

CBIZ, Inc. (Q3 2025 Earnings)

October 29, 2025

Corporate Speakers:

- Lori Novickis; CBIZ, Inc.; Director of Corporate Relations
- Jerry Grisko; CBIZ, Inc.; President and Chief Executive Officer
- Brad Lakhia; CBIZ, Inc.; Chief Financial Officer

Participants:

- Christopher Moore; CJS Securities; Analyst
- Andrew Nicholas; William Blair; Analyst
- Marc Riddick; Sidoti; Analyst

PRESENTATION

Operator: Good day. And welcome to the CBIZ Third Quarter 2025 Results. (Operator Instructions) Note this event is being recorded. I would now like to turn the conference over to Lori Novickis, Director of Corporate Relations. Please go ahead.

Lori Novickis: Good afternoon, everyone. And thank you for joining us for today's call to discuss CBIZ's Third Quarter and Year to Date 2025 Results.

As a reminder, this call is being webcast and a link to the live webcast, along with today's press release and corresponding investor presentation can be found on the Investor Relations page of our website, cbiz.com. An archived replay and transcript will also be made available following the call.

Before we begin, we would like to remind you that during the call management may discuss certain non-GAAP financial measures. Reconciliations of these measures can be found in the financial tables of today's press release and investor presentation.

Today's call may also include forward-looking statements regarding our business, financial condition, results of operations, cash flows, strategies and prospects. Forward-looking statements represent only our expectations, estimates and projections as of the date of this call and are not intended to give any assurance of future results.

Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties. Many factors could cause future results to differ materially

And CBIZ assumes no obligation to update these statements except as required by law. A more detailed description of such factors can be found in today's press release and in our filings with the Securities and Exchange Commission.

Joining us for today's call are Jerry Grisko, President and Chief Executive Officer; and Brad Lakhia, Chief Financial Officer. I will now turn the call over to Jerry for his opening remarks. Jerry?

Jerry Grisko: Thank you, Lori. And good afternoon, everyone. I'm pleased to have this opportunity to provide you with an update on our performance and our outlook on the business moving forward. This Saturday marks the 1-year anniversary of the Marcum acquisition, and we couldn't be more pleased with first the quality of the Marcum organization and the complementary fit between our two great companies.

Next, the progress that we've made on integration, which is on or ahead of schedule in most key areas and finally, the opportunities we now have to accelerate growth and break away from our competitors.

We knew going into the acquisition that Marcum was an outstanding firm. What we've learned since has even surpassed our initial expectations.

They brought great people, significant scale in key geographic markets, and a substantial and attractive mid-market client base that is similar to ours. They also made substantial investments in areas that were strategically important to us and that complemented investments that we had made in other areas of the business.

We are now able to leverage those investments company-wide including go-to-market industry groups, AI and other crucial technologies as well as offshoring resources. Marcum also had very strong leadership throughout the organization, a significant number of whom have assumed key leadership roles in the new CBIZ.

From the outset, we were committed to bringing together the best of both companies. We now have a blend of leaders and are establishing standardized processes, policies and systems that allow our teams to bring the full value of the combined company to our clients.

Now turning to integration. To support the ability of our teams to work together as one CBIZ and thereby enhancing collaboration, resource sharing and the pursuit of new business opportunities, we've aligned our collective teams under a common reporting structure.

We've adopted many standardized operating processes and systems that allow our teams to work together in key areas, and we've begun to co-locate team members in cities where we both have offices. To improve operating efficiency, we've made significant investments in our shared resources centers including by adding technical resources to our national tax office and to our natural assurance quality and support partner, CBIZ CPAs.

We've also invested in transformation and innovation team, which now has over 60 members devoted to developing new products and solutions for our clients and deploying

AI and other technologies to improve operating efficiency, and we've increased our offshore resources in both India and in the Philippines.

In addition, to begin unlocking the value of the combined entity to our clients and to accelerate growth, we've identified and stood up 12 industry groups to bring unmatched breadth and depth of services to our clients through solutions that are highly tailored to meet their specific needs.

We've streamlined many client-facing processes to improve the client experience, and to allow our client-facing teams to be more responsive.

We've launched CBIZ vertical Vector AI to enable our clients to leverage our proprietary AI platform and capabilities and to improve their business performance and we've launched a new highly visible national brand campaign to promote the new CBIZ and highlight our expanded capabilities to the market.

This campaign is already showing signs of improved brand awareness. Clearly, a lot of work has been successfully completed in a short period of time and there are still more opportunities ahead.

We are pleased with our retention of top talent and key clients through this transitional period and we're competing favorably on both fronts, which positions us for accelerated top and bottom line growth beginning in 2026 and beyond. Brad will review more details on our results in a minute.

But before I turn it over to him, I wanted to provide you with a few of my own perspectives on the third quarter and what we're expecting for the remainder of the year. We were pleased to see that our recurring businesses held steady during the quarter.

Our core accounting and tax business continued to deliver organic revenue growth consistent with the first half of the year and increased demand for our project-based advisory businesses delivered improved growth relative to the first half.

Encouragingly, as we look to finish out the year, the combination of our broader service offerings and improving market conditions should lead to increased conversion of our late-stage pipeline opportunities.

We have clear line of sight to achieve our 2025 revenue outlook and the entire leadership team and all our client-facing leaders are laser-focused on capitalizing on these opportunities and trends. With that, let me hand it over to Brad to cover further details on our quarter and our financial outlook. Brad?

Brad Lakhia: Thank you, Jerry. And good afternoon. As Jerry said, we are very pleased with our third quarter results. Revenue and cash flow were in line with our expectations and earnings exceeded. The benefits of greater scale and the resiliency of our business

model once again are reflected in our operating and financial performance and leave us well positioned for sustainable, long-term growth.

On a consolidated basis, third quarter revenue was \$694 million, and year-to-date revenue stands at \$2.2 billion. A 58% and 64% increase, respectively, driven by the acquisition.

For the quarter, adjusted EBITDA increased to \$120 million and now stands at \$476 million year-to-date. Adjusted EBITDA margin was 17.3% in the quarter and 21.5% year-to-date.

Year-to-date adjusted EBITDA margin increased approximately 325 basis points versus last year, with lower incentive compensation expense representing approximately 250 of the 325 basis point improvement. Excluding the impact from lower incentive compensation, we believe our margin expansion is consistent or better than our historical performance, representing the realization of the expected benefits of greater scale.

Third quarter adjusted diluted earnings per share was \$1.01 per share, bringing our year-to-date adjusted EPS to \$4.27 per share. Third quarter interest expense was \$28 million, \$23 million higher than last year, driven by higher debt levels incurred to fund the cash portion of the acquisition.

Third quarter tax expense was \$10 million, approximately \$6 million lower than last year, driven by higher tax benefits related to stock-based compensation expense, lower pretax income and lower state tax expense, which resulted from recent tax planning actions.

Our year-to-date tax expense was \$76 million, or \$25 million higher than last year, primarily driven by an \$88 million increase in pretax income.

Our year-to-date effective tax rate was flat compared to prior year. Turning to our Financial Services segment. Third quarter revenue was \$579 million, up \$256 million or approximately 80%.

Financial Services adjusted EBITDA increased 86% to \$126 million, a margin of 21.7%. Revenue growth was largely driven by the acquisition.

On an estimated pro forma basis and consistent with the first half, we delivered low single-digit growth in our core accounting and tax service lines, which mitigated headwinds in our SEC related business.

In addition, our advisory business captured improved market conditions in relation to the first half, which enabled single-digit growth. Year-to-date, Financial Services revenue increased by 85% to \$1.9 billion and adjusted EBITDA for the segment nearly doubled to \$463 million.

In terms of pricing, we were pleased to deliver strong mid-single-digit rate increases in the quarter and year-to-date. We are competing favorably and realizing rate increases that

exceed overall inflation and capture the value of our client -- our clients game from our leading service capability.

Revenue from our Benefits and Insurance or B&I segment was \$103 million with adjusted EBITDA of \$22 million. Year-to-date, we're pleased with revenue growth of 2.7% and adjusted EBITDA growth of 6.7% for this segment. Turning to the balance sheet and capital allocation.

We ended the quarter with net debt at approximately \$1.6 billion and leverage largely unchanged from the second quarter. We had approximately \$300 million of available liquidity under our revolver on September 30.

In the third quarter, we took the opportunity to repurchase approximately 800,000 shares at a value of approximately \$56 million. This includes approximately 400,000 shares repurchased under the terms of our right of first refusal and 400,000 shares in the open market. This brings our year-to-date share repurchases to \$120 million or 1.8 million shares.

Our current outstanding share count stands at approximately 54.1 million shares reflecting a net increase of approximately 3.9 million shares since year-end.

Since we've had several questions regarding the potential impact of the shares issued and yet to be issued related to the acquisition, we have included a slide on Page 18 of our investor presentation posted today that provides some additional information to help clarify this dynamic.

As a reminder, our U.S. GAAP earnings per share and adjusted earnings per share are reported on a fully diluted basis, which assumes all issued and unissued shares are outstanding.

As of September 30 year-to-date, the weighted average fully diluted share count stands at 63.6 million shares.

In terms of capital allocation, our long-term priorities are unchanged. On Slide 21 of our investor presentation, we have included a summary of near-term and long-term capital priorities.

You will see our near-term priorities are as follows: our first priority is funding organic growth and maintenance capital. This will include disciplined and targeted investment in client service delivery and operational excellence with a greater focus on technology including AI, improving our offshore capability and capacity and our ongoing investment in attracting and retaining the very best talent in our industry. Our second priority is debt repayment.

We continue to target allocating a significant portion of our free cash flow to bring our leverage to a target range of 2x to 2.5x over time. When we set this target upon

announcement of the acquisition, we assumed the majority of our free cash flow would be allocated to delevering and estimated we could achieve this goal exiting 2026.

Given the opportunity we've had to allocate capital to share repurchases in 2025, the timing for achieving this range may shift to 2027. Our third priority is share repurchases and/or selective strategic high-return M&A.

At our current valuation, we believe share repurchases are accretive. Therefore, our approach is to remain balanced, opportunistic, and disciplined with share repurchases and delevering.

And with regard to M&A, as always and consistent with our history, we will continue to evaluate targeted bolt-on strategic opportunities in high-growth service lines and key geographic areas. The strength and scale of our business model and our ability to generate meaningful free cash flow provides us with continued confidence in our ability to fund investments and high-return growth initiatives while simultaneously achieving our target leverage.

I will wrap up my comments with guidance and modeling. We are maintaining our revenue and earnings guidance for the year. At this time we continue to have line of sight to the low end of the revenue guidance of \$2.8 billion to \$2.95 billion we set earlier this year.

We're also maintaining our adjusted EBITDA and adjusted EPS guidance, and we look forward to resuming reporting organic growth metrics in 2026. In terms of our revenue guidance, there are three factors that we believe will enable us to deliver the low end of the range.

First, the growth rate we have achieved thus far in the year within our core essential recurring accounting and tax businesses has proven resilient and sustainable, and we expect this to remain true in the fourth quarter.

Second, the improved market conditions we witnessed in the third quarter have also continued thus far in the fourth quarter, and this will allow us to capture revenue opportunities in our non-recurring project-based businesses. And finally, we plan to execute on a key operational excellence initiative that we expect will yield improved fourth quarter staff utilization and will allow us to operate more efficiently in future periods.

Our guidance and modeling assumptions are included on page 17 of our investor presentation, and there are two updates I would like to highlight. First, we have updated our synergy goal from the acquisition to a total of \$50 million or more.

We expected to -- we expect to realize \$35 million in synergies this year and the majority of the balance in 2026. Slide 20 of our investor presentation provides further information on these synergies.

While we've made a great deal of progress on all fronts, key real estate decisions for some of our largest metro markets remain ahead of us. Therefore, we believe there is more opportunity here, and we will provide further updates as we take actions. Along with updating our synergy goal, we've updated our integration cost estimate for 2025.

We've increased our estimated 2025 integration cost by \$14 million to \$89 million, which is primarily driven by additional severance costs related to streamlining our combined staffing levels. We do not currently estimate any change to our 2026 integration costs.

Second, we provided further modeling information on our operating expenses including information on total compensation and benefits and our related incentive compensation programs.

As you will see on Page 19, historically, our incentive compensation programs represent approximately 16% to 17% of our total compensation and benefits.

For 2025 performance, we've been very careful to ensure our high-performing teams will be appropriately recognized for their 2025 performance during this integration phase. And we believe our remaining incentive pools are adequate to recognize, retain and motivate our teams.

As we've highlighted previously, we have a variable pay for performance-based incentive programs designed to reward our team for achieving and exceeding growth, profitability and other operating goals.

When our performance meets or exceeds targets, there's meaningful incremental shared value. Conversely, if goals are not met, the funding and the related expense is adjusted accordingly.

While the 2025 incentive pools reflect this reality, we have also preserved appropriate funding to recognize our team members for the many important and meaningful accomplishments that are setting us up for success going forward.

With that, I'll turn the call back to Jerry for some closing remarks before we turn the call over for questions.

Jerry Grisko: Thank you, Brad. To reiterate a few key points, as we celebrate the 1-year anniversary of the Marcum deal, we are extremely pleased with the foundation we have now built that positions us to accelerate long-term value creation.

Looking ahead to 2026, we expect increased momentum as we transition to the next phase of growth and are seeing strong evidence that we now have what it takes to break away from our competitors.

Our success will be rooted in our commitment to providing unmatched client experience and operational excellence by investing in our people and state-of-the-art tools including investments in our industry groups, data, AI and other technology capabilities, as well as offshoring capacity.

Together, these investments will deliver valuable client insights and impact and transform what's possible unlocking shared value and driving sustainable long-term growth and profitability. With that, I will open the line to questions.

QUESTIONS AND ANSWERS

Operator: (Operator Instructions) Our first question comes from Christopher Moore with CJS Securities.

Christopher Moore: Good afternoon guys. Thanks for taking a couple. Maybe we could start with pricing. It sounds like you talked about mid-single digits in Q3. I think prior to this, we were talking about 4% in '25 versus 6% or 7% in '23 and '24.

I'm just trying to figure out how to view '26 and moving forward, is 4% is that the new normal? Is there -- do you have much visibility on that at this point in time?

Jerry Grisko: Yes. Chris, we're really not giving guidance into '26. But I will say as it relates to pricing, we're really pleased, first of all, this year to be realizing mid-single digits. I think that's above what we're hearing some of our competitors to be receiving in this market and it reflects the strong relationship we have with our clients.

Second, as we look forward, we've traditionally been able to get at least that kind of mid-single digits and there's nothing structural in the industry that would prevent us from continuing to do that. So I would expect as we look into '26 and even beyond that, that mid-single-digit range is a pretty good target for us.

Christopher Moore: Got it. Helpful. I know you guys talked about some initial conflicts of interest with Marcum, but just generally trying to get a sense, have you lost any significant clients as a result of the Marcum acquisition.

Jerry Grisko: Yes. Let me take that question in two ways. First of all, we expected to lose some clients, right? We knew that the SPAC business, for example, was declining going into the transaction as well some of the capital markets work they did.

We sold off some business. We sold off some health care business. And then we had kind of the normal expected kind of conflicted clients, which candidly were below actually what we modeled there.

So I'm pleased to see a lot of those things kind of in line with the model that we had put those things aside, we're really pleased with what we've seen as far as client retention rates to date and also staff retention rates.

Christopher Moore: Got it. This might be a more challenging one. But just in terms of kind of thinking about rainmaking partners that are at CBIZ or now with Marcum in there. Just trying to get a sense to -- has there been much notable loss on that front?

Jerry Grisko: Yes. I would say not notable. I mean we've had some people, of course, as you would expect, that we're near retirement, at retirement. But other than what you would normally expect, I wouldn't say significant notable losses in rainmakers.

In fact, I think when I look at some of the wins we've been looking at here there's a significant amount of energy about what we can now bring working together through our industry groups and through the relationships that each brings to the other and the breadth of services and depth of expertise and I have a couple of wins that I've kind of been looking at over the past week that are quite exciting.

So I think there's really a lot of energy around the power of the combined entity organization and what we can bring to the market.

Christopher Moore: Helpful. And maybe just a last one for me. So Brad talked about, I think, integration costs going to be roughly \$89 million this year. Understanding is that '26 will be a little bit less than that, but still very significant.

Are there certain types of costs that are expected in '26 that are much different than the ones so far taken in '25 or just kind of trying to understand how we can kind of characterize those one-timers in '26 versus '25.

Brad Lakhia: Yes. Overall, Chris, the nature and the kind of the overall mix of the integration costs will be overall pretty similar next year. Keep in mind, when you look at our integration costs, we have some retention dollars, there are some kind of retention dollars that are flowing through ratably in '25, '26.

We would expect some of the mix to change this year. We already had more in the way of some personnel severance based costs where next year we'll see some acceleration of real estate facilities based costs. So there will be some mix there. But in general, the components are still the same.

Christopher Moore: Got it. I'll jump back in line. I appreciate it, guys.

Operator: And the next question comes from Andrew Nicholas with William Blair. Please go ahead.

Andrew Nicholas: Thank you for taking my questions. I'm going to start with a multi parter, so I hope you'll bear with me, but I just want to kind of ask about a few different kind of macro or end market dynamics. So I guess I think there's three or four here. I guess I'm wondering, first, if you've seen any benefit from the OBBA in terms of your tax practice.

Second, we've seen some market pressures in the insurance brokerage space this earnings season thus far. Just wondering if there's any softness that you've experienced in that part of your business.

And then lastly, just from like an M&A market-sensitive project-type work perspective, it sounds like things are getting decent, but better to what you experienced in the first half, but any more color on what you saw in the period or in October today, it would be great.

Jerry Grisko: Yes, Andrew, let me take this. OBBA, I'm glad you asked that question. As we've said many times over the years, whenever there's change in any kind of tax or other regulatory environment, that's always good for us, right?

It gives us an opportunity to bring our collective thought leadership together and to bring that out into our offices and have our client-facing professionals bring those to the clients. And so we've done that.

It gives us an opportunity to be in front of our clients. And so yes, there has been a lot of discussions with our clients on that front. And some increased revenue for sure. I think more to come -- but we did see some lift in the third quarter as a result of kind of being in front of the clients and discussing things like OBBA.

So that's been positive for us. Second, turning to the soft market in the insurance industry. You may have seen that our benefits and insurance revenues were a little soft this quarter. That's exactly what it's tied to.

It's really tied to some trends, some lighter trend in this period and some other factors within that P&C business as well as some softness in some of the more discretionary project work in that business, but largely just a soft P&C market compared to what we've seen in prior periods.

And then as far as M&A, very pleased, as we commented, to see increased activity there, compared to the first half of the year. And based on what we're seeing and hearing, we would expect that, that activity would continue kind of into the fourth quarter and hopefully into 2026. So all generally positive.

Andrew Nicholas: Great. That's very helpful. In terms of the fourth quarter outlook, a lot of what you just described seems supportive of good growth to end the year. And ideally sets you up nicely for next year. But is there anything you could kind of quantify for us on fourth quarter, specifically in terms of what's embedded for pro forma growth.

I know it's kind of hard from our vantage point to piece together the right base for Marcum last year, given it was only with you for a couple of months. But any color on kind of what rate, the pro forma business would need to grow in fourth quarter? Or what you have line of sight into the fourth quarter?

Brad Lakhia: Yes. Hi Andrew, Brad here. Let me try to take the question. I guess I'll restate here a few things I highlighted in my earlier remarks, which is some of the kind of underlying assumptions that we have for the fourth quarter revenue outlook.

First, we expect the kind of that core recurring essential part of our business to continue to grow as we've seen thus far this year. Nothing has told us anything different one month into the quarter.

Second, Jerry just highlighted and commented on improved market conditions that are allowing our more nonrecurring discretionary parts of our business to get back to some growth rates that are more encouraging for us.

So we're seeing that still hold true thus far again in Q4, one month in. And then the third thing, we do have a kind of an operational excellence initiative underway where we will - - should realize upon successful execution some improved utilization of our staff.

So it's going to help us not only in terms of our overall staffing levels through the peaks and troughs of our business where seasonality, but it will also allow us to hopefully drive some more improved revenue realization this year relative to last year.

But the last thing I'll say, which I didn't comment on earlier is -- and again, I know it's hard for you to kind of look at this because we only had two months of Marcum results in our fourth quarter last year.

But we would say that in some respects, the Marcum business last year to this year provides a little bit of an easier comp for us for a multitude of reasons. So I think those factors give us confidence in the line of sight that we have.

Well I would just say, from a pro forma basis, again, we're not a pro forma adjusted pro forma out there but I have commented on kind of the additional \$75 million that we would take off of the pro forma number that we published.

So if you did some of that math and you tried to square it away, Andrew, it's probably going to look like somewhere in the neighborhood of 6% to 8% growth year-over-year on our base Q4 revenue.

On a pro forma basis, adjusted for the things that we talked about previously conflicted client revenue, the bleed off in the SEC or capital markets business, those kind of things.

Andrew Nicholas: Perfect. No. That's in line with maybe what I would have guessed, but I appreciate that we're on the same page there. Maybe last one before wrapping it up, it's just on the margin puts and takes for next year?

Obviously I appreciate the revised our upwardly revised synergy target. I guess one point of clarification. The \$35 million for those numbers that you outlined that is realized synergies, correct, not actioned.

Brad Lakhia: Sorry, go ahead.

Andrew Nicholas: Yes. No. yes. And then the second thing was just -- as we think about kind of the normalization of incentive comp next year, incremental synergies that you're getting from Marcum kind of real estate. It sounds like offshore usage is ramping up pretty nicely.

Is there any other kind of things that we should keep in mind as we try to estimate the margin trajectory next year because I understand that this year is pretty unique for a variety of reasons.

Brad Lakhia: Yes. So let me start with the synergy piece first. So yes, we have increased and pleased to have increased the synergy outlook for the acquisition from \$25 million to more than \$50 million.

The \$35 million that I mentioned in my remarks, Andrew, is the amount that we expect to fully realize in this year's operating income, right? So that is not like a run rate number. It is what we expect to realize in 2025.

So that's reflected in our outlook and our guidance. And then we'll have an incremental - - we expect most of the majority of the other 50 to come next year. And then I'll just also say, listen, the real estate facility work is still ahead of us.

There's a lot of great activities going on there, in particular, in some of our larger metro markets, we haven't made formed kind of decisions and actions there. So I do expect further updates on that.

So we think we're pretty pleased with the \$50 million-plus number and may be able to provide you some more updates on that as we move through 2026 and make some of those decisions.

In terms of kind of the -- obviously we're not giving 2026 guidance at this point. But I'd point you to a couple of other things beyond synergies.

One is, and you highlighted it just other operational efficiency initiatives that we have underway, which not only include offshoring, but also include other initiatives, like I said, around utilization of staff and how we're balancing that and then also some investments that we're making that we think will drive other operational efficiencies around technology, and that includes, in some respects, AI as well.

Finally, I would just say, again, without giving guidance here, we do expect our top line to grow next year. And we'll provide more information, more outlook on that in February as we ordinarily would.

But the drop-through effect of that top line growth is something that we're certainly driving hard for. So that's another lever that we have and one we'll be focused on as we go through our planning cycle here for 2026.

Andrew Nicholas: That's great. Thanks so much, Brad.

Operator: The next question comes from Marc Riddick with Sidoti.

Marc Riddick: Hi everybody, good evening. Thanks for all the detail that's been provided. And certainly I appreciate there's a lot of work that goes into that. I wanted to sort of maybe shift gears a little bit to maybe some of the big picture issues and questions.

Maybe you could sort of bring us up to date on maybe what you're seeing with client feedback and activity related to potential for rate cuts, which you might tie into the M&A conversation, but also the shutdown so far this year if there's anything that you've seen there or if there's sort of a historical landmark that you would sort of use in situations like this?

Jerry Grisko: Yes, Mark, this is Jerry. I'll take them one by one. As far as the rate cuts, obviously that's very recent news, right? So we really wouldn't have heard much or seen much response to that, although that's just positive, right?

I think as we've always said, 72% of our business kind of the recurring essential that's going to -- that work is going to come in the door in more or less favorable times. It really doesn't matter.

But it's the discretionary work that we do that the clients really step back and they need more clarity. When there's positive signals in the market like rate cuts, that causes them to have more confidence and then, therefore, causes them to make investments. And when they do that, they turn to us and it frees up those discretionary projects for us.

So all very positive. As far as government shutdown is concerned, we haven't seen a lot there. The only place we've seen a little bit of impact is in our government health care consulting business. As you know those are long-term contracts with largely state agencies.

But those state agencies do get federal funding -- and when there is any kind of slowdown or cutbacks at the federal level, from time to time that will delay contracts. Those contracts that work has to get done, that work -- that revenue comes back in the contracts staying for us, but it sometimes affects the timing of that revenue stream.

Marc Riddick: Okay. Great. And then shifting gears, maybe you can talk a little bit about any particular client industry vertical activities during the quarter that stood out either positively or negatively? Or was it sort of across the board?

Jerry Grisko: Yes. Nothing negative for sure. We had some really nice wins that we were pleased to see coming out of those industry groups.

And I'd say those wins kind of fell into a couple of categories, but one that comes to mind was a very large win within our food industry that was a relationship that one side had but didn't have the industry expertise to win the engagement. We brought together people from both sides of the organization. Very collective and collaborative effort and won a very big engagement that was just announced.

So very pleased with that. And then we saw a couple of others, one within energy, one within our capital markets that are quite sizable. So the strength of the industry groups is early, but it's starting to come together and you're already seeing some momentum there. So really encouraged by that.

Marc Riddick: Okay. Great. And then I think in your prepared remarks, there was a commentary around some of the activities that you were engaged in including co-location and things like that. Maybe you could shed a little bit more light on that and what the timeframe on some of those activities might be.

Brad Lakhia: Yes. So Mark, Brad here. So listen, on the -- bringing our people together, obviously it's a critically important thing as we think about the broader integration work that we're doing, but really, most importantly, how we bring our cultures together. So we're really pleased with the progress we've made.

But a lot of that work is still ahead of us in terms of getting our people in co-located offices, where we also -- and this is probably a little bit more on a virtual basis, where we also made a lot of progress is bringing from a national perspective our groups together.

So think about our national tax group, for example. They are now and have really been for a number of months working very seamlessly together.

So legacy Marcum, legacy CBIZ, tax teams working across the landscape and really seamlessly together. So when we refer to kind of co-locating and bringing our resources together, it's both at the physical location level and then on a virtual level as well.

Mark Riddick: Thank you very much.

Operator: This concludes our question and answer session. I would like to turn the conference back over to Jerry Grisko for any closing remarks.

Jerry Grisko: Yes. Thank you. To wrap up, I'd like to reiterate a few key points. First, we're very pleased with our third quarter results, which were largely in line with our expectations. Next, our core recurring essential businesses continued to perform well and improved market conditions resulted in increased growth within our nonrecurring businesses.

And most important, we're seeing strong validation of the Marcum acquisition including better-than-expected synergies and we're well positioned to drive sustainable long-term growth as our teams come together, and we bring our unique value proposition to our clients and others in the high-growth middle market.

Thank you for your continued interest, partnership and support and please enjoy the upcoming holiday season. We look forward to providing an update on our full year results and 2026 outlook in February. Thank you so much. Take care.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.