FINANCIAL RESULTS FY25 3Q

SUPPLEMENTAL FINANCIAL PRESENTATION
December 5, 2024

SAIC

Forward Looking Statements

Certain statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "should," "expects," "intends," "projects," "plans," "believes," "estimates," "targets," "anticipates," and similar expressions identify forward-looking statements in this presentation. Such statements include, but are not limited to, statements about future financial and operating results, plans, objectives, expectations and intentions, and other statements that are not historical facts. These statements are subject to numerous assumptions, risks, and uncertainties, and other factors, many of which are outside the control of SAIC. These factors could cause actual results to differ materially from such forward-looking statements. Risks, uncertainties and assumptions that could cause SAIC's actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, those described in the "Risk Factors" section of SAIC's most recent Form 10-K filed with the Securities and Exchange Commission ("SEC") and updated in any subsequent Quarterly Reports on Form 10-Q and other filings with the SEC. The reports referenced above are available on SAIC's website at www.saic.com or on the SEC's website at www.sec.gov. No assurance can be given that the results of events described in forward-looking statements will be achieved and actual results may differ materially from these statements. SAIC disclaims any obligation to update any forward-looking statements provided in this presentation to reflect subsequent events, actual results, or changes in SAIC's expectations.

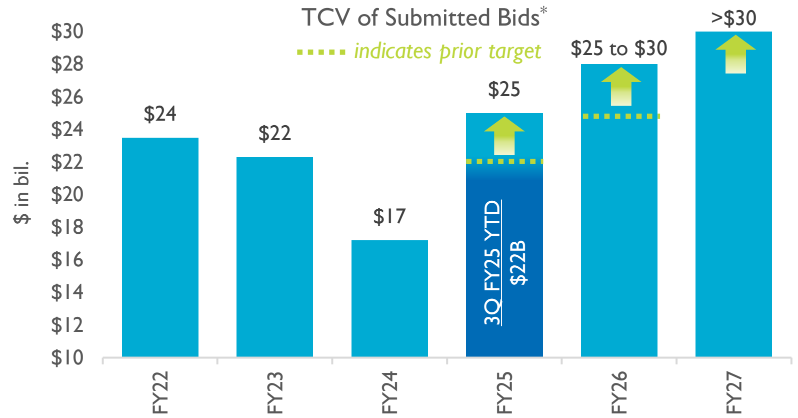
In addition, these slides should be read in conjunction with our earnings press release dated December 5, 2024 along with listening to or reading a transcript of the management comments delivered in an earnings conference call held on December 5, 2024.

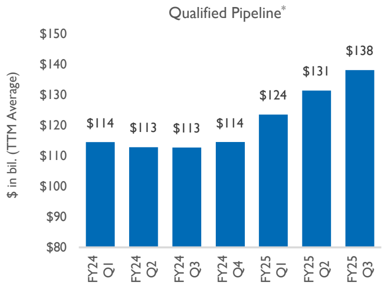
All information in these slides are as of December 5, 2024. SAIC expressly disclaims any duty to update any forward-looking statement provided in this release to reflect subsequent events, actual results or changes in SAIC's expectations. SAIC also disclaims any duty to comment upon or correct information that may be contained in reports published by investment analysts or others.

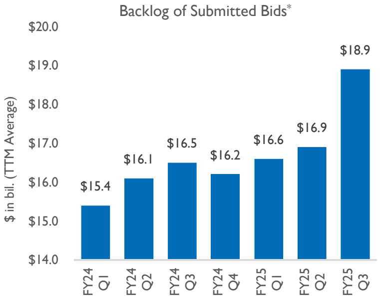
SAIC Investment Case

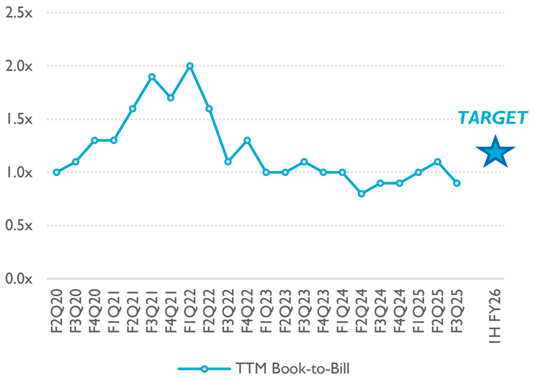
TRACK RECORD OF DELIVERING ON COMMITMENTS	Keen focus on consistent execution, transparency with investors, and aligning incentives with shareholder value drives strong track record
CONSISTENT ORGANIC REVENUE GROWTH	FY22 to FY27 average organic growth of ~3.5% supported by exposure to durable and growing total addressable market
MARGIN IMPROVEMENT WITH ~10% LONG-TERM TARGET	Strong base of cost-type contracts provides stability while fixed-price and T&M portfolio along with increasing differentiation and Factory solutions drive upside to EBITDA and margins
COMPOUNDING FREE CASH FLOW PER SHARE GROWTH	Mid-single-digit growth in free cash flow and lowering WASO by 4% - 5% annually expected to drive free cash flow per share of ~$12 in FY27 from ~$8 in FY23
CAPITAL DEPLOYMENT BIASED TO SHARE REPURCHASES	FY25 to FY27 plan assumes $375M of annual repurchases with additional capacity for incremental repo or tuck-in M&A

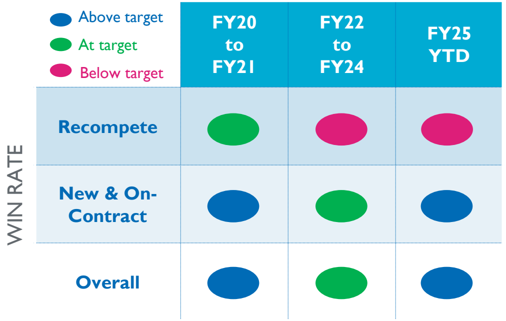
BID MORE BID BETTER WIN MORE











*Figures are pro-forma for the divestiture of L&SCM and deconsolidation of FSA JV

SAIC

Initial Efficiency Efforts To Focus on "Waste," Not Programs

Area of Focus	"Within" organization productivity	"Between" organization productivity	Payment integrity/fraud, waste, and abuse	Program changes
Potential Savings	$250-300B		$230-520B	*TBD*

"The two of us will advise DOGE at every step to pursue three major kinds of reform: regulatory rescissions, administrative reductions and cost savings. We will focus particularly on driving change through executive action based on existing legislation rather than by passing new laws."

"…DOGE will help end federal overspending by taking aim at the $500 billion plus in annual federal expenditures that are unauthorized by Congress or being used in ways that Congress never intended, from $535 million a year to the Corporation for Public Broadcasting and $1.5 billion for grants to international organizations…"

"Critics claim that we can't meaningfully close the federal deficit without taking aim at entitlement programs like Medicare and Medicaid, which require Congress to shrink. But this deflects attention from the sheer magnitude of waste, fraud and abuse that nearly all taxpayers wish to end—and that DOGE aims to address by identifying pinpoint executive actions that would result in immediate savings for taxpayers."

Sources: US government productivity: A more than $2000 per resident opportunity" GAO (Fraud Risk Management) Excerpts from "The DOGE Plan to Reform Government

SAIC Preparing for Potential Changes in the Market

1 — Focused and Durable Federal Civilian Business

Approximately 75% of Civilian revenue supporting secure borders, safe airspace, support for our veterans, financial operations, and diplomacy.

2 — Highly Variable Cost Structure & Low Capex

Over 70% of SAIC's cost structure is labor-related and variable which provides for favorable operating leverage during periods of revenue softness.

3 — Flexible Internal Investment Budget

Ability to flex investment spending to offset or mitigate impact to EBITDA and Free Cash Flow from lower revenue.

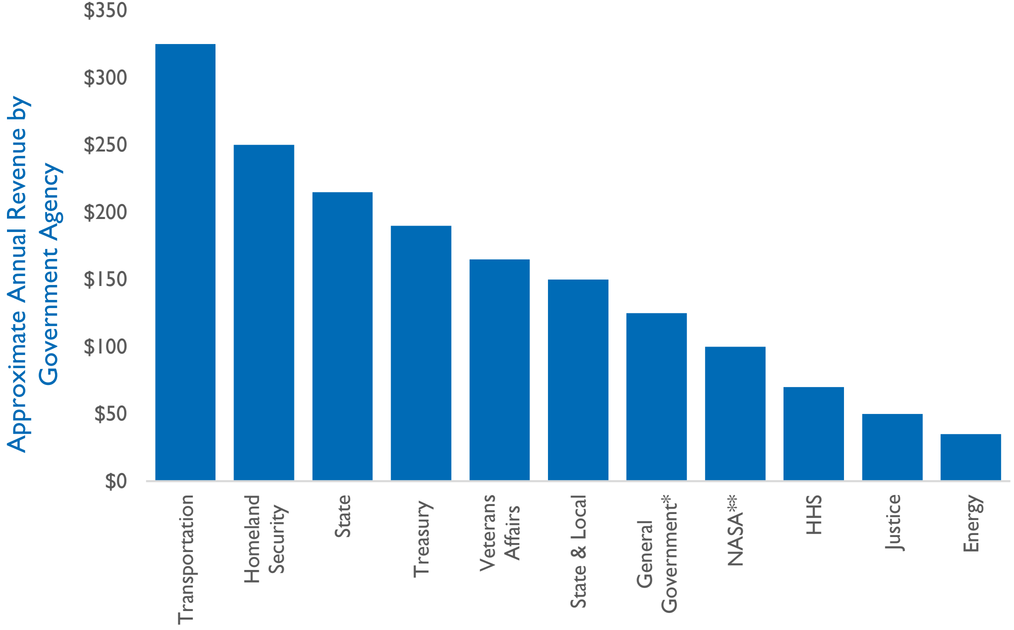
4 — Capacity to Increase Capital Deployment

With leverage at approximately 3.0x and a durable business model, SAIC has capacity to prudently but more aggressively deploy capital to drive long-term shareholder value.

5 — Ability to Manage Increased Use of Fixed Price Contracts

SAIC earns >12% adjusted EBITDA margins on current portfolio of fixed price programs with consistent performance and execution.

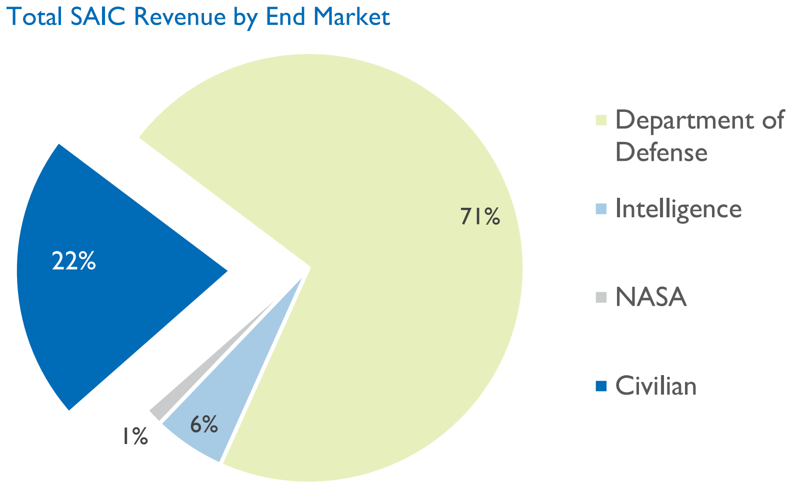
Civilian Business Group Focused and Durable



% of SAIC Revenue	4.3%	3.3%	2.9%	2.5%	2.2%	2.0%	1.7%	1.3%	0.9%	0.7%	0.5%
% of Agency Budget	1.1%	0.4%	0.3%	1.3%	0.1%	-	0.3%	0.4%	0.1%	0.1%	0.1%

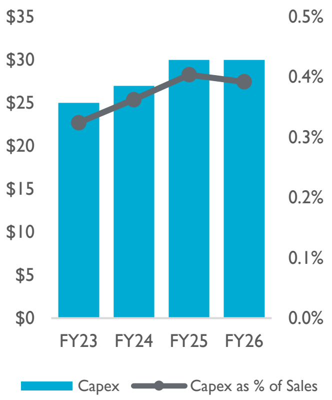
General Government includes USDA, Commerce, GSA, and EPA

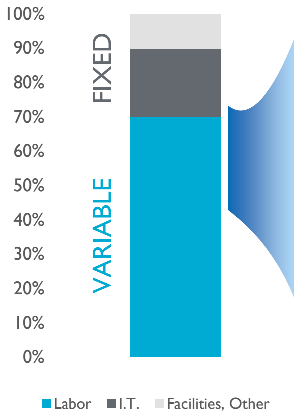
*** NASA is included in the company's Defense & Intelligence operating segment*



Focus on Proving Earnings, Cash Flow Durability through Cycle

Asset-light, Low Capex Business Model **+** Highly Variable Cost Structure **+** Discretionary, Flexible "Indirect" Investments **=** Durable EBITDA & Free Cash Flow





Corporate & Functional Support

Business Development

Total Annual "Indirect" Budget $700M - $900M

Innovation Factory & Internal R&D

Enterprise Operations

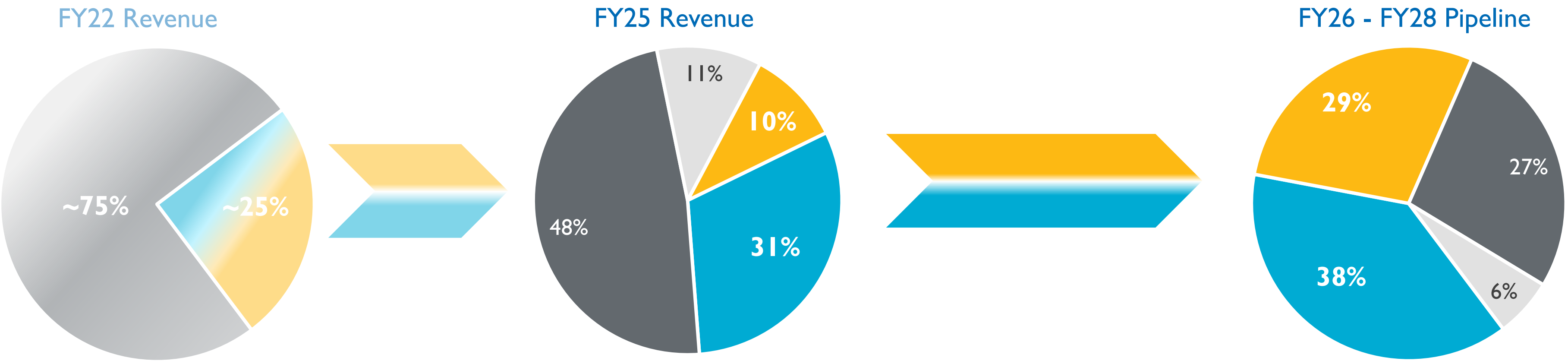
	FY27 Revenue	Potential Cost Efficiency Initiative	FY27 Adj. EBITDA	FY27 Free Cash Flow	Share Repurchases	Free Cash Flow per Share
Scenario 1 **Current Guidance** FY27 Revenue +5% Y/Y	$8,025M	-	$765M	$550M	~$375M	**~$12.00**
Scenario 2 FY27 Revenue Flat Y/Y	$7,650M	$50M cost reduction yields $20M net benefit to EBITDA	~$750M	~$540M	~$500M	**~$12.00**
Scenario 3 FY27 Revenue (~5%) Y/Y	$7,265M	$100M cost reduction yields $35M net benefit to EBITDA	~$725M	$525M	~$600M	**~$12.00**

Given SAIC's contract mix, approximately 35% of cost savings initiatives benefit EBITDA with the remainder passed back via lower costs on cost-plus contracts.

For example, in **Scenario 3**, a $100M cost reduction initiative would provide ~$35M of EBITDA benefit to partially offset the ~$75M of lower EBITDA due to less revenue compared to **Scenario 1**.

Equity market underappreciating variability of investments and cost structure to mitigate <u>potential</u> revenue pressure

Strategy Driving Portfolio towards Enterprise & Mission IT



Market	% of FY25 revenue	EBITDA %	Description of Work
Mission IT	10%	9% to 10%	Specialized hardware, software, services and integrated solutions directly associated with delivering the primary mission of the agency.
Enterprise IT	31%	10% to 11%	Software and services for delivery of a secure infrastructure and administrative systems across an agency.
Engineering Services	48%	8% to 9%	All engineering-related work including modeling & simulation, prototyping, and research & development.
Professional Services	11%	8% to 9%	All non-engineering, non-IT labor-based services to include advisory, PMO, and staff augmentation.

SAIC Fiscal Year 2027 Targets

REVENUE*

$7.95B - $8.10B

~5% organic
revenue growth

EBITDA*

$750M – $780M

FY27 adj. EBITDA margin*
guidance of 9.4% - 9.6%

FREE CASH FLOW*

$550M

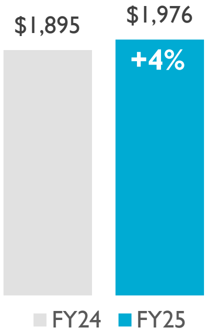
~$12/share

* *A non-GAAP financial measure. Such non-GAAP measure should be considered in addition to, not a substitute for, the corresponding GAAP financial measure*

FY25 Q3 RESULTS(1)

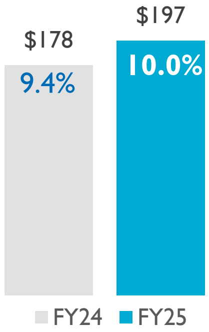
Fiscal 3Q

REVENUE



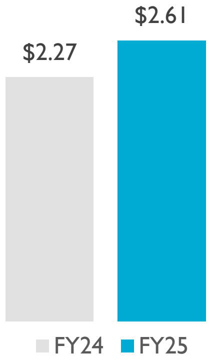
- **+** **Space** GMASS
- **+** **Civilian** Vanguard
- **+** **Army** RITS
- **+** **Civilian** T-Cloud
- **–** **NASA** OMES II
- **–** Other Program Completions

ADJUSTED EBITDA(2)



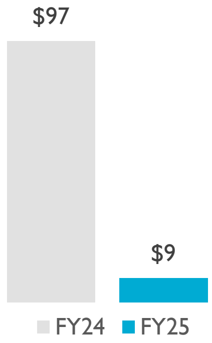
- **+** Improved Execution
- **–** Higher Internal Investment

ADJUSTED DILUTED EPS(2)



- **+** Lower Tax Rate
- **+** Lower Share Count
- **+** Higher EBITDA
- **–** Interest Expense

FREE CASH FLOW(2)



- **+** Cash Taxes
- **–** A/R & DPO
- **–** Interest Expense

(1) Results of Science Applications International Corporation and its consolidated subsidiaries for the quarters ended November 3, 2023 and November 1, 2024

(2) Adjusted EBITDA, adjusted diluted earnings per share and free cash flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation

Fiscal Year 2025 Guidance

	CURRENT FISCAL YEAR 2025 GUIDANCE	PRIOR FISCAL YEAR 2025 GUIDANCE
Revenue	**$7.425B - $7.475B**	$7.35B - $7.50B
Pro-Forma Organic Growth	*~3%*	*~2.5%*
Adjusted EBITDA[(1)]	**$685M - $695M**	$680M - $700M
Adjusted EBITDA %[(1)]	**~9.3%**	9.2% - 9.4%
Adjusted Diluted EPS [(1)]	**$8.50 - $8.65**	$8.10 - $8.30
Free Cash Flow [(1)]	**$490M - $510M**	$490M - $510M

KEY ASSUMPTIONS

- FY25 adjusted diluted EPS guidance assumes the following:
  - 18% effective tax rate
  - Interest expense of ~$130M recognized as *Interest expense, net* and ~$15M recognized in *Other (income) expense, net* related to MARPA
  - Intangible amortization of $110M-$120M
  - Share count of approximately 51M

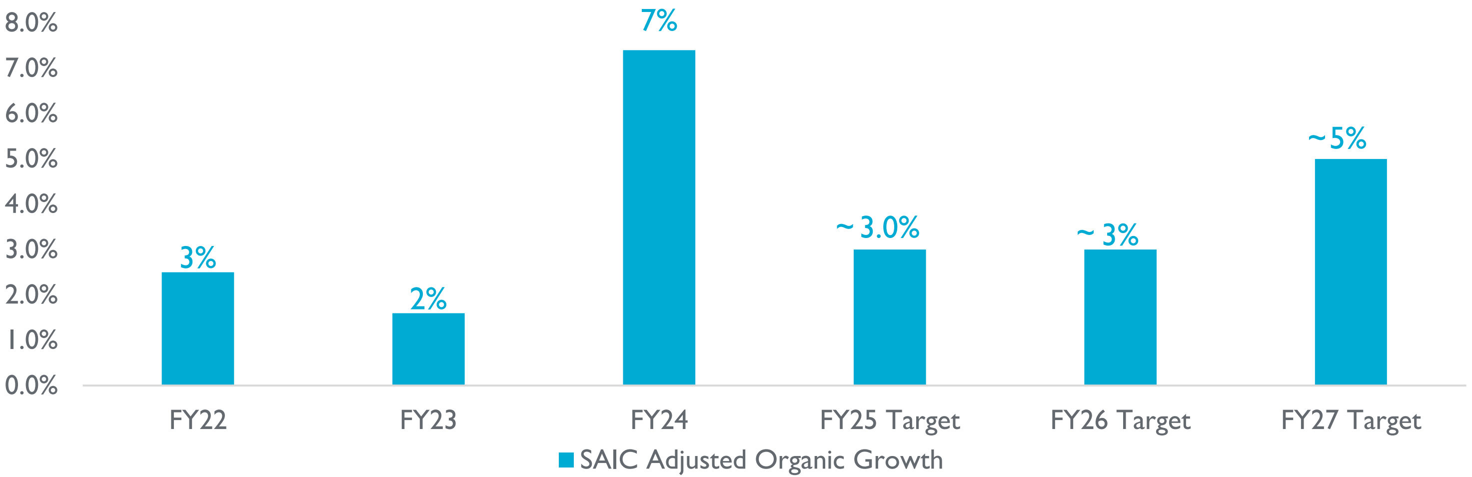
KEY MODELING CONSIDERATIONS

- 4Q EPS assumes effective tax rate of approximately 10% due to the favorable resolution of prior-year tax reserves

(1) Adjusted EBITDA, Adjusted EBITDA %, adjusted diluted earnings per share and free cash flow are non-GAAP financial measures as defined and reconciled in the appendix of this presentation

The Company does not provide a reconciliation of forward-looking adjusted diluted EPS to GAAP diluted EPS or adjusted EBITDA margin to GAAP net income due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including, but not limited to, amortization of acquired intangible assets and acquisition, integration and restructuring costs. As a result, the Company is not able to forecast GAAP diluted EPS or GAAP net income with reasonable certainty. The variability of the above charges may have an unpredictable and potentially significant impact on our future GAAP financial results.

Solid Organic Revenue Growth Expected to Continue



	FY21	FY22	FY22	FY23	FY23	FY24	FY24	FY25	FY25	FY26	FY27
Revenues, as Reported	$7,056	$7,394	$7,394	$7,704	$7,704	$7,444	$7,444	$7,450[+]	$7,450[+]	$7,650[+]	$8,025[+]
Acquired Revenue		($184)		($73)							
Divested Revenue		$25			($637)		($188)				
Working Days Adjustment[**]				($120)	($135)						
Adjusted Pro-forma Revenues	$7,056	$7,235	$7,394	$7,511	$6,932	$7,444	$7,256	$7,450[+]	$7,450[+]	$7,650[+]	$8,025[+]
Adjusted Organic Revenue y/y*		**3%**		**2%**		**7%**		**~3%**		**~3%**	**~5%**

[+] *Revenue figures reflect midpoint of target range*
[**] *Results reflect four additional working days in FY23 and five fewer working days in FY24*
[*] *A non-GAAP financial measure; such non-GAAP measure should be considered in addition to, not a substitute for, the corresponding GAAP financial measure*

Multi-Year Financial Targets

	FY24A	FY25	FY26	FY27
Revenue	**$7.444B** ***($7.26B excl. L&SCM)***	⬆ **$7.425B - $7.475B**	**$7.55B - $7.75B**	**$7.95B - $8.10B**
Organic Growth	***7.4%***	⬆ ***~3%***	***2% - 4%***	***4% - 6%***
Adjusted EBITDA %*	**9.0%**	**~9.3%**	**9.3% - 9.5%**	**9.4% - 9.6%**
Adjusted EBITDA	**$668M**	**$685M - $695M**	**~$720M**	**~$765M**
Adjusted Diluted EPS*	**$7.88**	⬆ **$8.50 - $8.65**	**$8.90 - $9.10**	**$9.90 - $10.10**
Diluted WASO	**53.7M**	⬆ **~51M**	**~48.5M**	**~46.5M**
Free Cash Flow*	**$486M**	**$490M - $510M**	**$510M - $530M**	**$540M - $560M**
FCF per Share*	**$9.05**	**~$10**	**~$11**	**~$12**
Share Repurchases	**$357M**	⬆ **~$500M**	**$350M - $400M**	**$350M - $400M**
Target Net Leverage**	~3.0x	~3.0x	~3.0x	~3.0x

* *A non-GAAP financial measure; such non-GAAP measure should be considered in addition to, not a substitute for, the corresponding GAAP financial measure.*
** *Target net leverage reflects approximate leverage ratio expected over the course of the multi-year plan.*

⬆ Represents favorable improvement from prior guidance

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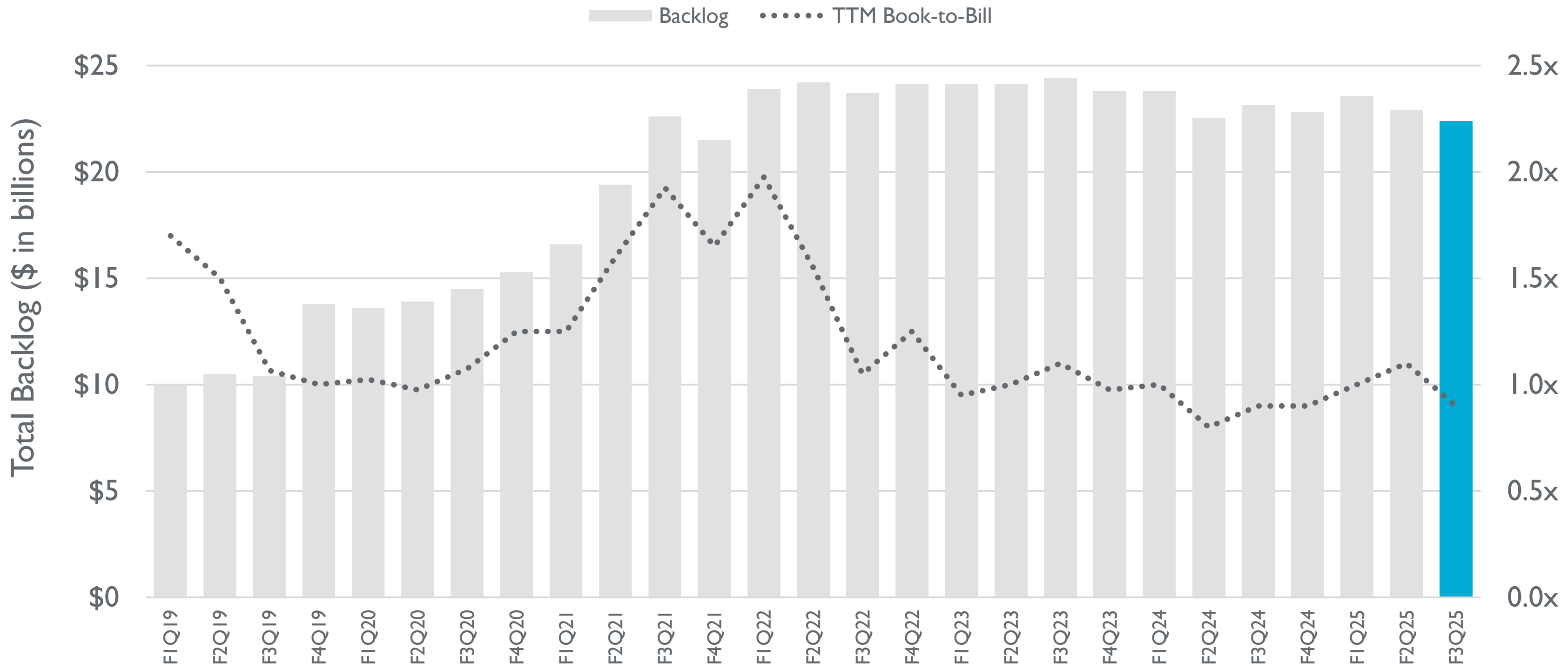
SAIC Historical Share Repurchase Authorizations

AUTHORIZATION DATE	INCREMENTAL SHARES ADDED TO AUTHORIZATION	TOTAL "CURRENT" AUTHORIZATION	REPURCHASE AUTHORIZATION AS % OF DILUTED SHARES	APPROXIMATE MONTHS TO COMPLETE	AVG. SHARES REPURCHASED PER MONTH	AVG. PRICE OF REPURCHASED SHARES	AVG. ANNUALIZED FCF** / SHARE DURING AUTHORIZATION
October 2013	5,000,000	5,000,000	10%	31	160,000	$43	~$4.50
September 2015	3,540,847+	5,000,000	11%	19	190,000	$69	~$5.00
December 2016	3,287,313+	5,000,000	11%	38	90,000	$79	~$6.50
April 2019	4,623,534+	6,500,000	11%	22	220,000	$88	~$8.00
June 2022	8,000,000+	~8,800,000	16%	26	285,000	$118	~$9.50
December 2024	$1.2 BILLION***		20%	TBD	TBD	TBD	TBD

** - expected date of completion, average monthly shares repurchased, and average price of repurchased shares based on current trend*
*** - excludes impact of MARPA facility*
**** - beginning with the December 2024 authorization, the company changed the format of its authorization from shares to dollars*
+ - Per SAIC share repurchase program convention, figures represent incremental increases to initial 5,000,000 share authorization

>20% Increase in Free Cash Flow + Fewer Shares = Increased Shareholder Value

SAIC Historical Backlog and Book-to-Bill



DURATION OF BACKLOG, AS REPORTED (YEARS)	3.9	4.1	4.0	4.0	4.4	4.4	4.2	4.4	4.4	4.3	4.2	4.0	3.9	3.8	3.7	3.8	3.9	3.7	3.7

DURATION OF BACKLOG, INCLUDING SINGLE AWARD IDIQ (YEARS)	**~ 5.5**

TTM BTB of 0.9x and Total Backlog of ~$22.4B

Appendix

Working Days Per Quarter

	Q1	Q2	Q3	Q4	Total
FY25	64	62	63	60	249
FY24	64	62	63	60	249
FY23	64	62	63	65	254
FY22	64	63	63	60	250
FY21	64	63	63	60	250
FY20	64	63	63	60	250
FY19	64	63	63	60	250

Payroll Cycles per Quarter

	Q1	Q2	Q3	Q4	Total
FY25	7	6	7	6	26
FY24	7	6	7	6	26
FY23	6	7	6	7	26

Non-GAAP Reconciliation – EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA

	Three Months Ended		Nine Months Ended	
	November 1, 2024	November 3, 2023	**November 1, 2024**	November 3, 2023
	(in millions)			
Revenues	**$ 1,976**	$ 1,895	**$ 5,641**	$ 5,707
Net income	**$ 106**	$ 93	**$ 264**	$ 438
Interest expense, net and loss on sale of receivables	**36**	29	**108**	95
Provision for income taxes	**20**	21	**57**	134
Depreciation and amortization	**35**	34	**104**	106
EBITDA(1)	**197**	177	**533**	773
EBITDA as a percentage of revenues	***10.0 %***	*9.3 %*	***9.4 %***	*13.5 %*
Acquisition and integration costs	**—**	—	**(2)**	1
Restructuring and impairment costs	**—**	2	**4**	8
Recovery of acquisition and integration costs and restructuring and impairment costs	**—**	(1)	**(2)**	(1)
(Gain) loss on divestitures, net of transaction costs	**—**	—	**—**	(240)
Adjusted EBITDA(1)	**$ 197**	$ 178	**$ 533**	$ 541
Adjusted EBITDA as a percentage of revenues	***10.0 %***	*9.4 %*	***9.4 %***	*9.5 %*

(1) EBITDA is a performance measure that 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 and adjusted operating income are performance measures that exclude the impact of non-recurring transactions that we do not consider to be indicative of our ongoing operating performance. The acquisition and integration costs relate to the Company's acquisitions. The gain on divestitures includes gains associated with the deconsolidation of FSA and the sale of the logistics and supply chain management business, net of transaction costs. We believe that these performance measures provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding the long-term financial performance of the Company.

Non-GAAP Reconciliation – Adjusted Operating Income

Adjusted Operating Income

	Three Months Ended November 1, 2024 (dollars in millions)				
	As Reported	Depreciation of property, plant, and equipment	Amortization of intangible assets	**Non-GAAP results[(1)]**	**Non-GAAP operating margin[(1)]**
Defense and Intelligence	**$ 130**	$ 1	$ 17	**$ 148**	**9.8 %**
Civilian	**37**	—	12	**49**	**10.6 %**
Corporate	**(7)**	5	—	**(2)**	***NM***
Total	**$ 160**	**$ 6**	**$ 29**	**$ 195**	**9.9 %**

	Three Months Ended November 3, 2023 (dollars in millions)						
	As Reported	Restructuring and impairment costs	Recovery of restructuring and impairment costs	Depreciation of property, plant, and equipment	Amortization of intangible assets	**Non-GAAP results[(1)]**	**Non-GAAP operating margin[(1)]**
Defense and Intelligence	**$ 106**	$ —	$ —	$ 1	$ 16	**$ 123**	**8.3 %**
Civilian	**54**	—	—	—	12	**66**	**15.9 %**
Corporate	**(17)**	2	(1)	5	—	**(11)**	***NM***
Total	**$ 143**	$ 2	$ (1)	**$ 6**	**$ 28**	**$ 178**	**9.4 %**

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Non-GAAP Reconciliation – Adjusted Operating Income

Adjusted Operating Income

Nine Months Ended November 1, 2024 (dollars in millions)	As Reported	Acquisition and integration costs	Restructuring and impairment costs	Recovery of acquisition and integration costs and restructuring and impairment costs	Depreciation of property, plant, and equipment	Amortization of intangible assets	Non-GAAP results[1]	Non-GAAP operating margin[1]
Defense and Intelligence	$ 344	$ —	$ —	$ —	$ 1	$ 51	$ 396	9.1 %
Civilian	105	—	—	—	—	36	141	11.1 %
Corporate	(24)	(2)	4	(2)	16	—	(8)	*NM*
Total	$ 425	$ (2)	$ 4	$ (2)	$ 17	$ 87	$ 529	9.4 %

Nine Months Ended November 3, 2023 (dollars in millions)	As Reported	Acquisition and integration costs	Restructuring and impairment costs	Recovery of acquisition and integration costs and restructuring and impairment costs	Depreciation of property, plant, and equipment	Amortization of intangible assets	(Gain) loss on divestitures, net of transaction costs	Non-GAAP results[1]	Non-GAAP operating margin[1]
Defense and Intelligence	$ 336	$ —	$ —	$ —	$ 1	$ 50	$ —	$ 387	8.7 %
Civilian	139	—	—	—	—	36	—	175	14.1 %
Corporate	187	1	8	(1)	18	—	(240)	(27)	*NM*
Total	$ 662	$ 1	$ 8	$ (1)	$ 19	$ 86	$ (240)	$ 535	9.4 %

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Non-GAAP Reconciliation – Adjusted Diluted Earnings per Share

Adjusted Diluted Earnings Per Share

Three Months Ended November 1, 2024 (dollars in millions)	As Reported	Amortization of intangible assets	Non-GAAP results[1]
Income before income taxes	$ 126	$ 29	$ 155
Provision for income taxes	(20)	(5)	(25)
Net income	$ 106	$ 24	$ 130
Diluted EPS	$ 2.13	$ 0.48	$ 2.61

Three Months Ended November 3, 2023 (dollars in millions)	As Reported	Restructuring and impairment costs	Recovery of restructuring and impairment costs	Amortization of intangible assets	(Gain) loss on divestitures, net of transaction costs	Non-GAAP results[1]
Income before income taxes	$ 114	$ 2	$ (1)	$ 28	$ —	$ 143
Provision for income taxes	(21)	—	—	(4)	3	(22)
Net income	$ 93	$ 2	$ (1)	$ 24	$ 3	$ 121
Diluted EPS	$ 1.76	$ 0.03	$ (0.02)	$ 0.44	$ 0.06	$ 2.27

(1) Adjusted diluted earnings per share is a performance measure that excludes the impact of non-recurring transactions that we do not consider to be indicative of our ongoing operating performance. The acquisition and integration costs relate to the Company's acquisitions. The gain on divestitures includes gains associated with the deconsolidation of FSA and the sale of the logistics and supply chain management business, net of transaction costs. Adjusted diluted earnings per share also excludes amortization of intangible assets because we do not have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and the related amortization term are unique to each acquisition. We believe that this performance measure provides 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.

Non-GAAP Reconciliation – Adjusted Diluted Earnings per Share

Adjusted Diluted Earnings Per Share

Nine Months Ended November 1, 2024
(dollars in millions)

	As Reported	Acquisition and integration costs	Restructuring and impairment costs	Recovery of acquisition and integration costs and restructuring and impairment costs	Amortization of intangible assets	Non-GAAP results[1]
Income before income taxes	**$ 321**	$ (2)	$ 4	$ (2)	$ 87	**$ 408**
Provision for income taxes	**(57)**	—	—	—	(16)	**(73)**
Net income	**$ 264**	$ (2)	$ 4	$ (2)	$ 71	**$ 335**
Diluted EPS	**$ 5.17**	$ (0.04)	$ 0.08	$ (0.04)	$ 1.39	**$ 6.56**

Nine Months Ended November 3, 2023
(dollars in millions)

	As Reported	Acquisition and integration costs	Restructuring and impairment costs	Recovery of acquisition and integration costs and restructuring and impairment costs	Amortization of intangible assets	(Gain) loss on divestitures, net of transaction costs	Non-GAAP results[1]
Income before income taxes	**$ 572**	$ 1	$ 8	$ (1)	$ 86	$ (240)	**$ 426**
Provision for income taxes	**(134)**	—	(1)	—	(16)	73	**(78)**
Net income	**$ 438**	$ 1	$ 7	$ (1)	$ 70	$ (167)	**$ 348**
Diluted EPS	**$ 8.11**	$ 0.02	$ 0.13	$ (0.02)	$ 1.30	$ (3.09)	**$ 6.45**

(1) Adjusted diluted earnings per share is a performance measure that excludes the impact of non-recurring transactions that we do not consider to be indicative of our ongoing operating performance. The acquisition and integration costs relate to the Company's acquisitions. The gain on divestitures includes gains associated with the deconsolidation of FSA and the sale of the logistics and supply chain management business, net of transaction costs. Adjusted diluted earnings per share also excludes amortization of intangible assets because we do not have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and the related amortization term are unique to each acquisition. We believe that this performance measure provides 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.

Non-GAAP Reconciliation – Free Cash Flow

Free Cash Flow and Transaction-Adjusted Free Cash Flow

	Three Months Ended		Nine Months Ended	
	November 1, 2024	November 3, 2023	**November 1, 2024**	November 3, 2023
	(in millions)			
Net cash provided by operating activities	**$ 143**	$ 101	**$ 379**	$ 333
Expenditures for property, plant, and equipment	**(9)**	(4)	**(21)**	(16)
Cash used from (provided by) MARPA Facility	**(125)**	—	**(95)**	—
Free cash flow[1]	**$ 9**	$ 97	**$ 263**	$ 317
L&SCM divestiture transaction fees	**—**	—	**—**	7
L&SCM divestiture cash taxes	**—**	56	**—**	56
L&SCM divestiture transition services	**—**	(5)	**8**	(13)
Transaction-adjusted free cash flow[1]	**$ 9**	**$ 148**	**$ 271**	**$ 367**

	FY25 Guidance
	(in millions)
Net cash provided by operating activities	**$520 to $540**
Expenditures for property, plant, and equipment	Approximately $30
Free cash flow[1]	**$490 to $510**

(1) Free cash flow is calculated by taking cash flows provided by operating activities less expenditures for property, plant, and equipment and less cash flows from our Master Accounts Receivable Purchasing Agreement (MARPA Facility) for the sale of certain designated eligible U.S. government receivables. Under the MARPA Facility, the Company can sell eligible receivables up to a maximum amount of $300 million. Transaction-adjusted free cash flow excludes cash taxes, transaction fees, and other costs related to the divestiture of the logistics and supply chain management business from free cash flow as previously defined. We believe that free cash flow and transaction-adjusted free cash flow provides management and investors with useful information in assessing trends in our cash flows and in comparing them to other peer companies, many of whom present similar non-GAAP liquidity measures. These measures should not be considered as a measure of residual cash flow available for discretionary purposes.

Unaudited Historical Segment Financials

	Three Months Ended				Twelve Months Ended	
	May 5, 2023	August 4, 2023	November 3, 2023	February 2, 2024	February 2, 2024	February 3, 2023
Defense and Intelligence	$ 1,597	$ 1,389	$ 1,479	$ 1,352	$ 5,817	$ 5,876
Civilian	431	395	416	385	1,627	1,828
Total	**$ 2,028**	**$ 1,784**	**$ 1,895**	**$ 1,737**	**$ 7,444**	**$ 7,704**

The following table presents operating income for fiscal 2024 and twelve months ended fiscal 2023 under the new segment structure (in millions):

	Three Months Ended				Twelve Months Ended	
	May 5, 2023	August 4, 2023	November 3, 2023	February 2, 2024	February 2, 2024	February 3, 2023
Defense and Intelligence	$ 124	$ 106	$ 106	$ 100	$ 436	$ 438
Civilian	42	43	54	19	158	167
Corporate	(9)	213	(17)	(40)	147	(104)
Total	**$ 157**	**$ 362**	**$ 143**	**$ 79**	**$ 741**	**$ 501**
Operating income margin						
Defense and Intelligence	7.8 %	7.6 %	7.2 %	7.4 %	7.5 %	7.5 %
Civilian	9.7 %	10.9 %	13.0 %	4.9 %	9.7 %	9.1 %
Total operating income margin	7.7 %	20.3 %	7.5 %	4.5 %	10.0 %	6.5 %

(1) Free cash flow is calculated by taking cash flows provided by operating activities less expenditures for property, plant, and equipment and less cash flows from our Master Accounts Receivable Purchasing Agreement (MARPA Facility) for the sale of certain designated eligible U.S. government receivables. Under the MARPA Facility, the Company can sell eligible receivables up to a maximum amount of $300 million. Transaction-adjusted free cash flow excludes cash taxes, transaction fees, and other costs related to the divestiture of the logistics and supply chain management business from free cash flow as previously defined. We believe that free cash flow and transaction-adjusted free cash flow provides management and investors with useful information in assessing trends in our cash flows and in comparing them to other peer companies, many of whom present similar non-GAAP liquidity measures. These measures should not be considered as a measure of residual cash flow available for discretionary purposes.

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