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# Q3 2021 EARNINGS CONFERENCE CALL

**MICHAEL HAYFORD, CEO**  
**OWEN SULLIVAN, PRESIDENT & COO**  
**TIM OLIVER, CFO**

October 26, 2021



# NOTES TO INVESTORS

**FORWARD-LOOKING STATEMENTS.** Comments made during this conference call and in these materials contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the “Act”). Forward-looking statements use words such as “expect,” “anticipate,” “outlook,” “intend,” “plan,” “believe,” “will,” “should,” “would,” “potential,” “proposed,” “objective,” “could,” “may,” and words of similar meaning, as well as other words or expressions referencing future events, conditions or circumstances. We intend these forward-looking statements to be covered by the safe harbor provisions for forward looking statements contained in the Act. Statements that describe or relate to NCR’s plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. Examples of forward-looking statements in these materials include, without limitation, statements regarding NCR’s expansion, acceleration, and execution of our strategy to shift to a software platform and payments company and our NCR-as-a-Service and 80/60/20 strategy, statements regarding our financial position, expectations regarding delivery of increased value to customers and customer satisfaction, expectations regarding growth and long-term value creation for our stockholders, statements regarding momentum and continued investment in strategic growth platforms, expectations regarding the impact of the Cardtronics acquisition on NCR, statements regarding our plans to manage our business through the COVID-19 pandemic including safeguarding our employees, helping our customers, and managing impacts on our supply chain, the expected impact of the COVID-19 pandemic on our business, expectations regarding demand for our products and services, statements regarding supply chain challenges and cost escalations including materials, labor and freight, statements regarding our second half 2021 financial outlook including revenue, adjusted EBITDA, earnings per share and free cash flow, statements regarding our focus on capitalization of opportunities, the integration of Cardtronics and opportunities to accelerate profitable growth, acceleration of payments and transaction processing solutions, allocation of capital and return on investment, and customer satisfaction. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1A “Risk Factors” of NCR’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (SEC) on February 26, 2021 and those factors detailed from time to time in NCR’s other SEC reports including quarterly reports on Form 10-Q and current reports on Form 8-K. These materials are dated October 26, 2021, and NCR does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

# NOTES TO INVESTORS

**NON-GAAP MEASURES.** While NCR reports its results in accordance with generally accepted accounting principles in the United States, or GAAP, comments made during this conference call and in these materials will include or make reference to certain "non-GAAP" measures, including: selected measures, such as period-over-period revenue growth; gross margin rate (non-GAAP); diluted earnings per share (non-GAAP); free cash flow; gross margin (non-GAAP); net debt; adjusted EBITDA; the ratio of net debt to adjusted EBITDA; operating income (non-GAAP); interest and other expense (non-GAAP); income tax expense (non-GAAP); effective income tax rate (non-GAAP); and net income (non-GAAP). These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures. Explanations of these non-GAAP measures, and reconciliations of these non-GAAP measures to their directly comparable GAAP measures, are included in the accompanying "Supplementary Materials" and are available on the Investor Relations page of NCR's website at [www.ncr.com](http://www.ncr.com). Descriptions of many of these non-GAAP measures are also included in NCR's SEC reports.

**USE OF CERTAIN TERMS.** As used in these materials:

(i) the term "recurring revenue" includes all revenue streams from contracts where there is a predictable revenue pattern that will occur at regular intervals with a relatively high degree of certainty. This includes hardware and software maintenance revenue, cloud revenue, payment processing revenue, interchange and network revenue, and certain professional services arrangements, as well as term-based software license arrangements that include customer termination rights.

These presentation materials and the associated remarks made during this conference call are integrally related and are intended to be presented and understood together.

# OVERVIEW

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**Revenue up 20% Y/Y; Recurring revenue up 39%**

**Adjusted EBITDA growth of 41% Y/Y**

**Adjusted EBITDA margin expansion of 280 bps to 18.5%**

**Free Cash Flow of \$125M in Q3**

**Cardtronics integration on-track**

# STRATEGIC UPDATE

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**Strong momentum across strategic growth platforms**

**Banking - Digital banking momentum and continued shift to recurring revenue**

**Retail - Accelerating growth in NCR Emerald<sup>TM</sup> software platform**

**Hospitality - Aloha<sup>TM</sup> Essentials momentum across both Enterprise and SMB customers**

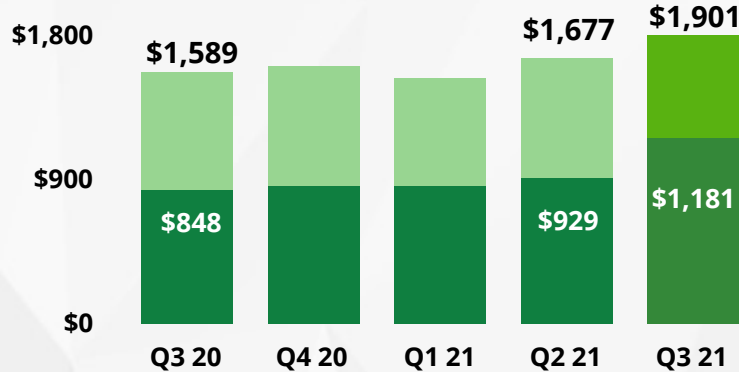
**Payments - Gaining traction upselling to existing customers**

**Accelerating NCR-as-a-Service transformation**

# Q3 2021 FINANCIAL RESULTS

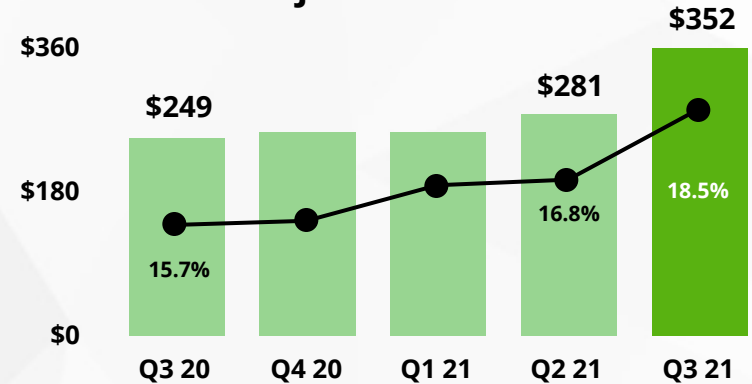
\$ in millions, except for EPS

## Total Revenue/Recurring



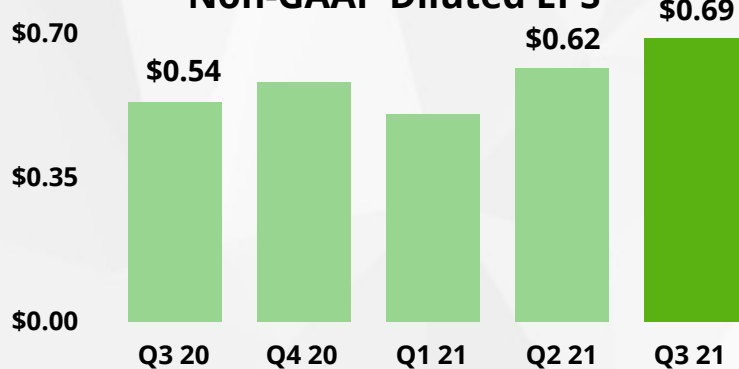
Revenue up 20% y/y; Recurring revenue up 39% y/y; Pro forma revenue up 3%; Pro forma<sup>(1)</sup> recurring revenue up 7%

## Adjusted EBITDA



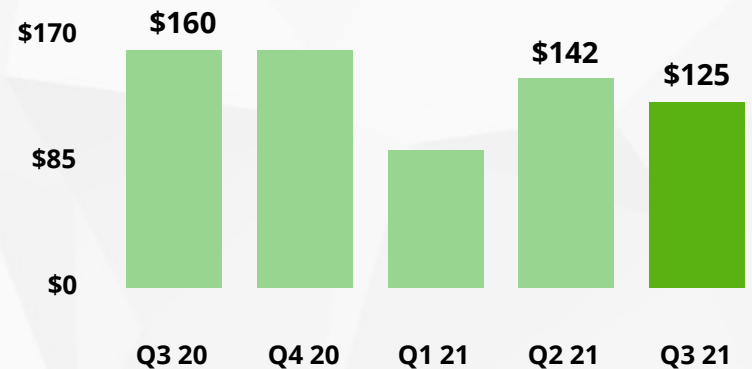
Adjusted EBITDA up 41% and margin rate up 280 bps y/y

## Non-GAAP Diluted EPS



Non-GAAP EPS up 28% y/y

## Free Cash Flow



Driving strong and linear free cash flow production

<sup>(1)</sup> Proforma recurring revenue includes the historical recurring revenue of Cardtronics for the three month period ending Q3 20 adjusted for \$26M of intercompany.



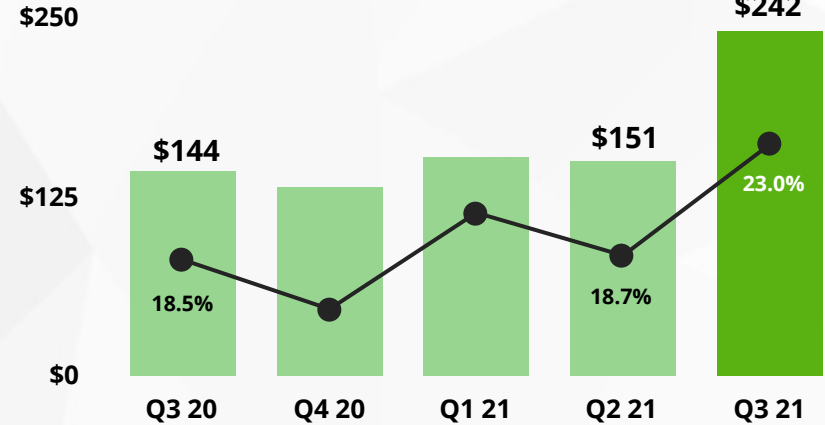
# BANKING

## Revenue

\$ in millions, except registered users

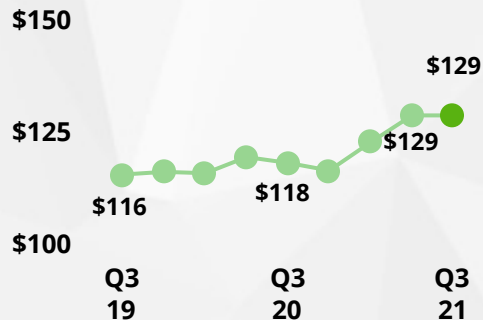


## Adjusted EBITDA



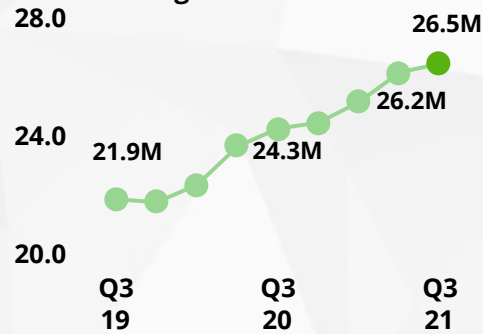
## Key Metrics

### Digital Banking Revenue



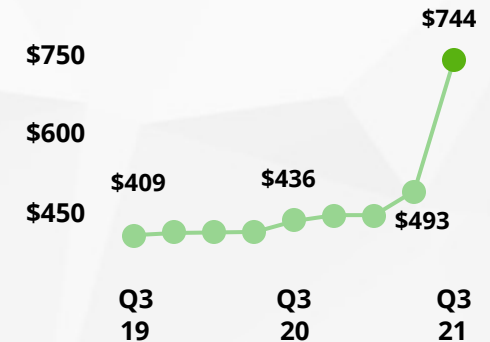
Up 9% y/y

### Digital Banking Registered Users



Up 9% y/y

### Recurring Revenue



Up 71% y/y; Pro forma<sup>(1)</sup> up 7%

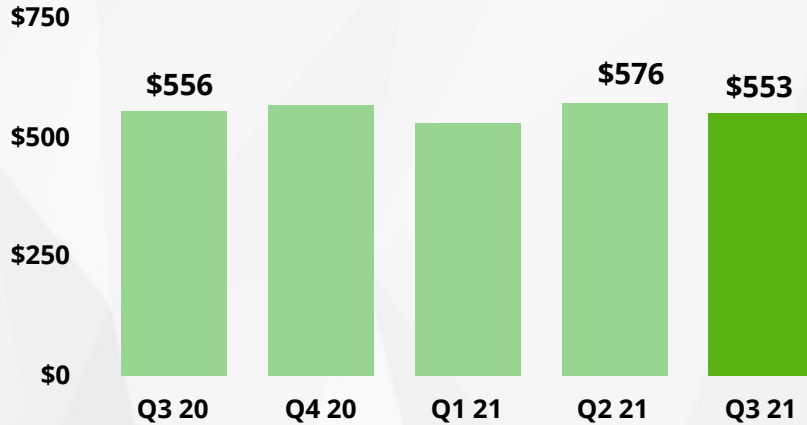
**Digital banking and shift to recurring revenue gaining traction; Complimented by Cardtronics business**

<sup>(1)</sup> Proforma recurring revenue includes the historical recurring revenue of Cardtronics for the three month period ending Q3 20 adjusted for \$26M of intercompany. 7

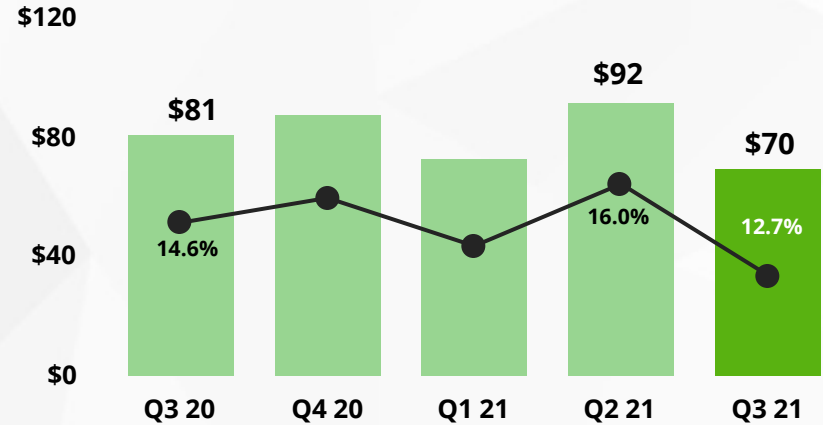
# RETAIL

\$ in millions, except platform lanes

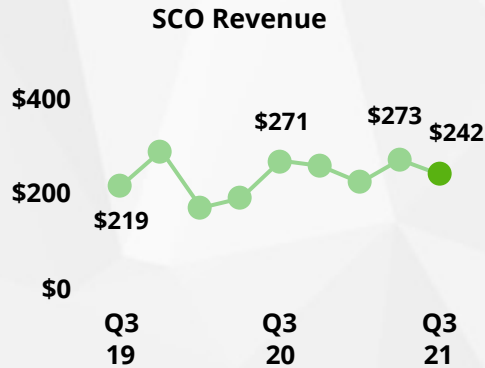
## Revenue



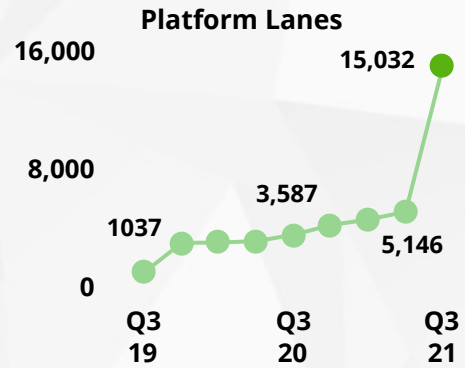
## Adjusted EBITDA



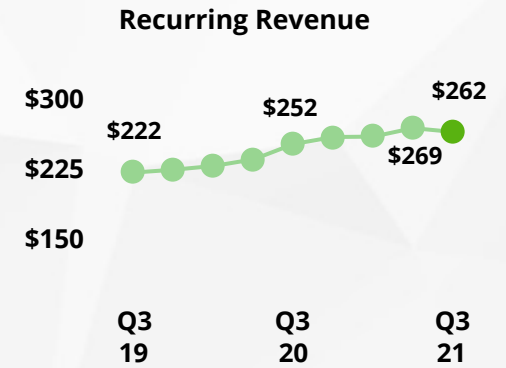
## Key Metrics



Down 11% y/y



Up >4x



Up 4% y/y

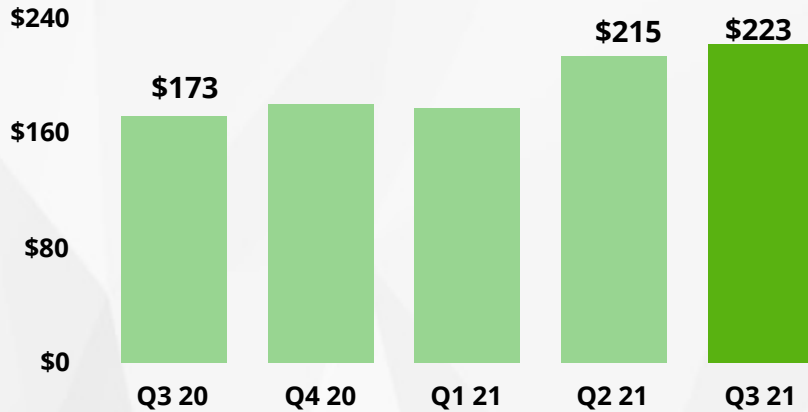
**Conversion to Platform Lanes gaining traction**



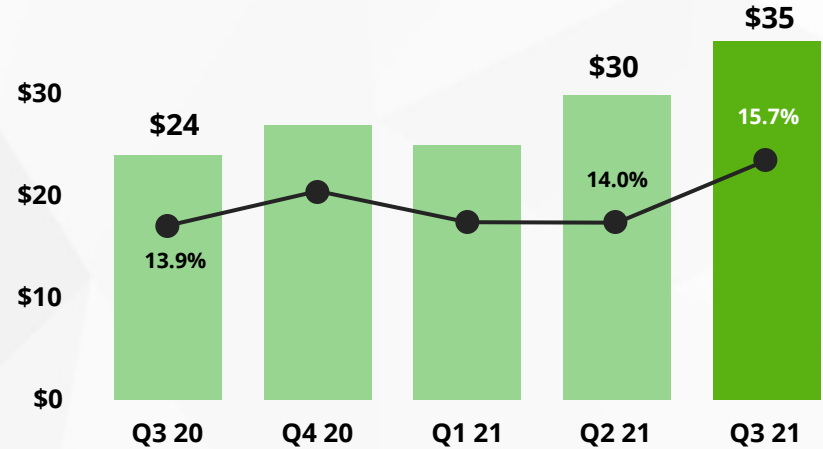
# HOSPITALITY

\$ in millions, except Aloha Essential sites

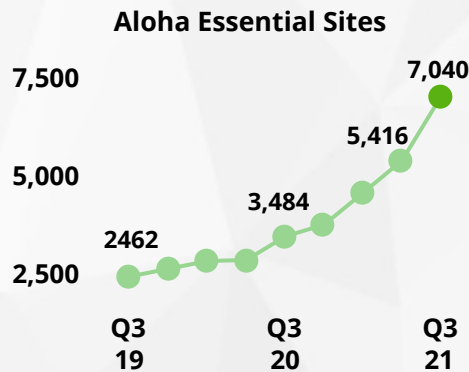
## Revenue



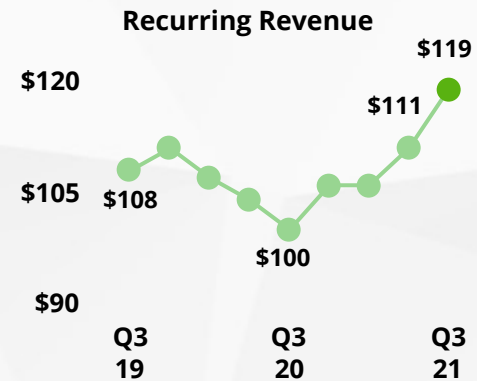
## Adjusted EBITDA



## Key Metrics



Up 102% y/y



Up 19% y/y

**Continued acceleration in Aloha Essentials**

# Progress on NCR 80/60/20 Goals

	Q3 2021	Q3 2020
<b>80%</b> of NCR's revenue will come from <b>software and services</b>	<b>76%</b>	71%
<b>60%</b> of NCR's revenue will come from <b>recurring revenue</b>	<b>62%</b>	53%
<b>20%</b> goal for <b>Adjusted EBITDA</b> as a percent of revenue	<b>18.5%</b>	15.7%

# FREE CASH FLOW, NET DEBT & EBITDA

\$ in millions

Free Cash Flow	Q3 2021	Q3 2020
Cash provided by operating activities	\$497	\$212
Less: Total capital expenditures	(\$102)	(\$60)
Less: Initial sale of Trade Accounts Receivable	(\$274)	\$0
Plus: Settlement Restricted Cash Activity	\$0	\$3
Plus: Pension contributions	\$4	\$5
<b>Free Cash Flow</b>	<b>\$125</b>	<b>\$160</b>

Net Debt & EBITDA	Q3 2021	Q2 2021	Q3 2020
Debt	\$5,564	\$5,971	\$4,488
Cash	(\$383)	(\$449)	(\$1,605)
Net Debt	\$5,181	\$5,522	\$2,883
Adjusted EBITDA LTM	\$1,149	\$1,046	\$937
<b>Net Debt / Adjusted EBITDA</b>	<b>4.5x</b>	<b>5.3x</b>	<b>3.1x</b>
<b>Net Debt/ Adjusted EBITDA with CATM<sup>(1)</sup></b>	<b>3.8x</b>		

<sup>(1)</sup> Net Debt/ Adjusted EBITDA with Cardtronics ("CATM") calculation includes the addition of the historical EBITDA of CATM for the twelve month period ending Q3 21.

# LOOKING FORWARD

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**Continue to execute well in difficult supply chain environment**

**Capitalize on Cardtronics opportunities**

**Accelerate payments and transaction processing solutions**

**Allocate capital to highest growth and return on investment opportunities**

**Focus on customer satisfaction initiatives**

**Virtual Investor Day scheduled for December 9th, 2021**



# **SUPPLEMENTARY MATERIALS**

# Q3 2021 GAAP RESULTS

\$ in millions, except per share amounts

	Q3 2021	Q3 2020	% Change
<b>Revenue</b>	<b>\$1,901</b>	<b>\$1,589</b>	<b>20%</b>
<b>Gross Margin</b>	<b>520</b>	<b>427</b>	<b>22%</b>
<b>Gross Margin Rate</b>	<b>27.4%</b>	<b>26.9%</b>	
<b>Operating Expenses</b>	<b>363</b>	<b>309</b>	<b>17%</b>
<b>% of Revenue</b>	<b>19.1%</b>	<b>19.4%</b>	
<b>Operating Income</b>	<b>157</b>	<b>118</b>	<b>33%</b>
<b>% of Revenue</b>	<b>8.3%</b>	<b>7.4%</b>	
<b>Interest and other expense</b>	<b>(115)</b>	<b>(86)</b>	<b>34%</b>
<b>Income Tax Expense (Benefit)</b>	<b>29</b>	<b>—</b>	
<b>Effective Income Tax Rate</b>	<b>69.0%</b>	<b>—%</b>	
<b>Net Income from Continuing Operations (attributable to NCR)</b>	<b>\$12</b>	<b>\$31</b>	<b>(61%)</b>
<b>Diluted EPS</b>	<b>\$0.06</b>	<b>\$0.19</b>	<b>(68)%</b>

# Q3 2021 OPERATIONAL RESULTS

\$ in millions, except per share amounts

	Q3 2021	Q3 2020	% Change
<b>Revenue</b>	<b>\$1,901</b>	<b>\$1,589</b>	<b>20%</b>
<b>Gross Margin (non-GAAP)</b>	<b>546</b>	<b>446</b>	<b>22%</b>
<b>Gross Margin Rate (non-GAAP)</b>	<b>28.7%</b>	<b>28.1%</b>	
<b>Operating Expenses (non-GAAP)</b>	<b>\$331</b>	<b>\$288</b>	<b>15%</b>
<b>% of Revenue</b>	<b>17.4%</b>	<b>18.1%</b>	
<b>Operating Income (non-GAAP)</b>	<b>\$215</b>	<b>\$158</b>	<b>36%</b>
<b>% of Revenue</b>	<b>11.3%</b>	<b>9.9%</b>	
<b>Interest and other expense (non-GAAP)</b>	<b>(\$71)</b>	<b>(\$66)</b>	<b>(8%)</b>
<b>Income Tax Expense (non-GAAP)</b>	<b>41</b>	<b>14</b>	<b>193%</b>
<b>Effective Income Tax Rate (non-GAAP)</b>	<b>28.5%</b>	<b>15.2%</b>	
<b>Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)</b>	<b>\$103</b>	<b>\$78</b>	<b>32%</b>
<b>Diluted EPS (non-GAAP)</b>	<b>\$0.69</b>	<b>\$0.54</b>	<b>28%</b>



# NON-GAAP MEASURES

While NCR reports its results in accordance with generally accepted accounting principles (GAAP) in the United States, comments made during this conference call and in these materials will include non-GAAP measures. These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures.

***Non-GAAP Diluted Earnings Per Share (EPS), Gross Margin (non-GAAP), Gross Margin Rate (non-GAAP), Operating Expenses (non-GAAP), Operating Income (non-GAAP), Operating Margin Rate (non-GAAP), Other (Expense) (non-GAAP), Income Tax Expense (non-GAAP), Effective Income Tax Rate (non-GAAP), and Net Income from Continuing Operations Attributable to NCR (non-GAAP).*** NCR's non-GAAP diluted EPS, gross margin (non-GAAP), gross margin rate (non-GAAP), operating expenses (non-GAAP), operating income (non-GAAP), operating margin rate (non-GAAP), other (expense) (non-GAAP), income tax expense (non-GAAP), effective income tax rate (non-GAAP), and net income from continuing operations attributable to NCR (non-GAAP) are determined by excluding, as applicable, pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits, as well as other special items, including amortization of acquisition related intangibles and transformation and restructuring activities, from NCR's GAAP earnings per share, gross margin, gross margin rate, expenses, income from operations, operating margin rate, other (expense), income tax expense, effective income tax rate and net income from continuing operations attributable to NCR, respectively. Due to the non-operational nature of these pension and other special items, NCR's management uses these non-GAAP measures to evaluate year-over-year operating performance. NCR believes these measures are useful for investors because they provide a more complete understanding of NCR's underlying operational performance, as well as consistency and comparability with NCR's past reports of financial results.

***Free Cash Flow.*** NCR defines free cash flow as net cash provided by (used in) operating activities less capital expenditures for property, plant and equipment, less additions to capitalized software, plus/minus restricted cash settlement activity, plus acquisition related items, less the impact from the initial sale of Trade accounts receivables under the agreement entered into during the 3rd quarter of 2021, and plus pension contributions and pension settlements. NCR's management uses free cash flow to assess the financial performance of the Company and believes it is useful for investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash generated after capital expenditures, which can be used for, among other things, investment in the Company's existing businesses, strategic acquisitions, strengthening the Company's balance sheet, repurchase of Company stock and repayment of the Company's debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures since there may be other nondiscretionary expenditures that are not deducted from the measure. Free cash flow does not have uniform definitions under GAAP and, therefore, NCR's definitions may differ from other companies' definitions of these measures.

# NON-GAAP MEASURES

**Net Debt and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA).** NCR determines Net Debt based on its total debt less cash and cash equivalents, with total debt being defined as total short-term borrowings plus total long-term debt. NCR believes that Net Debt provides useful information to investors because NCR's management reviews Net Debt as part of its management of overall liquidity, financial flexibility, capital structure and leverage. In addition, certain debt rating agencies, creditors and credit analysts monitor NCR's Net Debt as part of their assessments of NCR's business.

NCR determines Adjusted EBITDA for a given period based on its GAAP net income from continuing operations attributable to NCR plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus other income (expense); plus pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits and other special items, including amortization of acquisition related intangibles and restructuring charges, among others. NCR uses Adjusted EBITDA to manage and measure the performance of its business segments. NCR also uses Adjusted EBITDA to manage and determine the effectiveness of its business managers and as a basis for incentive compensation. NCR believes that Adjusted EBITDA provides useful information to investors because it is an indicator of the strength and performance of the Company's ongoing business operations, including its ability to fund discretionary spending such as capital expenditures, strategic acquisitions and other investments.

NCR believes that its ratio of Net Debt to Adjusted EBITDA provides useful information to investors because it is an indicator of the company's ability to meet its future financial obligations. In addition, the Net Debt to Adjusted EBITDA ratio is frequently used by investors and credit rating agencies. The Net Debt to Adjusted EBITDA ratio is calculated by dividing Net Debt by trailing twelve-month Adjusted EBITDA.

NCR management's definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP. These non-GAAP measures are reconciled to their corresponding GAAP measures in the following slides and elsewhere in these materials. These reconciliations and other information regarding these non-GAAP measures are also available on the Investor Relations page of NCR's website at [www.ncr.com](http://www.ncr.com).

# GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q3 2021	Q2 2021	Q3 2020
<b>Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)</b>	<b>\$ 12</b>	<b>\$ (9)</b>	<b>\$ 31</b>
<b>Transformation &amp; Restructuring Costs</b>	<b>5</b>	<b>7</b>	<b>19</b>
<b>Acquisition-Related Amortization of Intangibles</b>	<b>45</b>	<b>23</b>	<b>21</b>
<b>Acquisition-Related Costs</b>	<b>9</b>	<b>56</b>	<b>—</b>
<b>Loss on Debt Extinguishment</b>	<b>42</b>	<b>—</b>	<b>20</b>
<b>Interest Expense</b>	<b>68</b>	<b>61</b>	<b>60</b>
<b>Interest Income</b>	<b>—</b>	<b>(1)</b>	<b>(3)</b>
<b>Depreciation and Amortization</b>	<b>104</b>	<b>76</b>	<b>70</b>
<b>Income Taxes</b>	<b>29</b>	<b>31</b>	<b>—</b>
<b>Stock Compensation Expense</b>	<b>38</b>	<b>37</b>	<b>31</b>
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 352</b>	<b>\$ 281</b>	<b>\$ 249</b>

# GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q3 2021 LTM	Q2 2021 LTM	Q3 2020 LTM
<b>Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)</b>	<b>\$ (92)</b>	<b>\$ (73)</b>	<b>\$ 502</b>
Pension Mark-to-Market Adjustments	34	34	75
Transformation & Restructuring Costs	222	236	43
Acquisition-Related Amortization of Intangibles	107	83	84
Acquisition-Related Costs	86	77	2
Internal reorganization & IP Transfer	—	—	(37)
Loss on Debt Extinguishment	42	20	20
Interest Expense	225	217	221
Interest Income	(7)	(10)	(6)
Depreciation and Amortization	324	290	260
Income Taxes	57	28	(334)
Stock Compensation Expense	151	144	107
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 1,149</b>	<b>\$ 1,046</b>	<b>\$ 937</b>

# ADJUSTED EBITDA BY SEGMENT

\$ in millions

	Q3 2021	Q2 2021	Q3 2020
<b>Banking</b>	\$ 242	\$ 151	\$ 144
<b>Retail</b>	70	92	81
<b>Hospitality</b>	35	30	24
<b>Other</b>	10	9	10
<b>Adjusted EBITDA by Segment</b>	\$ 357	\$ 282	\$ 259
<b>Corporate and Other</b>	(5)	(1)	(10)
<b>Adjusted EBITDA</b>	\$ 352	\$ 281	\$ 249

# GAAP TO NON-GAAP RECONCILIATION

Q3 2021

\$ in millions, except per share amounts

	Q3 QTD 2021 GAAP	Transform ation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Debt Refinancing & Extinguishment	Tax Related Items	Q3 QTD 2021 non- GAAP
Product revenue	\$520	\$—	\$—	\$—	\$—	\$—	\$520
Service revenue	1,381	—	—	—	—	—	1,381
<b>Total revenue</b>	<b>1,901</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,901</b>
Cost of products	429	—	(3)	—	—	—	426
Cost of services	952	(3)	(20)	—	—	—	929
<b>Gross margin</b>	<b>520</b>	<b>3</b>	<b>23</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>546</b>
<i>Gross margin rate</i>	<i>27.4%</i>	<i>0.1%</i>	<i>1.2%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>28.7%</i>
Selling, general and administrative expenses	294	(2)	(22)	(8)	—	—	262
Research and development expenses	69	—	—	—	—	—	69
Total operating expenses	363	(2)	(22)	(8)	—	—	331
<i>Total operating expense as a % of revenue</i>	<i>19.1%</i>	<i>(0.1)%</i>	<i>(1.2)%</i>	<i>(0.4)%</i>	<i>—</i>	<i>—</i>	<i>17.4%</i>
<b>Income from operations</b>	<b>157</b>	<b>5</b>	<b>45</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>215</b>
<i>Income from operations as a % of revenue</i>	<i>8.3%</i>	<i>0.3%</i>	<i>2.3%</i>	<i>0.4%</i>	<i>—</i>	<i>—</i>	<i>11.3%</i>
Interest and Other (expense) income, net	(115)	—	—	1	43	—	(71)
Income from continuing operations before income taxes	42	5	45	9	43	—	144
Income tax (benefit) expense	29	—	10	1	1	—	41
<i>Effective income tax rate</i>	<i>69.0%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>28.5%</i>
Income from continuing operations	13	5	35	8	42	—	103
Net income (loss) attributable to noncontrolling interests	1	—	—	—	—	—	1
<b>Income from continuing operations (attributable to NCR)</b>	<b>\$12</b>	<b>\$5</b>	<b>\$35</b>	<b>\$8</b>	<b>\$42</b>	<b>\$—</b>	<b>\$102</b>
<b>Diluted earnings per share</b>	<b>\$0.06</b>	<b>\$0.03</b>	<b>\$0.24</b>	<b>\$0.05</b>	<b>\$0.29</b>	<b>\$—</b>	<b>\$0.69</b>
Diluted shares outstanding	137.8						147.0



# GAAP TO NON-GAAP RECONCILIATION

Q3 2021

\$ in millions, except per share amounts

	Q3 QTD 2021 GAAP	Q3 QTD 2021 non-GAAP
<b><i>Income from continuing operations attributable to NCR common stockholders:</i></b>		
Income from continuing operations (attributable to NCR)	\$12	\$102
Dividends on convertible preferred shares	(4)	—
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$8</b>	<b>\$102</b>
<b><i>Weighted average outstanding shares:</i></b>		
Weighted average diluted shares outstanding	137.8	137.8
Weighted as-if converted preferred shares	—	9.2
<b>Total shares used in diluted earnings per share</b>	<b>137.8</b>	<b>147.0</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$0.06</b>	<b>\$0.69</b>

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends or deemed dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.



# GAAP TO NON-GAAP RECONCILIATION

Q3 2020

\$ in millions, except per share amounts

	Q3 QTD 2020 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Debt Financing	Q3 QTD 2020 non-GAAP
Product revenue	\$521	\$—	\$—	\$—	\$521
Service revenue	1,068	—	—	—	1,068
<b>Total revenue</b>	<b>1,589</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,589</b>
Cost of products	452	(10)	(2)	—	440
Cost of services	710	(4)	(3)	—	703
<b>Gross margin</b>	<b>427</b>	<b>14</b>	<b>5</b>	<b>—</b>	<b>446</b>
<i>Gross margin rate</i>	<b>26.9%</b>	<i>0.9%</i>	<i>0.3%</i>	<i>—%</i>	<b>28.1%</b>
Selling, general and administrative expenses	254	(2)	(16)	—	236
Research and development expenses	55	(3)	—	—	52
Total expenses	309	(5)	(16)	—	288
<i>Total expense as a % of revenue</i>	<b>19.4%</b>	<i>(0.3)%</i>	<i>(1.0)%</i>	<i>—%</i>	<b>18.1%</b>
<b>Income from operations</b>	<b>118</b>	<b>19</b>	<b>21</b>	<b>—</b>	<b>158</b>
Income from operations as a % of revenue	<b>7.4%</b>	1.2%	1.3%	—%	<b>9.9%</b>
Interest and Other (expense) income, net	(86)	—	—	20	(66)
Income from continuing operations before income taxes	32	19	21	20	92
Income tax expense	—	5	4	5	14
<i>Effective income tax rate</i>	<i>—%</i>				<b>15.2%</b>
Income from continuing operations	32	14	17	15	78
Net income attributable to noncontrolling interests	1	—	—	—	1
<b>Income from continuing operations (attributable to NCR)</b>	<b>\$31</b>	<b>\$14</b>	<b>\$17</b>	<b>\$15</b>	<b>\$77</b>
<b>Diluted (loss) earnings per share</b>	<b>\$0.19</b>	<b>\$0.10</b>	<b>\$0.12</b>	<b>\$0.10</b>	<b>\$0.54</b>
Diluted shares outstanding	129.7				143.3

# GAAP TO NON-GAAP RECONCILIATION

Q3 2020

\$ in millions, except per share amounts

	Q3 QTD 2020 GAAP	Q3 QTD 2020 non-GAAP
<b><i>Income from continuing operations attributable to NCR common stockholders:</i></b>		
Income from continuing operations (attributable to NCR)	\$31	\$77
Dividends on convertible preferred shares	(\$6)	\$—
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$25</b>	<b>\$77</b>
<b><i>Weighted average outstanding shares:</i></b>		
Weighted average diluted shares outstanding	129.7	129.7
Weighted as-if converted preferred shares	—	13.6
<b>Total shares used in diluted earnings per share</b>	<b>129.7</b>	<b>143.3</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$0.19</b>	<b>\$0.54</b>

<sup>(1)</sup> GAAP EPS is determined using the most dilutive measure, either including the impact of the dividends or deemed dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss available to common stockholders or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding. Non-GAAP EPS is always determined using the as-if converted preferred shares and shares that would be issued for stock compensation awards. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may be calculated using different methods, and may not mathematically reconcile.

# GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q3 2021	Q2 2021	Q3 2020
Cash provided by operating activities	\$497	\$155	\$212
Less: Total capital expenditures	(\$102)	(\$79)	(\$60)
Less: Sale of Accounts Receivables	(\$274)	\$—	\$—
Plus: Pension contributions	\$4	\$5	\$5
Plus: Settlement Restricted Cash Activity	\$—	\$6	\$3
Plus: Acquisition Related Items	\$—	\$55	\$—
<b>Free Cash Flow</b>	<b>\$125</b>	<b>\$142</b>	<b>\$160</b>



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**THANK YOU**

