



# 4th Quarter Fiscal Year 2025 Earnings Presentation

May 14, 2025

# Agenda for Today

- 1 Q4 Performance Highlights and Business Update

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- 2 Detailed Review of Q4 Results and Guidance Update

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- 3 Q&A

# Forward-Looking Statements

Except for the historical information and discussions contained herein, statements contained in this document may constitute “forward-looking statements” that are based on the Company’s current assumptions regarding future operating or financial performance. These statements involve numerous risks, uncertainties and other important factors that could cause actual results to differ materially from those described in forward-looking statements, many of which are outside of our control, and include, but are not limited to: our inability to succeed in our strategic objectives; the risk of liability, reputational damages or adverse impact to business due to service interruptions from security breaches, cyber-attacks, other security incidents or disclosure of confidential information or personal data; compliance, or failure to comply, with obligations arising under new or existing laws, regulations, and customer contracts relating to the privacy, security and handling of personal data; our product and service quality issues; our inability to develop and expand our service offerings to address emerging business demands and technological trends, including our inability to sell differentiated services amongst our offerings and the competitive pressures faced by our business; our inability to compete in certain markets and expand our capacity in certain offshore locations; failure to maintain our credit rating and ability to manage working capital, refinance and raise additional capital for future needs; difficulty in understanding the changes to our business model by equity research or industry analysts or our failure to meet our publicly announced financial guidance; public health crises; our indebtedness and potential material adverse effect on our financial condition and results of operations; our inability to accurately estimate the cost of services, and the completion timeline of contracts; failure by us or third party partners to deliver on commitments or otherwise breach obligations to our customers; the risks associated with climate change and natural disasters; increased scrutiny of, and evolving expectations for, sustainability and environmental, social and governance initiatives; our inability to attract and retain key personnel and maintain relationships with key partners; the risks associated with prolonged periods of inflation or adverse changes in macroeconomic conditions; the risks associated with our international operations, such as risks related to currency exchange rates; our inability to comply with existing and new laws and regulations, including social and environmental responsibility regulations, policies and provisions; our inability to achieve the expected benefits of our restructuring plans; our inadvertent infringement of third-party intellectual property rights or infringement of our intellectual property rights by third parties; our inability to procure third-party licenses required for the operation of our products and service offerings; risks associated with disruption of our supply chain or increases in procurement costs, including as a result of ongoing trade tensions and tariff changes; our inability to maintain effective disclosure controls and internal control over financial reporting; potential losses due to asset impairment charges; our inability to pay dividends or repurchase shares of our common stock; pending investigations, claims and disputes and any adverse impact on our profitability and liquidity; disruptions in the credit markets, including disruptions that reduce our customers’ access to credit and increase the costs to our customers of obtaining credit; counterparty default risk in our hedging program; our failure to bid on projects effectively; financial difficulties of our customers and our inability to collect receivables; our inability to maintain and grow our customer relationships over time and to comply with customer contracts or government contracting regulations or requirements; our inability to succeed in our strategic transactions; changes in tax rates, tax laws, and the timing and outcome of tax examinations; risks related to our completed strategic transactions; volatility of the price of our securities, which is subject to market and other conditions. For a written description of these factors, see our upcoming Annual Report on Form 10-K for the fiscal year ended March 31, 2025, and any updating information in subsequent SEC filings. Any forward-looking statement contained herein speaks only as of the date on which it is made. Except as required by law, we assume no obligation to update or revise any forward-looking statements.

# Non-GAAP Financial Measures

We present Non-GAAP financial measures which are derived from the statements of operations, cash flow and balance sheets of DXC. These Non-GAAP financial measures include earnings before interest and taxes ("EBIT"), adjusted EBIT, adjusted EBIT excluding pension income, adjusted EBIT margin, adjusted EBIT margin excluding pension income, adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), Non-GAAP income from continuing operations before income taxes, Non-GAAP net income attributable to DXC and Non-GAAP basic and diluted EPS, organic revenue growth, constant currency revenue, free cash flow, Non-GAAP cost of services, Non-GAAP SG&A expense, Non-GAAP depreciation and amortization, Non-GAAP gross profit, Non-GAAP tax rate, Non-GAAP income tax expense, Non-GAAP other income, and Net Debt/adjusted EBITDA.

We believe EBIT, adjusted EBIT, non-GAAP income before income taxes, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS provide investors with useful supplemental information about our operating performance after excluding certain categories of expenses as well as gains and losses on certain dispositions and certain tax adjustments.

We believe constant currency revenues provide investors with useful supplemental information about our revenues after excluding the effect of currency exchange rate fluctuations for currencies other than U.S. dollars in the periods presented. See below for a description of the methodology we use to present constant currency revenues.

One category of expenses excluded from adjusted EBIT, non-GAAP income before income tax, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS, incremental amortization of intangible assets acquired through business combinations, if included, may result in a significant difference in period-over-period amortization expense on a GAAP basis. We exclude amortization of certain acquired intangible assets as these non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Although DXC management excludes amortization of acquired intangible assets, primarily customer-related intangible assets, from its non-GAAP expenses, we believe that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and support revenue generation. Any future transactions may result in a change to the acquired intangible asset balances and associated amortization expense.

Another category of expenses excluded from adjusted EBIT, non-GAAP income before income tax, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS is impairment losses, which, if included, may result in a significant difference in period-over-period expense on a GAAP basis. We exclude impairment losses as these non-cash amounts reflect generally an acceleration of what would be multiple periods of expense and are not expected to occur frequently. Further, assets such as goodwill may be significantly impacted by market conditions outside of management's control.

Selected references are made to revenue growth on an "organic basis" so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates and without the impacts of acquisitions and divestitures, thereby providing comparisons of operating performance from period to period of the business that we have owned during both periods presented. Organic revenue growth is calculated by dividing the year-over-year change in GAAP revenues attributed to organic growth by the GAAP revenues reported in the prior comparable period. Organic revenue is calculated as constant currency revenue excluding the impact of mergers, acquisitions or similar transactions until the one-year anniversary of the transaction and excluding revenues of divestitures during the reporting period. This approach is used for all results where the functional currency is not the U.S. dollar. We believe organic revenue growth provides investors with useful supplemental information about our revenues after excluding the effect of currency exchange rate fluctuations for currencies other than U.S. dollars and the effects of acquisitions and divestitures in both periods presented.

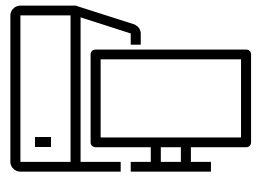
Free cash flow represents cash flow from operations, less capital expenditures. Free cash flow is utilized by our management, investors, and analysts to evaluate cash available to pay debt, repurchase shares, and provide further investment in the business.

There are limitations to the use of the non-GAAP financial measures presented in this report. One of the limitations is that they do not reflect complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. Additionally, other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes between companies. Selected references are made on a "constant currency basis" so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates, thereby providing comparisons of operating performance from period to period. Financial results on a "constant currency basis" are non-GAAP measures calculated by translating current period activity into U.S. dollars using the comparable prior period's currency conversion rates. This approach is used for all results where the functional currency is not the U.S. dollar.

DXC does not provide a reconciliation of non-GAAP financial measures that it discusses as part of its guidance because certain significant information required for such reconciliation is not available without unreasonable efforts or at all, including, most notably, the impact of significant non-recurring items. Without this information, DXC does not believe that a reconciliation would be meaningful. Explanations of non-GAAP financial measures used herein are provided later in this document.

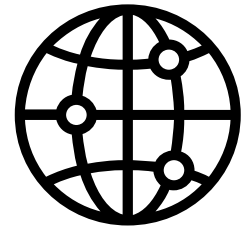


# Five Cycles of Technology Innovation



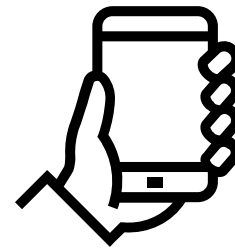
**PC**

**1980+**



**Internet**

**1990+**



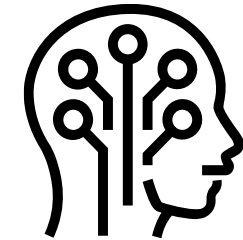
**Mobile**

**2005+**



**Cloud**

**2010+**



**AI**

**2020+**

# Q4 Fiscal Year 2025 Total Company Results

Organic Revenue Growth\*

**(4.2%)**  
YoY

Adjusted EBIT Margin\*

**7.3%**  
(110) bps YoY

Adjusted EPS\*

**\$0.84**  
(13.4%) YoY

\* Reconciliation of GAAP to Non-GAAP measures provided in appendix

# Q4 Fiscal Year 2025 GBS Results

## GBS

Revenue	YoY Organic Revenue Growth*	Segment Profit Margin	Book-to-Bill Ratio
\$1,630M	(2.4%)	10.9%	1.16x

\* Reconciliation of GAAP to Non-GAAP measures provided in appendix



# Q4 Fiscal Year 2025 GBS Results by Offering

	Revenue	YoY Organic Revenue Growth*	Book-to-Bill Ratio
Consulting & Engineering Services	\$1,237M	(3.9%)	1.22x
Insurance Software & BPS	\$393M	2.7%	0.97x
GBS	\$1,630M	(2.4%)	1.16x

\* Reconciliation of GAAP to Non-GAAP measures provided in appendix

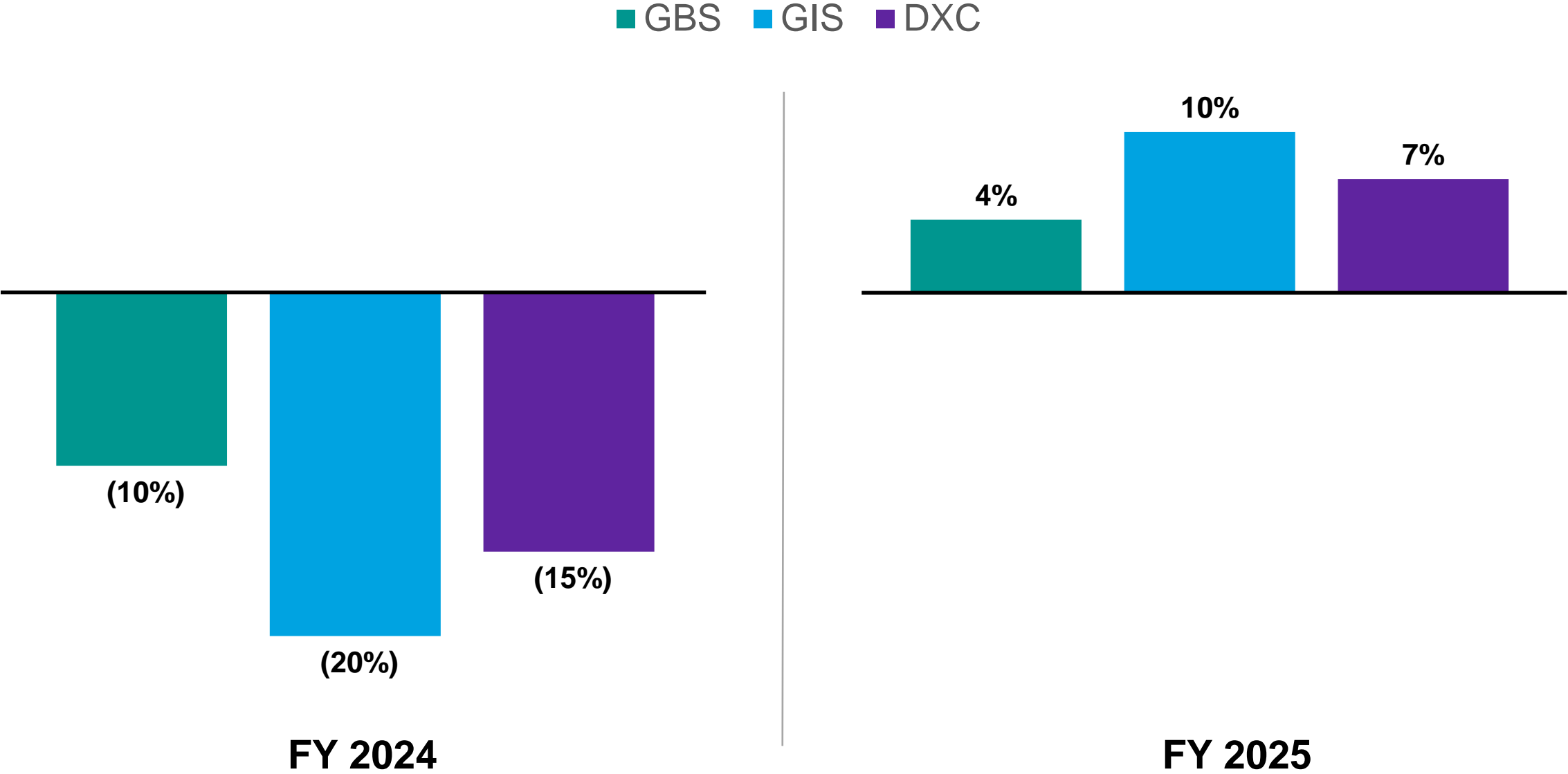
# Q4 Fiscal Year 2025 GIS Results

## GIS

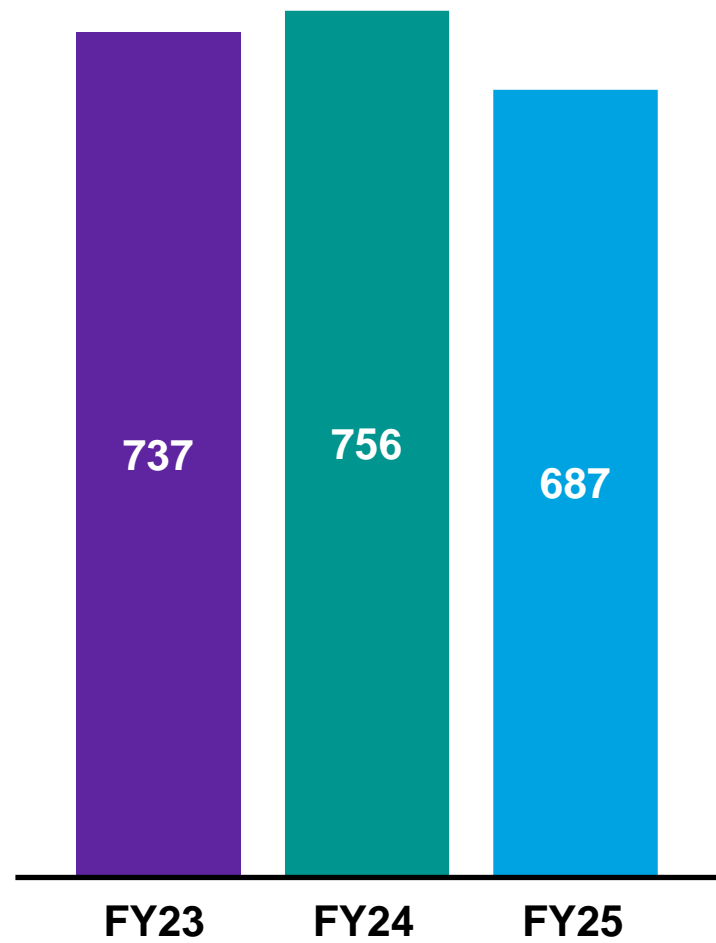
Revenue	YoY Organic Revenue Growth*	Segment Profit Margin	Book-to-Bill Ratio
\$1,539M	(6.0%)	7.0%	1.28x

\* Reconciliation of GAAP to Non-GAAP measures provided in appendix

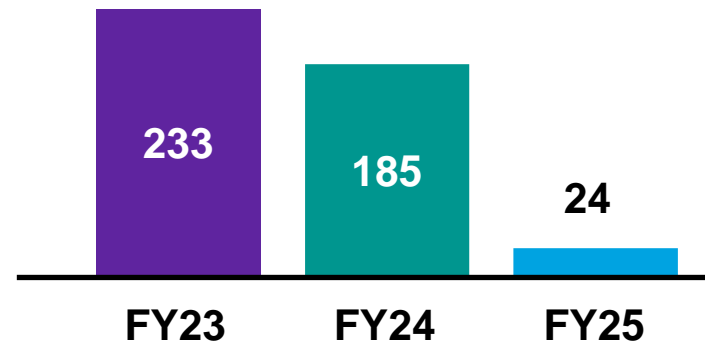
# Improved Bookings Year to Year



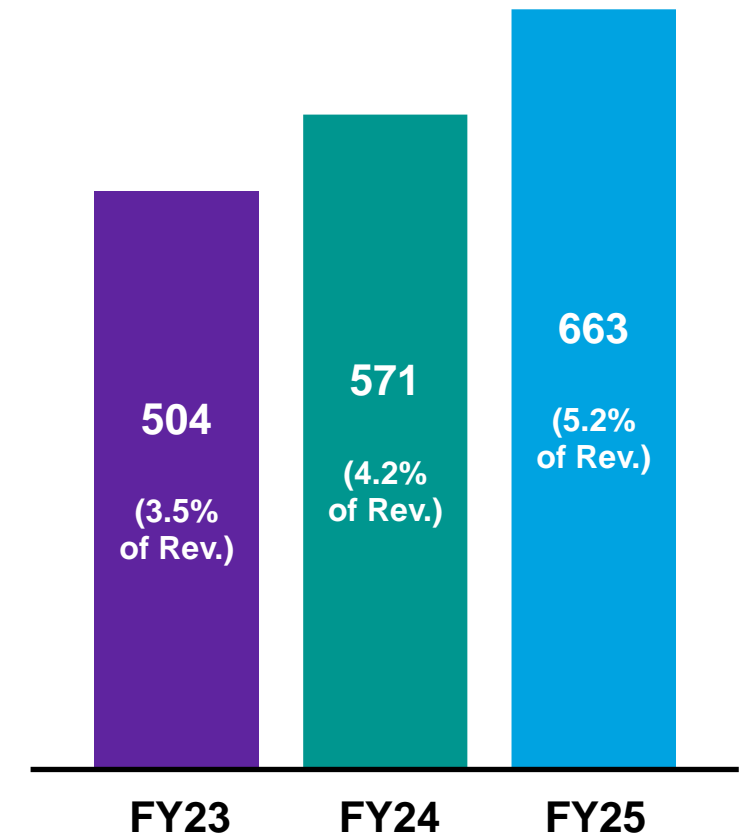
# Free Cash Flow Less Lease Originations



Free Cash Flow (FCF) (\$M)



Lease Originations (\$M)



FCF Less Lease Originations (\$M)

# Full Fiscal Year 2025 Balance Sheet

Total Debt

**\$3.9B**

(\$213M) YoY

Cash

**\$1.8B**

+\$572M YoY

Net Debt

**\$2.1B**

(\$785M) YoY

# Full Fiscal Year 2026 and Q1 Fiscal Year 2026 Guidance\*

## Full Fiscal Year 2026

YoY Organic Revenue Growth	Adjusted EBIT Margin	Non-GAAP Diluted EPS	Free Cash Flow
(3.0%) – (5.0%)	7.0% – 8.0%	\$2.75 – \$3.25	~\$600M

## Q1 Fiscal Year 2026

YoY Organic Revenue Growth	Adjusted EBIT Margin	Non-GAAP Diluted EPS
(4.0%) – (5.5%)	6.0% – 7.0%	\$0.55 – \$0.65

\* Reconciliation of GAAP to Non-GAAP measures provided in appendix



# Appendix

## Non-GAAP Reconciliations

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## Definitions



# YoY Organic Revenue Growth

(\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Total FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Total FY25
<b>GBS revenue</b>	<b>1,703</b>	<b>1,709</b>	<b>1,696</b>	<b>1,712</b>	<b>6,820</b>	<b>1,673</b>	<b>1,677</b>	<b>1,666</b>	<b>1,630</b>	<b>6,646</b>
YoY GBS revenue growth	(3.1%)	(0.2%)	(2.4%)	(2.2%)	(2.0%)	(1.8%)	(1.9%)	(1.8%)	(4.8%)	(2.6%)
Foreign currency	0.8%	(1.6%)	(1.4%)	0.6%	(0.4%)	1.8%	0.1%	0.9%	2.1%	1.2%
Acquisitions and divestitures	5.6%	4.2%	4.1%	1.3%	3.8%	0.5%	0.2%	0.4%	0.3%	0.4%
<b>YoY GBS organic revenue growth</b>	<b>3.3%</b>	<b>2.4%</b>	<b>0.3%</b>	<b>(0.3%)</b>	<b>1.4%</b>	<b>0.5%</b>	<b>(1.6%)</b>	<b>(0.5%)</b>	<b>(2.4%)</b>	<b>(1.0%)</b>
<b>GIS revenue</b>	<b>1,743</b>	<b>1,727</b>	<b>1,703</b>	<b>1,674</b>	<b>6,847</b>	<b>1,563</b>	<b>1,564</b>	<b>1,559</b>	<b>1,539</b>	<b>6,225</b>
YoY GIS revenue growth	(10.6%)	(6.8%)	(6.8%)	(9.0%)	(8.3%)	(10.3%)	(9.4%)	(8.5%)	(8.1%)	(9.1%)
Foreign currency	0.7%	(2.3%)	(2.1%)	(0.3%)	(1.0%)	1.0%	(0.2%)	0.7%	2.1%	0.9%
Acquisitions and divestitures	—	—	—	—	—	—	—	—	—	—
<b>YoY GIS organic revenue growth</b>	<b>(9.9%)</b>	<b>(9.1%)</b>	<b>(8.9%)</b>	<b>(9.3%)</b>	<b>(9.3%)</b>	<b>(9.3%)</b>	<b>(9.6%)</b>	<b>(7.8%)</b>	<b>(6.0%)</b>	<b>(8.2%)</b>

# Non-GAAP Reconciliation Organic Revenue

Q4 FY25 (in \$M)	Consulting & Engineering Services	Insurance Software & BPS	Cloud, ITO & Security	Modern Workplace	Acquisitions & Divestitures	Total
Revenue	1,237	393	1,180	359	—	3,169
Prior-year revenue	1,317	388	1,290	384	7	3,386
YoY change \$	(80)	5	(110)	(25)	(7)	(217)
YoY change %						
Revenue	(6.1%)	1.3%	(8.5%)	(6.5%)	—	(6.4%)
Foreign currency	2.2%	1.4%	2.0%	2.1%	—	2.1%
Acquisitions & divestitures	—	—	—	—	—	0.1%
Organic revenue growth/(decline) %	(3.9%)	2.7%	(6.5%)	(4.4%)	—	(4.2%)

# Reconciliation of Segment Profit to Pretax Income

GBS (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Total FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Total FY25
Segment revenue	1,703	1,709	1,696	1,712	6,820	1,673	1,677	1,666	1,630	6,646
<b>Segment profit</b>	<b>192</b>	<b>213</b>	<b>202</b>	<b>228</b>	<b>835</b>	<b>181</b>	<b>214</b>	<b>224</b>	<b>178</b>	<b>797</b>
<i>GBS profit %</i>	<i>11.3%</i>	<i>12.5%</i>	<i>11.9%</i>	<i>13.3%</i>	<i>12.2%</i>	<i>10.8%</i>	<i>12.8%</i>	<i>13.4%</i>	<i>10.9%</i>	<i>12.0%</i>
GIS (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Total FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Total FY25
Segment revenue	1,743	1,727	1,703	1,674	6,847	1,563	1,564	1,559	1,539	6,225
<b>Segment profit</b>	<b>88</b>	<b>101</b>	<b>119</b>	<b>125</b>	<b>433</b>	<b>114</b>	<b>129</b>	<b>101</b>	<b>107</b>	<b>451</b>
<i>GIS profit %</i>	<i>5.0%</i>	<i>5.8%</i>	<i>7.0%</i>	<i>7.5%</i>	<i>6.3%</i>	<i>7.3%</i>	<i>8.2%</i>	<i>6.5%</i>	<i>7.0%</i>	<i>7.2%</i>
Total (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Total FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Total FY25
Total revenue for reportable segments	3,446	3,436	3,399	3,386	13,667	3,236	3,241	3,225	3,169	12,871
<b>Total profit for reportable segments</b>	<b>280</b>	<b>314</b>	<b>321</b>	<b>353</b>	<b>1,268</b>	<b>295</b>	<b>343</b>	<b>325</b>	<b>285</b>	<b>1,248</b>
<i>Total segment profit margin</i>	<i>8.1%</i>	<i>9.1%</i>	<i>9.4%</i>	<i>10.4%</i>	<i>9.3%</i>	<i>9.1%</i>	<i>10.6%</i>	<i>10.1%</i>	<i>9.0%</i>	<i>9.7%</i>
All other	(62)	(63)	(65)	(69)	(259)	(71)	(64)	(39)	(55)	(229)
Restructuring costs	(20)	(35)	(36)	(20)	(111)	(39)	(42)	(43)	(29)	(153)
TSI	(1)	(3)	(2)	(1)	(7)	(7)	(15)	(3)	—	(25)
Amortization of intangible assets	(89)	(89)	(88)	(88)	(354)	(87)	(89)	(87)	(85)	(348)
Merger related indemnification	(11)	(2)	(2)	(1)	(16)	—	—	—	(2)	(2)
Gains and losses on dispositions	(5)	33	104	(17)	115	—	5	8	—	13
Gains and losses on real estate and facilities sales	6	—	2	(1)	7	(2)	(27)	(3)	9	(23)
Pension, actuarial & settlement gains and losses	—	—	—	(445)	(445)	—	—	—	232	232
Impairment losses	(3)	(2)	—	—	(5)	—	—	(12)	(5)	(17)
<b>EBIT <sup>(1)</sup></b>	<b>95</b>	<b>153</b>	<b>234</b>	<b>(289)</b>	<b>193</b>	<b>89</b>	<b>111</b>	<b>146</b>	<b>350</b>	<b>696</b>
Net interest	(17)	(25)	(22)	(20)	(84)	(21)	(18)	(15)	(12)	(66)
<b>Income before taxes</b>	<b>78</b>	<b>128</b>	<b>212</b>	<b>(309)</b>	<b>109</b>	<b>68</b>	<b>93</b>	<b>131</b>	<b>338</b>	<b>630</b>

<sup>(1)</sup> Defined at end of presentation

# Adjusted EBIT and Adjusted EBITDA Reconciliation

EBIT to Adjusted EBIT (\$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Total FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Total FY25
Net income (loss)	42	99	140	(195)	86	25	45	63	263	396
Income tax expense (benefit)	36	29	72	(114)	23	43	48	68	75	234
Interest income	(49)	(53)	(56)	(56)	(214)	(51)	(51)	(51)	(46)	(199)
Interest expense	66	78	78	76	298	72	69	66	58	265
<b>EBIT <sup>(1)</sup></b>	<b>95</b>	<b>153</b>	<b>234</b>	<b>(289)</b>	<b>193</b>	<b>89</b>	<b>111</b>	<b>146</b>	<b>350</b>	<b>696</b>
Restructuring costs	20	35	36	20	111	39	42	43	29	153
Transaction, separation & integration-related costs	1	3	2	1	7	7	15	3	—	25
Amortization of acquired intangible assets	89	89	88	88	354	87	89	87	85	348
Merger related indemnification	11	2	2	1	16	—	—	—	2	2
Impairment losses	3	2	—	—	5	—	—	12	5	17
Gains and losses on disposition of businesses	5	(33)	(104)	17	(115)	—	(5)	(8)	—	(13)
Pension & OPEB actuarial & settlement gains and losses	—	—	—	445	445	—	—	—	(232)	(232)
Gains and losses on real estate and facility sales	(6)	—	(2)	1	(7)	2	27	3	(9)	23
<b>Adjusted EBIT <sup>(1)</sup></b>	<b>218</b>	<b>251</b>	<b>256</b>	<b>284</b>	<b>1,009</b>	<b>224</b>	<b>279</b>	<b>286</b>	<b>230</b>	<b>1,019</b>
Depreciation and amortization	344	361	350	349	1,404	326	329	320	312	1,287
Less: Amortization of acquired intangible assets	(89)	(89)	(88)	(88)	(354)	(87)	(89)	(87)	(85)	(348)
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>473</b>	<b>523</b>	<b>518</b>	<b>545</b>	<b>2,059</b>	<b>463</b>	<b>519</b>	<b>519</b>	<b>457</b>	<b>1,958</b>
<b>EBIT margin <sup>(1)</sup></b>	<b>2.8%</b>	<b>4.5%</b>	<b>6.9%</b>	<b>(8.5%)</b>	<b>1.4%</b>	<b>2.8%</b>	<b>3.4%</b>	<b>4.5%</b>	<b>11.0%</b>	<b>5.4%</b>
<b>Adjusted EBIT margin <sup>(1)</sup></b>	<b>6.3%</b>	<b>7.3%</b>	<b>7.5%</b>	<b>8.4%</b>	<b>7.4%</b>	<b>6.9%</b>	<b>8.6%</b>	<b>8.9%</b>	<b>7.3%</b>	<b>7.9%</b>

<sup>(1)</sup> Defined at end of presentation

# Non-GAAP Reconciliation – EPS

Non-GAAP EPS	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Total FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Total FY25
<b>GAAP EPS (diluted)</b>	<b>\$0.17</b>	<b>\$0.49</b>	<b>\$0.81</b>	<b>(\$1.10)</b>	<b>\$0.46</b>	<b>\$0.14</b>	<b>\$0.23</b>	<b>\$0.31</b>	<b>\$1.43</b>	<b>\$2.10</b>
Restructuring costs	0.07	0.13	0.16	0.08	0.44	0.17	0.18	0.18	0.11	0.65
TSI	—	0.01	0.01	0.01	0.03	0.03	0.07	0.01	—	0.11
Amortization of acquired intangible assets	0.32	0.34	0.39	0.36	1.40	0.39	0.38	0.37	0.33	1.47
Impairment losses	0.03	0.01	—	—	0.04	—	—	0.05	0.03	0.09
Merger related indemnification	—	—	0.01	(0.01)	0.01	—	(0.03)	—	0.01	(0.02)
Gains and losses on disposition of businesses	0.02	(0.11)	(0.49)	0.13	(0.45)	—	(0.03)	(0.01)	(0.01)	(0.05)
Gains and losses on real estate and facility sales	(0.02)	—	(0.01)	—	(0.03)	0.01	0.11	0.01	(0.05)	0.08
Pension & OPEB actuarial & settlement gains and losses	—	—	—	1.82	1.68	—	—	—	(0.89)	(0.89)
Tax adjustment	0.01	(0.17)	(0.03)	(0.33)	(0.49)	—	0.03	(0.01)	(0.11)	(0.09)
Non-GAAP dilution adjustment	—	—	—	0.01	—	—	—	—	—	—
<b>Non-GAAP EPS (diluted) <sup>(1)</sup></b>	<b>\$0.61</b>	<b>\$0.70</b>	<b>\$0.86</b>	<b>\$0.97</b>	<b>\$3.10</b>	<b>\$0.75</b>	<b>\$0.93</b>	<b>\$0.92</b>	<b>\$0.84</b>	<b>\$3.43</b>
Shares outstanding (diluted)	213.8	203.1	191.9	183.5	198.8	182.9	183.9	184.8	184.8	184.9

<sup>(1)</sup> EPS and per-share values of certain items may not sum to Non-GAAP diluted EPS due to rounding

# DXC Free Cash Flow

Free Cash Flow (in \$M)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Total FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Total FY25
Cash flows from operating activities	127	248	706	280	1,361	238	195	650	315	1,398
Less capex										
Purchase of property & equipment	(55)	(53)	(36)	(38)	(182)	(48)	(41)	(82)	(77)	(248)
Payments for transition & transformation contract costs	(62)	(48)	(49)	(39)	(198)	(38)	(35)	(33)	(29)	(135)
Software purchased & developed	(85)	(56)	(36)	(48)	(225)	(107)	(71)	(52)	(98)	(328)
Total capex	(202)	(157)	(121)	(125)	(605)	(193)	(147)	(167)	(204)	(711)
Free Cash Flow	(75)	91	585	155	756	45	48	483	111	687

# Non-GAAP and Other Definitions

**Segment profit:** Segment revenue less costs of services, segment selling, general and administrative, depreciation and amortization, and other income, excluding the movement in foreign currency exchange rates on our foreign currency denominated assets and liabilities and the related economic hedges, restructuring costs, transaction, separation and integration-related costs, amortization of acquired intangible assets, pension and OPEB actuarial and settlement gains and losses and gain on disposition of businesses

**Segment profit margin:** Segment profit as a percentage of segment revenue

**Earnings before interest and taxes (EBIT):** Net income (loss) less income from discontinued operations, net of taxes, interest expense, interest income, and income tax expense (benefit)

**Earnings before interest, taxes, depreciation and amortization (EBITDA):** Net income (loss) less income from discontinued operations, net of taxes, interest expense, interest income, income tax expense (benefit), depreciation, and amortization

**EBIT margin:** EBIT as a percentage of revenue

**Adjusted EBIT:** EBIT excluding restructuring costs, merger related indemnification expense, debt extinguishment costs, transaction, separation and integration-related costs, amortization expense related to acquired intangible assets, pension and OPEB actuarial and settlement gains and losses, gain on disposition of businesses, and impairments

**Adjusted EBIT margin:** Adjusted EBIT as a percentage of revenue

**Adjusted EBITDA:** EBITDA excluding restructuring costs, merger related indemnification expense, debt extinguishment costs, transaction, separation and integration-related costs, pension and OPEB actuarial and settlement gains and losses, gain on disposition of businesses, and impairments

**Adjusted EBITDA margin:** Adjusted EBITDA as a percentage of revenue

**Free cash flow:** Cash flows from operating activities excluding capital expenditures for property and equipment, transition and transformation contract costs, and software purchased and developed

**Capital expenditure:** Equal to the sum of purchases of property, equipment, and software, and payments on transition and transformation costs, less proceeds from sales of assets

**Organic revenue:** Excludes the impacts of acquisitions and divestitures from financial results on a constant currency basis

**Organic revenue growth:** Calculated by dividing the current period change in organic revenues by GAAP revenues reported in the prior comparable period

**Non-GAAP gross profit:** Revenue less non-GAAP cost of sales

**Net debt:** Short-term debt plus long-term debt and current maturities of long-term debt, less cash and cash equivalents

**Gains and losses on real estate and facility sales:** Gains and losses related to dispositions of real property

# Non-GAAP Adjustments

## Our non-GAAP adjustments include:

- **Restructuring costs:** Includes costs, net of reversals, related to workforce and real estate optimization and other similar charges.
- **Transaction, separation and integration-related (“TSI”) costs:** Includes costs related to integration, separation, planning, financing and advisory fees and other similar charges associated with mergers, acquisitions, strategic investments, joint ventures, and dispositions and other similar transactions incurred within one year of such transactions closing, except for costs associated with related disputes, which may arise more than one year after closing.
- **Amortization of acquired intangible assets:** Includes amortization of intangible assets acquired through business combinations.
- **Pension and OPEB actuarial and settlement gains and losses:** Pension and OPEB actuarial mark to market adjustments and settlement gains and losses.
- **Merger related indemnification:** Represents liability to HPE for indemnification on certain matters pursuant to the HPES merger.
- **SEC matter:** Represents the company’s liability related to a previously disclosed investigation into its historical determination and disclosure of certain “transaction, separation, and integration-related costs” as part of the company’s non-GAAP adjustments.
- **Gains and losses on dispositions:** Gains and losses related to dispositions of businesses, strategic assets and interests in less than wholly owned entities.
- **Impairment losses:** Non-cash charges associated with the permanent reduction in the value of the company’s assets (e.g., impairment of goodwill and other long-term assets including fixed assets and impairments to deferred tax assets for discrete changes in valuation allowances). Future discrete reversals of valuation allowances are likewise excluded.
- **Debt extinguishment costs:** Costs associated with early retirement, redemption, repayment or repurchase of debt and debt-like items including any breakage, make-whole premium, prepayment penalty or similar costs as well as solicitation and other legal and advisory expenses.
- **Tax adjustments:** Reflects discrete tax adjustments to impair or recognize certain deferred tax assets, adjustments for changes in tax legislation, and adjustments to transition tax. Income tax expense/(benefit) from the impact of merger and divestitures is separately computed based on the underlying transaction. Income tax expense of all other (non-discrete) non-GAAP adjustments is computed by applying the jurisdictional tax rate to the pre-tax adjustments on a jurisdictional basis.



