

MERIDIAN HOLDINGS CORPORATION

Annual Report and Financial Statements

For the Fiscal Year Ended December 31, 2024

This Annual Report provides a comprehensive overview of Meridian Holdings Corporation's financial performance, strategic initiatives, and operational highlights for fiscal year 2024.

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1. EXECUTIVE SUMMARY

Fiscal year 2024 represented a transformative period for Meridian Holdings Corporation, marked by record financial performance, strategic acquisitions, and significant operational improvements across all business segments. The Company delivered strong results that exceeded management expectations.

1.1 Key Achievements

Total backlog at period end was \$11.3 billion, an increase of 20.8% compared to \$5.6 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 0.97x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Gross margin for the period was 54.9%, compared to 36.4% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Professional Services business, partially offset by increased costs in our Managed Services segment. Management expects gross margins to remain stable in the coming quarters.

Revenue for the fiscal period reached \$2,088 million, representing a 13.5% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$365 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Revenue for the fiscal period reached \$1,698 million, representing a 21.7% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$583 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Total backlog at period end was \$9.7 billion, an increase of 20.2% compared to \$8.1 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.22x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

1.2 Strategic Priorities

1.2.1 Market Leadership

Gross margin for the period was 37.8%, compared to 37.9% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Professional Services business, partially offset by increased costs in our Enterprise Software segment. Management expects gross margins to remain stable in the coming quarters.

Capital expenditures for the period were \$242 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$155 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Revenue for the fiscal period reached \$1,504 million, representing a 15.7% increase compared to the prior year period. This performance was primarily driven by strong demand in our Asia Pacific segment, which contributed \$348 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

1.2.2 Innovation Focus

Cash flow from operations was \$381 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$646 million, representing a free cash flow margin of 27.3%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Operating expenses totaled \$494 million, increasing by 5.9% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Total backlog at period end was \$10.3 billion, an increase of 22.9% compared to \$4.4 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.13x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

1.3 Year in Review

1.3.1 Q1 Performance

Cash flow from operations was \$419 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$572 million, representing a free cash flow margin of 14.6%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Total backlog at period end was \$7.1 billion, an increase of 11.0% compared to \$4.8 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.00x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

1.3.2 Q2 Performance

Operating expenses totaled \$763 million, increasing by 11.5% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Net income attributable to shareholders was \$571 million, or \$6.88 per diluted share, compared to net income of \$241 million, or \$3.19 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

1.3.3 Q3 Performance

Capital expenditures for the period were \$195 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$143 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Revenue for the fiscal period reached \$1,081 million, representing a 16.3% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$600 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

1.3.4 Q4 Performance

Operating expenses totaled \$828 million, increasing by 9.7% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Capital expenditures for the period were \$151 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$179 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

2. FINANCIAL HIGHLIGHTS

The following section provides detailed analysis of the Company's financial performance for fiscal year 2024, including comparisons to prior periods and key performance indicators.

2.1 Revenue Performance

2.1.1 Consolidated Revenue

Total backlog at period end was \$9.9 billion, an increase of 5.1% compared to \$8.6 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.34x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Cash flow from operations was \$423 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$201 million, representing a free cash flow margin of 20.7%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Gross margin for the period was 54.9%, compared to 32.1% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Professional Services business, partially offset by increased costs in our Cloud Services segment. Management expects gross margins to remain stable in the coming quarters.

Total backlog at period end was \$11.9 billion, an increase of 16.4% compared to \$7.6 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.21x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

2.1.2 Revenue by Product Line

Product Line	FY2024	FY2023	Change
Enterprise Software	\$748M	\$666M	+12.2%
Cloud Services	\$218M	\$208M	+5.1%
Professional Services	\$628M	\$504M	+24.5%
Hardware Solutions	\$410M	\$378M	+8.6%
Managed Services	\$769M	\$670M	+14.8%

Operating expenses totaled \$794 million, increasing by 8.8% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Cash flow from operations was \$603 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$422 million, representing a free cash flow margin of 17.9%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Cash flow from operations was \$393 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$545 million, representing a free cash flow margin of 27.6%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

2.1.3 Geographic Revenue Distribution

Operating expenses totaled \$776 million, increasing by 6.1% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Capital expenditures for the period were \$164 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$192 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Cash flow from operations was \$682 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$512 million, representing a free cash flow margin of 20.1%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

2.2 Profitability Analysis

2.2.1 Gross Margin Trends

Capital expenditures for the period were \$245 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$253 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Cash flow from operations was \$350 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$567 million, representing a free cash flow margin of 26.2%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Total backlog at period end was \$10.9 billion, an increase of 23.4% compared to \$5.0 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.11x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Cash flow from operations was \$880 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$351 million, representing a free cash flow margin of 27.6%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

2.2.2 Operating Expenses

Revenue for the fiscal period reached \$1,156 million, representing a 17.0% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$526 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Capital expenditures for the period were \$236 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$201 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Cash flow from operations was \$846 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$227 million, representing a free cash flow margin of 23.2%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Operating expenses totaled \$542 million, increasing by 8.1% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

2.2.3 Net Income Analysis

Revenue for the fiscal period reached \$816 million, representing a 3.5% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$430 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Capital expenditures for the period were \$149 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$215 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Revenue for the fiscal period reached \$1,410 million, representing a 22.2% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$246 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

2.3 Cash Flow Summary

2.3.1 Operating Cash Flow

Revenue for the fiscal period reached \$1,819 million, representing a 6.0% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$216 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Cash flow from operations was \$327 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$517 million, representing a free cash flow margin of 27.8%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Total backlog at period end was \$9.9 billion, an increase of 24.3% compared to \$9.1 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.31x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Total backlog at period end was \$9.4 billion, an increase of 10.8% compared to \$6.5 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.07x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

2.3.2 Capital Allocation

Net income attributable to shareholders was \$492 million, or \$3.53 per diluted share, compared to net income of \$500 million, or \$3.95 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Operating expenses totaled \$838 million, increasing by 7.4% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Total backlog at period end was \$7.5 billion, an increase of 23.2% compared to \$9.9 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.24x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Cash flow from operations was \$477 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$308 million, representing a free cash flow margin of 14.8%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

3. SEGMENT PERFORMANCE

This section provides detailed analysis of operating performance across the Company's geographic segments, including revenue contribution, profitability metrics, and strategic initiatives by region.

3.1 North America Operations

3.1.1 Revenue Analysis

Revenue for the fiscal period reached \$2,451 million, representing a 23.7% increase compared to the prior year period. This performance was primarily driven by strong demand in our Europe segment, which contributed \$737 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Revenue for the fiscal period reached \$1,802 million, representing a 22.0% increase compared to the prior year period. This performance was primarily driven by strong demand in our Asia Pacific segment, which contributed \$794 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Total backlog at period end was \$5.5 billion, an increase of 5.5% compared to \$8.6 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.27x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

3.1.2 Operating Performance

Capital expenditures for the period were \$161 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$244 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Net income attributable to shareholders was \$273 million, or \$4.67 per diluted share, compared to net income of \$246 million, or \$4.79 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Net income attributable to shareholders was \$456 million, or \$6.46 per diluted share, compared to net income of \$309 million, or \$5.98 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

3.1.3 Strategic Initiatives

Revenue for the fiscal period reached \$1,665 million, representing a 8.1% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$274 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Cash flow from operations was \$774 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$284 million, representing a free cash flow margin of 26.0%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

3.2 International Operations

3.2.1 Revenue Analysis

Net income attributable to shareholders was \$325 million, or \$6.89 per diluted share, compared to net income of \$544 million, or \$7.48 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Capital expenditures for the period were \$84 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$154 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Gross margin for the period was 48.8%, compared to 51.5% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Managed Services business, partially offset by increased costs in our Hardware Solutions segment. Management expects gross margins to remain stable in the coming quarters.

3.2.2 Operating Performance

Net income attributable to shareholders was \$284 million, or \$6.63 per diluted share, compared to net income of \$139 million, or \$6.24 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Gross margin for the period was 36.9%, compared to 34.2% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Professional Services business, partially offset by increased costs in our Enterprise Software segment. Management expects gross margins to remain stable in the coming quarters.

Gross margin for the period was 35.3%, compared to 35.6% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Enterprise Software business, partially offset by increased costs in our Cloud Services segment. Management expects gross margins to remain stable in the coming quarters.

3.2.3 Strategic Initiatives

Revenue for the fiscal period reached \$1,086 million, representing a 20.1% increase compared to the prior year period. This performance was primarily driven by strong demand in our Europe segment, which contributed \$295 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Gross margin for the period was 48.2%, compared to 51.4% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Hardware Solutions business, partially offset by increased costs in our Professional Services segment. Management expects gross margins to remain stable in the coming quarters.

3.3 Emerging Markets

3.3.1 Revenue Analysis

Net income attributable to shareholders was \$243 million, or \$4.84 per diluted share, compared to net income of \$359 million, or \$2.94 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Total backlog at period end was \$11.2 billion, an increase of 5.4% compared to \$6.5 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.10x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Cash flow from operations was \$425 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$532 million, representing a free cash flow margin of 16.5%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

3.3.2 Operating Performance

Operating expenses totaled \$573 million, increasing by 9.1% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Gross margin for the period was 36.6%, compared to 50.8% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Hardware Solutions business, partially offset by increased costs in our Managed Services segment. Management expects gross margins to remain stable in the coming quarters.

Gross margin for the period was 47.4%, compared to 38.1% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Hardware Solutions business, partially offset by increased costs in our Professional Services segment. Management expects gross margins to remain stable in the coming quarters.

3.3.3 Strategic Initiatives

Total backlog at period end was \$7.1 billion, an increase of 11.3% compared to \$5.1 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.10x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Net income attributable to shareholders was \$376 million, or \$3.79 per diluted share, compared to net income of \$192 million, or \$6.70 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

4. STRATEGIC INITIATIVES

The Company's strategic initiatives are designed to drive sustainable long-term growth and enhance shareholder value.

4.1 Product Development

4.1.1 R&D; Investment

Operating expenses totaled \$886 million, increasing by 6.1% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Capital expenditures for the period were \$174 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$207 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

4.1.2 New Product Pipeline

Total backlog at period end was \$11.3 billion, an increase of 22.7% compared to \$7.5 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.27x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Gross margin for the period was 36.2%, compared to 37.0% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Hardware Solutions business, partially offset by increased costs in our Hardware Solutions segment. Management expects gross margins to remain stable in the coming quarters.

4.1.3 Technology Partnerships

Operating expenses totaled \$407 million, increasing by 13.5% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Operating expenses totaled \$678 million, increasing by 12.8% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

4.2 Market Expansion

4.2.1 Geographic Growth

Gross margin for the period was 53.9%, compared to 51.8% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Cloud Services business, partially offset by increased costs in our Professional Services segment. Management expects gross margins to remain stable in the coming quarters.

Operating expenses totaled \$936 million, increasing by 10.6% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

4.2.2 Channel Development

Cash flow from operations was \$328 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$368 million, representing a free cash flow margin of 16.0%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Net income attributable to shareholders was \$274 million, or \$6.43 per diluted share, compared to net income of \$168 million, or \$4.30 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

4.2.3 Customer Acquisition

Operating expenses totaled \$887 million, increasing by 11.7% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Cash flow from operations was \$653 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$321 million, representing a free cash flow margin of 28.0%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

4.3 Operational Excellence

4.3.1 Cost Optimization

Net income attributable to shareholders was \$370 million, or \$2.64 per diluted share, compared to net income of \$421 million, or \$4.89 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Revenue for the fiscal period reached \$1,629 million, representing a 11.0% increase compared to the prior year period. This performance was primarily driven by strong demand in our Latin America segment, which contributed \$471 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

4.3.2 Process Improvement

Operating expenses totaled \$1,152 million, increasing by 12.2% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Revenue for the fiscal period reached \$955 million, representing a 19.4% increase compared to the prior year period. This performance was primarily driven by strong demand in our Asia Pacific segment, which contributed \$622 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

4.3.3 Digital Transformation

Gross margin for the period was 41.0%, compared to 43.7% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Enterprise Software business, partially offset by increased costs in our Enterprise Software segment. Management expects gross margins to remain stable in the coming quarters.

Capital expenditures for the period were \$297 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$113 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

5. RISK FACTORS AND MANAGEMENT

The Company faces various risks that could materially affect its business, financial condition, and results of operations.

5.1 Market Risks

5.1.1 Economic Conditions

Cash flow from operations was \$318 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$448 million, representing a free cash flow margin of 23.6%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Revenue for the fiscal period reached \$1,451 million, representing a 23.8% increase compared to the prior year period. This performance was primarily driven by strong demand in our Europe segment, which contributed \$218 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Cash flow from operations was \$362 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$588 million, representing a free cash flow margin of 25.5%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

5.1.2 Competitive Pressures

Gross margin for the period was 48.2%, compared to 41.9% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Managed Services business, partially offset by increased costs in our Managed Services segment. Management expects gross margins to remain stable in the coming quarters.

Revenue for the fiscal period reached \$1,638 million, representing a 16.0% increase compared to the prior year period. This performance was primarily driven by strong demand in our Middle East & Africa segment, which contributed \$342 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Operating expenses totaled \$782 million, increasing by 10.1% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

5.2 Operational Risks

5.2.1 Supply Chain

Revenue for the fiscal period reached \$2,113 million, representing a 20.1% increase compared to the prior year period. This performance was primarily driven by strong demand in our Latin America segment, which contributed \$671 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Revenue for the fiscal period reached \$1,322 million, representing a 3.2% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$727 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Total backlog at period end was \$7.4 billion, an increase of 9.5% compared to \$6.3 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.34x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

5.2.2 Cybersecurity

Net income attributable to shareholders was \$151 million, or \$3.51 per diluted share, compared to net income of \$393 million, or \$6.99 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Operating expenses totaled \$1,017 million, increasing by 7.1% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Operating expenses totaled \$736 million, increasing by 4.3% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

5.3 Financial Risks

5.3.1 Interest Rate Exposure

Cash flow from operations was \$368 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$313 million, representing a free cash flow margin of 24.0%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Operating expenses totaled \$1,053 million, increasing by 10.6% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

5.3.2 Currency Risk

Net income attributable to shareholders was \$223 million, or \$4.18 per diluted share, compared to net income of \$241 million, or \$7.63 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Revenue for the fiscal period reached \$1,117 million, representing a 12.2% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$324 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

6. CORPORATE GOVERNANCE

6.1 Board of Directors

Cash flow from operations was \$767 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$379 million, representing a free cash flow margin of 22.1%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Gross margin for the period was 52.2%, compared to 46.5% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Managed Services business, partially offset by increased costs in our Enterprise Software segment. Management expects gross margins to remain stable in the coming quarters.

Capital expenditures for the period were \$245 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$182 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

6.2 Executive Compensation

6.2.1 Compensation Philosophy

Operating expenses totaled \$533 million, increasing by 9.1% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Revenue for the fiscal period reached \$1,395 million, representing a 17.6% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$390 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

6.2.2 Performance Metrics

Operating expenses totaled \$747 million, increasing by 5.6% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Capital expenditures for the period were \$271 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$178 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

6.3 Audit Committee

Operating expenses totaled \$994 million, increasing by 3.6% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Net income attributable to shareholders was \$351 million, or \$5.43 per diluted share, compared to net income of \$501 million, or \$4.89 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

7. FINANCIAL STATEMENTS

7.1 Consolidated Balance Sheet

ASSETS	FY2024	FY2023
Cash and equivalents	\$1,245M	\$1,089M
Accounts receivable	\$892M	\$834M
Inventory	\$567M	\$523M
Total Current Assets	\$2,938M	\$2,644M
Property, plant & equipment	\$2,456M	\$2,234M
Goodwill	\$3,789M	\$3,567M
Total Assets	\$9,628M	\$8,843M

Cash flow from operations was \$455 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$244 million, representing a free cash flow margin of 27.4%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Operating expenses totaled \$588 million, increasing by 7.2% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

7.2 Consolidated Income Statement

	FY2024	FY2023
Revenue	\$4,567M	\$4,123M
Cost of Revenue	(\$2,741M)	(\$2,515M)
Gross Profit	\$1,826M	\$1,608M
Operating Expenses	(\$1,235M)	(\$1,134M)
Operating Income	\$591M	\$474M
Net Income	\$432M	\$332M

Revenue for the fiscal period reached \$1,071 million, representing a 3.3% increase compared to the prior year period. This performance was primarily driven by strong demand in our Europe segment, which contributed \$327 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Cash flow from operations was \$661 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$581 million, representing a free cash flow margin of 20.5%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

7.3 Cash Flow Statement

	FY2024	FY2023
Cash from Operations	\$678M	\$589M
Cash from Investing	(\$234M)	(\$198M)
Cash from Financing	(\$178M)	(\$145M)
Net Change in Cash	\$266M	\$246M

8. NOTES TO FINANCIAL STATEMENTS

Note 1: Significant Accounting Policies

Total backlog at period end was \$9.7 billion, an increase of 24.3% compared to \$7.1 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.11x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Cash flow from operations was \$570 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$290 million, representing a free cash flow margin of 25.0%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.

Revenue for the fiscal period reached \$1,008 million, representing a 14.3% increase compared to the prior year period. This performance was primarily driven by strong demand in our Asia Pacific segment, which contributed \$470 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Note 2: Revenue Recognition

Total backlog at period end was \$3.2 billion, an increase of 7.7% compared to \$4.9 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.20x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Capital expenditures for the period were \$222 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$151 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Revenue for the fiscal period reached \$835 million, representing a 3.4% increase compared to the prior year period. This performance was primarily driven by strong demand in our North America segment, which contributed \$600 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Note 3: Segment Information

Gross margin for the period was 36.2%, compared to 42.3% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Hardware Solutions business, partially offset by increased costs in our Hardware Solutions segment. Management expects gross margins to remain stable in the coming quarters.

Revenue for the fiscal period reached \$2,284 million, representing a 7.9% increase compared to the prior year period. This performance was primarily driven by strong demand in our Latin America segment, which contributed \$719 million to total revenue. Management believes these results demonstrate the strength of the Company's diversified business model and the effectiveness of recent strategic initiatives.

Capital expenditures for the period were \$80 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$92 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Note 4: Income Taxes

Total backlog at period end was \$9.8 billion, an increase of 7.3% compared to \$7.6 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.34x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Capital expenditures for the period were \$112 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$73 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Note 5: Debt and Credit Facilities

Net income attributable to shareholders was \$356 million, or \$2.72 per diluted share, compared to net income of \$294 million, or \$6.62 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Capital expenditures for the period were \$177 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$190 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Note 6: Fair Value Measurements

Net income attributable to shareholders was \$397 million, or \$7.07 per diluted share, compared to net income of \$374 million, or \$6.11 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Total backlog at period end was \$8.3 billion, an increase of 10.3% compared to \$7.4 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.12x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Note 7: Commitments and Contingencies

Net income attributable to shareholders was \$490 million, or \$8.10 per diluted share, compared to net income of \$301 million, or \$6.68 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

Operating expenses totaled \$726 million, increasing by 6.5% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Note 8: Subsequent Events

Gross margin for the period was 40.3%, compared to 35.7% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Hardware Solutions business, partially offset by increased costs in our Hardware Solutions segment. Management expects gross margins to remain stable in

the coming quarters.

Net income attributable to shareholders was \$202 million, or \$3.56 per diluted share, compared to net income of \$468 million, or \$5.01 per diluted share, in the prior year period. The increase in earnings reflects strong operational performance and disciplined cost management across all business segments.

SUPPLEMENTARY INFORMATION

A.1 Quarterly Financial Data

Capital expenditures for the period were \$272 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$214 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Gross margin for the period was 40.0%, compared to 49.2% in the same period last year. The improvement in gross margin reflects improved pricing and cost efficiencies in our Cloud Services business, partially offset by increased costs in our Hardware Solutions segment. Management expects gross margins to remain stable in the coming quarters.

Capital expenditures for the period were \$278 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$253 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Capital expenditures for the period were \$294 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$217 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

A.2 Five-Year Financial Summary

Operating expenses totaled \$404 million, increasing by 4.5% year-over-year. The increase was primarily attributable to increased investment in research and development initiatives and expansion of our sales organization in key growth markets. The Company continues to invest in talent acquisition and technology infrastructure to support long-term growth objectives.

Capital expenditures for the period were \$134 million, primarily related to facility expansion and technology infrastructure. Depreciation and amortization expense was \$134 million. The Company continues to invest in manufacturing capacity and digital capabilities to support future growth.

Total backlog at period end was \$5.6 billion, an increase of 13.4% compared to \$3.8 billion at the end of the prior year period. Book-to-bill ratio for the quarter was 1.14x, reflecting continued strong demand across the Company's product portfolio and geographic markets.

Cash flow from operations was \$822 million for the period. Free cash flow, defined as cash flow from operations less capital expenditures, was \$236 million, representing a free cash flow margin of 27.2%. Strong cash generation enables continued investment in growth initiatives and return of capital to shareholders.