UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 7, 2023

RACKSPACE TECHNOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware (State of Incorporation)

following provisions:

001-39420

81-3369925

(Commission File Number)

(I.R.S. Employer Identification No.)

1 Fanatical Place
City of Windcrest
San Antonio, Texas 78218
(Address of principal executive offices, including zip code)

1-800-961-4454 (Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the

| □ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425) □ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12) □ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)) □ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)) | |
|---|------|
| □ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)) | |
| | |
| ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)) | |
| | |
| 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 \$0.01 per share RXT The Nasdaq Stock Market LLC | |
| Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). | or |
| Emerging growth compar | іу 🗆 |
| 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 not or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. | |
| | |

Item 2.02. Results of Operations and Financial Condition.

On November 7, 2023, Rackspace Technology, Inc. issued a press release announcing its financial results for the fiscal quarter ended September 30, 2023. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

The information contained in this report, including Exhibit 99.1 attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filings, unless expressly incorporated by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Exhibit Description |
|-------------------|---|
| 99.1 | Press Release dated November 7, 2023. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL) |
| | |
| | |
| | -2- |

SIGNATURES

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

RACKSPACE TECHNOLOGY, INC.

Date: November 7, 2023 By: /s/ Naushaza "Bobby" Molu

Naushaza "Bobby" Molu

Executive Vice President and Chief Financial Officer

Rackspace Technology Reports Third Quarter 2023 Results

- Revenue of \$732 million in the Third Quarter, down 7% Year-over-Year
- Private Cloud Revenue was \$300 million, down 13% Year-over-Year
- Public Cloud Revenue was \$433 million, down 3% Year-over-Year
- Third Quarter 2023 Cash Flow from Operating Activities was \$267 million; Cash Flow From Operating Activities was \$330 million on a Trailing-Twelve-Month Basis

SAN ANTONIO, November 7, 2023 – Rackspace Technology, Inc. (Nasdaq: RXT), a leading end-to-end, hybrid multicloud technology solutions company, today announced results for its third quarter ended September 30, 2023.

Amar Maletira, Chief Executive Officer, stated, "Fiscal third quarter 2023 results exceeded the midpoint of our revenue, operating profit, and EPS guidance. Our two-business unit operating model is now fully implemented, and our leadership teams are executing to their plans."

Mr. Maletira added, "We continue to launch new offerings across all lines of business including Public Cloud, Private Cloud, and AI. We also see our industry vertical strategy generating good traction in Private Cloud."

Third Quarter 2023 Results

Revenue was \$732 million in the third quarter of 2023, a decrease of 7% on a reported basis and 8% on a constant currency basis as compared to revenue of \$788 million in the third quarter of 2022.

Private Cloud revenue was \$300 million in the third quarter of 2023, a decrease of 13% on a reported basis and 14% on a constant currency basis as compared to revenue of \$343 million in the third quarter of 2022.

Public Cloud revenue was \$433 million in the third quarter of 2023, a decrease of 3% on both a reported and constant currency basis as compared to revenue of \$445 million in the third quarter of 2022.

The third quarter of 2023 included a total of \$214 million of non-cash impairment charges compared to \$464 million of non-cash impairment charges in the third quarter of 2022. These impairments were primarily a result of a sustained decrease in our market capitalization.

Loss from operations was \$(239) million in the third quarter of 2023, compared to loss from operations of \$(477) million in the third quarter of 2022.

Net loss was \$(227) million in the third quarter of 2023, compared to net loss of \$(512) million in the third quarter of 2022.

Net loss per diluted share was \$(1.05) in the third quarter of 2023, compared to net loss per diluted share of \$(2.43) in the third quarter of 2022.

Non-GAAP Operating Profit was \$46 million in the third quarter of 2023, a decrease of 43% compared to \$80 million in the third quarter of 2022.

Non-GAAP Loss Per Share was \$(0.04) in the third quarter of 2023, a decrease of 140% as compared to Non-GAAP Earnings Per Share of \$0.10 in the third quarter of 2022.

Capital expenditures were \$28 million in the third quarter of 2023, compared to \$31 million in the third quarter of 2022.

As of September 30, 2023, we had cash and cash equivalents of \$278 million with no balance outstanding on our Revolving Credit Facility (\$375 million of undrawn commitments).

Financial Outlook

Rackspace Technology is providing guidance as follows:

| | Q4 2023 Guidance |
|--|-------------------------|
| Total Revenue | \$710 - \$720 million |
| Private Cloud Revenue | \$284 - \$289 million |
| Public Cloud Revenue | \$426 - \$431 million |
| Non-GAAP Operating Profit | \$46 - \$48 million |
| Non-GAAP Loss Per Share | \$(0.05) - \$(0.03) |
| Non-GAAP Other Income (Expense) ¹ | \$(59) – \$(57) million |
| Non-GAAP Tax Expense Rate | 26 % |
| Non-GAAP Weighted Average Shares | 221 – 223 million |

¹ Non-GAAP Other Income (Expense) is only expected to include interest expense.

Definitions of non-GAAP financial measures and the reconciliations to the most directly comparable measures in accordance with generally accepted accounting principles in the United States ("GAAP") are provided in subsequent sections of this press release narrative and supplemental schedules. Rackspace Technology has not reconciled Non-GAAP Operating Profit, Non-GAAP Loss Per Share, Non-GAAP Other Income (Expense) or Non-GAAP Tax Expense Rate guidance to the most directly comparable GAAP measure because it does not provide guidance on GAAP net income (loss) or the reconciling items between these Non-GAAP measures and GAAP net income (loss) as a result of the uncertainty regarding, and the potential variability of, certain of these items, such as share-based compensation expense. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort. With respect to Non-GAAP Operating Profit, Non-GAAP Loss Per Share, Non-GAAP Other Income (Expense) and Non-GAAP Tax Expense Rate guidance, adjustments in future periods are generally expected to be similar to the kinds of charges and costs excluded from these Non-GAAP measures in prior periods, but the impact of such adjustments could be significant.

Conference Call and Webcast

Rackspace Technology will hold a conference call today, November 7, 2023, at 4:00pm CT / 5:00pm ET to discuss its third quarter 2023 results. Interested parties may access the conference call as follows:

To listen to the live webcast or access the replay following the webcast, please visit our IR website at the following link: https://edge.media-server.com/mmc/p/6amjdn80

To obtain a dial-in number, please pre-register at the following link: https://register.vevent.com/register/BI74f3b750319d47e4888fd4104e44dc12. Registrants will receive dial-in information and a PIN allowing them to access the live call.

About Rackspace Technology

Rackspace Technology is a leading end-to-end hybrid multicloud technology services company. We can design, build and operate our customers' cloud environments across all major technology platforms, irrespective of technology stack or deployment model. We partner with our customers at every stage of their cloud journey, enabling them to modernize applications, build new products and adopt innovative technologies.

Forward-looking Statements

Rackspace Technology has made statements in this press release and other reports, filings, and other public written and verbal announcements that are forward-looking and therefore subject to risks and uncertainties. All statements, other than statements of historical fact, included in this document are, or could be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions, and other matters. 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," "objectives," "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 document, including among others, risk factors that are described in Rackspace Technology, Inc.'s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein.

Non-GAAP Financial Measures

This press release includes several non-GAAP financial measures such as constant currency revenue, Non-GAAP Gross Profit, Non-GAAP Net Income (Loss), Non-GAAP Operating Profit, Adjusted EBITDA and Non-GAAP Earnings (Loss) Per Share. These non-GAAP financial measures exclude the impact of certain costs, losses and gains that are required to be included in our profit and loss measures under GAAP. Although we believe these measures are useful to investors and analysts for the same reasons they are useful to management, as described in the accompanying pages, these measures are not a substitute for, or superior to, GAAP financial measures or disclosures. Other companies may calculate similarly-titled non-GAAP measures differently, limiting their usefulness as comparative measures. We have reconciled each of these non-GAAP measures to the applicable most comparable GAAP measure in the accompanying pages.

IR Contact

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PR Contact

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RACKSPACE TECHNOLOGY, INC. CONSOLIDATED RESULTS OF OPERATIONS (Unaudited)

Three Months Ended September 30, 2022

| | Three Months Ended September 50, | | | | | | | | | |
|--|----------------------------------|---------|-----------|----|---------|-----------|---------------------------|--------|----------|--|
| | | 2022 | | | 20 | 23 | Year-Over-Year Comparison | | | |
| (In millions, except % and per share data) | Amo | ount | % Revenue | | Amount | % Revenue | | Amount | % Change | |
| Revenue | \$ | 787.6 | 100.0 % | \$ | 732.4 | 100.0 % | \$ | (55.2) | (7.0)% | |
| Cost of revenue | | (580.5) | (73.7)% | | (580.4) | (79.2)% | | 0.1 | — % | |
| Gross profit | | 207.1 | 26.3 % | | 152.0 | 20.8 % | | (55.1) | (26.6)% | |
| Selling, general and administrative expenses | | (219.9) | (27.9)% | | (177.3) | (24.2)% | | 42.6 | (19.4)% | |
| Impairment of goodwill | | (405.2) | (51.4)% | | (165.7) | (22.6)% | | 239.5 | (59.1)% | |
| Impairment of assets, net | | (58.7) | (7.5)% | _ | (48.4) | (6.6)% | | 10.3 | (17.5)% | |
| Loss from operations | | (476.7) | (60.5)% | | (239.4) | (32.7)% | | 237.3 | (49.8)% | |
| Other income (expense): | | | | | | | | | | |
| Interest expense | | (52.3) | (6.6)% | | (56.5) | (7.7)% | | (4.2) | 8.0 % | |
| Loss on investments, net | | (0.1) | (0.0)% | | _ | — % | | 0.1 | (100.0)% | |
| Gain on debt extinguishment | | _ | — % | | 55.4 | 7.6 % | | 55.4 | 100.0 % | |
| Other expense, net | | (6.0) | (0.8)% | _ | (2.6) | (0.4)% | | 3.4 | (56.7)% | |
| Total other income (expense) | | (58.4) | (7.4)% | _ | (3.7) | (0.5)% | | 54.7 | (93.7)% | |
| Loss before income taxes | | (535.1) | (67.9)% | | (243.1) | (33.2)% | | 292.0 | (54.6)% | |
| Benefit for income taxes | | 23.4 | 3.0 % | _ | 16.5 | 2.3 % | | (6.9) | (29.5)% | |
| Net loss | \$ | (511.7) | (65.0)% | \$ | (226.6) | (30.9)% | \$ | 285.1 | (55.7)% | |
| Net loss per share: | | | | | | | | | | |
| Basic and diluted | \$ | (2.43) | | \$ | (1.05) | | | | | |
| Weighted average number of shares outstanding: | | | | | | | | | | |
| Basic and diluted | | 210.8 | | | 216.0 | | | | | |
| | | | | | | | | | | |

RACKSPACE TECHNOLOGY, INC. CONSOLIDATED RESULTS OF OPERATIONS (Unaudited)

Nine Months Ended September 30,

| | | 20 | 022 | 20 | 23 | Year-Over-Year | r Comparison |
|--|----|-----------|-----------|---------------|-----------|--------------------|--------------|
| (In millions, except % and per share data) | I | Amount | % Revenue | Amount | % Revenue | Amount | % Change |
| Revenue | \$ | 2,335.3 | 100.0 % | \$ 2,237.4 | 100.0 % | \$ (97.9) | (4.2)% |
| Cost of revenue | | (1,678.2) | (71.9)% | (1,762.7) | (78.8)% | (84.5) | 5.0 % |
| Gross profit | | 657.1 | 28.1 % | 474.7 | 21.2 % | (182.4) | (27.8)% |
| Selling, general and administrative expenses | | (645.0) | (27.6)% | (601.7) | (26.9)% | 43.3 | (6.7)% |
| Impairment of goodwill | | (405.2) | (17.3)% | (708.8) | (31.7)% | (303.6) | 74.9 % |
| Impairment of assets, net | | (58.7) | (2.5)% | (48.4) | (2.2)% | 10.3 | (17.5)% |
| Loss from operations | | (451.8) | (19.3)% | (884.2) | (39.5)% | (432.4) | 95.7 % |
| Other income (expense): | | | | | | | |
| Interest expense | | (152.9) | (6.5)% | (170.7) | (7.6)% | (17.8) | 11.6 % |
| Gain (loss) on investments, net | | (0.4) | (0.0)% | 0.2 | 0.0 % | 0.6 | NM |
| Gain on debt extinguishment | | _ | — % | 163.1 | 7.3 % | 163.1 | 100.0 % |
| Other expense, net | | (15.5) | (0.7)% | (0.3) | (0.0)% | 15.2 | (98.1)% |
| Total other income (expense) | | (168.8) | (7.2)% | (7.7) | (0.3)% | 161.1 | (95.4)% |
| Loss before income taxes | | (620.6) | (26.6)% | (891.9) | (39.9)% | (271.3) | 43.7 % |
| Benefit for income taxes | | 29.8 | 1.3 % | 26.1 | 1.2 % | (3.7) | (12.4)% |
| Net loss | \$ | (590.8) | (25.3)% | \$ (865.8) | (38.7)% | \$ (275.0) | 46.5 % |
| Net loss per share: | | | | | | | |
| Basic and diluted | \$ | (2.80) | | \$ (4.03) | | | |
| Weighted average number of shares outstanding: | | , , | | , , | | | |
| Basic and diluted | | 210.7 | | 214.8 | | | |

NM = not meaningful.

RACKSPACE TECHNOLOGY, INC. CONSOLIDATED BALANCE SHEETS (Unaudited)

| ASSPTS Current acts 2.22.4 \$ 2.72.8 3.22.4 2.72.8 <t< th=""><th>(In millions, except per share data)</th><th>December 2022</th><th></th><th>Se</th><th>ptember 30, 2023</th></t<> | (In millions, except per share data) | December 2022 | | Se | ptember 30, 2023 |
|---|--|---------------|----------|----|---------------------|
| Accounts receivable net allowance for credit losses and accrued customer credits of \$4.6 and \$19.8, respectively \$ 22.2 a 38.47 Prepaid expensus 97.3 b 19.3 a 19.3 Other current assets 1.073.2 b 19.3 Topol current assets 1.073.2 b 19.3 Property, equipment and software, net 6.28.3 b 19.3 6.14.4 Goodwill, ner 1.256.0 b 1.256 | ASSETS | | | | |
| Prepaile expresses 973 934.5 Other current assets 125.3 125.3 Toul current assets 125.3 125.3 Property equipment and software, net 2,155.1 4,404.5 Goodwill, net 1,256.2 1,404.6 Inneal Operating right-of-see assets 1,236.2 1,206.2 Operating right-of-see assets 1,236.2 1,207.2 Operating right-of-see assets 1,206.2 1,207.2 Operating right-of-see assets 1,206.2 1,207.2 Total assets 2,255.1 1,207.2 Total assets 2,255.1 1,207.2 Accurace Company Seep Lisabilities 8,207.2 1,207.2 Accuraced compensation and benefits 3,20 1,20 Accuraced internet 2,23 1,20 Accuraced internet 2,23 1,20 Accuraced menses 3,23 2,20 Operating lesse liabilities 6,17 6,20 Finance less liabilities 3,25 3,20 Operating lesse liabilities 3,05 3,20 < | Current assets: | | | | |
| Other current assets 153.3 125.3 Other current assets 1,075.2 8-85.4 Property, equipment and software, net 6,08.3 1,016.2 1,016.2 Property, equipment and software, net 2,02.6 1,02.6 1,02.6 Operating right-of-use assets 1,22.6 <td>Cash and cash equivalents</td> <td>\$</td> <td>228.4</td> <td>\$</td> <td>277.8</td> | Cash and cash equivalents | \$ | 228.4 | \$ | 277.8 |
| Other current assets 152.3 152.3 Other current assets 1,073.2 84.75.2 Property, equipment and software, net 6,02.3 6,04.4 Convoll, net 1,25.6 1,05.2 Operation gright-of-use assets 1,26.6 1,27.6 Other non-current assets 2,26.1 1,27.6 Other non-current assets 2,26.1 1,27.6 Tutal assets 5,34.6 2,26.1 Tutal assets 5 3,6.7 Accounts payable and accrued expense 8 4,7.2 Accounts payable and accrued expenses \$ 4,7.2 Accounts payable and accrued expenses \$ 4,7.2 Account foreigness labilities 6 6,7.2 4,7.2 Deferred revenue 6 6,7.2 4,7.2 Accrued compensation and benefits 6 6,7.3 1,8.1 Deferred revenue 6 6,7.3 1,8.1 Operating lesse labilities 6 6,7.3 1,8.1 Operating lesse labilities 3 3,9.5 4 | Accounts receivable, net allowance for credit losses and accrued customer credits of \$24.6 and \$19.8, respectively | | 622.2 | | 348.7 |
| Total current assers 1,073.2 84.81 Property, equipment and software, net 628.3 61.44 Goodwill, net 1,215.1 1,408.1 Intensighte assets, net 1,236.0 1,272.0 Operating right-of-use assets 2,26.1 1,272.0 Other non-current assets 2,26.1 1,272.0 Total assets 5,36.6 5,36.6 Total assets 8 4,00.0 *********************************** | | | 97.3 | | 93.3 |
| Property, equipment and software, net 6.08.1 6.04.1 6.04.1 6.04.1 1.04.8 1.04.8 1.05.1 1.05.1 1.05.1 1.05.1 1.05.2 <td< td=""><td>Other current assets</td><td></td><td>125.3</td><td></td><td>125.3</td></td<> | Other current assets | | 125.3 | | 125.3 |
| Gowliner 2,155,1 1,436,1 Inangible assets, et 1,236,0 1,236,0 Operating philo-fuse assets 2,261,0 1,262,0 Toll assets 2,545,0 2,545,0 Toll assets 2,545,0 2,545,0 Toll assets 8,745,0 3,645,0 Toll assets 8,745,0 3,645,0 Toll assets 8,745,0 3,645,0 Toll assets 8,745,0 3,645,0 Accounts payable and accreed expresses 8,745,0 3,645,0 Accreed expresses 8,745,0 3,645,0 Debt 6,755,0 3,645,0 Debt 6,755,0 3,645,0 Debt 6,755,0 3,645,0 Destruction libritis 3,655,0 3,645,0 Destruction libritis 3,55,0 3,645,0 Destruction libritis 3,55,0 3,645,0 Destruction libritis 3,55,0 3,645,0 Destruction libritis 3,55,0 3,645,0 De | Total current assets | | 1,073.2 | | 845.1 |
| Intentil Imagible assets, net 1,236, 12,00 1,000, 12,00 | Property, equipment and software, net | | 628.3 | | 614.4 |
| Opensigninghi-ofuse ases 131.0 217.2 Other non-current seets 202.1 187.0 TABLITIES AND STOCKHOLDER'S (CUITY (DEFCIT) Account payable adactured expenses Account payable adactured expenses Account payable adactured expenses 40.8 40 | Goodwill, net | | 2,155.1 | | 1,448.1 |
| Description of the properties of the part | Intangible assets, net | | 1,236.0 | | 1,057.8 |
| Total labilities Security (DEFICITY) CINTENT ISAND STOCKHOLDERS (QUITY) (DEFICITY) CINTENT ISAND STOCKHOLDERS (COURS) | Operating right-of-use assets | | 138.0 | | 127.2 |
| Current liabilities | Other non-current assets | | 226.1 | | 187.7 |
| Current liabilities: \$ 43.5 \$ 416.8 Accrued compensation and benefits 95.3 84.1 Deferred revenue 80.9 81.6 Debt 23.0 47.4 Accrued interest 36.3 18.1 Operating lease liabilities 60.0 65.5 Finance lease liabilities 61.7 6.03 Finance lease liabilities 16.7 12.3 Total current liabilities 35.3 35.5 Total current liabilities 85.5 824.8 Non-current liabilities 3.295.4 3.011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Operating lease liabilities 84.8 77.5 Finance lease liabilities 47.6 45.5 Financine lease liabilities 47.6 45.5 Financine lease liabilities 48.8 77.5 Financine lease liabilities 48.8 75.5 Deferred income taxes 12.2 2.2 Orient on-current liabilit | Total assets | \$ | 5,456.7 | \$ | 4,280.3 |
| Current liabilities: \$ 43.5 \$ 416.8 Accrued compensation and benefits 95.3 84.1 Deferred revenue 80.9 81.6 Debt 23.0 47.4 Accrued interest 36.3 18.1 Operating lease liabilities 60.0 65.5 Finance lease liabilities 61.7 6.03 Finance lease liabilities 16.7 12.3 Total current liabilities 35.3 35.5 Total current liabilities 85.5 824.8 Non-current liabilities 3.295.4 3.011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Operating lease liabilities 84.8 77.5 Finance lease liabilities 47.6 45.5 Financine lease liabilities 47.6 45.5 Financine lease liabilities 48.8 77.5 Financine lease liabilities 48.8 75.5 Deferred income taxes 12.2 2.2 Orient on-current liabilit | LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | | | |
| Deferred revenue 80.9 81.6 Debt 23.0 47.4 Accrued interest 36.3 18.3 Operating lease liabilities 60.0 65.5 Finance lease liabilities 61.7 63.3 Financing obligations 16.7 12.3 Other current liabilities 35.3 35.5 Total current liabilities 85.5 824.8 Non-current liabilities 3,295.4 3,011.6 Operating lease liabilities 3,295.4 3,011.6 Operating lease liabilities 31.05 317.4 Finance lease liabilities 31.05 317.4 Finance lease liabilities 3.05.3 31.5 Finance lease liabilities 3.05.3 31.7 Finance lease liabilities 3.05.3 31.7 Finance lease liabilities 3.05.3 31.7 Finance lease liabilities 4.76.6 45.5 Debt on-current liabilities 3.05.2 4.76.2 Total liabilities 2.0 4.86.2 Other non-current liab | | | | | |
| Deferred revenue 80.9 81.6 Debt 23.0 47.4 Accrued interest 36.3 18.3 Operating lease liabilities 60.0 65.5 Finance lease liabilities 61.7 63.3 Financing obligations 16.7 12.3 Other current liabilities 35.3 35.5 Total current liabilities 85.5 824.8 Non-current liabilities 3,295.4 3,011.6 Operating lease liabilities 3,295.4 3,011.6 Operating lease liabilities 31.05 317.4 Finance lease liabilities 31.05 317.4 Finance lease liabilities 3.05.3 31.5 Finance lease liabilities 3.05.3 31.7 Finance lease liabilities 3.05.3 31.7 Finance lease liabilities 3.05.3 31.7 Finance lease liabilities 4.76.6 45.5 Debt on-current liabilities 3.05.2 4.76.2 Total liabilities 2.0 4.86.2 Other non-current liab | Accounts payable and accrued expenses | \$ | 447.3 | \$ | 416.8 |
| Debt 23.0 47.4 Accrued interest 36.3 18.3 Operating lease liabilities 60.0 65.5 Finance lease liabilities 61.7 63.3 Financing obligations 16.7 12.3 Other current liabilities 35.3 35.5 Total current liabilities 856.5 824.8 Non-current liabilities 3,295.4 3,011.6 Operating lease liabilities 3,295.4 3,011.6 Operating lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,87.2 4,463.1 Commitments and Contingencies Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 1,495.0 shares authorized; no shares issued; 212.6 and 216.4 shares 2.2 2.2 Vadditional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 <td></td> <td></td> <td>95.3</td> <td></td> <td>84.1</td> | | | 95.3 | | 84.1 |
| Accrued interest 36.3 18.3 Operating lease liabilities 60.0 65.5 Finance lease liabilities 61.7 63.3 Financip obligations 16.7 12.3 Other current liabilities 35.3 35.5 Total current liabilities 3 30.5 Debt 3,295.4 3,011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 94.5 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Other on-current liabilities 105.7 94.5 Total liabilities 105.7 94.5 Total liabilities 2 2 Commitments and Contingencies 2 2 Stockholders' equity (deficit): 2 2 Preferred stock, \$0.01 par value per share: 1,495.0 shares authorized; no shares issued or outstanding, espectively 2 2 | | | 80.9 | | 81.6 |
| Operating lease liabilities 60.0 65.5 Finance lease liabilities 61.7 63.3 Other current liabilities 35.3 35.5 Total current liabilities 856.5 824.8 Non-current liabilities 3.295.4 3,011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Finance lease liabilities 310.5 317.4 Finance lease liabilities 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 126.7 91.8 Total liabilities 4,827.2 4,463.1 Total liabilities 4,827.2 4,463.1 Other non-current liabilities 105.7 94.5 Total liabilities 2,20.2 4,463.1 Commitments and Contingencies 2 2.2 Stockholders' equity (deficit): 2.2 2.2 Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding crepetive stock, accost, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares is | Debt | | 23.0 | | 47.4 |
| Finance lease liabilities 61.7 63.3 Financing obligations 16.7 12.3 Other current liabilities 35.3 35.5 Total current liabilities: 856.5 824.8 Non-current liabilities: 3.295.4 3,011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 105.7 94.5 Total liabilities 105.7 94.5 Commitments and Contingencies 5 4,827.2 4,463.1 Stockholders' equity (deficit): - - - Preferred stock, \$0.01 par value per share: 1,495.0 shares authorized; no shares issued or outstanding - - - Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2,2 2,2 2,2 2,2 2,2 2,2 | Accrued interest | | 36.3 | | 18.3 |
| Financing obligations 16.7 12.3 Other current liabilities 35.3 35.5 Total current liabilities 856.5 824.8 Non-current liabilities 3,295.4 3,011.6 Operating lease liabilities 84.8 77.5 Operating lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Commitments and Contingencies 5 4,463.1 Stockholders' equity (deficit): 2 2 Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 | Operating lease liabilities | | 60.0 | | 65.5 |
| Other current liabilities 35.3 35.5 Total current liabilities 856.5 824.8 Non-current liabilities 3,295.4 3,011.6 Debt 3,295.4 3,011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 47.6 45.5 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Commitments and Contingencies 5.00 4,827.2 4,463.1 Stockholders' equity (deficit): 2 2 2 Preferred stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) 2,852.2 Treasury stock, at cost; 3.1 shares held (31.0) (31.0) <td>Finance lease liabilities</td> <td></td> <td>61.7</td> <td></td> <td>63.3</td> | Finance lease liabilities | | 61.7 | | 63.3 |
| Other current liabilities 35.3 35.5 Total current liabilities 856.5 824.8 Non-current liabilities 3,295.4 3,011.6 Debt 3,295.4 3,011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 47.6 45.5 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Commitments and Contingencies 5.00 4,827.2 4,463.1 Stockholders' equity (deficit): 2 2 2 Preferred stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) 2,852.2 Treasury stock, at cost; 3.1 shares held (31.0) (31.0) <td>Financing obligations</td> <td></td> <td>16.7</td> <td></td> <td>12.3</td> | Financing obligations | | 16.7 | | 12.3 |
| Non-current liabilities: 3,295.4 3,011.6 Debt 3,295.4 3,011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Commitments and Contingencies Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit)< | | | 35.3 | | 35.5 |
| Debt 3,295.4 3,011.6 Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) 62.5 (182.8) | Total current liabilities | | 856.5 | | 824.8 |
| Operating lease liabilities 84.8 77.5 Finance lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) 629.5 (182.8) | Non-current liabilities: | | | | |
| Finance lease liabilities 310.5 317.4 Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) 629.5 (182.8) | Debt | | 3,295.4 | | 3,011.6 |
| Financing obligations 47.6 45.5 Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) 629.5 (182.8) | Operating lease liabilities | | 84.8 | | 77.5 |
| Deferred income taxes 126.7 91.8 Other non-current liabilities 105.7 94.5 Total liabilities 4,827.2 4,463.1 Commitments and Contingencies Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) (629.5 (182.8) | Finance lease liabilities | | 310.5 | | 317.4 |
| Other non-current liabilities105.794.5Total liabilities4,827.24,463.1Commitments and ContingenciesStockholders' equity (deficit):Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding——Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively2.22.2Additional paid-in capital2,573.32,623.4Accumulated other comprehensive income71.474.8Accumulated deficit(1,986.4)(2,852.2)Treasury stock, at cost; 3.1 shares held(31.0)(31.0)Total stockholders' equity (deficit)629.5(182.8) | Financing obligations | | 47.6 | | 45.5 |
| Total liabilities 4,827.2 4,463.1 Commitments and Contingencies Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding — — — — Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) (182.8) | Deferred income taxes | | 126.7 | | 91.8 |
| Commitments and Contingencies Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively Additional paid-in capital Accumulated other comprehensive income 71.4 Accumulated deficit Treasury stock, at cost; 3.1 shares held Total stockholders' equity (deficit) (1,986.4) (2,852.2) (182.8) | Other non-current liabilities | | 105.7 | | 94.5 |
| Stockholders' equity (deficit): Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively Additional paid-in capital Accumulated other comprehensive income Accumulated deficit Treasury stock, at cost; 3.1 shares held Total stockholders' equity (deficit) Total stockholders' equity (deficit) Shares issued; 212.6 and 216.4 shares 2.2 2.2 2.2 4.2 2.2 2.2 2.2 2. | Total liabilities | | 4,827.2 | | 4,463.1 |
| Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares outstanding, respectively Additional paid-in capital Accumulated other comprehensive income Accumulated deficit Treasury stock, at cost; 3.1 shares held Total stockholders' equity (deficit) Total stockholders' equity (deficit) Total stockholders' equity (deficit) Common stock, \$0.01 par value per share: 5.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares 2.2 2.2 2.2 4.2 4.2 4.2 4.2 4. | Commitments and Contingencies | | | | |
| Common stock, \$0.01 par value per share: 1,495.0 shares authorized; 215.7 and 219.5 shares issued; 212.6 and 216.4 shares2.22.2Additional paid-in capital2,573.32,623.4Accumulated other comprehensive income71.474.8Accumulated deficit(1,986.4)(2,852.2)Treasury stock, at cost; 3.1 shares held(31.0)(31.0)Total stockholders' equity (deficit)629.5(182.8) | Stockholders' equity (deficit): | | | | |
| outstanding, respectively 2.2 2.2 Additional paid-in capital 2,573.3 2,623.4 Accumulated other comprehensive income 71.4 74.8 Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) 629.5 (182.8) | Preferred stock, \$0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding | | _ | | _ |
| Accumulated other comprehensive income71.474.8Accumulated deficit(1,986.4)(2,852.2)Treasury stock, at cost; 3.1 shares held(31.0)(31.0)Total stockholders' equity (deficit)629.5(182.8) | | | 2.2 | | 2.2 |
| Accumulated deficit (1,986.4) (2,852.2) Treasury stock, at cost; 3.1 shares held (31.0) (31.0) Total stockholders' equity (deficit) 629.5 (182.8) | Additional paid-in capital | | 2,573.3 | | 2,623.4 |
| Treasury stock, at cost; 3.1 shares held(31.0)(31.0)Total stockholders' equity (deficit)629.5(182.8) | Accumulated other comprehensive income | | 71.4 | | 74.8 |
| Total stockholders' equity (deficit) 629.5 (182.8) | Accumulated deficit | (| 1,986.4) | | (2,852.2) |
| | Treasury stock, at cost; 3.1 shares held | | (31.0) | | (31.0) |
| Total liabilities and stockholders' equity (deficit) \$ 5,456.7 \$ 4,280.3 | Total stockholders' equity (deficit) | | 629.5 | | (182.8) |
| | Total liabilities and stockholders' equity (deficit) | \$ | 5,456.7 | \$ | 4,280.3 |

RACKSPACE TECHNOLOGY, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

| Cas Plows Proper part pack rithe 8 70.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 60.00 8 20.00 | | N | Nine Months Ended September 30, | | | | | | | |
|---|---|----|---------------------------------|----|---------|--|--|--|--|--|
| Net loss \$ (590.8) \$ (580.8) Adjustments to reconcile nel loss to net cash provided by operating activities: 296.4 282.5 Depreciation and amortization 296.4 282.5 Amortization of operating right-of-use assets 40.6 70.8 Share-based compensation expense (60.7) 30.8 Unrealized floss on derivative contract 40.52 70.8 Gain on oble textinguishment - 16.3 13.7 Geain on oble vestinguishment - 6.1 3.7 48.4 Geain on oble vestinguishment - 6.1 6.0 6.0 13.7 4.0 12.7 13.7 4.0 12.7 13.7 13.7 14.1 14.1 14.1 14.1 15.1 14.1 <th< th=""><th>(In millions)</th><th></th><th>2022</th><th></th><th>2023</th></th<> | (In millions) | | 2022 | | 2023 | | | | | |
| Adjustments to reconcile net loss to net cash provided by operating activities 296,4 28.5 Amortization of operating right-of-use assets 440 57.9 Deferred Income laxes 95.5 51.9 Share-based compensation expense 95.5 51.9 Impairment of goodwill 405.2 768.8 Gain on debt extinguishment - (16.3) Clain on bethe extinguishment 3.0 (16.3) Unrealized loss on derivative contracts 3.0 4.0 (Gain) loss on investments, net 0.4 0.2 Provision for had debts and accrued customer credits 6.0 6.0 Amortization of debt issuance crosts and debt discount 6.0 6.0 Non-cash fair value adjustments (0.3) (0.3) Obter operating activities (5.0) 28.8 Pepald expenses and other current assets 2.4 23.1 Accounts receivable 5.0 6.6 6.5 Pepald expenses and other current assets 2.4 23.1 Accounts receivable 5.0 6.6 6.5 Poterian | Cash Flows From Operating Activities | | | | | | | | | |
| Depreciation and amontization 28.5 Amontization of operating right-of use assets 44.0 57.9 Deferred income taxes (46.7) (38.8) Share-based compensation expense 69.5 51.9 Impairment of goodwill 405.2 708.8 Impairment of assets, net 58.7 48.4 Gain on oble textinguishmen - (61.8) Gian on oble settinguishmen - 61.8 Gian on oble settinguishmen - 61.0 (Gain) loss on investments, net 6.0 6.0 Provision for bad debts and accrued customer credits 6.0 6.0 Amontization of debt issuance costs and idebt discount 3.0 (1.0 One-cash fair value adjustments 3.0 (1.0 Ober operating activities 6.0 6.0 Changes in apenating assets and tablities 4.6 6.5 Perapid expenses and other current assets 4.6 6.5 Perapid expenses and other current assets 4.6 6.5 Deterned revenue 6.0 6.0 Operating lesel l | Net loss | \$ | (590.8) | \$ | (865.8) | | | | | |
| Amortization of operating right-of-use assers 44.0 7.3 Deferred income taxes (46.7) (3.8) Share-based compensation expense 39.5 51.9 Inspairment of goodwill 405.2 708.8 Inspairment of sessers, net 58.7 48.4 Gain on debt extinguishment - (163.1) Unrealized loss on investments, net 0.4 (0.2) Provision for bad debts and accrued customer credits 6.7 5.1 Amortization of debt issuance costs and debt discount 6.0 6.0 Non-eash fair value adjustments 3.0 (1.0 Other operating activities 3.0 (1.0 Other operating activities 5.0 2.8 Prapaid expenses and other current assets 2.4 23.1 Accounts payable, accrued expenses, and other current liabilities 6.5 6.5 Deferred revenue (5.0 6.5 6.5 Operating lease liabilities 6.0 4.6 6.5 Other non-current assets and liabilities 6.0 6.0 6.0 Processo | Adjustments to reconcile net loss to net cash provided by operating activities: | | | | | | | | | |
| Defered income taxes (46.7) (88.9) Share-based compensation expense 39.5 51.9 Impairment of goodwill 405.2 708.8 Impairment of assess, net 58.7 48.4 Gain on debet extinguishment - (16.31) Urnealized loss on derivative contracts 13.9 13.7 (Gain) loss on investments, net 0.0 0.0 Provision for bad debts and accrued customer credits 6.7 5.1 Amortization of debt issuance costs and deb discount 6.0 6.0 Other operating activities 0.0 0.0 Changes in operating assess and liabilities: 5.0 2.0 Accounts receivable (50.8) 28.8 Perpade expenses and other current asses 2.4 23.1 Accounts payable, accrued expenses, and other current liabilities (50.8) 28.8 Poperating laces liabilities (50.8) 28.8 Ober from current assess and liabilities (50.0) 20.2 Accounts payable, accrued expenses, and other current liabilities (50.0) 20.2 Poperating la | Depreciation and amortization | | 296.4 | | 282.5 | | | | | |
| Share-based compensation expense 59.5 51.9 Impairment of goodwill 405.2 708.8 Gain on debt extinguishment 58.7 48.4 Gain on debt extinguishment 13.9 13.7 (Gain) loss on investments, net 0.4 00.2 Provision for bad debts and accrued customer credits 6.7 5.1 Amortization of debt issuance costs and debt discount 6.0 6.0 Non-each fair value adjustments 3.0 10.0 Other operating activities 3.0 10.0 Changes in operating activities 5.8 2.8 Accounts receivable 6.5 6.5 Prepaid expenses and other current assets 2.4 2.31 Accounts reversivable 45.6 6.5 Prepaid expenses and other current liabilities 3.6 6.5 Obertend revenue (15.0) 6.2 2.2 Deferred revenue (15.0) 6.0 2.0 Pers possibilities 3.0 (8.0 2.0 Other non-current assets and liabilities 3.0 6.2 <td>Amortization of operating right-of-use assets</td> <td></td> <td>44.0</td> <td></td> <td>57.9</td> | Amortization of operating right-of-use assets | | 44.0 | | 57.9 | | | | | |
| Share-based compensation expense 59.5 51.9 Impairment of goodwill 405.2 70.88 Impairment of sasets, net 58.7 48.4 Gain on debt extinguishment — (16.31) Unrealized loss on derivative contracts 13.9 13.7 (Gain) loss on investments, net 0.4 0.02.2 Provision for bad debts and accrued customer credits 6.7 5.1 Amoritzation of debt issuance costs and diebt discount 6.0 6.0 Non-cash fair value adjustments 3.0 (1.0) Other operating activities (3.0) 0.3 Causages in operating activities (50.8) 26.88 Prepaid expenses and other current assets 2.4 23.1 Accounts receivable 4.6 (55.5) Deferred revenue (50.3) (48.6 Other non-current assets and liabilities (50.3) (48.6 Other non-current assets and liabilities (50.3) (48.6 Other non-current assets and liabilities (50.3) (48.6 Puber see from provived by operating activities | Deferred income taxes | | (46.7) | | (38.9) | | | | | |
| Impairment of goodwill 485.2 78.8 Impairment of goodwill 58.7 48.4 Gain on debt extinguishment — (15.31) Unrealized loss on derivative contracts 13.9 13.7 (Gain) loss on investments, net 6.0 6.0 (Gain) loss on investments, net 6.0 6.0 Non-cash fair value adjustments 3.0 (1.0) Other operating activities (0.3 0.3 Changes in operating assess and liabilities: 8.6 6.5 Changes in operating assess and liabilities: 8.6 6.5 Changes in operating assess and liabilities 5.8 28.8 Prepaid expeases and other current assets 2.4 23.1 Accounts payable, accrued expenses, and other current liabilities 6.5 6.5 Deferred revene (15.3) (15.3) (15.5) Ober non-current assets and liabilities 3.6 2.0 Ober non-current assets and liabilities (6.5 6.5 Operating lease liabilities (6.5 6.5 Purchase of provide provide operating activities | | | ` , | | ` ′ | | | | | |
| Impairment of assets, net 58.7 48.4 Gain on debt extinguishment — (63.1) Unrealized loss on derivative contracts 13.9 13.7 (Gain) loss on investments, net 0.4 0.02 Provision for bad debts and carcued customer credits 6.0 6.0 Non-cash fair value adjustments 6.0 0.0 Other operating activities (0.3) 0.2 Pregaid expenses and liabilities (50.8) 26.8 Pepaid expenses and other current assets 2.4 23.1 Accounts payable, accrued expenses, and other current liabilities (50.3) (48.6) Oberferd revenue (50.3) (48.6) (55.6) Oberferd revenue (50.3) (48.6) (50.5) (50.2) (48.6) Ober on current assets and liabilities (50.3) (48.6) (50.6) (50.2) (48.6) (50.6) (50.6) (48.6) (50.5) (48.6) (50.5) (48.6) (50.5) (48.6) (50.5) (48.6) (50.5) (48.6) (50.5) (48.6) (50.5) (48.6 | <u>.</u> | | | | | | | | | |
| Gain on debt extinguishment — (16.31) Unrealized loss on derivative contracts 13.9 13.7 (Gain) loss on investments, net 0.4 (0.2) Provision for bad debts and accrued customer credits 6.7 5.1 Amoritzation of debt issuance costs and debt discount 3.0 (1.0) Other operating activities 3.0 (1.0) Changes in operating asses and liabilities: 5.0 26.8 Changes in operating asses and other current asses 2.4 23.1 Changes in operating activities 5.0 26.8 Prepaid expenses and other current asses 2.4 23.1 Accounts precivable 6.6 65.5 Deferred revenue (15.3) (1.5) Operating losse liabilities 3.6 20.9 Dereating losse liabilities 3.6 20.9 Dereating losse liabilities 3.6 20.9 Other ono-current asses and liabilities 6.5 6.5 Departing losse liabilities 7.0 2.7 Parcon Investing Activities 7.0 2.7 <td></td> <td></td> <td>58.7</td> <td></td> <td>48.4</td> | | | 58.7 | | 48.4 | | | | | |
| Unrealized loss on derivative contracts 13.9 13.7 (Gain) loss on investments, net 0.4 0.2 Provision for bad debts and accrued customer credits 6.7 5.1 Amortization of debt issuance costs and debt discount 6.0 6.0 Non-cash fair value adjustments (0.3) 0.3 Other operating activities (0.3) 0.3 Changes in operating assers and liabilities: 2.4 2.3.1 Accounts payable, accrued expenses, and other current liabilities 6.6 65.6 Prepaid expenses and other current assets 2.4 23.1 Accounts payable, accrued expenses, and other current liabilities 6.6 65.6 Oberating lease liabilities 6.0 65.0 Operating lease liabilities 6.0 20.9 Oberating lease liabilities 6.0 20.0 Net cash provided by operating activities 6.5 20.2 Cash provided by operating activities 6.5 6.5 Acquisitions, net of cash acquired (7.7) - Purchase of convertible promissory note (15.0) 6.2 | 1 | | | | | | | | | |
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| Principal payments of financing obligations (37.4) (14.8) Other financing activities (3.3) — Net cash used in financing activities (148.8) (191.4) Effect of exchange rate changes on cash, cash equivalents, and restricted cash Increase (decrease) in cash, cash equivalents, and restricted cash (23.3) 49.3 Cash, cash equivalents, and restricted cash at beginning of period 275.4 231.4 | · | | ` / | | , , | | | | | |
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| Increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at beginning of period 275.4 231.4 | <u> </u> | | , , | | ` / | | | | | |
| Cash, cash equivalents, and restricted cash at beginning of period 275.4 231.4 | · | | | | | | | | | |
| | | | ` ′ | | | | | | | |
| Cash, cash equivalents, and restricted cash at end of period \$\\ \) \(\ | Cash, cash equivalents, and restricted cash at beginning of period | | | | | | | | | |
| | Cash, cash equivalents, and restricted cash at end of period | \$ | 252.1 | \$ | 280.7 | | | | | |

| Supplemental | Cash | Flow | Information |
|--------------|---------|------|-------------------|
| Juppicincina | Casii . | TIUW | IIII VI III auvii |

| Cash payments for interest, net of amount capitalized | \$ 127.1 | \$ 166.2 |
|--|-------------|-------------|
| Cash payments for income taxes, net of refunds | \$ 9.0 | \$ 9.9 |
| Non-cash Investing and Financing Activities | | |
| Acquisition of property, equipment and software by finance leases | \$ 19.6 | \$ 67.4 |
| Acquisition of property, equipment and software by financing obligations | 7.1 | 8.5 |
| Increase in property, equipment and software accrued in liabilities | 6.9 | 4.9 |
| Non-cash purchases of property, equipment and software | \$ 33.6 | \$ 80.8 |

SEGMENT DATA

| (In millions, except %) | Th | ree Months En | ded S | % Ch | Change | | | |
|----------------------------|-----------|---------------|--------|--------------|---------|-------------------|--|--|
| Revenue by segment: | 2022 2023 | | | 2023 | Actual | Constant Currency | | |
| Public Cloud | \$ | 445.0 | \$ | 432.8 | (2.7)% | (3.1)% | | |
| Private Cloud | | 342.6 | | 299.6 | (12.5)% | (13.8)% | | |
| Total consolidated revenue | \$ | 787.6 | \$ | 732.4 | (7.0)% | (7.7)% | | |
| (In millions, except %) | Ni | ne Months End | led Se | eptember 30, | % Cł | nange | | |
| Revenue by segment: | | 2022 | | 2023 | Actual | Constant Currency | | |
| Public Cloud | \$ | 1,284.1 | \$ | 1,312.3 | 2.2 % | 2.3 % | | |
| Private Cloud | | 1,051.2 | | 925.1 | (12.0)% | (11.8)% | | |
| Total consolidated revenue | \$ | 2,335.3 | \$ | 2,237.4 | (4.2)% | (4.0)% | | |

(a) Refer to "Non-GAAP Financial Measures" in this section for further explanation and reconciliation.

| | | | Three Months En | | | | | | |
|---|----|--------|-------------------------|----|--------|-------------------------|---------------------------|--------|----------|
| (In millions, except %) | | 2022 | | | 20 |)23 | Year-Over-Year Comparison | | |
| Segment operating profit (a): | A | mount | % of Segment Revenue | P | Amount | % of Segment Revenue | | Amount | % Change |
| Public Cloud | \$ | 28.1 | 6.3 % | \$ | 21.6 | 5.0 % | \$ | (6.5) | (23.1)% |
| Private Cloud | | 116.2 | 33.9 % | | 84.9 | 28.3 % | | (31.3) | (26.9)% |
| Total consolidated segment operating profit | | 144.3 | | | 106.5 | | | (37.8) | (26.2)% |
| Corporate functions (b) | | (64.8) | | | (61.0) | | | 3.8 | (5.9)% |
| Non-GAAP Operating Profit (c) | \$ | 79.5 | | \$ | 45.5 | | \$ | (34.0) | (42.8)% |

| | | Nine Months Ended September 30, | | | | | | | |
|---|----|---------------------------------|-------------------------|----|---------|-------------------------|----|---------|--------------|
| (In millions, except %) | | 20 | 2022 | | | 2023 | | | r Comparison |
| Segment operating profit (a): | A | Amount | % of Segment Revenue | | Amount | % of Segment Revenue | | Amount | % Change |
| Public Cloud | \$ | 92.5 | 7.2 % | \$ | 63.1 | 4.8 % | \$ | (29.4) | (31.8)% |
| Private Cloud | | 385.7 | 36.7 % | | 264.6 | 28.6 % | | (121.1) | (31.4)% |
| Total consolidated segment operating profit | | 478.2 | | | 327.7 | | | (150.5) | (31.5)% |
| Corporate functions (b) | | (188.1) | | | (192.7) | | | (4.6) | 2.4 % |
| Non-GAAP Operating Profit (c) | \$ | 290.1 | | \$ | 135.0 | | \$ | (155.1) | (53.5)% |

- (a) Segment revenue less expenses directly attributable to running the respective segments' business. These expenses exclude centralized corporate function costs.
- (b) 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.
- (c) Refer to "Non-GAAP Financial Measures" in this section for further explanation and reconciliation.

NON-GAAP FINANCIAL MEASURES

Constant Currency Revenue

We use constant currency revenue as an additional metric for understanding and assessing our growth excluding the effect of foreign currency rate fluctuations on our international business operations. Constant currency information compares results between periods as if exchange rates had remained constant period over period and is calculated by translating the non-U.S. dollar income statement balances for the most current period to U.S. dollars using the average exchange rate from the comparative period rather than the actual exchange rates in effect during the respective period. We also believe this is an important metric to help investors evaluate our performance in comparison to prior periods.

| | Thre Ended 3 | | Three Mo | onths En | nded Septembe | % Change | | | |
|-------------------------|--------------------|---------|----------|----------|---------------|---|---------------------------|---------|-------------------|
| (In millions, except %) | R | Revenue | | Revenue | | gn Currency Inslation ^(a) | Revenue in stant Currency | Actual | Constant Currency |
| Public Cloud | \$ | 445.0 | \$ | 432.8 | \$ | (1.6) | \$ 431.2 | (2.7)% | (3.1)% |
| Private Cloud | | 342.6 | | 299.6 | | (4.2) | 295.4 | (12.5)% | (13.8)% |
| Total | \$ | 787.6 | \$ | 732.4 | \$ | (5.8) | \$ 726.6 | (7.0)% | (7.7)% |

| | | d September 80, 2022 | | Nine Mo | nths E | nded Septembe | % Change | | | | |
|-------------------------|----|-------------------------|----|---------|--------|--|---------------------------------|---------|---------|-------------------|--|
| (In millions, except %) | F | Revenue | | Revenue | | eign Currency ranslation ^(a) | Revenue in Constant Currency | | Actual | Constant Currency | |
| Public Cloud | \$ | 1,284.1 | \$ | 1,312.3 | \$ | 1.6 | \$ | 1,313.9 | 2.2 % | 2.3 % | |
| Private Cloud | | 1,051.2 | | 925.1 | | 2.3 | | 927.4 | (12.0)% | (11.8)% | |
| Total | \$ | 2,335.3 | \$ | 2,237.4 | \$ | 3.9 | \$ | 2,241.3 | (4.2)% | (4.0)% | |

⁽a) The effect of foreign currency is calculated by translating current period results using the average exchange rate from the prior comparative period.

Nine Months

Non-GAAP Gross Profit

We present Non-GAAP Gross Profit because we believe the measure is useful in analyzing trends in our underlying, recurring gross margins. We define Non-GAAP Gross Profit as gross profit, adjusted to exclude the impact of share-based compensation expense and other non-recurring or unusual compensation items, purchase accounting-related effects, certain business transformation-related costs, and costs related to the Hosted Exchange incident.

| Three Months Ended September 30, Nine Months Er | | | | | | | ıded September 30, | | |
|---|-------|--------------------------------------|-------------------------------|---|--|---|--|--|--|
| | 2022 | 2023 | | | 2022 | | 2023 | | |
| \$ | 207.1 | \$ | 152.0 | \$ | 657.1 | \$ | 474.7 | | |
| | 2.8 | | 2.0 | | 9.0 | | 7.4 | | |
| | 0.4 | | 1.2 | | 1.6 | | 3.3 | | |
| | 0.6 | | 0.6 | | 2.1 | | 1.9 | | |
| | 8.0 | | 6.2 | | 9.2 | | 16.0 | | |
| | _ | | _ | | _ | | 0.3 | | |
| \$ | 211.7 | \$ | 162.0 | \$ | 679.0 | \$ | 503.6 | | |
| | \$ | \$ 207.1 2.8 0.4 0.6 0.8 | \$ 207.1 \$ 2.8 0.4 0.6 0.8 — | 2022 2023 \$ 207.1 \$ 152.0 2.8 2.0 0.4 1.2 0.6 0.6 0.6 0.8 6.2 — | 2022 2023 \$ 207.1 \$ 152.0 \$ 2.8 2.0 0.4 1.2 0.6 0.6 0.8 6.2 | 2022 2023 2022 \$ 207.1 \$ 152.0 \$ 657.1 2.8 2.0 9.0 0.4 1.2 1.6 0.6 0.6 2.1 0.8 6.2 9.2 | 2022 2023 2022 \$ 207.1 \$ 152.0 \$ 657.1 \$ 2.8 2.0 9.0 | | |

- (a) Adjustments for retention bonuses, mainly in connection with restructuring and transformation projects, and the related payroll tax, and payroll taxes associated with the exercise of stock options and vesting of restricted stock. Beginning in the second quarter of 2023, includes expense related to the one-time grant of long-term incentive bonuses as a component of our annual compensation award process.
- (b) Adjustment for the impact of purchase accounting from the November 2016 merger on expenses.
- (c) Adjustment for the impact of business transformation and optimization activities, as well as associated severance, certain facility closure costs and lease termination expenses. This amount also includes certain costs associated with the July 2021 Restructuring Plan which are not accounted for as exit and disposal costs under ASC 420, including one-time offshore build out costs.

Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA

We present Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA because they are a basis upon which management assesses our performance and we believe they are useful to evaluating our financial performance. We believe that excluding items from net income 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.

We define Non-GAAP Net Income (Loss) as net income (loss) adjusted to exclude the impact of non-cash charges for share-based compensation, special bonuses and other compensation expense, transaction-related costs and adjustments, restructuring and transformation charges, costs related to the Hosted Exchange incident, the amortization of acquired intangible assets, goodwill and asset impairment charges, costs related to the closure of a UK office, and certain other non-operating, non-recurring or non-core gains and losses, as well as the tax effects of these non-GAAP adjustments.

We define Non-GAAP Operating Profit as income (loss) from operations adjusted to exclude the impact of non-cash charges for share-based compensation, special bonuses and other compensation expense, transaction-related costs and adjustments, restructuring and transformation charges, costs related to the Hosted Exchange incident, the amortization of acquired intangible assets, goodwill and asset impairment charges, costs related to the closure of a UK office, and certain other non-operating, non-recurring or non-core gains and losses.

We define Adjusted EBITDA as net income (loss) adjusted to exclude the impact of non-cash charges for share-based compensation, special bonuses and other compensation expense, transaction-related costs and adjustments, restructuring and transformation charges, costs related to the Hosted Exchange incident, costs related to the closure of a UK office, certain other non-operating, non-recurring or non-core gains and losses, interest expense, income taxes, depreciation and amortization, and goodwill and asset impairment charges.

Non-GAAP Operating Profit and Adjusted EBITDA are management's principal metrics for measuring our underlying financial performance. Non-GAAP Operating Profit and Adjusted EBITDA, along with other quantitative and qualitative information, are also the principal financial measures used by management and our board of directors in determining performance-based compensation for our management and key employees.

These non-GAAP measures are not intended to imply that we would have generated higher income or avoided net losses if the November 2016 merger and the subsequent transactions and initiatives had not occurred. In the future we may incur expenses or charges such as those added back to calculate Non-GAAP Net Income (Loss), Non-GAAP Operating Profit or Adjusted EBITDA. Our presentation of Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these items. Other companies, including our peer companies, may calculate similarly-titled measures in a different manner from us, and therefore, our non-GAAP measures may not be comparable to similarly-titled measures of other companies. Investors are cautioned against using these measures to the exclusion of our results in accordance with GAAP.

Net loss reconciliation to Non-GAAP Net Income (Loss)

| | Three Months En | ıde | d September 30, | Nine Months Ended September 30, | | | | |
|---|---------------------|-----|-----------------|---------------------------------|---------|----|---------|--|
| (In millions) | 2022 | | 2023 | | 2022 | | 2023 | |
| Net loss | \$ (511.7) | \$ | (226.6) | \$ | (590.8) | \$ | (865.8) | |
| Share-based compensation expense | 19.4 | | 17.2 | | 59.5 | | 51.9 | |
| Special bonuses and other compensation expense (a) | 2.4 | | 3.3 | | 8.2 | | 9.7 | |
| Transaction-related adjustments, net (b) | 2.4 | | 1.6 | | 9.6 | | 4.1 | |
| Restructuring and transformation expenses (c) | 26.1 | | 14.3 | | 74.3 | | 63.0 | |
| Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage | _ | | (5.3) | | _ | | (0.4) | |
| Impairment of goodwill | 405.2 | | 165.7 | | 405.2 | | 708.8 | |
| UK office closure (d) | _ | | _ | | _ | | 12.1 | |
| Impairment of assets, net | 58.7 | | 48.4 | | 58.7 | | 48.4 | |
| Net (gain) loss on divestiture and investments (e) | 0.1 | | _ | | 0.4 | | (0.2) | |
| Gain on debt extinguishment ^(f) | _ | | (55.4) | | _ | | (163.1) | |
| Other expense, net (g) | 6.0 | | 2.6 | | 15.5 | | 0.3 | |
| Amortization of intangible assets (h) | 42.0 | | 39.7 | | 126.4 | | 121.6 | |
| Tax effect of non-GAAP adjustments (i) | (30.6) | _ | (13.6) | | (65.6) | | (16.7) | |
| Non-GAAP Net Income (Loss) | \$ 20.0 | \$ | (8.1) | \$ | 101.4 | \$ | (26.3) | |

Loss from operations reconciliation to Non-GAAP Operating Profit

| | | Three Months En | ded Se | ptember 30, | Nine Months Ended September 30, | | | | |
|---|----|-----------------|--------|-------------|---------------------------------|---------|------|---------|--|
| (In millions) | | 2022 | | 2023 | 2022 | | 2023 | | |
| Loss from operations | \$ | (476.7) | \$ | (239.4) | \$ | (451.8) | \$ | (884.2) | |
| Share-based compensation expense | | 19.4 | | 17.2 | | 59.5 | | 51.9 | |
| Special bonuses and other compensation expense (a) | | 2.4 | | 3.3 | | 8.2 | | 9.7 | |
| Transaction-related adjustments, net (b) | | 2.4 | | 1.6 | | 9.6 | | 4.1 | |
| Restructuring and transformation expenses (c) | | 26.1 | | 14.3 | | 74.3 | | 63.0 | |
| Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage | | _ | | (5.3) | | _ | | (0.4) | |
| Impairment of goodwill | | 405.2 | | 165.7 | | 405.2 | | 708.8 | |
| Impairment of assets, net | | 58.7 | | 48.4 | | 58.7 | | 48.4 | |
| Amortization of intangible assets (h) | | 42.0 | | 39.7 | | 126.4 | | 121.6 | |
| UK office closure (d) | | _ | | _ | | _ | | 12.1 | |
| Non-GAAP Operating Profit | \$ | 79.5 | \$ | 45.5 | \$ | 290.1 | \$ | 135.0 | |

Net loss reconciliation to Adjusted EBITDA

| | Three Months En | ded S | September 30, | Nine Months Ended September 30, | | | | |
|---|-----------------|-------|---------------|---------------------------------|---------|----|---------|--|
| (In millions) | 2022 | | 2023 | | 2022 | | 2023 | |
| Net loss | \$ (511.7) | \$ | (226.6) | \$ | (590.8) | \$ | (865.8) | |
| Share-based compensation expense | 19.4 | | 17.2 | | 59.5 | | 51.9 | |
| Special bonuses and other compensation expense (a) | 2.4 | | 3.3 | | 8.2 | | 9.7 | |
| Transaction-related adjustments, net (b) | 2.4 | | 1.6 | | 9.6 | | 4.1 | |
| Restructuring and transformation expenses (c) | 26.1 | | 14.3 | | 74.3 | | 63.0 | |
| Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage | _ | | (5.3) | | _ | | (0.4) | |
| Impairment of goodwill | 405.2 | | 165.7 | | 405.2 | | 708.8 | |
| UK office closure (d) | _ | | _ | | _ | | 12.1 | |
| Impairment of assets, net | 58.7 | | 48.4 | | 58.7 | | 48.4 | |
| Net (gain) loss on divestiture and investments (e) | 0.1 | | _ | | 0.4 | | (0.2) | |
| Gain on debt extinguishment ^(f) | _ | | (55.4) | | _ | | (163.1) | |
| Other expense, net (g) | 6.0 | | 2.6 | | 15.5 | | 0.3 | |
| Interest expense | 52.3 | | 56.5 | | 152.9 | | 170.7 | |
| Benefit for income taxes | (23.4) | | (16.5) | | (29.8) | | (26.1) | |
| Depreciation and amortization (i) | 96.6 | | 90.1 | | 296.1 | | 279.2 | |
| Adjusted EBITDA | \$ 134.1 | \$ | 95.9 | \$ | 459.8 | \$ | 292.6 | |

- (a) Includes expense related to retention bonuses, mainly relating to restructuring and integration projects, and the related payroll tax, senior executive signing bonuses and relocation costs, and payroll taxes associated with the exercise of stock options and vesting of restricted stock. Beginning in the second quarter of 2023, includes expense related to the one-time grant of long-term incentive bonuses as a component of our annual compensation award process.
- (b) Includes legal, professional, accounting and other advisory fees related to acquisitions, certain one-time compliance costs related to being a public company, integration costs of acquired businesses, purchase accounting adjustments, payroll costs for employees that dedicate significant time to supporting these projects and exploratory acquisition and divestiture costs and expenses related to financing activities.
- (c) Includes consulting and advisory fees related to business transformation and optimization activities, payroll costs for employees that dedicate significant time to these projects, as well as associated severance, certain facility closure costs, and lease termination expenses. This amount also includes total charges of \$1.0 million and \$5.2 million for the three and nine months ended September 30, 2022, respectively, related to the July 2021 Restructuring Plan which are not accounted for as exit and disposal costs under ASC 420, including one-time offshore build out costs.
- (d) Expense recognized related to the closure of a UK office that we exited in the second quarter of 2023 prior to the lease end date.
- (e) Includes gains and losses on investment and from dispositions.
- (f) Includes gains related to repurchases of 5.375% Senior Notes.
- (g) Primarily consists of foreign currency gains and losses.
- (h) All of our intangible assets are attributable to acquisitions, including the November 2016 merger.
- (i) 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. When computing this long-term rate for the 2022 and 2023 interim periods, we based it on an average of the 2021 and estimated 2022 tax rates and 2022 and estimated 2023 tax rates, respectively, recomputed to remove the tax effect of non-GAAP pre-tax adjustments and non-recurring tax adjustments, resulting in a structural non-GAAP tax rate of 26% for all periods. 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.
- (j) Excludes accelerated depreciation expense related to facility closures.

Non-GAAP Earnings (Loss) Per Share

We define Non-GAAP Earnings (Loss) Per Share as Non-GAAP Net Income (Loss) divided by our GAAP weighted average number of shares outstanding for the period on a diluted basis and further adjusted for the weighted average number of shares associated with securities which are anti-dilutive to GAAP loss per share but dilutive to Non-GAAP Earnings (Loss) Per Share. Management uses Non-GAAP Earnings (Loss) Per Share to evaluate the performance of our business on a comparable basis from period to period, including by adjusting for the impact of the issuance of shares that would be dilutive to Non-GAAP Earnings (Loss) Per Share.

| | Thi | ree Months En | ded S | eptember 30, | Nine Months Ended September 30, | | | | |
|--|------|---------------|-------|--------------|---------------------------------|---------|----|---------|--|
| (In millions, except per share amounts) | 2022 | | | 2023 | 2022 | | | 2023 | |
| Net loss attributable to common stockholders | \$ | (511.7) | \$ | (226.6) | \$ | (590.8) | \$ | (865.8) | |
| Non-GAAP Net Income (Loss) | \$ | 20.0 | \$ | (8.1) | \$ | 101.4 | \$ | (26.3) | |
| Weighted average number of shares - Diluted | | 210.8 | | 216.0 | | 210.7 | | 214.8 | |
| Effect of dilutive securities (a) | | 0.2 | | 6.4 | | 0.5 | | 2.9 | |
| Non-GAAP weighted average number of shares - Diluted | | 211.0 | | 222.4 | | 211.2 | | 217.7 | |
| Net loss per share - Diluted | \$ | (2.43) | \$ | (1.05) | \$ | (2.80) | \$ | (4.03) | |
| Per share impacts of adjustments to net loss (b) | | 2.52 | | 1.01 | | 3.29 | | 3.91 | |
| Per share impacts of shares dilutive after adjustments to net loss (a) | | 0.01 | | 0.00 | | (0.01) | | 0.00 | |
| Non-GAAP Earnings (Loss) Per Share | \$ | 0.10 | \$ | (0.04) | \$ | 0.48 | \$ | (0.12) | |

- (a) 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 Earnings (Loss) Per Share 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.
- (b) Reflects the aggregate adjustments made to reconcile Non-GAAP Net Income (Loss) to our net loss, as noted in the above table, divided by the GAAP diluted number of shares outstanding for the relevant period.