Rackspace Technology Reports Second Quarter 2025 Results

August 7, 2025

- Revenue of $666 million in the Second Quarter, down 3% Year-over-Year
- Private Cloud Revenue was $250 million, down 4% Year-over-Year
- Public Cloud Revenue was $417 million, down 2% Year-over-Year
- Second Quarter 2025 Cash Flow From Operating Activities was $8 million; Cash Flow From Operating Activities was $127 million on a Trailing-Twelve-Month Basis

SAN ANTONIO, Aug. 07, 2025 (GLOBE NEWSWIRE) -- Rackspace Technology, Inc. (Nasdaq: RXT), a leading end-to-end, hybrid cloud and AI solutions company, today announced results for its second quarter ended June 30, 2025.

Amar Maletira, Chief Executive Officer, stated, “I am pleased with our second quarter results. Revenue and operating profit exceeded the midpoint of guidance and EPS was within our guided range.”

Mr. Maletira added, “Go -to-market execution across both business units remains strong, reflecting continued progress in our turnaround. Bookings grew 16% while operating profit increased 34% year-over-year, and we delivered positive operating cash flow.”

Second Quarter 2025 Results

Revenue was $666 million in the second quarter of 2025, a decrease of 3% on a reported and constant currency (1) basis as compared to revenue of $685 million in the second quarter of 2024.

Private Cloud revenue was $250 million in the second quarter of 2025, a decrease of 4% on a reported basis and 5% on a constant currency basis as compared to revenue of $260 million in the second quarter of 2024.

Public Cloud revenue was $417 million in the second quarter of 2025, a decrease of 2% on a reported and constant currency basis compared to revenue of $425 million in the second quarter of 2024.

Loss from operations was $(25) million in the second quarter of 2025, compared to loss from operations of $(54) million in the second quarter of 2024.

Net loss was $(55) million in the second quarter of 2025, compared to net income of $25 million in the second quarter of 2024.

Net loss per diluted share was $(0.23) in the second quarter of 2025, compared to net earnings per diluted share of $0.11 in the second quarter of 2024.

Non-GAAP Operating Profit was $27 million in the second quarter of 2025, an increase of 34% compared to $20 million in the second quarter of 2024.

Non-GAAP Loss Per Share was $(0.06) in the second quarter of 2025, an increase of 33% compared to Non-GAAP Loss Per Share of $(0.09) in the second quarter of 2024.

Capital expenditures were $31 million in the second quarter of 2025, compared to $33 million in the second quarter of 2024.

As of June 30, 2025, we had cash and cash equivalents of $104 million and total liquidity of $414 million, including our New Revolving Credit Facility.

(1) Constant currency revenue and certain other measures in this release are non-GAAP financial measures. See “Non-GAAP Financial Measures” and the tables that accompany this release for definitions and reconciliations of these non-GAAP measures to the most comparable GAAP measures.

Financial Outlook

Rackspace Technology is providing guidance as follows:

	Q3 2025 Guidance
Total Revenue	$660 - $674 million
Private Cloud Revenue	$246 - $254 million
Public Cloud Revenue	$414 - $420 million
Non-GAAP Operating Profit	$30 - $32 million
Non-GAAP Loss Per Share	$(0.04) - $(0.06)
Non-GAAP Other Income (Expense)	$(47) – $(51) million
Non-GAAP Tax Expense Rate	26%
Non-GAAP Weighted Average Shares	239 - 241 million

Information about Rackspace Technology’s use of non-GAAP financial measures is provided below under “Non-GAAP Financial Measures”.

Definitions of non-GAAP financial measures and the reconciliations to the most directly comparable measures in accordance with generally accepted accounting principles in the United States ("GAAP") are provided in subsequent sections of this press release narrative and supplemental schedules. Rackspace Technology has not reconciled Non-GAAP Operating Profit, Non-GAAP Loss Per Share, Non-GAAP Other Income (Expense) or Non-GAAP Tax Expense Rate guidance to the most directly comparable GAAP measure because it does not provide guidance on GAAP net income (loss) or the reconciling items between these Non-GAAP measures and GAAP net income (loss) as a result of the uncertainty regarding, and the potential variability of, certain of these items, such as share-based compensation expense. Accordingly, a reconciliation of the non-GAAP financial measure guidance to the corresponding GAAP measure is not available without unreasonable effort. With respect to Non-GAAP Operating Profit, Non-GAAP Loss Per Share, Non-GAAP Other Income (Expense) and Non-GAAP Tax Expense Rate guidance, adjustments in future periods are generally expected to be similar to the kinds of charges and costs excluded from these Non-GAAP measures in prior periods, but the impact of such adjustments could be significant.

Conference Call and Webcast

Rackspace Technology will hold a conference call today, August 7, 2025, at 4:00pm CT / 5:00pm ET to discuss its second quarter 2025 results. Interested parties may access the conference call as follows:

To listen to the live webcast or access the replay following the webcast, please visit our IR website at the following link: https://ir.rackspace.com/news-and-events/events-and-presentations.

To obtain a dial-in number, please pre-register at the following link:
https://register-conf.media-server.com/register/BI66df5b475a64421db049095fcc180300

Registrants will receive dial-in information and a PIN allowing them to access the live call.

About Rackspace Technology

Rackspace Technology is a leading end-to-end, hybrid cloud and AI solutions company. We can design, build, and operate our customers' cloud environments across all major technology platforms, irrespective of technology stack or deployment model. We partner with our customers at every stage of their cloud journey, enabling them to modernize applications, build new products, and adopt innovative technologies.

Forward-looking Statements

Rackspace Technology has made statements in this press release and other reports, filings, and other public written and verbal announcements that are forward-looking and therefore subject to risks and uncertainties. All statements, other than statements of historical fact, included in this press release are, or could be, "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are made in reliance on the safe harbor protections provided thereunder. These forward-looking statements relate to anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions, and other matters. Any forward-looking statement made in this press release speaks only as of the date on which it is made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. Forward-looking statements can be identified by various words such as "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and similar expressions. These forward-looking statements are based on management's current beliefs and assumptions and on information currently available to management. Rackspace Technology cautions that these statements are subject to risks and uncertainties, many of which are outside of our control, and could cause future events or results to be materially different from those stated or implied in this press release, including among others, risk factors that are described in Rackspace Technology, Inc.'s Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings with the Securities and Exchange Commission, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein.

Non-GAAP Financial Measures

This press release includes several non-GAAP financial measures such as constant currency revenue, Non-GAAP Gross Profit, Non-GAAP Net Income (Loss), Non-GAAP Operating Profit, Adjusted EBITDA and Non-GAAP Earnings (Loss) Per Share. These non-GAAP financial measures exclude the impact of certain costs, losses and gains that are required to be included in our profit and loss measures under GAAP. Although we believe these measures are useful to investors and analysts for the same reasons they are useful to management, as described in the accompanying pages, these measures are not a substitute for, or superior to, GAAP financial measures or disclosures. Other companies may calculate similarly-titled non-GAAP measures differently, limiting their usefulness as comparative measures. We have reconciled each of these non-GAAP measures to the applicable most comparable GAAP measure in the accompanying pages.

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

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RACKSPACE TECHNOLOGY, INC.
CONSOLIDATED RESULTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,				Year-Over-Year Comparison	
	2024		2025			
(In millions, except % and per share data)	Amount	% Revenue	Amount	% Revenue	Amount	% Change
Revenue	$ 684.9	100.0%	$ 666.3	100.0%	$ (18.6)	(2.7)%
Cost of revenue	(553.5)	(80.8)%	(537.1)	(80.6)%	16.4	(3.0)%
Gross profit	131.4	19.2%	129.2	19.4%	(2.2)	(1.7)%
Selling, general and administrative expenses	(185.2)	(27.0)%	(154.3)	(23.2)%	30.9	(16.7)%
Loss from operations	(53.8)	(7.9)%	(25.1)	(3.8)%	28.7	(53.3)%
Other income (expense):						
Interest expense	(18.4)	(2.7)%	(21.3)	(3.2)%	(2.9)	15.8%
Gain on investments, net	—	—%	0.3	0.0%	0.3	100.0%
Gain on debt extinguishment, net of debt modification costs	72.5	10.6%	—	—%	(72.5)	(100.0)%
Other expense, net	(5.2)	(0.8)%	(3.8)	(0.6)%	1.4	(26.9)%
Total other income (expense)	48.9	7.2%	(24.8)	(3.7)%	(73.7)	NM
Loss before income taxes	(4.9)	(0.7)%	(49.9)	(7.5)%	(45.0)	NM
Benefit (provision) for income taxes	29.9	4.4%	(4.6)	(0.7)%	(34.5)	NM
Net income (loss)	$ 25.0	3.7%	$ (54.5)	(8.2)%	$ (79.5)	NM
Net earnings (loss) per share:						
Basic	$ 0.11		$ (0.23)			
Diluted	$ 0.11		$ (0.23)			
Weighted average number of shares outstanding:						
Basic	224.5		238.0			
Diluted	229.6		238.0			

NM = not meaningful.

RACKSPACE TECHNOLOGY, INC.
CONSOLIDATED RESULTS OF OPERATIONS
(Unaudited)

	Six Months Ended June 30,				Year-Over-Year Comparison	
	2024		2025			
(In millions, except % and per share data)	Amount	% Revenue	Amount	% Revenue	Amount	% Change
Revenue	$ 1,375.7	100.0%	$ 1,331.7	100.0%	$ (44.0)	(3.2)%
Cost of revenue	(1,111.5)	(80.8)%	(1,075.6)	(80.8)%	35.9	(3.2)%
Gross profit	264.2	19.2%	256.1	19.2%	(8.1)	(3.1)%
Selling, general and administrative expenses	(377.6)	(27.5)%	(319.6)	(24.0)%	58.0	(15.4)%
Impairment of goodwill	(573.2)	(41.7)%	—	—%	573.2	(100.0)%
Impairment of assets, net	(20.0)	(1.5)%	—	—%	20.0	(100.0)%
Loss from operations	(706.6)	(51.4)%	(63.5)	(4.8)%	643.1	(91.0)%
Other income (expense):						
Interest expense	(62.1)	(4.5)%	(40.7)	(3.1)%	21.4	(34.5)%
Gain on investments, net	0.1	0.0%	0.2	0.0%	0.1	100.0%
Gain on debt extinguishment, net of debt modification costs	129.2	9.4%	—	—%	(129.2)	(100.0)%
Other expense, net	(10.8)	(0.8)%	(9.2)	(0.7)%	1.6	(14.8)%
Total other income (expense)	56.4	4.1%	(49.7)	(3.7)%	(106.1)	NM
Loss before income taxes	(650.2)	(47.3)%	(113.2)	(8.5)%	537.0	(82.6)%
Benefit (provision) for income taxes	34.6	2.5%	(12.8)	(1.0)%	(47.4)	NM
Net loss	$ (615.6)	(44.7)%	$ (126.0)	(9.5)%	$ 489.6	(79.5)%
Net loss per share:						
Basic and diluted	$ (2.77)		$ (0.54)			

Weighted average number of shares outstanding:		
Basic and diluted	222.2	235.0

NM = not meaningful.

RACKSPACE TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except per share data)	December 31, 2024	June 30, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 144.0	$ 103.9
Accounts receivable, net of allowance for credit losses and accrued customer credits of $27.0 and $24.6, respectively	298.8	253.9
Prepaid expenses	84.9	111.4
Other current assets	91.1	79.2
Total current assets	618.8	548.4
Property, equipment and software, net	601.0	594.8
Goodwill, net	735.7	741.1
Intangible assets, net	844.7	770.2
Operating right-of-use assets	134.6	130.0
Other non-current assets	119.3	110.4
Total assets	$ 3,054.1	$ 2,894.9
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 389.6	$ 389.8
Accrued compensation and benefits	96.7	70.0
Deferred revenue	84.2	68.4
Debt	29.2	33.4
Accrued interest	7.4	6.2
Operating lease liabilities	55.9	47.2
Finance lease liabilities	53.1	48.7
Financing obligations	16.4	14.1
Other current liabilities	34.1	37.6
Total current liabilities	766.6	715.4
Non-current liabilities:		
Debt	2,756.4	2,766.8
Operating lease liabilities	77.8	79.4
Finance lease liabilities	293.1	301.1
Financing obligations	39.2	30.2
Deferred income taxes	30.2	23.8
Other non-current liabilities	95.0	97.2
Total liabilities	4,058.3	4,013.9
Commitments and Contingencies		
Stockholders' deficit:		
Preferred stock, $0.01 par value per share: 5.0 shares authorized; no shares issued or outstanding	—	—
Common stock, $0.01 par value per share: 1,495.0 shares authorized; 232.2 and 242.1 shares issued; 229.1 and 239.0 shares outstanding, respectively	2.3	2.4
Additional paid-in capital	2,682.8	2,696.7
Accumulated other comprehensive income	24.1	21.3
Accumulated deficit	(3,682.4)	(3,808.4)
Treasury stock, at cost; 3.1 shares held	(31.0)	(31.0)
Total stockholders' deficit	(1,004.2)	(1,119.0)
Total liabilities and stockholders' deficit	$ 3,054.1	$ 2,894.9

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

(In millions)	Six Months Ended June 30, 2024	2025
Cash Flows From Operating Activities		
Net loss	$ (615.6)	$ (126.0)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	149.0	148.9
Reduction in carrying amount of operating right-of-use assets	34.2	32.5
Deferred income taxes	(51.2)	(9.1)
Share-based compensation expense	32.3	22.0
Impairment of goodwill	573.2	—
Impairment of assets, net	20.0	—
Gain on debt extinguishment, net of debt modification costs	(129.2)	—
Gain on investments, net	(0.1)	(0.2)
Provision for bad debts and accrued customer credits	10.8	2.6
Amortization of debt issuance costs and debt discount and premium	(3.5)	3.0
Third party fees paid in connection with the March 2024 Refinancing Transactions	(31.7)	—
Other operating activities	(2.9)	1.8
Changes in operating assets and liabilities:		
Accounts receivable	10.4	43.5
Prepaid expenses and other current assets	4.2	(27.1)
Accounts payable, accrued expenses, and other current liabilities	(35.5)	(39.4)
Deferred revenue	(7.7)	(15.8)
Operating lease liabilities	(43.8)	(34.8)
Other non-current assets and liabilities	20.9	19.1
Net cash provided by (used in) operating activities	(66.2)	21.0
Cash Flows From Investing Activities		
Purchases of property, equipment and software	(66.7)	(29.1)
Proceeds from sale of headquarters	16.9	—
Other investing activities	0.3	(0.8)
Net cash used in investing activities	(49.5)	(29.9)
Cash Flows From Financing Activities		
Proceeds from employee stock plans	0.4	0.3
Shares of common stock withheld for employee taxes	(3.4)	(0.8)
Proceeds from borrowings under long-term debt arrangements	275.0	80.0
Payments on long-term debt	(91.9)	(67.3)
Debt extinguishment costs	(22.1)	—
Payments on financing component of interest rate swap	(8.6)	(8.7)
Principal payments of finance lease liabilities	(30.8)	(27.9)
Principal payments of financing obligations	(8.2)	(11.3)
Net cash provided by (used in) financing activities	110.4	(35.7)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(1.3)	3.3
Decrease in cash, cash equivalents, and restricted cash	(6.6)	(41.3)
Cash, cash equivalents, and restricted cash at beginning of period	199.7	147.0
Cash, cash equivalents, and restricted cash at end of period	$ 193.1	$ 105.7
Supplemental Cash Flow Information		
Cash payments for interest, net of amount capitalized	$ 70.1	$ 41.0
Cash payments for income taxes, net of refunds	$ 6.8	$ 1.3
Non-cash Investing and Financing Activities		
Acquisition of property, equipment and software by finance leases	$ 13.7	$ 25.3
Increase (decrease) in property, equipment and software accrued in liabilities	(1.3)	3.2
Other non-cash activity	(0.5)	—
Non-cash purchases of property, equipment and software	$ 11.9	$ 28.5

Non-cash gain on sale of property and equipment	$ (5.1)	$ —	

SEGMENT DATA

(In millions, except %)	Three Months Ended June 30,		% Change	
Revenue by segment:	**2024**	**2025**	**Actual**	**Constant Currency [a]**
Public Cloud	$ 424.9	$ 416.6	(2.0)%	(2.2)%
Private Cloud	260.0	249.7	(4.0)%	(4.8)%
Total consolidated revenue	$ 684.9	$ 666.3	(2.7)%	(3.2)%

(In millions, except %)	Six Months Ended June 30,		% Change	
Revenue by segment:	**2024**	**2025**	**Actual**	**Constant Currency [a]**
Public Cloud	$ 847.3	$ 832.2	(1.8)%	(1.7)%
Private Cloud	528.4	499.5	(5.5)%	(5.7)%
Total consolidated revenue	$ 1,375.7	$ 1,331.7	(3.2)%	(3.3)%

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

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

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

(a) Segment revenue less expenses directly attributable to running the respective segments' business. These expenses exclude centralized corporate function costs.

(b) Costs that are not allocated to segments. These costs are related to centralized corporate functions that provide services to the segments in areas such as accounting, information technology, marketing, legal and human resources.

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

NON-GAAP FINANCIAL MEASURES

Constant Currency Revenue

We use constant currency revenue as an additional metric for understanding and assessing our growth excluding the effect of foreign currency rate fluctuations on our international business operations. Constant currency information compares results between periods as if exchange rates had remained constant period over period and is calculated by translating the non-U.S. dollar income statement balances for the most current period to U.S. dollars using the average exchange rate from the comparative period rather than the actual exchange rates in effect during the respective period. We also believe this is an important metric to help investors evaluate our performance in comparison to prior periods.

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

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

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

Non-GAAP Gross Profit

We present Non-GAAP Gross Profit because we believe the measure is useful in analyzing trends in our underlying, recurring gross margins. We define Non-GAAP Gross Profit as gross profit, adjusted to exclude the impact of share-based compensation expense, purchase accounting-related effects, and certain business transformation-related costs.

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

(a) Adjustment for the impact of purchase accounting from the November 2016 merger on expenses.

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

Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA

We present Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA because they are a basis upon which management assesses our performance and we believe they are useful to evaluating our financial performance. We believe that excluding items from net income that may not be indicative of, or are unrelated to, our core operating results, and that may vary in frequency or magnitude, enhances the comparability of our results and provides a better baseline for analyzing trends in our business.

We define Non-GAAP Net Income (Loss) as net income (loss) adjusted to exclude the impact of non-cash charges for share-based compensation, transaction-related costs and adjustments, restructuring and transformation charges, costs related to the Hosted Exchange incident, the amortization of acquired intangible assets, goodwill and asset impairment charges, the interest expense impact from the refinancing transactions announced in March 2024 (the “March 2024 Refinancing Transactions”), and certain other non-operating, non-recurring or non-core gains and losses, as well as the tax effects of these non-GAAP adjustments.

We define Non-GAAP Operating Profit as income (loss) from operations adjusted to exclude the impact of non-cash charges for share-based compensation, transaction-related costs and adjustments, restructuring and transformation charges, costs related to the Hosted Exchange incident, the amortization of acquired intangible assets, goodwill and asset impairment charges, and certain other non-operating, non-recurring or non-core gains and losses.

We define Adjusted EBITDA as net income (loss) adjusted to exclude the impact of non-cash charges for share-based compensation, transaction-related costs and adjustments, restructuring and transformation charges, costs related to the Hosted Exchange incident, certain other non-operating, non-recurring or non-core gains and losses, interest expense, expenses for our accounts receivable purchase agreement, income taxes, depreciation and amortization, and goodwill and asset impairment charges.

Non-GAAP Operating Profit and Adjusted EBITDA are management's principal metrics for measuring our underlying financial performance. Non-GAAP Operating Profit and Adjusted EBITDA, along with other quantitative and qualitative information, are also the principal financial measures used by management and our Board of Directors in determining performance-based compensation for our management and key employees.

These non-GAAP measures are not intended to imply that we would have generated higher income or avoided net losses if the November 2016 merger and the subsequent transactions and initiatives had not occurred. In the future we may incur expenses or charges such as those added back to calculate Non-GAAP Net Income (Loss), Non-GAAP Operating Profit or Adjusted EBITDA. Our presentation of Non-GAAP Net Income (Loss), Non-GAAP Operating Profit and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these items. Other companies, including our peer companies, may calculate similarly-titled measures in a different manner from us, and therefore, our non-GAAP measures may not be comparable to similarly-titled measures of other companies. Investors are cautioned against using these measures to the exclusion of our results in accordance with GAAP.

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

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

Loss from operations reconciliation to Non-GAAP Operating Profit

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2024	2025	2024	2025
Loss from operations	$ (53.8)	$ (25.1)	$ (706.6)	$ (63.5)
Share-based compensation expense	19.5	10.0	32.3	22.0
Transaction-related adjustments, net [(a)]	1.6	0.4	2.6	1.9
Restructuring and transformation expenses [(b)]	14.5	4.4	35.4	17.5
Hosted Exchange incident expenses, net of proceeds received or expected to be received under our insurance coverage	(0.1)	—	0.1	—
Impairment of goodwill	—	—	573.2	—
Impairment of assets, net	—	—	20.0	—
Amortization of intangible assets [(f)]	38.6	37.6	77.3	75.0
Non-GAAP Operating Profit	$ 20.3	$ 27.3	$ 34.3	$ 52.9

Net income (loss) reconciliation to Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2024	2025	2024	2025

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

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

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

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

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

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

(f) All of our intangible assets are attributable to acquisitions, including the November 2016 merger.

(g) We utilize an estimated structural long-term non-GAAP tax rate in order to provide consistency across reporting periods, removing the effect of non-recurring tax adjustments, which include but are not limited to tax rate changes, U.S. tax reform, share-based compensation, audit conclusions and changes to valuation allowances. When computing this long-term rate for the 2024 and 2025 interim periods, we based it on an average of the 2023 and estimated 2024 tax rates and 2024 and estimated 2025 tax rates, respectively, recomputed to remove the tax effect of non-GAAP pre-tax adjustments and non-recurring tax adjustments, resulting in a structural non-GAAP tax rate of 26% for all periods. The non-GAAP tax rate could be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix including due to acquisition activity, or other changes to our strategy or business operations. We will re-evaluate our long-term non-GAAP tax rate as appropriate. We believe that making these adjustments facilitates a better evaluation of our current operating performance and comparisons to prior periods.

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

(i) Excludes accelerated depreciation expense related to facility closures.

Non-GAAP Earnings (Loss) Per Share

We define Non-GAAP Earnings (Loss) Per Share as Non-GAAP Net Income (Loss) divided by our GAAP weighted average number of shares outstanding for the period on a diluted basis and further adjusted for the weighted average number of shares associated with securities which are anti-dilutive to GAAP loss per share. Management uses Non-GAAP Earnings (Loss) Per Share to evaluate the performance of our business on a comparable basis from period to period, including by adjusting for the impact of the issuance of shares.

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

(a) Potential common share equivalents consist of shares issuable upon the exercise of stock options, vesting of restricted stock units (including performance-based restricted stock units) or purchases under the Employee Stock Purchase Plan as well as contingent shares associated with our acquisition of Datapipe Parent, Inc. Certain of our potential common share equivalents are contingent on certain investment funds managed by affiliates of Apollo Global Management, Inc. achieving pre-established performance targets based on a multiple of their invested capital, which are included in the denominator for the entire period if such shares would be issuable as of the end of the reporting period assuming the end of the reporting period was the end of the contingency period.

(b) Reflects the aggregate adjustments made to reconcile Non-GAAP Net Loss to our net income (loss), as noted in the above table, divided by the GAAP diluted number of shares outstanding for the relevant period.