



Q2 2023 EARNINGS CONFERENCE CALL

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August 2, 2023

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,” “confident,” “believe,” “will,” “should,” “would,” “potential,” “positioning,” “proposed,” “planned,” “objective,” “likely,” “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 expectations of demands for our solutions and execution, and the impact thereof on our financial results in 2023; NCR’s focus on advancing our strategic growth initiatives and transforming NCR into a software-led as-a-service company with a higher mix of recurring revenue streams; our expectations of NCR’s ability to deliver increased value to customers and stockholders; various macroeconomic challenges that may impact our financial performance in 2023; our expectations and assumptions regarding NCR’s full year 2023 financial performance; expectations to leverage our software and payments platform to increase market share; our focus on operational excellence; Adjusted free cash flow-unrestricted generation; and statements regarding the planned separation of NCR into two separate companies, including, but not limited to, statements regarding the anticipated timing and structure of such planned transaction, the future commercial or financial performance of the commerce company or the ATM company following such planned transaction, value creation and ability to innovate and drive growth generally as a result of such transaction, and the expected capital structure, net debt and pension obligations of the companies at the time of and following the transaction. 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 27, 2023 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 August 2, 2023, 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 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); Adjusted free cash flow-unrestricted; gross margin (non-GAAP); net debt; adjusted EBITDA; adjusted EBITDA growth; adjusted EBITDA margin; 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); net income (non-GAAP); and measurements in constant currency. 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. Descriptions of many of these non-GAAP measures are also included in NCR's SEC reports.

USE OF CERTAIN TERMS. As used in these materials:

- (i) the term "recurring revenue" includes all revenue streams from contracts where there is a predictable revenue pattern that will occur at regular intervals with a relatively high degree of certainty. This includes hardware and software maintenance revenue, cloud revenue, payment processing revenue, interchange and network revenue, Bitcoin-related revenue, and certain professional services arrangements, as well as term-based software license arrangements that include customer termination rights.
- (ii) the term "annual recurring revenue" or "ARR" 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.
- (iii) the term "CC" means constant currency.
- (iv) the term "LTM" means last twelve months.

NOTES TO INVESTORS

COMBINED SEGMENTS. Combined segment information is provided for illustrative purposes only and is not representative of actual post-separation performance and does not purport to represent what NCR's (RemainCo) or NCR ATCo's (SpinCo) financial position and results of operations actually would have been had they operated as independent companies during the periods presented. Importantly, this information reflects an allocation of expenses related to certain NCR corporate functions and other shared functions which may not be indicative of the actual expense that would have been incurred had the companies operated as independent companies during the periods presented, nor are they indicative of future expenses. The revenue and Adjusted EBITDA of corporate and other immaterial operating segments are not included in the combined segments. The ultimate financial performance and results of operations for NCR (RemainCo) and NCR ATCo (SpinCo) will differ based on certain items which are not reflected in the information presented, including the final perimeter of the transaction, carve-out assumptions, final capital structure, required corporate expenses and other allocations, and such items may be material and result in material differences to financial performance and results of operations. These combined segment results should not be considered guidance or promises of future performance. There can be no guarantee that NCR (RemainCo) or NCR ATCo (SpinCo) will achieve results similar to those presented here. Reconciliations of the combined segment information to NCR's reportable segments and consolidated results are included in the accompanying "Supplementary Materials". Such reconciliations include the unallocated revenue and Adjusted EBITDA related to corporate and other immaterial operating segments that are not included in the combined segments.

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

Strong second quarter results

On track to separate NCR into two public companies

Recurring revenue up 5% CC Y/Y

Adjusted EBITDA growth of 17% CC Y/Y

Adjusted EBITDA margin expansion 260 bps

Adjusted free cash flow-unrestricted of \$154 million

STRATEGIC BUSINESS UPDATE

Strong execution advancing strategic growth initiatives

Retail - Momentum in NCR Emerald™

Hospitality - Continue growth in Aloha™

Digital Banking - Winning in the market

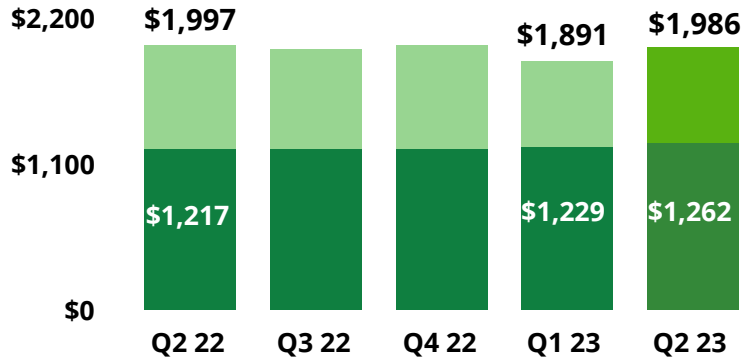
Payments - Strong growth across Merchant acquiring and Allpoint™ networks

Self-Service Banking - Acceleration in ATMaaS

Q2 2023 FINANCIAL RESULTS

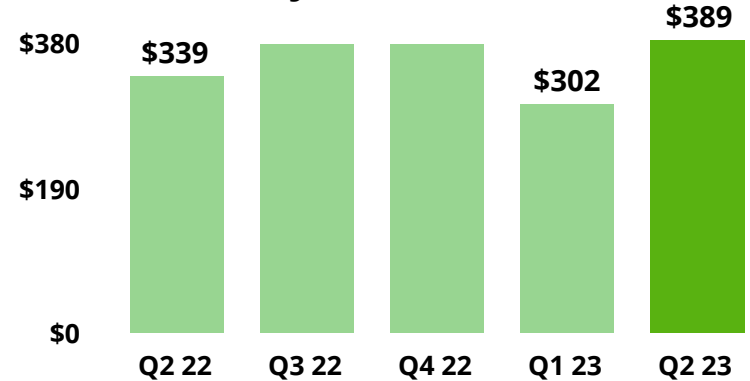
\$ in millions, except for EPS

Total Revenue/Recurring



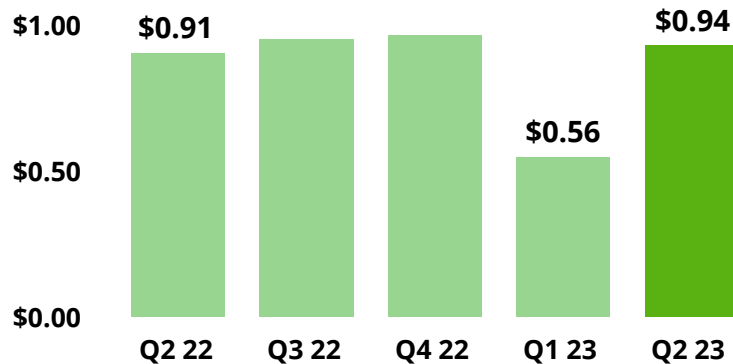
Revenue down 1% y/y as reported and flat CC;
Recurring revenue up 4% y/y as reported and up 5% CC

Adjusted EBITDA



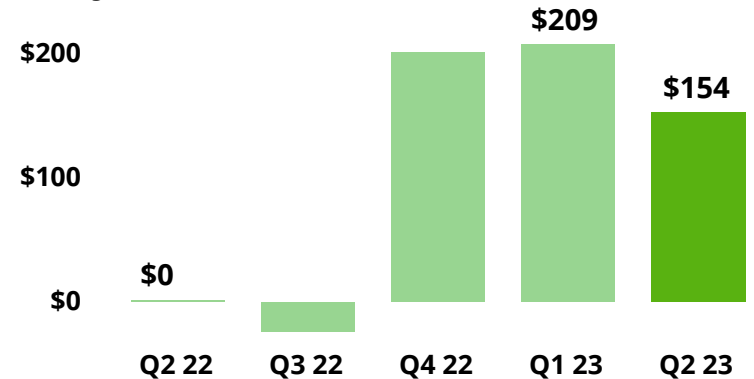
Adjusted EBITDA up 15% y/y as reported
and up 17% CC

Non-GAAP Diluted EPS



Non-GAAP diluted EPS up 3% y/y as reported and up
9% CC; FX impact \$(0.05)

Adjusted Free Cash Flow-Unrestricted

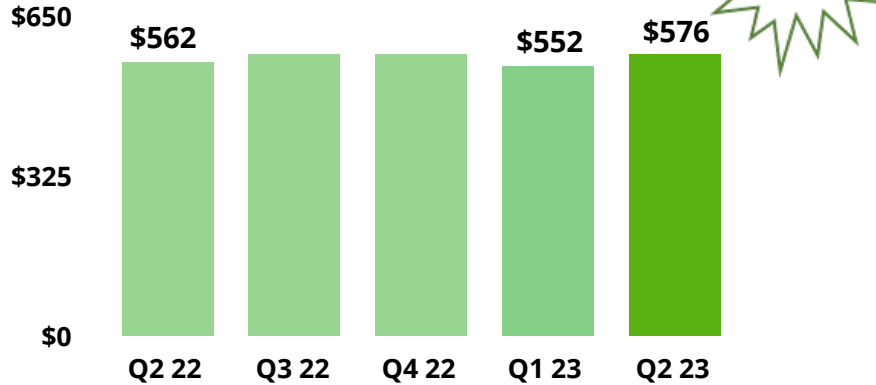


Strong Adjusted free cash flow-unrestricted driven
by higher profitability and working capital
improvements

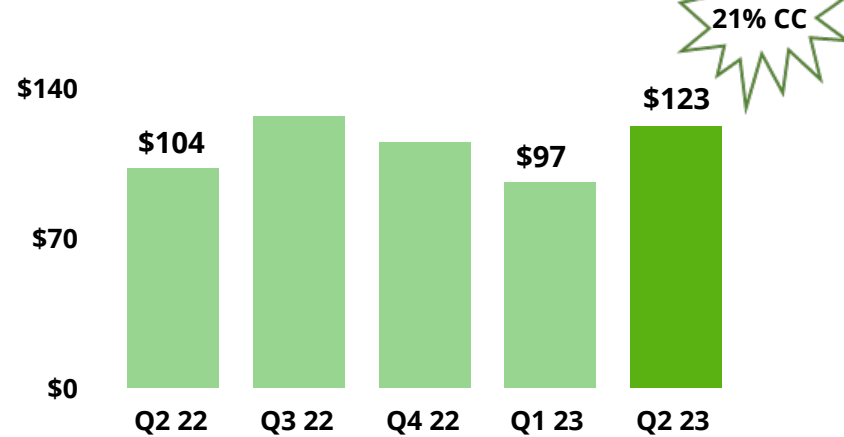
RETAIL

\$ in millions, except platform lanes

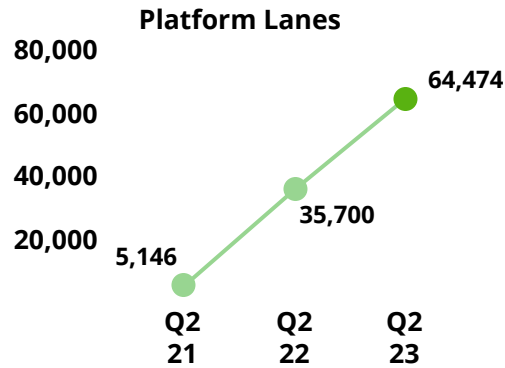
Revenue



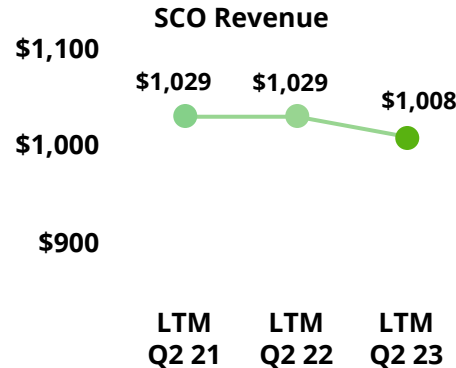
Adjusted EBITDA



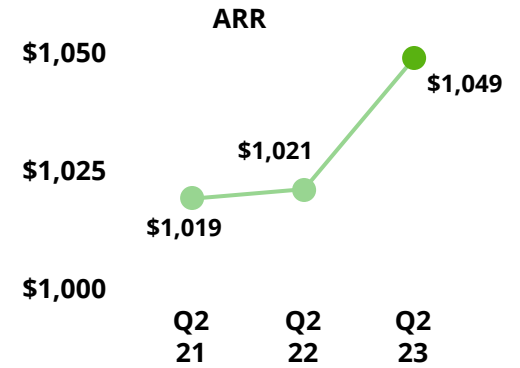
Key Strategic Metrics



Up 81% y/y



Down 2% y/y

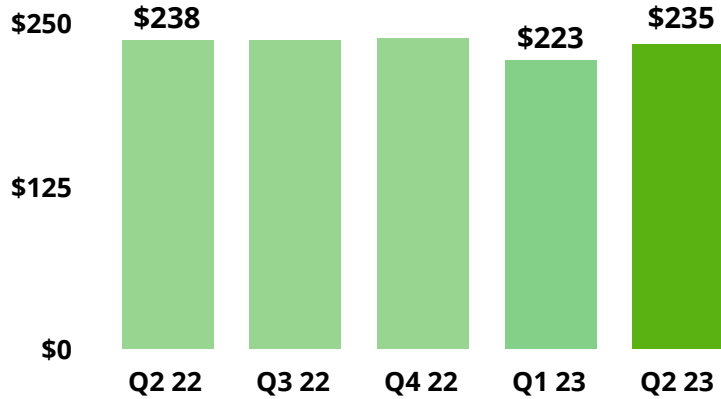


Up 3% y/y

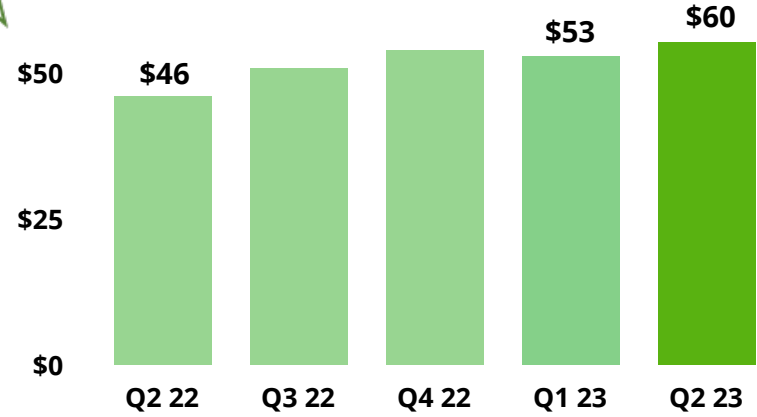
HOSPITALITY

\$ in millions, except site counts

Revenue

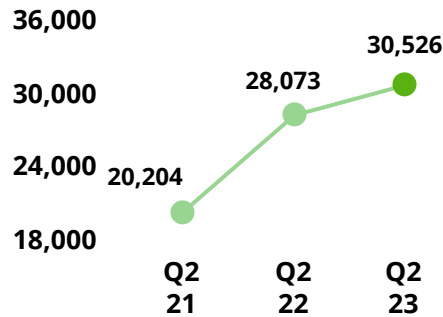


Adjusted EBITDA



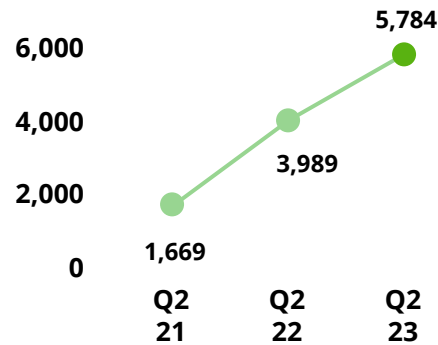
Key Strategic Metrics

Platform Sites



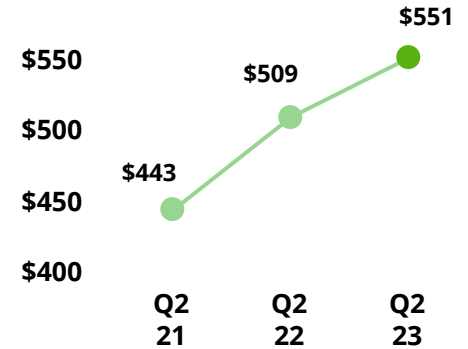
Up 9% y/y

Payments Sites



Up 45% y/y

ARR

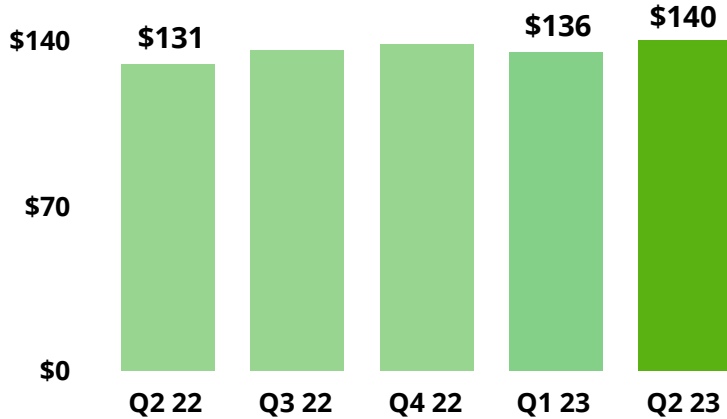


Up 8% y/y

DIGITAL BANKING

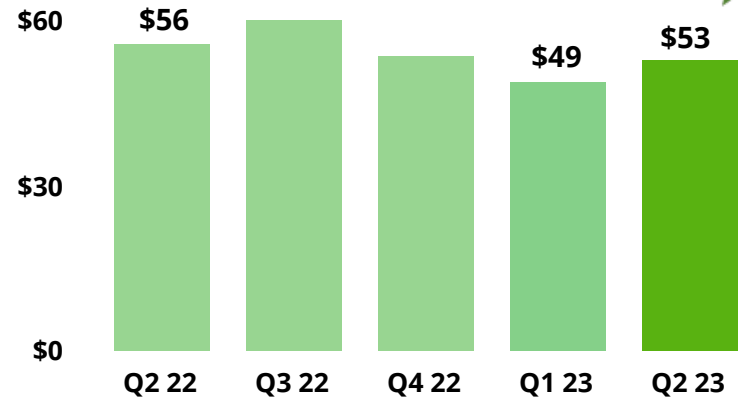
\$ in millions

Revenue



7% CC

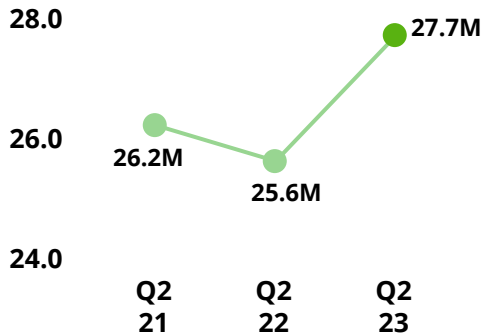
Adjusted EBITDA



(5)% CC

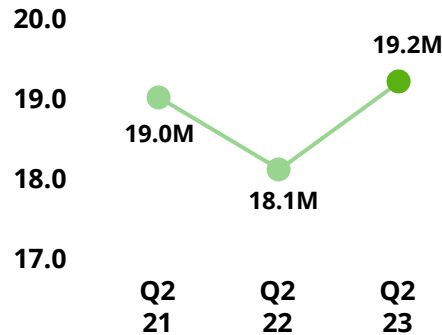
Key Strategic Metrics

Registered Users



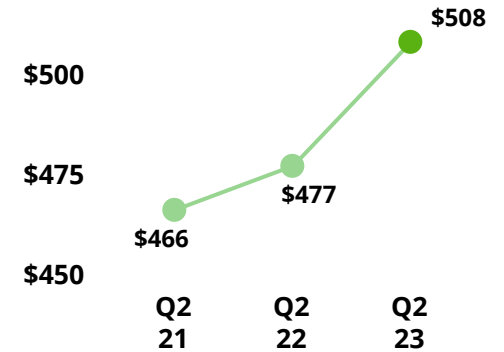
Up 8% y/y

Active Users



Up 6% y/y

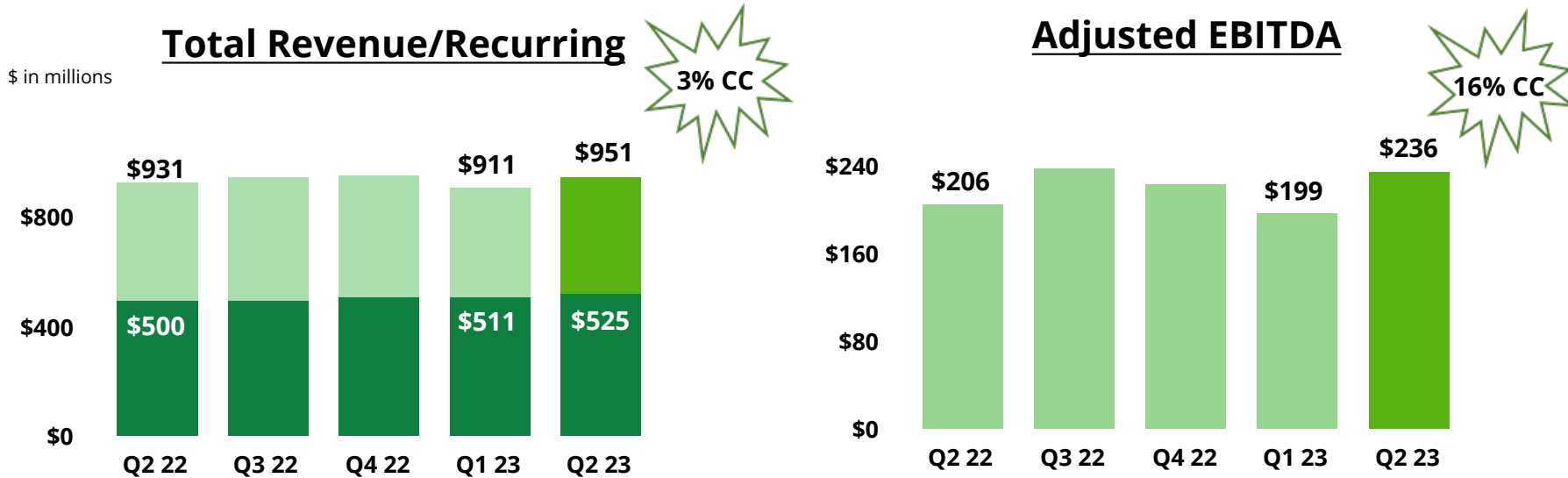
ARR



Up 6% y/y

Combined Segments: NCR (RemainCo)⁽¹⁾

Retail, Hospitality, Digital Banking

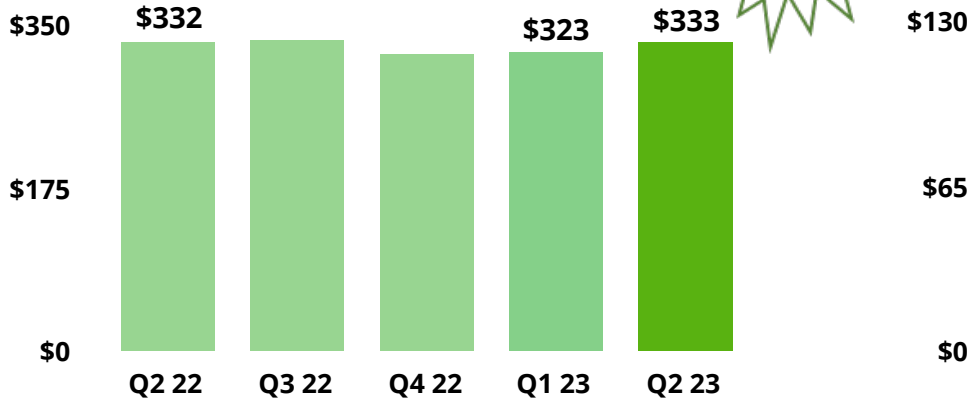


⁽¹⁾ This combined segment information is provided for illustrative purposes only and does not represent what NCR's (RemainCo) or NCR ATMCo's (SpinCo) financial position and results of operations actually would have been had they operated as independent companies. The combined segment information is the sum of the segments as reported. The revenue and Adjusted EBITDA of corporate and other immaterial operating segments are not included in this presentation. Refer to the slides "Notes to Investors" for additional information on this presentation of combined segments.

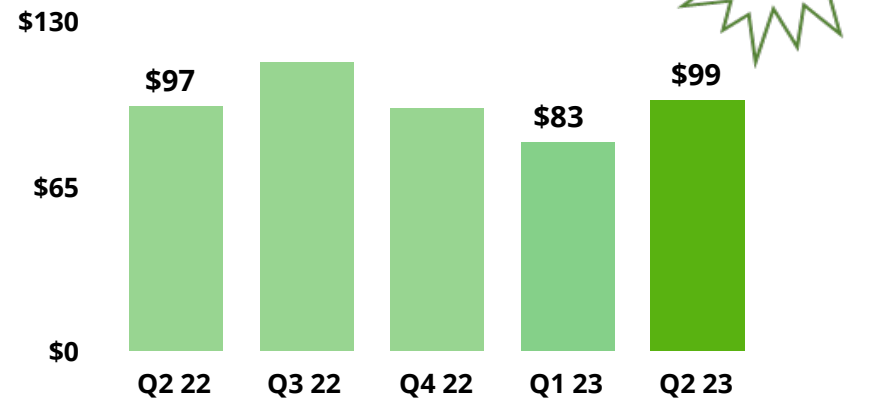
PAYMENTS & NETWORK*

\$ in millions

Revenue

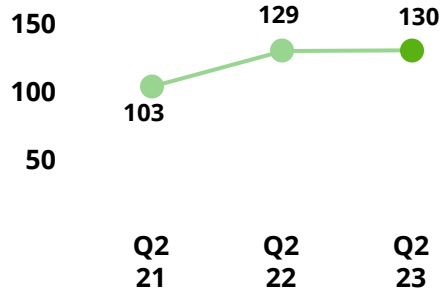


Adjusted EBITDA



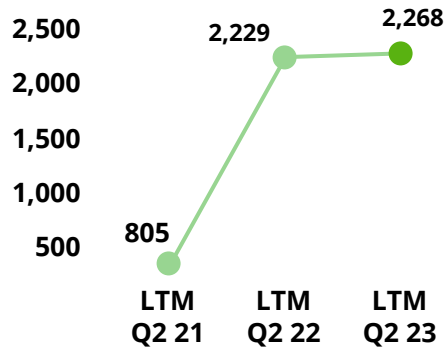
Key Strategic Metrics

Endpoints (in thousands)



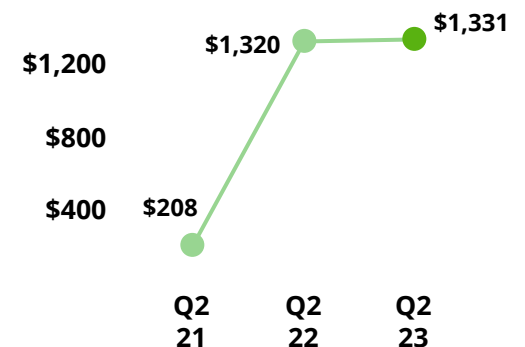
Up 1% y/y

Transactions (in millions)



Up 2% y/y

ARR



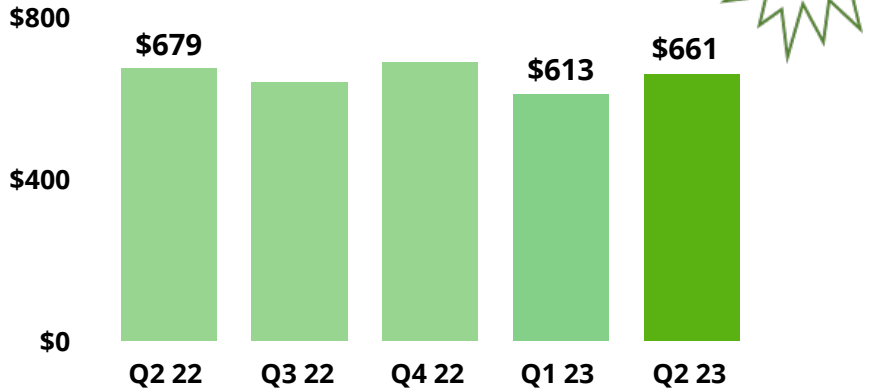
Up 1% y/y

* Fiscal 2021 includes the results of Cardtronics plc from the date of acquisition, June 21, 2021.

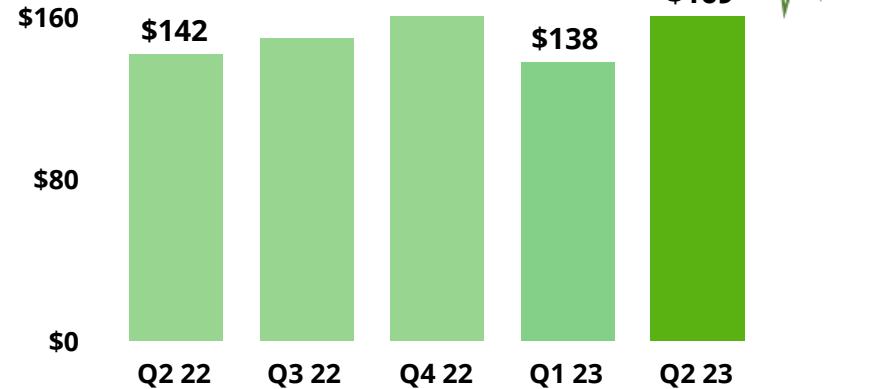
SELF-SERVICE BANKING

\$ in millions, except units and percentages

Revenue

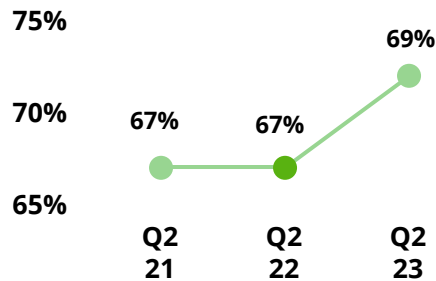


Adjusted EBITDA



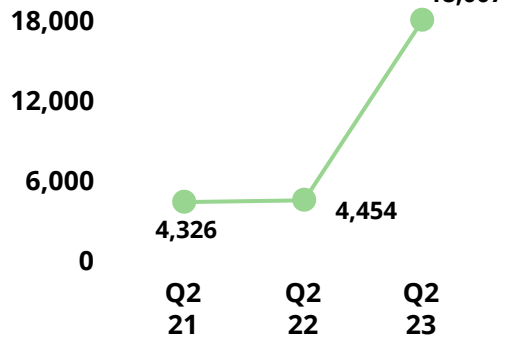
Key Strategic Metrics

Software & Services Revenue Mix



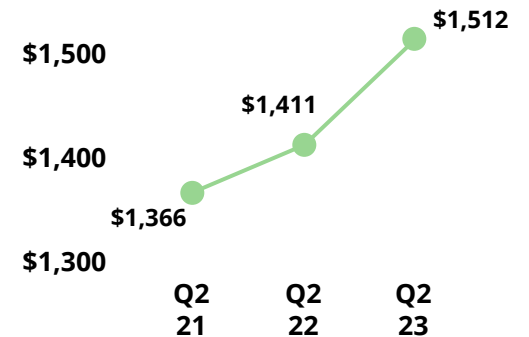
Up 200 bps y/y

ATMaas Units



Up 304% y/y

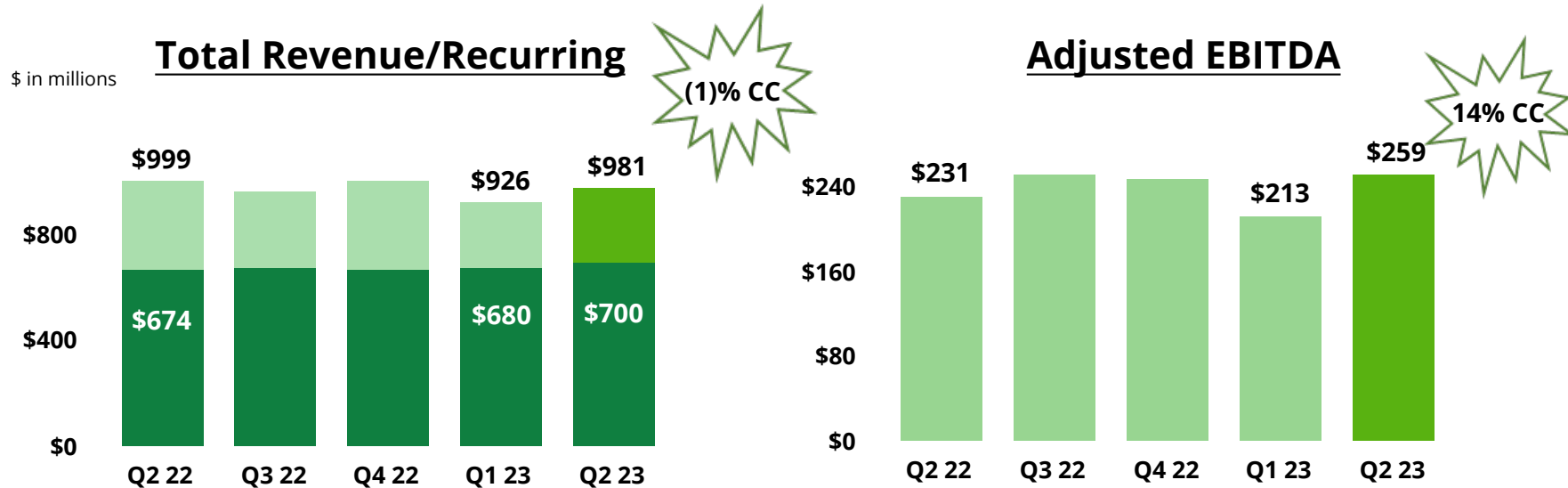
ARR



Up 7% y/y

Combined Segments: NCR ATMCo (SpinCo)⁽¹⁾

Payments & Network, Self-Service Banking, less Eliminations



⁽¹⁾ This combined segment information is provided for illustrative purposes only and does not represent what NCR's (RemainCo) or NCR ATMCo's (SpinCo) financial position and results of operations actually would have been had they operated as independent companies. The combined segment information is the sum of the segments as reported. The revenue and Adjusted EBITDA of corporate and other immaterial operating segments are not included in this presentation. Refer to the slides "Notes to Investors" for additional information on this presentation of combined segments.

Adjusted Free Cash Flow-Unrestricted, Net Debt & EBITDA

\$ in millions

Adjusted Free Cash Flow-Unrestricted	Q2 2023	Q2 2022
Cash provided by operating activities	\$227	\$80
Less: Total capital expenditures	(121)	(94)
Plus: Change in trade receivables facility	43	—
Plus: Restricted cash settlement activity	1	9
Plus: Pension contributions	4	5
Adjusted Free Cash Flow-Unrestricted	\$154	\$—

Net Debt & EBITDA	Q2 2023	Q2 2022
Debt	\$5,421	\$5,605
Cash	\$(547)	\$(398)
Net Debt	\$4,874	\$5,207
Adjusted EBITDA LTM	\$1,451	\$1,315
Net Debt / Adjusted EBITDA	3.4x	4.0x

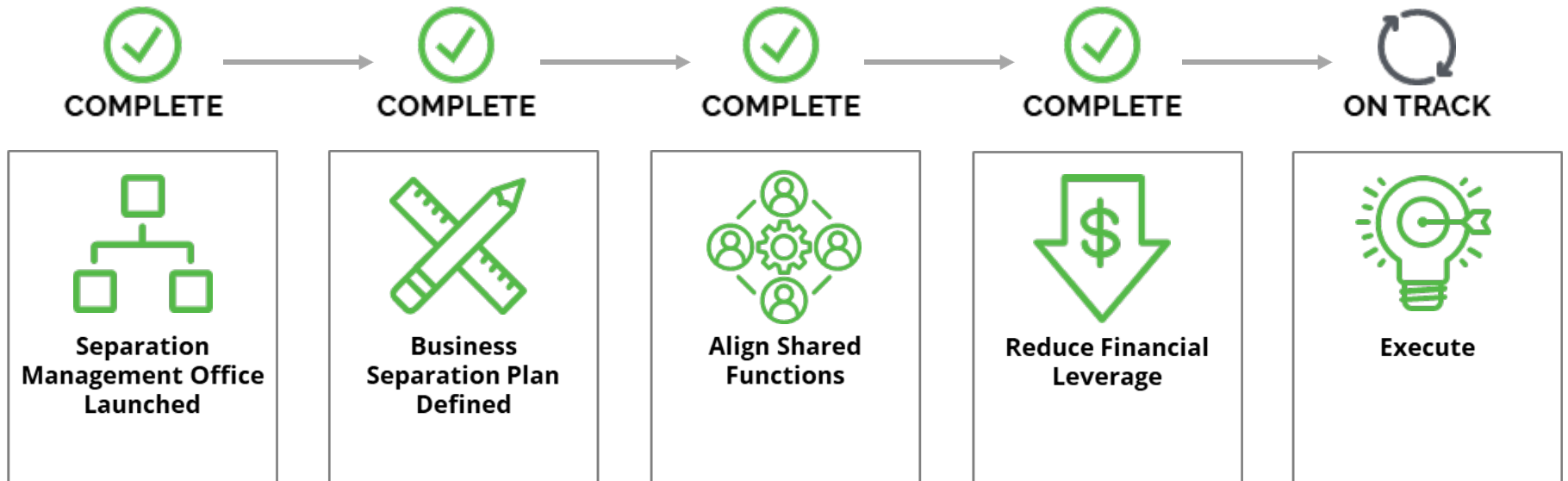
2023 GUIDANCE

In millions, except per share amounts

Guidance ⁽¹⁾	FY 2023
Revenue	\$7,800 - \$8,000
Adjusted EBITDA	\$1,450 - \$1,550
Non-GAAP Diluted EPS	\$3.30 - \$3.50
Adjusted Free Cash Flow-Unrestricted	\$400 - \$500

⁽¹⁾ With respect to our Adjusted EBITDA, Adjusted free cash flow-unrestricted and non-GAAP diluted earnings per share guidance, we do not provide a reconciliation of the respective GAAP measures because we are not able to predict with reasonable certainty the reconciling items that may affect the GAAP net income from continuing operations, GAAP cash flow from operating activities and GAAP diluted earnings per share from continuing operations without unreasonable effort. The reconciling items are primarily the future impact of special tax items, capital structure transactions, restructuring, pension mark-to-market transactions, acquisitions or divestitures, or other events. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, the GAAP measures. Refer to the slides "Notes to Investors" and "Non-GAAP Measures" for additional information regarding our use of non-GAAP financial measures.

NCR SEPARATION ROADMAP⁽¹⁾



On track to complete separation activities in the fourth quarter of 2023

⁽¹⁾ 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 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 NCR (RemainCo) and NCR ATMCo (SpinCo) business, will be commercially successful in the future, or achieve any particular credit rating or financial results.

LOOKING FORWARD

On track to separate NCR into two public companies

Unlock shareholder value

Strategic transformation to a software-led as-a-service company

Sequential quarterly operational and financial improvement

Virtual Debt & Equity Investor Day scheduled for September 5, 2023



SUPPLEMENTARY MATERIALS

Q2 2023 GAAP RESULTS

\$ in millions, except per share amounts

	Q2 2023	Q2 2022	% Change
Revenue	\$1,986	\$1,997	(1)%
Gross Margin	538	471	14%
Gross Margin Rate	27.1%	23.6%	
Operating Expenses	390	368	6%
% of Revenue	19.6%	18.4%	
Operating Income	148	103	44%
% of Revenue	7.5%	5.2%	
Interest and other expense, net	(99)	(66)	50%
Income Tax Expense (Benefit)	30	—	
Effective Income Tax Rate	61.2%	—%	
Net Income (Loss) from Continuing Operations (attributable to NCR)	\$20	\$35	(43)%
Diluted EPS from Continuing Operations	\$0.11	\$0.22	(50)%

Q2 2023 OPERATIONAL RESULTS

\$ in millions, except per share amounts

	Q2 2023	Q2 2022	% Change as Reported	% Change Adjusted Constant Currency
Revenue (non-GAAP)	\$1,986	\$1,991	—%	1%
Gross Margin (non-GAAP)	576	515	12%	14%
Gross Margin Rate (non-GAAP)	29.0%	25.9%		
Operating Expenses (non-GAAP)	279	282	(1)%	—%
% of Revenue	14.0%	14.2%		
Operating Income (non-GAAP)	297	233	27%	30%
% of Revenue	15.0%	11.7%		
Interest and other expense (non-GAAP)	(106)	(61)	74%	74%
Income Tax Expense (non-GAAP)	50	33	52%	52%
Effective Income Tax Rate (non-GAAP)	26.2%	19.2%		
Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)	\$142	\$137	4%	8%
Diluted EPS (non-GAAP)	\$0.94	\$0.91	3%	9%

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. There can be no assurance that either NCR (RemainCo) or NCR ATMCo (SpinCo) will utilize the non-GAAP metrics herein, that they will not use different metrics, or that they will define such metrics differently than as presented herein.

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), Interest and 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), interest and 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, stock-based compensation expense, separation-related costs, cyber ransomware incident recovery costs, and transformation and restructuring activities, from NCR's GAAP earnings per share, gross margin, gross margin rate, expenses, income from operations, operating margin rate, interest and other income (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. Prior to 2023, our calculations of these non-GAAP measures did not exclude stock-based compensation expense. We believe that it is useful to exclude stock-based compensation expense, which is a non-cash expense, in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies over multiple periods. All periods presented have been recast to reflect this new definition.

Adjusted Free Cash Flow-Unrestricted. NCR defines "Adjusted free cash flow-unrestricted" as net cash provided by (used in) operating activities less capital expenditures for property, plant and equipment, less additions to capitalized software, plus/minus the change in restricted cash settlement activity, plus acquisition related items, plus/minus net reductions or reinvestments in the trade receivables facility established in the third quarter of 2021 due to fluctuations in the outstanding balance of receivables sold, and plus pension contributions and pension settlements. Restricted cash settlement activity represents the net change in amounts collected on behalf of, but not yet remitted to, certain of the Company's merchant customers or third-party service providers that are pledged for a particular use or restricted to support these obligations. These amounts can fluctuate significantly period to period based on the number of days for which settlement to the merchant has not yet occurred or day of the week on which a reporting period ends. NCR's management uses Adjusted free cash flow-unrestricted 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, Adjusted free cash flow-unrestricted 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. Adjusted free cash flow-unrestricted 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. Adjusted free cash flow-unrestricted 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 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, separation-related costs, cyber ransomware incident recovery costs, and transformation and restructuring charges (which includes integration, severance and other exit and disposal costs), 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.

Adjusted EBITDA margin is calculated based on Adjusted EBITDA as a percentage of total revenue.

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 a measure 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.

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 in the first quarter of 2022. As of June 30, 2023, we have ceased operations in Russia and are in process of dissolving our only subsidiary in Russia. As a result, for the three and six months ended June 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. No charges have been recognized for the three and six months ended June 30, 2023. We consider this to be a non-recurring special item and management has reviewed the results of its business segments excluding these impacts.

NON-GAAP MEASURES

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.

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.

GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q2 2023	Q1 2023	Q2 2022
Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)	\$ 20	\$ 9	\$ 35
Transformation & Restructuring Costs	(1)	—	49
Acquisition-Related Amortization of Intangibles	43	42	45
Acquisition-Related Costs	1	—	3
Separation Costs	52	19	—
Interest Expense	91	83	67
Interest Income	(3)	(3)	(2)
Depreciation and Amortization	109	106	104
Income Taxes	30	14	—
Stock-Based Compensation Expense	36	32	35
Cyber ransomware incident recovery costs	11	—	—
Russia	—	—	3
Adjusted EBITDA (non-GAAP)	\$ 389	\$ 302	\$ 339

GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q2 2023 LTM	Q1 2023 LTM	Q2 2022 LTM
Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)	\$ 91	\$ 106	\$ 78
Pension Mark-to-Market Adjustments	8	8	(118)
Transformation & Restructuring Costs	46	96	127
Acquisition-Related Amortization of Intangibles	171	173	175
Acquisition-Related Costs	3	5	23
Separation Costs	74	22	—
Loss on Debt Extinguishment	—	—	42
Interest Expense	329	305	262
Interest Income	(16)	(15)	(7)
Depreciation and Amortization	431	426	418
Income Taxes	179	149	151
Stock-Based Compensation Expense	124	123	142
Cyber ransomware incident recovery costs	11	—	—
Russia	—	3	22
Adjusted EBITDA (non-GAAP)	\$ 1,451	\$ 1,401	\$ 1,315

ADJUSTED EBITDA BY SEGMENT

\$ in millions

	Q2 2023	Q1 2023	Q2 2022
Retail	\$ 123	\$ 97	\$ 104
Hospitality	60	53	46
Digital Banking	53	49	56
Payments & Network	99	83	97
Self-Service Banking	169	138	142
Eliminations	(9)	(8)	(8)
Corporate and Other	(106)	(110)	(98)
Adjusted EBITDA	\$ 389	\$ 302	\$ 339

GAAP TO NON-GAAP RECONCILIATION

Q2 2023

\$ in millions, except per share amounts

	Q2 2023 QTD GAAP	Transformation Costs	Stock-based Compensation	Acquisition- related amortization of intangibles	Acquisition- related Costs	Separation Costs	Cyber ransomware incident recovery costs	Q2 2023 QTD non-GAAP
Product revenue	\$576	\$—	\$—	\$—	\$—	\$—	\$—	\$576
Service revenue	1,410	—	—	—	—	—	—	1,410
Total revenue	1,986	—	—	—	—	—	—	1,986
Cost of products	478	—	(2)	(3)	—	—	—	473
Cost of services	970	(1)	(2)	(24)	—	—	(6)	937
Gross margin	538	1	4	27	—	—	6	576
<i>Gross margin rate</i>	27.1%	<i>0.1%</i>	<i>0.2%</i>	<i>1.4%</i>	<i>—%</i>	<i>—%</i>	<i>0.2%</i>	29.0%
Selling, general and administrative expenses	333	(5)	(29)	(16)	(1)	(52)	(5)	225
Research and development expenses	57	—	(3)	—	—	—	—	54
Total operating expenses	390	(5)	(32)	(16)	(1)	(52)	(5)	279
<i>Total operating expense as a % of revenue</i>	19.6%	<i>(0.3)%</i>	<i>(1.6)%</i>	<i>(0.8)%</i>	<i>(0.1)%</i>	<i>(2.6)%</i>	<i>(0.3)%</i>	14.0%
Income from operations	148	6	36	43	1	52	11	297
<i>Income from operations as a % of revenue</i>	7.5%	<i>0.3%</i>	<i>1.8%</i>	<i>2.2%</i>	<i>0.1%</i>	<i>2.6%</i>	<i>0.6%</i>	15.0%
Interest and Other (expense) income, net	(99)	(7)	—	—	—	—	—	(106)
Income from continuing operations before income taxes	49	(1)	36	43	1	52	11	191
Income tax (benefit) expense	30	—	4	8	—	6	2	50
<i>Effective income tax rate</i>	61.2%							26.2%
Income (loss) from continuing operations	19	(1)	32	35	1	46	9	141
Net income (loss) attributable to noncontrolling interests	(1)	—	—	—	—	—	—	(1)
Income (loss) from continuing operations (attributable to NCR)	\$20	\$(1)	\$32	\$35	\$1	\$46	\$9	\$142
Diluted earnings per share	\$0.11	\$—	\$0.21	\$0.23	\$0.01	\$0.30	\$0.06	\$0.94
Diluted shares outstanding	141.9							151.1

GAAP TO NON-GAAP RECONCILIATION

Q2 2023

\$ in millions, except per share amounts

	Q2 2023 QTD	Q2 2023 QTD non-GAAP
<i>Income (loss) from continuing operations attributable to NCR common stockholders:</i>		
Income (loss) from continuing operations (attributable to NCR)	\$20	\$142
Dividends on convertible preferred shares	\$(4)	\$—
Income (loss) from continuing operations attributable to NCR common stockholders	\$16	\$142
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	141.9	141.9
Weighted as-if converted preferred shares	—	9.2
Total shares used in diluted earnings per share	141.9	151.1
Diluted earnings per share from continuing operations ⁽¹⁾	\$0.11	\$0.94

⁽¹⁾ 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

Q2 2022

\$ in millions, except per share amounts

	Q2 2022 QTD GAAP	Transformation Costs	Stock-based Compensation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	Russia	Q2 2022 QTD non-GAAP
Product revenue	\$614	\$—	\$—	\$—	\$—	\$(5)	\$609
Service revenue	1,383	—	—	—	—	(1)	1,382
Total revenue	1,997	—	—	—	—	(6)	1,991
Cost of products	544	(5)	(1)	(2)	—	(2)	534
Cost of services	982	(11)	(3)	(25)	(1)	—	942
Gross margin	471	16	4	27	1	(4)	515
<i>Gross margin rate</i>	23.6%	0.8%	0.2%	1.4%	0.1%	(0.2)%	25.9%
Selling, general and administrative expenses	309	(25)	(28)	(18)	(2)	(2)	234
Research and development expenses	59	(8)	(3)	—	—	—	48
Total operating expenses	368	(33)	(31)	(18)	(2)	(2)	282
<i>Total operating expense as a % of revenue</i>	18.4%	(1.6)%	(1.6)%	(0.9)%	(0.1)%	(0.1)%	14.1%
Income from operations	103	49	35	45	3	(2)	233
<i>Income from operations as a % of revenue</i>	5.2%	2.4%	1.8%	2.2%	0.2%	(0.1)%	11.7%
Interest and Other (expense) income, net	(66)	—	—	—	—	5	(61)
Income from continuing operations before income taxes	37	49	35	45	3	3	172
Income tax (benefit) expense	—	11	4	14	1	3	33
<i>Effective income tax rate</i>	—%						19.2%
Income from continuing operations	37	38	31	31	2	—	139
Net income (loss) attributable to noncontrolling interests	2	—	—	—	—	—	2
Income from continuing operations (attributable to NCR)	\$35	\$38	\$31	\$31	\$2	\$—	\$137
Diluted earnings per share	\$0.22	\$0.25	\$0.21	\$0.21	\$0.01	\$—	\$0.91
Diluted shares outstanding	140.8						150.0

GAAP TO NON-GAAP RECONCILIATION

Q2 2022

\$ in millions, except per share amounts

	Q2 2022 QTD GAAP	Q2 2022 QTD non- GAAP
<i>Income from continuing operations attributable to NCR common stockholders:</i>		
Income from continuing operations (attributable to NCR)	\$35	\$137
Dividends on convertible preferred shares	\$(4)	\$—
Income from continuing operations attributable to NCR common stockholders	\$31	\$137
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	140.8	140.8
Weighted as-if converted preferred shares	—	9.2
Total shares used in diluted earnings per share	140.8	150.0
Diluted earnings per share ⁽¹⁾	\$0.22	\$0.91

⁽¹⁾ 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 stakeholders 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

	Q2 2023	Q1 2023	Q2 2022
Cash provided by operating activities	\$227	\$317	\$80
Less: Total capital expenditures	\$(121)	\$(83)	\$(94)
Plus: Change in trade AR facility	\$43	\$—	\$—
Plus: Pension contributions	\$4	\$4	\$5
Plus: Restricted cash settlement activity	\$1	\$(29)	\$9
Adjusted Free Cash Flow-Unrestricted	\$154	\$209	\$—

RECONCILIATION OF COMBINED SEGMENTS

REVENUE	Q2 2023	Q1 2023	Q2 2022
Retail	\$576	\$552	\$562
Hospitality	235	223	238
Digital Banking	140	136	131
Subtotal	\$951	\$911	\$931
Payments & Network	\$333	\$323	\$332
Self-Service Banking	661	613	679
Eliminations ⁽¹⁾	(13)	(10)	(12)
Subtotal	\$981	\$926	\$999
Other	54	54	61
Other adjustment ⁽²⁾	—	—	6
Total NCR	\$1,986	\$1,891	\$1,997

⁽¹⁾ 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.

⁽²⁾ Other adjustment reflects the revenue attributable to the Company's operations in Russia for the three months ending June 30, 2022 that were excluded from management's measure of revenue due to our previous announcement to suspend sales to Russia and orderly wind down of our operations in Russia beginning in the first quarter of 2022. Refer to section entitled "Non-GAAP Measures" for additional information.

RECONCILIATION OF COMBINED SEGMENTS

RECURRING REVENUE	Q2 2023	Q1 2023	Q2 2022
Retail	\$262	\$253	\$254
Hospitality	138	136	129
Digital Banking	125	122	117
Subtotal	\$525	\$511	\$500
Payments & Network	\$332	\$321	\$331
Self-Service Banking	381	369	355
Eliminations ⁽¹⁾	(13)	(10)	(12)
Subtotal	\$700	\$680	\$674
Other	37	38	43
Total NCR	\$1,262	\$1,229	\$1,217

⁽¹⁾ 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.

RECONCILIATION OF COMBINED SEGMENTS

ADJUSTED EBITDA	Q2 2023	Q1 2023	Q2 2022
Retail	\$123	\$97	\$104
Hospitality	60	53	46
Digital Banking	53	49	56
Subtotal	\$236	\$199	\$206
Payments & Network	\$99	\$83	\$97
Self-Service Banking	169	138	142
Eliminations ⁽¹⁾	(9)	(8)	(8)
Subtotal	\$259	\$213	\$231
Corporate & Other ⁽²⁾	(106)	(110)	(98)
Total NCR	\$389	\$302	\$339

⁽¹⁾ 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.

⁽²⁾ 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).

RECONCILIATION OF CONSTANT CURRENCY

Q2 2023 - REVENUE	Revenue Growth % (GAAP)	Favorable (Unfavorable) FX Impact	Revenue Growth % Constant Currency (non-GAAP)
Retail	2 %	(1)%	3 %
Hospitality	(1)%	— %	(1)%
Digital Banking	7 %	— %	7 %
SUBTOTAL	2 %	(1)%	3 %
Payments & Network	— %	(1)%	1 %
Self-Service Banking	(3)%	(2)%	(1)%
Eliminations	8 %	— %	8 %
SUBTOTAL	(2)%	(1)%	(1)%
Other	(11)%	— %	(11)%
Total Revenue	(1)%	(1)%	— %

RECONCILIATION OF CONSTANT CURRENCY

Q2 2023 - Adjusted EBITDA	Adjusted EBITDA Growth %	Favorable (Unfavorable) FX Impact	Adjusted EBITDA Growth % Constant Currency (non-GAAP)
Retail	18 %	(3)%	21 %
Hospitality	30 %	— %	30 %
Digital Banking	(5)%	— %	(5)%
SUBTOTAL	15 %	(1)%	16 %
Payments & Network	2 %	(1)%	3 %
Self-Service Banking	19 %	(3)%	22 %
Eliminations	13 %	— %	13 %
SUBTOTAL	12 %	(2)%	14 %
Corporate and Other	8 %	— %	8 %
Adjusted EBITDA	15 %	(2)%	17 %

THANK YOU

