

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 27, 2021



**NCR CORPORATION**  
(Exact name of registrant as specified in its charter)

Commission File Number 001-00395

**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 and zip code)

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

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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.

**Item 2.02. Results of Operations and Financial Condition.**

On April 27, 2021, the Company issued a press release setting forth its first quarter 2021 financial results. A copy of the press release is attached hereto as Exhibit 99.1 and hereby incorporated by reference.

**Item 7.01. Regulation FD Disclosure.**

On April 27, 2021, the Company will hold its previously announced conference call to discuss its first quarter financial results. A copy of supplementary materials that will be referred to in the conference call, and which were posted to the Company's website, is attached hereto as Exhibit 99.2.

The information in this report (including Exhibits 99.1 and 99.2) is being furnished pursuant to Item 2.02 and Item 7.01 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

The following exhibits are attached with this current report on Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release issued by the Company, dated April 27, 2021</a>
99.2	<a href="#">Supplemental materials, dated April 27, 2021</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**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 hereunto duly authorized.

NCR Corporation

By: /s/ Timothy C. Oliver  
Timothy C. Oliver  
Executive Vice President and Chief Financial Officer

Date: April 27, 2021



April 27, 2021

**NCR Announces First Quarter 2021 Results**  
**Significant Profit Margin Expansion and Recurring Revenue up 9%**

ATLANTA - NCR Corporation (NYSE: NCR) reported financial results today for the three months ended March 31, 2021. First quarter and other recent highlights include:

- **Revenue of \$1,544 million, up 3%; Recurring revenue up 9%**
- **Significant profit margin expansion driven by cost reductions and favorable mix of revenue**
- **Cash flow from operations of \$155 million; Free cash flow of \$98 million, up \$118 million**
- **GAAP diluted EPS of \$0.19; Non-GAAP diluted EPS of \$0.51, up 65%**

“Our first quarter results represent a great start to the year with increased momentum in our shift to NCR-as-a-Service,” said Michael Hayford, President and Chief Executive Officer. “Our performance included strong recurring revenue growth, margin expansion and cash flow generation. We are benefiting from the successful execution of our strategy and are a stronger company than we were a year ago. We are confident our strategy will drive accelerated profitable growth and deliver long-term value creation for stockholders. Our financial position is strong, and our proposed transaction with Cardtronics remains on track for a mid-year 2021 close, subject to regulatory and Cardtronics' shareholder approval.”

In this release, we use certain non-GAAP measures. These non-GAAP measures include "free cash flow," "adjusted EBITDA," and others with the words "non-GAAP" in their titles. These non-GAAP measures are listed, described and reconciled to their most directly comparable GAAP measures under the heading "Non-GAAP Financial Measures" later in this release.

## First Quarter 2021 Operating Results

### Revenue

First quarter revenue of \$1,544 million increased 3% year over year. The following table shows revenue for the first quarter:

\$ in millions	Q1 2021	Q1 2020	% Increase (Decrease)
Banking	\$ 756	\$ 763	(1 %)
Retail	532	472	13 %
Hospitality	179	169	6 %
Other	77	99	(22 %)
<b>Total Revenue</b>	<b>\$ 1,544</b>	<b>\$ 1,503</b>	<b>3 %</b>
<b>Software &amp; Services Revenue</b>	<b>\$ 1,110</b>	<b>\$ 1,110</b>	<b>— %</b>
<i>Software &amp; Services Revenue %</i>	<i>72 %</i>	<i>74 %</i>	
<b>Recurring Revenue</b>	<b>\$ 874</b>	<b>\$ 802</b>	<b>9 %</b>
<i>Recurring Revenue %</i>	<i>57 %</i>	<i>53 %</i>	

Banking revenue decreased 1% due to a decline in ATM hardware revenue partially offset by higher software and services revenue.

Retail revenue increased 13% due to growth in self-checkout and point-of-sale revenue, as well as higher services revenue.

Hospitality revenue increased 6% driven primarily by an increase in point-of-sale revenue, as well as higher services revenue.

### Gross Margin

First quarter gross margin of \$414 million increased from \$397 million in the prior year period. Gross margin rate was 26.8%, up from 26.4%. First quarter gross margin (non-GAAP) of \$425 million increased from \$404 million in the prior year period. Gross margin rate (non-GAAP) was 27.5%, up from 26.9%. The increases in gross margin, both GAAP and non-GAAP, were driven by higher revenues and cost-saving actions taken in 2020, partially offset by the shift to recurring revenue.

### Operating Expenses

First quarter operating expenses of \$304 million decreased from \$320 million in the prior year period. First quarter operating expenses (non-GAAP) of \$277 million decreased from \$300 million in the prior year period. The decreases in operating expenses, both GAAP and non-GAAP, were driven by cost-saving actions taken in 2020.

### Operating Income

First quarter income from operations of \$110 million increased from \$77 million in the prior year period. First quarter operating income (non-GAAP) of \$148 million increased from \$104 million in the prior year period. The increases in operating income, both GAAP and non-GAAP, were driven by the impacts to gross margin and operating expenses described above.

### Other Expense/Income

First quarter other expense (GAAP) of \$62 million increased from \$52 million in the prior year period. The increase in other expense (GAAP) was due to increases in acquisition related expenses, partially offset by lower interest income. First quarter other expense (non-GAAP) of \$45 million decreased from \$52 million. The decrease in other expense (non-GAAP) was due to lower interest expense.

*Income Tax Expense/Benefit*

First quarter income tax expense of \$17 million increased from \$1 million in the prior year period. The first quarter effective income tax rate was 35.4%, compared to 4.0% in the prior year period. First quarter income tax expense (non-GAAP) of \$29 million increased from \$7 million in the prior year period. The first quarter effective income tax rate (non-GAAP) was 28.2%, compared to 13.5% in the prior year period. The increases in income tax expense, both GAAP and non-GAAP, were primarily driven by higher income before taxes and a decrease in discrete tax benefits.

*Net Income from Continuing Operations Attributable to NCR*

First quarter net income from continuing operations attributable to NCR of \$30 million increased from \$23 million in the prior year period. The increase was driven by impacts to gross margin and operating expenses partially offset by higher income tax expense, described above.

*Adjusted EBITDA*

First quarter adjusted EBITDA of \$258 million increased from \$188 million in the prior year period. Adjusted EBITDA margin rate increased to 16.7%, compared to 12.5% in the prior year period. The increase in adjusted EBITDA was driven by impacts to gross margin and operating expenses, described above.

*Cash Flow*

First quarter cash provided by operating activities of \$155 million increased from cash provided by operating activities of \$54 million in the prior year period. First quarter free cash flow was \$98 million, compared to free cash outflow of \$20 million in the prior year period. The increases in cash provided by operating activities and free cash flow were both driven by higher operating earnings.

### **Impact from COVID-19**

We continue to navigate through the challenging times presented by COVID-19, with a sharp focus on safeguarding our employees and helping our customers. Despite the unprecedented environment, our teams are executing at a high level and we are advancing our strategy.

While it is difficult to project how disruptive and protracted the pandemic will be, we do expect it will negatively impact our business. We expect all of our segment results to be negatively impacted by the COVID-19 pandemic. We expect our hardware revenues to be most impacted while our recurring revenue streams are expected to be more resilient.

The COVID-19 pandemic is complex and rapidly evolving. The ultimate impact on our overall financial condition and operating results will depend on the currently unknowable duration and severity of the pandemic, as well as any additional governmental and public actions taken in response. We continue to evaluate the long-term impact that COVID-19 may have on our business model. There can be no assurance that the measures we have taken or will take will completely offset the negative impact of COVID-19.

### **2021 First Quarter Earnings Conference Call**

A conference call is scheduled for today at 4:30 p.m. Eastern Time to discuss the first quarter 2021 results. Access to the conference call and accompanying slides, as well as a replay of the call, are available on NCR's web site at <http://investor.ncr.com>. Additionally, the live call can be accessed by dialing 888-820-9413 (United States/Canada Toll-free) or 786-460-7169 (International Toll) and entering the participant passcode 7622865.

More information on NCR's first quarter earnings, including additional financial information and analysis, is available on NCR's Investor Relations website at <http://investor.ncr.com/>.

#### **About NCR Corporation**

NCR Corporation (NYSE: NCR) is a leading software- and services-led enterprise provider in the financial, retail and hospitality industries. NCR is headquartered in Atlanta, Ga., with 36,000 employees globally. NCR is a trademark of NCR Corporation in the United States and other countries.

Website: [www.ncr.com](http://www.ncr.com)

Twitter: @NCRCorporation

Facebook: [www.facebook.com/ncrcorp](http://www.facebook.com/ncrcorp)

LinkedIn: <https://www.linkedin.com/company/ncr-corporation>

YouTube: [www.youtube.com/user/ncrcorporation](http://www.youtube.com/user/ncrcorporation)

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## Cautionary Statements

This release 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,” “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 this release 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 relating to: the impact of the coronavirus (COVID-19) pandemic on our business, financial condition and results of operations; domestic and global economic and credit conditions including, in particular, political, consumer, and unemployment conditions, the imposition or threat of protectionist trade policies or import or export tariffs, global and regional market conditions and spending trends, new tax legislation across multiple jurisdictions, modified or new global or regional trade agreements, execution of the United Kingdom’s exit from the European Union, uncertainty over further potential changes in Eurozone participation, fluctuations in oil and commodity prices, and our customer responses to the same; the transformation of our business model to an as-a-service company with focus on, among other items, increased software and services revenue, and recurring revenue; our ability grow software and services and expanding our customer base; our ability to successfully develop and introduce new solutions in the competitive, rapidly changing environment in which we do business; defects, errors, installation difficulties or development delays in our products; disruptions in our data center hosting facilities or cloud based hosting; our ability to compete effectively within the technology industry; reliance on third party suppliers; our multinational operations, including in new and emerging markets; our ability to successfully integrate acquisitions or effectively manage alliance activities, including but not limited to, the Cardtronics acquisition; the consummation of the Cardtronics acquisition, including approval by Cardtronics’ shareholders and regulatory approvals; continuous improvement, customer experience, restructuring and cost reduction initiatives; our ability to retain key employees, or attract quality new and replacement employees; financing and liquidity risks including: our level of indebtedness; the terms of the documents governing our indebtedness including financial and other covenants; the incurrence of substantially more debt, including secured debt, and similar liabilities, which would increase the risks described in our risk factors relating to indebtedness and repurchase obligations; sufficiency of our cash flows including to service our indebtedness; interest rate risk, which could cause our debt service obligations to increase significantly; our ability to raise the funds necessary to finance a required repurchase of our senior unsecured notes or our Series A Convertible Preferred Stock; a lowering or withdrawal of the ratings assigned to our debt securities by rating agencies; our pension liabilities; data protection, cybersecurity and privacy risks; intellectual property risks including protection, development and our ability to manage third party claims regarding patents and other intellectual property rights; legal and regulatory risks including unanticipated changes to our tax rates and additional income tax liabilities; environmental exposures from our historical and ongoing manufacturing activities; uncertainties with regard to regulations, lawsuits, claims, and other matters across various jurisdictions; other risks including the impact of the terms of our Series A Convertible Preferred Stock relating to voting power, share dilution and market price of our common stock, as well as rights, preferences and privileges that are not held by, and are preferential to, the rights of our common stockholders; actions or proposals from stockholders that do not align with our business strategies or the interests of our other stockholders; and potential write-down of the value of certain significant assets. 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.



## Non-GAAP Financial Measures

*Non-GAAP Financial Measures.* While NCR reports its results in accordance with Generally Accepted Accounting Principles in the United States, or GAAP, in this release NCR also uses the non-GAAP measures listed and described below.

*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.

*Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA).* 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.

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

*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.

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.

## Use of Certain Terms

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.

**Reconciliation of Gross Margin (GAAP) to Gross Margin (Non-GAAP)**

\$ in millions		Q1 2021	Q1 2020
<b>Gross Margin (GAAP)</b>	\$	414	\$ 397
Transformation and restructuring costs		4	—
Acquisition-related amortization of intangibles		7	7
<b>Gross Margin (Non-GAAP)</b>	\$	<u>425</u>	\$ <u>404</u>

**Reconciliation of Gross Margin Rate (GAAP) to Gross Margin Rate (Non-GAAP)**

		Q1 2021	Q1 2020
<b>Gross Margin Rate (GAAP)</b>		26.8 %	26.4 %
Transformation and restructuring costs		0.3 %	— %
Acquisition-related amortization of intangibles		0.4 %	0.5 %
<b>Gross Margin Rate (Non-GAAP)</b>		<u>27.5 %</u>	<u>26.9 %</u>

**Reconciliation of Operating Expenses (GAAP) to Operating Expenses (Non-GAAP)**

\$ in millions		Q1 2021	Q1 2020
<b>Operating Expenses (GAAP)</b>	\$	304	\$ 320
Transformation and restructuring costs		(4)	(5)
Acquisition-related amortization of intangibles		(13)	(15)
Acquisition-related costs		(10)	—
<b>Operating Expenses (Non-GAAP)</b>	\$	<u>277</u>	\$ <u>300</u>

**Reconciliation of Income from Operations (GAAP) to Operating Income (Non-GAAP)**

\$ in millions		Q1 2021	Q1 2020
<b>Income (Loss) from Operations (GAAP)</b>	\$	110	\$ 77
Transformation and restructuring costs		8	5
Acquisition-related amortization of intangibles		20	22
Acquisition-related costs		10	—
<b>Operating Income (Non-GAAP)</b>	\$	<u>148</u>	\$ <u>104</u>

**Reconciliation of Other (Expense) (GAAP) to Other (Expense) (Non-GAAP)**

\$ in millions		Q1 2021	Q1 2020
<b>Other Income (Expense) (GAAP)</b>	\$	(62)	\$ (52)
Acquisition-related cost		17	—
<b>Other Income (Expense) (Non-GAAP)</b>	\$	<u>(45)</u>	\$ <u>(52)</u>

**Reconciliation of Income Tax (Benefit) Expense (GAAP) to Income Tax Expense (Non-GAAP)**

\$ in millions		Q1 2021	Q1 2020
<b>Income Tax (Benefit) Expense (GAAP)</b>	\$	17	\$ 1
Transformation and restructuring costs		2	1
Acquisition-related amortization of intangibles		4	5
Acquisition-related costs		6	—
<b>Income Tax Expense (Non-GAAP)</b>	\$	<u>29</u>	\$ <u>7</u>

**Reconciliation of Net Income from Continuing Operations Attributable to NCR (GAAP) to Earnings Before Interest, Depreciation, Taxes and Amortization (Adjusted EBITDA)**

\$ in millions	Q1 2021		Q1 2020	
<b>Net Income (Loss) from Continuing Operations Attributable to NCR (GAAP)</b>	\$	30	\$	23
Transformation and restructuring costs		8		5
Acquisition-related amortization of intangibles		20		22
Acquisition-related costs		27		—
Depreciation and amortization (excluding acquisition-related amortization of intangibles)		70		63
Interest expense		45		50
Interest income		(3)		(1)
Income tax expense (benefit)		17		1
Stock-based compensation expense		44		25
<b>Adjusted EBITDA (Non-GAAP)</b>	\$	258	\$	188

**Reconciliation of Diluted Earnings Per Share from Continuing Operations (GAAP) to Non-GAAP Diluted Earnings Per Share from Continuing Operations (Non-GAAP)**

	Q1 2021		Q1 2020	
<b>Diluted Earnings Per Share (GAAP) <sup>(1)</sup></b>	\$	0.19	\$	0.13
Transformation and restructuring costs		0.04		0.03
Acquisition-related amortization of intangibles		0.11		0.12
Acquisition-related costs		0.15		—
<b>Diluted Earnings Per Share (Non-GAAP) <sup>(1)</sup></b>	\$	0.51	\$	0.31

<sup>(1)</sup> Non-GAAP diluted EPS is determined using the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of weighted average diluted shares outstanding. GAAP EPS is determined using the most dilutive measure, either including the impact of dividends or deemed dividends on the Company's Series A Convertible Preferred Stock in the calculation of net income or loss available to common stockholders or including the impact of the conversion of the Series A Convertible Preferred Stock into common stock in the calculation of the weighted average diluted shares outstanding. Therefore, GAAP diluted EPS and non-GAAP diluted EPS may not mathematically reconcile.

**Reconciliation of Net Cash Provided by Operating Activities (GAAP) to Free Cash Flow (Non-GAAP)**

\$ in millions	Q1 2021		Q1 2020	
<b>Net cash provided by (used in) operating activities</b>	\$	155	\$	54
Total capital expenditures		(61)		(79)
Pension contributions		4		5
<b>Free cash flow</b>	\$	98	\$	(20)

	For the Periods Ended March 31	
	Three Months	
	2021	2020
<b>Revenue</b>		
Product	\$ 482	\$ 474
Service	1,062	1,029
<b>Total Revenue</b>	<b>1,544</b>	<b>1,503</b>
Cost of products	408	391
Cost of services	722	715
<b>Total gross margin</b>	<b>414</b>	<b>397</b>
<i>% of Revenue</i>	26.8 %	26.4 %
Selling, general and administrative expenses	238	255
Research and development expenses	66	65
<b>Income (loss) from operations</b>	<b>110</b>	<b>77</b>
<i>% of Revenue</i>	7.1 %	5.1 %
Interest expense	(45)	(50)
Other expense, net	(17)	(2)
Total other expense, net	(62)	(52)
<b>Income (loss) from continuing operations before income taxes</b>	<b>48</b>	<b>25</b>
<i>% of Revenue</i>	3.1 %	1.7 %
Income tax expense (benefit)	17	1
<b>Income (loss) from continuing operations</b>	<b>31</b>	<b>24</b>
Loss from discontinued operations, net of tax	—	—
<b>Net income (loss)</b>	<b>31</b>	<b>24</b>
Net income (loss) attributable to noncontrolling interests	1	1
<b>Net income (loss) attributable to NCR</b>	<b>\$ 30</b>	<b>\$ 23</b>
<b>Amounts attributable to NCR common stockholders:</b>		
Income (loss) from continuing operations	\$ 30	\$ 23
Dividends on convertible preferred stock	(4)	(6)
Income (loss) from continuing operations attributable to NCR common stockholders	26	17
Loss from discontinued operations, net of tax	—	—
Net income (loss) attributable to NCR common stockholders	<b>\$ 26</b>	<b>\$ 17</b>
<b>Income (loss) per share attributable to NCR common stockholders:</b>		
<b>Income (loss) per common share from continuing operations</b>		
Basic	\$ 0.20	\$ 0.13
Diluted <sup>(1)</sup>	\$ 0.19	\$ 0.13
<b>Net income (loss) per common share</b>		
Basic	\$ 0.20	\$ 0.13
Diluted <sup>(1)</sup>	\$ 0.19	\$ 0.13
<b>Weighted average common shares outstanding</b>		
Basic	130.0	128.0
Diluted <sup>(1)</sup>	134.7	130.5

<sup>(1)</sup> Diluted EPS is determined using the most dilutive measure, either including the impact of the dividends and deemed dividends on NCR's Series A Convertible Preferred Shares in the calculation of net income or loss per common share from continuing operations and net income or loss per common share or including the impact of the conversion of such preferred stock into common stock in the calculation of the weighted average diluted shares outstanding.

NCR CORPORATION  
REVENUE AND OPERATING INCOME SUMMARY  
(Unaudited)  
(in millions)

Schedule B

	For the Periods Ended March 31		
	2021	2020	% Change
<b>Revenue by segment</b>			
Banking	\$ 756	\$ 763	(1)%
Retail	532	472	13 %
Hospitality	179	169	6 %
Other	77	99	(22)%
<b>Total Revenue</b>	<b>\$ 1,544</b>	<b>\$ 1,503</b>	<b>3 %</b>
<b>Adjusted EBITDA by segment</b>			
Banking	\$ 154	\$ 140	
Banking adjusted EBITDA margin %	20.4 %	18.3 %	
Retail	73	37	
Retail adjusted EBITDA margin %	13.7 %	7.8 %	
Hospitality	25	7	
Hospitality adjusted EBITDA margin %	14.0 %	4.1 %	
Other	10	8	
Other adjusted EBITDA margin %	13.0 %	8.1 %	
<b>Total adjusted EBITDA by segment</b>	<b>262</b>	<b>192</b>	
Other income (expense)	(3)	(3)	
Non-controlling interest in subsidiaries	(1)	(1)	
<b>Total adjusted EBITDA</b>	<b>\$ 258</b>	<b>\$ 188</b>	
Total adjusted EBITDA margin %	16.7 %	12.5 %	

**NCR CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(in millions, except per share amounts)

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 319	\$ 338
Accounts receivable, net of allowances of \$39 and \$51 as of March 31, 2021 and December 31, 2020, respectively	1,212	1,117
Inventories	634	601
Other current assets	447	422
<b>Total current assets</b>	<b>2,612</b>	<b>2,478</b>
Property, plant and equipment, net	364	373
Goodwill	2,924	2,837
Intangibles, net	565	532
Operating lease assets	396	344
Prepaid pension cost	202	199
Deferred income taxes	946	965
Other assets	693	686
<b>Total assets</b>	<b>\$ 8,702</b>	<b>\$ 8,414</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities		
Short-term borrowings	\$ 52	\$ 8
Accounts payable	707	632
Payroll and benefits liabilities	227	268
Contract liabilities	594	507
Other current liabilities	638	673
<b>Total current liabilities</b>	<b>2,218</b>	<b>2,088</b>
Long-term debt	3,349	3,270
Pension and indemnity plan liabilities	839	851
Postretirement and postemployment benefits liabilities	117	120
Income tax accruals	101	102
Operating lease liabilities	377	325
Other liabilities	328	334
<b>Total liabilities</b>	<b>7,329</b>	<b>7,090</b>
Series A convertible preferred stock; par value \$0.01 per share, 3.0 shares authorized, 0.3 issued and outstanding as of March 31, 2021 and December 31, 2020, respectively; redemption amount and liquidation preference of \$276 as of March 31, 2021 and December 31, 2020, respectively	273	273
<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 March 31, 2021 and December 31, 2020, respectively	—	—
Common stock; par value \$0.01 per share, 500.0 shares authorized, 130.6 and 129.1 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	1	1
Paid-in capital	398	368
Retained earnings	976	950
Accumulated other comprehensive loss	(279)	(271)
<b>Total NCR stockholders' equity</b>	<b>1,096</b>	<b>1,048</b>
Noncontrolling interests in subsidiaries	4	3
<b>Total stockholders' equity</b>	<b>1,100</b>	<b>1,051</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 8,702</b>	<b>\$ 8,414</b>



**NCR CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(in millions)

Schedule D

	For the Periods Ended March 31	
	Three Months	
	2021	2020 As Revised <sup>(1)</sup>
<b>Operating activities</b>		
Net income (loss)	\$ 31	\$ 24
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	92	87
Stock-based compensation expense	44	25
Deferred income taxes	7	5
Impairment of other assets	—	1
Gain (loss) on disposal of property, plant and equipment	—	(2)
Changes in assets and liabilities:		
Receivables	(91)	137
Inventories	(17)	(48)
Current payables and accrued expenses	34	(183)
Contract liabilities	74	108
Employee benefit plans	(10)	(3)
Other assets and liabilities	(9)	(97)
<b>Net cash provided by operating activities</b>	<b>155</b>	<b>54</b>
<b>Investing activities</b>		
Expenditures for property, plant and equipment	(10)	(10)
Proceeds from sale of property, plant and equipment	—	7
Additions to capitalized software	(51)	(69)
Business acquisitions, net of cash acquired	(157)	(26)
Purchases of short-term investments	(5)	—
Proceeds from sales of short-term investments	5	—
<b>Net cash used in investing activities</b>	<b>(218)</b>	<b>(98)</b>
<b>Financing activities</b>		
Short term borrowings, net	—	3
Payments on term credit facilities	(8)	(2)
Payments on revolving credit facilities	(318)	(573)
Borrowings on revolving credit facilities	448	1,397
Debt issuance costs	(1)	(1)
Cash dividend paid for Series A preferred shares dividends	(4)	(6)
Repurchases of common stock	—	(41)
Proceeds from employee stock plans	8	3
Tax withholding payments on behalf of employees	(22)	(24)
Net change in client funds obligations	—	12
Principal payments for finance lease obligations	(4)	—
Other financing activities	(1)	(3)
<b>Net cash provided by (used in) financing activities</b>	<b>98</b>	<b>765</b>
<b>Cash flows from discontinued operations</b>		
Net cash provided by (used in) discontinued operations	(44)	3
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	(14)
<b>Increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>(15)</b>	<b>710</b>
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b>406</b>	<b>563</b>
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 391</b>	<b>\$ 1,273</b>

<sup>(1)</sup> Certain amounts have been revised for the three months ended March 31, 2020 to correct for errors related to the business activities of JetPay Corporation, a wholly-owned subsidiary, which were more fully described in our 2020 Form 10-K filing.



# Q1 2021 EARNING CONFERENCE CAL

**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 constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 27A 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,” “outline,” “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 that our 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 plans 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 our 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 were last updated on 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 (non-GAAP); diluted earnings per share (non-GAAP); free cash flow; gross margin (non-GAAP); net debt; adjusted EBITDA; 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 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 and recurring revenue pattern that will occur at regular intervals with a relatively high degree of certainty. This includes hardware sales, 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

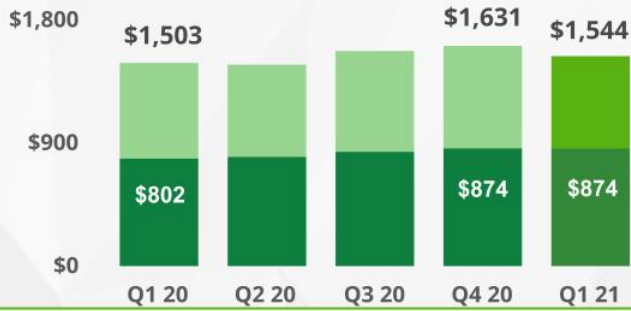
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- Successful progress on 80/60/20 goals
  - Banking – Digital banking momentum and accelerating shift to recurring software revenue
  - Retail - Gaining traction on NCR Emerald™ and self-checkout solutions
  - Hospitality - Momentum in Aloha™ Essentials 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



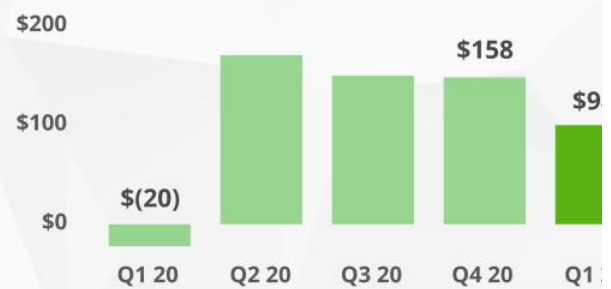
Adjusted EBITDA up 37% and margin rate up 420 y/y due to higher revenue and expense reduction

## 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

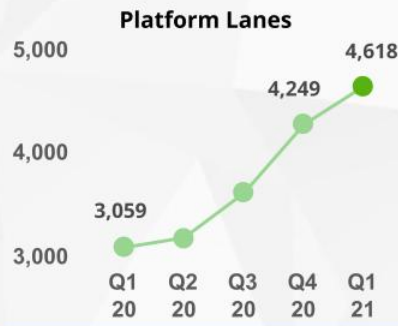
## Revenue



## Adjusted EBITDA



## Key Metrics



Up 31% y/y

Up 51% y/y

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>	71%	74%
<b>60%</b> of NCR's revenue will come from <b>recurring revenue</b>	<b>57%</b>	54%	53%
<b>20%</b> goal for <b>Adjusted EBITDA</b> as a percent of revenue	<b>16.7%</b>	15.8%	12.5%

# 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



## 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	% C
Revenue	\$1,544	\$1,503	:
Gross Margin	414	397	.
Gross Margin Rate	26.8%	26.4%	
Operating Expenses	304	320	(
% of Revenue	19.7%	21.3%	
Operating Income	110	77	4
% of Revenue	7.1%	5.1%	
Interest and other expense	(62)	(52)	1
Income Tax Expense (Benefit)	17	1	1,6
Effective Income Tax Rate	35.4%	4.0%	
Net Income from Continuing Operations (attributable to NCR)	\$30	\$23	3
Diluted EPS	\$0.19	\$0.13	4

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# 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	\$ 130
<b>Retail</b>	73	88	81	49	49
<b>Hospitality</b>	25	27	24	15	15
<b>Other</b>	10	11	10	10	10
<b>Adjusted EBITDA by Segment</b>	\$ 262	\$ 258	\$ 259	\$ 204	\$ 204
<b>OIE</b>	(3)	(1)	(9)	(3)	(3)
<b>Minority Interest</b>	(1)	1	(1)	—	—
<b>Adjusted EBITDA</b>	\$ 258	\$ 258	\$ 249	\$ 201	\$ 201

# 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, pension special termination benefits, as well as other special items, including amortization of acquisition related intangible assets, from NCR's GAAP earnings per share, gross margin, gross margin rate, operating 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 special items, NCR's management uses these non-GAAP measures to evaluate year-over-year operating performance and believes these measures are useful for investors because they provide a more complete understanding of NCR's 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 its 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, definitions may differ from other companies' definitions of these measures.

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# 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 borrowing plus total long-term debt. NCR believes that Net Debt provides useful information to investors because NCR's management routinely monitors Net Debt as part of its management of overall liquidity, financial flexibility, capital structure and leverage. In addition, certain credit 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 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.

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>	\$ 30	\$ (125)	\$ 31	\$ 64	\$ 64
<b>Pension Mark-to-Market Adjustments</b>	—	34	—	—	—
<b>Transformation &amp; Restructuring Costs</b>	8	202	19	8	8
<b>Acquisition-Related Amortization of Intangibles</b>	20	19	21	19	19
<b>Acquisition-Related Costs</b>	27	(6)	—	—	—
<b>Loss on Debt Extinguishment</b>	—	—	20	—	—
<b>Interest Expense</b>	45	51	60	57	57
<b>Interest Income</b>	(3)	(3)	(3)	(1)	(1)
<b>Depreciation and Amortization</b>	70	74	70	68	68
<b>Income Taxes</b>	17	(20)	—	(34)	(34)
<b>Stock Compensation Expense</b>	44	32	31	20	20
<b>Adjusted EBITDA (non-GAAP)</b>	\$ 258	\$ 258	\$ 249	\$ 201	\$ 201

# 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)	\$
<b>Pension Mark-to-Market Adjustments</b>	34	34	
<b>Transformation &amp; Restructuring Costs</b>	237	234	
<b>Acquisition-Related Amortization of Intangibles</b>	79	81	
<b>Acquisition-Related Costs</b>	21	(6)	
<b>Internal reorganization &amp; IP Transfer</b>	—	—	
<b>Loss on Debt Extinguishment</b>	20	20	
<b>Interest Expense</b>	213	218	
<b>Interest Income</b>	(10)	(8)	
<b>Depreciation and Amortization</b>	282	275	
<b>Income Taxes</b>	(37)	(53)	
<b>Stock Compensation Expense</b>	127	108	
<b>Adjusted EBITDA (non-GAAP)</b>	\$ 966	\$ 896	\$



# 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 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>28.1%</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>\$0.29</b>
Diluted shares outstanding	134.7				141.7

# 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
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%	26.9%
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)%	20.0%
<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>	—%	—%	13.5%
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>\$0.28</b>
Diluted shares outstanding	130.5			143



# GAAP TO NON-GAAP RECONCILIATION

Q1 2020

\$ in millions, except per share amounts

	Q1 QTD 2020 GAAP	Q1 QTD 2020 non-GAAP
<b>Income from continuing operations attributable to NCR common stockholders:</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>Weighted average outstanding shares:</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 202
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**



