

## LEIDOS AT A GLANCE

# Q3 2021 Earnings Summary

Making the world safer, healthier and more efficient

## Strategic Priorities

**Leveraging our scale** to increase profitability and cash generation

**Executing on our growth** strategy to expand our portfolio of solutions and broaden our customer base

**Continuing to lead** in the integration and application of information technology, engineering, and science

## Driving Strong Financial Results

**\$3.48B**

REVENUES ▲ 7% yoy

**11.6%**

ADJUSTED EBITDA MARGIN

**\$1.43**

DILUTED EPS

**\$1.80**

NON-GAAP DILUTED EPS

## New Business Highlights

**\$4.7B**

TOTAL Q3 NET BOOKING

**1.4**

BOOK-TO-BILL RATIO

### DRIVING REVENUE GROWTH ACROSS ALL BUSINESS SEGMENTS

#### DEFENSE SOLUTIONS



**\$2,009M**

▲ 3% yoy

#### CIVIL



**\$792M**

▲ 3% yoy

#### HEALTH



**\$682M**

▲ 31% yoy

## Guidance Assumptions

### COVID-Related Factors

- Customers may adopt new protocols associated with COVID-19 but do not revert to closed offices or work stoppages
- No major changes in workforce participation due to vaccine mandates; ~95% of employees at Leidos facilities are vaccinated and believe ~90% of employees covered by EO 14042 will be vaccinated by December 8<sup>th</sup>
- Supply chain shortages do not worsen, and we are able to meet the majority of customer demands for technology products

### Other Customer / Budget Driven Factors

- The U.S. Federal Government operates under a Continuing Resolution through the remainder of calendar year 2021 with no shutdown
- Customer payment practices remain consistent with historical experience
- Procurement schedules are not further extended or cancelled beyond our present forecast

## 2021 GUIDANCE

**\$13.7B - \$13.9B**

REVENUE

(previous guidance: \$13.7B - \$14.1B)

**10.9% - 11.1%**

ADJUSTED EBITDA MARGINS

(previous guidance: 10.5% - 10.7%)

**\$6.55 - \$6.75**

NON-GAAP DILUTED EPS

(previous guidance: \$6.35 - \$6.65)

**≥\$875M**

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

(no change from prior guidance)

Statements in this announcement, other than historical data and information, constitute forward-looking statements that involve risks and uncertainties. A number of factors could cause our actual results, performance, achievements, or industry results to be very different from the results, performance, or achievements expressed or implied by such forward-looking statements. Some of these factors include, but are not limited to, the risk factors set forth in the company's Annual Report on Form 10-K for the period ended January 1, 2021, and other such filings that Leidos makes with the SEC from time to time. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.

This summary includes certain non-GAAP financial measures, such as non-GAAP diluted earnings per share (EPS) and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) margin. These are not measures of financial performance under generally accepted accounting principles in the U.S. ("GAAP") and, accordingly, these measures should not be considered in isolation or as a substitute for the comparable GAAP measures and should be read in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP. Management believes that these non-GAAP measures provide another measure of Leidos' results of operations and financial condition, including its ability to comply with financial covenants. These non-GAAP measures are frequently used by financial analysts covering Leidos and its peers. Leidos' computation of its non-GAAP measures may not be comparable to similarly titled measures reported by other companies, thus limiting their use for comparability. Leidos does not provide a reconciliation of forward-looking adjusted EBITDA margins or non-GAAP diluted EPS to GAAP net income, due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation. Because certain deductions for non-GAAP exclusions used to calculate projected net income may vary significantly based on actual events, Leidos is not able to forecast on a GAAP basis with reasonable certainty all deductions needed in order to provide a GAAP calculation of projected net income at this time. The amounts of these deductions may be material and, therefore, could result in projected GAAP net income and diluted EPS being materially less than projected adjusted EBITDA margins and non-GAAP diluted EPS. A reconciliation between all non-GAAP measures used in this summary to the most directly comparable GAAP measure is contained below.

## LEIDOS HOLDINGS, INC.

### UNAUDITED NON-GAAP FINANCIAL MEASURES

(in millions, except per share amounts)

The following tables present the reconciliation of the non-GAAP measures identified above to the most directly comparable GAAP measures:

Three Months Ended October 1, 2021					
	As reported	Acquisition, integration and restructuring costs	Amortization of acquired intangibles	Asset impairment charges	Non-GAAP results
Operating income	\$305	\$6	\$62	\$3	\$376
Non-operating expense, net	(45)	—	—	—	(45)
Income before income taxes	260	6	62	3	331
Income tax expense <sup>(1)</sup>	(52)	(2)	(16)	(1)	(71)
Net income	\$208	\$4	\$46	\$2	\$260
Less: net income attributable to non-controlling interest	3	—	—	—	3
Net income attributable to Leidos common stockholders	\$205	4	46	2	\$257
Diluted EPS attributable to Leidos common stockholders <sup>(2)</sup>	\$1.43	\$0.03	\$0.32	\$0.01	\$1.80
Diluted shares	143	143	143	143	143

<sup>(1)</sup> Calculation uses an estimated statutory tax rate on non-GAAP adjustments.

<sup>(2)</sup> Earnings per share is computed independently for each of the non-GAAP adjustment presented and therefore may not sum to the total non-GAAP earnings per share due to rounding.

Three Months Ended October 1, 2021					
	As reported	Acquisition, integration and restructuring costs	Amortization of acquired intangibles	Asset impairment charges	Non-GAAP results
Net income	\$208	\$4	\$46	\$2	\$260
Income tax expense <sup>(1)</sup>	52	2	16	1	71
Income before income taxes	260	6	62	3	331
Depreciation expense	24	—	—	—	24
Amortization of intangibles	63	—	(62)	—	1
Interest expense, net	47	—	—	—	47
EBITDA	\$394	\$6	\$—	\$3	\$403
EBITDA margin	11.3%				11.6%