Conduent Investor Deck

November 2021

Cautionary Statements

Forward-Looking Statements

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A Bit About Our Company…

“We are a diversified Business Process Services, Customer Experience and Transportation Company offering products, services and solutions across thousands of clients in the commercial and government space. We have clients in virtually every industry from Healthcare to Travel to Aerospace. We bring these offerings to our clients and their end-users through state-of-the-art technologies and 60,000 professional associates – both domestic and international. Over the course of the last two years, we’ve made tremendous progress in improving top-line revenue, new business signings, quality and efficiency… and we are clearly on a growth trajectory.”

- Cliff Skelton, President & CEO

75%
of healthcare recipients in the U.S. are touched by our healthcare and other BPS services

8.7 million
tolling transactions processed daily in our Transportation business, representing >40% of US tolling

50 million
invoices processed annually in our F, A & P Business(1)

45%
of U.S. SNAP payments processed by Conduent

200 million
contact center interactions per year across multiple industries

100 million
employee interactions handled each year in our HR offerings

(1) Finance, Accounting and Procurement.

A Resilient Company on a Path to Growth

CONDUENT

INDUSTRY LEADER	IMPROVED FUNDAMENTALS	RESILIENT BUSINESS	ATTRACTIVE BUSINESS MODEL
✓ Leading provider in various commercial, government and transportation services ✓ Scale and marquee customers across industries ✓ Relationships with majority of Fortune 100 companies	✓ Improved client retention, client delivery and associate engagement ✓ Improved new business signings and account management ✓ Standardization, process improvement and efficiency programs established ✓ Significant improvement in technology uptime and operational effectiveness	✓ Strong balance sheet, 2.0x net leverage, $400M cash(1) ✓ Diverse portfolio allowing for stability in varying market conditions ✓ Nimble and responsive business continuity and risk team	✓ Mission-critical services and solutions in support of millions of end-users ✓ Significant portion of contracted and recurring revenue ✓ Long, multi-year client relationships with high switching costs ✓ Expected increase in FCF conversion over time

(1) Leverage and cash figure as of 9/30/21.

Among the Largest Global Business Services Companies

Commercial

Description:

We automate and streamline operations through our deep industry experience and technology solutions, driving efficiencies, increasing compliance and enhancing end-user experience.

Core Offerings:

- Customer Contact Services
- Multichannel Communications
- Financial Industry Solutions
- Legal, Compliance & Analytics
- HR & Learning Solutions
- Casualty Claims Solutions
- Document Management
- Finance, Accounting & Procurement
- Payer
- Provider
- Pharma & Life Sciences

% of Revenue

~50%

Government

Description:

We deliver services and solutions to local, state and federal governments to reduce costs, increase program participation, and improve compliance, while providing intuitive, easy-to-use tools for government agencies and citizens.

Core Offerings:

- Child Support
- Eligibility and Enrollment
- Government Healthcare Solutions
- Payments
- Federal and State Services

% of Revenue

~30%

Transportation

Description:

We deliver mobility and payment solutions that improve automation, interoperability, and decision-making to streamline operations, increase revenue, and reduce congestion while creating safer communities and seamless travel experiences for consumers.

Core Offerings:

- Road Usage Charging
- Transit
- Curbside Management
- Public Safety

% of Revenue

~20%

Total Estimated 2021 Revenue of $4.14B

Diverse Base of Clients by Revenue

Client Overview by Segment

Commercial

18% of the Fortune 100 in CXM

5 of the top 10 automakers & **9 of the top 10** U.S. banks in BPS

17 of the top 20 U.S. health insurers & **6 of the top 10** pharma companies in health care offerings

Government

Partners in **49 states**

150+ govt payment programs in 33 states

54M+ registered government payment cards

Transportation

1 out of 4 U.S. public safety systems are implemented by Conduent

~340 >$1M in Revenue Clients

80% of the Fortune 100

Q2'21A Client Statistics (% of Revenue)

Top 5 Clients 15%

Top 20 Clients 33%

Top 50 Clients 52%

53 of Top 100 Commercial Clients buy multiple lines of business

No client represents more than 7.5% of revenues

Foundationally Sound and Well-Positioned for Growth

CONDUENT

Addressing Legacy Issues — 2017-2019

- ✓ Exited unprofitable businesses
- ✓ Optimized headcount
- ✓ Streamlined accounts
- ✓ Reduced real-estate footprint
- ✓ Decreased leverage

Course Correction — 2020

- ✓ Operational improvements
  - ✓ Improved technology uptime
  - ✓ Increased security
  - ✓ Enhanced risk management
- ✓ Higher client retention
- ✓ Hired executive talent
- ✓ Grew sales performance
- ✓ Increased employee retention
- ✓ Increased client loyalty

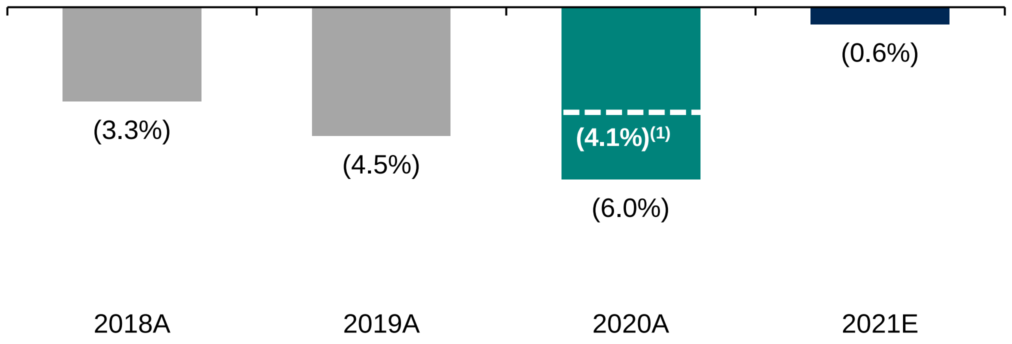
Stabilization — 2021

- ✓ Continued improvements across:
  - ✓ Talent
  - ✓ Organizational Design
  - ✓ Culture
  - ✓ Quality
  - ✓ Sales
  - ✓ Financial Reporting & Governance
  - ✓ Technology
- ✓ Refinancing the capital structure
- ✓ Positive TCV growth, enhanced pipeline trends

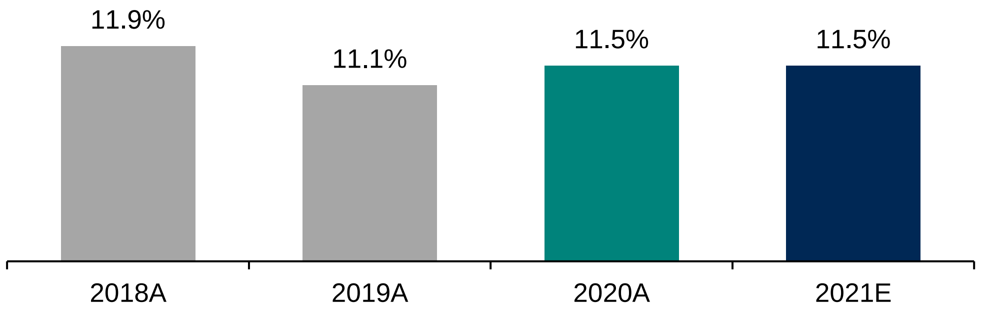
Growth — 2022 – 2025

- ✓ Further centralization of operations
- ✓ Continued focus on culture, attrition, and D&I
- ✓ End-to-end client process improvement and tuck-in opportunities
- ✓ Further enhance sales and go-to-market through client cross-sells and adjacencies
- ✓ Continuous operations process improvement
- ✓ Continued data center migration, network resiliency and modernization work
- ✓ Investment in enterprise systems and consolidations
- ✓ Automation and AI
- ✓ Inorganic opportunities considered

Revenue Growth (PF for Divestitures)



Adj. EBITDA Margin



(1) Excluding impact of COVID-19.

Strategy is Working

CONDUENT

2021

2025+

1 Investment in Technology

2 Continue Talent Upgrade

3 Shared Services

4 Expand Select Capabilities

5 Geographic Expansion

6 Tuck-in M&A

7 Develop New Offerings

8 Larger M&A and JV Partnership

Short-Term | Medium Term | Long-Term

Corporate Social Responsibility Highlights

CONDUENT

Environmental

- Strong actions in reducing our carbon footprint:
  - Reduced real estate footprint by over 50% over the last 3 years
  - Recycled more than 53M pounds of paper since 2017
  - 19% of energy used comes from renewable sources
  - Reduced Scope 2 CO^2 emissions by 23% Year over Year
- CDP Climate Change disclosure
- Many Conduent solutions reduce carbon footprint including all electronic tolling, electronic transit fares and digital document management

Social

- Forbes Magazine Top 500 Company for Diversity
- Comparably Best Global Company Culture list #29 of 50
- +8 Points Increase YoY on Employee Engagement Index
- South Carolina Governor's Committee on Employment of People with Disabilities Award
- Appointed Head of D&I that is part of SLT to focus on D&I
- 65% increase in membership in 7 Employee Impact Groups
- Pledge to CEO Action for D&I
- 29% of spend is with diverse suppliers today.
- Foundation & Associate volunteer-ism support our communities

Our business has many social impacts given that we deliver essential services for our clients and millions who count on them:

- Getting benefit dollars into the hands of those who needed them via electronic payment cards
- Supporting employees with benefit administration and help center services
- Enabling seamless travel for public transit and toll roads, including contactless payments
- Helping insurance plan members through healthcare bill review and claims administration
- Supporting consumers with effective and empathetic multichannel assistance

Governance

- Board of Directors formed CSR and Public Policy Committee
- Comprehensive cross-functional ESG program and steering committee with board oversight
- Ongoing transparency and reporting on ESG topics including disclosure of ESG data aligned with SASB Framework
- Diverse and independent Board of Directors
- Strong data privacy policies and practices including mandatory training

Strong Leadership Position With Increased Recognition

CONDUENT

Ranked 29th on **Comparably's Best Global Cultures 2021**

COMPARABLY

Awarded 2021 Gold Stevie® Award: Leading Through Digital Disruption

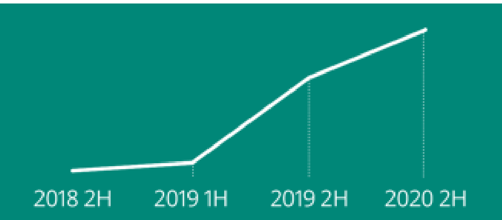
ISG

Top 15 Sourcing Index Standout

SO Y 29

Awarded 2021 Toyota **Supplier Excellence Recognition**

TOYOTA FINANCIAL SERVICES



Increase in Client Likelihood to Recommend 2 Years in a Row

SASB

Disclosure of ESG Practices According to SASB Framework

CEO Cliff Skelton recognized among **Best CEOs for Diversity 2021**

COMPARABLY

THE BEST EMPLOYERS FOR DIVERSITY Forbes 2021

Top 500 Best Employers for Diversity - Forbes 2021

Industry Accolades

HfS NelsonHall Gartner Brandon Hall Group ISG Everest Group®

ISG: Top 15 Sourcing Index Standout

Business Services: NelsonHall, Everest Group, ISG

Healthcare: NelsonHall, HfS Research, Everest

HR Services: NelsonHall, Everest Group, Brandon Hall

Customer Experience: ISG, Everest Group, Gartner

Market Position

HfS Top 50 BPO Providers, #2

Everest Group Top 50 BPS Providers, #7

Gartner Market Share Analysis: BPO, Worldwide, #10

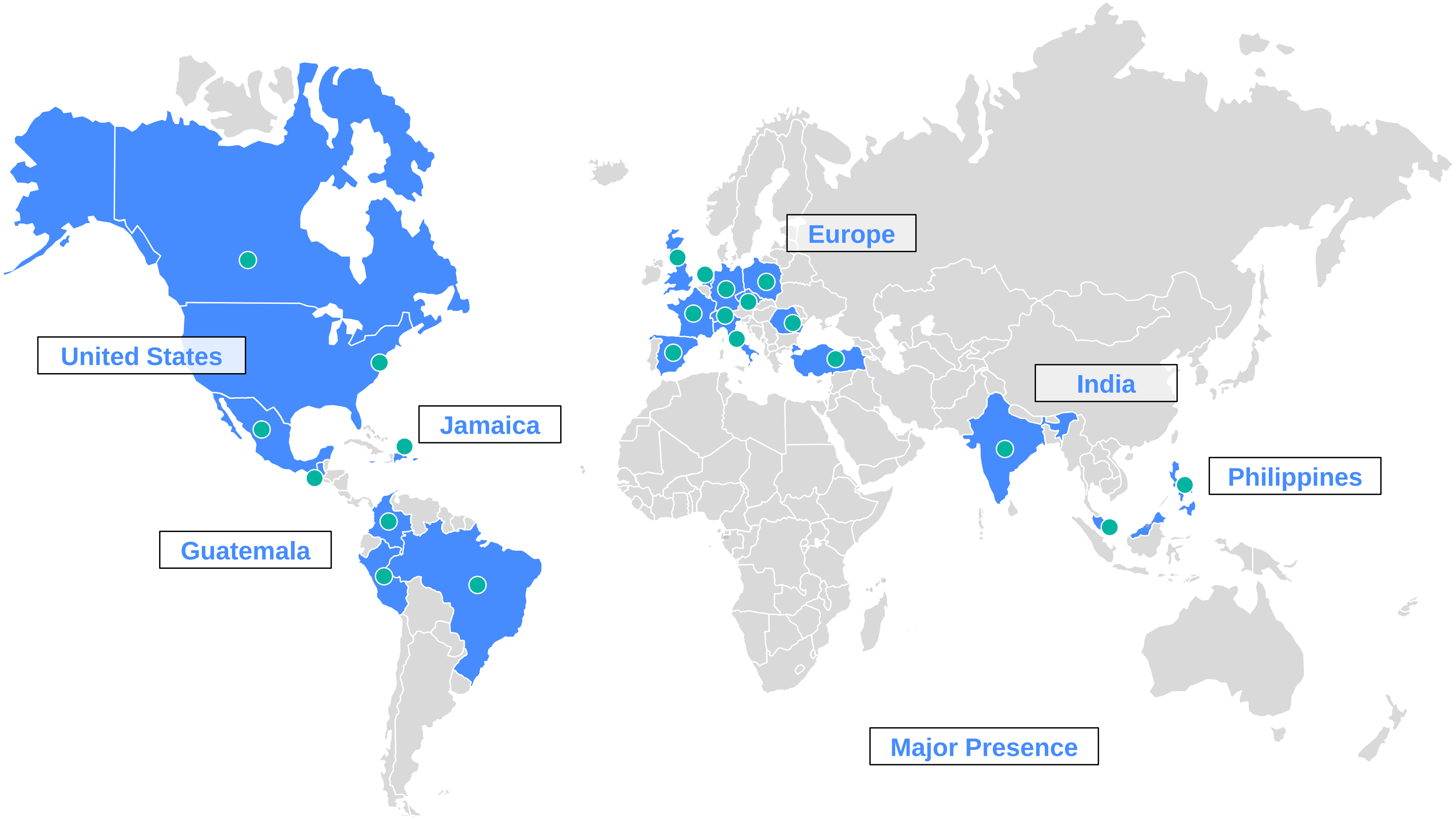
ISG's Top 15 Sourcing Index Standouts – Managed Services, Global Market, Top Building 15

Global Delivery Footprint Provides Efficiency and Scale

60K+
Employees

22
Countries

200
Delivery Centers



Conduent
Q3 2021
Earnings Results

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CONDUENT

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Q3 2021 Highlights

Q3 Results / Metrics	
	• Q3 Revenue: $1,038M • Adj. EBITDA[(1)]: $130M • Adj. EBITDA Margin[(1)] :12.5% • TCV new business signings: $344M, $1,475M YTD • New business ARR signings: $87M, $297M YTD • Net ARR Activity Impact (TTM)[(2)]: $132M, up 25% Qtr/Qtr

Q3 Results / Metrics

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- Adj. EBITDA[(1)]: $130M
- Adj. EBITDA Margin[(1)] :12.5%
- TCV new business signings: $344M, $1,475M YTD
- New business ARR signings: $87M, $297M YTD
- Net ARR Activity Impact (TTM)[(2)]: $132M, up 25% Qtr/Qtr

Q3 Highlights

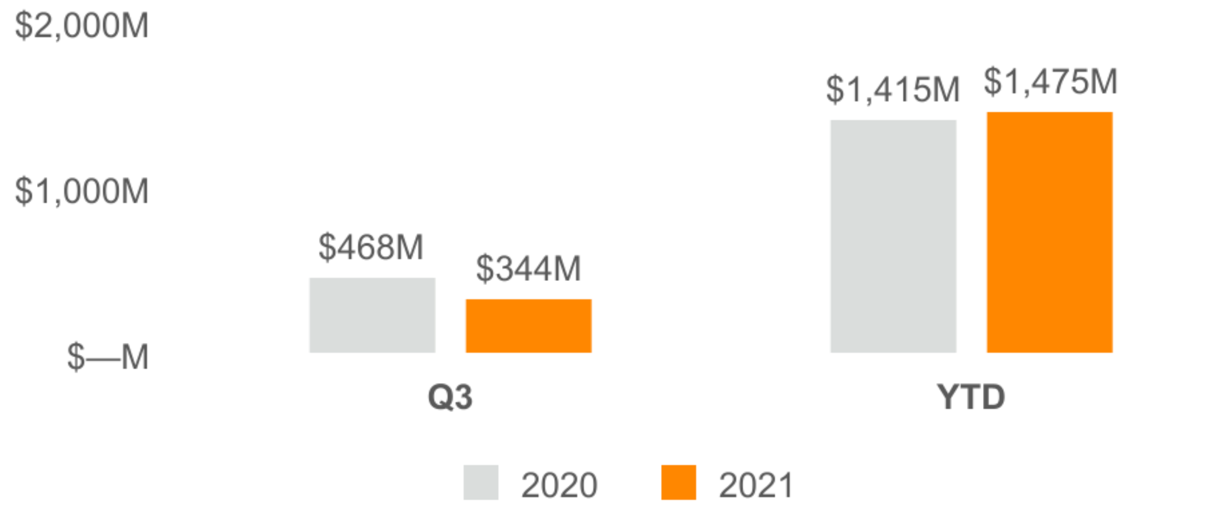
- Revenue and EBITDA continue to stabilize year over year and reflect mix in revenue, won/lost business, and short term cost savings in the prior year
- Net ARR Activity Metric (TTM)[(2)] - Positive for the fourth consecutive quarter
- Continued improvement and focus on operational excellence
- Select Q3 Accolades - Toll Excellence President’s Award for Innovation, Top Employer Recognition in the Philippines, South Carolina Governor’s Committee on Employment of People with Disabilities Award
- Debt Refinancing successfully completed as planned

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted EBITDA/Margin.

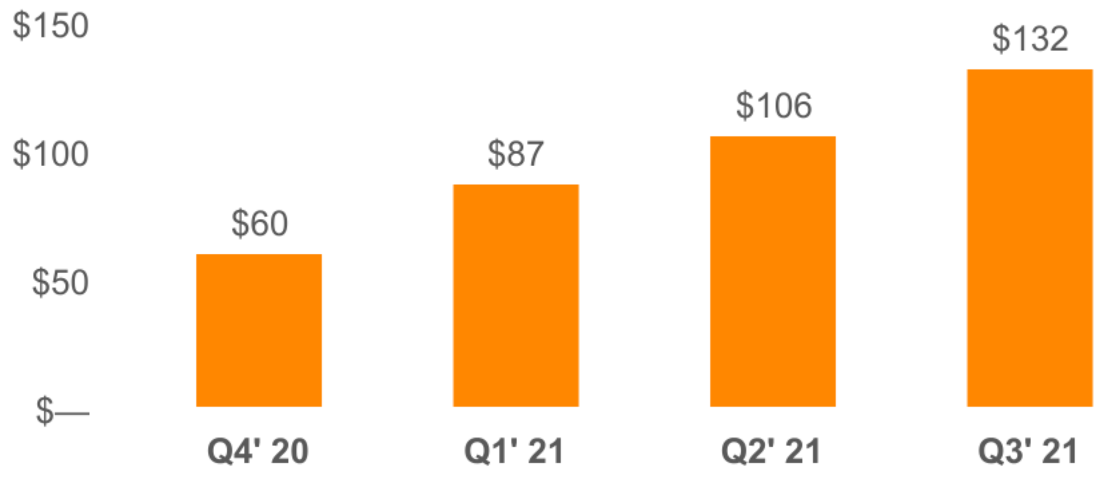
(2) Full definition in the Appendix.

Growth and Retention

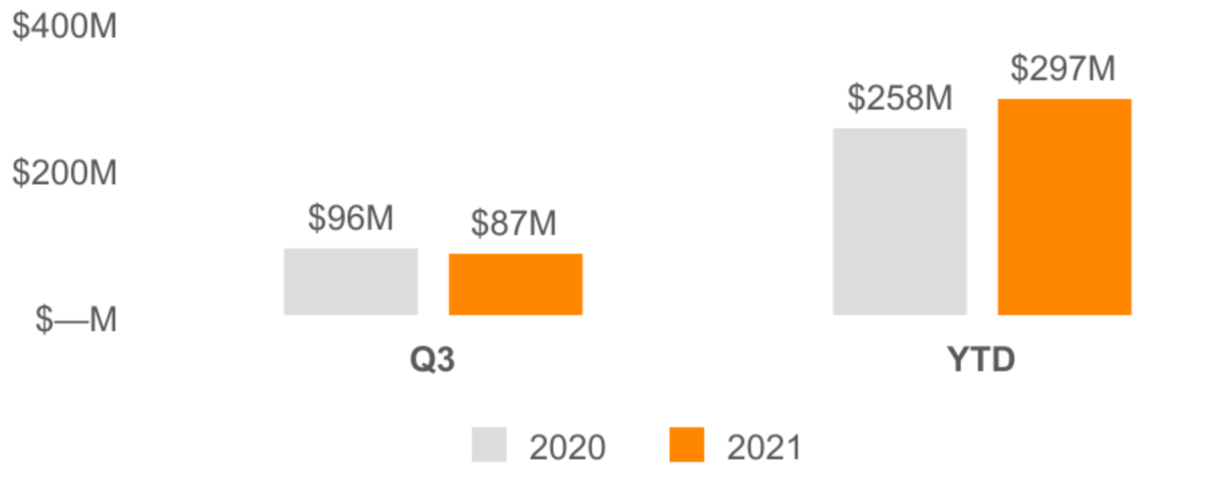
New Business TCV Signings (incl. ARR + NRR)



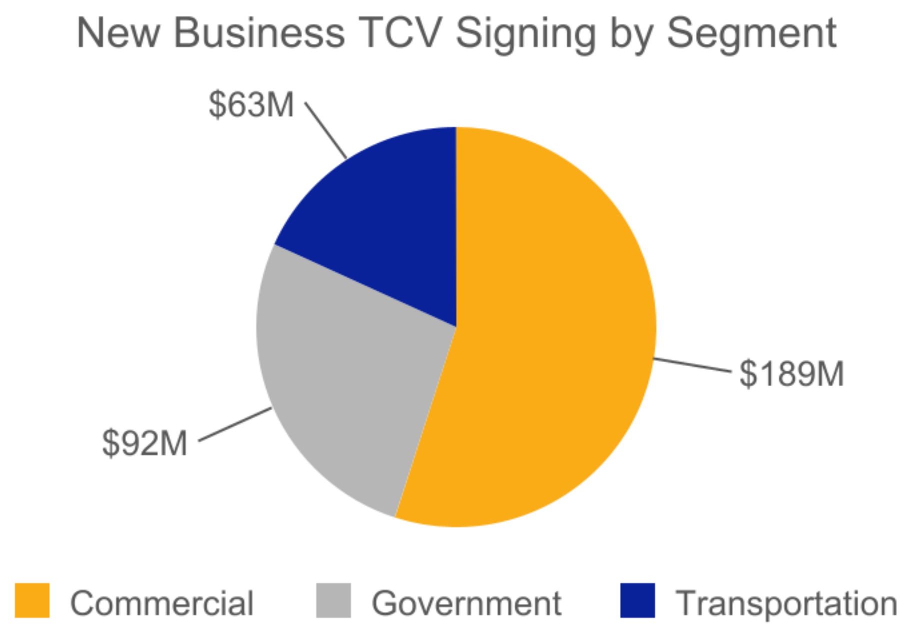
Net ARR Activity (TTM)[1,2]



New Business ARR



Sales Update



(1) Full definition in the Appendix.
(2) Trailing Twelve Months.

Continuing Our Momentum

CONDUENT

A collaborative, teamwork-oriented culture laser-focused on driving valuable outcomes for clients

IBTTA **Toll Excellence President's Award for Innovation**

IBTTA TOLLING. MOVING SMARTER.

Top BPO Employer in the Philippines

IBPAP® IT & Business Process Association PHILIPPINES

South Carolina Governor's Committee on **Employment of People with Disabilities** Award

Brandon Hall Group **Excellence in Learning** Two Gold Awards

Brandon Hall GROUP

New Solutions

Life@Work Mobile App for Digital, Anytime, Anywhere Access to Health and Wealth Benefits.

Expanded payment solutions to enable contactless payments for public transit networks

New Solution Utilizes Digital Technology to **Create Next-Generation Mailroom Operations**

New Clients

Advanced Claims Administration Solution to Help Deliver on Value-based Payments Initiative

EASTPOINTE

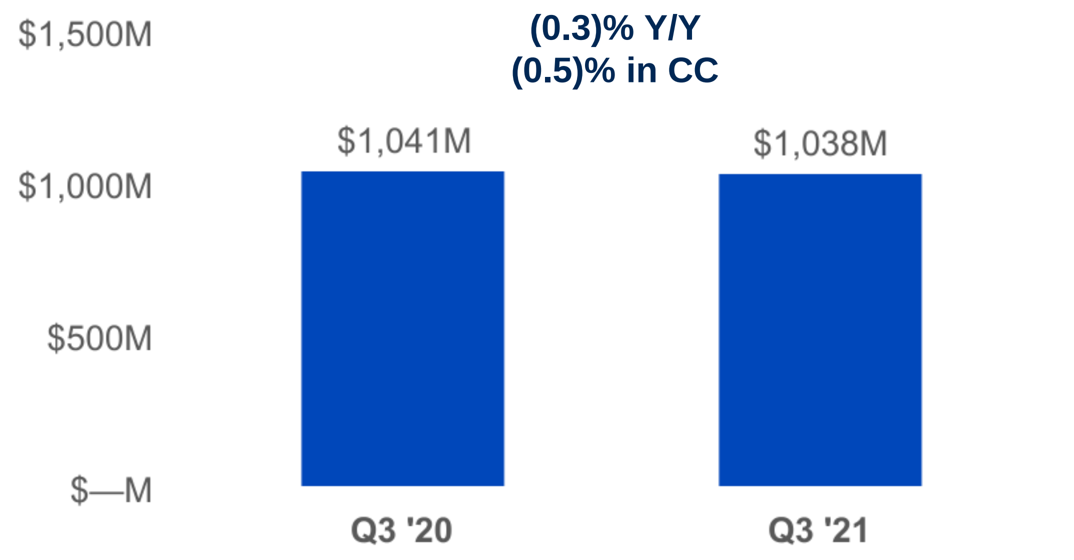
Chosen to process Georgia's **Women, Infant and Children Electronic Benefit Transfer** (EBT) program.

Selected by the **Washington Health Care Authority** to implement Conduent Medicaid Suite's Pharmacy Benefit Management solution

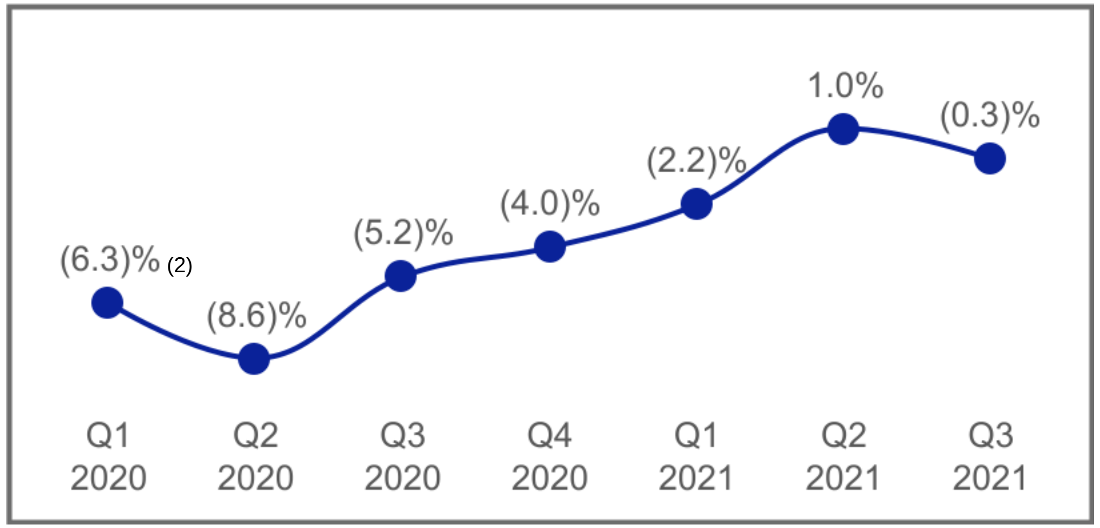
Financials

Q3 2021 P&L Metrics

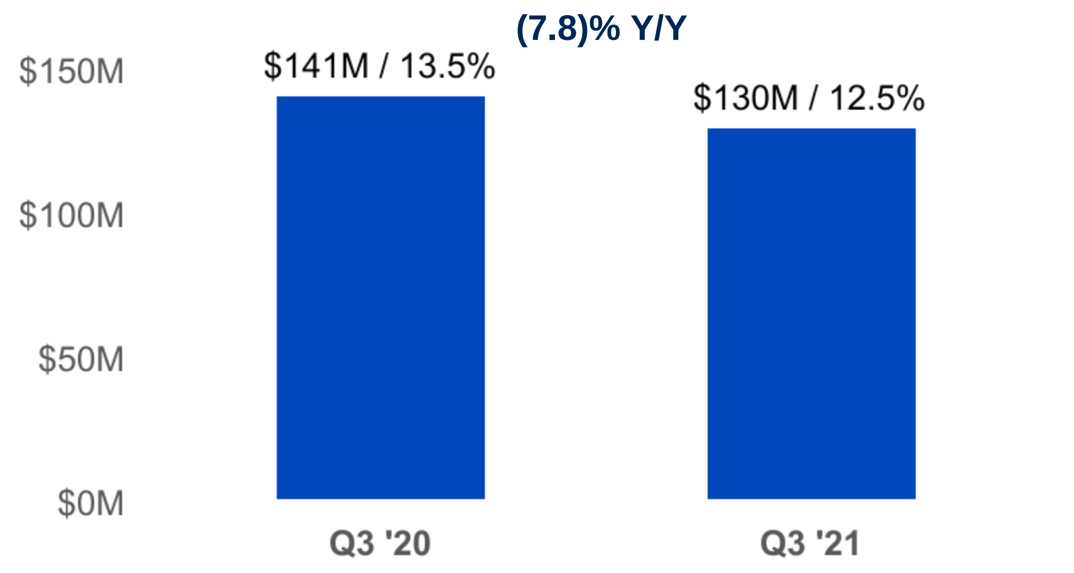
Revenue



Revenue Trend (Y/Y Compare)



Adj. EBITDA(1) / Margin

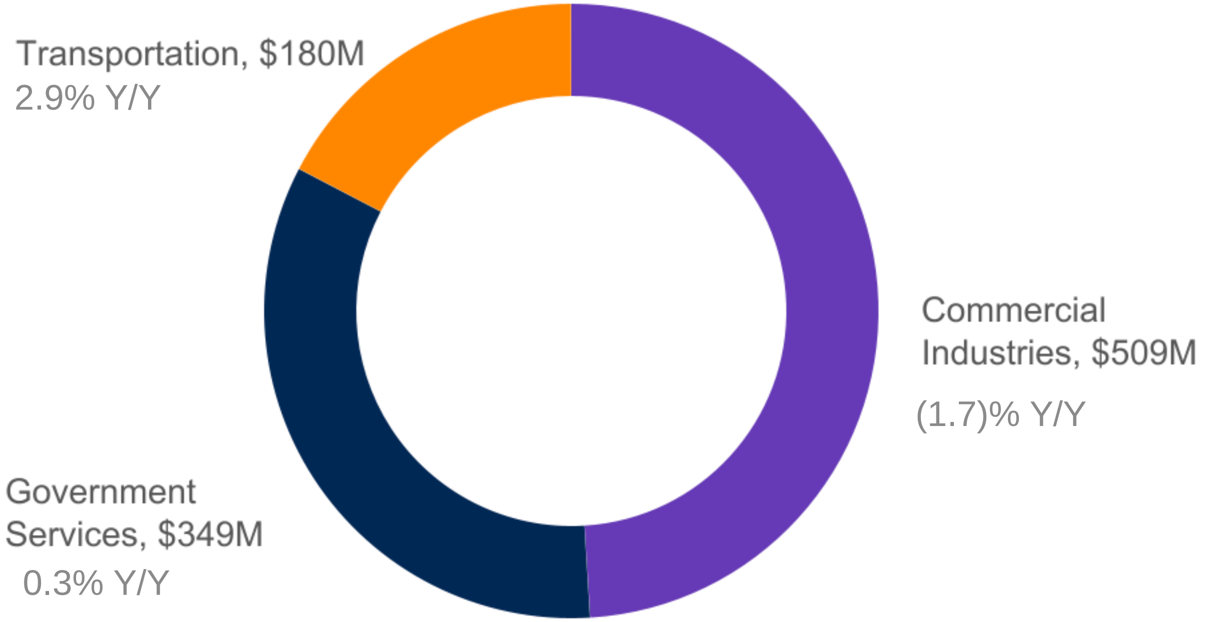


- **Revenue:**
  - Revenue stability driven by new business ramp and government payments volume offset by lost business from prior years.
- **Adj. EBITDA(1):**
  - Adj. EBITDA decline driven by ~$14M temporary cost savings in Q3 '20, offset by revenue mix in government and lower employee medical expenses
- **Adj. EBITDA Margin(1):**
  - 12.5%, down 100 bps Y/Y

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted EBITDA/margin.
(2) Q1 2019 Revenue adjusted for divestitures in Y/Y comparison.

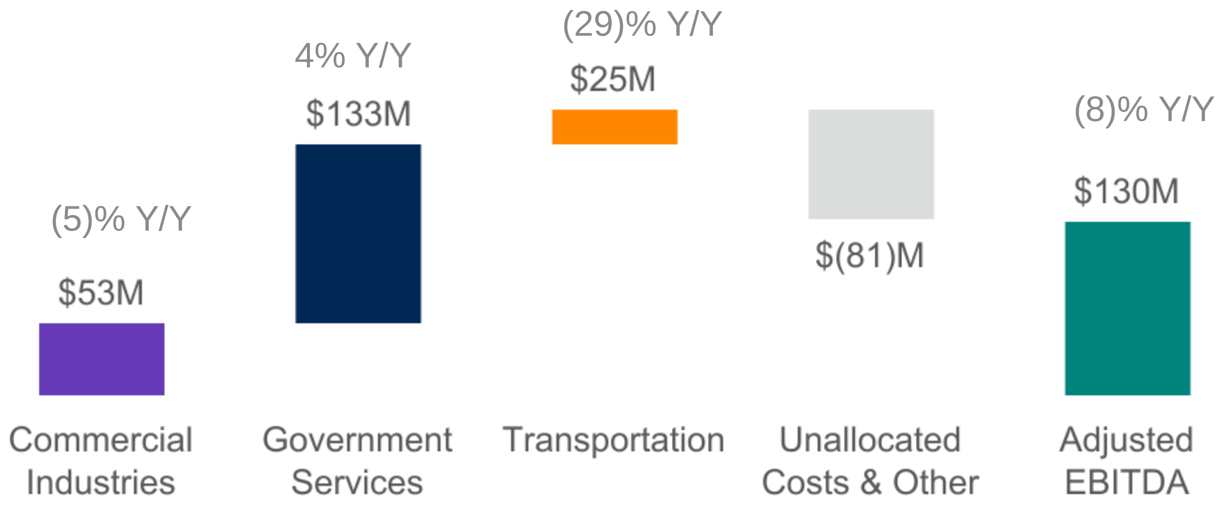
Q3 2021 P&L by Segment

Revenue



- **Commercial**: Revenue impacted by new business ramp, more than offset by lost business from prior years.
- **Government**: Growth driven by payments activity (COVID-19) and new business ramp, partially offset by lost business from prior years.
- **Transportation**: Growth driven by increased volumes and new business ramp, partially offset by lost business from prior years.

Adj. EBITDA[(1)] Contributions



- **Commercial:** Adj. EBITDA decline driven by revenue mix and short term cost savings in the prior year; margin 10.4% down (40) bps Y/Y.
- **Government:** Adj. EBITDA improvement driven by revenue mix; margin 38.1% up 130 bps Y/Y.
- **Transportation:** Adj. EBITDA decline driven by revenue mix and short term cost savings in the prior year; margin 13.9% down (610) bps Y/Y.

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted EBITDA/margin.

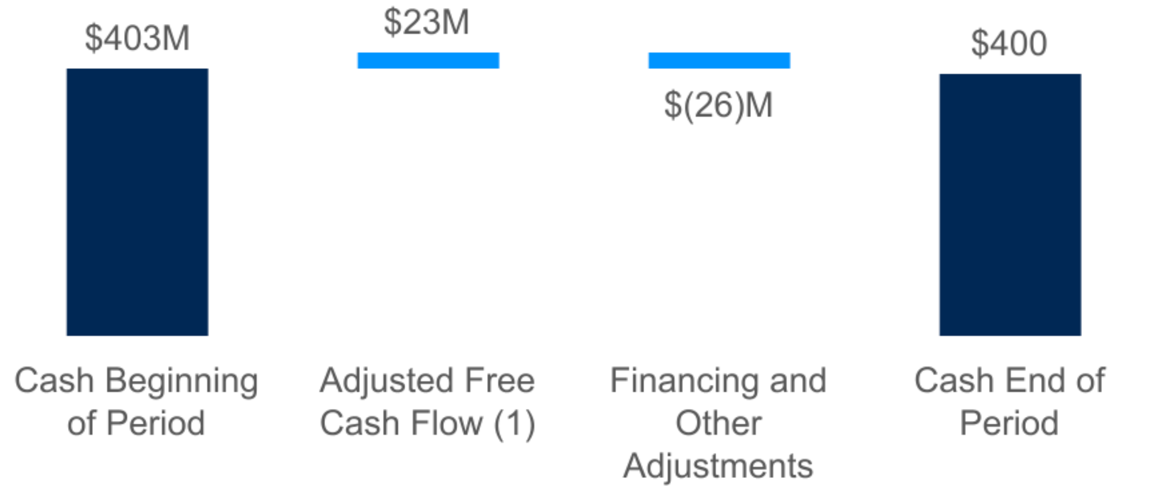
Q3 2021 Cash Flow and Balance Sheet

- Q3 2021 Adj. Free Cash Flow[1]: $23M
- Q3 2021 Capex[6] as % of revenue: 2.9%
- Net adjusted leverage ratio[7] of 2.0x
- $400M of cash[2] at end of Q3 2021
- Debt Refinance Completed 10/15/2021

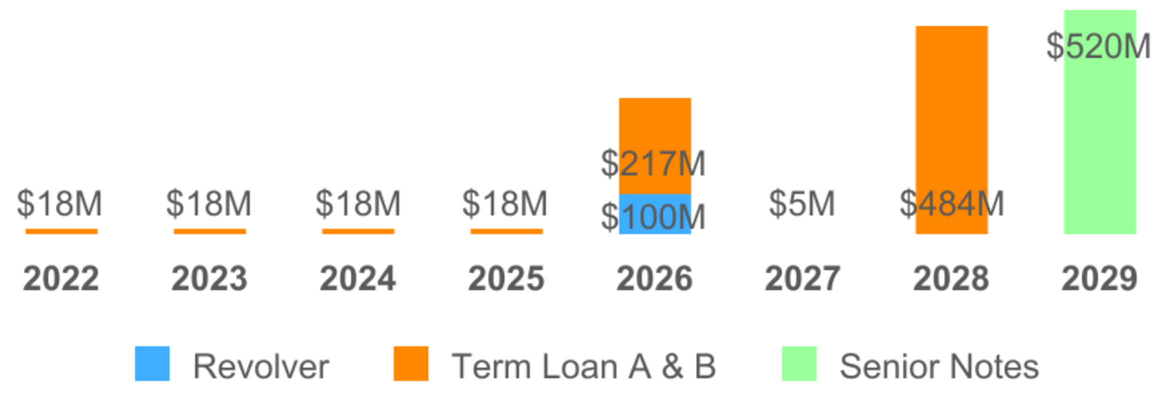
Balance Sheet

($ in millions)	**12/31/2020**	**9/30/2021**
Total Cash[2]	$458	$400
Total Debt[2]	1,510	1,405
Term Loan A[3,4] due 12/2022	654	585
Term Loan B[3] due 12/2023	816	810
Revolving Credit Facility due 2022[5]	—	—
10.5% Senior Notes due 2024	34	—
Finance leases and Other loans	24	23
Net adjusted leverage ratio[7]	2.1x	2.0x

Q3 2021 Cash Balance Changes



Debt Maturity Post Refinancing[8]



For the complete set of footnotes associated with this slide, please refer to the last page of the Appendix.

Updated FY 2021 Outlook

	FY 2020 Actuals	Updated FY 2021 Outlook
Revenue	$4,163M	$4,100M - $4,175M
Adj. EBITDA(1) / Adj. EBITDA Margin(1)	$480M / 11.5%	11.25% - 11.75%
Adj. Free Cash Flow(2) as % of Adj. EBITDA(1)	28% (3)	Approx. 20% (3)
Restructuring	$67M	$45M - $50M
CapEx	$139M	Approx. $150M

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted EBITDA/Margin.

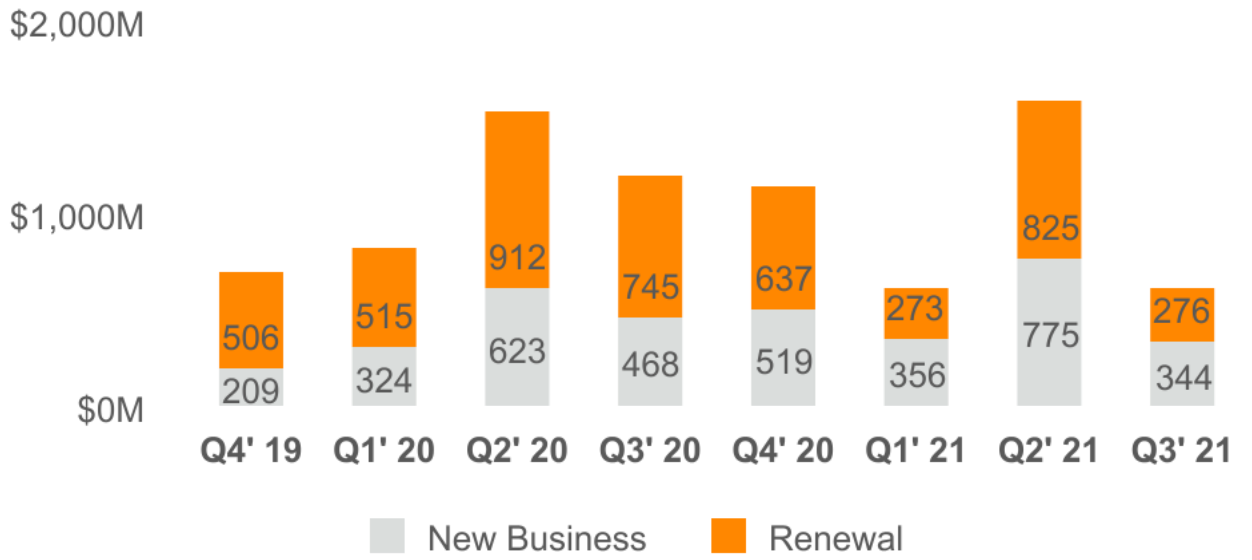
(2) Refer to Appendix for definition and complete non-GAAP reconciliation of Adjusted Free Cash Flow.

(3) Normalized for the impact of deferred payroll taxes primarily related to the CARES Act, Adjusted Free Cash Flow for 2020 is approximately 16% and 2021 is approximately 25%.

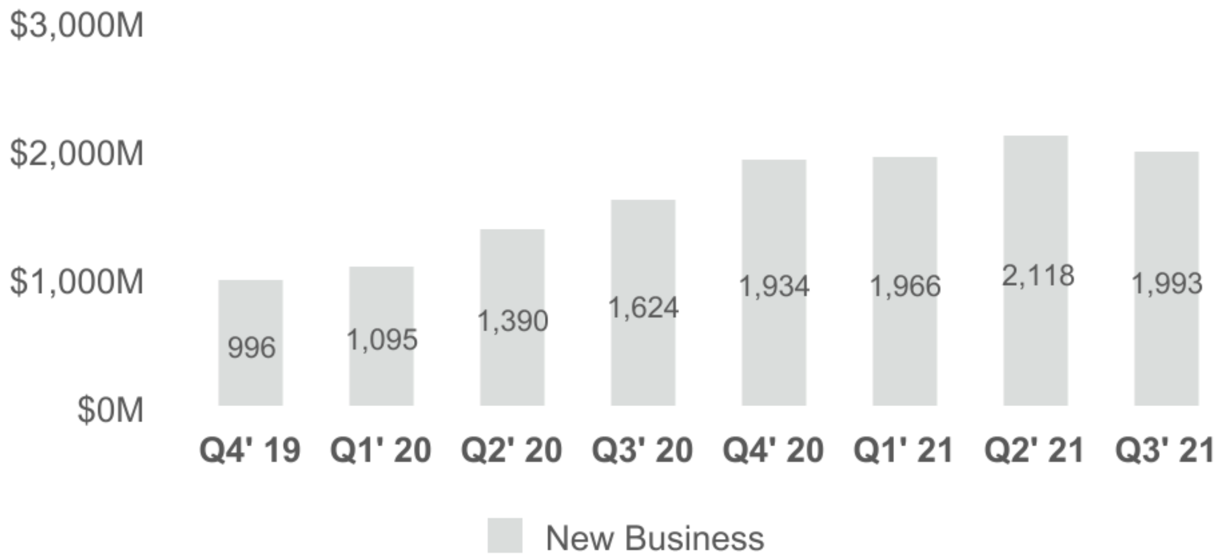
Appendix

Sales Metrics

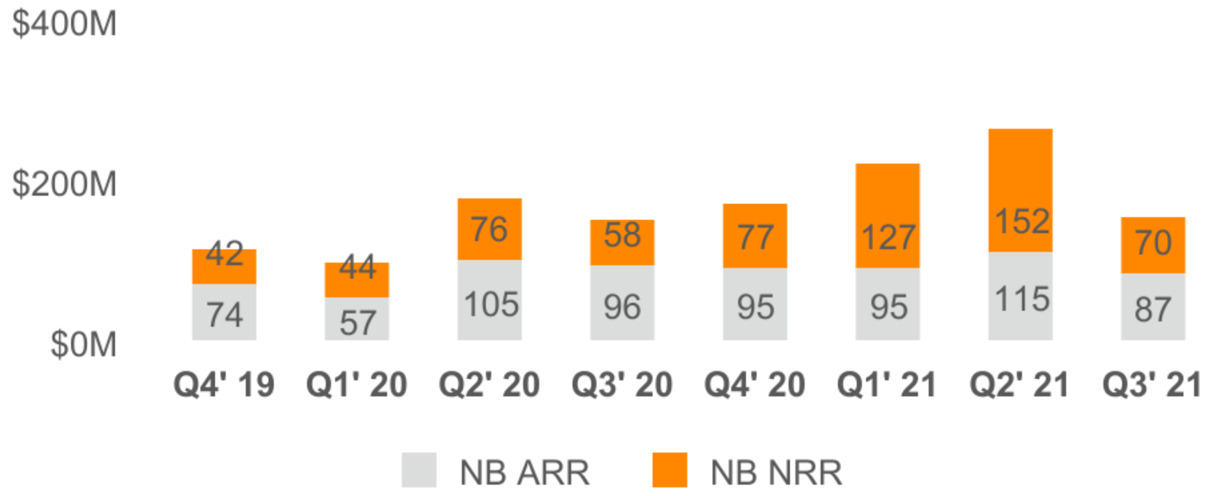
TCV Signings (incl. ARR + NRR)



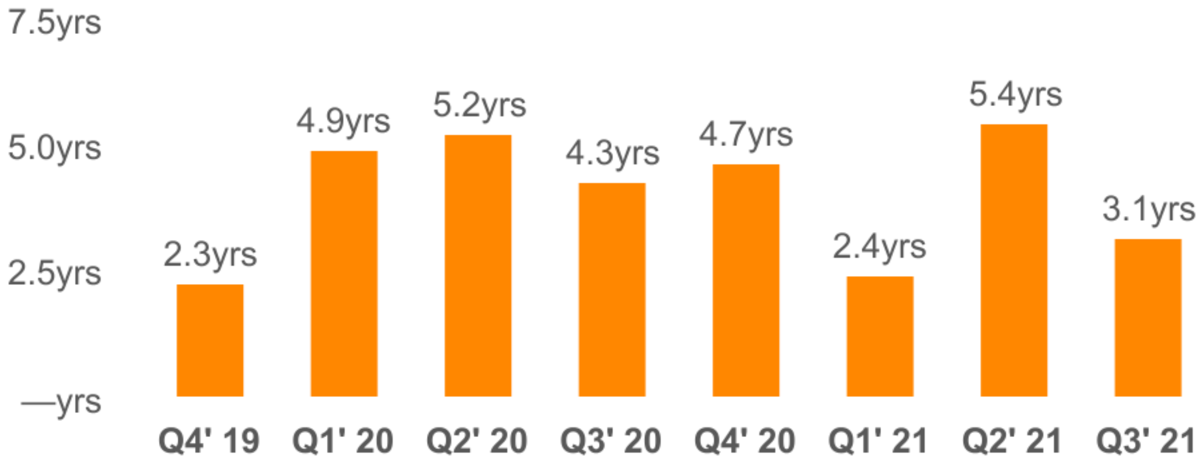
TCV Signings (incl. ARR + NRR) (TTM)



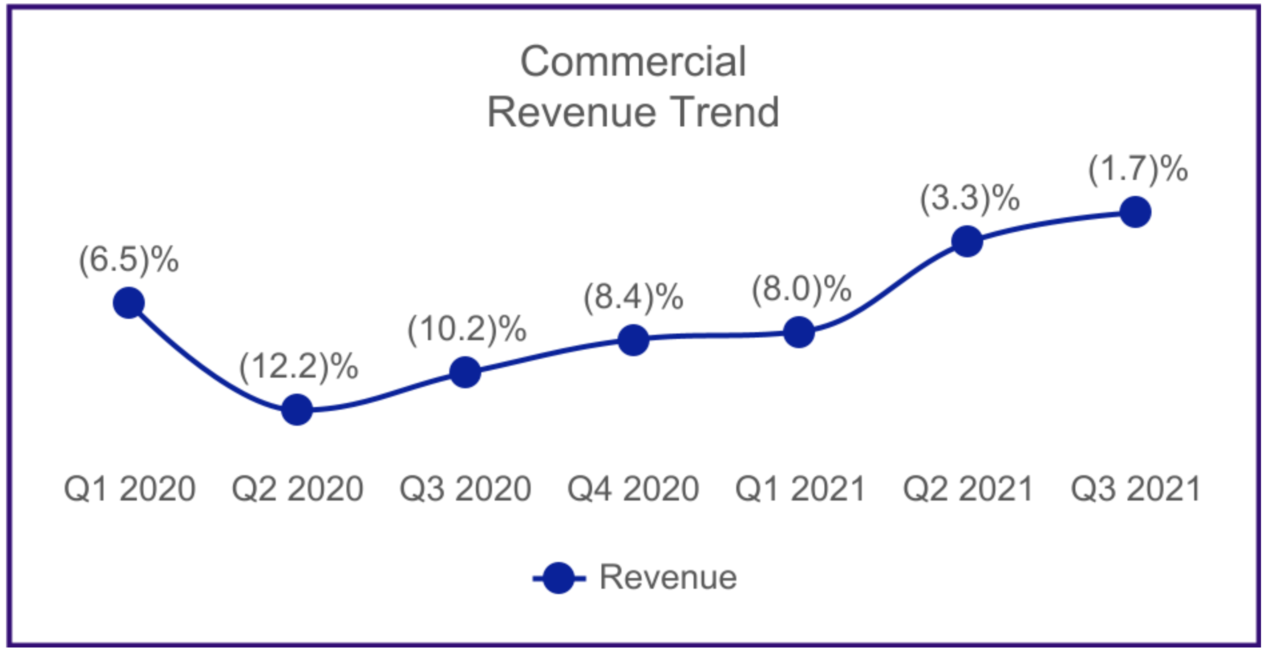
New Business (ARR + NRR Breakdown)

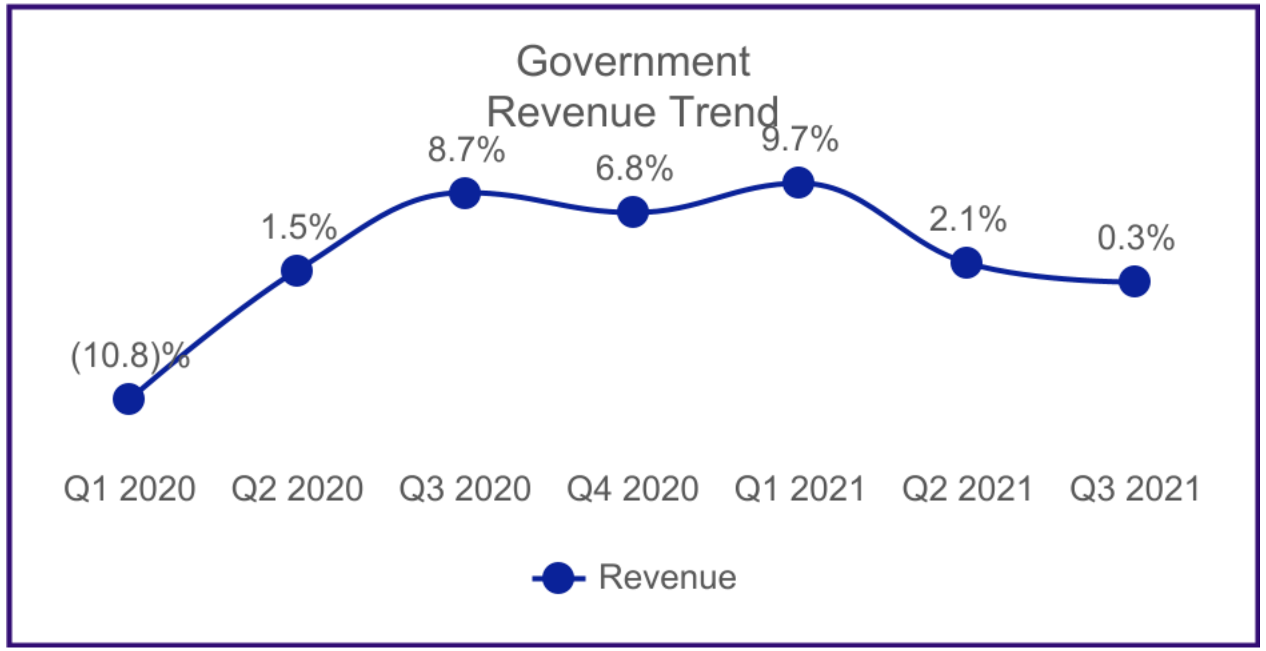


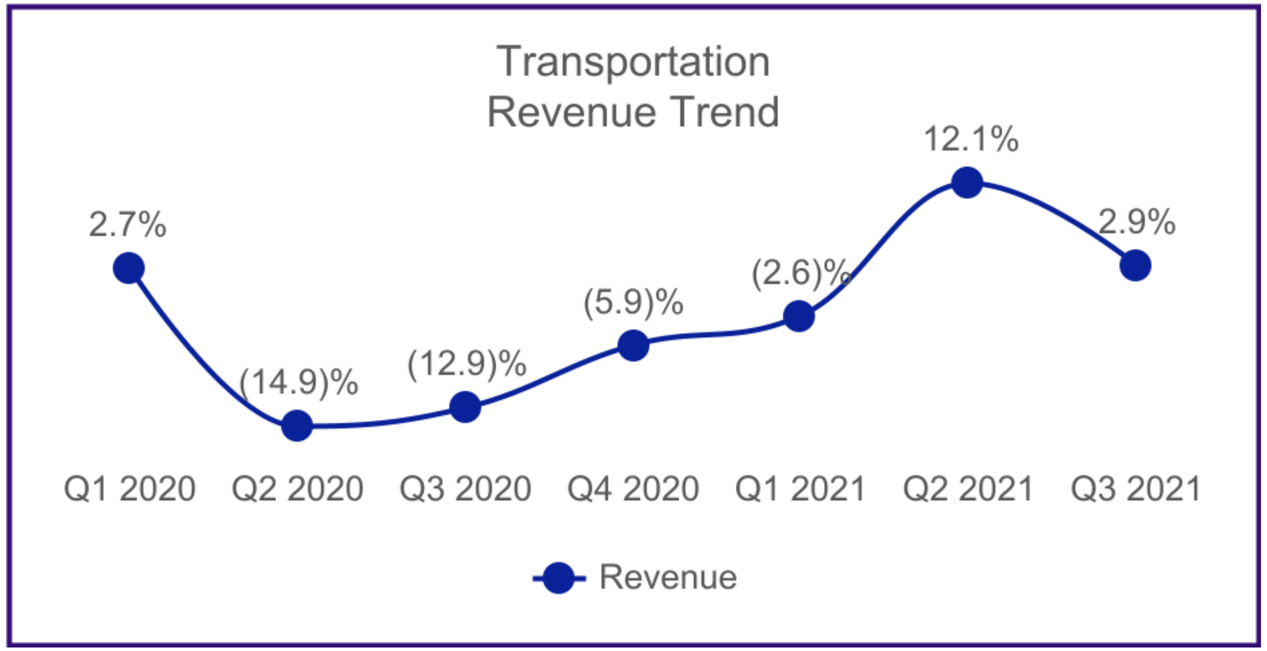
Implied New Business Avg. Contract Length



Segment Revenue Trend







Improving trends and opportunity across segments

- **Commercial:**
  - As COVID-19 impacts in Business Operations Solutions and Healthcare offerings lap and lessen, segment positioned well for recovery
  - Rising interest rates should drive revenue expansion in BenefitWallet offering (longer-term opportunity)
- **Transportation:**
  - As COVID-19 impacts lap and lessen, segment positioned well for recovery
- **Government:**
  - COVID-19 volumes expected to decline beginning Q4 2021

Definitions

New Business Total Contract Value (TCV): Estimated total future revenues from contracts signed during the year related to new logo, new service line or expansion with existing customers.

New Business Non-Recurring Revenue (NRR): metric measures the non-recurring revenue for any new business signing, includes:

i. Signing value of any contract with term less than 12 months
ii. Signing value of project based revenue, not expected to continue long term

New Business Annual Recurring Revenue (ARR): metric measures the revenue from recurring services provided to the client for any new business signing. ARR represents the recurring services provided to a customer with the opportunity for renewal at the end of the contract term. The calculation of ARR is (Total Contract Value less Non-Recurring Revenue) divided by the Contract Term.

Renewal TCV Signings: Estimated total future revenues from contracts signed during the year related to renewals.

Renewal Signings Annual Recurring Revenue (ARR): metric measures the revenue from recurring services provided to the client for any renewal signing. ARR represents the recurring services provided to a customer with the opportunity for renewal at the end of the contract term. The calculation of ARR is (Total Contract Value less Non-Recurring Revenue) divided by the Contract Term.

Net ARR Activity: Projected Annual Recurring Revenue for contracts signed in the prior 12 months, less the annualized impact of any client losses, contractual volume and price changes, and other known impacts for which the company was notified in that same time period, which could positively or negatively impact results. The metric annualizes the net impact to revenue. Timing of revenue impact varies and may not be realized within the forward 12-month timeframe. The metric is for indicative purposes only. This metric excludes COVID-related volume impacts and non-recurring revenue signings. This metric is not indicative of any specific 12 month timeframe.

Total New Business Pipeline (Cumulative Pipeline): TCV pipeline of deals in all sell stages. Extends past next 12 month period to include total pipeline. Excludes the impact of divested business as required.

Implied New Business Average Contract Length: (New business TCV – New business NRR) / New business ARR = Implied New Business Average Contract Length.

Non-GAAP Financial Measures

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (U.S. GAAP). In addition, we have discussed our financial results using non-GAAP measures. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and compare our results. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with U.S. GAAP, to exclude the effects of certain items as well as their related tax effects. Management believes that these non-GAAP financial measures provide an additional means of analyzing the results of the current period against the corresponding prior period. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Consolidated Financial Statements prepared in accordance with U.S. GAAP. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAP financial measures to investors allows for a further level of transparency as to how management reviews and evaluates our business results and trends. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on certain of these non-GAAP measures.

A reconciliation of the following non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP are provided below.

These reconciliations also include the income tax effects for our non-GAAP performance measures in total, to the extent applicable. The income tax effects are calculated under the same accounting principles as applied to our reported pre-tax performance measures under ASC 740, which employs an annual effective tax rate method. The noted income tax effect for our non-GAAP performance measures is effectively the difference in income taxes for reported and adjusted pre-tax income calculated under the annual effective tax rate method. The tax effect of the non-GAAP adjustments was calculated based upon evaluation of the statutory tax treatment and the applicable statutory tax rate in the jurisdictions in which such charges were incurred.

Adjusted Net Income (Loss), Adjusted Diluted Earnings per Share, Adjusted Weighted Average Common Shares Outstanding, and Adjusted Effective Tax Rate.

We make adjustments to Net Income (Loss) before Income Taxes for the following items, as applicable, to the particular financial measure, for the purpose of calculating Adjusted Revenue, Adjusted Net Income (Loss), Adjusted Diluted Earnings per Share, Adjusted Weighted Average Common Shares Outstanding, and Adjusted Effective Tax Rate:

- Amortization of acquired intangible assets. The amortization of acquired intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry and from period to period.
- Restructuring and related costs. Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation program.
- Goodwill impairment. This represents Goodwill impairment charges related to the unanticipated losses of certain customer contracts, lower potential future volumes and lower than expected new customer contracts for all reporting units.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Litigation costs (recoveries), net. Litigation costs (recoveries), net represents provisions for various matters subject to litigation.
- Other charges (credits). This includes Other (income) expenses, net on the Condensed Consolidated Statements of Income (loss) and other insignificant (income) expense associated with providing transition services on the California Medicaid contract loss and other adjustments.
- Divestitures. Revenue from divestitures in the first quarter of 2019.

The Company provides adjusted net income and adjusted EPS financial measures to assist our investors in evaluating our ongoing operating performance for the current reporting period and, where provided, over different reporting periods, by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess our operating performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions.

Management believes that the adjusted effective tax rate, provided as supplemental information, facilitates a comparison by investors of our actual effective tax rate with an adjusted effective tax rate which reflects the impact of the items which are excluded in providing adjusted net income and certain other identified items, and may provide added insight into our underlying business results and how effective tax rates impact our ongoing business.

Non-GAAP Financial Measures

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

We make adjustments to Revenue, Costs and Expenses and Operating Margin, as applicable, for the following items, for the purpose of calculating Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin:

- Amortization of acquired intangible assets.
- Restructuring and related costs.
- Interest expense. Interest expense includes interest on long-term debt and amortization of debt issuance costs.
- Goodwill impairment.
- (Gain) loss on divestitures and transaction costs.
- Litigation costs (recoveries), net.
- Other charges (credits).
- Divestitures.

We provide our investors with adjusted revenue, adjusted operating income and adjusted operating margin information, as supplemental information, because we believe it offers added insight, by itself and for comparability between periods, by adjusting for certain non-cash items as well as certain other identified items which we do not believe are indicative of our ongoing business, and may also provide added insight on trends in our ongoing business.

CONDUENT

Non-GAAP Financial Measures

Adjusted EBITDA and EBITDA Margin

We use Adjusted EBITDA and Adjusted EBITDA Margin as an additional way of assessing certain aspects of our operations that, when viewed with the U.S. GAAP results and the accompanying reconciliations to corresponding U.S. GAAP financial measures, provide a more complete understanding of our on-going business. Adjusted EBITDA represents income (loss) before interest, income taxes, depreciation and amortization and contract inducement amortization adjusted for the following items. Adjusted EBITDA Margin is Adjusted EBITDA divided by revenue or adjusted revenue, as applicable:

- Restructuring and related costs.
- Goodwill impairment.
- (Gain) loss on divestitures and transaction costs.
- Litigation costs (recoveries), net.
- Other charges (credits).

Adjusted EBITDA is not intended to represent cash flows from operations, operating income (loss) or net income (loss) as defined by U.S. GAAP as indicators of operating performance. Management cautions that amounts presented in accordance with Conduent's definition of Adjusted EBITDA and Adjusted EBITDA Margin may not be comparable to similar measures disclosed by other companies because not all companies calculate Adjusted EBITDA and Adjusted EBITDA Margin in the same manner.

Non-GAAP Financial Measures

Free Cash Flow

Free Cash Flow is defined as cash flows from operating activities as reported on the consolidated statement of cash flows, less cost of additions to land, buildings and equipment, cost of additions to internal use software, and proceeds from sales of land, buildings and equipment. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity. We use Free Cash Flow as a measure of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions and invest in land, buildings and equipment and internal use software, after required payments on debt. In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow reconciled to cash flow provided by operating activities, which we believe to be the most directly comparable measure under U.S. GAAP.

Adjusted Free Cash Flow

Adjusted Free Cash Flow is defined as Free Cash Flow from above plus deferred compensation payments, transaction costs, costs related to the Texas litigation, and certain other identified adjustments. We use Adjusted Free Cash Flow, in addition to Free Cash Flow, to provide supplemental information to our investors concerning our ability to generate cash from our ongoing operating activities and for performance based components of employee compensation; by excluding certain deferred compensation costs and our one-time Texas settlement costs, as well as transaction costs and transaction cost tax benefits related to acquisitions or divestitures, we believe we provide useful additional information to our investors to help them further understand our ability to generate cash period-over-period as well as added information on comparability to our competitors. Such as with Free Cash Flow information, as so adjusted, it is specifically not intended to provide amounts available for discretionary spending. We have added certain adjustments to account for items which we do not believe reflect our core business or operating performance, and we computed all periods with such adjusted costs.

Revenue at Constant Currency

To better understand trends in our business, we believe that it is helpful to adjust revenue to exclude the impact of changes in the translation of foreign currencies into U.S. Dollars. We refer to this adjusted revenue as “constant currency.” Currency impact is determined as the difference between actual growth rates and constant currency growth rates. This currency impact is calculated by translating the current period activity in local currency using the comparable prior-year period's currency translation rate.

Non-GAAP Outlook

In providing the outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. GAAP financial measure. A description of the adjustments which historically have been applicable in determining Adjusted EBITDA are reflected in the table below. We are providing such outlook only on a non-GAAP basis because the Company is unable to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results. We have provided an outlook for revenue on a constant currency basis due to the inability to accurately predict foreign currency impact on revenues. Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, see above. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Non-GAAP Reconciliations

CONDUENT

Revenue at Constant Currency, Adjusted Net Income (Loss), Adjusted Effective Tax Rate, Adjusted Operating Income (Loss) and Adjusted EBITDA

(in millions)	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	$ 1,038	$ 1,026	$ 1,028	$ 4,163	$ 1,055	$ 1,041	$ 1,016	$ 1,051
Foreign currency impact	(3)	(10)	(7)	1	(5)	(2)	4	4
Revenue at Constant Currency	$ 1,035	$ 1,016	$ 1,021	$ 4,164	$ 1,050	$ 1,039	$ 1,020	$ 1,055
ADJUSTED NET INCOME (LOSS)								
Income (Loss) From Continuing Operations	$ 11	$ 12	$ (11)	$ (118)	$ (11)	$ (7)	$ (51)	$ (49)
Adjustments:								
Amortization of acquired intangible assets[1]	31	32	40	239	59	60	60	60
Restructuring and related costs	10	8	13	67	11	20	29	7
Loss on extinguishment of debt	—	2	—	—	—	—	—	—
(Gain) loss on divestitures and transaction costs	—	(1)	2	17	3	8	2	4
Litigation costs	—	1	1	20	—	—	14	6
Other charges (credits)	4	—	—	(6)	1	(1)	(1)	(5)
Total Non-GAAP Adjustments	45	42	56	337	74	87	104	72
Income tax adjustments[2]	(12)	(8)	(9)	(75)	(17)	(23)	(26)	(9)
Adjusted Net Income (Loss)	$ 44	$ 46	$ 36	$ 144	$ 46	$ 57	$ 27	$ 14

CONDUENT

CONTINUED

(in millions)	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED EFFECTIVE TAX								
Income (Loss) Before Income Taxes	$ 19	$ 19	$ (9)	$ (139)	$ (11)	$ (13)	$ (64)	$ (51)
Adjustment:								
Total Non-GAAP Adjustments	45	42	56	337	74	87	104	72
Adjusted PBT	$ 64	$ 61	$ 47	$ 198	$ 63	$ 74	$ 40	$ 21
Income tax expense (benefit)	$ 8	$ 7	$ 2	$ (21)	$ —	$ (6)	$ (13)	$ (2)
Income tax adjustments[(2)]	12	8	9	75	17	23	26	9
Adjusted Income Tax Expense (Benefit)	20	15	11	54	17	17	13	7
Adjusted Net Income (Loss)	$ 44	$ 46	$ 36	$ 144	$ 46	$ 57	$ 27	$ 14
ADJUSTED OPERATING INCOME (LOSS)								
Income (Loss) Before Income Taxes	$ 19	$ 19	$ (9)	$ (139)	$ (11)	$ (13)	$ (64)	$ (51)
Adjustment:								
Total non-GAAP adjustments	45	42	56	337	74	87	104	72
Interest expense	12	13	13	60	14	14	15	17
Adjusted Operating Income (Loss)	$ 76	$ 74	$ 60	$ 258	$ 77	$ 88	$ 55	$ 38

CONTINUED

(in millions)	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED EBITDA								
Income (Loss) From Continuing Operations	$ 11	$ 12	$ (11)	$ (118)	$ (11)	$ (7)	$ (51)	$ (49)
Income tax expense (benefit)	8	7	2	(21)	—	(6)	(13)	(2)
Depreciation and amortization	84	86	95	459	115	112	115	117
Contract inducement amortization	1	—	—	2	—	1	—	1
Interest expense	12	13	13	60	14	14	15	17
EBITDA	116	118	99	382	118	114	66	84
Adjustments:								
Restructuring and related costs	10	8	13	67	11	20	29	7
Loss on extinguishment of debt	—	2	—	—	—	—	—	—
(Gain) loss on divestitures and transaction costs	—	(1)	2	17	3	8	2	4
Litigation costs	—	1	1	20	—	—	14	6
Other charges (credits)	4	—	—	(6)	1	(1)	(1)	(5)
Adjusted EBITDA	$ 130	$ 128	$ 115	$ 480	$ 133	$ 141	$ 110	$ 96

1. *Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).*
2. *The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the business divestitures, the State of Texas litigation accrual, charges for amortization of intangible assets, restructuring, goodwill impairment and divestiture related costs.*

Non-GAAP Reconciliations

Adjusted Weighted Average Shares Outstanding, Adjusted Diluted EPS, Adjusted Effective Tax Rate, Adjusted Operating Margin, and Adjusted EBITDA Margin

(Amounts are in whole dollars, shares are in thousands and margins are in %)	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED DILUTED EPS[1]								
Weighted Average Common Shares Outstanding	212,633	212,450	212,250	210,018	209,981	209,244	209,129	211,093
Adjustments:								
Restricted stock and performance units / shares	7,184	7,715	6,952	4,969	8,483	4,592	1,413	278
Adjusted Weighted Average Common Shares Outstanding	219,817	220,165	219,202	214,987	218,464	213,836	210,542	211,371
Diluted EPS from Continuing Operations	$ 0.04	$ 0.04	$ (0.06)	$ (0.61)	$ (0.07)	$ (0.04)	$ (0.25)	$ (0.24)
Adjustments:								
Total non-GAAP adjustments	0.20	0.20	0.25	1.58	0.35	0.41	0.49	0.33
Income tax adjustments[2]	(0.05)	(0.04)	(0.04)	(0.35)	(0.08)	(0.11)	(0.12)	(0.04)
Adjusted Diluted EPS	$ 0.19	$ 0.20	$ 0.15	$ 0.62	$ 0.20	$ 0.26	$ 0.12	$ 0.05
ADJUSTED EFFECTIVE TAX RATE								
Effective tax rate	38.3 %	38.2 %	(23.4)%	15.1 %	— %	46.2 %	20.3 %	3.9 %
Adjustments:								
Total non-GAAP adjustments	(7.9)	(12.5)	46.8	12.2	27.0	(23.2)	12.2	29.4
Adjusted Effective Tax Rate[2]	30.4 %	25.7 %	23.4 %	27.3 %	27.0 %	23.0 %	32.5 %	33.3 %

CONTINUED

(Margins are in %)	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
ADJUSTED OPERATING MARGIN								
Income (Loss) Before Income Taxes Margin	1.8 %	1.9 %	(0.9)%	(3.3)%	(1.0)%	(1.2)%	(6.3)%	(4.9)%
Adjustments:								
Total non-GAAP adjustments	4.3	4.0	5.4	8.1	7.0	8.4	10.2	6.9
Interest expense	1.2	1.3	1.3	1.4	1.3	1.3	1.5	1.6
Margin for Adjusted Operating Income	7.3 %	7.2 %	5.8 %	6.2 %	7.3 %	8.5 %	5.4 %	3.6 %
ADJUSTED EBITDA MARGIN								
EBITDA Margin	11.2	11.5	9.6	9.2	11.2	11.0	6.5	8.0
Total non-GAAP adjustments	1.3	1.0	1.6	2.3	1.4	2.5	4.3	1.1
Adjusted EBITDA Margin	12.5 %	12.5 %	11.2 %	11.5 %	12.6 %	13.5 %	10.8 %	9.1 %

1. *Average shares for the 2021 and 2020 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact of the preferred stock dividend of approximately $2 million per quarter.*
2. *The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to divestitures, the State of Texas litigation accrual, charges for amortization of intangible assets and restructuring.*

Non-GAAP Reconciliation: Free Cash Flow and Adj. Free Cash Flow

(in millions)	Q3 2021	Q2 2021	Q1 2021	FY 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Operating Cash Flow	$ 55	$ 105	$ (2)	$ 161	$ 172	$ 107	$ 74	$ (192)
Cost of additions to land, buildings and equipment	(13)	(25)	(14)	(76)	(28)	(18)	(19)	(11)
Proceeds from sale of land, buildings and equipment	—	—	—	—	—	—	—	—
Cost of additions to internal use software	(17)	(16)	(16)	(63)	(16)	(17)	(17)	(13)
Tax payment related to divestitures	—	—	—	—	—	—	—	—
Free Cash Flow	**25**	**64**	**(32)**	**22**	**128**	**72**	**38**	**(216)**
Transaction costs	—	1	1	5	2	—	2	1
Transaction costs tax benefit	—	—	—	—	—	—	—	—
Vendor financed lease payments	(2)	(3)	(2)	(11)	(2)	(3)	(2)	(4)
Texas litigation payments	—	—	—	118	—	—	—	118
Adjusted Free Cash Flow	**$ 23**	**$ 62**	**$ (33)**	**$ 134**	**$ 128**	**$ 69**	**$ 38**	**$ (101)**

The below footnotes correspond to the Cash Flow and Balance Sheet slide

(1) Refer to Appendix for complete non-GAAP reconciliations of Adjusted Free Cash Flow.

(2) Total Cash includes $6M and $8M of restricted cash as of September 30, 2021 and December 31, 2020, respectively, and Total debt excludes deferred financing costs.

(3) Revolving credit facility and Term Loan A interest rate: LIBOR + 175 bps; Term Loan B: LIBOR + 250 bps.

(4) Term Loan A includes EUR 230M, converted to USD using conversion rates on September 30, 2021.

(5) $740M of available capacity under Revolving Credit Facility as of September 30, 2021.

(6) Capex refers to Land, Buildings & Equipment plus additions to Internal Use Software.

(7) Net debt (total debt less adjusted cash) divided by TTM Adjusted EBITDA (not adjusted for divestitures). Adjusted ratio uses total Debt which excludes deferred financing costs.

(8) Debt maturity amounts exclude finance leases and other loans.