



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 July 4, 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 001-33072

**Leidos Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**1750 Presidents Street, Reston, Virginia**

(Address of principal executive offices)

**20-3562868**

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

**20190**

(Zip Code)

**(571) 526-6000**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
<b>Common stock, par value \$.0001 per share</b>	<b>LDOS</b>	<b>New York Stock Exchange</b>

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, 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

The number of shares issued and outstanding of each of the issuer's classes of common stock as of July 29, 2025, was 128,297,332 shares of common stock (\$.0001 par value per share).

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## Part I—Financial Information

### Item 1. Financial Statements

#### LEIDOS HOLDINGS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited; in millions, except share and per share data)	July 4, 2025	January 3, 2025
<b>Assets:</b>		
Cash and cash equivalents	\$ 930	\$ 849
Receivables, net	2,915	2,645
Inventory, net	364	315
Other current assets	572	525
Total current assets	4,781	4,334
Property, plant and equipment, net	973	991
Intangible assets, net	515	517
Goodwill	6,359	6,084
Operating lease right-of-use assets, net	535	560
Other long-term assets	386	524
Total assets	\$ 13,549	\$ 13,010
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 2,003	\$ 2,131
Accrued payroll and employee benefits	826	811
Current portion of long-term debt	119	618
Total current liabilities	2,948	3,560
Long-term debt, net of current portion	4,985	4,052
Operating lease liabilities	598	621
Other long-term liabilities	311	317
Total liabilities	8,842	8,550
Commitments and contingencies (Note 11)		
<b>Stockholders' equity:</b>		
Common stock, \$0.0001 par value, 500,000,000 shares authorized, 128,295,977 and 131,163,899 shares issued and outstanding at July 4, 2025, and January 3, 2025, respectively	—	—
Additional paid-in capital	650	1,112
Retained earnings	4,061	3,410
Accumulated other comprehensive loss	(49)	(110)
Total Leidos stockholders' equity	4,662	4,412
Non-controlling interest	45	48
Total stockholders' equity	4,707	4,460
Total liabilities and stockholders' equity	\$ 13,549	\$ 13,010

See accompanying notes to condensed consolidated financial statements.

**LEIDOS HOLDINGS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited; in millions, except per share data)	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
Revenues	\$ 4,253	\$ 4,132	\$ 8,498	\$ 8,107
Cost of revenues	3,471	3,427	6,959	6,764
Selling, general and administrative expenses	217	231	447	457
Acquisition, integration and restructuring costs	2	7	6	11
Equity earnings of non-consolidated subsidiaries	(8)	(8)	(15)	(15)
Operating income	571	475	1,101	890
Non-operating income (expense):				
Interest expense, net	(55)	(51)	(104)	(100)
Other income (expense), net	2	2	(1)	4
Income before income taxes	518	426	996	794
Income tax expense	(125)	(102)	(238)	(187)
Net income	393	324	758	607
Less: net income attributable to non-controlling interest	2	2	4	1
Net income attributable to Leidos common stockholders	\$ 391	\$ 322	\$ 754	\$ 606
Earnings per share:				
Basic	\$ 3.03	\$ 2.39	\$ 5.84	\$ 4.49
Diluted	3.01	2.37	5.80	4.42

See accompanying notes to condensed consolidated financial statements.

**LEIDOS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(unaudited; in millions)	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
Net income	\$ 393	\$ 324	\$ 758	\$ 607
Foreign currency translation adjustments	36	8	64	(19)
Unrecognized (loss) gain on derivative instruments	(1)	(1)	(2)	1
Pension adjustments	(1)	—	(1)	1
Total other comprehensive income (loss), net of taxes	34	7	61	(17)
Comprehensive income	427	331	819	590
Less: net income attributable to non-controlling interest	2	2	4	1
Comprehensive income attributable to Leidos common stockholders	\$ 425	\$ 329	\$ 815	\$ 589

See accompanying notes to condensed consolidated financial statements.

**LEIDOS HOLDINGS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**

(unaudited; in millions, except per share data)	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Leidos stockholders' equity	Non- controlling interest	Total stockholders' equity
Balance at January 3, 2025	131	\$ 1,112	\$ 3,410	\$ (110)	\$ 4,412	\$ 48	\$ 4,460
Net income	—	—	363	—	363	2	365
Other comprehensive income, net of taxes	—	—	—	27	27	—	27
Issuances of stock	1	17	—	—	17	—	17
Repurchases of stock and other	(3)	(531)	—	—	(531)	—	(531)
Dividends of \$0.40 per share	—	—	(52)	—	(52)	—	(52)
Stock-based compensation	—	21	—	—	21	—	21
Net capital distributions to non-controlling interest	—	—	—	—	—	(5)	(5)
<b>Balance at April 4, 2025</b>	<b>129</b>	<b>\$ 619</b>	<b>\$ 3,721</b>	<b>\$ (83)</b>	<b>\$ 4,257</b>	<b>\$ 45</b>	<b>\$ 4,302</b>
Net income	—	—	391	—	391	2	393
Other comprehensive income, net of taxes	—	—	—	34	34	—	34
Issuances of stock	—	16	—	—	16	—	16
Repurchases of stock and other	(1)	(10)	—	—	(10)	—	(10)
Dividends of \$0.40 per share	—	—	(51)	—	(51)	—	(51)
Stock-based compensation	—	25	—	—	25	—	25
Net capital distributions to non-controlling interest	—	—	—	—	—	(2)	(2)
<b>Balance at July 4, 2025</b>	<b>128</b>	<b>\$ 650</b>	<b>\$ 4,061</b>	<b>\$ (49)</b>	<b>\$ 4,662</b>	<b>\$ 45</b>	<b>\$ 4,707</b>

See accompanying notes to condensed consolidated financial statements.

**PART I—FINANCIAL INFORMATION**

(unaudited; in millions, except per share data)	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Leidos stockholders' equity	Non-controlling interest	Total stockholders' equity
Balance at December 29, 2023	136	\$ 1,885	\$ 2,364	\$ (48)	\$ 4,201	\$ 57	\$ 4,258
Net income (loss)	—	—	284	—	284	(1)	283
Other comprehensive loss, net of taxes	—	—	—	(24)	(24)	—	(24)
Issuances of stock	—	14	—	—	14	—	14
Repurchases of stock and other	(1)	(184)	—	—	(184)	—	(184)
Dividends of \$0.38 per share	—	—	(53)	—	(53)	—	(53)
Stock-based compensation	—	20	—	—	20	—	20
Net capital distributions to non-controlling interest	—	—	—	—	—	(1)	(1)
Balance at March 29, 2024	135	\$ 1,735	\$ 2,595	\$ (72)	\$ 4,258	\$ 55	\$ 4,313
Net income	—	—	322	—	322	2	324
Other comprehensive income, net of taxes	—	—	—	7	7	—	7
Issuances of stock	1	14	—	—	14	—	14
Repurchases of stock and other	(1)	(115)	—	—	(115)	—	(115)
Dividends of \$0.38 per share	—	—	(51)	—	(51)	—	(51)
Stock-based compensation	—	20	—	—	20	—	20
Net capital distributions to non-controlling interest	—	—	—	—	—	(2)	(2)
Balance at June 28, 2024	135	\$ 1,654	\$ 2,866	\$ (65)	\$ 4,455	\$ 55	\$ 4,510

See accompanying notes to condensed consolidated financial statements.

**LEIDOS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited; in millions)	Six Months Ended	
	July 4, 2025	June 28, 2024
Cash flows from operations:		
Net income	\$ 758	\$ 607
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	141	140
Stock-based compensation	46	40
Deferred income taxes	200	(67)
Other	—	2
Change in assets and liabilities, net of effects of acquisition:		
Receivables	(236)	(185)
Other current assets and other long-term assets	(34)	7
Accounts payable and accrued liabilities and other long-term liabilities	(260)	(117)
Accrued payroll and employee benefits	7	10
Income taxes receivable/payable	(78)	57
Net cash provided by operating activities	544	494
Cash flows from investing activities:		
Acquisition of a business, net of cash acquired	(285)	—
Payments for property, equipment and software	(51)	(40)
Net proceeds from sale of assets	—	2
Other	—	5
Net cash used in investing activities	(336)	(33)
Cash flows from financing activities:		
Proceeds from debt issuance	997	—
Repayments of borrowings	(559)	(9)
Payments for debt issuance costs	(7)	—
Dividend payments	(105)	(104)
Repurchases of stock and other	(537)	(297)
Proceeds from issuances of stock	31	26
Net capital distributions to non-controlling interests	(7)	(3)
Other	(6)	—
Net cash used in financing activities	(193)	(387)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	14	(4)
Net increase in cash, cash equivalents and restricted cash	29	70
Cash, cash equivalents and restricted cash at beginning of period	991	792
Cash, cash equivalents and restricted cash at end of period	1,020	862
Less: restricted cash at end of period	90	118
Cash and cash equivalents at end of period	\$ 930	\$ 744

See accompanying notes to condensed consolidated financial statements.

**LEIDOS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS [CONTINUED]**

(unaudited; in millions)	Six Months Ended	
	July 4, 2025	June 28, 2024
Supplementary cash flow information:		
Cash paid for income taxes, net of refunds	\$ 162	\$ 163
Cash paid for interest	100	107
Non-cash investing activity:		
Property, plant and equipment additions	\$ 4	\$ 57

See accompanying notes to condensed consolidated financial statements.

## **LEIDOS HOLDINGS, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

### **Note 1–Basis of Presentation and Summary of Significant Accounting Policies**

#### **NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Leidos Holdings, Inc. ("Leidos"), a Delaware corporation, is a holding company whose direct 100%-owned subsidiary and principal operating company is Leidos, Inc. Leidos, is an industry and technology leader serving government and commercial customers with smarter, more efficient digital and mission innovations. Headquartered in Reston, Virginia, with 47,000 global employees, Leidos' customers include the U.S. Department of Defense ("DoD"), the U.S. Intelligence Community, the U.S. Department of Homeland Security, the Federal Aviation Administration, the Department of Veterans Affairs and many other U.S. civilian, state and local government agencies, foreign government agencies and commercial businesses. Unless indicated otherwise, references to "we," "us" and "our" refer collectively to Leidos Holdings, Inc. and its consolidated subsidiaries.

We have a controlling interest in Hanford Mission Integration Solutions, LLC ("HMIS"), the legal entity for the follow-on contract to Mission Support Alliance, LLC's ("MSA") contract and a joint venture with Centerra Group, LLC and Parsons Government Services, Inc. During the quarter ended July 4, 2025, we dissolved our controlling interest in MSA. The financial results for HMIS are consolidated into our unaudited condensed consolidated financial statements. The unaudited condensed consolidated financial statements also include the balances of all voting interest entities in which Leidos has a controlling voting interest ("subsidiaries") and a variable interest entity ("VIE") in which Leidos is the primary beneficiary. The consolidated balances of the VIE are not material to the unaudited condensed consolidated financial statements for the periods presented. Intercompany accounts and transactions between consolidated companies have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the rules of the U.S. Securities and Exchange Commission and accounting principles generally accepted in the United States of America ("GAAP"). Certain disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Management evaluates these estimates and assumptions on an ongoing basis, including those relating to estimated profitability of long-term contracts, indirect billing rates, allowances for doubtful accounts, inventories, right-of-use assets and lease liabilities, fair value and impairment of intangible assets and goodwill, income taxes, stock-based compensation expense and contingencies. These estimates have been prepared by management on the basis of the most current and best available information; however, actual results could differ materially from those estimates.

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. We changed our Cash and Cash Equivalents policy to exclude outstanding payments from "Cash and cash equivalents" on the condensed consolidated balance sheets. Prior year financial information has been updated to conform to our current presentation on the condensed consolidated balance sheet and condensed consolidated statement of cash flows. See the Cash and Cash Equivalents section below for further discussion of the change and the impact on the financial statements.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, which consist of normal recurring adjustments, necessary for a fair presentation thereof. The results reported in these unaudited condensed consolidated financial statements are not necessarily indicative of the results that may be expected for the entire year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K filed on February 11, 2025.

## ACCOUNTING STANDARDS UPDATES ISSUED BUT NOT YET ADOPTED

### ASU 2023-09 Income Taxes

In December 2023, the FASB issued ASU 2023-09, to enhance the transparency and usefulness of income tax disclosures. The update requires enhancements to the annual rate reconciliation, including disclosure of specific categories and additional information for reconciling items meeting a quantitative threshold. The update also requires disclosure of income taxes paid disaggregated by federal, state and foreign taxes, and individual jurisdictions meeting a quantitative threshold.

The amendments in this update are effective for public business entities for annual periods beginning after December 15, 2024, and may be adopted on a prospective or retrospective basis. Early adoption is permitted. We are currently evaluating the impacts of this update and plan to adopt these amendments using the prospective approach for annual disclosures in fiscal 2025.

### ASU 2024-03 Disaggregation of Income Statement Expenses

In November 2024, the FASB issued ASU 2024-03, to enhance the transparency of certain expense disclosures. The update requires disclosure of specific expense categories in the notes to the financial statements at interim and annual reporting periods. The update requires disaggregated information about certain prescribed expense categories underlying any relevant income statement expense caption.

The amendments in this update are effective for public entities for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. The amendments may be adopted either prospectively or retrospectively. Early adoption is permitted. We are currently evaluating the impacts of this update and plan to adopt these amendments for annual disclosures in fiscal 2027 and interim disclosures in fiscal 2028.

## CHANGES IN ESTIMATES ON CONTRACTS

Changes in estimates related to contracts accounted for using the cost-to-cost method of accounting are recognized in the period in which such changes are made for the inception-to-date effect of the changes, with the exception of contracts acquired through a business combination, where the adjustment is made for the period commencing from the date of acquisition.

Changes in estimates on contracts were as follows:

(in millions, except per share data)	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
Favorable impact	\$ 42	\$ 42	\$ 95	\$ 67
Unfavorable impact	(34)	(54)	(57)	(79)
Net impact to income before income taxes	\$ 8	\$ (12)	\$ 38	\$ (12)
Impact on diluted EPS attributable to Leidos common stockholders	\$ 0.05	\$ (0.07)	\$ 0.22	\$ (0.06)

The impact on diluted earnings per share ("EPS") attributable to Leidos common stockholders is calculated using the statutory tax rate.

### Revenue Recognized from Prior Obligations

We recognized revenue of \$3 million and \$24 million for the three and six months ended July 4, 2025, respectively, and reduced revenue by \$16 million and \$21 million from performance obligations satisfied in previous periods for the three and six months ended June 28, 2024, respectively. The changes primarily relate to revisions of variable consideration including award and incentive fees, and revisions to estimates at completion resulting from changes in contract scope, mitigation of contract risks or true-ups of contract estimates at the end of contract performance.

## CASH AND CASH EQUIVALENTS

Our cash equivalents are primarily comprised of investments in several large institutional money market accounts, with original maturity of three months or less. Effective as of the first quarter of fiscal 2025, we changed our policy to exclude outstanding payments from "Cash and cash equivalents" on the condensed consolidated balance sheets. To reflect the change in accounting policy, we recast "Cash and cash equivalents" and "Accounts payable and accrued liabilities" on the condensed consolidated balance sheet as of January 3, 2025, reducing both balances by \$94 million from the previously reported amounts. The recast of the condensed consolidated statement of cash flows for the six months ended June 28, 2024, resulted in an increase of \$57 million to net cash provided by operations.

We believe this presentation enhances the usefulness of financial reporting and enhances comparability to align with industry practice. There is no impact to our condensed consolidated statements of operations, including EPS, condensed consolidated statements of comprehensive income, or condensed consolidated statements of equity. All periods presented have been adjusted.

## RESTRICTED CASH

We have restricted cash balances, primarily representing advances from customers that are restricted for use on certain expenditures related to that customer's contract. Restricted cash balances are included as "Other current assets" in the condensed consolidated balance sheets. Our restricted cash balances were \$90 million and \$141 million at July 4, 2025, and January 3, 2025, respectively.

## Note 2—Revenues

### REMAINING PERFORMANCE OBLIGATIONS

Remaining performance obligations ("RPO") represent the expected value of exercised contracts, both funded and unfunded, less revenue recognized to date. RPO does not include unexercised option periods and future potential task orders expected to be awarded under indefinite delivery/indefinite quantity ("IDIQ") contracts, General Services Administration Schedule or other master agreement contract vehicles, with the exception of certain IDIQ contracts where task orders are not competitively awarded and separately priced but instead are used as a funding mechanism, and where there is a basis for estimating future revenues and funding on future anticipated task orders.

As of July 4, 2025, we had \$16 billion of RPO and expect to recognize approximately 61% and 80% over the next 12 months and 24 months, respectively, with the remainder to be recognized thereafter.

### DISAGGREGATION OF REVENUES

We disaggregate revenues by customer-type, contract-type and geographic location for each of our reportable segments.

Disaggregated revenues by customer-type were as follows:

(in millions)	Three Months Ended July 4, 2025					Total
	National Security & Digital	Health & Civil	Commercial & International	Defense Systems		
DoD and U.S. Intelligence Community	\$ 1,324	\$ 253	\$ 2	\$ 486	\$	2,065
Other U.S. government agencies <sup>(1)</sup>	507	995	99	23		1,624
Commercial and non-U.S. customers	26	19	465	34		544
<b>Total</b>	<b>\$ 1,857</b>	<b>\$ 1,267</b>	<b>\$ 566</b>	<b>\$ 543</b>	<b>\$</b>	<b>4,233</b>

  

(in millions)	Three Months Ended June 28, 2024					Total
	National Security & Digital	Health & Civil	Commercial & International	Defense Systems		
DoD and U.S. Intelligence Community	\$ 1,247	\$ 255	\$ 4	\$ 441	\$	1,947
Other U.S. government agencies <sup>(1)</sup>	520	986	81	24		1,611
Commercial and non-U.S. customers	28	16	475	30		549
<b>Total</b>	<b>\$ 1,795</b>	<b>\$ 1,257</b>	<b>\$ 560</b>	<b>\$ 495</b>	<b>\$</b>	<b>4,107</b>

<sup>(1)</sup> Includes federal government agencies other than the DoD and U.S. Intelligence Community, as well as state and local government agencies.

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**LEIDOS HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

Six Months Ended July 4, 2025						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
DoD and U.S. Intelligence Community	\$ 2,650	\$ 522	\$ 12	\$ 940	\$ 4,124	
Other U.S. government agencies <sup>(1)</sup>	1,023	1,994	196	47	3,260	
Commercial and non-U.S. customers	51	37	925	64	1,077	
<b>Total</b>	<b>\$ 3,724</b>	<b>\$ 2,553</b>	<b>\$ 1,133</b>	<b>\$ 1,051</b>	<b>\$ 8,461</b>	

Six Months Ended June 28, 2024						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
DoD and U.S. Intelligence Community	\$ 2,468	\$ 512	\$ 14	\$ 866	\$ 3,860	
Other U.S. government agencies <sup>(1)</sup>	1,045	1,903	154	46	3,148	
Commercial and non-U.S. customers	61	32	900	57	1,050	
<b>Total</b>	<b>\$ 3,574</b>	<b>\$ 2,447</b>	<b>\$ 1,068</b>	<b>\$ 969</b>	<b>\$ 8,058</b>	

<sup>(1)</sup> Includes federal government agencies other than the DoD and U.S. Intelligence Community, as well as state and local government agencies.

Disaggregated revenues by contract-type were as follows:

Three Months Ended July 4, 2025						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
Cost-reimbursement and fixed-price-incentive-fee	\$ 1,007	\$ 430	\$ 90	\$ 324	\$ 1,851	
Firm-fixed-price	514	787	345	181	1,827	
Time-and-materials and fixed-price-level-of-effort	336	50	131	38	555	
<b>Total</b>	<b>\$ 1,857</b>	<b>\$ 1,267</b>	<b>\$ 566</b>	<b>\$ 543</b>	<b>\$ 4,233</b>	

Three Months Ended June 28, 2024						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
Cost-reimbursement and fixed-price-incentive-fee	\$ 948	\$ 451	\$ 90	\$ 313	\$ 1,802	
Firm-fixed-price	494	749	352	143	1,738	
Time-and-materials and fixed-price-level-of-effort	353	57	118	39	567	
<b>Total</b>	<b>\$ 1,795</b>	<b>\$ 1,257</b>	<b>\$ 560</b>	<b>\$ 495</b>	<b>\$ 4,107</b>	

Six Months Ended July 4, 2025						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
Cost-reimbursement and fixed-price-incentive-fee	\$ 2,020	\$ 901	\$ 185	\$ 633	\$ 3,739	
Firm-fixed-price	1,011	1,546	704	335	3,596	
Time-and-materials and fixed-price-level-of-effort	693	106	244	83	1,126	
<b>Total</b>	<b>\$ 3,724</b>	<b>\$ 2,553</b>	<b>\$ 1,133</b>	<b>\$ 1,051</b>	<b>\$ 8,461</b>	

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**LEIDOS HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

Six Months Ended June 28, 2024						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
Cost-reimbursement and fixed-price-incentive-fee	\$ 1,894	\$ 898	\$ 175	\$ 614	\$ 3,581	
Firm-fixed-price	986	1,439	671	282	3,378	
Time-and-materials and fixed-price-level-of-effort	694	110	222	73	1,099	
<b>Total</b>	<b>\$ 3,574</b>	<b>\$ 2,447</b>	<b>\$ 1,068</b>	<b>\$ 969</b>	<b>\$ 8,058</b>	

Disaggregated revenues by geographic location were as follows:

Three Months Ended July 4, 2025						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
United States	\$ 1,849	\$ 1,265	\$ 247	\$ 532	\$ 3,893	
International	8	2	319	11	340	
<b>Total</b>	<b>\$ 1,857</b>	<b>\$ 1,267</b>	<b>\$ 566</b>	<b>\$ 543</b>	<b>\$ 4,233</b>	

Three Months Ended June 28, 2024						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
United States	\$ 1,788	\$ 1,255	\$ 227	\$ 479	\$ 3,749	
International	7	2	333	16	358	
<b>Total</b>	<b>\$ 1,795</b>	<b>\$ 1,257</b>	<b>\$ 560</b>	<b>\$ 495</b>	<b>\$ 4,107</b>	

Six Months Ended July 4, 2025						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
United States	\$ 3,708	\$ 2,550	\$ 485	\$ 1,031	\$ 7,774	
International	16	3	648	20	687	
<b>Total</b>	<b>\$ 3,724</b>	<b>\$ 2,553</b>	<b>\$ 1,133</b>	<b>\$ 1,051</b>	<b>\$ 8,461</b>	

Six Months Ended June 28, 2024						
(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total	
United States	\$ 3,558	\$ 2,444	\$ 435	\$ 947	\$ 7,384	
International	16	3	633	22	674	
<b>Total</b>	<b>\$ 3,574</b>	<b>\$ 2,447</b>	<b>\$ 1,068</b>	<b>\$ 969</b>	<b>\$ 8,058</b>	

Revenues by customer-type, contract-type and geographic location exclude lease income of \$20 million and \$37 million for the three and six months ended July 4, 2025, respectively, and \$25 million and \$49 million for the three and six months ended June 28, 2024, respectively.

## CONTRACT ASSETS AND LIABILITIES

Performance obligations are satisfied either over time as work progresses or at a point in time. Firm-fixed-price contracts are typically billed to the customer using milestone payments while cost-reimbursable and time and materials contracts are typically billed to the customer on a monthly or bi-weekly basis as indicated by the negotiated billing terms and conditions of the contract. As a result, the timing of revenue recognition, customer billings and cash collections for each contract results in a net contract asset or liability at the end of each reporting period.

Contract assets consist of unbilled receivables, which is the amount of revenue recognized that exceeds the amount billed to the customer. Unbilled receivables exclude amounts billable where the right to consideration is solely subject to the passage of time. Contract liabilities consist of deferred revenue, which represents cash advances received prior to performance for programs and billings in excess of revenue recognized.

The components of contract assets and contract liabilities consisted of the following:

(in millions)	Balance sheet line item	July 4, 2025	January 3, 2025
Contract assets - current:			
Unbilled receivables	Receivables, net	\$ 838	\$ 842
Contract liabilities - current:			
Deferred revenue <sup>(1)</sup>	Accounts payable and accrued liabilities	\$ 274	\$ 333
Contract liabilities - non-current:			
Deferred revenue <sup>(1)</sup>	Other long-term liabilities	\$ 6	\$ 10

<sup>(1)</sup> Certain contracts record revenue net of cost of revenues, and therefore, the respective deferred revenue balance will not fully convert to revenue.

The decrease in deferred revenue was primarily due to revenue recognized during the period offset by the timing of advanced payments from customers.

For the three and six months ended July 4, 2025, \$62 million and \$199 million, respectively, of revenue recognized was included as a contract liability at January 3, 2025. For the three and six months ended June 28, 2024, \$54 million and \$211 million, respectively, of revenue recognized was included as a contract liability at December 29, 2023.

## Note 3—Acquisitions, Goodwill and Intangible Assets

### KUDU DYNAMICS ACQUISITION

On May 23, 2025 (the "Purchase Date"), we completed the acquisition of Savanna Industries, Inc. ("Kudu Dynamics") for preliminary purchase consideration of approximately \$291 million, net of \$29 million of cash acquired. The Kudu Dynamics business provides artificial intelligence enabled cyber capabilities for defense, intelligence and homeland security customers.

The preliminary goodwill recognized of \$244 million represents intellectual capital and the acquired assembled workforce, neither of which qualify for recognition as a separate intangible asset. All of the goodwill recognized is tax deductible.

The following table summarizes the preliminary fair value of intangible assets acquired at the Purchase Date and the related weighted average amortization period:

	Weighted Amortization Period (in years)	Fair Value (in millions)
Programs	7	\$ 44
Backlog	1	\$ 13
<b>Total</b>		<b>\$ 57</b>

For the three and six months ended July 4, 2025, \$12 million of revenues related to Kudu Dynamics were recognized within the National Security & Digital reportable segment.

## GOODWILL

The following table presents changes in the carrying amount of goodwill by reportable segment:

(in millions)	National Security & Digital	Health & Civil	Commercial & International	Defense Systems	Total
Goodwill at December 29, 2023 <sup>(1)</sup>	\$ 2,758	\$ 1,366	\$ 800	\$ 1,188	\$ 6,112
Foreign currency translation adjustments	—	—	(28)	—	(28)
Goodwill at January 3, 2025 <sup>(1)</sup>	2,758	1,366	772	1,188	6,084
Acquisition of a business	244	—	—	—	244
Foreign currency translation adjustments	—	—	31	—	31
<b>Goodwill at July 4, 2025<sup>(1)</sup></b>	<b>\$ 3,002</b>	<b>\$ 1,366</b>	<b>\$ 803</b>	<b>\$ 1,188</b>	<b>\$ 6,359</b>

<sup>(1)</sup> Carrying amount includes accumulated impairment loss of \$596 million within the Commercial & International segment.

We evaluate qualitative factors that could cause us to consider whether the estimated fair value of each of our reporting units may be lower than the carrying value and trigger a quantitative assessment, including, but not limited to (i) macroeconomic conditions, (ii) industry and market considerations, (iii) our overall financial performance, including an analysis of our current and projected cash flows, revenues and earnings, (iv) a sustained decrease in share price and (v) other relevant entity-specific events including changes in management, strategy, partners or litigation.

During the three and six months ended July 4, 2025, and June 28, 2024, there were no impairments to goodwill.

## INTANGIBLE ASSETS

Intangible assets, net consisted of the following:

(in millions)	July 4, 2025			January 3, 2025		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
Finite-lived intangible assets:						
Programs	\$ 1,732	\$ (1,342)	\$ 390	\$ 1,686	\$ (1,293)	\$ 393
Software and technology	264	(177)	87	261	(165)	96
Backlog	13	(2)	11	—	—	—
Customer relationships	54	(31)	23	52	(28)	24
Total finite-lived intangible assets	2,063	(1,552)	511	1,999	(1,486)	513
Indefinite-lived intangible assets:						
Trade names	4	—	4	4	—	4
Total intangible assets	\$ 2,067	\$ (1,552)	\$ 515	\$ 2,003	\$ (1,486)	\$ 517

Amortization expense was \$32 million and \$62 million for the three and six months ended July 4, 2025, respectively, and \$36 million and \$73 million for the three and six months ended June 28, 2024, respectively.

Program intangible assets are amortized over their respective estimated useful lives in proportion to the pattern of economic benefit based on expected future discounted cash flows. Backlog intangible assets are amortized on a straight-line basis over their estimated useful lives. Customer relationships and software and technology intangible assets are amortized either on a straight-line basis over their estimated useful lives or over their respective estimated useful lives in proportion to the pattern of economic benefit based on expected future discounted cash flows, as deemed appropriate.

The estimated annual amortization expense as of July 4, 2025, was as follows:

<b>Fiscal year ending</b> (in millions)	
2025 (remainder of year)	\$ 70
2026	110
2027	79
2028	68
2029	59
2030 and thereafter	125
	<u>\$ 511</u>

**Note 4—Fair Value Measurements**

The accounting standard for fair value measurements establishes a three-level fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows: observable inputs such as quoted prices in active markets (Level 1); inputs other than quoted prices in active markets that are observable, either directly or indirectly, or quoted prices that are not active (Level 2); and unobservable inputs in which there is little or no market data (e.g., discounted cash flow and other similar pricing models), which requires us to develop our own market participant assumptions used in pricing the asset or liability (Level 3).

The financial instruments measured at fair value on a recurring basis primarily consisted of the following:

(in millions)	<b>July 4, 2025</b>		January 3, 2025	
	<b>Carrying value</b>	<b>Fair value</b>	Carrying value	Fair value
Financial assets:				
Derivatives	\$ 1	\$ 1	\$ 4	\$ 4

As of July 4, 2025, and January 3, 2025, our derivatives primarily consisted of the cash flow interest rate swaps on \$500 million of the variable rate senior unsecured term loan (see "Note 5—Derivative Instruments"). The fair value of the cash flow interest rate swaps is determined based on observed values for underlying interest rates on the one-month Secured Overnight Financing Rate ("SOFR") rate as of July 4, 2025, and January 3, 2025 (Level 2 inputs).

The carrying amounts of our financial instruments, other than derivatives, which include cash equivalents, accounts receivable, accounts payable and accrued expenses, are reasonable estimates of their related fair values. As of July 4, 2025, and January 3, 2025, the carrying value of our notes receivable of \$16 million approximates fair value as the stated interest rates within the agreements are materially consistent with the current market rates for similar instruments (Level 2 inputs). Our notes receivable are included within "Other current assets" and "Other long-term assets" on the condensed consolidated balance sheets.

As of July 4, 2025, and January 3, 2025, the fair value of debt was \$5.1 billion and \$4.5 billion, respectively, and the carrying amount was \$5.1 billion and \$4.7 billion, respectively (see "Note 6—Debt"). The fair value of long-term debt is determined based on current interest rates available for debt with terms and maturities similar to our existing debt arrangements and our credit rating (Level 2 inputs).

On May 23, 2025, non-financial instruments measured at fair value on a non-recurring basis were recorded in connection with the acquisition of Kudu Dynamics. The fair values of the assets acquired and liabilities assumed were determined using Level 3 inputs.

## Note 5—Derivative Instruments

We manage our risk to changes in interest rates through the use of derivative instruments. We do not hold derivative instruments for trading or speculative purposes. For variable rate borrowings, we use fixed interest rate swaps, effectively converting a portion of the variable interest rate payments to fixed interest rate payments. These swaps are designated as cash flow hedges.

The fair value of the interest rate swaps was as follows:

(in millions)	Balance sheet line item	July 4, 2025	January 3, 2025
Cash flow interest rate swaps	Other current assets	\$ 1	\$ 4

The cash flows associated with the interest rate swaps are classified as operating activities in the condensed consolidated statements of cash flows.

## CASH FLOW HEDGES

We have interest rate swap agreements to hedge the cash flows of \$500 million of the variable rate senior unsecured term loan (the "Variable Rate Loan"). These interest rate swap agreements have a maturity date of August 2025 and a fixed interest rate of 2.96%. The objective of these instruments is to reduce variability in the forecasted interest payments of the Variable Rate Loan. Under the terms of the interest rate swap agreements, we will receive monthly variable interest payments based on the one-month SOFR and will pay interest at a fixed rate.

The interest rate swap transactions are accounted for as cash flow hedges. The gain/loss on the swaps is reported as a component of other comprehensive income (loss) and is reclassified into earnings when the interest payments on the underlying hedged items impact earnings. A qualitative assessment of hedge effectiveness is performed on a quarterly basis, unless facts and circumstances indicate the hedge may no longer be highly effective.

The effect of the cash flow hedges on other comprehensive income (loss) and earnings for the periods presented was as follows:

(in millions)	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
Total interest expense, net presented in the condensed consolidated statements of operations in which the effects of cash flow hedges are recorded	\$ 55	\$ 51	\$ 104	\$ 100
Amount recognized in other comprehensive income	1	2	1	7
Amount reclassified from accumulated other comprehensive loss to interest expense, net	(2)	(3)	(3)	(6)

## Note 6—Debt

Our debt consisted of the following:

(in millions)	Stated interest rate	Effective interest rate	July 4, 2025	January 3, 2025
Senior unsecured term loan:				
\$1,000 million term loan, due March 2028	5.66%	5.83%	\$ 950	\$ 1,000
Senior unsecured notes:				
\$500 million notes, due May 2025	3.63%	3.76%	—	500
\$750 million notes, due May 2030	4.38%	4.50%	750	750
\$1,000 million notes, due February 2031	2.30%	2.38%	1,000	1,000
\$500 million notes, due March 2032	5.40%	5.42%	500	—
\$250 million notes, due July 2032	7.13%	7.43%	250	250
\$750 million notes, due March 2033	5.75%	5.81%	750	750
\$300 million notes, due July 2033	5.50%	5.88%	161	161
\$500 million notes, due March 2035	5.50%	5.55%	500	—
\$300 million notes, due December 2040	5.95%	6.03%	218	218
Finance leases due on various dates through fiscal 2032	Various	1.84%-6.31%	64	73
Less: unamortized debt discounts and deferred debt issuance costs			(39)	(32)
Total long-term debt			5,104	4,670
Less current portion			(119)	(618)
Total long-term debt, net of current portion			\$ 4,985	\$ 4,052

## REVOLVING CREDIT FACILITY

We have a \$1.0 billion senior unsecured revolving facility (the "Revolving Facility"). The Revolving Facility will mature in March 2028 and is subject to an annual commitment fee rate of 0.125% on the unused credit availability and permits two additional one-year extensions subject to lender consent. Principal payments are made quarterly, with the majority of the principal due at maturity. As of July 4, 2025, and January 3, 2025, there were no borrowings outstanding under the Revolving Facility.

## SENIOR NOTES

On February 20, 2025, we issued and sold \$500 million senior notes maturing in March 2032 (the "2032 Notes") and \$500 million senior notes maturing in March 2035 (the "2035 Notes", and together with the 2032 Notes, the "Notes"). The Notes are senior unsecured obligations issued by Leidos, Inc. and guaranteed by Leidos Holdings, Inc. The annual interest rates for the 2032 Notes and the 2035 Notes are 5.40% and 5.50%, respectively, and the interest is payable on a semi-annual basis. In connection with the issuance of the Notes, \$10 million of debt issuance costs and discount were recognized, which were recorded as an offset against the carrying value of debt. The proceeds from the Notes were used to retire the \$500 million senior unsecured notes due May 2025 and repurchase \$500 million outstanding shares of common stock in connection with the Accelerated Share Repurchase ("ASR") agreement (see "Note 8—Earnings Per Share").

## COMMERCIAL PAPER

We have a commercial paper program in which the Company may issue short-term unsecured commercial paper notes ("Commercial Paper Notes") not to exceed \$1.0 billion. The proceeds will be used for general corporate purposes, including working capital, capital expenditures, acquisitions and share repurchases.

The Commercial Paper Notes are issued in minimum denominations of \$0.25 million and have maturities of up to 397 days from the date of issuance. The Commercial Paper Notes either bear a stated or floating interest rate, if interest bearing, or will be sold at a discount from the face amount. As of July 4, 2025, and January 3, 2025, we did not have any Commercial Paper Notes outstanding.

## COVENANTS

The senior unsecured term loan, senior unsecured notes and Revolving Facility are fully and unconditionally guaranteed and contain certain customary restrictive covenants, including among other things, restrictions on our ability to create liens and enter into sale and leaseback transactions under certain circumstances.

The financial covenants in the Revolving Facility and the senior unsecured term loan require that we maintain, as of the last day of each fiscal quarter, a ratio of adjusted consolidated total debt to consolidated EBITDA of not more than 3.75 to 1.00, subject to increases to 4.50 to 1.00 for four fiscal quarters following a material acquisition, and a ratio of EBITDA to consolidated interest expense of not less than 3.50 to 1.00.

We were in compliance with all financial covenants as of July 4, 2025.

## Note 7—Accumulated Other Comprehensive Income (Loss)

Changes in the components of Accumulated Other Comprehensive Income (Loss) ("AOCI") were as follows:

(in millions)	Foreign currency translation adjustments	Unrecognized gain (loss) on derivative instruments	Pension adjustments	Total AOCI
Balance at December 29, 2023	\$ (39)	\$ 5	\$ (14)	\$ (48)
Other comprehensive income (loss)	(64)	5	2	(57)
Taxes	5	2	(1)	6
Reclassification from AOCI	—	(11)	—	(11)
Balance at January 3, 2025	(98)	1	(13)	(110)
Other comprehensive income (loss)	69	1	(1)	69
Taxes	(5)	—	—	(5)
Reclassification from AOCI	—	(3)	—	(3)
<b>Balance at July 4, 2025</b>	<b>\$ (34)</b>	<b>\$ (1)</b>	<b>\$ (14)</b>	<b>\$ (49)</b>

Reclassifications from unrecognized gain (loss) on derivative instruments are recorded in "Interest expense, net" in the condensed consolidated statements of operations.

## Note 8—Earnings Per Share

The following table provides a reconciliation of the weighted average number of shares outstanding used to compute basic and diluted EPS for the periods presented:

(in millions)	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
Basic weighted average number of shares outstanding	129	135	129	135
Dilutive common share equivalents—stock options and other stock awards	1	1	1	2
Diluted weighted average number of shares outstanding	130	136	130	137

Anti-dilutive stock-based awards are excluded from the weighted average number of shares outstanding used to compute diluted EPS. The total outstanding stock options and vesting stock awards that were anti-dilutive were less than 0.5 million for both the three and six months ended July 4, 2025, and not material for both the three and six months ended June 28, 2024.

On February 20, 2025, we entered into an ASR agreement with a financial institution to repurchase shares of our outstanding common stock. During the three months ended April 4, 2025, we paid \$500 million to the financial institution and received an initial delivery of 3 million shares at an average price of \$131.50 per share. In May 2025, we received the final delivery of 0.6 million shares related to the ASR agreement. The total number of shares that we received under the ASR agreement was based on the volume-weighted-average-price of \$138.44 per share, net of a discount, for the period February 20, 2025, to May 20, 2025.

The purchase was recorded to "Additional paid-in capital" in the condensed consolidated balance sheets. All shares delivered were immediately retired.

During the three and six months ended June 28, 2024, we made open market repurchases of our common stock for an aggregate purchase price of \$100 million and \$250 million, respectively. All shares repurchased were immediately retired. There were no open market share repurchases during the three and six months ended July 4, 2025.

**Note 9—Income Taxes**

On July 4, 2025, tax legislation was enacted in H.R.1 Reconciliation Act, commonly referred to as the One Big Beautiful Bill Act (the "OBBBA") implementing several corporate tax law changes, including but not limited to, (1) restoring the ability to immediately expense U.S. research and development costs; (2) allowing certain taxpayers an election to deduct the unamortized balance of U.S. research and development costs capitalized in prior years; and (3) reinstating one hundred percent bonus depreciation for eligible property. The enactment of the OBBBA resulted in a decrease of \$150 million to income taxes payable and a decrease of \$130 million to deferred tax assets as of July 4, 2025. Based upon our interpretation of the law as currently enacted, we estimate that the fiscal 2025 impact will result in a decrease of approximately \$280 million to income taxes payable and a decrease of \$245 million to net deferred taxes.

For the three months ended July 4, 2025, the effective tax rate was 24.1% compared to 23.9% for the three months ended June 28, 2024. The increase to the effective tax rate was primarily due to impacts from the OBBBA, partially offset by a decrease in unrecognized tax benefits.

For the six months ended July 4, 2025, the effective tax rate was 23.9% compared to 23.6% for the six months ended June 28, 2024. The increase to the effective tax rate was primarily due to impacts from the OBBBA and a decrease in excess tax benefits related to employee stock-based payment transactions, partially offset by a decrease in unrecognized tax benefits.

**Note 10—Business Segments**

Our operations and reportable segments are organized around the customers and markets we serve. We define our reportable segments based on the way the chief operating decision maker ("CODM"), currently our Chief Executive Officer, manages operations for the purposes of allocating resources and assessing performance. The CODM considers segment revenue and operating income to assist with the evaluation of strategic business decisions, including potential acquisitions or divestitures, whether to invest in certain products or services, share repurchases and the declaration of dividends.

The following table summarizes business segment information for the periods presented:

(in millions)	Three Months Ended July 4, 2025					Total
	National Security & Digital	Health & Civil	Commercial & International	Defense Systems		
Revenues	\$ 1,872	\$ 1,272	\$ 566	\$ 543	\$	4,253
Less:						
Direct labor	490	235	105	108		938
Amortization of intangible assets	7	6	7	12		32
Other segment expense	1,187	720	414	382		2,703
Segment operating income	\$ 188	\$ 311	\$ 40	\$ 41	\$	580
Corporate expense						9
Total operating income					\$	571

**LEIDOS HOLDINGS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

Three Months Ended June 28, 2024										
(in millions)	National Security & Digital		Health & Civil		Commercial & International		Defense Systems	Total		
Revenues	\$	1,813	\$	1,263	\$	561	\$	495	\$	4,132
Less:										
Direct labor		492		242		104		104		942
Amortization of intangible assets		5		7		7		17		36
Other segment expense		1,133		707		461		340		2,641
Segment operating income (loss)	\$	183	\$	307	\$	(11)	\$	34	\$	513
Corporate expense										38
Total operating income									\$	475

Six Months Ended July 4, 2025										
(in millions)	National Security & Digital		Health & Civil		Commercial & International		Defense Systems	Total		
Revenues	\$	3,750	\$	2,563	\$	1,134	\$	1,051	\$	8,498
Less:										
Direct labor		993		479		208		217		1,897
Amortization of intangible assets		12		12		14		24		62
Other segment expense		2,372		1,462		835		735		5,404
Segment operating income	\$	373	\$	610	\$	77	\$	75	\$	1,135
Corporate expense										34
Total operating income									\$	1,101

Six Months Ended June 28, 2024										
(in millions)	National Security & Digital		Health & Civil		Commercial & International		Defense Systems	Total		
Revenues	\$	3,606	\$	2,462	\$	1,070	\$	969	\$	8,107
Less:										
Direct labor		971		479		203		204		1,857
Amortization of intangible assets		11		13		15		34		73
Other segment expense		2,266		1,441		829		676		5,212
Segment operating income	\$	358	\$	529	\$	23	\$	55	\$	965
Corporate expense										75
Total operating income									\$	890

The statement of operations performance measures used to evaluate segment performance are revenues and operating income. As a result, "Interest expense, net," "Other income (expense), net" and "Income tax expense" as reported in the condensed consolidated statements of operations are not allocated to our segments.

Other segment expenses include direct program costs such as material and subcontractor expenses, as well as allocable indirect costs such as depreciation and Corporate compensation expenses, but excludes direct labor which is separately presented above. The Health & Civil and Defense Systems segments also include equity earnings of non-consolidated subsidiaries within operating income.

Under U.S. Government Cost Accounting Standards, indirect costs including depreciation expense are collected in indirect cost pools, which are then collectively allocated to the reportable segments based on a representative causal or beneficial relationship of the costs in the pool to the costs in the base. As such, depreciation expense is not separately disclosed on the condensed consolidated statements of operations.

Asset information by segment is not a key measure of performance used by the CODM.

## Note 11—Commitments and Contingencies

### LEGAL PROCEEDINGS

We are involved in various claims and lawsuits arising in the normal conduct of our business, none of which, in the opinion of management, based upon current information, will likely have a material adverse effect on our financial position, results of operations or cash flows.

### CONTINGENCIES

#### Government Investigations and Reviews

We are routinely subject to investigations and reviews relating to compliance with various laws and regulations with respect to our role as a contractor to federal, state and local government customers and in connection with performing services in countries outside of the United States. Adverse findings could have a material effect on our business, financial position, results of operations and cash flows due to our reliance on government contracts.

#### Defense Contract Audit Agency

As of July 4, 2025, active indirect cost audits by the Defense Contract Audit Agency remain open for fiscal 2023 and subsequent fiscal years. Although we have recorded contract revenues based upon an estimate of costs that we believe will be approved upon final audit or review, we cannot predict the outcome of any ongoing or future audits or reviews and adjustments, and if future adjustments exceed estimates, our profitability may be adversely affected. As of July 4, 2025, we believe we have adequately reserved for potential adjustments from audits or reviews of contract costs.

#### Other Government Investigations and Reviews

As previously disclosed, the Company voluntarily self-reported to the Department of Justice and the Securities and Exchange Commission an investigation related to activities by its employees, third party representatives and subcontractors, raising concerns related to a portion of our business that conducts international operations, and has cooperated with both agencies. In December 2024, the Company received notification from the U.S. Department of Justice that it had closed its inquiry. While the Company has engaged with the SEC, the Company cannot anticipate the timing, outcome or possible impact of an SEC investigation, although violations of applicable laws may result in civil sanctions, including monetary penalties, and reputational damage.

In August 2022, the Company received a Federal Grand Jury Subpoena in connection with a criminal investigation being conducted by the U.S. Department of Justice Antitrust Division. The subpoena requests that the Company produce a broad range of documents related to three U.S. Government procurements associated with the Company's Intelligence Group in 2021 and 2022. We are fully cooperating with the investigation, and we are conducting our own internal investigation with the assistance of outside counsel. It is not possible at this time to determine whether we will incur, or to reasonably estimate the amount of, any fines, penalties, or further liabilities in connection with the investigation pursuant to which the subpoena was issued.

### COMMITMENTS

As of July 4, 2025, we have outstanding letters of credit of \$59 million, principally related to performance guarantees on contracts and outstanding surety bonds with a notional amount of \$151 million, principally related to performance and subcontractor payment bonds on contracts. The value of the surety bonds may vary due to changes in the underlying project status and/or contractual modifications.

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**LEIDOS HOLDINGS, INC.**  
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As of July 4, 2025, the future expirations of the outstanding letters of credit and surety bonds were as follows:

<b>Fiscal year ending</b> (in millions)		
2025 (remainder of year)	\$	124
2026		18
2027		43
2028		15
2029		8
2030 and thereafter		2
	\$	<u>210</u>

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of Leidos Holdings, Inc.'s ("Leidos") financial condition, results of operations, and quantitative and qualitative discussion about business environment and trends should be read in conjunction with Leidos' condensed consolidated financial statements and related notes.*

*The following discussion contains forward-looking statements, including statements regarding our intent, belief or current expectations with respect to, among other things, trends affecting our financial condition or results of operations, backlog, our industry, the impact of our merger and acquisition activity, government budgets and spending, our business contingency plans, interest rates and uncertainties in tax due to new tax legislation or other regulatory developments. In some cases, forward-looking statements can be identified by words such as "will," "expect," "estimate," "plan," "potential," "continue" or similar expressions. Such statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ materially from those in the forward-looking statements as a result of various factors. Some of these factors include, but are not limited to, the risk factors set forth in our Annual Report on Form 10-K, as updated by the risk factor in this report under Part II, Item 1A. "Risk Factors" and as may be further updated in subsequent filings with the U.S. Securities and Exchange Commission. Due to such uncertainties and risks, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to update these factors or to publicly announce the results of any changes to our forward-looking statements due to future events or developments.*

*Unless indicated otherwise, references in this report to "we," "us" and "our" refer collectively to Leidos and its consolidated subsidiaries.*

### OVERVIEW

Leidos is an industry and technology leader serving government and commercial customers with smarter, more efficient digital and mission innovations. Headquartered in Reston, Virginia, with 47,000 global employees, we bring domain-specific capabilities, technologies and insights to customers in each of these markets by leveraging seven technical core capabilities: trusted mission artificial intelligence, cyber operations, digital modernization, mission software systems, integrated systems, mission operations, and rapid prototyping and manufacturing. Our customers include the U.S. Department of Defense ("DoD"), the U.S. Intelligence Community, the U.S. Department of Homeland Security, the Federal Aviation Administration, the Department of Veterans Affairs, National Aeronautics and Space Administration and many other U.S. civilian, state and local government agencies, foreign government agencies and commercial businesses.

### BUSINESS ENVIRONMENT AND TRENDS

#### U.S. GOVERNMENT MARKETS

During both the three and six months ended July 4, 2025, we generated approximately 87% of total revenues from contracts with the U.S. government as compared to 86% and 87% for the three and six months ended June 28, 2024, respectively. Accordingly, our business performance is affected by the overall level of U.S. government spending, especially national security, homeland security and intelligence spending, and the alignment of our service and product offerings and capabilities with current and future budget priorities of the U.S. government.

The federal government is currently operating under a continuing resolution that runs through September 30, 2025. Congress is currently working to advance the fiscal year 2026 appropriations bills with the goal of completing them by the end of the fiscal year.

## INTERNATIONAL MARKETS

Sales to customers in international markets represented approximately 8% of total revenues for both the three and six months ended July 4, 2025, as compared to 9% and 8% for the three and six months ended June 28, 2024, respectively. Our international customers include foreign governments and their agencies. Our international business increases our exposure to international markets and the associated international regulatory, foreign currency exchange rate and geopolitical risks.

Changes in international trade policies, including higher tariffs on imported goods and materials, may increase the cost of certain goods necessary to fulfill our contractual requirements and for internal purposes. We expect to recover certain portions of the increase to the cost of goods through contractual measures. While we continue to evaluate the tariff environment and potential impacts of higher tariffs, we currently do not expect them to have a significant effect on our business.

## RESULTS OF OPERATIONS

The following table summarizes our condensed consolidated results of operations for the periods presented:

(dollars in millions)	Three Months Ended			Six Months Ended		
	July 4, 2025	June 28, 2024	Percent change	July 4, 2025	June 28, 2024	Percent change
Revenues	\$ 4,253	\$ 4,132	2.9%	\$ 8,498	\$ 8,107	4.8%
Operating income	571	475	20.2%	1,101	890	23.7 %
Non-operating expense, net	(53)	(49)	8.2%	(105)	(96)	9.4%
Income before income taxes	518	426	21.6%	996	794	25.4 %
Income tax expense	(125)	(102)	22.5%	(238)	(187)	27.3%
Net income	393	324	21.3%	758	607	24.9 %
Net income attributable to Leidos common stockholders	\$ 391	\$ 322	21.4%	\$ 754	\$ 606	24.4 %
Operating margin	13.4%	11.5%		13.0%	11.0%	

## SEGMENT AND CORPORATE RESULTS

National Security & Digital (dollars in millions)	Three Months Ended			Six Months Ended		
	July 4, 2025	June 28, 2024	Percent change	July 4, 2025	June 28, 2024	Percent change
Revenues	\$ 1,872	\$ 1,813	3.3%	\$ 3,750	\$ 3,606	4.0%
Operating income	188	183	2.7%	373	358	4.2%
Operating margin	10.0%	10.1%		9.9%	9.9%	

The increase in revenues for the three months ended July 4, 2025, as compared to the three months ended June 28, 2024, was primarily attributable to program wins and \$12 million of revenues recognized from the acquisition of Savanna Industries, Inc. ("Kudu Dynamics"), partially offset by the completion of certain programs.

The increase in revenues for the six months ended July 4, 2025, as compared to the six months ended June 28, 2024, was primarily attributable to program wins, a net increase in volumes on certain programs and \$12 million of revenues recognized from the acquisition of Kudu Dynamics, partially offset by the completion of certain programs.

The increase in operating income for the three months ended July 4, 2025, as compared to the three months ended June 28, 2024, was primarily attributable to program wins, partially offset by the completion of certain contracts.

The increase in operating income for the six months ended July 4, 2025, as compared to the six months ended June 28, 2024, was primarily attributable to program wins and a net increase in volumes.

**PART I—FINANCIAL INFORMATION**

<b>Health &amp; Civil (dollars in millions)</b>	<b>Three Months Ended</b>			<b>Six Months Ended</b>		
	<b>July 4, 2025</b>	June 28, 2024	Percent change	<b>July 4, 2025</b>	June 28, 2024	Percent change
Revenues	\$ <b>1,272</b>	\$ 1,263	0.7%	\$ <b>2,563</b>	\$ 2,462	4.1%
Operating income	<b>311</b>	307	1.3%	<b>610</b>	529	15.3%
<i>Operating margin</i>	<b>24.4%</b>	24.3%		<b>23.8%</b>	21.5%	

The increase in revenues and operating income for the three months ended July 4, 2025, as compared to the three months ended June 28, 2024, was primarily attributable to increased volumes within the managed health services business as well as net write-ups on certain programs.

The increase in revenues and operating income for the six months ended July 4, 2025, as compared to the six months ended June 28, 2024, was primarily attributable to increased volumes and case complexity within the managed health services business as well as net write-ups on certain programs.

<b>Commercial &amp; International (dollars in millions)</b>	<b>Three Months Ended</b>			<b>Six Months Ended</b>		
	<b>July 4, 2025</b>	June 28, 2024	Percent change	<b>July 4, 2025</b>	June 28, 2024	Percent change
Revenues	\$ <b>566</b>	\$ 561	0.9%	\$ <b>1,134</b>	\$ 1,070	6.0%
Operating income (loss)	<b>40</b>	(11)	463.6%	<b>77</b>	23	234.8%
<i>Operating margin</i>	<b>7.1%</b>	(2.0%)		<b>6.8%</b>	2.1%	

The increase in revenues for the three months ended July 4, 2025, as compared to the three months ended June 28, 2024, was primarily attributable to program wins, prior year write-downs on certain programs within our UK operations and a \$8 million favorable impact from exchange rate movements. The increase was partially offset by lower material volumes and the completion of certain programs.

The increase in revenues for the six months ended July 4, 2025, as compared to the six months ended June 28, 2024, was primarily attributable to program wins, prior year write-downs on certain programs within our UK operations and a net increase in volumes. The increase was partially offset by the completion of certain programs.

The increase in operating income for the three months ended July 4, 2025, as compared to the three months ended June 28, 2024, was primarily attributable to program wins and prior year write-downs on certain programs within our UK operations, partially offset by the completion of certain programs.

The increase in operating income for the six months ended July 4, 2025, as compared to the six months ended June 28, 2024, was primarily attributable to program wins and prior year write-downs on certain programs within our UK operations, partially the completion of certain programs and increased indirect costs.

<b>Defense Systems (dollars in millions)</b>	<b>Three Months Ended</b>			<b>Six Months Ended</b>		
	<b>July 4, 2025</b>	June 28, 2024	Percent change	<b>July 4, 2025</b>	June 28, 2024	Percent change
Revenues	\$ <b>543</b>	\$ 495	9.7%	\$ <b>1,051</b>	\$ 969	8.5%
Operating income	<b>41</b>	34	20.6%	<b>75</b>	55	36.4%
<i>Operating margin</i>	<b>7.6%</b>	6.9%		<b>7.1%</b>	5.7%	

The increase in revenues for the three and six months ended July 4, 2025, as compared to the three and six months ended June 28, 2024, was primarily attributable to program wins and a net increase in volumes, partially offset by the completion of certain programs and program write-ups in the prior year that did not reoccur in the current year.

The increase in operating income for the three and six months ended July 4, 2025, as compared to the three and six months ended June 28, 2024, was primarily attributable to program wins, partially offset by program write-ups in the prior year that did not reoccur in the current year.

**PART I—FINANCIAL INFORMATION**

Corporate (dollars in millions)	Three Months Ended			Six Months Ended		
	July 4, 2025	June 28, 2024	Percent change	July 4, 2025	June 28, 2024	Percent change
Operating loss	\$ (9)	\$ (38)	(76.3%)	\$ (34)	\$ (75)	(54.7%)

The decrease in operating loss for the three and six months ended July 4, 2025, as compared to the three and six months ended June 28, 2024, was primarily attributable to the receipt of a \$25 million insurance reimbursement for legal costs primarily incurred prior to fiscal year 2025, and decreased general and administrative expenses.

**NON-OPERATING EXPENSE, NET**

Non-operating expense, net for the three months ended July 4, 2025, was \$53 million as compared to \$49 million for the three months ended June 28, 2024. The increase was primarily driven by increased interest expense as a result of the two \$500 million senior notes issued in February 2025.

Non-operating expense, net for the six months ended July 4, 2025, was \$105 million as compared to \$96 million for the six months ended June 28, 2024. The increase was primarily driven by increased interest expense as a result of the two \$500 million senior notes issued in February 2025 and unfavorable exchange rate movements.

**PROVISION FOR INCOME TAXES**

On July 4, 2025, tax legislation was enacted in H.R.1 Reconciliation Act, commonly referred to as the One Big Beautiful Bill Act (the “OBBBA”) implementing several corporate tax law changes, including but not limited to, (1) restoring the immediate expensing of U.S. research and development costs; (2) allowing certain taxpayers an election to deduct the unamortized balance of U.S. research and development costs capitalized in prior years; and (3) reinstating one hundred percent bonus depreciation for eligible property. The enactment of the OBBBA resulted in a decrease of \$150 million to income taxes payable and a decrease of \$130 million to deferred tax assets as of July 4, 2025. Based upon our interpretation of the law as currently enacted, we estimate that the fiscal 2025 impact will result in a decrease of approximately \$280 million to income taxes payable and a decrease of \$245 million to net deferred taxes.

For the three months ended July 4, 2025, our effective tax rate was 24.1% compared to 23.9% for the three months ended June 28, 2024. The increase to the effective tax rate was primarily due to impacts from the OBBBA, partially offset by a decrease in unrecognized tax benefits.

For the six months ended July 4, 2025, our effective tax rate was 23.9% compared to 23.6% for the six months ended June 28, 2024. The increase to the effective tax rate was primarily due to impacts from the OBBBA and a decrease in excess tax benefits related to employee stock-based payment transactions, partially offset by a decrease in unrecognized tax benefits.

In December 2021, the Organization for Economic Cooperation and Development enacted model rules for a new 15% global minimum tax framework (“Pillar Two”). Many governments around the world have enacted or are in the process of enacting Pillar Two legislation. The Pillar Two legislation became effective for certain jurisdictions beginning in fiscal 2024. We will continue to evaluate the impact of the rules as additional legislation gets enacted; however, there has been no material impact from jurisdictions where Pillar Two rules are currently in effect.

**BOOKINGS AND BACKLOG**

Effective for the first quarter of fiscal 2025, we changed our backlog policy to include estimated future revenue on task orders expected to be awarded under sole source indefinite delivery/indefinite quantity (“IDIQ”) contracts in our reported backlog. We believe this presentation provides enhanced visibility for investors and more accurately reflects the future revenues we expect to generate from our business.

We recorded net bookings worth an estimated \$3.9 billion and \$6.0 billion during the three and six months ended July 4, 2025, respectively, as compared to \$4.0 billion and \$7.8 billion for the three and six months ended June 28, 2024, respectively.

The estimated value of our total backlog was as follows:

(in millions)	July 4, 2025			June 28, 2024 <sup>(1)</sup>		
	Funded	Unfunded	Total	Funded	Unfunded	Total
National Security & Digital	\$ 2,536	\$ 22,325	\$ 24,861	\$ 2,681	\$ 19,704	\$ 22,385
Health & Civil	649	10,139	10,788	1,607	9,015	10,622
Commercial & International	2,589	2,510	5,099	2,699	1,886	4,585
Defense Systems	1,348	4,114	5,462	1,036	2,923	3,959
<b>Total</b>	<b>\$ 7,122</b>	<b>\$ 39,088</b>	<b>\$ 46,210</b>	<b>\$ 8,023</b>	<b>\$ 33,528</b>	<b>\$ 41,551</b>

<sup>(1)</sup> Amounts have been recast to include estimated future revenue on task orders expected to be awarded under sole source IDIQ contracts. As a result, unfunded backlog increased \$5,064 million.

Backlog at July 4, 2025, includes \$149 million of backlog acquired through the acquisition of Kudu Dynamics within our National Security & Digital reportable segment.

Backlog represents the revenues we expect to recognize under negotiated contracts and unissued task orders on sole source IDIQ contracts, to the extent we believe their execution and funding to be probable. Backlog does not include potential task orders expected to be awarded under multiple award IDIQ contracts.

Backlog estimates are subject to change and may be affected by factors including modifications of contracts and foreign currency movements.

## LIQUIDITY AND CAPITAL RESOURCES

### OVERVIEW OF LIQUIDITY

As of July 4, 2025, we had \$930 million in cash and cash equivalents. We have a senior unsecured revolving credit facility which can provide up to \$1 billion in additional borrowing, if required. As of July 4, 2025, and January 3, 2025, there were no borrowings outstanding under the revolving credit facility.

We had outstanding debt of \$5.1 billion and \$4.7 billion at July 4, 2025, and January 3, 2025, respectively. In February 2025, we issued and sold \$500 million 5.40% and \$500 million 5.50% senior unsecured notes maturing in March 2032 and March 2035, respectively. The annual interest rate is payable on a semi-annual basis. The proceeds from the issuance of the notes were used to retire the \$500 million senior unsecured notes due May 2025 and repurchase \$500 million outstanding shares of common stock in an accelerated share repurchase agreement ("ASR") as discussed below.

We have a commercial paper program in which we may issue short-term unsecured commercial paper notes ("Commercial Paper Notes") and have maturities of up to 397 days from the date of issuance. As of July 4, 2025, and January 3, 2025, we did not have any Commercial Paper Notes outstanding.

We made principal payments on our debt of \$30 million and \$559 million during the three and six months ended July 4, 2025, respectively, and \$5 million and \$9 million for the three and six months ended June 28, 2024, respectively. The activity for the six months ended July 4, 2025, included a \$500 million payment to discharge the \$500 million notes due May 2025.

Our senior unsecured term loan, senior unsecured notes and senior unsecured revolving facility contain financial covenants and customary restrictive covenants. We were in compliance with all financial covenants as of July 4, 2025.

We paid dividends of \$52 million and \$105 million during the three and six months ended July 4, 2025, respectively, and \$51 million and \$104 million during the three and six months ended June 28, 2024.

Stock repurchases of Leidos common stock may be made on the open market or in privately negotiated transactions with third parties including through ASR agreements. Whether repurchases are made and the timing and actual number of shares repurchased depends on a variety of factors including price, corporate capital requirements, other market conditions and regulatory requirements. The repurchase program may be accelerated, suspended, delayed or discontinued at any time.

**PART I—FINANCIAL INFORMATION**

On February 20, 2025, we entered into an ASR agreement with a financial institution to repurchase shares of our outstanding common stock. We paid \$500 million to the financial institution and received an initial delivery of 3 million shares at an average price of \$131.50 per share. In May 2025, we received the final delivery of 0.6 million shares related to the ASR agreement. The total number of shares that we received under the ASR agreement was based on the volume-weighted-average-price of \$138.44 per share, net of a discount, for the period February 20, 2025, to May 20, 2025.

The purchase was recorded to "Additional paid-in capital" in the condensed consolidated balance sheets (see "Note 8—Earnings Per Share"). All shares delivered were immediately retired.

During the three and six months ended June 28, 2024, we made open market repurchases of our common stock for an aggregate purchase price of \$100 million and \$250 million, respectively. There were no open market share repurchases during the three and six months ended July 4, 2025.

On July 4, 2025, tax legislation was enacted as part of the OBBBA, implementing several corporate tax law changes as described above within Results of Operations. We anticipate our federal and state tax payments will decrease by approximately \$150 million in fiscal 2025, primarily due to the decrease in our estimated 2025 taxable income related to these changes. The actual decrease may be impacted by future guidance or interpretive rules issued by the U.S. Treasury, among other factors. We will continue to assess the effects on our liquidity as tax legislation evolves.

For the next 12 months, we anticipate that we will be able to meet our liquidity needs, including servicing our debt, through cash generated from operations, available cash balances, borrowings from our commercial paper program and, if needed, sales of accounts receivable and borrowings from our revolving credit facility.

**SUMMARY OF CASH FLOWS**

The following table summarizes cash flow information for the periods presented:

(in millions)	Three Months Ended		Six Months Ended	
	July 4, 2025	June 28, 2024	July 4, 2025	June 28, 2024
Net cash provided by operating activities <sup>(1)</sup>	\$ 486	\$ 381	\$ 544	\$ 494
Net cash used in investing activities	(314)	(21)	(336)	(33)
Net cash used in financing activities	(83)	(159)	(193)	(387)

(1) Net cash provided by operating activities for the three and six months ended June 28, 2024, was recast to reflect a change in the accounting policy, see "Note 1—Basis of Presentation and Summary of Significant Accounting Policies."

Net cash provided by operating activities increased \$105 million during the three months ended July 4, 2025, when compared to the prior year quarter. The increase was primarily due to the timing of payroll and employee benefit payments, higher earnings and an increase in tax benefits from the impacts of the OBBBA legislation, partially offset by unfavorable changes in working capital.

Net cash provided by operating activities increased \$50 million during the six months ended July 4, 2025, when compared to the prior year. The increase was primarily due to higher earnings and an increase in tax benefits from the impacts of the OBBBA legislation, partially offset by unfavorable changes in working capital.

Net cash used in investing activities increased \$293 million and \$303 million for the three and six months ended July 4, 2025, respectively, when compared to the prior year. The increases were primarily due to \$285 million of net cash paid related to the acquisition of Kudu Dynamics and higher capital expenditures.

Net cash used in financing activities decreased \$76 million for the three months ended July 4, 2025, when compared to the prior year quarter, primarily due to a \$105 million decrease in stock repurchases in the current year quarter, partially offset by \$25 million increase in payments made from debt activities in the current year quarter.

Net cash used in financing activities decreased \$194 million for the six months ended July 4, 2025, when compared to the prior year primarily due to \$440 million of cash inflows from proceeds received from the issuance of debt, net of payments for borrowings and debt issuance costs, partially offset by a \$250 million net increase in stock repurchases, primarily attributable to the accelerated share repurchase activities in the current year.

## OFF-BALANCE SHEET ARRANGEMENTS

We have outstanding performance guarantees and cross-indemnity agreements in connection with certain aspects of our business. We also have letters of credit outstanding principally related to performance guarantees on contracts and surety bonds outstanding principally related to performance and subcontractor payment bonds as described in "Note 11—Commitments and Contingencies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q. These arrangements have not had, and management does not believe it is likely that they will in the future have, a material effect on our liquidity, capital expenditures or capital resources, operations or financial condition.

## GUARANTOR AND ISSUER OF GUARANTEED SECURITIES

Leidos Holdings, Inc. ("Guarantor") has fully and unconditionally guaranteed the debt securities of its subsidiary, Leidos, Inc. ("Issuer"), that were issued pursuant to transactions that were registered under the Securities Act of 1933, as amended (collectively, the "Registered Notes"). The following is a list of the Registered Notes guaranteed by Leidos Holdings, Inc.

### Senior unsecured Registered Notes issued by Leidos, Inc.:

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\$500 million 3.625% notes, due May 2025<sup>(1)</sup>

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\$750 million 4.375% notes, due May 2030

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\$1,000 million 2.300% notes, due February 2031

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\$500 million 5.400% notes, due March 2032

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\$750 million 5.750% notes, due March 2033

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\$500 million 5.500% notes, due March 2035

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<sup>(1)</sup> The \$500 million senior unsecured notes were discharged as of April 4, 2025.

Leidos Holdings, Inc. has also fully and unconditionally guaranteed debt securities of Leidos, Inc. that were issued pursuant to transactions that were not registered under the Securities Act of 1933, as amended. The following is a list of unregistered debt securities guaranteed by Leidos Holdings, Inc.

### Senior unsecured unregistered debt securities issued by Leidos, Inc.:

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\$250 million 7.125% notes, due July 2032

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\$300 million 5.500% notes, due July 2033

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Additionally, Leidos, Inc. has fully and unconditionally guaranteed debt securities of Leidos Holding, Inc. that were issued pursuant to transactions that were not registered under the Securities Act of 1933, as amended. The following is a list of unregistered debt securities guaranteed by Leidos, Inc.

### Senior unsecured unregistered debt securities issued by Leidos Holdings, Inc.:

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\$300 million 5.950% notes, due December 2040

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The following summarized financial information includes the assets, liabilities and results of operations for the Guarantor and Issuer of the Registered Notes described above. Intercompany balances and transactions between the Issuer and Guarantor have been eliminated from the financial information below. Investments in the consolidated subsidiaries of the Issuer and Guarantor that do not guarantee the senior unsecured notes have been excluded from the financial information. Intercompany payables represent amounts due to non-guarantor subsidiaries of the Issuer.

**BALANCE SHEET INFORMATION FOR THE GUARANTOR AND ISSUER OF REGISTERED NOTES**

(in millions)	<b>July 4, 2025</b>		January 3, 2025
Total current assets	<b>\$ 2,822</b>	\$	2,550
Goodwill	<b>5,673</b>		5,673
Other long-term assets	<b>1,307</b>		1,498
Total assets	<b>\$ 9,802</b>	\$	9,721
Total current liabilities	<b>\$ 2,025</b>	\$	2,677
Long-term debt, net of current portion	<b>4,985</b>		4,052
Intercompany payables	<b>3,828</b>		3,319
Other long-term liabilities	<b>798</b>		820
Total liabilities	<b>\$ 11,636</b>	\$	10,868

**STATEMENT OF OPERATIONS INFORMATION FOR THE GUARANTOR AND ISSUER OF REGISTERED NOTES**

(in millions)	<b>Six Months Ended July 4, 2025</b>	
Revenues, net	<b>\$ 5,362</b>	
Operating income	<b>495</b>	
Net income attributable to Leidos common stockholders	<b>67</b>	

**CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

We are subject to a number of reviews, investigations, claims, lawsuits, other uncertainties and future obligations related to our business. For a discussion of these items, see "Note 11—Commitments and Contingencies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

There were no material changes to our critical accounting policies, estimates or judgments that would have a significant impact on earnings during the period covered by this report from those discussed in our Annual Report on Form 10-K for the year ended January 3, 2025.

**RECENTLY ADOPTED AND ISSUED ACCOUNTING STANDARDS**

For a discussion of these items, see "Note 1—Basis of Presentation and Summary of Significant Accounting Policies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There were no material changes in our market risk exposure from those discussed in our Annual Report on Form 10-K for the year ended January 3, 2025.

### **Item 4. Controls and Procedures**

#### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

Our management, with the participation of our principal executive officer (our Chief Executive Officer) and principal financial officer (our Executive Vice President and Chief Financial Officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of July 4, 2025. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the U.S. Securities and Exchange Commission. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

#### **CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

On May 23, 2025, we completed the acquisition of Kudu Dynamics. We have excluded Kudu Dynamics from our evaluation of the effectiveness of our internal control over financial reporting for the second quarter of fiscal 2025.

Other than the foregoing, there have been no changes in our internal control over financial reporting during the quarter ended July 4, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II—Other Information

### Item 1. Legal Proceedings

We have furnished information relating to legal proceedings, and any investigations and reviews that we are involved with in "Note 11—Commitments and Contingencies" of the notes to the condensed consolidated financial statements contained within this Quarterly Report on Form 10-Q.

### Item 1A. Risk Factors

There were no material changes to the risks described in Part I, Item 1A "Risk Factors" in our Annual Report on Form 10-K for the year ended January 3, 2025.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (a) None
- (b) None
- (c) Purchases of Equity Securities by the Issuer

The following table presents information related to the repurchases of our common stock during the quarter ended July 4, 2025.

Period	Total Number of Shares <sup>(1)</sup> (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Repurchase Plans or Programs <sup>(2)</sup>	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup>
April 5, 2025 - April 30, 2025	—	\$ —	—	4,363,585
May 1, 2025 - May 31, 2025	569,772	138.44	569,772	3,793,813
June 1, 2025 - June 30, 2025	19,895	153.96	—	3,793,813
July 1, 2025 - July 4, 2025	—	—	—	3,793,813
<b>Total</b>	<b>589,667</b>	<b>\$ 138.97</b>	<b>569,772</b>	

<sup>(1)</sup> The total number of shares purchased includes shares surrendered to satisfy statutory tax withholding obligations related to vesting of restricted stock units.

<sup>(2)</sup> In February 2022, our Board of Directors authorized a share repurchase program of up to 20 million shares of our outstanding common stock. The shares may be repurchased from time to time in one or more open market repurchases or privately negotiated transactions, including accelerated share repurchase transactions. The actual timing, number and value of shares repurchased under the program will depend on a number of factors, including the market price of our common stock, general market and economic conditions, applicable legal requirements, compliance with the terms of our outstanding indebtedness and other considerations. There is no assurance as to the number of shares that will be repurchased, and the repurchase program may be suspended or discontinued at any time at our Board of Directors' discretion. This share repurchase authorization replaces the previous share repurchase authorization announced in February 2018.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

### Item 5. Other Information

#### RULE 10B5-1 TRADING ARRANGEMENT

During the three months ended July 4, 2025, no director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
3.1	Restated Certificate of Incorporation of Leidos Holdings, Inc., dated August 1, 2025.
22	List of Guarantors and Subsidiary Issuers of Guaranteed Securities. Incorporated herein by reference to Exhibit 22 to our Quarterly Report on Form 10-Q, filed with the SEC on May 6, 2025.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Executive Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	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.
32.2	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	Cover Page Interactive Data File. The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

## Signatures

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

Date: August 5, 2025

Leidos Holdings, Inc.

/s/ Christopher R. Cage

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**Christopher R. Cage**

***Executive Vice President and Chief Financial Officer  
and as a duly authorized officer***

**RESTATED CERTIFICATE OF INCORPORATION**  
**OF**  
**LEIDOS HOLDINGS, INC.**

Leidos Holdings, Inc., a Delaware corporation, hereby certifies as follows:

1. The name of the Corporation is Leidos Holdings, Inc.
2. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on August 12, 2005. The name under which the corporation was originally incorporated is SAIC, Inc.
3. This Restated Certificate of Incorporation restates the provisions of the Corporation's Certificate of Incorporation as heretofore amended and supplemented.
4. This Restated Certificate of Incorporation was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware (the "DGCL"). This Restated Certificate of Incorporation only restates and integrates (except as permitted under Section 245(c) of the DGCL) the provisions of the Corporation's Restated Certificate of Incorporation as heretofore amended, and there is no discrepancy between those provisions and the provisions of this Restated Certificate (except as permitted under Section 245(c) of the DGCL).
5. The text of the Corporation's Certificate of Incorporation is hereby restated to read in its entirety as follows:

**FIRST: NAME.** The name of the Corporation is Leidos Holdings, Inc.

**SECOND: ADDRESS.** The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, Zip Code 19801 and the name of its registered agent at that address is The Corporation Trust Company.

**THIRD: PURPOSE.** The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

**FOURTH: CAPITALIZATION**

(A) **Authorized Capitalization.**

The Corporation is authorized to issue two classes of capital stock to be designated, respectively, "*Common Stock*" and "*Preferred Stock*." The total number of shares of capital stock of all classes which the Corporation shall have the authority to issue is 510,000,000 shares, each with a par value of \$0.0001 per share, of which:

(1) 500,000,000 shares shall be Common Stock; and

(2) 10,000,000 shares shall be Preferred Stock.

The number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of at least a majority of the voting power of the issued and outstanding shares of Common Stock of the Corporation irrespective of the provisions of Section 242(b)(2) of the DGCL or any corresponding provision hereinafter enacted.

(B) **Preferred Stock.**

The Board of Directors is expressly authorized to provide for the issuance of all or any shares of the Preferred Stock, in one or more series, and to fix for each such series the number of shares thereof and such voting powers, full or limited, or no voting powers, and such distinctive designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such series and as may be permitted by the DGCL, including, without limitation, the authority to provide that any such series may be (a) subject to redemption at such time or times and at such price or prices; (b) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (c) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (d) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

**FIFTH: BALLOT.** Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall otherwise provide.

**SIXTH: BYLAWS.** In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the Bylaws of the Corporation. No section of the Bylaws shall be adopted, repealed, altered, amended or rescinded by the stockholders of the Corporation except by the vote of the holders of not less than a majority of the total voting power of all outstanding shares of voting stock of the Corporation.

**SEVENTH: THE BOARD OF DIRECTORS.**

(A) **Number of Directors.** The number of directors which shall constitute the whole Board of Directors of the Corporation shall be not less than seven (7) and not more than fourteen (14), and the exact number shall be fixed by the Board of Directors.

(B) **Term**. At each annual meeting of stockholders of the Corporation commencing at the annual meeting of stockholders next following the 2007 annual meeting of stockholders, all directors shall be elected for a term expiring at the next succeeding annual meeting of stockholders, by such stockholders having the right to vote on such election. The term of each director serving as and immediately following the date of the 2007 annual meeting of stockholders shall expire at the next annual meeting of stockholders after such date, notwithstanding that such director may have been elected for a term that extended beyond the date of such annual meeting of stockholders. Each director shall serve until the director's term expires in accordance with the foregoing provisions or until the director's prior resignation, death, disqualification or removal from office, provided that each director shall serve notwithstanding the expiration of the director's term until the director's successor shall be duly elected and qualified.

(C) **Removal**. Unless otherwise restricted by applicable law, any director or the entire Board may be removed with or without cause by the holders of a majority of the total voting power of all outstanding shares then entitled to vote at an election of directors.

(D) **No Cumulative Voting**. There shall be no cumulative voting in the election of directors.

(E) **Vacancies**. Any vacancy in the Board of Directors, whether because of resignation, death, disqualification, removal, an increase in the number of directors, or any other cause, may only be filled by vote of the majority of the remaining directors, although less than a quorum. The term of any director elected in accordance with the preceding sentence shall expire at the next annual meeting of stockholders. Each director shall serve until the director's term expires in accordance with the foregoing provisions or until the director's prior resignation, death, disqualification or removal from office, provided that each director shall serve notwithstanding the expiration of the director's term until the director's successor shall be duly elected and qualified.

**EIGHTH: ACTION OF STOCKHOLDERS.** No action shall be taken by the stockholders except at an annual or special meeting of stockholders, and no action may be effected by any consent in writing in lieu of a meeting of stockholders.

**NINTH: AMENDMENT.** The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

**TENTH: BUSINESS COMBINATIONS.**

(A) For the purposes of this Article TENTH:

- (1) The term “*person*” shall mean any individual, firm, limited liability company, partnership, limited partnership, corporation or other entity.
- (2) The term “*Subsidiary*” shall mean any corporation more than fifty percent (50%) of any class of equity security of which is owned, directly or indirectly, by the Corporation.
- (3) The term “*Substantial Part of the Assets*” shall mean assets having a fair market value or book value, whichever is greater, equal to more than ten percent of the fair market value or book value, whichever is greater, of the total assets of a person as of the end of its most recent fiscal year ending prior to the time the determination is made.
- (4) A person shall be a “*Beneficial Owner*” of any shares of voting stock of the Corporation (a) which such person or any of its “*affiliates*” or “*associates*” (as defined on the date of the adoption hereof in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”)) beneficially owns, directly or indirectly, (b) which such person or any of its “*affiliates*” or “*associates*” has, directly or indirectly, (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise or (ii) the right to vote or direct the voting of pursuant to any agreement, arrangement or understanding, *provided, however*, that a person shall not be deemed the Beneficial Owner of, or to beneficially own, any security by reason of such agreement, arrangement or understanding if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given to such person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations promulgated under the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report), or (c) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its “*affiliates*” or “*associates*” has any such agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of such voting stock.
- (5) The term “*Related Person*” shall mean any person (except any profit-sharing, employee stock ownership or other employee benefit plan of the Corporation or any Subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) which is the Beneficial Owner (as herein defined) of five percent (5%) or more of the total voting power of all of the outstanding shares of voting stock of the Corporation.
- (6) For the purposes of determining whether a person is a Related Person, the number of shares of voting stock of the Corporation deemed to be outstanding shall include all shares deemed owned by such person through application of Section (A)(4), but shall not include any other shares of voting stock which may be issuable pursuant to

any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(7) The term “*Business Combination*” shall mean (a) any merger or consolidation of the Corporation or a Subsidiary with or into a Related Person, (b) any sale, lease, exchange, transfer, mortgage, pledge or other disposition (whether in one transaction or in a series of transactions) of all or any Substantial Part of the Assets (as herein defined) of a Related Person to the Corporation or to a Subsidiary, (c) any sale, lease, exchange, transfer, mortgage, pledge or other disposition (whether in one transaction or in a series of transactions) of all or any Substantial Part of the Assets of the Corporation (including without limitation any securities of a Subsidiary) to a Related Person, (d) the issuance of any securities of the Corporation or a Subsidiary to a Related Person, (e) the acquisition by the Corporation or a Subsidiary of any securities of a Related Person, (f) any reclassification of the securities (including any reverse stock split) or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any Subsidiary or any other transaction (whether or not with or into or otherwise involving a Related Person) which has the effect, directly or indirectly, of increasing the proportionate amount of the outstanding shares of any class of equity securities or securities convertible into equity securities of the Corporation or any Subsidiary which is directly or indirectly owned by a Related Person, (g) any loan or other extension of credit by the Corporation or a Subsidiary to a Related Person or any guarantee by the Corporation or a Subsidiary of any loan or other extension of credit by any person to a Related Person, (h) the adoption of any plan or proposal for the dissolution, liquidation or termination of the Corporation or any Subsidiary proposed by or on behalf of a Related Person and (i) any agreement, contract or other arrangement providing for any of the foregoing Business Combination transactions.

(8) The term “*Continuing Director*” shall mean any member of the Board of Directors of the Corporation who is unaffiliated with the Related Person and was a member of the Board prior to the time that the Related Person became a Related Person, and any successor of a Continuing Director who is unaffiliated with the Related Person and is recommended or elected to succeed a Continuing Director by a majority of Continuing Directors, provided that such recommendation or election shall only be effective if made at a meeting at which a Continuing Director Quorum is present.

(9) The term “*Continuing Director Quorum*” shall mean a majority of the Continuing Directors capable of exercising the powers conferred upon them under the provisions of this Restated Certificate of Incorporation or the Bylaws of the Corporation or by law.

(B) The approval or authorization of any Business Combination (as herein defined) of the Corporation with any Related Person (as herein defined) shall require the affirmative vote of the holders of at least a majority of the total voting power of all of the outstanding shares of voting stock of the Corporation other than shares of voting stock of which such Related Person is the Beneficial Owner (as herein defined). Such affirmative vote shall be required

notwithstanding the fact that no vote may be required, or that the affirmative vote of a lesser percentage of stockholders may be specified, by law or otherwise.

(C) The provisions of this Article TENTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote, if any, as may be required by law or otherwise, if:

(1) The Board of Directors of the Corporation shall by resolution have approved or ratified a memorandum of understanding approving such Business Combination with such Related Person prior to the time such Related Person became the Beneficial Owner, directly or indirectly, of five percent (5%) or more of the voting shares of the Corporation; or

(2) The Business Combination shall have been approved by a majority of the Continuing Directors (as herein defined) at a meeting at which a Continuing Director Quorum (as herein defined) is present; or

(3) The Business Combination involves solely the Corporation and a Subsidiary (as herein defined) in which a Related Person has no direct or indirect interest (other than an interest arising solely because of control of the Corporation); provided, that if the Corporation is not the surviving corporation, (a) each stockholder of the Corporation receives the same type of consideration in such transaction in proportion to such stockholder's stockholdings, (b) the provisions of Articles SIXTH, SEVENTH, EIGHTH, NINTH, TENTH and ELEVENTH of this Restated Certificate of Incorporation are continued in effect or adopted by such surviving corporation as part of its articles of incorporation or certificate of incorporation, as the case may be, and such articles or certificate have no provisions inconsistent with such provisions, and (c) the provisions of the Corporation's Bylaws are continued in effect or adopted by such surviving corporation.

(D) Nothing contained in this Article TENTH shall be construed to relieve any Related Person of any fiduciary obligation imposed upon it by law.

(E) A majority of the Continuing Directors shall have the power and duty to determine, on the basis of information then known to them, whether (a) any person is a Related Person, (b) any Business Combination relates to a Substantial Part of the Assets of any person and (c) any director is a Continuing Director acting at a meeting at which a Continuing Director Quorum is or was present. Any such determination by a majority of the Continuing Directors shall be conclusive and binding for all purposes of this Article TENTH.

(F) The stockholders of the Corporation shall be entitled to statutory appraisal rights to the maximum extent permissible under Section 262 of the General Corporation Law of the State of Delaware, notwithstanding any exception otherwise provided therein, with respect to any Business Combination with a Related Person requiring the affirmative vote pursuant to Section B above unless such vote is not required pursuant to Section C.

(G) No Business Combination subject to the provisions of Section B of this Article TENTH shall, unless such Business Combination shall be the subject of one of the exceptions provided for in Sections C(1), (2) or (3), be consummated, and the Corporation shall not enter into any such Business Combination, unless the agreement relating to such Business Combination shall provide that each stockholder of the Corporation who has voted against the Business Combination shall receive, at the time of the consummation of such Business Combination and in exchange for such stockholder's shares of the capital stock of the Corporation, at the option of such stockholder, either (i) the consideration offered by the Related Persons as part of the Business Combination, or (ii) consideration per share of capital stock of the Corporation held by such stockholder (either in cash or in the same form and of the same kind as the consideration paid by the Related Person in acquiring shares of capital stock of the Corporation, at the option of such stockholder) in an amount not less than the greater of the following:

(1) The highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid by such Related Person in acquiring any of the capital stock of the Corporation, or

(2) A price bearing the same percentage relationship to the market price of the capital stock of the Corporation immediately prior to the announcement of the Business Combination as the highest price per share (including brokerage commissions, transfer taxes and soliciting dealers' fees) of the capital stock of the Corporation previously paid by such Related Person for shares of capital stock of the Corporation bears to the market price of the capital stock of the Corporation immediately prior to the time such Related Person initially acquired any shares of capital stock of the Corporation notwithstanding that such person was not a Related Person at the time of such initial acquisition.

(H) Notice of any proposed alteration, amendment, rescission or repeal of this Article TENTH shall be included in the notice of any annual or special meeting of stockholders at which such proposal is to be considered.

(I) The provisions set forth in this Article TENTH may not be amended, altered, changed or repealed nor may any provision inconsistent with such provisions be added to the Restated Certificate of Incorporation of the Corporation except upon the affirmative vote of the holders of at least a majority of the total voting power of all of the outstanding shares of voting stock of the Corporation other than shares of voting stock which are Beneficially Owned by a Related Person which has directly or indirectly proposed such amendment, alteration, change or repeal; *provided, however*, that any or all of such provisions may be amended, altered, changed or repealed, and any such new provisions may be added, upon the affirmative vote of the holders of not less than a majority of the total voting power of all outstanding voting securities of the Corporation, if such amendment, change, alteration or repeal or additional provision shall first have been approved and recommended by a resolution adopted by a majority vote of the Continuing Directors at a meeting at which a Continuing Director Quorum was present.

## ELEVENTH: INDEMNIFICATION AND LIMITATION OF LIABILITY

### (A) **Indemnification.**

(1) ***Indemnification of Directors and Officers.*** The Corporation shall indemnify its directors and elected and appointed officers to the fullest extent authorized or permitted by the DGCL, as the same exists or may hereafter be amended, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or administrators) in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

(2) ***Advancement of Expenses.*** The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by past or present directors and officers of the Corporation in defending any proceeding in advance of its final disposition; *provided, however*, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by such persons to repay all amounts advanced if it should be ultimately determined that such person is not entitled to be indemnified under this Article ELEVENTH or otherwise.

(3) ***Indemnification of Employees and Agents.*** The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation who are not directors or officers similar to those conferred in this Section (A) to directors and officers of the Corporation.

The rights to indemnification and to the advancement of expenses conferred in this Section (A) shall not be exclusive of any other right which any person may have or hereafter acquire under this Restated Certificate of Incorporation, the Bylaws, any statute, agreement, insurance policy, vote of stockholders or disinterested directors, or otherwise.

(B) **Limitation on Liability.** To the fullest extent that the General Corporation Law of the State of Delaware, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors or officers (or both directors and officers), no director or officer of the Corporation shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director or officer. Solely for purposes of Section B and, as applicable, Section C of Article ELEVENTH, "officer" shall have the meaning provided in Section 102(b)(7) of the General Corporation Law of the State of Delaware, as amended from time to time.

(C) **Repeal or Modification of Rights**. Any repeal or modification of Section (A) shall not adversely affect any rights to indemnification and advancement of expenses of a director or officer of the Corporation existing pursuant to Section (A) with respect to any acts or omissions occurring prior to such repeal or modification. Any repeal or modification of Sections (A) or (B) shall not apply to or have any effect on the liability or alleged liability of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such repeal or modification.

[signature page follows]

In witness whereof, Leidos Holdings, Inc. has caused this Restated Certificate of Incorporation to be executed in its corporate name by its duly authorized officer on the date set forth below.

**LEIDOS HOLDINGS, INC.**

By: /s/ Brian Z. Liss

Name: Brian Z. Liss

Title: Senior Vice President, Deputy General Counsel & Corporate Secretary

DATED: 8/1/2025

**LEIDOS HOLDINGS, INC.**  
**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO**  
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Thomas A. Bell, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended July 4, 2025, of Leidos Holdings, 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 the registrant's 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 5, 2025

/s/ Thomas A. Bell

Thomas A. Bell  
Chief Executive Officer

## LEIDOS HOLDINGS, INC.

## CERTIFICATION OF EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Christopher R. Cage, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended July 4, 2025, of Leidos Holdings, 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 the registrant's 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 5, 2025

/s/ Christopher R. Cage

Christopher R. Cage  
Executive Vice President and Chief Financial Officer

**LEIDOS HOLDINGS, INC.**  
**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**

In connection with the Quarterly Report of Leidos Holdings, Inc. ("Leidos") on Form 10-Q for the period ended July 4, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas A. Bell, Chief Executive Officer of Leidos Holdings, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. 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 the Company.

Date: August 5, 2025

/s/ Thomas A. Bell

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**Thomas A. Bell**  
Chief Executive Officer

**LEIDOS HOLDINGS, INC.**  
**CERTIFICATION OF EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER PURSUANT TO**  
**18 U.S.C SECTION 1350,**  
**AS ADOPTED PURSUANT TO**  
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Leidos Holdings, Inc. ("Leidos") on Form 10-Q for the period ended July 4, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher R. Cage, Executive Vice President and Chief Financial Officer of Leidos Holdings, Inc., certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. 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 the Company.

Date: August 5, 2025

/s/ Christopher R. Cage

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**Christopher R. Cage**  
**Executive Vice President and Chief Financial Officer**