Rackspace Technology

1st Quarter 2022
Earnings Presentation

May 10, 2022

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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. 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, our ability to successfully respond to the challenges posed by the COVID-19 pandemic, 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 Registration Statement on Form S-1, 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 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 EPS, Non-GAAP Operating Profit, Non-GAAP Net Income, and Adjusted EBITDA 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.

Kevin Jones
Chief Executive Officer

Amar Maletira
President and Chief Financial Officer

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Agenda

Summary results and RXT overview
Kevin Jones

Financial results
Amar Maletira

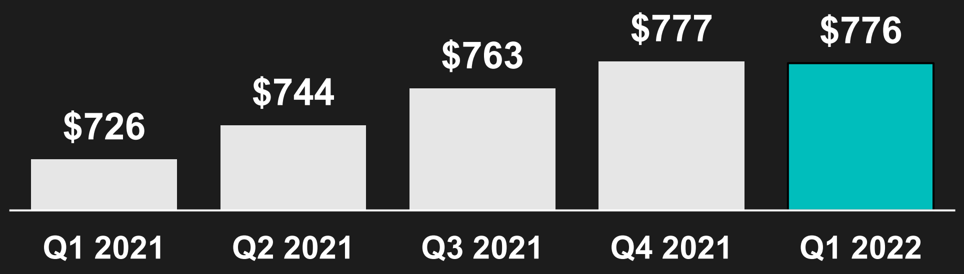
Q&A Session

Q1 2022 key messages

Continued Cloud market growth	• Rackspace Technology is well-positioned as the pure play cloud solutions company.
Strong Q1 Performance	• Key revenue and profitability metrics at high end of expectations. • Delivered $65 million cash flow from operations.
Solid Business Momentum	• Signed new agreement with AWS that strengthens our relationship and accelerates cloud growth • Partnering with VMware for managed hosting and private cloud to support VMware's SASE offering in 20 locations globally.
M&A	• Completed acquisition of Just Analytics • Expanding Just Analytics service offerings and capabilities globally.
Industry Leader	• Named a Leader in the 2021 ISG Provider Lens™ AWS Ecosystem Partners Report. • Named a Top 15 Sourcing Standout by ISG.

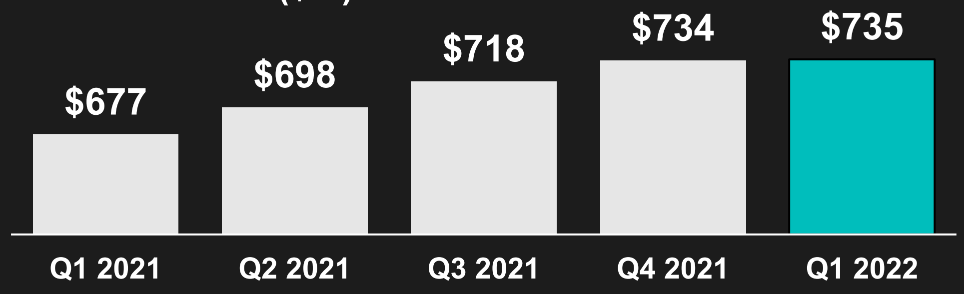
Q1 2022 results at-a-glance

Revenue ($M)



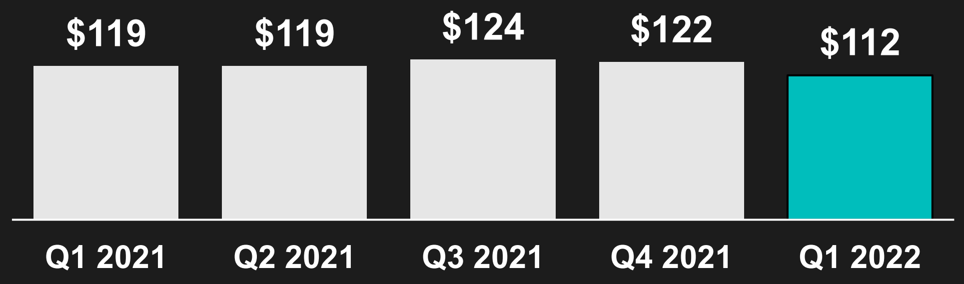
› +7% YoY

Core Revenue ($M)



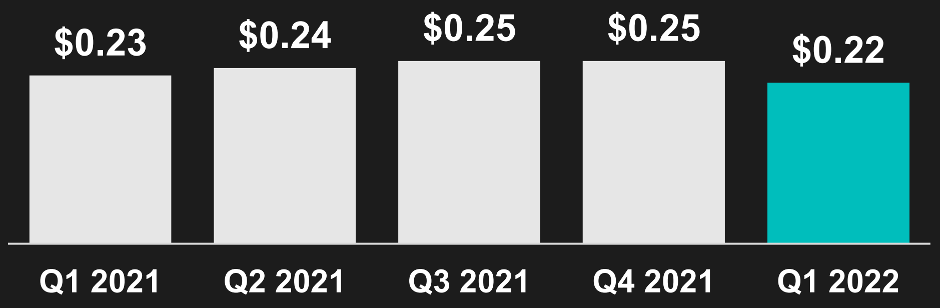
› +9% YoY

Non-GAAP Operating Profit ($M)



› -6% YoY

Non-GAAP EPS



› -4% YoY

ON TRACK TO ACHIEVE $1 BILLION OF TARGETED BOOKINGS FOR THE YEAR

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Note: Refer to Appendix for more information on how we define Core and Bookings.
Also refer to Appendix for a reconciliation of Non-GAAP Operating Profit and Non-GAAP EPS to the most comparable GAAP measure.

Two Distinct Multicloud Markets With Different Dynamics

Public Cloud

- Secular growth market
- CAPEX light
- Services-centric
- Investments for growth

***Objective: H**ypergrowth across revenue, profit, and free cash flow*

KEY FOCUS:

- Services across infrastructure, applications, data and security
- IP-based service offerings and automation

UNIQUE ATTRIBUTES:

Operating Models

Growth Trajectories

Investment Opportunities

Private Cloud & Managed Hosting

- Mature/low growth market
- CAPEX heavy
- Product-centric
- Investments to optimize/automate

***Objective: Stabilize revenue,** optimize for profit and free cash flow*

KEY FOCUS:

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Delivering Unique Solutions Through Well Aligned Partner Ecosystem

Public Cloud

aws

Google Cloud

Microsoft

CLOUDFLARE

DATADOG

snowflake

CROWDSTRIKE

Private Cloud & Managed Hosting

vmware

DELL Technologies

BT British Telecom

PLATFORM9

EMC²

NetApp

Akamai

NVIDIA

Rackspace Technology and AWS help Carrier reduce infrastructure costs by up to 50%

Challenge

After spinning off from its parent company, leading HVAC company Carrier Global was looking to modernize its infrastructure and existing applications.

Solution

Rackspace Elastic Engineering, Advisory Services, Professional Services

Achievement

- Reduced technical debt
- Increased security
- Accelerated infrastructure provisioning time from 35 days to 30 minutes
- Reduced infrastructure costs by 45%.

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Carrier

Provenir gains visibility into its microservices and infrastructure to help automate monitor and dashboard creation.

Challenge

Provenir had multiple microservices deployed in Kubernetes clusters running in AWS but didn't have the capacity to set up Datadog integration or create monitors and dashboards.

Solution

Professional Services, Observability Engineering, Datadog Implementation

Achievement

- Provenir gained visibility into its microservices and infrastructure (AWS and Kubernetes)
- Improved accuracy and consistency in recreating recreate monitors and dashboards across multiple accounts.

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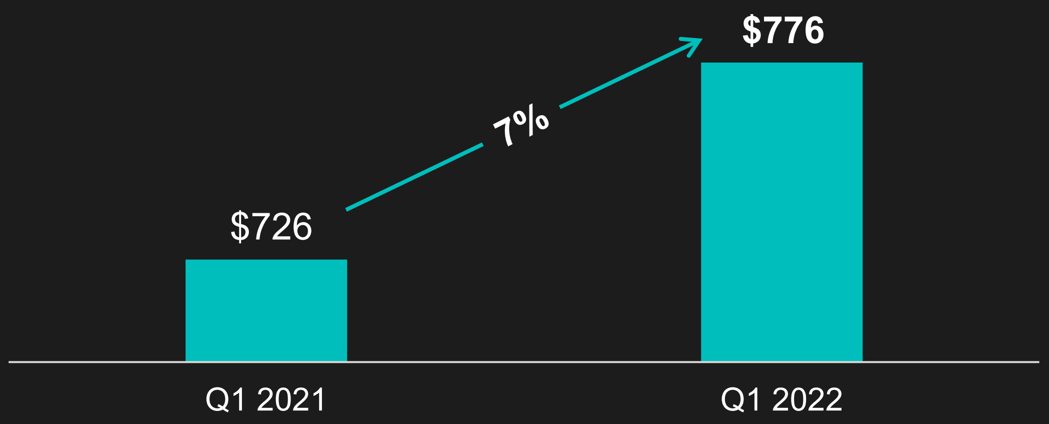
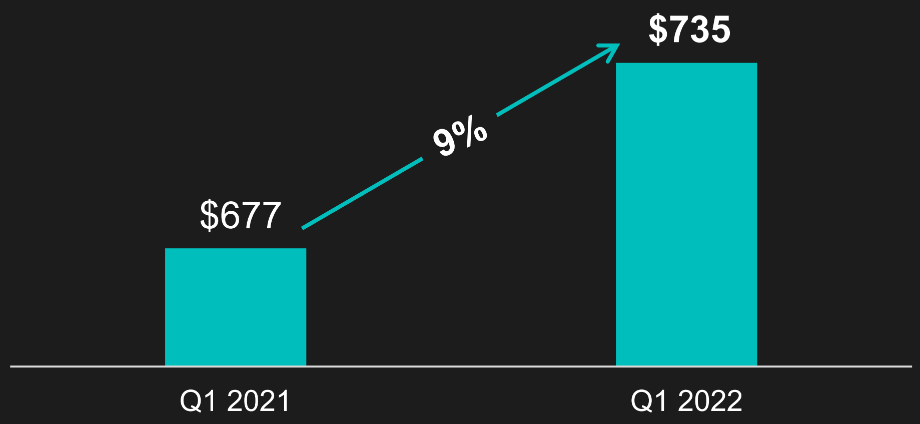
Q1 2022 Financial Highlights

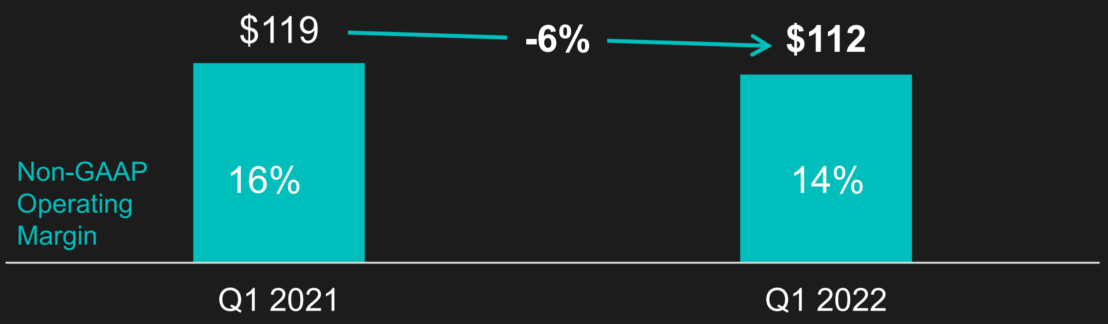
Revenue ($M)



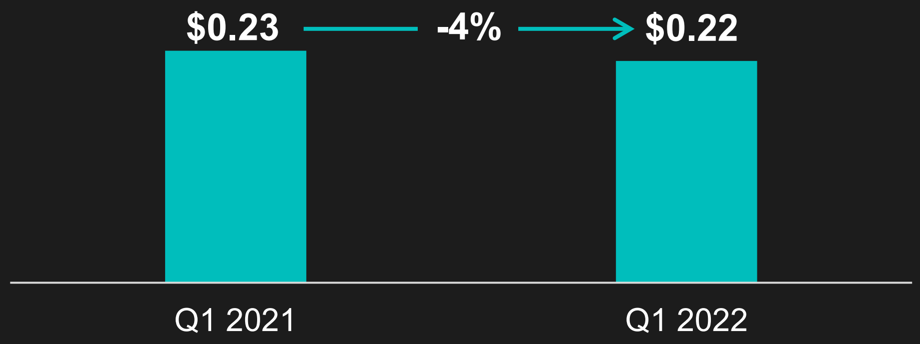
Core Revenue ($M)



Non-GAAP Operating Profit ($M)



Non-GAAP EPS



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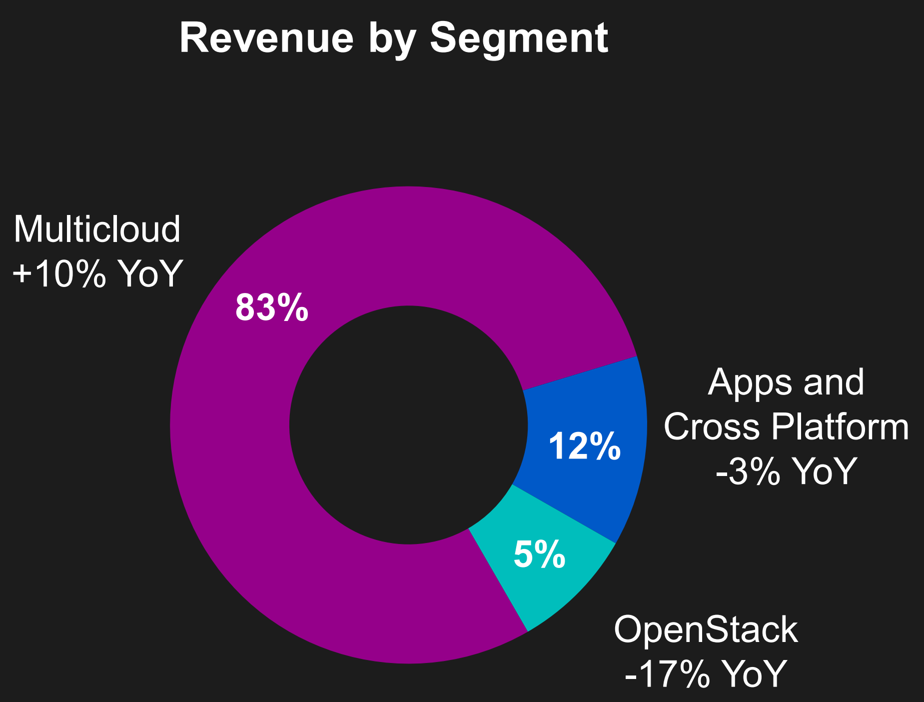
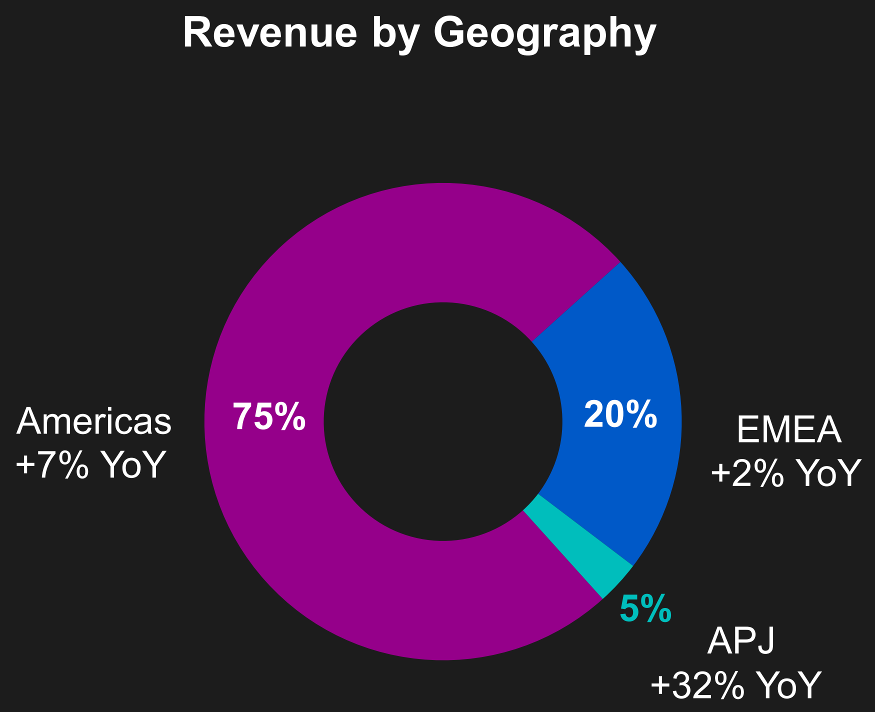
Note: Refer to Appendix for more information on how we define Core.
Also refer to Appendix for a reconciliation of Non-GAAP Operating Profit and Non-GAAP EPS to the most comparable GAAP measure.

Q1 2022 Revenue Detail



GROWTH IN MULTICLOUD DRIVEN BY PUBLIC CLOUD BUSINESS; APPS & CROSS PLATFORM FLAT AFTER NORMALIZING FOR DISCONTINUANCE OF A NON-CORE LINE OF BUSINESS



BROAD BASED GROWTH ACROSS ALL GEOGRAPHIES

Cash flow and balance sheet metrics

Cash Provided by Operating Activities **$65M**	Total Capital Expenditures **$31M**	Cash Capital Expenditures **$19M**	Cash & Cash Equivalents **$269M**
Free Cash Flow **$45M**	Total CAPEX Intensity **4%**	Cash CAPEX Intensity **2%**	Undrawn Revolving Credit Facility **$375M**

- ✓ Strong first quarter operating and free cash flow
- ✓ CAPEX intensity in line with expectations
- ✓ $644 million of liquidity at quarter end

Note: Refer to Appendix for more information on how we define capital intensity.
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.

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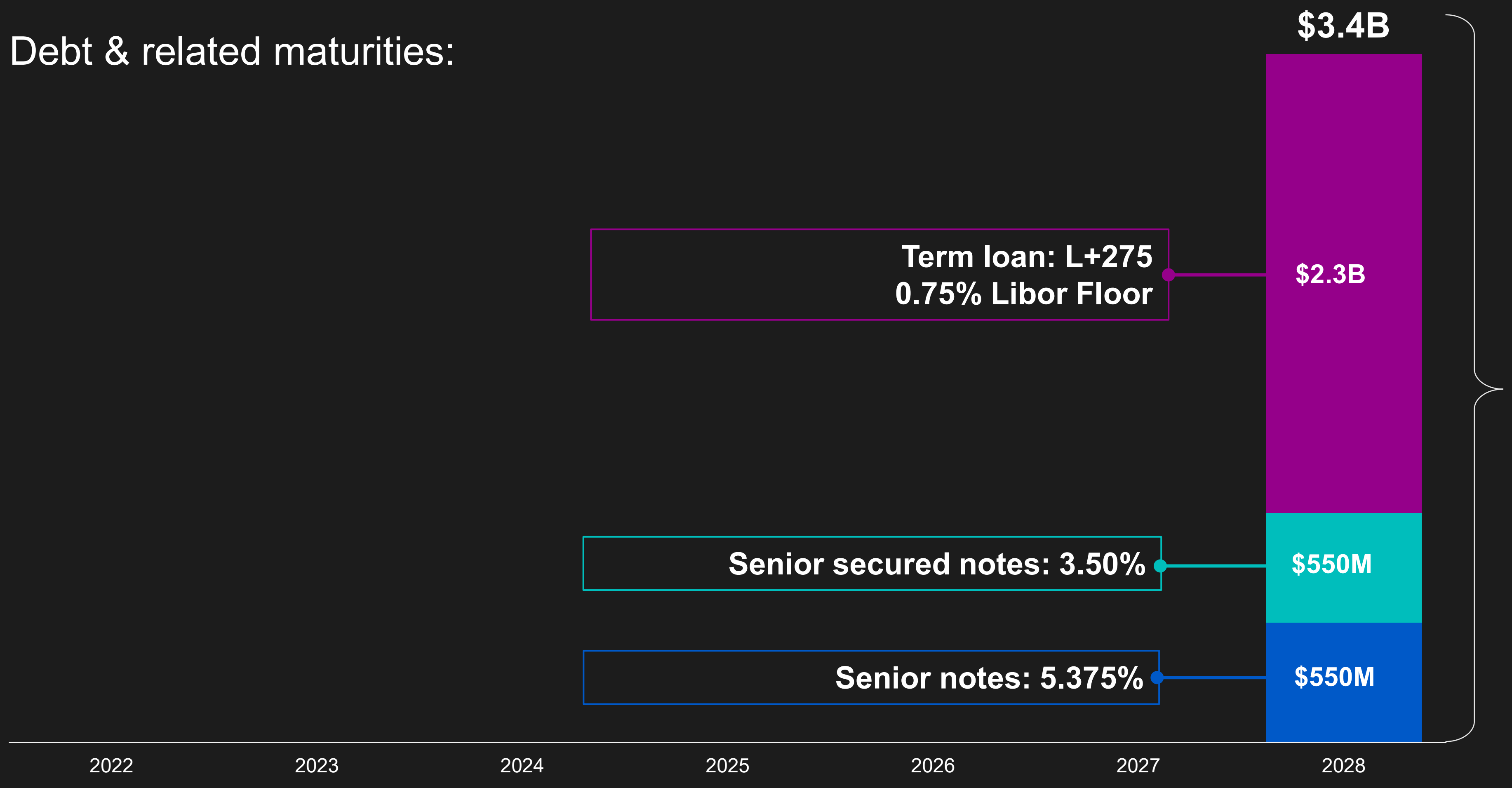
Debt structure highlights

Debt & related maturities:



Total debt $3.4B, Net Debt $3.1B

Manageable leverage ratio of 4.3x

No material debt maturities until 2028

No significant debt covenants

Note: Quarterly principal payments of approximately $5.75 million on the Term Loan are not reflected in the maturity chart.

Outlook

	Q2 2022
Revenue	$780 - $790 million
Core Revenue	$744 - $752 million
Non-GAAP Operating Profit	$93 - $97 million
Non-GAAP EPS	$0.15 - $0.17
Non-GAAP Other Income (Expense)	($49) – ($51) million
Non-GAAP Tax Expense Rate	26%
Non-GAAP Weighted Average Shares	213 – 215 million

NOTE: Refer to Appendix for more information on how we define Core, Non-GAAP Tax Expense Rate, and Non-GAAP Weighted Average Shares. In 2022, Non-GAAP Other Income and Expense is only expected to include interest expense.

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Appendix

Non-GAAP Gross Profit Reconciliation

(In millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
GAAP Gross Profit	$235.3	$235.5	$231.7	$234.3	$226.0
Share-based compensation expense	4.9	4.3	4.0	3.5	2.8
Other compensation expense	1.3	0.4	0.4	0.6	0.8
Purchase accounting impact on expense	1.2	1.2	1.2	1.1	0.7
Restructuring and transformation expenses	7.2	8.7	13.0	6.6	5.3
Total Adjustments	$14.6	$14.6	$18.6	$11.8	$9.6
Non-GAAP Gross Profit	**$249.9**	**$250.1**	**$250.3**	**$246.1**	**$235.6**

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Non-GAAP Net Income Reconciliation

(In millions)	**Q1 2021**	**Q2 2021**	**Q3 2021**	**Q4 2021**	**Q1 2022**
Net loss	$(64.0)	$(36.6)	$(34.8)	$(82.9)	$(38.5)
Share-based compensation expense	17.2	20.4	19.1	18.7	17.0
Special bonuses and other compensation expense	4.0	3.0	2.1	2.7	3.4
Transaction-related adjustments, net	8.4	6.9	6.5	3.9	5.3
Restructuring and transformation expenses	38.6	39.1	55.2	28.6	23.3
Impairment of goodwill	-	-	-	52.4	-
Gain on sale of land	(19.9)	-	-	-	-
Net (gain) loss on divestiture and investments	3.7	(0.1)	-	(0.6)	0.1
Debt modification and extinguishment costs	37.0	0.5	-	-	-
Other (income) expense, net	1.8	(0.6)	(0.1)	(0.1)	3.6
Amortization of intangible assets	46.4	47.1	43.9	42.3	42.2
Tax effect of non-GAAP adjustments	(24.1)	(28.8)	(38.3)	(12.1)	(10.5)
Non-GAAP Net Income	**$49.1**	**$50.9**	**$53.6**	**$52.9**	**$45.9**

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Non-GAAP Operating Profit Reconciliation

(In millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Income (loss) from operations	$24.2	$2.9	$(2.9)	$(26.7)	$20.9
Share-based compensation expense	17.2	20.4	19.1	18.7	17.0
Special bonuses and other compensation expense	4.0	3.0	2.1	2.7	3.4
Transaction-related adjustments, net	8.4	6.9	6.5	3.9	5.3
Restructuring and transformation expenses	38.6	39.1	55.2	28.6	23.3
Impairment of goodwill	-	-	-	52.4	-
Gain on sale of land	(19.9)	-	-	-	-
Amortization of intangible assets	46.4	47.1	43.9	42.3	42.2
Total Adjustments	$94.7	$116.5	$126.8	$148.6	$91.2
Non-GAAP Operating Profit	**$118.9**	**$119.4**	**$123.9**	**$121.9**	**$112.1**

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Adjusted EBITDA Reconciliation

(In millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net loss	$(64.0)	$(36.6)	$(34.8)	$(82.9)	$(38.5)
Share-based compensation expense	17.2	20.4	19.1	18.7	17.0
Special bonuses and other compensation expense	4.0	3.0	2.1	2.7	3.4
Transaction-related adjustments, net	8.4	6.9	6.5	3.9	5.3
Restructuring and transformation expenses	38.6	39.1	55.2	28.6	23.3
Impairment of goodwill	-	-	-	52.4	-
Gain on sale of land	(19.9)	-	-	-	-
Net (gain) loss on divestiture and investments	3.7	(0.1)	-	(0.6)	0.1
Debt modification and extinguishment costs	37.0	0.5	-	-	-
Other (income) expense, net	1.8	(0.6)	(0.1)	(0.1)	3.6
Interest expense	52.6	50.5	51.5	50.5	50.1
Provision (benefit) for income taxes	(6.9)	(10.8)	(19.5)	6.4	5.6
Depreciation and amortization	107.7	107.0	103.1	103.6	101.4
Adjusted EBITDA	**$180.2**	**$179.3**	**$183.1**	**$183.2**	**$171.3**

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Non-GAAP EPS Reconciliation

(In millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net loss attributable to common stockholders	$(64.0)	$(36.6)	$(34.8)	$(82.9)	$(38.5)
Non-GAAP Net Income	$49.1	$50.9	$53.6	$52.9	$45.9
Weighted average number of shares – Diluted	204.6	207.9	209.3	210.3	211.4
Effect of dilutive securities	6.5	5.4	2.6	2.1	1.0
Non-GAAP weighted average number of shares – Diluted	211.1	213.3	211.9	212.4	212.4
Net loss per share – Diluted	$(0.31)	$(0.18)	$(0.17)	$(0.39)	$(0.18)
Per share impacts of adjustments to net loss	0.55	0.42	0.42	0.65	0.40
Per share impacts of shares dilutive after adjustments to net loss	(0.01)	(0.00)	(0.00)	(0.01)	0.00
Non-GAAP EPS	**$0.23**	**$0.24**	**$0.25**	**$0.25**	**$0.22**

Free Cash Flow Reconciliation

(In millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Net cash provided by operating activities	$103.2	$105.7	$102.3	$59.6	$64.5
Cash purchases of property, equipment and software	(36.9)	(29.1)	(21.2)	(21.2)	(19.2)
Free Cash Flow	**$66.3**	**$76.6**	**$81.1**	**$38.4**	**$45.3**

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Definitions

Bookings	We calculate Bookings for a given period as the annualized monthly value of our recurring customer contracts entered into during the period from (i) new customers and (ii) net upgrades by existing customers within the same workload, plus the actual (not annualized) estimated value of professional services consulting, advisory or project-based orders received during the period. “Recurring customer contracts” are any contracts entered into on a multi-year or month-to-month basis, but excluding any professional services contracts for consulting, advisory or project-based work. Bookings for any period may reflect orders that we perform in the same period, orders that remain outstanding as of the end of the period and the annualized value of recurring month-to-month contracts entered into during the period, even if the terms of such contracts do not require the contract to be renewed. Bookings include net upgrades by existing customers within the same workload, but exclude net downgrades by such customers within that workload. Any customer that contracts for a new workload is considered a new customer and the entire value of the contract or upgrade is recorded in Bookings, irrespective of whether the same customer canceled or downgraded other workloads. Bookings also do not include the impact of any known contract non-renewals or service cancellations by our customers, except for positive net upgrades by existing customers. In cases where a new or upgrading customer enters into a multi-year contract, Bookings include only the annualized contract value. Bookings do not include usage-based fees in excess of contracted minimum commitments until actually incurred. We use Bookings to measure the amount of new business generated in a period, which we believe is an important indicator of new customer acquisition and our ability to cross-sell new services to existing customers. Bookings are also used by management as a factor in determining performance-based compensation for our sales force. While we believe Bookings, in combination with other metrics, is an indicator of our near-term future revenue opportunity, it is not intended to be used as a projection of future revenue. Our calculation of Bookings may differ from similarly titled metrics presented by other companies.
Core	Core reflects the results or otherwise pertain to the performance of our Multicloud Services and Apps & Cross Platform segments, in the aggregate. Our Core financial measures exclude the results and performance of our OpenStack Public Cloud segment.
Net Promoter Score (NPS)	NPS is a customer loyalty metric that measures customers’ willingness to not only return for another purchase or service but also make a recommendation to other organizations or colleagues. Net Promoter Score is a number from -100 to 100.
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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