
**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 August 1, 2025
or

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

For the transition period from _____ to _____

Commission File Number 001-35832

Science Applications International Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

46-1932921

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

12010 Sunset Hills Road, Reston, Virginia

(Address of principal executive offices)

20190

(Zip Code)

(703) 676-4300

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.0001 per share	SAIC	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer 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

The number of shares issued and outstanding of the registrant's common stock as of August 22, 2025 was as follows:

46,022,001 shares of common stock (\$.0001 par value per share)

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
FORM 10-Q
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PART I—FINANCIAL INFORMATION

Item 1. *Financial Statements*SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	August 1, 2025	August 2, 2024	August 1, 2025	August 2, 2024
	(in millions, except per share amounts)			
Revenues	\$ 1,769	\$ 1,818	\$ 3,646	\$ 3,665
Cost of revenues	1,554	1,608	3,222	3,242
Selling, general and administrative expenses	75	77	164	162
Other operating (income) expense	1	(1)	—	(4)
Operating income	139	134	260	265
Interest expense, net	31	31	61	65
Other (income) expense, net	—	3	5	5
Income before income taxes	108	100	194	195
Income tax (expense) benefit	19	(19)	1	(37)
Net income	\$ 127	\$ 81	\$ 195	\$ 158
Earnings per share:				
Basic	\$ 2.72	\$ 1.59	\$ 4.14	\$ 3.08
Diluted	\$ 2.71	\$ 1.58	\$ 4.12	\$ 3.06

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	August 1, 2025	August 2, 2024	August 1, 2025	August 2, 2024
		(in millions)		
Net income	\$ 127	\$ 81	\$ 195	\$ 158
Other comprehensive (loss) income, net of tax:				
Net unrealized (loss) gain on derivative instruments	(2)	(8)	(3)	(5)
Total other comprehensive (loss) income, net of tax	(2)	(8)	(3)	(5)
Comprehensive income	\$ 125	\$ 73	\$ 192	\$ 153

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	August 1, 2025	January 31, 2025
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 48	\$ 56
Receivables, net	951	1,000
Prepaid expenses	175	78
Other current assets	30	20
Total current assets	1,204	1,154
Goodwill	2,851	2,851
Intangible assets, net	721	779
Property, plant, and equipment (net of accumulated depreciation of \$210 million and \$200 million at August 1, 2025 and January 31, 2025, respectively)	104	104
Operating lease right of use assets	156	164
Other assets	165	194
Total assets	\$ 5,201	\$ 5,246
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 557	\$ 631
Accrued payroll and employee benefits	336	339
Other accrued liabilities	106	113
Debt, current portion	448	313
Total current liabilities	1,447	1,396
Debt, net of current portion	1,844	1,907
Operating lease liabilities	153	173
Deferred income taxes	132	24
Other long-term liabilities	108	169
Commitments and contingencies (Note 11)		
Equity:		
Common stock, \$0.0001 par value, 1 billion shares authorized, 46 million and 48 million shares issued and outstanding as of August 1, 2025 and January 31, 2025, respectively	—	—
Additional paid-in capital	—	—
Retained earnings	1,508	1,565
Accumulated other comprehensive income	9	12
Total stockholders' equity	1,517	1,577
Total liabilities and stockholders' equity	\$ 5,201	\$ 5,246

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(UNAUDITED)

	Shares of common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
	(in millions)				
Balance at May 2, 2025	47	\$ —	\$ 1,494	\$ 11	\$ 1,505
Net income	—	—	127	—	127
Issuances of stock	—	6	—	—	6
Other comprehensive loss, net of tax	—	—	—	(2)	(2)
Cash dividends of \$0.37 per share	—	—	(18)	—	(18)
Stock-based compensation, net of shares withheld for taxes ⁽¹⁾	—	8	—	—	8
Repurchases of stock	(1)	(14)	(95)	—	(109)
Balance at August 1, 2025	46	\$ —	\$ 1,508	\$ 9	\$ 1,517
Balance at January 31, 2025	48	\$ —	\$ 1,565	\$ 12	\$ 1,577
Net income	—	—	195	—	195
Issuances of stock	—	12	—	—	12
Other comprehensive loss, net of tax	—	—	—	(3)	(3)
Cash dividends of \$0.74 per share	—	—	(36)	—	(36)
Stock-based compensation, net of shares withheld for taxes ⁽¹⁾	—	6	—	—	6
Repurchases of stock	(2)	(18)	(216)	—	(234)
Balance at August 1, 2025	46	\$ —	\$ 1,508	\$ 9	\$ 1,517
Balance at May 3, 2024	51	\$ 251	\$ 1,489	\$ 19	\$ 1,759
Net income	—	—	81	—	81
Issuances of stock	—	5	—	—	5
Other comprehensive loss, net of tax	—	—	—	(8)	(8)
Cash dividends of \$0.37 per share	—	—	(19)	—	(19)
Stock-based compensation, net of shares withheld for taxes ⁽¹⁾	—	11	—	—	11
Repurchases of stock	(1)	(204)	—	—	(204)
Balance at August 2, 2024	50	\$ 63	\$ 1,551	\$ 11	\$ 1,625
Balance at February 2, 2024	52	\$ 337	\$ 1,432	\$ 16	\$ 1,785
Net income	—	—	158	—	158
Issuances of stock	—	9	—	—	9
Other comprehensive loss, net of tax	—	—	—	(5)	(5)
Cash dividends of \$0.74 per share	—	—	(39)	—	(39)
Stock-based compensation, net of shares withheld for taxes ⁽¹⁾	—	2	—	—	2
Repurchases of stock	(2)	(285)	—	—	(285)
Balance at August 2, 2024	50	\$ 63	\$ 1,551	\$ 11	\$ 1,625

(1) During the three months ended August 1, 2025 and August 2, 2024, shares withheld for taxes related to stock-based compensation arrangements amounted to \$2 million and \$1 million, respectively. During the six months ended August 1, 2025 and August 2, 2024, shares withheld for taxes related to stock-based compensation arrangements amounted to \$19 million and \$23 million, respectively.

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended	
	August 1, 2025	August 2, 2024
	(in millions)	
Cash flows from operating activities:		
Net income	\$ 195	\$ 158
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	71	69
Stock-based compensation expense	25	25
Deferred income taxes	109	(8)
Other	—	(3)
Increase (decrease) resulting from changes in operating assets and liabilities:		
Receivables	49	(32)
Prepaid expenses and other current assets	(107)	14
Accounts payable and other accrued liabilities	(84)	39
Accrued payroll and employee benefits	(3)	(32)
Operating lease assets and liabilities, net	(4)	(5)
Other assets and other long-term liabilities, net	(29)	11
Net cash provided by operating activities	222	236
Cash flows from investing activities:		
Expenditures for property, plant, and equipment	(15)	(12)
Purchases of marketable securities	(4)	(8)
Sales of marketable securities	4	6
Contributions to investments	(7)	(2)
Net cash used in investing activities	(22)	(16)
Cash flows from financing activities:		
Proceeds from borrowings	1,307	673
Principal payments on borrowings	(1,235)	(606)
Stock repurchased and retired or withheld for taxes on equity awards	(252)	(304)
Dividend payments to stockholders	(36)	(39)
Issuances of stock	12	9
Other	(4)	—
Net cash used in financing activities	(208)	(267)
Net decrease in cash, cash equivalents and restricted cash	(8)	(47)
Cash, cash equivalents and restricted cash at beginning of period	64	103
Cash, cash equivalents and restricted cash at end of period	\$ 56	\$ 56

See accompanying notes to condensed consolidated financial statements.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1—Business Overview and Summary of Significant Accounting Policies:

Overview

Science Applications International Corporation (collectively, with its consolidated subsidiaries, the "Company") is a leading provider of technical, engineering and enterprise information technology ("IT") services primarily to the U.S. government. The Company integrates emerging technology securely and in real-time into mission critical operations that modernize and enable national imperatives. The Company provides these services for large, complex projects with a targeted emphasis on higher-end, differentiated technology services and solutions that accelerate and transform secure and resilient digital environments through system development, modernization, integration, and sustainment to drive enterprise and mission outcomes.

The Company has five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The Company's five business groups, which are also its operating segments, are aggregated into two reportable segments for financial reporting purposes given the similarity in economic and qualitative characteristics, and based on the nature of the customers they serve. The Company's two reportable segments are the Defense and Intelligence segment and the Civilian segment.

The Defense and Intelligence segment provides a diverse portfolio of national security solutions to the Department of Defense ("DoD") and Intelligence Community of the United States Government.

The Civilian segment provides solutions to the civilian markets, encompassing federal, state, and local governments, in order to deliver services for citizen well-being, border security, and protecting lives. This includes integrating solutions into a spectrum of public service missions that impact travel, trade, health and the economy.

The offerings of both reportable segments entail the integration of emerging technologies into mission critical operations that modernize and enable national imperatives, including IT modernization, digital engineering, artificial intelligence ("AI"), mission systems support and advisory, training and simulation, and ground vehicles support. These services include end-to-end solutions spanning the design, development, integration, deployment, management and operations, sustainment and security of the customers' entire IT infrastructure.

The Company's Innovation Factory supports the operating segments by developing enterprise-class solutions which are delivered to the Company's customers as stand-alone solutions or integrated with and aligned to the Company's product offerings through the operations of the business to meet complex customer needs and accelerate digital transformation. The Innovation Factory includes designated teams focused on AI, application development, network services, platforms and cloud, engineering, and cybersecurity. It uses a highly automated, cloud-hosted tool set to rapidly build, test and deploy solutions and works with customers to enhance solutions going forward.

Costs associated with corporate functions that are not allocable to the reportable segments are presented as Corporate activities. See Note 10—Business Segments Information for additional information.

Principles of Consolidation and Basis of Presentation

References to "financial statements" refer to the condensed consolidated financial statements of the Company, which include the statements of income and comprehensive income, balance sheets, statements of equity and statements of cash flows. These financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). All intercompany transactions and account balances within the Company have been eliminated.

The results reported in these financial statements are not necessarily indicative of results that may be expected for the entire year and should be read in conjunction with the information contained in the Company's Annual Report on Form 10-K for the year ended January 31, 2025.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Significant estimates inherent in the preparation of the financial statements may include, but are not limited to, estimated profitability of long-term contracts, income taxes, fair value measurements, fair value of goodwill and other intangible assets, pension and defined benefit plan obligations, and contingencies. Estimates have been prepared by management on the basis of the most current and best available information at the time of estimation and actual results could differ from those estimates.

Reporting Periods

The Company utilizes a 52/53 week fiscal year ending on the Friday closest to January 31, with fiscal quarters typically consisting of 13 weeks. Fiscal 2026 began on February 1, 2025 and ends on January 30, 2026, while fiscal 2025 began on February 3, 2024 and ended on January 31, 2025.

Operating Cycle

The Company's operating cycle may be greater than one year and is measured by the average time intervening between the inception and the completion of contracts.

Derivative Instruments Designated as Cash Flow Hedges

Derivative instruments are recorded on the condensed consolidated balance sheets at fair value. Unrealized gains and losses on derivatives designated as cash flow hedges are reported in other comprehensive income (loss) and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. Settlement amounts related to derivatives designated as cash flow hedges are presented within operating activities on the condensed consolidated statement of cash flows.

The Company's fixed interest rate swaps are considered over-the-counter derivatives, and their fair value is calculated using a standard pricing model for interest rate swaps with contractual terms for maturities, amortization and interest rates. Level 2, or market observable inputs (such as yield and credit curves), are used within the standard pricing models in order to determine fair value. The fair value is an estimate of the amount that the Company would pay or receive as of a measurement date if the agreements were transferred to a third party. See Note 7—Derivative Instruments Designated as Cash Flow Hedges for further discussion on the Company's derivative instruments designated as cash flow hedges.

Marketable Securities

Investments in marketable securities consist of equity securities, which are recorded at fair value using observable inputs such as quoted prices in active markets (Level 1). As of August 1, 2025 and January 31, 2025, the fair value of the Company's investments totaled \$36 million and are included in "Other assets" on the condensed consolidated balance sheets. The Company's investments are primarily held in a custodial account, which includes investments to fund its deferred compensation plan liabilities.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash to amounts reported on the condensed consolidated balance sheets for the periods presented:

	August 1, 2025	January 31, 2025
	(in millions)	
Cash and cash equivalents	\$ 48	\$ 56
Restricted cash included in prepaid expenses and other current assets	3	3
Restricted cash included in other assets	5	5
Cash, cash equivalents and restricted cash	\$ 56	\$ 64

Accounting Standards Updates

Accounting Standards Updates Recently Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. Amongst other amendments, the standard requires annual and interim disclosures of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"), and interim disclosures about a reportable segment's profit or loss and assets that are currently required annually. This standard does not change how an entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The standard was effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted the annual disclosure requirements in fiscal 2025 and adopted the interim disclosure requirements in fiscal 2026. See Note 10—Business Segments Information for additional information.

Accounting Standards Updates Recently Issued But Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The standard includes amendments that enhance annual income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments can be applied on a prospective or retrospective basis. The Company plans to adopt this standard prospectively in fiscal 2026 and does not expect it to have a material impact on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU No. 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. The standard includes new disclosure requirements relating to specified categories of expenses (purchases of inventory, employee compensation, depreciation, and amortization) that are included in certain expense captions presented on the face of the income statement. Early adoption is permitted. The amendments can be applied on a prospective or retrospective basis. In January 2025, the FASB clarified the effective date of the standard by issuing ASU No. 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. The Company is currently evaluating the impact of adoption of this standard on its financial statement disclosures.

Note 2—Earnings Per Share, Share Repurchases and Dividends:

Earnings Per Share ("EPS")

Basic EPS is computed by dividing net income by the basic weighted-average number of shares outstanding. Diluted EPS is computed similarly to basic EPS, except the weighted-average number of shares outstanding is

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

increased to include the dilutive effect of outstanding stock-based awards. The dilutive effect of outstanding stock-based awards is computed using the treasury stock method.

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

	Three Months Ended		Six Months Ended	
	August 1, 2025	August 2, 2024	August 1, 2025	August 2, 2024
	(in millions)			
Basic weighted-average number of shares outstanding	46.7	50.9	47.1	51.3
Dilutive common share equivalents - stock options and other stock-based awards	0.1	0.3	0.2	0.4
Diluted weighted-average number of shares outstanding	46.8	51.2	47.3	51.7

Antidilutive stock awards excluded from the weighted-average number of shares outstanding used to compute diluted EPS for the three and six months ended August 1, 2025 and August 2, 2024 were immaterial.

Share Repurchases

The Company may repurchase shares in accordance with established repurchase plans. The Company retires its common stock upon repurchase with the excess over par value allocated to additional paid-in capital. When repurchases for the period exceed total additional paid-in-capital, the excess repurchases are recorded as a reduction to retained earnings. The Company has not made any material purchases of common stock other than in connection with established share repurchase plans.

During the six months ended August 1, 2025, the Company repurchased approximately 2.1 million shares of its common stock from the open market under its existing share repurchase plan for approximately \$231 million. As of August 1, 2025, the Company has repurchased approximately 26.6 million shares of its common stock under the plan for approximately \$2.3 billion.

Dividends

The Company declared and paid a quarterly dividend of \$0.37 per share of its common stock during the three months ended August 1, 2025. Subsequent to the end of the quarter, on August 28, 2025, the Company's Board of Directors declared a quarterly dividend of \$0.37 per share of the Company's common stock payable on October 24, 2025 to stockholders of record on October 10, 2025.

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 3—Revenues:
Changes in Estimates on Contracts

Changes in estimates of revenues, cost of revenues or profits related to performance obligations satisfied over time are recognized in operating income in the period in which such changes are made for the inception-to-date effect of the changes. Changes in these estimates can occur routinely over the performance period for a variety of reasons, which include: changes in scope; changes in cost estimates due to unanticipated cost growth or reassessments of risks impacting costs; changes in the estimated transaction price, such as variable amounts for incentive or award fees; and performance being better or worse than previously estimated.

A significant portion of the Company's contracts recognize revenue on performance obligations using a cost input measure (cost-to-cost), which requires estimates of total costs at completion. In cases when total expected costs exceed total estimated revenues for a performance obligation, the Company recognizes the total estimated loss in the quarter identified. Total estimated losses are inclusive of any unexercised options that are probable of award, only if they increase the amount of the loss.

Aggregate net changes in estimates on contracts accounted for using the cost-to-cost method of accounting were recognized in operating income as follows:

	Three Months Ended		Six Months Ended	
	August 1, 2025	August 2, 2024	August 1, 2025	August 2, 2024
	(in millions, except per share amounts)			
Net favorable (unfavorable) adjustments	\$ 5	\$ (1)	\$ 3	\$ —
Net favorable (unfavorable) adjustments, after tax	6	(1)	3	—
Diluted EPS impact	\$ 0.13	\$ (0.02)	\$ 0.06	\$ —

Revenues were \$7 million higher for the three and six months ended August 1, 2025, and \$1 million higher for the six months ended August 2, 2024, due to net revenue recognized from performance obligations satisfied in prior periods. There was no revenue recognized during the three months ended August 2, 2024 from performance obligations satisfied in prior periods.

Disaggregation of Revenues

The Company's revenues are generated primarily from long-term contracts with the U.S. government including subcontracts with other contractors engaged in work for the U.S. government. The Company disaggregates revenues by customer, contract type and prime versus subcontractor to the federal government for each of its reportable segments.

Disaggregated revenues by customer were as follows:

	Three Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
	(in millions)					
Department of Defense	\$ 920	\$ 2	\$ 922	\$ 950	\$ —	\$ 950
Intelligence and other federal government agencies	444	360	804	455	369	824
Commercial, state and local governments and international	10	33	43	10	34	44
Total	\$ 1,374	\$ 395	\$ 1,769	\$ 1,415	\$ 403	\$ 1,818

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	Six Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
	(in millions)					
Department of Defense	\$ 1,902	\$ 5	\$ 1,907	\$ 1,924	\$ 2	\$ 1,926
Intelligence and other federal government agencies	889	768	1,657	913	745	1,658
Commercial, state and local governments and international	16	66	82	14	67	81
Total	\$ 2,807	\$ 839	\$ 3,646	\$ 2,851	\$ 814	\$ 3,665

Disaggregated revenues by contract type were as follows:

	Three Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
	(in millions)					
Cost reimbursement	\$ 1,093	\$ 13	\$ 1,106	\$ 1,085	\$ 20	\$ 1,105
Time and materials ("T&M")	117	276	393	162	264	426
Firm-fixed price ("FFP")	164	106	270	168	119	287
Total	\$ 1,374	\$ 395	\$ 1,769	\$ 1,415	\$ 403	\$ 1,818

	Six Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
	(in millions)					
Cost reimbursement	\$ 2,227	\$ 33	\$ 2,260	\$ 2,219	\$ 41	\$ 2,260
Time and materials ("T&M")	258	568	826	311	532	843
Firm-fixed price ("FFP")	322	238	560	321	241	562
Total	\$ 2,807	\$ 839	\$ 3,646	\$ 2,851	\$ 814	\$ 3,665

Disaggregated revenues by prime versus subcontractor were as follows:

	Three Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
	(in millions)					
Prime contractor to federal government	\$ 1,239	\$ 329	\$ 1,568	\$ 1,283	\$ 335	\$ 1,618
Subcontractor to federal government	125	33	158	122	34	156
Other	10	33	43	10	34	44
Total	\$ 1,374	\$ 395	\$ 1,769	\$ 1,415	\$ 403	\$ 1,818

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

	Six Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
	(in millions)					
Prime contractor to federal government	\$ 2,538	\$ 701	\$ 3,239	\$ 2,592	\$ 677	\$ 3,269
Subcontractor to federal government	253	72	325	245	70	315
Other	16	66	82	14	67	81
Total	\$ 2,807	\$ 839	\$ 3,646	\$ 2,851	\$ 814	\$ 3,665

Contract Balances

Contract balances for the periods presented were as follows:

	Balance Sheet line item	August 1, 2025	January 31, 2025
		(in millions)	
Billed and billable receivables, net ⁽¹⁾	Receivables, net	\$ 500	\$ 526
Contract assets - unbillable receivables	Receivables, net	451	474
Contract assets - unbillable receivables	Other assets	29	29
Contract assets - contract retentions	Other assets	16	15
Contract liabilities - current	Other accrued liabilities	27	38
Contract liabilities - non-current	Other long-term liabilities	1	—

(1) Net of allowance of \$2 million and 3 million, respectively, as of August 1, 2025 and January 31, 2025.

During the three and six months ended August 1, 2025, the Company recognized revenues of \$8 million and \$25 million, respectively, relating to amounts that were included in the opening balance of contract liabilities as of January 31, 2025. During the three and six months ended August 2, 2024, the Company recognized revenues of \$10 million and \$30 million, respectively, relating to amounts that were included in the opening balance of contract liabilities as of February 2, 2024.

Remaining Performance Obligations

Remaining performance obligations ("RPO") represent the transaction price of exercised contracts (both funded and unfunded) less inception to date revenue recognized. RPO does not include unexercised option periods and future task orders expected to be awarded under IDIQ contracts. As of August 1, 2025, the Company had approximately \$6.1 billion of RPO. The Company expects to recognize revenue on approximately 79% of the RPO over the next 12 months and approximately 89% over the next 24 months, with the remaining recognized thereafter.

Note 4—Goodwill and Intangible Assets:

Goodwill

The following table presents the carrying value of goodwill by reportable segment:

	August 1, 2025	January 31, 2025
	(in millions)	
Defense and Intelligence	\$ 2,001	\$ 2,001
Civilian	850	850
Total	\$ 2,851	\$ 2,851

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Goodwill is not amortized, but rather tested for potential impairment annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The goodwill impairment test is performed at the reporting unit level. There were no impairments of goodwill during the periods presented.

Intangible Assets

Intangible assets, all of which were finite-lived, consisted of the following:

	August 1, 2025			January 31, 2025		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
	(in millions)					
Customer relationships	\$ 1,461	\$ (745)	\$ 716	\$ 1,462	\$ (688)	\$ 774
Developed technology	10	(5)	5	10	(5)	5
Trade name	—	—	—	1	(1)	—
Total intangible assets	\$ 1,471	\$ (750)	\$ 721	\$ 1,473	\$ (694)	\$ 779

Amortization expense related to intangible assets was \$29 million and \$58 million for the three and six months ended August 1, 2025 and August 2, 2024, respectively. There were no intangible asset impairment losses during the periods presented.

As of August 1, 2025, the estimated future annual amortization expense related to intangible assets is as follows:

Fiscal Year	(in millions)
Remainder of 2026	\$ 57
2027	115
2028	98
2029	97
2030	95
Thereafter	259
Total	\$ 721

Actual amortization expense in future periods could differ from these estimates as a result of future acquisitions, divestitures, impairments, and other factors.

Note 5—Income Taxes:

The Company's effective income tax rate was (17.2)% and (0.4)% for the three and six months ended August 1, 2025, respectively, and 19.6% and 19.3% for the three and six months ended August 2, 2024, respectively. The effective tax rate significantly decreased compared to the same period last year primarily due to a \$47 million benefit from an IRS audit settlement subject to final administrative approvals covering fiscal years 2016 through 2019 and decreases in liabilities for uncertain tax positions for the remaining open tax years. Additionally, the Company's effective tax rate differs from the statutory tax rate primarily due to research and development tax credits and tax benefits from employee share-based compensation.

On July 4, 2025, the One Big Beautiful Bill Act ("the Act") was enacted, introducing several significant changes to U.S. corporate income tax law. One key provision of the Act is the permanent reinstatement of the immediate expensing of U.S. research and development expenditures which the Company expects will result in a cash tax benefit in the current year. Based on the Company's interpretation of the Act, there will be an immaterial increase to the Company's effective tax rate for the year. The Company is awaiting interpretive guidance from the IRS, and therefore the current estimated impacts of the Act are subject to change.

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Note 6—Debt Obligations:

The Company's debt as of the dates presented was as follows:

	August 1, 2025				January 31, 2025			
	Stated interest rate	Effective interest rate	Principal	Unamortized debt issuance costs	Net	Principal	Unamortized debt issuance costs	Net
	(dollars in millions)							
Term Loan A Facility due June 2027	5.71%	5.82%	\$ 1,076	\$ (2)	\$ 1,074	\$ 1,122	\$ (2)	\$ 1,120
Term Loan B3 Facility due February 2031	6.11%	6.25%	504	(3)	501	506	(3)	503
Senior Notes due April 2028	4.88%	5.11%	400	(3)	397	400	(3)	397
Revolving Credit Facility due June 2027 ⁽¹⁾	6.31 %	— %	320	—	320	200	—	200
Total debt			\$ 2,300	\$ (8)	\$ 2,292	\$ 2,228	\$ (8)	\$ 2,220
Less current portion			448	—	448	313	—	313
Total debt, net of current portion			\$ 1,852	\$ (8)	\$ 1,844	\$ 1,915	\$ (8)	\$ 1,907

(1) The stated interest rate for the Revolving Credit Facility due June 2027 reflects the weighted average interest rate for outstanding borrowings as of August 1, 2025.

As of August 1, 2025, the Company had a \$2.6 billion secured credit facility (the Credit Facility) consisting of a Term Loan A Facility due June 2027, a Term Loan B3 Facility due February 2031 (together, the "Term Loan Facilities"), and a \$1.0 billion Revolving Credit Facility due June 2027 (the "Revolving Credit Facility").

During the three and six months ended August 1, 2025, the Company made scheduled principal payments of \$23 million and \$46 million on the Term Loan A Facility due June 2027 and made scheduled principal payments of \$1 million and \$2 million on the Term Loan B3 Facility due February 2031, respectively.

During the three and six months ended August 1, 2025, the Company borrowed \$557 million and \$1.3 billion, respectively, and repaid \$522 million and \$1.2 billion, respectively, under the Revolving Credit Facility. As of August 1, 2025, the outstanding principal under the Revolving Credit Facility was classified as "Debt, current portion" on the condensed consolidated balance sheets. Subsequent to quarter end, the Company repaid \$95 million of the outstanding principal under the Revolving Credit Facility. Commitment fees for undrawn amounts under the Revolving Credit Facility range from 0.125% to 0.25% per annum based on the Company's leverage ratio.

As of August 1, 2025, the Company was in compliance with the covenants under its Credit Facility.

As of August 1, 2025 and January 31, 2025, the carrying value of the Company's outstanding debt obligations approximated its fair value. The fair value of debt is calculated using Level 2 inputs, based on interest rates available for debt with terms and maturities similar to the Company's Term Loan Facilities and Senior Notes.

Maturities of debt as of August 1, 2025 are:

Fiscal Year	Total
	(in millions)
Remainder of 2026	\$ 385
2027	128
2028	896
2029	406
2030	5
Thereafter	480
Total principal payments	\$ 2,300

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Note 7—Derivative Instruments Designated as Cash Flow Hedges:

The Company's derivative instruments designated as cash flow hedges consist of:

	Notional Amount at August 1, 2025 (in millions)	Pay Fixed Rate	Receive Variable Rate	Settlement and Termination	Fair Value of Asset ⁽¹⁾ at	
					August 1, 2025 (in millions)	January 31, 2025 (in millions)
Interest rate swaps	\$ 685	2.96%	1-month Term SOFR	Monthly through October 31, 2025	\$ 2	\$ 6

(1) The fair value of the fixed interest rate swap asset is included in "Other assets" on the condensed consolidated balance sheets.

The Company is party to fixed interest rate swap instruments that are designated and accounted for as cash flow hedges to manage risks associated with interest rate fluctuations on a portion of the Company's floating rate Credit Facility borrowings. The counterparties to all swap agreements are financial institutions.

See Note 8—Changes in Accumulated Other Comprehensive Income (Loss) by Component for the unrealized change in fair values on cash flow hedges recognized in other comprehensive income (loss) and the amounts reclassified from accumulated other comprehensive income (loss) into earnings for the current and comparative periods presented. The Company estimates that it will reclassify \$2 million of unrealized gains from accumulated other comprehensive income into earnings from August 2, 2025 until the interest rate swaps mature on October 31, 2025.

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Note 8—Changes in Accumulated Other Comprehensive Income (Loss) by Component:

The following table presents the changes in accumulated other comprehensive income (loss) attributable to the Company's fixed interest rate swap cash flow hedges that are discussed in Note 7—Derivative Instruments Designated as Cash Flow Hedges and the Company's defined benefit plans.

	Unrealized Gains (Losses) on Fixed Interest Rate Swap Cash Flow Hedges ⁽¹⁾	Defined Benefit Obligation Adjustment	Total
	(in millions)		
Three months ended August 1, 2025			
Balance at May 2, 2025	\$ 3	\$ 8	\$ 11
Other comprehensive income before reclassifications	1	—	1
Amounts reclassified from accumulated other comprehensive income	(3)	—	(3)
Income tax impact	—	—	—
Net other comprehensive loss	(2)	—	(2)
Balance at August 1, 2025	\$ 1	\$ 8	\$ 9
Three months ended August 2, 2024			
Balance at May 3, 2024	\$ 14	\$ 5	\$ 19
Other comprehensive loss before reclassifications	(6)	—	(6)
Amounts reclassified from accumulated other comprehensive income	(4)	—	(4)
Income tax impact	2	—	2
Net other comprehensive loss	(8)	—	(8)
Balance at August 2, 2024	\$ 6	\$ 5	\$ 11
Six months ended August 1, 2025			
Balance at January 31, 2025	\$ 4	\$ 8	\$ 12
Other comprehensive income before reclassifications	1	—	1
Amounts reclassified from accumulated other comprehensive income	(5)	—	(5)
Income tax impact	1	—	1
Net other comprehensive loss	(3)	—	(3)
Balance at August 1, 2025	\$ 1	\$ 8	\$ 9
Six months ended August 2, 2024			
Balance at February 2, 2024	\$ 11	\$ 5	\$ 16
Other comprehensive income before reclassifications	2	—	2
Amounts reclassified from accumulated other comprehensive income	(8)	—	(8)
Income tax impact	1	—	1
Net other comprehensive loss	(5)	—	(5)
Balance at August 2, 2024	\$ 6	\$ 5	\$ 11

(1) The amount reclassified from accumulated other comprehensive income (loss) is included in "Interest expense, net."

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Note 9—Sales of Receivables:

The Company has a Master Accounts Receivable Purchase Agreement ("MARPA Facility") with MUFG Bank, Ltd. (the "Purchaser") for the sale of up to a maximum amount of \$300 million of certain designated eligible receivables with the U.S. government.

During the three and six months ended August 1, 2025, the Company incurred purchase discount fees of approximately \$3 million and \$7 million, respectively. During the three and six months ended August 2, 2024, the Company incurred purchase discount fees of \$4 million and \$7 million, respectively. The purchase discount fees are presented in "Other (income) expense, net" on the condensed consolidated statements of income and are reflected as cash flows from operating activities on the condensed consolidated statements of cash flows.

MARPA Facility activity consisted of the following:

	Six Months Ended	
	August 1, 2025	August 2, 2024
	(in millions)	
Beginning balance	\$ 164	\$ 205
Sale of receivables	2,443	2,065
Cash collections	(2,342)	(2,095)
Outstanding balance sold to Purchaser ⁽¹⁾	265	175
Cash collected, not remitted to Purchaser ⁽²⁾	(25)	(31)
Remaining sold receivables	\$ 240	\$ 144

- (1) For the six months ended August 1, 2025, the Company recorded a net increase of \$101 million to cash flows from operating activities from sold receivables. For the six months ended August 2, 2024, the Company recorded a net decrease of \$30 million to cash flows from operating activities from sold receivables.
- (2) Primarily represents the cash collected on behalf of but not yet remitted to the Purchaser as of August 1, 2025 and August 2, 2024. This balance is included in "Accounts payable" on the condensed consolidated balance sheets.

Note 10—Business Segments Information:

The Company has five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The five business groups, which are also its operating segments, are aggregated into two reportable segments for financial reporting purposes given the similarity in economic and qualitative characteristics, and based on the nature of the customers they serve. The Company's two reportable segments are the Defense and Intelligence segment and the Civilian segment. The Company defines its operating segments based on the way the CODM, currently the Company's CEO, manages the operations for the purpose of allocating resources and assessing performance.

The Defense and Intelligence segment provides a diverse portfolio of national security solutions to the DoD and Intelligence Community of the United States Government.

The Civilian segment provides solutions to the civilian markets, encompassing federal, state, and local governments, in order to deliver services for citizen well-being, border security, and protecting lives. This includes integrating solutions into a spectrum of public service missions that impact travel, trade, health and the economy.

The offerings of both reportable segments entail the integration of emerging technologies into mission critical operations that modernize and enable national imperatives, including IT modernization, digital engineering, AI, mission systems support, training and simulation, and ground vehicles support. These services include end-to-end solutions spanning the design, development, integration, deployment, management and operations, sustainment and security of the customers' entire IT infrastructure.

Costs associated with corporate functions that are not allocable to the reportable segments are presented as Corporate.

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The CODM reviews and evaluates segment operating performance using segment "Revenues" and "Adjusted operating income (loss)". Adjusted operating income is a performance measure that primarily excludes the impact of non-recurring transactions and activities that the Company does not consider to be indicative of its ongoing operating performance. Adjusted operating income is calculated by taking operating income and excluding depreciation and amortization, acquisition, integration, restructuring, and impairment costs, and any other material non-recurring costs. The CODM uses revenues and adjusted operating income to assess the financial performance of each operating segment against pre-established performance targets and to allocate resources for strategic business decisions, including investments in certain products or services, potential acquisitions or divestitures, and capital deployment. Labor base is the significant expense that is regularly provided to the CODM, and primarily includes direct labor on customer contracts.

The segment information for the periods presented was as follows:

	Three Months Ended August 1, 2025			
	Defense and Intelligence	Civilian	Corporate	Total SAIC
	(in millions)			
Revenues	\$ 1,374	\$ 395	\$ —	\$ 1,769
Labor base	410	124	—	534
Other operating expenses (income) ⁽¹⁾	840	217	(4)	1,053
Adjusted operating income (loss)	\$ 124	\$ 54	\$ 4	\$ 182

	Three Months Ended August 2, 2024			
	Defense and Intelligence	Civilian	Corporate	Total SAIC
	(in millions)			
Revenues	\$ 1,415	\$ 403	\$ —	\$ 1,818
Labor base	403	125	—	528
Other operating expenses (income) ⁽¹⁾	888	232	1	1,121
Adjusted operating income (loss)	\$ 124	\$ 46	\$ (1)	\$ 169

	Six Months Ended August 1, 2025			
	Defense and Intelligence	Civilian	Corporate	Total SAIC
	(in millions)			
Revenues	\$ 2,807	\$ 839	\$ —	\$ 3,646
Labor base	841	257	—	1,098
Other operating expenses (income) ⁽¹⁾	1,727	476	5	2,208
Adjusted operating income (loss)	\$ 239	\$ 106	\$ (5)	\$ 340

	Six Months Ended August 2, 2024			
	Defense and Intelligence	Civilian	Corporate	Total SAIC
	(in millions)			
Revenues	\$ 2,851	\$ 814	\$ —	\$ 3,665
Labor base	832	254	—	1,086
Other operating expenses (income) ⁽¹⁾	1,771	468	6	2,245
Adjusted operating income (loss)	\$ 248	\$ 92	\$ (6)	\$ 334

(1) "Other operating expenses (income)" includes cost of revenues, selling, general and administrative expenses, and other operating income or expenses which are not regularly provided to the CODM. This excludes labor base which is presented separately.

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The table below includes a reconciliation of total "Adjusted operating income" to "Income before income taxes" for the three and six months ended August 1, 2025 and August 2, 2024.

	Three Months Ended		Six Months Ended	
	August 1, 2025	August 2, 2024	August 1, 2025	August 2, 2024
	(in millions)			
Adjusted operating income	\$ 182	\$ 169	\$ 340	\$ 334
Depreciation of property, plant, and equipment	6	5	13	11
Amortization of intangible assets	29	29	58	58
Acquisition, integration, restructuring and impairment costs	1	2	4	2
Recovery of acquisition, integration, restructuring and impairment costs ⁽¹⁾	—	(1)	(2)	(2)
Costs related to the settlement of federal tax audits	7	—	7	—
Interest expense, net	31	31	61	65
Other (income) expense, net	—	3	5	5
Income before income taxes	\$ 108	\$ 100	\$ 194	\$ 195

(1) Adjustment reflects the portion of acquisition, integration, restructuring and impairment costs recovered through the Company's indirect rates in accordance with U.S. government Cost Accounting Standards.

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

Note 11—Legal Proceedings and Other Commitments and Contingencies:

Legal Proceedings

The Company is involved in various claims and lawsuits arising in the normal conduct of its business, none of which the Company's management believes, based on current information, is expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

In April 2022 and October 2023, the Company received Federal Grand Jury Subpoenas in connection with a criminal investigation being conducted by the U.S. Department of Justice, Antitrust Division ("DOJ"). As required by the subpoenas, the Company has provided the DOJ with a broad range of documents related to the investigation, and the Company's collection and production process remains ongoing. The Company is fully cooperating with the investigation. At this time, it is not possible to determine whether the Company will incur, or to reasonably estimate the amount of, any fines, penalties or further liabilities in connection with the investigation pursuant to which the subpoenas were issued.

In June 2017, the Company filed a patent infringement complaint in the United States Court of Federal Claims against the United States and three other parties, alleging infringement of the Company's Enhanced Rapid Engagement and Vision in Ambient Lighting patents. In July 2025, the Company executed a favorable settlement agreement with all parties. As part of the settlement, the Company recovered \$15 million and recognized \$9 million as a recovery for costs previously incurred within "Selling, general and administrative expenses" within the Company's condensed consolidated statements of income during the second quarter of fiscal 2026. In addition, the Company recognized \$6 million of costs that was contingent on the settlement of the patent infringement matter.

Government Investigations, Audits and Reviews

The Company is routinely subject to investigations and reviews relating to compliance with various laws and regulations with respect, in particular, to its role as a contractor to federal, state and local government customers and in connection with performing services in countries outside of the United States. U.S. government agencies, including the Defense Contract Audit Agency ("DCAA"), the Defense Contract Management Agency and others, routinely audit and review a contractor's performance on government contracts, indirect rates and pricing practices, and compliance with applicable contracting and procurement laws, regulations and standards. They also review the adequacy of the contractor's compliance with government standards for its business systems. Adverse findings in

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these investigations, audits, or reviews can lead to criminal, civil or administrative proceedings, and the Company could face disallowance of previously billed costs, penalties, fines, compensatory damages and suspension or debarment from doing business with governmental agencies. Due to the Company's reliance on government contracts, adverse findings could also have a material impact on the Company's business, including its financial position, results of operations and cash flows.

The indirect cost audits by the DCAA of the Company's business remain open for certain prior years and the current year. Although the Company has recorded contract revenues based on an estimate of costs that the Company believes will be approved on final audit, the Company does not know the outcome of any ongoing or future audits. If future completed audit adjustments exceed the Company's reserves for potential adjustments, the Company's profitability could be materially adversely affected.

As of August 1, 2025, the Company believes it has adequately reserved for estimated net amounts to be refunded to customers for potential adjustments for indirect cost audits and compliance with U.S. government Cost Accounting Standards.

Letters of Credit and Surety Bonds

The Company has outstanding obligations relating to letters of credit of \$8 million as of August 1, 2025, principally related to guarantees on insurance policies. The Company also has outstanding obligations relating to surety bonds of \$19 million, principally related to performance and payment bonds on the Company's contracts.

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

The following discussion and analysis of our financial condition and results of operations and quantitative and qualitative disclosures about market risk should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes. It contains forward-looking statements (which may be identified by words such as those described in "Risk Factors—Forward-Looking Statement Risks" in Part I of the most recently filed Annual Report on Form 10-K), including statements regarding our intent, belief, or current expectations with respect to, among other things, trends affecting our financial condition or results of operations (including our financial targets discussed below under "Management of Operating Performance and Reporting" and "Liquidity and Capital Resources"); backlog; our industry; government budgets and spending; market opportunities; the impact of competition; and the impact of acquisitions and divestitures. Such statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Risks, uncertainties and assumptions that could cause or contribute to these differences include those discussed below, in "Risk Factors" in Part II of this report and in Part I of the most recently filed Annual Report on Form 10-K. Due to such risks, uncertainties and assumptions, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We do not undertake any obligation to update these factors or to publicly announce the results of any changes to our forward-looking statements due to future results or developments.

We use the terms "SAIC," the "Company," "we," "us" and "our" to refer to Science Applications International Corporation and its consolidated subsidiaries.

We utilize a 52/53 week fiscal year, ending on the Friday closest to January 31, with fiscal quarters typically consisting of 13 weeks. Fiscal 2026 began on February 1, 2025 and ends on January 30, 2026, while fiscal 2025 began on February 3, 2024 and ended on January 31, 2025.

Business Overview

We are a leading technology integrator providing full life cycle services and solutions in the technical, engineering and enterprise information technology ("IT") markets. We developed our brand by addressing our customers' mission critical needs and solving their most complex problems for over 50 years. As one of the largest pure-play technology service providers to the U.S. government, we serve markets of significant scale and opportunity. Our primary customers are the departments and agencies of the U.S. government. We serve our customers through approximately 1,700 active contracts and task orders and employ approximately 24,000 individuals who are led by an experienced executive team of proven industry leaders. Our long history of serving the U.S. government has afforded us the ability to develop strong and longstanding relationships with some of the largest customers in the markets we serve. Substantially all of our revenues and tangible long-lived assets are generated and located in the United States.

We have five customer facing business groups supported by the enterprise organizations, including the Innovation Factory. The five business groups, which are also our operating segments, are aggregated into two reportable segments for financial reporting purposes given the similarity in economic and qualitative characteristics, and based on the nature of the customers they serve. Our two reportable segments are the Defense and Intelligence segment and the Civilian segment.

The Defense and Intelligence segment provides a diverse portfolio of national security solutions to the Department of Defense ("DoD") and Intelligence Community of the United States Government.

The Civilian segment provides solutions to the civilian markets, encompassing federal, state, and local governments, in order to deliver services for citizen well-being, border security, and protecting lives. This includes integrating solutions into a spectrum of public service missions that impact travel, trade, health and the economy.

The offerings of both reportable segments entail the integration of emerging technologies into mission critical operations that modernize and enable national imperatives, including IT modernization, digital engineering, artificial intelligence ("AI"), mission systems support and advisory, training and simulation, and ground vehicles support. These services include end-to-end solutions spanning the design, development, integration, deployment, management and operations, sustainment and security of the customers' entire IT infrastructure.

Our Innovation Factory supports the operating segments by developing enterprise-class solutions which are delivered to our customers as stand-alone solutions or integrated with and aligned to our product offerings through the operations of the business to meet complex customer needs and accelerate digital transformation. The Innovation Factory includes designated teams focused on AI, application development, network services, platforms and cloud, engineering, and cybersecurity. It uses a highly automated, cloud-hosted tool set to rapidly build, test and deploy solutions and works with customers to enhance solutions going forward.

Costs associated with corporate functions that are not allocable to the reportable segments are presented as Corporate. See Note 10— Business Segments Information to the condensed consolidated financial statements contained within this report for additional information.

Economic Opportunities, Challenges, and Risks

During the three and six months ended August 1, 2025, we generated 98% of our revenues from contracts with the U.S. government, including subcontracts on which we perform. Our business performance is affected by the overall level of U.S. government spending and the alignment of our offerings and capabilities with the budget priorities of the U.S. government. In March 2025, the President signed a continuing resolution ("CR") that extends government funding through the close of government fiscal year ("GFY") 2025. The measure provides budget certainty for agencies through September 30, 2025. The CR also provides flexibility for new starts on programs at the DoD, which are typically not allowed under CRs.

In July 2025, Congress passed a budget reconciliation package that will add approximately \$150 billion in new non-border defense spending, and \$175 billion in new border security and enforcement spending, among other provisions. This funding is available to agencies immediately, and can be used through GFY 2029. Portions of this new funding will increase spending in areas addressable to us, including new investments in Naval operations and border surveillance. The measure also extended and expanded key tax provisions that will positively impact our Company.

To avoid a government shutdown starting October 1, 2025, Congress will need to pass, and the President will need to sign, additional appropriations. Failure to pass full-year appropriations or a CR by September 30, 2025 could result in an interruption in government funding that could impact many of our contracts.

As part of the budget reconciliation package signed into law in July 2025, the federal debt limit was increased by \$5 trillion. This is expected to extend protection from a potential government default until at least the end of calendar year 2026.

The U.S. government administration is putting in place a number of executive orders and actions which could affect our business. In addition, the Department of Government Efficiency is driving changes in the structure and priorities of Federal agencies. Agencies are conducting comprehensive reviews of existing and new contracting activity to identify potential efficiencies or nonalignment with new Administration priorities. Our contracts have been, and will continue to be, subject to these reviews. We have not experienced a material financial statement impact from recent executive orders or program cancellations across the government. However, ongoing reductions in personnel, changes in agency alignment, required reviews of new contracting activity, decreases or delays in new or existing contract awards and in government spending on the types of programs that we support, and terminations or stop-work-orders and delay in funding on government contracts on which we are currently performing could adversely affect our future revenues, cash flows and profitability.

Adverse changes in fiscal and economic conditions could materially impact our business. Some changes that could have an adverse impact on our business include adverse regulations, the implementation of future spending reductions (including sequestration), delayed passage of appropriations bills resulting in temporary or full-year continuing resolutions, extreme inflationary increases adversely impacting fixed price contracts, and potential government shutdowns.

Spending packages, including the infrastructure bill, Inflation Reduction Act, and CHIPS and Science Act, as well as future potential spending packages, may provide additional opportunity in areas of our focus such as digital modernization, cyber, microelectronics support, and climate resiliency.

The U.S. government has increasingly relied on contracts that are subject to a competitive bidding process (including indefinite delivery, indefinite quantity ("IDIQ"), U.S. General Services Administration ("GSA") schedules, and other multi-award contracts), which has resulted in greater competition and increased pricing pressure. Additionally, the U.S. government has put renewed emphasis on increasing the number of small business prime set-aside contracts that further reduce the addressable market in some areas.

Despite the budget and competitive pressures affecting the industry, we believe we are well-positioned to protect and expand existing customer relationships and benefit from opportunities that we have not previously pursued. Our scale, size, and prime contractor leadership position are expected to help differentiate us from our competitors, especially on large contract opportunities. We believe our long-term, trusted customer relationships and deep technical expertise provide us with the sophistication to handle highly complex, mission-critical contracts. Our value proposition is found in the proven ability to serve as a trusted adviser to our customers. In doing so, we leverage our expertise and scale to help them execute their mission.

We succeed as a business based on the solutions we deliver, our past performance, and our ability to compete on price. Our solutions are inspired through innovation based on adoption of best practices and technology integration of the best capabilities available. Our Innovation Factory develops superior enterprise-class solutions which are delivered to our customers as stand-alone solutions or integrated with and aligned to our product offerings to meet complex customer needs and accelerate the digital transformation. Our past performance was achieved by employees dedicated to supporting our customers' most challenging missions. Our current cost structure and ongoing efforts to reduce costs by strategic sourcing and developing repeatable offerings sold "as a service" and as managed services in a more commercial business model are expected to allow us to compete effectively on price in an evolving environment. Our ability to be competitive in the future will continue to be driven by our reputation for successful program execution, competitive cost structure, development of new pricing and business models, and efficiencies in assigning the right people, at the right time, in support of our contracts.

Management of Operating Performance and Reporting

Our business and program management process is directed by professionals focused on serving our customers by providing high quality services in achieving program requirements. These professionals carefully monitor contract margin performance by constantly evaluating contract risks and opportunities. Throughout each contract's life cycle, program managers review performance and update contract performance estimates to reflect their understanding of the best information available.

The primary financial measures used to evaluate our consolidated results of operations include revenues, operating income, adjusted operating income⁽¹⁾, adjusted EBITDA⁽¹⁾, and operating cash flows. Given that revenues fluctuate on our contract portfolio over time due to contract awards and completions, changes in customer requirements, and increases or decreases in ordering volume of materials, we evaluate significant trends and fluctuations resulting from these factors. Whether performed by our employees or by our subcontractors, we primarily provide services and, as a result, our cost of revenues are predominantly variable. We also analyze our cost mix (labor, subcontractor and materials) in order to understand operating margin because programs with a higher proportion of SAIC labor are generally more profitable. Changes in cost of revenues as a percentage of revenues other than from revenue volume or cost mix are normally driven by fluctuations in shared or corporate costs, or cumulative revenue adjustments due to changes in estimates.

Changes in operating cash flows are described with regard to changes in cash generated through the provision of services, significant drivers of fluctuations in assets or liabilities and the impacts of changes in timing of cash receipts or disbursements.

⁽¹⁾ Non-GAAP measure, see "Non-GAAP Measures" section below for additional information about this measure.

Condensed Consolidated Results of Operations

The following table summarizes our condensed consolidated results of operations:

	Three Months Ended			Six Months Ended		
	August 1, 2025	Percent change	August 2, 2024	August 1, 2025	Percent change	August 2, 2024
	(dollars in millions)					
Revenues	\$ 1,769	(3%)	\$ 1,818	\$ 3,646	(1%)	\$ 3,665
Cost of revenues	1,554	(3%)	1,608	3,222	(1%)	3,242
<i>As a percentage of revenues</i>	87.8%		88.4%	88.4%		88.5%
Selling, general and administrative expenses	75	(3%)	77	164	1%	162
Other operating (income) expense	1	(200%)	(1)	—	(100%)	(4)
Operating income	139	4%	134	260	(2%)	265
<i>As a percentage of revenues</i>	7.9%		7.4%	7.1%		7.2%
Income tax (expense) benefit	19	(200%)	(19)	1	(103%)	(37)
Net income	\$ 127	57%	\$ 81	\$ 195	23%	\$ 158

Revenues. Revenues decreased \$49 million for the three months ended August 1, 2025 as compared to the same period in the prior year primarily due to contract completions and ramp down in volume on existing contracts, partially offset by new contracts.

Revenues decreased \$19 million for the six months ended August 1, 2025 as compared to the same period in the prior year primarily due to due to contract completions, partially offset by ramp up in volume on existing and new contracts.

Operating Income. Operating income as a percentage of revenues for the three months ended August 1, 2025 increased from the comparable prior year period primarily due to improved profitability across our contract portfolio and a recovery of costs from the settlement of a patent infringement matter (see Note 11—Legal Proceedings and Other Commitments and Contingencies for additional information), partially offset by costs related to the settlement of federal tax audits and the indirect rates impact of state taxes related to the One Big Beautiful Bill Act ("the Act").

Operating income as a percentage of revenues for the six months ended August 1, 2025 decreased from the comparable prior year period primarily due to costs related to the settlement of federal tax audits and the indirect rates impact of state taxes related to the Act, partially offset by a recovery of costs from the settlement of a patent infringement matter.

Income Taxes. Our effective income tax rate was (17.2)% and (0.4)% for the three and six months ended August 1, 2025 and 19.6% and 19.3% for the three and six months ended August 2, 2024, respectively. The effective tax rate significantly decreased compared to the same period last year primarily due to a \$47 million benefit from an IRS audit settlement subject to final administrative approvals covering fiscal years 2016 through 2019 and decreases in liabilities for uncertain tax positions for the remaining open tax years. Additionally, our effective tax rate differs from the statutory tax rate primarily due to research and development tax credits and tax benefits from employee share-based compensation.

On July 4, 2025, the Act was enacted, introducing several significant changes to U.S. corporate income tax law. One key provision of the Act is the permanent reinstatement of the immediate expensing of U.S. research and development expenditures. Based on our interpretation, the Act results in an increase to our income taxes receivable with an offsetting decrease to our deferred tax assets and an immaterial increase to our effective tax rate for the year. These changes are reflected in our current period effective tax rate. We are awaiting interpretive guidance from the IRS, and therefore the current estimated impacts of the Act are subject to change.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) enacted a 15% global minimum tax framework (“Pillar Two”) which became effective in certain jurisdictions beginning in fiscal 2024. While U.S. adoption is uncertain, several countries where we operate have implemented it, and others are in the process of adopting. We do not anticipate Pillar Two to have a significant impact on our effective tax rate or our condensed consolidated results of operations, financial position, and cash flows.

Segment and Corporate Results

The primary financial performance measures we use to manage our reportable segments and monitor results of operations are revenues and adjusted operating income. Adjusted operating income is calculated by taking operating income and excluding depreciation and amortization, acquisition, integration, restructuring, and impairment costs, and any other material non-recurring costs.

The following tables summarize our results of operations by reportable segment:

	Three Months Ended			Six Months Ended		
	August 1, 2025	Percent change	August 2, 2024	August 1, 2025	Percent change	August 2, 2024
	(dollars in millions)					
Revenues	\$ 1,374	(3%)	\$ 1,415	\$ 2,807	(2%)	\$ 2,851
Adjusted operating income	\$ 124	—%	\$ 124	\$ 239	(4%)	\$ 248
As a percentage of revenues	9.0%		8.8%	8.5%		8.7%

Revenues: Revenues decreased \$41 million for the three months ended August 1, 2025 as compared to the same period in the prior year primarily due to contract completions and ramp down in volume on existing contracts, partially offset by new contracts.

Revenues decreased \$44 million for the six months ended August 1, 2025 as compared to the same period in the prior year primarily due to contract completions, partially offset by ramp up in volume on existing and new contracts.

Adjusted operating income: Adjusted operating income as a percentage of revenues for the three months ended August 1, 2025 increased compared to the comparable prior year period primarily due to timing and volume mix in our contract portfolio.

Adjusted operating income as a percentage of revenues for the six months ended August 1, 2025 decreased from the comparable prior year period primarily due to timing and volume mix in our contract portfolio.

	Three Months Ended			Six Months Ended		
	August 1, 2025	Percent change	August 2, 2024	August 1, 2025	Percent change	August 2, 2024
	(dollars in millions)					
Revenues	\$ 395	(2%)	\$ 403	\$ 839	3%	\$ 814
Adjusted operating income	\$ 54	17%	\$ 46	\$ 106	15%	\$ 92
As a percentage of revenues	13.7%		11.4%	12.6%		11.3%

Revenues: Revenues decreased \$8 million for the three months ended August 1, 2025 as compared to the same period in the prior year primarily due to contract completions and ramp down in volume on existing contracts.

Revenues increased \$25 million for the six months ended August 1, 2025 as compared to the same period in the prior year primarily due to ramp up in volume on existing contracts, partially offset by contract completions.

Adjusted operating income: Adjusted operating income as a percentage of revenues for the three and six months ended August 1, 2025 increased from the comparable prior year period due to improved profitability across our contract portfolio.

Corporate

	Three Months Ended			Six Months Ended		
	August 1, 2025	Percent change	August 2, 2024	August 1, 2025	Percent change	August 2, 2024
	(dollars in millions)					
Adjusted operating income (loss)	\$ 4	(500%)	\$ (1)	\$ (5)	(17%)	\$ (6)

Adjusted operating income (loss): Adjusted operating income was \$4 million for the three months ended August 1, 2025 compared to an adjusted operating loss of \$1 million during the same period in the prior year primarily due to a recovery of costs from the settlement of a patent infringement matter, partially offset by higher other selling, general and administrative expenses.

Adjusted operating loss decreased \$1 million for the six months ended August 1, 2025 as compared to the same period in the prior year primarily due to a recovery of costs from the settlement of a patent infringement matter, partially offset by higher other selling, general and administrative expenses.

Non-GAAP Measures

Consolidated adjusted operating income, earnings before interest, taxes, depreciation and amortization ("EBITDA"), and adjusted EBITDA are non-GAAP financial measures. While we believe that these non-GAAP financial measures are also useful for management and investors in evaluating our financial information, they should be considered as supplemental in nature and not as a substitute for financial information prepared in accordance with GAAP. Reconciliations, definitions, and how we believe these measures are useful to management and investors are provided below. Other companies may define similar measures differently.

Adjusted operating income. Adjusted operating income is a performance measure that primarily excludes the impact of non-recurring transactions and activities that we do not consider to be indicative of our ongoing operating performance. Adjusted operating income is calculated by taking operating income and excluding depreciation and amortization, acquisition, integration, restructuring, and impairment costs, and any other material non-recurring costs. Acquisition, integration, restructuring and impairment costs represent costs incurred related to acquisitions, the reorganization, facilities optimization efforts, and impairments of long-lived assets, along with associated depreciation. Recovery of acquisition, integration, restructuring and impairment costs represents costs recovered through our indirect rates in accordance with Cost Accounting Standards. Depreciation of property, plant, and equipment relates to property, plant, and equipment specifically identifiable for each segment. Adjusted operating income also excludes amortization of intangible assets because we do not have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and the related amortization term are unique to each acquisition. Costs related to the settlement of federal tax audits represent costs related to the IRS audit settlement for fiscal years 2016 through 2019. We believe that these performance measures provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding our long-term financial performance.

Adjusted operating income for the periods presented were calculated as follows:

	Three Months Ended		Six Months Ended	
	August 1, 2025	August 2, 2024	August 1, 2025	August 2, 2024
	(dollars in millions)			
Revenues	\$ 1,769	\$ 1,818	\$ 3,646	\$ 3,665
Operating income	\$ 139	\$ 134	\$ 260	\$ 265
<i>Operating income as a percentage of revenues</i>	7.9 %	7.4 %	7.1 %	7.2 %
Depreciation of property, plant and equipment	6	5	13	11
Amortization of intangible assets	29	29	58	58
Acquisition, integration, restructuring and impairment costs	1	2	4	2
Recovery of acquisition, integration, restructuring and impairment costs ⁽¹⁾	—	(1)	(2)	(2)
Costs related to the settlement of federal tax audits	7	—	7	—
Adjusted operating income	\$ 182	\$ 169	\$ 340	\$ 334
<i>Adjusted operating income as a percentage of revenues</i>	10.3 %	9.3 %	9.3 %	9.1 %

(1) Adjustment reflects the portion of acquisition, integration, restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.

EBITDA and Adjusted EBITDA. The performance measure EBITDA is calculated by taking net income and excluding interest and loss on sale of receivables, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is a performance measure that excludes the impact of non-recurring transactions and activities that we do not consider to be indicative of our ongoing operating performance. Adjusted EBITDA is calculated by taking EBITDA and excluding acquisition, integration, restructuring and impairment costs, and any other material non-recurring costs. Acquisition, integration, restructuring and impairment costs represent costs incurred related to acquisitions, the reorganization, facilities optimization efforts, and impairments of long-lived assets, along with associated depreciation. Recovery of acquisition, integration, restructuring and impairment costs represents costs recovered through our indirect rates in accordance with Cost Accounting Standards. Costs related to the settlement of federal tax audits represent costs related to the IRS audit settlement for fiscal years 2016 through 2019.

We believe that EBITDA and adjusted EBITDA provide management and investors with useful information in assessing trends in our ongoing operating performance and may provide greater visibility in understanding our long-term financial performance.

EBITDA and adjusted EBITDA for the periods presented were calculated as follows:

	Three Months Ended		Six Months Ended	
	August 1, 2025	August 2, 2024	August 1, 2025	August 2, 2024
	(dollars in millions)			
Revenues	\$ 1,769	\$ 1,818	\$ 3,646	\$ 3,665
Net income	\$ 127	\$ 81	\$ 195	\$ 158
Interest expense, net and loss on sale of receivables	34	35	68	72
Income tax expense (benefit)	(19)	19	(1)	37
Depreciation and amortization	35	34	71	69
EBITDA	177	169	333	336
<i>EBITDA as a percentage of revenues</i>	<i>10.0%</i>	<i>9.3%</i>	<i>9.1%</i>	<i>9.2%</i>
Acquisition, integration, restructuring and impairment costs	1	2	4	2
Recovery of acquisition, integration, restructuring and impairment costs ⁽¹⁾	—	(1)	(2)	(2)
Costs related to the settlement of federal tax audits	7	—	7	—
Adjusted EBITDA	\$ 185	\$ 170	\$ 342	\$ 336
<i>Adjusted EBITDA as a percentage of revenues</i>	<i>10.5%</i>	<i>9.4%</i>	<i>9.4%</i>	<i>9.2%</i>

(1) Adjustment reflects the portion of acquisition, integration, restructuring and impairment costs recovered through our indirect rates in accordance with U.S. government Cost Accounting Standards.

Adjusted operating income and adjusted EBITDA as a percentage of revenues for the three months ended August 1, 2025 increased compared to the same period in the prior year primarily due to improved profitability across our contract portfolio and a recovery of costs from the settlement of a patent infringement matter, partially offset by the indirect rates impact of state taxes related to the Act.

Adjusted operating income and adjusted EBITDA as a percentage of revenues for the six months ended August 1, 2025 increased compared to the same period in the prior year primarily due to a recovery of costs from the settlement of a patent infringement matter, partially offset by the indirect rates impact of state taxes related to the Act.

Other Key Performance Measures

In addition to the financial measures described above, we believe that bookings and backlog are useful measures for management and investors to evaluate our potential future revenues. We also consider measures such as contract types and cost of revenues mix to be useful for management and investors to evaluate our operating income and performance.

Net Bookings and Backlog. Net bookings represent the estimated amount of revenues to be earned in the future from funded and negotiated unfunded contract awards that were received during the period, net of adjustments to estimates on previously awarded contracts. We calculate net bookings as the period's ending backlog plus the period's revenues less the prior period's ending backlog and initial backlog obtained through acquisitions.

Backlog represents the estimated amount of future revenues to be recognized under negotiated contracts as work is performed. We do not include in backlog estimates of revenues to be derived from IDIQ contracts, but rather record backlog and bookings when task orders are awarded on these contracts. Given that much of our revenue is derived from IDIQ contract task orders that renew annually, bookings on these contracts tend to refresh annually as the task orders are renewed. Additionally, we do not include in backlog contract awards that are under protest until the protest is resolved in our favor.

We segregate our backlog into two categories as follows:

- **Funded Backlog.** Funded backlog for contracts with government agencies primarily represents estimated amounts of revenue to be earned in the future from contracts for which funding is appropriated less revenues previously recognized on these contracts. It does not include the unfunded portion of contracts in which funding is incrementally appropriated or authorized on a quarterly or annual basis by the U.S. government and other customers even though the contract may call for performance over a number of years. Funded backlog for contracts with non-government customers represents the estimated value on contracts, which may cover multiple future years, under which we are obligated to perform, less revenues previously recognized on these contracts.
- **Negotiated Unfunded Backlog.** Negotiated unfunded backlog represents estimated amounts of revenue to be earned in the future from negotiated contracts for which funding has not been appropriated or otherwise authorized and from unexercised priced contract options. Negotiated unfunded backlog does not include any estimate of future potential task orders expected to be awarded under IDIQ, GSA Schedules or other master agreement contract vehicles, with the exception of certain IDIQ contracts where task orders are not competitively awarded and separately priced but instead are used as a funding mechanism, and where there is a basis for estimating future revenues and funding on future anticipated task orders.

We expect to recognize revenue from a substantial portion of our funded backlog within the next twelve months. However, the U.S. government can adjust the scope of services of or cancel contracts at any time. Similarly, certain contracts with commercial customers include provisions that allow the customer to cancel prior to contract completion. Most of our contracts have cancellation terms that would permit us to recover all or a portion of our incurred costs and fees (contract profit) for work performed.

The estimated value of our total backlog as of the dates presented was:

	August 1, 2025			January 31, 2025		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
	(in millions)					
Funded backlog	\$ 2,646	\$ 948	\$ 3,594	\$ 2,599	\$ 845	\$ 3,444
Negotiated unfunded backlog	15,994	3,584	19,578	15,341	3,072	18,413
Total backlog	\$ 18,640	\$ 4,532	\$ 23,172	\$ 17,940	\$ 3,917	\$ 21,857

We had net bookings worth an estimated \$2.6 billion and \$5.0 billion during the three and six months ended August 1, 2025.

Contract Types. Our earnings and profitability may vary materially depending on changes in the proportionate amount of revenues derived from each type of contract. For a discussion of the types of contracts under which we generate revenues, see "Business - Contract Types" in Part I, Item 1 of the most recently filed Annual Report on Form 10-K. The following table summarizes revenues by contract type as a percentage of each reportable segment and total SAIC revenues for the periods presented:

	Three Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
Cost reimbursement	79 %	3 %	63 %	77 %	5 %	61 %
Time and materials ("T&M")	9 %	70 %	22 %	11 %	66 %	23 %
Firm-fixed price ("FFP")	12 %	27 %	15 %	12 %	29 %	16 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

	Six Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
Cost reimbursement	79 %	4 %	62 %	78 %	5 %	62 %
Time and materials ("T&M")	9 %	68 %	23 %	11 %	65 %	23 %
Firm-fixed price ("FFP")	12 %	28 %	15 %	11 %	30 %	15 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

Cost of Revenues Mix. We generate revenues by providing a customized mix of services to our customers. The profit generated from our service contracts is affected by the proportion of cost of revenues incurred from the efforts of our employees (which we refer to below as labor-related cost of revenues), the efforts of our subcontractors and the cost of materials used in the performance of our service obligations under our contracts. Contracts performed with a higher proportion of SAIC labor are generally more profitable. The following table presents cost mix as a percentage of each reportable segment and total SAIC revenues for the periods presented:

	Three Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
Labor-related cost of revenues	59 %	61 %	59 %	56 %	59 %	56 %
Subcontractor-related cost of revenues	29 %	31 %	30 %	29 %	33 %	30 %
Other materials-related cost of revenues	12 %	8 %	11 %	15 %	8 %	14 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

	Six Months Ended					
	August 1, 2025			August 2, 2024		
	Defense and Intelligence	Civilian	Total SAIC	Defense and Intelligence	Civilian	Total SAIC
Labor-related cost of revenues	59 %	59 %	59 %	57 %	59 %	57 %
Subcontractor-related cost of revenues	29 %	32 %	30 %	29 %	32 %	30 %
Other materials-related cost of revenues	12 %	9 %	11 %	14 %	9 %	13 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

Liquidity and Capital Resources

As a services provider, our business generally requires minimal infrastructure investment. We expect to fund our ongoing working capital, commitments and any other discretionary investments with cash on hand, future operating cash flows and, if needed, borrowings under our \$1.0 billion Revolving Credit Facility and \$300 million MARPA Facility.

We anticipate that our future cash needs will be for working capital, capital expenditures, and contractual and other commitments. We consider various financial measures when we develop and update our capital deployment strategy, which include evaluating cash provided by operating activities, free cash flow and financial leverage.

Our ability to fund these needs will depend, in part, on our ability to generate cash in the future, which depends on our future financial results. Our future results are subject to general economic, financial, competitive, legislative and regulatory factors that may be outside of our direct control. Although we believe that the financing arrangements in place will permit us to finance our operations on acceptable terms and conditions for at least the next year, our future access to, and the availability of financing on acceptable terms and conditions will be impacted by many factors (including our credit rating, capital market liquidity and overall economic conditions). Therefore, we cannot ensure that such financing will be available to us on acceptable terms or that such financing will be available at all. Nevertheless, we believe that our existing cash on hand, generation of future operating cash flows, and access to bank financing and capital markets will provide adequate resources to meet our short-term liquidity and long-term capital needs.

Historical Cash Flow Trends

The following table summarizes our cash flows:

	Six Months Ended	
	August 1, 2025	August 2, 2024
	(in millions)	
Net cash provided by operating activities	\$ 222	\$ 236
Net cash used in investing activities	(22)	(16)
Net cash used in financing activities	(208)	(267)
Net decrease in cash, cash equivalents and restricted cash	\$ (8)	\$ (47)

Net Cash Provided by Operating Activities. Cash flows provided by operating activities for the six months ended August 1, 2025 decreased \$14 million compared to the prior year primarily due to timing of customer collections and vendor payments, partially offset by higher cash provided by the Master Accounts Receivable Purchase Agreement ("MARPA Facility") (see Note 9—Sales of Receivables to the condensed consolidated financial statements contained within this report for additional information), lower incentive-based compensation payments in the current year and other changes in working capital.

Net Cash Used in Investing Activities. Cash used in investing activities for the six months ended August 1, 2025 increased \$6 million compared to the prior year primarily due to higher contributions to investments in the current year.

Net Cash Used in Financing Activities. Cash used in financing activities for the six months ended August 1, 2025 decreased \$59 million compared to the prior year period primarily due to lower plan share repurchases and higher proceeds from borrowings, net of principal payments in the current year.

Critical Accounting Policies and Estimates

There have been no changes to our critical accounting policies and estimates during the six months ended August 1, 2025 from those disclosed in our most recently filed Annual Report on Form 10-K.

Recently Issued But Not Yet Adopted Accounting Pronouncements

For information on recently issued but not yet adopted accounting pronouncements, see Note 1 to the condensed consolidated financial statements contained within this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to our market risks from those discussed in our most recently filed Annual Report on Form 10-K.

Item 4. Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) and have concluded that as of August 1, 2025 these controls and procedures were operating and effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarterly period covered by this report which materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION
Item 1. Legal Proceedings

We have provided information about legal proceedings in which we are involved in our fiscal 2025 Annual Report on Form 10-K, and we have provided an update to this information in Note 11—Legal Proceedings and Other Commitments and Contingencies to the condensed consolidated financial statements contained within this report, which is incorporated herein by reference.

In addition to the described legal proceedings, we are routinely subject to investigations and reviews relating to compliance with various laws and regulations. Additional information regarding such investigations and reviews is included in our fiscal 2025 Annual Report on Form 10-K, and we have also updated this information in Note 11—Legal Proceedings and Other Commitments and Contingencies to the condensed consolidated financial statements contained within this report, under the heading “Government Investigations, Audits and Reviews,” which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in our most recently filed Annual Report on Form 10-K. Additional risks and uncertainties not currently known to us could materially harm our business, financial condition or operating results, and thus result in a decline in the price of our stock.

Risks Related to Trade Restrictions

The imposition of trade restrictions, including economic tariffs and trade war initiatives, by various governments globally, may adversely affect our business operations and financial performance. The global political and economic environment has become increasingly volatile, with numerous countries implementing policies that could impede international trade. Although our business predominantly serves U.S. customers, the current landscape introduces uncertainty regarding the global supply chain, international markets, and cross-border trade. These trade restrictions and tariffs could result in increased costs for raw materials, components, and finished goods. Furthermore, our capacity to procure materials from international suppliers or to sell our products in foreign markets may be hindered by these measures. Consequently, we may be compelled to identify alternative suppliers or markets, potentially incurring higher costs or encountering less favorable terms. Such conditions could create uncertainty for our operations, complicating the prediction of market conditions and the effective planning of our financial and business strategies.

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

Purchases of Equity Securities. We may repurchase shares on the open market in accordance with established repurchase plans. Whether repurchases are made and the timing and amount of repurchases depend on a variety of factors including market conditions, our capital position, internal cash generation and other factors. We also repurchase shares in connection with stock option and stock award activities to satisfy tax withholding obligations.

The following table presents repurchases of our common stock during the three months ended August 1, 2025:

Period ⁽¹⁾	Total Number of Shares (or Units) Purchased ⁽²⁾	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ⁽³⁾⁽⁴⁾
May 3, 2025 - June 6, 2025	402,627	\$ 114.26	401,691	9,141,995
June 7, 2025 - July 4, 2025	284,578	107.06	284,578	7,862,785
July 5, 2025 - August 1, 2025	263,635	114.20	262,813	8,149,159
Total	950,840	\$ 112.09	949,082	

- (1) Date ranges represent our fiscal periods during the current quarter. Our fiscal quarters typically consist of one five-week period and two four-week periods.
- (2) Includes shares purchased on surrender by stockholders of previously owned shares to satisfy minimum statutory tax withholding obligations related to vesting of stock awards in addition to shares purchased under our publicly announced plans or programs.
- (3) In December 2024, our Board of Directors authorized the repurchase of up to \$1.2 billion of our outstanding common stock under our existing share repurchase plan. As of August 1, 2025, we have repurchased approximately 26.6 million shares of common stock under the program for approximately \$2.3 billion, which included amounts previously authorized under the plan prior to December 2024.
- (4) The maximum number of shares that may yet be purchased under our publicly announced plans or programs is calculated by taking the total remaining dollars authorized at the end of each period and dividing it by the closing stock price as of the period end date.

Item 3. Defaults Upon Senior Securities

No information is required in response to this item.

Item 4. Mine Safety Disclosures

No information is required in response to this item.

Item 5. Other Information

During the three months ended August 1, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data File. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
104	The cover page from this Quarterly Report on Form 10-Q, formatted as Inline XBRL.

SIGNATURES

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

Date: September 4, 2025

Science Applications International Corporation

/s/ Prabu Natarajan

Prabu Natarajan
Executive Vice President and Chief Financial Officer

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Toni Townes-Whitley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended August 1, 2025 of Science Applications International Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 4, 2025

/s/ Toni Townes-Whitley

Toni Townes-Whitley
Chief Executive Officer

SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Prabu Natarajan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended August 1, 2025 of Science Applications International Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 4, 2025

/s/ Prabu Natarajan

Prabu Natarajan
Chief Financial Officer

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

In connection with the Quarterly Report of Science Applications International Corporation (the "Company") on Form 10-Q for the period ended August 1, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Toni Townes-Whitley, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 4, 2025

/s/ Toni Townes-Whitley

**Toni Townes-Whitley
Chief Executive Officer**

**SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
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**

In connection with the Quarterly Report of Science Applications International Corporation (the "Company") on Form 10-Q for the period ended August 1, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Prabu Natarajan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 4, 2025

/s/ Prabu Natarajan

**Prabu Natarajan
Chief Financial Officer**