended June 30, 2023, the use of cash was offset by \$0.6 million \$3.7 million net cash inflow related to funds held for clients and other activities.

The balances in funds held for clients and client fund obligations can fluctuate with the timing of cash receipts and the related cash payments. The nature of these accounts is further described in Note 1, Basis of Presentation and Significant Accounting Policies, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023.

**Financing Activities** - Cash provided by used in financing activities during the three six months ended March 31, 2024 June 30, 2024 was \$71.2 million \$11.9 million and primarily consisted of \$125.4 million \$68.6 million in net proceeds from the credit facility, partially offset by \$11.2 million cash used in share repurchases for tax withholding purposes, a \$11.9 million \$28.3 million net decrease in client fund obligations and \$31.1 \$41.0 million in contingent consideration payments related to prior acquisitions. Cash provided by financing activities during the three six months ended March 31, 2023 June 30, 2023 was \$61.8 million \$21.8 million and primarily consisted of \$138.0 million \$144.9 million in net proceeds from the credit facility and \$3.6 million \$4.3 million proceeds from exercise of stock options, partially offset by \$28.0 million \$57.0 million in share repurchases, a \$23.3 million \$40.4 million net decrease in client fund obligations and \$28.6 million \$30.0 million in contingent consideration payments related to prior acquisitions.

## CAPITAL RESOURCES

**Credit Facility** - At March 31, 2024 June 30, 2024, we had \$437.8 million \$381.0 million outstanding under the 2022 credit facility as well as \$3.2 million outstanding letters of credit. Available funds under the 2022 credit facility, based on the terms of the commitment, were approximately \$147.9 million \$209.8 million at March 31, 2024 June 30, 2024. The weighted average interest rate under the 2022 credit facility was 5.23% 5.41% during the three six months ended March 31, 2024 June 30, 2024, compared to 4.54% 4.94% for the same period in 2023. The 2022 credit facility allows for the allocation of funds for future strategic initiatives, including acquisitions and the repurchase of our common stock, subject to the terms and conditions of the 2022 credit facility.

**Debt Covenant Compliance** - Under the 2022 credit facility, we are required to meet certain financial covenants with respect to (i) total leverage ratio and (ii) minimum interest charge coverage ratio. We are in compliance with our financial covenants as of March 31, 2024 June 30, 2024. Our ability to service our debt and to fund future strategic initiatives

will depend upon our ability to generate cash in the future. For further discussion regarding our 2022 credit facility and

debt, refer to Note 4, Debt and Financing Arrangements, to the accompanying unaudited condensed consolidated financial statements.

**Use of Capital** - Our first priority for use of capital is to make strategic acquisitions. We also have the financing flexibility and the capacity to actively repurchase shares of our common stock. We believe that repurchasing shares of our common stock can be a prudent use of our financial resources, and that investing in our stock is an attractive use of capital and an efficient means to provide value to our stockholders. During the **three six** months ended **March 31, 2024** **June 30, 2024**, we completed **two three** acquisitions for **\$21.3 million** **\$22.5 million** in cash. We also repurchased 0.2 million shares of our common stock at a total cost of approximately \$11.2 million during the **three six** months ended **March 31, 2024** **June 30, 2024**.

**Cash Requirements** - Cash requirements for the remainder of 2024 and beyond will include acquisitions, interest payments on debt, seasonal working capital requirements, contingent purchase price payments for previous acquisitions, share repurchases, income tax payments, and capital expenditures. We believe that cash provided by operations, as well as available funds under our 2022 credit facility will be sufficient to meet cash requirements for the remainder of 2024 and beyond.

In addition, the Company has obtained committed financing to, among other things, fund the cash portion of the purchase price of the announced acquisition of Marcum pursuant to a commitment letter (the "Commitment Letter") entered into on July 30, 2024, with Bank of America, N.A. and BofA Securities, Inc., which provides commitments for senior secured credit facilities (the "Senior Credit Facilities") in an aggregate principal amount of \$2.0 billion, consisting of (x) a \$600 million five year senior secured revolving credit facility and (y) a \$1.4 billion five year senior secured term loan facility. The funding of the Senior Credit Facilities is contingent on the satisfaction of customary conditions, including (i) execution and delivery of definitive documentation with respect to the Senior Credit Facilities in accordance with the terms set forth in the Commitment Letter and (ii) consummation of the acquisition of Marcum. Refer to Note 12. Subsequent Events, to the accompanying unaudited condensed consolidated financial statements for further discussion of the announced acquisition.

## OFF-BALANCE SHEET ARRANGEMENTS

We maintain administrative service agreements with independent CPA firms (as described more fully under Item 1. "Business – Financial Services" and in Note 1, Basis of Presentation and Significant Accounting Policies, to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2023), which qualify as variable interest entities. The accompanying unaudited condensed consolidated financial statements do not reflect the operations or accounts of variable interest entities as the impact is not material to the financial condition, results of operations, or cash flows of CBIZ.

We provide letters of credit to landlords (lessors) of our leased premises in lieu of cash security deposits, which totaled \$3.2 million and \$3.5 million at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively. In addition, we provide license bonds to various state agencies to meet certain licensing requirements. The amount of license bonds outstanding was \$2.3 million and \$2.3 million at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively.

We have various agreements under which we may be obligated to indemnify the other party with respect to certain matters. Generally, these indemnification clauses are included in contracts arising in the normal course of business under which we customarily agree to hold the other party harmless against losses arising from a breach of representations, warranties, covenants or agreements, related to matters such as title to assets sold and certain tax matters. Payment by us under such indemnification clauses is generally conditioned upon the other party making a claim. Such claims are typically subject to challenge by us and to dispute resolution procedures specified in the particular contract. Further, our obligations under these agreements may be limited in terms of time and/or amount and, in some instances, we may have recourse against third parties for certain payments made by us. It is not possible to predict the maximum potential amount of future payments under these indemnification agreements due to the conditional nature of our obligations and the unique facts of each particular agreement. Historically, we have not made any payments under these agreements that have been material individually or in the aggregate. As of **March 31, 2024** **June 30, 2024**, we are not aware of any material obligations arising under indemnification agreements that would require payment.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The SEC defines critical accounting policies as those that are most important to the portrayal of a company's financial condition and results and that require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our discussion and analysis of our results of operations, financial condition and liquidity are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities as of the date of the unaudited condensed consolidated financial statements. As more information becomes known, these estimates and assumptions could change, which would have an impact on actual results that may differ materially from these estimates and judgments under different assumptions. We have not made any changes to our critical accounting policies and estimates as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

## NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 2, New Accounting Pronouncements, to the accompanying unaudited condensed consolidated financial statements for a discussion of recently issued accounting pronouncements.

## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q, including without limitation, "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our financial position, business strategy and plans and objectives for future performance are forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Forward-looking statements are commonly identified by the use of such terms and phrases as "intends", "believes", "estimates", "expects", "projects", "anticipates",

"foreseeable future", "seeks", and words or phrases of similar import in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated services, sales efforts, expenses, and financial results.

From time to time, we may also provide oral or written forward-looking statements in other materials we release to the public. Any or all of our forward-looking statements in this Quarterly Report on Form 10-Q and in any other public statements that we make, are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to: we may be more sensitive to revenue fluctuations than other companies, which could result in fluctuations in the market price of our common stock; payments on accounts receivable may be slower than expected, or amounts due on receivables or notes may not be fully collectible; we are dependent on the services of our executive officers, other key employees, producers and service personnel, the loss of whom may have a material adverse effect on our business, financial condition and results of operations; restrictions imposed by independence requirements and conflict of interest rules may limit our ability to provide services to clients of the attest firms with which we have contractual relationships and the ability of such attest firms to provide attestation services to our clients; our goodwill and intangible assets could become impaired, which could lead to material non-cash charges against earnings; certain liabilities resulting from acquisitions are estimated and could lead to a material non-cash impact on earnings; governmental regulations and interpretations are subject to changes, which could have a material adverse effect on our clients, our business, our business services operations, our business models, or our revenue; changes in the United States healthcare or public health environment, including new healthcare legislation or regulations, may adversely affect the revenue and margins in our or our clients' businesses; we are subject to risks relating to processing customer transactions for our payroll and other transaction processing businesses; cyber-attacks or other security breaches involving our computer systems or the systems of one or more of our vendors or clients could materially and adversely affect our business; we are subject to risk as it relates to software that we license from third parties; we could be held liable for errors and omissions, contract claims, or other litigation judgments or expenses; the future issuance of additional shares could adversely affect the price of our common stock; our principal stockholders may have substantial control over our operations; we require a significant amount of cash for interest payments on our debt and to expand our business as planned; terms of our credit facility may adversely affect our ability to run our business and/or reduce stockholder returns; our failure to satisfy covenants in our debt instruments could cause a default under those instruments; we are reliant on information processing systems and any failure of these systems could have a material adverse effect on our business, financial condition and results of operations; we may not be able to acquire and finance additional businesses which may limit our ability to pursue our business strategy; the business services industry is competitive and fragmented; if we are unable to compete effectively, our business, financial condition and results of operations may be negatively impacted; there is volatility in our stock price.

With respect to the pending Transaction as described in Note 12. Subsequent Events, to the accompanying unaudited condensed consolidated financial statements, such risks and uncertainties include, but are not limited to: the ability of the parties to consummate the Transaction in a timely manner or at all; satisfaction of the conditions precedent to consummation of the Transaction, including the ability to secure regulatory approvals in a timely manner or at all, and the approval by Marcum's partners and the approval by the Company's stockholders; the possibility of litigation related to the Transaction and the effects thereof; the possibility that anticipated benefits and/or synergies of the Transaction will not be achieved in a timely manner or at all; the possibility that the costs of the Transaction and/or liabilities assumed will be more significant than anticipated; the possibility that integration will prove more costly and/or time consuming than anticipated; the possibility that the Transaction could disrupt ongoing plans and operations of the parties or their respective relationships with clients, other business partners and employees; the possibility that the financing will not be obtained as anticipated and the effects of the increased leverage of the Company following the Transaction; and other risks described in under Item 1A. Risk Factors of this Quarterly Report on Form 10-Q.

Such forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Should one or more of these risks materialize, or should the underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected.

Consequently, no forward-looking statement can be guaranteed. A more detailed description of risk factors may be found in "Item 1A, Risk Factors" of this Quarterly Report on Form 10-Q and in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023. Except as required by the federal securities laws, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, otherwise, except as required by law. You are advised, however, to consult any further disclosures we make on related subjects in our filings with the SEC, such as quarterly, periodic and annual reports.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our floating rate debt under the 2022 credit facility exposes us to interest rate risk. Interest rate risk results when the maturity or repricing intervals of interest-earning assets and interest-bearing liabilities are different. A change in the Federal Funds Rate, or the reference rate set by Bank of America, N.A., would affect the rate at which we could borrow funds under the 2022 credit facility. The balance outstanding under our 2022 credit facility at March 31, 2024 June 30, 2024 was \$437.8 million \$381.0 million, of which \$287.8 million \$231.0 million is subject to rate risk. If market rates were to increase or decrease 100 basis points from the levels at March 31, 2024 June 30, 2024, interest expense would increase or decrease approximately \$2.9 million \$2.3 million annually.

We do not engage in trading market risk sensitive instruments. We periodically use interest rate swaps to manage interest rate risk exposure. The interest rate swaps effectively modify our exposure to interest rate risk, primarily through converting portions of our floating rate debt under the 2022 credit facility to a fixed rate basis. These agreements involve the receipt or payment of floating rate amounts in exchange for fixed rate interest payments over the life of the agreements without an exchange of the underlying principal amounts.

As of March 31, 2024 June 30, 2024, we have the following interest rate swaps outstanding (in thousands):

March 31, 2024										June 30, 2024					
Notional Amount		Notional Amount		Fixed Rate		Expiration		Notional Amount		Fixed Rate		Expiration			
Interest rate swap	Interest rate swap	\$ 50,000	0.834	0.834 %		4/14/2025	Interest rate swap	\$ 50,000	0.834	0.834 %		4/14/2025			
Interest rate swap	Interest rate swap	\$ 30,000	1.186	1.186 %		12/14/2026	Interest rate swap	\$ 30,000	1.186	1.186 %		12/14/2026			
Interest rate swap	Interest rate swap	\$ 20,000	2.450	2.450 %		8/14/2027	Interest rate swap	\$ 20,000	2.450	2.450 %		8/14/2027			
Interest rate swap	Interest rate swap	\$ 25,000	3.669	3.669 %		8/14/2027	Interest rate swap	\$ 25,000	3.669	3.669 %		4/14/2028			
Interest rate swap	Interest rate swap	\$ 25,000	4.488	4.488 %		10/14/2028	Interest rate swap	\$ 25,000	4.488	4.488 %		10/14/2028			

Management will continue to evaluate the potential use of interest rate swaps as we deem appropriate under certain operating and market conditions. We do not enter into derivative instruments for trading or speculative purposes.

In connection with the services provided by our payroll operations, funds collected from our clients' accounts in advance are segregated and may be invested in short-term investments, such as corporate and municipal bonds. In accordance with our investment policy, all investments carry an investment grade rating at the time of the initial acquisition, and are classified as available-for-sale securities. At each respective balance sheet date, these investments are adjusted to fair value with fair value adjustments being recorded to other comprehensive income or loss and reflected in the accompanying Condensed Consolidated Statements of Comprehensive Income for the respective period. If an investment is deemed to be other-than-temporarily impaired due to credit loss, then the adjustment is recorded to "Other income, net" in the accompanying Condensed Consolidated Statements of Comprehensive Income. Refer to Note 6, Financial Instruments, and Note 7, Fair Value Measurements, to the accompanying unaudited condensed consolidated financial statements for further discussion regarding these investments and the related fair value assessments.

#### ITEM 4. CONTROLS AND PROCEDURES

##### (a) Disclosure Controls and Procedures

###### *Evaluation of Disclosure Controls and Procedures*

Management has evaluated the effectiveness of our disclosure controls and procedures ("Disclosure Controls") as of the end of the period covered by this report. This evaluation ("Controls Evaluation") was done with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Disclosure Controls are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure Controls include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file under the Exchange Act is accumulated and communicated to management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosure.

###### *Limitations on the Effectiveness of Controls*

Management, including our CEO and CFO, does not expect that our Disclosure Controls or our internal control over financial reporting will prevent all errors and all fraud. Although our Disclosure Controls are designed to provide reasonable assurance of achieving their objective, a control system, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of a control system are met. Further, any control system reflects limitations on resources, and the benefits of a control system must be considered relative to its costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within CBIZ have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of a control. A design of a control system is also based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

###### *Conclusions*

Our Disclosure Controls are designed to provide reasonable assurance of achieving their objectives and, based upon the Controls Evaluation, our CEO and CFO have concluded that as of the end of the period covered by this report, CBIZ's Disclosure Controls were effective at that reasonable assurance level.

##### (b) Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting during the quarter ended **March 31, 2024** **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

From time to time, we are involved in various legal proceedings relating to claims arising out of our operations. As of the date hereof, we are not engaged in any legal proceedings that are reasonably expected, individually or in the aggregate, to have a material adverse effect on our business, financial condition, results of operations or cash flows.

#### ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the SEC. These risks could materially and adversely affect the business, financial condition and results of operations of CBIZ.

On July 30, 2024, we entered into a Merger Agreement to acquire the non-attest business of Marcum for a total consideration of approximately \$2.3 billion. The Merger and the transactions contemplated by the Merger Agreement are referred to herein as the "Transaction". Subject to the satisfaction of closing conditions, the Transaction is expected to close in the fourth quarter of 2024. Refer to Note 12. Subsequent Events to the accompanying unaudited condensed consolidated financial statements for further discussion regarding the Transaction. Risks related to the Transaction follow:

###### ***If the conditions to the Transaction are not satisfied, the Transaction will not be completed.***

The completion of the Transaction is subject to various closing conditions, including, among others, (a) the expiration of all waiting periods and receipt of all approvals required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976; (b) the Company obtaining stockholder approval of the issuance of the shares in connection with the Transaction as required by the rules of the New York Stock Exchange; (c) Marcum obtaining the requisite approval of its partners as specified in the Merger Agreement; and (d) the Company obtaining debt financing. Certain of the conditions to the closing of the Transaction are not within our control, and we cannot predict when or if these conditions will be satisfied. The failure to satisfy any of the required conditions could delay the completion of the Transaction or prevent it from occurring. Any delay or failure in completing the Transaction could cause us not to realize some or all of the benefits that we expect to achieve. There can be no assurance that the conditions to the closing of the Transaction will be satisfied or that the Transaction will be completed.

***Failure to complete the Transaction could negatively impact our stock price and our future business and financial results.***

If the Transaction is not completed for any reason, our ongoing business may be adversely affected and, without realizing any of the benefits of the Transaction, we could be subject to a number of negative consequences, including, among others: (i) negative reactions from investors and the financial markets, including negative impacts on our stock price; (ii) payments of a termination fee if the Transaction is not completed due to failure to receive approval of our stockholders or failure to receive financing; and (iii) significant transaction expenses, both direct and indirect in the form of opportunity costs, to us in connection with the Transaction, which have been and will be incurred regardless of whether the Transaction is completed. If the Transaction is not completed or if completion of the Transaction is delayed, any of these risks may adversely affect our business, financial condition, financial results, and stock price.

***We may fail to realize the anticipated benefits of the Transaction, or it may prove disruptive and could result in the combined business failing to meet our expectations.***

The success of the Transaction will depend, in part, on our ability to successfully integrate Marcum with our current operations. The Transaction will be the Company's largest acquisition to date, and the size and complexity of the Transaction creates inherent challenges, risk and uncertainty in the integration process. If we are not able to successfully integrate Marcum, operationally and culturally, the anticipated benefits of the Transaction may not be realized fully or at all or may take longer or cost more to realize than expected. The process of integrating Marcum's operations will likely require a disproportionate amount of resources and management attention. Our management team may also encounter unforeseen difficulties in managing the integration process. It is possible that the integration process could result in the loss of valuable employees or difficulty in attracting new talent, the disruption of our and Marcum's ongoing businesses and client relationships or inconsistencies in standards, controls, procedures, practices, and policies that could adversely impact our operations. Disruption and distraction caused by this process could also prevent us from pursuing, or otherwise divert resources and attention from, otherwise attractive business and growth opportunities.

Even if we successfully integrate Marcum, there can be no assurance we will realize anticipated benefits. While our management and advisors have spent significant time and resources evaluating Marcum's business, it is difficult to predict future performance and benefits from a Transaction involving large and complex organizations. It is also possible that we may have underestimated liabilities that we are assuming, or we may assume liabilities that are unknown or that we did not foresee, any of which could increase the effective cost of the Transaction and adversely impact our financial condition or results. The performance and benefits that we ultimately achieve may be influenced by a variety of factors, many of which are outside of our control. If we do not achieve the anticipated benefits of the Transaction, at all or in the expected timeframe, our business would be adversely affected.

***Our increased leverage following the Transaction may adversely impact our business.***

We will incur substantial indebtedness to fund the Transaction. As a result, our leverage ratio will increase significant immediately following the closing. If we do not perform in accordance with our expectations following the Transaction, we could be unable to reduce leverage to normalized levels, whether in anticipated timeframes or at all. We could also face difficulties servicing and complying with the covenants and other terms of our debt instruments. In addition, if we are unable to reduce our levels of indebtedness following the Transaction, we may be unable to pursue business and growth opportunities and uses of capital that would be beneficial to us and our stockholders, such as additional acquisitions and share repurchases. We also cannot provide assurance that we will be able to consummate the financing on the terms contemplated by our financing commitments, if at all. If the financing that we ultimately obtain is on less favorable terms than currently contemplated, the foregoing risks could be exacerbated.

***The significant number of shares issuable as consideration for the Transaction may adversely impact our stock price.***

There can be no assurance the Transaction will be accretive to earnings per share, at all or in expected timeframes. If the Company does not perform as expected following the Transaction or costs are greater than anticipated, our earnings per share could be adversely impacted by the significant increase in outstanding shares. In addition, although restrictions on resale under applicable securities laws will prevent sales in at least the six months following closing, Marcum partners will not be subject to contractual limitations on their ability to resell shares once they receive them. While the delivery of the stock consideration in installments over approximately three years may mitigate the potential for sales of a large volume at any particular time, persistent selling, or the perception of persistent selling, could adversely impact the market price of our common stock.

***Our current stockholders will have a reduced ownership and voting interest after the Transaction compared to their current ownership.***

Once fully issued, the shares issuable to Marcum partners in the transaction are expected to constitute approximately 22% of our outstanding shares, without giving effect to any subsequent issuances, repurchases or other changes in the number of shares outstanding. As a result, our current stockholders will own a meaningfully smaller percentage of the Company than they currently own, and collectively will have less ability to influence the Company's management and policies. In addition, to the extent that Marcum partners retain a significant portion of the shares that are issued to them, they will collectively have significant influence on any matters requiring a vote of stockholders.

***The Transaction could exacerbate the existing business risk that we face.***

During the pendency of and following the Transaction, we will continue to be subject to the business risks that we currently face as described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. However, it may be more challenging to effectively manage and mitigate these risks as a result of the significant resources that will be dedicated to the execution and integration of the Transaction. Disruptions or distractions as a result these efforts could make the risks we already face more likely to be realized, or subject us to additional risks. As part of our integration efforts, we will also need to ensure that our risk management policies and controls are appropriate for a larger and more complex organization. This will be an inherently challenging process that will take time, and we could be subject to elevated risks if we are not successful or are delayed in implementing effective policies and controls. In addition, the expanded size and complexity of our business after the Transaction is completed, as well as changes to the nature of our business, could increase the magnitude of some of the risks we face. There are substantial uncertainties associated with all of the foregoing, and any these risks may adversely affect our business, financial condition, financial results, and stock price.

Except as disclosed above, there have been no material changes to the risk factors disclosed under "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

### **(a) Recent sales of unregistered securities**

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, approximately **129** **94** thousand shares of our common stock were issued as payment for contingent consideration for previous acquisitions. The foregoing shares were issued in transactions not involving a public offering in reliance on the exemption from registration afforded by Section 4(a)(2) of the Securities Act. The persons to whom the shares were issued had access to full information about the Company and represented that they acquired the shares for their own account and not for the purpose of distribution. The certificates for the shares contain a restrictive legend advising that the shares may not be offered for sale, sold, or otherwise transferred without having first been registered under the Securities Act or pursuant to an exemption from the Securities Act.

#### (b) Issuer purchases of equity securities

On February 7, 2024, our Board of Directors authorized the continuation of the Share Repurchase Program, which has been renewed annually for the past twenty years. It was effective beginning March 31, 2024, to which the amount of shares to be purchased was reset to five million, and expires one year from the effective date. This authorization allows us to purchase shares of our common stock (i) in the open market, (ii) in privately negotiated transactions, or (iii) under Rule 10b5-1 trading plans.

Privately negotiated transactions may include purchases from our employees, officers and directors, in accordance with SEC rules. Rule 10b5-1 trading plans allow for repurchases during periods when we would not normally be active in the trading market due to regulatory restrictions. The Share Repurchase Program does not obligate us to acquire any specific number of shares and may be suspended at any time.

Shares repurchased **We did not repurchase any shares** under the Share Repurchase Program during the three months ended **March 31, 2024** (reported on a trade-date basis) are summarized in the table below (amounts in thousands, except per share data) **June 30, 2024**. Average price paid per share includes fees and commissions.

	Issuer Purchases of Equity Securities			
	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares That May Yet Be Purchased Under the Plan
<b>First Quarter Purchases</b>				
January 1 – January 31, 2024	—	\$ —	—	4,138
February 1 – February 29, 2024	170	\$ 66.00	170	3,968
March 1 - March 31, 2024	—	\$ —	—	3,968
<b>First Quarter Purchases</b>	<b>170</b>	<b>\$ 66.00</b>	<b>170</b>	

According to the terms of our 2022 credit facility, our ability to declare or make any dividend payments is limited. Refer to Note 4, Debt and Financing Arrangements, to the condensed consolidated financial statements for a description of working capital restrictions and limitations on the payment of dividends.

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

#### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

#### ITEM 5. OTHER INFORMATION

During the quarter period ended **March 31, 2024** **June 30, 2024**, no director or officer of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense condition of Rule 10b5-1(c) of the Exchange Act or any "non-Rule 10b5-1 trading arrangement" (as defined in the Exchange Act).

#### Item 6. Exhibits



2.1	Agreement and Plan of Merger, dated July 30, 2024, among the Company, Marcum LLP, Marcum Advisory Group LLC, PMMS LLC, and Marcum Partners SPV LLC (filed as Exhibit 2.1 to the Company's Report on Form 8-K, File No. 001-32961, dated July 31, 2024, and incorporated herein by reference).
10.1 *	<a href="#">Sixth Amendment to Loan Agreement, dated August 1, 2024, by and among CBIZ Benefit and Insurance Services, Inc. and the Huntington National Bank.</a>
31.1 *	<a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.</a>
31.2 *	<a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1 **	<a href="#">Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2 **	<a href="#">Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in the Exhibit 101 attachments)

\* Indicates documents filed herewith.

\*\* Indicates document furnished herewith.

#### SIGNATURE

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.

CBIZ, Inc.

(Registrant)

Date: [April 25, August 1, 2024](#)

By: /s/ Ware H. Grove

Ware H. Grove

Chief Financial Officer

Duly Authorized Officer and Principal Financial Officer

#### **SIXTH AMENDMENT TO LOAN AGREEMENT**

**THIS SIXTH AMENDMENT TO LOAN AGREEMENT** ("this Sixth Amendment") is made and entered into as of August 1, 2024, by and between CBIZ BENEFITS & INSURANCE SERVICES, INC., a Missouri corporation (the "Borrower"), and THE HUNTINGTON NATIONAL BANK, a national banking association (the "Lender").

#### **Recitals:**

A. The Borrower and the Lender are parties to that certain Loan Agreement dated as of August 16, 2018, as amended by that certain First Amendment to Loan Agreement dated as of August 8, 2019, as further amended by that certain Second Amendment to Loan Agreement dated as of August 6, 2020, as further amended by that certain Third Amendment to Loan Agreement dated as of August 5, 2021, as further amended by that certain Fourth Amendment to Loan Agreement dated as of August 1, 2022, and as further amended by that certain Fifth Amendment to Loan Agreement dated as of August 3, 2023 (the "Loan Agreement"), pursuant to which, interalia, the Lender agreed, subject to the terms and conditions thereof, to advance Revolving Loans (as this and other capitalized terms used herein but not otherwise defined herein are defined in the Loan Agreement).

B. Principal and all accrued interest under the Revolving Loans are due and payable in full on August 1, 2024.

C. The Borrower has requested that the Lender agree to extend the Revolving Availability Termination Date under the Loan Agreement for three hundred sixty-four (364) days.

D. Subject to the terms and conditions of this Sixth Amendment, the Lender has agreed to such request.

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**Agreements:**

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual agreements hereinafter set forth, the Borrower and the Lender hereby agree as follows:

**1. Amendments to Loan Agreement.**

(a) The defined term "Revolving Availability Termination Date" set forth in Section 1.01 of the Loan Agreement is hereby amended by deleting the words "August 1, 2024" and inserting the words "July 31, 2025" in their stead.

**2. Effective Date; Conditions Precedent.** The modifications to the Loan Agreement set forth in Paragraph 1, above, shall not be effective unless and until the date on which the Borrower has satisfied all of the following conditions precedent (such date of effectiveness being the "Sixth Amendment Effective Date"):

(A) The Lender shall have received counterparts of this Sixth Amendment executed by the Borrower.

(B) On the Sixth Amendment Effective Date and after giving effect to the amendments contained herein (i) there shall exist no Event of Default, and (ii) the representations and warranties of the Borrower under the Loan Agreement, as amended by this Sixth Amendment, shall be true and correct as of the Sixth Amendment Effective Date (except to the extent that any such representation and warranty refers to an earlier date, in which case such representation and warranty is true and correct as of such earlier date), subject only to variances therefrom acceptable to the Lender.

(C) All legal matters incident to this Sixth Amendment and the consummation of the transactions contemplated hereby shall be reasonably satisfactory to Squire Patton Boggs (US) LLP, Cleveland, Ohio, special counsel to the Lender.

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**3. Other Loan Documents.** Any reference to the Loan Agreement in any of the Loan Documents shall, from and after the Sixth Amendment Effective Date, be deemed to refer to the Loan Agreement, as modified by this Sixth Amendment.

**4. Confirmation of Debt.** The Borrower hereby affirms all of its liabilities and obligations to the Lender under the Loan Agreement, as modified hereby, and that such liabilities and obligations are owed to the Lender. The Borrower further acknowledges and agrees that as of the date hereof, it has no claims, defenses or set-off rights against the Lender of any nature whatsoever, whether sounding in tort, contract or otherwise; and there are no claims, defenses or set-offs to the enforcement by the Lender of the liabilities and obligations of the Borrower to the Lender under the Loan Agreement or any of the Loan Documents.

**5. Lender's Expense.** The Borrower agrees to reimburse the Lender promptly for its costs and expenses incurred in connection with this Sixth Amendment and the transactions contemplated hereby.

**6. No Other Modifications; Same Indebtedness.** Except as expressly provided in this Sixth Amendment, all of the terms and conditions of the Loan Agreement and the other Loan Documents remain unchanged and in full force and effect. The modifications effected by this Sixth Amendment and by the other instruments contemplated hereby shall not be deemed to provide for or effect a repayment and re-advance of any of the Revolving Loans now outstanding, it being the intention of the Borrower and the Lender hereby that the indebtedness owing under the Loan Agreement, as amended by this Sixth Amendment, be and hereby is the same indebtedness as that owing under the Loan Agreement immediately prior to the effectiveness hereof.

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7. **Governing Law; Binding Effect.** This Sixth Amendment shall be governed by and construed in accordance with the laws of the State of Ohio and shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns.

8. **Counterparts.** This Sixth Amendment may be executed in separate counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed a fully executed agreement.

[The remainder of this page is intentionally left blank.]

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IN WITNESS WHEREOF, the Borrower and the Lender have hereunto set their hands as of the date first above written.

**CBIZ BENEFITS & INSURANCE SERVICES,  
INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE HUNTINGTON NATIONAL BANK**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF CBIZ, INC.**

I, Jerome P. Grisko, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CBIZ, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2024 August 1, 2024

/s/ JEROME P. GRISKO, JR.

Jerome P. Grisko, Jr.

President and Chief Executive Officer

Exhibit 31.2

#### CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CBIZ, INC.

I, Ware H. Grove, certify that:

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

Date: April 25, 2024 August 1, 2024

/s/ WARE H. GROVE

Ware H. Grove

Chief Financial Officer

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF CBIZ, INC.**

This certification is provided pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** (the "Form 10-Q") of CBIZ, Inc. (the "Issuer") filed with the Securities and Exchange Commission on the date hereof.

I, Jerome P. Grisko, Jr., the President and Chief Executive Officer of the Issuer, certify that to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: **April 25, 2024** **August 1, 2024**

/s/ JEROME P. GRISKO, JR.

Jerome P. Grisko, Jr.

President and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER OF CBIZ, INC.**

This certification is provided pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, and accompanies the Quarterly Report on Form 10-Q for the period ended **March 31, 2024** **June 30, 2024** (the "Form 10-Q") of CBIZ, Inc. (the "Issuer") filed with the Securities and Exchange Commission on the date hereof.

I, Ware H. Grove, the Chief Financial Officer of the Issuer, certify that to the best of my knowledge:

- (i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: **April 25, 2024** **August 1, 2024**

/s/ WARE H. GROVE

Ware H. Grove

Chief Financial Officer

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