Rackspace Technology

Q2 2026 Earnings Presentation

August 11, 2026

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Disclaimer

Forward-Looking Statements

Rackspace Technology has made statements in this presentation and other reports, filings, and other public written and verbal announcements that are forward-looking and therefore subject to risks and uncertainties including our Enterprise AI deployment plans, capacity targets and timelines, expected capital expenditures, revenue per megawatt and margin assumptions, our financing plans, cash flow expectations, our business strategy and product roadmap, shifts in our business mix, anticipated financial performance, management's plans and objectives for future operations, business prospects, outcomes of regulatory proceedings, market conditions, and other matters. These statements involve risks and uncertainties which could cause actual results to differ materially.

Any forward-looking statement made in this presentation speaks only as of the date on which it is made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. Forward-looking statements can be identified by various words such as "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "guidance," "objectives," "outlook," "targets," "planned," "projects," and similar expressions. These forward-looking statements are based on management's current beliefs and assumptions and on information currently available to management. Rackspace Technology cautions that these statements are subject to risks and uncertainties, many of which are outside of our control, and could cause future events or results to be materially different from those stated or implied in this presentation A discussion of these risks and uncertainties is included in the "Risk Factors" and "Forward-Looking Statements" sections of our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q filed with the SEC. Rackspace Technology assumes no obligation to update the information presented on the call except as required by law.

Non-GAAP Measures

To provide investors with additional information in connection with our results as determined in accordance with generally accepted accounting principles in the United States ("GAAP"), we disclose Non-GAAP Gross Profit, Non-GAAP Operating Profit, Non-GAAP Net Income (Loss), Adjusted EBITDA, and Non-GAAP Earnings (Loss) Per Share as non-GAAP financial measures. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative or superior to GAAP measures. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. Reconciliations of each non-GAAP financial measure to the applicable most comparable GAAP measure can be found in the Appendix.

We present these non-GAAP financial measures to provide investors with meaningful supplemental financial information, in addition to the financial information presented on a GAAP basis. Rackspace Technology management believes that excluding items such as the impacts from foreign currency rate fluctuations on our international business operations or certain costs, losses and gains that may not be indicative of, or are unrelated to, our core operating results, and that may vary in frequency or magnitude, enhances the comparability of our results and provides a better baseline for analyzing trends in our business. Rackspace Technology management believes the non-GAAP measures provided are also considered important measures by financial analysts covering Rackspace Technology as equity research analysts continue to publish estimates and research notes based on our non-GAAP commentary.

Amounts on subsequent pages may not add due to rounding.

Executive Summary

- **Total Q2 revenue of $670M, up 1% year-over-year:**
  - Non-GAAP operating margin was 4%, flat year-over-year
- **Public Cloud revenue of $407M, ahead of recent guidance driven by higher reported consumption from hyperscaler partners than anticipated:**
  - Continued focus on higher value services-led work.
  - Expanded portfolio with new entry points funded by AWS and Microsoft
- **Private Cloud revenue of $263M, up 5% year-over-year:**
  - New five-year agreement with AdventHealth to migrate to Rackspace hosted infrastructure with full disaster recovery failover
  - Released RackAI allowing customers to integrate AI into their workloads and applications through a simple API
- **Revenue and Adjusted EBITDA full-year 2026 guidance reaffirmed**
- **Enterprise AI partnerships for the Rackspace Managed Compute and Inference Platform:**
  - AMD: Agreement to deploy 30MW by year-end 2028 at $15-20M per MW with 50%+ EBITDA margins. Initial GPU/CPU order placed
  - Palantir: Strong pipeline generation as enterprises pivot to AI and continued expansion of FDE model

Rackspace Governed Enterprise AI

- ✓ WITHIN EXISTING FACILITIES
- ✓ 30MW TARGET BY YE 2028
- ✓ CORE TO CLOUD TO EDGE
- ✓ MODEL AGNOSTIC
- ✓ VENDOR NEUTRAL

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The Managed Compute and Inference Platform

WHAT THIS IS

- Fully managed AI infrastructure for regulated and sovereign environments
- Rackspace operates the full stack: silicon → infrastructure → inference → outcomes
- Designed for mission-critical production AI workloads

WHY IT MATTERS

- Entry into high-growth enterprise AI infra market
- Enterprises just beginning to harness inference to drive efficient, informed decision making
- Fills governance and accountability gaps that Hyperscalers and NeoClouds do not address

WHY RACKSPACE

- 25 years operating complex infrastructure across public, private cloud and data centers for regulated sectors
- Decades of accountability for secure, data sovereign, reliable and resilient systems
- Best-of-breed partners with large growing FDE presence

DIFFERENTIATION The generational shift of enterprise data to AI is no different than the shifts to the internet or mobile. Rackspace has earned the trust to stand-up or migrate tens of thousands of customers during these transitions.

Backed By Leading Partners

AMD Palantir DELL Technologies UNIPHORE

Definitive Agreement with AMD

- **Phased deployment of 30MW through 2028**
- **Financing secured for first 2MW deployment with initial order placed**

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Rackspace / AMD Inference and HPC Rollout

OFFERINGS

- Instinct CPUs and EPYC GPUs
- Accelerated compute and inference with intelligent routing
- Full-stack governance and data sovereignty with Rackspace as accountable operator
- Multiple capabilities from enterprise cloud to bare metal

ESTIMATED DEPLOYMENT SCHEDULE

- Across multiple Rackspace facilities
- Initial 2MW by year-end 2026
- 15MW total by year-end 2027
- 30MW total by year-end 2028
- CapEx for first 2MW of $75M

ANTICIPATED ECONOMICS

- **Expected revenue of $15-20M per MW**
- **Committed floor of $10 million per MW on initial 2MW**
- **Annual revenues expected between $450-600M at full deployment**
- **50%+ EBITDA margins**

DIFFERENTIATION **Full-stack Enterprise AI from core to cloud to edge within existing powered, fully managed data centers**

4 INTEGRATED CAPABILITIES

01

Enterprise AI Cloud

Fully managed private, public & sovereign AI — with one partner accountable

02

Enterprise Inference Engine

Context-aware inference runtime that retains domain knowledge, session history, and enterprise-specific data

03

Inference as a Service

Dedicated accelerated compute as a governed alternative to commodity GPU rental

04

Bare Metal Accelerated Compute

Launching with AMD Instinct for training and inference workloads requiring deterministic performance.

Rackspace Palantir Operating Framework

- ✓ **Rackspace as preferred deployment and ops partner for regulated and sovereign environments**
- ✓ **One of the most certified Palantir workforces in the industry**
- ✓ **Initial joint deployment closed in 41 days**
- ✓ **Rackspace deploying Palantir Foundry and AIP across its own back-office**

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Rackspace / Palantir AI Sovereignty Platform

WHAT THIS IS

- Operating framework combines Palantir Foundry and AIP with Rackspace governed cloud, on-prem infra and managed operations
- Continued ramp of Palantir Certified FDE's across sales, engineering, delivery and operations
- Fully accountable teams delivering and operating complex systems for regulated and sovereign environments

WHY IT MATTERS

- Customers require control over data, security, governance, location and outcomes
- Turns strategy into action safely, audited and at scale
- Palantir brings operating layer and Rackspace provides infrastructure, engineers, and managed operations to run that layer

CASE STUDY

- Solar farm designer and manufacturer needed to compress cycle time to quote
- Process encompassed spec intake, Salesforce, four distinct engineering systems and back to quote
- Jointly connected and created a near-autonomous 'opportunity to contract value' on a single ontology
- In production today and scaling

Q2 2026
Financial Results

$'s in millions (except EPS)

	Q2 2026	Q/Q	Y/Y
Total Revenue	**$670**	***(1%)***	***1%***
Non-GAAP Gross Profit	**$124**	***1%***	***(6%)***
Non-GAAP Gross Margin	*18.6%*	*0.3 pts*	*(1.2 pts)*
Non-GAAP Operating Profit	**$27**	***(11%)***	***-%***
Non-GAAP Operating Margin	*4%*	*(0.4 pts)*	*0 pts*
Non-GAAP Loss per Share	***($0.08)***	***($0.02)***	***($0.02)***

NOTES:
1. Refer to Appendix for reconciliation of Non-GAAP measures to most comparable GAAP measures, as well as detailed definitions of Non-GAAP metrics

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Q2 2026 Segment Financials

$'s in millions

	Total Rackspace	Private Cloud	Public Cloud	Q/Q % Total Rackspace	Q/Q % Private Cloud	Q/Q % Public Cloud	Y/Y % Total Rackspace	Y/Y % Private Cloud	Y/Y % Public Cloud
Total Revenue	**$670**	**$263**	**$407**	***(1%)***	***12%***	***(8%)***	***1%***	***5%***	***(2%)***
Non-GAAP Gross Profit	**$124**	**$85**	**$39**	***1%***	***1%***	***-%***	***(6%)***	***(8%)***	***(1%)***
Non-GAAP Gross Margin	*18.6%*	*32.3%*	*9.7%*	0.3 pts	(3.7 pts)	0.8 pts	(1.2 pts)	(4.6 pts)	0.1 pts
Segment Operating Profit	**$77**	**$58**	**$19**	***(3%)***	***(1%)***	***(8%)***	***(2%)***	***(7%)***	***17%***
Segment Operating Margin	*11.4%*	*21.8%*	*4.7%*	(0.2 pts)	(2.9 pts)	0 pts	(0.3 pts)	(2.8 pts)	0.8 pts
Corporate Functions	($49)			*3%*			*(3%)*		
Non-GAAP Operating Profit	**$27**			***(11%)***			***-%***		
Non-GAAP Operating Margin	*4%*			(0.4 pts)			0 pts		

NOTES:
1. Refer to Appendix for reconciliation of Non-GAAP measures to most comparable GAAP measures, as well as definitions for Segment Operating Profit and Corporate Functions
2. Pass-through infrastructure resale costs were $297M

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Cash Flow & Capital Expenditures

$'s in millions

	Q2'26	LTM
Cash Provided by (used in) Operating Activities	**($32)**	**$104**
Free Cash Flow	**($48)**	**$41**
Total Capital Expenditures	**$28**	**$145**
Total CAPEX Intensity	*4%*	*5%*
Cash Capital Expenditures	**$17**	**$63**
Cash CAPEX Intensity	*3%*	*2%*
As of June 30, 2026		
Cash & Cash Equivalents		**$111**
Revolving Credit Facility		**$91**
Total Liquidity		**$202**

NOTES:
1. Free cash flow is a Non-GAAP metric and is presented as cash flow from operations less cash paid for purchases of property, equipment and software. Refer to Appendix for a reconciliation of Free Cash Flow to the most comparable GAAP measure
2. Refer to Appendix for how we define capital intensity
3. Revolving Credit Facility balance reflects undrawn letters of credit ($24 million) which decreases our available commitments

FY26 Outlook

Full-year 2026

Guidance Reaffirmed

	Full Year Guidance	Y/Y %
Total Revenue	**$2,450 - $2,550 million**	**-7%**
Private Cloud Revenue	$1,000 - $1,050 million	4%
Public Cloud Revenue	$1,450 - $1,500 million	-13%
Non-GAAP Operating Profit	**$125 - $135 million**	**3%**
Adjusted EBITDA	$285 - $295 million	5%
Non-GAAP Loss Per Share	($0.25) - ($0.30)	
Non-GAAP Other Income (Expense)	($220) - ($230) million	
Non-GAAP Tax Expense Rate	26%	
Non-GAAP Weighted Average Shares*	250 - 260 million	

* Non-GAAP Weighted Average Shares guidance excludes any dilution from the ATM program, as future issuance under the program will depend on prevailing share price and market conditions.

NOTES:
1. Refer to Appendix for more information on how we define Non-GAAP Tax Expense Rate and Non-GAAP Weighted Average Shares
2. Y/Y % growth is defined as guidance midpoint vs. 2025 full year results
3. We expect non-GAAP Other Income and Expense of $220M - $230M. This excludes the non-cash benefits from our March 2024 debt refinancing transaction

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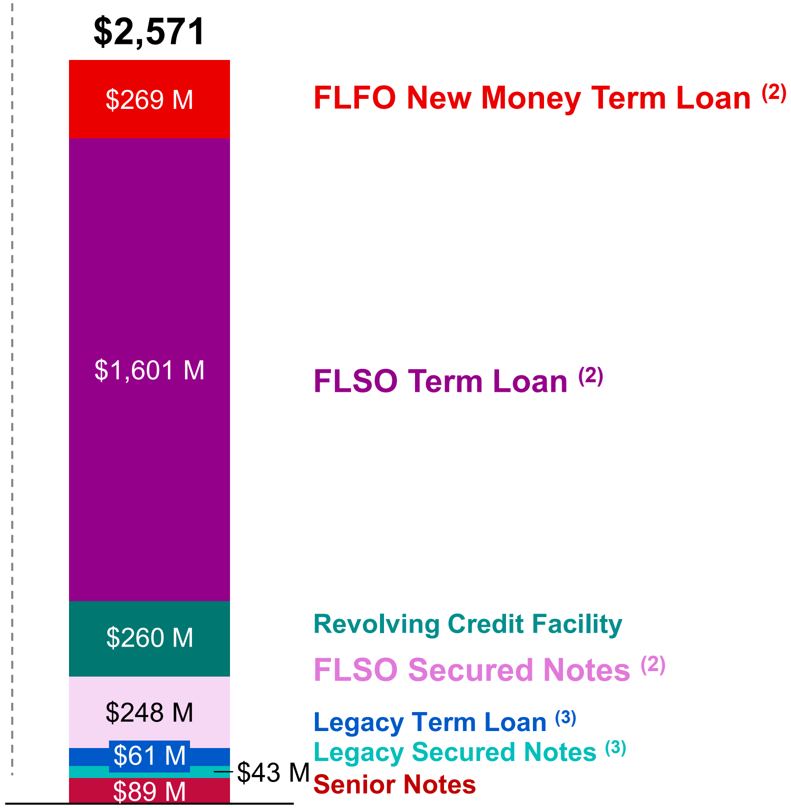
Appendix

As of June 30th, Debt Maturity Overview [1]

$'s in millions

Facility	Balance	Maturity	Rate
FLFO New Money Term Loan	$269	May-2028	1-mth SOFR + 625 bps + 0.114% Spread
FLSO/Legacy Term Loan	$1,662	May-2028 (FLSO)/ Feb-2028 (L)	1-mth SOFR + 275 bps + 0.114% Spread
FLSO/Legacy Secured Notes	$291	May-2028 (FLSO)/ Feb-2028 (L)	3.500% Fixed Rate
Senior Notes	$89	Dec-2028	5.375% Fixed Rate
Revolving Credit Facility	$260	May-2028	1-mth SOFR + 300 bps
Total Principal Balance	**$2,571**		
Unamortized debt issuance costs, debt premium, and debt discount	$216		
Total Debt	**$2,787**		

The Company has no corporate maturities prior to 2028.



(1) Debt values are shown at principal value.
(2) Under the terms of the security documents and intercreditor agreements dated March 12, 2024, any amounts received by the collateral agent or any other secured party in respect of the proceeds of collateral will be applied first to repay the holders of the FLFO New Money Term Loan and the Revolving Credit Facility (the “Super Priority Indebtedness”). The Super Priority Indebtedness will be repaid in full prior to any payment in respect of collateral to the holders of the FLSO Term Loan, the FLSO Secured Noted and any other indebtedness of the New Borrower and the Guarantors.
(3) Following the debt refinancing transactions completed in March 2024, the Company subsidiaries that previously guaranteed the Legacy Term Loan and the Legacy Secured Notes no longer guarantee or pledge collateral to secure the Legacy Term Loan or the Legacy Secured Notes.

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Note: Quarterly principal payments of approximately $5.1 million on the Term Loans are not reflected in the maturity chart.

Non-GAAP Gross Profit Reconciliation

(In millions)	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
GAAP Gross Profit	$129.2	$129.9	$120.4	$119.1	$114.8
Share-based compensation expense	1.3	1.2	0.8	0.9	1.2
Purchase accounting impact on expense	0.2	0.2	0.2	0.2	0.2
Restructuring and transformation expenses	1.2	2.3	2.2	3.6	8.2
Total Adjustments	$2.7	$3.7	$3.2	$4.7	$9.6
Non-GAAP Gross Profit	**$131.9**	**$133.6**	**$123.6**	**$123.8**	**$124.4**

Non-GAAP Net Loss Reconciliation

(In millions)	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Net income (loss)	$(54.5)	$(67.1)	$(32.7)	$8.3	$(67.5)
Share-based compensation expense	10.0	18.2	4.9	6.6	10.4
Transaction-related adjustments, net	0.4	0.2	0.4	1.6	0.5
Restructuring and transformation expenses	4.4	10.0	4.8	9.0	18.4
Net (gain) loss on divestiture and investments	(0.3)	(0.1)	-	0.1	(0.1)
Gain on debt extinguishment	-	-	-	(55.8)	(6.7)
Interest expense impact from the March 2024 Refinancing Transactions	(21.1)	(21.1)	(19.8)	(18.8)	(18.0)
Other adjustments	(1.5)	(1.2)	0.2	(1.1)	1.0
Amortization of intangible assets	37.6	37.5	34.4	31.3	31.3
Tax effect of non-GAAP adjustments	10.0	12.1	4.3	4.9	9.2
Non-GAAP Net Loss	**$(15.0)**	**$(11.5)**	**$(3.5)**	**$(13.9)**	**$(21.5)**

Non-GAAP Operating Profit Reconciliation

(In millions)	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Loss from operations	$(25.1)	$(33.9)	$(3.3)	$(17.8)	$(33.2)
Share-based compensation expense	10.0	18.2	4.9	6.6	10.4
Transaction-related adjustments, net	0.4	0.2	0.4	1.6	0.5
Restructuring and transformation expenses	4.4	10.0	4.8	9.0	18.4
Amortization of intangible assets	37.6	37.5	34.4	31.3	31.3
Total Adjustments	$52.4	$65.9	$44.5	$48.5	$60.6
Non-GAAP Operating Profit	**$27.3**	**$32.0**	**$41.2**	**$30.7**	**$27.4**

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Adjusted EBITDA Reconciliation

(In millions)	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Net income (loss)	$(54.5)	$(67.1)	$(32.7)	$8.3	$(67.5)
Share-based compensation expense	10.0	18.2	4.9	6.6	10.4
Transaction-related adjustments, net	0.4	0.2	0.4	1.6	0.5
Restructuring and transformation expenses	4.4	10.0	4.8	9.0	18.4
Net (gain) loss on divestiture and investments	(0.3)	(0.1)	-	0.1	(0.1)
Gain on debt extinguishment	-	-	-	(55.8)	(6.7)
Other expense, net	3.8	4.0	5.5	3.5	5.1
Interest expense	21.3	21.2	20.8	26.2	34.2
Provision (benefit) for income taxes	4.6	8.1	3.1	(0.1)	1.8
Depreciation and amortization	74.7	74.8	73.9	71.8	69.8
Adjusted EBITDA	**$64.4**	**$69.3**	**$80.7**	**$71.2**	**$65.9**

Non-GAAP Loss Per Share Reconciliation

(In millions)	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Net income (loss) attributable to common stockholders	$(54.5)	$(67.1)	$(32.7)	$8.3	$(67.5)
Non-GAAP Net Loss	$(15.0)	$(11.5)	$(3.5)	$(13.9)	$(21.5)
Weighted average number of shares – Diluted	238.0	240.4	244.2	249.7	250.1
Effect of dilutive securities	1.3	1.8	2.6	-	16.3
Non-GAAP weighted average number of shares – Diluted	239.3	242.2	246.8	249.7	266.4
Net earnings (loss) per share – Diluted	$(0.23)	$(0.28)	$(0.13)	$0.03	$(0.27)
Per share impacts of adjustments to net income (loss)	0.17	0.23	0.12	(0.09)	0.18
Per share impacts of shares after adjustments to net income (loss)	0.00	0.00	0.00	0.00	0.01
Non-GAAP Loss per Share	**$(0.06)**	**$(0.05)**	**$(0.01)**	**$(0.06)**	**$(0.08)**

Free Cash Flow Reconciliation

(In millions)	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Net cash provided by (used in) operating activities	$8.4	$70.7	$59.7	$5.1	$(31.5)
Cash purchases of property, equipment and software	(20.8)	(28.0)	(3.7)	(14.5)	(16.8)
Free Cash Flow	**$(12.4)**	**$42.7**	**$56.0**	**$(9.4)**	**$(48.3)**

Definitions

Segment Operating Profit	Segment revenue less expenses directly attributable to running the respective segments' business. These expenses exclude centralized corporate function costs.
Corporate Functions	Costs that are not allocated to segments. These costs are related to centralized corporate functions that provide services to the segments in areas such as accounting, information technology, marketing, legal and human resources.
Capital Intensity	Capital intensity reflects capital expenditures divided by revenue for the same period.
Non-GAAP Tax Expense Rate	We utilize an estimated structural long-term non-GAAP tax rate in order to provide consistency across reporting periods, removing the effect of non-recurring tax adjustments, which include but are not limited to tax rate changes, U.S. tax reform, share-based compensation, audit conclusions and changes to valuation allowances. We used a structural non-GAAP tax rate of 26% for all periods which reflects the removal of the tax effect of non-GAAP pre-tax adjustments and non-recurring tax adjustments on a year-over-year basis. The non-GAAP tax rate could be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix including due to acquisition activity, or other changes to our strategy or business operations. We will re-evaluate our long-term non-GAAP tax rate as appropriate. We believe that making these adjustments facilitates a better evaluation of our current operating performance and comparisons to prior periods.
Non-GAAP Weighted Average Shares	Reflects impact of awards that would have been anti-dilutive to net loss per share, and therefore not included in the calculation, but would be dilutive to Non-GAAP EPS and are therefore included in the share count for purposes of this non-GAAP measure. Potential common share equivalents consist of shares issuable upon the exercise of stock options, vesting of restricted stock units (including performance-based restricted stock units) or purchases under the Employee Stock Purchase Plan (the "ESPP"), as well as contingent shares associated with our acquisition of Datapipe Parent, Inc. Certain of our potential common share equivalents are contingent on Apollo achieving pre-established performance targets based on a multiple of their invested capital ("MOIC"), which are included in the denominator for the entire period if such shares would be issuable as of the end of the reporting period assuming the end of the reporting period was the end of the contingency period.

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