UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF NORTH CAROLINA

[______], Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. FORTREA HOLDINGS INC., THOMAS PIKE, and JILL MCCONNELL, Defendants.	Case No. **CLASS ACTION COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS** **JURY TRIAL DEMANDED**

Plaintiff [_______] ("Plaintiff"), by and through Plaintiff's attorneys, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, Plaintiff's counsel's investigation, which includes without limitation: (a) review and analysis of regulatory filings made by Fortrea Holdings Inc. ("Fortrea" or the "Company"), with the United States Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and other statements issued and disseminated publicly by Fortrea; and (c) review of other publicly available information concerning Fortrea. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

I. NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants who purchased or otherwise acquired Fortrea securities between July 3, 2023 and February 28, 2025, inclusive (the "Class Period"). Plaintiff seeks to recover compensable damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder.

2. Fortrea is a contract research organization ("CRO") that provides biopharmaceutical product and medical device development solutions to pharmaceutical, biotechnology, and medical device customers. The Company was formed through a spin-off from Laboratory Corporation of America Holdings' ("Labcorp") CRO business. The spin-off was completed on June 30, 2023, through a pro-rata distribution of one share of Fortrea common stock for every share of Labcorp common stock held at the close of business on the record date of June

20, 2023 (the "Spinoff"). Following the Spinoff, Fortrea began to trade as a separate public company on July 3, 2023.

3. On March 3, 2025, before the market opened, Fortrea announced financial results for the fourth quarter and full year 2024, revealing the Company had missed its previously announced guidance on both revenue and adjusted EBITDA for the full year 2024, and expected revenue and adjusted EBITDA to decline in the coming year. The Company's finanical results revealed full year adjusted EBITDA of $202.5 million, well below the Company's previously announced guidance of $220 million to $240 million and significantly below market consensus. The Company also revealed full year revenue of $2,696.4, which missed previously announced guidance of $7,700 million to $2,725 million, and was significantly below market consensus. The Company further revealed financial guidance for the full year 2025, which projected declines in revenue and adjusted EBITDA, with revenues of $2,450 million to $2,550 million and EBITDA in the range of $170 million to $200 million. Tom Pike ("Pike"), the Company's Chief Executive Officer, explained that "***full-service work for projects from the pre-spin period,***" "***have less revenue and less profitability***" and "***post-spin work is not coming on fast enough to offset the pre-spin contract economics.***" Pike further revealed "***this older versus newer mix issue will continue to negatively impact our financial performance during 2025***."

4. On this news, Fortrea shares declined $3.47, or 25.1% per share, to close on March 3, 2025 at $10.38 per share, on unusually heavy trading volume.

5. Defendants made materially false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors that: (1) the Company's projects from the pre-spin period differed materially in revenue, costs, margins, and timing composition; (2) as a

result, the Company's revenue recognition on pre-spin projects would be delayed; (3) the Company's post-spin book-to-bills were insufficient to offset pre-spin contract economics; and (4) as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

6. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

II. JURISDICTION AND VENUE

7. The claims asserted herein arise under Section 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act (15 U.S.C. §78aa).

9. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). Substantial acts giving rise to the alleged fraud or the effects of the fraud have occurred in this Judicial District. Many of the acts alleged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District. In addition, the Company's principal executive offices are located in this District.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants, directly and indirectly, used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

III. PARTIES

A. Plaintiff

11. Plaintiff ____, as set forth in the accompanying Certification annexed hereto, purchased Fortrea securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

B. Defendants

12. Defendant Fortrea is incorporated under the laws of Delaware and maintains its principal executive offices at 8 Moore Drive, Durham, North Carolina 27709. Fortrea's common stock trades on the NASDAQ exchange under the symbol "FTRE."

13. Defendant Thomas Pike is, and was at all relevant times the Company's Chief Executive Officer ("CEO") and Chairman of the Company's Board of Directors (the "Board").

14. Defendant Jill McConnell ("McConnell") is and was at all relevant times the Company's Executive Vice President, Chief Financial Officer ("CFO").

15. Defendants Pike and McConnell (together, the "Individual Defendants"), because of their positions with the Company, possessed the power and authority to control the contents of the Company's reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. The Individual Defendants were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to them, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the positive

representations which were being made were then materially false and/or misleading. The Individual Defendants are liable for the false statements pleaded herein.

IV. SUBSTANTIVE ALLEGATIONS

A. Background

16. Fortrea is a CRO that provides biopharmaceutical product and medical device development solutions to pharmaceutical, biotechnology and medical device customers. The Company was formed through a Spinoff from Labcorp's CRO business which was completed on June 30, 2023, through a pro-rata distribution of one share of Fortrea common stock for every share of Labcorp common stock held at the close of business on the record date of June 20, 2023. Following the Spinoff, Fortrea began to trade as a separate public company on July 3, 2023.

B. Materially False and Misleading Statements

17. The Class Period begins on July 3, 2023. On that date, the Company's stock began publicly trading on the NASDAQ. The registration statement corresponding to the Spinoff was first filed on a Form 10 on May 15, 2023, and was subsequently amended on June 2, 2023 and June 8, 2023. The Form 10 stated that "[c]ertain information required to be included herein is incorporated by reference to specifically identified portions of the information statement filed herewith as Exhibit 99.1." (the "Information Statement").

18. The Information Statement purported to provide disclosures concerning Fortrea's operations and financial performance, and included representations concerning Fortrea's project/contract backlog, including its size and relevant dynamics that affected or could affect backlog and the conversion of backlog into recognized revenue. Specifically, the risk factors contained within the Information Statement, as incorporated by reference into the Form 10, reported the following risk related to Fortrea's business, in relevant part:

Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue reflected in our backlog.

Our backlog consists of anticipated revenue awarded from contract and pre-contract commitments that are supported by written communications. Once work begins on a project, revenue is recognized over the duration of the project, provided the award has gone to contract. Projects may be canceled or delayed by the customer or delayed by regulatory authorities for reasons beyond our control. To the extent projects are delayed, the timing of our revenue could be adversely affected. In addition, if a customer terminates a contract, we typically would be entitled to receive payment for all services performed up to the termination date and subsequent customer authorized services related to terminating the canceled project. Typically, however, we have no contractual right to the full amount of the future revenue reflected in our backlog in the event of a contract termination or subsequent changes in scope that reduce the value of the contract. The duration of the projects included in our backlog, and the related revenue recognition, typically range from a few months to several years. Our backlog might not be indicative of our future revenues, and we might not realize all the anticipated future revenue reflected in that backlog. A number of factors may affect the backlog, including:

•the size, complexity, and duration of projects or strategic relationships;

•the cancellation or delay of projects;

•the failure of one or more business awards to go to contract; and

•changes in the scope of work during the course of projects.

The rate at which our backlog converts to revenue may vary over time. The revenue recognition on larger, more global projects could be slower than on smaller, more regional projects for a variety of reasons, including, but not limited to, an extended period of negotiation between the time the project is awarded to us and the actual execution of the contract, as well as an increased time frame for obtaining the necessary regulatory approvals.

Our backlog as of March 31, 2023 was $8.9 billion. Although an increase in backlog will generally result in an increase in revenues over time, an increase in backlog at a particular point in time does not necessarily correspond directly to an increase in revenues during any particular period, or at all. The extent to which contracts in backlog will result in revenue depends on many factors, including, but not limited to, delivery against project schedules, scope changes, contract terminations and the nature, duration, and complexity of the contracts, and can vary significantly over time.

19. The Information Statement, as incorporated by reference into the Registration Statement, further provided purported details concerning the Company's "Backlog and Net New Business" stating as follows in relevant part:

> ***Backlog and Net New Business***
>
> Our backlog represents anticipated revenue for work not yet completed or performed under executed contracts and other forms of written confirmation, where there is sufficient or reasonable certainty about the customer's ability and intent to fund and commence the services within twelve months. We adjust backlog for foreign currency fluctuations and exclude from backlog revenue that has been recognized as revenue in our statements of operations. Our backlog was $8.6 billion, $8.1 billion, and $8.9 billion at December 31, 2022 and 2021 and March 31, 2023, respectively.
>
> We add net new business to backlog based on the aforementioned criteria. Additionally, each period we evaluate previously awarded projects to adjust for modifications, cancellations, foreign currency fluctuations, and other items. Net new business varies from period to period depending on numerous factors, including customer award volume, sales performance, and overall health of the biopharmaceutical industry, among others. While customers with whom we have had long-standing relationships have continued to award new orders to us, we have experienced some fluctuations in our net new business award levels over the last few quarters driven, we believe, by recent macroeconomic factors affecting the industry and customer hesitation ahead of the spinoff. Some clients have indicated that they are waiting until after the spinoff is complete to award new business. Our net new business awards were $3.7 billion, $3.4 billion and $3.7 billion for the years ended December 31, 2022, 2021 and 2020, respectively, and $3.8 billion and $3.4 billion for the trailing twelve months ended March 31, 2023 and 2022, respectively.
>
> We do not believe that, as a sole measure, our backlog and net new business are consistent indicators of future revenue because they have been, and likely will continue to be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or regulatory authorities. We generally do not have a contractual right to the full amount of the contract award reflected in our backlog. If a customer cancels a contract, we generally will be reimbursed for the costs we have incurred. For more information about risks related to our backlog see "Risk Factors—Risks Relating to Our Business—Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue reflected in our backlog."

20. The Information Statement, as incorporated by reference into the Registration Statement, reported the Company's financial information including Management's Discussion and Analysis of Financial Condition and Results of Operations. Therein, the Company purported to report the trends and changes in revenues from the fiscal year years ended December 31, 2022, 2021 and 2020, and for the three months ended March 31, 2023 and 2022, including alleged factors impacting the backlog conversion rate. Specifically, the Information Statement, as incorporated by reference into the Registration Statement, stated the following in relevant part:

> **Results of Operations for the three months ended March 31, 2023 and 2022**
>
> The following tables present the financial measures that management considers to be the most significant indicators of the Company's performance.
>
> ***Three months ended March 31, 2023 and 2022***
>
> *Revenues*

	Three Months Ended March 31,		
	2023	2022	Change
Clinical Services	$ 692.1	$ 707.2	(2.1)%
Enabling Services	72.1	71.8	0.4 %
Total	$ 764.2	$ 779.0	(1.9)%

> The Company's revenues for the three months ended March 31, 2023, were $764.2, a decrease of 1.9% over revenues of $779.0 in the corresponding period in 2022. The decrease in revenues was due to a decline in organic revenue of 0.6% and unfavorable foreign currency translation of 1.3%. The Company defines organic growth or decline as the increase or decrease in revenue excluding the year over year impact of acquisitions, divestitures, and currency. The 0.6% decrease in organic revenues was primarily driven by the impact of an FSP cancellation causing a 3.2% decline in revenue along with a ***slower backlog conversion rate in part due to lingering post-pandemic staffing challenges at investigator sites.***
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> * * *
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> **Results of Operations for the years ended December 31, 2022, 2021 and 2020**
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> The following tables present the financial measures that management considers to be the most significant indicators of the Company's performance.

Revenues

	Years Ended December 31,				
	2022	2021	2020	2022/2021 change	2021/2020 change
Clinical Services	$ 2,825.4	$ 2,763.5	$ 2,291.2	2.2 %	20.6 %
Enabling Services	270.7	294.0	289.1	(7.9)%	1.7 %
Total	$ 3,096.1	$ 3,057.5	$ 2,580.3	1.3 %	18.5 %

The Company's revenues for the year ended December 31, 2022, were $3,096.1, an increase of 1.3% over revenues of $3,057.5 in the corresponding period in 2021. The increase in revenues was due to organic growth of 3.9% offset by unfavorable foreign currency translation of (2.6)%. The Company defines organic growth as the increase in revenue excluding the year over year impact of acquisitions, divestitures, and currency. The 3.9% increase in organic revenues was primarily driven by strong net new business awards in 2021 for the Clinical Services segment ***offset by backlog reductions within the Enabling Services segment.***

The Company's revenues for the year ended December 31, 2021, were $3,057.5, an increase of 18.5% over revenues of $2,580.3 in the corresponding period in 2020. The increase in revenues was due to organic growth of 16.1%, the benefit of acquisitions of 1.1%, and favorable foreign currency translation of 1.3%. The 16.1% increase in organic revenues was primarily driven by strong net new business in 2020 in both of our segments.

21. On August 14, 2023, Fortrea issued a press release, announcing the Company's financial results for the fiscal quarter ended June 30, 2023. The press release touted the Company's financial results, as follows in relevant part:

Fortrea Reports Second-Quarter 2023 Results Company and Provides Full-Year 2023 Guidance

•For the three months ended June 30, 2023:
  •Revenues of $793.0 million
  •GAAP net income of $28.3 million
  •Adjusted EBITDA of $72.5 million
  •GAAP and adjusted earnings per share of $0.32 and $0.52, respectively
•Provides full-year financial outlook

* * *

Second Quarter 2023 Financial Results

Revenue for the second quarter was $793.0 million, which was flat compared to the second quarter of 2022. Revenue for Clinical Services was $726.1 million and was $66.9 million for Enabling Services.

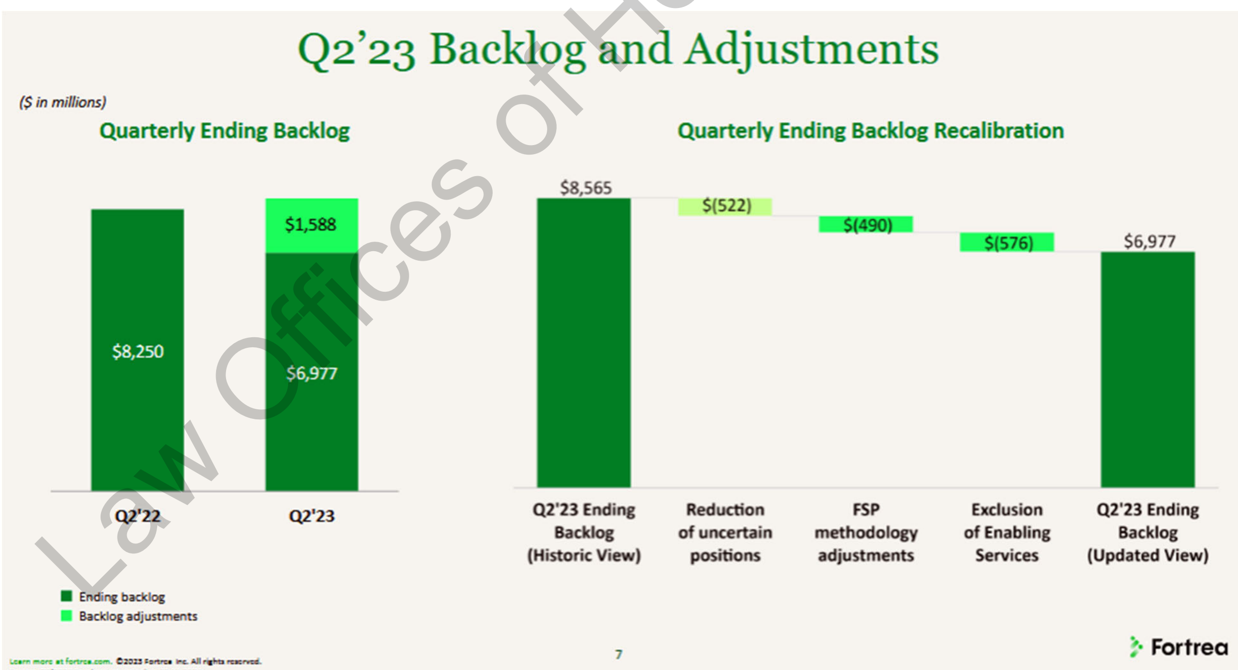
Second quarter GAAP net income was $28.3 million and earnings per share was $0.32, compared to second quarter of 2022 GAAP net income of $66.4 million and earnings per share of $0.75. Second quarter adjusted EBITDA was $72.5 million, compared to second quarter of 2022 adjusted EBITDA of $115.3 million.

First Half 2023 Financial Results

Revenue for the first half was $1,557.2 million, which was 0.1% lower than the first half of 2022. Revenue for Clinical Services was $1,418.1 million and was $139.1 million for Enabling Services.

First half GAAP net income was $45.7 million and earnings per share was $0.51, compared to first half of 2022 GAAP net income of $98.9 million and earnings per share of $1.11. First half adjusted EBITDA was $129.6 million, compared to first half of 2022 adjusted EBITDA of $190.1 million.

22. On August 14, 2023, Fortrea issued an investor presentation in connection with announcing the Company's financial results for the fiscal quarter ended June 30, 2023. The investor presentation reported the Company's purported quarterly backlog and its 'recalibration.' Specifically, the Investor Presentation stated the following, in relevant part:



23. On August 14, 2023, the Company submitted its quarterly report for the period ended June 30, 2023 on a Form 10-Q filed with the SEC, affirming the previously reported

financial results. The report further purported to warn of "[f]actors that ***could*** cause actual results to differ" including those related to backlog. Specifically the quarterly report stated the following, in relevant part:

> A number of important factors ***could*** cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the risks and uncertainties discussed in "Risk Factors" Section of our Information Statement filed with our Registration Statement on Form 10, as amended (the "Form 10"), as filed with the SEC. Factors that could ***cause*** actual results to differ from those reflected in forward-looking statements relating to our operations and business include, among other things:
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> * * *
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> ***the risk that our backlog and net new business may not rebound after the Spin to the extent or over the time period we anticipate, that such measures may not be indicative of our future revenues and that we might not realize all of the anticipated future revenue reflected in our backlog***

24. On November 13, 2023, Fortrea issued a press release, announcing the Company's financial results for the fiscal quarter ended September 30, 2023. The press release touted the Company's third quarter finanical results including the Company's quarterly book-to-bill ratio as well as the Company's backlog. Specifically, the press release stated as follows, in relevant part:

Fortrea Reports Third Quarter 2023 Results

> For the three months ended September 30, 2023:
> •Revenues of $776.4 million
> •GAAP net loss of $13.1 million
> •Adjusted EBITDA of $70.5 million
> •GAAP and adjusted diluted earnings (loss) per share of $(0.15) and $0.24, respectively
> •***Quarterly book-to-bill ratio of 1.24x***
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> * * *
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> **Third Quarter 2023 Financial Results**
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> Revenue for the third quarter was $776.4 million compared to $762.3 million in the third quarter of 2022. Revenue for Clinical Services was $711.7 million and was $64.7 million for Enabling Services.

> Third quarter GAAP net loss was $13.1 million and diluted loss per share was $0.15 compared to third quarter of 2022 GAAP net income of $60.6 million and earnings per share of $0.68. Third quarter adjusted EBITDA was $70.5 million, compared to third quarter of 2022 adjusted EBITDA of $105.2 million.
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> ***Backlog as of September 30, 2023 was $7,129 million and book-to-bill ratio for the quarter was 1.24x.***
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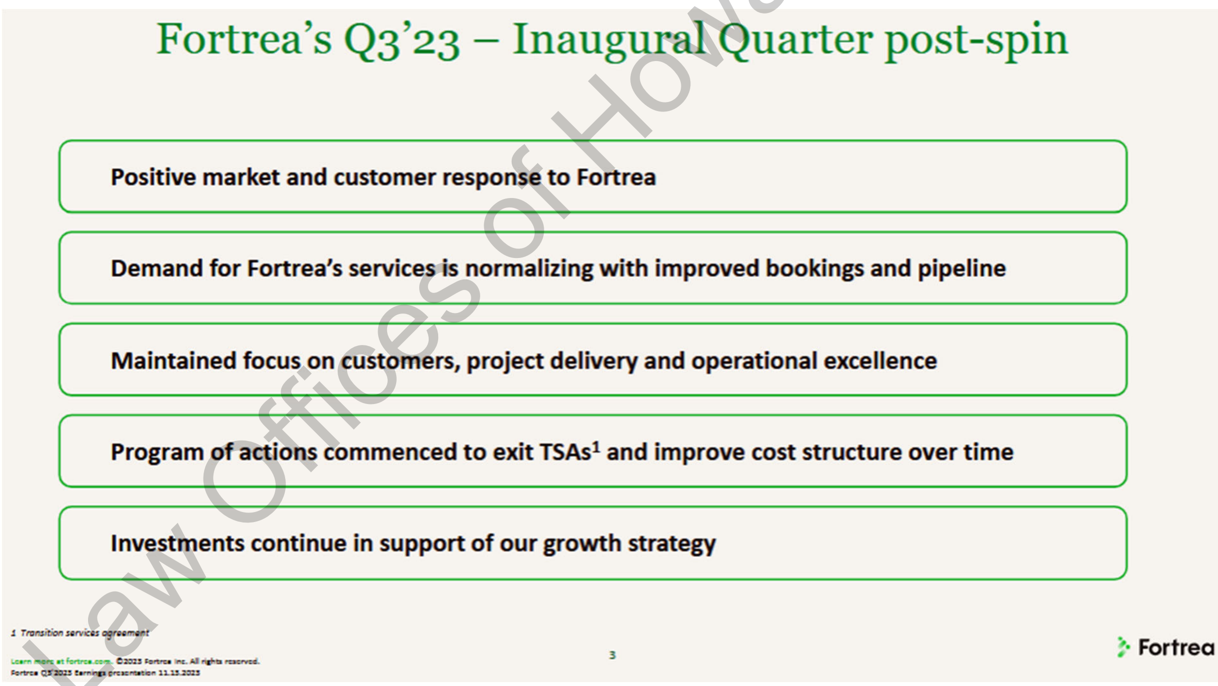
> The Company's cash and cash equivalents were $107.5 million and gross debt was $1,632.4 million at September 30, 2023. For the nine months ended September 30, 2023, operating cash flow was $155.0 million and free cash flow was $124.1 million.

25. On November 13, 2023, Fortrea issued an investor presentation in connection with announcing the Company's financial results for the fiscal quarter ended September 30, 2023. The presentation touted that "[d]emand for Fortrea's services is normalizing with ***improved bookings and pipeline.***" Specifically, the investor presentation stated as follows, in relevant part:



26. On November 13, 2023, the Company submitted its quarterly report for the period ended September 30, 2023 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report further purported to warn of "[f]actors that ***could*** cause actual results

to differ" including those related to backlog. Specifically the quarterly report stated the following in relevant part:

> A number of important factors ***could*** cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the risks and uncertainties discussed in "Risk Factors" Section of our Information Statement filed with our Registration Statement on Form 10, as amended (the "Form 10"), as filed with the SEC. Factors that ***could*** cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include, among other things:
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> *   *   *
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> ***the risk that our backlog and net new business may not rebound after the Spin to the extent or over the time period we anticipate, that such measures may not be indicative of our future revenues and that we might not realize all of the anticipated future revenue reflected in our backlog***

27. On January 8, 2024, in connection with an upcoming Annual J.P. Morgan Healthcare Conference to be held on January 8-11, 2024, the Company issued a press release providing a preview of its business progress. the press release reported details of the Company's business progress as follows in relevant part:

> **Fortrea Previews J.P. Morgan Healthcare Conference Updates**
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> Fortrea (Nasdaq: FTRE), a leading global contract research organization ("CRO"), today previewed key updates that Tom Pike, chairman and chief executive officer, and Jill McConnell, chief financial officer, plan to present at the 42nd Annual J.P. Morgan Healthcare Conference.
>
> ***Fortrea continues to make strong progress in establishing its fit-for-purpose infrastructure, exiting approximately 40 percent of its Transition Services Agreements (TSAs) with its former parent company by the end of 2023.*** In addition, the Company has selected two leading technology providers to support the exit of its technology-related TSAs. Fortrea recently hired a recognized industry expert and leader in artificial intelligence (AI) to lead Fortrea's efforts in AI and machine learning. Fortrea also made progress in winning new business, delivering a book-to-bill ratio that exceeded 1.2x for the fourth quarter of 2023 and achieving its intended target of more than 1.2x for its first six months as an independent organization.
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> "We are pleased with how customers have responded to Fortrea and our offerings. Fortrea has a heritage of more than 30 years as a leader in clinical research and has

been a leader in quality management," said Tom Pike. "Fortrea is fulfilling its mission to deliver solutions that bring life-changing treatments to patients faster."

28. On March 11, 2024, Fortrea issued a press release announcing the Company's financial results for the year ended December 31, 2023. The press release touted the Company's fourth quarter and full year financial results and issued guidance for the full fiscal year 2024. The press release further touted the Company's book-to-bill ratio as well as the Company's backlog. Specifically, the press release stated the following, in relevant part:

Fortrea Reports Fourth Quarter and Full-Year 2023 Results; Issues Full-Year 2024 Guidance

For the three months ended December 31, 2023 and full year 2023:
•Revenues of $775.4 million for fourth quarter, $3,109.0 million for the full year
•GAAP net loss of $(36.0) million for the fourth quarter, $(3.4) million for the full year
•Adjusted EBITDA of $67.2 million for the fourth quarter, $267.3 million for the full year
•Fourth-quarter book-to-bill ratio of 1.30x

* * *

Fourth Quarter 2023 Financial Results

Revenue for the fourth quarter was $775.4 million, compared to $761.7 million in the fourth quarter of 2022. Revenue for Clinical Services was $709.7 million and was $65.7 million for Enabling Services.

Fourth quarter GAAP net loss was $(36.0) million and diluted loss per share was $(0.41) compared to fourth quarter of 2022 GAAP net income of $33.4 million and earnings per share of $0.38. Fourth quarter adjusted EBITDA was $67.2 million, compared to fourth quarter of 2022 adjusted EBITDA of $109.8 million.

Fortrea's book-to-bill ratio was 1.30x for the fourth quarter of 2023, achieving the target of more than 1.2x for its first six months as an independent organization.

Full Year 2023 Financial Results

Revenue for the full year was $3,109.0 million, compared to $3,096.1 million for the full year 2022. Revenue for Clinical Services was $2,839.5 million and was $269.5 million for Enabling Services.

Full year GAAP net loss was $(3.4) million and diluted loss/earnings per share was $(0.04) compared to 2022 GAAP net income of $192.9 million and earnings per share of $2.17. Full year adjusted EBITDA was $267.3 million, compared to 2022 adjusted EBITDA of $405.1 million.

Backlog as of December 31, 2023, was $7,392 million.

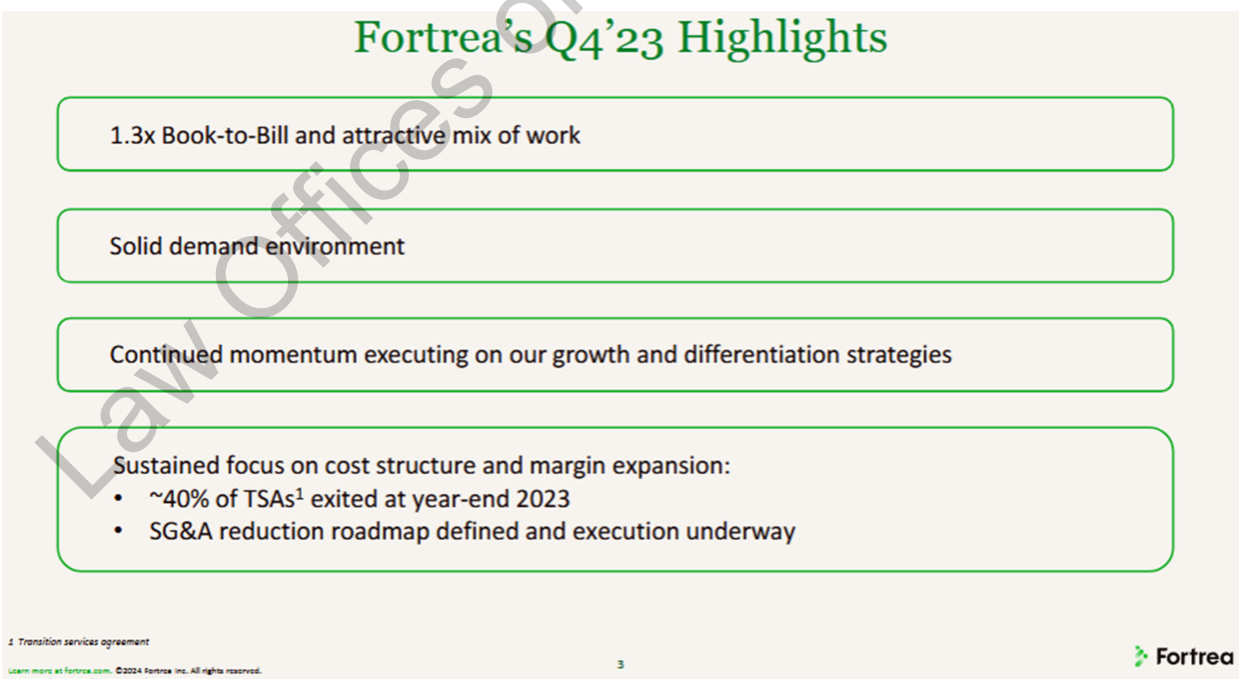
The Company's cash and cash equivalents were $108.6 million and gross debt was $1,624.7 million on December 31, 2023. For the full year 2023, operating cash flow was $167.4 million and free cash flow was $127.1 million.

* * *

2024 Financial Guidance

For the full year 2024, the Company targets revenues in the range of $3,140 million to $3,205 million and adjusted EBITDA guidance in the range of $280 million to $320 million, excluding the impact of the planned transaction described below. The guidance assumes foreign currency exchange rates as of December 31, 2023, remain in effect for the forecast period.

29. On March 11, 2024, Fortrea issued an investor presentation in connection with announcing the Company's financial results for the year ended December 31, 2023. The investor presentation touted the Company's "***1.3x Book-to-Bill and attractive mix of work.***" Specifically, the investor presentation stated the following, in relevant part:



30. On March 13, 2024, the Company submitted its annual report for the fiscal year ended December 31, 2023 on a Form 10-K filed with the SEC, affirming the previously reported financial results (the "FY23 10-K"). The FY23 10-K purported to provide disclosures concerning Fortrea's operations and financial performance, and included representations concerning Fortrea's project/contract backlog, including its size and relevant dynamics that affected or could affect backlog and the conversion of backlog into recognized revenue. Specifically, the FY23 10-K reported the following risk related to Fortrea's business, in relevant part:

> ***Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue r***eflected in our backlog.
>
> Our backlog consists of anticipated revenue awarded from contract and pre-contract commitments that are supported by written communications. Once work begins on a project, revenue is recognized over the duration of the project, provided the award has gone to contract. Projects may be canceled or delayed by the customer or delayed by regulatory authorities for reasons beyond our control. To the extent projects are delayed, the timing of our revenue could be adversely affected. In addition, if a customer terminates a contract, we typically would be entitled to receive payment for all services performed up to the termination date and subsequent customer authorized services related to terminating the canceled project. Typically, however, we have no contractual right to the full amount of the future revenue reflected in our backlog in the event of a contract termination or subsequent changes in scope that reduce the value of the contract. The duration of the projects included in our backlog, and the related revenue recognition, typically range from a few months to several years. Our backlog might not be indicative of our future revenues, and we might not realize all the anticipated future revenue reflected in that backlog. A number of factors may affect the backlog, including:
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> •the size, complexity, and duration of projects or strategic relationships;
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> •the cancellation or delay of projects;
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> •the failure of one or more business awards to go to contract; and
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> •changes in the scope of work during the course of projects.
>
> The rate at which our backlog converts to revenue may vary over time. The revenue recognition on larger, more global projects could be slower than on smaller, more regional projects for a variety of reasons, including, but not limited to, an extended period of negotiation between the time the project is awarded to us and the actual

execution of the contract, as well as an increased timeframe for obtaining the necessary regulatory approvals.

> Our backlog as of December 31, 2023 was $7.4 billion. Although an increase in backlog will generally result in an increase in revenues over time, an increase in backlog at a particular point in time does not necessarily correspond directly to an increase in revenues during any particular period, or at all. The extent to which contracts in backlog will result in revenue depends on many factors, including, but not limited to, delivery against project schedules, scope changes, contract terminations and the nature, duration, and complexity of the contracts, and can vary significantly over time.

31. The FY23 10-K further provided purported details concerning the Company's "Backlog and Net New Business," specifically stating as follows in relevant part:

> **Backlog and Net New Business**
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> Our backlog consists of anticipated future revenue from business awards that either have not started, or that are in process and have not been completed. Our backlog also reflects any cancellation or adjustment activity related to these awards. The average duration of our contracts will fluctuate from period to period based on the contracts comprising our backlog at any given time. The majority of our contracts contain early termination provisions that typically require notice periods ranging from 30 to 90 days. We adjust backlog for foreign currency fluctuations and exclude from backlog revenue that has been recognized as revenue in our statements of operations. Our backlog was $7.4 billion as of December 31, 2023.
>
> We do not believe that, as a sole measure, our backlog is a consistent indicator of future revenue because it has been, and likely will continue to be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or regulatory authorities. We generally do not have a contractual right to the full amount of the contract award reflected in our backlog. If a customer cancels a contract, we generally will be reimbursed for the costs we have incurred. For more information about risks related to our backlog see "Risk Factors—Risks Relating to Our Business—Our backlog might not be indicative of our future revenues, and we might not realize all of the anticipated future revenue reflected in our backlog."

32. The FY23 10-K reported the Company's financial information including Management's Discussion and Analysis of Financial Condition and Results of Operations. Therein, the Company purported to report the trends and changes in revenues from the fiscal year

years ended December 31, 2023, 2022 and 2021. Specifically, the FY23 10-K reported the following in relevant part:

Results of Operations for the years ended December 31, 2023, 2022 and 2021

The following tables present the financial measures that management considers to be the most significant indicators of the Company's performance.

Revenues

	Years Ended December 31,				
	2023	2022	2021	2023/2022 change	2022/2021 change
Clinical Services	$ 2,839.5	$ 2,825.4	$ 2,763.5	0.5 %	2.2 %
Enabling Services	269.5	270.7	294.0	(0.4)%	(7.9)%
Total	$ 3,109.0	$ 3,096.1	$ 3,057.5	0.4 %	1.3 %

The Company's revenues for the year ended December 31, 2023, were $3,109.0, an increase of 0.4% over revenues of $3,096.1 in the corresponding period in 2022. The increase in revenues was due to organic growth of 0.3% and favorable foreign currency translation of 0.1%. The Company defines organic growth as the increase in revenue excluding the year over year impact of acquisitions, divestitures, and currency. The 0.3% increase in organic revenues was primarily driven by an increase in pass through revenues offset by lower service revenues driven by the mix and quantity of new business wins during the year prior to the Spin and by the impact of a prior year FSP cancellation.

33. On May 13, 2024, Fortrea issued a press release, announcing the Company's financial results for the fiscal quarter ended March 31, 2024. The press release touted the Company's first quarter finanical results, as well as the Company's book-to-bill ratio and backlog. The press release further reiterated full year 2024 financial guidance. Specifically, the press release stated as follows, in relevant part:

Fortrea Reports First Quarter 2024 Results

For the three months ended March 31, 2024, from continuing operations:
•Revenues of $662.1 million
•GAAP net loss of $81.6 million
•Adjusted EBITDA of $29.5 million
•GAAP and adjusted diluted loss per share of $(0.91) and $(0.04), respectively
•Book-to-bill ratio of 1.11x, resulting in >1.2x book-to-bill for the trailing nine months

•Planned divestiture of assets relating to the Endpoint Clinical and Patient Access businesses on track

* * *

First Quarter 2024 Financial Results

All commentary in this press release relates to continuing operations unless otherwise noted.

Revenue for the first quarter was $662.1 million, compared to $693.9 million in the first quarter of 2023.

First quarter GAAP net loss from continuing operations was $81.6 million and diluted loss per share was $0.91 compared to first quarter of 2023 GAAP net income from continuing operations of $7.3 million and diluted earnings per share of $0.08. First quarter adjusted EBITDA was $29.5 million, compared to first quarter of 2023 adjusted EBITDA of $41.7 million.

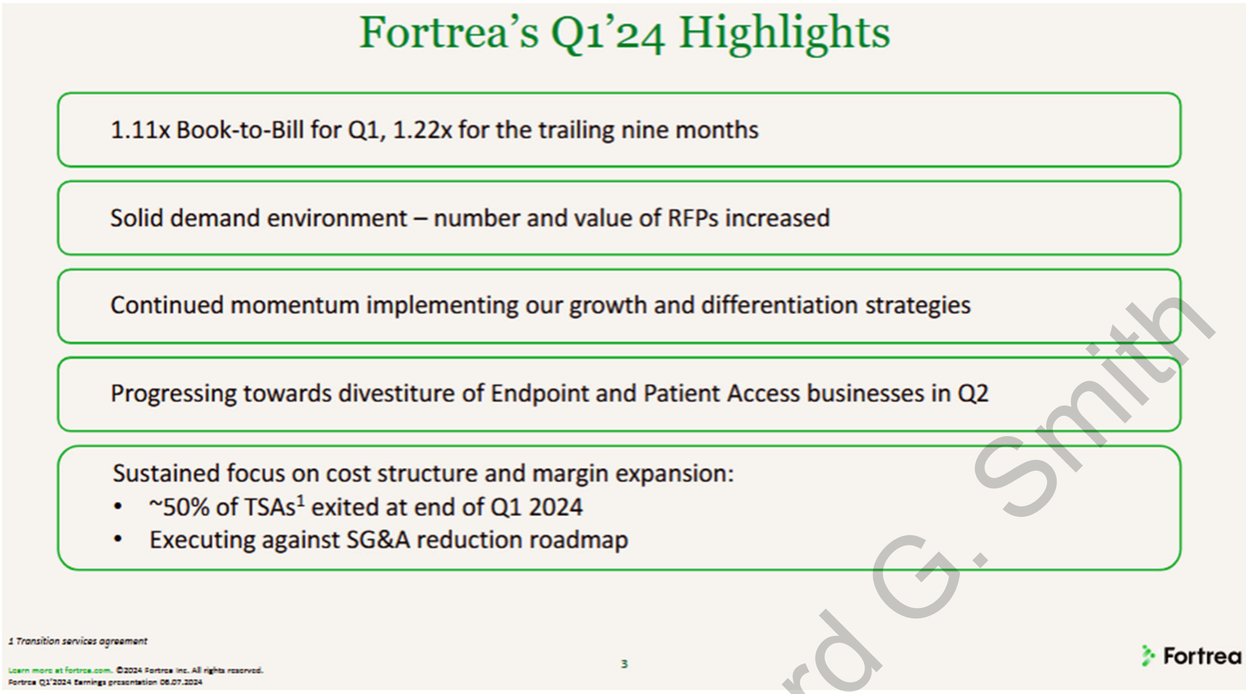
Backlog as of March 31, 2024, was $7.4 billion and book-to-bill ratio for the quarter was 1.11x.

The cash flows related to discontinued operations have not been segregated and are included in the condensed consolidated and combined statements of cash flows. The Company's cash and cash equivalents were $92.8 million and gross debt was $1,646.0 million on March 31, 2024. Operating cash flow for the three months ended March 31, 2024 was $(25.6) million and free cash flow was $(34.9) million.

2024 Financial Guidance

For the full year 2024, the Company targets revenues in the range of $2,785 million to $2,855 million and adjusted EBITDA guidance in the range of $240.0 million to $260.0 million. The guidance assumes foreign currency exchange rates as of December 31, 2023, remain in effect for the forecast period and has been updated to reflect continuing operations only and revised anticipated performance.

34. On May 13, 2024, Fortrea issued an investor presentation in connection with announcing the Company's announcing the Company's financial results for the fiscal quarter ended March 31, 2024. The investor presentation touted the Company's "***1.11x Book-to-Bill for Q1, 1.22x for the trailing nine months***", its "***solid demand environment***" and "***continued momentum***." Specifically, the investor presentation stated as follows, in relevant part:



35. On May 24, 2024, the Company submitted its quarterly report for the period ended March 31, 2024 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report further purported to warn of "[f]actors that ***could*** cause actual results to differ" including those related to backlog, as well as details concerning the Company's "Backlog and Net New Business." Specifically the quarterly report stated, in relevant part:

> A number of important factors ***could*** cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the risks and uncertainties discussed in the "Risk Factors" Section of our Form 10-K, as filed with the SEC. Factors that ***could*** cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include, among other things:
>
> * * *
>
> ***the risk that our backlog and net new business may not grow to the extent we anticipate or the time period we anticipate, that such measures may not be indicative of our future revenues and that we might not realize all of the anticipated future revenue reflected in our backlog***
>
> * * *
>
> **Backlog and Net New Business**

Our backlog consists of anticipated future revenue from business awards that either have not started, or that are in process and have not been completed. Our backlog also reflects any cancellation or adjustment activity related to these awards. The average duration of our contracts will fluctuate from period to period based on the contracts comprising our backlog at any given time. The majority of our contracts contain early termination provisions that typically require notice periods ranging from 30 to 90 days. We adjust backlog for foreign currency fluctuations and exclude from backlog revenue that has been recognized as revenue in our statements of operations. Our backlog was $7.4 billion as of March 31, 2024.

We do not believe that, as a sole measure, our backlog is a consistent indicator of future revenue because it has been, and likely will continue to be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or regulatory authorities. We generally do not have a contractual right to the full amount of the contract award reflected in our backlog. If a customer cancels a contract, we generally will be reimbursed for the costs we have incurred. For a further discussion of the risks relating to our business, see the "Risk Factors" section of our Annual Report on Form 10-K.

36. On August 12, 2024, Fortrea issued a press release, announcing the Company's financial results for the fiscal quarter ended June 30, 2024. The press release touted the Company's second quarter 2024 finanical results, as well as the Company's book-to-bill ratio and backlog. The press release further issued revised full year 2024 financial guidance. Specifically, the press release stated as follows, in relevant part:

Fortrea Reports Second Quarter 2024 Results

For the three months ended June 30, 2024, from continuing operations:

•Revenues of $662.4 million
•GAAP net loss of $(99.3) million
•Adjusted EBITDA of $55.2 million
•GAAP and adjusted loss per share of $(1.11) and $(0.03), respectively
•Book-to-bill ratio of 0.96x, resulting in 1.16x book-to-bill for the trailing 12 months
•Completed divestiture of assets relating to the Endpoint Clinical and Patient Access businesses
•Debt paydown of $504 million in the quarter using initial divestiture and securitization proceeds
•Revised full-year guidance

*   *   *

Second Quarter 2024 Financial Results

Revenue for the second quarter was $662.4 million, compared to $725.1 million in the second quarter of 2023.

Second quarter GAAP net loss was $(99.3) million and diluted loss per share was $(1.11) compared to second quarter of 2023 GAAP net income of $25.0 million and diluted earnings per share of $0.28. Second quarter adjusted EBITDA was $55.2 million, compared to second quarter of 2023 adjusted EBITDA of $71.9 million. Adjusted EBITDA increased sequentially by 103.7% in the quarter.

Backlog as of June 30, 2024, was $7.366 billion, and the book-to-bill ratio for the quarter was 0.96x.

First Half 2024 Financial Results

Revenue for the first half was $1,324.5 million, compared to $1,419.0 million in the first half of 2023.

First half GAAP net loss was $(179.1) million and diluted loss per share was $(2.01) compared to first half of 2023 GAAP net income of $33.0 million and diluted earnings per share of $0.37. First half adjusted EBITDA was $82.3 million, compared to first half 2023 adjusted EBITDA of $118.7 million.

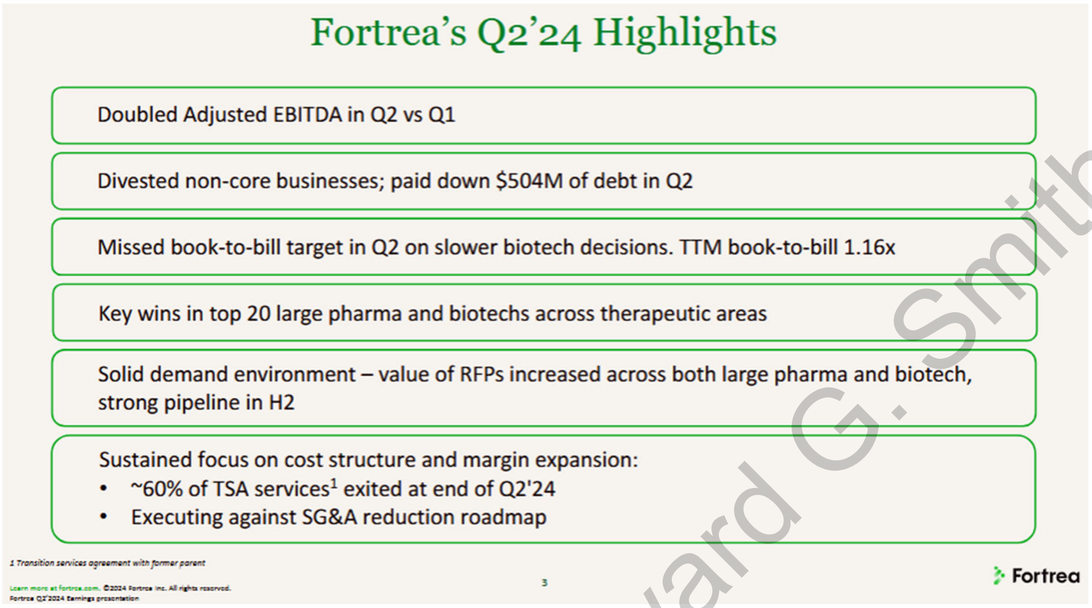
The Company's cash and cash equivalents were $126.2 million, and gross debt was $1,142.0 million on June 30, 2024. Operating cash flow for the six months ended June 30, 2024, was $248.1 million, and free cash flow was $227.6 million.

Full-Year 2024 Guidance

For the full year 2024, the Company is revising its revenue guidance to a range of $2,700 million to $2,750 million and adjusted EBITDA guidance to a range of $220 million to $240 million. The reduction in revenue is primarily due to lower pass-through revenues and, to a lesser extent, lower service-fee revenues in the second half as a result of lower net new business in the first half of 2024. The update to the adjusted EBITDA range is driven by the lower service-fee revenues. The guidance assumes foreign currency exchange rates as of December 31, 2023, remain in effect for the forecast period and has been updated to reflect revised anticipated performance.

37. On August 12, 2024, Fortrea issued an investor presentation in connection with announcing the Company's announcing the Company's financial results for the fiscal quarter ended June 30, 2024. The investor presentation attributed misses on the Company's book-to-bill

target to "***slower biotech decisions***" and touted the Company's "***strong pipeline***." Specifically, the investor presentation stated as follows, in relevant part:



38. On August 12, 2024, the Company submitted its quarterly report for the period ended June 30, 2024 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report further purported to warn of "[f]actors that ***could*** cause actual results to differ" including those related to backlog, as well as details concerning the Company's "Backlog and Net Bew Business." Specifically the quarterly report stated, in relevant part:

> A number of important factors ***could*** cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the risks and uncertainties discussed in the "Risk Factors" Section of our Form 10-K, as filed with the SEC. Factors that ***could*** cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include, among other things:
>
> *　　　　*　　　　*
>
> ***the risk that our backlog and net new business may not grow to the extent we anticipate or the time period we anticipate, that such measures may not be indicative of our future revenues and that we might not realize all of the anticipated future revenue reflected in our backlog***
>
> *　　　　*　　　　*

Backlog and Net New Business

Our backlog consists of anticipated future revenue from business awards that either have not started, or that are in process and have not been completed. Our backlog also reflects any cancellation or adjustment activity related to these awards. The average duration of our contracts will fluctuate from period to period based on the contracts comprising our backlog at any given time. The majority of our contracts contain early termination provisions that typically require notice periods ranging from 30 to 90 days. We adjust backlog for foreign currency fluctuations and exclude from backlog revenue that has been recognized as revenue in our statements of operations. Our backlog was $7.4 billion as of June 30, 2024.

We do not believe that, as a sole measure, our backlog is a consistent indicator of future revenue because it has been, and likely will continue to be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or regulatory authorities. We generally do not have a contractual right to the full amount of the contract award reflected in our backlog. If a customer cancels a contract, we generally will be reimbursed for the costs we have incurred. For a further discussion of the risks relating to our business, see the "Risk Factors" section of our Annual Report on Form 10-K.

39. On November 8, 2024, Fortrea issued a press release, announcing the Company's financial results for the fiscal quarter ended September 30, 2024. The press release touted the Company's third quarter 2024 finanical results, as well as the Company's book-to-bill ratio and backlog. The press release further reiterated full year 2024 financial guidance. Specifically, the press release stated as follows, in relevant part:

Fortrea Reports Third Quarter 2024 Results

For the three months ended September 30, 2024, from continuing operations:

•Revenues of $674.9 million
•GAAP net loss of $(18.5) million
•Adjusted EBITDA of $64.2 million
•GAAP and adjusted net income (loss) per diluted share of $(0.21) and $0.23, respectively
•Book-to-bill ratio of 1.23x, resulting in 1.15x book-to-bill for the trailing 12 months

* * *

"We had a solid quarter of execution" said Tom Pike, chairman and CEO of Fortrea. ***"Our book-to-bill ratio for the quarter, as expected, is a nice mix of both large pharma and biotech awards. We have continued to make strong progress in the post-spin separation from our former parent.*** On the technology front for instance, we have migrated more than 90 percent of our IT applications and servers to the Fortrea environment."

All commentary in this press release relates to continuing operations unless otherwise noted.

Third Quarter 2024 Financial Results

Revenue for the third quarter was $674.9 million, compared to $713.8 million in the third quarter of 2023.

Third quarter GAAP net loss was $(18.5) million and diluted loss per share was $(0.21) compared to third quarter of 2023 GAAP net loss of $(16.1) million and diluted loss per share of $(0.18). Third quarter adjusted EBITDA was $64.2 million, compared to third quarter of 2023 adjusted EBITDA of $68.2 million. Adjusted EBITDA increased sequentially by 16.3% in the quarter.

Backlog as of September 30, 2024, increased to $7,571 million, and the book-to-bill ratio for the quarter was 1.23x.

Year-To-Date 2024 Financial Results

Year-to-Date Revenue was $1,999.4 million, compared to $2,132.8 million in 2023.

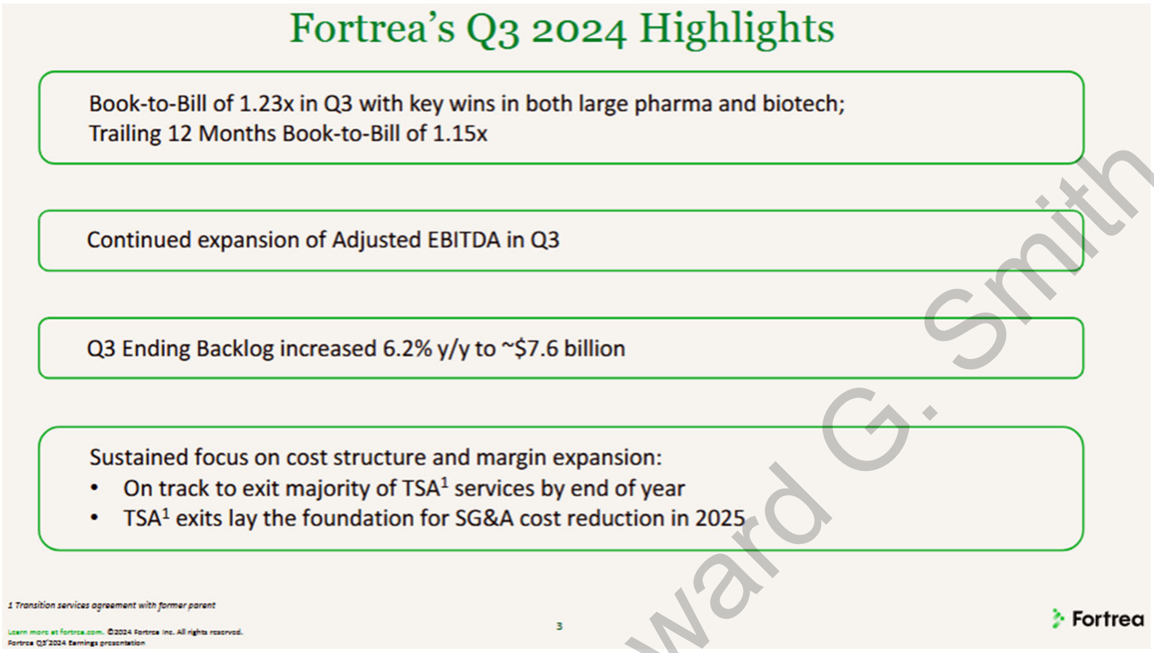
Year-to-Date GAAP net loss was $(197.6) million and diluted loss per share was $(2.21) compared to 2023 GAAP net income of $16.9 million and diluted earnings per share of $0.19. Year-to-Date adjusted EBITDA was $146.5 million, compared to 2023 adjusted EBITDA of $186.9 million.

The Company's cash and cash equivalents were $105.3 million, and gross debt was $1,142.0 million on September 30, 2024. Operating cash flow for the nine months ended September 30, 2024, was $245.7 million, and free cash flow was $217 million.

Full-year 2024 revenue guidance has been updated to $2,700 million to $2,725 million. Full-year 2024 adjusted EBITDA guidance remains unchanged at a range of $220 million to $240 million.

40. On November 8, 2024, Fortrea issued an investor presentation in connection with announcing the Company's financial results for the fiscal quarter ended September 30, 2024. The

investor presentation touted the Company's "Q3 Ending Backlog" increase. Specifically, the investor presentation stated as follows, in relevant part:



41. On November 8, 2024, the Company submitted its quarterly report for the period ended September 30, 2024 on a Form 10-Q filed with the SEC, affirming the previously reported financial results. The report further purported to warn of "[f]actors that ***could*** cause actual results to differ" including those related to backlog, as well as details concerning the Company's "Backlog and Net Bew Business." Specifically the quarterly report stated, in relevant part:

> A number of important factors ***could*** cause actual results to differ materially from those contained in or implied by the forward-looking statements, including the risks and uncertainties discussed in the "Risk Factors" Section of our Form 10-K, as filed with the SEC. Factors that ***could*** cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include, among other things:
>
> * * *
>
> ***the risk that our backlog and net new business may not grow to the extent we anticipate or over the time period we anticipate, that such measures may not be indicative of our future revenues and that we might not realize all of the anticipated future revenue reflected in our backlog***

*   *   *

Backlog and Net New Business

> Our backlog consists of anticipated future revenue from business awards that either have not started, or that are in process and have not been completed. Our backlog also reflects any cancellation or adjustment activity related to these awards. The average duration of our contracts will fluctuate from period to period based on the contracts comprising our backlog at any given time. The majority of our contracts contain early termination provisions that typically require notice periods ranging from 30 to 90 days. We adjust backlog for foreign currency fluctuations and exclude from backlog amounts that have been recognized as revenue in our statements of operations. Our backlog was $7.6 billion as of September 30, 2024.
>
> We do not believe that, as a sole measure, our backlog is a consistent indicator of future revenue because it has been, and likely will continue to be, affected by a number of factors, including the variable size and duration of projects, many of which are performed over several years, and changes to the scope of work during the course of projects. Additionally, projects may be canceled or delayed by the customer or regulatory authorities. We generally do not have a contractual right to the full amount of the contract award reflected in our backlog. If a customer cancels a contract, we generally will be reimbursed for the costs we have incurred. For a further discussion of the risks relating to our business, see the "Risk Factors" section of our Annual Report on Form 10-K.

42. The statements identified in ¶¶ 17-41 above were materially false and/or misleading, and failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants failed to disclose to investors that: (1) the Company's projects from the pre-spin period differed materially in revenue, costs, margins, and timing composition; (2) as a result, the Company's revenue recognition on pre-spin projects would be delayed; (3) the Company's post-spin book-to-bills were insufficient to offset pre-spin contract economics; and (4) as a result of the foregoing, Defendants' positive statements about the Company's business, operations, and prospects were materially misleading and/or lacked a reasonable basis.

C. Disclosures at the End of the Class Period

43. On March 3, 2025, before the market opened, Fortrea announced financial results for the fourth quarter and full year 2024, revealing the Company had missed its previously announced guidance on both revenue and adjusted EBITDA for the full year 2024, and expected revenue and adjusted EBITDA to decline in the coming year. The Company's finanical results revealed full year adjusted EBITDA was $202.5 million, well below the Company's previously announced guidance of $220 million to $240 million and significantly below market consensus. The Company also revealed its full year revenue of $2,696.4, which missed the Company's previously announced guidance of $7,700 million to $2,725 million, and was significantly below market consensus. The Company further revealed financial guidance for the full year 2025, which projected declines in revenue and adjusted EBITDA, with revenues of $2,450 million to $2,550 million and EBITDA in the range of $170 million to $200 million. Specifically, the Company issued a press release, announcing the Company's financial results for the year ended December 31, 2024 which stated as follows, in relevant part:

> **Fourth Quarter 2024 Financial Results**
>
> Revenue for the fourth quarter was $697.0 million, compared to $709.7 million in the fourth quarter of 2023.
>
> Fourth quarter GAAP net loss was $(73.9) million and diluted loss per share was $(0.82) compared to fourth quarter of 2023 GAAP net loss of $(48.6) million and diluted loss per share of $(0.55). Fourth quarter adjusted EBITDA was $56.0 million, compared to fourth quarter of 2023 adjusted EBITDA of $58.9 million.
>
> Fortrea's book-to-bill ratio was 1.35x for the fourth quarter of 2024.
>
> **Full Year 2024 Financial Results**
>
> Revenue for the full year was $2,696.4 million, compared to $2,842.5 million for the full year 2023.
>
> Full year GAAP net loss was $(271.5) million and diluted loss per share was $(3.03) compared to 2023 GAAP net loss of $(31.7) million and diluted earnings per share

of $(0.36). Full year adjusted EBITDA was $202.5 million, compared to 2023 adjusted EBITDA of $245.8 million.

Fortrea's trailing twelve-month book-to-bill ratio was 1.16x and backlog as of December 31, 2024, was $7,699 million.

The Company's cash and cash equivalents were $118.5 million and gross debt was $1,142.0 million as of December 31, 2024. For the full year ended December 31, 2024, operating cash flow was $262.8 million and free cash flow was $237.3 million. On February 28, 2025, the Company entered into an amendment to modify a financial covenant to provide the Company with additional flexibility under the Company's Credit Agreement through the fourth quarter of 2026.

2025 Financial Guidance

For the full year 2025, the Company targets revenues in the range of $2,450 million to $2,550 million and adjusted EBITDA guidance in the range of $170 million to $200 million.

The guidance assumes foreign currency exchange rates as of December 31, 2024, remain in effect for the forecast period.

44. On the same date, the Company held an earnings call in connection with the Company's fourth quarter and full year 2024 financial results (the "FY24 Earnings Call"). During the FY24 Earnings Call, Defendant Pike offered his prepared remarks, wherein he explained that, ***"full-service work for projects from the pre-spin period,*** *"* ***"have less revenue and less profitability*** *"* and "***post-spin work is not coming on fast enough to offset the pre-spin contract economics.***" Pike further revealed "***this older versus newer mix issue will continue to negatively impact our financial performance during 2025***." Specifically, during the FY24 Earnings Call, Defendant Pike stated as follows, in relevant part:

I'm certainly proud that our average book-to-bill is 1.2x since spin, and it bodes well for the future. However, let me discuss the big issue here. Our targeted revenue and adjusted EBITDA trajectories for 2025 are not in line with our prior expectations. Let me remind you, this spin was lift and shift. We've been using the same management processes and systems that a division of a much larger company use, ideally waiting to update them until we convert them to our own environment.

As we implemented our environment in connection with exiting the TSAs, we did a deeper analysis of full-service projects and other inputs to longer-term forecasts.

> Given this analysis, we have a better picture of the revenues, costs, margins and timing on the full-service work for projects from the pre-spin period, and we understand that they represent a bigger slice of the pie in 2025.
>
> This analysis, which also took significant time to confirm, indicated that the pre-spin projects, many late in their life cycle have less revenue and less profitability than expected for 2025. The strong book-to-bills in spin are creating work that's sold and delivered at good margins. This post-spin work is not coming on fast enough to offset the pre-spin contract economics.
>
> This older versus newer mix issue will continue to negatively impact our financial performance during 2025 until revenue from our new business wins becomes a larger portion of the mix.

45. Further, during the FY24 Earnings Call, Defendant McConnell also offered prepared remarks, during which McConnell attributed revenue decline within the fiscal year to "lower new business awards in the pre-spin period, along with the mix of later in their life cycle and longer duration studies in our backlog." Defendant McConnell further described "***inefficiencies in the pre-spin portfolio.***" Specifically, during the FY24 Earnings Call, Defendant McConnell stated as follows, in relevant part:

> Now I'll cover the financial results. For the fourth quarter, revenues of $697 million declined 1.8% year-on-year. The lack of growth versus the prior year was driven by lower late-stage clinical service fee revenue, partially offset by higher service fee revenues from our Phase 1 clinical pharmacology business. Our Phase 1 clinical pharmacology unit has continued to perform well. Our later-stage clinical business is performing well for customers as evidenced by their higher NPS ratings.
>
> However, ***service fee revenue declined based on a combination of factors, including lower new business awards in the pre-spin period, along with the mix of later in their life cycle and longer duration studies in our backlog, including slower burning studies such as oncology, which have continued to be a significant part of our portfolio.*** The fourth quarter was also negatively impacted by the effort associated with the system transition to exit the TSA services, along with a more pronounced impact of the holiday period compared to historical experience.
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> *　　　　*　　　　*
>
> The post-spin portfolio is also impacted by slower start-up in biotech projects and the soft first half bookings in 2024. ***The lower margin targets are driven by the inefficiencies in the pre-spin portfolio and the inherited SG&A costs that we are***

> ***actively working to reduce.*** Many of the pre-spin projects are extended in duration and are well into their life cycle, as Tom described, both of which create headwinds to growth and margin expansion in 2025.

46. On this news, Fortrea shares declined $3.47, or 25.1% per share, to close on March 3, 2025 at $10.38 per share, on unusually heavy trading volume.

V. CLASS ACTION ALLEGATIONS

47. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and 23(b)(3) on behalf of a class, consisting of all persons and entities that purchased or otherwise acquired Fortrea securities during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors, or assigns, and any entity in which any of the Defendants has or had a controlling interest.

48. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Fortrea or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

49. Plaintiff's claims are typical of the Class Members, as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal securities laws that is complained of herein.

50. Plaintiff will fairly and adequately protect the interests of Class Members, and has retained counsel competent and experienced in class and securities litigation.

51. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

a. whether the federal securities laws were violated by Defendants' conduct as alleged herein;

b. whether statements made by Defendants to the investing public during the Class Period omitted or misrepresented material facts about the Company's business, operations, and prospects; and

c. to what extent Class Members have sustained damages and the proper measure of damages.

52. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Further, as the damages suffered by individual Class Members may be relatively small, the expense and burden of individual litigation makes it impossible for Class Members to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

VI. UNDISCLOSED ADVERSE FACTS

53. The market for Fortrea's common stock was open, well-developed and efficient at all relevant times. As a result of Defendants' materially false and/or misleading statements, and/or failures to disclose, Fortrea's common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Fortrea common stock relying upon the integrity of the market price of those securities and market information relating to Fortrea, and have been damaged thereby.

54. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Fortrea's common stock, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and/or misleading. The statements and omissions were materially false and/or misleading because they failed to disclose material adverse information and/or misrepresented the truth about Fortrea's business, operations, and prospects as alleged herein.

55. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Fortrea's operations and prospects. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its operations and prospects, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein when the truth was revealed.

VII. LOSS CAUSATION

56. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic losses suffered by Plaintiff and the Class.

57. During the Class Period, Plaintiff and the Class purchased Fortrea common stock at artificially inflated prices and were damaged thereby. The price of Fortrea common stock significantly declined when the misrepresentations made to the market, and/or the information

alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

VIII. APPLICABILITY OF PRESUMPTION OF RELIANCE: FRAUD-ON-THE-MARKET DOCTRINE

58. The market for Fortrea's common stock was open, well-developed and efficient at all relevant times. As a result of Defendants' materially false and/or misleading statements and/or material omissions, Fortrea common stock traded at artificially inflated prices during the Class Period. On April 9, 2024, Fortrea shares closed at a Class Period high of $40.28 per share. Plaintiff and other members of the Class purchased or otherwise acquired Fortrea common stock relying on the integrity of the market price of such securities and on publicly available market information relating to Fortrea, and have been damaged thereby.

59. During the Class Period, the artificial inflation of Fortrea's common stock was caused by the material misrepresentations and/or omissions alleged in this Complaint, thereby causing the damages sustained by Plaintiff and other Class members. As alleged herein, during the Class Period, Defendants made or caused to be made materially false or misleading statements about Fortrea's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of Fortrea and its business, operations and prospects, thus causing the price of Fortrea's common stock to be artificially inflated at all relevant times. When the truth was disclosed, it drove down the value of Fortrea's common stock, causing Plaintiff and other Class members who had purchased Fortrea shares at artificially inflated prices to suffer damages as a result.

60. At all relevant times, the market for Fortrea's common stock was efficient for the following reasons, among others:

a. Fortrea stock met the requirements for listing, and was listed and actively traded on NASDAQ, a highly efficient and automated market;

b. As a regulated issuer, Fortrea filed periodic public reports with the SEC and/or NASDAQ;

c. Fortrea regularly communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

d. Fortrea was followed by securities analysts employed by brokerage firms including J.P. Morgan, Barclays, Jefferies LLC, Deutsche Bank, Baird, William Blair & Co. LLC, who wrote reports about Fortrea that were distributed to the sales force and certain customers of their respective brokerage firms, otherwise made publicly available and thereby entered the public marketplace.

61. As a result of the foregoing, during the Class Period, the market for Fortrea stock promptly digested information regarding Fortrea from all publicly available sources and reflected such information into Fortrea's share price. Under these circumstances, the market for Fortrea stock was efficient during the Class Period and all purchasers of Fortrea stock during the Class Period suffered similar injury through their purchases of Fortrea common stock at artificially inflated prices. A class-wide presumption of reliance under the fraud-on-the-market doctrine therefore applies.

62. In the alternative, the *Affiliated Ute* presumption of reliance applies to the extent that Defendants' statements during the Class Period involved omissions of material facts. To the

extent this action involves Defendants' failure to disclose material adverse information regarding the Company's business, operations and prospects—information that Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered them important in making investment decisions. Given the importance of the Class Period material misstatements and omissions set forth above, that requirement is satisfied here.

IX. SCIENTER

63. As alleged herein, Defendants acted with scienter since Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Fortrea, their control over, and/or receipt and/or modification of Fortrea's allegedly materially misleading misstatements and/or their association with the Company which made them privy to confidential proprietary information concerning Fortrea, participated in the fraudulent scheme alleged herein.

X. NO SAFE HARBOR

64. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when

made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by a Company executive officer who knew that the statement was false when made.

XI. COUNTS

FIRST COUNT

Violation of Section 10(b) of The Exchange Act and

<u>Rule 10b-5 Promulgated Thereunder Against All Defendants</u>

65. Plaintiff repeats and realleges each allegation set forth above as if fully set forth herein.

66. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other Class members to purchase Fortrea stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants took the actions set forth herein.

67. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of Fortrea's securities in violation of Section

10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued as primary participants in the wrongful and illegal conduct charged herein, and/or as controlling persons as alleged below.

68. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a course of conduct to conceal adverse material information about Fortrea's operations and prospects, as specified herein.

69. Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse nonpublic information, and engaged in acts, practices, and a course of conduct as alleged herein, which included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Fortrea and its operations and prospects, in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of Fortrea's common stock during the Class Period.

70. Each of the Individual Defendants' primary liability and controlling person liability arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) the Individual Defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) the Individual Defendants enjoyed significant personal contact and familiarity with the other members of Fortrea's senior management and was advised of, and had access to, other members of the Company's management team, internal reports and other data and information

about the Company's operations, finances and prospects at all relevant times; and (iv) the Individual Defendants were aware of the Company's dissemination of information to the investing public which they knew and/or recklessly disregarded was materially false and misleading.

71. Defendants had actual knowledge of the misrepresentations and/or omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Fortrea's operations and prospects from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by Defendants' misstatements throughout the Class Period, if Defendants did not have actual knowledge of the misrepresentations and omissions alleged, Defendants were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

72. As a result of the dissemination of the materially false and/or misleading information and/or failure to disclose material facts, as set forth above, the market price of Fortrea common stock was artificially inflated during the Class Period. In ignorance of the fact that market prices of Fortrea's common stock were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which Fortrea shares traded, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other Class members acquired Fortrea common stock during the Class Period at artificially high prices and were damaged thereby.

73. At the time of said misrepresentations and/or omissions, Plaintiff and other Class members were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other Class members and the marketplace known the truth about Fortrea, which was not disclosed by Defendants, Plaintiff and other Class members would not have purchased or otherwise acquired their Fortrea common stock, or, if they had acquired such stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

74. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

75. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of Fortrea's securities during the Class Period.

SECOND COUNT

Violation of Section 20(a) of The Exchange Act

Against the Individual Defendants

76. Plaintiff repeats and realleges each allegation set forth above as if fully set forth herein.

77. Individual Defendants acted as controlling persons of Fortrea within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions and ownership and contractual rights, participation in, and/or awareness of the Company's operations and intimate knowledge of the false statements filed by the Company with the SEC and disseminated to the investing public, Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are

false and misleading. Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings, and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

78. In particular, Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and therefore had the power to control or influence the particular acts giving rise to the securities violations alleged herein, and exercised the same.

79. As set forth above, Fortrea and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their position as controlling persons, Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

XII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;

(b) Awarding compensatory damages in favor of Plaintiff and all other Class members against Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

(c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) Such other and further relief as the Court may deem just and proper.

XIII. JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated: March [__], 2025

By: /s [DRAFT]________________

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* Reflects attorneys for whom LR 83.1(d) notice of special appearance will promptly be filed

Counsel for Plaintiff