UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

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

For the fiscal year ended February 2, 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**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of August 4, 2023 (the last business day of the registrant’s most recently completed second quarter), the aggregate market value of the registrant’s common stock (based upon the closing stock price) held by non-affiliates was $6.3 billion.

The number of shares issued and outstanding of the registrant’s common stock as of March 8, 2024 was 51,648,397 shares ($.0001 par value per share).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Science Applications International Corporation’s Definitive Proxy Statement for the 2024 Annual Meeting of Stockholders are incorporated by reference in Part III of this report.

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Part I

Item 1. *Business*

The Company

Science Applications International Corporation (herein referred to as “SAIC,” the “Company,” “we,” “us,” or “our”) is a leading provider of technical, engineering and enterprise information technology ("IT") services primarily to the U.S. government. 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 systems design, development, modernization, integration, and sustainment to drive enterprise and mission outcomes. Our end-to-end enterprise IT offerings span the entire spectrum of our customers' IT infrastructure.

Our business has a long and successful history of over 50 years serving all branches (Army, Air Force, Navy, Marines and Coast Guard) and agencies of the Department of Defense ("DoD"), National Aeronautics and Space Administration ("NASA"), U.S. Department of State, Department of Justice, Department of Homeland Security and several sensitive intelligence community agencies. We serve our customers through approximately 1,800 active contracts and task orders. We have approximately 24,000 employees that are led by an experienced executive team of proven industry leaders.

The Company is organized as a matrix comprised of two customer facing operating sectors supported by the enterprise organizations, including the Innovation Factory. The two operating sectors are responsible for customer relationships, program management, delivery and execution, and, in collaboration with the enterprise organizations, manage the development of our offerings, solutions and capabilities which support our four strategic pivots — portfolio, go-to-market, culture and brand.

Effective February 3, 2024, the first day of fiscal 2025, the Company completed a business reorganization which replaces its current two operating sectors with five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The reorganization is designed to enhance management's involvement with customers and advance SAIC’s innovation and go-to-market strategy. The Company is currently evaluating the impact of the reorganization on its segment reporting.

Our long-standing customer relationships have enabled us to achieve an in-depth understanding of our customers’ missions and provide differentiated service offerings to meet our customers’ most complex requirements. Through our offerings, we provide end-to-end services spanning the design, development, integration, deployment, management and operations, sustainment and security of our customers’ entire IT infrastructure. Our offerings include:

IT Modernization: We help defense, intelligence, and civilian agencies reimagine the way they accomplish their objectives through digital transformation by providing next-generation cloud computing, cybersecurity, and software capabilities. We modernize enterprise IT environments for government customers and then operate and maintain them via their preferred service delivery methods.

Digital Engineering: Our digital engineering integrates industry-leading tools and processes for design; engineering; analytics; modeling, simulation and visualization; and manufacturing execution, all within a secure and collaborative ecosystem to ensure faster systems outcomes for our customers.

Artificial Intelligence ("AI"): We deploy and integrate AI solutions for customers, including AI solutions that assist with the design, deployment, and management of AI applications and allow customers to work with their complex and sensitive data to power the most demanding analytics, data science, and AI use cases.

Weapon Systems Support: We design, build, modify, integrate, and sustain weapon systems across all branches of the U.S. military, ensuring mission readiness on land, at sea, and in the air.

Training and Simulation: We are invested in accelerating the adoption and application of immersive technologies that solve pressing human performance and operational efficiency challenges.

Ground Vehicles Support: We integrate, modify, upgrade, and sustain ground vehicles for our nation's armed forces, leveraging commercial products and in-house solutions to address some of the toughest challenges facing warfighters. Our experts in cybersecurity, enhanced surveillance, secure communications, mobility, and more apply core as well as emerging capabilities to address evolving mission needs.

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 digital transformation. The Innovation Factory includes designated teams focused on AI, application development, network services, platforms and cloud, and cyber. It uses a highly automated, cloud-hosted tool set to rapidly build, test and deploy solutions quickly and works with customers to enhance solutions going forward.

SAIC integrates emerging technology securely and in real-time into mission critical operations that modernize and enable national imperatives:

Undersea Dominance: We deliver systems to ensure the US maintains proactive control over every threat in the undersea domain.

Border of the Future: We support integrated systems across all ports of entry (i.e., land, sea, air) for all U.S. travel, trade, contraband detection, and immigration functions.

Citizen Experience: We drive commercial-quality USG service delivery through scalable solutions that innovate mission outcomes of legacy systems.

All Domain Warfighting: We develop integrated conflict deterrence, combat preparedness, and data connectivity capabilities for the US Military and Intelligence Community.

Next Generation Space: We integrate advanced solutions to enable the rapid deployment of future space missions.

Our core strengths have supported our successful performance on programs of national importance. Those strengths include:

Enduring Customer Relationships and Mission-Orientation. We have strong and long-lasting customer relationships throughout the U.S. government. Our track record of serving the missions of our government customers spans decades, including several enduring customer relationships that have lasted 20 years or more. Our employees, many of whom are deployed at customer sites, work closely with our customers in fulfilling their missions. Our strong customer relationships enable us to develop deep customer knowledge and translate our mission understanding into successful program execution that fosters continued demand for our services.

Full Life Cycle Offerings. We integrate technologies and deliver services that provide our customers with seamless end-to-end solutions. Our expertise includes initial requirements definition, development and integration services, training, logistics and sustainment. These full life cycle offerings, combined with deep customer knowledge, allow us to more effectively support our customers' missions.

Significant Scale and Diversified Contract Base. With approximately $7.4 billion in revenue in fiscal 2024, we are one of the largest pure-play technology service providers to the U.S. government. Our significant scale advantage enables us to serve as a prime systems integrator on large, complex programs and to allocate resources toward further developing and expanding our repeatable, proven solutions and differentiated technical capabilities. Our diversified revenue base consists of programs ranging from research and development to operations and maintenance.

Technical Experts Led by Experienced Management. The quality, training and knowledge of our employees are important competitive assets. Our skilled workforce ranges from entry-level technicians to expert-level professionals in network engineering, software design and development, IT modernization, logistics, technology integration and systems engineering. Additionally, the majority of our workforce holds an active security clearance, which is required on many of our existing programs and future program opportunities.

Our workforce is led by a talented and experienced senior leadership team with a long history of solving our customers' most difficult challenges. Our executive team consists of members who have served as senior leaders in public companies and are recognized as leaders in their respective markets by customers and partners.

Repeatable Methodologies and Certified Processes. Our technical excellence is driven by our proven, repeatable, disciplined processes for management, engineering, technical support and services. We deploy our tools and processes enterprise-wide and emphasize a consistent approach to planning, designing and delivering solutions and services to our customers. We hold certifications from the International Organization for Standardization ("ISO") (including ISO 9001, ISO/IEC 27001, and AS9100D), and from the Capability Maturity Model Integration Institute as a CMMI®-DEV Maturity Level 3 organization.

Acquisitions and Divestitures

On May 6, 2023, SAIC closed the sale of its logistics and supply chain management business ("Supply Chain Business") to ASRC Federal Holding Company, LLC ("ASRC Federal"). The sale enables the Company to focus its resources on long-term strategic growth areas.

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. 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 accounts for its retained interest as an equity method investment as of the date of the transaction.

On July 2, 2021, the Company completed the acquisition of Halfaker and Associates, LLC ("Halfaker"), a mission focused, pure-play health IT company, which grows the Company's digital transformation portfolio. Additionally, on May 3, 2021, the Company acquired Koverse, a software company that provides a data management platform enabling artificial intelligence and machine learning on complex sensitive data.

For additional discussion and analysis related to recent business developments, see “Economic Opportunities, Challenges, and Risks” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of this report.

Key Customers

In each of fiscal 2024, 2023 and 2022, 98% of our total revenues were attributable to prime contracts with the U.S. government or to subcontracts with other contractors engaged in work for the U.S. government. Substantially all of our revenues were earned by entities located in the United States.

The U.S. Army, U.S. Navy and Air Force each generated more than 10% of our revenues during fiscal 2024. The percentages of total revenues for the U.S. government, its agencies and other customers, including those comprising more than 10% of total revenues for each of the periods presented were approximately:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
U.S. Army	**17 %**	15 %	15 %
U.S. Navy	**13 %**	12 %	12 %
Air Force	**12 %**	10 %	9 %
Other DoD	**10 %**	12 %	12 %
Other federal government	**46 %**	49 %	50 %
Total U.S. government	**98 %**	98 %	98 %
Other	**2 %**	2 %	2 %
Total	**100 %**	100 %	100 %

Regulation

Our business is heavily regulated and we must comply with and are affected by laws and regulations, including Federal Acquisition Regulations ("FAR") and U.S. government Cost Accounting Standards ("CAS"), relating to the award, administration and performance of U.S. government and other contracts. These regulations set forth policies, procedures and requirements for the acquisition of goods and services by the U.S. government and impose a broad range of requirements, many of which are unique to government contracting and include procurement, import and export, security, contract termination and adjustment, and audit requirements. In addition, these regulations govern contract pricing and reimbursable costs by, among other things, requiring certification and disclosure of cost or pricing data in connection with certain contract negotiations, defining allowable and unallowable costs, and otherwise governing the right to reimbursement under various flexibly priced contracts. These laws and regulations impose specific cost accounting practices that may increase accounting and internal control costs associated with compliance with government standards. The U.S. government may revise its procurement practices or adopt new contract rules and regulations at any time. Our compliance with these regulations is monitored by the Defense Contract Management Agency ("DCMA") and the Defense Contract Audit Agency ("DCAA").

The U.S. government can cancel contracts at any time for its convenience. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and contract profit for work performed when the U.S. government terminates a contract for its convenience.

Some of our operations and service offerings involve our access to and use of personally identifiable information and protected health information, and these activities are regulated by extensive federal and state privacy and data security laws requiring organizations to provide certain privacy protections and security safeguards for such information.

Internationally, we are subject to foreign government laws and regulations, and U.S. government laws, regulations, and procurement policies and practices (including laws and regulations relating to bribery of foreign government officials, import and export control, investments, exchange controls and repatriation of earnings). We are also susceptible to varying political and economic risks.

In order to help ensure compliance with these complex laws and regulations, we have established policies and procedures that address our approach to meeting these requirements and also administer a robust ethics and compliance training program to maintain a compliance-oriented workforce.

These regulations and risks affecting our business are described in more detail under “Risk Factors” in Part I, Item 1A of this report.

Contracts

We must comply with and are affected by laws and regulations relating to the formation, administration and performance of U.S. government and other contracts. The U.S. government procurement environment has evolved due to statutory and regulatory procurement reform initiatives. Budgetary pressures and reforms in the procurement process have increasingly caused many U.S. government agencies to purchase services and solutions using contracting processes that give them the ability to select multiple winners or pre-qualify certain contractors to provide various services or solutions on established general terms and conditions rather than through single award contracts. The predominant contracting methods through which U.S. government agencies procure services and solutions include the following:

> *Single Award Contracts.* U.S. government agencies may procure services and solutions through single award contracts, which specify the scope of work that will be delivered and identify the contractor that will provide the specified services. When an agency has a requirement, interested contractors are solicited, qualified and then provided with a request for proposal. The process of qualifying prospective bidders, soliciting proposals and evaluating contractor bids requires the agency to maintain a large, professional procurement staff and the bidding and selection process can take a year or more to complete. This method of contracting may provide the contractor with greater certainty of the timing and amounts to be received at the time of contract award because it generally results in the customer contracting for a specific scope of work from the single successful awardee.

Indefinite Delivery, Indefinite Quantity ("IDIQ") Contracts. The U.S. government uses IDIQ contracts to obtain commitments from contractors to provide certain services or solutions on pre-established terms and conditions. The U.S. government then issues task orders under the IDIQ contracts to purchase the specific services or solutions it needs. IDIQ contracts are awarded to one or more contractors following a competitive procurement process. Under a single award IDIQ contract, all task orders under that contract are awarded to one pre-selected contractor. Under a multi-award IDIQ contract, task orders can be awarded to any of the pre-selected contractors, which can result in further limited competition for the award of task orders. Multi-award IDIQ contracts that are open for any government agency to use for the procurement of services are commonly referred to as “government-wide acquisition contracts.” IDIQ contracts often have multi-year terms and unfunded ceiling amounts that enable, but not commit, the U.S. government to purchase substantial amounts of services or solutions from one or more contractors. At the time an IDIQ contract is awarded (prior to the issuance of any task orders), a contractor may have limited or no visibility as to the ultimate amount of services or solutions that the U.S. government will purchase under the contract, and, in the case of a multi-award IDIQ, the contractor from which such purchases may be made.

U.S. General Services Administration ("GSA") Schedule Contracts. The GSA maintains listings of approved suppliers of services and solutions with pre-negotiated prices for use throughout the U.S. government. In order for a company to provide services under a GSA Schedule contract, a company must be pre-qualified and awarded a contract by the GSA. When an agency uses a GSA Schedule to meet its requirements, the agency (or the GSA on behalf of the agency) conducts the procurement and bidders are limited to GSA Schedule-qualified contractors. GSA Schedule contracts are designed to provide the user agency with reduced procurement time and lower procurement costs. Similar to IDIQ contracts, at the time a GSA Schedule contract is awarded, a contractor may have limited or no visibility as to the ultimate amount of services or solutions that customers will ultimately purchase under the contract.

Contract Types

Generally, the type of contract used for the acquisition of our services and solutions is determined by or negotiated with the U.S. government and may depend on certain factors, including: the type and complexity of the work to be performed; degree and timing of the responsibility to be assumed by the contractor for the costs of performance; the extent of price competition; and the amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals. We generate revenues under several types of contracts, including the following:

- Cost-reimbursement contracts include cost-plus-fixed-fee, award-fee and incentive-fee contracts. These contracts provide for reimbursement of our direct contract costs and allocable indirect costs, plus a fee (contract profit). These types of contracts are generally used when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use a fixed-price contract. Cost-reimbursement contracts usually subject us to lower risk and generally require us to use our best efforts to accomplish the scope of the work within a specified time and amount of costs. Award and incentive fee contracts generally are based on certain performance criteria including technical performance and quality.

- Time-and-materials ("T&M") contracts typically provide for negotiated fixed hourly rates for specified categories of direct labor plus reimbursement of other direct costs. This type of contract is generally used when there is uncertainty of the extent or duration of the work to be performed by the contractor at the time of contract award or it is not possible to anticipate costs with any reasonable degree of confidence. On T&M contracts, we assume the risk of providing appropriately qualified staff to perform these contracts at the hourly rates set forth in the contracts over their period of performance. Fixed-price-level-of-effort contracts are similar except they require a specified level of effort over a specified period of time and payment is based on effort expended.

- Firm-fixed price ("FFP") contracts provide for a predetermined price for specific solutions. These contracts offer us potential increased profits if we can complete the work at lower costs than planned. While FFP contracts allow us to benefit from cost savings, these contracts also increase our exposure to reduced profits or losses from increased or unexpected costs.

Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract, the nature of services or solutions provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees is finally determined. Given the relative amount of risk assumed by the contractor, cost-reimbursement and T&M contracts generally have lower profitability than FFP contracts. For the proportionate amount of revenues derived from each type of contract for the last three fiscal years, see “Other Key Performance Measures—Contract Types” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of this report.

Competition

Competition for contracts is intense and we often compete against a large number of established multinational companies, which may have greater name recognition, financial resources and larger technical staffs than we do. We also compete against smaller, more specialized companies that concentrate their resources on particular areas, as well as the U.S. government’s own capabilities. As a result of the diverse requirements of the U.S. government, we frequently collaborate with other companies to compete for large contracts and bid against these same companies in other situations. Our principal competitors include the following:

- the engineering and technical services divisions of large defense contractors that provide IT services in addition to other hardware systems and products, which include companies such as General Dynamics Corporation, Northrop Grumman Corporation, and RTX Corporation;
- contractors focused principally on technical and IT services, such as Booz Allen Hamilton Inc., CACI International, Inc., Leidos Holdings, Inc., ManTech International Corporation, and Serco Group plc; and
- diversified commercial providers that also provide U.S. government IT services, such as Accenture plc and International Business Machines Corporation.

We compete on various factors, which include: our technical expertise and qualified and/or security-cleared personnel; our ability to deliver innovative cost-effective solutions in a timely manner; successful program execution on previous programs; our reputation and standing with customers; pricing; and the size and geographic presence of our Company.

Competition within the government services industry has intensified, which has led to fewer sole-source awards and an increased emphasis on cost competitiveness and affordability. In addition, procurement initiatives to improve efficiency, refocus priorities, increase small business awards and enhance best practices could result in fewer new opportunities for our industry as a whole, which would intensify competition within the industry as companies compete for a more limited set of new programs.

Patents and Proprietary Information

Our technical services and solutions are not generally dependent on patent protection, although we do selectively seek patent protection. We claim a proprietary interest in certain of our solutions, software programs, methodologies and know-how. This proprietary information is protected by copyrights, trade secrets, licenses, contracts and other means. We selectively pursue opportunities to license or transfer our technologies to third parties.

In connection with the performance of services, the U.S. government has certain rights to inventions, data, software codes and related material that we develop under U.S. government-funded contracts and subcontracts. Generally, the U.S. government may disclose or license such information to third parties, including, in some instances, our competitors. In the case of some subcontracts that we perform, the prime contractor may also have certain rights to the programs and solutions that we develop under the subcontract.

People and Culture

Overview

Our company's success starts with our people. Our purpose is to advance technology and innovation to serve and protect our world. With our business focused on engineering, IT and integrated solutions, the need to acquire, develop and retain highly skilled talent is central to the Company's success. Our values of innovation, inclusion and integrity underpin our culture.

As advancing our company's culture is a key consideration for building long-term shareholder value, we work every day to build a culture that provides employees with a differentiated experience. To do this, we strive to be a company that provides meaningful work and purpose, which means delivering solutions to our customers' most challenging problems; building our diversity, equity and inclusion efforts; providing opportunities for our employees to develop and enhance their careers through every phase of the talent lifecycle; and prioritizing employee flexibility and well-being.

Advancing Diversity, Equity and Inclusion

As of February 2, 2024, we employed approximately 24,000 individuals, consisting of the following:

Gender of employees	
Male	73%
Female	27%

Race ethnicity of employees	
White	67%
Black	14%
Asian	9%
Latino	7%
American Indian	1%
Two or more races	2%

Veteran status of employees	
Non-Military/Non-Veterans	71%
Military/Veterans	29%

In fiscal 2024, we accomplished significant advancement of workforce diversity, equity and inclusion through internal efforts, employee development, talent acquisition and employee engagement.

As of October 1, 2023, based on our population of full-time, non-executive employees, our pay gap was less than 1%, and the gender pay equity ratio was approximately 99% for the compensation of women relative to men.

In fiscal 2022, to ensure our leadership reflects the diversity of the workforce, we set goals to achieve parity in the representation of women and people of color between our leader and non-leadership roles by the end of fiscal 2026. In fiscal 2023, we achieved our parity goal for women in leadership, and in fiscal 2024, we sustained it at 28%. In fiscal 2024, we made steady progress improving parity for people of color in leadership by 2% to 25%. To hold ourselves accountable for progress, our executive compensation incentive plans are tied to meeting our diversity goals.

As of February 2, 2024, our diversity representation was:

SAIC Leaders	28% Women	25% People of Color
SAIC Non-leader Employees	27% Women	34% People of Color

We are developing a diverse leadership team from within our existing workforce by promoting a diverse slate of candidates for leadership roles; ensuring all our job descriptions, recruiting tools and processes help eliminate the potential for bias; and providing training, educational resources and leadership development programs, including our AcceleratHER Women's Leadership Academy, Leadership 365 and Developing Frontline Leaders programs. To ensure further opportunity to underrepresented populations, we offer several programs that incorporate internal networking components; programs include Leadership Essentials, Management Accelerator, Executive Leadership Program and Connected Leaders Academy for Asian, Black and Hispanic and Latino cohorts.

To ensure greater opportunities for all, SAIC continues to provide gender pay parity and improve hiring and recruiting practices such as diversity, equity, inclusion and accessibility training for recruiters and hiring managers and use of key enablers such as diverse talent communities and sourcing tools. We also do this through our partnerships with organizations such as historically Black colleges and universities ("HBCUs"), Black Engineer of the Year Awards ("BEYA"), DisabilityIN, Fair360 (formerly DiversityInc.), Women in Aerospace and Women in Tech.

To help employees bring their authentic selves to work and cultivate inclusion in our culture, we have seven Employee Resource Groups ("ERGs") for our employees to connect with colleagues from across the enterprise. Each ERG sponsors several internal events throughout the year and leads efforts to support local community and philanthropic events. We encourage our employees and our leadership to participate in these ERGs, and as a result in fiscal 2024, our ERGs experienced a 14% year-over-year increase in membership as well as greater engagement. This year we also introduced five social communities of interest ("COI") to connect employees as well as provide informal training opportunities and corporate support.

Third parties acknowledge SAIC's inclusive workforce: The Company was once again on Forbes list of 500 Best Employers for Diversity; LATINA Style's Top 50 Best Companies for Latinas; Newsweek America's Greatest Workplaces for Diversity and DiversityInc's (now Fair360) Top Companies for Veterans in 2023.

Nurturing the Talent Lifecycle

At every opportunity in the talent lifecycle, we work to create an inclusive workforce culture that develops and sustains the critical skills of our employees to drive engagement and retention. When we need to hire externally, our efforts are designed to attract highly skilled and exceptional talent. Employee referrals often result in some of our best performing new hires. In fiscal 2024, 32% of the approximately 5,900 new employees we hired came from an employee referral. We are an industry leader in the retention of our employees, consistently decreasing voluntary attrition as a percentage of employees.

We invest in our people through technical and professional skills training, leadership development programs, higher education programs and tuition assistance programs for continuing education or industry certification. In fiscal 2024, our employees completed approximately 155,000 hours of training, or nearly six and a half hours per employee. This time included over 9,100 hours of leadership development.

Enhancing Culture and Employee Experience

Through our annual employee culture and engagement survey, we gather confidential feedback to learn and act on how we can continue to create and improve an authentic culture and an exceptional employee experience. Across the board, scores from our annual culture survey have improved and are either above or closely aligned to the national benchmark. Notably, SAIC saw significant improvement in its sustainable engagement and scored more favorably than the benchmarks for our industry. All levels of management receive aggregated results to develop an action plan to address their team's needs. Strengths and opportunities are identified, leading to focused investments to build on cultural strengths and address areas for improvement.

Employee volunteering and philanthropy demonstrate engagement and inclusion in a culture. Last year, our employees increased their volunteer hours by 10% by serving more than 29,000 hours in their communities. Our employees donated both their time and money to support SAIC's three giving pillars of focus: military heroes, community wellness, and science, technology, engineering and mathematics ("STEM").

A component of our culture and commitment to our employees is the SAIC Foundation, a public 501(c)(3) organization to address the unforeseen financial impact on employees and their families. The SAIC Foundation continues its work to help employees and their dependents by providing emergency funds to help them when financial hardships or natural disasters arise. In calendar year 2023, the Foundation awarded grants for more than $58,000 in direct support to our employees.

Supporting Well-being

We provide wide-ranging options to support employees' health and well-being, including an Employee Assistance Program that provides confidential counseling, financial information and resources, legal support and work-life assistance. As many of our employees are remote and need flexibility in meeting their health and well-being needs, we offer a suite of convenient, easily accessible tools to keep our employees well wherever they may be.

Employee health and safety is always paramount to our business and to our employees' well-being. We encourage employees to participate in health and wellness initiatives, and actively work to prevent workplace hazards.

Research and Development

For information related to our research and development activities, see Note 1—Business Overview and Summary of Significant Accounting Policies to the consolidated financial statements contained within this report.

Seasonality

The U.S. government's fiscal year ends on September 30. It is not uncommon for U.S. government agencies to award extra tasks or complete other contract actions leading up to the end of its fiscal year in order to avoid the loss of unexpended fiscal year funds, which may favorably impact our third fiscal quarter. In addition, revenues may be unfavorably impacted during our fourth fiscal quarter due to a greater number of holidays and higher utilization of vacation time.

Environmental Matters

Our operations are subject to various foreign, federal, state and local environmental protection and health and safety laws and regulations. Although we do not currently anticipate that compliance costs or the liabilities associated with environmental laws or climate change will adversely affect our business, financial position, and results of operations and/or cash flows, it is possible that we may incur material costs or liabilities in the future. These regulations and risks are described in more detail under "Risk Factors" in Part I, Item 1A of this report.

Our goal is to be a good steward of the environment, and we are committed to reducing and mitigating any adverse impacts on the environment. We are exposed to limited environmental risks due to the nature of our business, yet we set self-imposed goals for the reduction of greenhouse gas emissions, energy conservation and other important environmental initiatives. We implement ISO 14001 environmental management standards, promote initiatives to reduce our direct environmental impacts and track and report key performance metrics. As importantly, we regularly look for additional opportunities for environmental stewardship while balancing them with our business priorities.

We report our environmental performance through our annual Corporate Responsibility Report, the Global Reporting Initiative Standards 2021, the Task Force on Climate-Related Financial Disclosures and the CDP global disclosure system, which recently increased our score to a B acknowledging our active management of our environmental impact. Calendar year 2022 is our most recently disclosed environmental data.

SAIC measures, monitors and tracks Scopes 1 and 2 greenhouse gas emissions. For this reporting, we use the method outlined in the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. As we achieved the reduction targets set for 2025, we have set a new goal of a 20% reduction in Scopes 1 and 2 emissions by 2030.

Executive Officers

For information about our executive officers, see "Directors, Executive Officers and Corporate Governance" in Part III, Item 10 of this report.

Company Website and Available Information

Our corporate headquarters is located at 12010 Sunset Hills Road, Reston, VA 20190. Our phone number is (703) 676-4300 and our homepage is *www.saic.com*, which contains information about our Company and operations. Through a link on the Investor Relations section of our website, copies of each of our filings with the Securities and Exchange Commission ("SEC") can be viewed and downloaded free of charge as soon as reasonably practicable after the reports and amendments are electronically filed with or furnished to the SEC. The information on our website is not incorporated by reference into and is not a part of this report.

You may also request hard copies of the materials referenced in the preceding paragraph, at no cost, by emailing investor relations at InvestorRelations@saic.com.

Item 1A. *Risk Factors*

In your evaluation of our Company and business, you should carefully consider the risks and uncertainties described below, together with information included elsewhere within this report and other documents we file with the SEC. These risks, as well as additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may materially harm our business, financial condition or operating results and result in a decline in the price of our stock.

Industry and Economic Risks

We depend on U.S. government agencies as our primary customer and, if our reputation or relationships with these agencies were harmed, our future revenues and cash flows would be adversely affected.

We generated 98% of our total revenues during each of the last three fiscal years from contracts with the U.S. government either as a prime contractor or a subcontractor to other contractors engaged in work for the U.S. government. We expect to continue to derive substantially all of our revenues from work performed under U.S. government contracts. Our reputation and relationship with the U.S. government, and in particular with the agencies of the DoD, are key factors in maintaining and growing these revenues. Negative press reports or publicity, regardless of accuracy, could harm our reputation. If our reputation is negatively affected, or if we are suspended or debarred from contracting with government agencies for any reason, the amount of business with government and other customers would decrease and our future revenues, cash flows, and financial results would be adversely affected.

A decline in the U.S. government defense budget, changes in spending or budgetary priorities, the failure to approve U.S. government budgets on a timely basis or delays in contract awards and other procurement activity may significantly and adversely affect our future revenues, cash flow and financial results.

Because we generate substantially all of our revenues from contracts with U.S. government agencies, our operating results could be adversely affected by spending caps or changes in budgetary priorities, as well as by delays in the government budget process, program starts or the award of contracts or task orders under contracts. Current U.S. government spending levels for defense-related and other programs may not be sustained through government fiscal year ("GFY") 2024. Future spending and program authorizations may not increase or may decrease or shift to programs in areas in which we do not provide services or are less likely to be awarded contracts. Such changes in spending authorizations and budgetary priorities may occur as a result of shifts in spending priorities. A change in administrations or changing national priorities may reduce defense-related and other programs as a result of competing demands for federal funds and the number and intensity of military conflicts or other factors.

When the U.S. Congress does not complete a budget before the end of the fiscal year, government operations typically are funded through one or more continuing resolutions that authorize agencies of the U.S. government to continue to operate, but do not authorize new spending initiatives. When the U.S. government operates under a continuing resolution, contract awards may be delayed, canceled, or funded at lower levels, which could adversely impact our operations, cash flows and financial results.

In addition, it is possible that an impasse on policy issues could threaten continuous government funding through September 30, 2024 or result in another federal government shutdown, which could cause us to incur labor or other costs without reimbursement under customer contracts or the delay or cancellation of key programs, and could adversely affect our operations, cash flows and financial results.

The U.S. government also conducts periodic reviews of U.S. defense strategies and priorities, which may shift DoD budgetary priorities, reduce overall spending or delay contract or task order awards for defense-related programs from which we would otherwise expect to derive a significant portion of our future revenues. A significant decline in overall U.S. government spending, a significant shift in spending priorities, the substantial reduction or elimination of particular defense-related programs or significant budget-related delays in contract or task order awards for large programs could adversely affect our future revenues and limit our growth prospects.

We face aggressive competition that can impact our ability to obtain contracts and may affect our future revenues, profitability and growth prospects.

We expect that a majority of the business that we seek in the foreseeable future will be awarded through a competitive bidding process as the U.S. government increasingly relies on IDIQ, GSA Schedule and other multi-award contracts, which has resulted in greater competition and increased pricing pressure. The competitive bidding process involves substantial costs and a number of risks, including significant cost and managerial time to prepare bids and proposals for contracts that may not be awarded to us, or that may be awarded but for which we do not receive meaningful task orders. Following contract award, we may encounter significant expense, delay, contract modifications or even contract loss as a result of our competitors protesting the award of contracts to us in competitive bidding. Any resulting loss or delay of startup and funding of work under protested contract awards may adversely affect our revenues and/or profitability. In addition, multi-award contracts require that we make sustained post-award efforts to obtain task orders under the contract. As a result, we may not be able to obtain these task orders or recognize revenues under these multi-award contracts. Our failure to compete effectively in this procurement environment would adversely affect our revenues and profitability.

We compete with larger companies that have greater name recognition, financial resources and larger technical staffs and with smaller, more specialized companies that are able to concentrate their resources on particular areas. Additionally, we may compete with the U.S. government's own capabilities. To remain competitive, we must consistently provide superior service, technology and performance on a cost-effective basis to our customers and there is no assurance that we will do so.

Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate and manage costs, time and resources.

We generate revenues under various types of contracts, which include cost-reimbursement, T&M and FFP contracts. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract, the nature of services or solutions provided, as well as the achievement of performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined. Cost-reimbursement and T&M contracts generally have lower profitability than FFP contracts. To varying degrees, each of our contract types involves some risk that we could underestimate the costs and resources necessary to fulfill the contract. Our profitability is adversely affected when we incur costs on cost-reimbursement and T&M contracts that we cannot bill to our customers. While FFP contracts allow us to benefit from cost savings, these contracts also increase our exposure to the risk of cost overruns. Revenues derived from FFP contracts represented approximately 19% of our total revenues for fiscal 2024. When making proposals on FFP contracts, we rely heavily on our estimates of costs and timing for completing the associated projects, as well as assumptions regarding technical issues. In each case, our failure to accurately estimate costs or the resources and technology needed to perform our contracts or to effectively manage and control our costs during the performance of work could result, and in some instances has resulted, in reduced profits or in losses. More generally, any increased or unexpected costs or unanticipated delays in connection with the performance of our contracts, including costs and delays caused by contractual disputes or other factors outside of our control (such as performance failures of our subcontractors, rising inflation, natural disasters or other force majeure events including the outbreak of the coronavirus disease 2019 ("COVID-19")) could make our contracts less profitable than expected or unprofitable.

We use estimates in recognizing revenues and, if we make changes to estimates used in recognizing revenues, our profitability may be adversely affected.

A significant portion of our revenues are recognized on contracts using a cost input measure, which requires estimates of total costs at completion, fees earned, or both. Particularly due to the technical nature of the services being performed and the length of certain contracts, this estimation process is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained and additional information becomes known, even though the scope of the work required under the performance obligation may not change. Any adjustment as a result of a change in estimate is recognized immediately. Changes in the underlying assumptions, circumstances or estimates could result in adjustments that may adversely affect future financial results.

Legal and Regulatory Risks

Our failure to comply with a variety of complex procurement rules and regulations could result in our being liable for penalties, including termination of our U.S. government contracts, disqualification from bidding on future U.S. government contracts and suspension or debarment from U.S. government contracting.

We must comply with various laws and regulations relating to the formation, administration and performance of U.S. government contracts, which affect how we do business with our customers and may impose added costs on our business.

Many of our U.S. government contracts contain organizational conflict of interest ("OCI") clauses that may limit our ability to compete for or perform certain other contracts or other types of services for particular customers. OCI arises when we engage in activities that may make us unable to render impartial assistance or advice to the U.S. government, impair our objectivity in performing contract work or provide us with an unfair competitive advantage. Existing OCI, and any OCI that may develop, could preclude our competition for or performance on a significant project or contract, which could limit our opportunities.

The U.S. government may adopt new contract rules and regulations or revise its procurement practices in a manner adverse to us at any time.

Our industry continues to experience significant changes to business practices as a result of an increased focus on affordability, efficiencies and recovery of costs, among other items. U.S. government agencies may face restrictions or pressure regarding the type and amount of services that they may obtain from private contractors. Legislation, regulations and initiatives dealing with procurement reform, mitigation of potential OCI's, deterrence of fraud, and environmental responsibility or sustainability could have an adverse effect on us. Federal and state laws, regulations and mandates that require significant progress to reduce the impact of climate change through carbon pollution-free electricity, net-zero emissions in vehicles, buildings, procurement and operations, and similar actions could diminish or weaken our ability to attain new contracts or garner renewals. As a government services provider, we anticipate that requirements around supply chain management and specific procurement strategies to reduce contractor emissions and emissions in products used or acquired could impair the Company from effectively competing. Further, requirements around the disclosure of greenhouse gas emissions, particularly Scope 3 emissions, emission reduction targets, climate risk, and other climate sustainability actions could potentially have a negative impact to our business and the ability to secure certain contracts or contract renewals. The risk of more rapidly shifting or changing government policies could have an equally adverse effect on government contractors such as ourselves. Moreover, shifts in the buying practices of U.S. government agencies (such as increased usage of fixed-price contracts, multiple award contracts and small business set-aside contracts) could have adverse effects on government contractors, including us. Any of these changes could impair our ability to obtain new contracts or contract renewals. Any new contracting requirements or procurement methods, including those related to climate change, could be costly or administratively difficult for us to implement and could adversely affect our future revenues, profitability and prospects.

Our business is subject to reviews, audits and cost adjustments by the U.S. government, which, if resolved unfavorably to us, could adversely affect our profitability, cash flows or growth prospects.

The DCAA, DCMA and others routinely audit and review a contractor's performance on government contracts, indirect cost 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, which are defined as the contractor's accounting, earned value management, estimating, materials management, property management and purchasing systems. A finding of significant control deficiencies in a contractor's business systems or a finding of noncompliance with CAS can result in decremented billing rates to U.S. government customers until the control deficiencies are corrected and their remediation is accepted by the DCMA. The agencies conducting these audits and reviews have come under increased scrutiny. As a result, audits and reviews have become more rigorous and the standards to which we are held are being more strictly interpreted, which has increased the likelihood of an audit or review resulting in an adverse outcome.

Government audits and reviews may conclude that our practices are not consistent with applicable laws and regulations and result in adjustments to contract costs and mandatory customer refunds. Such adjustments can be applied retroactively, which could result in significant customer refunds. Receipt of adverse audit findings or the failure to obtain an "approved" determination on our various business systems could significantly and adversely affect our business by, among other things, restricting our ability to bid on new contracts and, for those proposals under evaluation, diminishing our competitive position. A determination of noncompliance could also result in the U.S. government imposing penalties and sanctions against us, including withholding of payments, suspension of payments and increased government scrutiny. Increased scrutiny could adversely impact our ability to perform on contracts, affect our ability to invoice for work performed, delay the receipt of timely payment on contracts, and weaken our ability to compete for new contracts with the U.S. government.

The indirect cost audits by the DCAA of the Company's business remain open for certain prior years and the current year. We have recorded contract revenues based on an estimate of costs that we believe will be approved on final audit. However, we do not know the outcome of any ongoing or future audits or whether future adjustments will exceed our reserves for potential adjustments.

Our business is subject to governmental review and investigation, which could adversely affect our profitability, cash position and growth prospects.

We are routinely subject to governmental investigations relating to all aspects of our business including our contracts and operations. If a review or investigation identifies improper or illegal activities, we may be subject to civil or criminal penalties or administrative sanctions, which could include the termination of contracts, forfeiture of profits, the triggering of price reduction clauses, suspension of payments, fines, and suspension or debarment from doing business with governmental agencies. We may suffer harm to our reputation if allegations of impropriety are made against us, which would impair our ability to win new contract awards or receive contract renewals. Penalties and sanctions are not uncommon in our industry. If we incur a material penalty or administrative sanction or otherwise suffer harm to our reputation, our profitability, cash position and future prospects could be adversely affected.

The U.S. government may terminate, cancel, modify or curtail our contracts at any time and, if we do not replace them, we may be unable to achieve or sustain revenue growth and may suffer a decline in revenues and profitability.

Many of the U.S. government programs in which we participate as a contractor or subcontractor may extend for several years and include one or more base years and one or more option years. Under our contracts, the U.S. government generally has the right not to exercise options to extend or expand our contracts and may otherwise terminate, cancel, modify or curtail our contracts at its convenience. Any decision by the U.S. government not to exercise contract options or to terminate, cancel, modify or curtail our major programs or contracts would adversely affect our revenues, revenue growth and profitability.

We have experienced and continue to experience periodic performance issues under certain of our contracts. If a government customer terminates a contract for default, we may be exposed to liability, including for excess costs incurred by the customer in procuring undelivered services and solutions from another source. Depending on the nature and value of the contract, a performance issue or termination for default could cause our actual results to differ from those anticipated and could harm our reputation.

Our use of net operating loss carryforwards and other tax attributes to offset future taxable income may become limited in the event that we or the IRS determines that we have experienced an ownership change.

As of February 2, 2024, we have estimated $251 million of gross net operating loss carryforwards and tax basis in our acquired amortizable goodwill and other intangible assets of approximately $1.2 billion. Net operating loss carryforwards and other tax attributes are subject to various annual limitations under Sections 382 and 383 of the Internal Revenue Code, which restricts a corporation's ability to use such carryforwards and attributes following an ownership change.

Changes in tax laws and regulations or exposure to additional tax liabilities could adversely affect our financial results.

Changes in U.S. (federal or state) regulations, or their interpretation and application, including those with retroactive effect, could result in increases in our tax expense and affect profitability and cash flows. For example, 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 the Company, whether Congress modifies, or repeals this provision and whether new guidance and interpretive rules are issued by the U.S. Treasury, among other factors.

Legal disputes could require us to pay potentially large damage awards and could be costly to defend, which would adversely affect our cash balances and profitability, and could damage our reputation.

We are subject to a number of lawsuits and claims described under “Legal Proceedings” in Part I, Item 3 of this report. We are also subject to, and may become a party to, a variety of other litigation or claims and suits that arise from time to time in the ordinary course of our business. The Department of Justice and other enforcement agencies of the U.S. government may bring claims or lawsuits against us in connection with our performance of government contracts or our billing or record-keeping relating to those contracts. The Department of Justice has considerably more resources at its disposal than we do, and can bring suspension and debarment proceedings against us that would prevent us from working for some or all U.S. government customers. In addition, certain statutes under which the Department of Justice may bring claims (like the False Claims Act) provide for treble damages and penalties on a per invoice basis against government contractors. These circumstances generally give the Department of Justice significantly more leverage in any legal dispute with us than if we were defending ourselves against claims brought by a commercial enterprise. Adverse judgments or settlements in some or all of these legal disputes may result in significant monetary damages or injunctive relief against us. Any claims or litigation could be costly to defend, and even if we are successful or if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. Litigation and other claims, including those described under “Legal Proceedings” in Part I, Item 3 of this report, are subject to inherent uncertainties and management’s view of these matters may change in the future.

Our business is subject to numerous legal and regulatory requirements and any violation of these requirements or any misconduct by our employees, subcontractors, agents or business partners could harm our business and reputation.

In addition to government contract procurement laws and regulations, we are subject to numerous other federal, state and foreign legal requirements on matters as diverse as data privacy and protection, employment and labor relations, immigration, taxation, anti-corruption, import/export controls, trade restrictions, internal and disclosure control obligations, securities regulation and anti-competition. Compliance with diverse and changing legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these requirements in the conduct of our business could result in significant fines and other damages, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations or contractual obligations related to regulatory compliance in connection with the performance of customer contracts could also result in liability for significant monetary damages, fines and/or criminal prosecution, unfavorable publicity and other reputational damage, restrictions on our ability to compete for certain work and allegations by our customers that we have not performed our contractual obligations.

Misconduct by our employees, subcontractors, agents or business partners could subject us to fines and penalties, restitution or other damages, loss of security clearance, loss of current and future customer contracts and suspension or debarment from contracting with federal, state or local government agencies, any of which would adversely affect our business and our future results. Such misconduct could include fraud or other improper activities such as falsifying time or other records, failure to comply with our policies and procedures or violations of applicable laws and regulations.

Business and Operational Risks

A failure to attract, train, retain and utilize skilled employees and our senior management team would adversely affect our ability to execute our strategy and may disrupt our operations.

Our business relies heavily upon the expertise and services of our employees. Our continued success depends on our ability to recruit and retain highly trained and skilled engineering, technical and professional personnel. Competition for skilled personnel is intense and competitors aggressively recruit key employees. In addition, many U.S. government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain and personnel with security clearances are in great demand. Particularly in highly specialized areas, it has become more difficult to retain employees and meet all of our needs for employees in a timely manner, which may affect our growth in the current and future fiscal years. Although we intend to continue to devote significant resources to recruit, train and retain qualified employees, we may not be able to attract, effectively train and retain these employees. Any failure to do so could impair our ability to efficiently perform our contractual obligations, timely meet our customers' needs and ultimately win new business, all of which could adversely affect our future results. In addition, salaries and related costs are a significant portion of the cost of providing our services and, accordingly, our ability to efficiently utilize our workforce impacts our profitability. If our employees are under-utilized, our profitability could suffer.

We believe that our success also depends on the continued employment of a highly qualified and experienced senior management team and that team's ability to retain existing business and generate new business. The loss of key personnel in critical functions could lead to lack of business continuity or disruptions in our business until we are able to hire and train replacement personnel.

We may make acquisitions, investments, joint ventures and divestitures in the future that involve numerous risks, which if realized, may adversely affect our business and our future results.

We may make strategic acquisitions, engage in joint ventures or divest existing businesses, which could cause us to incur unforeseen expenses and have disruptive effects on our business and may not yield the benefits we expect. Our Credit Facility also imposes limitations on our ability to make other acquisitions. Subject to those limitations, we may selectively pursue additional strategic acquisitions, investments and joint ventures in the future. Any future acquisitions, investments and joint ventures may pose many risks that could adversely affect our reputation, operations or financial results, including:

- we may not retain key employees (including those with needed security clearances), customers and business partners of an acquired business in the future;
- we may fail to successfully integrate acquired businesses, such as failing to successfully implement IT and other control systems relating to the operations of any acquired business;
- we may not generate sufficient earnings to meet the required Leverage Ratio under the Credit Facility, which would give lenders the right to, among other things, foreclose on our assets;
- acquisitions normally require a significant investment of time and resources, which may disrupt our business and distract our management from other important responsibilities;
- we may not be able to accurately estimate the financial effect of any acquisitions and investments on our business and we may not realize anticipated revenue opportunities, cost savings, or other synergies or benefits, or acquisitions may not result in improved operating performance; and
- we may assume known as well as unknown material liabilities, legal or regulatory risks that were not identified as part of our due diligence or for which we are unable to receive a purchase price adjustment or reimbursement through indemnification;

If any acquisitions, investments or joint ventures fail, perform poorly or their value is otherwise impaired for any reason, including contractions in credit markets and global economic conditions, our business and financial results could be adversely affected.

In addition, we may periodically divest businesses, including businesses that are no longer a part of our ongoing strategic plan. These divestitures similarly require significant investment of time and resources and may disrupt our business, distract management from other responsibilities and may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantee or other financial arrangements, for a period of time following the transaction, which could adversely affect our financial results.

We use and deploy AI solutions for our customers which may result in harm to our reputation or liability if they do not function as predicted.

We deploy and integrate AI solutions for our business operations and for customers, including AI solutions that assist with the design, deployment, and management of AI applications and allow customers to work with their complex and sensitive data to power the most demanding analytics, data science, and AI use cases. These AI solutions may be vulnerable to misuse, or cyberattack and because this technology is developing so rapidly we may be unable to keep up with new AI developments. The AI solutions we use are developed by us and obtained from third parties. The development methods and algorithms of these solutions could be flawed, and the datasets could contain incorrect or biased information. Content or code generated by AI systems may be vulnerable to cyber attack, require human review, be unreliable, illegal, or offensive, and could result in the AI solution not working as intended. If we deploy AI solutions that have unintended consequences or are more controversial than we anticipate, our customers may seek redress and we may experience reputational harm which could affect our business or financial results. Our use of AI solutions could be limited or subject to regulatory action or legal liability under proposed rules or legislation regarding privacy, intellectual property and other laws.

We face various risks related to health epidemics, pandemics and similar outbreaks, which may have material adverse effects on our business, financial position, results of operations and/or cash flows.

We face various risks related to health epidemics, pandemics and similar outbreaks like the global outbreak of COVID-19. If significant portions of our workforce are unable to work effectively due to illness, quarantines, government actions, facility closures or other reasons in connection with an epidemic, our operations will likely be impacted. We may be unable to perform fully on our contracts and some of our costs may not be fully recoverable or adequately covered by insurance. Re-occurrence of an epidemic may also cause disruption in our supply chain; cause delay, or limit the ability of, the U.S. government and other customers to perform, including making timely payments to us; impact investment performance; and cause other unpredictable events.

In addition, the resulting volatility in the global capital markets could restrict our access to capital and/or increase our cost of capital.

Customer systems failures could damage our reputation and adversely affect our revenues and profitability.

Many of the systems and networks that we develop, install and maintain for our customers involve managing and protecting personal information and information relating to national security and other sensitive government functions. While we have programs designed to comply with relevant privacy and security laws and restrictions, if a system or network that we develop, install or maintain were to fail or experience a security breach or service interruption, whether caused by us, third-party service providers, cybersecurity threats or other events, we may experience loss of revenue, remediation costs or face claims for damages or contract termination. Any such event could cause serious harm to our reputation and prevent us from having access to or being eligible for further work on such systems and networks. Our errors and omissions liability insurance may be inadequate to compensate us for all of the damages that we may incur and, as a result, our future results could be adversely affected.

We depend on our teaming arrangements and relationships with other contractors and subcontractors. If we are not able to maintain these relationships, or if these parties fail to satisfy their obligations to us or the customer, our revenues, profitability and growth prospects could be adversely affected.

We rely on teaming relationships with other prime contractors and subcontractors in order to submit bids for large procurements or other opportunities where we believe the combination of services, products and solutions provided by us and our teammates will help us to win and perform the contract. Our future revenues and growth prospects could be adversely affected if other contractors eliminate or reduce their contract relationships with us, or if the U.S. government terminates or reduces these other contractors' programs, does not award them new contracts or refuses to pay under a contract. Companies that do not have access to U.S. government contracts or experience with our customers may perform services as our subcontractor that we cannot otherwise provide ourselves, and that exposure could enhance such companies' prospect of securing a future position as a prime U.S. government contractor, which could increase competition for future contracts and impair our ability to win these contracts. Whenever our subcontractors fail to timely meet their contractual obligations, have regulatory compliance or other problems, our ability to fulfill our obligations as a prime contractor or higher tier subcontractor may be jeopardized.

We have only a limited ability to protect our intellectual property rights, which are important to our success. Our failure to adequately protect our proprietary information and intellectual property rights could adversely affect our competitive position.

We rely principally on trade secrets to protect much of our intellectual property in cases where we do not believe that patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information. We may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to obtain or maintain trade secret protection could adversely affect our competitive business position. If we are unable to prevent third parties from infringing or misappropriating our copyrights, trademarks or other proprietary information, our competitive position could be adversely affected. In addition, in connection with the performance of services, the U.S. government has certain rights to inventions, data, software codes and related material that we develop under government-funded contracts and subcontracts, which may permit the U.S. government to disclose or license this information to third parties, including, in some instances, our competitors.

In the course of conducting our business, we may inadvertently infringe the intellectual property rights of others, resulting in claims against us or our customers. Our contracts generally indemnify our customers for third-party claims for intellectual property infringement by the services and solutions we provide. The expense of defending these claims may adversely affect our financial results.

We face risks related to climate change if associated increases in extreme weather events prohibit or adversely affect our employees' ability to work.

Severe storms, increased precipitation and flooding, heat waves and other weather-related obstacles due to climate change could adversely affect our ability to execute our strategy and may disrupt our operations. Any failure of our employees' ability to work could potentially impair our capability to efficiently perform and meet our contractual obligations, timely address our customers' needs and ultimately win new business, all of which could adversely affect our business, financial position, results of operations, and/or cash flows. While we have a distributed workforce with employees working remotely across the U.S., we do have employees who, because of client requirements or contractual obligations, must work at specified locations. In these instances, if there was a severe weather event that impacted such a location we may not be able to meet the client's requirements or our contractual obligations. In the shorter term, a climate-related event could temporarily suspend our ability to do the required work in person, produce operational or other unforeseen challenges, and in the longer term, threaten our ability to perform contracts in a timely manner or meet other requirements of the contract, any of which could harm our business and its results.

Although SAIC has business continuity plans and other safeguards in place, there is no assurance that such plans and safeguards will be effective or that such measures will not adversely affect our operations or long-term plans. In addition, local conditions and regulations may delay the return of employees to business sites, which could impede our ability to meet the client's requirements or our contractual obligations. The ability of individual employees, based on how severely the climate-related event has impacted them, may also impede our ability to meet the client's requirements or our contractual obligations.

Our customers, both government and civil, may shift priorities, requirements and business processes in response to climate change, which could affect our business and revenues.

Customers could change priorities and approaches due to their operations experiencing a direct climate-change impact, have future concerns about their long-term sustainability, face external legislative or regulatory pressure, or other external market factors such as investor, consumer or societal requests or demands that a customer may feel obliged to respond to. Such changes and responses by our customers have the potential to adversely impact our future revenues, profitability and prospects.

We could incur significant liabilities and suffer negative publicity if our detection systems fail to operate as intended or our assessment reports prove to be inaccurate.

We have developed and sold tsunami buoys and related services that are designed to assist in the detection of tsunamis or large waves that may have catastrophic consequences to coastal communities. Our buoys have been deployed by the U.S. National Oceanic and Atmospheric Administration and non-U.S. governments in other areas around the world. There are many factors, some of which are beyond our control, which could result in the failure of these buoys. We may develop other products or provide services for the detection of natural or man-made threats that could have catastrophic consequences if the threats are realized. In addition, we prepare reports for various government customers in the evaluation or assessment of the consequences of certain threats or natural disasters. The failure of our products and services to help detect the threats for which they were designed or the failure of our reports to accurately assess the consequences of certain threats could contribute to injury, death and extensive property damage and may lead to product liability, professional liability, or other claims against us. Further, if our products, services or reports fail to, or are perceived to have failed to help detect or adequately assess a threat, the negative publicity from such incident could have a material adverse effect on our business.

Our services and operations sometimes involve using, handling or disposing of hazardous substances or dangerous materials, which could expose us to potentially significant liabilities.

Some of our services and operations involve the use, handling or disposal of hazardous substances or dangerous materials, including explosive, chemical, biological, radiological or nuclear materials. These activities generally subject us to extensive foreign, federal, state and local environmental protection and health and safety laws and regulations, which, among other things, require us to incur costs to comply with these regulations and could impose liability on us for handling or disposing of hazardous substances or dangerous materials. Furthermore, failure to comply with these environmental protection and health and safety laws and regulations could result in civil, criminal, regulatory, administrative or contractual sanctions, including fines, penalties or suspension or debarment from contracting with the U.S. government or could cause us to incur costs to change, upgrade, remediate and/or close some of our operations or properties. Although we do not have extensive real estate holdings, our ownership and operation of real property also subjects us to environmental protection laws, some of which hold current or previous owners or operators of businesses and real property liable for hazardous substance releases, even if they did not know of and were not responsible for the releases. If we have any violations of, or incur liabilities pursuant to, these laws or regulations, our financial condition and operating results could be adversely affected.

We face risks associated with our international business.

Our international business operations may be subject to additional and different risks than our U.S. business. Failure to comply with U.S. government laws and regulations applicable to international business such as the Foreign Corrupt Practices Act or U.S. export control regulations could have an adverse impact on our business with the U.S. government and could expose us to administrative, civil or criminal penalties and may expose us to potentially significant contract losses. In addition, we provide services and solutions in support of U.S. government customers in countries with governments that may be or may become unstable or are in areas of active military or intelligence operations. Operating in such environments may increase the risk of an incident resulting in injury or loss of life, or damage or destruction of property, or inability to meet our contractual obligations. Although our international operations have historically generated a small proportion of our revenues, we do not know the impact that these regulatory, geopolitical and other factors may have on our business in the future and any of these factors could adversely affect our business.

Pension funding and costs are dependent upon several economic assumptions, which if changed may cause our future earnings and cash flow to fluctuate significantly.

As a result of the acquisition of Engility Holdings, Inc. ("Engility") in fiscal 2019, we assumed the obligations under Engility's defined benefit pension plan (the "Pension Plan"). The impact of the Pension Plan on our U.S. generally accepted accounting principles ("GAAP") earnings may be volatile in that the amount of expense we record for the Pension Plan may materially change from year to year because those calculations are sensitive to funding levels as well as changes in several key economic assumptions, including interest rates, rates of return on plan assets, and other actuarial assumptions including participant mortality estimates. Changes in these factors also affect our plan funding, cash flow, and stockholders’ equity. In addition, the funding of the Pension Plan may be subject to changes caused by legislative or regulatory actions.

We will make contributions to fund the Pension Plan when considered necessary or advantageous to do so. The macro-economic factors discussed above, including the return on assets and the minimum funding requirements established by government funding or taxing authorities, or established by other agreement, may influence future funding requirements. A significant decline in the fair value of the assets in the Pension Plan, or other adverse changes to the Pension Plan could require us to make significant funding contributions and affect cash flows in future periods.

As a result of the acquisition of Engility, we also assumed the obligations under a Retiree Health Reimbursement Account plan ("RHRA"). The impact of Engility’s RHRA on our GAAP earnings may be volatile in that the amount of expense we record for the plan may materially change from year to year because those calculations are sensitive to several key economic assumptions including interest rates and actuarial assumptions related to participant mortality, retirement and termination.

CAS govern the extent to which postretirement costs and plan contributions are allocable to and recoverable under contracts with the U.S. government. On December 27, 2011 the U.S. government’s Cost Accounting Standards Board published a final rule that harmonizes CAS pension cost reimbursement rules with the Pension Protection Act of 2006 ("PPA") funding requirements. The rule is expected to eventually mitigate the mismatch between CAS costs and PPA-amended Employee Retirement Income Security Act of 1974 ("ERISA") minimum funding requirements, and result in an acceleration of allowable CAS pension costs as compared to the prior rules. We anticipate that government contractors will be entitled to an equitable adjustment for any additional CAS contract costs resulting from the final rule. As a result, we have sought and expect to continue to seek reimbursement from the U.S. government for a portion of our postretirement costs and plan contributions. For additional information related to our pension funding and costs, see Note 10—Retirement Plans to the consolidated financial statements contained within this report.

Goodwill and intangible assets represent a significant amount of our total assets and any impairment of these assets would negatively impact our results of operations.

Goodwill is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Examples of events or changes in circumstances indicating that the carrying value of goodwill may not be recoverable could include a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, loss of key contracts, significant decrease in the Company's stock price, customer relationships, or personnel that affect current and future operating cash flows of the reporting unit. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable at the asset group level. Any future impairment of goodwill or other intangible assets would have a negative impact on our profitability and financial results.

We maintain our cash at financial institutions, often in balances that exceed federally insured limits.

The majority of our cash is held in accounts at U.S. banking institutions that we believe are of high quality. Cash held in depository accounts may exceed the $250,000 Federal Deposit Insurance Corporation ("FDIC") insurance limits. If such banking institutions were to fail, we could lose all or a portion of those amounts held in excess of such insurance limitations. Any material loss that we may experience in the future could have a material adverse effect on our financial position and could materially impact our ability to pay our operational expenses or make other payments. Banking institution failures, or changes in legislation and regulation, may adversely impact other entities that would, in turn, impact us. If our customers, suppliers, insurers, joint venture partners, sureties, or other parties with whom we do business with are affected by issues in the banking industry it may have an adverse impact on our operational and financial performance.

Cybersecurity Risks

Our business and financial results could be negatively affected by cyber or other security threats.

We encounter cybersecurity and physical security threats as part of the work we do for our customers and our internal business. Our IT systems contain a variety of sensitive and classified information which attract adversaries including nation-state threat actors and we face cybersecurity threats including attempts to disrupt our critical systems, gain unauthorized access to data, release or corrupt sensitive information, and interfere with operations. Adversaries that acquire unauthorized access to customer accounts can use that information to compromise data and inadequate account security practices which could potentially result in malicious activity effecting customer use of our solutions. We work cooperatively with our customers to seek to address cybersecurity threats and often must rely on the safeguards used or required by those customers.

Our solutions include custom software code we develop and may include open source or AI-generated code which may make our products susceptible to cyberattacks.

Actual or perceived vulnerabilities may lead to claims against us and in the event of unauthorized access to sensitive information for which we are responsible under customer contracts, our customers, their employees, or third parties may seek to hold us liable for any costs or other damages associated with the unauthorized access.

We also face cybersecurity threats from our supply chain through threat actors who may seek and gain access to our systems through our business partners and suppliers.

Our information security staff manage cybersecurity risks by implementing security controls in accordance with industry standards and conducting regular employee cybersecurity training. Our cybersecurity policies, procedures and maturity are subject to review and audit by third parties. Although we have implemented and regularly update cybersecurity controls, there can be no assurance that these measures will successfully prevent or mitigate cybersecurity incidents.

Cybersecurity incidents, disruptions and data loss have occurred including attacks targeting customer data and our systems and data. We report cybersecurity incidents to involved customers and applicable regulatory authorities including the DOD and the FBI to support national security initiatives. Such incidents did not have a material adverse impact on our financial condition or the results of our operations. However, future cybersecurity incidents could damage our reputation, exposing us to liability, or prevent us from winning future work from government customers and could have a material adverse impact on our business.

Because of the rapidly evolving nature of these threats, there can be no assurance that our policies, procedures and security controls will detect or prevent them, mitigate their affects and we cannot predict their full impact.

In addition, government agencies have investigated and may bring legal actions against us for violation of or noncompliance with regulatory requirements relating to any unauthorized access to and theft of sensitive information including failure to make adequate and timely disclosure to the public, regulators or law enforcement agencies. Any remediation costs, damages or other liabilities related to cybersecurity incidents may not be fully insured or indemnified by other means.

Forward-Looking Statement Risks

You may not be able to rely on forward-looking statements.

This report contains forward-looking statements that are based on our management’s belief and assumptions about the future in light of information currently available to our management. In some cases, you can identify forward-looking statements by words such as “may,” “will,” “should,” “expects,” “projects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue,” “outlook,” and similar words or phrases or the negative of these words or phrases. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable when made, we cannot guarantee future results, levels of activity, performance or achievements. There are a number of important factors that could cause our actual results to differ materially from those results anticipated by our forward-looking statements, which include, but are not limited to, the risk factors discussed above.

We do not undertake any obligation to update or revise any of the forward-looking statements to reflect events, circumstances, changes in expectations, or the occurrence of unanticipated events after the date of those statements or to conform these statements to actual results.

Item 1B. *Unresolved Staff Comments*

No information is required in response to this item.

Item 1C. *Cybersecurity*

Risk Management and Strategy

The Company is subject to various cybersecurity risks and continuously monitors and assesses its cybersecurity measures to protect against potential threats. These risks include operational disruption, reputational harm, theft of intellectual property, fraud, extortion, harm to customers or employees, and violation of data privacy or security laws.

The Company has a comprehensive cybersecurity management and oversight program designed to identify, manage, and mitigate potential risks. This program is integrated into our overall risk management systems and processes and includes continuous monitoring of cybersecurity threats, regular assessments of information systems, vulnerability management, penetration testing, employee training on cybersecurity best practices, and ongoing assessments of risk.

In the event of a cybersecurity incident, the Company has established an incident response plan to promptly and effectively address the situation. Cybersecurity events and data incidents are evaluated, ranked by severity and prioritized for escalation to senior management and the Risk Oversight Committee ("ROC") of our Board of Directors, response and remediation. The plan includes procedures for investigating and containing incidents, notifying affected parties, and implementing corrective actions to prevent future occurrences.

The Company relies on various third party providers, such as vendors, suppliers and other business partners for certain aspects of its operations. These third parties may also be susceptible to cybersecurity risks. The Company conducts due diligence on the cybersecurity practices and controls on these providers, as well as inclusion of contractual provisions requiring the providers to maintain appropriate cybersecurity measures. In addition, in the case of a third-party cybersecurity incident, the Company identifies and mitigates risks to minimize impacts to us from third party incidents.

Governance

Management's Responsibilities

The Company’s information security program is led by our corporate Chief Information Security Officer ("CISO"), who works closely in a cross-functional capacity with key corporate and operational business stakeholders. The individuals supporting the Company's information security program demonstrate their cybersecurity expertise through qualifications such as prior work experience, possession of a cybersecurity certification, degree, or other cybersecurity experience. The CISO collaborates with these functions for the purpose of establishing processes and procedures to monitor potential cybersecurity risks, identifying cybersecurity incidents, implementing appropriate mitigation measures, reporting cybersecurity breaches, assessing materiality, and other information security incidents, and maintaining our cybersecurity program. The CISO provides regular updates on the Company's cybersecurity posture and preparedness to senior management.

Board of Directors' Roles and Responsibilities

Our cybersecurity risks and associated mitigations, as part of our enterprise risk management, are evaluated by senior leadership. These risks and mitigations are also subject to oversight by the Audit Committee and the ROC of our Board of Directors The ROC is the primary committee that oversees enterprise cybersecurity risks and reviews cybersecurity matters. The ROC oversees our policies and procedures for protecting our cybersecurity infrastructure and for compliance with data protection and security regulations, and related risks. The ROC receives information regarding such risks from management, including our CISO, and reports to the Board on a quarterly basis. The ROC also oversees the Board’s response to any significant cybersecurity incidents.

Cybersecurity Threats

To date, we have not identified any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business operations or financial condition. While the Company has taken significant steps to manage cybersecurity risks, there can be no assurance that these measures will prevent all potential incidents. A material cybersecurity incident could have material adverse effect on the Company’s financial condition, results of operations, or cash flows. The Company is committed to addressing cybersecurity risks in an ever-evolving technological landscape. Management will continue to evaluate and enhance its cybersecurity measures to adapt to emerging threats and comply with evolving regulatory requirements.

We describe whether and how risks from identified cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our organizational strategy, results of operations, or financial condition as part of our risk factor disclosures in Part I, Item 1A of this report.

Item 2. *Properties*

We occupy approximately 3 million square feet of floor space, substantially all of which is leased. Our corporate headquarters is located in Reston, Virginia. Our principal locations outside of Reston, Virginia include Chantilly and Arlington, Virginia; Huntsville, Alabama; Oak Ridge, Tennessee; El Segundo, California; Indianapolis and Bedford, Indiana; and Charleston, South Carolina. As of February 2, 2024, we conducted our operations at approximately 114 properties located in 24 states, the District of Columbia, and various foreign countries. We consider our facilities suitable and adequate for our present needs, which are generally limited to office, integration, warehouse and computer laboratory spaces.

Item 3. *Legal Proceedings*

We have provided information about legal proceedings in which we are involved in Note 18—Legal Proceedings and Other Commitments and Contingencies to the consolidated financial statements contained within this report.

We are also routinely subject to investigations and reviews relating to compliance with various laws and regulations. Additional information regarding such investigations and reviews is described under the heading “Government Investigations, Audits and Reviews” in Note 18—Legal Proceedings and Other Commitments and Contingencies to the consolidated financial statements contained within this report.

Item 4. *Mine Safety Disclosures*

No information is required in response to this item.

Part II

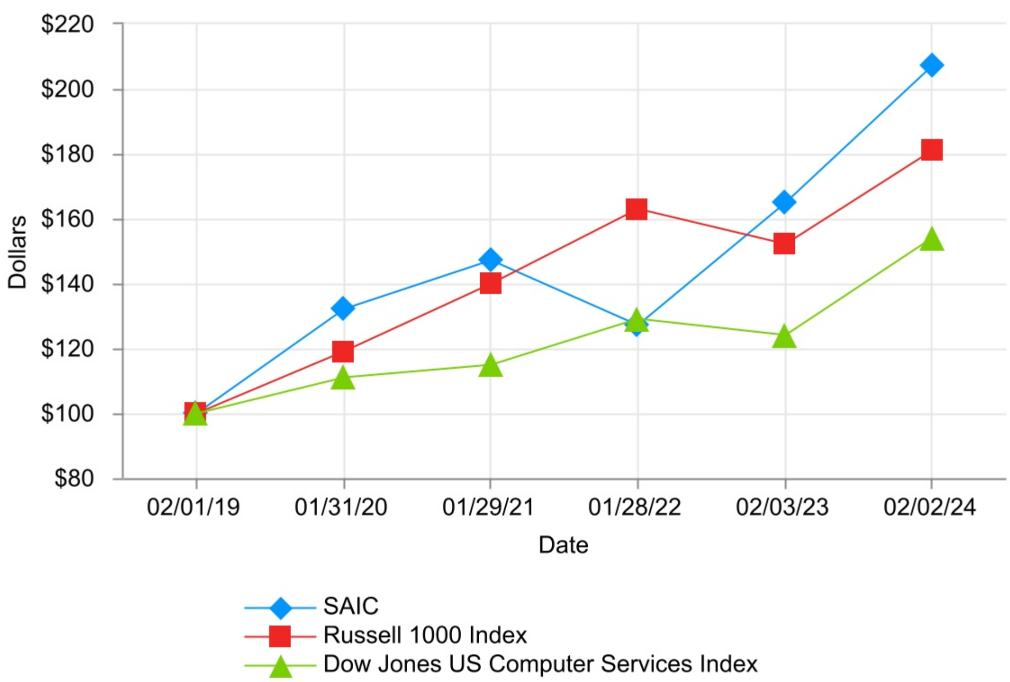
Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Through closing of trading on March 4, 2024, our common stock was listed on the New York Stock Exchange under the ticker symbol "SAIC." Effective as of the opening of trading on March 5, 2024, the Company voluntarily transferred the listing of its shares of common stock to The Nasdaq Stock Market LLC. The Company's common stock will continue to trade under the symbol "SAIC." As of March 8, 2024, there were approximately 23,000 holders of record of our common stock. The number of holders of record of our common stock may not be representative of the number of beneficial owners due to shares that may be held by depositories, brokers or nominees.

We declared and paid cash dividends on our common stock of $0.37 per share each quarterly period of fiscal 2024, 2023 and 2022. Total dividends declared and paid during fiscal 2024, 2023 and 2022 were $1.48 per share. Quarterly cash dividends are typically paid in April, July, October and January, for the first, second, third and fourth quarters, respectively. We currently intend to continue paying quarterly cash dividends in the near future, although the declaration of any future dividends and the amount thereof will be determined by our Board of Directors and will depend on many factors, including our financial condition, capital requirements, available cash, results of operations, and other factors our Board of Directors may deem relevant.

Stock Performance Graph

The following graph compares the total cumulative return on our common stock, from the beginning of fiscal year 2019 through fiscal year 2024, to two indices: (i) the Russell 1000 Index and (ii) the Dow Jones US Computer Services Index. The graph assumes an initial investment of $100 on February 1, 2019 and that dividends have been reinvested. The comparisons in the graph are required by the U.S. Securities and Exchange Commission ("SEC"), based upon historical data and are not intended to forecast or be indicative of possible future performance of our common stock.



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.

The following table presents repurchases of our common stock during the three months ended February 2, 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)]
November 4, 2023 - December 8, 2023	324,744	$ 117.22	321,821	4,564,183
December 9, 2023 - January 5, 2024	196,140	125.12	194,078	4,370,105
January 6, 2024 - February 2, 2024	192,128	128.55	192,128	4,177,977
Total	713,012	$ 122.45	708,027	

(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 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 February 2, 2024, we have repurchased approximately 20.3 million shares of our common stock under the program.

Item 6. *[Reserved]*

Item 7. *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 consolidated financial statements and the related notes included in this Form 10-K, as well as Part II, Item 7 "Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K for the year ended February 3, 2023, which provides additional information on comparisons of fiscal 2023 and 2022. 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, Item 1A of this report), including statements regarding our intent, belief, or current expectations with respect to, among other things, trends affecting our financial condition or results of operations; 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 and elsewhere in this report, particularly in “Risk Factors” in Part I, Item 1A of this report. 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 2024 began on February 4, 2023 and ended on February 2, 2024, fiscal 2023 began on January 29, 2022 and ended on February 3, 2023, and fiscal 2022 began on January 30, 2021 and ended on January 28, 2022. Fiscal 2024 consisted of 52 weeks, and fiscal 2023 and 2022 consisted of 53 weeks and 52 weeks, respectively.

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, the Company completed a business reorganization which replaces its current two operating sectors with five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The reorganization is designed to enhance management's involvement with customers and advance SAIC’s innovation and go-to-market strategy. The new business group leaders will report directly to the Company's CEO who will continue to be the chief operating decision maker ("CODM"). The Company is currently evaluating the impact of the reorganization on its segment reporting.

Economic Opportunities, Challenges, and Risks

In fiscal 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. Appropriations measures passed in December 2022 provided full funding for the federal government through the end of government fiscal year ("GFY") 2023.

In March 2024, the President signed appropriation measures that provide funding for GFY 2024 for non-defense departments of the U.S. government. Congress is currently in the process of considering legislation for the remaining federal budget which will include the Department of Defense, the Department of State and the Department of Homeland Security. If Congress is not able to pass the remaining GFY 2024 funding measures by the end of April 2024, it could result in the U.S. government operating on additional continuing resolutions, potentially lead to a partial or full government shutdown, and a cut to defense spending for GFY 2024 as prescribed in the Fiscal Responsibility Act of 2023. In March 2024, the President submitted the GFY 2025 budget request which adheres to the Fiscal Responsibility Act of 2023.

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."

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 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.

On May 6, 2023, SAIC closed the sale of its logistics and supply chain management business ("Supply Chain Business") to ASRC Federal Holding Company, LLC ("ASRC Federal"). The sale enables the Company to focus its resources on long-term strategic growth areas.

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. 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 accounts for its retained interest as an equity method investment as of the date of the transaction.

On July 2, 2021, we completed the acquisition of Halfaker and Associates, LLC ("Halfaker"). The acquisition of Halfaker, in alignment with our long-term strategy, grows the Company's digital transformation portfolio while expanding its ability to support the government's healthcare mission. Additionally, on May 3, 2021, the Company acquired Koverse, a software company that provides a data management platform enabling artificial intelligence and machine learning on complex sensitive data.

See “Risk Factors” in Part I, Item 1A of this report for additional discussion of our industry and regulatory environment.

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 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.

Results of Operations

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

	Year Ended				
	February 2, 2024	Percent change	February 3, 2023	Percent change	January 28, 2022
			(dollars in millions)		
Revenues	**$ 7,444**	*(3)%*	$ 7,704	*4 %*	$ 7,394
Cost of revenues	**6,572**	*(4)%*	6,816	*4 %*	6,535
As a percentage of revenues	***88.3 %***		*88.5 %*		*88.4 %*
Selling, general and administrative expenses	**373**	*— %*	374	*9 %*	344
Acquisition and integration costs	**1**	*(92)%*	13	*(77)%*	56
Gain on divestitures, net of transaction costs	**(240)**	*100 %*	—	*(100)%*	(2)
Other operating income	**(3)**	*100 %*	—	*(100)%*	(1)
Operating income	**741**	*48 %*	501	*8 %*	462
As a percentage of revenues	***10.0 %***		*6.5 %*		*6.2 %*
Net income attributable to common stockholders	**$ 477**	*59 %*	$ 300	*8 %*	$ 277
Cash flows provided by operating activities	**$ 396**	*(26)%*	$ 532	*3 %*	$ 518

Revenues. Revenues decreased $260 million from fiscal 2023 to fiscal 2024 primarily due to the sale of the Supply Chain Business ($493 million) and the deconsolidation of FSA ($143 million) (see Note 5—Divestitures), contract completions and five additional working days in the prior year period. This was partially offset by ramp up in volume on existing and new contracts. Adjusting for the impact of the divestiture, deconsolidation and estimated impact of the additional five working days in the prior year period, revenues grew approximately 7.4%.

Cost of Revenues. Cost of revenues decreased $244 million from fiscal 2023 to fiscal 2024 primarily due to the sale of the Supply Chain Business ($461 million) and the deconsolidation of FSA ($132 million), contract completions and five additional working days in the prior year period. This was partially offset by ramp up in volume on existing and new contracts. Adjusting for the impact of the divestiture, deconsolidation and estimated impact of the additional five working days in the prior year period, cost of revenues grew approximately 7.7%.

Selling, General and Administrative Expenses ("SG&A"). SG&A decreased $1 million from fiscal 2023 to fiscal 2024 primarily due to lower indirect spend and intangible amortization and depreciation, partially offset by higher incentive-based compensation expense, including acceleration of stock-based compensation related to the reorganization and executive transition.

Acquisition and integration costs. Acquisition and integration costs decreased $12 million from fiscal 2023 to fiscal 2024 due to no acquisitions in the current year.

Operating Income. Operating income as a percentage of revenues increased from fiscal 2023 to fiscal 2024 primarily due to a $233 million gain recognized from the sale of the Supply Chain Business, a $7 million gain recognized from the deconsolidation of FSA, improved profitability across our contract portfolio and lower acquisition and integration costs, partially offset by higher incentive-based compensation expense, including acceleration of stock-based compensation related to the reorganization and executive transition.

Cash Flows Provided by Operating Activities. Cash flows provided by operating activities were $396 million for fiscal 2024, which represented a decrease of $136 million from fiscal 2023. The decrease was primarily due to lower cash provided by the Master Accounts Receivable Purchase Agreement ("MARPA Facility") (see Note 15—Sale of Receivables to the consolidated financial statements contained within this report for additional information) and higher tax payments in the current year, partially offset by lower incentive-based compensation payments in the current year and other changes in working capital.

Non-GAAP Measures

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.

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 the Company's acquisitions. See Note 1—Business Overview and Summary of Significant Accounting Policies and Note 6—Restructuring and Impairment to the consolidated financial statements contained within this report for information related to our restructuring and impairment costs.

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 the long-term financial performance of the Company.

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

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022[2]
		(in millions)	
Revenues	**$ 7,444**	$ 7,704	$ 7,394
Net income	**477**	303	279
Interest expense, net and loss on sale of receivables	**129**	126	107
Provision for income taxes	**143**	72	79
Depreciation and amortization	**142**	157	165
EBITDA	**891**	658	630
EBITDA as a percentage of revenues	***12.0 %***	*8.5 %*	*8.5 %*
Acquisition and integration costs	**1**	13	56
Restructuring and impairment costs	**23**	24	2
Depreciation included in acquisition and integration costs and restructuring and impairment costs	**(1)**	(3)	(1)
Recovery of acquisition and integration costs and restructuring and impairment costs[1]	**(6)**	(12)	(1)
Gain on divestitures, net of transaction costs	**(240)**	—	—
Adjusted EBITDA	**$ 668**	$ 680	$ 686
Adjusted EBITDA as a percentage of revenues	***9.0 %***	*8.8 %*	*9.3 %*

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

(2) In fiscal 2022, the Company recognized a gain on divestitures, net of transaction costs of $2 million. This is not presented separately on the "Gain on divestitures, net of transaction costs" line in the table above, as it was immaterial.

Adjusted EBITDA as a percentage of revenues increased to 9.0% for fiscal 2024, compared to 8.8% for fiscal 2023, primarily due to improved profitability across our contract portfolio, partially offset by higher incentive-based compensation expense, including acceleration of stock-based compensation related to the reorganization and executive transition.

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:

	February 2, 2024	February 3, 2023
	(in millions)	
Funded backlog	**$ 3,539**	$ 3,554
Negotiated unfunded backlog	**19,224**	20,248
Total backlog	**$ 22,763**	$ 23,802

We had net bookings worth an estimated $6.7 billion and $7.4 billion during fiscal 2024 and 2023, 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 this report. The following table summarizes revenues by contract type as a percentage of revenues for the periods presented:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
Cost reimbursement	**61 %**	56 %	54 %
Time and materials ("T&M")	**20 %**	19 %	20 %
Firm-fixed price ("FFP")	**19 %**	25 %	26 %
Total	**100 %**	100 %	100 %

The change in contract mix for fiscal 2024 reflects a decrease in firm-fixed price type contracts due to the divestiture of the Supply Chain Business 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 for the periods presented:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
	(as a % of total cost of revenues)		
Labor-related cost of revenues	**55 %**	53 %	54 %
Subcontractor-related cost of revenues	**31 %**	29 %	29 %
Supply chain materials-related cost of revenues	**2 %**	8 %	8 %
Other materials-related cost of revenues	**12 %**	10 %	9 %
Total	**100 %**	100 %	100 %

The change in cost of revenues mix for fiscal 2024 reflects a decrease in supply chain materials-related costs due to the divestiture of the Supply Chain Business.

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 second quarter of fiscal 2023, we amended our Credit Facility. See Note 12—Debt Obligations to the consolidated financial statements contained within this report for additional information.

Upon the acquisition of Halfaker in fiscal 2022, we drew $100 million on our incremental senior secured Term Loan A2 Facility due October 2023. The proceeds were used for the purchase of Halfaker.

Borrowings under our Term Loan Facilities, our MARPA Facility, and our Revolving Credit Facility incur interest at a variable rate. In accordance with our risk management objectives, we hold fixed interest rate swap agreements to hedge the variability in interest payment cash flows on a substantial portion of our outstanding variable rate debt. These instruments are accounted for as cash flow hedges. Under the swap agreements, we pay the fixed rate and the counterparties to the agreement pay a floating interest rate.

Our Credit Facility contains customary terms and conditions including financial covenants and covenants restricting the Company's ability to merge or consolidate with another entity or undertake other fundamental changes, enter into property sale and leaseback transactions, and incur liens. The Company's dividends and share repurchases may be limited under certain leverage ratios, and we may be required to make an annual debt prepayment based on our cash flows from operating activities. See Note 12—Debt Obligations to the consolidated financial statements contained within this report for a more complete understanding of our Credit Facility.

We currently maintain credit ratings from major U.S. rating agencies. Failure to maintain acceptable ratings could have an adverse effect on the Company's future cost of capital and any significant increase in the level of our borrowings could negatively impact these ratings.

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 the Company, whether Congress modifies, or repeals this provision and whether new guidance and interpretive rules are issued by the U.S. Treasury, among other factors.

As of February 2, 2024, we have not experienced a significant impact to our liquidity or access to capital, and we have not been required to obtain additional financing or make significant modifications to our capital deployment strategy, as a result of the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") allowed for the deferral of certain payroll tax payments through December 31, 2020 and we deferred total payments of approximately $103 million. The first installment (approximately $51 million) of these deferred payroll taxes was paid during fiscal 2022 and the second and final installment was paid during fiscal 2023.

During fiscal 2024, we repurchased approximately 3.3 million shares of our common stock for $357 million from the open market in connection with our existing share repurchase program. Since the program's inception in December of 2013, we have repurchased 20.3 million shares for $1,548 million.

The following table summarizes our principal contractual commitments as of February 2, 2024:

	Total	Due in Fiscal 2025
	(in millions)	
Long-term debt including current portion	$ 2,109	$ 77
Interest payments on long-term debt(1)	344	126
Operating lease obligations	210	45
Estimated purchase obligations(2)	109	59
Other liabilities(3)	156	33
Total contractual obligations	$ 2,928	$ 340

(1) Amounts include an estimate of future variable interest payments on the Term Loan Facilities based on scheduled outstanding principal amounts, current applicable margin and projected 1-month Term SOFR as of February 2, 2024. The amounts presented in this table exclude the effects of interest rate swaps used to hedge against changes in 1-month Term SOFR.

(2) Excludes purchase orders for services or products to be delivered pursuant to U.S. government contracts in which we have full recourse under normal contract termination clauses.

(3) Other liabilities primarily consist of liabilities associated with deferred compensation plan obligations and liabilities for unrecognized tax benefits. Deferred compensation plan obligations due in fiscal 2024 are based on participants' payment elections on retirement and estimated retirement ages. Liabilities for unrecognized tax benefits due in fiscal 2024 are based on the fiscal year in which the reversals of timing positions are likely to occur.

See respective notes to the consolidated financial statements contained within this report for further information about our long-term debt (Note 12—Debt Obligations), lease payment obligations (Note 16—Operating Leases), liabilities for unrecognized tax benefits (Note 11—Income Taxes), and letters of credit and surety bonds (Note 18—Legal Proceedings and Other Commitments and Contingencies).

Historical Cash Flow Trends

The following table summarizes our cash flows:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Net cash provided by operating activities	**$ 396**	$ 532	$ 518
Net cash provided by (used in) investing activities	**314**	(36)	(292)
Net cash used in financing activities	**(725)**	(493)	(301)
Total (decrease) increase in cash, cash equivalents and restricted cash	**$ (15)**	$ 3	$ (75)

Cash Provided by Operating Activities. Refer to "Results of Operations" above for a discussion of the changes in cash provided by operating activities between fiscal 2024 and 2023.

Cash Provided by (Used in) Investing Activities. Cash provided by investing activities was $314 million in fiscal 2024 compared to cash used in investing activities of $36 million in the prior year period primarily due to the $356 million of cash proceeds for the sale of the Supply Chain Business in the current year (see Note 5—Divestitures to the consolidated financial statements contained within this report for additional information).

Cash Used in Financing Activities. Cash used in financing activities increased in fiscal 2024 compared to the prior year period primarily due to higher principal payments, net of proceeds received from borrowings of $131 million and higher plan share repurchases of $112 million in the current year.

Commitments and Contingencies

We are subject to a number of reviews, investigations, claims, lawsuits and other uncertainties related to our business. For a discussion of these items, see Note 18—Legal Proceedings and Other Commitments and Contingencies to the consolidated financial statements contained within this report.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which are prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies, as well as the reported amounts of revenues, expenses, gains and losses during the reporting periods. Management evaluates these estimates and assumptions on an ongoing basis. Our estimates and assumptions have been prepared on the basis of the most current reasonably available information and, in some cases, are our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Estimates and assumptions may change in the future as more current information is available.

Management believes that our critical accounting policies and estimates are those that are both material to the presentation of our financial condition and results of operations and require management’s most difficult, subjective and complex judgments. Typically, the circumstances that make these judgments difficult, subjective and complex have to do with making estimates about the effect of matters that are inherently uncertain. These policies are described below.

Revenue Recognition. We generate our revenues primarily from long-term contracts in which we provide technical, engineering and enterprise IT services directly for the U.S. government and as a subcontractor with other contractors engaged in work for the U.S. government. We evaluate the nature of the contract and the services provided when determining the accounting method utilized for each contract. We recognize a significant portion of our revenues using a cost input measure of progress that requires us to rely on the skill and expertise of our engineers, program managers and business management professionals in the many areas of cost estimation. These estimates of costs can span several years and take into account many factors including the availability, productivity and cost of labor, potential delays in our performance and the level of future indirect cost allocations.

Many of our contracts include forms of variable consideration such as reimbursable costs, award and incentive fees, usage-based pricing, service-level penalties, performance bonuses, and other provisions that can either increase or decrease the transaction price. Variable amounts are generally determined upon our achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion. At contract inception, we estimate the transaction price and may include variable consideration in the transaction price only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. When developing these estimates, we consider the customer, contract terms, the complexity of the work and related risks, the extent of customer discretion, historical experience and the potential of a significant reversal of revenue.

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 using a cost input measure (cost-to-cost), which requires estimates of total costs at completion. Estimating costs at completion is complex due to the nature of the services being performed and the length of certain contracts. Contract costs generally include direct costs, such as labor, subcontract costs and materials, and indirect costs identifiable with or allocable to a specific contract. Management must make assumptions regarding the complexity of the work to be performed, the schedule and associated tasks, labor productivity and availability, increases in wages and prices of materials, execution by our subcontractors, overhead cost rates, and other variables. For contracts using a cost input measure, when total expected contract costs exceed total estimated contract revenues, 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 contract estimates had an immaterial impact on operating income in fiscal 2024. Aggregate net changes in contract estimates increased operating income by $4 million and $13 million for fiscal 2023 and 2022, respectively. For additional information related to changes in estimates on contracts, including gross favorable and unfavorable adjustments as well as the impact to earnings per share, see Note 3—Revenues to the consolidated financial statements contained within this report.

Business Combinations. We record all tangible and intangible assets acquired and liabilities assumed in a business combination at fair value as of the acquisition date. The excess amount of the aggregated purchase consideration paid over the fair value of the net of assets acquired and liabilities assumed is recorded as goodwill.

The fair values of assets acquired and liabilities assumed are determined using either an income, cost or market approach. Each of these valuation methods requires significant judgment, including analysis of historical performance and estimates of future performance. Estimates can be affected by contract performance and other factors that may cause final amounts to differ materially from original estimates.

Under the income approach, fair value is based on the present value of future cash flows to be generated over the remaining economic life of an asset or liability being measured. This method includes estimates for projections of revenues and expenses, royalty rates, tax rates, contributory asset charges, discount rates, and tax amortization benefits. Under the cost approach, fair value is measured by determining the replacement cost of an asset. Under the market approach, the fair value reflects the price and other relevant information of market transactions for comparable assets, liabilities or groups of assets and liabilities. Valuation techniques consistent with the market approach often use market multiples derived from a set of comparables.

The valuations are based on information that existed as of the acquisition date. During the measurement period that shall not exceed one year from the acquisition date, we may adjust provisional amounts recorded for assets acquired and liabilities assumed to reflect new information that we have subsequently obtained regarding facts and circumstances that existed as of the acquisition date.

Goodwill and Intangible Assets. Goodwill is recorded as the difference between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired and liabilities assumed. Goodwill is not amortized, but rather tested for potential impairment annually at the beginning of the fourth quarter, 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. In the Company’s qualitative assessment, an evaluation is performed to determine whether it is more likely than not that an impairment exists based on qualitative factors. Qualitative factors include macroeconomic, industry and market conditions, cost factors, overall financial performance, relevant entity-specific events, factors affecting the reporting unit, and share price.
The Company may additionally perform a quantitative assessment in which the estimated fair value of each reporting unit is compared to its respective carrying value including goodwill. If the fair value is less than the carrying value, the amount of impairment expense is equal to the difference between the reporting unit’s fair value and the reporting unit’s carrying value.

Determining the fair value of each reporting unit involves judgment and the use of estimates and assumptions. We estimate the fair value of our reporting units using either a market approach, income approach, or a combination of both. When performing a quantitative assessment for our annual impairment analysis, we reconcile the aggregate fair value of all of our reporting units to our market capitalization as of the measurement date.

Under the income approach, we estimate the fair value of a reporting unit using a multi-year discounted cash flow model that involves assumptions about projected future revenue growth, operating margins, income tax rates, capital expenditures, discount rate and terminal value. The discount rate is an estimate of the cost of capital that a market participant would expect for the respective reporting unit. The terminal value represents the present value in the last year of the projection period of all subsequent cash flows into perpetuity.

Under the market approach, we estimate the fair value of a reporting unit based on multiples of earnings derived from observable market data of comparable public companies. We evaluate companies within our industry that have operations with observable and comparable economic characteristics and are similar in nature, scope and size to the reporting unit being compared. We analyze historical acquisitions in our industry to estimate a control premium that we incorporate into the fair value estimate of a reporting unit under the market approach.

Determining the carrying value of each reporting unit requires judgment and involves the assignment of assets and liabilities to the reporting units based on a systematic and rational allocation methodology. Certain assets and liabilities may be specifically identified and assigned to a reporting unit based on the information contained within our financial systems; whereas, other assets and liabilities may be allocated using measurable relationships or other basis for allocation.

During the fourth quarter of fiscal 2024, we completed our annual goodwill impairment testing using a qualitative assessment and determined that it was more likely than not that an impairment did not exist and that a quantitative analysis was not necessary.

Intangible assets with finite lives are amortized using the method that best reflects how their economic benefits are utilized or, if a pattern of economic benefits cannot be reliably determined, on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Income Taxes. Our income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits reflect our best estimate of current and future taxes to be paid and includes judgments related to matters for which ultimate resolution may not become known until the final resolution of an examination by taxing authorities or the statute of limitations lapses.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making this determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent operating results. If we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount or would no longer be able to realize our deferred income tax assets in the future as currently recorded, we would make an adjustment to the valuation allowance, which would either decrease or increase, respectively, the provision for income taxes.

Recently Issued But Not Yet Adopted Accounting Pronouncements

For information on recently issued but not yet adopted accounting pronouncements, see Note 1—Business Overview and Summary of Significant Accounting Policies to the consolidated financial statements contained within this report.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

We are exposed to certain market risks in the normal course of business. The following information about our market sensitive financial instruments contains forward-looking statements.

Foreign Currency Risk

Most of our contracts are paid in U.S. dollars and our cost to perform on these contracts are generally paid in U.S. dollars. Since the substantial majority of our business is conducted in U.S. dollars, a 10% change in any foreign currency exchange rates would not have a material impact to our financial condition or results of operations.

Interest Rate Risk

Debt obligations. Our financial risk management objective is to reduce the negative impact to earnings from changes in interest rates, which we may manage through operational means or the use of financial instruments, such as interest rate swaps. We have approximately $1.7 billion of variable rate debt. The fair value of our outstanding long-term debt obligations approximates its carrying value. In connection with the issuances of our variable rate Term Loan A and Term Loan B Facilities, we entered into fixed interest rate swap agreements, effectively converting a substantial portion of our variable rate debt to fixed rate debt in order to mitigate our exposure to fluctuations in interest rates. We regularly evaluate our outstanding debt and swap agreements to meet our risk management objective. A hypothetical 50 basis points ("bps") change to interest rates would have a net impact of $5 million on our results of operations or cash flows. For additional information related to our debt and interest rate swap agreements, see Note 12—Debt Obligations and Note 13—Derivative Instruments Designated as Cash Flow Hedges, respectively, to the consolidated financial statements contained in this report.

Derivatives. As of February 2, 2024, the fair value of our fixed interest rate swaps was $15 million (asset). Under the swap agreements, we pay a fixed rate and the counterparties to the agreements pay a floating interest rate based on 1-month Term SOFR. A hypothetical 50 bps change in the 1-month Term SOFR curve would change the fair value of the fixed interest rate swaps up to $5 million. Since the interest rate swaps are accounted for as cash flow hedges, the change in fair value is reported as a component of equity (accumulated other comprehensive income or loss). We do not hold or issue derivative financial instruments for trading or speculative purposes. For additional information related to calculating the fair value of our interest rate swaps, see Note 13—Derivative Instruments Designated as Cash Flow Hedges to the consolidated financial statements included in this report.

Cash equivalents. A 10% unfavorable interest rate movement for interest earned on our cash and cash equivalents would not materially impact the value of our cash holdings and would have a negligible impact on interest income at current market interest rates.

Inflation Risk

For each of the most recent three fiscal years ended February 2, 2024, inflation has not had a significant impact on our revenues or costs. Approximately 61% of our revenues for fiscal 2024 were derived from cost-reimbursement type contracts, which have limited inflation risk because our contracts generally entail the provision of labor on a reimbursable basis, and, when materials are acquired, they provide for billing to the customer during the period in which the materials were received. Bids for longer-term FFP and T&M contracts typically include sufficient provisions for labor and other cost escalations to cover anticipated cost increases over the period of performance. As a result, if we were to experience significant levels of inflation, our revenues and costs for cost-type contracts would generally both increase commensurate with inflation and operating income as a percentage of total revenues would not be significantly affected. Operating income as a percentage of total revenues would not be significantly affected for longer-term FFP and T&M contracts to the extent that bid contract cost escalations are sufficient to cover heightened inflation levels.

Item 8. *Financial Statements and Supplementary Data*

See our consolidated financial statements attached hereto and listed on the index found on page F-1 of this report.

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

No information is required in response to this item.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer (our Chief Executive Officer) and principal financial officer (our Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of February 2, 2024, and our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the fourth quarter of fiscal 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report On Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, completely, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with GAAP; (iii) provide reasonable assurance that our receipts and expenditures are made only in accordance with the authorization of our management and directors; and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements. Internal control over financial reporting includes the controls themselves, monitoring and internal auditing practices and actions taken to correct deficiencies as identified.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our internal control over financial reporting as of February 2, 2024 based on the framework established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Our management has assessed in its evaluation the effectiveness of our internal control over financial reporting as of February 2, 2024 and has concluded that our internal control over financial reporting was effective.

Ernst & Young LLP, an independent registered public accounting firm, audited our consolidated financial statements included in this report and our internal control over financial reporting, and the firm’s report on our internal control over financial reporting are set forth below this report.

Although our management, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, because of inherent limitations, our management does not expect that our internal controls over financial reporting will prevent or detect all errors and all fraud. Also, projections of any evaluation of effectiveness in such assessment to future periods are subject to the risk that controls may be inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Science Applications International Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Science Applications International Corporation's internal control over financial reporting as of February 2, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Science Applications International Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of February 2, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 2, 2024 and February 3, 2023, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended February 2, 2024, and the related notes and our report dated March 20, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report On Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Tysons, Virginia
March 20, 2024

Item 9B. *Other Information*

During the three months ended February 2, 2024, neither the Company nor any 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 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*

No information is required in response to this item.

Part III

Item 10. *Directors, Executive Officers and Corporate Governance*

Our executive officers as of March 20, 2024, are listed below, along with their ages on that date, positions and offices held and business experience during at least the past five years. All such persons have been elected to serve until their successors are elected and qualified or until their earlier resignation or removal.

Name of officer	Age	Position(s) with the Company and prior business experience
Toni Townes-Whitley	60	Chief Executive Officer since October 2023. Prior to this role, Ms. Townes-Whitley served as President of U.S. Regulated Industries at Microsoft from July 2018 to October 2022 and Corporate Vice President of Industry from March 2015 to July 2018. Before joining Microsoft, she served as President of CGI Federal from May 2010 to March 2015 and Senior Vice President from 2011 through 2014. Previously, she held several management roles at Unisys Corporation leading global and commercial-sector system integration and the Federal Civilian group.
Hilary L. Hageman	55	Executive Vice President, General Counsel and Corporate Secretary since July 2022. Ms. Hageman previously served as Senior Vice President and Deputy General Counsel at SAIC until 2019 when she became the General Counsel and Corporate Secretary of Cubic Corporation. Immediately prior to her return to SAIC, Ms. Hageman served as Executive Vice President, General Counsel and Corporate Secretary for a public satellite company primarily supporting the defense and aerospace industries. Ms. Hageman has also held other senior legal roles at CACI and at the U.S. Department of Defense.
Prabu Natarajan	53	Executive Vice President and Chief Financial Officer (CFO) since January 2021. Prior to joining us, Mr. Natarajan was Vice President of Financial Planning and Merger and Acquisition for Northrop Grumman from January 2016 to December 2020. Mr. Natarajan joined Northrop Grumman in August 2011 and was also Vice President of Business Management and CFO for the Information Systems Sector from August 2014 to January 2016 and Vice President, Treasurer and Taxes from August 2011 to August 2014. Mr. Natarajan has held positions at The AES Corporation and PricewaterhouseCoopers LLP.
Michelle A. O'Hara	48	Executive Vice President and Chief Human Resources Officer since October 2019. Prior to this role, Ms. O’Hara served as Senior Vice President for Human Resources, after serving as head of talent strategy, total rewards, learning and development, diversity, executive compensation, and talent acquisition. Before joining SAIC, Ms. O’Hara served in senior leadership roles at global professional services and technology companies including BearingPoint, Perot Systems Corporation and Booz Allen Hamilton.
Vincent P. DiFronzo	65	Executive Vice President of the Air Force and Combatant Commands Business Group since February 2024. Previously, Mr. DiFronzo served as Vice President and Senior Vice President of Operations, Air Force, Space Force, and Combatant Commands from March 2020 until October 2020 and as an SAIC Vice President from June 2015 until March 2020. Mr. DiFronzo served as Assistant Vice President at Alion Science and Technology Corporation from December 2013 to May 2015 and as Senior Program Manager at Scientific Research Corporation from November 2008 through December 2010.
Josh J. Jackson	48	Executive Vice President of the Army Business Group since February 2024. Mr. Jackson served as Senior Vice President of the Army Business Unit from February 2023 to January 2024 and Senior Vice President of the Navy and U.S. Marine Corps Portfolio from August 2020 until February 2023; as Senior Vice President for the Solutions and Technology Group from July 2018 to July 2020; as Senior Vice President for the Engineering, Integration and Mission Solutions Market Segment from November 2014 until June 2018; as Vice President of Training and Simulation from November 2010 until November 2014; and Vice President and Division Manager from March 2008 through October 2011.

Name of officer	Age	Position(s) with the Company and prior business experience
David C. Ray	48	Executive Vice President of the Space and Intelligence Business Group since February 2024. Mr. Ray served as Senior Vice President for the Space Business Unit from February 2021 through January 2024. Before joining SAIC, he served as President of Government and Defense at FLIR Systems from January 2018 until June 2020. Previously, he held several positions at Raytheon, including Vice President for Global Business Development and Strategy, October 2015 until December 2017; Senior Director of Business Development and Strategy, August 2013 until October 2015; Senior Director and General Manager of Civil Mission Solutions, September 2011 until August 2013; and Director of Maritime and Littoral Systems, September 2018 until November 2011.
Barbara M. Supplee	54	Executive Vice President of the Navy Business Group since February 2024 and SAIC Senior Vice President from March 2023 until February 2024. Before joining SAIC, Ms. Supplee served as Vice President and General Manager for Navy and Marine Corps at GDIT from November 2022 until March 2023. She previously held several positions at CACI International, including Senior Vice President, August 2021 until November 2022; Vice President of Business Development, February 2021 until August 2021; and Vice President, April 2019 until February 2021. Before joining GDIT, she was Senior Capture Director and Executive Director at BAE Systems from June 2014 until February 2021.

For additional information required by Item 10 with respect to executive officers and directors, including audit committee and audit committee financial experts, procedures by which stockholders may recommend nominees to the Board of Directors, and compliance with Section 16(a) of the Securities Exchange Act of 1934, see the information set forth under the captions “Proposal 1—Election of Directors,” “Corporate Governance” and “Other Information” in the 2024 Definitive Proxy Statement, which information is incorporated by reference into this report.

We have adopted a code of conduct, which describes our standards for protecting SAIC and customer assets, fostering a safe and healthy work environment, dealing fairly with customers and others, conducting international business properly, reporting misconduct and protecting employees from retaliation. This code applies to all executive officers and employees and forms the foundation of our corporate policies and procedures designed to promote ethical behavior in all aspects of our business. To obtain copies of the Code of Conduct, visit our website at *www.saic.com* and click on the links titled “Corporate Governance” then "Governance Documents" and then “Code of Conduct.” We intend to post on our website any material changes to or waivers from our code of business ethics. The information on our website is not incorporated by reference into and is not a part of this report.

Item 11. *Executive Compensation*

For information required by Item 11 with respect to executive compensation, see the information set forth under the captions “Compensation Discussion and Analysis,” “Executive Compensation” and “Corporate Governance” in the 2024 Definitive Proxy Statement, which information is incorporated by reference into this report.

For information required by Item 11 with respect to compensation committee interlocks, insider participation, and the compensation committee report, see the information set forth under the captions “Corporate Governance” and "Compensation Discussion and Analysis" in the 2024 Definitive Proxy Statement, which information is incorporated by reference into this report.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

For information required by Item 12 with respect to the security ownership of certain beneficial owners and management, see the information set forth under the caption “Other Information” in the 2024 Definitive Proxy Statement, which information is incorporated by reference into this report.

We currently maintain three shareholder-approved equity compensation plans that issue stock-based awards including the 2023 Equity Incentive Plan ("2023 EIP"), the Management Stock Compensation Plan, and the Amended and Restated 2013 Employee Stock Purchase Plan ("ESPP"). For summaries of these plans, see Note 9—Stock-Based Compensation to the consolidated financial statements contained within this report.

The following table provides the number of shares of our common stock to be issued, the weighted-average exercise price of the outstanding stock options and the number of shares remaining for future award grants as of February 2, 2024:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[(1)]		Weighted-average exercise price of outstanding options, warrants and rights[(2)]	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[(3)]
	(a)		(b)	(c)
Equity compensation plans approved by security holders	1,759,649	$	77.85	4,068,734
Equity compensation plans not approved by security holders	—		—	—
Total	1,759,649	$	77.85	4,068,734

(1) This amount includes 112,773 stock options outstanding and 1,455,511 shares subject to other stock-based awards previously granted but not yet issued under the 2013 Equity Incentive Plan ("2013 EIP"), and 191,365 shares issuable for other stock-based awards under the 2023 EIP. This amount does not include shares to be issued pursuant to purchase rights under the ESPP.

(2) Does not include shares to be issued for stock-based awards, other than stock options, which will not require any payment upon issuance of those shares.

(3) Includes 1,876,021 shares of our common stock available for issuance under the ESPP and 2,192,713 shares under the 2023 EIP. On June 7, 2023, the Company's stockholders approved an amended and restated ESPP which limits the total number of shares reserved for issuance to 2.0 million and extends the ESPP expiration date from September 26, 2023 to the earlier of its termination by the Board or the issuance of all shares available for issuance. On June 7, 2023, the Company's stockholders approved the 2023 EIP. The 2023 EIP authorized 2.2 million new shares of the Company's common stock to be issued as various types of stock-based compensation and cash awards. After June 7, 2023, no new awards may be issued under the 2013 EIP and any awards that subsequently expire, are forfeited or canceled, are settled in cash, or are used to cover recipient tax obligations, will become available for issuance under the 2023 Plan. Awards previously issued and outstanding under the 2013 EIP will continue to remain outstanding and be subject to the terms of the 2013 EIP. We expect that the number of shares actually issued under the 2023 EIP will be significantly less than the number of total awards outstanding under the plan because (a) a net option exercise results in a smaller portion of the number of award shares being issued when a participant uses award shares, rather than cash, to pay the exercise price, which historically most participants have elected to do, (b) most participants historically have elected to let the Company retain award shares to pay for taxes due on the exercise of options and all participants are required to use award shares to pay for taxes upon the vesting of restricted stock or restricted stock units, (c) some participants may terminate employment with the Company before the vesting of awards resulting in awards being forfeited and (d) some participants may not exercise stock options before the expiration date for a variety of reasons, including if the exercise price exceeds the then current market price of shares.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

For information required by Item 13 with respect to certain relationships and related transactions and the independence of directors and nominees, see the information set forth under the caption “Corporate Governance” in the 2024 Definitive Proxy Statement, which information is incorporated by reference into this report.

Item 14. *Principal Accountant Fees and Services*

For information required by Item 14 with respect to principal accountant fees and services, see the information set forth under the caption “Audit Matters” in the 2024 Definitive Proxy Statement, which information is incorporated by reference into this report.

Part IV

Item 15. *Exhibits and Financial Statement Schedules*

(a) Documents filed as part of the report:

1. *Financial Statements*

Our consolidated financial statements are attached hereto and listed on the Index to Consolidated Financial Statements set forth on page F-1 of this report.

2. *Financial Statement Schedules*

Financial statement schedules are omitted because they are not applicable or the required information is shown in our consolidated financial statements or the notes thereto.

3. *Exhibits*

Exhibit Number	Description of Exhibit
2.1	Distribution Agreement dated September 25, 2013, between the Company (formerly SAIC Gemini, Inc.) and Leidos Holdings, Inc. (formerly SAIC, Inc.). Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K as filed with the SEC on October 1, 2013.
2.2	Agreement and Plan of Merger, dated September 9, 2018, by and among Science Applications International Corporation, Inc., a Delaware corporation, Engility, a Delaware corporation, and Raptors Merger Sub, Inc., a Delaware corporation. (Pursuant to Item 601(b)(2) of Regulation S-K, the registrant hereby agrees to supplementally furnish to the Securities and Exchange Commission upon request any omitted schedule or exhibit to the Agreement and Plan of Merger.) Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K as filed with the SEC on September 10, 2018.
2.3	Asset Purchase Agreement, dated February 5, 2020, by and among Science Applications International Corporation, Inc., a Delaware corporation and Unisys Corporation, a Delaware corporation. Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K as filed with the SEC on February 6, 2020.
3.1	Amended and Restated Certificate of Incorporation. Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the SEC on October 1, 2013.
3.2	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 March 29, 2023.
4.1	Description of Securities.
4.2	Indenture, dated March 13, 2020, by and among Science Applications International Corporation, the guarantors party thereto and U.S. Bank National Association, as trustee. Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on March 16, 2020.
10.1	Sixth Amendment to the Third Amended and Restated Credit Agreement, dated February 8, 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 February 12, 2024.
10.2	Fifth Amendment to the Third Amended and Restated Credit Agreement, dated June 30, 2022, 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 June 30, 2022.

Exhibit Number	Description of Exhibit
10.3	Fourth Amendment to the Third Amended and Restated Credit Agreement, dated July 2, 2021, 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 July 7, 2021.
10.4	Third Amended and Restated Credit Agreement by and among SAIC, Citibank, as administrative agent and collateral agent, and certain other agents and lenders party thereto, dated October 31, 2018. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on November 5, 2018.
10.5	First Amendment to the Third Amended and Restated Credit Agreement by and among SAIC, Citibank, as administrative agent and collateral agent, and certain other agents and lenders party thereto, dated February 19, 2020. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 24, 2020.
10.6	Second Amendment, dated March 13, 2020, to the Third Amended and Restated Credit Agreement, dated October 31, 2018 by and among Science Applications International Corporation, Citibank, N.A., as administrative agent and collateral agent, and certain other agents and lenders party thereto. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 16, 2020.
10.7	Third Amendment to the Third Amended and Restated Credit Agreement, dated March 1, 2021, 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 March 5, 2021.
10.8	Second Amended and Restated Credit Agreement, dated May 4, 2015 by and among the Company, Citibank N.A. as administrative agent and collateral agent, and Bank of America, N.A., as a syndication 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 as filed with the SEC on May 4, 2015.
10.9	First Amendment to the Second Amended and Restated Credit Agreement, dated August 23, 2016 by and among the Company, 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 as filed with the SEC on August 25, 2016.
10.10	Second Amendment to the Second Amended and Restated Credit Agreement, dated February 7, 2018 by and among the Company, 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 as filed with the SEC on February 9, 2018.
10.11	Master Accounts Receivable Purchase Agreement, dated January 21, 2020, among Science Applications International Corporation, Engility Services, LLC, and MUFG Bank, Ltd. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on February 12, 2020.
10.12	Performance Undertaking, January 21, 2020, made by Science Applications International Corporation in favor of MUFG Bank, Ltd. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K as filed with the SEC on February 12, 2020.
10.13	Amendment No.1 to Master Accounts Receivable Purchase Agreement, dated March 17, 2020, among Science Applications International Corporation, Engility Services, LLC, and MUFG Bank, Ltd. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the SEC on March 26, 2020.
10.14*	Science Applications International Corporation Management Stock Compensation Plan, effective September 27, 2013. Incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 as filed with the SEC on September 27, 2013.
10.15*	Science Applications International Corporation Key Executive Stock Deferral Plan, effective September 27, 2013. Incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8 as filed with the SEC on September 27, 2013.

Exhibit Number	Description of Exhibit
10.16*	Science Applications International Corporation 401(k) Excess Deferral Plan, effective September 27, 2013. Incorporated by reference to Exhibit 4.8 to the Company’s Registration Statement on Form S-8 as filed with the SEC on September 27, 2013.
10.17*	Science Applications International Corporation Retirement Plan, effective September 27, 2013. Incorporated by reference to Exhibit 4.9 to the Company’s Registration Statement on Form S-8 as filed with the SEC on September 27, 2013.
10.18*	Science Applications International Corporation Amended and Restated 2013 Equity Incentive Plan, effective June 4, 2014. Incorporated by reference to Appendix A to the Company’s Definitive Proxy Statement on Schedule 14A as filed with the SEC on April 24, 2014.
10.19*	Form of Restricted Stock Unit Award Agreement of the Science Applications International Corporation 2013 Equity Incentive Plan. Incorporated by reference to Exhibit 10.12 to the Company’s Annual Report on Form 10-K as filed with the SEC on April 9, 2014.
10.20*	Form of Nonstatutory Stock Option Agreement of the Science Applications International Corporation 2013 Equity Incentive Plan. Incorporated by reference to Exhibit 10.14 to the Company’s Annual Report on Form 10-K as filed with the SEC on April 9, 2014.
10.21*	Form of Performance Share Award Agreement of the Science Applications International Corporation 2013 Equity Incentive Plan. Incorporated by reference to Exhibit 10.15 to the Company’s Annual Report on Form 10-K as filed with the SEC on April 9, 2014.
10.22*	Form of Restricted Stock Unit Award Agreement of the Science Applications International Corporation 2013 Amended and Restated Equity Incentive Plan. Incorporated by reference to Exhibit 10.21 to the Company’s Annual Report on Form 10-K as filed with the SEC on March 28, 2022.
10.23*	Form of Performance Share Award Agreement of the Science Applications International Corporation 2013 Amended and Restated Equity Incentive Plan. Incorporated by reference to Exhibit 10.22 to the Company’s Annual Report on Form 10-K as filed with the SEC on March 28, 2022.
10.24*	Deferred Compensation Plan, effective January 1, 2015. Incorporated by reference to Exhibit 10.17 of the Company’s Annual Report on Form 10-K as filed with the SEC on March 31, 2015.
10.25*	SAIC Executive Severance, Change in Control and Retirement Policy, effective July 1, 2020. Incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K as filed with the SEC on July 2, 2020.
10.26*	Science Applications International Corporation Third Amended and Restated 2012 Long Term Performance Plan. Incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K as filed with the SEC on March 29, 2019.
10.27	Master Transitional Contracting Agreement between the Company (formerly SAIC Gemini, Inc.) and Leidos Holdings, Inc. (formerly SAIC, Inc.) dated September 25, 2013. Incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q as filed with the SEC on December 13, 2013.
10.28*	Form of Performance Unit Award Agreement of the Science Applications International Corporation 2012 Long Term Performance Plan. Incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K as filed with the SEC on March 29, 2019.
10.29*	Form of Restricted Stock Unit Agreement of the Science Applications International Corporation 2012 Long Term Performance Plan. Incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K as filed with the SEC on March 29, 2019.
10.30*	Transition Letter, dated May 15, 2023. Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 18, 2023.

Exhibit Number	Description of Exhibit
10.31*	Science Applications International Corporation 2023 Equity Incentive Plan, effective June 7, 2023. Incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-8 (File No. 333-272484) as filed with the Securities and Exchange Commission (SEC) on June 7, 2023.
10.32*	Form of Restricted Stock Unit Award Agreement of the Science Applications International Corporation 2023 Equity Incentive Plan. Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on June 13, 2023.
10.33*	Form of Performance Stock Unit Award Agreement of the Science Applications International Corporation 2023 Equity Incentive Plan. Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on June 13, 2023.
10.34*	Science Applications International Corporation Amended and Restated 2013 Employee Stock Purchase Plan, effective June 7, 2023. Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on June 13, 2023.
21	Subsidiaries of Registrant.
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
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.
97	Policy Relating to Recovery of Erroneously Awarded Compensation
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 Annual Report on Form 10-K, formatted as Inline XBRL.

* Management contract or compensatory plan or agreement.

Item 16. *Form 10-K Summary*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Science Applications International Corporation

By /s/ Prabu Natarajan

Prabu Natarajan
Chief Financial Officer

Dated: March 20, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Toni Townes-Whitley **Toni Townes-Whitley**	Principal Executive Officer and Director	March 20, 2024
/s/ Prabu Natarajan **Prabu Natarajan**	Principal Financial Officer and Principal Accounting Officer	March 20, 2024
/s/ Donna S. Morea **Donna S. Morea**	Chair of the Board	March 20, 2024
/s/ Dana S. Deasy **Dana S. Deasy**	Director	March 20, 2024
/s/ Garth N. Graham **Garth N. Graham**	Director	March 20, 2024
/s/ Carolyn B. Handlon **Carolyn B. Handlon**	Director	March 20, 2024
/s/ Yvette M. Kanouff **Yvette M. Kanouff**	Director	March 20, 2024
/s/ Timothy J. Mayopoulos **Timothy J. Mayopoulos**	Director	March 20, 2024
/s/ Katharina G. McFarland **Katharina G. McFarland**	Director	March 20, 2024
/s/ Milford W. McGuirt **Milford W. McGuirt**	Director	March 20, 2024
/s/ James C. Reagan **James C. Reagan**	Director	March 20, 2024
/s/ Steven R. Shane **Steven R. Shane**	Director	March 20, 2024

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Financial statement schedules are omitted because they are not applicable or the required information is shown in our consolidated financial statements or the notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Science Applications International Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Science Applications International Corporation (the Company) as of February 2, 2024 and February 3, 2023, the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended February 2, 2024, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 2, 2024 and February 3, 2023, and the results of its operations and its cash flows for each of the three years in the period ended February 2, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of February 2, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 20, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition based on certain contracts using a cost input measure of progress

Description of the Matter	The Company recognizes a portion of its revenues using a cost input (cost-to-cost) measure of progress. Under the cost-to-cost measure of progress, revenue is recognized based on the ratio of costs incurred to the total estimated costs at completion. As described in Note 1 to the consolidated financial statements, recognizing revenue on long-term contracts involves significant judgments and estimates. Estimating costs at completion for certain contracts is complex due to the nature of the services being performed and the length of the contracts. Changes in estimates (as quantified in Note 3 to the consolidated financial statements) can routinely occur due to a variety of reasons including changes in scope, changes in cost estimates due to unanticipated cost growth or reassessments of risks impacting costs. Changes in estimates on these contracts, if significant, could have a material effect on the Company's results of operations. Auditing the Company's accounting for revenue for certain contracts using the cost input measure of progress was complex due to the judgment involved in estimating the total estimated costs at completion for these contracts. Management estimates total costs at completion by making assumptions regarding the complexity of the work to be performed, the schedule and associated tasks, labor productivity and availability, increases in wages and prices of materials, execution by subcontractors, overhead cost rates, and other variables.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's recognition of revenue using the cost input measure of progress. For example, we tested controls over the significant assumptions applied in determining the estimation of costs to be incurred on the contract and controls evaluating the appropriateness of changes in estimated costs to complete throughout the contract's period of performance. We also tested internal controls that management executes to validate the data used in determining this revenue was complete and accurate. To test the accuracy of the Company's estimated costs at completion, our audit procedures included, among others, comparing estimates of labor costs, subcontractor costs, and materials to actual costs incurred to date, comparing estimated margins to margins on similar contracts, and agreeing the key terms to contract documentation and prior management estimates. Our audit procedures also included, among others, evaluating the nature, timing and extent of the amounts of revenue and costs recorded to date, including any changes in estimated costs at completion from the prior period. For example, to test a change in estimate, we inspected underlying evidence for the reason for the change in estimate and the timing of such change, and we recalculated the inception-to-date effect recorded. We also evaluated whether a lack of change in estimate was appropriate, where applicable, on contracts.

	Certain unrecognized tax benefits that, if recognized, would affect the effective income tax rate
Description of the Matter	As discussed in Notes 1 and 11 to the consolidated financial statements, the Company files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. The Company recognizes liabilities for uncertainty in income taxes when it is more likely than not that a tax position will not be sustained on examination and settlement with various taxing authorities. Auditing these liabilities associated with unrecognized tax benefits that, if recognized, would affect the effective income tax rate was challenging due to the significant judgment in applying the relevant tax laws and inherent uncertainty involved in predicting the ultimate resolution of such matters with the taxing authority. Changes to the liability resulting from ongoing or future audits by the taxing authorities could have a material effect on the Company's results of operations.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process of accounting for income taxes, including unrecognized tax benefits. For example, we tested management's controls over the review of tax positions taken by the Company to determine whether the positions met the threshold for recognition within the consolidated financial statements, as well as determination of the measurement of the unrecognized tax liability. To test the recognition of the Company's unrecognized tax benefits that, if recognized, would affect the effective tax rate and measurement of these unrecognized tax benefits, we involved tax professionals with specialized skills and knowledge to assess the technical merits of the Company's material tax positions. We performed audit procedures that included, among others, evaluating communications with relevant taxing authorities, evaluating whether management appropriately considered new information that could significantly change the recognition, measurement, or disclosure of these unrecognized tax benefits, and testing the assumptions used by management in estimating the valuation of any associated liability.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2018.

Tysons, Virginia
March 20, 2024

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
	(in millions, except per share amounts)		
Revenues	**$ 7,444**	$ 7,704	$ 7,394
Cost of revenues	**6,572**	6,816	6,535
Selling, general and administrative expenses	**373**	374	344
Acquisition and integration costs	**1**	13	56
Gain on divestitures, net of transaction costs	**(240)**	—	(2)
Other operating income	**(3)**	—	(1)
Operating income	**741**	501	462
Interest expense, net	**120**	118	105
Other expense (income), net	**1**	8	(1)
Income before income taxes	**620**	375	358
Provision for income taxes	**(143)**	(72)	(79)
Net income	**$ 477**	$ 303	$ 279
Net income attributable to non-controlling interest	**—**	3	2
Net income attributable to common stockholders	**$ 477**	$ 300	$ 277
Earnings per share:			
Basic	**$ 8.98**	$ 5.42	$ 4.81
Diluted	**$ 8.88**	$ 5.38	$ 4.77

See accompanying notes to consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Net income	**$ 477**	$ 303	$ 279
Other comprehensive (loss) income, net of tax:			
Net unrealized (loss) gain on derivative instruments	**(7)**	56	48
Defined benefit obligation adjustment	**1**	3	4
Total other comprehensive (loss) income, net of tax	**(6)**	59	52
Comprehensive income	**$ 471**	$ 362	$ 331
Comprehensive income attributable to non-controlling interest	**—**	3	2
Comprehensive income attributable to common stockholders	**$ 471**	$ 359	$ 329

See accompanying notes to consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS

	February 2, 2024	February 3, 2023
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 94	$ 109
Receivables, net	914	936
Inventories, net	3	71
Prepaid expenses	93	58
Other current assets	27	23
Total current assets	1,131	1,197
Goodwill	2,851	2,911
Intangible assets, net	894	1,009
Property, plant, and equipment, net	91	92
Operating lease right of use assets	152	158
Deferred income taxes	—	14
Other assets	195	162
Total assets	$ 5,314	$ 5,543
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 567	$ 624
Accrued payroll and other employee benefits	249	205
Accrued vacation	121	123
Other accrued liabilities	144	143
Long-term debt, current portion	77	31
Total current liabilities	1,158	1,126
Long-term debt, net of current portion	2,022	2,343
Operating lease liabilities	147	152
Deferred income taxes	28	—
Other long-term liabilities	174	218
Commitments and contingencies (Note 18)		
Equity:		
Common stock, $0.0001 par value, 1 billion shares authorized, 52 million shares and 54 million shares issued and outstanding as of February 2, 2024 and February 3, 2023, respectively	—	—
Additional paid-in capital	337	637
Retained earnings	1,432	1,035
Accumulated other comprehensive income	16	22
Total common stockholders' equity	1,785	1,694
Non-controlling interest	—	10
Total stockholders' equity	1,785	1,704
Total liabilities and stockholders' equity	$ 5,314	$ 5,543

See accompanying notes to consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY

	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interest	Total
			(in millions)			
Balance at January 29, 2021	**58**	**$ 1,004**	**$ 627**	**$ (89)**	**$ 10**	**$ 1,552**
Net income	—	—	277	—	2	279
Issuances of stock	1	16	—	—	—	16
Other comprehensive income, net of tax	—	—	—	52	—	52
Dividends of $1.48 per share	—	—	(86)	—	—	(86)
Stock-based compensation, net of shares withheld for taxes[1]	—	32	—	—	—	32
Repurchases of stock	(3)	(214)	—	—	—	(214)
Distributions to non-controlling interest	—	—	—	—	(2)	(2)
Balance at January 28, 2022	**56**	**838**	**818**	**(37)**	**10**	**1,629**
Net income	—	—	300	—	3	303
Issuances of stock	1	17	—	—	—	17
Other comprehensive income, net of tax	—	—	—	59	—	59
Dividends of $1.48 per share	—	—	(83)	—	—	(83)
Stock-based compensation, net of shares withheld for taxes[1]	—	29	—	—	—	29
Repurchases of stock	(3)	(247)	—	—	—	(247)
Distributions to non-controlling interest	—	—	—	—	(3)	(3)
Balance at February 3, 2023	**54**	**637**	**1,035**	**22**	**10**	**1,704**
Net income	—	—	477	—	—	477
Issuances of stock	1	18	—	—	—	18
Other comprehensive loss, net of tax	—	—	—	(6)	—	(6)
Dividends of $1.48 per share	—	—	(80)	—	—	(80)
Stock-based compensation, net of shares withheld for taxes[1]	—	45	—	—	—	45
Repurchases of stock	(3)	(363)	—	—	—	(363)
Deconsolidation of non-controlling interest	—	—	—	—	(10)	(10)
Balance at February 2, 2024	**52**	**$ 337**	**$ 1,432**	**$ 16**	**$ —**	**$ 1,785**

(1) In fiscal 2024, fiscal 2023 and fiscal 2022, the shares withheld for taxes related to stock-based compensation arrangements amounted to $23 million, $19 million, and $14 million, respectively.

See accompanying notes to consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Cash flows from operating activities:			
Net income	$ 477	$ 303	$ 279
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	142	157	165
Amortization of off-market customer contracts	(5)	(14)	(33)
Amortization of debt issuance costs	7	9	7
Deferred income taxes	(17)	(17)	59
Stock-based compensation expense	68	48	46
Gain on divestitures	(247)	—	(2)
Impairment of assets	—	4	18
Other	(8)	—	—
Increase (decrease) resulting from changes in operating assets and liabilities, net of the effect of the acquisitions and divestitures:			
Receivables	(46)	79	(31)
Inventory, prepaid expenses, and other current assets	(43)	(10)	14
Other assets	(14)	6	(3)
Accounts payable and accrued liabilities	13	(9)	30
Accrued payroll and employee benefits	49	(36)	10
Operating lease assets and liabilities, net	(4)	(3)	5
Other long-term liabilities	24	15	(46)
Net cash provided by operating activities	396	532	518
Cash flows from investing activities:			
Expenditures for property, plant, and equipment	(27)	(25)	(36)
Purchases of marketable securities	(8)	(7)	(9)
Sales of marketable securities	6	4	6
Cash paid for acquisitions, net of cash acquired	—	—	(255)
Proceeds from divestitures	356	—	8
Cash divested upon deconsolidation of joint venture	(8)	—	—
Other	(5)	(8)	(6)
Net cash provided by (used in) investing activities	314	(36)	(292)
Cash flows from financing activities:			
Dividend payments to stockholders	(79)	(83)	(86)
Principal payments on borrowings	(441)	(990)	(119)
Issuances of stock	17	16	16
Stock repurchased and retired or withheld for taxes on equity awards	(382)	(267)	(226)
Proceeds from borrowings	160	840	116
Debt issuance costs	—	(6)	—
Distributions to non-controlling interest	—	(3)	(2)
Net cash used in financing activities	(725)	(493)	(301)
Net (decrease) increase in cash, cash equivalents and restricted cash	(15)	3	(75)
Cash, cash equivalents and restricted cash at beginning of period	118	115	190
Cash, cash equivalents and restricted cash at end of period	$ 103	$ 118	$ 115

See accompanying notes to consolidated financial statements.

Supplementary cash flow disclosure:			
Cash paid for interest	$ 125	$ 111	$ 98
Cash paid for income taxes	$ 165	$ 70	$ 7
Non-cash investing and financing activities:			
Increase (decrease) in accrued plan share repurchases	$ 4	$ (2)	$ 2
Decrease in accrued property, plant, and equipment	$ (1)	$ (1)	$ (2)

See accompanying notes to consolidated financial statements.

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

Overview

Description of Business. 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.

The Company is organized as a matrix comprised of two customer facing operating sectors supported by the enterprise organizations, including the Innovation Factory. The Company's Innovation Factory develops superior enterprise-class solutions which are delivered to the Company's customers as stand-alone solutions or integrated with and aligned to its product offerings to meet complex customer needs and accelerate digital transformation. The Innovation Factory includes designated teams focused on Artificial Intelligence ("AI"), application development, network services, platforms and cloud, and cyber. It uses a highly automated, cloud-hosted tool set to rapidly build, test and deploy solutions quickly and works with customers to enhance solutions going forward. The Company's operating sectors are aggregated into one reportable segment for financial reporting purposes. See Note 17—Business Segment Information for additional information.

Effective February 3, 2024, the first day of fiscal 2025, the Company completed a business reorganization which replaced its current two operating sectors with five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The reorganization is designed to enhance management's involvement with customers and advance the Company’s innovation and go-to-market strategy. The new business group leaders will report directly to the Company's Chief Executive Officer ("CEO") who will continue to be the chief operating decision maker ("CODM"). The Company is currently evaluating the impact of the reorganization on its segment reporting.

Principles of Consolidation and Basis of Presentation

References to “financial statements” refer to the 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 expense (income), net" to "Interest expense, net" on the consolidated statements of income and gains on divestitures, net of transaction costs were reclassified from "Other operating income" to "Gain on divestitures, net of transaction costs" on the consolidated statements of income. "Deferred income taxes" for the prior year was reclassified from "Other assets" to its own line item on the consolidated balance sheets.

Non-controlling Interest. 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. 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 accounts for its retained interest as an equity method investment as of the date of the transaction. Prior to February 4, 2023, the Company held a 50.1% majority interest in FSA. For fiscal 2023 and 2022, the results of operations of FSA were included in the Company's consolidated statements of income and comprehensive income and statements of cash flows. As of February 3, 2023, the non-controlling interest reported on the consolidated balance sheet represents the portion of FSA’s equity that is attributable to the non-controlling interest.

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 2024 began on February 4, 2023 and ended on February 2, 2024, fiscal 2023 began on January 29, 2022 and ended on February 3, 2023, and fiscal 2022 began on January 30, 2021 and ended on January 28, 2022. Fiscal 2024 consisted of 52 weeks, while fiscal 2023 and 2022 consisted of 53 weeks and 52 weeks, respectively.

Revenue Recognition

The Company provides technical, engineering and enterprise IT services under long-term service arrangements primarily with the U.S. government, including subcontracts with other contractors engaged in work for the U.S. government. The Company also serves a number of state and local governments, foreign governments and U.S. commercial customers.

The Company provides services under various contract types, including fixed price contracts such as firm-fixed price ("FFP"), time-and-materials ("T&M") contracts including fixed-price-level-of-effort contracts, and cost reimbursement contracts such as cost-plus-fixed-fee, cost-plus-award-fee and cost-plus-incentive-fee contracts. The Company's service arrangements typically involve an annual base period of performance followed by renewal option periods that upon exercise are generally accounted for as separate contracts.

To determine the proper revenue recognition, the Company first evaluates whether there is a duly approved and enforceable contract with a customer, in which rights of parties and payment terms are identified and collectability is probable. The Company also evaluates whether two or more contracts should be combined and accounted for as a single contract and whether modifications to existing contracts should be accounted for as part of the original contract or as a separate contract. Contract modifications that create new enforceable rights and obligations are accounted for prospectively. Contract modifications that do not add distinct goods or services are accounted for through cumulative catch-up adjustments. Contract modifications that add distinct goods or services and increase the contract value by an amount that reflects the standalone selling price are accounted for as separate contracts.

The Company recognizes revenue when, or as, performance obligations under a contract are satisfied. A performance obligation is the unit of account for revenue recognition and refers to a promise in a contract to transfer a distinct service or good to the customer. The majority of the Company’s contracts contain a single performance obligation involving a significant integration of various activities that are performed together to deliver a combined service or solution. Performance obligations may be satisfied over time or at a point in time, but the majority of the Company’s performance obligations are satisfied over time. The Company selects the appropriate measure of progress for revenue recognition based on the nature of the performance obligation, contract type and other pertinent contract terms.

Performance obligations satisfied over time may involve a series of recurring services, such as network operations and maintenance, operation and program support services, IT outsourcing services, and other IT arrangements where the Company is standing ready to provide support, when-and-if needed. Such performance obligations are satisfied over time because the customer simultaneously receives and consumes the benefits of the Company's performance as services are provided. Alternatively, performance obligations satisfied over time may involve the completion of a contract deliverable. Examples include systems integration, network engineering, network design, and engineering and build services. Deliverable-based performance obligations are satisfied over time when the Company’s performance creates or enhances an asset that is controlled by the customer, or when the Company’s performance creates an asset that is customized to the customer’s specifications and the Company has a right to payment, including a reasonable profit margin, for work performed to date.

For series-services performance obligations, the Company measures progress using either a cost input measure (cost-to-cost), a time-elapsed output measure, or the as-invoiced practical expedient. A cost input measure or the as-invoiced practical expedient typically is applied to the Company’s cost-reimbursable contracts. Revenue is recognized based on the ratio of costs incurred to total estimated costs at completion. Award or incentive fees are allocated to the distinct periods to which they relate. For fixed-price contracts, a time-elapsed output measure is applied to fixed consideration, such that revenue is recognized ratably over the period of performance. Where fixed-price contracts also provide for reimbursement of certain costs, such as travel or other direct costs, consideration may be attributed only to a distinct subset of time within the performance period. The Company’s time-and-material and fixed price-level of effort contracts generally qualify for the as-invoiced practical expedient. Revenue on these contracts is recognized in the amount to which the Company has a contractual right to invoice.

For deliverable-based performance obligations satisfied over time, the Company recognizes revenue using a cost input measure of progress (cost-to-cost), regardless of contract type. Revenue is recognized based on the ratio of costs incurred to total estimated costs at completion.

The Company may incur costs associated with significant materials or hardware procurements that are not proportionate to the Company’s progress in satisfying its performance obligations. For these contracts, costs are excluded from the measure of progress, and revenue is recognized equal to the costs incurred.

For performance obligations in which the Company does not transfer control over time, the Company recognizes revenue at the point-in-time when the customer obtains control of the related asset, usually at the time of shipment or upon delivery. The Company accrues for shipping and handling costs occurring after the point-in-time control transfers to the customer.

Recognizing revenue on long-term contracts involves significant estimates and judgments. The transaction price is the estimated amount of consideration the Company expects to receive for performance under the Company's contracts. Contract terms may include variable consideration, such as reimbursable costs, award and incentive fees, usage-based fees, service-level penalties, performance bonuses, or other provisions that can either increase or decrease the transaction price. Variable amounts are generally determined upon the Company's achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion. When making estimates, the Company considers the customer, contract terms, the complexity of the work and related risks, the extent of customer discretion, historical experience and the potential of a significant reversal of revenue. The Company includes variable consideration in the transaction price only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

For contracts with multiple performance obligations, the Company allocates transaction price to each performance obligation based on the relative standalone selling price of each distinct performance obligation within the contract. Since the Company typically provides customized services and solutions that are specific to a single customer’s requirements, standalone selling price is most often estimated based on expected costs plus a reasonable profit margin.

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. Estimating costs at completion is complex due to the nature of the services being performed and the length of certain contracts. Contract costs generally include direct costs, such as labor, subcontract costs and materials, and indirect costs identifiable with or allocable to a specific contract. Management must make assumptions regarding the complexity of the work to be performed, the schedule and associated tasks, labor productivity and availability, increases in wages and prices of materials, execution by the Company's subcontractors, overhead cost rates, and other variables. For contracts using a cost input measure, when total expected contract costs exceed total estimated contract revenues, 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. Contract costs incurred for U.S. government contracts, including indirect costs, are subject to audit and adjustment by the Defense Contract Audit Agency ("DCAA").

Contract Balances

The timing of revenue recognition may differ from the timing of billing and cash receipts from customers. Amounts are invoiced as work progresses, typically biweekly or monthly in arrears, or upon achievement of contractual milestones. The Company records a contract asset when revenue is recognized prior to invoicing, or a contract liability when cash is received in advance of recognizing revenue. A contract asset is a right to consideration that is conditional upon factors other than the passage of time. Contract assets include unbillable receivables and contract retentions, but exclude billed and billable receivables. Billed and billable receivables are rights to consideration, which are unconditional other than to the passage of time. Contract liabilities include customer advances, billings in excess of revenues and deferred revenue. Contract assets and liabilities are recorded net on a contract-by-contract basis and are generally classified as current based on the Company's contract operating cycle. Deferred revenue attributable to long-term contract material renewal options may be classified as non-current when the option renewal period will not occur within one year of the balance sheet date.

Deferred Costs

Certain eligible costs, such as costs to obtain and costs to fulfill the Company's service contracts, are capitalized when the costs relate directly to the contract, are expected to be recovered, and generate or enhance resources to be used in satisfying the performance obligation. These costs primarily consist of commissions, transition and set-up costs. Capitalized costs to obtain and fulfill a contract are amortized on a straight-line basis over the expected period of benefit, which generally includes the contract base period and anticipated renewals.

The Company performs periodic reviews to assess the recoverability of deferred contract transition and setup costs. The carrying amount of the asset is compared to the remaining amount of consideration the Company expects to receive for the services to which the asset relates, less the costs that relate directly to providing those services that have not yet been recognized. If the carrying amount is not recoverable, an impairment loss is recognized.

Pre-contract costs are deferred when eligible costs are incurred prior to the start of a contract and it is probable the costs will be recovered upon contract issuance. Pre-contract costs are expensed when the contract is executed.

Prepaid contract costs may be incurred for certain customer contracts to secure the use of assets or the receipt of services at a future date or over a period of time. For contracts using the as-invoiced practical expedient or a time-elapsed revenue recognition measure, prepaid contract costs are amortized on a straight-line basis over the expected period of benefit.

Costs Allocated to Contracts

The Company classifies indirect costs as overhead (included in cost of revenues) or general and administrative expenses in the same manner as such costs are defined in the Company’s Disclosure Statements under U.S. government Cost Accounting Standards ("CAS").

Stock-based Compensation

The Company issues stock-based awards as compensation to employees and directors. Stock-based awards include stock options, vesting stock awards and performance share awards. These awards are accounted for as equity awards. The Company recognizes stock-based compensation expense, net of estimated forfeitures, on a straight-line basis over the underlying award's requisite service period, as measured using the award's grant date fair value. For performance share awards, the Company reassesses the probability of achieving the performance conditions at each reporting period end and adjusts compensation expense based on the number of shares the Company expects to ultimately vest. Under the Company's stock-based compensation arrangements, upon vesting, shares are often withheld from the award for the purposes of satisfying statutory withholding tax obligations.

Income Taxes

The Company accounts for income taxes under the asset and liability method of accounting, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of assets and liabilities. Under this method, changes in tax rates and laws are recognized in income in the period such changes are enacted. The provision for federal, state, local and foreign income taxes is calculated on income before income taxes based on current tax law and includes the cumulative effect of any changes in tax rates from those used previously in determining deferred tax assets and liabilities. Such provision differs from the amounts currently payable because certain items of income and expense are recognized in different reporting periods for financial reporting purposes than for income tax purposes.

Recording the provision for income taxes requires management to make significant judgments and estimates for matters for which the ultimate resolution may not become known until the final resolution of an examination by taxing authorities or the statute of limitations lapses. Additionally, recording liabilities for uncertainty in income taxes involves significant judgment in evaluating the Company's tax positions and developing the best estimate of the taxes ultimately expected to be paid. Tax penalties and interest are included in income tax expense.

The Company has also recognized liabilities for uncertainty in income taxes when it is more likely than not that a tax position will not be sustained on examination and settlement with various taxing authorities. The Company records the largest amount of benefit that is more likely than not to be realized when the tax position is settled. To the extent the Company prevail in matters for which accruals have been established or are required to pay amounts in excess of reserves, the Company's effective tax rate in a given financial period may be materially impacted.

Deferred tax assets and liabilities are netted by taxable jurisdiction and classified as noncurrent on the consolidated balance sheets.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents are comprised of cash in banks and highly liquid instruments, which primarily consist of bank deposits and investments in institutional money market funds. The Company includes outstanding payments within "Cash and cash equivalents" and "Accounts payable" on the consolidated balance sheets and as of February 2, 2024 and February 3, 2023 these amounts were $26 million and $49 million, respectively. The Company does not invest in high yield or high risk securities. The cash in bank accounts at times may exceed federally insured limits.

Restricted cash includes cash amounts held that are contractually restricted from use in operations, but are subject to future claims of creditors. The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported within the consolidated balance sheets for the periods presented:

	February 2, 2024	February 3, 2023
	(in millions)	
Cash and cash equivalents	$ 94	$ 109
Restricted cash included in other current assets	4	5
Restricted cash included in other assets	5	4
Cash, cash equivalents and restricted cash	$ 103	$ 118

Receivables

Receivables include billed and billable receivables, and unbilled receivables. The Company’s receivables are primarily due from the U.S. government, or from prime contractors on which we are subcontractors and the end customer is the U.S. government, and are generally considered collectable from the perspective of the customer’s ability to pay. The Company does not have a material credit risk exposure.

Unbilled receivables, substantially all of which are expected to be billed and collected within one year, are stated at their estimated realizable value and consist of costs and fees billable on contract completion or the occurrence of a specified event, other than the passage of time. Legal title to the related accumulated costs of contracts in progress generally vests with the U.S. government on the Company’s receipt of progress payments. Progress payments received of $90 million and $42 million offset unbilled receivables as of February 2, 2024 and February 3, 2023, respectively. Contract retentions are billed when contract conditions have been met and may relate to uncompleted indirect cost negotiations with the U.S. government. Based on historical experience, the majority of retention balances are expected to be collected beyond one year. Retention is presented in "Other assets" on the consolidated balance sheets, see Note 3—Revenues. Write-offs of retention balances have not been significant.

Receivable balances are written-off in the period during which management determines they are uncollectable, and, at that time, such balances are removed from billed receivables and, if previously reserved, from the allowance.

Inventories

Inventory is substantially comprised of finished goods and is valued at the lower of cost or net realizable value, generally using the average cost method. The Company evaluates current inventory against historical and planned usage to estimate the appropriate provision for obsolete inventory.

Business Combinations

The Company records all tangible and intangible assets acquired and liabilities assumed in a business combination at fair value as of the acquisition date, which is determined using a cost, market or income approach. The excess amount of the aggregated purchase consideration paid over the fair value of the net of assets acquired and liabilities assumed is recorded as goodwill. Acquisition date fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as measured on the acquisition date.

The valuations are based on information that existed as of the acquisition date. During the measurement period that shall not exceed one year from the acquisition date, the Company may adjust provisional amounts recorded for assets acquired and liabilities assumed to reflect new information that the Company has subsequently obtained regarding facts and circumstances that existed as of the acquisition date.

Acquisition and Integration Costs

Acquisition-related costs that are not part of the purchase price consideration are generally expensed as incurred, except for certain costs that are deferred in connection with the issuance of debt. These costs typically include transaction-related costs, such as finder’s fees, legal, accounting and other professional costs. Integration-related costs represent costs directly related to combining the Company and its acquired businesses. Integration-related costs typically include strategic consulting services, facility consolidation, employee related costs, such as retention and severance, costs to integrate information technology infrastructure, enterprise planning systems, processes, and other non-recurring integration-related costs. Acquisition and integration costs are presented together as "Acquisition and integration costs" on the consolidated statements of income.

The amounts recognized in "Acquisition and integration costs" on the consolidated statements of income are as follows:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Acquisition[1]	**$ —**	$ (2)	$ 3
Integration[2]	**1**	15	53
Total acquisition and integration costs	**$ 1**	$ 13	$ 56

(1) Acquisition costs in fiscal 2023 reflect adjustments to the fair value of the Koverse earnout liability. Acquisition costs recognized for fiscal 2022 were related to the acquisitions of Halfaker and Associates, LLC ("Halfaker") and Koverse. See Note 4—Acquisitions for additional information.

(2) Integration costs include $17 million for the impairment of assets for fiscal 2022. See Note 6—Restructuring and Impairment for additional information.

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.

One-time involuntary employee termination benefits are recognized as a liability and measured at fair value when the plan of termination has been communicated to employees and certain other criteria are met. Ongoing employee termination benefit arrangements are recognized as a liability and measured at fair value when it is probable that amounts will be paid and such amounts are reasonably estimable. Other employee related termination costs include the impact of accelerated stock compensation expense for terminated employees that have a reduction in the requisite service period for their stock-based awards.

Costs to consolidate or close facilities primarily include lease obligation charges for exited facilities, including the impact of accelerated lease expense for right of use assets and accelerated depreciation expense for leasehold improvements with reductions in their estimated useful lives due to exited facilities.

Leases

The Company occupies most of its facilities under operating leases. Certain equipment is also leased under short-term or cancelable operating leases.

The Company recognizes a right of use ("ROU") asset and a lease liability upon the commencement of its operating leases. The initial lease liability is equal to the future fixed minimum lease payments discounted using the Company’s incremental borrowing rate on a secured basis. The lease term includes option renewal periods and early termination payments when it is reasonably certain that the Company will exercise those rights. The initial measurement of the ROU asset is equal to the initial lease liability plus any initial direct costs and prepayments, less any lease incentives.

The Company recognizes lease costs on a straight-line basis over the remaining lease term, except for variable lease payments that are expensed in the period in which the obligation for those payments is incurred.

For its facility leases, the Company combines and accounts for lease and non-lease components together as a single component. The Company does not recognize lease liabilities and ROU assets for leases with original terms of 12 months or less. ROU assets are evaluated for impairment as a long-lived asset.

The Company leases IT equipment and hardware to its customers. All of the Company’s lessor arrangements are operating leases. Operating lease income is recognized on a straight-line basis over the term of the lease and is presented in "Revenues" on the consolidated statements of income.

Goodwill and Intangible Assets

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired and liabilities assumed. Goodwill and indefinite-lived intangible assets are not amortized, but rather are tested for potential impairment annually at the beginning of the Company's fourth quarter, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. There were no impairments during the periods presented.

The goodwill impairment test is performed at the reporting unit level. In the Company’s qualitative assessment, an evaluation is performed to determine whether it is more likely than not that an impairment exists based on qualitative factors. Qualitative factors include macroeconomic, industry and market conditions, cost factors, overall financial performance, relevant entity-specific events, factors affecting the reporting unit, and share price.

The Company may additionally perform a quantitative assessment in which the fair value of the Company’s reporting units are determined using either a market approach, income approach, or a combination of both, which involves the use of estimates and assumptions, including projected future operating results and cash flows, the cost of capital, and financial measures derived from observable market data of comparable public companies. The Company estimates and compares the fair value of each reporting unit to its respective carrying value including goodwill. If the fair value is less than the carrying value, the amount of impairment expense is equal to the difference between the reporting unit’s fair value and the reporting unit’s carrying value.

Intangible assets with finite lives are amortized using the method that best reflects how their economic benefits are utilized or, if a pattern of economic benefits cannot be reliably determined, on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable at the asset group level.

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost net of accumulated depreciation and amortization. Purchases of property, plant, and equipment, as well as costs associated with major renewals and betterments, are capitalized. Maintenance, repairs and minor renewals and betterments are expensed as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed and any resulting gain or loss is recognized. See Note 8—Property, Plant, and Equipment for depreciation and amortization methods and estimated useful lives by major asset class.

Impairment of Long-lived Assets

The Company evaluates its long-lived assets (including right of use lease assets) for potential impairment whenever there is evidence that events or changes in circumstances indicate that the carrying value may not be recoverable and the carrying amount of the asset exceeds its estimated future undiscounted cash flows (including sublease income) at the asset group level. When the carrying amount of the asset exceeds its estimated future undiscounted cash flows, an impairment loss is recognized to reduce the asset’s carrying amount to its estimated fair value based on the present value of its estimated future cash flows.

In circumstances in which the Company has the ability and intent to sublease an exited facility, the Company performs an impairment test of the asset group (mainly consisting of right of use lease assets and leasehold improvements) on the earlier of the cease use date or sublease inception date by comparing the carrying amount of the asset group to the undiscounted cash flows associated with the asset group (mainly sublease income). When the carrying amount of the asset group exceeds its estimated future undiscounted cash flows, an impairment loss is recognized to reduce the asset group’s carrying amount to its estimated fair value based on the present value of estimated future cash flows. In circumstances in which the Company does not have the ability or intent to sublease an exited facility, the Company adjusts the estimated useful life of the facility related assets to end on the cease use date and recognizes accelerated depreciation and amortization.

Commitments and Contingencies

Accruals for commitments and loss contingencies are recorded when it is both probable that they will occur and the amounts can be reasonably estimated. In addition, legal fees are accrued for cases where a loss is probable and the related fees can be reasonably estimated. Significant judgment is required to determine both the probability and the estimated amount of loss. The Company reviews these accruals quarterly and adjusts the accruals to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other updated information.

Pension and Defined Benefit Plans

The Company measures plan assets and benefit obligations as of the month-end that is closest to its fiscal year-end. Accounting and reporting for the Company's pension and defined benefit plans requires the use of assumptions, including but not limited to, a discount rate and an expected return on assets. These assumptions are reviewed at least annually based on reviews of current plan information and consultation with the Company's independent actuary and the plans’ investment advisor. If these assumptions differ materially from actual results, the Company's obligations under the pension and defined benefit plans could also differ materially, potentially requiring the Company to record an additional liability. The Company's pension and defined benefit plan liabilities are developed from actuarial valuations performed each year.

Fair Value Measurements

The Company utilizes fair value measurement guidance prescribed by GAAP to value its financial instruments. The accounting standard for fair value measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: observable inputs such as quoted prices in active markets (Level 1); inputs other than the quoted prices in active markets that are observable either directly or indirectly (Level 2); and unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions (Level 3).

The carrying amounts of cash and cash equivalents, receivables, accounts payable and other amounts included in other current assets and current liabilities that meet the definition of a financial instrument approximate fair value due to the short-term nature of these amounts. The carrying value of the Company’s outstanding debt obligations approximates its fair value, which is calculated using Level 2 inputs, based on interest rates available for debt with terms and maturities similar to the Company’s existing debt arrangements.

Non-financial assets acquired and liabilities assumed in a business combination were measured at fair value using income, market and cost valuation methodologies. See Note 4—Acquisitions for additional information. The fair value measurements were estimated using significant inputs that are not observable in the market and thus represent a Level 3 measurement.

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 February 2, 2024 and February 3, 2023, the fair value of the Company's investments totaled $32 million and $28 million, respectively, and are included in "Other assets" on the consolidated balance sheets. The Company's investments are primarily held in a custodial account, which includes investments to fund its deferred compensation plan liabilities.

Derivative Instruments Designated as Cash Flow Hedges

Derivative instruments are recorded on the 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 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 13—Derivative Instruments Designated as Cash Flow Hedges for further discussion on the Company’s derivative instruments designated as cash flow hedges.

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.

Research and Development

The Company conducts research and development activities under customer-funded contracts and with company-funded independent research and development ("IR&D") funds. IR&D efforts consist of projects involving basic research, applied research, development, and systems and other concept formulation studies. Company-funded IR&D expense is included in selling, general and administrative expenses ("SG&A") and was $4 million, $1 million and $4 million in fiscal 2024, 2023 and 2022, respectively. Customer-funded research and development activities performed under customer contracts are charged directly to cost of revenues for those particular contracts.

Investments in Equity Securities

The Company invests in certain companies that advance or develop new technologies applicable to its business. The Company also occasionally forms joint ventures as a part of its investment strategy for the purpose of bidding and executing on specific projects. Each investment is evaluated for consolidation under the variable interest entities ("VIEs") model and/or the voting interest model. The results of these investments are not material to the consolidated financial statements for the periods presented.

The Company applies the equity method of accounting to its unconsolidated investments when it has the ability to exercise significant influence over the entity and recognizes its proportionate share of the entities’ net income or loss within "Other operating income" on the consolidated statements of income. Equity investments in entities over which the Company does not have the ability to exercise significant influence and whose securities do not have a readily determinable fair value are carried at cost or cost net of other-than-temporary impairments.

Accounting Standards Updates

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 consolidated financial statements and related 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 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 plans to 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 consolidated financial statements.

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, which requires annual and interim disclosures for entities that use supplier finance programs in connection with the purchase of goods and services. The new standard does not affect the recognition, measurement or financial statement presentation of supplier finance program obligations. These amendments are effective for fiscal years beginning after December 15, 2022, except for the requirement to provide rollforward information, which is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted. The Company adopted the requirements of ASU 2022-04 effective the first day of fiscal 2024.

The Company maintains a supplier finance program through a financial institution in which participating suppliers, at their sole discretion, may enroll with the financial institution to finance at a discounted price one or more payment obligations of the Company prior to their scheduled due dates. Payment obligations outstanding under the Company’s supplier finance program are presented within "Accounts payable" on the consolidated balance sheets and were immaterial as of February 2, 2024. During the twelve months ended February 2, 2024, total payment obligations financed and financed obligations paid under the Company’s supplier finance program were immaterial.

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

Earnings Per Share ("EPS")

Basic EPS is computed by dividing net income attributable to common stockholders 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 options and other stock-based awards. The dilutive effect of outstanding stock options and other 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:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
	(in millions)		
Basic weighted-average number of shares outstanding	**53.1**	55.3	57.6
Dilutive common share equivalents - stock options and other stock-based awards	**0.6**	0.5	0.5
Diluted weighted-average number of shares outstanding	**53.7**	55.8	58.1

Antidilutive stock awards excluded from the weighted-average number of shares outstanding used to compute diluted EPS for fiscal 2024, 2023, and 2022 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. 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 February 2, 2024, the Company has repurchased approximately 20.3 million shares of its common stock under the plan.

Dividends

The Company declared and paid quarterly dividends of $0.37 per share every quarter for the years presented. Total dividends declared and paid were $1.48 per share during fiscal 2024, 2023 and 2022.

Note 3—Revenues:

Changes in Estimates on Contracts

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

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
	(in millions, except per share amounts)		
Favorable adjustments	$ 32	$ 40	$ 40
Unfavorable adjustments	(32)	(36)	(27)
Net favorable adjustments	—	4	13
Income tax effect	—	(1)	(3)
Net favorable adjustments, after tax	—	3	10
Basic EPS impact	$ —	$ 0.05	$ 0.17
Diluted EPS impact	$ —	$ 0.05	$ 0.17

Revenues were $2 million, $7 million and $21 million higher for fiscal 2024, 2023 and 2022, 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.

Disaggregated revenues by customer were as follows:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
	(in millions)		
Department of Defense	$ 3,840	$ 3,806	$ 3,578
Other federal government agencies	3,450	3,750	3,671
Commercial, state and local governments and international	154	148	145
Total	$ 7,444	$ 7,704	$ 7,394

Disaggregated revenues by contract type were as follows:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
	(in millions)		
Cost reimbursement	$ 4,527	$ 4,282	$ 4,020
Time and materials ("T&M")	1,463	1,464	1,473
Firm-fixed price ("FFP")	1,454	1,958	1,901
Total	$ 7,444	$ 7,704	$ 7,394

Disaggregated revenues by prime versus subcontractor were as follows:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Prime contractor to federal government	**$ 6,722**	$ 6,996	$ 6,683
Subcontractor to federal government	**568**	560	566
Other	**154**	148	145
Total	**$ 7,444**	$ 7,704	$ 7,394

Contract Balances

Contract balances for the periods presented were as follows:

	Balance Sheet line item	**February 2, 2024**	February 3, 2023
		(in millions)	
Billed and billable receivables, net(1)	Receivables, net	**$ 555**	$ 572
Contract assets - unbillable receivables	Receivables, net	**359**	364
Contract assets - contract retentions	Other assets	**14**	15
Contract liabilities - current	Other accrued liabilities	**53**	48
Contract liabilities - non-current	Other long-term liabilities	**$ 2**	$ 4

(1) Net of allowance of $3 million and $4 million as of February 2, 2024 and February 3, 2023, respectively.

The changes in the Company's contract assets and contract liabilities during the current period primarily result from timing differences between the Company's performance, invoicing and customer payments. During fiscal 2024 and 2023, the Company recognized revenues of $40 million and $46 million relating to amounts that were included in the opening balance of contract liabilities as of February 3, 2023 and January 28, 2022, respectively.

Deferred Costs

Deferred costs for the periods presented were as follows:

	Balance Sheet line item	**February 2, 2024**	February 3, 2023
		(in millions)	
Pre-contract costs	Other current assets	**$ 9**	$ 7
Prepaid contract costs	Prepaid expenses	**19**	10
Fulfillment costs	Other assets	**7**	11
Costs to obtain	Other assets	**$ 6**	$ 5

Pre-contract costs of $9 million and $6 million were expensed during fiscal 2024 and 2023, respectively. Prepaid contract costs of $46 million and $40 million were amortized during fiscal 2024 and 2023, respectively. Fulfillment costs of $5 million were amortized during fiscal 2024 and 2023. Costs to obtain of $1 million were amortized during fiscal 2024 and 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 February 2, 2024, the Company had approximately $5.5 billion of remaining performance obligations. The Company expects to recognize revenue on approximately 79% of the remaining performance obligations over the next 12 months and approximately 92% over the next 24 months, with the remaining recognized thereafter.

Note 4—Acquisitions:

Halfaker

On July 2, 2021, the Company completed the acquisition of Halfaker, a mission focused, pure-play health IT company for a purchase price of $228 million, net of $3 million cash acquired. The Company funded the transaction from increased borrowings (as discussed in Note 12—Debt Obligations) and cash on hand. During fiscal 2023, the Company made fair value adjustments decreasing goodwill and increasing customer relationships intangible assets by $2 million. The Company has completed the determination of fair values of the acquired assets and liabilities assumed. The allocation of the purchase price resulted in goodwill of $104 million and intangible assets of $114 million, both of which are deductible for income tax purposes. The recognized goodwill is primarily associated with future customer relationships and an acquired assembled work force. The intangible assets consist of customer relationships of $97 million and backlog of $17 million and are being amortized beginning on July 2, 2021 over a period of nine years and one year, respectively. The Company made additional cash payments of $21 million in March 2022 associated with certain change in control provisions that are recognized as post-combination expense.

Koverse

On May 3, 2021, the Company acquired Koverse, a software company that provides a data management platform enabling artificial intelligence and machine learning on complex sensitive data, for a purchase price of $30 million, net of $2 million cash acquired. The purchase price included $3 million of contingent consideration, representing the acquisition date fair value recognized for up to $27 million gross of potential future earnout payments based on the achievement of certain revenue targets over the next four years. The Company has completed the allocation of the purchase price which resulted in goodwill of $21 million and intangible assets of $10 million, both of which are not deductible for income tax purposes. The goodwill is primarily associated with intellectual capital, future customer relationships, and an acquired assembled work force. The intangible assets, which primarily consist of developed technology, are being amortized over a weighted average period of seven years. As of February 2, 2024, the Company has recognized $13 million of post-combination compensation expense associated with employee retention agreements.

Note 5—Divestitures:

FSA Amendment

On February 4, 2023, the Company sold 0.1% of its 50.1% majority ownership interest in 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 accounts 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 consolidated balance sheets. The remeasurement resulted in a gain of $7 million which is included within "Gain on divestitures, net of transaction costs" on the consolidated statements of income and is reflected within "Gain on divestitures" on the consolidated statements of cash flows. 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. The sale enables the Company to focus its resources on long-term strategic growth areas. The Company recorded a pre-tax gain of $233 million, net of $7 million of transaction costs, which is included within "Gain on divestitures, net of transaction costs" on the consolidated statements of income in fiscal 2024.

The disposition does not represent a strategic shift in operations that will 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 ROU 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 of the Supply Chain Business, the Company and ASRC Federal entered into certain transition services agreements pursuant to which the Company will provide certain services to ASRC Federal through approximately the first quarter of fiscal 2025 on a cost reimbursable basis. The transition services include certain IT, finance and other services necessary to support the transition of the sale.

Note 6—Restructuring and Impairment:

Restructuring and impairment costs recognized were as follows:

		Year Ended		
	Statements of Income line item	February 2, 2024	February 3, 2023	January 28, 2022
			(in millions)	
2024 Restructuring:				
Severance and other employee costs	SG&A	$ 10	$ —	$ —
Other associated costs	SG&A	13	—	—
2023 Restructuring:				
Severance and other employee costs	SG&A and Cost of revenues	—	6	—
Other associated costs	SG&A	—	14	—
2022 Restructuring:				
Other associated costs	SG&A	—	—	1
Total restructuring costs		23	20	1
Impairment of assets	SG&A	—	4	1
Impairment of assets	Acquisition and integration costs	—	—	17
Total impairment of assets		—	4	18
Total restructuring costs and impairment		$ 23	$ 24	$ 19

In fiscal 2024, the Company initiated restructuring activities associated with the reorganization of its business sectors into business groups and the optimization and consolidation of certain facilities (collectively, the “2024 Restructuring”). As part of the 2024 Restructuring, the Company incurred severance and other employee costs,

consulting costs and costs related to the consolidation and exit of certain facilities. Other employee costs include the impact of accelerated stock compensation expense for terminated employees. The 2024 Restructuring activities are expected to be completed in fiscal 2025. During fiscal 2024, cash paid for consulting costs was $1 million. The remaining liability for consulting costs ($2 million) and severance will be paid in fiscal 2025.

In fiscal 2023, the Company initiated restructuring activities (the "2023 Restructuring") associated with the optimization of business processes and incurred consulting costs, severance and other employee costs, and other costs related to the consolidation of certain facilities. The Company completed the 2023 Restructuring activities in fiscal 2024. During fiscal 2024 and 2023, cash paid for consulting costs was $2 million and $5 million, respectively, and there was no remaining liability for the 2023 Restructuring as of February 2, 2024.

In fiscal 2022, the Company initiated and completed restructuring activities (the “2022 Restructuring”) associated with the optimization and consolidation of certain facilities. The 2022 Restructuring included total restructuring costs of $1 million which were fully paid as of January 28, 2022.

During fiscal 2024, the Company's impairment charges for certain assets associated with exited facilities were immaterial. During fiscal 2023 and 2022, the Company recognized impairment charges for certain assets associated with exited facilities of $4 million and $18 million, respectively.

Note 7—Goodwill and Intangible Assets

Goodwill

Goodwill had a carrying value of $2,851 million and $2,911 million as of February 2, 2024 and February 3, 2023, respectively. Goodwill decreased $60 million compared to February 3, 2023 due to the sale of the Supply Chain Business (see Note 5—Divestitures).There were no impairments of goodwill during the periods presented.

Intangible Assets

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

	February 2, 2024			February 3, 2023		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
			(in millions)			
Customer relationships	**$ 1,462**	**$ (574)**	**$ 888**	$ 1,467	$ (466)	$ 1,001
Developed technology	**10**	**(4)**	**6**	10	(2)	8
Trade name	**1**	**(1)**	**—**	1	(1)	—
Total intangible assets	**$ 1,473**	**$ (579)**	**$ 894**	$ 1,478	$ (469)	$ 1,009

Amortization expense related to intangible assets was $115 million, $125 million and $128 million for fiscal 2024, 2023 and 2022, respectively. There were no impairments of intangible assets during the periods presented. Intangible assets with a gross carrying value of $5 million became fully amortized during fiscal 2024 and are no longer reflected in the gross carrying value and accumulated amortization as of February 2, 2024.

As of February 2, 2024, the estimated future annual amortization expense related to intangible assets is as follows:

Fiscal Year		(in millions)
2025	$	115
2026		115
2027		115
2028		98
2029		97
Thereafter		354
Total	$	894

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

Note 8—Property, Plant, and Equipment:

Property, plant, and equipment, depreciation and amortization methods, and estimated useful lives by major asset class were as follows:

	Depreciation or amortization method	Estimated useful lives (in years)		February 2, 2024		February 3, 2023
				(in millions)		
Computer equipment	Straight-line or declining balance	3-10	$	92	$	92
Capitalized software and software licenses	Straight-line or declining balance	6		47		47
Leasehold improvements	Straight-line	Shorter of lease term or 12		104		109
Office furniture and fixtures	Straight-line or declining balance	4-10		14		19
Buildings and improvements	Straight-line	40		7		7
Construction in process				10		11
Land				1		1
Property, plant, and equipment				275		286
Accumulated depreciation and amortization				(184)		(194)
Property, plant, and equipment, net			$	91	$	92

Depreciation and amortization expense for property, plant, and equipment was $26 million, $32 million and $37 million in fiscal 2024, 2023 and 2022, respectively. The change in accumulated depreciation and amortization from fiscal 2023 to fiscal 2024 is primarily due to write offs of fully depreciated assets and divestitures, partially offset by capital expenditures during the year.

Note 9—Stock-Based Compensation:

Plan Summaries

As of February 2, 2024, the Company had stock-based compensation awards outstanding under the following plans: “2023 Equity Incentive Plan” ("2023 EIP"), “2013 Equity Incentive Plan” ("2013 EIP"), “Management Stock Compensation Plan”, and the “Amended and Restated 2013 Employee Stock Purchase Plan” ("ESPP") which are herein referred to together as the “Plans.” The Company issues new shares on the vesting of stock awards or exercise of stock options under these Plans. During fiscal year 2024, the Company terminated the Third Amended and Restated 2012 Long Term Performance Plan ("LTPP") and deregistered all remaining unissued shares thereunder.

On June 7, 2023, the Company's stockholders approved the 2023 EIP. The 2023 EIP authorized 2.2 million new shares of the Company's common stock, par value $0.0001 per share, to be issued as various types of stock-based compensation and cash awards. Awards previously issued and outstanding under the 2013 EIP will continue to remain outstanding and be subject to the terms of the 2013 EIP. After June 7, 2023, no new awards may be issued under the 2013 EIP and any awards that subsequently expire, are forfeited or canceled, are settled in cash, or are used to cover recipient tax obligations, will become available for issuance under the 2023 Plan. As of February 2, 2024, the total authorized shares of common stock for issuance under the 2023 EIP is 2.2 million.

The 2023 EIP and 2013 EIP both provide the Company's employees and directors the opportunity to receive various types of stock-based compensation and cash awards. The terms of the stock-based awards granted to employees and directors are the same, except that those for directors cliff vest within one year of the grant date. As of February 2, 2024, the Company has unvested stock and performance share awards under the 2023 EIP and 2013 EIP and outstanding stock options under the 2013 EIP. Vesting stock awards granted in fiscal 2020 and thereafter generally vest equally over three years, while vesting stock awards granted prior to fiscal 2020 generally vest equally over four years. Stock options generally become exercisable evenly over three years. The maximum contractual term for stock options is ten years, but historically the Company has granted stock options with a seven-year contractual term. The requisite service period for stock-based awards is accelerated for employees meeting certain retirement eligibility conditions. Certain officers are eligible for continued vesting of previously granted awards upon termination of employment or voluntary retirement, subject to the conditions set forth in the Company's Executive Severance, Change in Control and Retirement Policy effective July 1, 2020. Stock-based awards generally provide for accelerated vesting if there is a change in control (as defined in the 2023 EIP and 2013 EIP, as applicable). Vesting stock awards and performance share awards have forfeitable rights to dividends.

Performance shares are rights to receive shares of the Company's stock upon satisfaction of certain requirements. Performance-based stock awards granted prior to fiscal 2022 include service and performance conditions. Performance-based stock awards granted in fiscal 2022 and thereafter also include market conditions. For performance-based stock awards granted prior to fiscal 2023, the performance metrics are based on annual operating cash flows and a three year cumulative measure of earnings. For performance-based stock awards granted in fiscal 2023 and 2024, the performance metrics are based on three year cumulative operating cash flows and a three year cumulative measure of earnings. The market conditions for awards granted in fiscal 2022 and thereafter are based on the Company's total shareholder return over the three year performance period as compared to the total shareholder return for a specified group of companies over the same period. These awards cliff vest at the end of the third fiscal year following the grant date, subject to meeting the minimum service requirements and the achievement of the Company's performance metrics and market conditions, with the number of shares ultimately issued, if any, ranging up to 200% of the specified target shares. If performance is below a minimum threshold level of performance, no shares will be issued.

The Management Stock Compensation Plan provides for awards in share units to eligible employees. Benefits are payable in shares of the Company's stock that are held in a trust for the purpose of funding benefit payments to the participants. During fiscal 2017, all remaining outstanding awards in the Management Stock Compensation Plan vested. The Board of Directors may at any time amend or terminate the Management Stock Compensation Plan. In the event of a change in control of the Company (as defined by the Management Stock Compensation Plan), participant accounts will be immediately distributed, otherwise participant accounts will generally be distributed upon retirement based on the participant's payout election, or upon termination. The Management Stock Compensation Plan does not provide for a maximum number of shares available for future issuance.

On June 7, 2023, the Company's stockholders approved an amended and restated ESPP which limits the total number of shares reserved for issuance to 2.0 million and extends the plan's expiration date from September 26, 2023 to the earlier of its termination by the Board of Directors or the issuance of all shares available for issuance thereunder. The ESPP allows eligible employees to purchase shares of the Company's common stock at a discount of up to 15% of the fair market value on the date of purchase. During the three fiscal years ended February 2, 2024, the ESPP discount was 5% of the fair market value on the date of purchase, thereby resulting in the ESPP being non-compensatory. As of February 2, 2024, 1.9 million shares of the Company's common stock are authorized for issuance under the ESPP.

The LTPP provides certain employees of the Company the opportunity to receive various types of stock-based compensation awards. Vesting stock awards issued under the LTPP generally cliff vest at the end of the third fiscal year following the grant date. Vesting may be accelerated for employees meeting retirement eligibility conditions. Vesting stock awards under the LTPP have forfeitable rights to dividends.

Expense and Related Tax Benefits Recognized

Stock-based compensation expense and related tax benefits recognized under the Plans were:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Stock-based compensation expense:			
Vesting stock awards	**$ 45**	$ 38	$ 36
Performance share awards	**23**	10	9
Stock options	**—**	—	1
Total stock-based compensation expense	**$ 68**	$ 48	$ 46
Tax benefits recognized from stock-based compensation	**$ 25**	$ 16	$ 15

Stock-based compensation expense for stock options was not material for fiscal 2024 and 2023.

Vesting Stock Awards

Vesting stock award activity for the year ended February 2, 2024 was:

	Shares of stock under vesting stock awards	Weighted-average grant date fair value
	(in millions)	
Unvested at February 3, 2023	1.0	$ 89.60
Awards granted	0.4	108.64
Awards forfeited	(0.1)	96.15
Awards vested	(0.4)	84.75
Unvested at February 2, 2024	**0.9**	**$ 100.51**

The grant date fair value of vesting stock awards is based on the closing market price of the Company’s common stock on the last trading day preceding the grant date. The weighted-average grant date fair value of the vesting stock awards granted in fiscal 2024, 2023 and 2022 was $108.64, $95.43 and $83.65, respectively. As of February 2, 2024 there was $39 million of unrecognized compensation cost, net of estimated forfeitures, related to vesting stock awards, which is expected to be recognized over a weighted-average period of 1.8 years. The fair value of vesting stock awards that vested in fiscal 2024, 2023 and 2022 was $48 million, $44 million and $39 million, respectively.

Performance Share Awards

Performance share award activity for the year ended February 2, 2024 was:

	Shares of stock under performance shares		Weighted-average grant date fair value
	(in millions)		
Unvested at February 3, 2023	0.3	$	91.63
Awards granted	0.1		116.25
Awards forfeited	—		96.92
Awards vested	(0.1)		80.57
Performance adjustments	0.2		119.39
Unvested at February 2, 2024	**0.5**	**$**	**112.86**

The actual number of shares to be issued upon vesting range between 0-200% of the specified target shares. In the table above, the number of performance shares are presented at 100% of the specified target shares, except for awards that vested and the performance adjustment. The vested amount reflects the number of shares to be issued based on the actual achievement of the performance goals for shares that vested during the period. The performance adjustment amount reflects the increase or decrease in the number of performance shares vested compared to the number of performance shares that would have vested at target.

The weighted-average grant date fair value of the performance share awards granted in fiscal 2024, 2023 and 2022 was $116.25, $100.94 and $80.57, respectively. The grant date fair value of performance shares was determined using a Monte Carlo simulation model that incorporated multiple valuation assumptions, including the Company's expected total shareholder return relative to a specified group of companies defined within the award agreement. The primary assumptions included an expected volatility of 27.35%, 38.02%, and 39.73% for fiscal 2024, 2023 and 2022, respectively, and a risk-free interest rate of 3.68%, 2.44% and 0.32% for fiscal 2024, 2023 and 2022, respectively. The expected volatility was based on the historical volatility of the Company over a period commensurate with the expected term of the award as of the date of grant. The risk-free interest rate was based on the yield curve of a zero-coupon U.S. Treasury bond with a maturity equal to the expected term of the award on the date of grant.

The fair value of performance share awards that vested in fiscal 2024 was $18 million. As of February 2, 2024 there was $14 million of unrecognized compensation cost, net of estimated forfeitures, related to performance share awards, which is expected to be recognized over a weighted-average period of 1.8 years.

Stock Options

Stock options are granted with their exercise price equal to the closing market price of the Company's common stock on the last trading day preceding the grant date.

Stock option activity for the year ended February 2, 2024 was:

	Shares of stock under stock options		Weighted-average exercise price	Weighted-average remaining contractual term		Aggregate intrinsic value
	(in millions)			(in years)		(in millions)
Outstanding at February 3, 2023	0.4	$	74.57	2.9	$	11
Options exercised	(0.3)		73.17			
Outstanding at February 2, 2024	**0.1**	**$**	**77.85**	**2.2**	**$**	**6**
Exercisable at February 2, 2024	**0.1**	**$**	**77.85**	**2.2**	**$**	**6**
Vested and expected to vest at February 2, 2024	**0.1**	**$**	**77.85**	**2.2**	**$**	**6**

As of February 2, 2024, the unrecognized compensation cost, net of estimated forfeitures, related to stock options was not material.

The following table summarizes activity related to exercises of stock options:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
	(in millions)		
Cash received from exercises of stock options	$ —	$ —	$ 1
Stock exchanged at fair value upon exercises of stock options	$ 1	$ 1	$ 1
Tax benefits from exercises of stock options	$ 1	$ 1	$ 1
Total intrinsic value of options exercised	$ 9	$ 8	$ 4

Note 10—Retirement Plans:

Defined Contribution Plans

The Company sponsors the Science Applications International Corporation Retirement Plan (a qualified defined contribution 401(k) plan) and an employee stock ownership plan, in which most employees are eligible to participate. There a variety of investment options available, including the Company's stock.

The Science Applications International Corporation Retirement Plan allows eligible participants to contribute a portion of their income through payroll deductions and the Company makes matching company contributions and may also make discretionary contributions. The Company contributions expensed for defined contribution plans were $82 million, $80 million and $79 million in fiscal 2024, 2023 and 2022, respectively.

Deferred Compensation Plans

The Company maintains the Science Applications International Corporation Deferred Compensation Plan ("DCP") which provides certain eligible employees and directors an opportunity to defer some or all of their compensation on an unfunded, nonqualified basis. Participant deferrals are fully vested and diversified at the participant's direction among the investment options offered under the DCP. Participant accounts are credited with a rate of return based on the performance of the investment options selected. Distributions are made in cash. Deferred balances are paid on retirement based on the participant's payout election, or upon termination. The Company may provide discretionary contributions to participants, but no Company contributions have been made.

The Science Applications International Corporation Key Executive Stock Deferral Plan ("KESDP") was closed on December 31, 2014, and no further deferrals are allowed. Benefits from the KESDP are payable in shares of the Company's stock that may be held in trust for the purpose of funding benefit payments to KESDP participants. Vested deferred balances are paid on retirement based on the participant's payout election, or upon termination.

The Science Applications International Corporation 401(k) Excess Deferral Plan ("Excess Plan") was also closed on December 31, 2014, and no further deferrals are allowed. Participant deferrals are fully vested and diversified at the participant's direction among the investment options offered under the Excess Plan. Deferred balances are paid on retirement or termination.

Defined Benefit Plans

In connection with the acquisition of Engility in fiscal 2019, the Company assumed two defined benefit plans sponsored by Engility for certain current and former employees: a Defined Benefit Pension Plan ("Pension Plan") and a Retiree Health Reimbursement Account Plan ("RHRA Benefit Plan"). Membership and participants' calculated pension benefit are frozen in the Pension Plan and membership in the RHRA Benefit Plan is frozen.

The Company's funding policy is to contribute at least the minimum amount required by the Employee Retirement Income Security Act of 1974. Additional amounts are contributed to assure that plan assets will be adequate to provide retirement benefits. During fiscal 2025, the Company expects to contribute $1 million to fund the RHRA Benefit Plan.

During fiscal 2024, the Company recognized a net gain of $1 million on its retirement plans within other comprehensive income due to an increase in discount rates and the difference between actual investment return and expected return.

During fiscal 2023, the Company recognized a net gain of $4 million on its retirement plans within other comprehensive income. The gain was comprised of a $10 million gain due to an increase in discount rates, partially offset by a $6 million loss due to the difference between actual investment return and expected return.

During fiscal 2022, the Company recognized a net gain of $5 million on its retirement plans within other comprehensive income. The gain was comprised of a $4 million gain due to an increase in discount rates and a $1 million gain from the excess in actual investment return over the expected return.

Net Periodic Benefit Cost

The net periodic benefit (income) cost was as follows:

	Pension Plan			RHRA Benefit Plan		
	Year Ended					
	February 2, 2024	February 3, 2023	January 28, 2022	February 2, 2024	February 3, 2023	January 28, 2022
	(in millions)					
Interest cost on projected benefit obligation	$ 2	$ 2	$ 1	$ 1	$ —	$ 1
Expected return on plan assets	(2)	(3)	(3)	—	—	—
Amortization of (gain) loss	—	—	—	(1)	—	—
Net periodic benefit (income) cost	$ —	$ (1)	$ (2)	$ —	$ —	$ 1

Obligations and Funded Status

The projected benefit obligation, fair value of plan assets and funded status for each plan are as follows:

	Pension Plan		RHRA Benefit Plan	
	February 2, 2024	February 3, 2023	February 2, 2024	February 3, 2023
	(in millions)			
Change in benefit obligation:				
Benefit obligation at beginning of year	$ 52	$ 63	$ 10	$ 13
Interest cost	2	2	1	—
Benefits paid	(4)	(5)	(1)	(1)
Actuarial gain	(1)	(8)	—	(2)
Benefit obligation at end of year	$ 49	$ 52	$ 10	$ 10
Change in plan assets:				
Fair value of plan assets at beginning of year	46	54	—	—
Actual return on plan assets	3	(3)	—	—
Employer contributions	—	—	1	1
Benefits paid	(4)	(5)	(1)	(1)
Fair value of plan assets at end of year	$ 45	$ 46	$ —	$ —
Unfunded status	$ 4	$ 6	$ 10	$ 10

Amounts recognized in the consolidated balance sheets consist of:

	Pension Plan		RHRA Benefit Plan	
	February 2, 2024	February 3, 2023	February 2, 2024	February 3, 2023
	(in millions)			
Other accrued liabilities	$ —	$ —	$ 1	$ 1
Other long-term liabilities	4	6	9	9
Net amount recognized	$ 4	$ 6	$ 10	$ 10

Assumptions

The Company uses the spot rate approach to measure liabilities and interest costs for defined benefit obligations. Under the spot rate approach, the Company uses individual spot rates along the yield curve that correspond with the timing of each benefit payment.

The discount rates represent the estimated rate at which the Company could effectively settle its defined benefit obligations using a high quality bond yield curve.

The assumed long-term rate of return on plan assets, which is the average return expected on the funds invested or to be invested to provide future benefits to pension plan participants, is determined by an annual review of historical returns on plan assets. In selecting the expected long-term rate of return on assets used for the Pension Plan, the Company considered its investment return goals stated in the Pension Plan's investment policy. This process included determining expected returns for the various asset classes that comprise the Pension Plan's target asset allocation.

The following assumptions were used to determine the benefit obligations and net periodic benefit costs:

	Pension Plan			RHRA Benefit Plan		
	February 2, 2024	February 3, 2023	January 28, 2022	February 2, 2024	February 3, 2023	January 28, 2022
Discount rate	5.16 %	4.94 %	3.13 %	5.08 %	4.85 %	2.78 %
Interest cost effective rate	4.82 %	2.61 %	1.72 %	4.75 %	2.33 %	1.35 %
Expected rate of return on assets	5.25 %	5.25 %	5.50 %	N/A	N/A	N/A

Pension Plan Assets

The Company's investment policy includes a periodic review of the Pension Plan's investment in the various asset classes. During fiscal 2024, the Company's overall investment strategy was for plan assets to achieve a long-term rate of return of 5.25%, with a wide diversification of asset types, fund strategies and fund managers. The target allocation for the plan assets is 44% in domestic equity securities, 20% international equity securities, 31% in fixed income securities and 5% in cash and cash equivalents. The risk management practices include regular evaluations of fund managers to ensure the risk assumed is commensurate with the given investment style and objectives. According to the plan's investment policy, performance will be evaluated across all time periods, with a particular emphasis on longer-term returns relative to associated peers and benchmarks.

The fair value measurement of plan assets by category is as follows:

Asset Category	Fair Value Hierarchy	February 2, 2024	February 3, 2023
		(in millions)	
Mutual funds			
Equity	Level 1	$ 29	$ 30
Fixed income	Level 1	7	8
Guaranteed deposit account	Level 3	2	1
Subtotal		38	39
Collective trust - fixed income(1)	Measured at NAV	7	7
Total		$ 45	$ 46

(1) Collective trusts are measured at fair value using net asset value ("NAV") as a practical expedient and have not been categorized in the fair value hierarchy.

Fair Value Measurement Using Significant Unobservable Inputs (Level 3)

A reconciliation of the beginning and ending balances of the Guaranteed Deposit Account ("GDA") is as follows:

	Guaranteed Deposit Account
	(in millions)
Balance at January 28, 2022	$ 3
Purchases	3
Sales	(5)
Balance at February 3, 2023	1
Purchases	6
Sales	(5)
Balance at February 2, 2024	$ 2

The GDA is designed to provide liquidity and safety of principal with a competitive guaranteed rate of return. The fair value of the GDA approximates the market value of underlying investments by discounting expected future investment cash flow from both investment income and repayment of principal for each investment purchased directly for the defined benefit segment of the General Account. Principal and accumulated interest are fully guaranteed by Prudential Retirement Insurance and Annuity Company ("PRIAC"). The declared interest rate is announced each year in advance and is determined by PRIAC. The GDA invests in a broadly diversified, fixed-income portfolio within PRIAC's general account. The portfolio is invested in public bonds, commercial mortgages and private placement bonds.

Estimated Future Benefit Payments

The following table sets forth the expected timing of benefit payments by fiscal year:

Fiscal Year	Pension Plan	RHRA Benefit Plan	Total
		(in millions)	
2025	$ 5	$ 1	$ 6
2026	4	1	5
2027	5	1	6
2028	4	2	6
2029	4	1	5
Five subsequent fiscal years	$ 20	$ 4	$ 24

Note 11—Income Taxes:

Substantially all of the Company's income before income taxes for the fiscal year ended February 2, 2024 and the two preceding fiscal years is subject to taxation in the United States. The provision for income taxes for each of the periods presented include the following:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Current:			
Federal	**$ 125**	$ 69	$ 13
State	**35**	20	7
Deferred:			
Federal	**(19)**	(15)	48
State	**2**	(2)	11
Total	**$ 143**	$ 72	$ 79

A reconciliation of the provision for income taxes to the amount computed by applying the statutory federal income tax rate to income before income taxes for each of the periods presented was as follows:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Amount computed at the statutory federal income tax rate	**$ 130**	$ 79	$ 75
State income taxes, net of federal tax benefit	**32**	13	16
Research and development and other federal credits	**(17)**	(8)	(9)
Non-deductible compensation	**10**	3	3
Excess tax benefits for stock-based compensation	**(4)**	(3)	(3)
Non-deductible goodwill	**13**	—	—
Foreign-derived intangible income	**(22)**	(12)	(6)
Other	**1**	—	3
Total	**$ 143**	$ 72	$ 79
Effective income tax rate	**23.1 %**	19.3 %	22.1 %

The effective income tax rate for fiscal 2024 is higher than the rate in fiscal 2023 primarily due to the gain from the divestiture of the Supply Chain Business and the associated non-deductible goodwill, along with an increase in non-deductible compensation related to the Company's reorganization and executive transition. These expenses are partially offset by additional deductions for foreign-derived intangible income and the expiration of an uncertain tax position.

Deferred income taxes are recorded for differences in the basis of assets and liabilities for financial reporting purposes and tax reporting purposes. Deferred tax assets (liabilities) were comprised of:

	February 2, 2024	February 3, 2023
	(in millions)	
Accrued vacation and bonuses	$ 28	$ 28
Accrued liabilities	12	17
Deferred compensation	20	17
Stock awards	8	9
Net operating loss and other carryforwards	70	80
Fixed asset basis difference	1	2
Lease liability	48	50
Research and development expenditures	159	152
Valuation allowance	(8)	(8)
Total deferred tax assets	338	347
Deferred revenue	(34)	(21)
Payroll tax deferral	(2)	(2)
Purchased intangible assets	(287)	(264)
Right of use assets	(39)	(40)
Accumulated other comprehensive income	(4)	(6)
Total deferred tax liabilities	(366)	(333)
Net deferred tax (liabilities) assets	$ (28)	$ 14

Deferred tax assets for both periods include state tax credit carryforwards for which the Company has set up a valuation allowance.

The changes in the unrecognized tax benefits were:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Unrecognized tax benefits at beginning of the year	$ 158	$ 78	$ 66
Additions for tax positions related to prior years	5	5	2
Additions for tax positions related to the current year	21	75	10
Reductions for tax positions related to prior years	(59)	—	—
Reductions for prior year tax positions related to statute expiration	(8)	—	—
Unrecognized tax benefits at end of the year, excluding accrued interest and penalties	$ 117	$ 158	$ 78
Unrecognized tax benefits that, if recognized, would affect the effective income tax rate	$ 111	$ 90	$ 70
Accrued interest and penalties	$ 13	$ 8	$ 4

In fiscal 2024, unrecognized tax benefits decreased from $158 million to $117 million. This decline was primarily driven by a $59 million decrease, with a corresponding decrease in net deferred tax assets, resulting from our analysis of Internal Revenue Service ("IRS") Notice 2023-63 released on September 8, 2023 indicating that certain expenditures related to the performance of cost-type contracts are not subject to capitalization for tax purposes.

The Company includes net interest and penalties as a component of income tax expense.

The Company has filed income tax returns in the U.S. and in various foreign jurisdictions, which may be subject to routine compliance reviews by the IRS and other taxing authorities. While the Company believes it has recorded adequate accruals for uncertain tax positions, the tax authorities may determine that the Company owes taxes in excess of recorded accruals or the recorded accruals may be in excess of the final settlement amounts agreed to by tax authorities. The Company's tax returns for fiscal years 2016 through 2019 and 2021 through 2023 remain subject to examination by the IRS and various other tax jurisdictions. The Company is currently under examination by the IRS for fiscal years 2016 through 2019.

As of February 2, 2024, the Company has approximately $53 million of tax effected federal loss carryforwards, $8 million of tax effected state loss carryforwards and approximately $10 million of state credit carryforwards that will begin to expire in fiscal 2025. The valuation allowance of $8 million at February 2, 2024 relates to these state credit carryforwards.

Note 12—Debt Obligations:

The Company's long-term debt as of the periods presented was as follows:

	February 2, 2024					February 3, 2023		
	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	6.43 %	6.55 %	$ 1,199	$ (4)	$ 1,195	$ 1,230	$ (5)	$ 1,225
Term Loan B Facility due October 2025	7.31 %	7.51 %	328	(1)	327	488	(3)	485
Term Loan B2 Facility due March 2027	7.31 %	7.74 %	182	(2)	180	272	(4)	268
Senior Notes due April 2028	4.88 %	5.11 %	400	(3)	397	400	(4)	396
Total long-term debt			$ 2,109	$ (10)	$ 2,099	$ 2,390	$ (16)	$ 2,374
Less current portion			77	—	77	31	—	31
Total long-term debt, net of current portion			$ 2,032	$ (10)	$ 2,022	$ 2,359	$ (16)	$ 2,343

As of February 2, 2024, the Company has a $2.7 billion secured credit facility (the "Credit Facility") consisting of a Term Loan A Facility due June 2027, a Term Loan B Facility due October 2025, a Term Loan B2 Facility due March 2027 (together, the "Term Loan Facilities"), and a $1.0 billion secured Revolving Credit Facility due June 2027 (the "Revolving Credit Facility"). Any obligations under the Credit Facility are secured by liens on substantially all of the assets of the Company and its subsidiaries. The Revolving Credit Facility is available to the Company through June 2027 and there is no balance outstanding as of February 2, 2024. As of February 2, 2024, the Company was in compliance with the covenants under its Credit Facility.

The Company's Third Amended and Restated Credit Agreement ("Third Amended Credit Agreement") contains certain restrictive covenants applicable to the Company and its subsidiaries including a requirement to maintain a Senior Secured Leverage Ratio (as defined in the Third Amended Credit Agreement) of not greater than 4.00 to 1.00, unless a Permitted Acquisition (as defined in the Third Amended Credit Agreement) occurs in which case not greater than 4.25 to 1.00 for three consecutive quarters following such a transaction.

Borrowings under the Term Loan B Facility due October 2025 amortize quarterly at 0.25% of the original borrowed amount. Borrowings under the Term Loan B2 Facility due March 2027 amortize quarterly at 0.25% of the original borrowed amount with the remaining unamortized balance due in full upon its maturity in March 2027. The Term Loan B2 Facility due March 2027 is subject to the same mandatory prepayments as the Company's existing term loans under the Credit Facility and is subject to the same covenants and events of default as the Company's Term Loan B Facility due October 2025.

The Company's Senior Notes due 2028 (the "Senior Notes") have 4.875% interest payable semi-annually on April 1 and October 1 of each year, and the principal is due April 2028.

On March 1, 2021, the Company executed the Third Amendment to the Third Amended and Restated Credit Agreement, which reduced the applicable margin for the Term Loan B2 Facility due March 2027 for LIBOR loans from 2.25% to 1.875% and for base rate loans from 1.25% to 0.875%.

On July 2, 2021, the Company executed the Fourth Amendment to the Third Amended and Restated Credit Agreement, which established a new senior secured incremental term loan credit facility commitment in the amount of $100 million (the "Term Loan A2 Facility due October 2023"). The entirety of the Term Loan A2 Facility due October 2023 was borrowed by the Company and the proceeds were immediately used to pay a portion of the purchase price of Halfaker (see Note 4—Acquisitions).

On June 30, 2022, the Company executed the Fifth Amendment to the Third Amended and Restated Credit Agreement ("Fifth Amendment"), which established, among other things, a $1,230 million senior secured term loan credit facility ("Term Loan A Facility due June 2027") and increased the Revolving Credit Facility commitment from $400 million to $1,000 million. The entire Term Loan A Facility due June 2027 was immediately borrowed by the Company and the proceeds were used to pay in full the outstanding principal balances under the Term Loan A Facility due October 2023 and Term Loan A2 Facility due October 2023 and to prepay $400 million of principal on the Term Loan B Facility due October 2025.

Borrowings under the Term Loan A Facility due June 2027 amortize quarterly beginning on October 31, 2023 at 1.250% of the original borrowed amount thereunder, with such quarterly amortization increasing to 1.875% on October 31, 2024 and to 2.500% on October 31, 2025. The Term Loan A Facility due June 2027 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.

As a result of the Fifth Amendment, the maturity date for the Revolving Credit Facility was extended to, and the maturity date of the Term Loan A Facility due June 2027 is, the earlier of June 30, 2027 or 91 days prior to the earliest term loan “B” facility maturity date (subject to acceleration in certain circumstances). The Term Loan A Facility due June 2027 is secured by substantially all of the assets of the Company and the Company’s wholly owned domestic subsidiaries, and is guaranteed by each of the Company’s wholly owned domestic subsidiaries. The Term Loan A Facility due June 2027 is subject to the same covenants and events of default as the Company’s existing term loans under the Credit Facility.

Effective with the Fifth Amendment, all interest rates under the Credit Facility transitioned from LIBOR to Term Secured Overnight Financing Rate ("Term SOFR") plus 0.10% for US dollar denominated loans, Sterling Overnight Index Average ("SONIA") for UK pound sterling denominated loans, and Euro Interbank Offered Rate ("EURIBOR") for Euro denominated loans. The applicable interest rate margins under the Term Loan A Facility due June 2027 and the Revolving Credit Facility were reduced to a range from 0.75% to 1.75% per annum for Term SOFR, SONIA and EURIBOR loans, and from 0% to 0.75% per annum for base rate loans, in each case based on the Company’s leverage ratio. Commitment fees for undrawn amounts under the Revolving Credit Facility were also reduced to a range of 0.125% to 0.25% per annum based on the Company’s leverage ratio.

The Company incurred $8 million of debt issuance costs associated with the Fifth Amendment, of which $2 million was recognized in interest expense, with the remaining $6 million deferred and amortized to interest expense through the maturity dates of the facilities utilizing the effective interest rate method.

The scheduled principal repayments for the Term Loan Facilities may be further reduced or eliminated by annual mandatory prepayments of a portion of the Company’s Excess Cash Flow (as defined in the Third Amended Credit Agreement). Mandatory principal prepayments are allocated to the Term Loan Facilities on a pro rata basis and reduce the remaining scheduled principal installments for each facility. During fiscal 2024, the Company made scheduled principal repayments of $31 million on the Term Loan A Facility due June 2027 and voluntary principal prepayments of $160 million and $90 million on the Term Loan B Facility due October 2025 and the Term Loan B2 Facility due March 2027, respectively. During fiscal 2023, in addition to the voluntary principal prepayment mentioned above associated with the Fifth Amendment, the Company made voluntary principal prepayments on the Term Loan B Facility due October 2025 of $90 million. The Company wrote off deferred debt issuance costs of

$2 million and $3 million during fiscal 2024 and 2023, respectively, associated with voluntary principal prepayments which were recognized in interest expense.

During fiscal 2024 and fiscal 2023, the Company borrowed and repaid $160 million and $410 million under the Revolving Credit Facility, respectively.

Maturities of long-term debt as of February 2, 2024 are:

Fiscal Year	Total
	(in millions)
2025	$ 77
2026	435
2027	123
2028	1,074
2029	400
Thereafter	—
Total principal payments	$ 2,109

Note 13—Derivative Instruments Designated as Cash Flow Hedges:

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

	Notional Amount at February 2, 2024	Pay Fixed Rate	Receive Variable Rate	Settlement and Termination	Fair Value of Asset(1) at February 2, 2024	Fair Value of Asset(1) at February 3, 2023
	(in millions)				(in millions)	
Interest rate swaps #1	685	2.96 %	Term SOFR	Monthly through October 31, 2025	15	16
Interest rate swaps #2	—	2.36 %	Term SOFR	Monthly through October 31, 2023	—	9
Total	$ 685				$ 15	$ 25

(1) The fair value of the fixed interest rate swap asset is included in "Other assets" on the 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 14—Changes in Accumulated Other Comprehensive Income 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 fiscal 2024, Interest Rate Swaps #2 matured which had a notional value of $450 million upon maturity. The Company estimates that it will reclassify $13 million of unrealized gains from accumulated other comprehensive income into earnings in the twelve months following February 2, 2024.

On June 30, 2022 and in conjunction with the Fifth Amendment, the Company transitioned the variable rate on its interest rate swaps from 1-month LIBOR to 1-month Term SOFR. Effective with the transition, the Company will pay a fixed rate of 2.96% on the group of interest rate swaps maturing on October 31, 2025 and paid a fixed rate of 2.36% on the group interest rate swaps that matured October 31, 2023. The Company elected to apply the optional expedient in ASC 848, Reference Rate Reform, in connection with transitioning its interest rate swaps from LIBOR to Term SOFR that enabled it to consider the new swaps a continuation of the existing contracts. As a result, the transition did not have an impact on the Company's hedge accounting or a material impact to the Company's consolidated financial statements.

Note 14—Changes in Accumulated Other Comprehensive Income by Component:

The following table presents the changes in accumulated other comprehensive income (loss) attributable to the Company's defined benefit plans and fixed interest rate swap cash flow hedges that are discussed in Note 10—Retirement Plans and Note 13—Derivative Instruments Designated as Cash Flow Hedges, respectively.

	Unrealized Gains (Losses) on Fixed Interest Rate Swap Cash Flow Hedges(1)	Defined Benefit Obligation Adjustment(2)	Total
		(in millions)	
Balance at January 29, 2021	$ (86)	$ (3)	$ (89)
Other comprehensive income before reclassifications	31	5	36
Amounts reclassified from accumulated other comprehensive loss	34	—	34
Income tax impact	(17)	(1)	(18)
Net other comprehensive income	48	4	52
Balance at January 28, 2022	**$ (38)**	**$ 1**	**$ (37)**
Other comprehensive income before reclassifications	67	4	71
Amounts reclassified from accumulated other comprehensive loss	9	—	9
Income tax impact	(20)	(1)	(21)
Net other comprehensive income	56	3	59
Balance at February 3, 2023	**$ 18**	**$ 4**	**$ 22**
Other comprehensive income before reclassifications	14	2	16
Amounts reclassified from accumulated other comprehensive income	(24)	—	(24)
Income tax impact	3	(1)	2
Net other comprehensive loss	(7)	1	(6)
Balance at February 2, 2024	**$ 11**	**$ 5**	**$ 16**

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

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

Note 15—Sale 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. Effective March 31, 2022, the Company amended the MARPA Facility to transition the purchase discount rate defined within the facility agreement from using LIBOR to Term SOFR. The amendment did not have a material impact on the Company's financial statements. The receivables sold under the MARPA Facility are without recourse for any U.S. government credit risk. The MARPA Facility automatically renews each year unless one of the parties gives prior notice to terminate.

The receivable transfers under the MARPA Facility have been recognized as sales, as the receivables had been legally isolated from the Company, the financial institution had a right to pledge or exchange the assets received and we do not maintain effective control over the transferred receivables. The fair value of the sold receivables approximated their book value due to their short-term nature.

The Company does not retain an ongoing financial interest in the transferred receivables other than cash collection and administrative services. The Company estimated that its servicing fee was at fair value and therefore has not recognized a servicing asset or liability as of February 2, 2024 and February 3, 2023. Proceeds from the sale of receivables are reflected as cash flows from operating activities on the consolidated statements of cash flows.

During fiscal 2024, 2023 and 2022, the Company incurred purchase discount fees of $9 million, $8 million and $2 million, respectively, which are presented in "Other expense (income), net" on the consolidated statements of income.

MARPA Facility activity consisted of the following:

	Year Ended	
	February 2, 2024	February 3, 2023
	(in millions)	
Beginning balance	$ 250	$ 200
Sale of receivables	2,560	3,729
Cash collections	(2,605)	(3,679)
Outstanding balance sold to Purchaser[1]	205	250
Cash collected, not remitted to Purchaser[2]	(54)	(30)
Remaining sold receivables	$ 151	$ 220

(1) For fiscal 2024 and 2023, the Company recorded a net decrease of $45 million and a net increase of $50 million to cash flows from operating activities, respectively, from sold receivables.

(2) Primarily represents the cash collected on behalf of but not yet remitted to the Purchaser as of February 2, 2024 and February 3, 2023. This balance is included in "Accounts payable" on the consolidated balance sheets.

Note 16—Operating Leases:

Total operating lease cost is comprised of the following:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Operating lease cost	$ 56	$ 67	$ 92
Variable lease cost	13	11	17
Short-term lease cost	2	2	9
Sublease income	—	—	(1)
Total lease cost	$ 71	$ 80	$ 117

Lease cost and sublease income are included primarily in cost of revenues and SG&A, except for $12 million of impairment of right of use assets for fiscal 2022 that are included in acquisition and integration costs.

The Company's ROU assets and lease liabilities consisted of the following:

	Balance Sheet line item	February 2, 2024	February 3, 2023
		(in millions)	
Operating lease ROU asset	Operating lease right of use assets	$ 152	$ 158
Operating lease current liability	Other accrued liabilities	39	42
Operating lease non-current liability	Operating lease liabilities	147	152
Total operating lease liabilities		$ 186	$ 194

Other supplemental operating lease information consists of the following:

	Year Ended		
	February 2, 2024	February 3, 2023	January 28, 2022
		(in millions)	
Cash paid for amounts included in the measurement of operating lease liabilities	**$ 59**	$ 62	$ 74
ROU assets obtained in exchange for new operating lease obligations	**$ 43**	$ 15	$ 54

Maturities of operating lease liabilities as of February 2, 2024 were as follows:

Fiscal Year	Total
	(in millions)
2025	$ 45
2026	48
2027	42
2028	26
2029	19
Thereafter	30
Total minimum lease payments	210
Less: imputed interest	(24)
Present value of operating lease liabilities	$ 186

The weighted-average remaining lease term and the weighted-average discount rate was 5 years and 4.3% as of February 2, 2024, respectively, and 5 years and 3.5% as of February 3, 2023, respectively.

As of February 2, 2024, the Company had rental commitments of $7 million for facility leases that have not yet commenced. These operating leases are expected to commence in fiscal 2025 and have a weighted-average lease term of approximately 8 years.

During fiscal 2024 and 2023, revenue recognized from the exercise of purchase options under certain lessor arrangements was immaterial and $23 million, respectively. Operating lease income was immaterial for fiscal 2024, but was $2 million and $18 million for fiscal 2023 and 2022, respectively.

Note 17—Business Segment Information:

The Company is organized as a matrix comprised of two customer facing operating sectors supported by the enterprise organizations, including the Innovation Factory. The Company defines its operating sectors based on the way the CODM, currently the Company's CEO, manages the operations for the purpose of allocating resources and assessing performance.

The two operating sectors are responsible for customer relationships, program management, delivery and execution, and, in collaboration with the enterprise organizations, manage the development of the Company's offerings, solutions and capabilities which support the Company's four strategic pivots — portfolio, go-to-market, culture and brand. The Company's Innovation Factory develops superior enterprise-class solutions which are delivered to its customers as stand-alone solutions or integrated with and aligned to the Company's product offerings 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 cyber. It uses a highly automated, cloud-hosted tool set to rapidly build, test and deploy solutions quickly and works with customers to enhance solutions going forward. The Company's operating sectors are aggregated into one reportable segment because they have similar economic characteristics and meet the other aggregation criteria including similarities in the nature of the services provided, methods of service delivery, customers served and the regulatory environment in which they operate.

Effective February 3, 2024, the first day of fiscal 2025, the Company completed a business reorganization which replaces its current two operating sectors with five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The reorganization is designed to enhance management's involvement with customers and advance the Company's innovation and go-to-market strategy. The new business group leaders will report directly to the Company's CEO, who will continue to be the CODM. The Company is currently evaluating the impact of the reorganization on its segment reporting.

Substantially all of the Company's revenues and tangible long-lived assets are generated and located in the United States. As such, financial information by geographic location is not presented.

In each of fiscal 2024, 2023 and 2022, 98% of the Company's total revenues were attributable to prime contracts with the U.S. government or to subcontracts with other contractors engaged in work for the U.S. government.

Note 18—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. The Company is continuing to negotiate with the Marine Corps to recover costs associated with the termination.

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 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 February 2, 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 CAS.

Letters of Credit and Surety Bonds

The Company has outstanding obligations relating to letters of credit of $9 million as of February 2, 2024, principally related to guarantees on insurance policies. The Company also has outstanding obligations relating to surety bonds in the amount of $19 million, principally related to performance and payment bonds on the Company’s contracts.

Note 19—Subsequent Events:

Debt Refinancing

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.

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. Borrowings will bear interest based on the Term SOFR or a base rate, plus an applicable margin of 1.875% for Term SOFR loans and 0.875% for base rate loans. In the event any portion of the Term Loan B3 Facility due February 2031 is repaid prior to August 8, 2024 as a result of a Repricing Event (as defined in the Sixth Amendment), the Company will be required to repay a 1.00% fee of the amount repaid. After this initial six month period, 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.

Transfer of Listing of Common Stock to The Nasdaq Stock Market LLC ("Nasdaq")

On February 20, 2024, the Company provided notice to the New York Stock Exchange (“NYSE”) that it intended to have its shares of common stock voluntarily delisted from the NYSE after the close of trading on March 4, 2024. The Company’s common stock was authorized for listing on Nasdaq, and effective as of the opening of trading on March 5, 2024, the Company voluntarily transferred the listing of its shares of common stock from the NYSE to the Nasdaq. The Company’s common stock will continue to trade under the symbol “SAIC."

Quarterly Dividend Declared

Subsequent to the end of fiscal 2024, on March 14, 2024, the Company’s Board of Directors declared a cash dividend of $0.37 per share of the Company’s common stock payable on April 26, 2024 to stockholders of record on April 12, 2024.

Exhibit 4.1

Description of Securities

General

Science Applications International Corporation (“SAIC,” “us,” “we,” or “our”) is currently authorized to issue up to 1,000,000,000 shares of common stock, par value $0.0001 per share and up to 10,000,000 shares of preferred stock, par value $0.0001 per share. Our common stock is registered under Section 12(b) of the Exchange Act.

The following summary is not complete, and we qualify this description by referring to our amended and restated certificate of incorporation (“certificate of incorporation”) and our amended and restated bylaws (“bylaws”), which are incorporated by reference as exhibits to this Annual Report on Form 10-K, and to the Delaware General Corporation Law (the “DGCL”).

Dividends

Holders of shares of our common stock are entitled to receive dividends when and if declared by our Board out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Voting Rights

Holders of shares of our common stock are entitled to one vote for each share held of record on all matter submitted to a vote of stockholders. The vote of the holders of a majority of the stock represented at a meeting at which a quorum is present is generally required to take stockholder action, unless a different vote is required by law or specifically required by our certificate of incorporation or bylaws, Delaware law, or The Nasdaq Stock Market LLC ("Nasdaq").

The holders of our preferred stock do not have the right to vote, except as the SAIC Board establishes, or as provided in our certificate of incorporation or as determined by state law.

Our certificate of incorporation does not provide for cumulative voting in the election of directors.

Rights Upon Liquidation

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to receive pro rata our remaining assets available for distribution.

Other Rights

Holders of shares of our common stock do not have preemptive, subscription, redemption or conversion rights. All outstanding shares of common stock are fully paid and nonassessable.

Preferred Stock

The holders of our preferred stock do not have the right to vote, except as the SAIC Board establishes, or as provided in the certificate of incorporation or as determined by state law.

The Board of Directors has the authority to determine the terms of each series of preferred stock, within the limits of our certificate of incorporation, our bylaws and the laws of the state of Delaware. These terms include the number of shares in a series, dividend rights, rights in liquidation, terms of redemption, conversion and exchange rights and voting rights, if any.

There are no shares of preferred stock outstanding.

Certain Provisions of Delaware Law, Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws Could Delay or Prevent a Change in Control

No Stockholder Action by Written Consent. Our certificate of incorporation expressly excludes the right of our stockholders to act by written consent. Stockholder action must take place at an annual meeting or at a special meeting of our stockholders.

Special Stockholder Meetings. Our certificate of incorporation provides that special meetings of our stockholders may be called by the board of directors, a majority of the board of directors, or a committee designated by the board of directors. A special meeting may also be called or by a single stockholder owning at least 10%, or one or more stockholders owning at least 25%, of the combined voting power of all classes of capital stock entitled to vote on the matter or matters to be brought before the proposed special meeting.

Mergers with Related Persons. Our certificate of incorporation generally requires that mergers and certain other business combinations between us and a related person must be approved by the holders of securities having two-thirds of our outstanding voting power, as well as by the holders of a majority of the voting power of such securities that are not owned by the related person. A “related person” means any holder of 5% or more of our outstanding voting power. Under Delaware law, unless the certificate of incorporation provides otherwise, only a majority of our outstanding voting power is required to approve certain of these transactions, such as mergers and consolidations, while certain other of these transactions would not require stockholder approval.

These requirements of our certificate of incorporation do not apply, however, to a business combination with a related person, if the transaction:

- is approved by our Board of Directors before the related person acquired beneficial ownership of 5% or more of our outstanding voting power; or

- is approved by a majority of the members of our Board of Directors who are not affiliated with the related person and who were directors before the related person became a related person; or

- involves only us and one or more of our subsidiaries and certain other conditions are satisfied.

In addition, any amendment to the certificate of incorporation provisions described above requires (1) the vote of at least 80% in voting power of all of the outstanding shares of our stock entitled to vote and (2) the vote of at least a majority in voting power of the outstanding shares of our stock entitled to vote other than shares of voting stock that are beneficially owned by a related person that directly proposed such amendment.

SAIC has not opted out of Section 203 of the DGCL, which provides that, if a person acquires 15% or more of the outstanding voting stock of a Delaware corporation, thereby becoming an “interested stockholder”, that person may not engage in certain “business combinations” with the corporation, including mergers, purchases and sales of 10% or more of its assets, stock purchases and other transactions pursuant to which the percentage of the corporation’s stock owned by the interested stockholder increases (other than on a pro rata basis) or pursuant to which the interested stockholder receives a financial benefit from the corporation, for a period of three years after becoming an interested stockholder unless one of the following exceptions applies: (i) the SAIC Board approved the acquisition of stock pursuant to which the person became an interested stockholder or the transaction that resulted in the person becoming an interested stockholder prior to the time that the person became an interested stockholder; (ii) upon consummation of the transaction that resulted in the person becoming an interested stockholder such person owned at least 85% of the outstanding voting stock of the corporation, excluding, for purposes of determining the voting stock outstanding, voting stock owned by directors who are also officers and certain employee stock plans; or (iii) the transaction is approved by the SAIC Board and by the affirmative vote of two-thirds of the outstanding voting stock which is not owned by the interested stockholder. An “interested stockholder” also includes the affiliates and associates of a 15% or more owner and any affiliate or associate of the corporation who was the owner of 15% or more of the outstanding voting stock within the three-year period prior to determine whether a person is an interested stockholder.

Supermajority Provisions. Our certificate of incorporation and our bylaws provide that the Board of Directors is expressly authorized to adopt, amend or repeal, in whole or in part, our bylaws without a stockholder vote. No section of the bylaws may be adopted, repealed, altered, amended or rescinded by stockholders except by the vote of the holders of not less than two-thirds of the total voting power of all outstanding shares of voting stock. In addition, any director or the entire Board of Directors may be removed with or without cause by the holders of two-thirds of the total voting power of all outstanding shares.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares of stock entitled to vote is required to amend a corporation’s certificate of incorporation, unless the certificate of incorporation requires a greater percentage. Our certificate of incorporation provides that the following provisions in our certificate of incorporation may be amended only by a vote of at least two-thirds of the voting power of all of the outstanding shares of our stock entitled to vote thereon, voting together as a single class:

- filling vacancies on our Board of Directors and newly created directorships;
- the removal of directors;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- the provisions requiring that the bylaws be amended only with a two-thirds supermajority vote; and
- the amendment provision requiring that the above provisions be amended only with a two-thirds supermajority vote.

Exhibit 21

Subsidiaries of Registrant	Jurisdiction of Incorporation or Organization
SAIC International Holdings, Inc.	Delaware
TASC Services Corporation	Delaware
ATAC Services, LLC	Delaware
SAIC Gemini Huntsville, LLC	Delaware
Odyssey Drive I, Ltd.	California
Valinar, LLC	Delaware
Halfaker and Associates, LLC	Virginia
Koverse, Inc.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Science Applications International Corporation:

(1) Form S-8 No. 333-191436
(2) Form S-8 No. 333-203222
(3) Form S-8 No. 333-229254
(4) Form S-8 No. 333-272484
(5) Form S-8 POS No. 333-229254
(6) Form S-8 No. 333-273014

of our reports dated March 20, 2024, with respect to the consolidated financial statements of Science Applications International Corporation and the effectiveness of internal control over financial reporting of Science Applications International Corporation included in this Annual Report (Form 10-K) of Science Applications International Corporation for the year ended February 2, 2024.

/s/ ERNST & YOUNG LLP

Tysons, Virginia
March 20, 2024

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 Annual Report on Form 10-K for the period ended February 2, 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: March 20, 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 Annual Report on Form 10-K for the period ended February 2, 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: March 20, 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 Annual Report of Science Applications International Corporation (the “Company”) on Form 10-K for the period ended February 2, 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: March 20, 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 Annual Report of Science Applications International Corporation (the “Company”) on Form 10-K for the period ended February 2, 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: March 20, 2024

/s/ Prabu Natarajan

Prabu Natarajan
Chief Financial Officer

Exhibit 97

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION

RULE 10D-1 COMPENSATION RECOVERY POLICY

Effective October 2, 2023
Pursuant to the Listing Standards of the New York Stock Exchange

Amended and Restated Effective March 5, 2024
Pursuant to the Listing Standards of The Nasdaq Stock Market LLC

Policy

The Board of Directors (the "Board") of Science Applications International Corporation (the "Company") has adopted this Compensation Recovery Policy (this "Policy") to comply with Rule 10D-1 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), the Securities and Exchange Commission regulations promulgated thereunder, and applicable listing standards of The Nasdaq Stock Market LLC ("Nasdaq"). Pursuant to Rule 10D-1, subject to and in accordance with the terms of this Policy, upon a Recoupment Event, each Covered Executive shall be obligated to return to the Company, reasonably promptly, the amount of Erroneously Awarded Compensation that was received by such Covered Executive during the Lookback Period.

Administration

This Policy will be administered by the Board or, if so designated by the Board, the Human Resources and Compensation Committee of the Board (the "Compensation Committee"), in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board or, if applicable, the Compensation Committee, will be final and binding on all affected individuals.

Definitions

"Accounting Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement).

"Covered Executive" means each individual who is a current or former officer of the Company in accordance with Rule 16a-1(f) of the Exchange Act. At a minimum, executive officers identified pursuant to Item 401(b) of Regulation S-K would be included. In addition, a Covered Executive includes any additional officer(s) who have been expressly designated in writing by the Compensation Committee as being subject to this Policy.

"Erroneously Awarded Compensation" means, with respect to each Covered Executive in connection with an Accounting Restatement, the excess of the amount of Incentive-Based Compensation received by the Covered Executive during the Lookback Period over the amount of Incentive-Based Compensation that otherwise would have been received had it been determined based on the restated amounts, computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (a) the amount must be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received; and (b) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to Nasdaq.

"Financial Reporting Measures" are any measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the SEC.

"Incentive-Based Compensation" is any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

"Lookback Period" means the three completed fiscal years immediately preceding the Required Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

A "Recoupment Event" occurs when the Company is required to prepare an Accounting Restatement.

"Required Restatement Date" means the earlier to occur of: (a) the date the Company's Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement.

"Section 409A" means Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder.

Amount Subject to Recovery

Incentive-Based Compensation received (i) on or after the original effective date of this Policy (even if such Incentive-Based Compensation was approved, awarded or granted prior to the effective date), (ii) after an individual became a Covered Executive; (iii) by an individual who was a Covered Executive at any time during the performance period for such Incentive-Based Compensation and (iv) while the Company has a class of securities listed on a national securities exchange or national securities association, shall be subject to potential recovery under this Policy.

The amount of Incentive-Based Compensation subject to recovery from a Covered Executive upon a Recoupment Event is the Erroneously Awarded Compensation, which amount shall be determined by the Board.

For purposes of this Policy, Incentive-Based Compensation is deemed "received" in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

Recovery of Erroneously Awarded Compensation

Promptly following a Recoupment Event, the Board will determine the amount of Erroneously Awarded Compensation for each Covered Executive, and the Company will provide each such Covered Executive with a written notice of such amount and a demand for repayment or return. Upon receipt of such notice, each affected Covered Executive shall promptly repay or return such Erroneously Awarded Compensation to the Company.

If such repayment or return is not made within a reasonable time, the Company shall recover Erroneously Awarded Compensation in a reasonable and prompt manner using any lawful method, which may include, without limitation:

- requiring reimbursement of cash previously paid, as well as any Erroneously Awarded Compensation that is deferred and not yet payable, including any interest or earnings accrued;

- seeking recovery of any shares of Company stock that are Erroneously Awarded Compensation;
- seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- offsetting such amount from any compensation the Company otherwise owes to the Covered Executive;
- cancelling outstanding vested or unvested equity awards;
- causing the forfeiture of any unpaid, vested or unvested, compensation; and
- taking any other remedial and recovery action permitted by law;

provided that recovery of any Erroneously Awarded Compensation must be made in compliance with Section 409A. The applicable Covered Executive shall also be required to reimburse the Company for any and all expenses (including legal fees) reasonably incurred by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

Limited Exceptions

Erroneously Awarded Compensation will be recovered in accordance with this Policy unless the Board determines that recovery would be impracticable and one of the following conditions is met:

- the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered, provided the Company has first made a reasonable effort to recover the Erroneously Awarded Compensation; or
- the recovery would likely cause a U.S. tax-qualified retirement plan to fail to meet the requirements of Internal Revenue Code Sections 401(a)(13) and 411(a) and the regulations thereunder.

Reliance on any of the above exemptions will further comply with applicable listing standards, including without limitation, documenting the reason for the impracticability and providing required documentation to Nasdaq.

No Insurance or Indemnification

The Company will not, and each Covered Executive shall be required to acknowledge that the Company will not, indemnify any Covered Executive against the loss of any Erroneously Awarded Compensation (or related expenses incurred by the Covered Executive) pursuant to a recovery of Erroneously Awarded Compensation under this Policy, nor will it pay or reimburse a Covered Executive for any insurance premiums on any insurance policy obtained by the Covered Executive to protect against the forfeiture or recovery of any compensation pursuant to this Policy.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This Policy shall be applied and interpreted in a manner that is consistent with the requirements of Rule 10D-1 and any applicable regulations, rules or standards adopted by SEC or the rules of any national securities exchange or national securities association on which the Company's securities are listed. In the event that this Policy does not meet the requirements of Rule 10D-1, the SEC regulations promulgated thereunder, or the rules of any national securities exchange or national securities association on which the Company's securities are listed, this Policy shall be deemed to be amended to meet such requirements.

Reporting

The Company will file all disclosures with respect to this Policy in accordance with the requirements of the federal securities laws, including the disclosure required by the applicable SEC rules and forms.

Other Recoupment Rights

Any Incentive-Based Compensation provided for in an employment agreement, incentive compensation plan, policy, program or agreement, equity award, or similar plan, program or agreement shall, as a condition to the grant of any benefit thereunder, be subject to the terms of this Policy. This Policy is in addition to (and not in lieu of) any other clawback or compensation recovery, recoupment or forfeiture policy that may be adopted by the Company from time to time or any laws, rules or listing standards applicable to the Company, including without limitation, the Company's Discretionary Compensation Recovery (Recoupment) Policy and/or the Company's right to recoup any bonus or other compensation from the Company's Chief Executive Officer and Chief Financial Officer pursuant to Section 304 of the Sarbanes-Oxley Act of 2022. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, incentive compensation plan, policy, program or agreement, equity award, or similar plan, program or agreement and any other legal remedies available to the Company. The Board intends that this Policy will be applied to the fullest extent of the law.

Amendment; Termination

The Board may amend this Policy in its discretion and shall amend this Policy as it deems necessary (with retroactive effect, if needed) to comply with the regulations adopted by the SEC under Rule 10D-1 and the rules of any national securities exchange or national securities association on which the Company's securities are listed. The Board may terminate this Policy at any time. Notwithstanding anything herein to the contrary, no amendment or termination of this Policy shall be effective if that amendment or termination would cause the Company to violate any federal securities laws, SEC rules or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.