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 September 30, 2024
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 No.: 001-38033

DXC TECHNOLOGY COMPANY

(Exact name of registrant as specified in its charter)

Nevada	**61-1800317**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

20408 Bashan Drive, Suite 231
Ashburn, Virginia 20147
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(703) 972-7000**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**DXC**	**The New York Stock Exchange**
1.750% Senior Notes Due 2026	**DXC 26**	**The New York Stock Exchange**

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

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

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-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

181,024,487 shares of common stock, par value $0.01 per share, were outstanding on October 21, 2024.

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PART I

ITEM 1. FINANCIAL STATEMENTS

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DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Three Months Ended		Six Months Ended	
(in millions, except per-share amounts)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Revenues	$ 3,241	$ 3,436	$ 6,477	$ 6,882
Costs of services (excludes depreciation and amortization and restructuring costs)	2,427	2,633	4,953	5,352
Selling, general and administrative (excludes depreciation and amortization and restructuring costs)	353	328	654	655
Depreciation and amortization	329	361	655	705
Restructuring costs	42	35	81	55
Interest expense	69	78	141	144
Interest income	(51)	(53)	(102)	(102)
Loss on disposition of businesses	—	2	—	7
Other income, net	(21)	(76)	(66)	(140)
Total costs and expenses	3,148	3,308	6,316	6,676
Income before income taxes	93	128	161	206
Income tax expense	48	29	91	65
Net income	45	99	70	141
Less: net income attributable to non-controlling interest, net of tax	3	—	2	6
Net income attributable to DXC common stockholders	$ 42	$ 99	$ 68	$ 135
Income per common share:				
Basic	$ 0.23	$ 0.49	$ 0.38	$ 0.66
Diluted	$ 0.23	$ 0.49	$ 0.37	$ 0.65

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income	$ 45	$ 99	$ 70	$ 141
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments, net of tax [1]	79	(40)	82	(6)
Cash flow hedges adjustments, net of tax [2]	(14)	4	(11)	7
Pension and other post-retirement benefit plans, net of tax:				
Amortization of prior service cost, net of tax [3]	(1)	—	(2)	(2)
Pension and other post-retirement benefit plans, net of tax	(1)	—	(2)	(2)
Other comprehensive income (loss), net of taxes	64	(36)	69	(1)
Comprehensive income	109	63	139	140
Less: comprehensive income (loss) attributable to non-controlling interest	3	(1)	2	5
Comprehensive income attributable to DXC common stockholders	$ 106	$ 64	$ 137	$ 135

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[1] Tax (benefit) expense related to foreign currency translation adjustments was $(7) and $(6) for the three and six months ended September 30, 2024, respectively, and $2 and $2 for the three and six months ended September 30, 2023, respectively.
[2] Tax (benefit) expense related to cash flow hedges adjustments was $(4) and $(3) for the three and six months ended September 30, 2024, respectively, and $1 and $2 for the three and six months ended September 30, 2023, respectively.
[3] Tax benefit related to amortization of prior service costs was $1 and $1 for the three and six months ended September 30, 2024, respectively, and $1 and $1 for the three and six months ended September 30, 2023, respectively.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

	As of	
(in millions, except per-share and share amounts)	September 30, 2024	March 31, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,245	$ 1,224
Receivables and contract assets, net of allowance of $39 and $35	3,104	3,253
Prepaid expenses	550	512
Other current assets	100	146
Assets held for sale	8	—
Total current assets	5,007	5,135
Intangible assets, net of accumulated amortization of $6,023 and $5,792	1,981	2,130
Operating right-of-use assets, net	632	731
Goodwill	541	532
Deferred income taxes, net	908	804
Property and equipment, net of accumulated depreciation of $3,550 and $3,515	1,455	1,671
Other assets	2,961	2,857
Assets held for sale - non-current	19	11
Total Assets	$ 13,504	$ 13,871
LIABILITIES and EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	226	271
Accounts payable	708	846
Accrued payroll and related costs	592	558
Current operating lease liabilities	250	282
Accrued expenses and other current liabilities	1,346	1,437
Deferred revenue and advance contract payments	703	866
Income taxes payable	172	134
Liabilities related to assets held for sale	7	—
Total current liabilities	4,004	4,394
Long-term debt, net of current maturities	3,825	3,818
Non-current deferred revenue	645	671
Non-current operating lease liabilities	420	497
Non-current income tax liabilities and deferred tax liabilities	562	556
Other long-term liabilities	812	869
Total Liabilities	10,268	10,805
Commitments and contingencies		
DXC stockholders' equity:		
Preferred stock, par value $0.01 per share, 1,000,000 shares authorized, none issued as of September 30, 2024 and March 31, 2024	—	—
Common stock, par value $0.01 per share, 750,000,000 shares authorized, 186,520,916 issued as of September 30, 2024 and 183,430,878 issued as of March 31, 2024	2	2
Additional paid-in capital	7,647	7,599
Accumulated deficit	(3,771)	(3,839)
Accumulated other comprehensive loss	(663)	(732)
Treasury stock, at cost, 5,528,105 and 4,591,340 shares as of September 30, 2024 and March 31, 2024	(234)	(219)
Total DXC stockholders' equity	2,981	2,811
Non-controlling interest in subsidiaries	255	255
Total Equity	3,236	3,066
Total Liabilities and Equity	$ 13,504	$ 13,871

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023
Cash flows from operating activities:		
Net income	$ 70	$ 141
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	668	719
Operating right-of-use expense	160	181
Share-based compensation	48	47
Deferred taxes	(95)	(102)
Loss (gain) on dispositions	23	(39)
Provision for losses on accounts receivable	10	2
Unrealized foreign currency exchange (gain) loss	(2)	22
Impairment losses and contract write-offs	9	14
Other non-cash charges, net	3	—
Changes in assets and liabilities:		
Decrease in assets	133	223
Decrease in operating lease liability	(160)	(181)
Decrease in other liabilities	(434)	(652)
Net cash provided by operating activities	433	375
Cash flows from investing activities:		
Purchases of property and equipment	(89)	(108)
Payments for transition and transformation contract costs	(73)	(110)
Software purchased and developed	(178)	(141)
Proceeds from sale of assets	70	65
Other investing activities, net	12	10
Net cash used in investing activities	(258)	(284)
Cash flows from financing activities:		
Borrowings of commercial paper	367	1,098
Repayments of commercial paper	(369)	(841)
Payments on finance leases and borrowings for asset financing	(165)	(231)
Taxes paid related to net share settlements of share-based compensation awards	(18)	(34)
Repurchase of common stock	(2)	(505)
Other financing activities, net	(2)	(8)
Net cash used in financing activities	(189)	(521)
Effect of exchange rate changes on cash and cash equivalents	38	(16)
Net increase (decrease) in cash and cash equivalents including cash classified within current assets held for sale	24	(446)
Cash classified within current assets held for sale	(3)	—
Net increase (decrease) in cash and cash equivalents	21	(446)
Cash and cash equivalents at beginning of year	1,224	1,858
Cash and cash equivalents at end of period	$ 1,245	$ 1,412

The accompanying notes are an integral part of these condensed consolidated financial statements.

DXC TECHNOLOGY COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)

	Three Months Ended September 30, 2024								
(in millions, except shares in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock[1]	Total DXC Equity	Non-Controlling Interest	Total Equity
Balance at June 30, 2024	186,267	$ 2	$ 7,622	$ (3,814)	$ (727)	$ (233)	$ 2,850	$ 253	$ 3,103
Net Income				42			42	3	45
Other comprehensive income					64		64		64
Share-based compensation expense			25				25		25
Acquisition of treasury stock						(1)	(1)		(1)
Stock option exercises and other common stock transactions	254						—		—
Non-controlling interest distributions and other				1			1	(1)	—
Balance at September 30, 2024	186,521	$ 2	$ 7,647	$ (3,771)	$ (663)	$ (234)	$ 2,981	$ 255	$ 3,236

	Three Months Ended September 30, 2023								
(in millions, except shares in thousands)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total DXC Equity	Non-Controlling Interest	Total Equity
Balance at June 30, 2023	210,584	$ 2	$ 8,677	$ (4,445)	$ (739)	$ (217)	$ 3,278	$ 325	$ 3,603
Net income				99			99		99
Other comprehensive loss					(35)		(35)	(1)	(36)
Share-based compensation expense			23				23		23
Acquisition of treasury stock						(1)	(1)		(1)
Share repurchase program[2]	(9,958)		(420)	204			(216)		(216)
Stock option exercises and other common stock transactions	164						—		—
Non-controlling interest distributions and other				(1)			(1)	$ (4)	(5)
Balance at September 30, 2023	200,790	$ 2	$ 8,280	$ (4,143)	$ (774)	$ (218)	$ 3,147	$ 320	$ 3,467

(in millions, except shares in thousands)	Six Months Ended September 30, 2024									
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock[(1)]	Total DXC Equity	Non-Controlling Interest	Total Equity
	Shares	Amount							
Balance at March 31, 2024	183,431	$ 2	$ 7,599	$ (3,839)	$ (732)	$ (219)	$ 2,811	$ 255	$ 3,066
Net income				68			68	2	70
Other comprehensive income					69		69		69
Share-based compensation expense			48				48		48
Acquisition of treasury stock						(15)	(15)		(15)
Stock option exercises and other common stock transactions	3,090						—		—
Non-controlling interest distributions and other							—	(2)	(2)
Balance at September 30, 2024	186,521	$ 2	$ 7,647	$ (3,771)	$ (663)	$ (234)	$ 2,981	$ 255	$ 3,236

(in millions, except shares in thousands)	Six Months Ended September 30, 2023								
	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock	Total DXC Equity	Non-Controlling Interest	Total Equity
	Shares	Amount							
Balance at March 31, 2023	218,058	$ 2	$ 9,121	$ (4,665)	$ (774)	$ (187)	$ 3,497	$ 323	$ 3,820
Net income				135			135	6	141
Other comprehensive loss							—	(1)	(1)
Share-based compensation expense			45				45		45
Acquisition of treasury stock						(31)	(31)		(31)
Share repurchase program[(2)]	(20,934)		(886)	388			(498)		(498)
Stock option exercises and other common stock transactions	3,666						—		—
Non-controlling interest distributions and other				(1)			(1)	(8)	(9)
Balance at September 30, 2023	200,790	$ 2	$ 8,280	$ (4,143)	$ (774)	$ (218)	$ 3,147	$ 320	$ 3,467

[(1)] 5,528,105 treasury shares as of September 30, 2024.
[(2)] On August 16, 2022, the U.S. Government enacted the Inflation Reduction Act (the "IRA") into law. The IRA imposes a 1% excise tax on share repurchases completed after December 31, 2022. We reflect the excise tax within equity as part of the repurchase of the common stock.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1 – Summary of Significant Accounting Policies

Business

DXC Technology Company (“DXC,” the “Company,” “we,” “us,” or “our”) helps global companies run their mission critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. Many of the world’s largest companies and public sector organizations trust DXC to deploy services to drive new levels of performance, competitiveness and customer experience across their IT estates.

Basis of Presentation

In order to make this report easier to read, DXC refers throughout to (i) the interim unaudited Condensed Consolidated Financial Statements as the “financial statements,” (ii) the Condensed Consolidated Statements of Operations as the “statements of operations,” (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss) as the “statements of comprehensive income,” (iv) the Condensed Consolidated Balance Sheets as the “balance sheets,” and (v) the Condensed Consolidated Statements of Cash Flows as the “statements of cash flows.” In addition, references are made throughout to the numbered Notes to the Condensed Consolidated Financial Statements (“Notes”) in this Quarterly Report on Form 10-Q.

The accompanying financial statements include the accounts of DXC, its consolidated subsidiaries, and those business entities in which DXC maintains a controlling interest. Investments in business entities in which the Company does not have control, but has the ability to exercise significant influence over operating and financial policies, are accounted for by the equity method. Other investments are accounted for by the cost method. Non-controlling interests are presented as a separate component within equity in the balance sheets. Net earnings attributable to the non-controlling interests are presented separately in the statements of operations and comprehensive income attributable to non-controlling interests are presented separately in the statements of comprehensive income. All intercompany transactions and balances have been eliminated.

The financial statements of the Company have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) for quarterly reports and accounting principles generally accepted in the United States (“GAAP”). Certain disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules. These financial statements should therefore be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (“fiscal 2024”).

Use of Estimates

The preparation of the financial statements, in accordance with GAAP, requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on assumptions regarding historical experience, currently available information, and anticipated developments that it believes are reasonable and appropriate. However, because the use of estimates involves an inherent degree of uncertainty, actual results could differ from those estimates. Estimates are used for, but are not limited to, contracts accounted for using the percentage-of-completion method, cash flows used in the evaluation of impairment of goodwill and other long-lived assets, reserves for uncertain tax positions, valuation allowances on deferred tax assets, loss accruals for litigation, and obligations related to our pension plans. In the opinion of the Company's management, the accompanying financial statements contain all adjustments necessary, including those of a normal recurring nature, to fairly present the financial statements. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full fiscal year.

Recent Accounting Pronouncements

During fiscal 2024, the following Accounting Standards Updates ("ASUs") were issued by the Financial Accounting Standards Board but have not yet been adopted by DXC:

Date Issued and ASU	DXC Effective Date	Description	Impact
November 2023 ASU 2023-07, "Improvements to Reportable Segment Disclosures"	Fiscal 2025	This update requires disclosure of significant segment expenses used by the Chief Operating Decision Maker ("CODM") to assess performance and allocate resources, disclose the title and position of the CODM and modifies other segment disclosures and the frequency thereof. Early adoption of this update is permitted.	The Company is in the process of assessing the impacts and method of adoption. This ASU will impact the Company's segment disclosures, but not its consolidated financial statements.
December 2023 ASU 2023-09, "Improvements to Income Tax Disclosures"	Fiscal 2026	The update requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation, and modifies other income tax-related disclosures. Early adoption of this update is permitted.	The Company is in the process of assessing the impacts and method of adoption. This ASU will impact our income tax disclosures, but not its consolidated financial statements.

Other recently issued ASUs that have not yet been adopted are not expected to have a material effect on DXC's condensed consolidated financial statements.

Note 2 – Earnings per Share

Basic earnings per share ("EPS") is computed using the weighted average number of shares of common stock outstanding during the period. Diluted EPS reflects the incremental shares issuable upon the assumed exercise of stock options and equity awards. The following table reflects the calculation of basic and diluted EPS:

	Three Months Ended		Six Months Ended	
(in millions, except per-share amounts)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income attributable to DXC common stockholders:	$ 42	$ 99	$ 68	$ 135
Common share information:				
Weighted average common shares outstanding for basic EPS	180.93	201.72	180.30	205.90
Dilutive effect of stock options and equity awards	2.95	1.34	3.71	3.00
Weighted average common shares outstanding for diluted EPS	183.88	203.06	184.01	208.90
Earnings per share:				
Basic	$ 0.23	$ 0.49	$ 0.38	$ 0.66
Diluted	$ 0.23	$ 0.49	$ 0.37	$ 0.65

Certain share-based equity awards were excluded from the computation of dilutive EPS because inclusion of these awards would have had an anti-dilutive effect. The number of awards excluded were as follows:

	Three Months Ended		Six Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Stock Options	906,745	960,455	917,260	924,990
Restricted Stock Units	1,700,549	1,556,542	1,742,251	1,480,781
Performance Stock Units	107,406	1,700,588	114,745	35,604

Note 3 – Receivables

Allowance for Doubtful Accounts

The following table presents the change in balance for the allowance for doubtful accounts:

	As of	
(in millions)	September 30, 2024	March 31, 2024
Beginning balance	$ 35	$ 47
Provisions for losses on accounts receivable	10	—
Other adjustments to allowance and write-offs	(6)	(12)
Ending balance	$ 39	$ 35

Receivables Facility

The Company has an accounts receivable sales facility (as amended, restated, supplemented or otherwise modified, the “Receivables Facility”) with certain unaffiliated financial institutions (the “Purchasers”) for the sale of commercial accounts receivable in the United States up to a maximum amount of $400 million. The Receivables Facility was amended on July 26, 2024 extending the termination date to July 25, 2025.

As of September 30, 2024, the total availability under the Receivables Facility was $400 million and the amount sold to the Purchasers was $400 million, which was derecognized from the Company’s balance sheet.

The fair value of the sold receivables approximated book value due to the short-term nature, and as a result, no gain or loss on sale of receivables was recorded.

Note 4 – Leases

The Company has operating and finance leases for data centers, corporate offices, and certain equipment. Its leases have remaining lease terms of one to 10 years, some of which include options to extend the leases for up to ten years, and some of which include options to terminate the leases within one to three years.

Operating Leases

The components of operating lease expense were as follows:

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Operating lease cost	$ 80	$ 91	$ 160	$ 181
Short-term lease cost	6	9	12	16
Variable lease cost	13	16	26	31
Sublease income	(5)	(6)	(10)	(10)
Total operating costs	$ 94	$ 110	$ 188	$ 218

Cash payments made for variable lease costs and short-term leases are not included in the measurement of operating lease liabilities, and as such, are excluded from the supplemental cash flow information stated below.

	Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023
Cash paid for amounts included in the measurement of operating lease liabilities – operating cash flows	$ 160	$ 181
ROU assets obtained in exchange for operating lease liabilities[1]	$ 72	$ 95

[1] *Net of $332 million and $557 million in lease modifications and terminations during the first six months of fiscal 2025 and 2024, respectively. See Note 15 – "Cash Flows" for further information on non-cash activities affecting cash flows.*

The following table presents operating lease balances:

		As of	
(in millions)	Balance Sheet Line Item	September 30, 2024	March 31, 2024
ROU operating lease assets	Operating right-of-use assets, net	$ 632	$ 731
Operating lease liabilities	Current operating lease liabilities	$ 250	$ 282
Operating lease liabilities	Non-current operating lease liabilities	420	497
Total operating lease liabilities		$ 670	$ 779

The weighted-average operating lease term was 3.7 years and 3.9 years as of September 30, 2024 and March 31, 2024, respectively. The weighted-average operating lease discount rate was 4.7% and 4.6% as of September 30, 2024 and March 31, 2024, respectively.

The following maturity analysis presents expected undiscounted cash payments for operating leases as of September 30, 2024:

	Fiscal Year						
(in millions)	Remainder of 2025	2026	2027	2028	2029	Thereafter	Total
Operating lease payments	$ 150	$ 219	$ 139	$ 109	$ 67	$ 43	$ 727
Less: imputed interest							(57)
Total operating lease liabilities							$ 670

Finance Leases

The components of finance lease expense were as follows:

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Amortization of right-of-use assets	$ 24	$ 37	$ 49	$ 79
Interest on lease liabilities	3	3	7	7
Total finance lease expense	$ 27	$ 40	$ 56	$ 86

The following table provides supplemental cash flow information related to the Company's finance leases:

(in millions)	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
Interest paid for finance lease liabilities – Operating cash flows	$ 7	$ 7
Cash paid for amounts included in the measurement of finance lease obligations – financing cash flows	105	124
Total cash paid in the measurement of finance lease obligations	$ 112	$ 131
Capital expenditures through finance lease obligations[(1)]	$ 17	$ 41

[(1)] *See Note 15 – "Cash Flows" for further information on non-cash activities affecting cash flows.*

The following table presents finance lease balances:

		As of	
(in millions)	Balance Sheet Line Item	September 30, 2024	March 31, 2024
ROU finance lease assets	Property and Equipment, net	$ 205	$ 264
Finance lease	Short-term debt and current maturities of long-term debt	$ 158	$ 178
Finance lease	Long-term debt, net of current maturities	207	242
Total finance lease liabilities[(1)]		$ 365	$ 420

[(1)] *See Note 8 – "Debt" for further information on finance lease liabilities.*

The weighted-average finance lease term was 2.9 years as of both September 30, 2024 and March 31, 2024. The weighted-average finance lease discount rate was 5.1% and 4.3% as of September 30, 2024 and March 31, 2024, respectively.

The following maturity analysis presents expected undiscounted cash payments for finance leases as of September 30, 2024:

	Fiscal Year						
(in millions)	Remainder of 2025	2026	2027	2028	2029	Thereafter	Total
Finance lease payments	$ 88	$ 138	$ 93	$ 48	$ 17	$ 4	$ 388
Less: imputed interest							(23)
Total finance lease liabilities							$ 365

Note 5 – Derivative Instruments

In the normal course of business, the Company is exposed to interest rate and foreign exchange rate fluctuations. As part of its risk management strategy, the Company uses derivative instruments, primarily foreign currency forward contracts and interest rate swaps, to hedge certain foreign currency and interest rate exposures. The Company's objective is to reduce earnings volatility by offsetting gains and losses resulting from these exposures with losses and gains on the derivative contracts used to hedge them. The Company does not use derivative instruments for trading or any speculative purposes.

Derivatives Designated for Hedge Accounting

Cash flow hedges

The Company has designated certain foreign currency forward contracts as cash flow hedges to reduce foreign currency risk related to certain Euro and Indian Rupee-denominated obligations and forecasted transactions. The notional amounts of foreign currency forward contracts designated as cash flow hedges as of September 30, 2024 and March 31, 2024 were $721 million and $885 million, respectively. As of September 30, 2024, the related forecasted transactions extend through August 2026.

During the three and six months ended September 30, 2024 and September 30, 2023, respectively, the Company had no cash flow hedges for which it was probable that the hedged transaction would not occur.

See Note 13 - "Stockholders' Equity" for changes in accumulated other comprehensive loss, net of taxes, related to the Company's derivatives designated for hedge accounting. As of September 30, 2024, $9 million of loss related to the cash flow hedge reported in accumulated other comprehensive loss is expected to be reclassified into earnings within the next 12 months.

Derivatives Not Designated for Hedge Accounting

The derivative instruments not designated as hedges for purposes of hedge accounting include certain short-term foreign currency forward contracts. Derivatives that are not designated as hedging instruments are adjusted to fair value through earnings in the financial statement line item to which the derivative relates.

Foreign currency forward contracts

The Company manages the exposure to fluctuations in foreign currencies by using primarily short-term foreign currency forward contracts to hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and forecasted transactions. The net notional amounts of the foreign currency forward contracts outstanding as of September 30, 2024 and March 31, 2024 were $1.7 billion and $1.5 billion, respectively.

The following table presents the foreign currency (gain) loss to Other income, net:

	For the Three Months Ended		For the Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Foreign currency remeasurement (1)	$ (25)	$ 25	$ (18)	$ 21
Undesignated foreign currency forward contracts (2)	25	(26)	19	(30)
Total - Foreign currency (gain) loss	$ —	$ (1)	$ 1	$ (9)

(1) Movements from exchange rates on the Company's foreign currency-denominated assets and liabilities.
(2) Movements from hedges used to manage the Company's foreign currency remeasurement exposure, and the associated costs of the hedging program.

Other Risks for Derivative Instruments

The Company is exposed to the risk of losses in the event of non-performance by the counterparties to its derivative contracts. The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty. To mitigate counterparty credit risk, the Company regularly reviews its credit exposure and the creditworthiness of the counterparties. With respect to its foreign currency derivatives, as of September 30, 2024, there were four counterparties with concentration of credit risk, and based on gross fair value, the maximum amount of loss that the Company could incur is $2 million.

The Company also enters into enforceable master netting arrangements with some of its counterparties. However, for financial reporting purposes, it is the Company's policy not to offset derivative assets and liabilities despite the existence of enforceable master netting arrangements. The potential effect of such netting arrangements on the Company's balance sheets is not material for the periods presented.

Non-Derivative Financial Instruments Designated for Hedge Accounting

The Company applies hedge accounting for foreign currency-denominated debt used to manage foreign currency exposures on its net investments in certain non-U.S. operations. To qualify for hedge accounting, the hedging instrument must be highly effective at reducing the risk from the exposure being hedged.

Net Investment Hedges

DXC seeks to reduce the impact of fluctuations in foreign exchange rates on its net investments in certain non-U.S. operations with foreign currency-denominated debt. For foreign currency-denominated debt designated as a hedge, the effectiveness of the hedge is assessed based on changes in spot rates. For qualifying net investment hedges, all gains or losses on the hedging instruments are included in currency translation. Gains or losses on individual net investments in non-U.S. operations are reclassified to earnings from accumulated other comprehensive income (loss) when such net investments are sold or substantially liquidated.

As of September 30, 2024 and March 31, 2024, DXC had $725 million and $702 million, respectively, of foreign currency-denominated debt designated as hedges of net investments in non-U.S. subsidiaries. For the three and six months ended September 30, 2024, the pre-tax loss on foreign currency-denominated debt designated for hedge accounting recognized in other comprehensive income was $29 million and $24 million, respectively.

Note 6 – Intangible Assets

Intangible assets consisted of the following:

	As of September 30, 2024			As of March 31, 2024		
(in millions)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Software	$ 3,747	$ 3,075	$ 672	$ 3,721	$ 3,070	$ 651
Customer related intangible assets	3,959	2,810	1,149	3,892	2,588	1,304
Other intangible assets	298	138	160	309	134	175
Total intangible assets	$ 8,004	$ 6,023	$ 1,981	$ 7,922	$ 5,792	$ 2,130

The components of amortization expense were as follows:

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Intangible asset amortization	$ 187	$ 195	$ 366	$ 378
Transition and transformation contract cost amortization[(1)]	48	54	101	102
Total amortization expense	$ 235	$ 249	$ 467	$ 480

[(1)] *Transaction and transformation contract costs are included within other assets on the balance sheets.*

Estimated future amortization related to intangible assets as of September 30, 2024 is as follows:

Fiscal Year	(in millions)
Remainder of 2025	$ 379
2026	674
2027	477
2028	199
2029	90
Thereafter	162
Total	$ 1,981

Note 7 – Goodwill

The following table summarizes the changes in the carrying amount of goodwill, by segment, as of September 30, 2024.

(in millions)	GBS	GIS	Total
Balance as of March 31, 2024, net	$ 532	$ —	$ 532
Assets held for sale	(3)	—	(3)
Foreign currency translation	12	—	12
Balance as of September 30, 2024, net	$ 541	$ —	$ 541
Goodwill, gross	5,031	5,066	10,097
Accumulated impairment losses	(4,490)	(5,066)	(9,556)
Balance as of September 30, 2024, net	$ 541	$ —	$ 541

The foreign currency translation amount reflects the impact of currency movements on non-U.S. dollar-denominated goodwill balances.

Goodwill Impairment Analyses

The Company tests goodwill for impairment on an annual basis, as of the first day of the second fiscal quarter, and between annual tests if circumstances change, or if an event occurs that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

For the Company’s annual goodwill impairment assessment as of July 1, 2024, the Company chose to perform a quantitative goodwill impairment test. This quantitative test concluded that the fair value of the Company’s GBS reporting unit exceeded its carrying amount and, thereby, the goodwill balance for GBS is not impaired.

As of September 30, 2024, the Company assessed whether there were events or changes in circumstances that would more likely than not reduce the fair value of any of its reporting units below its carrying amount and require goodwill to be tested for impairment. The Company determined that there have been no such indicators and therefore, it was unnecessary to perform an interim goodwill impairment test as of September 30, 2024.

Note 8 – Debt

The following is a summary of the Company's debt:

(in millions)	Interest Rates	Fiscal Year Maturities	9/30/2024[1]	3/31/2024[1]
Short-term debt and current maturities of long-term debt				
Current maturities of long-term debt	Various	2025 - 2026	68	93
Current maturities of finance lease liabilities	0.46% - 14.59%	2025 - 2026	158	178
Short-term debt and current maturities of long-term debt			$ 226	$ 271
Long-term debt, net of current maturities				
€650 million Senior notes	1.75%	2026	725	700
$700 million Senior notes	1.80%	2027	697	697
€750 million Senior notes	0.45%	2028	834	806
$650 million Senior notes	2.375%	2029	646	646
€600 million Senior notes	0.95%	2032	665	643
Finance lease liabilities	0.46% - 14.59%	2025 - 2035	365	420
Borrowings for assets acquired under long-term financing	0.00% - 9.78%	2025 - 2029	119	177
Long-term debt			4,051	4,089
Less: current maturities			226	271
Long-term debt, net of current maturities			$ 3,825	$ 3,818

[1] *The carrying amounts of the senior notes as of September 30, 2024 and March 31, 2024, include the remaining principal outstanding of $3,582 million and $3,509 million, respectively, net of total unamortized debt discounts and premiums, and deferred debt issuance costs of $15 million and $17 million, respectively.*

Fair Value of Debt

The estimated fair value of the Company's long-term debt, excluding finance lease liabilities, was $3.4 billion and $3.3 billion as of September 30, 2024 and March 31, 2024, respectively, compared with carrying value of $3.7 billion and $3.7 billion as of September 30, 2024 and March 31, 2024, respectively. Long-term debt excluding finance lease liabilities are classified as Level 1 or Level 2 within the fair value hierarchy.

Note 9 – Revenue

Revenue Recognition

The following table presents DXC's revenues disaggregated by geography, based on the location of incorporation of the DXC entity providing the related goods or services:

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
United States	$ 889	$ 1,002	$ 1,786	$ 2,004
United Kingdom	451	460	899	925
Other Europe	1,035	1,051	2,065	2,115
Australia	309	330	608	672
Other International	557	593	1,119	1,166
Total Revenues	$ 3,241	$ 3,436	$ 6,477	$ 6,882

The revenue by geography pertains to both of the Company's reportable segments. Refer to Note 16 – "Segment Information" for the Company's segment disclosures.

Remaining Performance Obligations

As of September 30, 2024, approximately $16.4 billion of revenue is expected to be recognized from remaining performance obligations. We expect to recognize revenue on approximately 26% of these remaining performance obligations in fiscal 2025, with the remainder of the balance recognized thereafter.

Contract Balances

The following table provides information about the balances of the Company's trade receivables and contract assets and contract liabilities:

		As of	
(in millions)	Balance Sheet Line Item	September 30, 2024	March 31, 2024
Trade receivables, net	Receivables and contract assets, net of allowance for doubtful accounts	$ 2,117	$ 2,195
Contract assets	Receivables and contract assets, net of allowance for doubtful accounts	$ 394	$ 362
Contract liabilities	Deferred revenue and advance contract payments and Non-current deferred revenue	$ 1,348	$ 1,537

Change in contract liabilities were as follows:

	Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023
Balance, beginning of period	$ 1,537	$ 1,842
Deferred revenue	737	873
Recognition of deferred revenue	(879)	(1,085)
Currency translation adjustment	39	(23)
Other	(86)	(29)
Balance, end of period	$ 1,348	$ 1,578

Note 10 – Restructuring Costs

The composition of restructuring liabilities by financial statement line item is as follows:

	As of	
(in millions)	September 30, 2024	March 31, 2024
Accrued expenses and other current liabilities	$ 35	$ 40
Other long-term liabilities	6	11
Total	$ 41	$ 51

Summary of Restructuring Plans

Fiscal 2025 Plan

During fiscal 2025, management approved global cost savings initiatives designed to better align the Company's workforce, facility and data center requirements (the "Fiscal 2025 Plan").

Restructuring Liability Reconciliations by Plan

	Restructuring Liability as of March 31, 2024	Costs Expensed, Net of Reversals	Costs Not Affecting Restructuring Liability[(1)]	Cash Paid	Other[(2)]	Restructuring Liability as of September 30, 2024
Fiscal 2025 Plan						
Workforce Reductions	$ —	$ 42	$ —	$ (28)	$ —	$ 14
Facilities Costs	—	23	(17)	(5)	(1)	—
	—	65	(17)	(33)	(1)	14
Fiscal 2024 Plan						
Workforce Reductions	$ 8	$ —	$ —	$ (6)	$ (1)	$ 1
Facilities Costs	2	10	(1)	(10)	—	1
	10	10	(1)	(16)	(1)	2
Other Prior Year and Acquired Plans						
Workforce Reductions	$ 40	$ (2)	$ —	$ (14)	$ —	$ 24
Facilities Costs	1	8	(3)	(6)	1	1
	41	6	(3)	(20)	1	25
Total	$ 51	$ 81	$ (21)	$ (69)	$ (1)	$ 41

(1) *Pension benefit augmentations recorded as pension liabilities, asset impairments and restructuring costs associated with right-of-use assets.*
(2) *Foreign currency translation adjustments.*

Restructuring costs for the six months ended September 30, 2024 includes $8 million related to amortization of the right-of-use asset and interest expense for leased facilities that have been vacated but are being actively marketed for sublease or we are in negotiations with the landlord to potentially terminate or modify those leases.

Note 11 – Pension and Other Benefit Plans

Defined Benefit Plans

The components of net periodic pension income were:

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Service cost	$ 13	$ 15	$ 26	$ 30
Interest cost	76	77	150	156
Expected return on assets	(115)	(112)	(228)	(226)
Amortization of prior service costs	(1)	(1)	(2)	(3)
Net periodic pension income	$ (27)	$ (21)	$ (54)	$ (43)

The service cost component of net periodic pension income is presented in costs of services and selling, general and administrative and the other components of net periodic pension income are presented in other income, net.

Note 12 – Income Taxes

The Company's effective tax rate ("ETR") was 51.6% and 22.7% for the three months ended September 30, 2024, and September 30, 2023, respectively, and 56.5% and 31.6% for the six months ended September 30, 2024, and September 30, 2023, respectively. For the three months ended September 30, 2024, the primary drivers of the ETR were the global mix of income, U.S. tax on foreign income, the foreign tax credit, and an increase in interest receivables due from tax authorities. For the six months ended September 30, 2024, the primary drivers of the ETR were the global mix of income, U.S. tax on foreign income, the foreign tax credit, an increase in interest receivables due from tax authorities, and a decrease in a deferred tax asset for stock based compensation. For the three and six months ended September 30, 2023, the primary drivers of the ETR were the global mix of income, U.S. tax on foreign income, a decrease in valuation allowances on deferred tax assets, and the foreign tax credit.

The majority of our global unremitted foreign earnings have been taxed or would be exempt from U.S. tax upon repatriation. Such earnings and the majority of current foreign earnings are not indefinitely reinvested. The following earnings are considered indefinitely reinvested: approximately $497 million that could be subject to U.S. federal tax when repatriated to the U.S. under section 1.245A-5(b) of the final Treasury regulations; and approximately $424 million of earnings in foreign subsidiaries. A portion of these indefinitely reinvested earnings may be subject to foreign and U.S. state tax consequences when remitted. The Company will continue to evaluate its position in the future based on its future strategy and cash needs.

In connection with the merger of Computer Sciences Corporation ("CSC") and the Enterprise Services business of Hewlett Packard Enterprise Company (the "HPES Merger"), the Company entered into a tax matters agreement with Hewlett Packard Enterprise Company ("HPE"). HPE generally will be responsible for tax liabilities arising prior to the HPES Merger, and DXC is liable to HPE for income tax receivables it receives related to pre-HPES Merger periods. Pursuant to the tax matters agreement, the Company recorded a $15 million tax indemnification receivable related to uncertain tax positions, a $52 million tax indemnification receivable related to other tax payables, and a $99 million tax indemnification payable related to other tax receivables.

In connection with the spin-off of the Company's former U.S. public sector business (the "USPS Separation"), the Company entered into a tax matters agreement with Perspecta Inc. (including its successors and permitted assigns, "Perspecta"). The Company generally will be responsible for tax liabilities arising prior to the USPS Separation, and Perspecta is liable to the Company for income tax receivables related to pre-spin-off periods. Income tax liabilities transferred to Perspecta primarily relate to pre-HPES Merger periods, for which the Company is indemnified by HPE pursuant to the tax matters agreement between the Company and HPE. The Company remains liable to HPE for tax receivables transferred to Perspecta related to pre-HPES Merger periods. Pursuant to the tax matters agreement, the Company recorded a $15 million tax indemnification receivable from Perspecta related to other tax receivables and a $4 million tax indemnification payable to Perspecta related to income tax and other tax payables.

In connection with the sale of its healthcare provider software business ("HPS"), the Company entered into a tax matters agreement with Dedalus. Pursuant to the tax matters agreement, the Company generally will be responsible for tax liabilities arising prior to the sale of the HPS business.

The Internal Revenue Service (the "IRS") has examined, or is examining, the Company's federal income tax returns for fiscal 2009 through the tax year ended October 31, 2018. With respect to CSC's fiscal 2009 through 2017 federal tax returns, the Company participated in settlement negotiations with the IRS Office of Appeals. The IRS examined several issues for these tax years that resulted in various audit adjustments. The Company and the IRS Office of Appeals have settled various audit adjustments, and we disagree with the IRS' disallowance of certain losses and deductions resulting from restructuring costs, foreign exchange losses, and a third-party financing transaction in previous years. As we believe we will ultimately prevail on the technical merits of the disagreed items and are challenging them in the U.S. Tax Court, these matters are not fully reserved and would result in incremental federal and state tax expense of approximately $527 million (including estimated interest and penalties) for the unreserved portion of these items and cash tax payments of approximately $602 million if we do not prevail. We have received notices of deficiency with respect to fiscal 2009, 2010, 2011 and 2013 and have timely filed petitions with the U.S. Tax Court. During fiscal 2024, some of these cases were dismissed, but the dismissals were procedural in nature only and do not impact the Company's potential liability for the aforementioned fiscal years. We do not expect the U.S. Tax Court matters to be resolved in the next 12 months.

During fiscal 2024, the Company determined there were inadvertent omissions on previously filed tax returns related to gain recognition agreements and certain related tax forms and disclosures. The Company notified the IRS promptly and filed for relief under Treas. Reg. Sec. 1.367(a)-8(p) to correct the issue.

The Company's fiscal years 2009, 2010, and 2013 are in the U.S. Tax Court, and consequently these years will remain open until such proceedings have concluded. The statute of limitations on assessments related to a refund claim for fiscal year 2012 is open through February 28, 2025. The Company has agreed to extend the statute of limitations for fiscal and tax return years 2014 through 2021 to December 31, 2025. The Company expects to reach resolution for fiscal and tax return years 2009 through 2011 no earlier than fiscal year 2026. The Company expects to reach resolution for fiscal and tax return years 2012 and 2013 no earlier than fiscal year 2028. The Company expects to reach resolution for fiscal and tax return years 2014 through 2021 no earlier than fiscal year 2026.

The Company may settle certain other tax examinations for different amounts than the Company has accrued as uncertain tax positions. Consequently, the Company may need to accrue and ultimately pay additional amounts or pay lower amounts than previously estimated and accrued when positions are settled in the future. The Company believes the outcomes that are reasonably possible within the next 12 months to result in a reduction in its liability for uncertain tax positions, excluding interest, penalties, and tax carryforwards, would be approximately $62 million.

Note 13 – Stockholders' Equity

Share Repurchase Program

During the first six months of fiscal 2025, there were no share repurchases under our Share Repurchase Program. The details of shares repurchased during the six months ended September 30, 2023 are shown below:

	Fiscal 2024		
Fiscal Period	**Number of Shares Repurchased**	**Average Price Per Share**	**Amount (in millions)**
1st Quarter	10,975,643	$ 25.53	$ 280
2nd Quarter	9,958,585	$ 21.50	214
Total	20,934,228	$ 23.61	$ 494

Accumulated Other Comprehensive Loss

The following table shows the changes in accumulated other comprehensive loss, net of taxes:

(in millions)	Foreign Currency Translation Adjustments	Cash Flow Hedges	Pension and Other Post-retirement Benefit Plans	Accumulated Other Comprehensive Loss
Balance at March 31, 2024	$ (939)	$ —	$ 207	$ (732)
Other comprehensive income before reclassifications	82	(12)	—	70
Amounts reclassified from accumulated other comprehensive loss	—	1	(2)	(1)
Balance at September 30, 2024	$ (857)	$ (11)	$ 205	$ (663)

(in millions)	Foreign Currency Translation Adjustments	Cash Flow Hedges	Pension and Other Post-retirement Benefit Plans	Accumulated Other Comprehensive Loss
Balance at March 31, 2023	$ (985)	$ (7)	$ 218	$ (774)
Other comprehensive loss before reclassifications	(5)	5	—	—
Amounts reclassified from accumulated other comprehensive loss	—	2	(2)	—
Balance at September 30, 2023	$ (990)	$ —	$ 216	$ (774)

Note 14 – Stock Incentive Plans

Restricted Stock Units and Performance-Based Restricted Stock Units

Restricted stock units ("RSUs") represent the right to receive one share of DXC common stock upon a future settlement date, subject to vesting and other terms and conditions of the award, plus any dividend equivalents accrued during the award period. The Company also grants performance-based restricted stock units ("PSUs"), which generally vest at the end of a three-year period. The number of PSUs that ultimately vest is dependent upon the Company's achievement of certain specified market- and performance-based criteria over the three-year vesting period. The fair value of RSUs and PSUs is based on the Company's common stock closing price on the grant date. For PSUs with a market-based condition, DXC uses a Monte Carlo simulation model to value the grants.

	Employee Equity Plan			Director Equity Plan		
	Number of Shares		Weighted Average Grant Date Fair Value	Number of Shares		Weighted Average Grant Date Fair Value
Outstanding as of March 31, 2024	8,311,293	$	33.97	213,755	$	26.82
Granted	6,947,544	$	21.73	131,238	$	19.42
Settled	(2,968,681)	$	50.19	(143,976)	$	20.34
Canceled/Forfeited	(1,827,215)	$	26.43	—	$	—
Outstanding as of September 30, 2024	10,462,941	$	22.52	201,017	$	26.63

Share-Based Compensation

	Three Months Ended				Six Months Ended			
(in millions)		September 30, 2024		September 30, 2023		September 30, 2024		September 30, 2023
Total share-based compensation cost	$	25	$	24	$	48	$	47
Related income tax benefit	$	4	$	4	$	7	$	7

Note 15 – Cash Flows

Cash payments for interest on indebtedness and income taxes and other select non-cash activities are as follows:

	Six Months Ended			
(in millions)		September 30, 2024		September 30, 2023
Cash paid for:				
Interest	$	137	$	135
Taxes on income, net of refunds [1]	$	215	$	235
Non-cash activities:				
Operating:				
ROU assets obtained in exchange for lease, net [2]	$	72	$	95
Assets acquired under long-term financing	$	—	$	4
Investing:				
Capital expenditures in accounts payable and accrued expenses	$	7	$	96
Capital expenditures through finance lease obligations	$	17	$	41
Assets acquired under long-term financing	$	—	$	27
Financing:				
Shares repurchased but not settled in cash [3]	$	—	$	9

(1) Income tax refunds were $33 million and $18 million for the six months ended September 30, 2024 and September 30, 2023, respectively.
(2) Net of $332 million and $557 million in lease modifications and terminations during the first six months of fiscal 2025 and 2024, respectively.
(3) On August 16, 2022, the U.S. government enacted the IRA into law. The IRA imposes a 1% excise tax on share repurchases completed after December 31, 2022. In our cash flow statement we reflect the excise tax as a financing activity relating to the repurchase of common stock.

Note 16 – Segment Information

DXC has a matrix form of organization and is managed in several different and overlapping groupings including services, industries and geographic regions. As a result, and in accordance with accounting standards, operating segments are organized by the type of services provided. DXC's chief operating decision maker ("CODM"), the chief executive officer, obtains, reviews, and manages the Company's financial performance based on these segments. The CODM uses these results, in part, to evaluate the performance of, and allocate resources to, each of the segments.

Global Business Services ("GBS") provides innovative technology solutions that help our customers address key business challenges and accelerate transformations tailored to each customer's industry and specific objectives. Global Infrastructure Services ("GIS") provides a portfolio of technology offerings that deliver predictable outcomes and measurable results while reducing business risk and operational costs for customers.

Segment Measures

The following table summarizes operating results regularly provided to the CODM by reportable segment and a reconciliation to the financial statements:

(in millions)	GBS	GIS	Total Reportable Segments	All Other	Totals
Three Months Ended September 30, 2024					
Revenues	$ 1,677	$ 1,564	$ 3,241	$ —	$ 3,241
Segment profit	$ 214	$ 129	$ 343	$ (64)	$ 279
Depreciation and amortization[(1)]	$ 40	$ 177	$ 217	$ 23	$ 240
Three Months Ended September 30, 2023					
Revenues	$ 1,709	$ 1,727	$ 3,436	$ —	$ 3,436
Segment profit	$ 213	$ 101	$ 314	$ (63)	$ 251
Depreciation and amortization[(1)]	$ 49	$ 197	$ 246	$ 26	$ 272

(in millions)	GBS	GIS	Total Reportable Segments	All Other	Totals
Six Months Ended September 30, 2024					
Revenues	$ 3,350	$ 3,127	$ 6,477	$ —	$ 6,477
Segment profit	$ 395	$ 243	$ 638	$ (135)	$ 503
Depreciation and amortization[(1)]	$ 80	$ 352	$ 432	$ 47	$ 479
Six Months Ended September 30, 2023					
Revenues	$ 3,412	$ 3,470	$ 6,882	$ —	$ 6,882
Segment profit	$ 405	$ 189	$ 594	$ (125)	$ 469
Depreciation and amortization[(1)]	$ 94	$ 381	$ 475	$ 52	$ 527

[(1)] *Depreciation and amortization as presented excludes amortization of acquired intangible assets of $89 million and $89 million for the three months ended September 30, 2024 and 2023, respectively, and $176 million and $178 million for the six months ended September 30, 2024 and 2023, respectively.*

Reconciliation of Reportable Segment Profit to Consolidated Total

The Company's management uses segment profit as the measure for assessing performance of its segments. Segment profit is defined as segment revenues less cost of services, segment selling, general and administrative, depreciation and amortization, and other income (excluding the movement in foreign currency exchange rates on DXC's foreign currency denominated assets and liabilities and the related economic hedges). The Company does not allocate to its segments certain operating expenses managed at the corporate level. These unallocated costs generally include certain corporate function costs, stock-based compensation expense, pension and other post-retirement benefit ("OPEB") actuarial and settlement gains and losses, restructuring costs, transaction, separation, and integration-related costs and amortization of acquired intangible assets.

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Profit				
Total profit for reportable segments	$ 343	$ 314	$ 638	$ 594
All other loss	(64)	(63)	(135)	(125)
Subtotal	$ 279	$ 251	$ 503	$ 469
Interest income	51	53	102	102
Interest expense	(69)	(78)	(141)	(144)
Restructuring costs	(42)	(35)	(81)	(55)
Transaction, separation and integration-related costs	(15)	(3)	(22)	(4)
Amortization of acquired intangible assets	(89)	(89)	(176)	(178)
Merger related indemnification	—	(2)	—	(13)
Gains on dispositions	5	33	5	28
(Losses) gains on real estate and facility sales	(27)	—	(29)	6
Impairment losses	—	(2)	—	(5)
Income before income taxes	$ 93	$ 128	$ 161	$ 206

Management does not use total assets by segment to evaluate segment performance or allocate resources. As a result, assets are not tracked by segment and therefore, total assets by segment are not disclosed.

Note 17 – Commitments and Contingencies

Commitments

Minimum purchase commitments as of September 30, 2024 were as follows:

Fiscal year (in millions)	**Minimum Purchase Commitment**
Remainder of 2025	$ 255
2026	604
2027	222
2028	82
2029	30
Thereafter	5
Total	$ 1,198

Contingencies

Securities Litigation: On August 20, 2019, a purported class action lawsuit was filed in the Superior Court of the State of California, County of Santa Clara, against the Company, directors of the Company, and a former officer of the Company, among other defendants. The action asserts claims under Sections 11, 12 and 15 of the Securities Act of 1933, as amended, and is premised on allegedly false and/or misleading statements, and alleged non-disclosure of material facts, regarding the Company's prospects and expected performance. The putative class of plaintiffs includes former shareholders of Computer Sciences Corporation ("CSC") who exchanged their CSC shares for the Company's common stock pursuant to the offering documents filed with the Securities and Exchange Commission in connection with the April 2017 transaction that formed DXC.

The State of California action had been stayed pending the outcome of the substantially similar federal action filed in the United States District Court for the Northern District of California. The federal action was dismissed with prejudice in December 2021. Thereafter, the state court lifted the stay and entered an order permitting additional briefing by the parties. In March 2022, Plaintiffs filed an amended complaint, which the Company moved to dismiss. In August 2022, the Court granted the Company's motion to dismiss, but permitted Plaintiffs to amend and refile their complaint. In September 2022, Plaintiffs filed a second amended complaint, which the Company moved to dismiss. In January 2023, the Court issued an order denying the Company's motion to dismiss the second amended complaint. In March 2023, the Court entered a scheduling order setting a trial date for September 2025. The trial date has since been extended to May 2026. In May 2024, the Court entered an order granting Plaintiffs' motion for class certification. In July 2024, notice was provided to potential class members. The case is otherwise in discovery.

On August 2, 2024, a purported class action lawsuit was filed in the United States District Court for the Eastern District of Virginia against the Company and certain of its current and former officers. The complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and is premised on allegedly false and/or misleading statements regarding the Company's transformation journey. The putative class of plaintiffs includes investors who acquired DXC stock during the period of May 26, 2021 to May 16, 2024.

On August 29, 2024, a shareholder derivative suit was filed in the United States District Court for the Eastern District of Virginia against the Company's Board of Directors and certain of its current and former officers. The complaint alleges a breach of fiduciary duties arising from the claims asserted in the August 2024 securities class action lawsuit. The derivative suit has been temporarily stayed, pending further developments in the August 2024 securities class action lawsuit.

On September 27, 2024, a shareholder derivative suit was filed in the District Court of the State of Nevada, Clark County against the Company's Board of Directors and certain of its current and former officers. The complaint alleges a breach of fiduciary duties arising from the claims asserted in the August 2024 securities class action lawsuit. The derivative suit has been temporarily stayed, pending further developments in the August 2024 securities class action lawsuit.

The Company believes that the lawsuits described above are without merit and intends to vigorously defend all claims asserted.

Tax Examinations: The Company is under IRS examination in the U.S. on its federal income tax returns for certain fiscal years and is in disagreement with the IRS on certain tax positions, which are currently being contested in the U.S. Tax Court. For more detail, see Note 12 – "Income Taxes" for further information.

TCS Litigation: In April 2019, the Company filed a lawsuit against Tata Consultancy Services Limited ("TCS") and Tata America International Corporation alleging misappropriation of certain of the Company's trade secrets. In November 2023, a trial was held in the United States District Court for the Northern District of Texas, and a jury found TCS liable for misappropriating the Company's trade secrets and awarded the Company $70 million in compensatory damages and $140 million in punitive damages, for a total award of $210 million. In June 2024, the Court entered a final order in the case, affirming the jury's verdict in the Company's favor and revising the monetary award to $56 million in compensatory damages and $112 million in punitive damages. The Court also awarded the Company $26 million in prejudgment interest, post-judgment interest at an annual rate of 4.824%, and its attorney's fees and costs, in an amount to be determined in a later order. The total award to the Company is $194 million, plus its attorney's fees and costs. The Court also issued a permanent injunction enjoining TCS from, among other things, possessing, accessing, or using any of the Company's trade secrets that were at issue in the case, and appointing a monitor to confirm, among other things, that TCS does not do so. In August 2024, TCS filed a Notice of Appeal to the U.S. Court of Appeals for the Fifth Circuit. The Company has not recognized any portion of the award in its financial statements and will continue to monitor the progress of the case.

In addition to the matters noted above, the Company is currently subject in the normal course of business to various claims and contingencies arising from, among other things, disputes with customers, vendors, employees, contract counterparties and other parties, as well as securities matters, environmental matters, matters concerning the licensing and use of intellectual property, and inquiries and investigations by regulatory authorities and government agencies. Some of these disputes involve or may involve litigation. The financial statements reflect the treatment of claims and contingencies based on management's view of the expected outcome. DXC consults with outside legal counsel on issues related to litigation and regulatory compliance and seeks input from other experts and advisors with respect to matters in the ordinary course of business. Although the outcome of these and other matters cannot be predicted with certainty, and the impact of the final resolution of these and other matters on the Company's results of operations in a particular subsequent reporting period could be material and adverse, management does not believe based on information currently available to the Company, that the resolution of any of the matters currently pending against the Company will have a material adverse effect on the financial position of the Company or the ability of the Company to meet its financial obligations as they become due. Unless otherwise noted, the Company is unable to determine at this time a reasonable estimate of a possible loss or range of losses associated with the foregoing disclosed contingent matters.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

All statements and assumptions contained in this Quarterly Report on Form 10-Q and in the documents incorporated by reference that do not directly and exclusively relate to historical facts constitute "forward-looking statements." Forward-looking statements often include words such as "anticipates," "believes," "estimates," "expects," "forecast," "goal," "intends," "objective," "plans," "projects," "strategy," "target," and "will" and words and terms of similar substance in discussions of future operating or financial performance. These statements represent current expectations and beliefs, and no assurance can be given that the results described in such statements will be achieved.

Forward-looking statements include, among other things, statements with respect to our future financial condition, results of operations, cash flows, business strategies, operating efficiencies or synergies, divestitures, competitive position, growth opportunities, share repurchases, dividend payments, plans and objectives of management and other matters. Such statements are subject to numerous assumptions, risks, uncertainties and other factors that could cause actual results to differ materially from those described in such statements, many of which are outside of our control.

Important factors that could cause actual results to differ materially from those described in forward-looking statements include, but are not limited to:

- *our inability to succeed in our strategic objectives;*
- *the risk of liability, reputational damages or adverse impact to business due to service interruptions, from security breaches, cyber-attacks, other security incidents or disclosure of confidential information or personal data;*
- *compliance or failure to comply with obligations arising under new or existing laws, regulations , and customer contracts relating to the privacy, security and handling of personal data;*
- *our product and service quality issues;*
- *our inability to develop and expand our service offerings to address emerging business demands and technological trends, including our inability to sell differentiated services amongst our offerings;*
- *our inability to compete in certain markets and expand our capacity in certain offshore locations and risks associated with such offshore locations, such as the on-going conflict between Russia and Ukraine;*
- *failure to maintain our credit rating and ability to manage working capital, refinance and raise additional capital for future needs;*
- *difficulty in understanding the changes to our business model by financial or industry analysts or our failure to meet our publicly announced financial guidance;*
- *public health crises such as the COVID-19 pandemic;*
- *our indebtedness and potential material adverse effect on our financial condition and results of operations;*
- *the competitive pressures faced by our business;*
- *our inability to accurately estimate the cost of services, and the completion timeline of contracts;*
- *failure by us or third party partners to deliver on commitments or otherwise breach obligations to our customers;*
- *the risks associated with climate change and natural disasters;*
- *increased scrutiny of, and evolving expectations for, sustainability and environmental, social and governance ("ESG") initiatives;*
- *our inability to attract and retain key personnel and maintain relationships with key partners;*
- *the risks associated with prolonged periods of inflation or current macroeconomic conditions, including the current decline in economic growth rates in the United States and in other countries, the possibility of reduced spending by customers in the areas we serve, the uncertainty related to our cost-takeout efforts, continuing unfavorable foreign exchange rate movements, and our ability to close new deals in the event of an economic slowdown;*
- *the risks associated with our international operations, such as risks related to currency exchange rates;*
- *our inability to comply with existing and new laws and regulations, including social and environmental responsibility regulations, policies and provisions, as well as customer and investor demands;*
- *our inability to achieve the expected benefits of our restructuring plans;*
- *our inadvertent infringement of third-party intellectual property rights or infringement of our intellectual property rights by third parties;*
- *our inability to procure third-party licenses required for the operation of our products and service offerings;*
- *risks associated with disruption of our supply chain;*
- *our inability to maintain effective disclosure controls and internal control over financial reporting;*

- *potential losses due to asset impairment charges;*
- *our inability to pay dividends or repurchase shares of our common stock;*
- *pending investigations, claims and disputes and any adverse impact on our profitability and liquidity;*
- *disruptions in the credit markets, including disruptions that reduce our customers' access to credit and increase the costs to our customers of obtaining credit;*
- *counterparty default risk in our hedging program;*
- *our failure to bid on projects effectively;*
- *financial difficulties of our customers and our inability to collect receivables;*
- *our inability to maintain and grow our customer relationships over time and to comply with customer contracts or government contracting regulations or requirements;*
- *our inability to succeed in our strategic transactions;*
- *changes in tax rates, tax laws, and the timing and outcome of tax examinations;*
- *risks following the merger of Computer Sciences Corporation ("CSC") and Enterprise Services business of Hewlett Packard Enterprise Company's ("HPES") businesses, including anticipated tax treatment, unforeseen liabilities, and future capital expenditures;*
- *risks following the spin-off of our former U.S. Public Sector business (the "USPS") and its related mergers with Vencore Holding Corp. and KeyPoint Government Solutions in June 2018 to form Perspecta Inc. (including its successors and permitted assigns, "Perspecta") (collectively the "USPS Separation and Mergers");*
- *volatility of the price of our securities, which is subject to market and other conditions; and*
- *the other factors described in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 and subsequent SEC filings, including Part II, Item 1A "Risk Factors" of this Quarterly Report on Form 10-Q.*

No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date they are made. Any forward-looking statement made by us in this Quarterly Report on Form 10-Q speaks only as of the date on which this Quarterly Report on Form 10-Q was first filed. We do not undertake any obligation to update or release any revisions to any forward-looking statement or to report any events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law.

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

Introduction

The purpose of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is to present information that management believes is relevant to an assessment and understanding of our results of operations and cash flows for the second quarter and first six months of fiscal 2025 and our financial condition as of September 30, 2024. The MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and accompanying notes.

The MD&A is organized in the following sections:
- Background
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates

The following discussion includes a comparison of our results of operations and liquidity and capital resources for the second quarters and first six months of fiscal 2025 and fiscal 2024. References are made throughout to the numbered Notes to the Condensed Consolidated Financial Statements ("Notes") in this Quarterly Report on Form 10-Q.

Background

DXC helps global companies run their mission critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. Many of the world's largest companies and public sector organizations trust DXC to deploy services to drive new levels of performance, competitiveness, and customer experience across their IT estates.

We generate revenue by offering a wide range of information technology services and solutions primarily in North America, Europe, Asia, and Australia. We operate through two segments: Global Business Services ("GBS") and Global Infrastructure Services ("GIS"). We market and sell our services directly to customers through our direct sales offices around the world. Our customers include commercial businesses of many sizes and in many industries and public sector clients.

Key Metrics

Key profitability metrics for the second quarter of fiscal 2025 compared to the second quarter of fiscal 2024 as well as year to date cash flow comparisons are included below. We have presented organic revenue and diluted earnings per share on a non-GAAP basis. For more information see "Non-GAAP Financial Measures."

- Revenues of $3.2 billion, down 5.7% compared to prior year period, and down 5.6% on an organic basis;
- Diluted earnings per share of $0.23, compared to $0.49 in the second quarter of fiscal 2024; adjusted diluted earnings per share of $0.93, compared to $0.70 in the second quarter of fiscal 2024, an increase of 32.9%;
- Fiscal 2025 operating cash flow of $433 million, less capital expenditures of $340 million, resulted in free cash flow of $93 million, compared to free cash flow of $16 million in the same period a year ago.

Results of Operations for the Second Quarter and First Six Months of Fiscal 2025 and Fiscal 2024

Revenues

Revenues across operating segments and geographies are provided below:

	Three Months Ended			Three Months Ended	
(in millions)	September 30, 2024	September 30, 2023	Percentage Change	Constant Currency September 30, 2024[1]	Percentage Change in Constant Currency[1]
Geographic Market					
United States	$ 889	$ 1,002	(11.3)%	$ 889	(11.3)%
U.K.	451	460	(2.0)%	439	(4.6)%
Other Europe	1,035	1,051	(1.5)%	1,024	(2.6)%
Australia	309	330	(6.4)%	302	(8.5)%
Other International	557	593	(6.1)%	586	(1.2)%
Total Revenues	$ 3,241	$ 3,436	(5.7)%	$ 3,240	(5.7)%
Operating Segments					
GBS	$ 1,677	$ 1,709	(1.9)%	$ 1,679	(1.8)%
GIS	1,564	1,727	(9.4)%	1,561	(9.6)%
Total Revenues	$ 3,241	$ 3,436	(5.7)%	$ 3,240	(5.7)%

	Six Months Ended			Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	Percentage Change	Constant Currency September 30, 2024[1]	Percentage Change in Constant Currency[1]
Geographic Market					
United States	$ 1,786	$ 2,004	(10.9)%	$ 1,786	(10.9)%
U.K.	899	925	(2.8)%	884	(4.4)%
Other Europe	2,065	2,115	(2.4)%	2,064	(2.4)%
Australia	608	672	(9.5)%	604	(10.1)%
Other International	1,119	1,166	(4.0)%	1,187	1.8 %
Total Revenues	$ 6,477	$ 6,882	(5.9)%	$ 6,525	(5.2)%
Operating Segments					
GBS	$ 3,350	$ 3,412	(1.8)%	$ 3,382	(0.9)%
GIS	3,127	3,470	(9.9)%	3,143	(9.4)%
Total Revenues	$ 6,477	$ 6,882	(5.9)%	$ 6,525	(5.2)%

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[1] *Constant currency revenues are a non-GAAP measure calculated by translating current period activity into U.S. dollars using the comparable prior period's currency conversion rates. This information is consistent with how management views our revenues and evaluates our operating performance and trends. For more information, see "Non-GAAP Financial Measures."*

For the second quarter of fiscal 2025, our total revenue was $3.2 billion, a decrease of $195 million or 5.7%, compared to the same period a year ago. For the first six months of fiscal 2025, our total revenue was $6.5 billion, a decrease of $405 million or 5.9%, as compared to the same period a year ago. The 5.9% decrease against the comparative period includes a 0.7% unfavorable foreign currency exchange rate impact, a 0.2% decline in revenue from the disposition of certain businesses, and a 5.0% decline in organic revenue. Organic revenue growth is a non-GAAP measure. For more information, see "Non-GAAP Financial Measures".

For the discussion of risks associated with our foreign operations, see Part 1, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

Global Business Services

For the second quarter of fiscal 2025, GBS revenue was $1.7 billion, a decrease of $32 million or 1.9%, as compared to the same period a year ago. The 1.9% decrease against the comparative period includes a 1.6% decline in organic revenue, a 0.2% decline in revenue from the disposition of certain businesses, and a 0.1% unfavorable foreign currency exchange rate impact.

For the first six months of fiscal 2025, GBS revenue was $3.4 billion, a decrease of $62 million or 1.8%, as compared to the same period a year ago. The 1.8% decrease against the comparative period includes a 0.6% decline in organic revenue, 0.3% decline in revenue from the disposition of certain businesses, and a 0.9% unfavorable foreign currency exchange rate impact.

Global Infrastructure Services

For the second quarter of fiscal 2025, our GIS revenue was $1.6 billion, a decrease of $163 million or 9.4%, as compared to the same period a year ago. The 9.4% decrease against the comparative period includes a 9.6% decline in organic revenue from project completions and lower resale revenue, partially offset by a 0.2% favorable foreign currency exchange rate impact.

For the first six months of fiscal 2025, our GIS revenue was $3.1 billion, a decrease of $343 million or 9.9%, as compared to the same period a year ago. The 9.9% decrease against the comparative period includes a 9.4% decline in organic revenue from project completions and lower resale revenue and a 0.5% unfavorable foreign currency exchange rate impact.

Costs and Expenses

Our total costs and expenses are provided below:

	Dollar Amount		Change		Dollar Amount		Change	
	Three Months Ended September 30,				Six Months Ended September 30,			
(in millions)	2024	2023	Dollar	Percent	2024	2023	Dollar	Percent
Costs of services	$ 2,427	$ 2,633	$ (206)	(7.8)%	$ 4,953	$ 5,352	$ (399)	(7.5)%
Selling, general and administrative	353	328	25	7.6 %	654	655	(1)	(0.2)%
Depreciation and amortization	329	361	(32)	(8.9)%	655	705	(50)	(7.1)%
Restructuring costs	42	35	7	20.0 %	81	55	26	47.3 %
Interest expense	69	78	(9)	(11.5)%	141	144	(3)	(2.1)%
Interest income	(51)	(53)	2	(3.8)%	(102)	(102)	—	— %
Loss on disposition of businesses	—	2	(2)	(100.0)%	—	7	(7)	(100.0)%
Other income, net	(21)	(76)	55	(72.4)%	(66)	(140)	74	(52.9)%
Total Costs and Expenses	$ 3,148	$ 3,308	$ (160)	(4.8)%	$ 6,316	$ 6,676	$ (360)	(5.4)%

Costs of Services

Costs of services, excluding depreciation and amortization and restructuring costs ("COS"), were $2.4 billion and $5.0 billion for the second quarter and first six months of fiscal 2025, respectively, a decrease of $206 million and $399 million, respectively, as compared to the same periods of the prior fiscal year.

The decrease in expense against both comparative periods was primarily due to a decrease in costs from lower revenue levels and a reduction in professional services and contractor-related expenses from our cost optimization efforts.

Gross margin (Revenues less COS as a percentage of revenue) was 25.1% and 23.5% for the second quarter and first six months of fiscal 2025, respectively, an increase of 1.7% and 1.3% against the comparative period.

Selling, General and Administrative

Selling, general and administrative expense, excluding depreciation and amortization and restructuring costs ("SG&A"), was $353 million and $654 million for the second quarter and first six months of fiscal 2025, respectively, an increase of $25 million and a decrease of $1 million, respectively, as compared to the same periods of the prior fiscal year.

The $25 million increase in expense for the second quarter of fiscal 2025 was primarily due to an increase in higher transaction, separation and integration-related ("TSI") costs and an alignment of business development expenses from COS in support of the offering model, partially offset by a gain from a legal settlement in the second quarter of fiscal 2025 and reductions in payroll related expenses.

The $1 million decrease in expense for the first six months of fiscal 2025 was primarily due to a reduction in payroll related expenses, lower merger-related indemnification expenses, and a gain from a legal settlement in the second quarter of fiscal 2025, partially offset by higher TSI costs and an alignment of business development expenses from COS in support of the offering model.

Depreciation and Amortization

Depreciation expense was $94 million and $188 million for the second quarter and first six months of fiscal 2025, respectively, a decrease of $18 million and $37 million, respectively, as compared to the same periods of the prior fiscal year. The decrease in depreciation expense against both comparative periods was primarily due to lower average net property and equipment balances.

Amortization expense was $235 million and $467 million for the second quarter and first six months of fiscal 2025, respectively, a decrease of $14 million and $13 million, respectively, as compared to the same periods of the prior fiscal year. The decrease in amortization expense against both comparative periods was primarily due to lower software amortization.

Restructuring Costs

During fiscal 2025, management approved global cost savings initiatives designed to better align our facility and data center requirements. During the second quarter and first six months of fiscal 2025, total restructuring costs recorded, net of reversals, were $42 million and $81 million, respectively, an increase of $7 million and $26 million, respectively, as compared to the same periods of the prior fiscal year.

See Note 10 – “Restructuring Costs” for additional information about our restructuring actions.

Interest Expense and Interest Income

Net interest expense (interest expense less interest income) was $18 million and $39 million for the second quarter and first six months of fiscal 2025, respectively, a decrease of $7 million and $3 million, respectively, as compared to the same periods of the prior fiscal year.

The decrease in net interest expense against both comparative periods was primarily due to decreased interest expense from lower levels of asset financing and commercial paper liabilities, partially offset by lower net income from cash deposits.

Loss on Disposition of Businesses

During the first six months of fiscal 2024, the Company sold insignificant businesses that resulted in a loss of $7 million.

Other Income, Net

Other income, net comprises non-service cost components of net periodic pension income, movement in foreign currency exchange rates on our foreign currency denominated assets and liabilities and the related economic hedges, losses (gains) on real estate and facility sales, and other miscellaneous gains and losses. The following table summarizes components of other income, net.

The components of other income, net were as follows:

	Three Months Ended		Six Months Ended	
(in millions)	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Non-service cost components of net periodic pension income	$ (40)	$ (36)	$ (80)	$ (73)
Foreign currency (gain) loss	—	(1)	1	(9)
Loss (gain) on real estate and facility sales	27	—	29	(6)
Other gain	(8)	(39)	(16)	(52)
Total	$ (21)	$ (76)	$ (66)	$ (140)

Other income, net, was $21 million for the second quarter of fiscal 2025, a decrease of $55 million against the comparative period. Other income, net, was $66 million for the first six months of fiscal 2025, a decrease of $74 million against the comparative period. The change against the comparative period was primarily due to:

- net periodic pension income increased by $4 million and $7 million primarily due to changes in expected returns on assets and other actuarial assumptions.
- foreign currency gains for the six months ended decreased by $10 million, primarily due to movements of exchange rates on our foreign currency-denominated assets and liabilities, related hedges including forward contracts to manage our exposure to economic risk, and the cost of our hedging program.
- net losses on real estate and facility sales increased by $27 million and $35 million; and
- a decrease in other gains of $31 million and $36 million, primarily from the sale of a strategic investment in the second quarter of fiscal 2024.

Taxes

Our effective tax rate (“ETR”) was 51.6% and 22.7% for the three months ended September 30, 2024, and September 30, 2023, respectively, and 56.5% and 31.6% for the six months ended September 30, 2024, and September 30, 2023, respectively. For the three months ended September 30, 2024, the primary drivers of the ETR were the global mix of income, U.S. tax on foreign income, the foreign tax credit, and an increase in interest receivables due from tax authorities. For the six months ended September 30, 2024, the primary drivers of the ETR were the global mix of income, U.S. tax on foreign income, the foreign tax credit, an increase in interest receivables due from tax authorities, and a decrease in a deferred tax asset for stock based compensation. For the three and six months ended September 30, 2023, the primary drivers of the ETR were the global mix of income, U.S. tax on foreign income, a decrease in valuation allowances on deferred tax assets, and the foreign tax credit.

Earnings Per Share

Diluted EPS for the second quarter and first six months of fiscal 2025 was $0.23 and $0.37, respectively, a decrease of $0.26 and $0.28, respectively, as compared to the same periods of the prior fiscal year. The decrease in diluted EPS against both comparative periods was primarily due to decreases in net income attributable to DXC common stockholders, partially offset by lower weighted average share counts from the Company’s share repurchases.

Diluted EPS for the second quarter of fiscal 2025 includes $0.18 per share of restructuring costs, $0.07 per share of transaction, separation and integration-related costs, $0.38 per share of amortization of acquired intangible assets, $(0.03) per share of merger related indemnification costs, $(0.03) per share of gains on dispositions, $0.11 per share of net losses on real estate and facility sales, and $0.03 per share of tax adjustments.

Diluted EPS for the first six months of fiscal 2025 includes $0.35 per share of restructuring costs, $0.10 per share of transaction, separation and integration-related costs, $0.77 per share of amortization of acquired intangible assets, $(0.03) per share of merger related indemnification costs, $(0.03) per share of gains on dispositions, $0.12 per share of net losses on real estate and facility sales, and $0.03 per share of tax adjustments.

Non-GAAP Financial Measures

We present non-GAAP financial measures of performance which are derived from the statements of operations of DXC. These non-GAAP financial measures include earnings before interest and taxes ("EBIT"), adjusted EBIT, non-GAAP income before income taxes, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, non-GAAP EPS, organic revenue growth, constant currency revenues, and free cash flow.

We believe EBIT, adjusted EBIT, non-GAAP income before income taxes, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS provide investors with useful supplemental information about our operating performance after excluding certain categories of expenses as well as gains and losses on certain dispositions and certain tax adjustments.

We believe constant currency revenues provides investors with useful supplemental information about our revenues after excluding the effect of currency exchange rate fluctuations for currencies other than U.S. dollars in the periods presented. See below for a description of the methodology we use to present constant currency revenues.

One category of expenses excluded from adjusted EBIT, non-GAAP income before income tax, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS, incremental amortization of intangible assets acquired through business combinations, if included, may result in a significant difference in period over period amortization expense on a GAAP basis. We exclude amortization of certain acquired intangible assets as these non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Although DXC management excludes amortization of acquired intangible assets, primarily customer-related intangible assets, from its non-GAAP expenses, we believe that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and support revenue generation. Any future transactions may result in a change to the acquired intangible asset balances and associated amortization expense.

Another category of expenses excluded from adjusted EBIT, non-GAAP income before income tax, non-GAAP net income, non-GAAP net income attributable to DXC common stockholders, and non-GAAP EPS is impairment losses, which, if included, may result in a significant difference in period-over-period expense on a GAAP basis. We exclude impairment losses as these non-cash amounts reflect generally an acceleration of what would be multiple periods of expense and are not expected to occur frequently. Further, assets such as goodwill may be significantly impacted by market conditions outside of management's control.

Selected references are made to revenue growth on an "organic basis" so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates and without the impacts of acquisitions and divestitures, thereby providing comparisons of operating performance from period to period of the business that we have owned during both periods presented. Organic revenue growth is calculated by dividing the year-over-year change in GAAP revenues attributed to organic growth by the GAAP revenues reported in the prior comparable period. Organic revenue is calculated as constant currency revenue excluding the impact of mergers, acquisitions or similar transactions until the one-year anniversary of the transaction and excluding revenues of divestitures during the reporting period. This approach is used for all results where the functional currency is not the U.S. dollar. We believe organic revenue growth provides investors with useful supplemental information about our revenues after excluding the effect of currency exchange rate fluctuations for currencies other than U.S. dollars and the effects of acquisitions and divestitures in both periods presented.

Free cash flow represents cash flow from operations, less capital expenditures. Free cash flow is utilized by our management, investors, and analysts to evaluate cash available to pay debt, repurchase shares, and provide further investment in the business.

There are limitations to the use of the non-GAAP financial measures presented in this report. One of the limitations is that they do not reflect complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. Additionally, other companies, including companies in our industry, may calculate non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes between companies. Selected references are made on a "constant currency basis" so that certain financial results can be viewed without the impact of fluctuations in foreign currency rates, thereby providing comparisons of operating performance from period to period. Financial results on a "constant currency basis" are non-GAAP measures calculated by translating current period activity into U.S. Dollars using the comparable prior period's currency conversion rates. This approach is used for all results where the functional currency is not the U.S. Dollar. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Revenues."

Certain non-GAAP financial measures and the respective most directly comparable financial measures calculated and presented in accordance with GAAP include:

	Dollar Amount Three Months Ended September 30,		Change		Dollar Amount Six Months Ended September 30,		Change	
(in millions)	2024	2023	Dollar	Percent	2024	2023	Dollar	Percent
Income before income taxes	$ 93	$ 128	$ (35)	(27.3)%	$ 161	$ 206	$ (45)	(21.8)%
Non-GAAP income before income taxes	$ 261	$ 226	$ 35	15.5 %	$ 464	$ 427	$ 37	8.7 %
Net income	$ 45	$ 99	$ (54)	(54.5)%	$ 70	$ 141	$ (71)	(50.4)%
Adjusted EBIT	$ 279	$ 251	$ 28	11.2 %	$ 503	$ 469	$ 34	7.2 %

Reconciliation of Non-GAAP Financial Measures

Our non-GAAP adjustments include:

- Restructuring costs – includes costs, net of reversals, related to workforce and real estate optimization and other similar charges.
- Transaction, separation and integration-related ("TSI") costs – includes third party costs related to integration, separation, planning, financing and advisory fees and other similar charges associated with mergers, acquisitions, strategic investments, joint ventures, and dispositions and other similar transactions incurred within one year of such transactions closing, except for costs associated with related disputes, which may arise more than one year after closing.
- Amortization of acquired intangible assets – includes amortization of intangible assets acquired through business combinations.
- Merger related indemnification – in fiscal 2025, represents the Company's current net estimate to HPE for a tax related indemnification; in fiscal 2024, represents the Company's then current estimate of potential liability to HPE for a tax related indemnification.
- Gains and losses on dispositions – gains and losses related to dispositions of businesses, strategic assets and interests in less than wholly-owned entities.
- Gains and losses on real estate and facility sales – gains and losses related to dispositions of real property.(1)
- Impairment losses – non-cash charges associated with the permanent reduction in the value of the Company's assets (e.g., impairment of goodwill and other long-term assets including fixed assets and impairments to deferred tax assets for discrete changes in valuation allowances). Future discrete reversals of valuation allowances are likewise excluded.
- Tax adjustments – discrete tax adjustments to impair or recognize certain deferred tax assets, adjustments for changes in tax legislation and the impact of merger and divestitures. Income tax expense of all other (non-discrete) non-GAAP adjustments is based on the difference in the GAAP annual effective tax rate (AETR) and overall non-GAAP provision (consistent with the GAAP methodology).

(1) Starting in the fiscal quarter ended September 30, 2024, the Company's reported non-GAAP financial results reflect an adjustment for gains and losses on real estate and facilities dispositions, which the Company's current management believes are not reflective of the core operating performance of our business. For comparability purposes, historical non-GAAP financial measures set forth herein have been recast to reflect this change, which included gains on dispositions of real property of approximately $6 million during the six months ended September 30, 2023. For the fiscal years ended March 31, 2024 and March 31, 2023, the Company had gains on dispositions of real property of approximately $7 million and $21 million, respectively.

A reconciliation of reported results to non-GAAP results is as follows:

	Three Months Ended September 30, 2024								
(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Merger Related Indemnification	(Gains) and Losses on Dispositions	(Gains) and Losses on Real Estate and Facility Sales	Tax Adjustment	Non-GAAP Results
Income before income taxes	$ 93	$ 42	$ 15	$ 89	$ —	$ (5)	$ 27	$ —	$ 261
Income tax expense	48	9	3	20	5	1	6	(5)	87
Net income	45	33	12	69	(5)	(6)	21	5	174
Less: net income attributable to non-controlling interest, net of tax	3	—	—	—	—	—	—	—	3
Net income attributable to DXC common stockholders	$ 42	$ 33	$ 12	$ 69	$ (5)	$ (6)	$ 21	$ 5	$ 171
Effective Tax Rate	51.6 %								33.3 %
Basic EPS	$ 0.23	$ 0.18	$ 0.07	$ 0.38	$ (0.03)	$ (0.03)	$ 0.12	$ 0.03	$ 0.95
Diluted EPS	$ 0.23	$ 0.18	$ 0.07	$ 0.38	$ (0.03)	$ (0.03)	$ 0.11	$ 0.03	$ 0.93
Weighted average common shares outstanding for:									
Basic EPS	180.93	180.93	180.93	180.93	180.93	180.93	180.93	180.93	180.93
Diluted EPS	183.88	183.88	183.88	183.88	183.88	183.88	183.88	183.88	183.88

	Six Months Ended September 30, 2024								
(in millions, except per-share amounts)	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Merger Related Indemnification	(Gains) and Losses on Dispositions	(Gains) and Losses on Real Estate and Facility Sales	Tax Adjustment	Non-GAAP Results
Income before income taxes	$ 161	$ 81	$ 22	$ 176	$ —	$ (5)	$ 29	$ —	$ 464
Income tax expense	91	16	4	35	5	1	7	(5)	154
Net income	70	65	18	141	(5)	(6)	22	5	310
Less: net income attributable to non-controlling interest, net of tax	2	—	—	—	—	—	—	—	2
Net income attributable to DXC common stockholders	$ 68	$ 65	$ 18	$ 141	$ (5)	$ (6)	$ 22	$ 5	$ 308
Effective Tax Rate	56.5 %								33.2 %
Basic EPS	$ 0.38	$ 0.36	$ 0.10	$ 0.78	$ (0.03)	$ (0.03)	$ 0.12	$ 0.03	$ 1.71
Diluted EPS	$ 0.37	$ 0.35	$ 0.10	$ 0.77	$ (0.03)	$ (0.03)	$ 0.12	$ 0.03	$ 1.67
Weighted average common shares outstanding for:									
Basic EPS	180.30	180.30	180.30	180.30	180.30	180.30	180.30	180.30	180.30
Diluted EPS	184.01	184.01	184.01	184.01	184.01	184.01	184.01	184.01	184.01

(in millions, except per-share amounts)	Three Months Ended September 30, 2023								
	As Reported	Restructuring costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Merger Related Indemnification	(Gains) and Losses on Dispositions	Impairment Losses	Tax Adjustment	Non-GAAP Results
Income before income taxes	$ 128	$ 35	$ 3	$ 89	$ 2	(33)	$ 2	$ —	$ 226
Income tax expense	29	8	1	19	1	(10)	—	35	83
Net income	99	27	2	70	1	(23)	2	(35)	143
Less: net income attributable to non-controlling interest, net of tax	—	—	—	—	—	—	—	—	—
Net income attributable to DXC common stockholders	$ 99	$ 27	$ 2	$ 70	$ 1	$ (23)	$ 2	$ (35)	$ 143
Effective Tax Rate	22.7 %								36.7 %
Basic EPS	$ 0.49	$ 0.13	$ 0.01	$ 0.35	$ 0.00	$ (0.11)	$ 0.01	$ (0.17)	$ 0.71
Diluted EPS	$ 0.49	$ 0.13	$ 0.01	$ 0.34	$ 0.00	$ (0.11)	$ 0.01	$ (0.17)	$ 0.70
Weighted average common shares outstanding for:									
Basic EPS	201.72	201.72	201.72	201.72	201.72	201.72	201.72	201.72	201.72
Diluted EPS	203.06	203.06	203.06	203.06	203.06	203.06	203.06	203.06	203.06

(in millions, except per-share amounts)	Six Months Ended September 30, 2023									
	As Reported	Restructuring Costs	Transaction, Separation and Integration-Related Costs	Amortization of Acquired Intangible Assets	Merger Related indemnification	(Gains) and Losses on Dispositions	(Gains) and Losses on Real Estate and Facility Sales	Impairment Losses	Tax adjustment	Non-GAAP Results
Income before income taxes	$ 206	$ 55	$ 4	$ 178	$ 13	$ (28)	$ (6)	$ 5	$ —	$ 427
Income tax expense	65	13	1	40	12	(10)	(2)	1	32	152
Net income	141	42	3	138	1	(18)	(4)	4	(32)	275
Less: net income attributable to non-controlling interest, net of tax	6	—	—	—	—	—	—	(4)	—	2
Net income attributable to DXC common stockholders	$ 135	$ 42	$ 3	$ 138	$ 1	$ (18)	$ (4)	$ 8	$ (32)	$ 273
Effective Tax Rate	31.6 %									35.6 %
Basic EPS	$ 0.66	$ 0.20	$ 0.01	$ 0.67	$ 0.00	$ (0.09)	$ (0.02)	$ 0.04	$ (0.16)	$ 1.33
Diluted EPS	$ 0.65	$ 0.20	$ 0.01	$ 0.66	$ 0.00	$ (0.09)	$ (0.02)	$ 0.04	$ (0.15)	$ 1.31
Weighted average common shares outstanding for:										
Basic EPS	205.90	205.90	205.90	205.90	205.90	205.90	205.90	205.90	205.90	205.90
Diluted EPS	208.90	208.90	208.90	208.90	208.90	208.90	208.90	208.90	208.90	208.90

Reconciliations of revenue growth to organic revenue growth are as follows:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
Total revenue growth	(5.7)%	(3.6)%	(5.9)%	(5.4)%
Foreign currency	— %	(2.0)%	0.7 %	(0.5)%
Acquisition and divestitures	0.1 %	2.0 %	0.2 %	2.3 %
Organic revenue growth	(5.6)%	(3.6)%	(5.0)%	(3.6)%
GBS revenue growth	(1.9)%	(0.2)%	(1.8)%	(1.7)%
Foreign currency	0.1 %	(1.6)%	0.9 %	(0.3)%
Acquisition and divestitures	0.2 %	4.2 %	0.3 %	4.8 %
GBS organic revenue growth	(1.6)%	2.4 %	(0.6)%	2.8 %
GIS revenue growth	(9.4)%	(6.8)%	(9.9)%	(8.7)%
Foreign currency	(0.2)%	(2.3)%	0.5 %	(0.8)%
Acquisition and divestitures	— %	— %	— %	— %
GIS organic revenue growth	(9.6)%	(9.1)%	(9.4)%	(9.5)%

Reconciliations of net income to adjusted EBIT are as follows:

(in millions)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Six Months Ended September 30, 2024	Six Months Ended September 30, 2023
Net income	$ 45	$ 99	$ 70	$ 141
Income tax expense	48	29	91	65
Interest income	(51)	(53)	(102)	(102)
Interest expense	69	78	141	144
EBIT	111	153	200	248
Restructuring costs	42	35	81	55
Transaction, separation and integration-related costs	15	3	22	4
Amortization of acquired intangible assets	89	89	176	178
Merger related indemnification	—	2	—	13
Gains on dispositions	(5)	(33)	(5)	(28)
Losses (gains) on real estate and facility sales	27	—	29	(6)
Impairment losses	—	2	—	5
Adjusted EBIT	$ 279	$ 251	$ 503	$ 469

Liquidity and Capital Resources

Cash and Cash Equivalents and Cash Flows

As of September 30, 2024, our cash and cash equivalents ("cash") were $1.2 billion, of which $0.6 billion was held outside of the U.S. As of March 31, 2024, our cash was $1.2 billion, of which $0.6 billion was held outside of the U.S. We maintain various multi-currency, multi-entity, cross-border, physical and notional cash and pool arrangements with various counterparties to manage liquidity efficiently that enable participating subsidiaries to draw on the Company's pooled resources to meet liquidity needs.

A significant portion of the cash held by our foreign subsidiaries is not expected to be impacted by U.S. federal income tax upon repatriation. However, a portion of this cash may still be subject to foreign and U.S. state income tax consequences upon future remittance. Therefore, if additional funds held outside the U.S. are needed for our operations in the U.S., we plan to repatriate these funds not designated as indefinitely reinvested.

We have $0.2 billion in cash held by foreign subsidiaries used for local operations that is subject to country-specific limitations which may restrict or result in increased costs in the repatriation of these funds. In addition, other practical considerations may limit our use of consolidated cash. This includes cash of $0.2 billion held by majority-owned consolidated subsidiaries where third-parties or public shareholders hold minority interests.

The following table summarizes our cash flow activity:

	Six Months Ended		
(in millions)	September 30, 2024	September 30, 2023	Change
Net cash provided by (used in):			
Operating activities	$ 433	$ 375	$ 58
Investing activities	(258)	(284)	26
Financing activities	(189)	(521)	332
Effect of exchange rate changes on cash and cash equivalents	38	(16)	54
Cash classified within current assets held for sale	(3)	—	(3)
Net increase (decrease) in cash and cash equivalents	$ 21	$ (446)	$ 467
Cash and cash equivalents at beginning of year	1,224	1,858	
Cash and cash equivalents at the end of period	$ 1,245	$ 1,412	

Operating cash flow

Net cash provided by operating activities was $433 million and $375 million, respectively, during the first six months of fiscal 2025 and fiscal 2024, reflecting a year-over year increase of $58 million. Operating cash flow against the comparative period included:

- a $149 million favorable change in working capital primarily from improvements in our cash conversion cycle; partially offset by
- a decrease in net income, net of adjustments of $91 million.

The following table contains certain key working capital metrics:

	Three Months Ended	
	September 30, 2024	September 30, 2023
Days of sales outstanding in accounts receivable	71	65
Days of purchases outstanding in accounts payable	(56)	(44)
Cash conversion cycle	15	21

Investing cash flow

Net cash used in investing activities was $258 million and $284 million, respectively, during the first six months of fiscal 2025 and fiscal 2024, reflecting a year-over-year change of $26 million. The change against the comparative period was primarily due to:

- a $19 million decrease in capital expenditures;
- an increase in proceeds from sales of assets of $5 million; and
- an increase in cash inflows from other net investing activities of $2 million.

Financing cash flow

Net cash used in financing activities was $189 million and $521 million, respectively, during the first six months of fiscal 2025 and fiscal 2024, reflecting a year-over-year change of $332 million. The change against the comparative period was primarily due to:

- a $519 million decrease in cash used for share repurchase activity and related taxes paid on net share settlements; and
- a $66 million decrease in payments on capital leases and borrowings for asset financing, as the Company continues reducing the volume of these financing arrangements; partially offset by
- a $253 million decrease in cash inflows from commercial paper borrowings, net of repayments and other financing activities.

Debt Financing

The following table summarizes our total debt:

	As of	
(in millions)	September 30, 2024	March 31, 2024
Short-term debt and current maturities of long-term debt	$ 226	$ 271
Long-term debt, net of current maturities	3,825	3,818
Total debt	$ 4,051	$ 4,089

The $38 million decrease in total debt during the first six months of fiscal 2025 was primarily attributable to the decreases in finance leases and borrowings for asset financing attributable to payments exceeding additions, partially offset by an unfavorable foreign currency exchange rate of U.S. dollar against the Euro.

We were in compliance with all financial covenants associated with our borrowings as of September 30, 2024.

Our credit ratings are as follows:

Rating Agency	Long Term Ratings	Short Term Ratings	Outlook
Fitch	BBB	F-2	Negative
Moody’s	Baa2	P-2	Negative
S&P	BBB-	-	Stable

For information on the risks of ratings downgrades, see Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

Liquidity

We expect our existing cash and cash equivalents, together with cash generated from operations, will be sufficient to meet our normal operating requirements for the next 12 months. We expect to continue using cash generated by operations as a primary source of liquidity; however, should we require funds greater than that generated from our operations to fund discretionary investment activities, such as business acquisitions, we have the ability to raise capital through debt financing, including the issuance of capital market debt instruments such as commercial paper, and bonds. In addition, we currently utilize, and will further utilize accounts receivables, sales facilities, and our cross-currency cash pool for liquidity needs. However, there is no guarantee that we will be able to obtain debt financing, if required, on terms and conditions acceptable to us, if at all, in the future.

Our exposure to operational liquidity risk is primarily from long-term contracts that require significant investment of cash during the initial phases of the contracts. The recovery of these investments is over the life of the contracts and is dependent upon our performance as well as customer acceptance.

Our total liquidity of $4.4 billion as of September 30, 2024, includes $1.2 billion of cash and cash equivalents and $3.2 billion of available borrowings under our revolving credit facility. On November 1, 2024, the Company extended the term of our revolving credit facility to November 1, 2029.

Share Repurchases

See Note 13 – “Stockholders’ Equity.”

Dividends

To maintain our financial flexibility, we continue to suspend payment of quarterly dividends for fiscal 2025.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to arrangements that include guarantees, the receivables securitization facility and certain other financial instruments with off-balance sheet risk, such as letters of credit and surety bonds. We also use performance letters of credit to support various risk management insurance policies. No liabilities related to these arrangements are reflected in our condensed consolidated balance sheets. There have been no material changes to our off-balance-sheet arrangements reported under Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, other than as disclosed in Note 3 – “Receivables” and Note 17 – “Commitments and Contingencies”.

Cash Commitments

There have been no material changes, outside the ordinary course of business, to our cash commitments since March 31, 2024. For further information see “Cash Commitments” in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

For our minimum purchase cash commitments in connection with our long-term purchase agreements with certain software, hardware, telecommunication, and other service providers, see Note 17 – “Commitments and Contingencies.”

Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. These estimates may change in the future if underlying assumptions or factors change. Accordingly, actual results could differ materially from our estimates under different assumptions, judgments or conditions. We consider the following policies to be critical because of their complexity and the high degree of judgment involved in implementing them: revenue recognition, income taxes, defined benefit plans, valuation of assets and loss accruals for litigation. We have discussed the selection of our critical accounting policies and the effect of estimates with the Audit Committee of our Board of Directors. During the three months ended September 30, 2024, there were no changes to our critical accounting policies and estimates from those described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024 except as mentioned in Note 1 – “Summary of Significant Accounting Policies.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For quantitative and qualitative disclosures about market risk affecting DXC, see “Quantitative and Qualitative Disclosures About Market Risk” in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024. Our exposure to market risk has not changed materially since March 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2024.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

See Note 17 – “Commitments and Contingencies” to the financial statements in this Quarterly Report on Form 10-Q under the caption “Contingencies” for information regarding legal proceedings in which we are involved.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, which may materially and adversely affect our business, financial condition, and results of operations, and the actual outcome of matters as to which forward-looking statements are made in this Quarterly Report on Form 10-Q. In such case, the trading price for DXC common stock could decline, and you could lose all or part of your investment. Past performance may not be a reliable indicator of future financial performance and historical trends should not be used to anticipate results or trends in future periods. Future performance and historical trends may be adversely affected by the aforementioned risks, and other variables and risks and uncertainties not currently known or that are currently expected to be immaterial may also materially and adversely affect our business, financial condition, and results of operations or the price of our common stock in the future. There have been no material changes in the three months ended September 30, 2024 to the risk factors described in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2024.

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

Unregistered Sales of Equity Securities

None during the period covered by this report.

Use of Proceeds

Not applicable.

Issuer Purchases of Equity Securities

On May 18, 2023, DXC announced that its Board approved an incremental $1.0 billion share repurchase authorization. Share repurchases may be made from time to time through various means, including in open market purchases, 10b5-1 plans, privately-negotiated transactions, accelerated stock repurchases, block trades and other transactions, in compliance with Rule 10b-18 under the Exchange Act, as well as, to the extent applicable, other federal and state securities laws and other legal requirements. The timing, volume, and nature of share repurchases pursuant to the share repurchase plan are at the discretion of management and may be suspended or discontinued at any time. As of September 30, 2024, approximately $592 million worth of shares remained available for repurchase under the plans or programs. There were no share repurchases during the six months ended September 30, 2024.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act (the "IRA") into law. The IRA imposes a 1% excise tax on share repurchases completed after December 31, 2022. We reflect the excise tax within equity as part of the repurchase of the common stock.

See Note 13 - "Stockholders’ Equity" to the financial statements in this Quarterly Report on Form 10-Q for more information.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit
10.1*	Seventeenth Amendment to the Receivables Purchase Agreement dated as of July 26, 2024, among DXC Receivables LLC (f/k/a CSC Receivables LLC), as Seller, DXC Technology Company, as Servicer, PNC Bank, National Association, as Administrative Agent, and the persons from time to time party thereto as Purchasers and Group Agents (incorporated by reference to Exhibit 10.1 to DXC Technology Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (filed August 9, 2024) (file no. 001-38033))
31.1*	Section 302 Certification of the Chief Executive Officer
31.2*	Section 302 Certification of the Chief Financial Officer
32.1**	Section 906 Certification of Chief Executive Officer
32.2**	Section 906 Certification of Chief Financial Officer
101.INS	Interactive Data Files
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
** Furnished herewith

SIGNATURES

Pursuant to the requirements of 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.

DXC TECHNOLOGY COMPANY

Dated:	November 7, 2024	By:	/s/ Christopher A. Voci
		Name:	**Christopher A. Voci**
		Title:	**Senior Vice President, Corporate Controller and Principal Accounting Officer**

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Raul Fernandez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DXC Technology Company;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) 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: November 7, 2024

/s/ Raul Fernandez

Raul Fernandez
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rob Del Bene, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of DXC Technology Company;

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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) 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: November 7, 2024

/s/ Rob Del Bene

Rob Del Bene
Executive Vice President and Chief Financial Officer

Exhibit 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, I, Raul Fernandez, President and Chief Executive Officer of DXC Technology Company (the "Company"), hereby certify that, to my knowledge:

(1) The Company’s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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.

Dated: November 7, 2024

/s/ Raul Fernandez

Raul Fernandez
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Rob Del Bene, Executive Vice President and Chief Financial Officer of DXC Technology Company (the "Company"), hereby certify that, to my knowledge:

(1) The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, 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.

Dated: November 7, 2024

/s/ Rob Del Bene

Rob Del Bene
Executive Vice President and Chief Financial Officer