

**VERRA  
MOBILITY™**  
Safe. Smart. Connected.

# Earnings Overview

Verra Mobility Q3 2023 Earnings Presentation

For the Quarter Ended September 30, 2023

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# FORWARD-LOOKING STATEMENTS

This presentation includes “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “forecast,” “intend,” “seek,” “target,” “anticipate,” “believe,” “expect,” “estimate,” “plan,” “outlook,” and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such forward-looking statements include projected financial information.

Such forward-looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the business of Verra Mobility Corporation and its subsidiaries (collectively, “Verra Mobility” or the “Company”) are based on current expectations and judgements of the Company as of the date of this release. The Company disclaims any intent or obligation to update forward-looking statements hereafter. Forward-looking statements involve risks and uncertainties, and a number of factors could cause actual results to differ materially from those currently anticipated. These factors include, but are not limited to: (1) customer concentration in our Commercial Services and Government Solutions segments; (2) our ability to manage our substantial level of indebtedness; (3) risks and uncertainties related to our government contracts, including legislative changes, termination rights, delays in payments, audits and investigations; (4) decreases in the prevalence of automated and other similar methods of photo enforcement, parking solutions or the use of tolling; (5) our ability to keep up with technological developments and changing customer preferences; (6) our ability to compete in a highly competitive and rapidly evolving market; (7) decreased interest in outsourcing from our customers; (8) the success of our new products and changes to existing products and services; (9) our ability to successfully implement our acquisition strategy or integrate acquisitions; (10) failure in or breaches of our networks or systems, including as a result of cyber-attacks; (11) our ability to manage the risks, uncertainties and exposures related to our international operations; (12) our ability to acquire necessary intellectual property and adequately protect our existing intellectual property; (13) risks and uncertainties related to our share repurchase program; (14) our reliance on a limited number of third-party vendors and service providers; (15) our ability to maintain an effective system of internal controls; (16) risks and uncertainties related to litigation, disputes and regulatory investigations; (16) our ability to properly perform under our contracts and otherwise satisfy our customers; (17) the impact of COVID-19 on our business and results of operations; and (18) other risks and uncertainties indicated from time to time in documents filed or to be filed with the Securities and Exchange Commission (the “SEC”) by Verra Mobility. These risks, uncertainties and other factors are further described under “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in the documents filed with the SEC from time to time.

You are cautioned not to place undue reliance upon any forward-looking statements, including the projections, which speak only as of the date made. Verra Mobility does not undertake any commitment to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

## Non-GAAP Financial Information

This presentation uses certain non-GAAP financial information, including earnings before interest, taxes, depreciation and amortization (“EBITDA”) and adjusted EBITDA, which further excludes certain non-cash expenses and other transactions that management believes are not indicative of Verra Mobility’s ongoing operating performance.

Verra Mobility believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Verra Mobility’s financial condition and results of operations. These financial measures are not recognized measures under GAAP and they are not intended to be and should not be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. EBITDA, adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures as defined by SEC rules. This non-GAAP financial information may be determined or calculated differently by other companies. A reconciliation of Verra Mobility’s non-GAAP financial information to GAAP financial information is provided in the Appendix hereto and in Verra Mobility’s Form 8-K, filed with the SEC, with the earnings press release for the period indicated.

# Executive Summary

## Q3 2023 Financial Highlights

### Total Revenue

\$210 million; 6% YoY growth

### Adjusted EBITDA<sup>1</sup>

\$97 million; 7% YoY growth

### Adj. EPS

\$0.29; 7% YoY growth

### Free Cash Flow

\$52 million; 53% FCF Conversion<sup>2</sup>

- **Strong third quarter top-line performance across all business segments**
  - Commercial Services: 14% Y-o-Y growth driven by strong travel demand (TSA at 102% of 2019 level)
  - Government Solutions: 10% Y-o-Y **service revenue** growth due to transition from product sales to ARR
  - Parking Solutions: 4% Y-o-Y **SaaS & Services revenue** growth
- **Increasing Financial Guidance**

### Capital Allocation

**Executed Accelerated Share Repurchase for existing \$100M buyback**

**Board authorized new 18-Mo, \$100M buyback**

**Fully De-SPAC'd**

**5-year anniversary as a public company**

### Operations

**Resilient travel demand and solid forward-looking sentiment**

**Enterprise renewal (3-yr term)**

**Fleet Management business demonstrating continued strength**

**Favorable legislative environment**

**- CA speed enforcement signed into law**

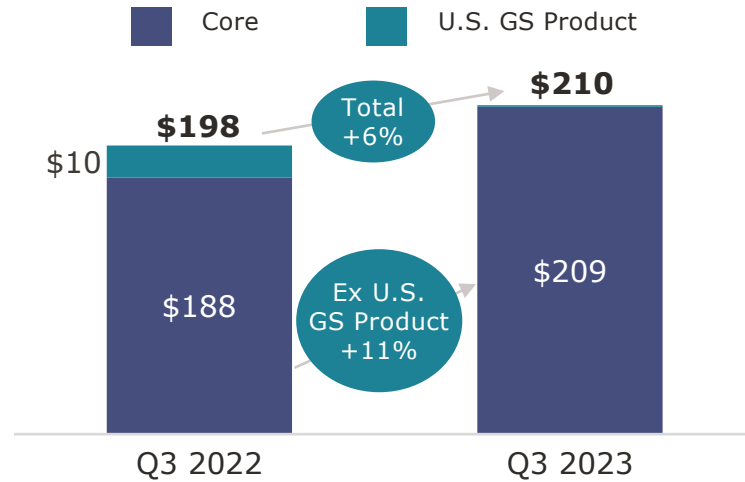
<sup>1</sup> Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures, see the appendix.

<sup>2</sup> FCF Conversion defined as Free Cash Flow divided by Adjusted EBITDA

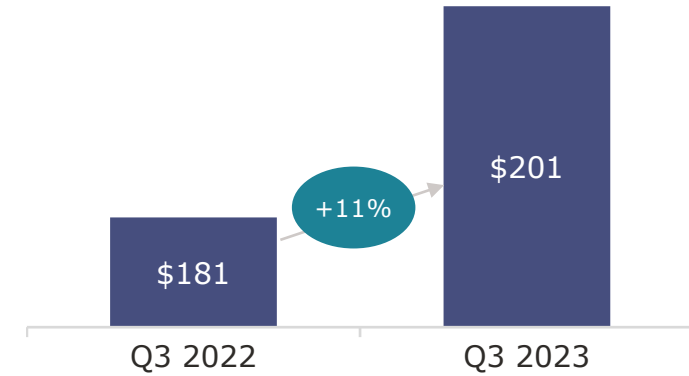
# Strong top-line, profitability and Free Cash Flow generation

Consolidated – Q3 Results

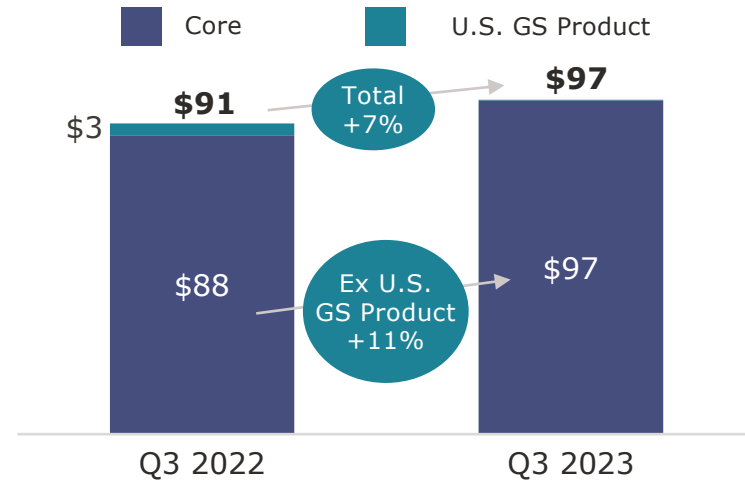
## Total Revenue (\$M)



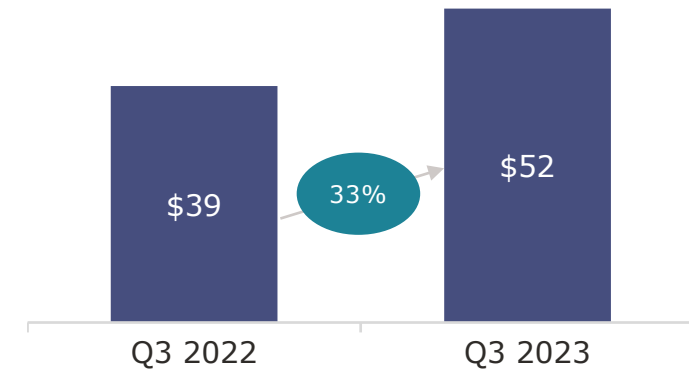
## Service Revenue (\$M)



## Adjusted EBITDA (\$M)<sup>1</sup>



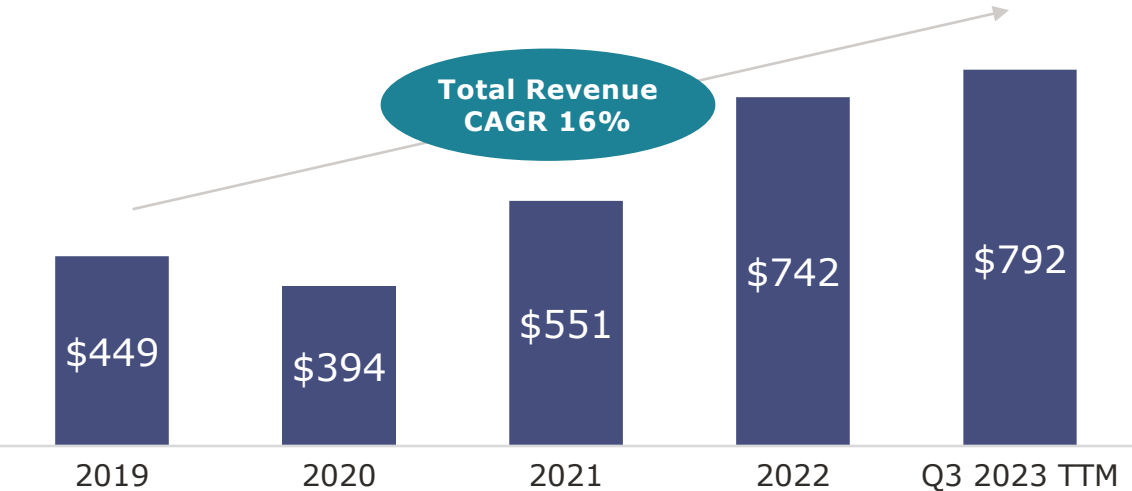
## Free Cash Flow (\$M)



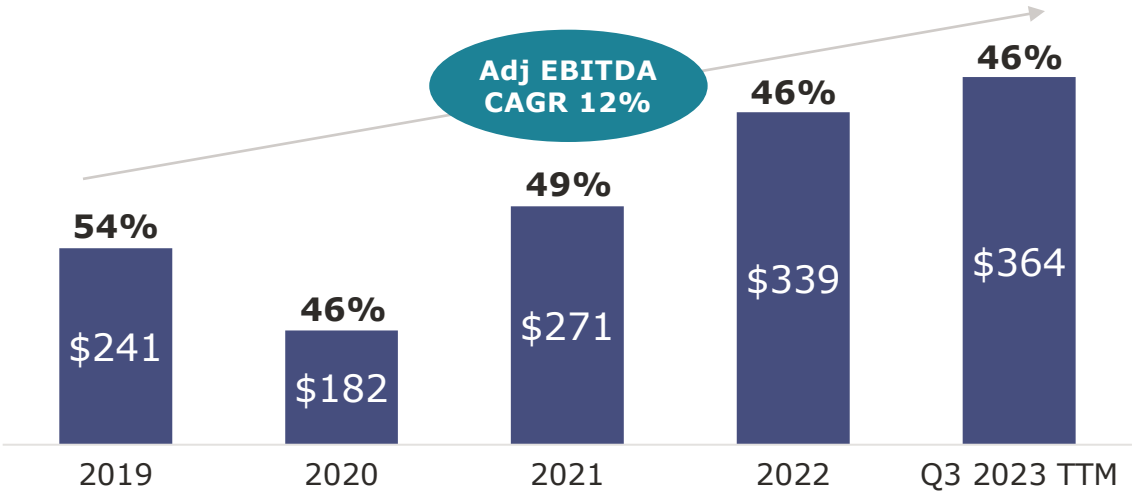
<sup>1</sup> Based on assumption that Adj. EBITDA margins on U.S. product sales are comparable to total GS Adj. EBITDA margins

# Core Businesses Drive Strong Growth and Free Cash Flow Conversion

**Total Revenue (\$M)**



**Adjusted EBITDA & Margins (\$M)**




**96%** Re-occurring Revenue<sup>1</sup>

**Free Cash Flow % Adj. EBITDA**  
 43%    13%    62%    50%    51%

**Strong and consistent Free Cash Flow conversion over this period**

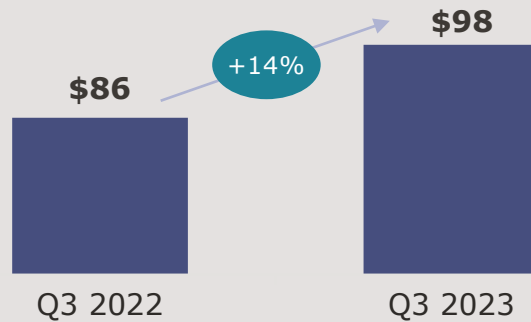


<sup>1</sup> Based on company estimates and calculated on Q3 2023 TTM results

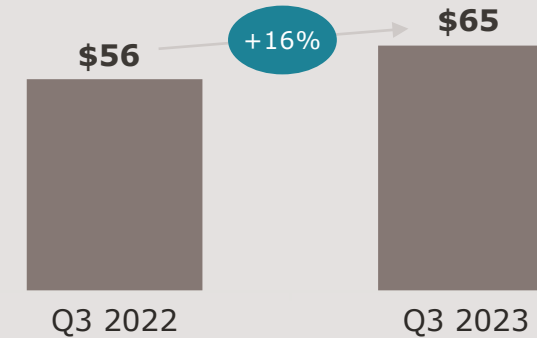
# Robust travel demand driving strong performance

Commercial Services – Q3 Results

## Total Revenue & YoY Growth



## Adjusted EBITDA & YoY Growth



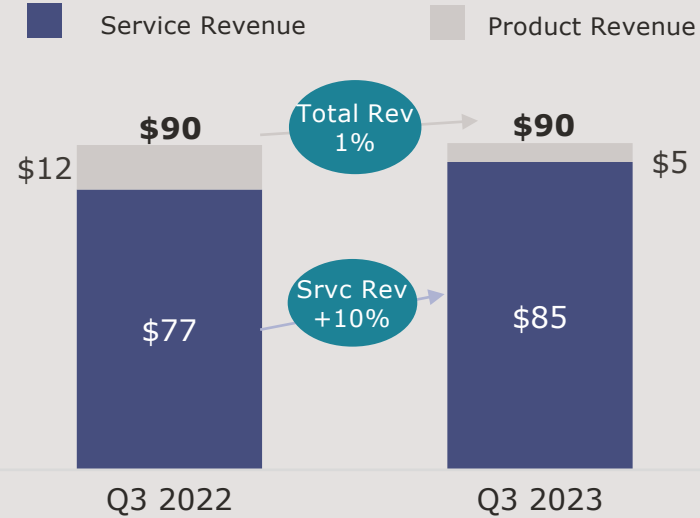
## Q3 – Key Highlights

- Third quarter Revenue up 14% over Q3 2022 due to strength in RAC tolling and Fleet management
  - RAC tolling revenue up 18% over Q3 2022 due to increased travel volume and adoption
  - Fleet management (FMC) revenue up 20% over Q3 2022 due to new vehicle enrollment and toll counts
- Adjusted EBITDA margins up 100 bps over Q3 2022 due to the strength in RAC tolling

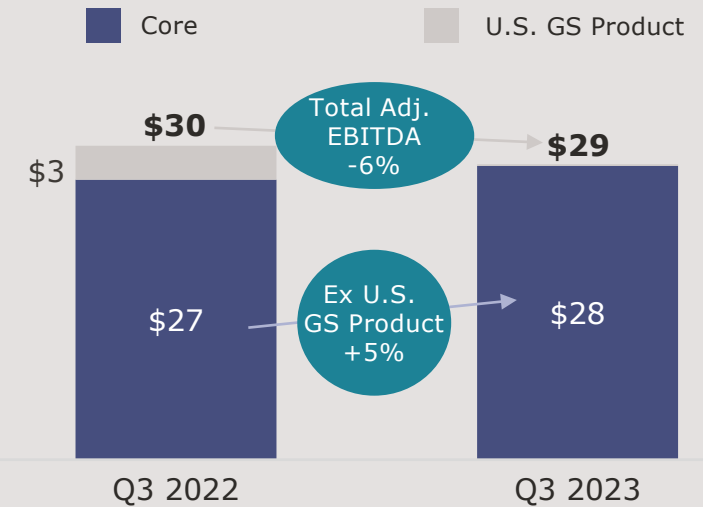
# Revenue fueled by transition to ARR model

Government Services – Q3 Results

## Total Revenue & YoY Growth



## Adjusted EBITDA & YoY Growth <sup>1</sup>



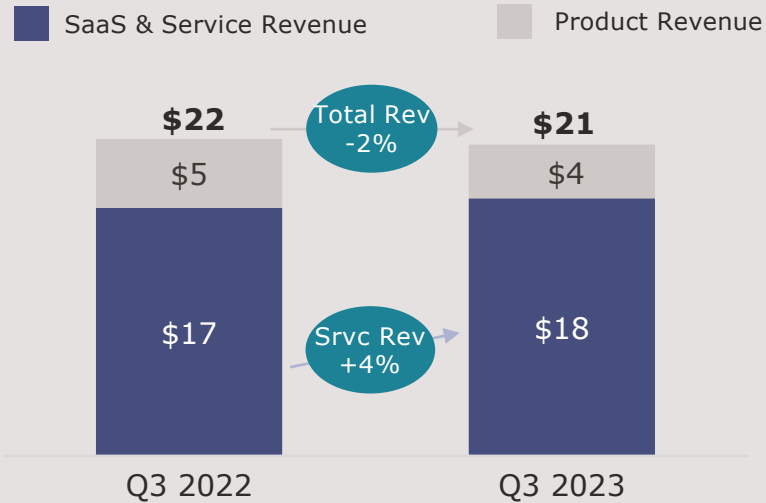
## Q3 – Key Highlights

- Service Revenue growth of 10% driven by completion of school zone speed installs and increased monitoring time
  - Q3 revenue growth slowed due to YoY decline in product sales and timing of New York City camera installs
- Q3 adjusted EBITDA margins down versus the prior year due to platform investments in engineering staffing and technology development

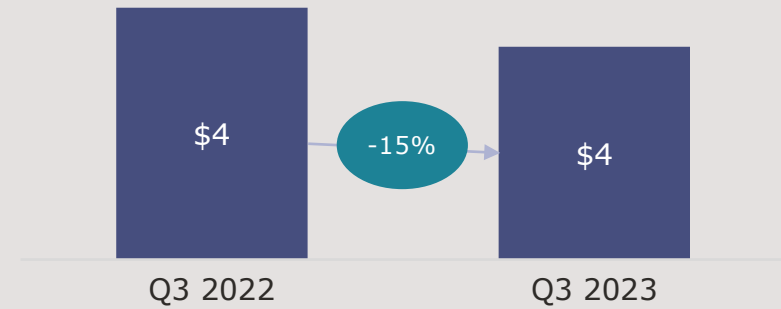
# Revenue driven by acceleration of SaaS and Services

T2 Systems – Q3 Results

## Total Revenue & YoY Growth



## Adjusted EBITDA & YoY Growth



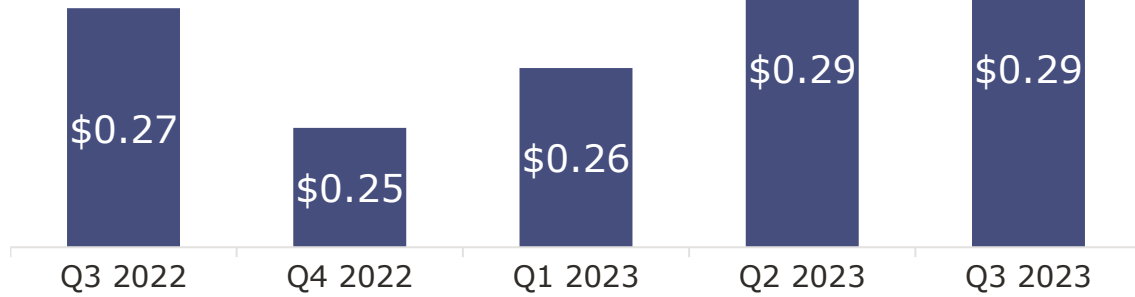
## Q3 – Key Highlights

- SaaS & Services Revenue growth of 4% driven by “Land and Expand” business model
- SaaS & Services and Product revenue is expected to increase sequentially in the fourth quarter
- Adjusted EBITDA margins expected to ramp higher in the fourth quarter due to increase in SaaS & Services revenue

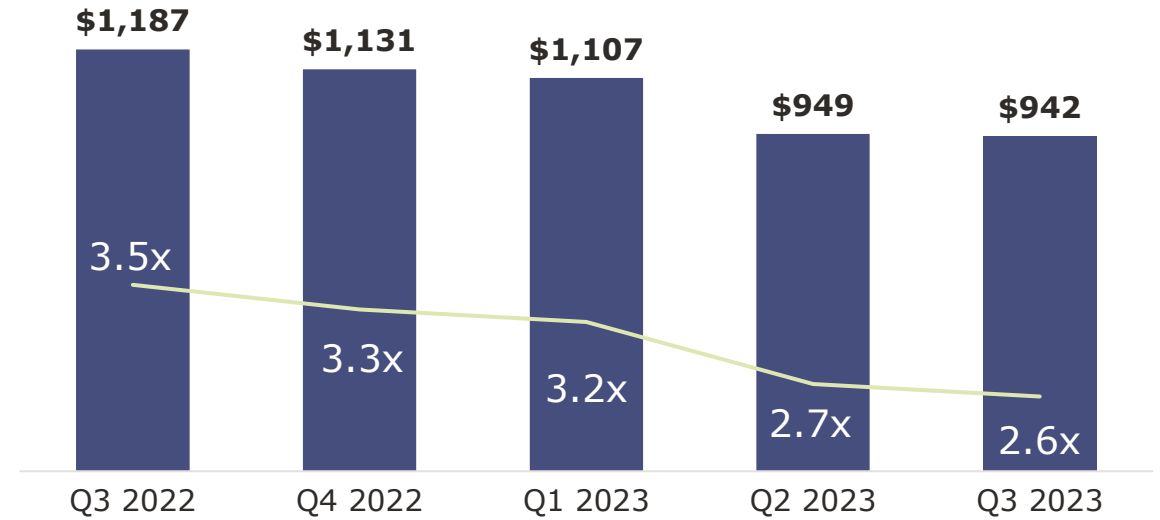


# Strong Adjusted EPS and De-levering performance

## Adjusted EPS



## Net Debt & Leverage



**Consistent earnings power and continued de-levering driven by FCF generation, debt paydown and warrant redemptions**

# Increasing 2023 Financial Guidance

Year-over-Year Revenue and Adj. EBITDA growth of ~9%

- CS driven by strong travel demand + increased adoption
- GS driven by strong backlog generating double-digit Service revenue growth for the full year
- T2 expected to deliver full year double-digit growth over last year

Revised weighted average diluted share count of 160M shares includes the issuance of the final earnout shares, exercise of all warrants and 3Q 2023 share repurchases

	<u>Previous Guidance</u>	<u>Updated Guidance</u>
<b>Total Revenue</b>	\$800 - \$810	Upper-end of prior range
<b>Adj. EBITDA</b>	\$365 to \$370	Upper-end of prior range
<b>Adj. EPS</b>	\$1.00 to \$1.10	\$1.05 to \$1.10
<b>Wtd Avg Diluted Share Count</b>	162M	160M
<b>Free Cash Flow</b>	\$145 to \$155	No Change
<b>Net Leverage</b>	~2.5 x	No Change

*In millions, except per share data & net leverage*

# Appendix

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# Verra Mobility Quarterly Results

## 2020 - 2023

Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023	Q3 2023
Service revenue	\$336.3	\$492.8	\$161.1	\$174.5	\$180.6	\$179.0	\$695.2	\$184.7	\$196.0	\$201.0
Product sales	57.3	57.7	9.3	13.0	17.0	7.1	46.4	7.2	\$8.4	8.9
Total revenue	\$393.6	\$550.6	\$170.4	\$187.5	\$197.7	\$186.1	\$741.6	\$191.9	\$204.5	\$209.9
Cost of service revenue	4.0	5.3	3.8	3.7	4.1	4.7	16.3	4.2	4.3	5.2
Cost of product sales	29.6	29.8	6.0	8.3	11.3	5.3	30.9	5.4	6.0	6.9
Operating expenses	115.7	163.4	51.1	55.2	60.5	59.5	226.3	61.8	65.7	68.9
Selling, general and administrative expenses	89.7	123.4	41.6	40.2	41.1	40.2	163.1	40.0	43.2	42.3
Depreciation, amort, and (gain) loss on disposal of assets, net	116.8	116.8	35.9	34.9	35.0	34.3	140.2	30.3	29.1	27.6
Total costs and expenses	\$355.8	\$438.7	\$138.4	\$142.3	\$152.2	\$144.0	\$576.9	\$141.8	\$148.3	\$150.8
Income (loss) from operations	37.8	111.9	32.0	45.2	45.5	42.0	164.7	50.1	56.2	59.2
Interest expense, net	40.9	44.9	14.3	14.5	20.3	20.3	69.4	22.7	22.8	20.4
Change in fair value of private placement warrants	1.1	7.6	3.7	(6.6)	(2.3)	(9.3)	(14.4)	14.6	10.9	(0.6)
Tax receivable agreement adj	6.9	(1.0)	-	(1.0)	-	0.2	(0.7)	-	-	-
Loss on interest rate swap	-	-	-	-	-	(1.0)	(1.0)	2.8	(4.8)	0.1
Loss on extinguishment of debt	-	5.3	-	-	(3.0)	-	(3.0)	1.3	0.2	2.0
Other (income) expense, net	(11.9)	(12.9)	(2.9)	(4.0)	(2.5)	(3.3)	(12.7)	(3.8)	(4.5)	(4.5)
Total other expense	\$37.0	\$44.0	\$15.1	\$2.9	\$12.5	\$7.0	\$37.6	\$37.7	\$24.6	\$17.4
Income (loss) before income taxes	0.9	67.9	16.9	42.3	33.0	35.0	127.1	12.4	31.6	41.8
Income tax provision (benefit)	5.4	26.5	6.8	12.6	8.4	6.8	34.6	7.8	12.5	11.5
Net (loss) income	(\$4.6)	\$41.4	\$10.0	\$29.6	\$24.6	\$28.2	\$92.5	\$4.6	\$19.1	\$30.3
<b>Bridge to adj. EBITDA</b>										
<b>Net (loss) income</b>	(\$4.6)	\$41.4	\$10.0	\$29.6	\$24.6	\$28.2	\$92.5	\$4.6	\$19.1	\$30.3
Interest expense, net	40.9	44.9	14.3	14.5	20.3	20.3	69.4	22.7	22.8	20.4
Income tax provision (benefit)	5.4	26.5	6.8	12.6	8.4	6.8	34.6	7.8	12.5	11.5
Depreciation and amortization	116.6	116.8	35.7	34.5	35.1	33.4	138.7	30.3	29.0	27.5
<b>EBITDA</b>	<b>\$158.3</b>	<b>\$229.6</b>	<b>\$66.8</b>	<b>\$91.3</b>	<b>\$88.3</b>	<b>\$88.7</b>	<b>\$335.2</b>	<b>\$65.4</b>	<b>\$83.4</b>	<b>\$89.7</b>
Transaction and other related	1.9	14.0	0.2	0.3	3.0	(0.1)	3.4	0.3	0.1	0.2
Transformation expense	1.1	1.7	0.1	0.2	0.3	0.6	1.1	0.0	0.7	1.6
Loss on extinguishment of debt	-	5.3	-	-	(3.0)	-	(3.0)	1.3	0.2	2.0
Impairment of long-lived assets	-	-	-	-	-	1.3	1.3	-	-	-
Loss on interest rate swap	-	-	-	-	-	(1.0)	(1.0)	2.8	(4.8)	0.1
TRA adjustment	6.9	(1.0)	-	(1.0)	-	0.2	(0.7)	-	-	-
Change in fair value of private placement warrants	1.1	7.6	3.7	(6.6)	(2.3)	(9.3)	(14.4)	14.6	10.9	(0.6)
Stock-based compensation	12.6	13.8	4.4	4.6	4.6	3.0	16.7	3.4	4.5	4.4
<b>Adjusted EBITDA</b>	<b>\$181.8</b>	<b>\$270.9</b>	<b>\$75.3</b>	<b>\$88.8</b>	<b>\$90.9</b>	<b>\$83.6</b>	<b>\$338.5</b>	<b>\$87.9</b>	<b>\$95.0</b>	<b>\$97.4</b>

# Verra Mobility Quarterly Results

## Segment Results of Operations

### Commercial Services

Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023	Q3 2023
<b>Total Revenue</b>										
Commercial Services	\$180.9	\$260.9	\$73.5	\$84.9	\$86.1	\$81.6	\$326.0	\$85.6	\$94.5	\$98.1
<b>Segment Adj EBITDA</b>										
Commercial Services	\$97.2	\$160.4	\$46.6	\$56.5	\$56.4	\$49.0	\$208.5	\$53.6	\$61.1	\$65.3

### Government Solutions

Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023	Q3 2023
<b>Total Revenue</b>										
Government Solutions	\$212.7	\$283.2	\$78.8	\$83.5	\$89.7	\$84.6	\$336.7	\$85.9	\$88.3	\$90.3
<b>Segment Adj EBITDA</b>										
Government Solutions	\$84.7	\$107.9	\$25.5	\$29.2	\$30.4	\$30.7	\$115.8	\$31.5	\$30.4	\$28.6

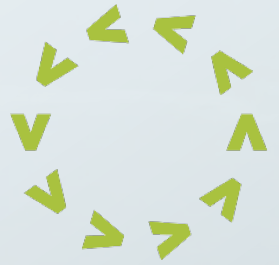
### Parking Solutions

Unaudited (\$ in millions)	Full Year 2020	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	Q2 2023	Q3 2023
<b>Total Revenue</b>										
Parking Solutions	\$0.0	\$6.5	\$18.1	\$19.1	\$21.9	\$19.9	\$79.0	\$20.3	\$21.8	\$21.5
<b>Segment Adj EBITDA</b>										
Parking Solutions	\$0.0	\$2.6	\$3.2	\$3.0	\$4.2	\$3.9	\$14.2	\$2.9	\$3.5	\$3.5

# Verra Mobility Adj. Net Income and Adj. Diluted EPS Reconciliations

(in \$MM, except <i>per share</i> data)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
<b>Net Income</b>	\$ 24.6	\$ 28.2	\$4.6	\$19.1	\$30.3
Amortization of intangibles	26.6	25.1	22.0	20.0	18.9
Transaction and other related expenses	3.0	(0.1)	0.3	0.1	0.2
Transformation expenses	0.3	0.6	0.1	0.7	1.6
Change in fair value of private placement warrants	(2.3)	(9.3)	14.6	10.9	(0.6)
Tax receivable agreement liability adjustment	-	0.2	-	-	-
Loss on extinguishment of debt	(3.0)	-	1.3	0.2	2.0
Change in fair value of interest rate swap	-	(1.0)	1.6	(5.1)	0.2
Stock-based compensation	4.6	3.0	3.4	4.5	4.4
Impairment on privately-held equity investment	-	1.3	-	-	-
Total adjustments before income tax effect	29.2	20.0	43.2	\$31.3	\$26.7
Income tax effects on adjustments <sup>1</sup>	(11.0)	(8.9)	(8.0)	(6.3)	(7.8)
Total adjustments after income tax effect	18.2	11.1	35.2	25.0	18.9
<b>Adjusted Net Income</b>	<b>\$ 42.7</b>	<b>\$39.4</b>	<b>\$39.8</b>	<b>\$44.2</b>	<b>\$49.2</b>
<b>Adjusted EPS</b>	<b>\$ 0.27</b>	<b>\$ 0.25</b>	<b>\$0.26</b>	<b>\$ 0.29</b>	<b>\$0.29</b>
Diluted weighted average shares outstanding	158,304	154,825	153,129	152,590	169,497

<sup>1</sup> Beginning in the third quarter of 2022, we removed the (i) change in fair value of private placement warrants (ii) tax receivable agreement liability adjustment and (iii) loss on extinguishment of debt from total adjustments before income tax effect prior to applying our annual estimated effective income tax rate to calculate the income tax effect on adjustments. These discrete items are being removed because they do not impact taxable income. In addition, we began using our annual estimated effective tax rate in lieu of the period-to-date effective tax rate from our consolidated statements of operations, in calculating the income tax effect on total adjustments to net income. We believe that our annual estimated effective income tax rate provides investors a more meaningful effective tax rate than our period-to-date effective tax rate, which included the discrete items named above. The comparable prior periods have been recast to conform to the revised presentation although the impact of this revision to previously reported Adjusted Net Income or Adjusted EPS was not material.



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# Thank You

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