

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended **June 30, 2025**.

OR

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

For the transition period from _____ to _____.

Commission File Number: 001-39420

RACKSPACE TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)



Delaware

(State or other jurisdiction of incorporation or organization)

81-3369925

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

19122 US Highway 281N, Suite 128

San Antonio, Texas 78258

(Address of principal executive offices, including zip code)

1-800-961-4454

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

On August 5, 2025, 239,360,677 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

RACKSPACE TECHNOLOGY, INC.
TABLE OF CONTENTS

Part I - Financial Information

Item 1.	Financial Statements:	
	Unaudited Condensed Consolidated Balance Sheets as of December 31, 2024 and June 30, 2025	3
	Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Six Months Ended June 30, 2024 and June 30, 2025	4
	Unaudited Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2024 and June 30, 2025	5
	Unaudited Condensed Consolidated Statements of Stockholders' Deficit for the Three and Six Months Ended June 30, 2024 and June 30, 2025	7
	Notes to the Unaudited Condensed Consolidated Financial Statements	9
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	34
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	58
Item 4.	Controls and Procedures	59

Part II - Other Information

Item 1.	Legal Proceedings	60
Item 1A.	Risk Factors	60
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	60
Item 3.	Defaults Upon Senior Securities	60
Item 4.	Mine Safety Disclosures	60
Item 5.	Other Information	60
Item 6.	Exhibits	61
	Signatures	62

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (this "Quarterly Report") contains certain information that may constitute "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. While we have specifically identified certain information as being forward-looking in the context of its presentation, we caution you that all statements contained in this report that are not clearly historical in nature, including statements regarding anticipated financial performance, management's plans and objectives for future operations, business prospects, market conditions, and other matters are forward-looking. Forward-looking statements are contained principally in the sections of this report entitled "Risk Factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Without limiting the generality of the preceding sentence, any time we use the words "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and similar expressions, we intend to clearly express that the information deals with possible future events and is forward-looking in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

Forward-looking information involves risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such statements, and the risks and uncertainties disclosed or referenced under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024. Therefore, caution should be taken not to place undue reliance on any such forward-looking statements. Much of the information in this report that looks toward future performance of the company is based on various factors and important assumptions about future events that may or may not actually occur. As a result, our operations and financial results in the future could differ materially and substantially from those we have discussed in the forward-looking statements included in this Quarterly Report. We assume no obligation (and specifically disclaim any such obligation) to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

TRADEMARKS, TRADE NAMES AND SERVICE MARKS

"Rackspace," "Rackspace Technology," "Fanatical," "Fanatical Experience," "Rackspace Fabric," "Rackspace Data Freedom," "Rackspace Services for VMware Cloud™" and "My Rackspace" are registered or unregistered trademarks of Rackspace US, Inc. in the United States and/or other countries. OpenStack® is a registered trademark of OpenStack, LLC and OpenStack Foundation in the United States. Solely for convenience, trademarks, trade names and service marks referred to in this Quarterly Report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks, trade names and service marks. Other trademarks, trade names and service marks appearing in this Quarterly Report are the property of their respective holders. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

PART I – FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS
RACKSPACE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except per share data)	December 31, 2024	June 30, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 144.0	\$ 103.9
Accounts receivable, net of allowance for credit losses and accrued customer credits of \$27.0 and \$24.6, respectively	298.8	253.9
Prepaid expenses	84.9	111.4
Other current assets	91.1	79.2
Total current assets	618.8	548.4
Property, equipment and software, net	601.0	594.8
Goodwill, net	735.7	741.1
Intangible assets, net	844.7	770.2
Operating right-of-use assets	134.6	130.0
Other non-current assets	119.3	110.4
Total assets	\$ 3,054.1	\$ 2,894.9
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	\$ 389.6	\$ 389.8
Accrued compensation and benefits	96.7	70.0
Deferred revenue	84.2	68.4
Debt	29.2	33.4
Accrued interest	7.4	6.2
Operating lease liabilities	55.9	47.2
Finance lease liabilities	53.1	48.7
Financing obligations	16.4	14.1
Other current liabilities	34.1	37.6
Total current liabilities	766.6	715.4
Non-current liabilities:		
Debt	2,756.4	2,766.8
Operating lease liabilities	77.8	79.4
Finance lease liabilities	293.1	301.1
Financing obligations	39.2	30.2
Deferred income taxes	30.2	23.8
Other non-current liabilities	95.0	97.2
Total liabilities	4,058.3	4,013.9
Commitments and Contingencies (Note 8)		
Stockholders' 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; 232.2 and 242.1 shares issued; 229.1 and 239.0 shares outstanding, respectively	2.3	2.4
Additional paid-in capital	2,682.8	2,696.7
Accumulated other comprehensive income	24.1	21.3
Accumulated deficit	(3,682.4)	(3,808.4)
Treasury stock, at cost; 3.1 shares held	(31.0)	(31.0)
Total stockholders' deficit	(1,004.2)	(1,119.0)
Total liabilities and stockholders' deficit	\$ 3,054.1	\$ 2,894.9

See accompanying notes to the unaudited condensed consolidated financial statements.

RACKSPACE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

(In millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Revenue	\$ 684.9	\$ 666.3	\$ 1,375.7	\$ 1,331.7
Cost of revenue	(553.5)	(537.1)	(1,111.5)	(1,075.6)
Gross profit	131.4	129.2	264.2	256.1
Selling, general and administrative expenses	(185.2)	(154.3)	(377.6)	(319.6)
Impairment of goodwill	—	—	(573.2)	—
Impairment of assets, net	—	—	(20.0)	—
Loss from operations	(53.8)	(25.1)	(706.6)	(63.5)
Other income (expense):				
Interest expense	(18.4)	(21.3)	(62.1)	(40.7)
Gain on investments, net	—	0.3	0.1	0.2
Gain on debt extinguishment, net of debt modification costs	72.5	—	129.2	—
Other expense, net	(5.2)	(3.8)	(10.8)	(9.2)
Total other income (expense)	48.9	(24.8)	56.4	(49.7)
Loss before income taxes	(4.9)	(49.9)	(650.2)	(113.2)
Benefit (provision) for income taxes	29.9	(4.6)	34.6	(12.8)
Net income (loss)	<u>\$ 25.0</u>	<u>\$ (54.5)</u>	<u>\$ (615.6)</u>	<u>\$ (126.0)</u>
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	\$ (0.8)	\$ 9.4	\$ (4.5)	\$ 13.0
Unrealized gain on derivative contracts	4.5	1.5	17.6	1.4
Amount reclassified from accumulated other comprehensive income (loss) to earnings	(11.1)	(8.7)	(22.2)	(17.2)
Other comprehensive income (loss)	(7.4)	2.2	(9.1)	(2.8)
Comprehensive income (loss)	<u>\$ 17.6</u>	<u>\$ (52.3)</u>	<u>\$ (624.7)</u>	<u>\$ (128.8)</u>
Net earnings (loss) per share:				
Basic	<u>\$ 0.11</u>	<u>\$ (0.23)</u>	<u>\$ (2.77)</u>	<u>\$ (0.54)</u>
Diluted	<u>\$ 0.11</u>	<u>\$ (0.23)</u>	<u>\$ (2.77)</u>	<u>\$ (0.54)</u>
Weighted average number of shares outstanding:				
Basic	<u>224.5</u>	<u>238.0</u>	<u>222.2</u>	<u>235.0</u>
Diluted	<u>229.6</u>	<u>238.0</u>	<u>222.2</u>	<u>235.0</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

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

(In millions)	Six Months Ended June 30,	
	2024	2025
Cash Flows From Operating Activities		
Net loss	\$ (615.6)	\$ (126.0)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	149.0	148.9
Reduction in carrying amount of operating right-of-use assets	34.2	32.5
Deferred income taxes	(51.2)	(9.1)
Share-based compensation expense	32.3	22.0
Impairment of goodwill	573.2	—
Impairment of assets, net	20.0	—
Gain on debt extinguishment, net of debt modification costs	(129.2)	—
Gain on investments, net	(0.1)	(0.2)
Provision for bad debts and accrued customer credits	10.8	2.6
Amortization of debt issuance costs and debt discount and premium	(3.5)	3.0
Third party fees paid in connection with the March 2024 Refinancing Transactions	(31.7)	—
Other operating activities	(2.9)	1.8
Changes in operating assets and liabilities:		
Accounts receivable	10.4	43.5
Prepaid expenses and other current assets	4.2	(27.1)
Accounts payable, accrued expenses, and other current liabilities	(35.5)	(39.4)
Deferred revenue	(7.7)	(15.8)
Operating lease liabilities	(43.8)	(34.8)
Other non-current assets and liabilities	20.9	19.1
Net cash provided by (used in) operating activities	(66.2)	21.0
Cash Flows From Investing Activities		
Purchases of property, equipment and software	(66.7)	(29.1)
Proceeds from sale of headquarters	16.9	—
Other investing activities	0.3	(0.8)
Net cash used in investing activities	(49.5)	(29.9)
Cash Flows From Financing Activities		
Proceeds from employee stock plans	0.4	0.3
Shares of common stock withheld for employee taxes	(3.4)	(0.8)
Proceeds from borrowings under long-term debt arrangements	275.0	80.0
Payments on long-term debt	(91.9)	(67.3)
Debt extinguishment costs	(22.1)	—
Payments on financing component of interest rate swap	(8.6)	(8.7)
Principal payments of finance lease liabilities	(30.8)	(27.9)
Principal payments of financing obligations	(8.2)	(11.3)
Net cash provided by (used in) financing activities	110.4	(35.7)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1.3)	3.3
Decrease in cash, cash equivalents, and restricted cash	(6.6)	(41.3)
Cash, cash equivalents, and restricted cash at beginning of period	199.7	147.0
Cash, cash equivalents, and restricted cash at end of period	\$ 193.1	\$ 105.7

Supplemental Cash Flow Information

Cash payments for interest, net of amount capitalized	\$	70.1	\$	41.0
Cash payments for income taxes, net of refunds	\$	6.8	\$	1.3
Non-cash Investing and Financing Activities				
Acquisition of property, equipment and software by finance leases	\$	13.7	\$	25.3
Increase (decrease) in property, equipment and software accrued in liabilities		(1.3)		3.2
Other non-cash activity		(0.5)		—
Non-cash purchases of property, equipment and software	\$	11.9	\$	28.5
Non-cash gain on sale of property and equipment	\$	(5.1)	\$	—

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to the total of such amounts shown on the Condensed Consolidated Statements of Cash Flows.

(In millions)	Six Months Ended June 30,	
	2024	2025
Cash and cash equivalents	\$ 190.2	\$ 103.9
Restricted cash included in other non-current assets	2.9	1.8
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 193.1	\$ 105.7

See accompanying notes to the unaudited condensed consolidated financial statements.

RACKSPACE TECHNOLOGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

(In millions)	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock, at Cost		Total Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance at March 31, 2024	226.6	\$ 2.3	\$ 2,647.7	\$ 58.6	\$ (3,464.8)	3.1	\$ (31.0)	\$ (787.2)
Exercise of stock options and release of stock awards, net of shares withheld	1.8	—	—	—	—	—	—	—
Issuance of shares from Employee Stock Purchase Plan	0.3	—	0.4	—	—	—	—	0.4
Share-based compensation expense for equity classified awards	—	—	13.0	—	—	—	—	13.0
Net income	—	—	—	—	25.0	—	—	25.0
Other comprehensive loss	—	—	—	(7.4)	—	—	—	(7.4)
Balance at June 30, 2024	<u>228.7</u>	<u>\$ 2.3</u>	<u>\$ 2,661.1</u>	<u>\$ 51.2</u>	<u>\$ (3,439.8)</u>	<u>3.1</u>	<u>\$ (31.0)</u>	<u>\$ (756.2)</u>

(In millions)	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock, at Cost		Total Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance at December 31, 2023	220.5	\$ 2.2	\$ 2,638.2	\$ 60.3	\$ (2,824.2)	3.1	\$ (31.0)	\$ (154.5)
Exercise of stock options and release of stock awards, net of shares withheld	7.9	0.1	(3.5)	—	—	—	—	(3.4)
Issuance of shares from Employee Stock Purchase Plan	0.3	—	0.4	—	—	—	—	0.4
Share-based compensation expense for equity classified awards	—	—	26.0	—	—	—	—	26.0
Net loss	—	—	—	—	(615.6)	—	—	(615.6)
Other comprehensive loss	—	—	—	(9.1)	—	—	—	(9.1)
Balance at June 30, 2024	<u>228.7</u>	<u>\$ 2.3</u>	<u>\$ 2,661.1</u>	<u>\$ 51.2</u>	<u>\$ (3,439.8)</u>	<u>3.1</u>	<u>\$ (31.0)</u>	<u>\$ (756.2)</u>

(In millions)	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock, at Cost		Total Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance at March 31, 2025	240.4	\$ 2.4	\$ 2,690.3	\$ 19.1	\$ (3,753.9)	3.1	\$ (31.0)	\$ (1,073.1)
Exercise of stock options and release of stock awards, net of shares withheld	1.4	—	(0.8)	—	—	—	—	(0.8)
Issuance of shares from Employee Stock Purchase Plan	0.3	—	0.3	—	—	—	—	0.3
Share-based compensation expense for equity classified awards	—	—	6.9	—	—	—	—	6.9
Net loss	—	—	—	—	(54.5)	—	—	(54.5)
Other comprehensive income	—	—	—	2.2	—	—	—	2.2
Balance at June 30, 2025	<u>242.1</u>	<u>\$ 2.4</u>	<u>\$ 2,696.7</u>	<u>\$ 21.3</u>	<u>\$ (3,808.4)</u>	<u>3.1</u>	<u>\$ (31.0)</u>	<u>\$ (1,119.0)</u>

(In millions)	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Treasury Stock, at Cost		Total Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance at December 31, 2024	232.2	\$ 2.3	\$ 2,682.8	\$ 24.1	\$ (3,682.4)	3.1	\$ (31.0)	\$ (1,004.2)
Exercise of stock options and release of stock awards, net of shares withheld	9.6	0.1	(0.9)	—	—	—	—	(0.8)
Issuance of shares from Employee Stock Purchase Plan	0.3	—	0.3	—	—	—	—	0.3
Share-based compensation expense for equity classified awards	—	—	14.5	—	—	—	—	14.5
Net loss	—	—	—	—	(126.0)	—	—	(126.0)
Other comprehensive loss	—	—	—	(2.8)	—	—	—	(2.8)
Balance at June 30, 2025	<u>242.1</u>	<u>\$ 2.4</u>	<u>\$ 2,696.7</u>	<u>\$ 21.3</u>	<u>\$ (3,808.4)</u>	<u>3.1</u>	<u>\$ (31.0)</u>	<u>\$ (1,119.0)</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

RACKSPACE TECHNOLOGY, INC.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Company Overview, Basis of Presentation, and Summary of Significant Accounting Policies

Nature of Operations and Basis of Presentation

Rackspace Technology, Inc. ("Rackspace Technology") is a Delaware corporation controlled by investment funds affiliated with Apollo Global Management, Inc. and its subsidiaries ("Apollo"). Rackspace Technology was formed on July 21, 2016 but had no assets, liabilities or operating results until November 3, 2016 when Rackspace Hosting, Inc. (now named Rackspace Technology Global, Inc., or "Rackspace Technology Global"), a global provider of modern information technology-as-a-service, was acquired by Inception Parent, Inc., a wholly-owned entity indirectly owned by Rackspace Technology (the "Rackspace Acquisition").

Rackspace Technology Global commenced operations in 1998 as a limited partnership and was incorporated in Delaware in March 2000. Rackspace Technology serves as the holding company for Rackspace Technology Global and does not engage in any material business or operations other than those related to its indirect ownership of the capital stock of Rackspace Technology Global and its subsidiaries or business or operations otherwise customarily undertaken by a holding company.

For ease of reference, the terms "we," "our company," "the company," "us," or "our" as used in this report refer to Rackspace Technology and its consolidated subsidiaries.

The unaudited condensed consolidated financial statements include the accounts of Rackspace Technology, Inc. and our wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

Unaudited Interim Financial Information

The unaudited condensed consolidated financial statements as of June 30, 2025, and for the three and six months ended June 30, 2024 and 2025, have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, certain financial information and disclosures required for financial statements prepared under GAAP have been omitted in accordance with the Securities and Exchange Commission ("SEC") disclosure rules and regulations that permit reduced disclosure for interim periods. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the SEC on March 21, 2025 ("Annual Report"). The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements included in our Annual Report and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of our financial position as of June 30, 2025, our results of operations and stockholders' deficit for the three and six months ended June 30, 2024 and 2025, and our cash flows for the six months ended June 30, 2024 and 2025.

The results of operations for the three and six months ended June 30, 2025 are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2025, or for any other interim period, or for any other future year.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities in the condensed consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates, including those related to the allowance for credit losses, useful lives of property, equipment and software, software capitalization, incremental borrowing rates for lease liability measurement, fair values of intangible assets and reporting units, useful lives of intangible assets, share-based compensation, contingencies, and income taxes, among others. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from our estimates.

Liquidity Overview

We are a highly leveraged company. As of June 30, 2025, we had \$2,439.3 million aggregate principal amount outstanding under our debt instruments, which are comprised of the first lien first out senior secured term loan facility (the "FLFO Term Loan Facility"), the first lien second out senior secured term loan facility (the "FLSO Term Loan Facility"), the first lien term loan facility (the "Term Loan Facility"), 3.50% FLSO Senior Secured Notes due 2028 (the "3.50% FLSO Senior Secured Notes"), 5.375% Senior Notes due 2028 (the "5.375% Senior Notes"), and 3.50% Senior Secured Notes due 2028 (the "3.50% Senior Secured Notes"). We primarily finance our operations and capital expenditures with internally-generated cash from operations and hardware leases, and if necessary, borrowings under the senior secured first lien first out revolving credit facility (the "New Revolving Credit Facility"). As of June 30, 2025, the New Revolving Credit Facility provided for up to \$375.0 million of borrowings, \$65.0 million of which was drawn and outstanding as of June 30, 2025. Our primary uses of cash are working capital requirements, debt service requirements and capital expenditures. Based on our current level of operations and available cash and cash equivalents of \$103.9 million as of June 30, 2025, we believe our sources will provide sufficient liquidity over at least the next twelve months. We cannot provide assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available to us under the New Revolving Credit Facility or from other sources in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. Our ability to do so depends on our ability to deliver on our strategic objectives and prevailing economic conditions and other factors, many of which are beyond our control.

Significant Accounting Policies and Estimates

Our Annual Report includes an additional discussion of the significant accounting policies and estimates used in the preparation of our consolidated financial statements. There were no material changes to our significant accounting policies and estimates during the six months ended June 30, 2025.

Goodwill, Indefinite-Lived Intangible Assets and Long-Lived Assets

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets of businesses acquired. Goodwill and indefinite-lived intangible assets are not amortized but are subject to impairment testing on an annual basis as of October 1st or more frequently if events or circumstances indicate a potential impairment. These events or circumstances could include a significant change in the business climate, regulatory environment, established business plans, operating performance indicators or competition. Potential impairment indicators may also include, but are not limited to, (i) significant changes to estimates and assumptions used in the most recent annual or interim impairment testing, (ii) downward revisions to internal forecasts, and the magnitude thereof, (iii) declines in our market capitalization below our book value, and the magnitude and duration of those declines, (iv) a reorganization resulting in a change to our operating segments, and (v) other macroeconomic factors, such as increases in interest rates that may affect the weighted average cost of capital, volatility in the equity and debt markets, or fluctuations in foreign currency exchange rates that may negatively impact our reported results of operations.

In connection with the debt refinancing transactions that were completed in March and April 2024, as further described in Note 7, "Debt", we updated our internal forecasts. Our updated internal forecasts considered our year-to-date operating performance, current customer bookings and revised expectations based on current performance, revisions to our expected growth and timing of such growth based on current and expected performance, current customer retention rates, revisions to the timing of the expected effects of our strategic initiatives and overall related risks, including macroeconomic factors, to achieving our forecasts. Our Board of Directors reviewed and approved our internal budget for fiscal year 2024 on February 28, 2024. As of February 29, 2024, we assessed our Board of Directors approved 2024 internal budget along with several events and circumstances that could affect the significant inputs used to determine the fair value of our reporting units, including the significance of the amount, if any, of excess carrying value over fair value, consistency of our current and forecasted operating margins and cash flows, budgeted-to-actual performance, timing of the expected effects of our strategic initiatives, overall change in economic climate, changes in the industry and competitive environment, changes to our risk-adjusted discount rates and earnings quality and sustainability. After considering all available evidence in our evaluation of goodwill impairment indicators, we determined it appropriate to perform an interim quantitative assessment of our reporting units as of February 29, 2024.

Goodwill is tested for impairment at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a component). We allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. Assets and liabilities are assigned to each of our reporting units if they are employed by a reporting unit and are considered in the determination of the reporting unit fair value. Certain assets and liabilities are shared by multiple reporting units, and thus, are allocated to each reporting unit based on the relative size of a reporting unit, primarily based on revenue. We currently have two reporting units: Public Cloud and Private Cloud.

For the interim quantitative goodwill impairment analyses performed, we compare the fair values of each of our reporting units to their respective carrying amounts. The fair values of each of our reporting units were derived using the income approach, specifically the discounted cash flow method. The discounted cash flow models reflect our assumptions and considerations regarding revenue growth rates, projected gross profit margins, projected operating costs, projected capital expenditures, risk-adjusted discount rates, terminal period growth rates, and economic market trends. As part of the goodwill impairment test, we also consider our market capitalization in assessing the reasonableness of the combined fair values estimated for our reporting units. Goodwill impairment is measured as the excess of a reporting unit's carrying amount over its fair value, not to exceed the carrying amount of goodwill for that reporting unit.

The results of our quantitative goodwill impairment analysis as of February 29, 2024 indicated an impairment of goodwill within our Public Cloud and Private Cloud reporting units of \$385.4 million and \$187.8 million, respectively. We recorded these non-cash impairment charges within "Impairment of goodwill" in our Condensed Consolidated Statements of Comprehensive Income (Loss) in the first quarter of 2024.

Indefinite-Lived Intangible Assets

Our indefinite-lived intangible asset consists of our Rackspace trade name, which was recorded at fair value on our balance sheet at the date of the Rackspace Acquisition. Our indefinite-lived intangible asset is tested for impairment at the consolidated level. In evaluating the recoverability of the Rackspace trade name, we compare the fair value of the asset to its carrying amount to determine potential impairment. Our estimate of the fair value of the Rackspace trade name is derived using the income approach, specifically the relief-from-royalty method.

Due to the factors discussed in the goodwill analysis above and prior to testing our goodwill for impairment, we performed a quantitative assessment of our indefinite-lived intangible asset as of February 29, 2024. The quantitative assessment performed indicated the estimated fair value of the Rackspace trade name was less than its carrying value. As a result, we recorded a \$20.0 million non-cash impairment charge as of February 29, 2024, which is included in "Impairment of assets, net" in our Condensed Consolidated Statements of Comprehensive Income (Loss) in the first quarter of 2024.

The fair value determination of our reporting units and our indefinite-lived intangible asset is judgmental in nature and requires the use of significant estimates and assumptions that are sensitive to changes. Assumptions include estimation of the royalty rate for the trade name, estimation of future revenue growth rates, projected gross profit margins, projected operating costs, projected EBITDA margins, and projected capital expenditures, which are dependent on internal cash flow forecasts, estimation of the terminal growth rates and determination of risk-adjusted discount rates. As a result, there can be no assurance that the estimates and assumptions made for purposes of the quantitative indefinite-lived intangible impairment tests will prove to be an accurate prediction of future results. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of our reporting units may include such items as: (i) volatility in the equity and debt markets or other macroeconomic factors, (ii) an increase in the weighted-average cost of capital due to further increases in interest rates, (iii) decreases in future cash flows due to lower than expected sales or greater than expected customer churn, or (iv) fluctuations in foreign currency exchange rates that may negatively impact our reported results of operations. Accordingly, if our current cash flow assumptions are not realized, we experience sustained declines in our stock price or market capitalization, or increases in costs of capital, it is possible that an additional impairment charge may be recorded in the future, which could be material.

Long-Lived Assets

Long-lived assets, including operating and finance lease assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured at the asset group level. If the carrying amount of an asset group exceeds its estimated undiscounted future cash flows, then an impairment charge is recognized in the amount that an asset group's carrying amount exceeds its fair value.

In conjunction with the goodwill impairment analysis as of February 29, 2024, we performed a recoverability test of our long-lived assets, including finite-lived intangible assets, by comparing the net book value of our long-lived assets or asset groups, to the future undiscounted net cash flows attributable to such assets, which did not result in any impairment charges.

The fair value of our non-financial assets and liabilities, which include goodwill, intangible assets and property, plant and equipment, are measured on a non-recurring basis. The fair value of our reporting units, indefinite-lived intangible assets and long-lived assets are classified as Level 3 within the fair value hierarchy due to the significant unobservable inputs developed using company-specific information.

Recent Accounting Pronouncements

Income Tax Disclosures

In December 2023, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) No. 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*. ASU 2023-09 expands the existing disclosure requirements for the annual rate reconciliation between the effective tax rate and the statutory federal tax rate by requiring reconciliation items to be disaggregated by defined categories and disclosed as both percentages and amounts. The ASU also requires the disaggregation of income taxes paid by jurisdiction for each annual period presented. This guidance is effective for Rackspace beginning with our 2025 Form 10-K annual disclosures, with early adoption permitted. The guidance should be applied on a prospective basis, but retrospective application is permitted. We are currently evaluating the provisions of the ASU and, once adopted, will result in increased income tax disclosures.

2. Customer Contracts

The following table presents the balances related to customer contracts:

(In millions)	Condensed Consolidated Balance Sheets Account	December 31, 2024		June 30, 2025	
Accounts receivable, net	Accounts receivable, net ⁽¹⁾	\$	298.8	\$	253.9
Current portion of contract assets	Other current assets	\$	6.2	\$	3.9
Non-current portion of contract assets	Other non-current assets	\$	6.4	\$	2.5
Current portion of deferred revenue	Deferred revenue	\$	84.2	\$	68.4
Non-current portion of deferred revenue	Other non-current liabilities	\$	2.0	\$	2.7

(1) Allowance for credit losses and accrued customer credits was \$27.0 million and \$24.6 million as of December 31, 2024 and June 30, 2025, respectively.

Amounts recognized in revenue for the three months ended June 30, 2024, and 2025, which were included in deferred revenue as of the beginning of each period totaled \$43.9 million and \$48.9 million, respectively. Amounts recognized in revenue for the six months ended June 30, 2024, and 2025, which were included in deferred revenue as of the beginning of each period totaled \$61.3 million and \$68.0 million, respectively.

Cost Incurred to Obtain and Fulfill a Contract

As of December 31, 2024 and June 30, 2025, the balances of capitalized costs to obtain a contract were \$38.6 million and \$32.0 million, respectively, and the balances of capitalized costs to fulfill a contract were \$13.7 million and \$14.9 million, respectively. These capitalized costs are included in "Other non-current assets" on the Condensed Consolidated Balance Sheets.

Amortization of capitalized sales commissions and implementation costs was as follows:

(In millions)	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2025		2024		2025	
Amortization of capitalized sales commissions	\$	7.3	\$	6.5	\$	15.5	\$	13.3
Amortization of capitalized implementation costs	\$	2.4	\$	2.4	\$	5.1	\$	4.7

Remaining Performance Obligations

As of June 30, 2025, the aggregate amount of transaction price allocated to remaining performance obligations was \$515.0 million, of which approximately 35% is expected to be recognized as revenue during the remainder of 2025 and the remainder thereafter. These remaining performance obligations primarily relate to our fixed-term arrangements. The aggregate amount of transaction price excludes variable consideration related to our usage-based arrangements for which we recognize revenue based on the right to invoice for the services performed.

3. Sale of Receivables

On September 29, 2023, Rackspace US, Inc. and Rackspace Receivables II, LLC, a bankruptcy-remote special purpose vehicle (“SPV”), each an indirect subsidiary of the company, entered into an accounts receivable purchase agreement with PNC Bank, National Association (“PNC”) and other parties thereto. On February 12, 2024, the accounts receivable purchase agreement was amended to include certain international subsidiaries of the company as parties to the agreement and Rackspace Receivables Canada Limited, a Canadian indirect subsidiary of the company, was established as a SPV.

In connection with accounts receivable sold during the three and six months ended June 30, 2024, we recorded \$5.1 million and \$10.9 million of expense, respectively, within “Other expense, net” in the Condensed Consolidated Statements of Comprehensive Income (Loss). This expense consisted of \$5.0 million and \$10.3 million of yield charges and fees in the three and six months ended June 30, 2024, respectively, and \$0.1 million and \$0.6 million of upfront transaction costs associated with the execution of the agreement in the three and six month months ended June 30, 2024, respectively.

In connection with accounts receivable sold during the three and six months ended June 30, 2025, we recorded \$5.3 million and \$10.3 million of yield charges and fees, respectively, within “Other expense, net” in the Condensed Consolidated Statements of Comprehensive Income (Loss).

The outstanding portfolio of sold accounts receivable derecognized from our Condensed Consolidated Balance Sheet as of December 31, 2024 and June 30, 2025 was \$218.7 million and \$246.8 million, respectively. The SPVs hold unsold accounts receivable of \$61.9 million as of June 30, 2025 that are pledged as collateral to PNC.

4. Net Earnings (Loss) Per Share

Basic net earnings (loss) per share is calculated by dividing net income (loss) attributable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted net earnings (loss) per share is calculated based on the weighted average number of shares of common stock plus the dilutive effect of potential common share equivalents outstanding during the period as determined under the treasury stock method.

The following table sets forth the computation of basic and diluted net earnings (loss) per share:

(In millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Basic net earnings (loss) per share:				
Net income (loss) attributable to common stockholders	\$ 25.0	\$ (54.5)	\$ (615.6)	\$ (126.0)
Weighted average shares outstanding:				
Common stock	224.5	238.0	222.2	235.0
Number of shares used in per share computations	224.5	238.0	222.2	235.0
Net earnings (loss) per share	\$ 0.11	\$ (0.23)	\$ (2.77)	\$ (0.54)
Diluted net earnings (loss) per share:				
Net income (loss) attributable to common stockholders	\$ 25.0	\$ (54.5)	\$ (615.6)	\$ (126.0)
Weighted average shares outstanding:				
Common stock	224.5	238.0	222.2	235.0
Effect of dilutive securities	5.1	—	—	—
Number of shares used in per share computations	229.6	238.0	222.2	235.0
Net earnings (loss) per share	\$ 0.11	\$ (0.23)	\$ (2.77)	\$ (0.54)

Potential common share equivalents consist of shares issuable upon the exercise of stock options, vesting of restricted stock or purchase under the Employee Stock Purchase Plan (the "ESPP"), as well as contingent shares associated with our acquisition of Datapipe Parent, Inc. We excluded 44.3 million and 24.3 million potential common shares from the computation of dilutive loss per share for the three months ended June 30, 2024 and 2025, respectively, and 33.7 million and 24.3 million for the six months ended June 30, 2024 and 2025, respectively, because the effect would have been anti-dilutive.

5. Property, Equipment and Software, net

Property, equipment and software, net, consisted of the following:

(In millions)	December 31, 2024	June 30, 2025
Computers and equipment	\$ 1,142.9	\$ 1,129.1
Software	448.1	430.7
Furniture and fixtures	10.2	7.6
Buildings and leasehold improvements	409.7	422.0
Property, equipment and software, at cost	2,010.9	1,989.4
Less: Accumulated depreciation	(1,420.7)	(1,406.5)
Work in process	10.8	11.9
Property, equipment and software, net	<u>\$ 601.0</u>	<u>\$ 594.8</u>

In March 2024, we completed the sale of our corporate headquarters facility located in Windcrest, Texas and relocated our corporate headquarters to leased office space in San Antonio, Texas. The property's estimated fair value, less estimated cost to sell prior to the sale was \$16.9 million and we received cash proceeds of \$17.5 million, less brokerage and professional fees of \$0.6 million, resulting in net cash proceeds of \$16.9 million. In connection with the completion of the sale, we paid a \$9.0 million early termination fee to certain local governments related to our termination of the Master Economic Incentives Agreement (the "MEIA") associated with the property. This amount is included in "Selling, general and administrative expenses" in our Condensed Consolidated Statements of Comprehensive Income (Loss) for the six months ended June 30, 2024.

6. Goodwill and Intangible Assets

The following table sets forth the changes in the carrying amounts of goodwill by reportable segment.

(In millions)	Public Cloud	Private Cloud	Total
Gross goodwill as of December 31, 2024	\$ 596.2	\$ 1,563.2	\$ 2,159.4
Less: impairment charges	(454.6)	(969.1)	(1,423.7)
Goodwill, net as of December 31, 2024	141.6	594.1	735.7
Foreign currency translation	1.5	3.9	5.4
Goodwill, net as of June 30, 2025	\$ 143.1	\$ 598.0	\$ 741.1
Gross goodwill as of June 30, 2025	\$ 597.7	\$ 1,567.1	\$ 2,164.8
Less: accumulated impairment charges ⁽¹⁾	(454.6)	(969.1)	(1,423.7)
Goodwill, net as of June 30, 2025	\$ 143.1	\$ 598.0	\$ 741.1

(1) On a consolidated basis, gross and net goodwill as of June 30, 2025 was \$3,046.7 million and \$741.1 million, respectively. Accumulated impairment charges on a consolidated basis were \$2,305.6 million as of June 30, 2025.

See Note 1, "Company Overview, Basis of Presentation, and Summary of Significant Accounting Policies," for discussion of the goodwill impairment charges recorded during the six months ended June 30, 2024.

The following table provides information regarding our intangible assets other than goodwill:

(In millions)	December 31, 2024			June 30, 2025		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Customer relationships	\$ 1,930.6	\$ (1,226.2)	\$ 704.4	\$ 1,936.5	\$ (1,306.7)	\$ 629.8
Other	27.1	(26.8)	0.3	26.5	(26.1)	0.4
Total definite-lived intangible assets	1,957.7	(1,253.0)	704.7	1,963.0	(1,332.8)	630.2
Trade name (indefinite-lived)	140.0	—	140.0	140.0	—	140.0
Total intangible assets other than goodwill	\$ 2,097.7	\$ (1,253.0)	\$ 844.7	\$ 2,103.0	\$ (1,332.8)	\$ 770.2

During the six months ended June 30, 2024 we recognized impairment charges of \$20.0 million related to our trade name indefinite-lived intangible asset.

For more information, see the discussion of our impairment charges in Note 1, "Company Overview, Basis of Presentation, and Summary of Significant Accounting Policies."

7. Debt

Debt consisted of the following:

(In millions, except %)

Debt Instrument	Maturity Date	December 31, 2024		June 30, 2025	
		Interest Rate ⁽¹⁾	Amount	Interest Rate ⁽¹⁾	Amount
FLSO Term Loan Facility	May 15, 2028	7.35%	\$ 1,626.8	7.18%	\$ 1,618.4
FLFO Term Loan Facility	May 15, 2028	10.85%	272.9	10.68%	271.6
Term Loan Facility	February 15, 2028	7.35%	61.8	7.18%	61.4
New Revolving Credit Facility	May 15, 2028	—%	—	7.49%	65.0
3.50% FLSO Senior Secured Notes	May 15, 2028	3.50%	318.6	3.50%	318.6
3.50% Senior Secured Notes	February 15, 2028	3.50%	43.9	3.50%	43.9
5.375% Senior Notes	December 1, 2028	5.375%	125.4	5.375%	125.4
Total principal amount outstanding			2,449.4		2,504.3
Unamortized debt issuance costs, debt premium, and debt discount			336.2		295.9
Total debt			2,785.6		2,800.2
Less: current portion of debt			(29.2)		(33.4)
Debt, excluding current portion			\$ 2,756.4		\$ 2,766.8

(1) Contractual interest rate as of each respective balance sheet date. The New Revolving Credit Facility interest rate is the weighted average interest rate of borrowings outstanding as of the balance sheet date.

March 2024 Refinancing Transactions

Private Exchange

On March 12, 2024, we (together with certain of our subsidiaries) closed a private debt exchange (the “Private Exchange”) with (i) holders of the 3.50% Senior Secured Notes (the “Existing Secured Notes”) issued by Rackspace Technology Global (the “Existing Borrower”) representing more than 64% of the aggregate principal amount outstanding of the Existing Secured Notes as of December 31, 2023, and (ii) lenders representing more than 72% of the aggregate principal amount of the outstanding term loan facility under the First Lien Credit Agreement (the “Existing Term Loans”) as of December 31, 2023.

Pursuant to the Private Exchange, (i) \$331.4 million aggregate principal amount of Existing Secured Notes and \$1,588.8 million aggregate principal amount of the Existing Term Loans were exchanged or purchased for cancellation and (ii) \$267.3 million aggregate principal amount of 3.50% FLSO Senior Secured Notes and \$1,312.0 million aggregate principal amount the FLSO Term Loan Facility were issued by Rackspace Finance, LLC, a new subsidiary of the company (the “New Borrower”).

In addition, the New Borrower issued \$275.0 million aggregate principal amount of the FLFO Term Loan Facility and we repurchased and cancelled \$69.3 million aggregate principal amount of the 5.375% Senior Notes.

See “*New Debt Instruments*” below for additional discussion of the new 3.50% FLSO Senior Secured Notes, FLSO Term Loan Facility, and FLFO Term Loan Facility.

Public Exchanges

On March 13, 2024, we launched an offer to all of the holders of the Existing Borrower’s remaining Existing Term Loans (the “Public Term Loan Exchange”). On March 26, 2024, we closed the Public Term Loan Exchange, pursuant to which (i) \$529.9 million aggregate principal amount of the Existing Term Loans were exchanged or purchased for cancellation and (ii) \$375.1 million aggregate principal amount of FLSO Term Loans was issued by the New Borrower.

On March 14, 2024, we launched an offer to all of the holders of the Existing Borrower’s remaining Existing Secured Notes (the “Public Note Exchange”). On April 16, 2024, we completed the Public Note Exchange, pursuant to which (i) \$138.4 million aggregate principal amount of Existing Secured Notes were exchanged or purchased for cancellation and (ii) \$96.9 million aggregate principal amount of 3.50% FLSO Senior Secured Notes were issued by the New Borrower.

New Revolving Credit Facility

On March 12, 2024, the New Borrower also established the New Revolving Credit Facility with commitments in an aggregate principal amount of \$375.0 million. All revolving lenders under the prior Revolving Credit Facility exchanged their revolving loan commitments for commitments in respect of the New Revolving Credit Facility, which replaces in full the prior Revolving Credit Facility. The New Revolving Credit Facility matures on May 15, 2028. See “*New Debt Instruments*” below for additional discussion of the New Revolving Credit Facility.

We refer to the Private Exchange, the Public Term Loan Exchange, the Public Note Exchange and the entry into the New Revolving Credit Facility, collectively, as the “March 2024 Refinancing Transactions.”

Accounting Impacts

The company performed an assessment of the March 2024 Refinancing Transactions and determined it met the criteria to be accounted for as a troubled debt restructuring under Accounting Standards Codification No. 470-60, *Troubled Debt Restructurings by Debtors*. For each series of the Existing Debt Instruments exchanged, the undiscounted cash flows associated with the New Debt Instruments issued were compared to the carrying value of the Existing Debt Instruments exchanged for such New Debt Instruments and the applicable exchange was accounted for as follows: (i) to the extent the undiscounted cash flows of the New Debt Instruments in question were lower than the carrying value of the applicable Existing Debt Instruments exchanged, the carrying value of the applicable New Debt Instruments was established at the total of these undiscounted cash flows, with a gain recorded for the remaining difference between this value and the carrying value of the applicable Existing Debt Instruments (as such, no interest expense will be recorded for the applicable 3.50% FLSO Senior Secured Notes prospectively) and (ii) to the extent the undiscounted cash flows of the New Debt Instruments in question exceeded the carrying value of the applicable Existing Debt Instruments exchanged, the carrying value of the applicable New Debt Instruments was established at the carrying value of the applicable Existing Debt Instruments and the company established new effective interest rates based on the carrying value of the applicable Existing Term Loans prior to the March 2024 Refinancing Transactions.

The difference between the principal amount of the 3.50% FLSO Senior Secured Notes and the carrying value was recorded as a premium and is included in long-term debt on the company’s Condensed Consolidated Balance Sheets.

The premium recorded on the 3.50% FLSO Senior Secured Notes was \$39.1 million, which will be reduced as contractual interest payments are made on the 3.50% FLSO Senior Secured Notes.

In connection with the March 2024 Refinancing Transactions, the company recorded a gain in the first quarter of 2024 of \$56.7 million after deducting third-party costs and lender fees incurred. The gain is included in “Gain on debt extinguishment, net of debt modification costs” in our Condensed Consolidated Statements of Comprehensive Income (Loss). We incurred third party fees of \$28.4 million.

The March 2024 Refinancing Transactions were completed in April 2024 with the closing of the Public Note Exchange. In connection with the Public Note Exchange, we recorded a \$23.3 million gain, after deducting \$3.3 million of third-party fees, in the second quarter of 2024. The gain is included in “Gain on debt extinguishment, net of debt modification costs” in our Condensed Consolidated Statements of Comprehensive Income (Loss).

New Debt Instruments

New Senior Facilities

On March 12, 2024, Rackspace Finance Holdings, LLC (“Rackspace Finance Holdings”), the New Borrower, the lenders and issuing banks party thereto and Citibank, N.A., as the administrative agent and collateral agent, entered into the credit agreement governing the FLSO Term Loan Facility, FLFO Term Loan Facility and New Revolving Credit Facility (together, the “New Senior Facilities”) (the “New First Lien Credit Agreement”).

FLSO Term Loan Facility

The New Borrower issued the FLSO Term Loan Facility in an aggregate principal amount of \$1,687.2 million. The FLSO Term Loan Facility matures on May 15, 2028. Borrowings under the FLSO Term Loan Facility bear interest at an annual rate equal to Term SOFR equal to the forward-looking term rate, based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, for the interest period relevant to such borrowing, plus a credit spread adjustment of 0.11% for an interest period of one-month's duration, 0.26% for an interest period of three-months' duration, and 0.43% for an interest period of six-months' duration, subject to a 0.75% floor, plus an applicable margin of 2.75%.

As of June 30, 2025, the contractual interest rate on the FLSO Term Loan Facility was 7.18%. We are required to make quarterly principal payments of \$4.2 million, which began on March 31, 2024. See Note 11, "Derivatives," for information on interest rate swap agreements we utilize to manage the interest rate risk on the FLSO Term Loan Facility.

Affiliates of Apollo are FLSO Term Loan Facility lenders under the New First Lien Credit Agreement. As of June 30, 2025, the outstanding principal amount of the FLSO Term Loan Facility was \$1,618.4 million, of which \$80.1 million, or 4.9%, is due to Apollo affiliates.

Prior to September 12, 2025, the New Borrower may prepay some or all of the FLSO Term Loan Facility, together with accrued and unpaid interest, subject to the applicable "make-whole" premium. On or after September 12, 2025, the New Borrower may prepay some or all of the FLSO Term Loan Facility, together with accrued and unpaid interest, without prepayment premium or penalty.

During the three and six months ended June 30, 2024, the New Borrower repurchased and surrendered for cancellation \$19.3 million principal amount of the FLSO Term Loan Facility for \$9.4 million. In connection with these repurchases, we recorded a gain, included in "Gain on debt extinguishment, net of debt modification costs", of \$14.1 million in our Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2024, which includes \$4.1 million of unamortized debt issuance costs and debt premium write-offs.

The fair value of the FLSO Term Loan Facility as of June 30, 2025 was \$744.5 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the FLSO Term Loan Facility is classified as Level 2 within the fair value hierarchy.

The New Borrower is the borrower and all obligations under the FLSO Term Loan Facility are guaranteed on a senior secured basis, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by certain of the New Borrower's subsidiaries (the "Subsidiary Guarantors"). The obligations under the FLSO Term Loan Facility are secured by a pledge of the New Borrower's capital stock directly held by Rackspace Finance Holdings and substantially all of the New Borrower's and the Subsidiary Guarantors' assets, subject to exceptions.

The FLSO Term Loan Facility contains certain customary affirmative covenants, negative covenants, and events of default.

FLFO Term Loan Facility

The New Borrower issued the FLFO Term Loan Facility in an initial aggregate principal amount of \$275.0 million. The FLFO Term Loan Facility matures on May 15, 2028. Borrowings under the FLFO Term Loan Facility bear interest at an annual rate equal to Term SOFR equal to the forward-looking term rate, based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, for the interest period relevant to such borrowing, plus a credit spread adjustment of 0.11% for an interest period of one-month's duration, 0.26% for an interest period of three-months' duration, and 0.43% for an interest period of six-months' duration, subject to a 0.75% floor, plus an applicable margin of 6.25% and were issued with 1.00% of original issue discount.

As of June 30, 2025, the contractual interest rate on the FLFO Term Loan Facility was 10.68%. We are required to make quarterly principal payments of \$0.7 million, which began on June 30, 2024. See Note 11, "Derivatives," for information on interest rate swap agreements we utilize to manage the interest rate risk on the FLFO Term Loan Facility.

Prior to September 12, 2025, the New Borrower may prepay some or all of the FLFO Term Loan Facility, together with accrued and unpaid interest, subject to the applicable “make-whole” premium. On or after September 12, 2025 but prior to September 12, 2027, the New Borrower may prepay some or all of the FLFO Term Loan Facility, together with accrued and unpaid interest, subject to a prepayment fee equal to (x) 3.00% of the principal amount of the FLFO Term Loan Facility so prepaid prior to September 12, 2026 and (y) 1.00% of the principal amount of the FLFO Term Loan Facility so prepaid on or after September 12, 2026 but prior to September 12, 2027. On or after September 12, 2027, the New Borrower may prepay some or all of the FLFO Term Loan Facility, together with accrued and unpaid interest, without prepayment premium or penalty.

The fair value of the FLFO Term Loan Facility as of June 30, 2025 was \$273.3 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the FLFO Term Loan Facility is classified as Level 2 within the fair value hierarchy.

The New Borrower is the borrower and all obligations under the FLFO Term Loan Facility are guaranteed on a senior secured basis, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by the Subsidiary Guarantors. The obligations under the FLFO Term Loan Facility are secured by the same collateral that secures the FLSO Term Loan Facility, the New Revolving Credit Facility and the 3.50% FLSO Senior Secured Notes.

The FLFO Term Loan Facility contains certain customary affirmative covenants, negative covenants, and events of default.

New Revolving Credit Facility

The New Borrower established the New Revolving Credit Facility in an aggregate principal amount of \$375.0 million of commitments. The New Revolving Credit Facility matures on May 15, 2028 and bears interest at an annual rate equal to Term SOFR equal to the forward-looking term rate, based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, for the interest period relevant to such borrowing, subject to a 1.00% floor, plus an applicable margin of initially 3.00%. After June 30, 2024, the applicable margin became subject to a net first lien leverage-based pricing grid as set forth in the New First Lien Credit Agreement. In addition to paying interest on the outstanding principal under the New Revolving Credit Facility, the New Borrower is required to pay a commitment fee equal to initially 0.50% per annum to the lenders under the New Revolving Credit Facility in respect of the unutilized commitments thereunder. After June 30, 2024, the commitment fee became subject to a net first lien leverage-based pricing grid as set forth in the New First Lien Credit Agreement. The New Borrower may prepay loans incurred under the New Revolving Credit Facility, together with accrued and unpaid interest, without prepayment premium or penalty.

The New Borrower is the borrower and all obligations under the New Revolving Credit Facility are guaranteed on a senior secured basis, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by the Subsidiary Guarantors. The obligations under the New Revolving Credit Facility are secured by the same collateral that secures the FLSO Term Loan Facility, the FLFO Term Loan Facility and the 3.50% FLSO Senior Secured Notes.

The New Revolving Credit Facility contains certain customary affirmative covenants, negative covenants, and events of default. In addition, the New Revolving Credit Facility contains a financial covenant which limits the super-priority net senior secured leverage ratio to a maximum of 5.00 to 1.00; however, this covenant is only applicable and tested if the aggregate amount of outstanding borrowings under the New Revolving Credit Facility and letters of credit issued thereunder (excluding \$25.0 million of undrawn letters of credit and cash collateralized letters of credit) as of the last day of a fiscal quarter is greater than 35% of the New Revolving Credit Facility commitments as of the last day of such fiscal quarter.

During the six months ended June 30, 2025, we borrowed \$80.0 million and repaid \$15.0 million on the New Revolving Credit Facility. As of June 30, 2025, we had total commitments of \$375.0 million, \$65.0 million of outstanding borrowings under the New Revolving Credit Facility, and \$23.5 million of letters of credit issued thereunder. As such, as of June 30, 2025, we had \$310.0 million of available commitments remaining.

As of June 30, 2025, we were in compliance with all covenants under the New Senior Facilities.

3.50% FLSO Senior Secured Notes due 2028

On March 12, 2024, the New Borrower issued \$267.3 million initial aggregate principal amount of the 3.50% FLSO Senior Secured Notes. On April 2, 2024 and April 16, 2024, the New Borrower issued additional 3.50% FLSO Senior Secured Notes in an aggregate principal amount of \$93.3 million and \$3.6 million, respectively. The 3.50% FLSO Senior Secured Notes will mature on May 15, 2028 and bear interest at an annual fixed rate of 3.50%. Interest is payable semiannually on February 15 and August 15, commencing on August 15, 2024. The 3.50% FLSO Senior Secured Notes are not subject to registration rights.

The New Borrower is the borrower and all obligations under the 3.50% FLSO Senior Secured Notes are fully and unconditionally guaranteed, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by the Subsidiary Guarantors. The obligations under the 3.50% FLSO Senior Secured Notes are secured by the same collateral that secures the FLSO Term Loan Facility, the FLFO Term Loan Facility and the New Revolving Credit Facility.

The New Borrower may redeem some or all of the 3.50% FLSO Senior Secured Notes at its option prior to September 12, 2025 at a redemption price equal to 100% of the principal amount of the 3.50% FLSO Senior Secured Notes redeemed, plus a “make-whole” premium described in the indenture governing the 3.50% FLSO Senior Secured Notes (the “3.50% FLSO Senior Secured Notes Indenture”), plus accrued and unpaid interest, if any, to, but excluding, the redemption date. Commencing September 12, 2025, the New Borrower may redeem the 3.50% FLSO Senior Secured Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 3.50% FLSO Senior Secured Notes redeemed, plus accrued and unpaid interest, if any, to but excluding the redemption date.

During the three and six months ended June 30, 2024, the New Borrower repurchased and surrendered for cancellation \$45.7 million principal amount of the 3.50% FLSO Senior Secured Notes for \$19.3 million, including accrued interest of \$0.4 million. In connection with these repurchases, we recorded a gain, included in "Gain on debt extinguishment, net of debt modification costs", of \$33.0 million, in our Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2024, which includes \$6.3 million of unamortized debt issuance costs and debt premium write-offs.

The 3.50% FLSO Senior Secured Notes Indenture contains covenants that, among other things, limit our ability to incur certain additional debt, incur certain liens securing debt, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations, and qualifications as set forth in the 3.50% FLSO Senior Secured Notes Indenture. Additionally, upon the occurrence of a change of control (as defined in the 3.50% FLSO Senior Secured Notes Indenture), we will be required to make an offer to repurchase all of the outstanding 3.50% FLSO Senior Secured Notes at a price in cash equal to 101.000% of the aggregate principal amount, plus accrued and unpaid interest, if any, to, but not including the purchase date. The 3.50% FLSO Senior Secured Notes Indenture also contains customary events of default.

As of June 30, 2025, we were in compliance with all covenants under the 3.50% FLSO Senior Secured Notes Indenture.

The fair value of the 3.50% FLSO Senior Secured Notes as of June 30, 2025 was \$129.8 million based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the 3.50% FLSO Senior Secured Notes are classified as Level 2 within the fair value hierarchy.

Existing Debt Instruments

Senior Facilities

Our senior secured credit facilities include the Term Loan Facility and the prior Revolving Credit Facility (together, the "Senior Facilities").

On February 9, 2021, we amended and restated the credit agreement governing our Senior Facilities (the "First Lien Credit Agreement"), which included a seven-year \$2,300.0 million senior secured first lien term loan facility due on February 15, 2028 and our existing \$375.0 million Revolving Credit Facility.

On April 26, 2023, we executed an amendment to our First Lien Credit Agreement to establish Term SOFR as the benchmark rate for determining the applicable interest rate, replacing LIBOR.

As a result of the amendment, borrowings under the Senior Facilities bear interest at an annual rate equal to an applicable margin plus, at our option, either (a) Term SOFR equal to the forward-looking term rate, based on the secured overnight financing rate as administered by the Federal Reserve Bank of New York, for the interest period relevant to such borrowing, plus a credit spread adjustment of 0.11% for an interest period of one-month's duration, 0.26% for an interest period of three-months' duration, and 0.43% for an interest period of six-months' duration, subject to a 0.75% floor, in the case of the Term Loan Facility, and a 1.00% floor, in the case of the prior Revolving Credit Facility, or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate last quoted by The Wall Street Journal and (iii) adjusted Term SOFR for a one-month tenor plus 1.00%.

The applicable margin for the Term Loan Facility is 2.75% for SOFR loans and 1.75% for base rate loans and the applicable margin for the prior Revolving Credit Facility was 3.00% for SOFR loans and 2.00% for base rate loans. Interest is due at the end of each interest period elected, not exceeding 90 days, for SOFR loans and at the end of every calendar quarter for base rate loans.

All other material terms and conditions of the First Lien Credit Agreement were unchanged.

In addition to paying interest on the outstanding principal under the Senior Facilities, the prior Revolving Credit Facility also included a commitment fee equal to 0.50% per annum in respect of the unused commitments that was due quarterly. This commitment fee was subject to one step-down based on the net first lien leverage ratio.

As of June 30, 2025, the contractual interest rate on the Term Loan Facility was 7.18%. We are required to make quarterly principal payments of \$0.2 million. See Note 11, "Derivatives," for information on interest rate swap agreements we utilize to manage the interest rate risk on the Term Loan Facility.

In addition to the quarterly amortization payments discussed above, the Senior Facilities require us to make certain mandatory prepayments, including using (i) a portion of annual excess cash flow, as defined in the First Lien Credit Agreement, to prepay the Term Loan Facility, (ii) net cash proceeds of certain non-ordinary assets sales or dispositions of property to prepay the Term Loan Facility and (iii) net cash proceeds of any issuance or incurrence of debt not permitted under the Senior Facilities to prepay the Term Loan Facility. We may make voluntary prepayments at any time without penalty.

As a result of the Private Exchange and the Public Term Loan Exchange, discussed within "*March 2024 Refinancing Transactions*" above, over 97% of the \$2,181.2 million aggregate principal amount of the Term Loan Facility outstanding as of December 31, 2023 was exchanged or purchased for cancellation.

The only financial covenant was with respect to the prior Revolving Credit Facility. As discussed in "*March 2024 Refinancing Transactions*" above, on March 12, 2024, all revolving lenders under the prior Revolving Credit Facility exchanged their revolving loan commitments for commitments in respect of the New Revolving Credit Facility, which replaced in full the prior Revolving Credit Facility. See "*New Revolving Credit Facility*" above for information regarding this new debt instrument.

As of June 30, 2025, we were in compliance with all covenants under the Senior Facilities.

The fair value of the Term Loan Facility as of June 30, 2025 was \$20.6 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the Term Loan Facility is classified as Level 2 within the fair value hierarchy.

3.50% Senior Secured Notes due 2028

On February 9, 2021, Rackspace Technology Global issued \$550.0 million aggregate principal amount of the 3.50% Senior Secured Notes. The 3.50% Senior Secured Notes will mature on February 15, 2028 and bear interest at an annual fixed rate of 3.50%. Interest is payable semiannually on February 15 and August 15, commencing on August 15, 2021. The 3.50% Senior Secured Notes are not subject to registration rights.

Rackspace Technology Global may redeem the 3.50% Senior Secured Notes at its option, in whole at any time or in part from time to time, at the following redemption prices: from February 15, 2025 to February 14, 2026, at a redemption price equal to 100.875% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; and from February 15, 2026 and thereafter, at a redemption price equal to 100.000% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date. Notwithstanding the foregoing, Rackspace Technology Global may redeem during each twelve-month period, commencing with February 9, 2021, up to 10.0% of the original aggregate principal amount of the 3.50% Senior Secured Notes at a redemption price of 103.000%, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date.

As a result of the Private Exchange and the Public Note Exchange, discussed above, over 91% of the \$513.7 million aggregate principal amount of the 3.50% Senior Secured Notes outstanding as of December 31, 2023 was exchanged or purchased for cancellation.

The indenture governing the 3.50% Senior Secured Notes (the “3.50% Notes Indenture”) contains covenants that, among other things, limit our ability to incur certain additional debt, incur certain liens securing debt, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations, and qualifications as set forth in the 3.50% Notes Indenture. Additionally, upon the occurrence of a change of control (as defined in the 3.50% Notes Indenture), we will be required to make an offer to repurchase all of the outstanding 3.50% Senior Secured Notes at a price in cash equal to 101.000% of the aggregate principal amount, plus accrued and unpaid interest, if any, to, but not including the purchase date.

As of June 30, 2025, Rackspace Technology Global was in compliance with all covenants under the 3.50% Notes Indenture.

The fair value of the 3.50% Senior Secured Notes as of June 30, 2025 was \$21.3 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the 3.50% Senior Secured Notes are classified as Level 2 within the fair value hierarchy.

5.375% Senior Notes due 2028

On December 1, 2020, Rackspace Technology Global issued \$550.0 million aggregate principal amount of the 5.375% Senior Notes. The 5.375% Senior Notes will mature on December 1, 2028 and bear interest at an annual fixed rate of 5.375%. Interest is payable semiannually on June 1 and December 1, commencing on June 1, 2021. The 5.375% Senior Notes are not subject to registration rights.

Rackspace Technology Global may redeem the 5.375% Senior Notes at its option, in whole at any time or in part from time to time, at the following redemption prices: from December 1, 2024 to November 30, 2025, at a redemption price equal to 101.344% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date; and from December 1, 2025 and thereafter, at a redemption price equal to 100.000% of the principal amount, plus accrued and unpaid interest, if any, to but excluding the redemption date.

As previously described in “*March 2024 Refinancing Transactions*” above, as part of the Private Exchange, we repurchased and cancelled \$69.3 million aggregate principal amount of the 5.375% Senior Notes during the six months ended June 30, 2024.

In addition, during the three and six months ended June 30, 2024, Rackspace Technology Global repurchased and surrendered for cancellation \$2.9 million principal amount of 5.375% Senior Notes for \$0.8 million. In connection with these repurchases, we recorded a gain, included in "Gain on debt extinguishment, net of debt modification costs", of \$2.1 million, in our Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2024.

The indenture governing the 5.375% Senior Notes (the "5.375% Notes Indenture") contains covenants that, among other things, limit our ability to incur certain additional debt, incur certain liens securing debt, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations, and qualifications as set forth in the 5.375% Notes Indenture. Additionally, upon the occurrence of a change of control (as defined in the 5.375% Notes Indenture), we will be required to make an offer to repurchase all of the outstanding 5.375% Senior Notes at a price in cash equal to 101.000% of the aggregate principal amount, plus accrued and unpaid interest, if any, to, but not including the purchase date.

As of June 30, 2025, Rackspace Technology Global was in compliance with all covenants under the 5.375% Notes Indenture.

The fair value of the 5.375% Senior Notes as of June 30, 2025 was \$30.2 million, based on quoted market prices for identical assets that are traded in over-the-counter secondary markets that are not considered active. The fair value of the 5.375% Senior Notes are classified as Level 2 within the fair value hierarchy.

8. Commitments and Contingencies

We have contingencies that arise from various litigation, claims and commitments, none of which we consider to be material.

From time to time, we may be party to various legal proceedings arising in the ordinary course of business. In addition, third parties may bring intellectual property claims against us asserting that certain of our offerings, services and technologies infringe, misappropriate or otherwise violate the intellectual property or proprietary rights of others. Adverse results in these lawsuits may include awards of substantial monetary damages, costly royalty or licensing agreements, or orders preventing us from offering certain features, products, or services, and may also cause us to change our business practices and require development of non-infringing products or technologies, which could result in a loss of revenue for us or otherwise harm our business.

We record an accrual for a loss contingency when a loss is considered probable and reasonably estimable. As additional facts concerning a loss contingency become known, we reassess our position and make appropriate adjustments to a recorded accrual. The amount that will ultimately be paid related to a matter may differ from the recorded accrual, and the timing of such payments, if any, may be uncertain.

We are not a party to any litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material and adverse effect on our business, financial position or results of operations.

9. Share-Based Compensation

During the six months ended June 30, 2025, we granted 9.3 million restricted stock units ("RSUs") under the 2020 Incentive Plan with a weighted-average grant date fair value of \$1.46. The majority of the RSUs were granted as part of our annual compensation award process and vest ratably over a three-year period, subject to continued service.

In addition, during the six months ended June 30, 2025, we granted 30.2 million long-term incentive cash units ("LTIC units") under the 2020 Incentive Plan. The awards were valued using a Monte Carlo simulation and as of June 30, 2025 the LTIC units had a weighted average fair value of \$0.71. The LTIC units represent the target amount of grants, and the actual number of units awarded upon vesting may vary depending upon the achievement of the relevant market condition which is based on the performance of our common stock. The awards are eligible to vest in equal installments over three years based on the attainment of the market condition and the employee's continued service through the vesting date. As the company intends to settle the LTIC units in cash, they were classified as liabilities within "Other current liabilities" and "Other non-current liabilities" in the Condensed Consolidated Balance Sheets.

Total share-based compensation expense is comprised of the following equity and liability classified award amounts:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Equity classified awards	\$ 13.0	\$ 6.9	\$ 26.0	\$ 14.5
Liability classified awards	6.5	3.1	6.3	7.5
Total share-based compensation expense	\$ 19.5	\$ 10.0	\$ 32.3	\$ 22.0

Total share-based compensation expense recognized was as follows:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Cost of revenue	\$ 2.0	\$ 1.3	\$ 3.9	\$ 3.1
Selling, general and administrative expenses	17.5	8.7	28.4	18.9
Pre-tax share-based compensation expense	19.5	10.0	32.3	22.0
Less: Income tax benefit	(4.1)	(2.1)	(6.8)	(4.6)
Total share-based compensation expense, net of tax	\$ 15.4	\$ 7.9	\$ 25.5	\$ 17.4

As of June 30, 2025, there was \$29.9 million of total unrecognized compensation cost related to RSUs and performance stock units, which will be recognized using the service period or over our best estimate of the period over which the performance condition will be met, as applicable.

10. Taxes

We are subject to U.S. federal income tax and various state, local, and international income taxes in numerous jurisdictions. The differences between our effective tax rate and the U.S. federal statutory rate of 21% generally result from various factors, including the geographical distribution of taxable income, tax credits, contingency reserves for uncertain tax positions, and permanent differences between the book and tax treatment of certain items. Additionally, the amount of income taxes paid is subject to our interpretation of applicable tax laws in the jurisdictions in which we file. For the three months ended June 30, 2025, our effective tax rate is lower than the U.S. federal statutory rate of 21% primarily due to the tax impact associated with changes in valuation allowance, executive compensation that is nondeductible under Internal Revenue Code ("IRC") Section 162(m), and the net impact of the geographic distribution of our earnings. For the six months ended June 30, 2025, our effective tax rate is lower than the U.S. federal statutory rate of 21% primarily due to the tax impact associated with changes in valuation allowance, executive compensation that is nondeductible under Internal Revenue Code ("IRC") Section 162(m), the net impact of the geographic distribution of our earnings, and the tax effects from nondeductible share-based compensation.

On July 4, 2025, the U.S. government enacted the One Big Beautiful Bill Act ("OBBBA"). The OBBBA legislation includes changes to U.S. federal tax law, which may be subject to further clarification and the issuance of interpretive guidance. We are assessing the legislation and its effect on our consolidated financial statements, which we expect to begin reflecting in the financials for the period ended September 30, 2025.

11. Derivatives

We utilize derivative instruments, including interest rate swap agreements, to manage our exposure to interest rate risk. We only hold such instruments for economic hedging purposes, not for speculative or trading purposes. Our derivative instruments are transacted only with highly-rated institutions, which reduces our exposure to credit risk in the event of nonperformance.

Interest Rate Swaps

We are exposed to interest rate risk associated with fluctuations in interest rates on the floating-rate Term Loan Facility, FLSO Term Loan Facility, and FLFO Term Loan Facility. The objective in using interest rate derivatives is to manage our exposure to interest rate movements. To accomplish this objective, we have entered into interest rate swap agreements as part of our interest rate risk management strategy. Interest rate swaps involve the receipt of variable amounts from a counterparty in exchange for the company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

On January 9, 2020, we designated certain of our swaps as cash flow hedges. On the designation date, the cash flow hedges were in a \$39.9 million liability position. The cash flow hedges were expected to be highly effective on the designation date and, on a quarterly basis, we performed retrospective and prospective regression assessments to determine whether the cash flow hedges continue to be highly effective. As long as the cash flow hedges are highly effective, changes in fair value are recorded to "Accumulated other comprehensive income" in the Condensed Consolidated Balance Sheets and reclassified to "Interest expense" in the period when the underlying transaction affects earnings. The income tax effects of cash flow hedges are released from "Accumulated other comprehensive income" in the period when the underlying transaction affects earnings. Any stranded income tax effects are released from "Accumulated other comprehensive income" into "Benefit for income taxes" under the portfolio approach.

During the year ended December 31, 2021, we completed a series of transactions to modify our interest rate swap positions as follows: (i) All the interest rate swaps outstanding as of December 31, 2020, with the exception of the agreement that matured on February 3, 2021, were de-designated as cash flow hedges on January 31, 2021, (ii) on February 12, 2021, we entered into a \$900.0 million receive-fixed interest rate swap which was designed to offset the terms of two December 2016 swaps, and (iii) on February 12, 2021, we terminated all December 2018 swaps and entered into a \$1.35 billion pay-fixed interest rate swap, effectively blending the liability position of our existing interest rate swap agreements into the new swap and extending the term of our hedged position to February 2026.

The amount remaining in "Accumulated other comprehensive income" for the de-designated December 2016 and December 2018 swaps at the de-designation date was approximately \$51.6 million, and was amortized as an increase to "Interest expense" over the effective period of the original swap agreements.

The new receive-fixed interest rate swap qualifies as a hybrid instrument in accordance with ASC No. 815, *Derivatives and Hedging*, consisting of a loan and an embedded derivative for which the fair value option has been elected. This \$900.0 million swap remained undesignated to economically offset the undesignated December 2016 swaps. This new swap and the December 2016 swaps matured on February 3, 2022. Cash settlements related to this receive-fixed interest rate swap offset and are classified as operating activities in the Condensed Consolidated Statements of Cash Flows.

The new pay-fixed interest rate swap also qualifies as a hybrid instrument in accordance with ASC No. 815, *Derivatives and Hedging*, consisting of a loan and an embedded at-market derivative that was designated as a cash flow hedge. The loan is accounted for at amortized cost over the life of the swap while the embedded at-market derivative is accounted for at fair value. The \$1.35 billion swap was originally indexed to three-month LIBOR and net settled on a quarterly basis with the counterparty for the difference between the fixed rate of 2.3820% and the variable rate based upon three-month LIBOR (subject to a floor of 0.75%) as applied to the notional amount of the swap. In connection with the transactions discussed above, no cash was exchanged between us and the counterparty. The liability of the terminated interest rate swaps as well as the inception value of the receive-fixed interest rate swap was blended into the new pay-fixed interest rate swap. The cash flows related to the portion treated as debt will be classified as financing activities in the Condensed Consolidated Statements of Cash Flows while the portion treated as an at-market derivative will be classified as operating activities.

As discussed in Note 7, "Debt", on April 26, 2023 we executed an amendment to our First Lien Credit Agreement, which governs borrowings under our Term Loan Facility. This amendment established Term SOFR as the benchmark rate for determining the applicable interest rate, replacing LIBOR. To continue to manage our exposure to interest rate risk associated with our Term Loan Facility, effective May 9, 2023, we amended our remaining swap agreement to change the index from three-month LIBOR (subject to a floor of 0.75%) to one-month Term SOFR (subject to a floor of 0.75%). The fixed rate also changed from 2.3820% to 2.34150% as a result of the swap agreement amendment.

On a monthly basis, we net settle with the counterparty for the difference between the fixed rate of 2.34150% and the variable rate based upon the one-month Term SOFR (subject to a floor of 0.75%) as applied to the notional amount of the swap.

In conjunction with the March 2024 Refinancing Transactions, as discussed in Note 7, "Debt", we issued additional borrowings and used the proceeds to repay previously hedged borrowings under the Term Loan Facility. Given that the specific intent of the new borrowings was a replacement of the previously hedged borrowings and the economic characteristics were the same, we continue to apply hedge accounting on the replacement borrowings.

As of December 31, 2024 and June 30, 2025, the cash flow hedge was highly effective.

The key terms of our remaining interest rate swap are presented below:

Effective Date	Fixed Rate Paid	December 31, 2024		June 30, 2025		Maturity Date
		Notional Amount (in millions)	Status	Notional Amount (in millions)	Status	
February 9, 2021	2.34150% ⁽¹⁾	1,350.0	Active	1,350.0	Active	February 9, 2026

(1) Fixed rate paid prior to the May 9, 2023 amendment was 2.3820%.

Our interest rate swap agreement, excluding the portion treated as debt, is recognized at fair value in the Condensed Consolidated Balance Sheets and is valued using pricing models that rely on market observable inputs such as yield curve data, which are classified as Level 2 inputs within the fair value hierarchy.

Fair Values of Derivatives on the Condensed Consolidated Balance Sheets

The fair values of our derivatives and their location on the Condensed Consolidated Balance Sheets as of December 31, 2024 and June 30, 2025 were as follows:

(In millions)	Derivatives designated as hedging instruments	Location	December 31, 2024		June 30, 2025	
			Assets	Liabilities	Assets	Liabilities
	Interest rate swaps	Other current assets	\$ 39.6	\$ —	\$ 25.3	\$ —
	Interest rate swaps	Other non-current assets	6.6	—	—	—
	Interest rate swaps	Other current liabilities ⁽¹⁾	—	17.3	—	11.7
	Interest rate swaps	Other non-current liabilities ⁽¹⁾	—	3.0	—	—
	Total		\$ 46.2	\$ 20.3	\$ 25.3	\$ 11.7

(1) The entire balance is comprised of the financing component of the pay-fixed interest rate swap.

For financial statement presentation purposes, we do not offset assets and liabilities under master netting arrangements and all amounts above are presented on a gross basis. The following table, however, is presented on a net asset and net liability basis:

(In millions)	December 31, 2024			June 30, 2025		
	Gross Amounts on Balance Sheet	Effects of Counterparty Netting	Net Amounts	Gross Amounts on Balance Sheet	Effects of Counterparty Netting	Net Amounts
Assets						
Interest rate swaps	\$ 46.2	\$ (20.3)	\$ 25.9	\$ 25.3	\$ (11.7)	\$ 13.6
Liabilities						
Interest rate swaps	\$ 20.3	\$ (20.3)	\$ —	\$ 11.7	\$ (11.7)	\$ —

Effect of Derivatives on the Condensed Consolidated Statements of Comprehensive Income (Loss)

The effect of our derivatives and their location on the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2024 and 2025 was as follows:

(In millions)	Derivatives designated as hedging instruments	Location	Three Months Ended June 30,		Six Months Ended June 30,	
			2024	2025	2024	2025
	Interest rate swaps	Interest income (expense)	\$ 14.9	\$ 11.4	\$ 29.8	\$ 22.8

Interest expense was \$18.4 million and \$21.3 million for the three months ended June 30, 2024 and 2025, respectively, and \$62.1 million and \$40.7 million for the six months ended June 30, 2024 and 2025, respectively. As of June 30, 2025, the amount of cash flow hedge gain included within "Accumulated other comprehensive income" that is expected to be reclassified as a reduction to "Interest expense" over the next 12 months is approximately \$25.3 million. See Note 12, "Accumulated Other Comprehensive Income," for information regarding changes in fair value of our derivatives designated as hedging instruments.

Credit-risk-related Contingent Features

We have agreements with interest rate swap counterparties that contain a provision whereby if we default on any of our material indebtedness, then we could also be declared in default of our interest rate swap agreements. As of June 30, 2025, our outstanding interest rate swap agreement was in a net asset position.

12. Accumulated Other Comprehensive Income

Accumulated other comprehensive income consisted of the following:

(In millions)	Accumulated Foreign Currency Translation Adjustments	Accumulated Gain on Derivative Contracts	Accumulated Other Comprehensive Income
Balance at March 31, 2024	\$ (5.7)	\$ 64.3	\$ 58.6
Foreign currency translation adjustments, net of tax expense of \$0.1	(0.8)	—	(0.8)
Unrealized gain on derivative contracts, net of tax expense of \$1.6	—	4.5	4.5
Amount reclassified from Accumulated comprehensive income (loss) into earnings, net of tax expense of \$3.8 ⁽¹⁾	—	(11.1)	(11.1)
Balance at June 30, 2024	<u>\$ (6.5)</u>	<u>\$ 57.7</u>	<u>\$ 51.2</u>

(1) Includes a reduction to interest expense recognized of \$14.9 million related to the cash flow hedge gain for the three months ended June 30, 2024.

(In millions)	Accumulated Foreign Currency Translation Adjustments	Accumulated Gain on Derivative Contracts	Accumulated Other Comprehensive Income
Balance at December 31, 2023	\$ (2.0)	\$ 62.3	\$ 60.3
Foreign currency translation adjustments, net of tax benefit of \$0.1	(4.5)	—	(4.5)
Unrealized gain on derivative contracts, net of tax expense of \$6.1	—	17.6	17.6
Amount reclassified from Accumulated comprehensive income (loss) into earnings, net of tax expense of \$7.6 ⁽¹⁾	—	(22.2)	(22.2)
Balance at June 30, 2024	<u>\$ (6.5)</u>	<u>\$ 57.7</u>	<u>\$ 51.2</u>

(1) Includes a reduction to interest expense recognized of \$29.8 million related to the cash flow hedge gain for the six months ended June 30, 2024.

(In millions)	Accumulated Foreign Currency Translation Adjustments	Accumulated Gain on Derivative Contracts	Accumulated Other Comprehensive Income
Balance at March 31, 2025	\$ (6.6)	\$ 25.7	\$ 19.1
Foreign currency translation adjustments, net of tax expense of \$1.1	9.4	—	9.4
Unrealized gain on derivative contracts, net of tax expense of \$0.6	—	1.5	1.5
Amount reclassified from Accumulated comprehensive income (loss) into earnings, net of tax expense of \$2.7 ⁽¹⁾	—	(8.7)	(8.7)
Balance at June 30, 2025	<u>\$ 2.8</u>	<u>\$ 18.5</u>	<u>\$ 21.3</u>

(1) Includes a reduction to interest expense recognized of \$11.4 million related to the cash flow hedge gain for the three months ended June 30, 2025.

(In millions)	Accumulated Foreign Currency Translation Adjustments	Accumulated Gain on Derivative Contracts	Accumulated Other Comprehensive Income
Balance at December 31, 2024	\$ (10.2)	\$ 34.3	\$ 24.1
Foreign currency translation adjustments, net of tax expense of \$1.7	13.0	—	13.0
Unrealized gain on derivative contracts, net of tax expense of \$0.5	—	1.4	1.4
Amount reclassified from Accumulated comprehensive income (loss) into earnings, net of tax expense of \$5.6 ⁽¹⁾	—	(17.2)	(17.2)
Balance at June 30, 2025	<u>\$ 2.8</u>	<u>\$ 18.5</u>	<u>\$ 21.3</u>

(1) Includes a reduction to interest expense recognized of \$22.8 million related to the cash flow hedge gain for the six months ended June 30, 2025.

13. Segment Reporting

We have organized our operations into two operating segments, which correspond directly to our reportable segments: Public Cloud, a services-centric, capital-light model providing value-added cloud solutions through managed services, Elastic Engineering and professional services offerings for customer environments hosted on the Amazon Web Services (“AWS”), Microsoft Azure and Google Cloud public cloud platforms; and Private Cloud, a technology-forward, capital-intensive model providing managed service offerings for customer environments hosted in one of our data centers as well as in those owned by customers or by third parties such as colocation providers. Private Cloud also includes our legacy OpenStack Public Cloud business that we ceased to actively market to customers in 2017.

This two-business unit operating model allows for each segment to be managed separately based on the different service offerings and respective operational and marketing strategies, ensuring increased focus, delivery, and service quality for our customers.

Our segments are based upon a number of factors, including, the basis for our budgets and forecasts, organizational and management structure and the financial information regularly provided to our Chief Operating Decision Maker (“CODM”), who we have determined to be our Chief Executive Officer. The CODM is responsible for making key operating and strategic decisions to assess performance for each segment. We assess financial performance of our segments on the basis of revenue and segment operating profit. The CODM utilizes both revenue and segment operating profit or loss before interest and income taxes to allocate resources and assesses performance of each segment by comparing actual revenue and operating profit or loss results, respectively, to historical results and previously forecasted financial information. Segment operating profit includes expenses directly attributable to running the respective segments' business. This excludes any corporate overhead expenses. We have centralized corporate functions that provide services to the segments in areas such as accounting, information technology, marketing, legal and human resources. Corporate function costs that are not allocated to the segments are included in the row labeled "Corporate functions" in the table below.

Beginning in the fourth quarter of 2024, we updated the presentation of our segment operating profit to no longer exclude certain cash compensation paid to employees who remain employed with Rackspace which were previously included in the “special bonuses and other compensation expenses” and “restructuring and transformation expenses” line items of our reconciliation below. Additionally, we removed the “special bonuses and other compensation expenses” line item and the remaining adjustments are now presented within the “restructuring and transformation expenses” line item. The prior period has been recast to reflect current period presentation.

In connection with this presentation change, we also updated segment operating profit included in the financial information provided to our CODM. Certain cash compensation paid to employees who remain employed with Rackspace is now included in the Public Cloud and Private Cloud segment operating profit performance measure.

The table below presents revenue and segment operating profit by reportable segment and a reconciliation of consolidated segment operating profit to consolidated loss before income taxes for the three and six months ended June 30, 2024 and 2025.

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
<i>Public Cloud</i>				
Revenue	\$ 424.9	\$ 416.6	\$ 847.3	\$ 832.2
Third party infrastructure ⁽¹⁾	(331.5)	(324.3)	(665.6)	(650.7)
Other cost of revenue ⁽²⁾	(51.7)	(52.4)	(104.1)	(102.1)
Other segment items ⁽³⁾	(31.0)	(23.7)	(58.7)	(45.9)
Segment operating profit	\$ 10.7	\$ 16.2	\$ 18.9	\$ 33.5
<i>Private Cloud</i>				
Revenue	\$ 260.0	\$ 249.7	\$ 528.4	\$ 499.5
Cost of revenue	(163.1)	(157.7)	(327.1)	(314.9)
Other segment items ⁽³⁾	(28.1)	(30.5)	(61.4)	(62.1)
Segment operating profit	\$ 68.8	\$ 61.5	\$ 139.9	\$ 122.5
<i>Total Consolidated</i>				
Revenue	\$ 684.9	\$ 666.3	\$ 1,375.7	\$ 1,331.7
Segment operating profit	\$ 79.5	\$ 77.7	\$ 158.8	\$ 156.0
Corporate functions	(59.2)	(50.4)	(124.5)	(103.1)
Share-based compensation expense	(19.5)	(10.0)	(32.3)	(22.0)
Transaction-related adjustments, net ⁽⁴⁾	(1.6)	(0.4)	(2.6)	(1.9)
Restructuring and transformation expenses ⁽⁵⁾	(14.5)	(4.4)	(35.4)	(17.5)
Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage	0.1	—	(0.1)	—
Amortization of intangible assets ⁽⁶⁾	(38.6)	(37.6)	(77.3)	(75.0)
Impairment of goodwill	—	—	(573.2)	—
Impairment of assets, net	—	—	(20.0)	—
Interest expense	(18.4)	(21.3)	(62.1)	(40.7)
Gain on investments, net	—	0.3	0.1	0.2
Gain on debt extinguishment, net of debt modification costs	72.5	—	129.2	—
Other expense, net	(5.2)	(3.8)	(10.8)	(9.2)
Total consolidated loss before income taxes	\$ (4.9)	\$ (49.9)	\$ (650.2)	\$ (113.2)

(1) Represents usage charges from public cloud infrastructure providers.

(2) Other cost of revenue excludes third party infrastructure expenses and is comprised of certain license costs, labor, and other designated expenses.

(3) Other segment items for each segment include directly allocable research and development expenses, sales and marketing expenses, and certain other general and administrative expenses.

(4) Includes purchase accounting adjustments, exploratory acquisition and divestiture costs, and expenses related to financing activities.

(5) Includes consulting and advisory fees related to business transformation and optimization activities, as well as associated severance, certain facility closure costs, and lease termination expenses. Also includes payroll taxes associated with the exercise of stock options and vesting of restricted stock. The six months ended June 30, 2024 also includes a \$9.0 million MEIA early termination fee associated with the sale of our corporate headquarters in March 2024.

(6) All of our intangible assets are attributable to acquisitions, including the Rackspace Acquisition in 2016.

The table below presents depreciation expense included in segment operating profit above for the three and six months ended June 30, 2024 and 2025.

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Public Cloud	\$ 2.0	\$ 1.7	\$ 3.5	\$ 3.4
Private Cloud	28.4	30.6	57.0	60.3
Corporate functions	5.1	5.1	11.2	10.2
Total depreciation expense	<u>\$ 35.5</u>	<u>\$ 37.4</u>	<u>\$ 71.7</u>	<u>\$ 73.9</u>

Management does not use total assets by segment to evaluate segment performance or allocate resources. As such, total assets by segment are not disclosed.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help readers understand our results of operations, financial condition and cash flows and should be read in conjunction with the condensed consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q (this "Quarterly Report") and with the audited consolidated financial statements and the related notes included in our Annual Report. References to "Rackspace Technology," "we," "our company," "the company," "us," or "our" refer to Rackspace Technology, Inc. and its consolidated subsidiaries.

The following discussion contains forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from those contained in any forward-looking statements. See "Special Note Regarding Forward-Looking Statements" contained elsewhere in this Quarterly Report.

Overview

We are a leading end-to-end, hybrid cloud and AI solutions company. We 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.

We operate our business and report our results through two reportable segments: Public Cloud and Private Cloud. Our Public Cloud segment is a services-centric, capital-light model providing value-added cloud solutions through managed services, Elastic Engineering and professional services offerings for customer environments hosted on the AWS, Microsoft Azure and Google Cloud public cloud platforms. Our Private Cloud segment is a technology-forward, capital-intensive model providing managed service offerings for customer environments hosted in one of our data centers as well as in those owned by customers or by third parties such as colocation providers. Private Cloud also includes our legacy OpenStack Public Cloud business that we ceased to actively market to customers in 2017. See Item 1 of Part I, Financial Statements - Note 13, "Segment Reporting," for additional information about our segments.

Key Factors Affecting Our Performance

We believe our combination of proprietary technology, automation capabilities and technical expertise creates a value proposition for our customers that is hard to replicate for both competitors and in-house IT departments. We and our customers face a variety of challenges, including evolving technologies (including AI and GenAI) and an uncertain regulatory landscape, including international trade policies and tariffs, as well as other macroeconomic and geopolitical factors. These factors have and will continue to affect demand for our products and services. Our continued success depends to a significant extent on our ability to respond to these and other challenges presented by our highly competitive and dynamic market, including the following key factors:

Differentiating Our Service Offerings in a Competitive Market Environment

Our success depends to a significant extent on our ability to continue to differentiate, expand and upgrade our service offerings in line with developing customer needs, while deepening our relationships with leading public cloud service providers and establishing new relationships, including with sales partners. We are a certified premier consulting and managed services partner to some of the largest cloud computing platforms, including AWS, Microsoft Azure, Google Cloud, Oracle, SAP and VMware by Broadcom. We believe we are unique in our ability to serve customers across major technology stacks and deployment options, all while delivering Fanatical Experience. Our existing and prospective customers are also under increasing pressure to move from on-premise or self-managed IT to the cloud to compete effectively in a digital economy and maximize the value of their cloud investments, which we believe presents an opportunity for professional services projects as well as new recurring business.

Customer Relationships and Retention

Our success greatly depends on our ability to retain and develop opportunities with our existing customers and to attract new customers. We operate in a growing but competitive and evolving market environment, requiring innovation to differentiate us from our competitors. We believe that our integrated cloud service portfolio and our differentiated customer experience and technology are keys to retaining and growing revenue from existing customers as well as acquiring new customers. For example, we believe that Rackspace Fabric provides customers a unified experience across their entire cloud and security footprint, and that our Rackspace Elastic Engineering model helps customers embrace a cloud native approach with on-demand access to a dedicated team of highly skilled cloud architects and engineers. These offerings differentiate us from legacy IT service providers that operate under long-term fixed and project-based fee structures often tethered to their existing technologies with less automation.

Business Mix Shift

The mix of revenue has shifted in recent years, from our Private Cloud offerings to infrastructure resale and services within Public Cloud. Private Cloud offerings are generally hosted on our own infrastructure and deliver higher segment operating margins, but also require a higher level of capital expenditures. Conversely, Public Cloud segment operating margins are lower, driven by high volumes of infrastructure resale revenue which come at significantly lower margins. However, Public Cloud requires significantly less capital expenditures. Going forward, we will continue to take a workload-centric approach and both Public and Private Cloud will be the net recipients of the workloads. The focus in Private Cloud will be to defend and expand our revenue with new solutions. The focus in Public Cloud is on expanding segment operating margins by driving cost efficiencies and growing higher-margin services revenue.

Key Components of Statement of Operations

Revenue

A substantial amount of our revenue, particularly within our Private Cloud segment, is generated pursuant to contracts that typically have a fixed term (typically from 12 to 36 months). Our customers generally have the right to cancel their contracts by providing us with written notice prior to the end of the fixed term, though most of our contracts provide for termination fees in the event of cancellation prior to the end of their term, typically amounting to the outstanding value of the contract. These contracts include a monthly recurring fee, which is determined based on the computing resources utilized and provided to the customer, the complexity of the underlying infrastructure and the level of support we provide. Most of our services within our Public Cloud segment and legacy OpenStack business generate usage-based revenue invoiced on a monthly basis and can be canceled at any time without penalty. We also generate revenue from usage-based fees and fees from professional services earned from customers using our hosting and other services. We typically recognize revenue on a daily basis, as services are provided, in an amount that reflects the consideration to which we expect to be entitled in exchange for our services. Our usage-based arrangements generally include a variable consideration component, consisting of monthly utility fees, with a defined price and undefined quantity. Our customer contracts also typically contain service level guarantees, including with respect to network uptime requirements, that provide discounts when we fail to meet specific obligations and, with respect to certain products, we may offer volume discounts based on usage. As these variable consideration components consist of a single distinct daily service provided on a single performance obligation, we account for all of them as services are provided and earned.

Cost of revenue

Cost of revenue consists primarily of usage charges for third-party infrastructure and personnel costs (including salaries, bonuses, benefits and share-based compensation) for engineers, developers and other employees involved in the delivery of services to our customers. Cost of revenue also includes depreciation of servers, software and other systems infrastructure, data center rent and other infrastructure maintenance and support costs, including software license costs and utilities. Cost of revenue is driven mainly by demand for our services, our service mix and the cost of labor in a given geography.

Selling, general and administrative expenses (SG&A)

Selling, general and administrative expenses consist primarily of personnel costs (including salaries, bonuses, commissions, benefits and share-based compensation) for our sales force, executive team and corporate administrative and support employees, including our human resources, finance, accounting and legal functions. SG&A also includes research and development costs, repair and maintenance of corporate infrastructure, facilities rent, third-party advisory fees (including audit, legal and management consulting costs), marketing and advertising costs and insurance, as well as the amortization of related intangible assets and certain depreciation of fixed assets.

SG&A also includes transaction costs related to acquisitions and financings along with costs related to integration and business transformation initiatives which may impact the comparability of SG&A between periods.

Income taxes

Our income tax benefit (provision) and deferred tax assets and liabilities reflect management's best assessment of estimated current and future taxes to be paid. To date, we have recorded consolidated tax benefits, reflecting our net losses, though certain of our non-U.S. subsidiaries have incurred corporate tax expense according to the relevant taxing jurisdictions. We are under certain domestic and foreign tax audits. Due to the complexity involved with certain tax matters, there is the possibility that the various taxing authorities may disagree with certain tax positions filed on our income tax returns. We believe we have made adequate provision for all uncertain tax positions. See Item 1 of Part I, Financial Statements - Note 10, "Taxes."

Results of Operations

We discuss our historical results of operations, and the key components of those results, below. Past financial results are not necessarily indicative of future results.

Three Months Ended June 30, 2024 Compared to Three Months Ended June 30, 2025

The following table sets forth our results of operations for the specified periods, as well as changes between periods and as a percentage of revenue for those same periods (totals in table may not foot due to rounding):

(In millions, except %)	Three Months Ended June 30,				Year-Over-Year Comparison	
	2024		2025		Amount	% Change
	Amount	% Revenue	Amount	% Revenue		
Revenue	\$ 684.9	100.0 %	\$ 666.3	100.0 %	\$ (18.6)	(2.7)%
Cost of revenue	(553.5)	(80.8)%	(537.1)	(80.6)%	16.4	(3.0)%
Gross profit	131.4	19.2 %	129.2	19.4 %	(2.2)	(1.7)%
Selling, general and administrative expenses	(185.2)	(27.0)%	(154.3)	(23.2)%	30.9	(16.7)%
Loss from operations	(53.8)	(7.9)%	(25.1)	(3.8)%	28.7	(53.3)%
Other income (expense):						
Interest expense	(18.4)	(2.7)%	(21.3)	(3.2)%	(2.9)	15.8 %
Gain on investments, net	—	— %	0.3	0.0 %	0.3	100.0 %
Gain on debt extinguishment, net of debt modification costs	72.5	10.6 %	—	— %	(72.5)	(100.0)%
Other expense, net	(5.2)	(0.8)%	(3.8)	(0.6)%	1.4	(26.9)%
Total other income (expense)	48.9	7.2 %	(24.8)	(3.7)%	(73.7)	NM
Loss before income taxes	(4.9)	(0.7)%	(49.9)	(7.5)%	(45.0)	NM
Benefit (provision) for income taxes	29.9	4.4 %	(4.6)	(0.7)%	(34.5)	NM
Net income (loss)	\$ 25.0	3.7 %	\$ (54.5)	(8.2)%	\$ (79.5)	NM

NM = not meaningful.

Revenue

Revenue decreased \$19 million, or 2.7%, to \$666 million in the three months ended June 30, 2025 from \$685 million in the three months ended June 30, 2024. Revenue declined due to decreases in both Private Cloud and Public Cloud revenue, as discussed below.

After removing the impact of foreign currency fluctuations, on a constant currency basis, revenue decreased 3.2% year-over-year. The following table presents revenue by segment:

(In millions, except %)	Three Months Ended June 30,		% Change	
	2024	2025	Actual	Constant Currency ^(a)
Public Cloud	\$ 424.9	\$ 416.6	(2.0)%	(2.2)%
Private Cloud	260.0	249.7	(4.0)%	(4.8)%
Total	\$ 684.9	\$ 666.3	(2.7)%	(3.2)%

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

Public Cloud revenue in the three months ended June 30, 2025 decreased 2.0% on an actual basis and 2.2% on a constant currency basis, from the three months ended June 30, 2024. The decline was due to lower infrastructure volumes, as services revenue remained relatively flat.

Private Cloud revenue in the three months ended June 30, 2025 decreased 4.0% on an actual basis and 4.8% on a constant currency basis, from the three months ended June 30, 2024, due to customers rolling off legacy private cloud offerings.

Cost of Revenue

Cost of revenue decreased \$16 million, or 3%, to \$537 million in the three months ended June 30, 2025 from \$554 million in the three months ended June 30, 2024. The largest driver of the decrease was a reduction in usage charges for third-party infrastructure, consistent with the decrease in revenue. Also contributing to the overall reduction in cost of revenue was a decline in personnel costs, driven by a decrease in headcount between periods and a reduction in severance expense, and data center expense as a result of continued optimization initiatives.

As a percentage of revenue, cost of revenue declined 20 basis points in the three months ended June 30, 2025 to 80.6% from 80.8% in the three months ended June 30, 2024.

Gross Profit

Our gross profit was \$129 million in the three months ended June 30, 2025, a decrease of \$2 million from \$131 million in the three months ended June 30, 2024. Our gross margin was 19.4% in the three months ended June 30, 2025, an increase of 20 basis points from 19.2% in the three months ended June 30, 2024.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$31 million, or 17%, to \$154 million in the three months ended June 30, 2025 from \$185 million in the three months ended June 30, 2024. Declining personnel costs had the largest impact due to a reduction in headcount between periods and decreases in share-based compensation, non-equity incentive compensation and severance expense.

As a percentage of revenue, selling, general and administrative expenses decreased 380 basis points, to 23.2% in the three months ended June 30, 2025 from 27.0% in the three months ended June 30, 2024 due to personnel costs, as discussed above.

Loss from Operations, Segment Operating Profit, and Non-GAAP Operating Profit

Our loss from operations was \$25 million in the three months ended June 30, 2025 compared to \$54 million in the three months ended June 30, 2024. Our Non-GAAP Operating Profit was \$27 million in the three months ended June 30, 2025, an increase of \$7 million from \$20 million in the three months ended June 30, 2024. Non-GAAP Operating Profit is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below for more information.

The table below presents a reconciliation of loss from operations to Non-GAAP Operating Profit.

(In millions)	Three Months Ended June 30,	
	2024	2025
Loss from operations	\$ (53.8)	\$ (25.1)
Share-based compensation expense	19.5	10.0
Transaction-related adjustments, net ^(a)	1.6	0.4
Restructuring and transformation expenses ^(b)	14.5	4.4
Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage	(0.1)	—
Amortization of intangible assets ^(c)	38.6	37.6
Non-GAAP Operating Profit	\$ 20.3	\$ 27.3

(a) Includes purchase accounting adjustments, exploratory acquisition and divestiture costs, and expenses related to financing activities.

(b) Includes consulting and advisory fees related to business transformation and optimization activities, as well as associated severance, certain facility closure costs, and lease termination expenses. Also includes payroll taxes associated with the exercise of stock options and vesting of restricted stock.

(c) All of our intangible assets are attributable to acquisitions, including the Rackspace Acquisition in 2016.

Our segment operating profit and segment operating margin for the periods indicated, and the change between periods is shown in the table below:

(In millions, except %)	Three Months Ended June 30,				Year-Over-Year Comparison	
	2024		2025		Amount	% Change
	Amount	% of Segment Revenue	Amount	% of Segment Revenue		
Segment operating profit:						
Public Cloud	\$ 10.7	2.5 %	\$ 16.2	3.9 %	\$ 5.5	51.4 %
Private Cloud	68.8	26.5 %	61.5	24.6 %	(7.3)	(10.6)%
Corporate functions	(59.2)		(50.4)		8.8	(14.9)%
Non-GAAP Operating Profit	\$ 20.3		\$ 27.3		\$ 7.0	34.5 %

Public Cloud operating profit increased 51% in the three months ended June 30, 2025 from the three months ended June 30, 2024. Segment operating profit as a percentage of segment revenue increased by 140 basis points, reflecting a 3% decrease in segment operating expenses, partially offset by a 2% decrease in segment revenue. The decrease in expenses was mainly driven by operational improvements and cost optimization initiatives executed during 2024.

Private Cloud operating profit decreased 11% in the three months ended June 30, 2025 from the three months ended June 30, 2024. Segment operating profit as a percentage of segment revenue decreased by 190 basis points due to a 4% decrease in segment revenue, partially offset by a 2% decrease in segment operating expenses. The decrease in expenses was mainly driven by cost optimization activities executed throughout 2024.

Centralized corporate functions that provide services to the segments in areas such as accounting, information technology, marketing, legal and human resources are not allocated to the segments and are included in "corporate functions" in the table above. This expense decreased 15% in the three months ended June 30, 2025 from the three months ended June 30, 2024 due to our continued focus on cost management.

For more information about our segment operating profit, see Item 1 of Part I, Financial Statements - Note 13, "Segment Reporting."

Interest Expense

Interest expense increased \$3 million, or 16%, to \$21 million in the three months ended June 30, 2025 from \$18 million in the three months ended June 30, 2024. This increase was due to borrowings on the New Revolving Credit Facility in 2025 and a reduction in interest income from money market funds due to a lower cash balance between periods.

Gain on Debt Extinguishment, Net of Debt Modification Costs

We recorded a \$73 million gain on debt extinguishment, net of debt modification costs in the three months ended June 30, 2024, which included a \$49 million gain on debt extinguishment related to repurchases of an aggregate \$68 million principal amount of 3.50% FLSO Senior Secured Notes, FLSO Term Loan Facility, and 5.375% Senior Notes during the period. The remaining amount is related to the closing of the Public Note Exchange in April 2024, which was initiated as part of the March 2024 Refinancing Transactions.

For more information, see Item 1 of Part I, Financial Statements - Note 7, "Debt."

Other Expense, Net

We had \$4 million and \$5 million of other expense in the three months ended June 30, 2025 and 2024, respectively. This line item is primarily comprised of expense related to our accounts receivable purchase agreement.

For more information, see Item 1 of Part I, Financial Statements - Note 3, "Sale of Receivables."

Benefit (Provision) for Income Taxes

Our income tax expense was \$5 million in the three months ended June 30, 2025 compared to a \$30 million income tax benefit in the three months ended June 30, 2024. Our effective tax rate decreased to (9.3)% in the three months ended June 30, 2025 from 612.6% in the three months ended June 30, 2024. The decrease in the effective tax rate year-over-year is primarily due to the tax impact associated with changes in valuation allowance, the net impact of the geographic distribution of our earnings, the incremental tax impact associated with goodwill impairments recorded in the first quarter of 2024, the majority of which were nondeductible for income tax purposes, and the tax impact of the March 2024 Refinancing Transactions. The difference between the effective tax rate and the statutory rate for the three months ended June 30, 2025 is primarily due to the tax impact associated with changes in valuation allowance, executive compensation that is non-deductible under Internal Revenue Code ("IRC") Section 162(m), and the net impact of the geographic distribution of our earnings.

Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2025

The following table sets forth our results of operations for the specified periods, as well as changes between periods and as a percentage of revenue for those same periods (totals in table may not foot due to rounding):

(In millions, except %)	Six Months Ended June 30,				Year-Over-Year Comparison	
	2024		2025		Amount	% Change
	Amount	% Revenue	Amount	% Revenue		
Revenue	\$ 1,375.7	100.0 %	\$ 1,331.7	100.0 %	\$ (44.0)	(3.2)%
Cost of revenue	(1,111.5)	(80.8)%	(1,075.6)	(80.8)%	35.9	(3.2)%
Gross profit	264.2	19.2 %	256.1	19.2 %	(8.1)	(3.1)%
Selling, general and administrative expenses	(377.6)	(27.5)%	(319.6)	(24.0)%	58.0	(15.4)%
Impairment of goodwill	(573.2)	(41.7)%	—	— %	573.2	(100.0)%
Impairment of assets, net	(20.0)	(1.5)%	—	— %	20.0	(100.0)%
Loss from operations	(706.6)	(51.4)%	(63.5)	(4.8)%	643.1	(91.0)%
Other income (expense):						
Interest expense	(62.1)	(4.5)%	(40.7)	(3.1)%	21.4	(34.5)%
Gain on investments, net	0.1	0.0 %	0.2	0.0 %	0.1	100.0 %
Gain on debt extinguishment, net of debt modification costs	129.2	9.4 %	—	— %	(129.2)	(100.0)%
Other expense, net	(10.8)	(0.8)%	(9.2)	(0.7)%	1.6	(14.8)%
Total other income (expense)	56.4	4.1 %	(49.7)	(3.7)%	(106.1)	NM
Loss before income taxes	(650.2)	(47.3)%	(113.2)	(8.5)%	537.0	(82.6)%
Benefit (provision) for income taxes	34.6	2.5 %	(12.8)	(1.0)%	(47.4)	NM
Net loss	\$ (615.6)	(44.7)%	\$ (126.0)	(9.5)%	\$ 489.6	(79.5)%

NM = not meaningful.

Revenue

Revenue decreased \$44 million, or 3.2%, to \$1,332 million in the six months ended June 30, 2025 from \$1,376 million in the six months ended June 30, 2024. Revenue declined due to decreases in both Private Cloud and Public Cloud revenue, as discussed below.

After removing the impact from foreign currency fluctuations, on a constant currency basis, revenue decreased 3.3% year-over-year. The following table presents revenue by segment:

(In millions, except %)	Six Months Ended June 30,		% Change	
	2024	2025	Actual	Constant Currency ^(a)
Public Cloud	\$ 847.3	\$ 832.2	(1.8)%	(1.7)%
Private Cloud	528.4	499.5	(5.5)%	(5.7)%
Total	\$ 1,375.7	\$ 1,331.7	(3.2)%	(3.3)%

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

Public Cloud revenue in the six months ended June 30, 2025 decreased 1.8% on an actual basis and 1.7% on a constant currency basis, from the six months ended June 30, 2024. The decline was mainly due to lower infrastructure volumes and a reduction in services revenue.

Private Cloud revenue in the six months ended June 30, 2025 decreased 5.5% on an actual basis and 5.7% on a constant currency basis, from the six months ended June 30, 2024, due to customers rolling off legacy private cloud offerings.

Cost of Revenue

Cost of revenue decreased \$36 million, or 3%, to \$1,076 million in the six months ended June 30, 2025 from \$1,112 million in the six months ended June 30, 2024. The largest driver of the decrease was a reduction in usage charges for third-party infrastructure, consistent with the decrease in revenue. Also contributing to the overall decrease in cost of revenue was a reduction in license expense, due to decreased usage between periods, and a reduction in data center expense as a result of continued optimization initiatives. Personnel costs declined, to a lesser extent, driven by a decrease in headcount between periods.

As a percentage of revenue, cost of revenue was 80.8% in both the six months ended June 30, 2024 and June 30, 2025.

Gross Profit

Our gross profit was \$256 million in the six months ended June 30, 2025, a decrease of \$8 million from \$264 million in the six months ended June 30, 2024. Our gross margin was 19.2% in both the six months ended June 30, 2024 and June 30, 2025.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased \$58 million, or 15%, to \$320 million in the six months ended June 30, 2025 from \$378 million in the six months ended June 30, 2024, primarily due to a reduction in personnel costs. The decrease in personnel costs was largely due to a decline in headcount between periods and a reduction in share-based compensation and non-equity incentive compensation. Also driving the overall decrease in selling, general and administrative expenses was a \$9 million early termination fee associated with the sale of our corporate headquarters in the first quarter of 2024.

As a percentage of revenue, selling, general and administrative expenses decreased 350 basis points, to 24.0% in the six months ended June 30, 2025 from 27.5% in the six months ended June 30, 2024 for the reasons discussed above.

Loss from Operations, Segment Operating Profit, and Non-GAAP Operating Profit

Our loss from operations was \$64 million in the six months ended June 30, 2025 compared to \$707 million in the six months ended June 30, 2024. Our Non-GAAP Operating Profit was \$53 million in the six months ended June 30, 2025, an increase of \$19 million from \$34 million in the six months ended June 30, 2024. Non-GAAP Operating Profit is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below for more information.

The table below presents a reconciliation of loss from operations to Non-GAAP Operating Profit.

(In millions)	Six Months Ended June 30,	
	2024	2025
Loss from operations	\$ (706.6)	\$ (63.5)
Share-based compensation expense	32.3	22.0
Transaction-related adjustments, net ^(a)	2.6	1.9
Restructuring and transformation expenses ^(b)	35.4	17.5
Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage	0.1	—
Impairment of goodwill	573.2	—
Impairment of assets, net	20.0	—
Amortization of intangible assets ^(c)	77.3	75.0
Non-GAAP Operating Profit	<u>\$ 34.3</u>	<u>\$ 52.9</u>

(a) Includes purchase accounting adjustments, exploratory acquisition and divestiture costs, and expenses related to financing activities.

(b) Includes consulting and advisory fees related to business transformation and optimization activities, as well as associated severance, certain facility closure costs, and lease termination expenses. Also includes payroll taxes associated with the exercise of stock options and vesting of restricted stock. The six months ended June 30, 2024 also includes a \$9.0 million MEIA early termination fee associated with the sale of our corporate headquarters in March 2024.

(c) All of our intangible assets are attributable to acquisitions, including the Rackspace Acquisition in 2016.

Our segment operating profit and segment operating margin for the periods indicated, and the change between periods is shown in the table below:

(In millions, except %)	Six Months Ended June 30,				Year-Over-Year Comparison	
	2024		2025		Amount	% Change
	Amount	% of Segment Revenue	Amount	% of Segment Revenue		
Segment operating profit:						
Public Cloud	\$ 18.9	2.2 %	\$ 33.5	4.0 %	\$ 14.6	77.2 %
Private Cloud	139.9	26.5 %	122.5	24.5 %	(17.4)	(12.4)%
Corporate functions	(124.5)		(103.1)		21.4	(17.2)%
Non-GAAP Operating Profit	<u>\$ 34.3</u>		<u>\$ 52.9</u>		<u>\$ 18.6</u>	54.2 %

Public Cloud operating profit increased 77% in the six months ended June 30, 2025 from the six months ended June 30, 2024. Segment operating profit as a percentage of segment revenue increased by 180 basis points, reflecting a 4% decrease in segment operating expenses, partially offset by a 2% decrease in segment revenue. The decrease in expenses was mainly driven by operational improvements and cost optimization initiatives executed during 2024.

Private Cloud operating profit decreased 12% in the six months ended June 30, 2025 from the six months ended June 30, 2024. Segment operating profit as a percentage of segment revenue decreased by 200 basis points, due to a 6% decrease in segment revenue, partially offset by a 3% decrease in segment operating expenses. The decrease in expenses was mainly driven by cost optimization activities executed throughout 2024.

Centralized corporate functions that provide services to the segments in areas such as accounting, information technology, marketing, legal and human resources are not allocated to the segments and are included in "corporate functions" in the table above. This expense decreased 17% in the six months ended June 30, 2025 from the six months ended June 30, 2024 due to our continued focus on cost management.

For more information about our segment operating profit, see Item 1 of Part I, Financial Statements - Note 13, "Segment Reporting."

Impairment of Goodwill

In connection with the March 2024 Refinancing Transactions that were completed in March and April 2024, as further described in Item 1 of Part I, Financial Statements - Note 7, "Debt", we updated our internal forecasts. As of February 29, 2024, we assessed our Board of Directors approved 2024 internal budget along with several events and circumstances that could affect the significant inputs used to determine the fair value of our reporting units, including the significance of the amount, if any, of excess carrying value over fair value, consistency of our current and forecasted operating margins and cash flows, budgeted-to-actual performance, timing of the expected effects of our strategic initiatives, overall change in economic climate, changes in the industry and competitive environment, changes to our risk-adjusted discount rates and earnings quality and sustainability. After considering all available evidence in our evaluation of goodwill impairment indicators, we determined it appropriate to perform an interim quantitative assessment of our reporting units as of February 29, 2024. The results of this goodwill impairment analysis indicated an impairment of goodwill within our Public Cloud and Private Cloud reporting units of \$385 million and \$188 million, respectively, recorded in the six months ended June 30, 2024.

There was no such impairment in the six months ended June 30, 2025.

Impairment of Assets, Net

We evaluated our indefinite-lived intangible asset for impairment as of February 29, 2024. As a result of this evaluation, we recorded a \$20 million impairment of our indefinite-lived intangible asset in the six months ended June 30, 2024.

There was no such impairment in the six months ended June 30, 2025.

Interest Expense

Interest expense decreased \$21 million, or 34%, to \$41 million in the six months ended June 30, 2025 from \$62 million in the six months ended June 30, 2024, primarily due to the accounting for contractual interest payments on debt instruments entered into as part of the March 2024 Refinancing Transactions, portions of which are recorded as a reduction of related premiums and not as interest expense, which reduces interest expense relative to contractual interest cost.

Gain on Debt Extinguishment, Net of Debt Modification Costs

We recorded an \$80 million gain on debt extinguishment, net of debt modification costs in the six months ended June 30, 2024 related to the March 2024 Refinancing Transactions. In addition, we recorded a \$49 million total gain on debt extinguishment related to repurchases of an aggregate \$68 million principal amount of 3.50% FLSO Senior Secured Notes, FLSO Term Loan Facility, and 5.375% Senior Notes during the six months ended June 30, 2024.

For more information, see Item 1 of Part I, Financial Statements - Note 7, "Debt."

Other Expense, Net

We had \$9 million and \$11 million of other expense in the six months ended June 30, 2025 and 2024, respectively. This line item is primarily comprised of expense related to our accounts receivable purchase agreement.

For more information, see Item 1 of Part I, Financial Statements - Note 3, "Sale of Receivables."

Benefit (Provision) for Income Taxes

Our income tax expense was \$13 million in the six months ended June 30, 2025 compared to a \$35 million income tax benefit in the six months ended June 30, 2024. Our effective tax rate decreased to (11.3)% in the six months ended June 30, 2025 from 5.3% in the six months ended June 30, 2024. The decrease in the effective tax rate year-over-year is primarily due to the tax impact associated with changes in the valuation allowance, geographic distribution of profits, the tax impact associated with goodwill impairments recorded in the first quarter of 2024, the majority of which were nondeductible for income tax purposes, and the income tax benefit related to the March 2024 Refinancing Transactions. The difference between the effective tax rate and the statutory rate for the six months ended June 30, 2025 is primarily due to the tax impact associated with changes in valuation allowance, executive compensation that is non-deductible under IRC Section 162(m), the net impact of the geographic distribution of our earnings, and tax effects from non-deductible share-based compensation.

Non-GAAP Financial Measures

We track several non-GAAP financial measures to monitor and manage our underlying financial performance. The following discussion includes the presentation of 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, which are non-GAAP financial measures that 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 discussed below, these measures are not a substitute for, or superior to, U.S. 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 throughout this MD&A.

Update to Non-GAAP Financial Measures

Beginning in the fourth quarter of 2024, we updated the presentation of our non-GAAP financial measures to no longer exclude certain cash compensation paid to employees who remain employed with Rackspace which were previously included in the “special bonuses and other compensation expenses” and “restructuring and transformation expenses” line items of our reconciliations. Additionally, we removed the “special bonuses and other compensation expenses” line item and the remaining adjustments are now presented within the “restructuring and transformation expenses” line item. All prior period Non-GAAP Gross Profit, Non-GAAP Net Income (Loss), Non-GAAP Operating Profit, Adjusted EBITDA and Non-GAAP Earnings (Loss) Per Share financial measures have been recast to reflect current period presentation.

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.

The following tables present, by segment, actual and constant currency revenue and constant currency revenue growth rates, for and between the periods indicated:

(In millions, except %)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025			% Change	
	Revenue	Revenue	Foreign Currency Translation ^(a)	Revenue in Constant Currency	Actual	Constant Currency
Public Cloud	\$ 424.9	\$ 416.6	\$ (0.8)	\$ 415.8	(2.0)%	(2.2)%
Private Cloud	260.0	249.7	(2.2)	247.5	(4.0)%	(4.8)%
Total	\$ 684.9	\$ 666.3	\$ (3.0)	\$ 663.3	(2.7)%	(3.2)%

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

(In millions, except %)	Six Months Ended June 30, 2024	Six Months Ended June 30, 2025			% Change	
	Revenue	Revenue	Foreign Currency Translation ^(a)	Revenue in Constant Currency	Actual	Constant Currency
Public Cloud	\$ 847.3	\$ 832.2	\$ 0.3	\$ 832.5	(1.8)%	(1.7)%
Private Cloud	528.4	499.5	(1.4)	498.1	(5.5)%	(5.7)%
Total	\$ 1,375.7	\$ 1,331.7	\$ (1.1)	\$ 1,330.6	(3.2)%	(3.3)%

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

Non-GAAP Gross Profit

We present Non-GAAP Gross Profit in this MD&A 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, purchase accounting-related effects, and certain business transformation-related costs.

The table below presents a reconciliation of gross profit to Non-GAAP Gross Profit:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Gross profit	\$ 131.4	\$ 129.2	\$ 264.2	\$ 256.1
Share-based compensation expense	2.0	1.3	3.9	3.1
Purchase accounting impact on expense ^(a)	0.6	0.2	1.2	0.4
Restructuring and transformation expenses ^(b)	4.6	1.2	9.6	4.4
Non-GAAP Gross Profit	\$ 138.6	\$ 131.9	\$ 278.9	\$ 264.0

(a) Adjustment for the impact of purchase accounting from the Rackspace Acquisition on expenses.

(b) Adjustment for the impact of business transformation and optimization activities, as well as associated severance, certain facility closure costs and lease termination expenses. Also includes payroll taxes associated with the exercise of stock options and vesting of restricted stock.

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.

The Rackspace Acquisition was structured as a leveraged buyout of Rackspace Technology Global, our predecessor, and resulted in several accounting and capital structure impacts. For example, the revaluation of our assets and liabilities resulted in a significant increase in our amortizable intangible assets and goodwill, the incurrence of a significant amount of debt to partially finance the Rackspace Acquisition resulted in interest payments that reflect our high leverage and cost of debt capital, and the conversion of Rackspace Technology Global's unvested equity compensation into a cash-settled bonus plan and obligation to pay management fees to our equity holders resulted in new cash commitments. In addition, the change in ownership and management resulting from the Rackspace Acquisition led to a strategic realignment in our operations that had a significant impact on our financial results. Following the Rackspace Acquisition, we acquired several businesses, sold businesses and investments that we deemed to be non-core and launched multiple integration and business transformation initiatives intended to improve the efficiency of people and operations and identify recurring cost savings and new revenue growth opportunities. We believe that these transactions and activities resulted in costs, which have historically been substantial, and that may not be indicative of, or are not related to, our core operating results, including interest related to the incurrence of additional debt to finance acquisitions and third party legal, advisory and consulting fees and severance, retention bonus and other internal costs that we believe would not have been incurred in the absence of these transactions and activities and also may not be indicative of, or related to, our core operating results.

We define Non-GAAP Net Income (Loss) as net income (loss) adjusted to exclude the impact of non-cash charges for share-based compensation, 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, the interest expense impact from the March 2024 Refinancing Transactions, 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, 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, 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, transaction-related costs and adjustments, restructuring and transformation charges, costs related to the Hosted Exchange incident, certain other non-operating, non-recurring or non-core gains and losses, interest expense, expenses for our accounts receivable purchase agreement, 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 Rackspace Acquisition 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.

The following tables present a reconciliation of Non-GAAP Net Loss and Adjusted EBITDA to the most directly comparable GAAP financial measures. For a reconciliation of income (loss) from operations to Non-GAAP Operating Profit, see "*Loss from Operations, Segment Operating Profit, and Non-GAAP Operating Profit*" in the year-over-year comparison under "Results of Operations" above.

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

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Net income (loss)	\$ 25.0	\$ (54.5)	\$ (615.6)	\$ (126.0)
Share-based compensation expense	19.5	10.0	32.3	22.0
Transaction-related adjustments, net ^(a)	1.6	0.4	2.6	1.9
Restructuring and transformation expenses ^(b)	14.5	4.4	35.4	17.5
Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage	(0.1)	—	0.1	—
Impairment of goodwill	—	—	573.2	—
Impairment of assets, net	—	—	20.0	—
Net gain on divestiture and investments ^(c)	—	(0.3)	(0.1)	(0.2)
Gain on debt extinguishment, net of debt modification costs	(72.5)	—	(129.2)	—
Interest expense impact from the March 2024 Refinancing Transactions ^(d)	(25.6)	(21.1)	(25.6)	(42.1)
Other adjustments ^(e)	0.1	(1.5)	0.5	(1.1)
Amortization of intangible assets ^(f)	38.6	37.6	77.3	75.0
Tax effect of non-GAAP adjustments ^(g)	(22.4)	10.0	(18.0)	23.3
Non-GAAP Net Loss	\$ (21.3)	\$ (15.0)	\$ (47.1)	\$ (29.7)

Net income (loss) reconciliation to Adjusted EBITDA

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Net income (loss)	\$ 25.0	\$ (54.5)	\$ (615.6)	\$ (126.0)
Share-based compensation expense	19.5	10.0	32.3	22.0
Transaction-related adjustments, net ^(a)	1.6	0.4	2.6	1.9
Restructuring and transformation expenses ^(b)	14.5	4.4	35.4	17.5
Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage	(0.1)	—	0.1	—
Impairment of goodwill	—	—	573.2	—
Impairment of assets, net	—	—	20.0	—
Net gain on divestiture and investments ^(c)	—	(0.3)	(0.1)	(0.2)
Gain on debt extinguishment, net of debt modification costs	(72.5)	—	(129.2)	—
Other expense, net ^(h)	5.2	3.8	10.8	9.2
Interest expense	18.4	21.3	62.1	40.7
Provision (benefit) for income taxes	(29.9)	4.6	(34.6)	12.8
Depreciation and amortization ⁽ⁱ⁾	73.4	74.7	148.3	147.8
Adjusted EBITDA	\$ 55.1	\$ 64.4	\$ 105.3	\$ 125.7

(a) Includes purchase accounting adjustments, exploratory acquisition and divestiture costs, and expenses related to financing activities.

(b) Includes consulting and advisory fees related to business transformation and optimization activities, as well as associated severance, certain facility closure costs, and lease termination expenses. Also includes payroll taxes associated with the exercise of stock options and vesting of restricted stock. The six months ended June 30, 2024 also includes a \$9.0 million MEIA early termination fee associated with the sale of our corporate headquarters in March 2024.

(c) Includes gains and losses on investment and from dispositions.

(d) Interest expense impact due to the accounting for contractual interest payments on debt instruments entered into as part of the March 2024 Refinancing Transactions, which reduced interest expense relative to contractual interest cost.

(e) Primarily consists of foreign currency gains and losses.

(f) All of our intangible assets are attributable to acquisitions, including the Rackspace Acquisition in 2016.

(g) 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 2024 and 2025 interim periods, we based it on an average of the 2023 and estimated 2024 tax rates and 2024 and estimated 2025 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.

(h) Primarily consists of foreign currency gains and losses and expense related to our accounts receivable purchase agreement.

(i) 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. 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. The following table reconciles Non-GAAP Loss Per Share to our GAAP net earnings (loss) per share on a diluted basis:

(In millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2025	2024	2025
Net income (loss) attributable to common stockholders	\$ 25.0	\$ (54.5)	\$ (615.6)	\$ (126.0)
Non-GAAP Net Loss	\$ (21.3)	\$ (15.0)	\$ (47.1)	\$ (29.7)
Weighted average number of shares - Diluted	229.6	238.0	222.2	235.0
Effect of dilutive securities ^(a)	—	1.3	7.3	7.1
Non-GAAP weighted average number of shares - Diluted	229.6	239.3	229.5	242.1
Net earnings (loss) per share - Diluted	\$ 0.11	\$ (0.23)	\$ (2.77)	\$ (0.54)
Per share impacts of adjustments to net income (loss) ^(b)	(0.20)	0.17	2.56	0.41
Per share impacts of shares after adjustments to net income (loss) ^(a)	0.00	0.00	0.00	0.01
Non-GAAP Loss Per Share	\$ (0.09)	\$ (0.06)	\$ (0.21)	\$ (0.12)

(a) 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 certain investment funds managed by affiliates of 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 Loss to our net income (loss), as noted in the above table, divided by the GAAP diluted number of shares outstanding for the relevant period.

Liquidity and Capital Resources

Overview

We primarily finance our operations and capital expenditures with internally-generated cash from operations and hardware leases, and if necessary, borrowings under the New Revolving Credit Facility. As of June 30, 2025, the New Revolving Credit Facility provided for up to \$375 million of borrowings, \$65 million of which was drawn and outstanding as of June 30, 2025. Our primary uses of cash are working capital requirements, debt service requirements and capital expenditures. Based on our current level of operations and available cash, we believe our sources will provide sufficient liquidity over at least the next twelve months. We cannot provide assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available to us under the New Revolving Credit Facility or from other sources in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. Our ability to do so depends on prevailing economic conditions and other factors, many of which are beyond our control. In addition, upon the occurrence of certain events, such as a change of control, we could be required to repay or refinance our indebtedness. We cannot assure that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all. Any future acquisitions, joint ventures or other similar transactions will likely require additional capital, and there can be no assurance that any such capital will be available to us on acceptable terms or at all.

From time to time, depending upon market and other conditions, as well as upon our cash balances and liquidity, we, our subsidiaries or our affiliates may acquire (and have acquired) our outstanding debt securities or our other indebtedness through open market purchases, privately negotiated transactions, tender offers, redemption or otherwise, upon such terms and at such prices as we, our subsidiaries or our affiliates may determine (or as may be provided for in the indenture governing the 3.50% FLSO Senior Secured Notes (the "3.50% FLSO Senior Secured Notes Indenture"), the indenture governing the 5.375% Senior Notes (the "5.375% Notes Indenture") or the indenture governing the 3.50% Senior Secured Notes (the "3.50% Notes Indenture" and, together with the 3.50% FLSO Senior Secured Notes Indenture and 5.375% Notes Indenture, the "Indentures"), if applicable), for cash or other consideration.

At June 30, 2025, we held \$104 million in cash and cash equivalents (not including \$2 million in restricted cash, which is included in "Other non-current assets"), of which \$74 million was held by foreign entities.

We have entered into installment payment arrangements with certain equipment and software vendors, along with sale-leaseback arrangements for equipment and certain property leases that are considered financing obligations. We had \$44 million outstanding with respect to these arrangements as of June 30, 2025. We may choose to utilize these various sources of funding in future periods.

We also lease certain equipment and real estate under operating and finance lease agreements. We had \$476 million outstanding with respect to operating and finance lease agreements as of June 30, 2025. We may choose to utilize such leasing arrangements in future periods.

As of June 30, 2025, we had \$2,439 million aggregate principal amount outstanding under the FLSO Term Loan Facility, the FLFO Term Loan Facility, the Term Loan Facility, 3.50% FLSO Senior Secured Notes, 5.375% Senior Notes, and 3.50% Senior Secured Notes. The New Revolving Credit Facility provides for up to \$375 million of borrowings, \$65 million of which was drawn and outstanding as of June 30, 2025. Our liquidity requirements are significant, primarily due to debt service requirements.

Debt

In March 2024, we initiated a series of debt refinancing transactions that substantially impacted our existing debt instruments: the Senior Facilities, the 3.50% Senior Secured Notes, and the 5.375% Senior Notes. We also entered into new debt instruments: the New Senior Facilities, which includes the FLSO Term Loan Facility, the FLFO Term Loan Facility, and the New Revolving Credit Facility, and the 3.50% FLSO Senior Secured Notes.

See Item 1 of Part I, Financial Statements - Note 7, “Debt,” for more information regarding the March 2024 Refinancing Transactions and the related accounting impacts.

New Debt Instruments

New Senior Facilities

On March 12, 2024, Rackspace Finance Holdings, LLC (“Rackspace Finance Holdings”), Rackspace Finance, LLC (“Rackspace Finance”), the lenders and issuing banks party thereto and Citibank, N.A., as the administrative agent and collateral agent, entered into the credit agreement governing the FLSO Term Loan Facility, FLFO Term Loan Facility and New Revolving Credit Facility (together, the “New Senior Facilities”) (the “New First Lien Credit Agreement”).

FLSO Term Loan Facility

Rackspace Finance issued the FLSO Term Loan Facility in an aggregate principal amount of \$1,687 million. The FLSO Term Loan Facility matures on May 15, 2028.

As of June 30, 2025, the contractual interest rate on the FLSO Term Loan Facility was 7.18%. We are required to make quarterly principal payments of \$4 million, which began on March 31, 2024.

Rackspace Finance is the borrower and all obligations under the FLSO Term Loan Facility are guaranteed on a senior secured basis, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by certain of Rackspace Finance’s subsidiaries (the “Subsidiary Guarantors”). The obligations under the FLSO Term Loan Facility are secured by a pledge of Rackspace Finance’s capital stock directly held by Rackspace Finance Holdings and substantially all of Rackspace Finance’s and the Subsidiary Guarantors’ assets, subject to exceptions.

As of June 30, 2025, \$1,618 million in aggregate principal amount of the FLSO Term Loan Facility remained outstanding.

We have entered into interest rate swap agreements to manage the interest rate risk associated with interest payments on the FLSO Term Loan Facility that result from fluctuations in Term SOFR. See Item 1 of Part I, Financial Statements - Note 11, “Derivatives,” for more information on the interest rate swap agreements.

FLFO Term Loan Facility

Rackspace Finance issued the FLFO Term Loan Facility in an aggregate principal amount \$275 million. The FLFO Term Loan Facility matures on May 15, 2028.

As of June 30, 2025, the contractual interest rate on the FLFO Term Loan Facility was 10.68%. We are required to make quarterly principal payments of \$0.7 million, which began on June 30, 2024.

Rackspace Finance is the borrower and all obligations under the FLFO Term Loan Facility are guaranteed on a senior secured basis, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by the Subsidiary Guarantors. The obligations under the FLFO Term Loan Facility are secured by the same collateral that secures the FLSO Term Loan Facility, the New Revolving Credit Facility and the 3.50% FLSO Senior Secured Notes.

As of June 30, 2025, \$272 million aggregate principal amount of the FLFO Term Loan Facility remained outstanding.

We have entered into interest rate swap agreements to manage the interest rate risk associated with interest payments on the FLFO Term Loan Facility that result from fluctuations in Term SOFR. See Item 1 of Part I, Financial Statements - Note 11, "Derivatives," for more information on the interest rate swap agreements.

New Revolving Credit Facility

Rackspace Finance established the New Revolving Credit Facility in an aggregate principal amount of \$375 million of commitments. All revolving lenders under the prior Revolving Credit Facility exchanged their revolving loan commitments for commitments in respect of the New Revolving Credit Facility, which replaced in full the prior Revolving Credit Facility. The New Revolving Credit Facility matures on May 15, 2028.

The New Revolving Credit Facility includes a commitment fee equal to 0.50% per annum in respect of the unused commitments that is due quarterly. This fee is subject to one step-down based on the net first lien leverage ratio.

Rackspace Finance is the borrower and all obligations under the New Revolving Credit Facility are guaranteed on a senior secured basis, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by the Subsidiary Guarantors. The obligations under the New Revolving Credit Facility are secured by the same collateral that secures the FLSO Term Loan Facility, the FLFO Term Loan Facility and the 3.50% FLSO Senior Secured Notes.

As of June 30, 2025, we had total commitments of \$375 million, \$65 million of outstanding borrowings under the New Revolving Credit Facility, and \$24 million of letters of credit issued thereunder. As such, as of June 30, 2025, we had \$310 million of available commitments remaining.

3.50% FLSO Senior Secured Notes due 2028

On March 12, 2024, Rackspace Finance issued \$267 million initial aggregate principal amount of 3.50% FLSO Senior Secured Notes. The 3.50% FLSO Senior Secured Notes will mature on May 15, 2028 and bear interest at an annual fixed rate of 3.50%. Interest is payable semiannually on February 15 and August 15, commencing on August 15, 2024.

On April 16, 2024, we completed the Public Note Exchange, pursuant to which (i) \$138 million aggregate principal amount of the existing 3.50% Senior Secured Notes were exchanged or purchased for cancellation and (ii) \$97 million aggregate principal amount of 3.50% FLSO Senior Secured Notes were issued by Rackspace Finance.

Rackspace Finance is the borrower and all obligations under the 3.50% FLSO Senior Secured Notes are fully and unconditionally guaranteed, jointly and severally, by Rackspace Finance Holdings on a limited-recourse basis and by the Subsidiary Guarantors. The obligations under the 3.50% FLSO Senior Secured Notes are secured by the same collateral that secures the FLSO Term Loan Facility, the FLFO Term Loan Facility and the New Revolving Credit Facility.

As of June 30, 2025, \$319 million aggregate principal amount of the 3.50% FLSO Senior Secured Notes were outstanding.

Existing Debt Instruments

Senior Facilities

On February 9, 2021, we amended and restated the credit agreement governing our senior secured credit facilities (the "First Lien Credit Agreement"), which included a new seven-year \$2,300 million senior secured first lien term loan facility (the "Term Loan Facility") and the prior Revolving Credit Facility (together, the "Senior Facilities"). The Term Loan Facility will mature on February 15, 2028 and the prior Revolving Credit Facility was set to mature on August 7, 2025.

Interest on the Term Loan Facility is due at the end of each interest period elected, not exceeding 90 days, for SOFR loans and at the end of every calendar quarter for base rate loans. As of June 30, 2025, the contractual interest rate on the Term Loan Facility was 7.18%. We are required to make quarterly amortization payments of \$0.2 million. The Revolving Credit Facility included a commitment fee equal to 0.50% per annum in respect of the unused commitments that was due quarterly. This fee was subject to one step-down based on the net first lien leverage ratio. The Senior Facilities require us to make certain mandatory prepayments under certain conditions defined in the First Lien Credit Agreement.

As of June 30, 2025, \$61 million aggregate principal amount of the Term Loan Facility remained outstanding and the prior Revolving Credit Facility was replaced in full by the New Revolving Credit Facility. See Item 1 of Part I, Financial Statements - Note 7, "Debt," for more information regarding our Senior Facilities.

We have entered into interest rate swap agreements to manage the interest rate risk associated with interest payments on the Term Loan Facility that result from fluctuations in Term SOFR. See Item 1 of Part I, Financial Statements - Note 11, "Derivatives," for more information on the interest rate swap agreements.

3.50% Senior Secured Notes due 2028

On February 9, 2021, Rackspace Technology Global issued \$550 million aggregate principal amount of 3.50% Senior Secured Notes. The 3.50% Senior Secured Notes will mature on February 15, 2028 and bear interest at an annual fixed rate of 3.50%. Interest is payable semiannually on February 15 and August 15, commencing on August 15, 2021.

As of June 30, 2025, \$44 million aggregate principal amount of the 3.50% Senior Secured Notes remained outstanding.

5.375% Senior Notes due 2028

Rackspace Technology Global issued \$550 million aggregate principal amount of the 5.375% Senior Notes on December 1, 2020. The 5.375% Senior Notes will mature on December 1, 2028 and bear interest at a fixed rate of 5.375% per year, payable semi-annually on June 1 and December 1, commencing on June 1, 2021. The 5.375% Senior Notes are guaranteed on a senior unsecured basis by all of Rackspace Technology Global's wholly-owned domestic restricted subsidiaries that guarantee the Senior Facilities.

As of June 30, 2025, \$125 million aggregate principal amount of the 5.375% Senior Notes remained outstanding.

Debt covenants

The FLSO Term Loan Facility, FLFO Term Loan Facility, and Term Loan Facility are not subject to a financial maintenance covenant. The New Revolving Credit Facility includes a financial maintenance covenant that limits the super-priority net senior secured leverage ratio to a maximum of 5.00 to 1.00. The super-priority net senior secured leverage ratio is calculated as the ratio of (x) the total amount of consolidated super-priority senior secured debt for borrowed money, less unrestricted cash and cash equivalents, to (y) consolidated EBITDA (as defined under the New First Lien Credit Agreement governing the New Senior Facilities). However, this financial maintenance covenant will only be applicable and tested if the aggregate amount of outstanding borrowings under the New Revolving Credit Facility and letters of credit issued thereunder (excluding \$25 million of undrawn letters of credit and cash collateralized letters of credit) as of the last day of a fiscal quarter is greater than 35% of the New Revolving Credit Facility commitments as of the last day of such fiscal quarter. Additional covenants in the New Senior Facilities and Senior Facilities limit our subsidiaries' ability to, among other things, incur certain additional debt and liens, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates.

The Indentures contain covenants that, among other things, limit our subsidiaries' ability to incur certain additional debt, incur certain liens securing debt, pay certain dividends or make other restricted payments, make certain investments, make certain asset sales and enter into certain transactions with affiliates. These covenants are subject to a number of exceptions, limitations, and qualifications as set forth in the Indentures. Additionally, upon the occurrence of a change of control (as defined in the Indentures), we will be required to make an offer to repurchase all of the outstanding 3.50% FLSO Senior Secured Notes, 5.375% Senior Notes and 3.50% Senior Secured Notes, respectively, at a price in cash equal to 101.000% of the aggregate principal amount, plus accrued and unpaid interest, if any, to, but not including the purchase date.

Our "consolidated EBITDA," as defined under our debt instruments, is calculated in the same manner as our Adjusted EBITDA, presented elsewhere in this report, except that our debt instruments allow us to adjust for additional items, including certain start-up costs, and to give pro forma effect to acquisitions, including resulting synergies, and internal cost savings initiatives. In addition, under the Indentures, the calculation of consolidated EBITDA does not take into account any changes in GAAP subsequent to the date of issuance, whereas under the New Senior Facilities and Senior Facilities the calculation of consolidated EBITDA takes into account the impact of certain changes in GAAP subsequent to December 1, 2020 other than with respect to capital leases.

As of June 30, 2025, we were in compliance with all covenants under the New Senior Facilities, the Senior Facilities and the Indentures.

Supplemental Financial Information

In accordance with the 3.50% FLSO Senior Secured Notes Indenture, Rackspace Finance Holdings, Rackspace Finance and certain subsidiaries of Rackspace Finance (together with their restricted subsidiaries, the "New Credit Group") are obligors under the 3.50% FLSO Senior Secured Notes. The following presents summarized financial information for the New Credit Group after eliminating intercompany transactions and balances among the New Credit Group.

As of June 30, 2025, the New Credit Group had total assets of \$2,870 million and total liabilities of \$3,773 million, which included total debt of \$2,571 million. The financial information for the New Credit Group differs from the financial information for the company and its consolidated subsidiaries primarily because Rackspace Technology Global has (i) debt that is not guaranteed by the New Credit Group, which debt was \$229 million as of June 30, 2025, and (ii) Rackspace Technology Global is the party to the interest rate swap which had a net asset value of \$14 million as of June 30, 2025.

Capital Expenditures

The following table sets forth a summary of our total capital expenditures for the periods indicated:

(In millions)	Six Months Ended June 30,	
	2024	2025
Customer gear	\$ 55.0	\$ 31.0
Data center build outs	1.8	4.0
Office build outs	0.3	—
Capitalized software and other projects	21.5	22.6
Total capital expenditures	\$ 78.6	\$ 57.6

Capital expenditures were \$58 million in the six months ended June 30, 2025, compared to \$79 million in the six months ended June 30, 2024, a decrease of \$21 million. The decrease in capital expenditures was driven by an internal focus on optimizing current inventory of assets, purchases of gear during the first half of 2024 to support several large healthcare deals, and lower capital requirements on recent deals.

Cash Flows

The following table sets forth a summary of certain cash flow information for the periods indicated:

(In millions)	Six Months Ended June 30,	
	2024	2025
Cash provided by (used in) operating activities	\$ (66.2)	\$ 21.0
Cash used in investing activities	\$ (49.5)	\$ (29.9)
Cash provided by (used in) financing activities	\$ 110.4	\$ (35.7)

Cash Provided by (Used in) Operating Activities

Net cash provided by (used in) operating activities results primarily from cash received from customers, offset by cash payments made for employee and consultant compensation (less amounts capitalized related to internal-use software that are reflected as cash used in investing activities), data center costs, license costs, third-party infrastructure costs, marketing programs, interest, taxes, and other general corporate expenditures.

Net cash provided by operating activities was \$21 million in the six months ended June 30, 2025 compared to \$66 million of net cash used in operating activities in the six months ended June 30, 2024. The increase in operating cash between periods was primarily driven by a decrease of \$22 million of cash paid for operating expenses in the six months ended June 30, 2025 compared to the six months ended June 30, 2024. Additionally, there was an increase in cash proceeds related to accounts receivable sold of \$28 million in the six months ended June 30, 2025 compared to a decrease of \$18 million in the six months ended June 30, 2024. Lastly, in the six months ended June 30, 2024, \$32 million in third party fees were paid in connection with the March 2024 Refinancing Transactions and a \$9 million early termination fee associated with the sale of our corporate headquarters was paid. There were no similar one time fees paid in the six months ended June 30, 2025. These increases in cash from operating activities were partially offset by a reduction in cash receipts from customers between periods.

Cash Used in Investing Activities

Net cash used in investing activities primarily consists of capital expenditures to meet the demands of our customer base and our strategic initiatives. The largest outlays of cash are for purchases of customer gear, data center and office build outs, and capitalized payroll costs related to internal-use software development.

Net cash used in investing activities decreased \$20 million, or 40%, in the six months ended June 30, 2025 compared to the six months ended June 30, 2024 primarily due to a \$38 million reduction in cash purchases of property, equipment, and software between periods, partially offset by \$17 million of net proceeds received in the six months ended June 30, 2024 from the March 2024 sale of our corporate headquarters facility.

Cash Provided by (Used in) Financing Activities

Financing activities generally include cash activity related to debt and other long-term financing arrangements (for example, finance lease obligations and financing obligations), including proceeds from and repayments of borrowings, and cash activity related to the issuance and repurchase of equity.

Net cash used in financing activities was \$36 million in the six months ended June 30, 2025 compared to \$110 million of net cash provided by financing activities in the six months ended June 30, 2024. The change was primarily driven by \$275 million of proceeds received in the six months ended June 30, 2024 from the FLFO Term Loan Facility as part of the March 2024 Refinancing Transactions compared to \$80 million of debt proceeds in the current period from borrowings on the New Revolving Credit Facility. This activity was partially offset by a reduction in debt repayments of \$25 million between periods and \$22 million of payments in the six months ended June 30, 2024 related to debt extinguishment costs.

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates have not changed from those described in our Annual Report under "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates." For a description of recent accounting pronouncements, see Item 1 of Part I, Financial Statements - Note 1, "Company Overview, Basis of Presentation, and Summary of Significant Accounting Policies."

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rates

We are exposed to interest rate risk associated with fluctuations in interest rates on our floating-rate debt under our Senior Facilities and New Senior Facilities, which includes our \$375 million New Revolving Credit Facility and \$1,951 million outstanding under the Term Loan Facility, FLSO Term Loan Facility, and FLFO Term Loan Facility. As of June 30, 2025, there was \$65 million of outstanding borrowings under the New Revolving Credit Facility. As of June 30, 2025, assuming the New Revolving Credit Facility was fully drawn, each 0.125% change in assumed blended interest rates would result in a \$3 million change in annual interest expense on indebtedness under the Senior Facilities and New Senior Facilities.

Our Term Loan Facility, FLSO Term Loan Facility, and FLFO Term Loan Facility bear interest at an annual rate equal to an applicable margin plus one-month Term SOFR, subject to a 0.75% floor. We have entered into an interest rate swap agreement indexed to one-month Term SOFR (subject to a floor of 0.75%) in order to manage our risk from fluctuations in one-month Term SOFR above the 0.75% floor.

The key terms of the swap outstanding as of June 30, 2025 are presented below:

Transaction Date	Effective Date	Notional Amount (in millions)	Fixed Rate Paid	Maturity Date
February 2021	February 9, 2021	\$ 1,350.0	2.34150%	February 9, 2026

See Item 1 of Part I, Financial Statements - Note 11, "Derivatives," for more information on interest rate swaps.

Foreign Currencies

We are subject to foreign currency translation risk due to the translation of the results of our subsidiaries from their respective functional currencies to the U.S. dollar, our functional currency. As a result, we discuss our revenue on a constant currency as well as actual basis, highlighting our sensitivity to changes in foreign exchange rates. See "*Constant Currency Revenue*." While the majority of our customers are invoiced, and the majority of our expenses are paid, by us or our subsidiaries in their respective functional currencies, we also have exposure to foreign currency transaction gains and losses as the result of certain receivables due from our foreign subsidiaries. As such, the results of operations and cash flows of our foreign subsidiaries are subject to fluctuations in foreign currency exchange rates. In the six months ended June 30, 2025, we recognized foreign currency transaction gains of \$0.1 million within "Other expense, net" in our Condensed Consolidated Statements of Comprehensive Income (Loss). As we grow our international operations, our exposure to foreign currency translation and transaction risk could become more significant.

We have in the past and may in the future enter into foreign currency hedging instruments to limit our exposure to foreign currency risk.

Power Prices

We are a large consumer of power. In the six months ended June 30, 2025, we expensed approximately \$18 million for utility companies to power our data centers, representing approximately 1% of our revenue. Power costs vary by geography, the source of power generation and seasonal fluctuations and are subject to certain proposed legislation that may increase our exposure to increased power costs. We have power contracts for data centers in the Dallas-Fort Worth, San Jose, Somerset, New Jersey and London areas that allow us to procure power either on a fixed price or on a variable price basis.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, as of the end of the period covered by this Quarterly Report (the "Evaluation Date"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer, concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to the company, including our consolidated subsidiaries, required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control

There were no changes in our internal controls over financial reporting during our most recent fiscal quarter reporting period identified in connection with management's evaluation that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

We have contingencies resulting from various litigation, claims and commitments. We record accruals for loss contingencies when losses are considered probable and can be reasonably estimated. The amount that will ultimately be paid related to these matters may differ from the recorded accruals, and the timing of such payments is uncertain.

From time to time we may be subject to various legal proceedings arising in the ordinary course of business. In addition, from time to time, third parties may bring intellectual property claims against us asserting that certain of our offerings, services and technologies infringe, misappropriate or otherwise violate the intellectual property or proprietary rights of others.

We are not party to any litigation, the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material and adverse effect on our business, financial position or results of operations.

ITEM 1A – RISK FACTORS

We have disclosed under the heading "Risk Factors" in our Annual Report the risk factors which materially affect our business, financial condition or results of operations. There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in our Annual Report and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

Not Applicable.

Use of Proceeds

None.

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 – MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5 – OTHER INFORMATION

Rule 10b5-1 Trading Arrangements

During the fiscal quarter ended June 30, 2025, none of the company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

ITEM 6 – EXHIBITS

Exhibit Number		Exhibit Description
31.1	*	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	**	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	**	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	*	Inline XBRL Taxonomy Extension Schema Document
101.CAL	*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RACKSPACE TECHNOLOGY, INC.

Date: August 11, 2025

By: /s/ Mark Marino
Mark Marino
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amar Maletira, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rackspace Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2025

By: /s/ Amar Maletira
Amar Maletira
Chief Executive Officer; Director

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Marino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rackspace Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2025

By: /s/ Mark Marino
Mark Marino
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Amar Maletira, Chief Executive Officer of Rackspace Technology, Inc. (the “Company”), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Rackspace Technology, Inc.

Date: August 11, 2025

By: /s/ Amar Maletira
Amar Maletira
Chief Executive Officer; Director

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Mark Marino, Chief Financial Officer of Rackspace Technology, Inc. (the “Company”), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Rackspace Technology, Inc.

Date: August 11, 2025

By: /s/ Mark Marino
Mark Marino
Chief Financial Officer