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# Q1 2021 EARNINGS CONFERENCE CALL

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

April 27, 2021



# NOTES TO INVESTORS

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

# NOTES TO INVESTORS

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

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

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

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

# OVERVIEW

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Adjusted EBITDA **MARGIN EXPANSION** 420 bps Y/Y to 16.7%

**RECURRING REVENUE** up 9% Y/Y in Q1

**FREE CASH FLOW** of \$98M in Q1

Completed **FINANCING** for pending Cardtronics transaction

Anticipate mid-year close with **CARDTRONICS**, subject to regulatory and shareholder approval

# STRATEGIC UPDATE

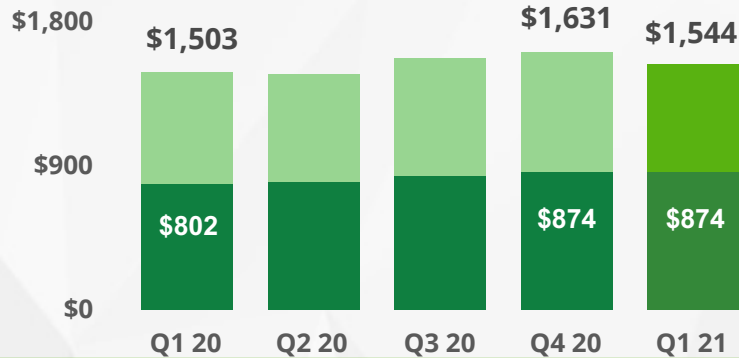
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- Successful progress on 80/60/20 goals
- Banking – Digital banking momentum and accelerating shift to recurring software revenue
- Retail - Gaining traction on NCR Emerald™ and self-checkout solutions
- Hospitality - Momentum in Aloha™ Essentials continues
- Accelerating NCR-as-a-Service transformation
- Continue to invest in strategic platforms

# Q1 2021 FINANCIAL RESULTS

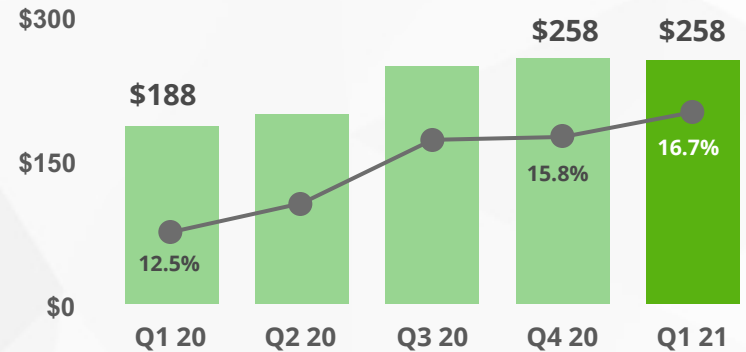
\$ in millions, except for EPS

## Total Revenue/Recurring



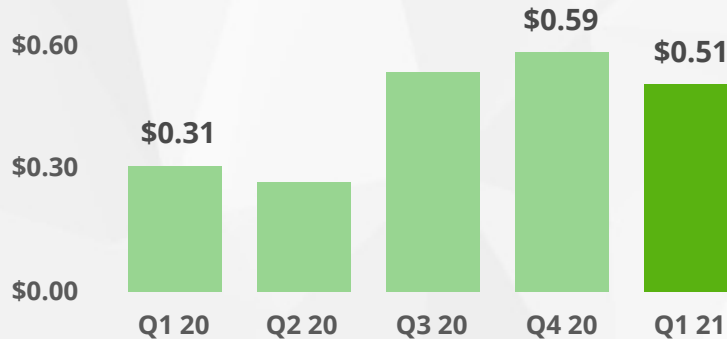
Revenue up 3% y/y due to an increase in Retail and Hospitality; Recurring revenue up 9% y/y

## Adjusted EBITDA



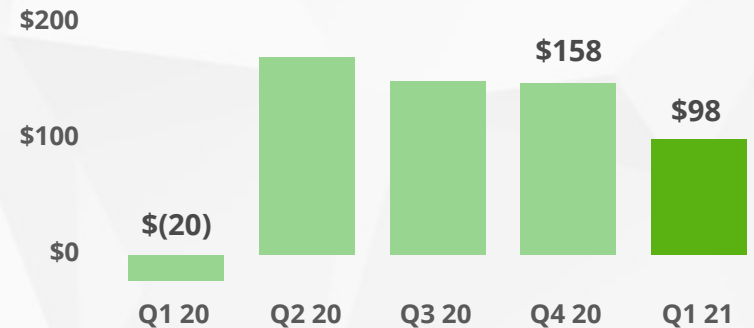
Adjusted EBITDA up 37% and margin rate up 420 bps y/y due to higher revenue and expense reduction

## Non-GAAP Diluted EPS



Non-GAAP EPS up y/y due to higher operating earnings

## Free Cash Flow

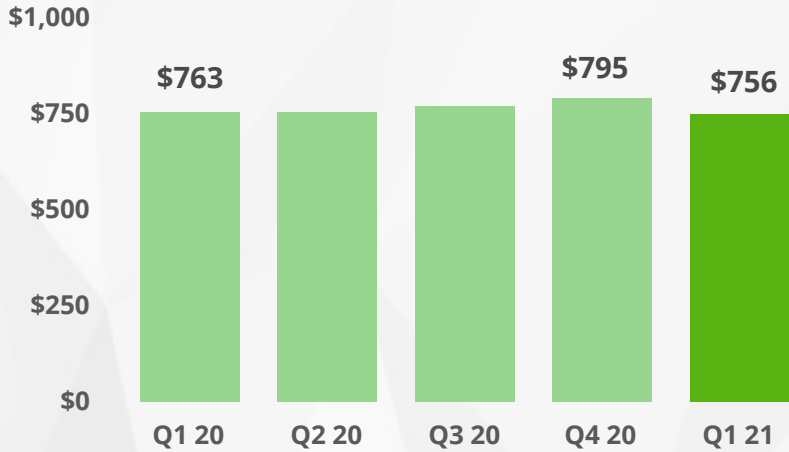


Driving more linear free cash flow production

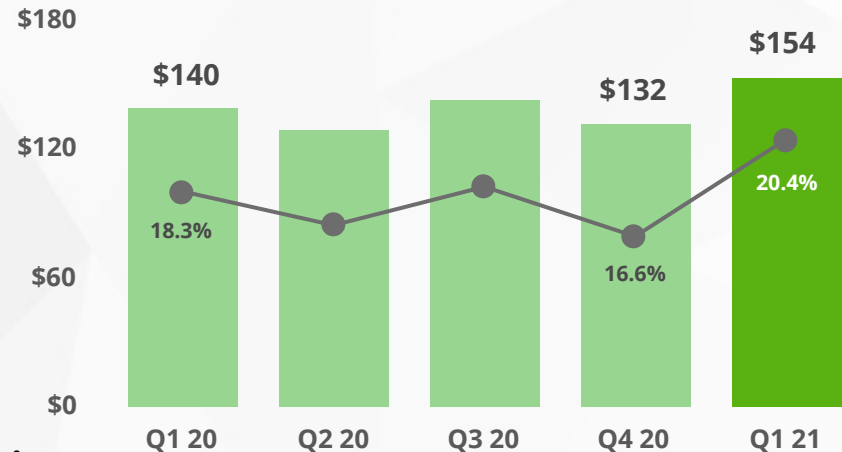
# BANKING

\$ in millions, except registered users

## Revenue



## Adjusted EBITDA



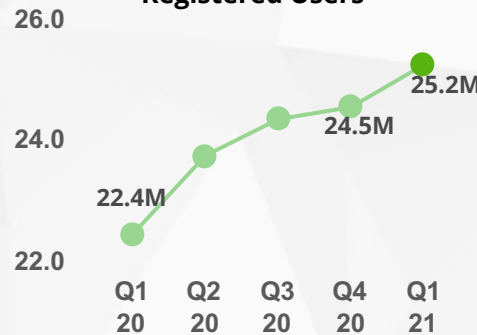
## Key Metrics

### Digital Banking Revenue



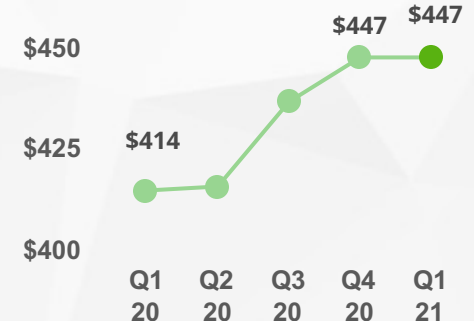
Up 6% y/y

### Digital Banking Registered Users



Up 13% y/y

### Recurring Revenue



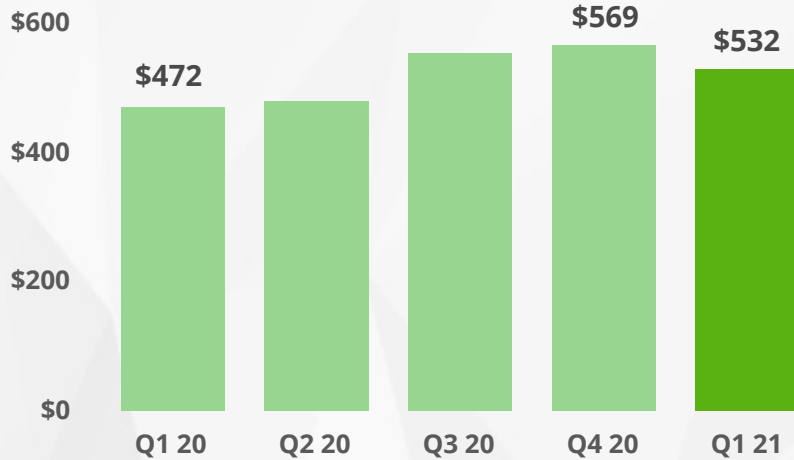
Up 8% y/y

**Digital banking and shift to recurring revenue gaining traction**

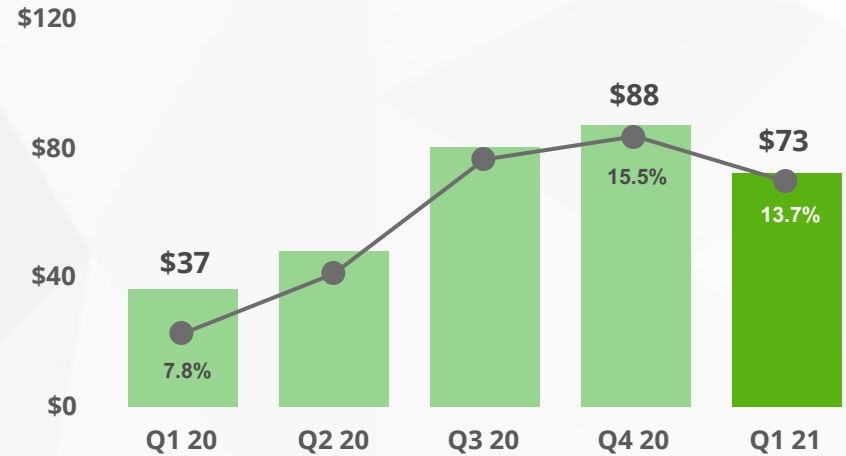
# RETAIL

\$ in millions, except platform lanes

## Revenue

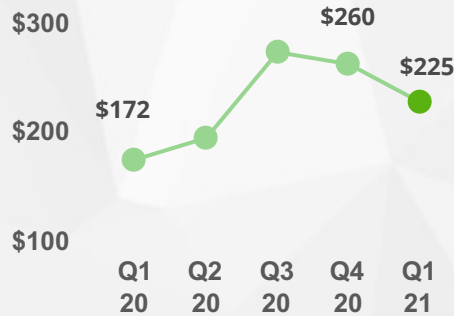


## Adjusted EBITDA



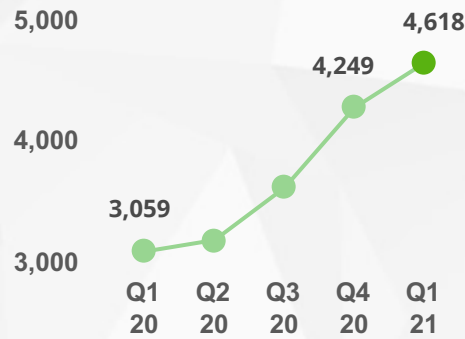
## Key Metrics

### SCO Revenue



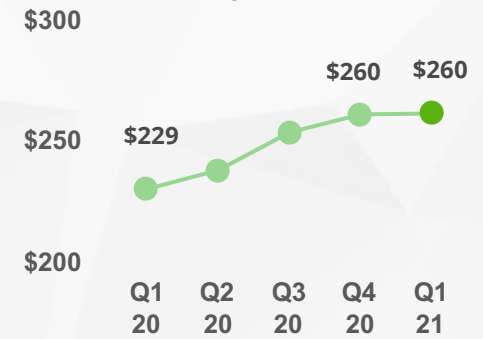
Up 31% y/y

### Platform Lanes



Up 51% y/y

### Recurring Revenue



Up 14% y/y

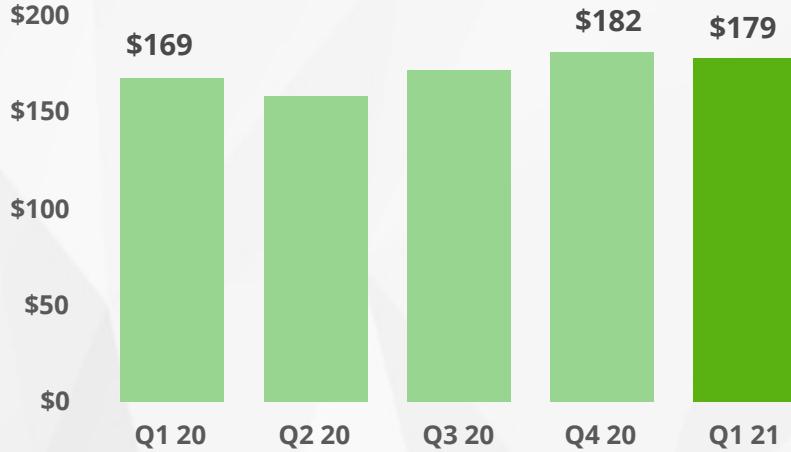
**Momentum in Self-Checkout and Platform Lanes**



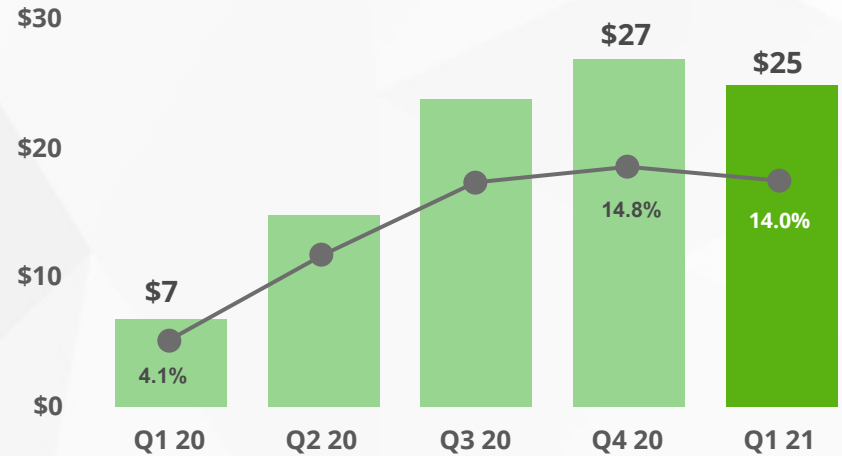
# HOSPITALITY

\$ in millions, except Aloha Essential sites

## Revenue

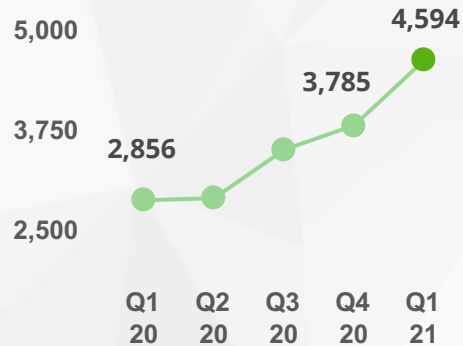


## Adjusted EBITDA



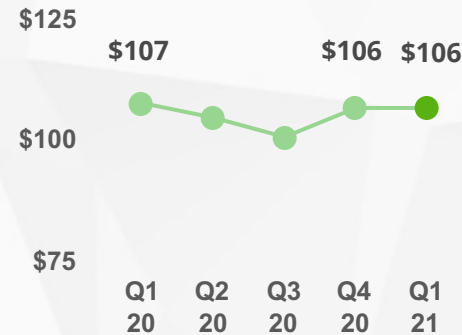
## Key Metrics

### Aloha Essential Sites



Up 61% y/y

### Recurring Revenue



Down 1% y/y

**Conversion to Aloha Essentials gaining traction**

# Progress on 80/60/20 Goals

	Q1 2021	Q4 2020	Q1 2020
<b>80%</b> of NCR's revenue will come from <b>software and services</b>	<b>72%</b>	<b>71%</b>	<b>74%</b>
<b>60%</b> of NCR's revenue will come from <b>recurring revenue</b>	<b>57%</b>	<b>54%</b>	<b>53%</b>
<b>20%</b> goal for <b>Adjusted EBITDA</b> as a percent of revenue	<b>16.7%</b>	<b>15.8%</b>	<b>12.5%</b>

# FREE CASH FLOW, NET DEBT & EBITDA

\$ in millions

Free Cash Flow	Q1 2021	Q1 2020
Cash provided by operating activities	\$155	\$54
Less: Total capital expenditures	(\$61)	(\$79)
Plus: Pension contributions	\$4	\$5
<b>Free Cash Flow</b>	<b>\$98</b>	<b>(\$20)</b>

Net Debt & EBITDA	Q1 2021	Q4 2020	Q1 2020
Debt	\$3,401	\$3,278	\$4,385
Cash	(\$319)	(\$338)	(\$1,214)
Net Debt	\$3,082	\$2,940	\$3,171
Adjusted EBITDA LTM	\$966	\$896	\$1,028
<b>Net Debt / Adjusted EBITDA</b>	<b>3.2x</b>	<b>3.3x</b>	<b>3.1x</b>

# OUTLOOK

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## Q2 2021

- Revenue - Up 9% to 10% year over year
- Adjusted EBITDA Margin Rate – Expands 250-300 bps to >16%
- Free Cash Flow - Similar to Q1 2021

# CARDTRONICS Transaction Update

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Entered into Definitive Agreement on January 25, 2021

The HSR waiting period expired on March 11, 2021

Secured transaction financing

**Subject to Cardtronics shareholder approval;  
Meeting scheduled for May 7th**

**Transaction is under South African and UK antitrust  
regulatory review**

**Transaction Anticipated for Mid-Year Closing**

# LOOKING FORWARD

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- Maintain momentum of NCR-as-a-Service 80/60/20 strategy
- Accelerate growth
- Increase revenue and cash flow linearity
- Cost discipline and positive operating leverage drive margin expansion
- Allocate capital to highest growth and return on investment opportunities



# **SUPPLEMENTARY MATERIALS**

# Q1 2021 GAAP RESULTS

\$ in millions, except per share amounts

	Q1 2021	Q1 2020	% Change
<b>Revenue</b>	<b>\$1,544</b>	<b>\$1,503</b>	<b>3%</b>
<b>Gross Margin</b>	<b>414</b>	<b>397</b>	<b>4%</b>
<b>Gross Margin Rate</b>	<b>26.8%</b>	<b>26.4%</b>	
<b>Operating Expenses</b>	<b>304</b>	<b>320</b>	<b>(5)%</b>
<b>% of Revenue</b>	<b>19.7%</b>	<b>21.3%</b>	
<b>Operating Income</b>	<b>110</b>	<b>77</b>	<b>43%</b>
<b>% of Revenue</b>	<b>7.1%</b>	<b>5.1%</b>	
<b>Interest and other expense</b>	<b>(62)</b>	<b>(52)</b>	<b>19%</b>
<b>Income Tax Expense (Benefit)</b>	<b>17</b>	<b>1</b>	<b>1,600%</b>
<b>Effective Income Tax Rate</b>	<b>35.4%</b>	<b>4.0%</b>	
<b>Net Income from Continuing Operations (attributable to NCR)</b>	<b>\$30</b>	<b>\$23</b>	<b>30%</b>
<b>Diluted EPS</b>	<b>\$0.19</b>	<b>\$0.13</b>	<b>46%</b>



# Q1 2021 OPERATIONAL RESULTS

\$ in millions, except per share amounts

	Q1 2021	Q1 2020	% Change
<b>Revenue</b>	<b>\$1,544</b>	<b>\$1,503</b>	<b>3%</b>
<b>Gross Margin (non-GAAP)</b>	<b>425</b>	<b>404</b>	<b>5%</b>
<b>Gross Margin Rate (non-GAAP)</b>	<b>27.5%</b>	<b>26.9%</b>	<b>60 bps</b>
<b>Operating Expenses (non-GAAP)</b>	<b>\$277</b>	<b>\$300</b>	<b>(8%)</b>
<b>% of Revenue</b>	<b>17.9%</b>	<b>20.0%</b>	<b>(200 bps)</b>
<b>Operating Income (non-GAAP)</b>	<b>\$148</b>	<b>\$104</b>	<b>42%</b>
<b>% of Revenue</b>	<b>9.6%</b>	<b>6.9%</b>	<b>270 bps</b>
<b>Interest and other expense (non-GAAP)</b>	<b>(\$45)</b>	<b>(\$52)</b>	<b>(13%)</b>
<b>Income Tax Expense (non-GAAP)</b>	<b>29</b>	<b>7</b>	<b>314%</b>
<b>Effective Income Tax Rate (non-GAAP)</b>	<b>28.2%</b>	<b>13.5%</b>	
<b>Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)</b>	<b>\$73</b>	<b>\$44</b>	<b>66%</b>
<b>Diluted EPS (non-GAAP)</b>	<b>\$0.51</b>	<b>\$0.31</b>	<b>65%</b>

# ADJUSTED EBITDA BY SEGMENT

\$ in millions

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Banking</b>	\$ 154	\$ 132	\$ 144	\$ 130	\$ 140
<b>Retail</b>	73	88	81	49	37
<b>Hospitality</b>	25	27	24	15	7
<b>Other</b>	10	11	10	10	8
<b>Adjusted EBITDA by Segment</b>	\$ 262	\$ 258	\$ 259	\$ 204	\$ 192
<b>OIE</b>	(3)	(1)	(9)	(3)	(3)
<b>Minority Interest</b>	(1)	1	(1)	—	(1)
<b>Adjusted EBITDA</b>	\$ 258	\$ 258	\$ 249	\$ 201	\$ 188

# NON-GAAP MEASURES

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

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

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

# NON-GAAP MEASURES

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

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

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

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

# GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)</b>	<b>\$ 30</b>	<b>\$ (125)</b>	<b>\$ 31</b>	<b>\$ 64</b>	<b>\$ 23</b>
<b>Pension Mark-to-Market Adjustments</b>	<b>—</b>	<b>34</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Transformation &amp; Restructuring Costs</b>	<b>8</b>	<b>202</b>	<b>19</b>	<b>8</b>	<b>5</b>
<b>Acquisition-Related Amortization of Intangibles</b>	<b>20</b>	<b>19</b>	<b>21</b>	<b>19</b>	<b>22</b>
<b>Acquisition-Related Costs</b>	<b>27</b>	<b>(6)</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Loss on Debt Extinguishment</b>	<b>—</b>	<b>—</b>	<b>20</b>	<b>—</b>	<b>—</b>
<b>Interest Expense</b>	<b>45</b>	<b>51</b>	<b>60</b>	<b>57</b>	<b>50</b>
<b>Interest Income</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(1)</b>	<b>(1)</b>
<b>Depreciation and Amortization</b>	<b>70</b>	<b>74</b>	<b>70</b>	<b>68</b>	<b>63</b>
<b>Income Taxes</b>	<b>17</b>	<b>(20)</b>	<b>—</b>	<b>(34)</b>	<b>1</b>
<b>Stock Compensation Expense</b>	<b>44</b>	<b>32</b>	<b>31</b>	<b>20</b>	<b>25</b>
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 258</b>	<b>\$ 258</b>	<b>\$ 249</b>	<b>\$ 201</b>	<b>\$ 188</b>

# GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q1 2021 LTM	Q4 2020 LTM	Q1 2020 LTM
<b>Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)</b>	\$ —	\$ (7)	\$ 600
<b>Pension Mark-to-Market Adjustments</b>	34	34	75
<b>Transformation &amp; Restructuring Costs</b>	237	234	37
<b>Acquisition-Related Amortization of Intangibles</b>	79	81	87
<b>Acquisition-Related Costs</b>	21	(6)	3
<b>Internal reorganization &amp; IP Transfer</b>	—	—	(37)
<b>Loss on Debt Extinguishment</b>	20	20	—
<b>Interest Expense</b>	213	218	202
<b>Interest Income</b>	(10)	(8)	(4)
<b>Depreciation and Amortization</b>	282	275	237
<b>Income Taxes</b>	(37)	(53)	(281)
<b>Stock Compensation Expense</b>	127	108	109
<b>Adjusted EBITDA (non-GAAP)</b>	\$ 966	\$ 896	\$ 1,028

# GAAP TO NON-GAAP RECONCILIATION

Q1 2021

\$ in millions, except per share amounts

	Q1 QTD 2021 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Q1 QTD 2021 non-GAAP
Product revenue	\$482	\$—	\$—	\$—	\$482
Service revenue	1,062	—	—	—	1,062
<b>Total revenue</b>	<b>1,544</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,544</b>
Cost of products	408	—	(3)	—	405
Cost of services	722	(4)	(4)	—	714
<b>Gross margin</b>	<b>414</b>	<b>4</b>	<b>7</b>	<b>—</b>	<b>425</b>
<i>Gross margin rate</i>	<i>26.8%</i>	<i>0.3%</i>	<i>0.4%</i>	<i>—%</i>	<i>27.5%</i>
Selling, general and administrative expenses	238	(2)	(13)	(10)	213
Research and development expenses	66	(2)	—	—	64
Total operating expenses	304	(4)	(13)	(10)	277
<i>Total operating expense as a % of revenue</i>	<i>19.7%</i>	<i>(0.3)%</i>	<i>(0.9)%</i>	<i>(0.6)%</i>	<i>17.9%</i>
<b>Income from operations</b>	<b>110</b>	<b>8</b>	<b>20</b>	<b>10</b>	<b>148</b>
<i>Income from operations as a % of revenue</i>	<i>7.1%</i>	<i>0.5%</i>	<i>1.4%</i>	<i>0.6%</i>	<i>9.6%</i>
Interest and Other (expense) income, net	(62)	—	—	17	(45)
Income from continuing operations before income taxes	48	8	20	27	103
Income tax (benefit) expense	17	2	4	6	29
<i>Effective income tax rate</i>	<i>35.4%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	<i>28.2%</i>
Income from continuing operations	31	6	16	21	74
Net income (loss) attributable to noncontrolling interests	1	—	—	—	1
<b>Income from continuing operations (attributable to NCR)</b>	<b>\$30</b>	<b>\$6</b>	<b>\$16</b>	<b>\$21</b>	<b>\$73</b>
<b>Diluted earnings per share</b>	<b>\$0.19</b>	<b>\$0.04</b>	<b>\$0.11</b>	<b>\$0.15</b>	<b>\$0.51</b>
Diluted shares outstanding	134.7				143.9

# GAAP TO NON-GAAP RECONCILIATION

Q1 2021

\$ in millions, except per share amounts

	Q1 QTD 2021 GAAP	Q1 QTD 2021 non- GAAP
<b><i>Income from continuing operations attributable to NCR common stockholders:</i></b>		
Income from continuing operations (attributable to NCR)	\$30	\$73
Dividends on convertible preferred shares	(4)	—
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$26</b>	<b>\$73</b>
<b><i>Weighted average outstanding shares:</i></b>		
Weighted average diluted shares outstanding	134.7	134.7
Weighted as-if converted preferred shares	—	9.2
<b>Total shares used in diluted earnings per share</b>	<b>134.7</b>	<b>143.9</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$0.19</b>	<b>\$0.51</b>

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



# GAAP TO NON-GAAP RECONCILIATION

Q1 2020

\$ in millions, except per share amounts

	Q1 QTD 2020 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Q1 QTD 2020 non-GAAP
Product revenue	\$474	\$—	\$—	\$474
Service revenue	1,029	—	—	1,029
<b>Total revenue</b>	<b>1,503</b>	<b>—</b>	<b>—</b>	<b>1,503</b>
Cost of products	391	—	(3)	388
Cost of services	715	—	(4)	711
<b>Gross margin</b>	<b>397</b>	<b>—</b>	<b>7</b>	<b>404</b>
<i>Gross margin rate</i>	<b>26.4%</b>	—%	0.5%	<b>26.9%</b>
Selling, general and administrative expenses	255	(5)	(15)	235
Research and development expenses	65	—	—	65
Total expenses	320	(5)	(15)	300
<i>Total expense as a % of revenue</i>	<b>21.3%</b>	(0.3)%	(1.0)%	<b>20.0%</b>
<b>Income from operations</b>	<b>77</b>	<b>5</b>	<b>22</b>	<b>104</b>
Income from operations as a % of revenue	5.1%	0.3%	1.5%	6.9%
Interest and Other (expense) income, net	(52)	—	—	(52)
Income from continuing operations before income taxes	25	5	22	52
Income tax expense	1	1	5	7
<i>Effective income tax rate</i>	<b>4.0%</b>	—%	—%	<b>13.5%</b>
Income from continuing operations	24	4	17	45
Net income attributable to noncontrolling interests	1	—	—	1
<b>Income from continuing operations (attributable to NCR)</b>	<b>\$23</b>	<b>\$4</b>	<b>\$17</b>	<b>\$44</b>
<b>Diluted (loss) earnings per share</b>	<b>\$0.13</b>	<b>\$0.03</b>	<b>\$0.12</b>	<b>\$0.31</b>
Diluted shares outstanding	130.5			143.7

# GAAP TO NON-GAAP RECONCILIATION

Q1 2020

\$ in millions, except per share amounts

	Q1 QTD 2020 GAAP	Q1 QTD 2020 non-GAAP
<b><i>Income from continuing operations attributable to NCR common stockholders:</i></b>		
Income from continuing operations (attributable to NCR)	\$23	\$44
Dividends on convertible preferred shares	(\$6)	\$—
<b>Income from continuing operations attributable to NCR common stockholders</b>	<b>\$17</b>	<b>\$44</b>
<b><i>Weighted average outstanding shares:</i></b>		
Weighted average diluted shares outstanding	130.5	130.5
Weighted as-if converted preferred shares	—	13.2
<b>Total shares used in diluted earnings per share</b>	<b>130.5</b>	<b>143.7</b>
<b>Diluted earnings per share <sup>(1)</sup></b>	<b>\$0.13</b>	<b>\$0.31</b>

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

# GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q1 2021	Q4 2020	Q1 2020
Cash provided by operating activities	\$155	\$146	\$54
Less: Total capital expenditures	(\$61)	(\$63)	(\$79)
Plus: Pension contributions	\$4	\$75	\$5
<b>Free Cash Flow</b>	<b>\$98</b>	<b>\$158</b>	<b>(\$20)</b>



**THANK YOU**

