



2nd Quarter FY 2024 Earnings Presentation

November 1, 2023

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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, adjusted EBITDA, adjusted EBIT margin, adjusted EBITDA margin, Non-GAAP income before income taxes, Non-GAAP net income attributable to DXC, Non-GAAP basic and diluted EPS provide investors with useful supplemental information about our operating performance after excluding certain categories of expenses.

We believe organic revenue growth and constant currency revenue 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, and impact of acquisitions and divestitures. See below for a description of the methodology we use to present organic revenue growth and constant currency revenue.

One category of expenses excluded from adjusted EBIT and adjusted EBITDA, Non-GAAP income from continuing operations before tax, Non-GAAP net income attributable to DXC and Non-GAAP EPS, incremental amortization of intangible assets acquired through business combinations, 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 and adjusted EBITDA, Non-GAAP income from continuing operations before tax, Non-GAAP net income attributable to DXC and Non-GAAP EPS, impairment losses, may result in a significant difference in period over period expense on a GAAP basis. We exclude impairment losses as these non-cash amounts, generally an acceleration of what would be multiple periods of expense, have not occurred frequently. Further assets such as goodwill may be significantly impacted by market conditions outside of management's control.

Free cash flow is defined as net cash provided by operating activities 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. Net debt is defined as the sum of short-term debt, current maturities of long-term debt and long-term debt less cash and cash equivalents. We believe this measure provides investors with greater transparency with respect to our net leverage.

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 to revenues 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 all 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. Revenues on a "constant currency basis" are Non-GAAP financial measures calculated by translating current period activity into U.S. dollars using the comparable prior period's currency conversion rates.

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.

Forward-Looking Statements

All statements and assumptions contained in this earnings presentation that do not directly and exclusively relate to historical facts constitute “forward-looking statements.” Forward-looking statements often include words such as “anticipates,” “believes,” “estimates,” “expects,” “forecast,” “goal,” “intends,” “objective,” “plans,” “projects,” “strategy,” “target,” and “will” and words and terms of similar substance in discussions of future operating or financial performance. These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved. Forward-looking statements include, among other things, statements with respect to our future financial condition, results of operations, cash flows, business strategies, operating efficiencies or synergies, divestitures, competitive position, growth opportunities, share repurchases, dividend payments, plans and objectives of management and other matters. Such statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements, many of which are outside of our control. Important factors that could cause actual results to differ materially from those described in forward-looking statements include, but are not limited to: our inability to succeed in our strategic objectives; the risk of liability or damage to our reputation resulting from security incidents, including breaches, and cyber-attacks to our systems and networks and those of our business partners, insider threats, disclosure of sensitive data or failure to comply with data protection laws and regulations in a rapidly evolving regulatory environment; in each case, whether deliberate or accidental; 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; our inability to compete in certain markets and expand our capacity in certain offshore locations and risks associated with such offshore locations, such as the ongoing conflict between Russia and Ukraine; and the conflict between Israel and Hamas; failure to maintain our credit rating and ability to manage working capital, refinance and raise additional capital for future needs; public health crises such as the COVID-19 pandemic; our indebtedness; the competitive pressures faced by our business; our inability to accurately estimate the cost of services, and the completion timeline of contracts; execution risks by us and our suppliers, customers, and partners; 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 retain and hire key personnel and maintain relationships with key partners; the risks associated with prolonged periods of inflation or current macroeconomic conditions, including the current decline in economic growth rates in the United States and in other countries, the possibility of reduced spending by customers in the areas we serve, the success of our cost-takeout efforts, continuing unfavorable foreign exchange rate movements, and our ability to close new deals in the event of an economic slowdown; 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, as well as customer and investor demands; our inability to achieve the expected benefits of our restructuring plans; inadvertent infringement of third-party intellectual property rights or our inability to protect our own intellectual property assets; 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; 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 following the merger of Computer Sciences Corporation (“CSC”) and Enterprise Services business of Hewlett Packard Enterprise Company’s (“HPES”) businesses, including anticipated tax treatment, unforeseen liabilities, and future capital expenditures; risks following the spin-off of our former U.S. Public Sector business (the “USPS”) and its related mergers with Vencore Holding Corp. and KeyPoint Government Solutions in June 2018 to form Perspecta Inc. (including its successors and permitted assigns, “Perspecta”), which was acquired by Peraton in May 2021; and the other factors described in Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended March 31, 2023 and subsequent SEC filings.

No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date they are made. Any forward-looking statement made by us in our earnings presentation speaks only as of the date on which our earnings presentation was first filed. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law.

Agenda for Today

- 1 Update on Business Performance

- 2 Performance of GBS and GIS

- 3 Q2 FY24 Financial Results and Guidance

- 4 Closing Remarks and Questions

Q2 FY24 Financial Performance

Q2 FY24 – Key Metrics and Drivers

Revenue	\$3.44B	Year-over-year organic revenue growth* of (3.6%)
Adjusted EBIT Margin*	7.3%	Margin up 80 bps sequentially and down 20 bps YoY
Non-GAAP Diluted EPS*	\$0.70	EPS up \$0.07 sequentially, down \$0.05 YoY
Book-to-Bill	0.81x	TTM book-to-bill of 1.02x; GBS TTM book-to-bill 0.96x; GIS TTM book-to-bill 1.08x

* Please see definitions and reconciliations of Non-GAAP measures at end of presentation.

Industry Veterans Added to Senior Leadership Team

- Three industry experts joined Senior Leadership team in the past five months
- DXC now has three former CXOs of Fortune 500 companies leading almost 70% of our revenue

Howard Boville

- Leading Applications Offering
- Accountable for DXC's AI strategy
- IT Services expert with proven experience in creating growth strategies and executing against them

Andrew Wilson

- Leading Modern Workplace Offering
- Former customer of DXC's Modern Workplace Offering
- Strong track record in running global P&Ls for some of the largest and well-respected brands in the technology industry

Strong leaders with industry expertise to run our offering-based operating model and consistently deliver on our financial commitments

GBS – Growing High Margin / Quality Business



GBS Overview

- 2.4% organic revenue growth in GBS
- GBS grew organically for the 10th consecutive quarter, now accounts for 49.7% of total revenue
- Selling GBS offerings to GIS customers
 - \$370M revenue from selling A&E to GIS customers in 1H24, growing thus far in FY24
 - \$1.2B revenue from selling Apps to our GIS customers in 1H24, flat in FY24
- Expanded segment margins from 11.3% in Q1 to 12.5% in Q2
- “Right model and right leader” approach driving solid financial performance

GIS – Taking the Right Steps to Improve this Business

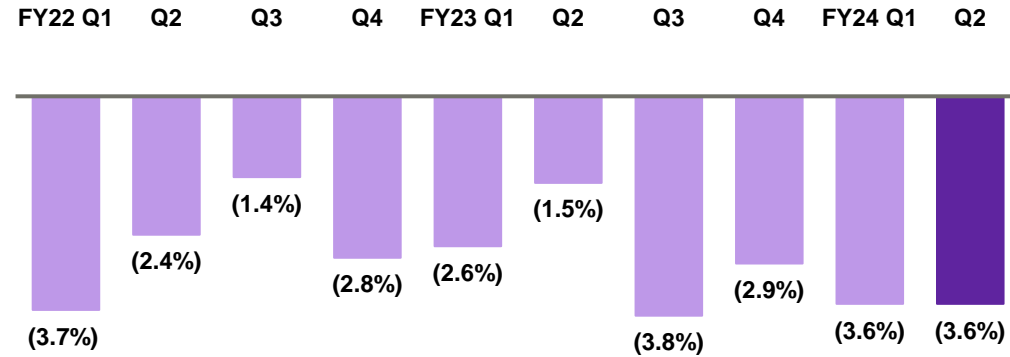


GIS Overview

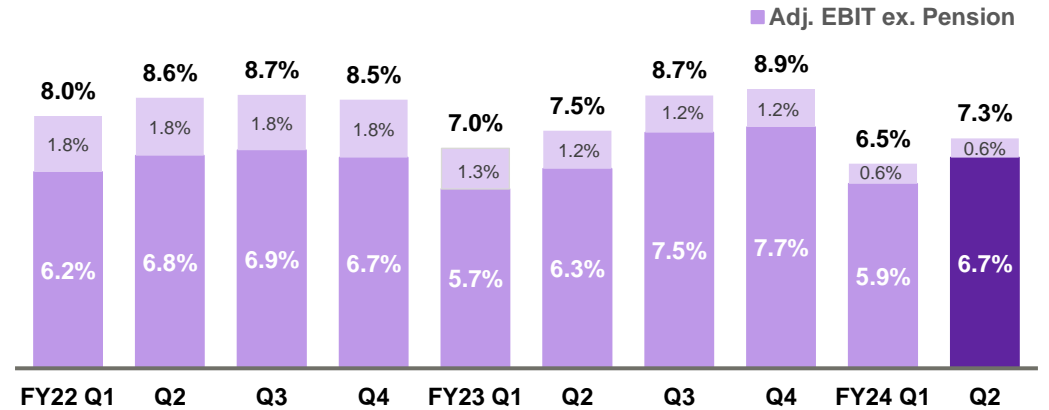
- Reduced the decline in organic revenue from -9.9% in Q1 to -9.1% in Q2
- Increased segment margin from 5.2% in Q1 to 5.8% in Q2
- Infrastructure Light model in ITO Offering. Poised to sell facilities to generate ~\$200M of cash before the end of FY24, and help improve the margin of the business moving forward
- Amazon Web Services deal incentivizes us and our customers to move their mission critical systems to the cloud

Financial Performance

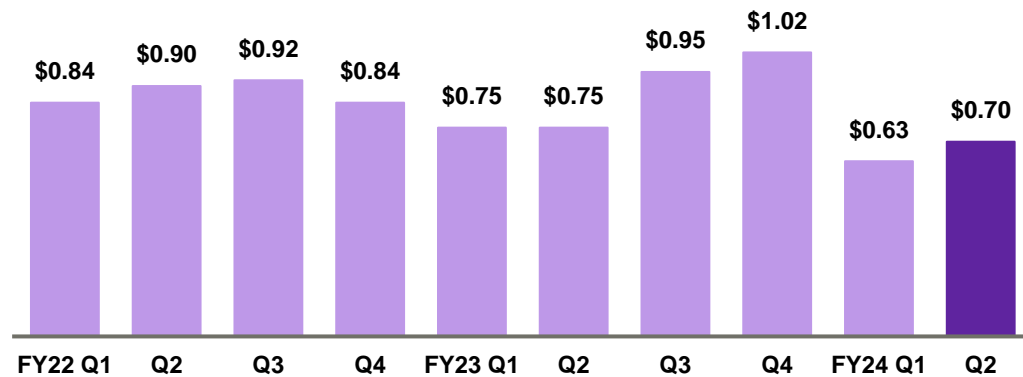
Organic Revenue Growth Trends (YoY)



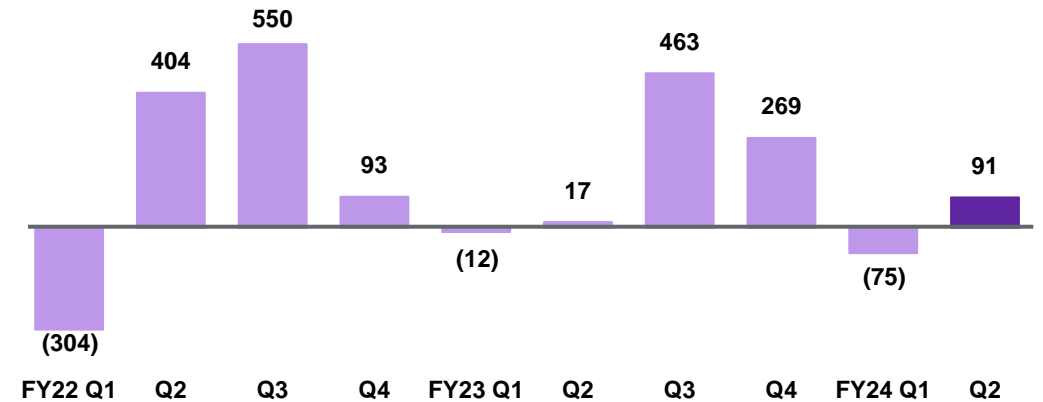
Adjusted EBIT Margin



Non-GAAP Diluted EPS



Free Cash Flow (\$M)

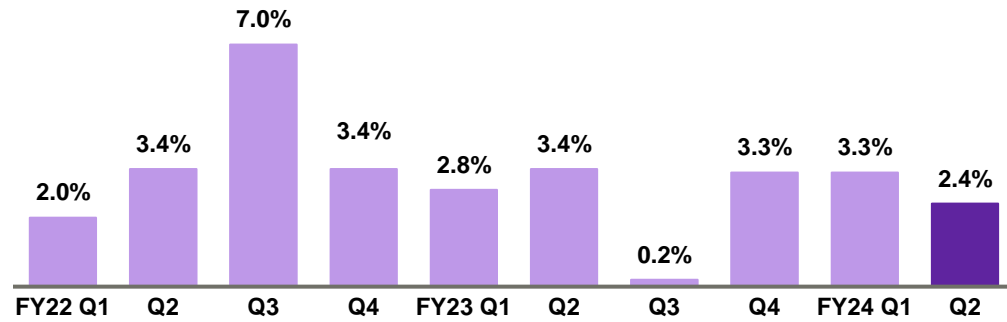


Q2 Key Financial Metrics

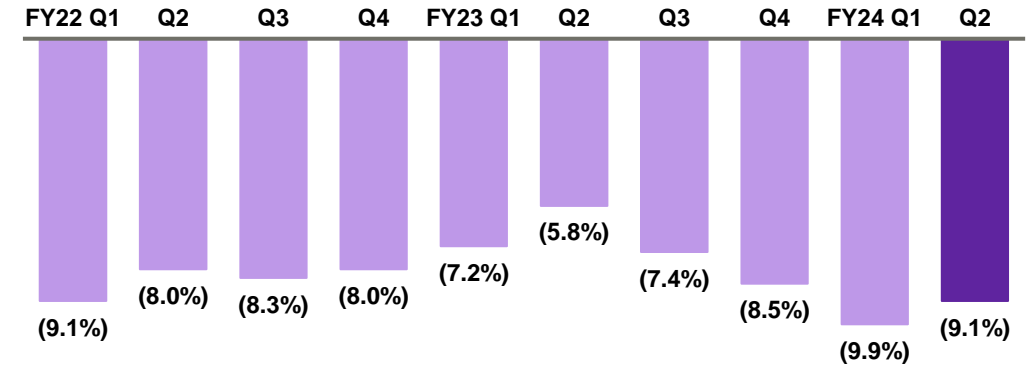
(in \$M, except EPS and shares)	Q2 FY24	Q2 FY23	Change
Revenue	3,436	3,566	(3.6%)
Non-GAAP Gross Profit	805	791	1.8%
<i>As % of sales</i>	<i>23.4%</i>	<i>22.2%</i>	<i>120 bps</i>
Non-GAAP SG&A Expenses	(323)	(312)	3.5%
<i>As % of sales</i>	<i>(9.4%)</i>	<i>(8.8%)</i>	<i>60 bps</i>
Non-GAAP Depreciation & Amortization	(272)	(279)	(2.5%)
<i>As % of sales</i>	<i>(7.9%)</i>	<i>(7.8%)</i>	<i>10 bps</i>
Non-GAAP Other Income	41	69	(40.6)%
<i>As % of sales</i>	<i>1.2%</i>	<i>1.9%</i>	<i>(70) bps</i>
Adjusted EBIT	251	269	(6.7%)
<i>As % of sales</i>	<i>7.3%</i>	<i>7.5%</i>	<i>(20) bps</i>
Net Interest Expense	(25)	(16)	56.3%
Non-GAAP Tax Rate	36.7%	30.8%	590 bps
Non-GAAP Net Income	143	174	(17.8%)
Non-GAAP Diluted EPS	\$ 0.70	\$ 0.75	(6.7%)
Weighted Average Diluted Shares (M)	203.1	233.2	(12.9%)

GBS/GIS Results

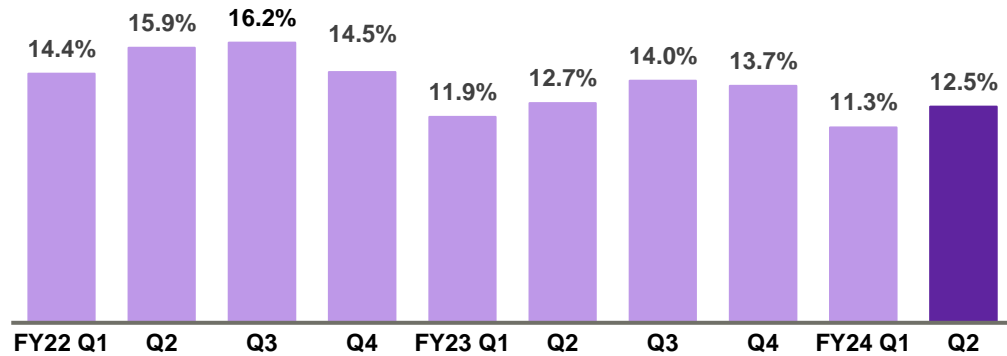
GBS Organic Revenue Growth (YoY)



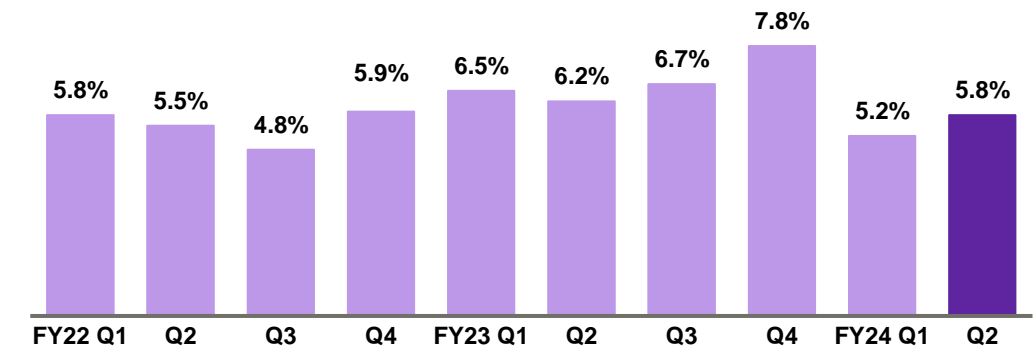
GIS Organic Revenue Growth (YoY)



GBS Segment Profit Margin



GIS Segment Profit Margin



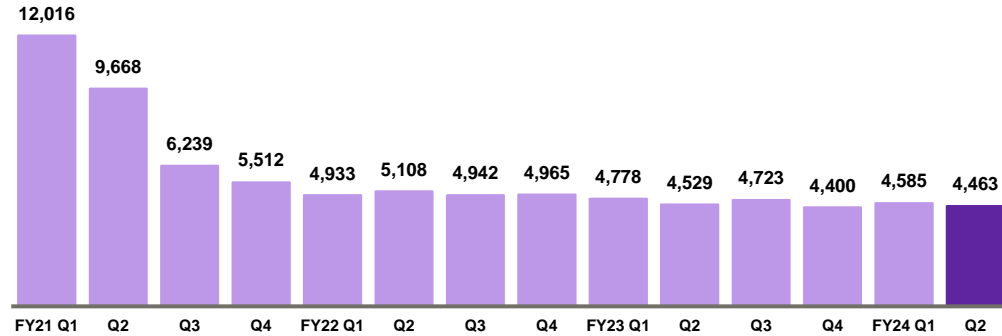
GBS/GIS Offerings

		Q2 FY24		
		Revenue (\$M)	YoY Organic Growth*	Book-to-Bill
GBS	Analytics & Engineering	561	5.3%	0.87x
	Applications	762	(0.8%)	0.74x
	Insurance Software & BPS	386	5.2%	0.60x
	<i>Mergers, Acquisitions & Divestitures</i>	-	-	-
GBS Total		1,709	2.4%	0.76x
GIS	Security	109	(1.8%)	1.35x
	Cloud Infrastructure & ITO	1,209	(9.8%)	0.84x
	Modern Workplace	409	(9.0%)	0.83x
	<i>Mergers, Acquisitions & Divestitures</i>	-	-	-
GIS Total		1,727	(9.1%)	0.87x
DXC TOTAL		3,436	(3.6%)	0.81x

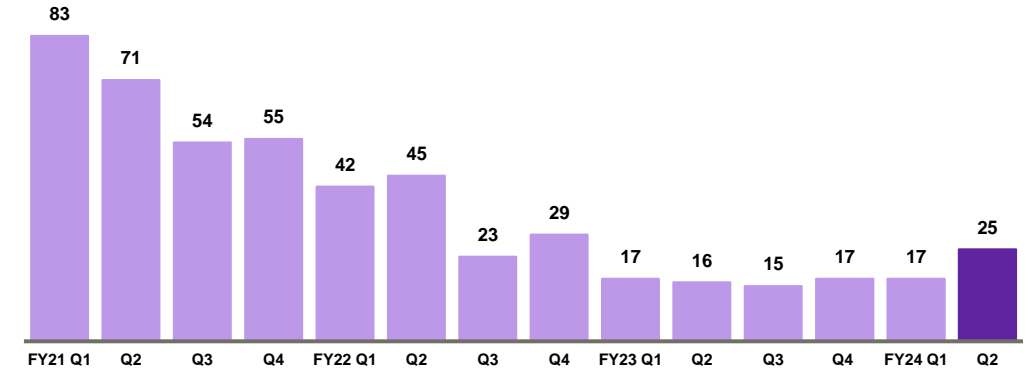
* Please see definitions and reconciliations of Non-GAAP measures at end of presentation.

Financial Foundation Metrics

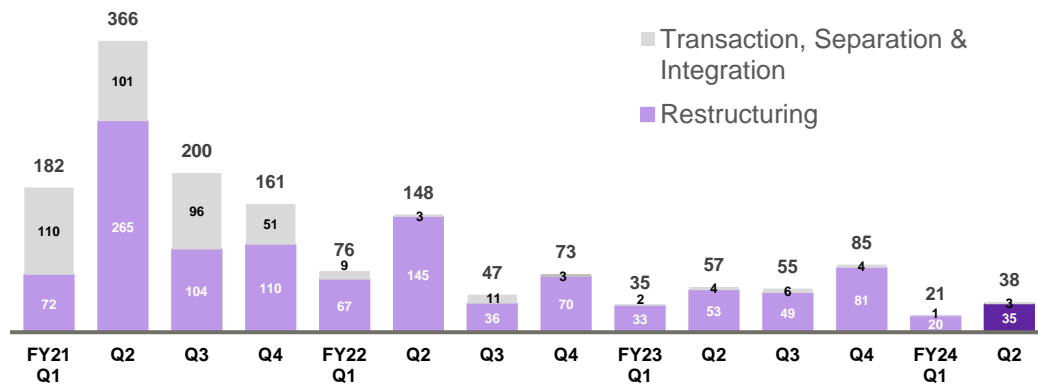
Total Debt (\$M)



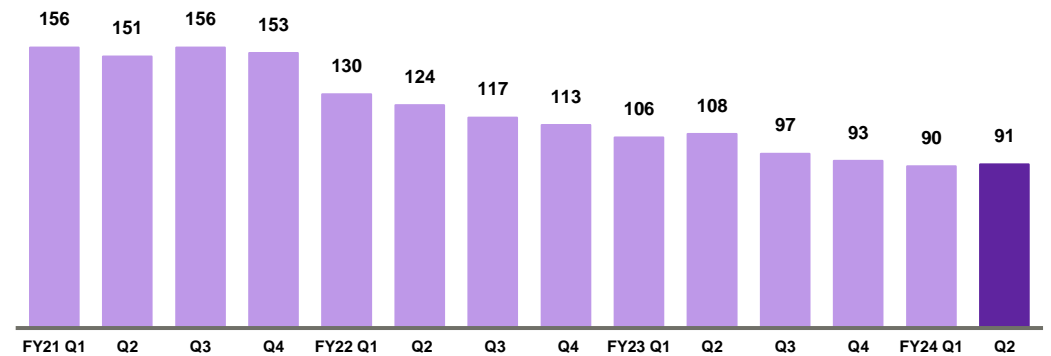
Net Interest Expense (\$M)



Restructuring/Transaction, Separation & Integration (\$M)

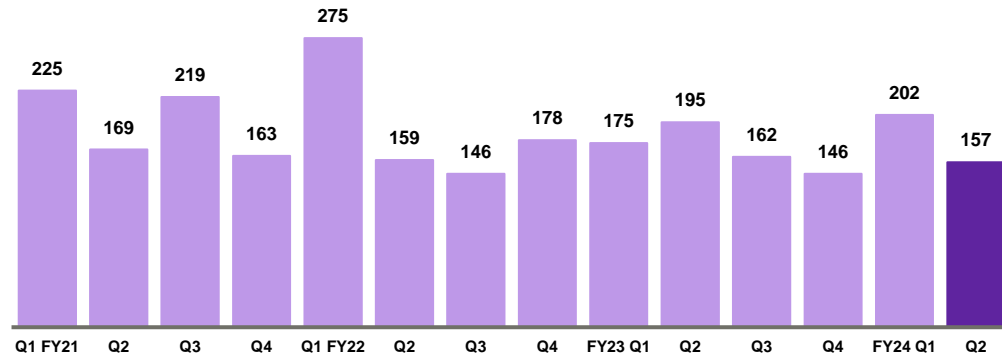


Cash Payments for Operating Leases (\$M)

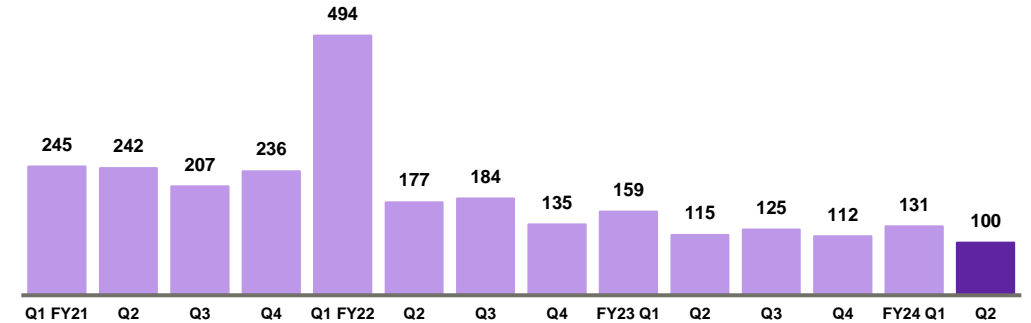


Financial Foundation Metrics

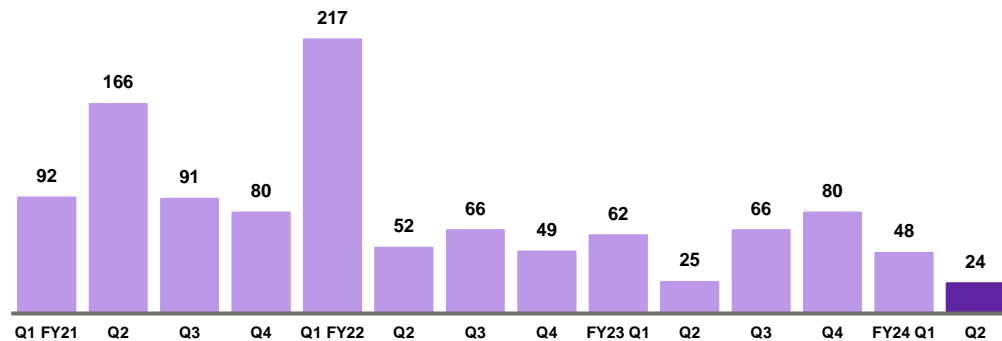
Capital Expenditures (\$M)



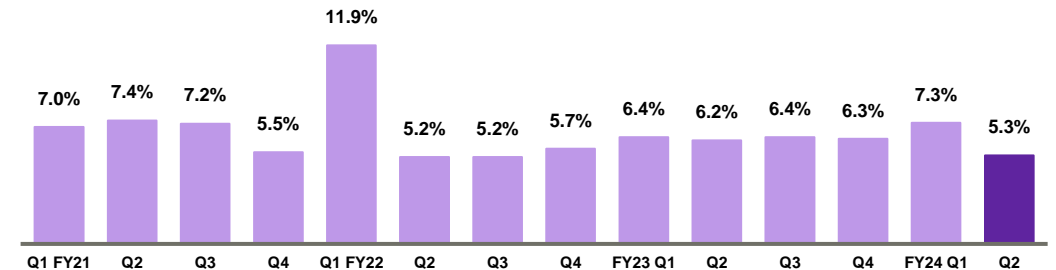
Finance Lease & Asset Financing Payments (\$M)



Finance Lease & Asset Financing Originations (\$M)

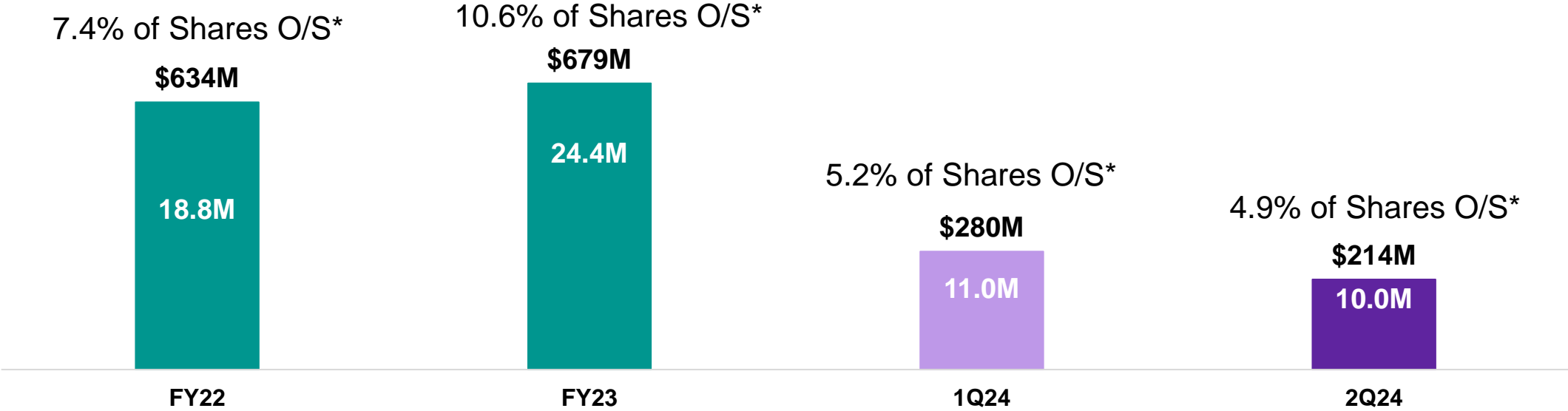


Capital Expenditures & Finance Lease Originations as a % of Revenue



Capital Allocation – DXC repurchased 10% of Shares YTD

Share Repurchases



- Since the start of FY22, DXC has repurchased 64 million shares for a total of \$1.8 billion returned to shareholders
 - Retired >25% of the outstanding shares since the beginning of FY22
 - ~\$500M remaining under the FY24 \$1B program

Shares O/S is calculated by reference to the diluted shares outstanding as of the balance sheet immediately precedent the period presented: specifically, 254.8 million at the end of FY21, 230.6 million at the end of FY22, 211.3 million at the end of FY23 and 205.1 million at the end of 1Q24.

Q3 FY24 Outlook

**YoY Organic
Revenue Growth**

(5.0%) – (4.0%)

**Adjusted
EBIT Margin**

7.0% – 7.5%

**Non-GAAP
Diluted EPS**

\$0.75 – \$0.80

FY24 Outlook

**YoY Organic
Revenue Growth**

(4.0%) – (3.0%)

**Adjusted
EBIT Margin**

7.0% – 7.5%

**Non-GAAP
Diluted EPS**

\$3.15 – \$3.40

Free Cash Flow

\$800M

Key Takeaways



Takeaways

- Seeing the benefits of our new operating model in our financial performance and focused intently on making sure this continues
- Right model and the right leaders to run the global offerings. Three ex-CXO's running Applications, ITO, and Modern Workplace
- Positive progress from Q1 to Q2 towards our goal of revenue growth and expanded margins, EPS, and FCF

Growth

- Consistently Grow GBS
- Shrink Declines in GIS
- Sell GBS on GIS Customers
- Change Revenue Mix to GBS

Expansion

- Adjusted EBIT Margin
- Non-GAAP EPS
- FCF



Supplemental Information

Q2 FY24 Quarterly Result Details

Non-GAAP Reconciliations

Definitions

Organic Revenue Growth and Backlog

GBS (\$M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GBS revenue	1,758	1,713	1,738	1,751	6,960	1,703	1,709
YoY GBS revenue growth	(6.8%)	(8.5%)	(10.7%)	(7.5%)	(8.4%)	(3.1%)	(0.2%)
Foreign currency	5.9%	7.4%	6.4%	3.8%	5.9%	0.8%	(1.6%)
Acquisitions and divestitures	3.7%	4.5%	4.5%	7.0%	4.9%	5.6%	4.2%
YoY GBS organic revenue growth	2.8%	3.4%	0.2%	3.3%	2.4%	3.3%	2.4%
GBS bookings (\$B)	1.7	1.7	2.1	1.8	7.3	1.4	1.3
GBS book-to-bill	0.98x	0.96x	1.21x	1.04x	1.05x	0.84x	0.76x
GIS (\$M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GIS revenue	1,949	1,853	1,828	1,840	7,470	1,743	1,727
YoY GIS revenue growth	(13.5%)	(14.0%)	(14.7%)	(13.0%)	(13.8%)	(10.6%)	(6.8%)
Foreign currency	5.8%	7.5%	6.7%	4.0%	6.0%	0.7%	(2.3%)
Acquisitions and divestitures	0.5%	0.7%	0.6%	0.5%	0.6%	—%	—%
YoY GIS organic revenue growth	(7.2%)	(5.8%)	(7.4%)	(8.5%)	(7.2%)	(9.9%)	(9.1%)
GIS bookings (\$B)	1.5	1.3	2.7	1.9	7.4	1.7	1.5
GIS book-to-bill	0.77x	0.71x	1.46x	1.03x	0.99x	0.94x	0.87x
Total (\$M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GAAP revenue	3,707	3,566	3,566	3,591	14,430	3,446	3,436
Total revenue growth	(10.5%)	(11.4%)	(12.8%)	(10.4%)	(11.3%)	(7.0%)	(3.6%)
Foreign currency	5.8%	7.4%	6.6%	3.9%	6.0%	0.7%	(2.0%)
Acquisitions and divestitures	2.1%	2.5%	2.4%	3.6%	2.6%	2.7%	2.0%
YoY organic revenue growth	(2.6%)	(1.5%)	(3.8%)	(2.9%)	(2.7%)	(3.6%)	(3.6%)
Bookings (\$B)	3.2	3.0	4.8	3.7	14.7	3.1	2.8
Book-to-bill	0.87x	0.83x	1.34x	1.04x	1.02x	0.89x	0.81x
Backlog (\$B)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Beginning ASC 606 backlog	21.7	20.3	18.8	19.6	21.7	19.7	19.4
Less: revenue	(3.7)	(3.6)	(3.6)	(3.6)	(14.5)	(3.4)	(3.4)
Plus: bookings	3.2	3.0	4.8	3.7	14.7	3.1	2.8
Plus/minus: Fx impact	(0.6)	(0.8)	0.6	—	(0.8)	0.2	(0.3)
Plus/minus: backlog adjustments & terminations	(0.3)	—	(0.6)	0.1	(0.8)	(0.2)	—
Plus/minus: Acquisitions & divestitures	—	(0.1)	(0.4)	(0.1)	(0.6)	0.0	—
Ending ASC 606 backlog	20.3	18.8	19.6	19.7	19.7	19.4	18.5
Bookings less backlog adjustments & terminations	2.9	3.0	4.2	3.8	13.9	2.9	2.8

Organic Revenue Growth and Book-to-Bill by Offering

Organic Revenue Growth (YoY)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GBS	2.8%	3.4%	0.2%	3.3%	2.4%	3.3%	2.4%
Analytics & Engineering	15.7%	14.0%	11.7%	8.5%	12.3%	8.8%	5.3%
Applications	(2.0%)	(1.1%)	(6.8%)	(0.5%)	(2.7%)	(0.7%)	(0.8%)
Insurance Software & BPS	0.3%	1.1%	3.0%	5.9%	2.6%	5.1%	5.2%
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GIS	(7.2%)	(5.8%)	(7.4%)	(8.5%)	(7.2%)	(9.9%)	(9.1%)
Security	(0.3%)	(10.8%)	4.2%	(0.4%)	(2.1%)	6.8%	(1.8%)
Cloud Infrastructure & ITO	(4.4%)	(0.9%)	(5.4%)	(10.5%)	(5.3%)	(12.7%)	(9.8%)
Modern Workplace	(16.1%)	(16.9%)	(15.3%)	(5.3%)	(13.6%)	(5.0%)	(9.0%)

Book-to-Bill	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GBS	0.98x	0.96x	1.21x	1.04x	1.05x	0.84x	0.76x
Analytics & Engineering	1.17x	1.18x	1.15x	1.22x	1.18x	1.03x	0.87x
Applications	0.86x	0.95x	1.32x	1.03x	1.04x	0.83x	0.74x
Insurance Software & BPS	1.01x	0.62x	1.06x	0.75x	0.86x	0.59x	0.60x
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GIS	0.77x	0.71x	1.46x	1.03x	0.99x	0.94x	0.87x
Security	0.92x	0.95x	1.09x	1.42x	1.10x	0.82x	1.35x
Cloud Infrastructure & ITO	0.67x	0.73x	1.69x	1.10x	1.04x	1.01x	0.84x
Modern Workplace	1.02x	0.59x	0.89x	0.74x	0.81x	0.77x	0.83x

DXC Insurance Key Metrics

(in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Insurance Software Revenue	120	119	121	124	484	118	116	121	140	495	129	131
Insurance Business Process as a Service Revenue	147	146	146	149	588	142	148	150	150	590	153	159
Total Insurance SaaS Revenue	267	265	267	273	1,072	260	264	271	290	1,085	282	290
Business Process Services Revenue	118	118	116	112	464	108	100	99	100	407	100	96
Total Insurance & BPS Revenue	385	383	383	385	1,536	368	364	370	390	1,492	382	386
Insurance SaaS YoY Growth	5.1%	19.3%	0.6%	0.0%	5.3%	-2.6%	-0.4%	1.5%	6.2%	1.2%	8.5%	9.8%
Total Insurance & BPS YoY Growth	-5.4%	-8.1%	-6.6%	-10.6%	-7.8%	-4.4%	-5.0%	-3.4%	1.3%	-2.9%	3.8%	6.0%

Services and Resale Revenue by Offering

Services Revenue (\$M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Analytics & Engineering	496	515	523	547	2,081	537	552
Applications	754	725	724	750	2,953	739	729
Insurance Software & BPS	367	362	370	387	1,486	380	384
GBS	1,617	1,602	1,617	1,684	6,520	1,656	1,665
Security	99	97	98	99	393	97	95
Cloud Infrastructure & ITO	1,227	1,148	1,144	1,131	4,650	1,106	1,101
Modern Workplace	373	348	338	350	1,409	335	326
GIS	1,699	1,593	1,580	1,580	6,452	1,538	1,522
Divestitures	98	66	65	18	247	4	—
Total services revenue	3,414	3,261	3,262	3,282	13,219	3,198	3,187
<i>Services revenue as a % of total revenue</i>	92.1%	91.4%	91.5%	91.4%	91.6%	92.8%	92.8%

Resale Revenue (\$M)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Analytics & Engineering	7	9	12	11	39	9	9
Applications	31	30	38	30	129	31	33
Insurance Software & BPS	—	1	1	3	5	2	2
GBS	38	40	51	44	173	42	44
Security	6	11	14	14	45	14	14
Cloud Infrastructure & ITO	169	161	139	139	608	103	108
Modern Workplace	75	88	95	107	365	88	83
GIS	250	260	248	260	1,018	205	205
Divestitures	5	5	5	5	20	1	—
Total resale revenue	293	305	304	309	1,211	248	249
<i>Resale revenue as a % of total revenue</i>	7.9%	8.6%	8.5%	8.6%	8.4%	7.2%	7.2%

Reconciliation of Segment Profit to Pretax Income

GBS (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Segment revenue	1,887	1,873	1,946	1,892	7,598	1,758	1,713	1,738	1,751	6,960	1,703	1,709
Segment profit	272	298	315	275	1,160	210	218	244	240	912	192	213
<i>GBS profit %</i>	<i>14.4%</i>	<i>15.9%</i>	<i>16.2%</i>	<i>14.5%</i>	<i>15.3%</i>	<i>11.9%</i>	<i>12.7%</i>	<i>14.0%</i>	<i>13.7%</i>	<i>13.1%</i>	<i>11.3%</i>	<i>12.5%</i>

GIS (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Segment revenue	2,254	2,154	2,143	2,116	8,667	1,949	1,853	1,828	1,840	7,470	1,743	1,727
Segment profit	131	118	102	124	475	127	114	123	143	507	91	101
<i>GIS profit %</i>	<i>5.8%</i>	<i>5.5%</i>	<i>4.8%</i>	<i>5.9%</i>	<i>5.5%</i>	<i>6.5%</i>	<i>6.2%</i>	<i>6.7%</i>	<i>7.8%</i>	<i>6.8%</i>	<i>5.2%</i>	<i>5.8%</i>

Total (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Total revenue for reportable segments	4,141	4,027	4,089	4,008	16,265	3,707	3,566	3,566	3,591	14,430	3,446	3,436
Total profit for reportable segments	403	416	417	399	1,635	337	332	367	383	1,419	283	314
<i>Total segment profit margin</i>	<i>9.7%</i>	<i>10.3%</i>	<i>10.2%</i>	<i>10.0%</i>	<i>10.1%</i>	<i>9.1%</i>	<i>9.3%</i>	<i>10.3%</i>	<i>10.7%</i>	<i>9.8%</i>	<i>8.2%</i>	<i>9.1%</i>

All other	(71)	(70)	(62)	(57)	(260)	(78)	(63)	(58)	(63)	(262)	(59)	(63)
Restructuring costs	(67)	(145)	(36)	(70)	(318)	(33)	(53)	(49)	(81)	(216)	(20)	(35)
TSI	(9)	(3)	(11)	(3)	(26)	(2)	(4)	(6)	(4)	(16)	(1)	(3)
Amortization of intangible assets	(109)	(110)	(106)	(109)	(434)	(104)	(101)	(100)	(97)	(402)	(89)	(89)
Merger related indemnification	—	—	—	—	—	(10)	—	(11)	(25)	(46)	(11)	(2)
SEC matter	—	—	—	—	—	—	(8)	—	—	(8)	—	—
Gains and losses on dispositions	347	—	(4)	(2)	341	29	(32)	(9)	202	190	(5)	33
Pension, actuarial & settlement losses	—	—	(7)	691	684	—	(1)	—	(1,430)	(1,431)	—	—
Impairment losses	—	(10)	—	(21)	(31)	—	—	(8)	(11)	(19)	(3)	(2)
Arbitration	—	—	—	—	—	—	—	(9)	(20)	(29)	—	—
Debt extinguishment costs	(28)	(281)	(2)	—	(311)	—	—	—	—	—	—	—
EBIT ⁽¹⁾	466	(203)	189	828	1,280	139	70	117	(1,146)	(820)	95	153
Net interest	(42)	(45)	(23)	(29)	(139)	(17)	(16)	(15)	(17)	(65)	(17)	(25)
Income before taxes	424	(248)	166	799	1,141	122	54	102	(1,163)	(885)	78	128

⁽¹⁾ Defined at end of presentation.

Adjusted EBIT and Adjusted EBITDA Reconciliation

EBIT to Adjusted EBIT (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Net income (loss)	282	(187)	102	539	736	103	28	61	(758)	(566)	42	99
Income tax expense (benefit)	142	(61)	64	260	405	19	26	41	(405)	(319)	36	29
Interest income	(20)	(16)	(15)	(14)	(65)	(20)	(28)	(41)	(46)	(135)	(49)	(53)
Interest expense	62	61	38	43	204	37	44	56	63	200	66	78
EBIT ⁽¹⁾	466	(203)	189	828	1,280	139	70	117	(1,146)	(820)	95	153
Restructuring costs	67	145	36	70	318	33	53	49	81	216	20	35
Transaction, separation & integration-related costs	9	3	11	3	26	2	4	6	4	16	1	3
Amortization of acquired intangible assets	109	110	106	109	434	104	101	100	97	402	89	89
Merger related indemnification	—	—	—	—	—	10	—	11	25	46	11	2
SEC matter	—	—	—	—	—	—	8	—	—	8	—	—
Impairment losses	—	10	—	21	31	—	—	8	11	19	3	2
Arbitration losses	—	—	—	—	—	—	—	9	20	29	—	—
Gains and losses on disposition of businesses	(347)	—	4	2	(341)	(29)	32	9	(202)	(190)	5	(33)
Pension & OPEB actuarial & settlement losses	—	—	7	(691)	(684)	—	1	—	1,430	1,431	—	—
Debt extinguishment costs	28	281	2	—	311	—	—	—	—	—	—	—
Adjusted EBIT ⁽¹⁾	332	346	355	342	1,375	259	269	309	320	1,157	224	251
Depreciation and amortization	422	448	424	423	1,717	389	380	375	375	1,519	344	361
Less: Amortization of acquired intangible assets	(109)	(110)	(106)	(109)	(434)	(104)	(101)	(100)	(97)	(402)	(89)	(89)
Adjusted EBITDA ⁽¹⁾	645	684	673	656	2,658	544	548	584	598	2,274	479	523
EBIT margin ⁽¹⁾	11.3%	(5.0%)	4.6%	20.7%	7.9%	3.7%	2.0%	3.3%	(31.9%)	(5.7%)	2.8%	4.5%
Adjusted EBIT margin ⁽¹⁾	8.0%	8.6%	8.7%	8.5%	8.5%	7.0%	7.5%	8.7%	8.9%	8.0%	6.5%	7.3%

⁽¹⁾ Defined at end of presentation.

Non-GAAP Reconciliation – Income Statement Measures

COS, SG&A, D&A (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Cost of services	3,255	3,088	3,179	3,161	12,683	2,930	2,775	2,799	2,742	11,246	2,719	2,633
Less: Impairment losses	—	—	—	—	—	—	—	(8)	—	(8)	—	(2)
Non-GAAP COS	3,255	3,088	3,179	3,161	12,683	2,930	2,775	2,791	2,742	11,238	2,719	2,631
As a % of revenue	78.6%	76.7%	77.7%	78.9%	78.0%	79.0%	77.8%	78.3%	76.4%	77.9%	78.9%	76.6%
Non-GAAP gross profit ⁽¹⁾	886	939	910	847	3,582	777	791	775	849	3,192	727	805
As a % of revenue	21.4%	23.3%	22.3%	21.1%	22.0%	21.0%	22.2%	21.7%	23.6%	22.1%	21.1%	23.4%
SG&A expense	383	370	340	315	1,408	349	324	315	387	1,375	327	328
Less: Impairment losses	—	(10)	—	—	(10)	—	—	—	—	—	—	—
Less: SEC matter	—	—	—	—	—	—	(8)	—	—	(8)	—	—
Less: Arbitration losses	—	—	—	—	—	—	—	(9)	(20)	(29)	—	—
Less: Merger related indemnification	—	—	—	—	—	(10)	—	(11)	(25)	(46)	(11)	(2)
Less: TSI	(9)	(3)	(11)	(3)	(26)	(2)	(4)	(6)	(4)	(16)	(1)	(3)
Non-GAAP SG&A expense	374	357	329	312	1,372	337	312	289	338	1,276	315	323
As a % of revenue	9.0%	8.9%	8.0%	7.8%	8.4%	9.1%	8.8%	8.1%	9.4%	8.8%	9.1%	9.4%
Depreciation	158	165	156	146	625	138	129	123	129	519	113	112
Amortization	264	283	268	277	1,092	251	251	252	246	1,000	231	249
Total depreciation & amortization	422	448	424	423	1,717	389	380	375	375	1,519	344	361
Less: Amortization of acquired intangible assets	(109)	(110)	(106)	(109)	(434)	(104)	(101)	(100)	(97)	(402)	(89)	(89)
Non-GAAP depreciation & amortization	313	338	318	314	1,283	285	279	275	278	1,117	255	272
As a % of revenue	7.6%	8.4%	7.8%	7.8%	7.9%	7.7%	7.8%	7.7%	7.7%	7.7%	7.4%	7.9%
Other income, net	(103)	(102)	(85)	(791)	(1,081)	(104)	(68)	(98)	1,354	1,084	(64)	(76)
Less: Gains and losses on disposition of businesses	(30)	—	—	—	(30)	—	—	—	—	—	—	35
Less: Impairment losses	—	—	—	(21)	(21)	—	—	—	(11)	(11)	(3)	—
Less: Pension & OPEB actuarial & settlement losses	—	—	(7)	691	684	—	(1)	—	(1,430)	(1,431)	—	—
Non-GAAP other income	(133)	(102)	(92)	(121)	(448)	(104)	(69)	(98)	(87)	(358)	(67)	(41)
As a % of revenue	(3.2%)	(2.5%)	(2.2%)	(3.0%)	(2.8%)	(2.8%)	(1.9%)	(2.8%)	(2.4%)	(2.5%)	(1.9%)	(1.2%)

⁽¹⁾ Defined at end of presentation.

Non-GAAP Reconciliation – Income Statement Measures

EBIT to EPS (in \$M, except EPS)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Adjusted EBIT	332	346	355	342	1,375	259	269	309	320	1,157	224	251
Interest expense	62	61	38	43	204	37	44	56	63	200	66	78
Interest income	(20)	(16)	(15)	(14)	(65)	(20)	(28)	(41)	(46)	(135)	(49)	(53)
Net interest	42	45	23	29	139	17	16	15	17	65	17	25
Non-GAAP income before income taxes	290	301	332	313	1,236	242	253	294	303	1,092	207	226
Income tax expense	142	(61)	64	260	405	19	26	41	(405)	(319)	36	29
<i>As % of pre-tax income</i>	33.5%	24.6%	38.6%	32.5%	35.5%	15.6%	48.1%	40.2%	34.8%	36.0%	46.2%	22.7%
Tax impact of restructuring	10	34	4	17	65	8	10	10	16	44	5	8
Tax impact of TSI	4	1	1	1	7	—	1	1	1	3	—	1
Tax impact of amortization	24	26	13	27	90	24	18	20	19	81	21	19
Tax impact of merger related indemnification	—	—	—	—	—	2	—	2	27	31	11	1
Tax impact of SEC matter	—	—	—	—	—	—	1	—	—	1	—	—
Tax impact of arbitration losses	—	—	—	—	—	—	—	2	(3)	(1)	—	—
Tax impact of gain/loss on dispositions	(91)	—	—	(13)	(104)	9	22	(7)	1	25	—	(10)
Tax impact of impairment losses	—	2	—	5	7	—	—	1	3	4	1	—
Tax impact of other	(21)	66	11	(197)	(141)	—	—	—	411	411	(3)	35
Non-GAAP income tax expense	68	68	93	100	329	62	78	70	70	280	71	83
<i>As % of Non-GAAP pre-tax income</i>	23.4%	22.6%	28.0%	31.9%	26.6%	25.6%	30.8%	23.8%	23.1%	25.6%	34.3%	36.7%
Net income (loss)	282	(187)	102	539	736	103	28	61	(758)	(566)	42	99
Less: Net income attributed to NCI	4	1	4	9	18	1	1	2	(2)	2	6	—
Net income (loss) attributable to DXC	278	(188)	98	530	718	102	27	59	(756)	(568)	36	99
GAAP EPS (basic)	\$ 1.09	\$ (0.74)	\$ 0.39	\$ 2.18	\$ 2.87	\$ 0.44	\$ 0.12	\$ 0.26	\$ (3.38)	\$ (2.48)	\$ 0.17	\$ 0.49
GAAP EPS (diluted)	\$ 1.07	\$ (0.74)	\$ 0.38	\$ 2.14	\$ 2.81	\$ 0.43	\$ 0.12	\$ 0.25	\$ (3.38)	\$ (2.48)	\$ 0.17	\$ 0.49
Shares outstanding (basic)	254.7	252.4	250.3	242.7	250.0	232.5	230.0	229.5	223.9	229.0	210.1	201.7
Shares outstanding (diluted)	260.3	252.4	254.8	247.7	255.2	237.4	233.2	233.0	223.9	229.0	213.8	203.1

Non-GAAP Reconciliation – EPS

Non-GAAP EPS (in \$M, except EPS)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Net income (loss) attributable to DXC	278	(188)	98	530	718	102	27	59	(756)	(568)	36	99
Restructuring costs	57	11	32	53	253	25	43	39	65	172	15	27
TSI	5	2	10	2	19	2	3	5	3	13	1	2
Amortization of acquired intangible assets	85	84	93	82	344	80	83	80	78	321	68	70
Merger related indemnification	—	—	—	—	—	8	—	9	(2)	15	—	1
SEC matter	—	—	—	—	—	—	7	—	—	7	—	—
Arbitration losses	—	—	—	—	—	—	—	7	23	30	—	—
Impairment losses	—	8	—	16	24	—	—	7	8	15	6	2
Gains and losses on disposition of businesses	(256)	—	4	15	(237)	(38)	10	16	(203)	(215)	5	(23)
Debt extinguishment costs	21	215	2	—	238	—	—	—	—	—	—	—
Pension & OPEB actuarial & settlement gains and losses	—	—	6	(514)	(508)	—	1	—	1,137	1,138	—	—
Tax adjustment	28	—	(10)	25	43	—	—	—	(120)	(120)	3	(35)
Non-GAAP net income attributable to DXC	218	232	235	209	894	179	174	222	233	808	134	143
Non-GAAP EPS (basic)	\$ 0.86	\$ 0.92	\$ 0.94	\$ 0.86	\$ 3.58	\$ 0.77	\$ 0.76	\$ 0.97	\$ 1.04	\$ 3.53	\$ 0.64	\$ 0.71
Non-GAAP EPS (diluted) ⁽¹⁾	\$ 0.84	\$ 0.90	\$ 0.92	\$ 0.84	\$ 3.50	\$ 0.75	\$ 0.75	\$ 0.95	\$ 1.02	\$ 3.47	\$ 0.63	\$ 0.70
Shares outstanding (basic)	254.7	252.4	250.3	242.7	250.0	232.5	230.0	229.5	223.9	229.0	210.1	201.7
Shares outstanding (diluted)	260.3	257.2	254.8	247.7	255.2	237.4	233.2	233.0	227.6	232.6	213.8	203.1

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

Non-GAAP Reconciliation – EPS

Non-GAAP EPS	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GAAP EPS (diluted)	\$ 1.07	\$ (0.74)	\$ 0.38	\$ 2.14	\$ 2.81	\$ 0.43	\$ 0.12	\$ 0.25	\$ (3.38)	\$ (2.48)	\$ 0.17	\$ 0.49
Restructuring costs	0.22	0.43	0.13	0.21	0.99	0.11	0.18	0.17	0.29	0.74	0.07	0.13
TSI	0.02	0.01	0.04	0.01	0.07	0.01	0.01	0.02	0.01	0.06	—	0.01
Amortization of acquired intangible assets	0.33	0.33	0.36	0.33	1.35	0.34	0.36	0.34	0.34	1.38	0.32	0.34
Impairment losses	—	0.03	—	0.06	0.09	—	—	0.03	0.04	0.06	0.03	0.01
Arbitration losses	—	—	—	—	—	—	—	0.03	0.10	0.13	—	—
Merger related indemnification	—	—	—	—	—	0.03	—	0.04	(0.01)	0.06	—	—
SEC matter	—	—	—	—	—	—	0.03	—	—	0.03	—	—
Gains and losses on disposition of businesses	(0.98)	—	0.02	0.06	(0.93)	(0.16)	0.04	0.07	(0.89)	(0.92)	0.02	(0.11)
Debt extinguishment costs	0.08	0.84	0.01	—	0.93	—	—	—	—	—	—	—
Pension & OPEB actuarial & settlement gains and losses	—	—	0.02	(2.08)	(1.99)	—	—	—	5.00	4.89	—	—
Tax adjustment	0.11	—	(0.04)	0.10	0.17	—	—	—	(0.53)	(0.52)	0.01	(0.17)
Non-GAAP dilution adjustment	—	—	—	—	—	—	—	—	0.05	0.04	—	—
Non-GAAP EPS (diluted) ⁽¹⁾	\$ 0.84	\$ 0.90	\$ 0.92	\$ 0.84	\$ 3.50	\$ 0.75	\$ 0.75	\$ 0.95	\$ 1.02	\$ 3.47	\$ 0.63	\$ 0.70
Shares outstanding (diluted)	260.3	257.2	254.8	247.7	255.2	237.4	233.2	233.0	227.6	232.6	213.8	203.1

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

Income Statement Drivers – Headcount

DXC Employees	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GBS	72,500	72,786	75,587	76,718	76,718	75,527	76,233	76,284	75,945	75,945	74,372	73,720
GIS	46,540	47,868	49,438	50,333	50,333	50,221	49,252	48,273	47,412	47,412	45,784	45,490
Other	11,314	10,655	10,512	10,078	10,078	10,293	10,263	9,478	9,448	9,448	11,760	11,953
Total Employees	130,354	131,309	135,537	137,129	137,129	136,041	135,748	134,035	132,805	132,805	131,916	131,163

Contractors	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
GBS	5,359	5,743	5,677	5,115	5,115	4,931	4,806	5,105	4,977	4,977	4,884	4,929
GIS	11,342	10,238	9,300	8,036	8,036	7,186	6,694	6,430	6,004	6,004	5,796	5,463
Other	6,204	5,525	6,003	6,035	6,035	5,774	5,047	5,097	4,526	4,526	3,785	3,380
Total Contractors	22,905	21,506	20,980	19,186	19,186	17,891	16,547	16,632	15,507	15,507	14,465	13,772

DXC Employee Locations	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Onshore	45.8%	45.5%	44.4%	44.0%	44.0%	44.5%	43.7%	43.4%	43.1%	43.1%	43.3%	43.6%
Offshore	54.2%	54.5%	55.6%	56.0%	56.0%	55.5%	56.3%	56.6%	56.9%	56.9%	56.7%	56.4%

Income Statement Drivers – Other Income and Pension Income

Other Income (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Non-service cost components of net periodic pension income	(97)	(96)	(87)	(786)	(1,066)	(67)	(60)	(60)	1,367	1,180	(37)	(36)
Foreign currency (gain)/loss	1	6	3	3	13	(2)	(1)	(8)	(4)	(15)	(8)	(1)
(Gain)/loss on sale of asset	(46)	(12)	(4)	(26)	(88)	(38)	(6)	(28)	(18)	(90)	(21)	(6)
Other (gain)/loss	39	—	3	18	60	3	(1)	(2)	9	9	2	(33)
Other income, net	(103)	(102)	(85)	(791)	(1,081)	(104)	(68)	(98)	1,354	1,084	(64)	(76)
<i>Non-service cost components of net periodic pension income adjustments</i>												
Pension & OPEB actuarial & settlement losses	—	—	(7)	691	684	—	(1)	—	(1,430)	(1,431)	—	—
<i>Other (gain)/loss adjustments</i>												
Gains and losses on disposition of businesses	(30)	—	—	—	(30)	—	—	—	—	—	—	35
Impairment losses	—	—	—	(21)	(21)	—	—	—	(11)	(11)	(3)	—
Non-GAAP other income	(133)	(102)	(92)	(121)	(448)	(104)	(69)	(98)	(87)	(358)	(67)	(41)

Pension Income (\$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Cost of sales/SG&A expense	23	22	22	21	88	19	18	18	18	73	15	15
Other (income)/expense	(97)	(96)	(87)	(786)	(1,066)	(67)	(60)	(60)	1,367	1,180	(37)	(36)
Net periodic pension income	(74)	(74)	(65)	(765)	(978)	(48)	(42)	(42)	1,385	1,253	(22)	(21)
Less: Pension & OPEB actuarial & settlement losses	—	—	(7)	691	684	—	(1)	—	(1,430)	(1,431)	—	—
Non-GAAP pension income	(74)	(74)	(72)	(74)	(294)	(48)	(43)	(42)	(45)	(178)	(22)	(21)

Reconciliation – Adjusted EBIT Margin ex. Pension Income

(in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Revenue	4,141	4,027	4,089	4,008	16,265	3,707	3,566	3,566	3,591	14,430	3,446	3,436
Adjusted EBIT ⁽¹⁾	332	346	355	342	1,375	259	269	309	320	1,157	224	251
Less: Non-GAAP pension income	(74)	(74)	(72)	(74)	(294)	(48)	(43)	(42)	(45)	(178)	(22)	(21)
Adjusted EBIT ex. pension income	258	272	283	268	1,081	211	226	267	275	979	202	230
Adjusted EBIT margin ⁽¹⁾	8.0%	8.6%	8.7%	8.5%	8.5%	7.0%	7.5%	8.7%	8.9%	8.0%	6.5%	7.3%
Adjusted EBIT margin ex. pension income	6.2%	6.8%	6.9%	6.7%	6.6%	5.7%	6.3%	7.5%	7.7%	6.8%	5.9%	6.7%

⁽¹⁾ Defined at end of presentation.

DXC Historical Balance Sheet

Assets (in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Cash and cash equivalents	2,460	2,699	2,919	2,672	2,672	2,209	2,260	2,091	1,858	1,858	1,576	1,412
Receivables, net	4,081	3,821	3,670	3,854	3,854	3,693	3,467	3,454	3,441	3,441	3,285	3,146
Prepaid expenses	659	534	600	617	617	666	662	653	565	565	652	559
Other current assets	341	330	314	268	268	270	289	218	255	255	231	232
Assets held for sale	—	—	—	35	35	10	—	577	5	5	—	—
Total current assets	7,541	7,384	7,503	7,446	7,446	6,848	6,678	6,993	6,124	6,124	5,744	5,349
Intangible assets, net	3,888	3,691	3,575	3,378	3,378	3,117	2,884	2,741	2,569	2,569	2,441	2,436
Operating right-of-use assets, net	1,299	1,174	1,122	1,133	1,133	1,025	927	954	909	909	849	809
Goodwill	639	631	629	617	617	582	562	535	539	539	539	530
Deferred income taxes, net	238	255	259	221	221	210	205	219	460	460	512	542
Property and equipment, net	2,841	2,691	2,555	2,412	2,412	2,212	2,039	2,044	1,979	1,979	1,922	1,810
Other assets	4,421	4,289	4,310	4,850	4,850	4,602	4,403	4,653	3,247	3,247	3,281	3,229
Assets held for sale – non-current	—	—	—	82	82	51	39	115	18	18	5	4
Total assets	20,867	20,115	19,953	20,139	20,139	18,647	17,737	18,254	15,845	15,845	15,293	14,709

DXC Historical Balance Sheet

Liabilities & Equity (in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Short term debt & current LT debt	817	745	706	900	900	904	834	873	500	500	694	672
Accounts payable	857	724	759	840	840	795	857	852	782	782	701	618
Accrued payroll and related costs	746	645	563	570	570	610	537	520	569	569	613	600
Current operating lease liabilities	413	392	386	388	388	346	318	320	317	317	303	295
Accrued expenses & other CL	3,060	3,120	3,111	2,882	2,882	2,479	2,321	1,932	1,836	1,836	1,587	1,569
Def. rev. & advance contract payments	1,032	933	1,001	1,053	1,053	938	867	969	1,054	1,054	1,008	872
Income taxes payable	481	260	202	197	197	181	131	166	120	120	151	98
Liabilities related to assets HFS	—	—	—	23	23	4	—	538	9	9	—	—
Total current liabilities	7,406	6,819	6,728	6,853	6,853	6,257	5,865	6,170	5,187	5,187	5,057	4,724
LT debt, net of current maturities	4,116	4,363	4,236	4,065	4,065	3,874	3,695	3,850	3,900	3,900	3,891	3,791
Non-current deferred revenue	598	775	882	862	862	806	789	804	788	788	749	706
Non-current operating lease liabilities	971	862	805	815	815	742	667	691	648	648	598	571
Non-current pension obligations	—	—	—	590	590	—	—	—	463	463	—	—
LT tax liabilities & deferred tax liabilities	771	711	779	994	994	919	819	784	587	587	579	581
Other LT liabilities	1,619	1,502	1,436	546	546	1,000	966	992	449	449	816	869
LT liabilities related to assets HFS	—	—	—	39	39	—	—	11	3	3	—	—
Total liabilities	15,481	15,032	14,866	14,764	14,764	13,598	12,801	13,302	12,025	12,025	11,690	11,242
Total equity	5,386	5,083	5,087	5,375	5,375	5,049	4,936	4,952	3,820	3,820	3,603	3,467
Total liabilities and equity	20,867	20,115	19,953	20,139	20,139	18,647	17,737	18,254	15,845	15,845	15,293	14,709

Net Debt and Leverage Ratios

(in \$M, except ratios)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Short term debt & current LT debt	817	745	706	900	900	904	834	873	500	500	694	672
LT debt, net of current maturities	4,116	4,363	4,236	4,065	4,065	3,874	3,695	3,850	3,900	3,900	3,891	3,791
Total debt	4,933	5,108	4,942	4,965	4,965	4,778	4,529	4,723	4,400	4,400	4,585	4,463
Less: Cash and cash equivalents	(2,460)	(2,699)	(2,919)	(2,672)	(2,672)	(2,209)	(2,260)	(2,091)	(1,858)	(1,858)	(1,576)	(1,412)
Net debt	2,473	2,409	2,023	2,293	2,293	2,569	2,269	2,632	2,542	2,542	3,009	3,051
Net interest expense ⁽¹⁾	222	196	165	139	139	114	85	77	65	65	65	74
Adjusted EBITDA ^{(1) (2)}	2,653	2,681	2,693	2,658	2,658	2,557	2,421	2,332	2,274	2,274	2,209	2,184
Adjusted EBIT ^{(1) (2)}	1,244	1,307	1,362	1,375	1,375	1,302	1,225	1,179	1,157	1,157	1,122	1,104
Free cash flow ^{(1) (2)}	(850)	(749)	207	743	743	1,035	648	561	737	737	674	748
Gross debt / Adjusted EBITDA ⁽¹⁾	1.86x	1.91x	1.84x	1.87x	1.87x	1.87x	1.87x	2.03x	1.93x	1.93x	2.08x	2.04x
Net debt / Adjusted EBITDA ⁽¹⁾	0.93x	0.90x	0.75x	0.86x	0.86x	1.00x	0.94x	1.13x	1.12x	1.12x	1.36x	1.40x
Net debt / Free cash flow ⁽¹⁾	(2.91x)	(3.22x)	9.77x	3.09x	3.09x	2.48x	3.50x	4.69x	3.45x	3.45x	4.46x	4.08x
Adjusted EBIT / Net interest expense ⁽¹⁾	5.60x	6.67x	8.25x	9.89x	9.89x	11.42x	14.41x	15.31x	17.80x	17.80x	17.26x	14.92x
Free cash flow / Net interest expense ⁽¹⁾	(3.83x)	(3.82x)	1.25x	5.35x	5.35x	9.08x	7.62x	7.29x	11.34x	11.34x	10.37x	10.11x

⁽¹⁾ Measures expressed on a trailing 12-month basis for comparability purposes to balance sheet measures.

⁽²⁾ Defined at end of presentation.

DXC Working Capital Key Metrics

(in \$M, except days)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Billed & unbilled accounts receivable	3,205	3,053	2,905	3,065	3,065	2,852	2,724	2,689	2,635	2,635	2,573	2,458
Revenue	4,141	4,027	4,089	4,008	16,265	3,707	3,566	3,566	3,591	14,430	3,446	3,436
One day of sales	46	44	45	44	45	41	39	39	39	40	38	38
Days sales outstanding (DSO)	70	69	65	70	69	70	70	69	67	67	68	65
Total cost of sales & SG&A expense	3,638	3,458	3,519	3,476	14,091	3,279	3,099	3,114	3,129	12,621	3,046	2,961
Less: Payroll & related expense ⁽¹⁾	(1,841)	(1,747)	(1,759)	(1,761)	(7,108)	(1,747)	(1,661)	(1,641)	(1,698)	(6,747)	(1,696)	(1,656)
Less: Other employee related expense ⁽¹⁾	(20)	(22)	(23)	(34)	(99)	(33)	(26)	(26)	(25)	(110)	(26)	(20)
Cost of sales & SG&A for DPO	1,777	1,689	1,737	1,681	6,884	1,499	1,412	1,447	1,406	5,764	1,324	1,285
Accounts payable	857	724	759	840	840	795	857	852	782	782	701	618
One day of COS & SG&A	20	19	19	18	19	16	16	16	15	16	15	14
Days purchases outstanding (DPO)	44	39	40	45	45	48	55	54	51	50	48	44
Cash conversion cycle	26	30	25	25	24	22	15	15	16	17	20	21

Note: Quarterly columns may not foot precisely to the amounts reported under cash flows from operating activities in our quarterly reports on Form 10-Q and related earnings releases due to rounding; no retrospective changes were made to earlier periods.

Note: Days sales outstanding, days purchases outstanding, one day of sales calculation, and one day of COS and SG&A methodology utilizes 91-day quarters and 365-day years.

⁽¹⁾ Payroll and related expense plus other employee related expense are subtracted out of our cost of sales and SG&A for DPO purposes in order to reflect the company's expense amounts that flow through accounts payable.

DXC Cash Flows from Operating Activities

Cash Flows from Operating Activities (in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Net Income	282	(187)	102	539	736	103	28	61	(758)	(566)	42	99
Depreciation & amortization	427	452	430	433	1,742	398	388	383	382	1,551	351	368
Operating right of use expense	130	124	117	113	484	106	108	97	93	404	90	91
Pension & other post-employment benefits	—	—	7	(691)	(684)	—	—	—	1,431	1,431	—	—
Share-based compensation	25	26	26	24	101	28	27	26	27	108	23	24
Deferred taxes	(25)	(16)	58	238	255	(38)	(65)	(67)	(439)	(609)	(50)	(52)
(Gain)/loss on dispositions	(414)	(1)	13	(19)	(421)	(62)	30	(11)	(217)	(260)	(9)	(30)
Provision for loss on A/R	(3)	1	3	4	5	2	(2)	—	(1)	(1)	2	—
Unrealized Fx (gain)/loss	(8)	(11)	(1)	8	(12)	46	23	11	(72)	8	23	(1)
Impairment losses & contract write-offs	—	17	4	30	51	—	21	10	16	47	7	7
Debt extinguishment costs	28	281	2	—	311	—	—	—	—	—	—	—
Amortization of debt issuance costs	—	—	—	—	—	—	—	—	4	4	—	—
Cash surrender value	—	—	—	(24)	(24)	—	—	—	(17)	(17)	—	—
Other non-cash charges, net	3	—	(2)	14	15	3	(5)	(1)	7	4	(2)	2
Changes in assets and liabilities												
Receivables	99	214	88	(173)	228	7	(42)	259	188	412	91	54
Prepaid expenses & other current assets	(73)	108	(50)	(33)	(48)	(76)	(74)	10	21	(119)	(28)	106
Accounts payable & accruals	(336)	(192)	(86)	(100)	(714)	(122)	(16)	(171)	(115)	(424)	(240)	(86)
Income taxes payable & tax liability	48	(243)	(67)	(53)	(315)	(35)	(91)	73	(108)	(161)	53	(103)
Operating lease liability	(130)	(124)	(117)	(113)	(484)	(106)	(108)	(97)	(93)	(404)	(90)	(91)
Advance contract payment & def. revenue	(80)	106	176	68	270	(80)	(8)	42	57	11	(99)	(141)
Other operating activities, net	(2)	8	(7)	6	5	(11)	(2)	—	9	(4)	(37)	1
Cash flows from operating activities	(29)	563	696	271	1,501	163	212	625	415	1,415	127	248

Note: Changes in assets and liabilities are aggregated and presented in our interim unaudited condensed consolidated statements of cash flows as three line items: "Decrease (increase) in assets," "Decrease in operating lease liability," and "Decrease in other liabilities." The above table disaggregates the three line items on a basis consistent with the presentation in our annual audited financial statements for discussion and analysis purposes only.

Note: Quarterly columns may not foot precisely to the amounts reported under cash flows from operating activities in our quarterly reports on Form 10-Q and related earnings releases due to rounding; no retrospective changes were made to earlier periods.

DXC Key Cash Flow Drivers

(in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Payments on finance leases & borrowings for asset financing	(494)	(177)	(184)	(135)	(990)	(159)	(115)	(125)	(112)	(511)	(131)	(100)
Less: Originations												
Capital expenditures through financing lease obligations	71	43	66	53	233	26	18	29	29	102	17	24
Investing assets acquired under long-term financing	35	9	—	—	44	2	4	—	19	25	27	—
Operating assets acquired under long-term financing	111	—	—	(4)	107	34	3	37	32	106	4	—
Total origination	217	52	66	49	384	62	25	66	80	233	48	24
Capital lease & asset financing debt accumulation/(paydown)	(277)	(125)	(118)	(86)	(606)	(97)	(90)	(59)	(32)	(278)	(83)	(76)
Purchases of property & equipment	(98)	(67)	(52)	(37)	(254)	(68)	(78)	(66)	(55)	(267)	(55)	(53)
Payments for transition & transformation contract costs	(55)	(52)	(45)	(57)	(209)	(57)	(57)	(52)	(57)	(223)	(62)	(48)
Software purchased & developed	(122)	(40)	(49)	(84)	(295)	(50)	(60)	(44)	(34)	(188)	(85)	(56)
Total capital expenditures	(275)	(159)	(146)	(178)	(758)	(175)	(195)	(162)	(146)	(678)	(202)	(157)
Capital lease originations & capex as a % of revenue	11.9%	5.2%	5.2%	5.7%	7.0%	6.4%	6.2%	6.4%	6.3%	6.3%	7.3%	5.3%
Payments on operating lease liabilities	(130)	(124)	(117)	(113)	(484)	(106)	(108)	(97)	(93)	(404)	(90)	(91)
Less: ROU assets obtained for operating leases, net	52	17	61	149	279	55	62	76	34	227	23	72
Operating lease accumulation/(paydown)	(78)	(107)	(56)	36	(205)	(51)	(46)	(21)	(59)	(177)	(67)	(19)

DXC Cash Flow Drivers

(in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Cash paid for restructuring	(115)	(86)	(78)	(75)	(354)	(48)	(63)	(43)	(52)	(206)	(43)	(32)
Cash paid for TSI ⁽¹⁾	(9)	(3)	(11)	(3)	(26)	(2)	(4)	(6)	(4)	(16)	(1)	(3)
Total cash paid for restructuring & TSI	(124)	(89)	(89)	(78)	(380)	(50)	(67)	(49)	(56)	(222)	(44)	(35)
Interest expense	(62)	(61)	(38)	(43)	(204)	(37)	(44)	(56)	(63)	(200)	(66)	(78)
Interest income	20	16	15	14	65	20	28	41	46	135	49	53
Net interest expense	(42)	(45)	(23)	(29)	(139)	(17)	(16)	(15)	(17)	(65)	(17)	(25)
Cash paid for taxes on income, net of refunds	(52)	(222)	(52)	(68)	(394)	(53)	(177)	(59)	(119)	(408)	(52)	(183)

⁽¹⁾ Cash paid for Transaction, Separation and Integration-Related Costs was presented on a cash basis through Q4 FY21, as the company tracked the cash outflows for the purposes of reporting a Non-GAAP adjusted free cash flow metric, which was discontinued in FY21. Beginning in Q1 FY22, TSI quarterly expense is presented as equivalent to the cash paid for TSI as the differences between the two metrics are deemed immaterial.

DXC Free Cash Flow

Free Cash Flow (in \$M)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Total FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Total FY23	Q1 FY24	Q2 FY24
Cash flows from operating activities	(29)	563	696	271	1,501	163	212	625	415	1,415	127	248
Less capex												
Purchase of property & equipment	(98)	(67)	(52)	(37)	(254)	(68)	(78)	(66)	(55)	(267)	(55)	(53)
Payments for transition & transformation contract costs	(55)	(52)	(45)	(57)	(209)	(57)	(57)	(52)	(57)	(223)	(62)	(48)
Software purchased & developed	(122)	(40)	(49)	(84)	(295)	(50)	(60)	(44)	(34)	(188)	(85)	(56)
Total capex	(275)	(159)	(146)	(178)	(758)	(175)	(195)	(162)	(146)	(678)	(202)	(157)
Free Cash Flow	(304)	404	550	93	743	(12)	17	463	269	737	(75)	91
Additional cash information												
Payments on finance leases & borrowings for asset financing	(494)	(177)	(184)	(135)	(990)	(159)	(115)	(125)	(112)	(511)	(131)	(100)
Cash paid for restructuring expense	(115)	(86)	(78)	(75)	(354)	(48)	(63)	(43)	(52)	(206)	(43)	(32)
Cash paid for interest expense	(65)	(90)	(22)	(50)	(227)	(22)	(52)	(41)	(73)	(188)	(51)	(84)
Cash paid for taxes on income, net of refunds	(52)	(222)	(52)	(68)	(394)	(53)	(177)	(59)	(119)	(408)	(52)	(183)
Business dispositions	513	—	6	14	533	(36)	87	1	(199)	(147)	(7)	7
Proceeds from sale of assets	67	20	8	5	100	14	95	56	6	171	11	54

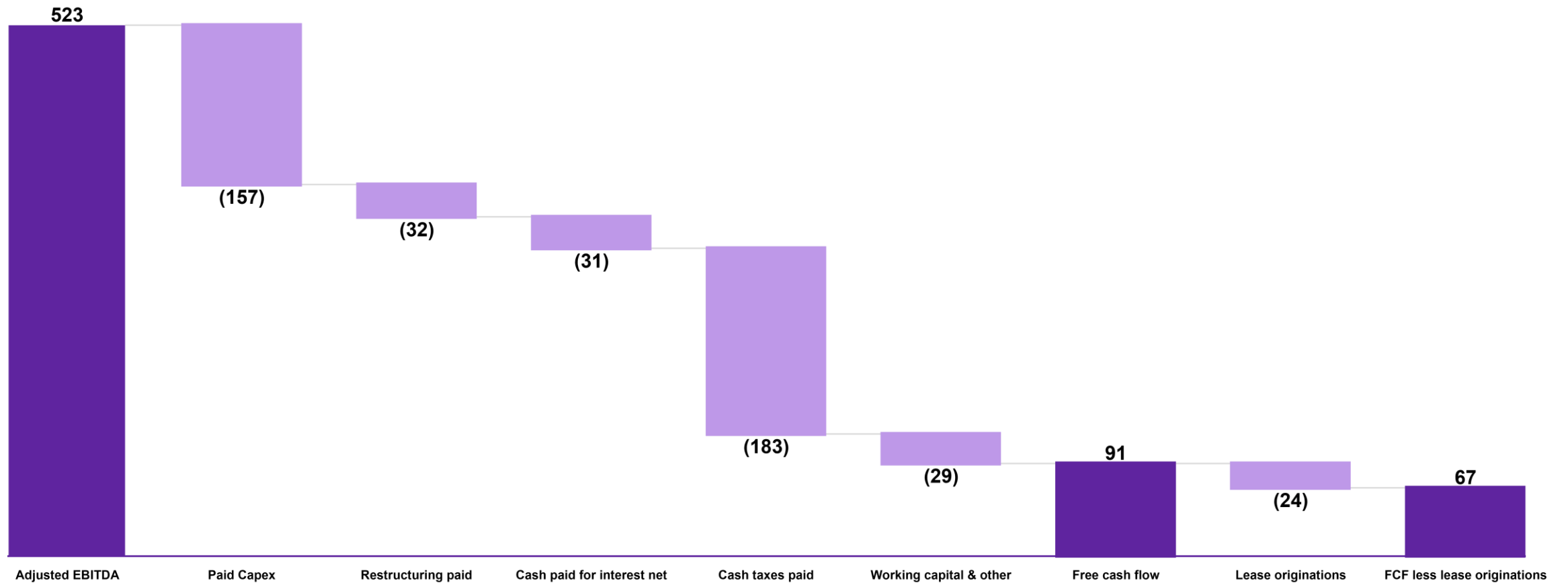
Q2 FY24 Non-GAAP Reconciliation: Organic Revenue – Offerings

(in \$M)	Analytics & Engineering	Applications	Insurance Software & Business Process Services (BPS)	Security	Cloud Infrastructure & IT Outsourcing	Modern Workplace	Acquisitions & Divestitures	Total
Revenue	561	762	386	109	1,209	409	-	\$ 3,436
Prior-year revenue	524	755	363	108	1,309	436	71	3,566
YoY change \$	\$ 37	\$ 7	\$ 23	\$ 1	\$ (100)	\$ (27)	\$ (71)	\$ (130)
YoY change %								
Revenue	7.1%	0.9%	6.3%	0.9%	(7.6%)	(6.2%)	-	(3.6%)
Foreign currency	(1.8%)	(1.7%)	(1.1%)	(2.7%)	(2.2%)	(2.8%)	-	(2.0%)
Acquisitions & divestitures	-	-	-	-	-	-	-	2.0%
Organic revenue growth/(decline) %	5.3%	(0.8%)	5.2%	(1.8%)	(9.8%)	(9.0%)	-	(3.6%)

Currency Impact

Quarterly averages (US\$ per currency)	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	YoY Chg.	Spot 10/17/23	Q3 FY24E	Q4 FY24E	FY24E
Euro	1.07	1.01	1.02	1.07	1.09	1.09	8%	1.05	3%	(2%)	3%
Pound sterling	1.26	1.18	1.17	1.22	1.25	1.27	8%	1.22	4%	0%	2%
Australian dollar	0.72	0.68	0.66	0.68	0.67	0.65	(4%)	0.63	(4%)	(7%)	(6%)
Currency impact on revenue	(5.8%)	(7.4%)	(6.6%)	(3.9%)	(0.7%)	2.0%					
Revenue impact @ 10/17/23 spot									0.6%	(1.6%)	0.0%
<i>Prior view @ 7/20/23 spot</i>									4.1%	1.8%	2.1%

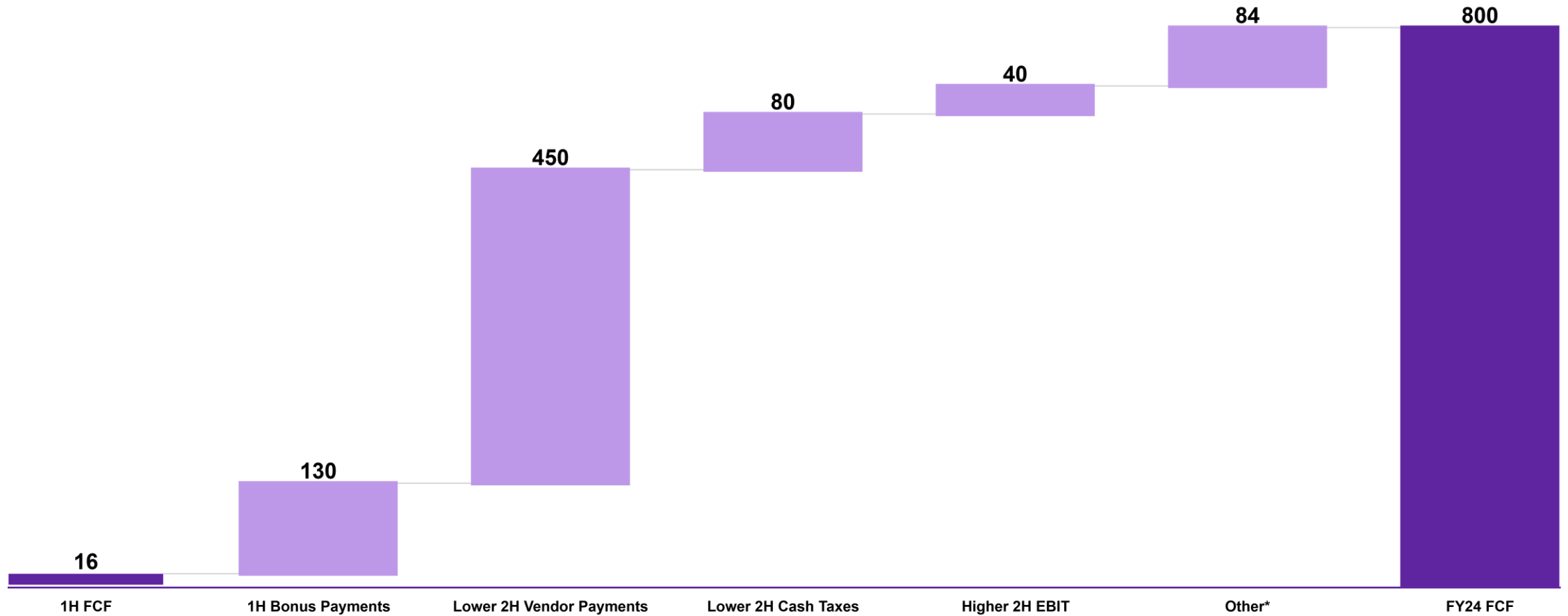
Q2 FY24 Adjusted EBITDA and Free Cash Flow



- All values in millions

- Capex compares to depreciation of \$112M, Working capital & other includes the impact of non-cash pension income (\$21M), and cash taxes paid are net of refunds

FCF 2H Walk to FY Guidance of \$800M



*Other includes Working Capital, CapEx, Restructuring, Interest, and other items

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 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 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 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

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 current estimate of potential 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.
- **Arbitration loss:** Reflects losses arising from arbitration decisions in the third and fourth quarters of fiscal 2023.
- **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 and adjustments for changes in tax legislation. Income tax expense/(benefit) 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.

