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

FORM 8-K

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

Date of Report (Date of earliest event reported): October 28, 2026

PC Connection, Inc.

(Exact name of registrant as specified in charter)

Delaware	0-23827	02-0513618
(State or other juris-diction of incorporation	(Commission File Number)	(IRS Employer Identification No.)

730 Milford Road Merrimack, NH	03054
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (603) 683-2000

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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	**CNXN**	**Nasdaq Global Select Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 2.02. Results of Operations and Financial Condition

On October 28, 2026, PC Connection, Inc. ("Connection") announced its financial results for the quarter ended September 30, 2026. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 (the "Securities Act") or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure

On October 28, 2026, Connection also announced in the press release attached as Exhibit 99.1 hereto that its Board of Directors had declared a quarterly cash dividend.

The information in Item 7.01 of this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release issued by PC Connection, Inc. on October 28, 2026.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 hereunto duly authorized.

Date: October 28, 2026

PC CONNECTION, INC.

By: /s/ Thomas C. Baker
Thomas C. Baker
Senior Vice President, Chief Financial Officer & Treasurer

Investor Relations Contact:
Thomas Baker, 603.683.2505
Senior Vice President, CFO, and Treasurer
tom@connection.com

CONNECTION (CNXN)
REPORTS THIRD QUARTER 2026 RESULTS

THIRD QUARTER SUMMARY:

- Net sales: $874.3 million, up 23.3% y/y
- Gross billings: $1.3 billion, up 19.4% y/y[1]
- Gross profit: $161.9 million, up 16.7% y/y
- Gross margin: 18.5%, down 110 basis points y/y
- Net income: $31.5 million, up 27.2% y/y
- Diluted EPS: $1.24, compared to $0.97 y/y
- Adjusted Diluted EPS: $1.24, compared to $0.97[2]

FIRST NINE MONTHS OF 2026 SUMMARY:

- Net sales: $2.5 billion, up 12.9% y/y
- Gross billings: $3.5 billion, up 12.8% y/y[1]
- Gross profit: $452.1 million, up 12.0% y/y
- Gross margin: 18.5%, down 10 basis points y/y
- Net income: $81.8 million, up 29.9% y/y
- Diluted EPS: $3.23, compared to $2.45 y/y
- Adjusted Diluted EPS: $3.31, compared to $2.53[2]

Merrimack, NH—October 28, 2026—Connection (PC Connection, Inc.; NASDAQ: CNXN), a leading information technology solutions provider to business, government, healthcare and education markets, today announced results for the third quarter ended September 30, 2026. The Company also announced that its Board of Directors declared a quarterly dividend of $0.20 per share of the Company's common stock. Payment will be made on November 27, 2026, to shareholders of record on November 10, 2026.

"Connection delivered record net sales, gross billings, and gross profit in the third quarter, translating strong customer demand and disciplined execution into earnings growth," said Timothy McGrath, Chief Executive Officer. McGrath continued, "AI is expanding the opportunities across the technology lifecycle, and our expertise brings the right solutions together to help customers realize the value. We believe our integrated capabilities position us well to deepen customer relationships, deliver sustained profitable growth and long-term shareholder value."

***Third Quarter of 2026 Results**:*

Net sales for the quarter ended September 30, 2026 increased by 23.3% year over year. Gross billings increased by 19.4% to $1.3 billion, compared to $1.1 billion in the third quarter of 2025[1]. Gross profit increased by 16.7% to $161.9 million, compared to $138.6 million for the third quarter of 2025, and gross margin decreased 110 basis points to 18.5%, compared to the prior year quarter. Net income increased 27.2% to $31.5 million, or $1.24 per diluted share, compared to $24.7 million, or $0.97 per diluted share, for the third quarter of 2025.

***Performance by Segment**:*

- Net sales for the Business Solutions segment increased by 27.8% to $328.2 million in the third quarter of 2026, compared to $256.8 million in the prior year quarter. Gross billings increased by 22.1% to $522.7 million, compared to $428.2 million in the prior year quarter[1]. Gross profit increased by 14.9% to $78.2 million, compared to $68.0 million in the prior year quarter. Gross margin decreased by 270 basis points to 23.8% for the third quarter of 2026.

[1] Gross billings is the total dollar value of goods and services billed during the period, net of customer returns, credit memos, and any applicable sales or other taxes and include agency fees, and freight. As certain transactions are recognized on a net basis, gross billings include amounts not recognized in net sales.
[2] Adjusted Diluted Earnings per Share and Adjusted EBITDA are non-GAAP measures. See page 9 for definitions and reconciliations of these measures.

- Net sales for the Public Sector Solutions segment increased by 4.6% to $138.6 million in the third quarter of 2026, compared to $132.5 million in the prior year quarter. Gross billings increased by 6.8% to $233.3 million, compared to $218.5 million in the prior year quarter[1]. Gross profit increased by 2.9% to $23.5 million, compared to $22.8 million in the prior year quarter. Gross margin decreased by 30 basis points to 16.9% for the third quarter of 2026.

- Net sales for the Enterprise Solutions segment increased by 27.4% to $407.5 million in the third quarter of 2026, compared to $319.8 million in the prior year quarter. Gross billings increased by 23.1% to $521.2 million, compared to $423.3 million in the prior year quarter[1]. Gross profit increased by 26.0% to $60.2 million, compared to $47.8 million in the prior year quarter. Gross margin decreased by 10 basis points to 14.8% for the third quarter of 2026.

***Sales by Product Mix**:*

- Notebooks/mobility and desktop sales increased by 27% year over year and accounted for 46% of net sales in the third quarter of 2026, compared to 45% of net sales in the third quarter of 2025.

- Software sales increased by 23% year over year and accounted for 13% of net sales in the third quarter of both 2026 and 2025.

- Servers/storage sales increased by 45% year over year and accounted for 9% of net sales in the third quarter of 2026, compared to 7% of net sales in the third quarter of 2025.

- Networking sales increased by 43% year over year and accounted for 8% of net sales in the third quarter of 2026, compared to 7% of net sales in the third quarter of 2025.

- Accessories sales increased by 4% year over year and accounted for 10% of net sales in the third quarter of 2026, compared to 12% of net sales in the third quarter of 2025.

Selling, general and administrative ("SG&A") expenses increased in the third quarter of 2026 by 11.5% to $120.9 million from $108.4 million in the prior year quarter. SG&A as a percentage of net sales decreased to 13.8%, compared to 15.3% in the prior year quarter.

Interest income in the third quarter of 2026 was $2.5 million, compared to $3.7 million in the third quarter of 2025.

Cash and cash equivalents and short-term investments were $343.3 million as of September 30, 2026, compared to $406.7 million as of December 31, 2025.

***Nine Months of 2026 Results**:*

Net sales for the nine months ended September 30, 2026 increased by 12.9%, compared to the nine months ended September 30, 2025. Gross billings increased by 12.8% to $3.5 billion, compared to $3.1 billion for the nine months ended September 30, 2025[1]. Gross profit increased by 12.0% to $452.1 million, compared to $403.7 million for the nine months ended September 30, 2025, and gross margin decreased 10 basis points to 18.5%, compared to the nine months ended September 30, 2025. Net income for the nine months ended September 30, 2026 increased by 29.9% to $81.8 million, or $3.23 per diluted share, compared to net income of $63.0 million, or $2.45 per diluted share, for the nine months ended September 30, 2025. Adjusted Diluted Earnings per Share[2] increased to $3.31 per share for the nine months ended September 30, 2026, compared to $2.53 per share for the nine months ended September 30, 2025.

Earnings before interest, taxes, depreciation and amortization, adjusted for stock-based compensation expense, restructuring and other charges and non-routine legal settlements ("Adjusted EBITDA")[2] increased

[1] Gross billings is the total dollar value of goods and services billed during the period, net of customer returns, credit memos, and any applicable sales or other taxes and include agency fees, and freight. As certain transactions are recognized on a net basis, gross billings include amounts not recognized in net sales.
[2] Adjusted Diluted Earnings per Share and Adjusted EBITDA are non-GAAP measures. See page 9 for definitions and reconciliations of these measures.

26% to $155.2 million for the twelve months ended September 30, 2026, compared to $122.7 million for the twelve months ended September 30, 2025.

Conference Call and Webcast

Connection will host a conference call and live web cast today, October 28, 2026 at 4:30 p.m. EDT to discuss its third quarter financial results. For participants who would like to participate via telephone, please register here to receive the dial-in number along with a unique PIN number that is required to access the call. A web-cast of the conference call, which will be broadcast live via the Internet, and a copy of this press release, can be accessed on Connection's website at ir.connection.com. For those unable to participate in the live call, a replay of the webcast will be available at ir.connection.com approximately 90 minutes after the completion of the call and will be accessible on the site for approximately one year.

Non-GAAP Financial Information

EBITDA, Adjusted EBITDA, LTM Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted Earnings per Share are non-GAAP financial measures. These measures are included to provide additional information with respect to the Company's operating performance and earnings. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. Our non-GAAP financial measures may not be comparable to similarly titled measures of other companies. Definitions for each Non-GAAP measure and a reconciliation to their most directly comparable GAAP measures are available in the tables at the end of this release.

About Connection

PC Connection, Inc. and its subsidiaries, dba **Connection,** (www.connection.com; NASDAQ: CNXN) is a Fortune 1000 company headquartered in Merrimack, NH. With offices throughout the United States, Connection delivers custom-configured IT solutions from its ISO 9001:2015 SOC 2 Type 2 certified Technology Integration and Distribution Center in Wilmington, OH. In addition, the Company has more than 5,000 professional certifications to ensure that it can solve the most complex issues of its customers. Connection also services international customers through its GlobalServe subsidiary, a global IT procurement and service management company. Investors and media can find more information about Connection at http://ir.connection.com.

Connection Business Solutions (800.800.5555) is a rapid-response provider of IT products and services serving primarily the small- and medium-sized business sector. It offers more than 460,000 brand-name products through its staff of technically trained sales account managers, publications, and its website at www.connection.com.

Connection–Enterprise Solutions (561.237.3300), www.connection.com/enterprise, provides corporate technology buyers with best-in-class IT solutions, in-depth IT supply-chain expertise, and real-time access to over 460,000 products and 1,600 vendors through MarkITplace®, a proprietary next-generation, cloud-based supply chain solution. The team's engineers, software licensing specialists, and subject matter experts help reduce the cost and complexity of buying hardware, software, and services throughout the entire IT lifecycle.

Connection Public Sector Solutions (800.800.0019), is a rapid-response provider of IT products and services to federal, state, and local government agencies and educational institutions through specialized account managers, publications, and online at www.connection.com/publicsector.

Cautionary Note Regarding Forward-Looking Statements

This earnings release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally relate to future events or our future financial or operating performance and include statements concerning, among other things, our future financial results, business plans (including statements regarding new products and services we may offer and future expenditures, costs and investments), liabilities, impairment charges, competition and the expected impact of current macroeconomic

conditions on our businesses and results of operations. You can generally identify forward-looking statements because they may contain words such as “may,” “will,” “would,” “should,” “expects,” “plans,” “could,” “intends,” “target,” “projects,” “believes,” “estimates,” “anticipates,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions, although not all forward-looking statements include such terms. These statements reflect our current views and are based on assumptions as of the date of this release. Such assumptions are based upon internal estimates and other analysis of current market conditions and trends, management’s expectations, plans and strategies, economic conditions and other factors. These statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements.

Such differences may result from actions taken by us, including expense reduction or strategic initiatives (including reductions in force, capital investments and new or expanded product offerings or services), the execution of our business plans (including our inventory management, cost structure and management and other personnel decisions) or other business decisions, as well as from developments beyond our control, including:

- macroeconomic factors facing the global economy, including disruptions in or increased volatility of the capital markets, changes in trade policy, which may include the imposition of tariffs or other trade barriers, economic sanctions and economic slowdowns or recessions, government shutdowns, the impact of conflicts in Iran and the Middle East, changes in tax policy, rising inflation and changing interest rates modifying our potential for investment income and the timing thereof or reducing the level of investment our customers are willing to make in IT products;
- supply constraints, such as the global memory (DRAM and NAND) shortage;
- substantial competition reducing our market share;
- significant price competition reducing our profit margins;
- the loss of any of our major vendors adversely affecting the number or type of products we may offer;
- virtualization of information technology resources and applications, including networks, servers, applications, and data storage disrupting or altering our traditional distribution models;
- service interruptions at third party shippers negatively impacting our ability to deliver the products we offer to our customers;
- increases in shipping and postage costs reducing our margins and adversely affecting our results of operations;
- loss of key persons or the inability to attract, train and retain qualified personnel adversely affecting our ability to operate our business; and
- cyberattacks or the failure to safeguard personal information and our IT systems resulting in liability and harm to our reputation.

Additional factors include those described in our Annual Report on Form 10-K for the year ended December 31, 2025, including under the captions “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business,” in our subsequent Quarterly Reports on Form 10-Q, including under the captions “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and in the other subsequent filings we make with the Securities and Exchange Commission from time to time.

A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances. You should not place undue reliance on the forward-looking statements included in this release. We assume no obligation to update any of these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated, to reflect circumstances or events that occur after the statements are made except as required by law.

CONSOLIDATED SELECTED FINANCIAL INFORMATION

	At or for the Three Months Ended September 30,		
	2026	2025	% Change
Operating Data:			
Net sales (in thousands)	$ 874,313	$ 709,068	23 %
Diluted earnings per share	$ 1.24	$ 0.97	28 %
Gross margin	18.5 %	19.6 %	
Operating margin	4.7 %	4.3 %	
Inventory turns (1)	14	18	
Days sales outstanding (2)	74	74	
Product Mix:	**% of Net Sales**	**% of Net Sales**	
Notebooks/Mobility	32 %	34 %	
Desktops	14	11	
Software	13	13	
Accessories	10	12	
Servers/Storage	9	7	
Net/Com Products	8	7	
Displays and Sound	8	9	
Other Hardware/Services	6	7	
Total Net Sales	100 %	100 %	
Stock Performance Indicators:			
Actual shares outstanding (in thousands)	25,248	25,326	
Closing price	$ 90.23	$ 61.99	
Market capitalization (in thousands)	$ 2,278,127	$ 1,569,959	
Trailing price/earnings ratio	22.3	19.2	
LTM Net Income (in thousands)	$ 102,561	$ 83,731	
LTM Adjusted EBITDA (3) (in thousands)	$ 155,170	$ 122,730	

(1) Represents the annualized cost of goods sold for the period divided by the average inventory for the prior four-month period.

(2) Represents the trade receivable at the end of the period divided by average daily net sales for the same three-month period.

(3) LTM Adjusted EBITDA is a non-GAAP measure defined as EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for stock-based compensation, severance expenses and non-routine legal settlements for the last twelve months. See page 8 for a reconciliation.

REVENUE AND MARGIN INFORMATION

	For the Three Months Ended September 30,			
	2026		2025	
(amounts in thousands)	Net Sales	Gross Margin	Net Sales	Gross Margin
Enterprise Solutions	$ 407,476	14.8 %	$ 319,744	14.9 %
Business Solutions	328,223	23.8	256,841	26.5
Public Sector Solutions	138,614	16.9	132,483	17.2
Total	$ 874,313	18.5 %	$ 709,068	19.6 %

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(amounts in thousands, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Net sales	$ 874,313	$ 709,068	$ 2,450,175	$ 2,169,807
Cost of sales	712,452	570,423	1,998,104	1,766,085
Gross profit	161,861	138,645	452,071	403,722
Selling, general and administrative expenses	120,881	108,379	344,794	325,107
Severance expenses	—	—	3,060	2,930
Income from operations	40,980	30,266	104,217	75,685
Interest income, net	2,467	3,689	8,355	10,805
Other income	—	—	—	76
Income tax provision	(11,989)	(9,215)	(30,723)	(23,556)
Net income	$ 31,458	$ 24,740	$ 81,849	$ 63,010
Earnings per common share:				
Basic	$ 1.25	$ 0.98	$ 3.25	$ 2.46
Diluted	$ 1.24	$ 0.97	$ 3.23	$ 2.45
Shares used in computation of earnings per common share:				
Basic	25,241	25,354	25,223	25,609
Diluted	25,441	25,489	25,362	25,734

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in thousands)	September 30, 2026	December 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 124,597	$ 193,221
Short-term investments	218,717	213,457
Accounts receivable, net	789,590	648,020
Inventories, net	226,599	143,567
Prepaid expenses and other current assets	23,718	22,607
Total current assets	1,383,221	1,220,872
Property and equipment, net	45,569	46,912
Right-of-use assets	7,541	1,569
Goodwill	73,602	73,602
Intangibles, net	450	989
Other assets	5,915	6,981
Total Assets	$ 1,516,298	$ 1,350,925
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 413,156	$ 338,202
Accrued payroll	36,800	30,939
Accrued expenses and other liabilities	58,240	51,251
Total current liabilities	508,196	420,392
Deferred income taxes	20,261	19,905
Non-current operating lease liabilities	6,712	498
Total Liabilities	535,169	440,795
Stockholders' Equity:		
Common stock	296	295
Additional paid-in capital	151,805	144,608
Retained earnings	972,606	905,890
Accumulated other comprehensive (loss) income	(414)	78
Treasury stock, at cost	(143,164)	(140,741)
Total Stockholders' Equity	981,129	910,130
Total Liabilities and Stockholders' Equity	$ 1,516,298	$ 1,350,925

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(amounts in thousands)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Cash Flows provided by (used in) Operating Activities:				
Net income	$ 31,458	$ 24,740	$ 81,849	$ 63,010
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,640	2,888	8,173	8,853
Adjustments to credit losses reserve	1,414	175	3,210	1,233
Stock-based compensation expense	2,658	2,433	7,950	7,102
Deferred income taxes	1,335	3,185	487	3,185
Amortization of discount on short-term investments, net	(669)	60	(2,113)	(1,612)
Gain on sale of short-term investments	—	—	—	(76)
Loss on disposal of fixed assets	75	10	149	30
Changes in assets and liabilities:				
Accounts receivable	(64,181)	20,158	(144,780)	(6,504)
Inventories	(21,504)	(1,531)	(83,032)	(39,964)
Prepaid expenses and other current assets	(2,185)	(712)	(1,111)	(4,854)
Other non-current assets	426	(2,174)	1,066	(3,803)
Accounts payable	35,177	8,537	74,505	11,905
Accrued expenses and other liabilities	23,079	6,380	13,828	(485)
Net cash provided by (used in) operating activities	9,723	64,149	(39,819)	38,020
Cash Flows (used in) provided by Investing Activities:				
Purchases of short-term investments	(55,505)	(103,216)	(161,155)	(155,574)
Proceeds from sale of short-term investments	—	—	—	108,763
Maturities of short-term investments	54,169	51,328	157,385	101,328
Purchases of property and equipment	(2,076)	(1,870)	(5,991)	(5,201)
Net cash (used in) provided by investing activities	(3,412)	(53,758)	(9,761)	49,316
Cash Flows used in Financing Activities:				
Proceeds from short-term borrowings	—	—	—	732
Repayment of short-term borrowings	—	—	—	(732)
Purchase of common stock for treasury shares	—	(5,066)	(2,481)	(65,530)
Payments for excise tax on purchase of common stock for treasury shares	—	—	(678)	(36)
Dividend payments	(5,048)	(3,799)	(15,133)	(11,519)
Issuance of common stock under Employee Stock Purchase Plan	—	—	602	619
Payment of payroll taxes on stock-based compensation through shares withheld	(383)	(425)	(1,354)	(1,343)
Net cash used in financing activities	(5,431)	(9,290)	(19,044)	(77,809)
Increase (decrease) in cash and cash equivalents	880	1,101	(68,624)	9,527
Cash and cash equivalents, beginning of period	123,717	186,744	193,221	178,318
Cash and cash equivalents, end of period	$ 124,597	$ 187,845	$ 124,597	$ 187,845
Non-cash Investing and Financing Activities:				
Accrued purchases of property and equipment	$ 534	$ 866	$ 534	$ 866
Accrued purchase of treasury shares	$ —	$ 123	$ —	$ 123
Accrued excise tax on treasury purchases	$ —	$ 615	$ —	$ 615

EBITDA AND ADJUSTED EBITDA

A reconciliation of EBITDA and Adjusted EBITDA to Net Income is detailed below. Adjusted EBITDA is defined as EBITDA (defined as earnings before interest, taxes, depreciation and amortization) adjusted for stock-based compensation, severance expenses and non-routine legal settlements. Both EBITDA and Adjusted EBITDA are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either includes or excludes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. We believe that EBITDA and Adjusted EBITDA provide helpful information with respect to our operating performance including our ability to fund our future capital expenditures and working capital requirements. Adjusted EBITDA also provides helpful information as it is the primary measure used in certain financial covenants contained in our credit agreement. When analyzing our operating performance, investors should use EBITDA and Adjusted EBITDA in addition to, and not as alternatives for Net income or any other performance measure presented in accordance with GAAP. Our non-GAAP financial measures may not be comparable to other similarly titled measures of other companies.

	Three Months Ended September 30,			LTM Ended September 30, (1)		
(amounts in thousands)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Net income	$ 31,458	$ 24,740	27 %	$ 102,561	$ 83,731	22 %
Depreciation and amortization	2,640	2,888	(9)	11,023	12,019	(8)
Income tax expense	11,989	9,215	30	37,173	30,145	23
Interest income	(2,515)	(3,737)	(33)	(12,003)	(15,638)	(23)
Interest expense	48	48	—	82	162	(49)
EBITDA	43,620	33,154	32	138,836	110,419	26
Severance expenses (2)	—	—	—	6,143	2,930	110
Stock-based compensation	2,658	2,433	9	10,191	9,381	9
Adjusted EBITDA	$ 46,278	$ 35,587	30 %	$ 155,170	$ 122,730	26 %

(1) LTM: Last twelve months

(2) Severance expenses and other charges in 2026 consisted of voluntary retirement offering and internal restructuring activities and in 2025 consisted of internal restructuring activities.

ADJUSTED NET INCOME AND ADJUSTED DILUTED EARNINGS PER SHARE

A reconciliation of Adjusted Net Income to Net Income is detailed below. Adjusted Net Income is defined as Net Income plus severance expenses, net of tax plus or minus loss or income from non-routine legal settlements. A reconciliation of Adjusted Diluted Earnings per Share to Diluted Earnings per Share is detailed below. Adjusted Diluted Earnings per Share is defined as diluted earnings per share adjusted for severance expenses, net of tax. Adjusted Net Income and Adjusted Diluted Earnings Per Share are considered non-GAAP financial measures (see note above in EBITDA and Adjusted EBITDA for a description of non-GAAP financial measures). The Company believes that Adjusted Net Income and Adjusted Diluted Earnings per Share provide helpful information with respect to the Company's operating performance. When analyzing our operating performance, investors should use Adjusted Net Income and Adjusted Diluted Earnings per Share in addition to, and not as alternatives for Net income and Diluted Earnings per Share or any other performance measure presented in accordance with GAAP. Our non-GAAP financial measures may not be comparable to other similarly titled measures of other companies.

	Three Months Ended September 30,			Nine Months Ended September 30,		
(amounts in thousands, except per share data)	**2026**	**2025**	**% Change**	**2026**	**2025**	**% Change**
Net income	$ 31,458	$ 24,740	27 %	$ 81,849	$ 63,010	30 %
Severance expenses (1)	—	—	—	3,060	2,930	4
Tax benefit	—	—	—	(835)	(797)	5
Adjusted Net Income	31,458	24,740	27	84,074	65,143	29
Diluted shares	25,441	25,489		25,362	25,734	
Diluted Earnings per Share	$ 1.24	$ 0.97	28 %	$ 3.23	$ 2.45	32 %
Adjusted Diluted Earnings per Share	$ 1.24	$ 0.97	28 %	$ 3.31	$ 2.53	31 %

(1) Severance expenses and other charges in 2026 consisted of voluntary retirement offering and internal restructuring activities and in 2025 consisted of internal restructuring activities.