UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended November 1, 2024

or

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

For the transition period from ______ to ______

Commission File Number 001-35832

Science Applications International Corporation

(Exact name of registrant as specified in its charter)

Delaware	**46-1932921**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
12010 Sunset Hills Road, Reston, Virginia	**20190**
(Address of principal executive offices)	(Zip Code)

(703) 676-4300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $.0001 per share	**SAIC**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐
						Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares issued and outstanding of the registrant’s common stock as of November 22, 2024 was as follows:

48,881,516 shares of common stock ($.0001 par value per share)

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PART I—FINANCIAL INFORMATION

Item 1. *Financial Statements*

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	November 1, 2024	November 3, 2023	**November 1, 2024**	November 3, 2023
	(in millions, except per share amounts)			
Revenues	**$ 1,976**	$ 1,895	**$ 5,641**	$ 5,707
Cost of revenues	**1,739**	1,666	**4,981**	5,027
Selling, general and administrative expenses	**83**	87	**245**	259
(Gain) loss on divestitures, net of transaction costs	**—**	—	**—**	(240)
Other operating (income) expense	**(6)**	(1)	**(10)**	(1)
Operating income	**160**	143	**425**	662
Interest expense, net	**32**	27	**97**	88
Other (income) expense, net	**2**	2	**7**	2
Income before income taxes	**126**	114	**321**	572
Provision for income taxes	**(20)**	(21)	**(57)**	(134)
Net income	**$ 106**	$ 93	**$ 264**	$ 438
Earnings per share:				
Basic	**$ 2.15**	$ 1.79	**$ 5.22**	$ 8.19
Diluted	**$ 2.13**	$ 1.76	**$ 5.17**	$ 8.11

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	November 1, 2024	November 3, 2023	**November 1, 2024**	November 3, 2023
	(in millions)			
Net income	**$ 106**	$ 93	**$ 264**	$ 438
Other comprehensive (loss) income, net of tax:				
Net unrealized (loss) gain on derivative instruments	**(1)**	(3)	**(6)**	(2)
Total other comprehensive (loss) income, net of tax	**(1)**	(3)	**(6)**	(2)
Comprehensive income	**$ 105**	$ 90	**$ 258**	$ 436

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	November 1, 2024	February 2, 2024
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 46	$ 94
Receivables, net	1,022	914
Prepaid expenses and other current assets	92	123
Total current assets	1,160	1,131
Goodwill	2,851	2,851
Intangible assets, net	807	894
Property, plant, and equipment (net of accumulated depreciation of $197 million and $184 million at November 1, 2024 and February 2, 2024, respectively)	99	91
Operating lease right of use assets	176	152
Other assets	182	195
Total assets	$ 5,275	$ 5,314
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 714	$ 567
Accrued payroll and employee benefits	311	370
Other accrued liabilities	92	144
Debt, current portion	220	77
Total current liabilities	1,337	1,158
Debt, net of current portion	1,939	2,022
Operating lease liabilities	190	147
Deferred income taxes	12	28
Other long-term liabilities	185	174
Commitments and contingencies (Note 12)		
Equity:		
Common stock, $0.0001 par value, 1 billion shares authorized, 49 million and 52 million shares issued and outstanding as of November 1, 2024 and February 2, 2024, respectively	—	—
Additional paid-in capital	—	337
Retained earnings	1,602	1,432
Accumulated other comprehensive income	10	16
Total stockholders' equity	1,612	1,785
Total liabilities and stockholders' equity	$ 5,275	$ 5,314

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interest	Total
			(in millions)			
Balance at August 2, 2024	**50**	**$ 63**	**$ 1,551**	**$ 11**	**$ —**	**$ 1,625**
Net income	—	—	106	—	—	106
Issuances of stock	—	5	—	—	—	5
Other comprehensive loss, net of tax	—	—	—	(1)	—	(1)
Cash dividends of $0.37 per share	—	—	(18)	—	—	(18)
Stock-based compensation, net of shares withheld for taxes[1]	—	11	—	—	—	11
Repurchases of stock	(1)	(79)	(37)	—	—	(116)
Balance at November 1, 2024	**49**	**$ —**	**$ 1,602**	**$ 10**	**$ —**	**$ 1,612**
Balance at February 2, 2024	**52**	**$ 337**	**$ 1,432**	**$ 16**	**$ —**	**$ 1,785**
Net income	—	—	264	—	—	264
Issuances of stock	—	14	—	—	—	14
Other comprehensive loss, net of tax	—	—	—	(6)	—	(6)
Cash dividends of $1.11 per share	—	—	(57)	—	—	(57)
Stock-based compensation, net of shares withheld for taxes[1]	—	13	—	—	—	13
Repurchases of stock	(3)	(364)	(37)	—	—	(401)
Balance at November 1, 2024	**49**	**$ —**	**$ 1,602**	**$ 10**	**$ —**	**$ 1,612**
Balance at August 4, 2023	**53**	**$ 480**	**$ 1,340**	**$ 23**	**$ —**	**$ 1,843**
Net income	—	—	93	—	—	93
Issuances of stock	—	4	—	—	—	4
Other comprehensive income, net of tax	—	—	—	(3)	—	(3)
Cash dividends of $0.37 per share	—	—	(20)	—	—	(20)
Stock-based compensation, net of shares withheld for taxes[1]	—	14	—	—	—	14
Repurchases of stock	(1)	(103)	—	—	—	(103)
Balance at November 3, 2023	**52**	**$ 395**	**$ 1,413**	**$ 20**	**$ —**	**$ 1,828**
Balance at February 3, 2023	**54**	**$ 637**	**$ 1,035**	**$ 22**	**$ 10**	**$ 1,704**
Net income	—	—	438	—	—	438
Issuances of stock	1	13	—	—	—	13
Other comprehensive income, net of tax	—	—	—	(2)	—	(2)
Cash dividends of $1.11 per share	—	—	(60)	—	—	(60)
Stock-based compensation, net of shares withheld for taxes[1]	—	21	—	—	—	21
Repurchases of stock	(3)	(276)	—	—	—	(276)
Deconsolidation of non-controlling interest	—	—	—	—	(10)	(10)
Balance at November 3, 2023	**52**	**$ 395**	**$ 1,413**	**$ 20**	**$ —**	**$ 1,828**

(1) During the three months ended November 1, 2024 and November 3, 2023, shares withheld for taxes related to stock-based compensation arrangements amounted to $2 million and $1 million, respectively. During the nine months ended November 1, 2024 and November 3, 2023, shares withheld for taxes related to stock-based compensation arrangements amounted to $25 million and $21 million, respectively.

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended	
	November 1, 2024	November 3, 2023
	(in millions)	
Cash flows from operating activities:		
Net income	**$ 264**	$ 438
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**104**	106
Deferred income taxes	**(15)**	(33)
Stock-based compensation expense	**38**	42
Gain on sale of equity method investments and long-lived assets	**(5)**	(3)
Gain on divestitures	**—**	(247)
Other	**(4)**	(1)
Increase (decrease) resulting from changes in operating assets and liabilities, net of the effect of divestitures:		
Receivables	**(108)**	(142)
Prepaid expenses and other current assets	**31**	13
Other assets	**10**	5
Accounts payable and accrued liabilities	**121**	120
Accrued payroll and employee benefits	**(59)**	(4)
Income taxes payable	**(2)**	21
Operating lease assets and liabilities, net	**(7)**	(3)
Other long-term liabilities	**11**	21
Net cash provided by operating activities	**379**	333
Cash flows from investing activities:		
Expenditures for property, plant, and equipment	**(21)**	(16)
Purchases of marketable securities	**(11)**	(6)
Sales of marketable securities	**10**	5
Proceeds from sale of long-lived assets	**—**	3
Proceeds from sale of equity method investments	**10**	—
Proceeds from divestitures	**—**	356
Cash divested upon deconsolidation of joint venture	**—**	(8)
Other	**(3)**	(10)
Net cash (used in) provided by investing activities	**(15)**	324
Cash flows from financing activities:		
Dividend payments to stockholders	**(57)**	(60)
Principal payments on borrowings	**(1,056)**	(275)
Issuances of stock	**14**	13
Stock repurchased and retired or withheld for taxes on equity awards	**(425)**	(293)
Excise tax payments on stock repurchases	**(3)**	—
Proceeds from borrowings	**1,114**	160
Net cash used in financing activities	**(413)**	(455)
Net (decrease) increase in cash, cash equivalents and restricted cash	**(49)**	202
Cash, cash equivalents and restricted cash at beginning of period	**103**	118
Cash, cash equivalents and restricted cash at end of period	**$ 54**	$ 320

See accompanying notes to condensed consolidated financial statements.

Note 1—Business Overview and Summary of Significant Accounting Policies:

Overview

Science Applications International Corporation (collectively, with its consolidated subsidiaries, the “Company") is a leading provider of technical, engineering and enterprise information technology ("IT") services primarily to the U.S. government. The Company integrates emerging technology securely and in real-time into mission critical operations that modernize and enable national imperatives. The Company provides these services for large, complex projects with a targeted emphasis on higher-end, differentiated technology services and solutions that accelerate and transform secure and resilient digital environments through system development, modernization, integration, and sustainment to drive enterprise and mission outcomes.

Effective February 3, 2024, the first day of fiscal 2025, the Company completed a business reorganization which replaced its previous two customer facing operating sectors with five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The Company's five business groups, which are also its operating segments, are aggregated into two reportable segments for financial reporting purposes given the similarity in economic and qualitative characteristics, and based on the nature of the customers they serve. The Company’s two reportable segments are the Defense and Intelligence segment and the Civilian segment.

The Defense and Intelligence segment provides a diverse portfolio of national security solutions to the defense and intelligence departments and agencies of the United States Government.

The Civilian segment provides solutions to the civilian markets, encompassing federal, state, and local governments, in order to deliver services for citizen well-being and protecting lives. This includes integrating solutions into a spectrum of public service missions that impact travel, trade, health and the economy.

The offerings of both reportable segments entail the integration of emerging technologies into mission critical operations that modernize and enable national imperatives, including IT modernization, digital engineering, artificial intelligence ("AI"), mission systems support and advisory, training and simulation, and ground vehicles support. These services include end-to-end solutions spanning the design, development, integration, deployment, management and operations, sustainment and security of the customers’ entire IT infrastructure.

The Company's Innovation Factory supports the operating segments by developing enterprise-class solutions which are delivered to the Company's customers as stand-alone solutions or integrated with and aligned to product offerings through the operations of the business to meet complex customer needs and accelerate digital transformation. The Innovation Factory includes designated teams focused on AI, application development, network services, platforms and cloud, and cybersecurity. It uses a highly automated, cloud-hosted tool set to rapidly build, test and deploy solutions and works with customers to enhance solutions going forward.

Costs associated with corporate functions that are not allocable to the reportable segments are presented as Corporate activities. See Note 11—Business Segments Information for additional information.

Within this report, the Company has recast historical financial information to reflect the new reportable segments. The recast historical information has no impact on the Company's previously reported condensed consolidated financial statements.

Principles of Consolidation and Basis of Presentation

References to “financial statements” refer to the condensed consolidated financial statements of the Company, which include the statements of income and comprehensive income, balance sheets, statements of equity and statements of cash flows. These financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). All intercompany transactions and account balances within the Company have been eliminated.

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Interest income was reclassified from "Other (income) expense, net" to "Interest expense, net" on the condensed consolidated statements of income, gains on divestitures, net of transaction costs were reclassified from "Other operating (income) expense" to "(Gain) loss on divestitures, net of transaction costs" on the condensed consolidated statements of income, and "Accounts Payable" is now presented separately from "Other accrued liabilities" on the condensed consolidated balance sheets.

The results reported in these financial statements are not necessarily indicative of results that may be expected for the entire year and should be read in conjunction with the information contained in the Company's Annual Report on Form 10-K for the year ended February 2, 2024.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Significant estimates inherent in the preparation of the financial statements may include, but are not limited to, estimated profitability of long-term contracts, income taxes, fair value measurements, fair value of goodwill and other intangible assets, pension and defined benefit plan obligations, and contingencies. Estimates have been prepared by management on the basis of the most current and best available information at the time of estimation and actual results could differ from those estimates.

Reporting Periods

The Company utilizes a 52/53 week fiscal year ending on the Friday closest to January 31, with fiscal quarters typically consisting of 13 weeks. Fiscal 2025 began on February 3, 2024 and ends on January 31, 2025, while fiscal 2024 began on February 4, 2023 and ended on February 2, 2024.

Operating Cycle

The Company's operating cycle may be greater than one year and is measured by the average time intervening between the inception and the completion of contracts.

Derivative Instruments Designated as Cash Flow Hedges

Derivative instruments are recorded on the condensed consolidated balance sheets at fair value. Unrealized gains and losses on derivatives designated as cash flow hedges are reported in other comprehensive income (loss) and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. Settlement amounts related to derivatives designated as cash flow hedges are presented within operating activities on the condensed consolidated statement of cash flows.

The Company's fixed interest rate swaps are considered over-the-counter derivatives, and their fair value is calculated using a standard pricing model for interest rate swaps with contractual terms for maturities, amortization and interest rates. Level 2, or market observable inputs (such as yield and credit curves), are used within the standard pricing models in order to determine fair value. The fair value is an estimate of the amount that the Company would pay or receive as of a measurement date if the agreements were transferred to a third party. See Note 8—Derivative Instruments Designated as Cash Flow Hedges for further discussion on the Company's derivative instruments designated as cash flow hedges.

Marketable Securities

Investments in marketable securities consist of equity securities, which are recorded at fair value using observable inputs such as quoted prices in active markets (Level 1). As of November 1, 2024 and February 2, 2024, the fair value of the Company's investments totaled $36 million and $32 million, respectively, and are included in "Other assets" on the condensed consolidated balance sheets. The Company's investments are primarily held in a custodial account, which includes investments to fund its deferred compensation plan liabilities.

Sale of Equity Method Investment

On August 30, 2024, Morpheus Data, one of the Company’s unconsolidated venture investments, completed a transaction to sell all its outstanding equity, including the Company's equity investment, to Hewlett Packard Enterprise (NYSE: HPE). The transaction resulted in a pre-tax gain of $5 million which is included within "Other operating (income) expense" on the condensed consolidated statements of income.

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported on the condensed consolidated balance sheets for the periods presented:

	November 1, 2024	February 2, 2024
	(in millions)	
Cash and cash equivalents	$ 46	$ 94
Restricted cash included in prepaid expenses and other current assets	4	4
Restricted cash included in other assets	4	5
Cash, cash equivalents and restricted cash	$ 54	$ 103

Restructuring Costs

The Company periodically initiates restructuring activities to support business strategies, realign resources, and enhance its operational efficiency. Restructuring costs may include severance and other employee related termination costs, costs associated with consolidating or closing facilities and consulting costs.

Restructuring costs for the nine months ended November 1, 2024 were $4 million and were primarily related to activities associated with the reorganization of its business sectors into business groups and the optimization and consolidation of certain facilities. Restructuring costs for the three and nine months ended November 3, 2023 were $2 million and $8 million, respectively, and were primarily associated with the optimization and consolidation of certain facilities. Restructuring costs are presented within "Selling, general and administrative expenses" on the condensed consolidated statements of income.

Accounting Standards Updates

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The standard includes new disclosure requirements relating to specified categories of expenses (purchases of inventory, employee compensation, depreciation, and amortization) that are included in certain expense captions presented on the face of the income statement. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The amendments can be applied on a prospective or retrospective basis. The Company is currently evaluating the impact of adoption of this standard on its financial statement disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The standard includes amendments that enhance annual income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments can be applied on a prospective or retrospective basis. The Company plans to adopt this standard in fiscal 2026 and is currently evaluating the impact of adoption of this standard on its financial statement disclosures.

In November 2023, the FASB issued ASU No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Amongst other amendments, the standard requires annual and interim disclosures of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"), and interim disclosures about a reportable segment's profit or loss and assets that are currently required annually. This standard does not change how an entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company will adopt the annual disclosure in fiscal 2025 and the interim disclosure in fiscal 2026 and is currently evaluating the impact of adoption of this standard on its financial statement disclosures.

Note 2—Earnings Per Share, Share Repurchases and Dividends:

Earnings Per Share ("EPS")

Basic EPS is computed by dividing net income by the basic weighted-average number of shares outstanding. Diluted EPS is computed similarly to basic EPS, except the weighted-average number of shares outstanding is increased to include the dilutive effect of outstanding stock-based awards. The dilutive effect of outstanding stock-based awards is computed using the treasury stock method.

The following table provides a reconciliation of the weighted-average number of shares outstanding used to compute basic and diluted EPS for the periods presented:

	Three Months Ended		Nine Months Ended	
	November 1, 2024	November 3, 2023	**November 1, 2024**	November 3, 2023
	(in millions)			
Basic weighted-average number of shares outstanding	**49.4**	52.8	**50.6**	53.5
Dilutive common share equivalents - stock options and other stock-based awards	**0.4**	0.5	**0.5**	0.5
Diluted weighted-average number of shares outstanding	**49.8**	53.3	**51.1**	54.0

Antidilutive stock awards excluded from the weighted-average number of shares outstanding used to compute diluted EPS for the three and nine months ended November 1, 2024 and November 3, 2023 were immaterial.

Share Repurchases

The Company may repurchase shares in accordance with established repurchase plans. The Company retires its common stock upon repurchase with the excess over par value allocated to additional paid-in capital. When repurchases for the period exceed total additional-paid-in-capital, the excess repurchases are recorded as a reduction to retained earnings. The Company has not made any material purchases of common stock other than in connection with established share repurchase plans. In June 2022, the number of shares of the Company's common stock that may be repurchased under the Company's existing repurchase plan was increased by 8.0 million shares, bringing the total authorized shares to be repurchased under the plan to approximately 24.4 million shares. As of November 1, 2024, the Company has repurchased approximately 23.4 million shares of its common stock under the plan.

Dividends

The Company declared and paid a quarterly dividend of $0.37 per share of its common stock during the three months ended November 1, 2024.

Note 3—Revenues:

Changes in Estimates on Contracts

Changes in estimates of revenues, cost of revenues or profits related to performance obligations satisfied over time are recognized in operating income in the period in which such changes are made for the inception-to-date effect of the changes. Changes in these estimates can occur routinely over the performance period for a variety of reasons, which include: changes in scope; changes in cost estimates due to unanticipated cost growth or reassessments of risks impacting costs; changes in the estimated transaction price, such as variable amounts for incentive or award fees; and performance being better or worse than previously estimated.

A significant portion of the Company's contracts recognize revenue on performance obligations using a cost input measure (cost-to-cost), which requires estimates of total costs at completion. In cases when total expected costs exceed total estimated revenues for a performance obligation, the Company recognizes the total estimated loss in the quarter identified. Total estimated losses are inclusive of any unexercised options that are probable of award, only if they increase the amount of the loss.

Aggregate net changes in estimates on contracts accounted for using the cost-to-cost method of accounting were recognized in operating income as follows:

	Three Months Ended		Nine Months Ended	
	November 1, 2024	November 3, 2023	**November 1, 2024**	November 3, 2023
	(in millions, except per share amounts)			
Net favorable (unfavorable) adjustments	**$ 15**	$ 2	**$ 15**	$ 6
Net favorable (unfavorable) adjustments, after tax	**13**	2	**12**	5
Diluted EPS impact	**$ 0.26**	$ 0.04	**$ 0.23**	$ 0.09

Revenues were $13 million and $14 million higher for the three and nine months ended November 1, 2024 and $4 million and $8 million higher for the three and nine months ended November 3, 2023, respectively, due to net revenue recognized from performance obligations satisfied in prior periods.

Disaggregation of Revenues

The Company's revenues are generated primarily from long-term contracts with the U.S. government including subcontracts with other contractors engaged in work for the U.S. government. The Company disaggregates revenues by customer, contract type and prime versus subcontractor to the federal government for each of its reportable segments.

Disaggregated revenues by customer were as follows:

	Three Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total	Defense and Intelligence	Civilian	Total
	(in millions)					
Department of Defense	**$ 992**	**$ 13**	**$ 1,005**	$ 975	$ 17	$ 992
Intelligence and other federal government agencies	**517**	**413**	**930**	499	364	863
Commercial, state and local governments and international	**6**	**35**	**41**	5	35	40
Total	**$ 1,515**	**$ 461**	**$ 1,976**	$ 1,479	$ 416	$ 1,895

	Nine Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total	Defense and Intelligence	Civilian	Total
			(in millions)			
Department of Defense	**$ 2,916**	**$ 15**	**$ 2,931**	$ 2,961	$ 21	$ 2,982
Intelligence and other federal government agencies	**1,430**	**1,158**	**2,588**	1,492	1,119	2,611
Commercial, state and local governments and international	**20**	**102**	**122**	12	102	114
Total	**$ 4,366**	**$ 1,275**	**$ 5,641**	$ 4,465	$ 1,242	$ 5,707

Disaggregated revenues by contract type were as follows:

	Three Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total	Defense and Intelligence	Civilian	Total
			(in millions)			
Cost reimbursement	**$ 1,245**	**$ 28**	**$ 1,273**	$ 1,188	$ 19	$ 1,207
Time and materials ("T&M")	**119**	**287**	**406**	134	248	382
Firm-fixed price ("FFP")	**151**	**146**	**297**	157	149	306
Total	**$ 1,515**	**$ 461**	**$ 1,976**	$ 1,479	$ 416	$ 1,895

	Nine Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total	Defense and Intelligence	Civilian	Total
			(in millions)			
Cost reimbursement	**$ 3,464**	**$ 69**	**$ 3,533**	$ 3,371	$ 53	$ 3,424
Time and materials ("T&M")	**430**	**819**	**1,249**	363	744	1,107
Firm-fixed price ("FFP")	**472**	**387**	**859**	731	445	1,176
Total	**$ 4,366**	**$ 1,275**	**$ 5,641**	$ 4,465	$ 1,242	$ 5,707

Disaggregated revenues by prime versus subcontractor were as follows:

	Three Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total	Defense and Intelligence	Civilian	Total
			(in millions)			
Prime contractor to federal government	**$ 1,384**	**$ 385**	**$ 1,769**	$ 1,363	$ 347	$ 1,710
Subcontractor to federal government	**125**	**41**	**166**	111	34	145
Other	**6**	**35**	**41**	5	35	40
Total	**$ 1,515**	**$ 461**	**$ 1,976**	$ 1,479	$ 416	$ 1,895

	Nine Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total	Defense and Intelligence	Civilian	Total
			(in millions)			
Prime contractor to federal government	**$ 3,976**	**$ 1,062**	**$ 5,038**	$ 4,113	$ 1,043	$ 5,156
Subcontractor to federal government	**370**	**111**	**481**	340	97	437
Other	**20**	**102**	**122**	12	102	114
Total	**$ 4,366**	**$ 1,275**	**$ 5,641**	$ 4,465	$ 1,242	$ 5,707

Contract Balances

Contract balances for the periods presented were as follows:

	Balance Sheet line item	November 1, 2024	February 2, 2024
		(in millions)	
Billed and billable receivables, net[(1)]	Receivables, net	$ 621	$ 555
Contract assets - unbillable receivables	Receivables, net	401	359
Contract assets - contract retentions	Other assets	16	14
Contract liabilities - current	Other accrued liabilities	27	53
Contract liabilities - non-current	Other long-term liabilities	$ 1	$ 2

(1) Net of allowance of $3 million as of November 1, 2024 and February 2, 2024.

During the three and nine months ended November 1, 2024, the Company recognized revenues of $3 million and $33 million, respectively, relating to amounts that were included in the opening balance of contract liabilities as of February 2, 2024. During the three and nine months ended November 3, 2023, the Company recognized revenues of $5 million and $38 million, respectively, relating to amounts that were included in the opening balance of contract liabilities as of February 3, 2023.

Remaining Performance Obligations

Remaining performance obligations ("RPO") represent the transaction price of exercised contracts (both funded and unfunded) less inception to date revenue recognized. RPO does not include unexercised option periods and future task orders expected to be awarded under IDIQ contracts. As of November 1, 2024, the Company had approximately $5.7 billion of RPO. The Company expects to recognize revenue on approximately 81% of the RPO over the next 12 months and approximately 91% over the next 24 months, with the remaining recognized thereafter.

Note 4—Divestitures:

FSA Amendment

On February 4, 2023, the Company sold 0.1% of its 50.1% majority ownership interest in Forfeiture Support Associates J.V. ("FSA") to its sole joint venture partner for a nominal amount. In conjunction with the sale, the Company remeasured its retained investment in FSA to a fair value of $14 million. As a result of the sale and amendment to the joint venture operating agreement of FSA, the Company no longer controls the joint venture and will account for its retained interest as an equity method investment as of the date of the transaction.

The equity method investment is included within "Other assets" on the condensed consolidated balance sheets. The remeasurement resulted in a gain of $7 million which is included within "(Gain) loss on divestitures, net of transaction costs" on the condensed consolidated statements of income and is reflected within "Gain on divestitures" on the condensed consolidated statements of cash flows for the nine months ended November 3, 2023. The Company estimated the fair value of its retained investment in FSA based on Level 3 inputs of the fair value hierarchy. The Company used the income approach which involves the use of estimates and assumptions, including revenue growth rates, projected operating margins, discount rates and terminal growth rates.

Sale of Logistics and Supply Chain Management Business

On May 6, 2023, the Company closed the sale of its logistics and supply chain management business ("Supply Chain Business") to ASRC Federal Holding Company, LLC ("ASRC Federal") for $356 million in cash, including $355 million received at closing and a preliminary post-closing adjustment for working capital. The Company recognized the cash as "Proceeds from divestitures" on the condensed consolidated statements of cash flows. The sale enables the Company to focus its resources on long-term strategic growth areas. During the second quarter of fiscal 2024, the Company recorded a preliminary pre-tax gain of $233 million, net of $7 million of transaction costs, which is included within "(Gain) loss on divestitures, net of transaction costs" on the condensed consolidated statements of income.

The disposition did not represent a strategic shift in operations that would have a material effect on the Company's operations and financial results, and accordingly has not been presented as discontinued operations.

The major classes of assets and liabilities divested were as follows:

	(in millions)
Assets:	
Receivables, net	$ 46
Inventories, net	72
Prepaid expenses	1
Goodwill	60
Operating lease right of use assets	2
Total assets divested	$ 181
Liabilities:	
Accounts payable	$ 62
Accrued payroll and employee benefits	1
Other accrued liabilities	1
Operating lease liabilities	1
Total liabilities divested	$ 65

In connection with the sale, the Company and ASRC Federal entered into certain transition services agreements pursuant to which the Company provided certain services to ASRC Federal through the first quarter of fiscal 2025 on a cost reimbursable basis. The transition services included certain IT, finance and other services necessary to support the transition of the sale.

Note 5—Goodwill and Intangible Assets:

Goodwill

The following table presents the carrying value of goodwill by reportable segment:

	November 1, 2024	February 2, 2024
	(in millions)	
Defense and Intelligence	$ 2,001	$ 2,001
Civilian	850	850
Total	$ 2,851	$ 2,851

Goodwill is not amortized, but rather tested for potential impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The goodwill impairment test is performed at the reporting unit level. As a result of the internal reorganization on February 3, 2024, the Company reallocated its goodwill to its five new goodwill reporting units.

The Company performed a goodwill impairment test immediately before and after the reorganization, both of which resulted in no impairment. For the goodwill impairment test immediately after the reorganization, the Company performed a quantitative assessment of its goodwill as of February 3, 2024 for its five new goodwill reporting units. The Company estimated the fair value of each reporting unit using a 50:50 weighting of fair values derived from an income approach and market approach.

Under the income approach, the Company estimated the fair value of its reporting units using a multi-year discounted cash flow model involving assumptions about projected future revenue growth, operating margins, income tax rates, capital expenditures, discount rate, and terminal value. Under the market approach, the Company estimated the fair value of its reporting units based on multiples of earnings derived from observable market data of comparable public companies.

Intangible Assets

Intangible assets, all of which were finite-lived, consisted of the following:

	November 1, 2024			February 2, 2024		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
			(in millions)			
Customer relationships	**$ 1,462**	**$ (660)**	**$ 802**	$ 1,462	$ (574)	$ 888
Developed technology	**10**	**(5)**	**5**	10	(4)	6
Trade name	**1**	**(1)**	**—**	1	(1)	—
Total intangible assets	**$ 1,473**	**$ (666)**	**$ 807**	$ 1,473	$ (579)	$ 894

Amortization expense related to intangible assets was $29 million and $87 million for the three and nine months ended November 1, 2024, respectively, and $28 million and $86 million for the three and nine months ended November 3, 2023, respectively. There were no intangible asset impairment losses during the periods presented.

As of November 1, 2024, the estimated future annual amortization expense related to intangible assets is as follows:

Fiscal Year	(in millions)
Remainder of 2025	$ 28
2026	115
2027	115
2028	98
2029	97
Thereafter	354
Total	$ 807

Actual amortization expense in future periods could differ from these estimates as a result of future acquisitions, divestitures, impairments, and other factors.

Note 6—Income Taxes:

The Company's effective income tax rate was 15.6% and 17.8% for the three and nine months ended November 1, 2024, respectively, and 18.0% and 23.4% for the three and nine months ended November 3, 2023, respectively. The Company’s effective tax rate differs from the statutory tax rate primarily due to the deduction for foreign derived intangible income, research and development tax credits, and stock-based compensation windfalls. The effective tax rate in the prior year further differed from the statutory tax rate due to a gain from the disposition of the Supply Chain Business and the associated non-deductible goodwill.

The Company's effective tax rate for the three and nine months ended November 1, 2024 decreased compared to the same periods in the prior year due to the non-recurrence of a gain from the disposition of the Supply Chain Business and the associated non-deductible goodwill. In addition, the effective tax rates for the three and nine months ended November 1, 2024 benefited from the release of certain state liabilities for uncertain tax positions.

Note 7—Debt Obligations:

The Company's debt as of the dates presented was as follows:

	November 1, 2024					February 2, 2024		
	Stated interest rate	Effective interest rate	Principal	Unamortized debt issuance costs	Net	Principal	Unamortized debt issuance costs	Net
					(dollars in millions)			
Term Loan A Facility due June 2027	6.04 %	6.15 %	$ 1,145	$ (2)	$ 1,143	$ 1,199	$ (4)	$ 1,195
Term Loan B Facility due October 2025	— %	— %	—	—	—	328	(1)	327
Term Loan B2 Facility due March 2027	— %	— %	—	—	—	182	(2)	180
Term Loan B3 Facility due February 2031	6.44 %	6.58 %	508	(4)	504	—	—	—
Senior Notes due April 2028	4.88 %	5.11 %	400	(3)	397	400	(3)	397
Revolving Credit Facility due June 2027[(1)]	7.29 %	— %	115	—	115	—	—	—
Total debt			$ 2,168	$ (9)	$ 2,159	$ 2,109	$ (10)	$ 2,099
Less current portion			220	—	220	77	—	77
Total debt, net of current portion			$ 1,948	$ (9)	$ 1,939	$ 2,032	$ (10)	$ 2,022

(1) The stated interest rate for the Revolving Credit Facility due June 2027 reflects the weighted average interest rate for the outstanding borrowings as of November 1, 2024.

As of November 1, 2024, the Company had a $2.7 billion secured credit facility (the Credit Facility) consisting of a Term Loan A Facility due June 2027, a Term Loan B3 Facility due February 2031 (together, the "Term Loan Facilities"), and a $1.0 billion Revolving Credit Facility due June 2027 (the "Revolving Credit Facility").

On February 8, 2024, the Company executed the Sixth Amendment to the Third Amended and Restated Credit Agreement ("Sixth Amendment"), which established a $510 million senior secured term loan credit facility ("Term Loan B3 Facility due February 2031"). The entire Term Loan B3 Facility due February 2031 was immediately borrowed by the Company and the proceeds were used to pay in full the outstanding principal balances under the Term Loan B Facility due October 2025 and Term Loan B2 Facility due March 2027. The Tranche B3 Facility due February 2031 is subject to the same covenants and events of default as the Company's existing Term Loan Facilities. Borrowings under the Term Loan B3 Facility due February 2031 amortize quarterly beginning on July 31, 2024 at 0.25% of the original borrowed amount with the remaining unamortized balance due in full upon its maturity on February 8, 2031.

On October 18, 2024, the Company executed the Seventh Amendment to the Third Amended and Restated Credit Agreement ("Seventh Amendment"), which lowered the applicable margin for the Term Loan B3 Facility due February 2031 from 1.875% to 1.750% for Term SOFR loans and from 0.875% to 0.750% for base rate loans. In the event any portion of the Term Loan B3 Facility due February 2031 is repaid prior to April 18, 2025 as a result of a repricing event, the Company will be required to repay a 1.00% fee of the amount repaid. After April 18, 2025, the Term Loan B3 Facility due February 2031 may be prepaid at any time without penalty and is subject to the same mandatory prepayments, including from excess cash flow, as the Company's existing term loans under the Credit Facility.

During the nine months ended November 1, 2024, the Company incurred $6 million of debt issuance costs associated with the Sixth and Seventh Amendments, of which $4 million was recognized in interest expense and the remaining $2 million deferred and amortized to interest expense through the maturity date of the facility utilizing the effective interest rate method.

During the three and nine months ended November 1, 2024, the Company made scheduled principal payments of $23 million and $54 million, respectively, on the Term Loan A Facility due June 2027 and made scheduled principal payments of $1 million and $2 million, respectively, on the Term Loan B3 Facility due February 2031.

During the three and nine months ended November 1, 2024, the Company borrowed $405 million and $975 million, respectively, and repaid $390 million and $860 million, respectively, under the Revolving Credit Facility. As of November 1, 2024, the outstanding principal under the Revolving Credit Facility was classified as current portion of debt on the condensed consolidated balance sheets. Subsequent to quarter end, the Company repaid $65 million on the Revolving Credit Facility. Commitment fees for undrawn amounts under the Revolving Credit Facility range from 0.125% to 0.25% per annum based on the Company's leverage ratio.

As of November 1, 2024, the Company was in compliance with the covenants under its Credit Facility.

As of November 1, 2024 and February 2, 2024, the carrying value of the Company's outstanding debt obligations approximated its fair value. The fair value of debt is calculated using Level 2 inputs, based on interest rates available for debt with terms and maturities similar to the Company's Term Loan Facilities and Senior Notes.

Maturities of debt as of November 1, 2024 are:

Fiscal Year	Total
	(in millions)
Remainder of 2025	$ 139
2026	113
2027	128
2028	896
2029	406
Thereafter	486
Total principal payments	$ 2,168

Note 8—Derivative Instruments Designated as Cash Flow Hedges:

The Company's derivative instruments designated as cash flow hedges consist of:

	Notional Amount at November 1, 2024	Pay Fixed Rate	Receive Variable Rate	Settlement and Termination	Fair Value of Asset(1) at November 1, 2024	Fair Value of Asset(1) at February 2, 2024
	(in millions)				(in millions)	
Interest rate swaps	$ 685	2.96 %	1-month Term SOFR	Monthly through October 31, 2025	$ 8	$ 15

(1) The fair value of the fixed interest rate swap asset is included in "Other assets" on the condensed consolidated balance sheets.

The Company is party to fixed interest rate swap instruments that are designated and accounted for as cash flow hedges to manage risks associated with interest rate fluctuations on a portion of the Company's floating rate debt within the Credit Facility. The counterparties to all swap agreements are financial institutions.

See Note 9—Changes in Accumulated Other Comprehensive Income (Loss) by Component for the unrealized change in fair values on cash flow hedges recognized in other comprehensive income (loss) and the amounts reclassified from accumulated other comprehensive income (loss) into earnings for the current and comparative periods presented. During the three months ended November 3, 2023, Interest Rate Swaps due October 31, 2023 matured, which had a notional value of $450 million upon maturity. The Company estimates that it will reclassify $8 million of unrealized gains from accumulated other comprehensive income into earnings in the twelve months following November 1, 2024.

Note 9—Changes in Accumulated Other Comprehensive Income (Loss) by Component:

The following table presents the changes in accumulated other comprehensive income (loss) attributable to the Company’s fixed interest rate swap cash flow hedges that are discussed in Note 8—Derivative Instruments Designated as Cash Flow Hedges and the Company's defined benefit plans.

	Unrealized Gains (Losses) on Fixed Interest Rate Swap Cash Flow Hedges[(1)]	Defined Benefit Obligation Adjustment	Total
		(in millions)	
Three months ended November 1, 2024			
Balance at August 2, 2024	$ 6	$ 5	$ 11
Other comprehensive income before reclassifications	3	—	3
Amounts reclassified from accumulated other comprehensive income	(4)	—	(4)
Income tax impact	—	—	—
Net other comprehensive loss	(1)	—	(1)
Balance at November 1, 2024	**$ 5**	**$ 5**	**$ 10**
Three months ended November 3, 2023			
Balance at August 4, 2023	$ 19	$ 4	$ 23
Other comprehensive income before reclassifications	4	—	4
Amounts reclassified from accumulated other comprehensive income	(8)	—	(8)
Income tax impact	1	—	1
Net other comprehensive loss	(3)	—	(3)
Balance at November 3, 2023	**$ 16**	**$ 4**	**$ 20**
Nine months ended November 1, 2024			
Balance at February 2, 2024	$ 11	$ 5	$ 16
Other comprehensive income before reclassifications	5	—	5
Amounts reclassified from accumulated other comprehensive income	(12)	—	(12)
Income tax impact	1	—	1
Net other comprehensive loss	(6)	—	(6)
Balance at November 1, 2024	**$ 5**	**$ 5**	**$ 10**
Nine months ended November 3, 2023			
Balance at February 3, 2023	$ 18	$ 4	$ 22
Other comprehensive income before reclassifications	17	—	17
Amounts reclassified from accumulated other comprehensive income	(20)	—	(20)
Income tax impact	1	—	1
Net other comprehensive loss	(2)	—	(2)
Balance at November 3, 2023	**$ 16**	**$ 4**	**$ 20**

(1) The amount reclassified from accumulated other comprehensive income (loss) is included in "Interest expense, net."

Note 10—Sales of Receivables:

The Company has a Master Accounts Receivable Purchase Agreement ("MARPA Facility") with MUFG Bank, Ltd. (the "Purchaser") for the sale of up to a maximum amount of $300 million of certain designated eligible receivables with the U.S. government.

During the three and nine months ended November 1, 2024, the Company incurred purchase discount fees of $4 million and $11 million, respectively. During the three and nine months ended November 3, 2023, the Company incurred purchase discount fees of $2 million and $7 million, respectively. The purchase discount fees are presented in "Other (income) expense, net" on the condensed consolidated statements of income and are reflected as cash flows from operating activities on the condensed consolidated statements of cash flows.

MARPA Facility activity consisted of the following:

	Nine Months Ended	
	November 1, 2024	November 3, 2023
	(in millions)	
Beginning balance	$ 205	$ 250
Sale of receivables	3,216	1,957
Cash collections	(3,121)	(1,957)
Outstanding balance sold to Purchaser[(1)]	300	250
Cash collected, not remitted to Purchaser[(2)]	(67)	(33)
Remaining sold receivables	$ 233	$ 217

(1) For the nine months ended November 1, 2024, the Company recorded a net increase of $95 million to cash flows from operating activities from sold receivables. For the nine months ended November 3, 2023, there was no net impact to cash flows from operating activities from sold receivables.
(2) Primarily represents the cash collected on behalf of but not yet remitted to the Purchaser as of November 1, 2024 and November 3, 2023. This balance is included in "Accounts payable" on the condensed consolidated balance sheets.

Note 11—Business Segments Information:

Effective February 3, 2024, the first day of fiscal 2025, the Company completed a business reorganization which replaced its previous two customer facing operating sectors with five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The five business groups represent the Company’s operating segments and have been aggregated into two reportable segments (Defense and Intelligence, and Civilian) given the similarity in economic and qualitative characteristics, and based on the nature of the customers they serve. The Company defines its operating segments based on the way the CODM, currently the Company's CEO, manages the operations for the purpose of allocating resources and assessing performance.

The Defense and Intelligence segment provides a diverse portfolio of national security solutions to the defense and intelligence departments and agencies of the United States Government.

The Civilian segment provides solutions to the civilian markets, encompassing federal, state, and local governments, in order to deliver services for citizen well-being and protecting lives. This includes integrating solutions into a spectrum of public service missions that impact travel, trade, health and the economy.

The offerings of both reportable segments entail the integration of emerging technologies into mission critical operations that modernize and enable national imperatives, including IT modernization, digital engineering, AI, mission systems support, training and simulation, and ground vehicles support. These services include end-to-end solutions spanning the design, development, integration, deployment, management and operations, sustainment and security of the customers’ entire IT infrastructure.

Costs associated with corporate functions that are not allocable to the reportable segments are presented as Corporate.

The CODM reviews and evaluates segment operating performance using segment "Revenues" and "Adjusted operating income (loss)". Adjusted operating income is a performance measure that primarily excludes the impact of non-recurring transactions that we do not consider to be indicative of our ongoing operating performance.

The segment information for the periods presented was as follows:

	Three Months Ended							
	November 1, 2024				November 3, 2023			
	Defense and Intelligence	Civilian	Corporate	Total	Defense and Intelligence	Civilian	Corporate	Total
	(in millions)							
Revenues	**$ 1,515**	**$ 461**	**$ —**	**$ 1,976**	$ 1,479	$ 416	$ —	$ 1,895
Operating income (loss)	**130**	**37**	**(7)**	**160**	106	54	(17)	143
Depreciation of property, plant, and equipment	**1**	**—**	**5**	**6**	1	—	5	6
Amortization of intangible assets	**17**	**12**	**—**	**29**	16	12	—	28
Restructuring and impairment costs	**—**	**—**	**—**	**—**	—	—	2	2
Recovery of restructuring and impairment costs[(1)]	**—**	**—**	**—**	**—**	—	—	(1)	(1)
Adjusted operating income (loss)	**$ 148**	**$ 49**	**$ (2)**	**$ 195**	$ 123	$ 66	$ (11)	$ 178

(1) Adjustment reflects the portion of restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.

The table below includes a reconciliation of total "Adjusted operating income" to "Income before income taxes" for the three months ended November 1, 2024.

	Three Months Ended	
	November 1, 2024	November 3, 2023
	(in millions)	
Adjusted operating income	**$ 195**	$ 178
Depreciation of property, plant, and equipment	**(6)**	(6)
Amortization of intangible assets	**(29)**	(28)
Restructuring and impairment costs	**—**	(2)
Recovery restructuring and impairment costs[(1)]	**—**	1
Interest expense, net	**(32)**	(27)
Other (income) expense, net	**(2)**	(2)
Income before income taxes	**$ 126**	$ 114

(1) Adjustment reflects the portion of restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.

	Nine Months Ended							
	November 1, 2024				November 3, 2023			
	Defense and Intelligence	Civilian	Corporate	Total	Defense and Intelligence	Civilian	Corporate	Total
	(dollars in millions)							
Revenues	$ 4,366	$ 1,275	$ —	$ 5,641	$ 4,465	$ 1,242	$ —	$ 5,707
Operating income (loss)	344	105	(24)	425	336	139	187	662
Depreciation of property, plant, and equipment	1	—	16	17	1	—	18	19
Amortization of intangible assets	51	36	—	87	50	36	—	86
Acquisition and integration costs(1)	—	—	(2)	(2)	—	—	1	1
Restructuring and impairment costs	—	—	4	4	—	—	8	8
Recovery of acquisition and integration costs and restructuring and impairment costs(2)	—	—	(2)	(2)	—	—	(1)	(1)
(Gain) loss on divestitures, net of transaction costs	—	—	—	—	—	—	(240)	(240)
Adjusted operating income (loss)	$ 396	$ 141	$ (8)	$ 529	$ 387	$ 175	$ (27)	$ 535

(1) Adjustment consists of a reversal of immaterial costs related to the Koverse acquisition.
(2) Adjustment reflects the portion of acquisition and integration costs and restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.

The table below includes a reconciliation of total "Adjusted operating income" to "Income before income taxes" for the nine months ended November 1, 2024.

	Nine Months Ended	
	November 1, 2024	November 3, 2023
	(in millions)	
Adjusted operating income	$ 529	$ 535
Depreciation of property, plant, and equipment	(17)	(19)
Amortization of intangible assets	(87)	(86)
Acquisition and integration costs(1)	2	(1)
Restructuring and impairment costs	(4)	(8)
Recovery of acquisition and integration costs and restructuring and impairment costs(2)	2	1
(Gain) loss on divestitures, net of transaction costs	—	240
Interest expense, net	(97)	(88)
Other (income) expense, net	(7)	(2)
Income before income taxes	$ 321	$ 572

(1) Adjustment consists of a reversal of immaterial costs related to the Koverse acquisition.
(2) Adjustment reflects the portion of acquisition and integration costs and restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.

Asset information by segment is not a key measure of performance used by the CODM.

Note 12—Legal Proceedings and Other Commitments and Contingencies:

Legal Proceedings

The Company is involved in various claims and lawsuits arising in the normal conduct of its business, none of which the Company's management believes, based on current information, is expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

In April 2022 and October 2023, the Company received Federal Grand Jury Subpoenas in connection with a criminal investigation being conducted by the U.S. Department of Justice, Antitrust Division ("DOJ"). As required by the subpoenas, the Company has provided the DOJ with a broad range of documents related to the investigation, and the Company's collection and production process remains ongoing. The Company is fully cooperating with the investigation. At this time, it is not possible to determine whether the Company will incur, or to reasonably estimate the amount of, any fines, penalties or further liabilities in connection with the investigation pursuant to which the subpoenas were issued.

AAV Termination for Convenience

On August 27, 2018, the Company received a stop-work order from the United States Marine Corps on the Assault Amphibious Vehicle ("AAV") contract and on October 3, 2018 the program was terminated for convenience by the customer. In the third quarter of fiscal 2025, the Company entered into a $21.2 million termination settlement agreement with the customer to recover the contract costs associated with the termination, which resulted in an increase to "Revenues" of $13 million on the Company's condensed consolidated statements of income for the three and nine months ended November 1, 2024. The settlement agreement releases the customer from all obligation and claims from the Company.

Government Investigations, Audits and Reviews

The Company is routinely subject to investigations and reviews relating to compliance with various laws and regulations with respect, in particular, to its role as a contractor to federal, state and local government customers and in connection with performing services in countries outside of the United States. U.S. government agencies, including the Defense Contract Audit Agency ("DCAA"), the Defense Contract Management Agency and others, routinely audit and review a contractor's performance on government contracts, indirect rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. They also review the adequacy of the contractor's compliance with government standards for its business systems. Adverse findings in these investigations, audits, or reviews can lead to criminal, civil or administrative proceedings, and the Company could face disallowance of previously billed costs, penalties, fines, compensatory damages and suspension or debarment from doing business with governmental agencies. Due to the Company's reliance on government contracts, adverse findings could also have a material impact on the Company's business, including its financial position, results of operations and cash flows.

The indirect cost audits by the DCAA of the Company's business remain open for certain prior years and the current year. Although the Company has recorded contract revenues based on an estimate of costs that the Company believes will be approved on final audit, the Company does not know the outcome of any ongoing or future audits. If future completed audit adjustments exceed the Company's reserves for potential adjustments, the Company's profitability could be materially adversely affected.

As of November 1, 2024, the Company believes it has adequately reserved for estimated net amounts to be refunded to customers for potential adjustments for indirect cost audits and compliance with U.S. government Cost Accounting Standards.

Letters of Credit and Surety Bonds

The Company has outstanding obligations relating to letters of credit of $11 million as of November 1, 2024, principally related to guarantees on insurance policies. The Company also has outstanding obligations relating to surety bonds of $19 million, principally related to performance and payment bonds on the Company's contracts.

Note 13—Subsequent Events

Quarterly Dividend Declared

On December 4, 2024, the Company's Board of Directors declared a quarterly dividend of $0.37 per share of the Company's common stock payable on January 24, 2025 to stockholders of record on January 10, 2025.

Plan Share Repurchase Authorization

On December 4, 2024, the Company's Board of Directors authorized the repurchase of up to $1.2 billion of the company’s outstanding common stock. This authorization is effective as of December 16, 2024 and has no expiration date. The share repurchase program will be used as part of the Company’s capital allocation strategy, which includes returning capital to its shareholders. This share repurchase authorization replaces the Company’s existing share repurchase program.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis of our financial condition and results of operations and quantitative and qualitative disclosures about market risk should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes. It contains forward-looking statements (which may be identified by words such as those described in "Risk Factors—Forward-Looking Statement Risks" in Part I of the most recently filed Annual Report on Form 10-K), including statements regarding our intent, belief, or current expectations with respect to, among other things, trends affecting our financial condition or results of operations (including our financial targets discussed below under "Management of Operating Performance and Reporting" and "Liquidity and Capital Resources"); backlog; our industry; government budgets and spending; market opportunities; the impact of competition; and the impact of acquisitions and divestitures. Such statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Risks, uncertainties and assumptions that could cause or contribute to these differences include those discussed below, in "Risk Factors" in Part II of this report and in Part I of the most recently filed Annual Report on Form 10-K. Due to such risks, uncertainties and assumptions, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to update these factors or to publicly announce the results of any changes to our forward-looking statements due to future results or developments.

We use the terms "SAIC," the "Company," "we," "us" and "our" to refer to Science Applications International Corporation and its consolidated subsidiaries.

The Company utilizes a 52/53 week fiscal year, ending on the Friday closest to January 31, with fiscal quarters typically consisting of 13 weeks. Fiscal 2025 began on February 3, 2024 and ends on January 31, 2025, while fiscal 2024 began on February 4, 2023 and ended on February 2, 2024.

Business Overview

We are a leading technology integrator providing full life cycle services and solutions in the technical, engineering and enterprise information technology ("IT") markets. We developed our brand by addressing our customers' mission critical needs and solving their most complex problems for over 50 years. As one of the largest pure-play technology service providers to the U.S. government, we serve markets of significant scale and opportunity. Our primary customers are the departments and agencies of the U.S. government. We serve our customers through approximately 1,800 active contracts and task orders and employ approximately 24,000 individuals who are led by an experienced executive team of proven industry leaders. Our long history of serving the U.S. government has afforded us the ability to develop strong and longstanding relationships with some of the largest customers in the markets we serve. Substantially all of our revenues and tangible long-lived assets are generated and located in the United States.

Effective February 3, 2024, the first day of fiscal 2025, we completed a business reorganization which replaced our previous two operating sectors with five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The five business groups represent our operating segments and have been aggregated into two reportable segments (Defense and Intelligence, and Civilian) given the similarity in economic and qualitative characteristics, and based on the nature of the customers they serve.

The Defense and Intelligence segment provides a diverse portfolio of national security solutions to the defense and intelligence departments and agencies of the United States Government.

The Civilian segment provides solutions to the civilian markets, encompassing federal, state, and local governments, in order to deliver services for citizen well-being and protecting lives. This includes integrating solutions into a spectrum of public service missions that impact travel, trade, health and the economy.

The offerings of both reportable segments entail the integration of emerging technologies into mission critical operations that modernize and enable national imperatives, including IT modernization, digital engineering, artificial intelligence ("AI"), mission systems support and advisory, training and simulation, and ground vehicles support. These services include end-to-end solutions spanning the design, development, integration, deployment, management and operations, sustainment and security of the customers' entire IT infrastructure.

Our Innovation Factory supports the operating segments by developing superior enterprise-class solutions which are delivered to the our customers as stand-alone solutions or integrated with and aligned to product offerings through the operations of the business to meet complex customer needs and accelerate digital transformation. The Innovation Factory includes designated teams focused on AI, application development, network services, platforms and cloud, and cybersecurity. It uses a highly automated, cloud-hosted tool set to rapidly build, test and deploy solutions and works with customers to enhance solutions going forward.

Costs associated with corporate functions that are not allocable to the reportable segments are presented as Corporate. See Note 11—Business Segments Information to the condensed consolidated financial statements contained within this report for additional information.

Economic Opportunities, Challenges, and Risks

During the three and nine months ended November 1, 2024, we generated 98% of our revenues from contracts with the U.S. government, including subcontracts on which we perform. Our business performance is affected by the overall level of U.S. government spending and the alignment of our offerings and capabilities with the budget priorities of the U.S. government. In March 2024, the President signed appropriation measures that provide funding for government fiscal year ("GFY") 2024 for all of the U.S. government and submitted the GFY 2025 budget request which adheres to the Fiscal Responsibility Act of 2023. The GFY 2025 budget includes 1% growth for defense budgets and an overall 1% growth for non-defense budgets. In September 2024, the President signed a continuing resolution which will fund the U.S. government under GFY 2024 levels through December 2024. If Congress is not able to pass appropriations for GFY 2025 funding by December 2024, it could result in the U.S. government operating on additional continuing resolutions and/or could potentially lead to a partial or full government shutdown. In addition, if full-year appropriations are not signed into law by April 30, 2025, a 1% sequestration would be applied to all agencies.

In January 2023, the Federal debt ceiling was reached and the U.S. Department of the Treasury was operating under "extraordinary measures." In June 2023, the President signed the Fiscal Responsibility Act of 2023 which suspends the Federal debt ceiling until January 1, 2025, postponing the threat of a federal government default. If a new debt ceiling agreement is not reached by January 2025, the U.S. Department of the Treasury will return to operating under "extraordinary measures." Congressional debt limit brinksmanship can lead to negative impacts on our business, and any agreement to raise the ceiling that significantly reduces future funding could affect our addressable market in subsequent years.

Adverse changes in fiscal and economic conditions could materially impact our business. Some changes that could have an adverse impact on our business include adverse regulations, the implementation of future spending reductions (including sequestration), delayed passage of appropriations bills resulting in temporary or full-year continuing resolutions, extreme inflationary increases adversely impacting fixed price contracts, and potential government shutdowns.

Spending packages, including the infrastructure bill, Inflation Reduction Act, and CHIPS and Science Act, as well as future potential spending packages, may provide additional opportunity in areas of SAIC focus such as digital modernization, cyber, microelectronics support, and climate resiliency.

The U.S. government has increasingly relied on contracts that are subject to a competitive bidding process (including indefinite delivery, indefinite quantity ("IDIQ"), U.S. General Services Administration ("GSA") schedules, and other multi-award contracts), which has resulted in greater competition and increased pricing pressure. Additionally, the U.S. government has put renewed emphasis on increasing the number of small business prime set-aside contracts that further reduce the addressable market in some areas.

Despite the budget and competitive pressures affecting the industry, we believe we are well-positioned to protect and expand existing customer relationships and benefit from opportunities that we have not previously pursued. Our scale, size, and prime contractor leadership position are expected to help differentiate us from our competitors, especially on large contract opportunities. We believe our long-term, trusted customer relationships and deep technical expertise provide us with the sophistication to handle highly complex, mission-critical contracts. Our value proposition is found in the proven ability to serve as a trusted adviser to our customers. In doing so, we leverage our expertise and scale to help them execute their mission.

We succeed as a business based on the solutions we deliver, our past performance, and our ability to compete on price. Our solutions are inspired through innovation based on adoption of best practices and technology integration of the best capabilities available. Our Innovation Factory develops superior enterprise-class solutions which are delivered to our customers as stand-alone solutions or integrated with and aligned to our product offerings to meet complex customer needs and accelerate the digital transformation. Our past performance was achieved by employees dedicated to supporting our customers' most challenging missions. Our current cost structure and ongoing efforts to reduce costs by strategic sourcing and developing repeatable offerings sold "as a service" and as managed services in a more commercial business model are expected to allow us to compete effectively on price in an evolving environment. Our ability to be competitive in the future will continue to be driven by our reputation for successful program execution, competitive cost structure, development of new pricing and business models, and efficiencies in assigning the right people, at the right time, in support of our contracts.

Management of Operating Performance and Reporting

Our business and program management process is directed by professionals focused on serving our customers by providing high quality services in achieving program requirements. These professionals carefully monitor contract margin performance by constantly evaluating contract risks and opportunities. Throughout each contract's life cycle, program managers review performance and update contract performance estimates to reflect their understanding of the best information available.

We evaluate our results of operations by considering the drivers causing changes in revenues, operating income, adjusted operating income[(1)], adjusted EBITDA[(1)], and operating cash flows. Given that revenues fluctuate on our contract portfolio over time due to contract awards and completions, changes in customer requirements, and increases or decreases in ordering volume of materials, we evaluate significant trends and fluctuations resulting from these factors. Whether performed by our employees or by our subcontractors, we primarily provide services and, as a result, our cost of revenues are predominantly variable. We also analyze our cost mix (labor, subcontractor and materials) in order to understand operating margin because programs with a higher proportion of SAIC labor are generally more profitable. Changes in cost of revenues as a percentage of revenues other than from revenue volume or cost mix are normally driven by fluctuations in shared or corporate costs, or cumulative revenue adjustments due to changes in estimates.

Changes in operating cash flows are described with regard to changes in cash generated through the provision of services, significant drivers of fluctuations in assets or liabilities and the impacts of changes in timing of cash receipts or disbursements.

[(1)]Non-GAAP measure, see "Non-GAAP Measures" section below for additional information about this measure.

Condensed Consolidated Results of Operations

The primary financial performance measures we use to manage our consolidated business and monitor results of operations are revenues, operating income, and cash flows from operating activities. The following table summarizes our condensed consolidated results of operations:

	Three Months Ended			Nine Months Ended		
	November 1, 2024	Percent change	November 3, 2023	**November 1, 2024**	Percent change	November 3, 2023
	(dollars in millions)					
Revenues	**$ 1,976**	*4 %*	$ 1,895	**$ 5,641**	*(1 %)*	$ 5,707
Cost of revenues	**1,739**	*4 %*	1,666	**4,981**	*(1 %)*	5,027
As a percentage of revenues	***88.0 %***		*87.9 %*	***88.3 %***		*88.1 %*
Selling, general and administrative expenses	**83**	*(5 %)*	87	**245**	*(5 %)*	259
(Gain) loss on divestitures, net of transaction costs	**—**	*— %*	—	**—**	*(100 %)*	(240)
Other operating (income) expense	**(6)**	*500 %*	(1)	**(10)**	*900 %*	(1)
Operating income	**160**	*12 %*	143	**425**	*(36 %)*	662
As a percentage of revenues	***8.1 %***		*7.5 %*	***7.5 %***		*11.6 %*
Provision for income taxes	**(20)**	*(5 %)*	(21)	**(57)**	*(57 %)*	(134)
Net income	**$ 106**	*14 %*	$ 93	**$ 264**	*(40 %)*	$ 438

Revenues. Revenues increased $81 million for the three months ended November 1, 2024 as compared to the same period in the prior year primarily due to ramp up in volume on existing and new contracts, partially offset by contract completions.

Revenues decreased $66 million for the nine months ended November 1, 2024 as compared to the same period in the prior year primarily due to the sale of the Supply Chain Business ($188 million) in the prior year (see Note 4—Divestitures), and contract completions. This was partially offset by ramp up in volume on existing and new contracts. Adjusting for the impact of the divestiture, revenues grew 2.2%.

Operating Income. Operating income as a percentage of revenues for the three months ended November 1, 2024 increased from the comparable prior year period primarily due to ramp up in volume on existing and new contracts, and the resolution of the Assault Amphibious Vehicle ("AAV") contract termination (see Note 12—Legal Proceedings and Other Commitments and Contingencies for additional information), partially offset by contract completions.

Operating income as a percentage of revenues for the nine months ended November 1, 2024 decreased from the comparable prior year period primarily due to the prior year gains on the sale of the Supply Chain Business ($233 million) and deconsolidation of FSA ($7 million), and contract completions, partially offset by ramp up in volume on existing and new contracts.

Income Taxes. Our effective income tax rate was 15.6% and 17.8% for the three and nine months ended November 1, 2024, respectively, and 18.0% and 23.4% for the three and nine months ended November 3, 2023, respectively. Our effective tax rate differs from the statutory tax rate primarily due to the deduction for foreign derived intangible income, research and development tax credits, and stock-based compensation windfalls. The effective tax rate in the prior year further differed from the statutory tax rate due to a gain from the disposition of the Supply Chain Business and the associated non-deductible goodwill.

Our effective tax rate for the three and nine months ended November 1, 2024 decreased compared to the same periods in the prior year due to the non-recurrence of a gain from the disposition of the Supply Chain Business and the associated non-deductible goodwill. In addition, the effective tax rates for the three and nine months ended November 1, 2024 benefited from the release of certain state liabilities for uncertain tax positions.

Beginning in fiscal 2023, the Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years for tax purposes. While the impact to income taxes payable was most significant in fiscal 2023, this impact will decrease over the five-year amortization period and is anticipated to be immaterial in year six. The actual impact will depend on the amount of research and development costs incurred by us, whether Congress modifies or repeals this provision and whether new guidance and interpretive rules are issued by the U.S. Treasury, among other factors.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) enacted model rules for a new 15% global minimum tax framework (“Pillar Two”) which became effective in certain jurisdictions beginning in fiscal 2024. We do not anticipate Pillar Two to have a significant impact on our effective tax rate or our consolidated results of operations, financial position, and cash flows.

Segment and Corporate Results

The primary financial performance measures we use to manage our reportable segments and monitor results of operations are revenues and adjusted operating income(1). The following tables summarize our results of operations by reportable segment:

Defense and Intelligence	Three Months Ended			Nine Months Ended		
	November 1, 2024	Percent change	November 3, 2023	**November 1, 2024**	Percent change	November 3, 2023
	(dollars in millions)					
Revenues	**$ 1,515**	*2 %*	$ 1,479	**$ 4,366**	*(2 %)*	$ 4,465
Operating income	**130**	*23 %*	106	**344**	*2 %*	336
As a percentage of revenues	***8.6 %***		*7.2 %*	***7.9 %***		*7.5 %*
Depreciation of property, plant and equipment	**1**	*— %*	1	**1**	*— %*	1
Amortization of intangible assets	**17**	*6 %*	16	**51**	*2 %*	50
Adjusted operating income[(1)]	**$ 148**	*20 %*	$ 123	**$ 396**	*2 %*	$ 387
As a percentage of revenues	***9.8 %***		*8.3 %*	***9.1 %***		*8.7 %*

(1) Non-GAAP measure, see "Non-GAAP Measures" section below for additional information about this measure.

Revenues: Revenues increased $36 million for the three months ended November 1, 2024 as compared to the same period in the prior year primarily due to ramp up in volume on existing and new contracts, partially offset by contract completions.

Revenues decreased $99 million for the nine months ended November 1, 2024 as compared to the same period in the prior year primarily due to the sale of the Supply Chain Business ($188 million) in the prior year, and contract completions. This was partially offset by ramp up in volume on existing and new contracts. Adjusting for the impact of the divestiture, revenues grew 2.1%.

Operating and adjusted operating income: Operating and adjusted operating income as a percentage of revenues for the three months ended November 1, 2024 increased from the comparable prior year period primarily due to ramp up in volume on existing and new contracts, and the resolution of the AAV contract termination, partially offset by contract completions.

Operating and adjusted operating income as a percentage of revenues for the nine months ended November 1, 2024 increased from the comparable prior year period primarily due to ramp up in volume on existing and new contracts, and the resolution of the AAV contract termination, partially offset by contract completions and the gain on the sale of the Supply Chain Business in the prior year.

Civilian	Three Months Ended			Nine Months Ended		
	November 1, 2024	Percent change	November 3, 2023	**November 1, 2024**	Percent change	November 3, 2023
			(dollars in millions)			
Revenues	**$ 461**	*11 %*	$ 416	**$ 1,275**	*3 %*	$ 1,242
Operating income	**37**	*(31 %)*	54	**105**	*(24 %)*	139
As a percentage of revenues	***8.0 %***		*13.0 %*	***8.2 %***		*11.2 %*
Amortization of intangible assets	**12**	— %	12	**36**	— %	36
Adjusted operating income(1)	**$ 49**	*(26 %)*	$ 66	**$ 141**	*(19 %)*	$ 175
As a percentage of revenues	***10.6 %***		***15.9 %***	***11.1 %***		*14.1 %*

(1) Non-GAAP measure, see "Non-GAAP Measures" section below for additional information about this measure.

Revenues: Revenues increased $45 million for the three months ended November 1, 2024 as compared to the same period in the prior year primarily due to ramp up in volume on existing contracts.

Revenues increased $33 million for the nine months ended November 1, 2024 as compared to the same period in the prior year primarily due to ramp up in volume on existing and new contracts, partially offset by contract completions.

Operating and adjusted operating income: Operating and adjusted operating income as a percentage of revenues for the three months ended November 1, 2024 decreased from the comparable prior year period due to timing and volume mix.

Operating and adjusted operating income as a percentage of revenues for the nine months ended November 1, 2024 decreased from the comparable prior year primarily due to timing and reduced volume on existing contracts.

Corporate	Three Months Ended			Nine Months Ended		
	November 1, 2024	Percent change	November 3, 2023	**November 1, 2024**	Percent change	November 3, 2023
			(dollars in millions)			
Operating (loss) income	**$ (7)**	*(59 %)*	$ (17)	**$ (24)**	*113 %*	$ 187
Depreciation of property, plant, and equipment	**5**	— %	5	**16**	*(11 %)*	18
Acquisition and integration costs(1)	**—**	— %	—	**(2)**	*(300 %)*	1
Restructuring and impairment costs	**—**	*(100 %)*	2	**4**	*(50 %)*	8
Recovery of acquisition and integration costs and restructuring and impairment costs(2)	**—**	*(100 %)*	(1)	**(2)**	*100 %*	(1)
(Gain) loss on divestitures, net of transaction costs	**—**	— %	—	**—**	*(100 %)*	(240)
Adjusted operating loss(3)	**$ (2)**	*(82 %)*	$ (11)	**$ (8)**	*(70 %)*	$ (27)

(1) Adjustment consists of a reversal of immaterial costs related to the Koverse acquisition.
(2) Adjustment reflects the portion of acquisition and integration costs and restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.
(3) Non-GAAP measure, see "Non-GAAP Measures" section below for additional information about this measure.

Operating and adjusted operating (loss) income: Operating and adjusted operating loss decreased $10 million and $9 million, respectively, for the three months ended November 1, 2024 as compared to the same period in the prior year primarily due to lower selling, general and administrative expenses and a gain on sale of an equity method investment.

Operating loss increased $211 million for the nine months ended November 1, 2024 as compared to the same period in the prior year primarily due to the gain on the sale of the Supply Chain Business in the prior year ($233 million) and the gain recognized from the deconsolidation of FSA ($7 million), partially offset by lower selling, general and administrative expenses in the current year.

Adjusted operating income decreased $19 million for the nine months ended November 1, 2024 as compared to the same period in the prior year primarily due to lower selling, general and administrative expenses in the current year.

Non-GAAP Measures

Adjusted operating income, earnings before interest, taxes, depreciation and amortization ("EBITDA"), and adjusted EBITDA are non-GAAP financial measures. While we believe that these non-GAAP financial measures are also useful for management and investors in evaluating our financial information, they should be considered as supplemental in nature and not as a substitute for financial information prepared in accordance with GAAP. Reconciliations, definitions, and how we believe these measures are useful to management and investors are provided below. Other companies may define similar measures differently.

Adjusted operating income. Adjusted operating income is a performance measure that primarily excludes the impact of non-recurring transactions that we do not consider to be indicative of our ongoing operating performance. Adjusted operating income is calculated by taking operating income and excluding depreciation and amortization, acquisition and integration costs, impairments, restructuring costs, and any other material non-recurring costs. The acquisition and integration costs relate to the Company's acquisitions. The restructuring and impairment costs represent the reorganization and facilities optimization costs or impairments of long-lived assets. The recovery of acquisition and integration costs and restructuring and impairment costs relate to costs recovered through the Company's indirect rates in accordance with Cost Accounting Standards. Depreciation of property, plant, and equipment relates to property, plant, and equipment specifically identifiable for each segment. Adjusted operating income also excludes amortization of intangible assets because we do not have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and the related amortization term are unique to each acquisition. We believe that these performance measures provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding the long-term financial performance of the Company.

EBITDA and Adjusted EBITDA. The performance measure EBITDA is calculated by taking net income and excluding interest and loss on sale of receivables, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is a performance measure that excludes costs that we do not consider to be indicative of our ongoing performance. Adjusted EBITDA is calculated by taking EBITDA and excluding acquisition and integration costs, impairments, restructuring costs, and any other material non-recurring costs. Integration costs are costs to integrate acquired companies including costs of strategic consulting services, facility consolidation and employee related costs such as retention and severance costs. The acquisition and integration costs relate to our acquisitions.

We believe that EBITDA and adjusted EBITDA provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding our long-term financial performance.

EBITDA and adjusted EBITDA for the periods presented were calculated as follows:

	Three Months Ended		Nine Months Ended	
	November 1, 2024	November 3, 2023	November 1, 2024	November 3, 2023
	(dollars in millions)			
Net income	$ 106	$ 93	$ 264	$ 438
Interest expense, net and loss on sale of receivables	36	29	108	95
Provision for income taxes	20	21	57	134
Depreciation and amortization	35	34	104	106
EBITDA	197	177	533	773
EBITDA as a percentage of revenues	*10.0 %*	*9.3 %*	*9.4 %*	*13.5 %*
Acquisition and integration costs(1)	—	—	(2)	1
Restructuring and impairment costs	—	2	4	8
Recovery of acquisition and integration costs and restructuring and impairment costs(2)	—	(1)	(2)	(1)
(Gain) loss on divestitures, net of transaction costs	—	—	—	(240)
Adjusted EBITDA	$ 197	$ 178	$ 533	$ 541
Adjusted EBITDA as a percentage of revenues	*10.0 %*	*9.4 %*	*9.4 %*	*9.5 %*

(1) Adjustment consists of a reversal of immaterial costs related to the Koverse acquisition.
(2) Adjustment reflects the portion of acquisition and integration costs and restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.

Adjusted EBITDA as a percentage of revenues for the three months ended November 1, 2024 increased compared to the same periods in the prior year primarily due to the resolution of the AAV contract termination, and ramp up in volume on existing and new contracts, partially offset by contract completions.

Adjusted EBITDA as a percentage of revenues for the nine months ended November 1, 2024 decreased compared to the same periods in the prior year primarily due to contract completions, partially offset by the resolution of the AAV contract termination, and ramp up in volume on existing and new contracts.

Other Key Performance Measures

In addition to the financial measures described above, we believe that bookings and backlog are useful measures for management and investors to evaluate our potential future revenues. We also consider measures such as contract types and cost of revenues mix to be useful for management and investors to evaluate our operating income and performance.

Net Bookings and Backlog. Net bookings represent the estimated amount of revenues to be earned in the future from funded and negotiated unfunded contract awards that were received during the period, net of adjustments to estimates on previously awarded contracts. We calculate net bookings as the period’s ending backlog plus the period’s revenues less the prior period’s ending backlog and initial backlog obtained through acquisitions.

Backlog represents the estimated amount of future revenues to be recognized under negotiated contracts as work is performed. We do not include in backlog estimates of revenues to be derived from IDIQ contracts, but rather record backlog and bookings when task orders are awarded on these contracts. Given that much of our revenue is derived from IDIQ contract task orders that renew annually, bookings on these contracts tend to refresh annually as the task orders are renewed. Additionally, we do not include in backlog contract awards that are under protest until the protest is resolved in our favor.

We segregate our backlog into two categories as follows:

- *Funded Backlog.* Funded backlog for contracts with government agencies primarily represents estimated amounts of revenue to be earned in the future from contracts for which funding is appropriated less revenues previously recognized on these contracts. It does not include the unfunded portion of contracts in which funding is incrementally appropriated or authorized on a quarterly or annual basis by the U.S. government and other customers even though the contract may call for performance over a number of years. Funded backlog for contracts with non-government customers represents the estimated value on contracts, which may cover multiple future years, under which we are obligated to perform, less revenues previously recognized on these contracts.

- *Negotiated Unfunded Backlog.* Negotiated unfunded backlog represents estimated amounts of revenue to be earned in the future from negotiated contracts for which funding has not been appropriated or otherwise authorized and from unexercised priced contract options. Negotiated unfunded backlog does not include any estimate of future potential task orders expected to be awarded under IDIQ, GSA Schedules or other master agreement contract vehicles, with the exception of certain IDIQ contracts where task orders are not competitively awarded and separately priced but instead are used as a funding mechanism, and where there is a basis for estimating future revenues and funding on future anticipated task orders.

We expect to recognize revenue from a substantial portion of our funded backlog within the next twelve months. However, the U.S. government can adjust the scope of services of or cancel contracts at any time. Similarly, certain contracts with commercial customers include provisions that allow the customer to cancel prior to contract completion. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and fees (contract profit) for work performed.

The estimated value of our total backlog as of the dates presented was:

	November 1, 2024			February 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
			(in millions)			
Funded backlog	**$ 3,489**	**$ 977**	**$ 4,466**	$ 2,707	$ 832	$ 3,539
Negotiated unfunded backlog	**14,822**	**3,099**	**17,921**	16,316	2,908	19,224
Total backlog	**$ 18,311**	**$ 4,076**	**$ 22,387**	$ 19,023	$ 3,740	$ 22,763

We had net bookings worth an estimated $1.5 billion and $5.3 billion during the three and nine months ended November 1, 2024, respectively.

Contract Types. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract. For a discussion of the types of contracts under which we generate revenues, see “Business - Contract Types” in Part I, Item 1 of the most recently filed Annual Report on Form 10-K. The following table summarizes revenues by contract type as a percentage of each reportable segment and total SAIC revenues for the periods presented:

	Three Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
			(in millions)			
Cost reimbursement	**82 %**	**6 %**	**64 %**	80 %	4 %	64 %
Time and materials ("T&M")	**8 %**	**62 %**	**21 %**	9 %	60 %	20 %
Firm-fixed price ("FFP")	**10 %**	**32 %**	**15 %**	11 %	36 %	16 %
Total	**100 %**	**100 %**	**100 %**	100 %	100 %	100 %

	Nine Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
			(in millions)			
Cost reimbursement	**79 %**	**6 %**	**63 %**	76 %	4 %	60 %
Time and materials ("T&M")	**10 %**	**64 %**	**22 %**	8 %	60 %	19 %
Firm-fixed price ("FFP")	**11 %**	**30 %**	**15 %**	16 %	36 %	21 %
Total	**100 %**	**100 %**	**100 %**	100 %	100 %	100 %

The change in contract mix for the nine months ended November 1, 2024 is primarily due to a decrease in firm-fixed price type contracts due to the divestiture of the Supply Chain Business in the prior year, which historically had a higher proportion of these contracts.

Cost of Revenues Mix. We generate revenues by providing a customized mix of services to our customers. The profit generated from our service contracts is affected by the proportion of cost of revenues incurred from the efforts of our employees (which we refer to below as labor-related cost of revenues), the efforts of our subcontractors and the cost of materials used in the performance of our service obligations under our contracts. Contracts performed with a higher proportion of SAIC labor are generally more profitable. The following table presents cost mix as a percentage of each reportable segment and total SAIC revenues for the periods presented:

	Three Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
			(in millions)			
Labor-related cost of revenues	**55 %**	**55 %**	**55 %**	55 %	57 %	56 %
Subcontractor-related cost of revenues	**29 %**	**30 %**	**29 %**	30 %	35 %	31 %
Other materials-related cost of revenues	**16 %**	**15 %**	**16 %**	15 %	8 %	13 %
Total	**100 %**	**100 %**	**100 %**	100 %	100 %	100 %

	Nine Months Ended					
	November 1, 2024			November 3, 2023		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
			(in millions)			
Labor-related cost of revenues	**56 %**	**58 %**	**56 %**	53 %	58 %	54 %
Subcontractor-related cost of revenues	**29 %**	**31 %**	**30 %**	30 %	34 %	31 %
Supply chain materials-related cost of revenues	**— %**	**— %**	**— %**	4 %	— %	3 %
Other materials-related cost of revenues	**15 %**	**11 %**	**14 %**	13 %	8 %	12 %
Total	**100 %**	**100 %**	**100 %**	100 %	100 %	100 %

The change in cost of revenues mix for the nine months ended November 1, 2024 is primarily due to a decrease in supply chain materials-related costs due to the divestiture of the Supply Chain Business in the prior year.

Liquidity and Capital Resources

As a services provider, our business generally requires minimal infrastructure investment. We expect to fund our ongoing working capital, commitments and any other discretionary investments with cash on hand, future operating cash flows and, if needed, borrowings under our $1.0 billion Revolving Credit Facility and $300 million MARPA Facility.

We anticipate that our future cash needs will be for working capital, capital expenditures, and contractual and other commitments. We consider various financial measures when we develop and update our capital deployment strategy, which include evaluating cash provided by operating activities, free cash flow and financial leverage.

Our ability to fund these needs will depend, in part, on our ability to generate cash in the future, which depends on our future financial results. Our future results are subject to general economic, financial, competitive, legislative and regulatory factors that may be outside of our direct control. Although we believe that the financing arrangements in place will permit us to finance our operations on acceptable terms and conditions for at least the next year, our future access to, and the availability of financing on acceptable terms and conditions will be impacted by many factors (including our credit rating, capital market liquidity and overall economic conditions). Therefore, we cannot ensure that such financing will be available to us on acceptable terms or that such financing will be available at all. Nevertheless, we believe that our existing cash on hand, generation of future operating cash flows, and access to bank financing and capital markets will provide adequate resources to meet our short-term liquidity and long-term capital needs.

During the first and third quarters of fiscal 2025, we amended our Credit Facility. See Note 7—Debt Obligations to the condensed consolidated financial statements contained within this report for additional information.

Historical Cash Flow Trends

The following table summarizes our cash flows:

	Nine Months Ended	
	November 1, 2024	November 3, 2023
	(in millions)	
Net cash provided by operating activities	**$ 379**	$ 333
Net cash (used in) provided by investing activities	**(15)**	324
Net cash used in financing activities	**(413)**	(455)
Net (decrease) increase in cash, cash equivalents and restricted cash	**$ (49)**	$ 202

Net Cash Provided by Operating Activities. Cash flows provided by operating activities increased $46 million for the nine months ended November 1, 2024 as compared to the prior year primarily due to higher cash provided by the Master Accounts Receivable Purchase Agreement ("MARPA Facility") in the current year (see Note 10—Sales of Receivables to the condensed consolidated financial statements contained within this report for additional information), and lower tax payments in the current year, partially offset by timing of customer collections and vendor payments, higher incentive-based compensation payments in the current year, and other changes in working capital.

Net Cash (Used in) Provided by Investing Activities. Cash used in investing activities for the nine months ended November 1, 2024 was $15 million compared to cash provided by investing activities of $324 million in the prior year period. This change is primarily due to the $356 million of cash proceeds for the sale of the Supply Chain Business in the prior year period (see Note 4 to the condensed consolidated financial statements).

Net Cash Used in Financing Activities. Cash used in financing activities for the nine months ended November 1, 2024 decreased compared to the prior year period primarily due to higher proceeds received from borrowings, net of principal payments, partially offset by higher share repurchases in the current year.

Critical Accounting Policies and Estimates

There have been no changes to our critical accounting policies and estimates during the nine months ended November 1, 2024 from those disclosed in our most recently filed Annual Report on Form 10-K.

Recently Issued But Not Yet Adopted Accounting Pronouncements

For information on recently issued but not yet adopted accounting pronouncements, see Note 1 to the condensed consolidated financial statements contained within this report.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

There have been no material changes to our market risks from those discussed in our most recently filed Annual Report on Form 10-K.

Item 4. *Controls and Procedures*

Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) and have concluded that as of November 1, 2024 these controls and procedures were operating and effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarterly period covered by this report which materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. *Legal Proceedings*

We have provided information about legal proceedings in which we are involved in our fiscal 2024 Annual Report on Form 10-K, and we have provided an update to this information in Note 12—Legal Proceedings and Other Commitments and Contingencies to the condensed consolidated financial statements contained within this report, which is incorporated herein by reference.

In addition to the described legal proceedings, we are routinely subject to investigations and reviews relating to compliance with various laws and regulations. Additional information regarding such investigations and reviews is included in our fiscal 2024 Annual Report on Form 10-K, and we have also updated this information in Note 12—Legal Proceedings and Other Commitments and Contingencies to the condensed consolidated financial statements contained within this report, under the heading "Government Investigations, Audits and Reviews," which is incorporated herein by reference.

Item 1A. *Risk Factors*

There have been no material changes from the risk factors disclosed in our most recently filed Annual Report on Form 10-K.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

Purchases of Equity Securities. We may repurchase shares on the open market in accordance with established repurchase plans. Whether repurchases are made and the timing and amount of repurchases depend on a variety of factors including market conditions, our capital position, internal cash generation and other factors. We also repurchase shares in connection with stock option and stock award activities to satisfy tax withholding obligations.

The following table presents repurchases of our common stock during the three months ended November 1, 2024:

Period(1)	Total Number of Shares (or Units) Purchased(2)		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(3)
August 3, 2024 - September 6, 2024	391,747	$	126.00	389,574	1,501,679
September 7, 2024 - October 4, 2024	259,610		137.01	259,610	1,242,069
October 5, 2024 - November 1, 2024	210,004		145.23	210,004	1,032,065
Total	861,361	$	134.01	859,188	

(1) Date ranges represent our fiscal periods during the current quarter. Our fiscal quarters typically consist of one five-week period and two four-week periods.
(2) Includes shares purchased on surrender by stockholders of previously owned shares to satisfy minimum statutory tax withholding obligations related to stock option exercises and vesting of stock awards in addition to shares purchased under our publicly announced plans or programs.
(3) In June 2022, the number of shares that may be purchased increased by 8.0 million shares, bringing the total authorized shares to be repurchased under the plan to approximately 24.4 million shares. As of November 1, 2024, we have repurchased approximately 23.4 million shares of common stock under the program.

Item 3. *Defaults Upon Senior Securities*

No information is required in response to this item.

Item 4. *Mine Safety Disclosures*

No information is required in response to this item.

Item 5. *Other Information*

During the three months ended November 1, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408 of Regulation S-K.

Item 6. *Exhibits*

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Bylaws. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the SEC on September 5, 2024.
10.1	Seventh Amendment to the Third Amended and Restated Credit Agreement, dated October 18, 2024, by and among SAIC, Citibank N.A., as administrative agent and collateral agent, and certain other lenders and parties thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 22, 2024.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from this Quarterly Report on Form 10-Q, formatted as Inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 5, 2024

Science Applications International Corporation

/s/ Prabu Natarajan

Prabu Natarajan
Executive Vice President and Chief Financial Officer

Exhibit 31.1

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Toni Townes-Whitley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended November 1, 2024 of Science Applications International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2024

/s/ Toni Townes-Whitley

Toni Townes-Whitley
Chief Executive Officer

Exhibit 31.2

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Prabu Natarajan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended November 1, 2024 of Science Applications International Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 5, 2024

/S/ Prabu Natarajan

Prabu Natarajan
Chief Financial Officer

Exhibit 32.1

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Science Applications International Corporation (the "Company") on Form 10-Q for the period ended November 1, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Toni Townes-Whitley, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2024

/s/ Toni Townes-Whitley

Toni Townes-Whitley
Chief Executive Officer

Exhibit 32.2

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Science Applications International Corporation (the “Company”) on Form 10-Q for the period ended November 1, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Prabu Natarajan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 5, 2024

/s/ Prabu Natarajan

Prabu Natarajan
Chief Financial Officer