



FULL YEAR & Q4 2021 EARNINGS CONFERENCE CALL

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

February 8, 2022



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,” “objective,” “could,” “may,” and words of similar meaning, as well as other words or expressions referencing future events, conditions or circumstances. We intend these forward-looking statements to be covered by the safe harbor provisions for forward looking statements contained in the Act. Statements that describe or relate to NCR’s plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. Examples of forward-looking statements in these materials include, without limitation, statements regarding our financial position and NCR’s full year 2022 and first quarter financial forecast; a comprehensive strategic review to evaluate strategic alternatives (which could include a disposition of a material business or assets of the Company, a spin-off, merger or sale of the Company or other transactions) available to NCR; NCR’s execution of our strategy to shift to a software platform and payments company and a higher level of recurring revenue streams; expectations regarding the impact of improved customer satisfaction; expectations regarding demand, momentum and growth acceleration, competitive differentiation, our long-term growth profile and value creation for our stakeholders; impact of continued execution on return; impact of continued transformation on re-rate of valuation; statements regarding our plans to manage our business through the COVID-19 pandemic including safeguarding our employees, helping our customers and managing impacts on our supply chain; the impact of the COVID-19 pandemic on our overall financial condition and operating results, including but not limited to, supply chain challenges and cost escalations including materials, labor and freight; and capitalization of opportunities including Cardtronics and LibertyX. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of NCR’s control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors listed in Item 1A “Risk Factors” of NCR’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (SEC) on February 26, 2021 and those factors detailed from time to time in NCR’s other SEC reports including quarterly reports on Form 10-Q and current reports on Form 8-K. These materials are dated February 8, 2022, 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); free cash flow; gross margin (non-GAAP); net debt; adjusted EBITDA; the ratio of net debt to adjusted EBITDA; operating income (non-GAAP); interest and other expense (non-GAAP); income tax expense (non-GAAP); effective income tax rate (non-GAAP); and net income (non-GAAP). These measures are included to provide additional useful information regarding NCR's financial results, and are not a substitute for their comparable GAAP measures. Explanations of these non-GAAP measures, and reconciliations of these non-GAAP measures to their directly comparable GAAP measures, are included in the accompanying "Supplementary Materials" and are available on the Investor Relations page of NCR's website at www.ncr.com. Descriptions of many of these non-GAAP measures are also included in NCR's SEC reports.

CARDTRONICS ACQUISITION. On June 21, 2021, we completed the acquisition of Cardtronics plc ("Cardtronics"), which is included in the Banking segment results.

USE OF CERTAIN TERMS. As used in these materials:

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

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

2021 OVERVIEW

Strong full year 2021 results

Significant increase in customer satisfaction

Revenue growth and margin expansion across all industries

Revenue up 15% Y/Y; Recurring revenue up 25% Y/Y

Adjusted EBITDA growth of 39%; Margin expansion of 300 bps to 17.4%; Non-GAAP Diluted EPS up 51%

Free Cash Flow of \$460M

BUSINESS UPDATE

2022 Outlook expects another year with strong revenue growth and significantly higher profitability

Banking - Digital banking momentum and early ATMaas traction

Retail - Continued growth in NCR Commerce software platform

Hospitality - Momentum in Aloha™ Essentials continues

Payments - Gaining traction across Merchant acquiring and Allpoint™ networks

Initiating a comprehensive strategic review process

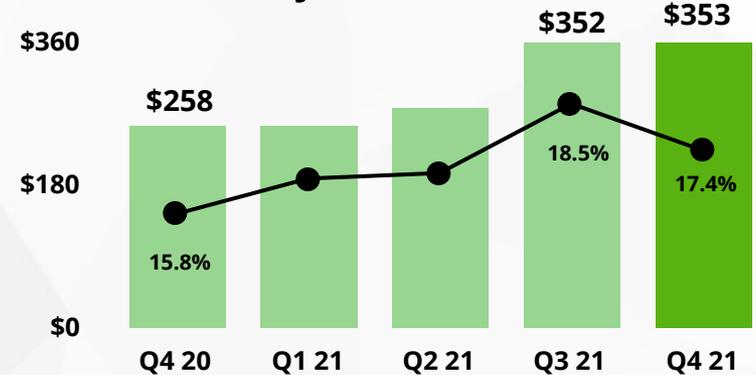
Q4 2021 FINANCIAL RESULTS

\$ in millions, except for EPS

Total Revenue



Adjusted EBITDA



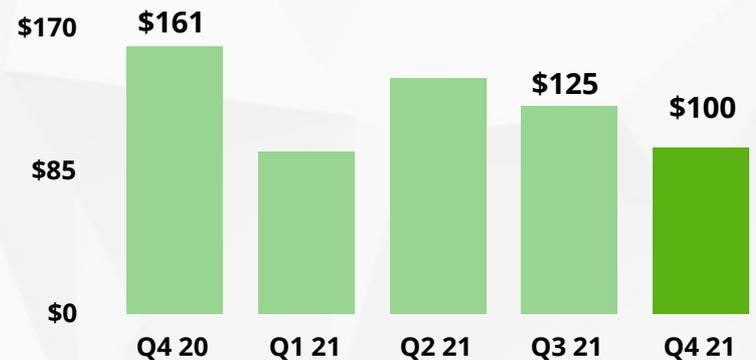
Revenue up 25% y/y; Recurring revenue up 35% y/y; Pro forma revenue up 8%; Pro forma⁽¹⁾ recurring revenue up 5%

Adjusted EBITDA up 37% and margin rate up 160 bps y/y

Non-GAAP Diluted EPS



Free Cash Flow



Non-GAAP EPS up 30% y/y

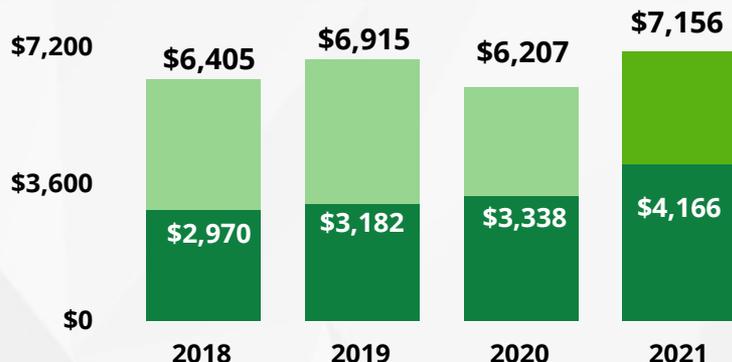
Driving strong and linear free cash flow production

⁽¹⁾ Proforma recurring revenue includes the historical recurring revenue of Cardtronics for the three month period ending Q4 20 adjusted for \$8M of intercompany.

2021 FINANCIAL RESULTS

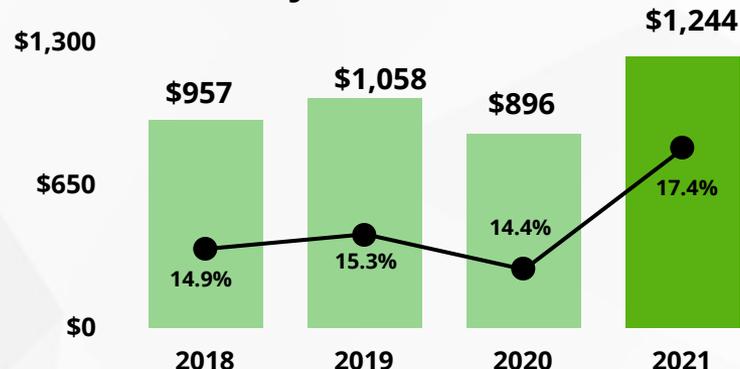
\$ in millions, except for EPS

Total Revenue/Recurring



Revenue up 15% y/y; Recurring revenue up 25% y/y; Pro forma revenue up 6%; Pro forma⁽¹⁾ recurring revenue up 8%

Adjusted EBITDA



Adjusted EBITDA up 39% and margin rate up 300 bps y/y

Non-GAAP Diluted EPS



Non-GAAP EPS up 51% y/y

Free Cash Flow



Driving strong and consistent free cash flow production

(1) Proforma recurring revenue includes the historical recurring revenue of Cardtronics for the full year 2020 and for the period ending June 20, 2021 adjusted for \$29M and \$16M of intercompany, respectively.

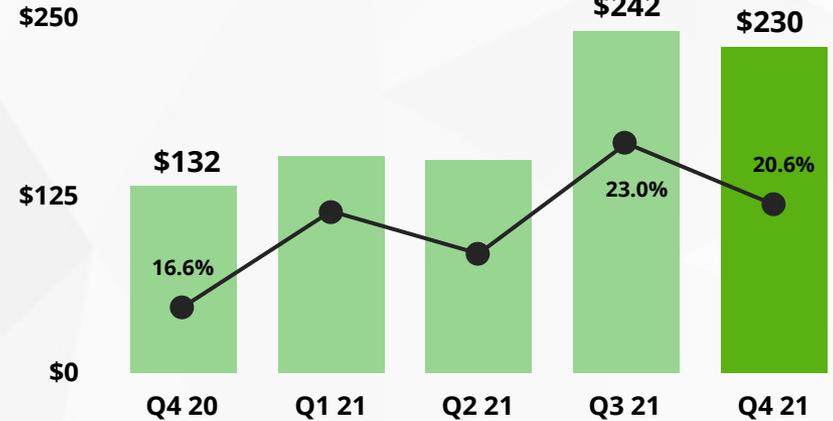
BANKING

Revenue

\$ in millions, except registered users



Adjusted EBITDA



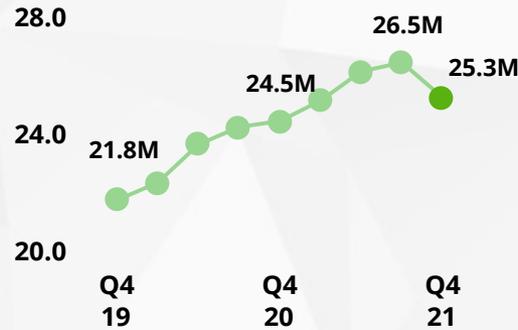
Key Metrics

Digital Banking Revenue



FY21 up 9%

Digital Banking Registered Users



FY21 Registered Users up 3%

Recurring Revenue



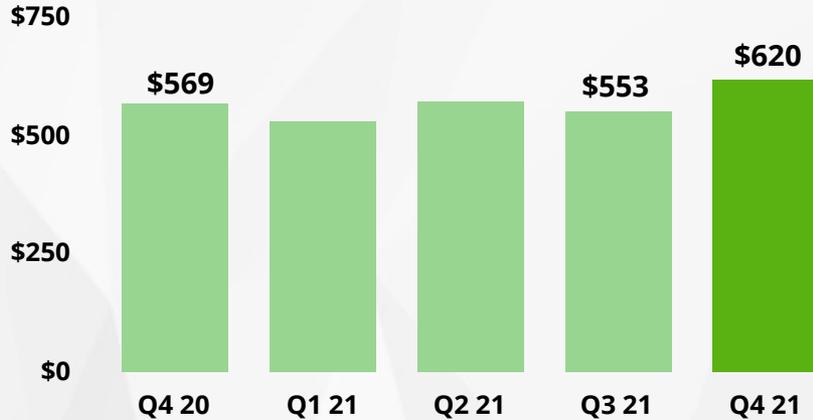
FY21 up 42%; Pro forma⁽¹⁾ up 6%

⁽¹⁾ Proforma recurring revenue includes the historical recurring revenue of Cardtronics for the three month period ending Q4 20 adjusted for \$8M of intercompany.

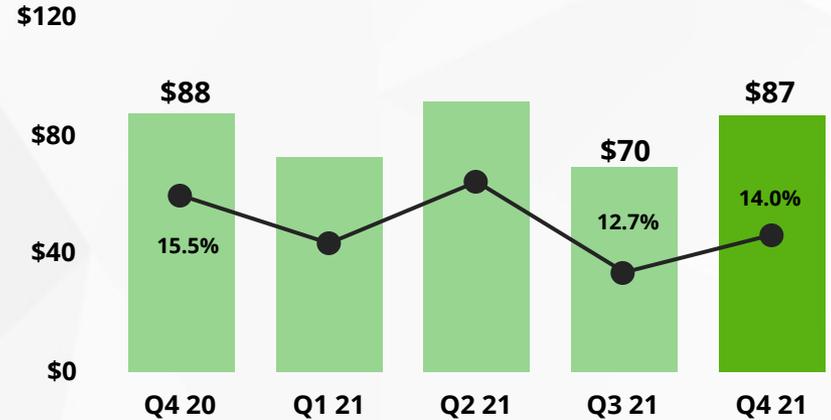
RETAIL

\$ in millions, except platform lanes

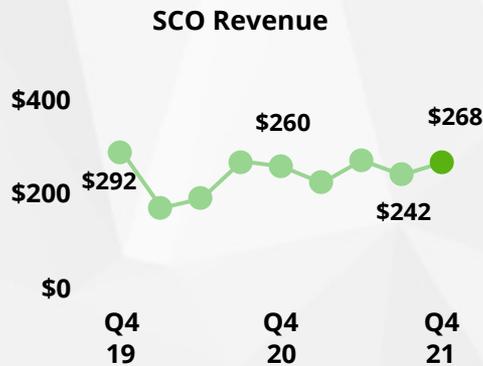
Revenue



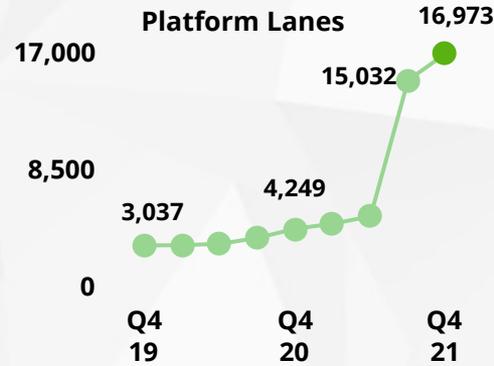
Adjusted EBITDA



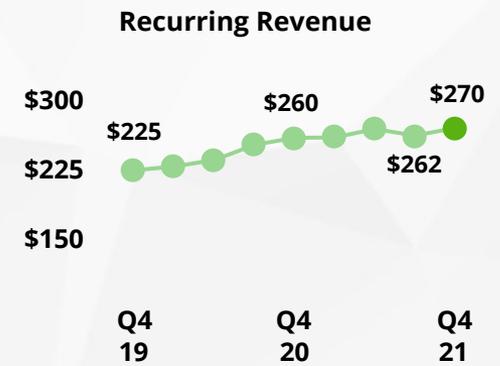
Key Metrics



FY21 up 13%



FY21 up >3x

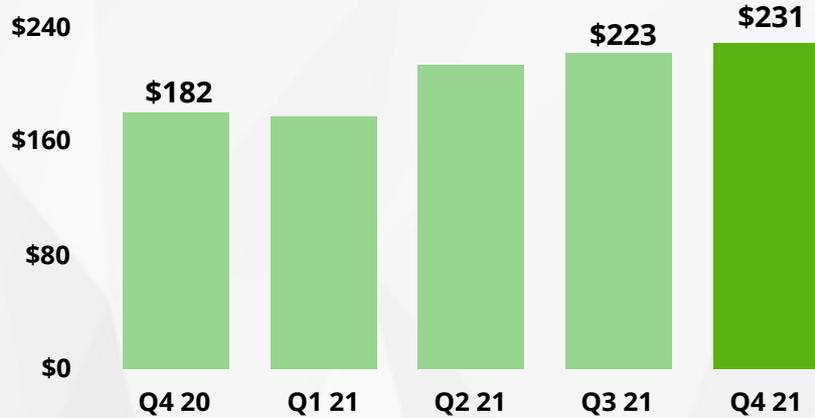


FY21 up 9%

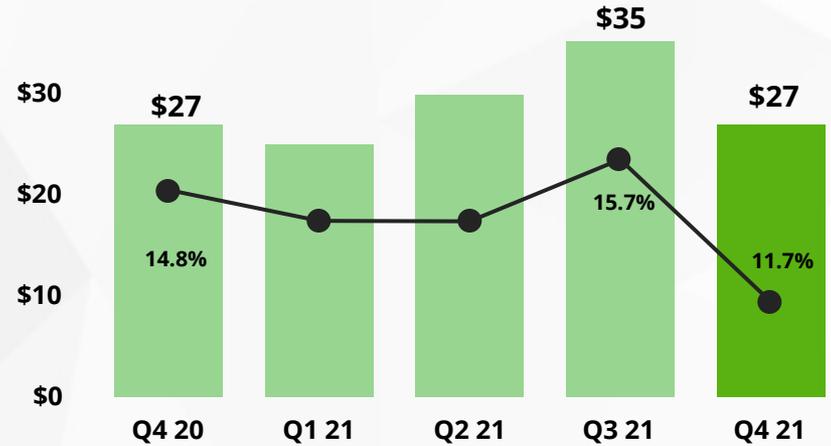
HOSPITALITY

\$ in millions, except
Aloha Essential sites

Revenue

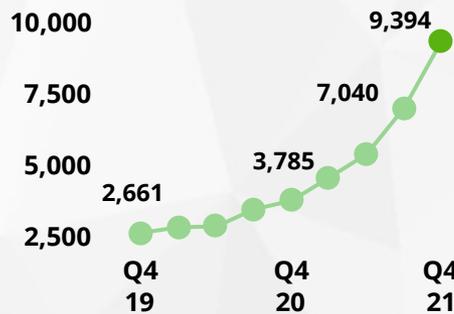


Adjusted EBITDA



Key Metrics

Aloha Essential Sites



FY21 up 148%

Recurring Revenue



FY21 up 9%

Progress on NCR 80/60/20 Goals

	FY 2021	FY 2020
80% of NCR's revenue will come from software and services	73%	72%
60% of NCR's revenue will come from recurring revenue	58%	54%
20% goal for Adjusted EBITDA as a percent of revenue	17.4%	14.4%

FREE CASH FLOW, NET DEBT & EBITDA

\$ in millions

Free Cash Flow	Q4 2021	FY 2021
Cash provided by operating activities	\$270	\$1,077
Less: Total capital expenditures	(\$106)	(\$348)
Less: Initial sale of Trade Accounts Receivable	(\$26)	(\$300)
Less: Acquisition Related Items	\$—	\$55
Plus: Settlement Restricted Cash Activity	(\$42)	(\$41)
Plus: Pension contributions	\$4	\$17
Free Cash Flow	\$100	\$460

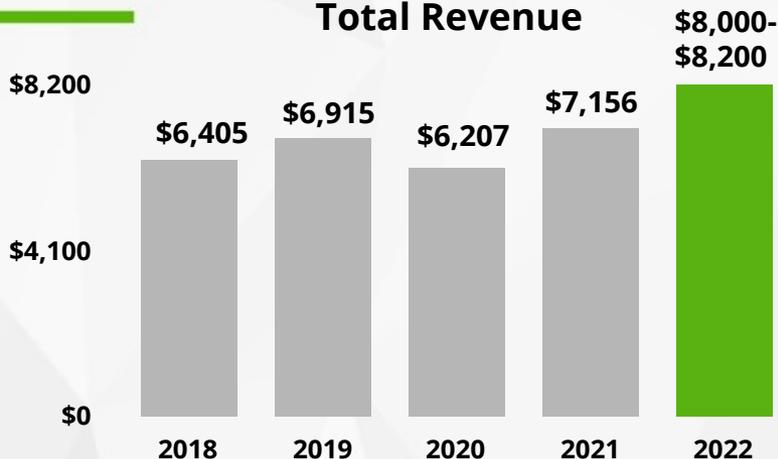
Net Debt & EBITDA	Q4 2021	Q3 2021
Debt	\$5,562	\$5,564
Cash	(\$447)	(\$383)
Net Debt	\$5,115	\$5,181
Adjusted EBITDA LTM	\$1,244	\$1,149
Net Debt / Adjusted EBITDA	4.1x	4.5x
Net Debt/ Adjusted EBITDA with CATM⁽¹⁾	3.7x	3.8x

⁽¹⁾ Net Debt/ Adjusted EBITDA with Cardtronics ("CATM") calculation includes the addition of the historical EBITDA of CATM for the twelve month period ending Q4 & Q3 2021.

2022 GUIDANCE

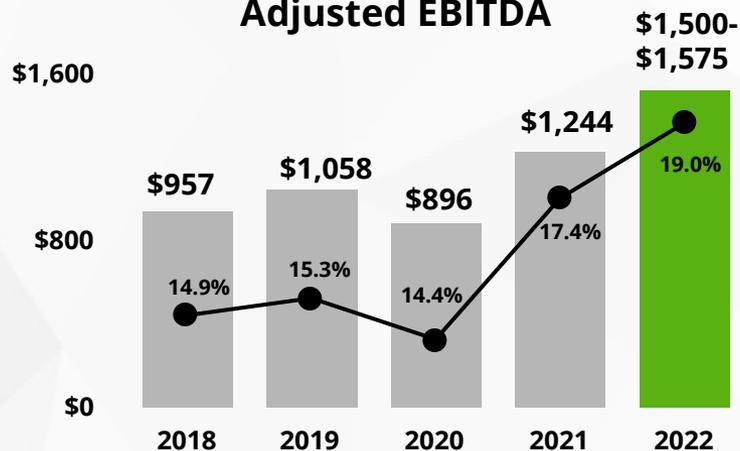
\$ in millions, except for EPS

Total Revenue



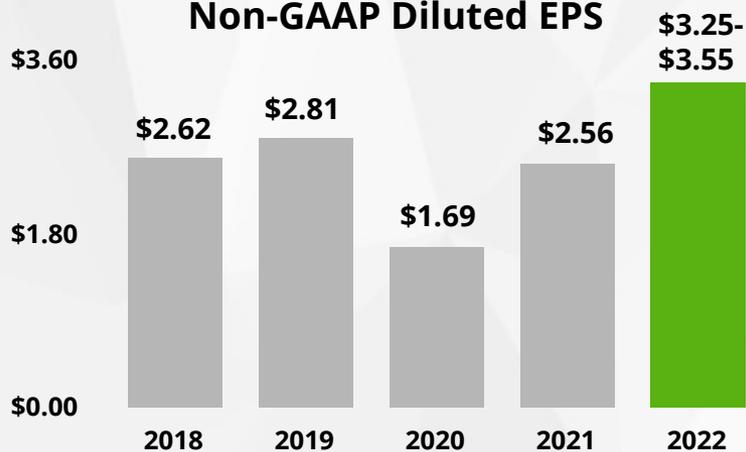
Growth from 12% to 15%

Adjusted EBITDA



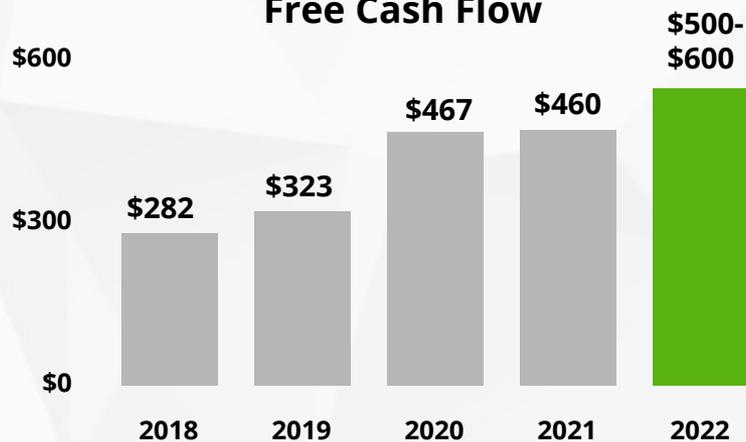
Growth from 21% to 27%

Non-GAAP Diluted EPS



Growth from 27% to 39%

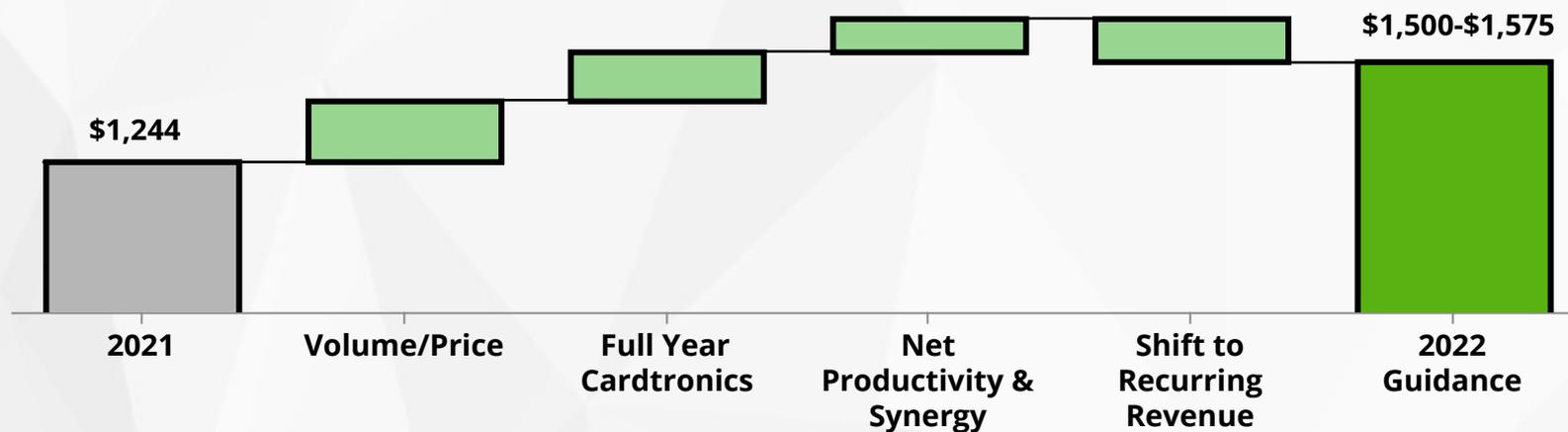
Free Cash Flow



Growth from 9% to 30%

2022 ADJUSTED EBITDA BRIDGE

\$ in millions, except for EPS



LOOKING FORWARD

Leverage software and payments platform to increase share of wallet

Capitalize on Cardtronics and LibertyX™ opportunities

Continued execution to drive solid return

Continued transformation to drive re-rate of valuation

Explore actions to accelerate shareholder value creation



SUPPLEMENTARY MATERIALS

Q4 2021 GAAP RESULTS

\$ in millions, except per share amounts

	Q4 2021	Q4 2020	% Change
Revenue	\$2,034	\$1,631	25%
Gross Margin	503	328	53%
Gross Margin Rate	24.7%	20.1%	
Operating Expenses	380	391	(3)%
% of Revenue	18.7%	24.0%	
Operating Income	123	(63)	(295)%
% of Revenue	6.0%	(3.9%)	
Interest and other expense	49	(83)	(159)%
Income Tax Expense (Benefit)	109	(20)	(645)%
Effective Income Tax Rate	63.4%	13.7%	
Net Income from Continuing Operations (attributable to NCR)	\$64	(\$125)	(151)%
Diluted EPS	\$0.43	(\$1.06)	(141)%

Q4 2021 OPERATIONAL RESULTS

\$ in millions, except per share amounts

	Q4 2021	Q4 2020	% Change
Revenue	\$2,034	\$1,631	25%
Gross Margin (non-GAAP)	549	465	18%
Gross Margin Rate (non-GAAP)	27.0%	28.5%	
Operating Expenses (non-GAAP)	\$334	\$313	7%
% of Revenue	16.4%	19.2%	
Operating Income (non-GAAP)	\$215	\$152	41%
% of Revenue	10.6%	9.3%	
Interest and other expense (non-GAAP)	(\$63)	(\$49)	29%
Income Tax Expense (non-GAAP)	39	21	86%
Effective Income Tax Rate (non-GAAP)	25.7%	20.4%	
Net Income (Loss) From Continuing Operations (attributable to NCR) (non-GAAP)	\$113	\$83	37%
Diluted EPS (non-GAAP)	\$0.76	\$0.59	30%

NON-GAAP MEASURES

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

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

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

NON-GAAP MEASURES

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

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

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

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

GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q4 2021	Q3 2021	Q4 2020
Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)	\$ 64	\$ 12	\$ (125)
Pension Mark-to-Market Adjustments	(118)	—	34
Transformation & Restructuring Costs	46	5	202
Acquisition-Related Amortization of Intangibles	44	45	19
Acquisition-Related Costs	6	9	(6)
Loss on Debt Extinguishment	—	42	—
Interest Expense	64	68	51
Interest Income	(4)	—	(3)
Depreciation and Amortization	107	104	74
Income Taxes	109	29	(20)
Stock Compensation Expense	35	38	32
Adjusted EBITDA (non-GAAP)	\$ 353	\$ 352	\$ 258

GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	Q4 2021 LTM	Q3 2021 LTM	Q4 2020 LTM	Q4 2019 LTM	Q4 2018 LTM
Net (Loss) Income from Continuing Operations Attributable to NCR (GAAP)	\$ 97	\$ (92)	\$ (7)	\$ 614	\$ (36)
Pension Mark-to-Market Adjustments	(118)	34	34	75	(45)
Transformation & Restructuring Costs	66	222	234	58	223
Acquisition-Related Amortization of Intangibles	132	107	81	86	85
Acquisition-Related Costs	98	86	(6)	3	6
Internal reorganization & IP Transfer	—	—	—	(37)	—
Asset Impairment Charge	—	—	—	—	183
Loss on Debt Extinguishment	42	42	20	—	—
Interest Expense	238	225	218	197	168
Interest Income	(8)	(7)	(8)	(4)	(5)
Depreciation and Amortization	357	324	275	232	241
Income Taxes	186	57	(53)	(273)	73
Stock Compensation Expense	154	151	108	107	64
Adjusted EBITDA (non-GAAP)	\$ 1,244	\$ 1,149	\$ 896	\$ 1,058	\$ 957

ADJUSTED EBITDA BY SEGMENT

\$ in millions

	Q4 2021	Q3 2021	Q4 2020
Banking	\$ 230	\$ 242	\$ 132
Retail	87	70	88
Hospitality	27	35	27
Other	11	10	11
Adjusted EBITDA by Segment	\$ 355	\$ 357	\$ 258
Corporate and Other	(2)	(5)	—
Adjusted EBITDA	\$ 353	\$ 352	\$ 258

GAAP TO NON-GAAP RECONCILIATION

Q4 2021

\$ in millions, except per share amounts

	Q4 QTD 2021 GAAP	Transfor- mation Costs	Acquisition- related amortization of intangibles	Acquisition - related costs	Debt Refinancin- g & Extinguish- ment	Tax Related Items	Pension mark-to- market adjustments	Q4 QTD 2021 non- GAAP
Product revenue	\$640	\$—	\$—	\$—	\$—	\$—	\$—	\$640
Service revenue	1,394	—	—	—	—	—	—	1,394
Total revenue	2,034	—	—	—	—	—	—	2,034
Cost of products	560	(16)	(1)	—	—	—	—	543
Cost of services	971	(9)	(20)	—	—	—	—	942
Gross margin	503	25	21	—	—	—	—	549
<i>Gross margin rate</i>	24.7%	1.3%	1.0%	—%	—%	—%	—%	27.0%
Selling, general and administrative expenses	316	(15)	(23)	(7)	—	—	—	271
Research and development expenses	64	—	—	(1)	—	—	—	63
Total operating expenses	380	(15)	(23)	(8)	—	—	—	334
<i>Total operating expense as a % of revenue</i>	18.7%	(0.3)%	(1.0)%	(1.2)%	—	—	—	16.4%
Income from operations	123	40	44	8	—	—	—	215
<i>Income from operations as a % of revenue</i>	6.0%	0.8%	1.8%	1.2%	—	—	—	10.6%
Interest and Other (expense) income, net	49	6	—	—	—	—	(118)	(63)
Income from continuing operations before income taxes	172	46	44	8	—	—	(118)	152
Income tax (benefit) expense	109	7	9	(12)	—	(48)	(26)	39
<i>Effective income tax rate</i>	63.4%							25.7%
Income from continuing operations	63	39	35	20	—	48	(92)	113
Net income (loss) attributable to noncontrolling interests	(1)	—	—	—	—	—	—	(1)
Income from continuing operations (attributable to NCR)	\$64	\$39	\$35	\$20	\$—	\$48	(\$92)	\$114
Diluted earnings per share	\$0.43	\$0.26	\$0.23	\$0.13	\$—	\$0.32	(\$0.62)	\$0.76
Diluted shares outstanding	140.3							149.5

GAAP TO NON-GAAP RECONCILIATION

FY 2021

\$ in millions, except per share amounts

	FY 2021 GAAP	Transfor mation Costs	Acquisition- related amortization of intangibles	Acquisition - related costs	Debt Refinancing & Extinguishmen t	Tax Related Items	Pension mark- to- market	FY 2021 non- GAAP
Product revenue	\$2,193	\$—	\$—	\$—	\$—	\$—	\$—	\$2,193
Service revenue	4,963	—	—	—	—	—	—	4,963
Total revenue	7,156	—	—	—	—	—	—	7,156
Cost of products	1,850	(16)	(9)	—	—	—	—	1,825
Cost of services	3,413	(23)	(51)	—	—	—	—	3,339
Gross margin	1,893	39	60	—	—	—	—	1,992
<i>Gross margin rate</i>	26.5%	0.5%	0.7%	—%	—%	—%	—%	27.8%
Selling, general and administrative expenses	1,151	(20)	(72)	(84)	—	—	—	975
Research and development expenses	268	(1)	—	(1)	—	—	—	266
Total operating expenses	1,419	(21)	(72)	(85)	—	—	—	1,241
<i>Total operating expense as a % of revenue</i>	19.8%	(0.3)%	(1.0)%	(1.2)%	—	—	—%	17.3%
Income from operations	474	60	132	85	—	—	—	751
<i>Income from operations as a % of revenue</i>	6.6%	0.8%	1.8%	1.2%	—	—	—%	10.5%
Interest and Other (expense) income, net	(190)	6	—	31	43	—	(118)	(228)
Income from continuing operations before income taxes	284	66	132	116	43	—	(118)	523
Income tax (benefit) expense	186	10	28	11	1	(68)	(26)	142
<i>Effective income tax rate</i>	65.5%							27.2%
Income from continuing operations	98	56	104	105	42	68	(92)	381
Net income (loss) attributable to noncontrolling interests	1	—	—	—	—	—	—	1
Income from continuing operations (attributable to NCR)	\$97	\$56	\$104	\$105	\$42	\$68	(\$92)	\$380
Diluted earnings per share	\$0.58	\$0.38	\$0.70	\$0.71	\$0.28	\$0.46	(\$0.62)	\$2.56
Diluted shares outstanding	139.0							148.2

GAAP TO NON-GAAP RECONCILIATION

Q4 2021

\$ in millions, except per share amounts

	Q4 QTD 2021 GAAP	Q4 QTD 2021 non-GAAP
<i>Income from continuing operations attributable to NCR common stakeholders:</i>		
Income from continuing operations (attributable to NCR)	\$64	\$114
Dividends on convertible preferred shares	(4)	—
Income from continuing operations attributable to NCR common stakeholders	\$60	\$114
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	140.3	140.3
Weighted as-if converted preferred shares	—	9.2
Total shares used in diluted earnings per share	140.3	149.5
Diluted earnings per share ⁽¹⁾	\$0.43	\$0.76

⁽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

FY 2021

\$ in millions, except per share amounts

	FY 2021 GAAP	FY 2021 non-GAAP
<i>Income from continuing operations attributable to NCR common stakeholders:</i>		
Income from continuing operations (attributable to NCR)	\$97	\$380
Dividends on convertible preferred shares	(16)	—
Income from continuing operations attributable to NCR common stakeholders	\$81	\$380
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	139.0	139.0
Weighted as-if converted preferred shares	—	9.2
Total shares used in diluted earnings per share	139.0	148.2
Diluted earnings per share ⁽¹⁾	\$0.58	\$2.56

⁽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

Q4 2020

\$ in millions, except per share amounts

	Q4 QTD 2020 GAAP	Transformation Costs	Acquisition- related amortization of intangibles	Acquisition- related costs	VA Release	Pension market-to- market	Q4 QTD 2020 non-GAAP
Product revenue	\$529	\$—	\$—	\$—	\$—	\$—	\$529
Service revenue	1,102	—	—	—	—	—	1,102
Total revenue	1,631	—	—	—	—	—	1,631
Cost of products	479	(45)	(2)	—	—	—	432
Cost of services	824	(86)	(4)	—	—	—	734
Gross margin	328	131	6	—	—	—	465
<i>Gross margin rate</i>	20.1%	<i>8.0%</i>	<i>0.4%</i>	<i>—%</i>	<i>—%</i>	<i>—%</i>	28.5%
Selling, general and administrative expenses	326	(56)	(13)	(1)	—	—	256
Research and development expenses	65	(8)	—	—	—	—	57
Total expenses	391	(64)	(13)	(1)	—	—	313
<i>Total expense as a % of revenue</i>	24.0%	<i>(3.9)%</i>	<i>(0.8)%</i>	<i>(0.1)%</i>	<i>—%</i>	<i>—%</i>	19.2%
Income from operations	(63)	195	19	1	—	—	152
Income from operations as a % of revenue	(3.9)%	12.0%	1.1%	0.1%	—%	—%	9.3%
Interest and Other (expense) income, net	(83)	7	—	(7)	—	34	(49)
Income from continuing operations before income taxes	(146)	202	19	(6)	—	34	103
Income tax expense	(20)	37	4	—	(5)	5	21
<i>Effective income tax rate</i>	13.7%						20.4%
Income from continuing operations	(126)	165	15	(6)	5	29	82
Net income attributable to noncontrolling interests	(1)	—	—	—	—	—	(1)
Income from continuing operations (attributable to NCR)	(\$125)	\$165	\$15	(\$6)	\$5	\$29	\$83
Diluted (loss) earnings per share	(\$1.06)	\$1.17	\$0.11	(\$0.04)	\$0.04	\$0.20	\$0.59
Diluted shares outstanding	129.0						141.6

GAAP TO NON-GAAP RECONCILIATION

FY 2020

\$ in millions, except per share amounts

	FY 2020 GAAP	Transformation Costs	Acquisition-related amortization of intangibles	Acquisition-related costs	Debt Refinancing	VA Release	Pension market-to-market	FY 2020 non-GAAP
Product revenue	\$2,005	\$—	\$—	\$—	\$—	\$—	\$—	\$2,005
Service revenue	4,202	—	—	—	—	—	—	4,202
Total revenue	6,207	—	—	—	—	—	—	6,207
Cost of products	1,733	(58)	(9)	—	—	—	—	1,666
Cost of services	2,950	(92)	(13)	—	—	—	—	2,845
Gross margin	1,524	150	22	—	—	—	—	1,696
<i>Gross margin rate</i>	24.6%	2.4%	0.3%	—%	—%	—%	—%	27.3%
Selling, general and administrative expenses	1,069	(66)	(59)	(1)	—	—	—	943
Research and development expenses	234	(11)	—	—	—	—	—	223
Total expenses	1,303	(77)	(59)	(1)	—	—	—	1,166
<i>Total expense as a % of revenue</i>	21.0%	(1.2)%	(1.0)%	—%	—%	—%	—%	18.8%
Income from operations	221	227	81	1	—	—	—	530
Income from operations as a % of revenue	3.6%	3.7%	1.2%	—%	—%	—%	—%	8.5%
Interest and Other (expense) income, net	(280)	7	—	(7)	20	—	34	(226)
Income from continuing operations before income taxes	(59)	234	81	(6)	20	—	34	304
Income tax expense	(53)	44	17	—	5	43	5	61
<i>Effective income tax rate</i>	89.8%							20.1%
Income from continuing operations	(6)	190	64	(6)	15	(43)	29	243
Net income attributable to noncontrolling interests	1	—	—	—	—	—	—	1
Income from continuing operations (attributable to NCR)	(\$7)	\$190	\$64	(\$6)	\$15	(\$43)	\$29	\$242
Diluted (loss) earnings per share	(\$0.30)	\$1.33	\$0.45	(\$0.04)	\$0.10	(\$0.30)	\$0.20	\$1.69
Diluted shares outstanding	128.4							142.9

GAAP TO NON-GAAP RECONCILIATION

Q4 2020

\$ in millions, except per share amounts

	FY 2020 GAAP	FY 2020 non-GAAP
<i>Income from continuing operations attributable to NCR common stakeholders:</i>		
Income from continuing operations (attributable to NCR)	(\$125)	\$83
Dividends on convertible preferred shares	(\$12)	\$—
Income from continuing operations attributable to NCR common stakeholders	(\$137)	\$83
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	129	132
Weighted as-if converted preferred shares	—	9.6
Total shares used in diluted earnings per share	129	141.6
Diluted earnings per share ⁽¹⁾	(\$1.06)	\$0.59

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GAAP TO NON-GAAP RECONCILIATION

FY 2020

\$ in millions, except per share amounts

	FY 2020 GAAP	FY 2020 non-GAAP
<i>Income from continuing operations attributable to NCR common stakeholders:</i>		
Income from continuing operations (attributable to NCR)	(\$7)	\$242
Dividends on convertible preferred shares	(\$31)	\$—
Income from continuing operations attributable to NCR common stakeholders	(\$38)	\$242
<i>Weighted average outstanding shares:</i>		
Weighted average diluted shares outstanding	128.4	128.4
Weighted as-if converted preferred shares	—	14.5
Total shares used in diluted earnings per share	128.4	142.9
Diluted earnings per share ⁽¹⁾	(\$0.30)	\$1.69

⁽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

	Q4 2021	Q3 2021	Q4 2020
Cash provided by operating activities	\$270	\$497	\$146
Less: Total capital expenditures	(\$106)	(\$102)	(\$63)
Less: Sale of Accounts Receivables	(\$26)	(\$274)	\$—
Plus: Pension contributions	\$4	\$4	\$75
Plus: Settlement Restricted Cash Activity	(\$42)	\$—	\$3
Free Cash Flow	\$100	\$125	\$161

GAAP TO NON-GAAP RECONCILIATION

\$ in millions

	FY 2021	FY 2020	FY 2019	FY 2018
Cash provided by operating activities	\$1,077	\$641	\$634	\$572
Less: Total capital expenditures	(\$348)	(\$263)	(\$329)	(\$313)
Less: Sale of Accounts Receivables	(\$300)	\$—	\$—	\$—
Plus: Pension contributions	\$17	\$89	\$23	\$24
Plus: Settlement Restricted Cash Activity	(\$41)	\$—	(\$5)	(\$1)
Plus: Acquisition Related Items	\$55	\$—	\$—	\$—
Free Cash Flow	\$460	\$467	\$323	\$282



THANK YOU

