

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2022

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-00395



**NCR CORPORATION**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**31-0387920**  
(I.R.S. Employer  
Identification No.)

**864 Spring Street NW**  
**Atlanta, GA 30308**  
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code: (937) 445-1936**

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.01 per share	NCR	New York Stock Exchange

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 14, 2022, there were approximately 137.4 million shares of the registrant's common stock issued and outstanding.

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**Part I. Financial Information**
**Item 1. FINANCIAL STATEMENTS**

**NCR Corporation**  
**Condensed Consolidated Statements of Operations (Unaudited)**

In millions, except per share amounts	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Product revenue	\$ 590	\$ 520	\$ 1,720	\$ 1,553
Service revenue	1,382	1,381	4,115	3,569
<b>Total revenue</b>	<b>1,972</b>	<b>1,901</b>	<b>5,835</b>	<b>5,122</b>
Cost of products	524	429	1,560	1,290
Cost of services	957	952	2,902	2,442
Selling, general and administrative expenses	264	294	886	835
Research and development expenses	40	69	164	204
<b>Total operating expenses</b>	<b>1,785</b>	<b>1,744</b>	<b>5,512</b>	<b>4,771</b>
<b>Income (loss) from operations</b>	<b>187</b>	<b>157</b>	<b>323</b>	<b>351</b>
Loss on extinguishment of debt	—	(42)	—	(42)
Interest expense	(74)	(68)	(204)	(174)
Other income (expense), net	(1)	(5)	9	(23)
<b>Income (loss) from continuing operations before income taxes</b>	<b>112</b>	<b>42</b>	<b>128</b>	<b>112</b>
Income tax expense (benefit)	43	29	56	77
<b>Income (loss) from continuing operations</b>	<b>69</b>	<b>13</b>	<b>72</b>	<b>35</b>
Income (loss) from discontinued operations, net of tax	—	—	5	—
<b>Net income (loss)</b>	<b>69</b>	<b>13</b>	<b>77</b>	<b>35</b>
Net income (loss) attributable to noncontrolling interests	—	1	1	2
<b>Net income (loss) attributable to NCR</b>	<b>\$ 69</b>	<b>\$ 12</b>	<b>\$ 76</b>	<b>\$ 33</b>
<b>Amounts attributable to NCR common stockholders:</b>				
Income (loss) from continuing operations	\$ 69	\$ 12	\$ 71	\$ 33
Series A convertible preferred stock dividends	(4)	(4)	(12)	(12)
Income (loss) from continuing operations attributable to NCR common stockholders	65	8	59	21
Income (loss) from discontinued operations, net of tax	—	—	5	—
Net income (loss) attributable to NCR common stockholders	<b>\$ 65</b>	<b>\$ 8</b>	<b>\$ 64</b>	<b>\$ 21</b>
<b>Income (loss) per share attributable to NCR common stockholders:</b>				
<b>Income (loss) per common share from continuing operations</b>				
Basic	\$ 0.47	\$ 0.06	\$ 0.43	\$ 0.16
Diluted	\$ 0.46	\$ 0.06	\$ 0.42	\$ 0.15
<b>Net income (loss) per common share</b>				
Basic	\$ 0.47	\$ 0.06	\$ 0.47	\$ 0.16
Diluted	\$ 0.46	\$ 0.06	\$ 0.45	\$ 0.15
<b>Weighted average common shares outstanding</b>				
Basic	137.0	131.5	136.4	130.8
Diluted	140.3	137.8	140.9	137.1

See Notes to Condensed Consolidated Financial Statements.

**NCR Corporation**  
**Condensed Consolidated Statements of Comprehensive Income (Unaudited)**

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Net income (loss)	\$ 69	\$ 13	\$ 77	\$ 35
Other comprehensive income (loss):				
<b>Currency translation adjustments</b>				
Currency translation gains (loss)	(75)	(29)	(154)	(28)
<b>Derivatives</b>				
Unrealized gains (loss) on derivatives	77	—	155	—
Loss (gains) on derivatives recognized during the period	(9)	—	(3)	—
Less income tax	(16)	—	(35)	—
<b>Employee benefit plans</b>				
Amortization of prior service cost (benefit)	—	—	(1)	(1)
Less income tax	—	—	—	—
<b>Other comprehensive income (loss)</b>	<b>(23)</b>	<b>(29)</b>	<b>(38)</b>	<b>(29)</b>
<b>Total comprehensive income (loss)</b>	<b>46</b>	<b>(16)</b>	<b>39</b>	<b>6</b>
Less comprehensive income (loss) attributable to noncontrolling interests:				
Net income (loss)	—	1	1	2
Currency translation losses	(2)	—	(3)	—
<b>Amounts attributable to noncontrolling interests</b>	<b>(2)</b>	<b>1</b>	<b>(2)</b>	<b>2</b>
<b>Comprehensive income (loss) attributable to NCR</b>	<b>\$ 48</b>	<b>\$ (17)</b>	<b>\$ 41</b>	<b>\$ 4</b>

See Notes to Condensed Consolidated Financial Statements.

**NCR Corporation**  
**Condensed Consolidated Balance Sheets (Unaudited)**

In millions, except per share amounts	September 30, 2022	December 31, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 434	\$ 447
Accounts receivable, net of allowances of \$29 and \$24 as of September 30, 2022 and December 31, 2021, respectively	1,116	959
Inventories	827	754
Restricted cash	302	295
Other current assets	512	421
<b>Total current assets</b>	<b>3,191</b>	<b>2,876</b>
Property, plant and equipment, net	620	703
Goodwill	4,572	4,519
Intangibles, net	1,184	1,316
Operating lease assets	377	419
Prepaid pension cost	263	300
Deferred income taxes	678	732
Other assets	898	776
<b>Total assets</b>	<b>\$ 11,783</b>	<b>\$ 11,641</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Short-term borrowings	\$ 106	\$ 57
Accounts payable	876	826
Payroll and benefits liabilities	319	389
Contract liabilities	507	516
Settlement liabilities	271	263
Other current liabilities	691	757
<b>Total current liabilities</b>	<b>2,770</b>	<b>2,808</b>
Long-term debt	5,611	5,505
Pension and indemnity plan liabilities	723	789
Postretirement and postemployment benefits liabilities	121	119
Income tax accruals	108	116
Operating lease liabilities	358	388
Other liabilities	371	383
<b>Total liabilities</b>	<b>10,062</b>	<b>10,108</b>
<b>Commitments and Contingencies (Note 10)</b>		
Series A convertible preferred stock: par value \$0.01 per share, 3.0 shares authorized, 0.3 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively; redemption amount and liquidation preference of \$276 as of September 30, 2022 and December 31, 2021, respectively	275	274
<b>Stockholders' equity</b>		
NCR stockholders' equity		
Preferred stock: par value \$0.01 per share, 100.0 shares authorized, no shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	—	—
Common stock: par value \$0.01 per share, 500.0 shares authorized, 137.0 and 132.2 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	1	1
Paid-in capital	675	515
Retained earnings	1,095	1,031
Accumulated other comprehensive loss	(326)	(291)
<b>Total NCR stockholders' equity</b>	<b>1,445</b>	<b>1,256</b>
Noncontrolling interests in subsidiaries	1	3
<b>Total stockholders' equity</b>	<b>1,446</b>	<b>1,259</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 11,783</b>	<b>\$ 11,641</b>

See Notes to Condensed Consolidated Financial Statements.

**NCR Corporation**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

In millions	Nine months ended September 30	
	2022	2021
<b>Operating activities</b>		
Net income (loss)	\$ 77	\$ 35
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss (income) from discontinued operations	(5)	—
Loss on debt extinguishment	—	42
Depreciation and amortization	451	364
Stock-based compensation expense	97	119
Deferred income taxes	24	30
Loss (gain) on disposal of property, plant and equipment and other assets	4	—
Changes in assets and liabilities, net of effects of business acquired:		
Receivables	(274)	240
Inventories	(220)	(165)
Current payables and accrued expenses	113	210
Contract liabilities	(24)	5
Employee benefit plans	(3)	(30)
Other assets and liabilities	5	(43)
<b>Net cash provided by operating activities</b>	<b>\$ 245</b>	<b>\$ 807</b>
<b>Investing activities</b>		
Expenditures for property, plant and equipment	\$ (72)	\$ (68)
Proceeds from sale of property, plant and equipment and other assets	8	1
Additions to capitalized software	(217)	(174)
Business acquisitions, net of cash acquired	(12)	(2,466)
Purchases of short-term investments	—	(13)
Proceeds from sales of short-term investments	—	14
Other investing activities, net	(5)	(6)
<b>Net cash used in investing activities</b>	<b>\$ (298)</b>	<b>\$ (2,712)</b>
<b>Financing activities</b>		
Payments on term credit facilities	\$ (31)	\$ (106)
Payments on revolving credit facilities	(846)	(1,431)
Payments of senior unsecured notes	—	(400)
Borrowings on term credit facilities	—	1,505
Borrowings on revolving credit facilities	1,021	1,541
Proceeds from issuance of senior unsecured notes	—	1,200
Debt issuance costs and bridge commitment fees	—	(52)
Call premium paid on debt extinguishment	—	(37)
Cash dividend paid for Series A preferred shares dividends	(11)	(11)
Proceeds from employee stock plans	19	33
Tax withholding payments on behalf of employees	(38)	(28)
Net change in client funds obligations	(6)	(3)
Principal payments for finance lease obligations	(12)	(13)
Other financing activities	(3)	(2)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 93</b>	<b>\$ 2,196</b>
<b>Cash flows from discontinued operations</b>		
Net cash provided by (used in) operating activities of discontinued operations	\$ (1)	\$ (50)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(43)	(12)
Increase (decrease) in cash, cash equivalents, and restricted cash	(4)	229
Cash, cash equivalents and restricted cash at beginning of period	749	406
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 745</b>	<b>\$ 635</b>

**Supplemental disclosures of noncash investing and financing activities** During the nine months ended September 30, 2022, we issued shares of the Company's common stock and assumed unvested outstanding option awards in the acquisition of Moon Inc., dba LibertyX, for total non-cash consideration of \$68 million. In connection with the acquisition, we also assumed debt of \$2 million. Refer to Note 2, "Business Combinations", for additional information on the LibertyX acquisition.

See Notes to Condensed Consolidated Financial Statements.

**NCR Corporation**  
**Condensed Consolidated Statements of Changes in Stockholder's Equity (Unaudited)**

In millions	NCR Stockholders						
	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non-Redeemable Noncontrolling Interests in Subsidiaries	Total
	Shares	Amount					
<b>December 31, 2021</b>	132	\$ 1	\$ 515	\$ 1,031	\$ (291)	\$ 3	\$ 1,259
Comprehensive income:							
Net income (loss)	—	—	—	(34)	—	(1)	(35)
Other comprehensive income (loss)	—	—	—	—	18	—	18
Total comprehensive income (loss)	—	—	—	(34)	18	(1)	(17)
Employee stock purchase and stock compensation plans	3	—	19	—	—	—	19
Stock issued in acquisition of LibertyX	1	—	68	—	—	—	68
Series A convertible preferred stock dividends	—	—	—	(4)	—	—	(4)
<b>March 31, 2022</b>	<b>136</b>	<b>\$ 1</b>	<b>\$ 602</b>	<b>\$ 993</b>	<b>\$ (273)</b>	<b>\$ 2</b>	<b>\$ 1,325</b>
Comprehensive income:							
Net income (loss)	—	—	—	41	—	2	43
Other comprehensive income (loss)	—	—	—	—	(32)	(1)	(33)
Total comprehensive income (loss)	—	—	—	41	(32)	1	10
Employee stock purchase and stock compensation plans	1	—	42	—	—	—	42
Series A convertible preferred stock dividends	—	—	—	(4)	—	—	(4)
<b>June 30, 2022</b>	<b>137</b>	<b>\$ 1</b>	<b>\$ 644</b>	<b>\$ 1,030</b>	<b>\$ (305)</b>	<b>\$ 3</b>	<b>\$ 1,373</b>
Comprehensive income:							
Net income (loss)	—	—	—	69	—	—	69
Other comprehensive income (loss)	—	—	—	—	(21)	(2)	(23)
Total comprehensive income (loss)	—	—	—	69	(21)	(2)	46
Employee stock purchase and stock compensation plans	—	—	31	—	—	—	31
Series A convertible preferred stock dividends	—	—	—	(4)	—	—	(4)
<b>September 30, 2022</b>	<b>137</b>	<b>\$ 1</b>	<b>\$ 675</b>	<b>\$ 1,095</b>	<b>\$ (326)</b>	<b>\$ 1</b>	<b>\$ 1,446</b>

See Notes to Condensed Consolidated Financial Statements.



**NCR Corporation**  
**Condensed Consolidated Statements of Changes in Stockholder's Equity (Unaudited) - (Continued)**

In millions	NCR Stockholders						Non-Redeemable Noncontrolling Interests in Subsidiaries	Total
	Common Stock		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income			
	Shares	Amount						
<b>December 31, 2020</b>	129	\$ 1	\$ 368	\$ 950	\$ (271)	\$ 3	\$ 1,051	
Comprehensive income:								
Net income (loss)	—	—	—	30	—	1	31	
Other comprehensive income (loss)	—	—	—	—	(8)	—	(8)	
Total comprehensive income (loss)	—	—	—	30	(8)	1	23	
Employee stock purchase and stock compensation plans	2	—	30	—	—	—	30	
Series A convertible preferred stock dividends	—	—	—	(4)	—	—	(4)	
<b>March 31, 2021</b>	131	\$ 1	\$ 398	\$ 976	\$ (279)	\$ 4	\$ 1,100	
Comprehensive income:								
Net income (loss)	—	—	—	(9)	—	—	(9)	
Other comprehensive income (loss)	—	—	—	—	8	—	8	
Total comprehensive income (loss)	—	—	—	(9)	8	—	(1)	
Employee stock purchase and stock compensation plans	—	—	44	—	—	—	44	
Fair value of converted Cardtronics awards attributable to pre-combination services	—	—	19	—	—	—	19	
Series A convertible preferred stock dividends	—	—	—	(4)	—	—	(4)	
<b>June 30, 2021</b>	131	\$ 1	\$ 461	\$ 963	\$ (271)	\$ 4	\$ 1,158	
Comprehensive income:								
Net income	—	—	—	12	—	1	13	
Other comprehensive income (loss)	—	—	—	—	(29)	—	(29)	
Total comprehensive income (loss)	—	—	—	12	(29)	1	(16)	
Employee stock purchase and stock compensation plans	1	—	50	—	—	—	50	
Series A convertible preferred stock dividends	—	—	—	(4)	—	—	(4)	
<b>September 30, 2021</b>	132	\$ 1	\$ 511	\$ 971	\$ (300)	\$ 5	\$ 1,188	

See Notes to Condensed Consolidated Financial Statements.

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

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**1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Condensed Consolidated Financial Statements have been prepared by NCR Corporation (“NCR”, the “Company”, “we” or “us”) without audit pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”) and, in the opinion of management, include all adjustments (consisting of normal, recurring adjustments, unless otherwise disclosed) necessary for a fair statement of the condensed consolidated results of operations, financial position, and cash flows for each period presented. The consolidated results for the interim periods are not necessarily indicative of results to be expected for the full year. The 2021 year-end Condensed Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States (GAAP). These financial statements should be read in conjunction with NCR’s Form 10-K for the year ended December 31, 2021.

*Change in reportable segments* Effective January 1, 2022, the Company realigned its reportable segments to correspond with changes to its operating model, management structure and organizational responsibilities. The reportable segments effective January 1, 2022 include: Retail, Hospitality, Digital Banking, Payments & Network, and Self-Service Banking. Additionally, effective January 1, 2022, the Company manages Corporate & Other, which includes income and expenses that are not specifically attributable to an individual reportable segment and thus will be reflected only in consolidated results, as well as our Telecommunications & Technology business, an immaterial operating segment. We have reclassified prior period segment disclosures to conform to current period presentation. Refer to Note 4, “Segment Information and Concentrations”, for additional information on our reportable segments.

*Conflict in Eastern Europe* The war in Eastern Europe and related sanctions imposed on Russia and related actors by the United States and other jurisdictions required us to commence the orderly wind down of our operations in Russia beginning in the first quarter of 2022. As of September 30, 2022, we have ceased operations in Russia and are in the process of dissolving our only subsidiary in Russia. As a result of these actions, our results for the nine months ended September 30, 2022 reflect the impact of the impairment and write down of the assets and liabilities of the entity, severance charges, the assessment of collectability on revenue recognition, and the residual operations of the entity. We recognized a pre-tax net loss of \$22 million for the nine months ended September 30, 2022 related to these actions, recognized primarily in Cost of products, Cost of

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

services and Selling, general and administrative expenses on the Condensed Consolidated Statement of Operations. No loss was recognized in the three months ended September 30, 2022 related to these actions.

**Announcement of Planned Separation** On September 15, 2022, NCR announced a plan to separate into two independent, publicly traded companies – one focused on digital commerce, the other on ATMs. The separation is intended to be structured in a tax-free manner. The separation transaction will follow the satisfaction of customary conditions, including effectiveness of appropriate filings with the U.S. Securities and Exchange Commission, and the completion of audited financial statements. The current target is to complete the separation by the end of 2023.

**Use of Estimates** The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported.

Although our estimates contemplate current and expected future conditions, as applicable, it is reasonably possible that actual conditions could differ from our expectations, which could materially affect our results of operations and financial position. In particular, a number of estimates have been and will continue to be affected by the ongoing variants of the coronavirus (COVID-19) pandemic, macroeconomic pressures and geopolitical challenges. The ultimate impact on our overall financial condition and operating results will depend on the currently unknowable duration and severity of the pandemic, supply chain challenges and cost escalations including materials, interest, labor and freight, and any additional governmental and public actions taken in response. As a result, our accounting estimates and assumptions may change over time as a consequence of the effects of COVID-19 and other external factors. Such changes could result in future impairments of goodwill, intangible assets, long-lived assets, incremental credit losses on accounts receivable and decreases in the carrying amount of our tax assets.

**Evaluation of Subsequent Events** The Company evaluated subsequent events through the date that our Condensed Consolidated Financial Statements were issued. Other than the items discussed within the Notes to Condensed Consolidated Financial Statements, no matters were identified that required adjustment to the Condensed Consolidated Financial Statements or additional disclosure.

**Reclassifications** Certain prior-period amounts have been reclassified in the accompanying Condensed Consolidated Financial Statements and Notes thereto in order to conform to the current period presentation. Reclassifications had no effect on prior year net income or shareholders' equity.

**Cash, Cash Equivalents, and Restricted Cash** The reconciliation of cash, cash equivalents and restricted cash in the Condensed Consolidated Statements of Cash Flows is as follows:

In millions	Balance Sheet Location	September 30	
		2022	2021
Cash and cash equivalents	Cash and cash equivalents	\$ 434	\$ 383
Short term restricted cash	Restricted cash	7	—
Long term restricted cash	Other assets	9	6
Funds held for client	Restricted cash	42	41
Cash included in settlement processing assets	Restricted cash	253	205
<b>Total cash, cash equivalents and restricted cash</b>		<b>\$ 745</b>	<b>\$ 635</b>

**Contract Assets and Liabilities** The following table presents the net contract liability balances as of September 30, 2022 and December 31, 2021.

In millions	Location in the Condensed Consolidated Balance Sheet	September 30, 2022	December 31, 2021
Current portion of contract liabilities	Contract liabilities	\$ 507	\$ 516
Non-current portion of contract liabilities	Other liabilities	\$ 56	\$ 69

During the nine months ended September 30, 2022, the Company recognized \$365 million in revenue that was included in contract liabilities as of December 31, 2021. During the nine months ended September 30, 2021 the Company recognized \$406 million in revenue that was included in contract liabilities as of December 31, 2020.

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

**Remaining Performance Obligations** Remaining performance obligations represent the transaction price of orders for which products have not been delivered or services have not been performed. As of September 30, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$3.7 billion. The Company expects to recognize revenue on approximately three-quarters of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter. The majority of our professional services are expected to be recognized over the next 12 months but this is contingent upon a number of factors, including customers' needs and schedules.

The Company has made three elections that affect the value of remaining performance obligations described above. We do not disclose remaining performance obligations for contracts where variable consideration is directly allocated based on usage or when the original expected duration is one year or less. Additionally, we do not disclose remaining performance obligations for contracts where we recognize revenue from the satisfaction of the performance obligation in accordance with the 'right to invoice' practical expedient.

### **Recent Accounting Pronouncements**

#### *Adoption of New Accounting Pronouncements*

In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, with new guidance for convertible preferred stock, which eliminates considerations related to the beneficial conversion feature model. The standard also requires entities to use an average stock price when calculating the denominator for diluted earnings per share for stock units where the settlement of the number of shares is based on the stock price. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Early adoption was permitted no earlier than fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The adoption of this accounting standards update did not have a material effect on the Company's net income, cash flows, earnings per share or financial condition.

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options*, with new guidance for freestanding equity-classified written call options. The new guidance requires issuers to account for modifications or exchanges of freestanding equity-classified written call options that remain equity classified after the modification or exchange based on the economic substance of the modification or exchange. The new standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021, with early adoption permitted. The adoption of this accounting standards update did not have a material effect on the Company's net income, cash flows, earnings per share or financial condition.

In March 2022, the SEC staff released Staff Accounting Bulletin No. 121 ("SAB 121"), which expressed the views of the SEC staff regarding the accounting for obligations to safeguard crypto-assets an entity holds for users of its crypto platform. This guidance requires entities that hold crypto-assets on behalf of platform users to recognize a liability to reflect the entity's obligation to safeguard the crypto-assets held for its platform users. The liability should be measured at initial recognition and each reporting date at the fair value of the crypto-assets that the entity is responsible for holding for its platform users. The entity should also recognize an asset at the same time that it recognizes the safeguarding liability, measured at initial recognition and each reporting date at the fair value of the crypto-assets held for its platform users. SAB 121 also includes guidance on disclosures related to the Company's safeguarding of crypto-assets. This guidance is effective from the first interim or annual period after June 15, 2022 and should be applied retrospectively to the beginning of the fiscal year to which the interim or annual period relates. The Company adopted this guidance in the interim period ending June 30, 2022; however, as the Company is not currently offering digital asset safeguarding services to its customers, the adoption of this guidance did not have an impact on the Company's net income, cash flows, earnings per share or financial condition.

Although there are several other new accounting pronouncements issued by the FASB and adopted by or effective for the Company, the Company does not believe any of these accounting pronouncements had a material impact on its consolidated financial statements.

#### *Accounting Pronouncements Issued But Not Yet Adopted*

In October 2021, the FASB issued accounting standards update ("ASU") 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, with new guidance for contract assets and contract liabilities acquired in a business combination. The new guidance requires contract assets and contract liabilities, such as deferred revenue, acquired in a business combination to be recognized and measured by the acquirer on the acquisition

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date in accordance with Accounting Standard Codification (“ASC”) 606, *Revenue from Contracts with Customers*. Prior to the issuance of this guidance, contract assets and contract liabilities were recognized by the acquirer at fair value on the acquisition date. The accounting standards update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted and should be applied prospectively to acquisitions occurring on or after the effective date. The Company does not expect to early adopt the new accounting standards update. The adoption of this accounting standards update is not expected to have a material effect on the Company’s net income, cash flows, earnings per share or financial condition.

Although there are several other new accounting pronouncements issued by the FASB and not yet adopted by or effective for the Company, the Company does not believe any of these accounting pronouncements will have a material impact on its consolidated financial statements.

## 2. BUSINESS COMBINATIONS

### Acquisition of LibertyX (2022)

On January 5, 2022, NCR completed its acquisition of Moon Inc., dba LibertyX, a leading cryptocurrency software provider, with the goal of enabling NCR to provide a complete digital currency solution, including the ability to buy and sell cryptocurrency, conduct cross-border remittance, and accept digital currency payments across digital and physical channels. The Company purchased all outstanding shares of LibertyX for \$1 million cash consideration and approximately 1.4 million shares of the Company’s common stock at a price of \$42.13 per share. The Company also converted approximately 0.2 million outstanding unvested LibertyX option awards into NCR awards pursuant to an exchange ratio as defined in the acquisition agreement. LibertyX stock option awards were converted into NCR stock option awards with an exercise price per share for option awards equal to the exercise price per share of such stock option award immediately prior to the completion of the acquisition divided by the exchange ratio, and vested immediately. The value of the option awards was deemed attributable to services already rendered and was included as a portion of the purchase price. Total purchase consideration for the LibertyX acquisition was approximately \$69 million. As a result of the acquisition, LibertyX became a wholly-owned subsidiary of NCR.

*Recording of Assets Acquired and Liabilities Assumed* The fair value of consideration transferred was allocated to the identifiable assets acquired and liabilities assumed based upon their estimated fair values as of the date of the acquisition as set forth below. The provisional amounts for intangible assets are based on third-party valuations performed. The allocation of the purchase price is provisional as of September 30, 2022 and may be subject to future adjustments, within the measurement period, as the Company obtains additional information to finalize the accounting for the business combination, including additional refinement to finalize valuations, among other items. The preliminary allocation of the purchase price is as follows:

In millions	Fair Value
Cash acquired	\$ 2
Tangible assets acquired	3
Acquired intangible assets other than goodwill	38
Acquired goodwill	41
Deferred tax liabilities	(11)
Liabilities assumed	(4)
<b>Total purchase consideration</b>	<b>\$ 69</b>

Goodwill represents the future economic benefits arising from other assets acquired that could not be individually separately recognized. The goodwill arising from the acquisition consists of revenue and cost synergies expected from combining the operations of NCR and LibertyX and is not deductible for tax purposes. The goodwill arising from the LibertyX acquisition has been allocated to our Payments & Network segment. Refer to Note 3, “Goodwill and Purchased Intangible Assets”, for the carrying amounts of goodwill by segment.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

The following table sets forth the components of the intangible assets acquired as of the acquisition date:

	Fair Value (In millions)	Weighted Average Amortization Period <sup>(1)</sup> (In years)
Direct customer relationships	\$ 5	10
Technology - Software	30	13
Non-compete	1	1
Tradenames	2	2
<b>Total acquired intangible assets</b>	<b>\$ 38</b>	

<sup>(1)</sup> Determination of the weighted average period of the individual categories of intangible assets was based on the nature of applicable intangible asset and the expected future cash flows to be derived from the intangible asset. Amortization of intangible assets with definite lives is recognized over the period of time the assets are expected to contribute to future cash flows.

The operating results of LibertyX have been included within NCR's results since the closing date of the acquisition. Supplemental pro forma information and actual revenue and earnings since the acquisition date have not been provided as the acquisition did not have a material impact on the Company's Condensed Consolidated Statements of Operations.

**Other Acquisitions (2022)**

On July 1, 2022, NCR completed its acquisition of the India ATM business of FIS Payment Solutions & Services Private Limited for consideration of \$19 million, of which \$12 million has been paid in cash as of September 30, 2022.

**Acquisition of Cardtronics plc (2021)**

On June 21, 2021, NCR acquired all outstanding shares of Cardtronics plc ("Cardtronics") for \$39.00 per share (the "Cardtronics Transaction"). The fair value of consideration transferred to acquire Cardtronics was allocated to the identifiable assets acquired and liabilities assumed based upon their estimated fair values as of the date of the acquisition. The allocation of the purchase price was finalized in June 2022. There have been no material adjustments to the allocation of purchase price since December 31, 2021.

*Unaudited Pro forma Information* The following unaudited pro forma information presents the consolidated results of NCR and Cardtronics for the three and nine months ended September 30, 2021. The unaudited pro forma information is presented for illustrative purposes only. It is not necessarily indicative of the results of operations of future periods, or the results of operations that actually would have been realized had the entities been a single company during the periods presented or the results that the combined company will experience after the acquisition. The unaudited pro forma information does not give effect to the potential impact of current financial conditions, regulatory matters or any anticipated synergies, operating efficiencies or cost savings that may be associated with the acquisition. The unaudited pro forma information also does not include any integration costs or remaining future transaction costs that the companies may incur related to the acquisition as part of combining the operations of the companies.

The unaudited pro forma consolidated results of operations, assuming the acquisition had occurred on January 1, 2020, are as follows:

In millions	Three months ended September 30		Nine months ended September 30	
	2021		2021	
Revenue	\$	1,901	\$	5,632
Net Income attributable to NCR	\$	12	\$	81

The unaudited pro forma results for the nine months ended September 30, 2021 include:

- \$53 million in eliminated intercompany revenue and cost between NCR and Cardtronics;
- \$25 million, net of tax, in additional amortization expense for acquired intangible assets;
- \$87 million, net of tax, in eliminated transaction costs as if those costs were incurred in the prior year period; and
- \$35 million, net of tax, in additional interest expense from the incremental borrowings under the Senior Secured Credit Facility as well as the 5.125% senior notes.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

### 3. GOODWILL AND PURCHASED INTANGIBLE ASSETS

*Goodwill by Segment* As described in Note 1, “Basis of Presentation and Summary of Significant Accounting Policies”, effective January 1, 2022, the Company realigned its reportable segments to correspond with changes to its operating model, management structure and organizational responsibilities. In connection with the change in reportable segments, during the first quarter of 2022, the Company determined its reporting units and then assigned goodwill to the new reporting units based on the relative fair value allocation approach. We have reclassified prior period goodwill disclosures to conform to the current period presentation.

The carrying amounts of goodwill by segment as of September 30, 2022 and December 31, 2021 are included in the table below. Foreign currency fluctuations are included within other adjustments.

In millions	December 31, 2021			Additions	Impairment	Other	September 30, 2022		
	Goodwill	Accumulated Impairment	Total				Goodwill	Accumulated Impairment	Total
Retail	\$ 1,015	\$ (34)	\$ 981	\$ —	\$ —	\$ (20)	\$ 995	\$ (34)	\$ 961
Hospitality	292	(23)	269	—	—	(5)	287	(23)	264
Digital Banking	595	—	595	—	—	6	601	—	601
Payments & Network	988	—	988	51	—	8	1,047	—	1,047
Self-Service Banking	1,635	(101)	1,534	—	—	13	1,648	(101)	1,547
Other <sup>(1)</sup>	163	(11)	152	—	—	—	163	(11)	152
<b>Total goodwill</b>	<b>\$ 4,688</b>	<b>\$ (169)</b>	<b>\$ 4,519</b>	<b>\$ 51</b>	<b>\$ —</b>	<b>\$ 2</b>	<b>\$ 4,741</b>	<b>\$ (169)</b>	<b>\$ 4,572</b>

<sup>(1)</sup> Other segment includes the goodwill associated with our Technology & Telecommunications reporting unit.

Additions during the nine months ended September 30, 2022 include immaterial purchase accounting adjustments related to the Cardtronics acquisition as well as the goodwill acquired through the LibertyX transaction on January 5, 2022. For additional information on these business combinations, refer to Note 2, “Business Combinations”.

Due to the change in reportable segments, management performed an interim goodwill impairment analysis immediately before and as of the effective date of January 1, 2022. The assessment as of December 31, 2021 was performed based on a qualitative assessment of the historical Banking, Retail, Hospitality and Telecommunications & Technology reporting units. No impairment was identified. The assessment as of January 1, 2022 was performed using a weighted combination of both guideline public company and discounted cash flow valuation methods. This assessment included, but was not limited to, our consideration of the potential impacts of the COVID-19 pandemic to the current and future cash flows, as well as macroeconomic conditions, industry and market considerations, and financial performance, including forecasted revenue, earnings and capital expenditures of each reporting unit. Based on this analysis, it was determined that the fair value of all reporting units were substantially in excess of the carrying value. However, if the actual results differ from our expectations for any of our reporting units, there is a possibility we would have to perform additional interim impairment tests, which could lead to an impairment of goodwill or other assets.

*Identifiable Intangible Assets* NCR's purchased intangible assets, reported in Intangibles, net in the Condensed Consolidated Balance Sheets, were specifically identified when acquired, and are deemed to have finite lives. The gross carrying amount and accumulated amortization for NCR's identifiable intangible assets were as set forth in the table below.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

In millions	Amortization Period (in Years)	September 30, 2022		December 31, 2021	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<b>Identifiable intangible assets</b>					
Reseller & customer relationships	1 - 20	\$ 1,113	\$ (449)	\$ 1,126	\$ (391)
Intellectual property	2 - 8	1,022	(537)	1,008	(474)
Customer contracts	8	89	(89)	89	(89)
Tradenames	1 - 10	127	(92)	130	(83)
<b>Total identifiable intangible assets</b>		<b>\$ 2,351</b>	<b>\$ (1,167)</b>	<b>\$ 2,353</b>	<b>\$ (1,037)</b>

Amortization expense related to identifiable intangible assets for the following periods is:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Amortization expense	\$ 44	\$ 45	\$ 130	\$ 88

The estimated aggregate amortization expense for identifiable intangible assets for the following periods is:

In millions	For the years ended December 31					
	Remainder of 2022	2023	2024	2025	2026	2027
Amortization expense	\$ 44	\$ 174	\$ 163	\$ 151	\$ 141	\$ 125

#### 4. SEGMENT INFORMATION AND CONCENTRATIONS

As described in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies", effective January 1, 2022, the Company realigned its reportable segments to correspond with changes to its operating model, management structure and organizational responsibilities. We have reclassified prior period segment disclosures to conform to the current period presentation. As a result of the change, the Company manages and reports the following segments:

- *Retail* - We offer software-led solutions to customers in the retail industry, leading with digital to connect retail operations end to end to integrate all aspects of a customer's operations in indoor and outdoor settings from POS, to payments, inventory management, fraud and loss prevention applications, loyalty and consumer engagement. These solutions include retail-oriented technologies such as comprehensive API-point of sale retail software platforms and applications, hardware terminals, self-service kiosks including self-checkout ("SCO"), payment processing solutions, and bar-code scanners.
- *Hospitality* - We offer technology solutions to customers in the hospitality industry, including table-service, quick-service and fast casual restaurants of all sizes, that are designed to improve operational efficiency, increase customer satisfaction, streamline order and transaction processing and reduce operating costs. Our solutions include POS hardware and software solutions, installation, maintenance, managed and professional services as well as payment processing solutions.
- *Digital Banking* - NCR Digital Banking helps financial institutions implement their digital-first platform strategy by providing solutions for account opening, account management, transaction processing, imaging, and branch services to enable financial institutions to offer a compelling customer experience.
- *Payments & Network* - We provide a cost-effective way for financial institutions, fintechs, and neobanks to reach and serve their customers through our network of automated teller machines ("ATMs") and multi-functioning financial services kiosks. We offer credit unions, banks, digital banks, fintechs, stored-value debit card issuers, and other consumer financial services providers access to our Allpoint retail-based ATM network, providing convenient and fee-free cash withdrawal and deposit access to their customers and cardholders as well as the ability to convert a digital value to cash, or vice versa, via NCRPay360. We also provide ATM branding, management and services to financial institutions and businesses.



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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

- *Self-Service Banking* - We offer solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM hardware and software, and related installation, maintenance, and managed and professional services.

Corporate and Other includes income and expenses related to corporate functions that are not specifically attributable to an individual reportable segment along with any immaterial operating segment(s).

Eliminations include revenues from contracts with customers and the related costs that are reported in the Payments & Network segment as well as in the Retail or Hospitality segments, including merchant acquiring services that are monetized via payments.

These segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by the chief operating decision maker in assessing segment performance and in allocating the Company's resources. Management evaluates the performance of the segments based on revenue and Adjusted EBITDA. Adjusted EBITDA is defined as GAAP net income (loss) from continuing operations attributable to NCR plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus stock-based compensation expense; 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, restructuring charges, among others. The special items are considered non-operational so are excluded from the Adjusted EBITDA metric utilized by our chief operating decision maker in evaluating segment performance and are separately delineated to reconcile back to total reported GAAP net income (loss) from continuing operations attributable to NCR.

*Special Item Related to Russia* The war in Eastern Europe and related sanctions imposed on Russia and related actors by the United States and other jurisdictions required us to commence the orderly wind down of our operations in Russia beginning in the first quarter of 2022. As of September 30, 2022, we have ceased operations in Russia and are in the process of dissolving our only subsidiary in Russia. As a result, for the three and nine months ending September 30, 2022, our presentation of segment revenue and Adjusted EBITDA exclude the immaterial impact of our operating results in Russia, as well as the impact of impairments taken to write down the carrying value of assets and liabilities, severance charges, and the assessment of collectability on revenue recognition. We consider this to be a non-recurring special item and management has reviewed the results of its business segments excluding these impacts. We have not adjusted the presentation of the prior year period due to the immaterial impact of Russia to revenue and income from continuing operations for the three and nine months ended September 30, 2021.

Assets are not allocated to segments, and thus are not included in the assessment of segment performance. Consequently, we do not disclose total assets by reportable segment. The accounting policies used to determine the results of the operating segments are the same as those utilized for the condensed consolidated financial statements as a whole. Intersegment sales and transfers are not material.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

The following table presents revenue and Adjusted EBITDA by segment:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
<b>Revenue by segment</b>				
Retail	\$ 575	\$ 541	\$ 1,683	\$ 1,623
Hospitality	238	224	687	618
Digital Banking	137	128	404	380
Payments & Network	336	304	967	380
Self-Service Banking	640	637	1,930	1,910
Other	58	75	187	229
Eliminations	(12)	(8)	(32)	(18)
<b>Total segment revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>	<b>\$ 5,826</b>	<b>\$ 5,122</b>
Other adjustment <sup>(1)</sup>	—	—	9	—
<b>Consolidated revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>	<b>\$ 5,835</b>	<b>\$ 5,122</b>
<b>Adjusted EBITDA by segment</b>				
Retail	\$ 128	\$ 104	\$ 299	\$ 323
Hospitality	51	44	138	119
Digital Banking	60	52	172	161
Payments & Network	114	111	309	133
Self-Service Banking	150	155	404	432
Corporate and Other	(112)	(109)	(307)	(265)
Eliminations	(11)	(5)	(25)	(12)
<b>Total Adjusted EBITDA</b>	<b>\$ 380</b>	<b>\$ 352</b>	<b>\$ 990</b>	<b>\$ 891</b>

<sup>(1)</sup> Other adjustment reflects the revenue attributable to the Company's operations in Russia for the three and nine months ending September 30, 2022 that were excluded from management's measure of revenue due to our previous announcement to suspend sales to Russia and anticipated orderly wind down of our operations in Russia. The revenue attributable to the Russian operations for the three and nine months ended September 30, 2021 of \$14 million and \$33 million, respectively, is included in the respective segments.

For the three and nine months ended September 30, 2022, the operations of Cardtronics are included in the Payments & Network and Self-Service Banking segments. For the three and nine months ended September 30, 2021, the operations of Cardtronics have been included in the Payments & Network and Self-Service Banking segments from the close date, June 21, 2021.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

The following table reconciles net income (loss) from continuing operations to Adjusted EBITDA:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Net income (loss) from continuing operations attributable to NCR	\$ 69	\$ 12	\$ 71	\$ 33
Transformation and restructuring costs	17	5	93	20
Acquisition-related amortization of intangibles	44	45	130	88
Acquisition-related costs	1	9	9	92
Loss on debt extinguishment	—	42	—	42
Interest expense	74	68	204	174
Interest income	(3)	—	(6)	(4)
Depreciation and amortization (excluding acquisition-related amortization of intangibles)	107	104	314	250
Income tax expense (benefit)	43	29	56	77
Stock-based compensation expense	28	38	97	119
Russia	—	—	22	—
<b>Total Adjusted EBITDA</b>	<b>\$ 380</b>	<b>\$ 352</b>	<b>\$ 990</b>	<b>\$ 891</b>

The following table presents revenue by geography for NCR:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Americas	\$ 1,320	\$ 1,185	\$ 3,777	\$ 3,121
Europe, Middle East and Africa (EMEA)	403	494	1,367	1,358
Asia Pacific (APJ)	249	222	691	643
<b>Total revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>	<b>\$ 5,835</b>	<b>\$ 5,122</b>

The following table presents the recurring revenue for NCR:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Recurring revenue <sup>(1)</sup>	\$ 1,222	\$ 1,181	\$ 3,618	\$ 2,984
All other products and services	750	720	2,217	2,138
<b>Total revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>	<b>\$ 5,835</b>	<b>\$ 5,122</b>

<sup>(1)</sup>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, cryptocurrency-related revenue, and certain professional services arrangements, as well as term-based software license arrangements that include customer termination rights.

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## 5. DEBT OBLIGATIONS

The following table summarizes the Company's short-term borrowings and long-term debt:

In millions, except percentages	September 30, 2022		December 31, 2021	
	Amount	Weighted-Average Interest Rate	Amount	Weighted-Average Interest Rate
<b>Short-Term Borrowings</b>				
Current portion of Senior Secured Credit Facility <sup>(1)</sup>	\$ 105	5.01%	\$ 56	2.63%
Other <sup>(1)</sup>	1	4.60%	1	2.13%
Total short-term borrowings	\$ 106		\$ 57	
<b>Long-Term Debt</b>				
Senior Secured Credit Facility:				
Term loan facility <sup>(1)</sup>	\$ 1,805	5.12%	\$ 1,884	2.63%
Revolving credit facility <sup>(1)</sup>	558	5.20%	380	2.36%
Senior notes:				
5.750% Senior Notes due 2027	500		500	
5.000% Senior Notes due 2028	650		650	
5.125% Senior Notes due 2029	1,200		1,200	
6.125% Senior Notes due 2029	500		500	
5.250% Senior Notes due 2030	450		450	
Deferred financing fees	(52)		(60)	
Other <sup>(1)</sup>	—		1	6.62%
Total long-term debt	\$ 5,611		\$ 5,505	

<sup>(1)</sup> Interest rates are weighted-average interest rates as of September 30, 2022 and December 31, 2021.

*Senior Secured Credit Facility* The Company is party to a Senior Secured Credit Facility, which provides for a senior secured term loan A facility in an aggregate principal amount of \$1.305 billion (the "TLA Facility"), a senior secured term loan B facility in an aggregate principal amount of \$750 million (the "TLB Facility" and together with the TLA Facility, the "Term Loan Facilities"), and a revolving credit facility with commitments in an initial aggregate principal amount of \$1.3 billion (the "Revolving Credit Facility").

As of September 30, 2022, \$1.910 billion remained outstanding under the Term Loan Facilities. Additionally, as of September 30, 2022, there was \$558 million outstanding under the Revolving Credit Facility. The Revolving Credit Facility also contains a sub-facility to be used for letters of credit, and, as of September 30, 2022, outstanding letters of credit were \$24 million. Our borrowing capacity under our Revolving Credit Facility was \$718 million at September 30, 2022.

The outstanding principal balance of the TLB Facility is required to be repaid in equal quarterly installments of 0.25% of the original aggregate principal amount thereof that began with the fiscal quarter ended December 31, 2019, with the balance being due at maturity on August 28, 2026 (the "TLB Maturity Date").

The outstanding principal balance of the TLA Facility is required to be repaid in equal quarterly installments of 1.875% of the original aggregate principal amount thereof, that began with the fiscal quarter ended September 30, 2021, with the balance being due at maturity on the earlier of (a) June 21, 2026 and (b) unless the loans under TLB Facility have been repaid prior to such date, the date that is 91 days prior to the TLB Maturity Date.

Commitments under the Revolving Credit Facility are scheduled to terminate on the earlier of (a) June 21, 2026 and (b) unless the loans under TLB Facility have been repaid prior to such date, the date that is 91 days prior to the TLB Maturity Date. Loans under the Revolving Credit Facility may be repaid and reborrowed prior to such date, subject to the satisfaction of customary conditions.

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The obligations under the Senior Secured Credit Facility are guaranteed by certain of the Company's domestic material subsidiaries including NCR International, Inc. (the "Guarantor Subsidiary") and certain domestic subsidiaries acquired through the Cardtronics Transaction (collectively, the "Cardtronics Guarantors" and together with the Guarantor Subsidiary, the "Guarantors"). The obligations under the Senior Secured Credit Facility and the above described guarantee are secured by a first priority lien and security interest in certain equity interests owned by the Company and the Guarantors in certain of their respective domestic and foreign subsidiaries, and a first priority lien and security interest in substantially all of the assets of the Company and the Guarantors, subject to certain exclusions. These security interests would be released if the Company achieves an "investment grade" rating and will remain released so long as the Company maintains an "investment grade" rating.

The Senior Secured Credit Facility includes affirmative and negative covenants that restrict or limit the ability of the Company and its subsidiaries to, among other things, incur indebtedness; create liens on assets; engage in certain fundamental corporate changes or changes to the Company's business activities; make investments; sell or otherwise dispose of assets; engage in sale-leaseback or hedging transactions; repurchase stock, pay dividends or make similar distributions; repay other indebtedness; engage in certain affiliate transactions; or enter into agreements that restrict the Company's ability to create liens, pay dividends or make loan repayments. The Senior Secured Credit Facility also includes a financial covenant with respect to the Revolving Credit Facility and the TLA Facility. The financial covenant requires the Company to maintain:

- A consolidated leverage ratio on the last day of any fiscal quarter, not to exceed (i) in the case of any fiscal quarter ending on or prior to December 31, 2021, 5.50 to 1.00, (ii) in the case of any fiscal quarter ending on or prior to September 30, 2022, 5.25 to 1.00, and (iii) in the case of any fiscal quarter ending on or after December 31, 2022, 4.75 to 1.00.

*Senior Unsecured Notes* The Company's senior unsecured notes are guaranteed by the Guarantors, which have guaranteed fully and unconditionally the obligations to pay principal and interest for the Company's senior unsecured notes. The terms of the indentures for the Company's senior unsecured notes limit the ability of the Company and certain of its subsidiaries to, among other things, incur additional debt or issue redeemable preferred stock; pay dividends or make certain other restricted payments or investments; incur liens; sell assets; incur restrictions on the ability of the Company's subsidiaries to pay dividends to the Company; enter into affiliate transactions; engage in sale and leaseback transactions; and consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's or such subsidiaries' assets.

*Fair Value of Debt* The Company utilized Level 2 inputs, as defined in the fair value hierarchy, to measure the fair value of the long-term debt, which, as of September 30, 2022 and December 31, 2021 was \$5.06 billion and \$5.74 billion, respectively. Management's fair value estimates were based on quoted prices for recent trades of NCR's long-term debt, quoted prices for similar instruments, and inquiries with certain investment communities.

## 6. TRADE RECEIVABLES FACILITY

The Company continues to maintain its trade receivables facility (the "T/R Facility") with PNC Bank, National Association ("PNC"), which allows the Company's wholly-owned, bankruptcy remote subsidiary, NCR Receivables LLC (the "U.S. SPE"), to sell certain trade receivables on a revolving basis to PNC and the other unaffiliated purchasers participating in the T/R Facility. The T/R Facility, as amended, became effective September 30, 2021 and has a term of two years, which the Company and the U.S. SPE intend to renew.

Under the T/R Facility, the Company and certain United States and Canadian operating subsidiaries of the Company continuously sell their trade receivables as they are originated to the U.S. SPE and a Canadian bankruptcy-remote special purpose entity (collectively, the "SPEs"), as applicable. None of the assets or credit of either SPE is available to satisfy the debts and obligations owed to the creditors of the Company or any other person until the obligations of the SPEs under the T/R Facility have been satisfied. The Company controls and therefore consolidates the SPEs in its condensed consolidated financial statements.

As cash is collected on the trade receivables, the U.S. SPE has the ability to continuously transfer ownership and control of new qualifying receivables to PNC and the other unaffiliated purchasers such that the total outstanding balance of trade receivables sold can be up to \$300 million at any point in time, which is the maximum purchase commitment of PNC and the other unaffiliated purchasers. The future outstanding balance of trade receivables that are sold is expected to vary based on the level of activity and other factors and could be less than the maximum purchase commitment of \$300 million. The total outstanding balance of trade receivables that have been sold and derecognized by the U.S. SPE to PNC and the other unaffiliated purchasers is approximately \$300 million as of September 30, 2022 and December 31, 2021. Excluding the trade receivables sold to PNC and other unaffiliated purchasers, the SPEs collectively owned \$370 million and \$228 million of trade receivable as of

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

September 30, 2022 and December 31, 2021, respectively, and these amounts are included in Accounts receivable, net in the Company's Condensed Consolidated Balance Sheets.

Continuous cash activity related to the T/R Facility is reflected in Net cash provided by operating activities in the Condensed Consolidated Statements of Cash Flows. The U.S. SPE incurs fees due and payable to PNC and the other unaffiliated purchasers participating in the T/R Facility. Those fees, which are immaterial, are recorded within Other income (expense), net in the Condensed Consolidated Statements of Operations. In addition, each of the SPEs has provided a full recourse guarantee in favor of PNC and the other unaffiliated purchasers of the full and timely payment of all trade receivables sold to them by the U.S. SPE. The guarantee is collateralized by all the trade receivables owned by each of the SPEs that have not been sold to PNC or the other unaffiliated purchasers. The reserve recognized for this recourse obligation as of September 30, 2022 is not material.

The Company, or in the case of any Canadian trade receivables, NCR Canada Corp., continues to be involved with the trade receivables even after they are transferred to the SPEs (or further transferred to PNC and the other unaffiliated purchasers) by acting as servicer. In addition to any obligations as servicer, the Company and each of its subsidiaries acting as an originator under the T/R Facility provide the SPEs with customary recourse in respect of (i) certain dilutive events with respect to the trade receivables sold to the SPEs that are caused by the Company or another originator and (ii) in the event of certain violations by the Company or another originator of their representations and warranties with respect to the trade receivables sold to the SPEs. These servicing and originator liabilities of the Company and its subsidiaries (other than the SPEs) under the T/R Facility are not expected to be material, given the high quality of the customers underlying the receivables and the anticipated short collection period.

## 7. INCOME TAXES

Income tax provisions for interim (quarterly) periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items. Income tax expense was \$43 million for the three months ended September 30, 2022 compared to income tax expense of \$29 million for the three months ended September 30, 2021. The change was primarily driven by higher income before taxes in the three months ended September 30, 2022, compared to the prior year. The Company did not recognize any material discrete tax expenses or benefits in either period.

Income tax expense was \$56 million for the nine months ended September 30, 2022 compared to income tax expense of \$77 million for the nine months ended September 30, 2021. The change was primarily driven by discrete tax expenses and benefits. In the nine months ended September 30, 2022, the Company recognized a \$7 million benefit from provision to return adjustments and a \$7 million benefit related to uncertain tax position settlements and statute of limitation lapses. In the nine months ended September 30, 2021, the Company recognized a \$34 million expense from recording a valuation allowance against interest limitation carryforwards in the U.S. and a \$14 million benefit from the deferred tax impact of a tax law change in the U.K.

The Company engages in continuous discussions and negotiations with taxing authorities regarding tax matters, and the Company has determined that over the next 12 months it expects to resolve certain tax matters related to U.S. and foreign jurisdictions. As a result, as of September 30, 2022, we estimate that it is reasonably possible that gross unrecognized tax benefits may decrease by \$8 million to \$10 million in the next 12 months.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

## 8. STOCK COMPENSATION PLANS

As of September 30, 2022, the Company's primary type of stock-based compensation was restricted stock units and stock options. Stock-based compensation expense for the following periods were:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Restricted stock units	\$ 22	\$ 30	\$ 76	\$ 96
Stock options	4	6	14	17
Employee stock purchase plan	2	2	7	6
Stock-based compensation expense	28	38	97	119
Tax benefit	(5)	(5)	(13)	(14)
Stock-based compensation expense (net of tax)	\$ 23	\$ 33	\$ 84	\$ 105

Stock-based compensation expense is recognized in the financial statements based upon fair value.

On February 25, 2022, the Company granted market-based restricted stock units with 100% of the award vesting on December 31, 2024. The number of awards that vest are subject to the performance of the Company's stock price from the date of grant to December 31, 2024. The fair value was determined to be \$57.67 per share based on using a Monte-Carlo simulation model and will be recognized over the requisite service period. The table below details the assumptions used in determining the fair value of the market-based restricted stock units.

Dividend yield	— %
Risk-free interest rate	1.73 %
Expected volatility	59.26 %

Expected volatility for the market-based restricted stock units is calculated as the historical volatility of the Company's stock over a period of three years, as management believes this is the best representation of prospective trends. The risk-free interest rate was determined based on a three year U.S. Treasury yield curve in effect at the time of the grant.

As of September 30, 2022, the total unrecognized compensation cost of \$151 million related to unvested restricted stock grants is expected to be recognized over a weighted average period of approximately 1.0 years. As of September 30, 2022, the total unrecognized compensation cost of \$5 million related to unvested stock option grants is expected to be recognized over a weighted average period of approximately 0.3 years.

*Employee Stock Purchase Plan* The Company's Employee Stock Purchase Plan ("ESPP") provides employees a 15% discount on stock purchases using a three-month look-back feature where the discount is applied to the stock price that represents the lower of NCR's closing stock price on either the first day or the last day of each calendar quarter. Participants can contribute between 1% and 10% of their compensation.

For the three months ended September 30, 2022, employees purchased 0.4 million shares, at a discounted price of \$16.16. For the three months ended September 30, 2021, employees purchased 0.2 million shares, at a discounted price of 32.95.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

**9. EMPLOYEE BENEFIT PLANS**

Components of net periodic benefit cost (income) of the pension plans for the three months ended September 30 were as follows:

In millions	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
	2022	2021	2022	2021	2022	2021
Net service cost	\$ —	\$ —	\$ 1	\$ 1	\$ 1	\$ 1
Interest cost	10	9	3	2	13	11
Expected return on plan assets	(17)	(8)	(6)	(6)	(23)	(14)
Amortization of prior service cost	—	—	—	1	—	1
Net periodic benefit cost (income)	\$ (7)	\$ 1	\$ (2)	\$ (2)	\$ (9)	\$ (1)

Components of net periodic benefit cost (income) of the pension plans for the nine months ended September 30 were as follows:

In millions	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
	2022	2021	2022	2021	2022	2021
Net service cost	\$ —	\$ —	\$ 3	\$ 4	\$ 3	\$ 4
Interest cost	30	26	9	6	39	32
Expected return on plan assets	(50)	(23)	(20)	(18)	(70)	(41)
Amortization of prior service cost	—	—	—	1	—	1
Net periodic benefit cost (income)	\$ (20)	\$ 3	\$ (8)	\$ (7)	\$ (28)	\$ (4)

Components of the benefit from the postretirement plan for the following periods were:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Interest cost	\$ —	\$ —	\$ —	\$ —
Amortization of:				
Prior service benefit	—	—	—	—
Actuarial loss	1	1	1	1
Net postretirement benefit	\$ 1	\$ 1	\$ 1	\$ 1

Components of the net cost of the postemployment plan for the following periods were:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Net service cost	\$ 8	\$ 4	\$ 57	\$ 13
Interest cost	1	—	2	1
Amortization of:				
Prior service benefit	—	(1)	(1)	(2)
Actuarial gain	(1)	(1)	(1)	(1)
Net benefit cost	\$ 8	\$ 2	\$ 57	\$ 11

**Employer Contributions**

*Pension* For the three and nine months ended September 30, 2022, NCR contributed \$3 million and \$12 million, respectively, to its international pension plans. NCR anticipates contributing an additional \$5 million to its international pension plans for a total of \$17 million in 2022.



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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

*Postretirement* For the three and nine months ended September 30, 2022, NCR made no contributions to its U.S. postretirement plan. NCR anticipates contributing an additional \$1 million to its U.S. postretirement plan for a total of \$1 million in 2022.

*Postemployment* For the three and nine months ended September 30, 2022, NCR contributed \$5 million and \$20 million, respectively, to its postemployment plan. NCR anticipates contributing an additional \$60 million to its postemployment plan for a total of \$80 million in 2022.

## 10. COMMITMENTS AND CONTINGENCIES

In the normal course of business, NCR is subject to various proceedings, lawsuits, claims and other matters, including, for example, those that relate to the environment and health and safety, labor and employment, employee benefits, import/export compliance, patents or other intellectual property, data privacy and security, product liability, commercial disputes and regulatory compliance, among others. Additionally, NCR is subject to diverse and complex laws and regulations, including those relating to corporate governance, public disclosure and reporting, environmental safety and the discharge of materials into the environment, product safety, import and export compliance, data privacy and security, antitrust and competition, government contracting, anti-corruption, and labor and human resources, which are rapidly changing and subject to many possible changes in the future. Compliance with these laws and regulations, including changes in accounting standards, taxation requirements, and federal securities laws among others, may create a substantial burden on, and substantially increase costs to NCR or could have an impact on NCR's future operating results. The Company has reflected all liabilities when a loss is considered probable and reasonably estimable in the Condensed Consolidated Financial Statements. We do not believe there is a reasonable possibility that losses exceeding amounts already recognized have been incurred, but there can be no assurances that the amounts required to satisfy alleged liabilities from such matters will not impact future operating results. Other than as stated below, the Company does not currently expect to incur material capital expenditures related to such matters. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various lawsuits, claims, legal proceedings and other matters, including, but not limited to the Kalamazoo River environmental matter and other matters discussed below, and to comply with applicable laws and regulations, will not exceed the amounts reflected in NCR's Condensed Consolidated Financial Statements or will not have a material adverse effect on its consolidated results of operations, capital expenditures, competitive position, financial condition or cash flows.

**Legal Matters** During August 2019, a suit was filed against the Company by Pennsylvania-based CloudofChange LLC alleging willful infringement by NCR for its use of its NCR Silver point-of-sale offering. On October 27, 2022, the court in the Western District of Texas denied the Company's post-trial motion in this matter for judgment as a matter of law or alternatively for a new trial, resulting in a ruling against the Company in an amount of \$13 million. The Company remains committed to its position that NCR Silver does not infringe the CloudofChange LLC patents and will vigorously defend its position on appeal. The Company has already engaged experienced appellate counsel and immediately filed its notice of appeal. The Company evaluated the matter in accordance with ASC 450, *Contingencies*, and concluded that, as of September 30, 2022 and the date of filing of the related Form 10-Q, that a loss of up to \$13 million is reasonably possible, but not probable and, therefore, no accrual has been recorded.

**Environmental Matters** NCR's facilities and operations are subject to a wide range of environmental protection laws, and NCR has investigatory and remedial activities underway at a number of facilities that it currently owns or operates, or formerly owned or operated, to comply, or to determine compliance, with such laws. Also, NCR has been identified, either by a government agency or by a private party seeking contribution to site clean-up costs, as a potentially responsible party ("PRP") at a number of sites pursuant to various state and federal laws, including the Federal Water Pollution Control Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and comparable state statutes. Other than the Kalamazoo River matter and the Ebina matter discussed below, we currently do not anticipate material expenses and liabilities from these environmental matters.

*Fox River* On September 30, 2003, NCR was one of eight entities that were formally notified by governmental and other entities, such as local Native American tribes, that they were PRPs for environmental claims (under CERCLA and other statutes) arising out of the presence of polychlorinated biphenyls ("PCBs") in sediments in the lower Fox River and in the Bay of Green Bay in Wisconsin. The other Fox River PRPs that received notices include Appleton Papers Inc. ("API"; now known as Appvion, Inc.), P.H. Glatfelter Company ("Glatfelter"), Georgia-Pacific Consumer Products LP ("GP", successor to Fort James Operating Company), and others. NCR was identified as a PRP because of alleged PCB discharges from two carbonless copy paper manufacturing facilities it previously owned, which were located along the Fox River. NCR sold its facilities in 1978 to API. The parties also contended that NCR was responsible for PCB discharges from paper mills owned by other

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

companies because NCR carbonless copy paper “broke” was allegedly purchased by those other mills as a raw material. In 2017, the Company entered into a Consent Decree with the federal and state governments for the clean-up of the Fox River, which was approved on August 22, 2017 by the federal district court in Wisconsin presiding over this matter. The Consent Decree resolved the Company’s disputes with the enforcement agencies as well as the other PRPs.

All litigation relating to the contribution and enforcement of remediation obligations on the Fox River has been concluded. No other litigation is pending. All Company obligations under the Consent Decree have been completed. On October 3, 2022, the Environmental Protection Agency issued the Company a Certificate of Completion certifying that all of the Company’s remedial obligations under the Consent Decree have been completed.

The cost of the Fox River remediation is currently shared by the company with three indemnitors. NCR and API, along with B.A.T Industries p.l.c. (“BAT”), share among themselves a portion of the cost of the Fox River clean-up and natural resource damages (“NRD”) based upon a 1998 agreement (the “Cost Sharing Agreement”), a 2005 arbitration award (subsequently confirmed as a judgment), and a September 30, 2014 Funding Agreement (the “Funding Agreement”). The Cost Sharing Agreement and the arbitration resolved disputes that arose out of the Company’s 1978 sale of its Fox River facilities to API. The Cost Sharing Agreement and arbitration award resulted in a 45% share for NCR of the first \$75 million of such costs (a threshold that was reached in 2008), and a 40% share for amounts in excess of \$75 million. The Funding Agreement arose out of a 2012 to 2014 arbitration dispute between NCR and API, and provides for regular, ongoing funding of NCR incurred Fox River remediation costs via contributions, made to a new limited liability corporation created by the Funding Agreement, by BAT, API and, for 2014, API’s indemnitor, Windward Prospects. The Funding Agreement creates an obligation on BAT and API to fund 50% of NCR’s Fox River remediation costs from October 1, 2014 forward (API’s Fox River-related obligations under the Funding Agreement were fully satisfied in 2016); the Funding Agreement also provides NCR contractual avenues for payment of, via direct and third-party sources, (1) the difference between BAT’s and API’s 60% obligation under the Cost Sharing Agreement and arbitration award on the one hand and their ongoing (since September 2014) 50% payments under the Funding Agreement on the other, as well as (2) the difference between the amount NCR received under the Funding Agreement and the amount owed to it under the Cost Sharing Agreement and arbitration award for the period from April 2012 through September 2014. As of September 30, 2022 and December 31, 2021, the receivable under the Funding Agreement was approximately \$54 million and was included in Other assets in the Condensed Consolidated Balance Sheets. The timing of collection of sums related to the receivable is uncertain, subject and pursuant to the terms of the Funding Agreement and related agreements. This receivable is not taken into account in calculating the Company’s Fox River net reserve.

Additionally, under a 1996 agreement, AT&T Corp. (“AT&T”) and Nokia (as the successor to Lucent Technologies and Alcatel-Lucent USA) are responsible severally (not jointly) for indemnifying NCR for certain portions of the amounts paid by NCR for the Fox River matter over a defined threshold and subject to certain offsets for insurance recoveries and net tax benefits, if any. (The agreement governs certain aspects of AT&T’s divestiture of NCR and of what was then known as Lucent Technologies.) Those companies have made the payments requested of them by the Company on an ongoing basis.

There could be additional changes to some elements of the reserve over upcoming periods, in view of a final reconciliation of indemnitor payments. Thus there can be no assurance that unexpected expenditures and liabilities will not have a material effect on NCR’s capital expenditures, earnings, financial condition, cash flows, or competitive position. As of September 30, 2022 and December 31, 2021, the gross reserve for the Fox River matter was approximately \$3 million and \$4 million, respectively. As of September 30, 2022 and December 31, 2021, the net reserve for the Fox River matter was approximately \$25 million and \$26 million, respectively. In April 2009, NCR and API formed a limited liability company (the “LLC”). NCR contributes to the LLC to fund remediation activities and generally, by contract, has funded certain amounts of remediation expenses in advance. As of September 30, 2022 and December 31, 2021, approximately zero remained from this funding. NCR’s reserve for the Fox River matter is reduced as the LLC makes payments to the remediation contractor and other vendors with respect to remediation activities.

*Kalamazoo River* In November 2010, The United States Environmental Protection Agency (“USEPA”) issued a “general notice letter” to NCR with respect to the Allied Paper, Inc./Portage Creek/Kalamazoo River Superfund Site (“Kalamazoo River site”) in Michigan. Three other companies - International Paper, Mead Corporation, and Consumers Energy - also received general notice letters at or about the same time. USEPA asserts that the site is contaminated by various substances, primarily PCBs, as a result of discharges by various paper mills located along the river. USEPA does not claim that the Company made direct discharges into the Kalamazoo River, and NCR never had facilities at or near the Kalamazoo River site, but USEPA indicated that “NCR may be liable under Section 107 of CERCLA ... as an arranger, who by contract or agreement, arranged for the disposal, treatment and/or transportation of hazardous substances at the Site.” USEPA stated that it “may issue special notice letters to [NCR] and other PRPs for future RI/FS [remedial investigation / feasibility studies] and RD/RA [remedial design / remedial action] negotiations.”

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In connection with the Kalamazoo River site, in December 2010 the Company, along with two other defendants, was sued in federal court by three GP affiliate corporations in a private-party contribution and cost recovery action for alleged pollution. The suit, pending in Michigan, asks that the Company and other defendants pay a “fair portion” of these companies’ costs. Various removal and remedial actions remain to be decided upon and performed at the Kalamazoo River site, the total costs for which generally remain undetermined; in 2017, Records of Decisions were issued for two parts of the river, and in 2018 such a decision was issued for another part of the river, but such decisions for the majority of the work are expected to be made only over the next several years. The suit alleges that the Company is liable to the GP entities as an “arranger” under CERCLA. The initial phase of the case was tried in a Michigan federal court in February 2013; on September 26, 2013 the court issued a decision that held NCR was liable as an “arranger” as of at least March 1969. (PCB-containing carbonless copy paper was produced from approximately 1954 to April 1971, and the majority of contamination at the Kalamazoo River site had occurred prior to 1969). NCR preserved its right to appeal the September 2013 decision.

In the 2013 decision the Court did not determine NCR’s share of the overall liability. Relative shares of liability for the four companies were tried to the court in a subsequent phase of the case in December 2015. In a ruling issued on March 29, 2018, the court addressed responsibility for the costs that GP had incurred in the past, totaling to approximately \$50 million (GP had sought approximately \$105 million, but \$55 million of those claims were removed by the court upon motions filed by the Company and other parties); NCR and GP were each assigned a 40% share of those costs, and the other two companies were assigned 15% and 5% as their allocations. The court entered a judgment in the case on June 19, 2018, in which it indicated that it would not allocate future costs, but would enter a declaratory judgment that the four companies together had responsibility for future costs, in amounts and shares to be determined. Cross-proceedings have been commenced to obtain recoveries from the other parties pursuant to the judgment; those proceedings were stayed pending the appeal referenced below.

In July 2018, the Company appealed to the United States Court of Appeals for the Sixth Circuit both the 2013 court decision, which it believes is in conflict with a decision from the Fox River trial court as to Operable Unit 1 of that site and an affirmance of that decision from the Court of Appeals for the Seventh Circuit, and the 2018 court decision, on various legal grounds. The Company filed a bond to stay any execution of the judgment pending the appeal, and its application for a stay was approved by the court and remains stayed until the Company filed its dismissal of the appeal on December 31, 2020 pursuant to a Consent Decree, noted below.

During the pendency of the Sixth Circuit stay, the Company negotiated a settlement of the Kalamazoo River matter with the USEPA and other government agencies having oversight over the river. On December 5, 2019, the Company entered into a Consent Decree, filed with the District Court on December 11, 2019, and on December 2, 2020, the District Court approved the Consent Decree, which has now resolved all litigation associated with the river clean-up, including the Sixth Circuit appeal. The Consent Decree requires the Company to pay GP its 40% share of past costs, to pay the USEPA and state agencies their past and future administrative costs, and to dismiss its Sixth Circuit appeal. The Consent Decree further requires the Company to take responsibility for the remediation of a portion, but not all, of the Kalamazoo River. The Consent Decree further provides the Company protection from other PRPs, including GP, seeking contribution for their costs associated with the clean-up anywhere on the river, thereby resolving the allocation of future costs left unresolved by the June 19, 2019 judgment.

NCR expects to have claims against BAT and API under the Funding Agreement discussed above for the Kalamazoo River remediation expenses. API filed for bankruptcy protection in October 2017, and thus payment of its potential share under the Funding Agreement for so-called “future sites,” which would include the Kalamazoo River site, may be at risk, but as liability under the Cost Sharing Agreement and the Funding Agreement is joint and several, the bankruptcy is not anticipated to affect the Company’s ability to seek that amount from BAT. The Company will also have indemnity or reimbursement claims against AT&T and Nokia under the arrangement discussed above in connection with the Fox River matter after expenses have met a contractual threshold set out in the 1996 agreement referenced above in the Fox River discussion.

As of September 30, 2022 and December 31, 2021, the total reserve for Kalamazoo was \$93 million and \$99 million, respectively. The reserve is reported on a basis that is net of expected contributions from the Company’s co-obligors and indemnitors, subject to when the applicable threshold is reached. While the Company believes its co-obligors’ and indemnitors’ obligations are as previously reported, the reserve reflects changes in positions taken by some of those co-obligors and indemnitors with respect to the Kalamazoo River. The contributions from its co-obligors and indemnitors are expected to range from \$70 million to \$150 million and the Company will continue to pursue such contribution.

As many aspects of the costs of remediation will not be determined for several years (and thus the high end of a range of possible costs for many areas of the site cannot be quantified at this time), the Company has made what it considers to be reasonable estimates of the low end of a range for such costs where remedies are identified, and/or of the costs of investigations

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and studies for areas of the river where remedies have not yet been determined, and the reserve is informed by those estimates. The extent of NCR's potential liability remains subject to many uncertainties, notwithstanding the settlement of this matter and related Consent Decree noted above, particularly in as much as remedy decisions and cost estimates will not be generated until times in the future and as most of the work to be performed will take place through the 2030s. Under other assumptions or estimates for possible costs of remediation, which the Company does not at this point consider to be reasonably estimable or verifiable, it is possible that the reserve the Company has taken to discontinued operations reflected in this paragraph could more than approximately double the reflected reserve.

*Ebina* The Company is engaged in cooperative regulatory compliance activities with the government of Japan in connection with certain environmental contaminants generated in its past operations in that country. The Company has quantities of PCB and other wastes primarily from its former plant at Oiso, Japan, including capsulated undiluted solutions manufactured in the past, capacitors, light ballasts and PCB-affected soil from the Oiso plant that was excavated and placed in steel drums. These wastes are stored in a facility at Ebina, Japan in accordance with Japanese regulations governing such materials. Over the past several years Japan has enacted and amended legislation governing such wastes, and has set a current deadline for treating and disposing of (at government-constructed disposal facilities) the highest-concentration wastes by 2027. Lower-concentration wastes can be and have been disposed of via private contractors, and as of September 30, 2022, NCR had disposed of approximately 96% of its lower-concentration wastes and approximately 59% of its higher-concentration wastes.

The Company and its consultants have met and communicated regularly with the Japanese agency charged with administration of the law, and are working with that agency on a program to manage disposal of the high-concentration wastes, including tests of technologies to make the disposal more efficient. The government has given its final approvals, and the Company started to dispose of the high-concentration wastes in 2021, with final deadlines for various of the government-constructed disposal sites currently set for 2022, 2023 and later. Low-concentration wastes are required to be contracted for disposal by 2027, a timetable that the Company expects to meet. In September 2019, the Company's environmental consultants, following a series of communications and meetings with the Japanese agency, at the Company's request prepared an estimate of remaining disposal costs over the coming several years. While the estimate is subject to a range of assumptions and uncertainties, including prospects of cost reduction in coordination with the agency as certain field testing to separate high-concentration and low-concentration waste progresses over the coming years, the Company adjusted its existing reserve for the matter to take into account this cost estimate. The reserve as of September 30, 2022 and December 31, 2021 is \$11 million and \$16 million, respectively. The Japan environmental waste issue is treated as a compliance matter and not as litigation or enforcement, and the Company has received no threats of litigation or enforcement.

*Environmental-Related Insurance Recoveries* In connection with the Fox River and other environmental sites, through September 30, 2022, NCR has received a combined gross total of approximately \$212 million in settlements reached with various of its insurance carriers. Portions of many of these settlements agreed in the 2010 through 2013 timeframe are payable to a law firm that litigated the claims on the Company's behalf. Some of the settlements cover not only the Fox River but also other environmental sites; some are limited to either the Fox River or the Kalamazoo River site. Some of the settlements are directed to defense costs and some are directed to indemnity; some settlements cover both defense costs and indemnity. The Company does not anticipate that further material insurance recoveries specific to Kalamazoo River remediation costs will be available to it, but it has recovered some amounts as a result of settlement discussions with certain carriers. In December 2021, the Company recovered approximately \$3 million as a result of those discussions and, in the nine months ending September 30, 2022, recovered an additional \$7 million. Claims with respect to Kalamazoo River defense costs have now been settled, with the amounts of those settlements included in the sum reported above.

*Environmental Remediation Estimates* It is difficult to estimate the future financial impact of environmental laws, including potential liabilities. NCR records environmental provisions when it is probable that a liability has been incurred and the amount or range of the liability is reasonably estimable; in accordance with accounting guidance, where liabilities are not expected to be quantifiable or estimable for a period of years, the estimated costs of investigating those liabilities are recorded as a component of the reserve for that particular site. Provisions for estimated losses from environmental restoration and remediation are, depending on the site, based generally on internal and third-party environmental studies, estimates as to the number and participation level of other PRPs, the extent of contamination, estimated amounts for attorney and other fees, and the nature of required clean-up and restoration actions. Reserves are adjusted as further information develops or circumstances change. Management expects that the amounts reserved from time to time will be paid out over the period of investigation, negotiation, remediation and restoration for the applicable sites. The amounts provided for environmental matters in NCR's Condensed Consolidated Financial Statements are the estimated gross undiscounted amounts of such liabilities, without deductions for indemnity insurance, third-party indemnity claims or recoveries from other PRPs, except as qualified in the following sentences. In those cases where insurance carriers or third-party indemnitors have agreed to pay any amounts and management believes that collectability of such amounts is probable, the amounts are recorded in the Condensed Consolidated Financial

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

Statements. For the Fox River and Kalamazoo River sites, as described above, assets relating to the AT&T and Nokia indemnities and to the BAT obligations are recorded as payment is supported by contractual agreements, public filings and/or payment history.

**Guarantees and Product Warranties** In the ordinary course of business, NCR may issue performance guarantees on behalf of its subsidiaries to certain of its customers and other parties. Some of those guarantees may be backed by standby letters of credit, surety bonds, or similar instruments. In general, under the guarantees, NCR would be obligated to perform, or cause performance, over the term of the underlying contract in the event of an unexcused, uncured breach by its subsidiary, or some other specified triggering event, in each case as defined by the applicable guarantee. NCR believes the likelihood of having to perform under any such guarantee is remote. As of September 30, 2022 and December 31, 2021, NCR had no material obligations related to such guarantees, and therefore its Condensed Consolidated Financial Statements do not have any associated liability balance.

NCR provides its customers a standard manufacturer’s warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors, such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts. When a sale is consummated, the total customer revenue is recognized, provided that all revenue recognition criteria are otherwise satisfied, and the associated warranty liability is recorded using pre-established warranty percentages for the respective product classes. Warranty reserve liabilities are presented in Other current liabilities and Other liabilities in the Condensed Consolidated Balance Sheets.

From time to time, product design or quality corrections are accomplished through modification programs. When identified, associated costs of labor and parts for such programs are estimated and accrued as part of the warranty reserve.

The Company recorded the activity related to the warranty reserve for the nine months ended September 30, 2022 as follows:

In millions	2022	2021
<b>Warranty reserve liability</b>		
Beginning balance as of January 1	\$ 19	\$ 18
Accruals for warranties issued	14	20
Settlements (in cash or in kind)	(19)	(20)
Ending balance as of September 30	<u>\$ 14</u>	<u>\$ 18</u>

In addition, NCR provides its customers with certain indemnification rights. In general, NCR agrees to indemnify the customer if a third-party asserts patent or other infringement on the part of its customers for its use of the Company’s products subject to certain conditions that are generally standard within the Company’s industries. On limited occasions the Company will undertake additional indemnification obligations for business reasons. From time to time, NCR also enters into agreements in connection with its acquisition and divestiture activities that include indemnification obligations by the Company. The fair value of these indemnification obligations is not readily determinable due to the conditional nature of the Company’s potential obligations and the specific facts and circumstances involved with each particular agreement. The Company has not recorded a liability in connection with these indemnifications, and no current indemnification instance is material to the Company’s financial position. Historically, payments made by the Company under these types of agreements have not had a material effect on the Company’s condensed consolidated financial condition, results of operations or cash flows.

**Purchase Commitments** The Company has purchase commitments for materials, supplies, services, and property, plant and equipment as part of the normal course of business. This includes a long-term service agreement with Accenture, under which many of NCR’s key transaction processing activities and functions are performed.

## 11. SERIES A CONVERTIBLE PREFERRED STOCK

Holders of Series A Convertible Preferred Stock are entitled to a cumulative dividend at the rate of 5.5% per annum, payable quarterly in arrears. Beginning in the first quarter of 2020, dividends are payable in cash or in-kind at the option of the Company. If the Company does not declare and pay a dividend, the dividend rate will increase to 8.0% per annum until all accrued but unpaid dividends have been paid in full. During the three months ended September 30, 2022 and 2021, the Company paid cash dividends of \$3 million. During the nine months ended September 30, 2022 and 2021, the Company paid cash dividends of \$11 million.

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**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

The Series A Convertible Preferred Stock is convertible at the option of the holders at any time into shares of common stock at a conversion price of \$30.00 per share, or a conversion rate of 33.333 shares of common stock per share of Series A Convertible Preferred Stock. As of September 30, 2022 and December 31, 2021, the maximum number of common shares that could be required to be issued upon conversion of the outstanding shares of Series A Convertible Preferred Stock was 9.2 million shares.

## 12. EARNINGS PER SHARE

Basic earnings per share (“EPS”) is calculated by dividing net income or loss attributable to NCR, less any dividends (declared or cumulative undeclared), deemed dividends, accretion or decretion, redemption or induced conversion on our Series A Convertible Preferred Stock, by the weighted average number of shares outstanding during the period.

In computing diluted EPS, we evaluate and reflect the maximum potential dilution, for each issue or series of issues of potential common shares in sequence from the most dilutive to the least dilutive. We adjust the numerator used in the basic EPS computation, subject to anti-dilution requirements, to add back the dividends (declared or cumulative undeclared) applicable to the Series A Convertible Preferred Stock. Such add-back would also include any adjustments to equity in the period to accrete the Series A Convertible Preferred Stock to its redemption price, or recorded upon a redemption or induced conversion. We adjust the denominator used in the basic EPS computation, subject to anti-dilution requirements, to include the dilution from potential shares resulting from the issuance of the Series A Convertible Preferred Stock, restricted stock units, and stock options.

The holders of Series A Convertible Preferred Stock, unvested restricted stock units and stock options do not have non-forfeitable rights to common stock dividends or common stock dividend equivalents. Accordingly, the Series A Convertible Preferred Stock, unvested restricted stock units and stock options do not qualify as participating securities. See Note 8, “Stock Compensation Plans”, for share information on NCR’s stock compensation plans.

The components of basic earnings per share are as follows:

In millions, except per share amounts	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
<b>Numerator:</b>				
Income (loss) from continuing operations	\$ 69	\$ 12	\$ 71	\$ 33
Dividends on Series A Convertible Preferred Stock	(4)	(4)	(12)	(12)
<b>Income (loss) from continuing operations attributable to NCR common stockholders</b>	<b>65</b>	<b>8</b>	<b>59</b>	<b>21</b>
Income from discontinued operations, net of tax	—	—	5	—
<b>Net income (loss) attributable to NCR common stockholders</b>	<b>\$ 65</b>	<b>\$ 8</b>	<b>\$ 64</b>	<b>\$ 21</b>
<b>Denominator:</b>				
Basic weighted average number of shares outstanding	<b>137.0</b>	131.5	<b>136.4</b>	130.8
<b>Basic earnings per share:</b>				
From continuing operations	\$ 0.47	\$ 0.06	\$ 0.43	\$ 0.16
From discontinued operations	—	—	<b>0.04</b>	—
<b>Total basic earnings per share</b>	<b>\$ 0.47</b>	<b>\$ 0.06</b>	<b>\$ 0.47</b>	<b>\$ 0.16</b>

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

The components of diluted earnings per share are as follows:

In millions, except per share amounts	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
<b>Numerator:</b>				
Income (loss) from continuing operations	\$ 69	\$ 12	\$ 71	\$ 33
Dividends on Series A Convertible Preferred Stock	(4)	(4)	(12)	(12)
<b>Income (loss) from continuing operations attributable to NCR common stockholders</b>	<b>65</b>	<b>8</b>	<b>59</b>	<b>21</b>
Income from discontinued operations, net of tax	—	—	5	—
<b>Net income (loss) attributable to NCR common stockholders</b>	<b>\$ 65</b>	<b>\$ 8</b>	<b>\$ 64</b>	<b>\$ 21</b>
<b>Denominator:</b>				
Basic weighted average number of shares outstanding	137.0	131.5	136.4	130.8
Dilutive effect of restricted stock units and stock options	3.3	6.3	4.5	6.3
<b>Weighted average diluted shares</b>	<b>140.3</b>	<b>137.8</b>	<b>140.9</b>	<b>137.1</b>
<b>Diluted earnings per share:</b>				
From continuing operations	\$ 0.46	\$ 0.06	\$ 0.42	\$ 0.15
From discontinued operations	—	—	0.03	—
<b>Total diluted earnings per share</b>	<b>\$ 0.46</b>	<b>\$ 0.06</b>	<b>\$ 0.45</b>	<b>\$ 0.15</b>

For the three months ended September 30, 2022, shares related to the as-if converted Series A Convertible Preferred Stock of 9.2 million were excluded from the diluted share count because their effect would have been anti-dilutive. Additionally, weighted average restricted stock units and stock options of 9.0 million were excluded from the diluted share count because their effect would have been anti-dilutive.

For the three months ended September 30, 2021, shares related to the as-if converted Series A Convertible Preferred Stock of 9.2 million were excluded from the diluted share count because their effect would have been anti-dilutive. For the three months ended September 30, 2021, weighted average restricted stock units and stock options of 0.1 million were excluded from the diluted share count because their effect would have been anti-dilutive.

For the nine months ended September 30, 2022, shares related to the as-if converted Series A Convertible Preferred Stock of 9.2 million were excluded from the diluted share count because their effect would have been anti-dilutive. Additionally, for the nine months ended September 30, 2022, weighted average restricted stock units and options of 6.2 million were excluded from the diluted share count because their effect would have been anti-dilutive.

For the nine months ended September 30, 2021, shares related to the as-if converted Series A Convertible Preferred Stock of 9.2 million were excluded from the diluted share count because their effect would have been anti-dilutive. For the nine months ended September 30, 2021, weighted average restricted stock units and stock options of 4.7 million were excluded from the diluted share count because their effect would have been anti-dilutive.

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

### 13. DERIVATIVES AND HEDGING INSTRUMENTS

NCR is exposed to certain risks arising from both our business operations and economic conditions. We principally manage exposures to a wide variety of business and operational risk through management of core business activities. We manage interest rate risk associated with our vault cash rental obligations and floating rate-debt by managing the amount, sources, and duration of debt funding and the use of derivative financial instruments. The Company uses interest rate cap agreements or interest rate swap contracts (“Interest Rate Derivatives”) to manage differences in the amount, timing and duration of known or expected cash payments related to our existing TLA Facility and vault cash agreements.

Further, a substantial portion of our operations and revenue occur outside the United States and, as such, NCR has exposure to approximately 45 functional currencies. Our results can be significantly impacted, both positively and negatively, by changes in foreign currency exchange rates. The Company seeks to mitigate such impact by hedging its foreign currency transaction exposure using foreign currency forward and option contracts. We do not enter into hedges for speculative purposes.

#### *Foreign Currency Exchange Risk*

The accounting guidance for derivatives and hedging requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the Condensed Consolidated Balance Sheets. The Company designates foreign exchange contracts as cash flow hedges of forecasted transactions when they are determined to be highly effective at inception.

Our risk management strategy includes hedging, on behalf of certain subsidiaries, a portion of our forecasted, non-functional currency denominated cash flows for a period of up to 15 months. As a result, some of the impact of currency fluctuations on nonfunctional currency denominated transactions (and hence on subsidiary operating income, as stated in the functional currency), is mitigated in the near term. In the longer term (greater than 15 months), the subsidiaries are still subject to the effect of translating the functional currency results to United States Dollars. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange forward and option contracts. This is primarily done through the hedging of foreign currency denominated inter-company inventory purchases by NCR’s marketing units and the foreign currency denominated inputs to our manufacturing units. If the hedge is designated as a highly effective cash flow hedge, the gains or losses are deferred into accumulated other comprehensive income (“AOCI”). The gains or losses from derivative contracts that are designated as highly effective cash flow hedges related to inventory purchases are recorded in cost of products when the inventory is sold to an unrelated third party. Otherwise, they are recorded in earnings when the exchange rates change. As of September 30, 2022 and December 31, 2021, the balance in AOCI related to foreign exchange derivative transactions was zero.

We also utilize foreign exchange contracts to hedge our exposure of assets and liabilities denominated in non-functional currencies. We recognize the gains and losses on these types of hedges in earnings as exchange rates change.

**Interest Rate Risk** The Company designates Interest Rate Derivative contracts as cash flow hedges of forecasted transactions when they are determined to be highly effective at inception.

We utilize interest rate swap contracts or interest rate cap agreements to add stability to interest cost and to manage exposure to interest rate movements as part of our interest rate risk management strategy. Payments and receipts related to Interest Rate Derivatives are included in cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows.

In January 2022, the Company executed a \$250 million notional amount interest rate swap contract originally terminating on January 1, 2025. The interest rate swap contract had a fixed rate of 1.43% and was designated as a cash flow hedge of floating interest rate cost associated with the Company’s U.S. Dollar vault cash agreements.

In March 2022, the Company terminated the outstanding \$2 billion notional amount interest rate cap agreements maturing in 2024 for proceeds of \$64 million. The gains will be recognized ratably through July 1, 2024, corresponding to the term of the original interest rate cap agreements.

In March 2022, the Company executed \$2.2 billion aggregate notional amount interest rate swap contracts that began April 1, 2022 and had an original termination date of April 1, 2025. These interest rate swap contracts had fixed rates ranging from 2.078% to 2.443%, and were designated as cash flow hedges of the floating rate interest associated with the Company’s U.S. Dollar and U.K. Pound Sterling vault cash agreements and TLA Facility.



**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

In June 2022, the Company terminated the outstanding \$2.4 billion aggregate notional interest rate swap contracts maturing in 2025 for proceeds of \$55 million. The gains will be recognized ratably primarily through April 1, 2025, corresponding to the term of the original interest rate swap agreements.

In June 2022, the Company executed \$2.4 billion aggregate notional amount interest rate swap contracts effective June 1, 2022 and terminating on April 1, 2025. These interest rate swap contracts have fixed rates ranging from 2.790% to 3.251%, and have been designated as cash flow hedges of the floating rate interest associated with the Company's U.S. Dollar and U.K. Pound Sterling vault cash agreements.

At September 30, 2022, each of our outstanding Interest Rate Derivative agreements were determined to be highly effective. Amounts reported in Accumulated other comprehensive income related to these derivatives will be reclassified to Cost of services as payments are made on the Company's vault cash rental obligations. Unrealized gains on terminated interest rate swap and cap agreements reported in Accumulated other comprehensive income will be reclassified to Interest expense and Cost of services ratably over terms corresponding to the original agreements, as described above. As of September 30, 2022 and December 31, 2021, the balance in AOCI related to Interest Rate Derivatives was \$125 million and \$8 million, respectively.

The following tables provide information on the location and amounts of derivative fair values in the Condensed Consolidated Balance Sheets:

In millions	Fair Values of Derivative Instruments					
	September 30, 2022					
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
<b>Derivatives designated as hedging instruments</b>						
Interest rate swap contracts	Other current assets		\$ 13	Other current liabilities		\$ —
Interest rate swap contracts	Other assets		11	Other liabilities		—
<b>Total derivatives designated as hedging instruments</b>		\$ 2,375	\$ 24		\$ —	\$ —
<b>Derivatives not designated as hedging instruments</b>						
Foreign exchange contracts	Other current assets		\$ 2	Other current liabilities		\$ 3
<b>Total derivatives not designated as hedging instruments</b>		\$ 280	\$ 2		\$ 391	\$ 3
<b>Total derivatives</b>			<u>\$ 26</u>			<u>\$ 3</u>

In millions	Fair Values of Derivative Instruments					
	December 31, 2021					
	Balance Sheet Location	Notional Amount	Fair Value	Balance Sheet Location	Notional Amount	Fair Value
<b>Derivatives designated as hedging instruments</b>						
Interest rate cap contracts	Other Assets	\$ 2,000	\$ 18	Other liabilities	\$ —	\$ —
<b>Total derivatives designated as hedging instruments</b>			\$ 18			\$ —
<b>Derivatives not designated as hedging instruments</b>						
Foreign exchange contracts	Other current assets	\$ 278	\$ 1	Other current liabilities	\$ 396	\$ 1
<b>Total derivatives not designated as hedging instruments</b>			\$ 1			\$ 1
<b>Total derivatives</b>			<u>\$ 19</u>			<u>\$ 1</u>

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

The effects of derivative instruments on the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2022 and 2021 were as follows:

In millions	Amount of Gain (Loss) Recognized in Other Comprehensive Income (OCI) on Derivative Contracts		Location of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations	Amount of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations	
	For the three months ended September 30, 2022	For the three months ended September 30, 2021		For the three months ended September 30, 2022	For the three months ended September 30, 2021
<b>Derivatives in Cash Flow Hedging Relationships</b>					
Interest rate contracts	\$ 77	\$ —	Cost of services	\$ (4)	\$ —
Interest rate contracts	\$ —	\$ —	Interest expense	\$ (5)	\$ —

In millions	Amount of Gain (Loss) Recognized in Other Comprehensive Income (OCI) on Derivative Contracts		Location of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations	Amount of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statement of Operations	
	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021		For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
<b>Derivatives in Cash Flow Hedging Relationships</b>					
Interest rate contracts	\$ 119	\$ —	Cost of services	\$ 2	\$ —
Interest rate contracts	\$ 36	\$ —	Interest expense	\$ (5)	\$ —

As of September 30, 2022, the Company expects to reclassify \$45 million of net derivative-related gains contained in Accumulated other comprehensive loss into earnings during the next twelve months.

In millions	Derivatives not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations	Amount of Gain (Loss) Recognized in the Condensed Consolidated Statement of Operations			
			Three months ended September 30		Nine months ended September 30	
			2022	2021	2022	2021
	Foreign exchange contracts	Other income (expense), net	\$ (2)	\$ (6)	\$ (20)	\$ (20)

Refer to Note 14, “Fair Value of Assets and Liabilities”, for further information on derivative assets and liabilities recorded at fair value on a recurring basis.

**Concentration of Credit Risk**

NCR is potentially subject to concentrations of credit risk on accounts receivable and financial instruments such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the Condensed Consolidated Balance Sheets. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions as counterparties to hedging transactions and monitoring procedures. NCR’s business often involves large transactions with customers, and if one or more of those customers were to default on its obligations under applicable contractual arrangements, the Company could be exposed to potentially significant losses. However, management believes that the reserves for potential losses are adequate. As of September 30, 2022 and December 31, 2021, we did not have any major concentration of credit risk related to financial instruments.

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

**14. FAIR VALUE OF ASSETS AND LIABILITIES**

**Assets and Liabilities Measured at Fair Value on a Recurring Basis**

Assets and liabilities recorded at fair value on a recurring basis as of September 30, 2022 and December 31, 2021 are set forth as follows:

		September 30, 2022			
In millions	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets:</b>					
Deposits held in money market mutual funds <sup>(1)</sup>	\$ 17	\$ 17	\$ —	\$ —	\$ —
Foreign exchange contracts <sup>(2)</sup>	2	—	2	—	—
Interest rate swap agreements <sup>(3)</sup>	24	—	24	—	—
<b>Total</b>	<b>\$ 43</b>	<b>\$ 17</b>	<b>\$ 26</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities:</b>					
Foreign exchange contracts <sup>(4)</sup>	3	—	3	—	—
<b>Total</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ 3</b>	<b>\$ —</b>	<b>\$ —</b>
		December 31, 2021			
In millions	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>Assets:</b>					
Deposits held in money market mutual funds <sup>(1)</sup>	\$ 17	\$ 17	\$ —	\$ —	\$ —
Foreign exchange contracts <sup>(2)</sup>	1	—	1	—	—
Interest rate cap agreements <sup>(3)</sup>	18	—	18	—	—
<b>Total</b>	<b>\$ 36</b>	<b>\$ 17</b>	<b>\$ 19</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Liabilities:</b>					
Foreign exchange contracts <sup>(4)</sup>	\$ 1	\$ —	\$ 1	\$ —	\$ —
<b>Total</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ —</b>

<sup>(1)</sup> Included in Cash and cash equivalents in the Condensed Consolidated Balance Sheets.

<sup>(2)</sup> Included in Other current assets in the Condensed Consolidated Balance Sheets.

<sup>(3)</sup> Included in Other current assets and Other assets in the Condensed Consolidated Balance Sheets.

<sup>(4)</sup> Included in Other current liabilities in the Condensed Consolidated Balance Sheets.

**Deposits Held in Money Market Mutual Funds** A portion of the Company's excess cash is held in money market mutual funds that generate interest income based on prevailing market rates. Money market mutual fund holdings are measured at fair value using quoted market prices and are classified within Level 1 of the valuation hierarchy.

**Foreign Exchange Contracts** As a result of our global operating activities, we are exposed to risks from changes in foreign currency exchange rates, which may adversely affect our financial condition. To manage our exposures and mitigate the impact of currency fluctuations on our financial results, we hedge our primary transactional exposures through the use of foreign exchange forward and option contracts. The foreign exchange contracts are valued using the market approach based on observable market transactions of forward rates and are classified within Level 2 of the valuation hierarchy.

**Interest Rate Swap and Cap Agreements** In order to add stability to interest expense and operating costs and to manage exposure to interest rate movements the Company utilizes interest rate swap contracts and interest rate cap agreements as part of its interest rate risk management strategy. The interest rate cap agreements are valued using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. The interest rate swap contracts are valued using an income model based on disparity between variable and fixed interest rates, the scheduled balance of underlying principal

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

outstanding, yield curves, and other information readily available in the market. As such, the interest rate swap contracts and interest rate cap agreements are classified in Level 2 of the fair value hierarchy.

We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we consider the impact of netting and any applicable credit enhancements. We measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments utilize Level 3 inputs to evaluate the likelihood of both our own default and counterparty default. As of September 30, 2022, we determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives and therefore, the valuations are classified in Level 2 of the fair value hierarchy.

***Assets Measured at Fair Value on a Non-recurring Basis***

From time to time, certain assets are measured at fair value on a nonrecurring basis using significant unobservable inputs (Level 3). NCR reviews the carrying values of investments when events and circumstances warrant and considers all available evidence in evaluating when declines in fair value are other-than-temporary declines. There were no material impairment charges or non-recurring fair value adjustments recorded during the three and nine months ended September 30, 2022 and 2021.

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

**15. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

**Changes in Accumulated Other Comprehensive Income (“AOCI”) by Component**

In millions	Currency Translation Adjustments	Changes in Employee Benefit Plans	Changes in Fair Value of Effective Cash Flow Hedges	Total
Balance as of December 31, 2021	\$ (275)	\$ (24)	\$ 8	\$ (291)
Other comprehensive income (loss) before reclassifications	(151)	—	120	(31)
Amounts reclassified from AOCI	—	(1)	(3)	(4)
Net current period other comprehensive (loss) income	(151)	(1)	117	(35)
Balance as of September 30, 2022	\$ (426)	\$ (25)	\$ 125	\$ (326)

**Reclassifications Out of AOCI**

In millions	For the three months ended September 30, 2022			Total
	Employee Benefit Plans			
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	
Affected line in Condensed Consolidated Statement of Operations:				
Cost of products	\$ —	\$ —	\$ —	\$ —
Cost of services	—	—	(4)	(4)
Selling, general and administrative expenses	—	—	—	—
Research and development expenses	—	—	—	—
Interest expense	—	—	(5)	(5)
Total before tax	\$ —	\$ —	\$ (9)	\$ (9)
Tax expense				1
Total reclassifications, net of tax				\$ (8)

In millions	For the three months ended September 30, 2021			Total
	Employee Benefit Plans			
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	
Affected line in Condensed Consolidated Statement of Operations:				
Cost of products	\$ —	\$ —	\$ —	\$ —
Cost of services	—	—	—	—
Selling, general and administrative expenses	—	(1)	—	(1)
Research and development expenses	—	1	—	1
Total before tax	\$ —	\$ —	\$ —	\$ —
Tax expense				—
Total reclassifications, net of tax				\$ —

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

In millions	For the nine months ended September 30, 2022			
	Employee Benefit Plans			Total
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	
<b>Affected line in Condensed Consolidated Statement of Operations:</b>				
Cost of products	\$ —	\$ —	\$ —	\$ —
Cost of services	—	(1)	2	1
Selling, general and administrative expenses	—	—	—	—
Research and development expenses	—	—	—	—
Interest expense	—	—	(5)	(5)
<b>Total before tax</b>	<b>\$ —</b>	<b>\$ (1)</b>	<b>\$ (3)</b>	<b>\$ (4)</b>
Tax expense				—
<b>Total reclassifications, net of tax</b>				<b>\$ (4)</b>

In millions	For the nine months ended September 30, 2021			
	Employee Benefit Plans			Total
	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	
<b>Affected line in Condensed Consolidated Statement of Operations:</b>				
Cost of products	\$ —	\$ —	\$ —	\$ —
Cost of services	—	(1)	—	(1)
Selling, general and administrative expenses	—	(1)	—	(1)
Research and development expenses	—	1	—	1
<b>Total before tax</b>	<b>\$ —</b>	<b>\$ (1)</b>	<b>\$ —</b>	<b>\$ (1)</b>
Tax expense				—
<b>Total reclassifications, net of tax</b>				<b>\$ (1)</b>

**NCR Corporation**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)**

**16. SUPPLEMENTAL FINANCIAL INFORMATION**

The components of accounts receivable are summarized as follows:

In millions	September 30, 2022	December 31, 2021
<b>Accounts receivable</b>		
Trade	\$ 1,087	\$ 939
Other	58	44
Accounts receivable, gross	1,145	983
Less: allowance for credit losses	(29)	(24)
<b>Total accounts receivable, net</b>	<b>\$ 1,116</b>	<b>\$ 959</b>

Our allowance for credit losses as of September 30, 2022 and December 31, 2021 was \$29 million and \$24 million, respectively. The impact to our allowance for credit losses for the three and nine months ended September 30, 2022 was an expense of \$7 million and \$15 million, respectively. We continue to evaluate our reserves in light of the age and quality of our outstanding accounts receivable, risks to specific industries or countries, as well as the COVID-19 pandemic, and adjust the reserves accordingly. The impact to our allowance for credit losses for the the three months ended September 30, 2021 was a benefit of \$2 million and for the nine months ended September 30, 2021 was an expense of \$1 million. The Company recorded write-offs against the reserve for the three months ended September 30, 2022 and 2021 of \$4 million and \$7 million, respectively. The Company recorded write-offs against the reserve for the nine months ended September 30, 2022 and 2021 of \$10 million and \$21 million, respectively.

The components of inventory are summarized as follows:

In millions	September 30, 2022	December 31, 2021
<b>Inventories</b>		
Work in process and raw materials	\$ 113	\$ 184
Finished goods	299	185
Service parts	415	385
<b>Total inventories</b>	<b>\$ 827</b>	<b>\$ 754</b>

**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")**

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included under Item 1. Financial Statements of this Form 10-Q and our Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Form 10-K").

Our discussion within MD&A is organized as follows:

- *Overview.* This section contains background information on our company, summary of significant themes and events during the quarter as well as strategic initiatives and trends in order to provide context for management's discussion and analysis of our financial condition and results of operations.
- *Results of operations.* This section contains an analysis of our results of operations presented in the accompanying condensed consolidated statements of income by comparing the results for the three and nine months ended September 30, 2022 to the results for the three and nine months ended September 30, 2021.
- *Liquidity and capital resources.* This section provides an analysis of our cash flows and a discussion of our contractual obligations at September 30, 2022.

**OVERVIEW****BUSINESS OVERVIEW**

NCR Corporation ("NCR", the "Company", "we" or "us") was originally incorporated in 1884 and is a software- and services-led enterprise technology provider that runs stores, restaurants and self-directed banking for our customers, which includes businesses of all sizes. NCR is a global company that is headquartered in Atlanta, Georgia. Our software platform, which runs in the cloud and includes microservices and APIs that integrate with our customers' systems, and our NCR-as-a-Service solutions bring together all of the capabilities and competencies of NCR to power the technology to run our customers' operations. Our portfolio includes digital first software and services offerings for banking, retailers and restaurants, as well as payments processing and networks, multi-vendor connected device services, automated teller machines ("ATMs"), self-checkout ("SCO"), point of sale ("POS") terminals and other self-service technologies. We also resell third-party networking products and provide related service offerings in the telecommunications and technology sector. Our solutions are designed to support our transition to becoming a software platform and payments company.

Effective January 1, 2022, the Company realigned its reportable segments to correspond with changes to its operating model, management structure and organizational responsibilities. The reportable segments effective January 1, 2022 include: Retail, Hospitality, Digital Banking, Payments & Network, and Self-Service Banking.

- *Retail* - We offer software-led solutions to customers in the retail industry, leading with digital to connect retail operations end to end to integrate all aspects of a customer's operations in indoor and outdoor settings from POS, to payments, inventory management, fraud and loss prevention applications, loyalty and consumer engagement. These solutions include retail-oriented technologies such as comprehensive API-point of sale retail software platforms and applications, hardware terminals, self-service kiosks including self-checkout ("SCO"), payment processing solutions, and bar-code scanners.
- *Hospitality* - We offer technology solutions to customers in the hospitality industry, including table-service, quick-service and fast casual restaurants of all sizes, that are designed to improve operational efficiency, increase customer satisfaction, streamline order and transaction processing and reduce operating costs. Our solutions include POS hardware and software solutions, installation, maintenance, managed and professional services as well as payment processing solutions.
- *Digital Banking* - NCR Digital Banking helps financial institutions implement their digital-first platform strategy by providing solutions for account opening, account management, transaction processing, imaging, and branch services to enable financial institutions to offer a compelling customer experience.



- *Payments & Network* - We provide a cost-effective way for financial institutions, fintechs, and neobanks to reach and serve their customers through our network of automated teller machines ("ATMs") and multi-functioning financial services kiosks. We offer credit unions, banks, digital banks, fintechs, stored-value debit card issuers, and other consumer financial services providers access to our Allpoint retail-based ATM network, providing convenient and fee-free cash withdrawal and deposit access to their customers and cardholders as well as the ability to convert a digital value to cash, or vice versa, via NCRPay360. We also provide ATM branding, management and services to financial institutions and businesses.
- *Self-Service Banking* - We offer solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM hardware and software, and related installation, maintenance, and managed and professional services.

Corporate and Other includes income and expenses related to corporate functions that are not specifically attributable to an individual reportable segment along with any immaterial operating segment(s).

Eliminations include revenues from contracts with customers and the related costs that are reported in the Payments & Network segment as well as in the Retail or Hospitality segments, including merchant acquiring services that are monetized via payments.

NCR's reputation is founded upon over 137 years of providing quality products, services and solutions to our customers. At the heart of our customer and other business relationships is a commitment to acting responsibly, ethically and with the highest level of integrity. This commitment is reflected in NCR's Code of Conduct, which is available on the Corporate Governance page of our website.

#### ***SIGNIFICANT THEMES AND EVENTS***

As more fully discussed in later sections of this MD&A, the following were significant themes and events for the third quarter of 2022.

- Revenue of \$1,972 million, up 4% compared to the prior year period, and up 8% excluding foreign currency impacts
- Strong performance despite numerous external macro factors, such as rising interest rates, the effects of the strong U.S. dollar, supply-chain challenges, and high component costs that continue to impact quarterly results
- Continued strength in strategic initiatives
- Planned separation of NCR into two independent, publicly traded companies was announced on September 15, 2022

#### ***STRATEGIC INITIATIVES AND TRENDS***

In order to provide long-term value to all our stakeholders, we set complementary business goals and financial strategies. NCR is continuing its transition to become a software platform and payments company with a shift to a higher level of recurring revenue. Our business goal is to be a leading enterprise technology provider that runs stores, restaurants and self-directed banking through our software platform and our NCR-as-a-Service solutions. Execution of our goals and strategy is driven by the following key pillars: (i) focus on our customers; (ii) take care of our employees; (iii) bring high-quality, innovative products to market; and (iv) leverage our brand.

As we strive to achieve these aspirational goals, we plan to capitalize on opportunities presented by the acquisitions of Cardtronics and LibertyX to accelerate our Payments & Network business as we go to market with a more robust offering in this segment. We also plan to continue to improve our execution to drive solid returns and to transform our business to enhance value for all shareholders.

On September 15, 2022, NCR announced a plan to separate into two independent, publicly traded companies – one focused on digital commerce, the other on ATMs. The digital commerce company is expected to be a growth business positioned to leverage NCR's software-led model to continue transforming, connecting and running global retail, hospitality and digital banking. We believe it will enhance common solutions to drive innovation and boost operational efficiency. The digital commerce company is expected to also reinvest in the business to accelerate growth and recurring revenue.

The ATM company is expected to be a cash-generative business positioned to focus on delivering ATM as a Service to a large, installed customer base across banks and retailers. We believe it will build on NCR's leadership in self-service banking and ATM networks to meet global demand for ATM access and leverage new ATM transaction types, including digital currency

solutions, to drive market growth. The ATM company is expected to also continue shifting to a highly recurring revenue model to drive stable cash flow and capital returns to shareholders.

The separation is intended to be structured in a tax-free manner. The separation transaction will follow the satisfaction of customary conditions, including effectiveness of appropriate filings with the U.S. Securities and Exchange Commission, and the completion of audited financial statements. The current target is to complete the separation by the end of 2023.

#### *Cybersecurity Risk Management*

Similar to most companies, NCR and its customers are subject to more frequent and increasingly sophisticated cybersecurity attacks. The Company maintains cybersecurity risk management policies and procedures including disclosure controls, which it regularly evaluates for updates, for handling and responding to cybersecurity events. These policies and procedures include internal notifications and engagements and, as necessary, cooperation with law enforcement. Personnel involved in handling and responding to cybersecurity events periodically undertake tabletop exercises to simulate an event. Our internal notification procedures include notifying the applicable Company attorneys, which, depending on the level of severity assigned to the event, may include direct notice to, among others, the Company's General Counsel, Ethics & Compliance Officer, and Chief Privacy Officer. Company attorneys support efforts to evaluate the materiality of any incidents, determine whether notice to third parties such as customers or vendors is required, determine whether any prohibition on insider trading is appropriate, and assess whether disclosure to stockholders or governmental filings, including with the SEC, are required. Our internal notification procedures also include notifying various NCR Information Technology Services managers, subject matter experts in the Company's software department and Company leadership, depending on the level of severity assigned to the event.

#### *Impacts from Geopolitical, Macroeconomic, and COVID-19 Challenges*

We continue to be exposed to macroeconomic pressures as a result of the lingering impacts of the COVID-19 pandemic, supply chain challenges, foreign currency fluctuations, and spikes in commodity and energy prices as a result of geopolitical challenges, including the war in Eastern Europe. We continue to navigate through these challenges with a sharp focus on and goal of safeguarding our employees, helping our customers and managing impacts on our supply chain. Despite the unprecedented environment, our teams are executing at a high level and we are advancing our strategy.

The COVID-19 pandemic is complex and continues to evolve. While it is difficult to project the long-term impact of the pandemic, we expect it will negatively impact our business at least in the short-term. The ultimate impact on our overall financial condition and operating results will depend on the currently unknowable duration and severity of the pandemic, supply chain challenges and cost escalations including materials, labor and freight, and any additional governmental and public actions taken in response.

The war in Eastern Europe and related sanctions imposed on Russia and related actors have resulted in interest rate acceleration and inflation, including, but not limited to, a significant increase in the price of energy around the world, particularly in regions such as Europe that are significantly dependent on Russia for their energy needs, and continued commodity price increases due to disruption in the mining industry in Ukraine and other factors. The war in Eastern Europe has also contributed to further disruption in logistics due to the shipping difficulties in and around the Black Sea and its ports, which have resulted in the rerouting of traffic to other ports and further logistics challenges.

We expect that these factors will continue to negatively impact our business at least in the short-term. The ultimate impact on our overall financial condition and operating results will depend on the currently unknowable duration and severity of these activities. We continue to evaluate the long-term impact that these may have on our business model, however there can be no assurance that the measures we have taken or will take will completely offset the negative impact.

For further information on the risks posed to our business from the COVID-19 pandemic and other factors, refer to Part I, Item 1A, "Risk Factors", of the Company's 2021 Form 10-K. For further information on exposures to foreign exchange risk, refer to Item 3, "Quantitative and Qualitative Disclosures about Market Risk", in this Form 10-Q.

## Results from Operations

For the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021

### Consolidated Results

The following tables show our results for the three and nine months ended September 30, the relative percentage that those amounts represent to revenue, and the change in those amounts year-over-year.

In millions	Three months ended September 30		Percentage of Revenue <sup>(1)</sup>		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Product revenue	\$ 590	\$ 520	29.9 %	27.4 %	13 %
Service revenue	1,382	1,381	70.1 %	72.6 %	— %
<b>Total revenue</b>	<b>1,972</b>	<b>1,901</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>4 %</b>
Product gross margin	66	91	11.2 %	17.5 %	(27)%
Service gross margin	425	429	30.8 %	31.1 %	(1)%
<b>Total gross margin</b>	<b>491</b>	<b>520</b>	<b>24.9 %</b>	<b>27.4 %</b>	<b>(6)%</b>
Selling, general and administrative expenses	264	294	13.4 %	15.5 %	(10)%
Research and development expenses	40	69	2.0 %	3.6 %	(42)%
<b>Income from operations</b>	<b>\$ 187</b>	<b>\$ 157</b>	<b>9.5 %</b>	<b>8.3 %</b>	<b>19 %</b>

In millions	Nine months ended September 30		Percentage of Revenue <sup>(1)</sup>		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Product revenue	\$ 1,720	\$ 1,553	29.5 %	30.3 %	11 %
Service revenue	4,115	3,569	70.5 %	69.7 %	15 %
<b>Total revenue</b>	<b>5,835</b>	<b>5,122</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>14 %</b>
Product gross margin	160	263	9.3 %	16.9 %	(39)%
Service gross margin	1,213	1,127	29.5 %	31.6 %	8 %
<b>Total gross margin</b>	<b>1,373</b>	<b>1,390</b>	<b>23.5 %</b>	<b>27.1 %</b>	<b>(1)%</b>
Selling, general and administrative expenses	886	835	15.2 %	16.3 %	6 %
Research and development expenses	164	204	2.8 %	4.0 %	(20)%
<b>Income from operations</b>	<b>\$ 323</b>	<b>\$ 351</b>	<b>5.5 %</b>	<b>6.9 %</b>	<b>(8)%</b>

<sup>(1)</sup> The percentage of revenue is calculated for each line item divided by total revenue, except for product gross margin and service gross margin, which are divided by the related component of revenue.

## Key Strategic Financial Metrics

The following tables show our key strategic financial metrics for the three and nine months ended September 30, the relative percentage that those amounts represent to total revenue, and the change in those amounts year-over-year.

### Recurring revenue as a percentage of total revenue

In millions	Three months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Recurring revenue <sup>(1)</sup>	\$ 1,222	\$ 1,181	62.0 %	62.1 %	3 %
All other products and services	750	720	38.0 %	37.9 %	4 %
<b>Total Revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>	<b>100 %</b>	<b>100 %</b>	<b>4 %</b>

In millions	Nine months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Recurring revenue <sup>(1)</sup>	\$ 3,618	\$ 2,984	62.0 %	58.3 %	21 %
All other products and services	2,217	2,138	38.0 %	41.7 %	4 %
<b>Total Revenue</b>	<b>\$ 5,835</b>	<b>\$ 5,122</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>14 %</b>

<sup>(1)</sup>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, cryptocurrency-related revenue, and certain professional services arrangements as well as term-based software license arrangements that include customer termination rights.

### Net income (loss) from continuing operations and Adjusted EBITDA as a percentage of total revenue

In millions	Three months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Net income (loss) from continuing operations attributable to NCR	\$ 69	\$ 12	3.5 %	0.6 %	475 %
Adjusted EBITDA	\$ 380	\$ 352	19.3 %	18.5 %	8 %

In millions	Nine months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Net income (loss) from continuing operations attributable to NCR	\$ 71	\$ 33	1.2 %	0.6 %	115 %
Adjusted EBITDA	\$ 990	\$ 891	17.0 %	17.4 %	11 %

### Non-GAAP Financial Measures and Use of Certain Terms:

The term “annual recurring revenue” is recurring revenue, excluding software license sold as a subscription, for the last three months times four, plus the rolling four quarters for term-based software license arrangements that include customer termination rights.

Constant Currency NCR presents certain financial measures, such as period-over-period revenue growth, on a constant currency basis, which excludes the effects of foreign currency translation by translating prior period results at current period monthly average exchange rates. Due to the overall variability of foreign exchange rates from period to period, NCR’s management uses constant currency measures to evaluate period-over-period operating performance on a more consistent and comparable basis. NCR’s management believes that presentation of financial measures without this result may contribute to an understanding of the Company’s period-over-period operating performance and provides additional insight into historical and/or future performance, which may be helpful for investors.

**Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)** NCR’s management uses the non-GAAP measure Adjusted EBITDA because it provides useful information to investors as an indicator of strength and performance of the Company’s ongoing business operations, including funding discretionary spending such as capital expenditures, strategic acquisitions, and other investments. NCR determines Adjusted EBITDA based on GAAP net income (loss) from continuing operations attributable to NCR plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus stock-based compensation expense; 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. Refer to the table below for the reconciliations of net income (loss) from continuing operations attributable to NCR (GAAP) to Adjusted EBITDA (non-GAAP).

**Special Item Related to Russia** The war in Eastern Europe and related sanctions imposed on Russia and related actors by the United States and other jurisdictions required us to commence the orderly wind down of our operations in Russia beginning in the first quarter of 2022. As of September 30, 2022, we have ceased operations in Russia and are in the process of dissolving our only subsidiary in Russia. As a result, for the three and nine months ended September 30, 2022, our non-GAAP presentation of the measures described above exclude the immaterial impact of our operating results in Russia, as well as the impact of impairments taken to write down the carrying value of assets and liabilities, severance charges, and the assessment of collectability on revenue recognition. We consider this to be a non-recurring special item and management has reviewed the results of its business segments excluding these impacts. We have not adjusted the presentation of the prior year periods due to the immaterial impact of Russia to revenue and income from continuing operations for the three and nine months ended September 30, 2021.

NCR’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.

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
<b>Net income (loss) from continuing operations attributable to NCR (GAAP)</b>	<b>\$ 69</b>	<b>\$ 12</b>	<b>\$ 71</b>	<b>\$ 33</b>
Transformation and restructuring costs	17	5	93	20
Acquisition-related amortization of intangibles	44	45	130	88
Acquisition-related costs	1	9	9	92
Interest expense	74	68	204	174
Interest income	(3)	—	(6)	(4)
Depreciation and amortization (excluding acquisition-related amortization of intangibles)	107	104	314	250
Income taxes	43	29	56	77
Stock-based compensation expense	28	38	97	119
Loss on debt extinguishment	—	42	—	42
Russia	—	—	22	—
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 380</b>	<b>\$ 352</b>	<b>\$ 990</b>	<b>\$ 891</b>

## Revenue

In millions	Three months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 vs 2021
Product revenue	\$ 590	\$ 520	29.9 %	27.4 %	13 %
Service revenue	1,382	1,381	70.1 %	72.6 %	— %
<b>Total revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>4 %</b>

In millions	Nine months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 vs 2021
Product revenue	\$ 1,720	\$ 1,553	29.5 %	30.3 %	11 %
Service revenue	4,115	3,569	70.5 %	69.7 %	15 %
<b>Total revenue</b>	<b>\$ 5,835</b>	<b>\$ 5,122</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>14 %</b>

Product revenue includes our hardware and software license revenue streams as well as cryptocurrency-related revenues. Service revenue includes hardware and software maintenance revenue, implementation services revenue, cloud revenue, payments processing revenue, interchange and network revenue, as well as professional services revenue.

*For the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021*

Total revenue increased 4% for the three months ended September 30, 2022 compared to the three months ended September 30, 2021. Foreign currency fluctuations had an unfavorable impact of 4% on the revenue comparison. Product revenue for the three months ended September 30, 2022 increased 13% compared to the three months ended September 30, 2021 due to growth in SCO, POS and ATM revenue as well as the addition of cryptocurrency revenue following the acquisition of LibertyX in January 2022, partially offset by a decline in software license revenue. Service revenue was flat for the three months ended September 30, 2022 when compared to the prior year period due to increases in software maintenance and other software related services fully offset by a decline in hardware maintenance and professional services revenue.

Total revenue increased 14% for the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Foreign currency fluctuations had an unfavorable impact of 4% on the revenue comparison. Product revenue for the nine months ended September 30, 2022 increased 11% compared to the nine months ended September 30, 2021 due to growth in POS and SCO revenue as well as the addition of cryptocurrency revenue following the acquisition of LibertyX in January 2022, partially offset by a slight decline in ATM revenue. Service revenue for the nine months ended September 30, 2022 increased 15% compared to the nine months ended September 30, 2021 due to growth in software maintenance and software related services, which includes the results of Cardtronics, partially offset by a decline in hardware maintenance revenue.

### Gross Margin

In millions	Three months ended September 30		Percentage of Revenue <sup>(1)</sup>		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Product gross margin	\$ 66	\$ 91	11.2 %	17.5 %	(27)%
Service gross margin	425	429	30.8 %	31.1 %	(1)%
<b>Total gross margin</b>	<b>\$ 491</b>	<b>\$ 520</b>	<b>24.9 %</b>	<b>27.4 %</b>	<b>(6)%</b>

<sup>(1)</sup> The percentage of revenue is calculated for each line item divided by the related component of revenue.

*For the three months ended September 30, 2022 compared to the three months ended September 30, 2021*

Gross margin as a percentage of revenue in the three months ended September 30, 2022 was 24.9% compared to 27.4% in the three months ended September 30, 2021. Gross margin in the three months ended September 30, 2022 included \$8 million of transformation and restructuring costs and \$27 million of amortization of acquisition-related intangible assets. Gross margin for the three months ended September 30, 2021 included \$3 million of transformation and restructuring costs and \$23 million of amortization of acquisition-related intangible assets. Excluding these items, gross margin as a percentage of revenue decreased from 28.7% to 26.7% due to increases in fuel costs, component parts, and increased interest rates driving higher cost on vault cash agreements as well as other supply chain challenges that continued to negatively impact our costs as compared to the prior year. The impact of these cost increases were partially offset by cost mitigation actions implemented.

In millions	Nine months ended September 30		Percentage of Revenue <sup>(1)</sup>		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Product gross margin	\$ 160	\$ 263	9.3 %	16.9 %	(39)%
Service gross margin	1,213	1,127	29.5 %	31.6 %	8 %
<b>Total gross margin</b>	<b>\$ 1,373</b>	<b>\$ 1,390</b>	<b>23.5 %</b>	<b>27.1 %</b>	<b>(1)%</b>

For the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Gross margin as a percentage of revenue in the nine months ended September 30, 2022 was 23.5% compared to 27.1% in the nine months ended September 30, 2021. Gross margin in the nine months ended September 30, 2022 included \$29 million of transformation and restructuring costs, \$73 million of amortization of acquisition-related intangible assets, \$1 million of acquisition-related costs, and \$10 million related to operating losses, impairments and other actions taken with respect to our operations in Russia. Gross margin for the nine months ended September 30, 2021 included \$14 million of transformation and restructuring costs and \$39 million of amortization of acquisition-related intangible assets. Excluding these items, gross margin as a percentage of revenue decreased from 28.2% to 25.5% due to increases in fuel costs, component parts, and increased interest rates driving higher cost on vault cash agreements as well as other supply chain challenges that negatively impacted our costs. The impact of these cost increases were partially offset by cost mitigation actions implemented and an increase in the favorable higher margin software and services revenue.

### Selling, General and Administrative Expenses

In millions	Three months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 vs 2021
Selling, general and administrative expenses	\$ 264	\$ 294	13.4 %	15.5 %	(10)%

For the three months ended September 30, 2022 compared to the three months ended September 30, 2021

Selling, general, and administrative expenses were \$264 million compared to \$294 million in the three months ended September 30, 2022 and 2021, respectively. As a percentage of revenue, selling, general and administrative expenses were 13.4% compared to 15.5% in the three months ended September 30, 2022 and 2021, respectively. In the three months ended September 30, 2022, selling, general and administrative expenses included \$8 million of transformation and restructuring costs, \$17 million of amortization of acquisition-related intangible assets, and \$1 million of acquisition-related costs. In the three months ended September 30, 2021, selling, general and administrative expenses included \$2 million of transformation and restructuring costs, \$22 million of amortization of acquisition-related intangible assets and \$8 million of acquisition-related costs. Excluding these items, selling, general and administrative expenses decreased slightly as a percentage of revenue from 13.8% to 12.1% primarily due to cost mitigation actions implemented.

In millions	Nine months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 vs 2021
Selling, general and administrative expenses	\$ 886	\$ 835	15.2 %	16.3 %	6 %

For the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Selling, general, and administrative expenses were \$886 million compared to \$835 million in the nine months ended September 30, 2022 and 2021, respectively. As a percentage of revenue, selling, general and administrative expenses were 15.2% compared to 16.3% in the nine months ended September 30, 2022 and 2021, respectively. In the nine months ended September 30, 2022, selling, general and administrative expenses included \$54 million of transformation and restructuring costs, \$57 million of amortization of acquisition-related intangible assets, \$8 million of acquisition-related costs and \$6 million of costs related to actions taken with respect to our operations in Russia. In the nine months ended September 30, 2021, selling, general and administrative expenses included \$5 million of transformation and restructuring costs, \$49 million of amortization of acquisition-related intangible assets, and \$77 million of acquisition-related costs. Excluding these items, selling, general and administrative expenses decreased slightly as a percentage of revenue from 13.7% to 13.1%.

## Research and Development Expenses

In millions	Three months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Research and development expenses	\$ 40	\$ 69	2.0 %	3.6 %	(42)%

For the three months ended September 30, 2022 compared to the three months ended September 30, 2021

Research and development expenses were \$40 million compared to \$69 million in the three months ended September 30, 2022 and 2021, respectively. As a percentage of revenue, these costs were 2.0% and 3.6% in the three months ended September 30, 2022 and 2021, respectively, and were lower due to an increase in capitalization as well as cost-mitigation actions that were implemented.

In millions	Nine months ended September 30		Percentage of Total Revenue		Increase (Decrease)
	2022	2021	2022	2021	2022 v 2021
Research and development expenses	\$ 164	\$ 204	2.8 %	4.0 %	(20)%

For the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Research and development expenses were \$164 million compared to \$204 million in the nine months ended September 30, 2022 and 2021, respectively. As a percentage of revenue, these costs were 2.8% and 4.0% in the nine months ended September 30, 2022 and 2021, respectively. In the nine months ended September 30, 2022, research and development expenses included \$10 million of transformation and restructuring costs. In the nine months ended September 30, 2021, research and development expenses included \$1 million of transformation and restructuring costs. After considering this item, research and development expenses decreased as a percentage of revenue from 4.0% to 2.6%, respectively, and were lower due to an increase in capitalization in 2022 as well as cost-mitigation actions that were implemented.

## Loss on Debt Extinguishment

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Loss on extinguishment of debt	\$ —	\$ 42	\$ —	\$ 42

Loss on extinguishment of debt of \$42 million for the the three and nine months ended September 30, 2021 is related to the premium paid for early redemption of \$400 million 8.125% senior secured notes due 2025, which includes the write-off of deferred financing fees of \$5 million and a cash redemption premium of \$37 million.

## Interest Expense

In millions	Three months ended September 30		Increase (Decrease)
	2022	2021	2022 v 2021
Interest expense	\$ 74	\$ 68	9 %

For the three months ended September 30, 2022 compared to the three months ended September 30, 2021

Interest expense was \$74 million compared to \$68 million in the three months ended September 30, 2022 and 2021, respectively. Interest expense is primarily related to the Company's senior unsecured notes and borrowings under the Company's Senior Secured Credit Facility. The main driver was related to the increase in interest rates on the Senior Secured Credit Facility and slightly higher average outstanding principal balances.



In millions	Nine months ended September 30		Increase (Decrease)	
	2022	2021	2022 v 2021	
Interest expense	\$ 204	\$ 174	17 %	

For the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Interest expense was \$204 million compared to \$174 million in the nine months ended September 30, 2022 and 2021, respectively. Interest expense is primarily related to the Company's senior unsecured notes and borrowings under the Company's Senior Secured Credit Facility. The main driver was related to the increase in total outstanding debt as a result of the closing of the acquisition of Cardtronics in the second quarter of 2021, combined with an increase in interest rates on the Senior Secured Credit Facility.

### Other Income (Expense), net

Other income (expense), net was expense of \$1 million and \$5 million in the three months ended September 30, 2022 and 2021, respectively, and income of \$9 million and expense of \$23 million in the nine months ended September 30, 2022 and 2021, respectively, with the components reflected in the following table:

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Interest income	\$ 3	\$ —	\$ 6	\$ 4
Foreign currency fluctuations and foreign exchange contracts	(13)	(5)	(20)	(12)
Bank-related fees	(3)	(4)	(8)	(25)
Employee benefit plans	10	3	31	9
Other, net	2	1	—	1
<b>Other income (expense), net</b>	<b>\$ (1)</b>	<b>\$ (5)</b>	<b>\$ 9</b>	<b>\$ (23)</b>

Employee benefit plans within Other income (expense), net includes the components of pension, postemployment and postretirement expense, other than service cost. The increase in Employee benefit plans in 2022 compared to the prior year period is primarily related to actuarial gains related to the pension plans that are being amortized throughout the year. In the nine months ended September 30, 2021, the Company incurred bank-related fees of \$19 million related to certain structuring and commitment fees as a result of the financing transactions entered into during the first quarter of 2021 related to the transaction with Cardtronics.

### Income Taxes

In millions	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Income tax expense (benefit)	\$ 43	\$ 29	\$ 56	\$ 77

For the three months ended September 30, 2022 compared to the three months ended September 30, 2021

Income tax provisions for interim (quarterly) periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items. Income tax expense was \$43 million for the three months ended September 30, 2022 compared to \$29 million income tax expense for the three months ended September 30, 2021. The change was primarily driven by higher income before taxes in the three months ended September 30, 2022, compared to the prior year. The company did not recognize any material discrete tax expenses or benefits in either period.

For the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021

Income tax expense was \$56 million for the nine months ended September 30, 2022 compared to expense of \$77 million for the nine months ended September 30, 2021. The change was primarily driven by discrete tax expenses and benefits. In the nine months ended September 30, 2022, the Company recognized a \$7 million benefit from provision to return adjustments and a \$7 million benefit related to uncertain tax position settlements and statute of limitation lapses. In the nine months ended September

30, 2021, the Company recognized a \$34 million expense from recording a valuation allowance against interest limitation carryforwards in the U.S. and a \$14 million benefit from the deferred tax impact of a tax law change in the U.K.

The Company is subject to numerous federal, state and foreign tax audits. While we believe that appropriate reserves exist for issues that might arise from these audits, should these audits be settled, the resulting tax effect could impact the tax provision and cash flows in 2022 or future periods.

### **Income (Loss) from Discontinued Operations**

There was no activity related to discontinued operations for the three months ended September 30, 2022, whereas the Company recognized income from discontinued operations, net of tax, of \$5 million in the nine months ended September 30, 2022. The income from discontinued operations, net of tax, was primarily driven by insurance recoveries partially offset by immaterial updates to various environmental remediation matters. In the three and nine months ended September 30, 2021, there was no activity related to discontinued operations.

### **Revenue and Adjusted EBITDA by Segment**

The Company manages and reports its businesses in the following segments: Retail, Hospitality, Digital Banking, Payments & Network, and Self-Service Banking. Segments are measured for profitability by the Company's chief operating decision maker based on revenue and segment Adjusted EBITDA. Adjusted EBITDA is defined as GAAP net income (loss) from continuing operations attributable to NCR plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus stock-based compensation expense; 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, restructuring charges, among others. The special items are considered non-operational so are excluded from the Adjusted EBITDA metric utilized by our chief operating decision maker in evaluating segment performance and are separately delineated to reconcile back to total reported income (loss) from continuing operations attributable to NCR. This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by NCR management to make decisions regarding the segments and to assess our financial performance.

Corporate and Other includes income and expenses related to corporate functions that are not specifically attributable to an individual reportable segment along with any immaterial operating segment(s).

*Special Item Related to Russia* The war in Eastern Europe and related sanctions imposed on Russia and related actors by the United States and other jurisdictions required us to commence the orderly wind down of our operations in Russia beginning in the first quarter of 2022. As of September 30, 2022, we have ceased operations in Russia and are in the process of dissolving our only subsidiary in Russia. As a result, for the three and nine months ended September 30, 2022, our non-GAAP presentation of the measures described above exclude the immaterial impact of our operating results in Russia, as well as the impact of impairments taken to write down the carrying value of assets and liabilities, severance charges, and the assessment of collectability on revenue recognition. We consider this to be a non-recurring special item and management has reviewed the results of its business segments excluding these impacts. We have not adjusted the presentation of the prior year periods due to the immaterial impact of Russia to revenue and income from continuing operations for the three and nine months ended September 30, 2021.

The following tables show our segment revenue and Adjusted EBITDA for the three and nine months ended September 30, the relative percentage that those amounts represent to segment revenue, and the change in those amounts year-over-year.

In millions	Three months ended September 30		Percentage of Revenue <sup>(1)</sup>		Increase (Decrease)	Increase (Decrease) Constant Currency
	2022	2021	2022	2021	2022 v 2021	2022 v 2021
<b>Revenue</b>						
Retail	\$ 575	\$ 541	29.2 %	28.5 %	6 %	12 %
Hospitality	238	224	12.1 %	11.8 %	6 %	8 %
Digital Banking	137	128	6.9 %	6.7 %	7 %	7 %
Payments & Network	336	304	17.0 %	16.0 %	11 %	14 %
Self-Service Banking	640	637	32.5 %	33.5 %	— %	6 %
Other	58	75	2.9 %	3.9 %	(23)%	(18)%
Eliminations <sup>(2)</sup>	(12)	(8)	(0.6)%	(0.4)%	50 %	50 %
<b>Total segment revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>	<b>100.0 %</b>	<b>100 %</b>	<b>4 %</b>	<b>8 %</b>
<b>Total revenue</b>	<b>\$ 1,972</b>	<b>\$ 1,901</b>			<b>4 %</b>	<b>8 %</b>
<b>Adjusted EBITDA by Segment</b>						
Retail	\$ 128	\$ 104	22.3 %	19.2 %	23 %	
Hospitality	51	44	21.4 %	19.6 %	16 %	
Digital Banking	60	52	43.8 %	40.6 %	15 %	
Payments & Network	114	111	33.9 %	36.5 %	3 %	
Self-Service Banking	150	155	23.4 %	24.3 %	(3)%	
Corporate and Other	(112)	(109)	(193.1)%	(145.3)%	3 %	
Eliminations <sup>(2)</sup>	(11)	(5)	91.7 %	62.5 %	120 %	
<b>Total Adjusted EBITDA</b>	<b>\$ 380</b>	<b>\$ 352</b>	<b>19.3 %</b>	<b>18.5 %</b>	<b>8 %</b>	

<sup>(1)</sup> The percentage of revenue is calculated for each line item divided by total revenue, except for Adjusted EBITDA, which are divided by the related component of revenue.

<sup>(2)</sup> Eliminations include revenues from contracts with customers and the related costs that are reported in the Payments & Network segment as well as in the Retail or Hospitality segments, including merchant acquiring services that are monetized via payments.

In millions	Nine months ended September 30		Percentage of Revenue <sup>(1)</sup>		Increase (Decrease)		Increase (Decrease) Constant Currency	
	2022	2021	2022	2021	2022 v 2021		2022 v 2021	
<b>Revenue</b>								
Retail	\$ 1,683	\$ 1,623	28.9 %	31.7 %	4 %		8 %	
Hospitality	687	618	11.8 %	12.1 %	11 %		12 %	
Digital Banking	404	380	6.9 %	7.4 %	6 %		6 %	
Payments & Network	967	380	16.6 %	7.4 %	154 %		162 %	
Self-Service Banking	1,930	1,910	33.1 %	37.3 %	1 %		5 %	
Other	187	229	3.2 %	4.5 %	(18)%		(15)%	
Eliminations <sup>(2)</sup>	(32)	(18)	(0.5)%	(0.4)%	78 %		78 %	
<b>Total segment revenue</b>	<b>\$ 5,826</b>	<b>\$ 5,122</b>	<b>100 %</b>	<b>100.0 %</b>	<b>14 %</b>		<b>17 %</b>	
Other adjustment <sup>(3)</sup>	9	—						
<b>Total revenue</b>	<b>\$ 5,835</b>	<b>\$ 5,122</b>			<b>14 %</b>		<b>18 %</b>	
<b>Adjusted EBITDA by Segment</b>								
Retail	\$ 299	\$ 323	17.8 %	19.9 %	(7)%			
Hospitality	138	119	20.1 %	19.3 %	16 %			
Digital Banking	172	161	42.6 %	42.4 %	7 %			
Payments & Network	309	133	32.0 %	35.0 %	132 %			
Self-Service Banking	404	432	20.9 %	22.6 %	(6)%			
Corporate and Other	(307)	(265)	(164.2)%	(115.7)%	16 %			
Eliminations <sup>(2)</sup>	(25)	(12)	78.1 %	66.7 %	108 %			
<b>Total Adjusted EBITDA</b>	<b>\$ 990</b>	<b>\$ 891</b>	<b>17.0 %</b>	<b>17.4 %</b>	<b>11 %</b>			

<sup>(1)</sup> The percentage of revenue is calculated for each line item divided by total revenue, except for Adjusted EBITDA, which are divided by the related component of revenue.

<sup>(2)</sup> Eliminations include revenues from contracts with customers and the related costs that are reported in the Payments & Network segment as well as in the Retail or Hospitality segments, including merchant acquiring services that are monetized via payments.

<sup>(3)</sup> Other adjustment reflects the revenue attributable to the Company's operations in Russia that were excluded from management's measure of revenue due to our announcement to suspend sales to Russia and anticipated orderly wind down of our operations in Russia. The revenue attributable to the Russian operations for the prior period of \$33 million is included in the respective segments.

The following table provides a reconciliation of segment and total revenue percentage growth (GAAP) to revenue percentage growth constant currency (non-GAAP) for the three and nine months ended September 30, 2022.

\$ in millions	Three months ended September 30, 2022			Nine months ended September 30, 2022		
	Revenue Growth % (GAAP)	Favorable (Unfavorable) FX Impact	Revenue Growth % Constant Currency (non-GAAP)	Revenue Growth % (GAAP)	Favorable (Unfavorable) FX Impact	Revenue Growth % Constant Currency (non-GAAP)
Retail	6 %	(6) %	12 %	4 %	(4) %	8 %
Hospitality	6 %	(2) %	8 %	11 %	(1) %	12 %
Digital Banking	7 %	— %	7 %	6 %	— %	6 %
Payments & Network	11 %	(3) %	14 %	154 %	(8) %	162 %
Self-Service Banking	— %	(6) %	6 %	1 %	(4) %	5 %
Other	(23) %	(5) %	(18) %	(18) %	(3) %	(15) %
Eliminations	50 %	— %	50 %	78 %	— %	78 %
<b>Total segment revenue</b>	<b>4 %</b>	<b>(4) %</b>	<b>8 %</b>	<b>14 %</b>	<b>(3) %</b>	<b>17 %</b>
<b>Total revenue</b>	<b>4 %</b>	<b>(4) %</b>	<b>8 %</b>	<b>14 %</b>	<b>(4) %</b>	<b>18 %</b>

## Segment Revenue

*For the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021*

Retail revenue increased 6% for the three months ended September 30, 2022 compared to the prior year period and increased 4% for the nine months ended September 30, 2022 compared to the prior year period. Foreign currency fluctuations had an unfavorable impact of 6% and 4% on the three and nine month revenue comparisons, respectively. Revenue results for the quarter-to-date period were primarily due to higher self checkout hardware and point-of-sale solutions revenue partially offset by a decrease in software license, point-of-sale hardware, and hardware maintenance revenue. For the nine months ended September 30, 2022, the increase in revenue compared to the prior period is due to an increase in self checkout and point-of-sale hardware revenue and an increase in point-of-sale solutions revenue partially offset by a decrease in software license and hardware maintenance revenue.

Hospitality revenue increased 6% and 11% for the three and nine months ended September 30, 2022, respectively, compared to the prior year period, driven primarily by an increase in point-of-sale hardware, as well as increases in hardware maintenance and software revenues.

Digital Banking revenue increased 7% and 6% for the three and nine months ended September 30, 2022, respectively, compared to the prior year periods, due to an increase in software license and cloud services revenues.

Payments & Network revenue increased 11% for the three months ended September 30, 2022 and increased significantly for the nine months ended September 30, 2022 compared to the prior year periods. For the three months ended September 30, 2022, the increase in revenue compared to the prior year period is due to cryptocurrency transaction processing revenue following the acquisition of LibertyX in January 2022 as well as additional payments processing revenue. For the nine months ended September 30, 2022, the revenue increase is primarily due to additional payments processing revenue from the acquisition of Cardtronics, which occurred on June 21, 2021. Additionally, the nine months ended September 30, 2022 includes cryptocurrency transaction processing revenue following the acquisition of LibertyX in January 2022.

Self-Service Banking revenue growth was flat for the three months ended September 30, 2022 and increased 1% for nine months ended September 30, 2022, compared to the prior year periods. Foreign currency fluctuations had an unfavorable impact of 6% and 4% on the three and nine month revenue comparisons, respectively. For the three months ended September 30, 2022, increases in ATM hardware revenue compared to the prior year period were fully offset by declines in software related revenues. For the nine months ended September 30, 2022, the increase in revenue compared to prior year period is due to an increase in services revenues, including hardware maintenance and professional services partially offset by a decline in ATM hardware sales. The decline in ATM hardware sales for the year-to-date period was due in part to supply chain challenges that resulted in temporary order fulfillment delays during the first quarter of 2022. Software and services revenue as a percent of total Self-Service Banking segment revenue was 69% in the third quarter of 2022 and 2021.

For the operations grouped as Other, revenue decreased 23% and 18% for the three and nine months ended September 30, 2022, respectively, compared to the prior year period, primarily due to a decrease in hardware maintenance revenue in the telecommunications and technology business.

## Segment Adjusted EBITDA

*For the three and nine months ended September 30, 2022 compared to the three and nine months ended September 30, 2021*

Retail Adjusted EBITDA increased 23% and declined 7% for the three and nine months ended September 30, 2022, respectively, compared to the prior year period. The increase in Adjusted EBITDA for the three months ended September 30, 2022 compared to the prior year period is primarily due to cost mitigation and pricing actions as well as product mix during the quarter. For the nine months ended September 30, 2022, the decline in Adjusted EBITDA compared to the prior year period is primarily driven by product cost and mix, increased labor costs, and other supply chain challenges.

Hospitality Adjusted EBITDA increased 16% for the three and nine months ended September 30, 2022, respectively, compared to the prior year period, primarily driven by an increase in revenue driven by subscription and payments processing. These improvements were partially offset by supply chain challenges and increased fuel costs which drove up component and other costs, particularly in transaction services and hardware.

Digital Banking Adjusted EBITDA increased 15% and 7% for the three and nine months ended September 30, 2022, respectively, compared to the prior year period, driven by an increase in recurring revenue.

Payments & Network Adjusted EBITDA increased by 3% for the three months ended September 30, 2022 whereas it increased significantly for the nine months ended September 30, 2022 compared to the prior year period. This was primarily due to additional payments processing revenue from the acquisition of Cardtronics, which occurred in the second quarter of 2021. Payments & Network Adjusted EBITDA for the three and nine months ended September 30, 2022 has been negatively impacted by higher interest rates, which increases the cost of our vault cash rental obligations.

Self-Service Banking Adjusted EBITDA declined 3% and 6% for the three and nine months ended September 30, 2022, respectively, compared to the prior year period. The decrease in Adjusted EBITDA for the three and nine months ended September 30, 2022 compared to the prior year period was primarily due to supply chain challenges and increased fuel costs which drove up component and other costs, particularly in ATM hardware, hardware maintenance and transaction services. These headwinds were partially offset by an increase in recurring revenue.

Corporate and Other Adjusted EBITDA loss increased 3% and 16% for the three and nine months ended September 30, 2022, respectively, compared to the prior year period, primarily due to infrastructure costs of the Cardtronics business that was acquired on June 21, 2021.

### Financial Condition, Liquidity, and Capital Resources

Cash provided by operating activities was \$245 million in the nine months ended September 30, 2022 compared to cash provided by operating activities of \$807 million in the nine months ended September 30, 2021. The decrease in cash provided by operating activities in the nine months ended September 30, 2022 was driven by the unfavorable movement in net working capital accounts, partially offset by cash received upon termination of interest rate swap contracts in the first and second quarters of 2022. Additionally, cash provided by operating activities in the nine months ended September 30, 2021 reflects the agreement entered into during the third quarter of 2021 to sell short-term receivables from certain trade accounts to an unaffiliated financial institution, which provided a \$274 million benefit to operating cash flows. Refer to Note 6, "Trade Receivables Facility", of the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Report for more information.

NCR's management uses a non-GAAP measure called "free cash flow" to assess the financial performance of the Company. We define 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 settlements. We believe free cash flow information is useful for investors because it relates the operating cash flows from the Company's continuing and discontinued operations to the capital that is spent to continue and improve business operations. In particular, free cash flow indicates the amount of cash available after capital expenditures for, among other things, investments in the Company's existing businesses, strategic acquisitions, repurchases of NCR stock and repayment of debt obligations. Free cash flow does not represent the residual cash flow available for discretionary expenditures, since there may be other non-discretionary expenditures that are not deducted from the measure. Free cash flow does not have a uniform definition under GAAP, and therefore NCR's definition may differ from other companies' definitions of this measure. This non-GAAP measure should not be considered a substitute for, or superior to, cash flows from operating activities under GAAP.

The table below reconciles net cash provided by operating activities to NCR's non-GAAP measure of free cash flow for the nine months ended September 30, 2022 :

In millions	Nine months ended September 30	
	2022	2021
Net cash provided by operating activities	\$ 245	\$ 807
Expenditures for property, plant and equipment	(72)	(68)
Additions to capitalized software	(217)	(174)
Restricted cash settlement activity	(6)	1
Transaction costs	—	55
Initial sale of trade accounts receivable	—	(274)
Pension contributions	12	13
Free cash flow (non-GAAP)	\$ (38)	\$ 360

Financing activities and certain other investing activities are not included in our calculation of free cash flow. Other investing activities primarily include business acquisitions, divestitures and investments. During the nine months ended September 30, 2022, the payments for business combinations totaled \$12 million, net of cash acquired, for the cash consideration paid primarily related to the acquisition of the India ATM Business of FIS Payment Solutions & Services Private Limited completed in July of 2022 and the LibertyX acquisition completed in January of 2022. The LibertyX acquisition was completed via issuance of NCR common stock in exchange for the outstanding shares of LibertyX. During the nine months ended September 30, 2021, the payments for business acquisitions was \$2,466 million, mainly related to the acquisition of Cardtronics completed in the second quarter of 2021.

Our financing activities include borrowings and repayments of credit facilities and notes. Financing activities during the nine months ended September 30, 2022 also included dividends paid on the Series A preferred stock of \$11 million, proceeds from employee stock plans of \$19 million as well as tax withholding payments on behalf of employees for stock based awards that vested of \$38 million. Financing activities during the nine months ended September 30, 2021 included dividends paid on the Series A preferred stock of \$11 million, proceeds from stock employee plans of \$33 million, and tax withholding payments on behalf of employees for stock based awards that vested of \$28 million.

During the nine months ended September 30, 2021, in connection with the acquisition of Cardtronics, we issued new senior unsecured notes for an aggregate principal amount of \$1.2 billion and amended and restated the Senior Secured Credit Facility to add an incremental term loan for \$1.505 billion, of which \$200 million converted into the Revolving Credit Facility. Additionally, we paid \$52 million of deferred financing fees related to these transactions.

**Long Term Borrowings** The Senior Secured Credit Facility consists of term loan facilities in an aggregate principal amount of \$2.055 billion, of which \$1.91 billion was outstanding as of September 30, 2022. Additionally, the Senior Secured Credit Facility provides for a five-year Revolving Credit Facility with an aggregate principal amount of \$1.3 billion, of which \$558 million was outstanding as of September 30, 2022. The Revolving Credit Facility also contains a sub-facility to be used for letters of credit, and as of September 30, 2022, there were \$24 million letters of credit outstanding.

As of September 30, 2022, we had outstanding \$1.2 billion in aggregate principal balance of 5.125% senior unsecured notes due in 2029, \$500 million in aggregate principal balance of 5.750% senior unsecured notes due in 2027, \$650 million aggregate principal balance of 5.000% senior unsecured notes due in 2028, \$500 million in aggregate principal balance of 6.125% senior unsecured notes due in 2029, and \$450 million in aggregate principal balance of 5.250% senior unsecured notes due in 2030.

See Note 5, "Debt Obligations", of the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Report for further information on the Senior Secured Credit Facility.

**Employee Benefit Plans** In 2022, we expect to make contributions of \$17 million to our international pension plans, \$80 million to our postemployment plan and \$1 million to our postretirement plan. For additional information, refer to Note 9, "Employee Benefit Plans" of the Notes to Condensed Consolidated Financial Statements.

**Series A Convertible Preferred Stock** As of September 30, 2022, the redemption value of the Series A Preferred Stock was approximately \$276 million. Holders of Series A Convertible Preferred Stock are entitled to a cumulative dividend at the rate of 5.5% per annum, payable quarterly in arrears. Beginning in the first quarter of 2020, dividends are payable in cash or in-kind at

the option of the Company. During the nine months ended September 30, 2022 and 2021, the Company paid cash dividends of \$11 million, respectively.

The Series A Convertible Preferred Stock is convertible at the option of the holders at any time into shares of common stock at a conversion price of \$30.00 per share, or a conversion rate of 33.333 shares of common stock per share of Series A Convertible Preferred Stock. As of September 30, 2022 and December 31, 2021, the maximum number of common shares that could be required to be issued upon conversion of the outstanding shares of the Series A Convertible Preferred Stock was 9.2 million shares.

**Cash and Cash Equivalents Held by Foreign Subsidiaries** Cash and cash equivalents held by the Company's foreign subsidiaries at September 30, 2022 and December 31, 2021 were \$328 million and \$412 million, respectively. Under current tax laws and regulations, if cash and cash equivalents and short-term investments held outside the U.S. are distributed to the U.S. in the form of dividends or otherwise, we may be subject to additional U.S. income taxes and foreign withholding taxes, which could be significant.

**Summary** As of September 30, 2022, our cash and cash equivalents totaled \$434 million and our total debt was \$5.77 billion, excluding deferred fees. As of September 30, 2022, our borrowing capacity under the Revolving Credit Facility was approximately \$718 million. Our ability to generate positive cash flows from operations is dependent on general economic conditions, the competitive environment in our industry, and is subject to the business and other risk factors described in Item 1A of Part I of the Company's 2021 Annual Report on Form 10-K and Item 1A of Part II of this Quarterly Report on Form 10-Q (as applicable). If we are unable to generate sufficient cash flows from operations, or otherwise comply with the terms of our credit facilities, we may be required to seek additional financing alternatives.

We believe that we have sufficient liquidity based on our current cash position, cash flows from operations and existing financing to meet our expected pension, postemployment, and postretirement plan contributions, remediation payments related to environmental matters, debt servicing obligations, payments related to transformation and restructuring initiatives, and in the long-term (i.e., beyond September 30, 2023) to meet our material cash requirements.

#### Material Cash Requirements from Contractual and Other Obligations

There have been no significant changes in our contractual and other commercial obligations as described in our Form 10-K for the year ended December 31, 2021.

#### Critical Accounting Policies and Estimates

Critical accounting policies are those that are most important to the portrayal of our financial position and results of operations. These policies require highly subjective or complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain. Our most critical accounting estimates pertain to revenue recognition, inventory valuation, goodwill and intangible assets, pension, postretirement and postemployment benefits, environmental and legal contingencies, and income taxes, which are described in Item 7. of our 2021 Form 10-K.

#### New Accounting Pronouncements

See discussion in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" of the Notes to Condensed Consolidated Financial Statements for new accounting pronouncements.

#### Forward-Looking Statements

This quarterly report on Form 10-Q contains "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," "confident," "believe," "will," "should," "would," "potential," "positioning," "proposed," "planned," "likely," "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. 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 relating to:

- Strategy and Technology: transforming our business model; development and introduction of new solutions; competition in the technology industry; integration of acquisitions and management of alliance activities; our multinational operations;
- Business Operations: domestic and global economic and credit conditions; risks and uncertainties from the payments-related business and industry; disruptions in our data center hosting and public cloud facilities; retention and attraction of key employees; defects, errors, installation difficulties or development delays; failure of third-party suppliers; the impact of the coronavirus (COVID-19) pandemic and geopolitical and macroeconomic challenges; environmental exposures from historical and ongoing manufacturing activities; and climate change
- Data Privacy & Security: impact of data protection, cybersecurity and data privacy including any related issues
- Finance and Accounting: our level of indebtedness; the terms governing our indebtedness; incurrence of additional debt or similar liabilities or obligations; access or renewal of financing sources; our cash flow sufficiency to service our indebtedness; interest rate risks; the terms governing our trade receivables facility; the impact of certain changes in control relating to acceleration of our indebtedness, our obligations under other financing arrangements, or required repurchase of our senior unsecured notes; and any lowering or withdrawal of the ratings assigned to our debt securities by rating agencies; our pension liabilities; and write down of the value of certain significant assets
- Law and Compliance: protection of our intellectual property; changes to our tax rates and additional income tax liabilities; uncertainties regarding regulations, lawsuits and other related matters; and changes to cryptocurrency regulations
- Governance: impact of the terms of our Series A Convertible Preferred (“Series A”) Stock relating to voting power, share dilution and market price of our common stock; rights, preferences and privileges of Series A stockholders compared to the rights of our common stockholders; and actions or proposals from stockholders that do not align with our business strategies or the interests of our other stockholders
- Planned Separation: an unexpected failure to complete, or unexpected delays in completing, the necessary actions for the planned separation, or to obtain the necessary approvals to complete these actions; that the potential strategic benefits, synergies or opportunities expected from the separation may not be realized or may take longer to realize than expected; costs of implementation of the separation and any changes to the configuration of businesses included in the separation if implemented; the potential inability to access or reduced access to the capital markets or increased cost of borrowings, including as a result of a credit rating downgrade; the potential adverse reactions to the planned separation by customers, suppliers, strategic partners or key personnel and potential difficulties in maintaining relationships with such persons and risks associated with third party contracts containing consent and/or other provisions that may be triggered by the planned separation; the risk that any newly formed entity to house the digital commerce or ATM business would have no credit rating and may not have access to the capital markets on acceptable terms; unforeseen tax liabilities or changes in tax law; requests or requirements of governmental authorities related to certain existing liabilities; and the ability to obtain or consummate financing or refinancing related to the transaction upon acceptable terms or at all.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. There can be no guarantee that the planned separation will be completed in the expected form or within the expected time frame or at all. Nor can there be any guarantee that the digital commerce business and ATM business after a separation will be able to realize any of the potential strategic benefits, synergies or opportunities as a result of these actions. Neither can there be any guarantee that shareholders will achieve any particular level of shareholder returns. Nor can there be any guarantee that the planned separation will enhance value for shareholders, or that NCR or any of its divisions, or separate digital commerce and ATM business, will be commercially successful in the future, or achieve any particular credit rating or financial results. Additional information concerning these and other factors can be found in the Company’s filings with the U.S. Securities and Exchange Commission, including the Company’s most recent annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. The Company 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 required by law.

#### Information About NCR

NCR encourages investors to visit its web site (<http://www.ncr.com>), which is updated regularly with financial and other important information about NCR. The contents of the Company’s web site are not incorporated into this quarterly report or the Company’s other filings with the U.S. Securities and Exchange Commission.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

#### *Market Risk*

We are exposed to market risks primarily from changes in foreign currency exchange rates and interest rates. It is our policy to manage our foreign exchange exposure and debt structure in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. In managing market risks, we employ derivatives according to documented policies and procedures, including foreign currency contracts and interest rate swaps. We do not use derivatives for trading or speculative purposes.

#### *Foreign Exchange Risk*

Since a substantial portion of our operations and revenue occur outside the United States, and in currencies other than the U.S. Dollar, our results can be significantly impacted by changes in foreign currency exchange rates. We have exposure to approximately 45 functional currencies and are exposed to foreign currency exchange risk with respect to our sales, profits and assets and liabilities denominated in currencies other than the U.S. Dollar. Although we use financial instruments to hedge certain foreign currency risks, we are not fully protected against foreign currency fluctuations and our reported results of operations could be affected by changes in foreign currency exchange rates. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange forward and option contracts. This is primarily done through the hedging of foreign currency denominated inter-company inventory purchases by the marketing units and the foreign currency denominated inputs to our manufacturing units. All of these transactions are forecasted. If these contracts are designated as highly effective cash flow hedges, the gains or losses are deferred into accumulated other comprehensive income ("AOCI"). The gains or losses from derivative contracts that are designated as highly effective cash flow hedges related to inventory purchases are recorded in cost of products when the inventory is sold to an unrelated third party. Otherwise, the gains or losses from these contracts are recognized in earnings as exchange rates change. We also use derivatives not designated as hedging instruments consisting primarily of forward contracts to hedge foreign currency denominated balance sheet exposures. For these derivatives we recognize gains and losses in the same period as the remeasurement losses and gains of the related foreign currency-denominated exposures.

We utilize non-exchange traded financial instruments, such as foreign exchange forward and option contracts, that we purchase exclusively from highly rated financial institutions. We record these contracts on our balance sheet at fair market value based upon market price quotations from the financial institutions. We do not enter into non-exchange traded contracts that require the use of fair value estimation techniques, but if we did, they could have a material impact on our financial results.

For purposes of analyzing potential risk, we use sensitivity analysis to quantify potential impacts that market rate changes may have on the fair values of our hedge portfolio related to firmly committed or forecasted transactions. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the related gain or loss on the forecasted underlying transaction. A 10% appreciation in the value of the U.S. Dollar against foreign currencies from the prevailing market rates would have resulted in a corresponding decrease in the fair value of the hedge portfolio of \$2 million as of September 30, 2022. A 10% depreciation in the value of the U.S. Dollar against foreign currencies from the prevailing market rates would have resulted in a corresponding increase in the fair value of the hedge portfolio of \$2 million as of September 30, 2022. The Company expects that any increase or decrease in the fair value of the portfolio would be substantially offset by increases or decreases in the underlying exposures being hedged.

The U.S. Dollar was stronger in the third quarter of 2022 compared to the third quarter of 2021 based on comparable weighted averages for our functional currencies. This excludes the effects of our hedging activities and, therefore, does not reflect the actual impact of fluctuations in exchange rates on our operating income.

#### *Interest Rate Risk*

We are subject to interest rate risk principally in relation to variable-rate debt. Approximately 57% of our borrowings were on a fixed rate basis as of September 30, 2022. The increase in pre-tax interest expense for the nine months ended September 30, 2022 from a hypothetical 100 basis point increase in variable interest rates would be approximately \$17 million. As of September 30, 2022, we do not have any outstanding interest rate derivative contracts related to our variable rate debt.

Additionally, as our ATM vault cash rental expense is based on market rates of interest, it is sensitive to changes in applicable interest rates in the respective countries in which we operate. We pay a monthly fee on the average outstanding vault cash balances in our ATMs under floating rate formulas based on a spread above various interbank offered rates. The increase in vault cash rental expense for the three months ended September 30, 2022 from a hypothetical 100 basis point increase in variable interest rates would be approximately \$10 million, excluding the impact from outstanding interest rate swap agreements.

We utilize interest rate swap contracts and interest rate cap agreements to add stability to interest expense and to manage exposure to interest rate movements as part of our interest rate risk management strategy. Payments and receipts related to interest rate cap agreements and interest rate swap contracts are included in cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows. Refer to Note 13, "Derivatives and Hedging Instruments", for further information on our interest rate derivative contracts in effect as of September 30, 2022.

#### *Concentrations of Credit Risk*

We are potentially subject to concentrations of credit risk on accounts receivable and financial instruments, such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions as counterparties to hedging transactions, and monitoring procedures. Our business often involves large transactions with customers for which we do not require collateral. If one or more of those customers were to default in its obligations under applicable contractual arrangements, we could be exposed to potentially significant losses. Moreover, a prolonged downturn in the global economy could have an adverse impact on the ability of our customers to pay their obligations on a timely basis. We believe that the reserves for potential losses are adequate. As of September 30, 2022, we did not have any significant concentration of credit risk related to financial instruments.

### **Item 4. CONTROLS AND PROCEDURES**

#### *Evaluation of Disclosure Controls and Procedures*

NCR has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) to provide reasonable assurance that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by NCR in the reports that it files or submits under the Exchange Act is accumulated and communicated to NCR's management, including its Chief Executive and Chief Financial Officers, as appropriate to allow timely decisions regarding required disclosure. Based on their evaluation as of the end of the third quarter of 2022, conducted under their supervision and with the participation of management, the Company's Chief Executive and Chief Financial Officers have concluded that NCR's disclosure controls and procedures are effective to meet such objectives and that NCR's disclosure controls and procedures adequately alert them on a timely basis to material information relating to the Company (including its consolidated subsidiaries) required to be included in NCR's Exchange Act filings.

#### *Changes in Internal Control over Financial Reporting*

In the third quarter of 2022, we began implementing a new enterprise resource planning ("ERP") system, which will replace many of our existing core financial systems. The ERP system is designed to accurately maintain our financial records used to report operating results. The implementation will occur in phases and began this quarter. On a quarterly basis, we will continue to evaluate whether there are material changes that impact our internal control over financial reporting.

Other than the ERP system implementation, there have been no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II. Other Information

### Item 1. LEGAL PROCEEDINGS

The information required by this item is included in Note 10, “Commitments and Contingencies” of the Notes to Condensed Consolidated Financial Statements in this quarterly report and is incorporated herein by reference.

### Item 1A. RISK FACTORS

The following information with respect to the planned separation of NCR into two independent, publicly traded companies supplements the disclosure set forth under Part I, Item IA (“Risk Factors”) of the Company’s 2021 Annual Report on Form 10-K (“Form 10-K”). Additional risks and uncertainties not presently known to us or that are currently not believed to be significant to our business may also affect our actual results and could harm our business, financial conditions and results of operations. If any additional risks and uncertainties actually occur, our business, results of operations and financial condition could be materially and adversely affected.

***The planned separation of NCR into two independent, publicly traded companies – one focused on digital commerce, the other on ATMs, is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time, expense, and resources, which could disrupt or adversely affect our business.***

On September 15, 2022, NCR announced a plan to separate into two independent, publicly traded companies – one focused on digital commerce, the other on ATMs. The current target is to complete the separation by the end of 2023. We cannot assure that the transactions will be completed on the anticipated timeline or at all or that the terms of the separations will not change. The transactions will follow the satisfaction of customary conditions, including effectiveness of appropriate filings with the U.S. Securities and Exchange Commission, and the completion of audited financial statements. The failure to satisfy any of the required conditions could delay the completion of the separation for a significant period of time or prevent it from occurring at all.

The ability to obtain or consummate financing or refinancing related to the transaction upon acceptable terms, or at all (including not having a credit rating and not having access to the capital markets for any newly formed entity that houses the digital commerce or ATM business); risks associated with third party contracts containing consent and/or other provisions that may be triggered by the planned separation and; unanticipated developments, including changes in the competitive conditions of our markets, delays in obtaining various tax opinions or rulings, negotiating challenges, the uncertainty of the financial markets, changes in the law, requests or requirements of governmental authorities related to existing liabilities and challenges in executing the separation of the two businesses, could delay or prevent the completion of the planned separation, or cause the planned separation to occur on terms or conditions that are different or less favorable than initially expected. Any changes to the planned separation or delay in completing the planned separation could cause us not to realize some or all of the expected benefits, or realize them on a different timeline than initially expected. Further, our Board of Directors could decide, either because of a failure of conditions or because of market or other factors, to abandon the planned separation.

Whether or not we complete the planned separation, our ongoing business may be adversely affected and we may be subject to certain risks and consequences as a result of pursuing the planned separation, including the following:

- We have incurred expenses in connection with the planned separation, and expect that the process of completing the planned separation will be time-consuming and involve significant additional costs and expenses, which may not yield a discernible benefit if the planned separation is not completed.
- Executing the planned separation will require significant time and attention from our senior management and employees, which may divert management’s attention from operating and growing our business and could adversely affect our business, financial results, and results of operations. Our employees may also be distracted due to uncertainty about their future roles with the separate companies.
- We may also experience increased difficulties in attracting, retaining, and motivating employees during the pendency, and following completion, of the transactions, which could harm our businesses.
- If the planned separation is not completed, we will still be required to pay certain costs and expenses incurred in connection therewith, such as legal, accounting, and other professional fees.
- Some of our customers or suppliers may delay or defer decisions or may end their relationships with us.
- We may experience negative reactions from the financial markets if we fail to complete the planned separation or fail to complete it on a timely basis.
- The announcement of the planned separation may cause some investors to sell our shares, creating greater volatility in the trading price of our shares and potentially causing market prices to decline.

- We may experience the inability to access or reduced access to the capital markets or increased cost of borrowing.

Any of the above factors could cause the separation (or the failure to execute the separation) to have a material adverse effect on our business, financial condition, results of operations, and the trading price of our common stock.

***The planned separation may not achieve the anticipated benefits and will expose us to new risks as the digital commerce company and the ATM company will have different financial profiles and each will be a smaller, less diversified company than NCR as it exists today.***

We may not realize the anticipated strategic, financial, operational, or other benefits from the planned separation. We cannot predict with certainty when the benefits expected from the planned separation will occur or the extent to which they will be achieved, or that the costs or dis-synergies of the transaction will not exceed the anticipated amounts. The planned separation will result in the digital commerce company and the ATM company being smaller, less diversified companies with more limited businesses concentrated in their respective industries than NCR as a whole. As a result, each company may be more vulnerable to changing market conditions, which could have a material adverse effect on its business, financial condition and results of operations. In addition, the diversification of revenues, costs, and cash flows will diminish, such that each company's results of operations, cash flows, working capital, effective tax rate, and financing requirements may be subject to increased volatility and its ability to fund capital expenditures and investments, pay dividends and service debt may be diminished. The announcement and/or completion of the planned separation may cause uncertainty for or disruptions with our customers, partners, suppliers, and employees, which may negatively impact these relationships or our operations. In addition, we will incur one-time costs and ongoing costs in connection with, or as a result of, the planned separation, including costs of operating as independent, publicly-traded companies that the two companies will no longer be able to share. Those costs may exceed our estimates or could negate some of the benefits we expect to realize. If we do not realize the intended benefits or if our costs exceed our estimates, we or the business that is spun off could suffer a material adverse effect on the business, financial condition, results of operations, and trading price of us or the separated business.

***If the planned separation is completed, the trading price of our common stock may decline and may experience greater volatility.***

Upon completion of the planned separation, because the trading price for our shares will no longer reflect the value of the separated business, such trading price may be lower than immediately prior to the separation. In addition, until the market has fully analyzed our value without the separated business, the price of our shares may experience greater volatility. If the planned separation is completed, our shares may not match some holders' investment strategies or meet minimum criteria for inclusion in stock market indices or portfolios, which could cause certain investors to sell their shares, which could lead to declines in the trading price of our common stock. Further, there can be no assurance that the combined value of the shares of the digital commerce company and the ATM company following the separation will be equal to or greater than what the value of our common stock would have been had the planned separation not occurred.

## **Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On October 19, 2016, the Board approved a share repurchase program, with no expiration from the date of authorization, for the systematic repurchase of the Company's common stock to offset the dilutive effects of the Company's employee stock purchase plan, equity awards and in-kind dividends on the Company's Series A Convertible Preferred Stock. Availability under this program accrues quarterly based on the average value of dilutive issuances during the quarter.

On March 12, 2017, the Board approved a second share repurchase program, with no expiration from the date of authorization, that provides for the repurchase of up to \$300 million of the Company's common stock. On July 25, 2018, the Board authorized an incremental \$200 million of share repurchases under this program.

As of September 30, 2022, \$153 million was available for repurchases under the March 2017 program, and approximately \$790 million was available for repurchases under the October 2016 dilution offset program. The timing and amount of repurchases under these programs depend upon market conditions and may be made from time to time in open market purchases, privately negotiated transactions, accelerated stock repurchase programs, issuer self-tender offers or otherwise. The repurchases will be made in compliance with applicable securities laws and may be discontinued at any time.

The Company occasionally purchases vested restricted stock or exercised stock options at the current market price to cover withholding taxes. For the three months ended September 30, 2022, less than 0.1 million shares were purchased at an average price of \$31.65 per share.

The Company's ability to repurchase its common stock is restricted under the Company's Senior Secured Credit Facility and terms of the indentures for the Company's senior unsecured notes, which prohibit certain share repurchases, including during the occurrence of an event of default, and establish limits on the amount that the Company is permitted to allocate to share repurchases and other restricted payments. The limitations are calculated using formulas based generally on 50% of the Company's consolidated net income for the period beginning in the third quarter of 2012 through the end of the most recently ended fiscal quarter, subject to certain other adjustments and deductions, with certain prescribed minimums. These formulas are described in greater detail in the Company's Senior Secured Credit Facility and the indentures for the Company's senior unsecured notes, each of which is filed with the SEC.

**Item 6. EXHIBITS**

- [10.1](#) First Amendment to the Receivables Purchase Agreement, dated as of August 22, 2022, by and among NCR Receivables LLC, NCR Canada Receivables, LP, NCR Corporation, NCR Canada Corp., MUFG Bank, Ltd., Victory Receivables Corporation, PNC Bank, National Association, and PNC Capital Markets LLC.
- [10.2](#) Second Amendment to the Receivables Purchase Agreement, dated as of September 20, 2022, by and among NCR Receivables LLC, NCR Canada Receivables, LP, NCR Corporation, NCR Canada Corp., MUFG Bank, Ltd., Victory Receivables Corporation, PNC Bank, National Association, and PNC Capital Markets LLC.
- [31.1](#) Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
- [31.2](#) Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
- [32](#) Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101 The following materials from NCR Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) our condensed consolidated statements of operations for the three and nine months ended September 30, 2022 and 2021; (ii) our condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2022 and 2021; (iii) our condensed consolidated balance sheets as of September 30, 2022 and December 31, 2021; (iv) our condensed consolidated statements of cash flows for the nine months ended September 30, 2022 and 2021; (v) our condensed consolidated statements of changes in stockholder's equity for the three and nine months ended September 30, 2022 and 2021; and (vi) the notes to our condensed consolidated financial statements.
- 104 Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101.

\* Management contracts or compensatory plans/arrangements.

**SIGNATURES**

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

NCR CORPORATION

Date: October 31, 2022

By: \_\_\_\_\_ /s/ Timothy C. Oliver  
Timothy C. Oliver  
**Senior Executive Vice President and Chief Financial Officer**



**FIRST AMENDMENT TO THE  
RECEIVABLES PURCHASE AGREEMENT**

This FIRST AMENDMENT TO THE RECEIVABLES PURCHASE AGREEMENT (this “Amendment”), dated as of August 22, 2022, is entered into by and among the following parties:

- (i) NCR RECEIVABLES, LLC, a Delaware limited liability company, as Seller (together with its successors and assigns, the “Seller”);
- (ii) NCR CANADA RECEIVABLES, LP, a limited partnership formed under the laws of the Province of Ontario, Canada, as Canadian Guarantor (the “Guarantor”);
- (iii) NCR CORPORATION, a Maryland corporation, as an initial Servicer (in such capacity, the “U.S. Servicer”) and as the Performance Guarantor (in such capacity, the “Performance Guarantor”);
- (iv) NCR CANADA CORP., an unlimited company formed under the laws of the Province of Nova Scotia, Canada (the “Canadian Servicer”, together with the U.S. Servicer, collectively, the “Servicers”, and each a “Servicer”), as an initial Servicer;
- (v) MUFG BANK, LTD. (f/k/a The Bank of Tokyo Mitsubishi UFJ, Ltd., New York Branch) (“MUFG”), as a Committed Lender and as a Group Agent;
- (vi) VICTORY RECEIVABLES CORPORATION, as a Conduit Lender;
- (vii) PNC BANK, NATIONAL ASSOCIATION, as a Committed Lender, as a Group Agent and as the Administrative Agent (in such capacity, the “Administrative Agent”); and
- (viii) PNC CAPITAL MARKETS LLC, as Structuring Agent.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Purchase Agreement described below.

**BACKGROUND**

1. The parties hereto have entered into a Receivables Purchase Agreement, dated as of September 30, 2021 (as amended, amended and restated, supplemented or otherwise modified prior to the date hereof, the “Existing Receivables Purchase Agreement”).

2. The parties hereto desire to amend the Existing Receivables Purchase Agreement as set forth herein (as so amended, the “Receivables Purchase Agreement”).

**NOW, THEREFORE**, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Existing Receivables Purchase Agreement. The Existing Receivables Purchase Agreement is hereby amended by deleting the definition of Monthly Settlement Date in its entirety and replacing it with the following:

“Monthly Settlement Date” means the 20<sup>th</sup> day of each calendar month (or if such day is not a Business Day, the next occurring Business Day); provided, however, that the August 2022 Monthly Settlement Date shall be the 24<sup>th</sup> day of such calendar month.

SECTION 2. Representations and Warranties of the Seller, Guarantor and Servicers. The Seller, the Guarantor and each of the Servicers hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

(a) *Representations and Warranties*. The representations and warranties made by it in Section 6.01 or Section 6.02, as applicable, of the Receivables Purchase Agreement are true and correct on and as of the date hereof unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct on and as of such earlier date.

(b) *Power and Authority; Due Authorization*. It (i) has all necessary power and authority to (A) execute and deliver this Amendment, the Receivables Purchase Agreement and the other Transaction Documents to which it is a party and (B) perform its obligations under this Amendment, the Receivables Purchase Agreement and the other Transaction Documents to which it is a party and (ii) the execution, delivery and performance of, and the consummation of the *transactions* provided for in, this Amendment, the Receivables Purchase Agreement and the other Transaction Documents to which it is a party have been duly authorized by it by all necessary limited liability company action, limited partnership action, unlimited company action or corporate action, as applicable.

(c) *Binding Obligations*. This Amendment, the Receivables Purchase Agreement and each of the other Transaction Documents to which it is a party constitutes its legal, valid and binding obligations, enforceable against it in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally and (ii) as such enforceability may be limited by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) *No Termination Event*. No Termination Event or Unmatured Termination Event has occurred and is continuing, and no Termination Event or Unmatured Termination Event would result from this Amendment.

SECTION 3. Effect of Amendment; Ratification. All provisions of the Receivables Purchase Agreement and the other Transaction Documents, as expressly amended and modified

by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Purchase Agreement (or in any other Transaction Document) to “this Receivables Purchase Agreement”, “this Agreement”, “hereof”, “herein” or words of similar effect referring to the Receivables Purchase Agreement shall be deemed to be references to the Receivables Purchase Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Purchase Agreement other than as set forth herein. The Receivables Purchase Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 4. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof when the Administrative Agent has received counterparts hereto duly executed by each of the parties hereto.

SECTION 5. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Purchase Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 8. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF ADMINISTRATIVE AGENT OR ANY LENDER IN THE COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

(b) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO THE SELLER, THE GUARANTOR AND EACH OF THE SERVICERS, THE EXCLUSIVE JURISDICTION, AND (II) WITH RESPECT TO EACH OF THE OTHER PARTIES HERETO, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS

AMENDMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE SELLER, THE SERVICERS OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY OTHER PARTY TO THIS AMENDMENT, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 8 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE SELLER, THE GUARANTOR OR THE SERVICERS OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH OF THE SELLER, THE GUARANTOR AND THE SERVICERS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

SECTION 9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Purchase Agreement or any provision hereof or thereof.

SECTION 10. Reaffirmation of Receivables Purchase Agreement. After giving effect to this Amendment and each of the other transactions contemplated hereby, all of the provisions of the Receivables Purchase Agreement shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Receivables Purchase Agreement and acknowledges that the Receivables Purchase Agreement has continued and shall continue in full force and effect in accordance with its terms.

*[Signature pages follow.]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment as of the date first written above.

NCR RECEIVABLES LLC,  
as the Seller

By: /s/ Farzad Jalil  
Name: Farzad Jalil  
Title: Assistant Treasurer

NCR RECEIVABLES CANADA LP,  
by its general partner,  
NCR CANADA RECEIVABLES GP CORP.,  
as Canadian Guarantor

By: /s/ Farzad Jalil  
Name: Farzad Jalil  
Title: Treasurer

NCR CORPORATION,  
as a Servicer and as Performance Guarantor

By: /s/ Michael Nelson  
Name: Michael Nelson  
Title: Treasurer

NCR CANADA CORP.,  
as a Servicer

By: /s/ Thomas Kurowski  
Name: Thomas Kurowski  
Title: Secretary

PNC BANK, NATIONAL ASSOCIATION,  
as Administrative Agent, as a Group Agent and as a Committed Lender

By: /s/ Eric Bruno  
Name: Eric Bruno  
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,  
as Structuring Agent

By: /s/ Eric Bruno  
Name: Eric Bruno  
Title: Managing Director

MUFG BANK, LTD.,  
as a Group Agent and as a Committed Lender

By: /s/ Eric Williams  
Name: Eric Williams  
Title: Managing Director

VICTORY RECEIVABLES CORPORATION,  
as a Conduit Lender

By: /s/ Kevin J. Corrigan  
Name: Kevin J. Corrigan  
Title: Vice President

**SECOND AMENDMENT TO THE  
RECEIVABLES PURCHASE AGREEMENT**

This SECOND AMENDMENT TO THE RECEIVABLES PURCHASE AGREEMENT (this “Amendment”), dated as of September 20, 2022, is entered into by and among the following parties:

- (i) NCR RECEIVABLES, LLC, a Delaware limited liability company, as Seller (together with its successors and assigns, the “Seller”);
- (ii) NCR CANADA RECEIVABLES, LP, a limited partnership formed under the laws of the Province of Ontario, Canada, as Canadian Guarantor (the “Guarantor”);
- (iii) NCR CORPORATION, a Maryland corporation, as an initial Servicer (in such capacity, the “U.S. Servicer”) and as the Performance Guarantor (in such capacity, the “Performance Guarantor”);
- (iv) NCR CANADA CORP., an unlimited company formed under the laws of the Province of Nova Scotia, Canada (the “Canadian Servicer”, together with the U.S. Servicer, collectively, the “Servicers”, and each a “Servicer”), as an initial Servicer;
- (v) MUFG BANK, LTD. (f/k/a The Bank of Tokyo Mitsubishi UFJ, Ltd., New York Branch) (“MUFG”), as a Committed Lender and as a Group Agent;
- (vi) VICTORY RECEIVABLES CORPORATION, as a Conduit Lender;
- (vii) PNC BANK, NATIONAL ASSOCIATION, as a Committed Lender, as a Group Agent and as the Administrative Agent (in such capacity, the “Administrative Agent”); and
- (viii) PNC CAPITAL MARKETS LLC, as Structuring Agent.

Capitalized terms used but not otherwise defined herein (including such terms used above) have the respective meanings assigned thereto in the Receivables Purchase Agreement described below.

**BACKGROUND**

1. The parties hereto have entered into a Receivables Purchase Agreement, dated as of September 30, 2021 (as amended by the First Amendment thereto, dated as of August 22, 2022, and as further amended, amended and restated, supplemented or otherwise modified prior to the date hereof, the “Existing Receivables Purchase Agreement”).

2. The parties hereto desire to amend the Existing Receivables Purchase Agreement as set forth herein (as so amended, the “Receivables Purchase Agreement”).



**NOW, THEREFORE**, with the intention of being legally bound hereby, and in consideration of the mutual undertakings expressed herein, each party to this Amendment hereby agrees as follows:

SECTION 1. Amendments to the Existing Receivables Purchase Agreement. The Existing Receivables Purchase Agreement is hereby amended as follows:

(a) Section 1.01 of the Existing Receivables Purchase Agreement is hereby amended to incorporate the following new defined term in the appropriate alphabetical order:

“Temporary Period” means the period commencing on August 1, 2022 and ending on (but excluding) November 1, 2022.

(b) The definition of Monthly Settlement Date is hereby deleted in its entirety and replaced with the following:

“Monthly Settlement Date” means (i) during the Temporary Period, the 24th day of such calendar month (or if such day is not a Business Day, the next occurring Business Day), or (ii) otherwise, the 20th day of each calendar month (or if such day is not a Business Day, the next occurring Business Day).

SECTION 2. Representations and Warranties of the Seller, Guarantor and Servicers. The Seller, the Guarantor and each of the Servicers hereby represent and warrant to each of the parties hereto as of the date hereof as follows:

(a) *Representations and Warranties*. The representations and warranties made by it in Section 6.01 or Section 6.02, as applicable, of the Receivables Purchase Agreement are true and correct on and as of the date hereof unless such representations and warranties by their terms refer to an earlier date, in which case they shall be true and correct on and as of such earlier date.

(b) *Power and Authority; Due Authorization*. It (i) has all necessary power and authority to (A) execute and deliver this Amendment, the Receivables Purchase Agreement and the other Transaction Documents to which it is a party and (B) perform its obligations under this Amendment, the Receivables Purchase Agreement and the other Transaction Documents to which it is a party and (ii) the execution, delivery and performance of, and the consummation of the transactions provided for in, this Amendment, the Receivables Purchase Agreement and the other Transaction Documents to which it is a party have been duly authorized by it by all necessary limited liability company action, limited partnership action, unlimited company action or corporate action, as applicable.

(c) *Binding Obligations*. This Amendment, the Receivables Purchase Agreement and each of the other Transaction Documents to which it is a party constitutes its legal, valid and binding obligations, enforceable against it in accordance with their respective terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors’ rights generally and (ii) as such enforceability may be limited

by general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) *No Termination Event.* No Termination Event or Unmatured Termination Event has occurred and is continuing, and no Termination Event or Unmatured Termination Event would result from this Amendment.

SECTION 3. Effect of Amendment; Ratification. All provisions of the Receivables Purchase Agreement and the other Transaction Documents, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Receivables Purchase Agreement (or in any other Transaction Document) to “this Receivables Purchase Agreement”, “this Agreement”, “hereof”, “herein” or words of similar effect referring to the Receivables Purchase Agreement shall be deemed to be references to the Receivables Purchase Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Receivables Purchase Agreement other than as set forth herein. The Receivables Purchase Agreement, as amended by this Amendment, is hereby ratified and confirmed in all respects.

SECTION 4. Conditions to Effectiveness. This Amendment shall become effective as of the date hereof when the Administrative Agent has received counterparts hereto duly executed by each of the parties hereto.

SECTION 5. Severability. Any provisions of this Amendment which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 6. Transaction Document. This Amendment shall be a Transaction Document for purposes of the Receivables Purchase Agreement.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 8. GOVERNING LAW AND JURISDICTION.

(a) THIS AMENDMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BUT WITHOUT REGARD TO ANY OTHER CONFLICTS OF LAW PROVISIONS THEREOF, EXCEPT TO THE EXTENT THAT THE PERFECTION, THE EFFECT OF PERFECTION OR PRIORITY OF THE INTERESTS OF ADMINISTRATIVE AGENT OR

ANY LENDER IN THE COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK).

(b) EACH PARTY HERETO HEREBY IRREVOCABLY SUBMITS TO (I) WITH RESPECT TO THE SELLER, THE GUARANTOR AND EACH OF THE SERVICERS, THE EXCLUSIVE JURISDICTION, AND (II) WITH RESPECT TO EACH OF THE OTHER PARTIES HERETO, THE NON-EXCLUSIVE JURISDICTION, IN EACH CASE, OF ANY NEW YORK STATE OR FEDERAL COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING (I) IF BROUGHT BY THE SELLER, THE SERVICERS OR ANY AFFILIATE THEREOF, SHALL BE HEARD AND DETERMINED, AND (II) IF BROUGHT BY ANY OTHER PARTY TO THIS AMENDMENT, MAY BE HEARD AND DETERMINED, IN EACH CASE, IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. NOTHING IN THIS SECTION 8 SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY OTHER CREDIT PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE SELLER, THE GUARANTOR OR THE SERVICERS OR ANY OF THEIR RESPECTIVE PROPERTY IN THE COURTS OF OTHER JURISDICTIONS. EACH OF THE SELLER, THE GUARANTOR AND THE SERVICERS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING. THE PARTIES HERETO AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

SECTION 9. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Receivables Purchase Agreement or any provision hereof or thereof.

SECTION 10. Reaffirmation of Receivables Purchase Agreement. After giving effect to this Amendment and each of the other transactions contemplated hereby, all of the provisions of the Receivables Purchase Agreement shall remain in full force and effect and the Performance Guarantor hereby ratifies and affirms the Receivables Purchase Agreement and acknowledges that the Receivables Purchase Agreement has continued and shall continue in full force and effect in accordance with its terms.

*[Signature pages follow.]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment as of the date first written above.

NCR RECEIVABLES LLC,  
as the Seller

By: /s/ Farzad Jalil  
Name: Farzad Jalil  
Title: Assistant Treasurer

NCR RECEIVABLES CANADA LP,  
by its general partner,  
NCR CANADA RECEIVABLES GP CORP.,  
as Canadian Guarantor

By: /s/ Farzad Jalil  
Name: Farzad Jalil  
Title: Treasurer

NCR CORPORATION,  
as a Servicer and as Performance Guarantor

By: /s/ Michael Nelson  
Name: Michael Nelson  
Title: Treasurer

NCR CANADA CORP.,  
as a Servicer

By: /s/ Thomas Kurowski  
Name: Thomas Kurowski  
Title: Secretary

PNC BANK, NATIONAL ASSOCIATION,  
as Administrative Agent, as a Group Agent and as a Committed Lender

By: /s/ Eric Bruno  
Name: Eric Bruno  
Title: Senior Vice President

PNC CAPITAL MARKETS LLC,  
as Structuring Agent

By: /s/ Eric Bruno  
Name: Eric Bruno  
Title: Managing Director

MUFG BANK, LTD.,  
as a Group Agent and as a Committed Lender

By: /s/ Eric Williams  
Name: Eric Williams  
Title: Managing Director

VICTORY RECEIVABLES CORPORATION,  
as a Conduit Lender

By: /s/ Kevin J. Corrigan  
Name: Kevin J. Corrigan  
Title: Vice President

## CERTIFICATION

I, Michael D. Hayford, certify that:

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

Date: October 31, 2022

/s/ Michael D. Hayford

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Michael D. Hayford  
Chief Executive Officer

## CERTIFICATION

I, Timothy C. Oliver, certify that:

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

Date: October 31, 2022

/s/ Timothy C. Oliver

---

Timothy C. Oliver  
Senior Executive Vice President and Chief Financial Officer



**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of NCR Corporation (the "Company") for the period ending September 30, 2022 as filed with the U.S. Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), that:

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

The foregoing certification (i) is given to such officers' knowledge, based upon such officers' investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

Dated: October 31, 2022

/s/ Michael D. Hayford

\_\_\_\_\_  
Michael D. Hayford  
Chief Executive Officer

Dated: October 31, 2022

/s/ Timothy C. Oliver

\_\_\_\_\_  
Timothy C. Oliver  
Senior Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to NCR Corporation and will be retained by NCR Corporation and furnished to the United States Securities and Exchange Commission or its staff upon request.