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): February 14, 2023

CONDUENT INCORPORATED
(Exact name of registrant as specified in its charter)

New York	001-37817	81-2983623
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

100 Campus Drive, Suite 200,
Florham Park, New Jersey
07932
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (844) 663-2638

Not Applicable
(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))

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

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, $0.01 par value	**CNDT**	**NASDAQ Global Select Market**

Item 2.02. Results of Operations and Financial Condition.

On February 14, 2023, Conduent Incorporated (Registrant) released its fourth quarter 2022 earnings and is furnishing to the Securities and Exchange Commission a copy of the earnings press release as Exhibit 99.1 to this Current Report on Form 8-K (the Report) under Item 2.02 of Form 8-K.

The information contained in Item 2.02 of this Report and in Exhibit 99.1 shall not be deemed "filed" with the Commission for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Item 7.01. Regulation FD Disclosure.

On February 14, 2023, Registrant conducted an earnings call regarding its 2022 fourth quarter results and is furnishing to the Securities and Exchange Commission a copy of the presentation used during the earnings call as Exhibit 99.2 to this Report under Item 7.01 of Form 8-K.

The information contained in Item 7.01 of this Report and in Exhibit 99.2 to this Report shall not be deemed "filed" with the Commission for purposes of Section 18 of the Exchange Act of 1934, as amended, or otherwise subject to the liability of that section.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Registrant's fourth quarter 2022 earnings press release dated February 14, 2023
99.2	Registrant's investor presentation dated February 14, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Forward-Looking Statements

This Report and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, as amended. The words “anticipate,” “believe,” “estimate,” “expect,” "plan," “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” "see," "ahead" and similar expressions, as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. In addition, all statements regarding the anticipated effects of the COVID-19 pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on our business, customers, and markets, results of operations and financial condition, as well as other statements that are not strictly historical in nature, are forward looking.

These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Current Report on Form 8-K, any exhibits to this Current Report on Form 8-K and other public statements we make. Our actual results may vary materially from those expressed or implied in our forward-looking statements. These forward-looking statements are also subject to the continuing impact of the COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are uncertain and cannot be predicted.

Important factors and uncertainties that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to: government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our reliance on third-party providers; risk and impact of geopolitical events and increasing geopolitical tensions (such as the war in the Ukraine), macroeconomic conditions, natural disasters and other factors (such as pandemics, including coronavirus) in a particular country or region on our workforce, customers and vendors; conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes; relying on third party providers; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; claims of infringement of third-party intellectual property rights; our ability to estimate the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontractors; our failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; the continuing effects of the COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are uncertain and cannot be predicted; the failure to comply with laws relating to individually identifiable information and personal health information; the failure to comply with laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to comply with data security standards; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; changes in tax and other laws and regulations; risk and impact of potential goodwill and other asset impairments; our significant indebtedness and the terms of such indebtedness; our failure to obtain or maintain a satisfactory credit rating and financial performance; our ability to receive dividends or other payments from our subsidiaries; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; increases in the cost of voice and data services or significant interruptions in such services; changes in government regulation and economic, strategic, political and social conditions; volatility of our stock price and the risk of litigation following a decline in the price of our stock; economic factors such as inflation, the level of economic activity and labor market conditions, as well as rising interest rates; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections in our Annual Reports on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission (SEC). Any forward-looking statements made by us in this Form 8-K speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether because of new information, subsequent events or otherwise, except as required by law.

Important factors and uncertainties that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to: government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our reliance on third-party providers; increasing geopolitical tensions (such as the war in the Ukraine)and on time; changes in interest in outsourced business process services; risk and impact of geopolitical events (such as the war in the Ukraine), natural disasters and other factors (such as pandemics, including coronavirus) in a particular country or region on our workforce, customers and vendors; claims of infringement of third-party intellectual property rights; our ability to estimate the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontractors; increases in the cost of telephone and data services or significant interruptions in such services; our failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; the failure to comply with laws relating to individually identifiable information and personal health information; the failure to comply with laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to comply with data security standards; changes in tax and other laws and regulations; risk and impact of potential goodwill and other asset impairments; our significant indebtedness; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; our failure to maintain a satisfactory credit rating; our ability to receive dividends or other payments from our subsidiaries; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes; changes in government regulation and economic, strategic, political and social conditions; volatility of our stock price and the risk of litigation following a decline in the price of our stock; economic factors such as inflation, the level of economic activity and labor market conditions, as well as rising interest rates and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections in our Annual Reports on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Any forward-looking statements made by us in this Form 8-K speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether because of new information, subsequent events or otherwise.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly authorized this Report to be signed on its behalf by the undersigned duly authorized.

Date: February 14, 2023

CONDUENT INCORPORATED

By:	***/s/ STEPHEN WOOD***
	Stephen Wood
	Executive Vice President and Chief Financial Officer

News from Conduent

Conduent Incorporated
100 Campus Drive, Suite 200
Florham Park, NJ 07932
www.conduent.com

Conduent Reports Fourth Quarter and Full Year 2022 Financial Results

Key Q4 and Full Year 2022 Highlights

- Results continue to be consistent with expectations despite the economic uncertainty
- Revenue: Q4 $986M / FY $3,858M
- Adj. Revenue(1): Q4 $986M / FY $3,851M
- Pre-tax Income: Q4 $(365)M / FY $(127)M, impacted by a goodwill impairment charge of $358M
- Adj. EBITDA Margin(1): Q4 9.6% / FY 10.2%
- New business signings ACV(2): Q4 $194M / FY $732M
- Net ARR Activity Metric(2) (TTM): Q4 $114M

FLORHAM PARK, NJ, February 14, 2023 - Conduent (NASDAQ: CNDT), a global technology-led business process solutions company, today announced its fourth quarter and full year 2022 financial results.

Cliff Skelton, Conduent President and Chief Executive Officer stated, “Q4 and 2022 brought with it a mixture of both headwinds and tailwinds such as foreign exchange rates, inflation-induced volume degradation, and interest rate increases. Despite the economic uncertainty, revenue and EBITDA results were within our previously articulated expectations. Year-over-year Annual Contract Value sales were up considerably in both Q4 and full year, improving across all three segments, particularly in Q4 for our Government Healthcare business. We continued to make progress toward our mission to achieve year-over-year top line growth and expect to see two of our three businesses units grow in 2023.”

Skelton continued, “All in all, 2022 proved to be a year where we completed our foundational improvement work, received recognition for culture and diversity and measurably improved sales as we outrun the legacy losses from past performance.

In 2023 we expect to transition to more normal retention rates and exit the year on a company-wide growth trajectory. Finally, we will elaborate further on the 3-year financial outcomes and the acceleration opportunities we will deploy along the way in our Investor Event in late March. Meanwhile, as always, thanks to our teammates for their hard work and our clients for their continued commitment and support."

Key Financial Q4 & Full Year 2022 Results

($ in millions, except margin and per share data)	Q4 2022	Q4 2021	Current Quarter Y/Y B/(W)	FY 22	FY 21	FY Y/Y B/(W)
Revenue	$986	$1,048	(5.9)%	$3,858	$4,140	(6.8)%
Adjusted Revenue[(1)]	$986	$1,032	(4.5)%	$3,851	$4,070	(5.4)%
GAAP Net Income (Loss)	$(333)	$(40)	(733)%	$(182)	$(28)	(550)%
Adjusted EBITDA[(1)]	$95	$105	(9.5)%	$394	$448	(12.1)%
Adjusted EBITDA Margin [(1)]	9.6%	10.2%	(60) bps	10.2%	11.0%	(80) bps
GAAP Income (Loss) Before Income Tax	$(365)	$(54)	(576)%	$(127)	$(25)	(408)%
GAAP Diluted EPS	$(1.55)	$(0.20)	(675)%	$(0.89)	$(0.18)	(394)%
Adjusted Diluted EPS[(1)]	$0.01	$0.13	(92)%	$0.23	$0.67	(66)%
Cash Flow from Operating Activities	$51	$85	(40)%	$144	$243	(41)%
Adjusted Free Cash Flow[(1)]	$24	$37	(35)%	$6	$89	(93)%

Q4 and Full Year 2022 Performance Commentary

Conduent's total liquidity position is strong with over $1.1 billion in cash and available revolving credit facility capacity. Cash Flow from Operating Activities was $51 million and Adjusted Free Cash Flow was $24 million for the quarter.

Full year 2022 Revenue and Adjusted Revenue were in line with expectations, however, lower than the prior year period, primarily driven by significant, non-recurring stimulus payments volume in our Government Services business in the prior year, recessionary-related volume reductions in our Commercial business, as well as unfavorable foreign exchange impact, particularly from the Euro and British pound.

Q4 2022 New Business ACV of $194 million represented another strong quarter for this sales metric. New Business ACV for the full year 2022 was $732 million.

The Net ARR Activity Metric for Q4 2022 was strong at $114 million, up 64% versus Q3 2022.

Additional Q4 and Full Year 2022 Performance Highlights

Conduent achieved several milestones in our technology-led solutions, operational excellence and culture, including:

- Launched a new digital hub that enables faster, easier and secure payments and disbursements in collaboration with BNY Mellon;
- Selected by two states for Conduent's modular, cloud-native Medicaid Suite of solutions;
- Enhanced solutions to help government agencies assist individuals with eligibility and enrollment through Conduent's BenePath suite;
- Implemented and updated electronic and contactless ticketing systems for several transit networks in both North America and Europe;
- Recognized for operational excellence by Toyota Financial Services with the Supplier Excellence Award and by General Motors with the Supplier of the Year Award, both for the second consecutive year;
- Conduent's solutions received industry recognition from Gartner, Everest Group, Information Services Group (ISG), Nelson Hall, Brandon Hall and Government Technology magazine; and
- Recognized by Forbes, Newsweek, Comparably and the Human Rights Campaign Foundation related to our culture.

FY 2023 Outlook [4]

	FY 2022 Actuals	FY 2023 Outlook
Adj. Revenue[1]	$3,851M	$3,700M - $3,800M
Adj. EBITDA[1] / Adj. EBITDA Margin[1]	$394M / 10.2%	10.0% - 10.8%
Adj. Free Cash Flow[2] as % of Adj. EBITDA[1]	1.5% [3]	15% - 20% [3]

[1] Refer to Appendix for definition and complete non-GAAP reconciliations of Adjusted Revenue, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Diluted EPS and Adjusted Free Cash Flow.

[2] Refer to Appendix for definition.

[3] Normalized for the impact of payment of deferred payroll taxes primarily related to the CARES Act of $27M in 2022, Adjusted Free Cash Flow as a percentage of Adjusted EBITDA is approximately 8% in 2022. Adjusted Free Cash Flow for 2023 includes an outstanding US Federal tax refund of $29M expected to be received in 2023.

[4] Refer to Appendix for additional information regarding Non-GAAP Outlook.

Conference Call

Management will present the results during a conference call and webcast on February 14, 2023 at 5:00 p.m. ET.

The call will be available by live audio webcast along with the news release and online presentation slides at https://investor.conduent.com/.

The conference call will also be available by calling 877-407-4019 toll-free. If requested, the conference ID for this call is 13734821.

The international dial-in is 1-201-689-8337. The international conference ID is also 13734821.
A recording of the conference call will be available by calling 1-877-660-6853 three hours after the conference call concludes. The replay ID is 13734821.

The telephone recording will be available until February 28, 2023.

About Conduent

Conduent delivers technology-led business process solutions for businesses and governments globally – creating exceptional outcomes for its clients and the millions of people who count on them. Through a dedicated global team of approximately 60,000 associates, process expertise, and advanced technologies, Conduent's solutions and services digitally transform its clients' operations to enhance customer experiences, improve performance, increase efficiencies, and reduce costs. 80 percent of Fortune 100 companies and more than 600 government entities count on Conduent as a strategic partner. Conduent adds momentum to its clients' missions in many ways including delivering 43 percent of nutrition assistance payments in the U.S., enabling 1.3 billion customer service interactions annually, empowering more than 11 million employees through HR services every year, or processing nearly 12 million tolling transactions every day. Learn more at www.conduent.com.

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, our 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 non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. 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. Refer to the "Non-GAAP Financial Measures" section attached to this release for a discussion of these non-GAAP measures and their reconciliation to the reported U.S. GAAP measures.

Forward-Looking Statements

This release and any attachments to this release may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” "plan," “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” "see", "ahead", and similar expressions, as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. All statements other than statements of historical fact included in this press release are forward-looking statements, including, but not limited to, statements regarding our financial results, condition and outlook; changes in our operating results; general market and economic conditions; our long-term game plan; our belief that our team of talented associates and technology-led solutions strongly position us as the partner that can help our clients through these uncertain times; our continued focus on incremental improvement in our sales, operations, technology performance and capabilities to drive sustained success; and our projected financial performance for the full year 2023, including all statements made under the section captioned “FY 2023 Outlook” within this release. In addition, all statements regarding the anticipated effects of the COVID-19 pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on our business, customers, and markets, results of operations and financial condition, as well as other statements that are not strictly historical in nature, are forward looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this press release, any exhibits to this press release and other public statements we make. Our actual results may vary materially from those expressed or implied in our forward-looking statements. These forward-looking statements are also subject to the continuing impact of the COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are uncertain and cannot be predicted.

Important factors and uncertainties that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to: government appropriations and termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; our reliance on third-party providers; risk and impact of geopolitical events and increasing geopolitical tensions (such as the war in the Ukraine), macroeconomic conditons, natural disasters and other factors (such as pandemics, including coronavirus) in a particular country or region on our workforce, customers and vendors; conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes; relying on third party providers; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; claims of infringement of third-party intellectual property rights; our ability to estimate the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontractors; our failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; the continuing effects of the COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are uncertain and cannot be predicted; the failure to comply with laws relating to individually identifiable information and personal health information; the failure to comply with laws relating to processing certain financial transactions, including payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to comply with data security standards; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; changes in tax and other laws and regulations; risk and impact of potential goodwill and other asset impairments; our significant indebtedness and the terms of such indebtedness; our failure to obtain or maintain a satisfactory credit rating and financial performance; our ability to receive dividends or other payments from our subsidiaries; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; increases in the cost of voice and data services or significant interruptions in such services; changes in government regulation and economic, strategic, political and social conditions; volatility of our stock price and the risk of litigation following a decline in the price of our stock; economic factors such as inflation, the level of economic activity and labor market conditions, as well as rising interest rates; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Management's Discussion and Analysis of Financial Condition and Results of Operations” section and other sections in our 2022 Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with or furnished to the Securities and Exchange Commission. Any forward-looking statements made by us in this release speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether because of new information, subsequent events or otherwise except as required by law.

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CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

(in millions, except per share data)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
Revenue	$ 986	$ 1,048	$ 3,858	$ 4,140
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	782	803	3,018	3,138
Selling, general and administrative (excluding depreciation and amortization)	108	162	440	544
Research and development (excluding depreciation and amortization)	2	1	7	4
Depreciation and amortization	62	87	230	352
Restructuring and related costs	15	14	39	45
Interest expense	25	17	84	55
Loss on extinguishment of debt	—	13	—	15
Goodwill impairment	358	—	358	—
(Gain) loss on divestitures and transaction costs, net	1	2	(158)	3
Litigation settlements (recoveries), net	(1)	1	(32)	3
Other (income) expenses, net	(1)	2	(1)	6
Total Operating Costs and Expenses	1,351	1,102	3,985	4,165
Income (Loss) Before Income Taxes	(365)	(54)	(127)	(25)
Income tax expense (benefit)	(32)	(14)	55	3
Net Income (Loss)	$ (333)	$ (40)	$ (182)	$ (28)
Net Income (Loss) per Share:				
Basic	$ (1.55)	$ (0.20)	$ (0.89)	$ (0.18)
Diluted	$ (1.55)	$ (0.20)	$ (0.89)	$ (0.18)

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(in millions)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
Net Income (Loss)	$ (333)	$ (40)	$ (182)	$ (28)
Other Comprehensive Income (Loss), Net[(1)]				
Currency translation adjustments, net	41	(8)	(41)	(31)
Unrecognized gains (losses), net	1	—	(1)	(1)
Changes in benefit plans, net	5	2	5	1
Other Comprehensive Income (Loss), Net	47	(6)	(37)	(31)
Comprehensive Income (Loss), Net	$ (286)	$ (46)	$ (219)	$ (59)

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(1) All amounts are net of tax. Tax effects were immaterial.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)	December 31, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 582	$ 415
Accounts receivable, net	630	699
Assets held for sale	—	184
Contract assets	171	154
Other current assets	242	228
Total current assets	1,625	1,680
Land, buildings and equipment, net	266	281
Operating lease right-of-use assets	197	231
Intangible assets, net	39	52
Goodwill	955	1,339
Other long-term assets	489	453
Total Assets	$ 3,571	$ 4,036
Liabilities and Equity		
Current portion of long-term debt	$ 35	$ 30
Accounts payable	228	198
Accrued compensation and benefits costs	197	243
Unearned income	81	82
Liabilities held for sale	—	29
Other current liabilities	382	443
Total current liabilities	923	1,025
Long-term debt	1,277	1,383
Deferred taxes	83	75
Operating lease liabilities	160	184
Other long-term liabilities	69	95
Total Liabilities	2,512	2,762
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,924	3,910
Retained earnings (deficit)	(2,543)	(2,351)
Accumulated other comprehensive loss	(466)	(429)
Total Equity	917	1,132
Total Liabilities and Equity	$ 3,571	$ 4,036
Shares of common stock issued and outstanding	218,348	215,381
Shares of series A convertible preferred stock issued and outstanding	120	120

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash Flows from Operating Activities:				
Net income (loss)	$ (333)	$ (40)	$ (182)	$ (28)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:				
Depreciation and amortization	62	87	230	352
Contract inducement amortization	1	—	3	1
Goodwill impairment	358	—	358	—
Write-off of implementation costs	—	28	—	28
Deferred income taxes	(34)	(14)	9	(21)
(Gain) loss from investments	—	—	—	5
Amortization of debt financing costs	1	1	4	6
Loss on extinguishment of debt	—	13	—	15
(Gain) loss on divestitures and sales of fixed assets, net	1	—	(165)	1
Stock-based compensation	6	7	21	21
Allowance for credit losses	—	2	—	1
Changes in operating assets and liabilities	(11)	1	(134)	(138)
Net cash provided by (used in) operating activities	51	85	144	243
Cash Flows from Investing Activities:				
Cost of additions to land, buildings and equipment	(30)	(28)	(92)	(80)
Cost of additions to internal use software	(13)	(18)	(61)	(67)
Proceeds from divestitures	—	1	326	5
Net cash provided by (used in) investing activities	(43)	(45)	173	(142)
Cash Flows from Financing Activities:				
Proceeds from revolving credit facility	—	100	—	100
Payments on revolving credit facility	—	—	(100)	—
Proceeds from the issuance of debt, net	13	1,299	13	1,299
Payments on debt	(9)	(1,398)	(33)	(1,500)
Debt issuance costs	—	(9)	—	(9)
Premium on debt redemption	—	—	—	(2)
Taxes paid for settlement of stock-based compensation	—	(9)	(1)	(10)
Dividends paid on preferred stock	(3)	(3)	(10)	(10)
Net cash provided by (used in) financing activities	1	(20)	(131)	(132)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2	—	(8)	(7)
Increase (decrease) in cash, cash equivalents and restricted cash	11	20	178	(38)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	587	400	420	458
Cash, Cash Equivalents and Restricted Cash at End of period[(1)]	$ 598	$ 420	$ 598	$ 420

(1) Includes $16 million and $5 million restricted cash as of December 31, 2022 and 2021, respectively, that were included in Other current assets on their respective Condensed Consolidated Balance Sheets.

Appendix

Definitions

Net ARR Activity Metric (TTM)

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.

New Business Annual Contract Value (ACV): (New Business TCV / contract term) multiplied by 12.

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 Revenue, 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 lower than expected new customer contract signings and an unexpected softening of the future business pipeline for certain solutions in our Commercial segment.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Litigation settlements (recoveries), net represents settlements or recoveries 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.
- Abandonment of Cloud Computing Project. This includes charges in connection with the abandonment of a cloud computing project. The costs include writing off previously capitalized costs and accruing remaining hosting fees that continue to be incurred without any economic benefit.
- Divestitures.

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.

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin

We make adjustments to Revenue, Costs and Expenses and Operating Margin for the following items, as applicable, 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 settlements (recoveries), net.
- Other charges (credits).
- Abandonment of Cloud Computing Project.
- 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.

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 settlements (recoveries), net.
- Abandonment of Cloud Computing Project.
- Other charges (credits).
- Divestitures.

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.

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 adjustments for litigation insurance recoveries, transaction costs, taxes paid on gains from divestitures and litigation recoveries, proceeds from failed sale-leaseback transactions 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 these items, 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 Full Year 2023 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. In addition, for "Full Year 2022 Actuals" we are excluding the impacts of $7 million of Revenue and $2 million of Adjusted EBITDA related to the divestiture of the Midas business. We are providing such outlook only on a non-GAAP basis because the Company is unable without unreasonable efforts 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 Full Year 2023 outlook for Adjusted revenue only on a non-GAAP basis using foreign currency translation rates at current period end due to the inability to, without unreasonable efforts, accurately predict foreign currency impact on revenues. Full Year 2023 Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, and such outlook is only available on a non-GAAP basis for the reasons described above. For the same reason, we are unable to provide a GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Non-GAAP Reconciliations: Revenue at Constant Currency, Adjusted Net Income (Loss), Adjusted Effective Tax, Adjusted Operating Income (Loss) and Adjusted EBITDA were as follows:

(in millions)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
ADJUSTED REVENUE				
Revenue	$ 986	$ 1,048	$ 3,858	$ 4,140
Adjustment:				
Divestitures[1]	—	(16)	(7)	(70)
Adjusted Revenue	986	1,032	3,851	4,070
Foreign currency impact	9	3	39	(17)
Revenue at Constant Currency	$ 995	$ 1,035	$ 3,890	$ 4,053
ADJUSTED NET INCOME (LOSS)				
Net Income (Loss)	$ (333)	$ (40)	$ (182)	$ (28)
Adjustments:				
Amortization of acquired intangible assets[2]	2	32	13	135
Restructuring and related costs	15	14	39	45
Goodwill impairment	358	—	358	—
Loss on extinguishment of debt	—	13	—	15
(Gain) loss on divestitures and transaction costs, net	1	2	(158)	3
Litigation settlements (recoveries), net	(1)	1	(32)	3
Abandonment of Cloud Computing Project	—	32	—	32
Other charges (credits)	(1)	2	(1)	6
Total Non-GAAP Adjustments	374	96	219	239
Income tax adjustments[3]	(36)	(25)	24	(54)
Adjusted Net Income (Loss)	$ 5	$ 31	$ 61	$ 157
ADJUSTED EFFECTIVE TAX				
Income (Loss) Before Income Taxes	$ (365)	$ (54)	$ (127)	$ (25)
Adjustments:				
Total Non-GAAP Adjustments	374	96	219	239
Adjusted PBT Before Adjustment for Divestitures	9	42	92	214
Divestitures[1]	—	(5)	(2)	(32)
Adjusted PBT	$ 9	$ 37	$ 90	$ 182
Income tax expense (benefit)	$ (32)	$ (14)	$ 55	$ 3
Income tax adjustments[3]	36	25	(24)	54
Adjusted Income Tax Expense (Benefit)	4	11	31	57
Adjusted Net Income (Loss) Before Adjustment for Divestitures	5	31	61	157
Divestitures[1]	—	(5)	(2)	(32)
Adjusted Net Income (Loss)	$ 5	$ 26	$ 59	$ 125

CONTINUED (in millions)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
ADJUSTED OPERATING INCOME (LOSS)				
Income (Loss) Before Income Taxes	$ (365)	$ (54)	$ (127)	$ (25)
Adjustments:				
Total non-GAAP adjustments	374	96	219	239
Interest expense	25	17	84	55
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	34	59	176	269
Divestitures(1)	—	(5)	(2)	(32)
Adjusted Operating Income (Loss)	$ 34	$ 54	$ 174	$ 237
ADJUSTED EBITDA				
Net Income (Loss)	$ (333)	$ (40)	$ (182)	$ (28)
Income tax expense (benefit)	(32)	(14)	55	3
Depreciation and amortization	62	87	230	352
Contract inducement amortization	1	—	3	1
Interest expense	25	17	84	55
EBITDA Before Adjustment for Divestitures	(277)	50	190	383
Divestitures(1)	—	(5)	(2)	(32)
Divestitures depreciation and amortization(1)	—	(4)	—	(7)
EBITDA	(277)	41	188	344
Adjustments:				
Restructuring and related costs	15	14	39	45
Goodwill impairment	358	—	358	—
(Gain) loss on divestitures and transaction costs, net	1	2	(158)	3
Litigation settlements (recoveries), net	(1)	1	(32)	3
Loss on extinguishment of debt	—	13	—	15
Abandonment of Cloud Computing Project	—	32	—	32
Other charges (credits)	(1)	2	(1)	6
Adjusted EBITDA	$ 95	$ 105	$ 394	$ 448

(1) Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.

(2) Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).

(3) 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 adjustments listed.

Non-GAAP Reconciliations: Adjusted Weighted Average Shares Outstanding, Adjusted Diluted EPS, Adjusted Effective Tax Rate, Adjusted Operating Margin and Adjusted EBITDA Margin were as follows:

(Amounts are in whole dollars, shares are in thousands and margins and rates are in %)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
ADJUSTED DILUTED EPS[1]				
Weighted Average Common Shares Outstanding	216,500	213,410	215,886	212,719
Adjustments:				
Restricted stock and performance units / shares	4,296	7,212	3,612	7,152
Adjusted Weighted Average Common Shares Outstanding	220,796	220,622	219,498	219,871
Diluted EPS from Continuing Operations	$ (1.55)	$ (0.20)	$ (0.89)	$ (0.18)
Adjustments:				
Total non-GAAP adjustments	1.72	0.44	1.01	1.10
Income tax adjustments[2]	(0.16)	(0.11)	0.11	(0.25)
Adjusted Diluted EPS	$ 0.01	$ 0.13	$ 0.23	$ 0.67
ADJUSTED EFFECTIVE TAX RATE				
Effective tax rate	8.7 %	26.6 %	(43.9)%	(9.7)%
Adjustments:				
Total non-GAAP adjustments	39.9 %	(1.2)%	78.2 %	36.3 %
Adjusted Effective Tax Rate[2]	48.6 %	25.4 %	34.3 %	26.6 %
ADJUSTED OPERATING MARGIN				
Income (Loss) Before Income Taxes Margin	(37.0)%	(5.2)%	(3.3)%	(0.6)%
Adjustments:				
Total non-GAAP adjustments	37.9 %	9.2 %	5.7 %	5.8 %
Interest expense	2.5 %	1.6 %	2.2 %	1.3 %
Margin for Adjusted Operating Income Before Adjustment for Divestitures	3.4 %	5.6 %	4.6 %	6.5 %
Divestitures[3]	— %	(0.4)%	(0.1)%	(0.7)%
Margin for Adjusted Operating Income	3.4 %	5.2 %	4.5 %	5.8 %
ADJUSTED EBITDA MARGIN				
EBITDA Margin Before Adjustment for Divestitures	(28.1)%	4.8 %	4.9 %	9.3 %
Adjustments:				
Divestitures[3]	— %	(0.8)%	— %	(0.8)%
EBITDA Margin	(28.1)%	4.0 %	4.9 %	8.5 %
Total non-GAAP adjustments	37.7 %	6.1 %	5.4 %	2.5 %
Divestitures[3]	— %	0.8 %	— %	0.8 %
Adjusted EBITDA Margin Before Adjustment for Divestitures	9.6 %	10.9 %	10.3 %	11.8 %
Divestitures[3]	— %	(0.7)%	(0.1)%	(0.8)%
Adjusted EBITDA Margin	9.6 %	10.2 %	10.2 %	11.0 %

(1) *Average shares for the 2022 and 2021 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact of preferred stock dividend of approximately $3.0 million and $10 million for the three months and years ended December 31, 2022 and 2021, respectively.*

(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 Total Non-GAAP adjustments.*

(3) *Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.*

Free Cash Flow and Adjusted Free Cash Flow Reconciliation:

(in millions)	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating Cash Flow	$ 51	$ 85	$ 144	$ 243
Cost of additions to land, buildings and equipment	(30)	(28)	(92)	(80)
Cost of additions to internal use software	(13)	(18)	(61)	(67)
Free Cash Flow	$ 8	$ 39	$ (9)	$ 96
Free Cash Flow	$ 8	$ 39	$ (9)	$ 96
Transaction costs	2	—	8	2
Vendor finance lease payments	(3)	(2)	(10)	(9)
Portion of Texas litigation settlement (recoveries) recognized in Litigation settlements (recoveries), net	—	—	(24)	—
Proceeds from failed sale-leaseback transactions	13	—	13	—
Tax payment related to divestitures and litigation recoveries	4	—	28	—
Adjusted Free Cash Flow	$ 24	$ 37	$ 6	$ 89

February 14, 2023

Conduent
Q4 and Full Year 2022
Earnings Results

Cautionary Statements

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Forward-Looking Statements

This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” "plan,” “intend,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” "see", "ahead", "further," "going forward," "on the horizon," and similar expressio they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward looking. All statements other than stateme historical fact included in this presentation are forward-looking statements, including, but not limited to, statements regarding our financial results, condition and outlook; changes in our opera results; general market and economic conditions; our long-term game plan; our belief that our team of talented associates and technology-led solutions strongly position us as the partner that help our clients through these uncertain times; our continued focus on incremental improvement in our sales, operations, technology performance and capabilities to drive sustained success; projected financial performance for the full year 2023, including all statements made under the sections captioned “FY 2023 Outlook” and "Segment Revenue Trend" within this presentation. I addition, all statements regarding anticipated effects of the COVID-19 pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as w on our business, customers, and markets, results of operations and financial condition, as well as other statements that are not strictly historical in nature, are forward looking. These stateme reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other sim expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nat subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this presentatio exhibits to this presentation and other public statements we make. Our actual results may vary materially from those expressed or implied in our forward-looking statements. These forward-lo statements are also subject to the continuing impact of the COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments wh uncertain and cannot be predicted.

Important factors and uncertainties that could cause our actual results to differ materially from those in our forward-looking statements include, but are not limited to: government appropriation termination rights contained in our government contracts; our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our recover capital and other investments in connection with our contracts; our reliance on third-party providers; risk and impact of geopolitical events and increasing geopolitical tensions (such a war in the Ukraine), macroeconomic conditions, natural disasters and other factors (such as pandemics, including coronavirus) in a particular country or region on our workforce, customers a vendors; conditions abroad, including local economics, political environments, fluctuating foreign currencies and shifting regulatory schemes; relying on third party providers; our ability to deli our contractual obligations properly and on time; changes in interest in outsourced business process services; claims of infringement of third-party intellectual property rights; our ability to esti the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontrac failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; the continui effects of the COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are uncertain and cannot be predicted; th failure to comply with laws relating to individually identifiable information and personal health information; the failure to comply with laws relating to processing certain financial transactions, in payment card transactions and debit or credit card transactions; breaches of our information systems or security systems or any service interruptions; our ability to comply with data security standards; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investi and proceedings; changes in tax and other laws and regulations; risk and impact of potential goodwill and other asset impairments; our significant indebtedness and the terms of such indebte our failure to obtain or maintain a satisfactory credit rating and financial performance; our ability to receive dividends or other payments from our subsidiaries; our ability to obtain adequate pri our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business fro failure of significant clients; fluctuations in our non-recurring revenue; increases in the cost of voice and data services or significant interruptions in such services; changes in government regu and economic, strategic, political and social conditions; volatility of our stock price and the risk of litigation following a decline in the price of our stock; economic factors such as inflation, the le economic activity and labor market conditions, as well as rising interest rates; and other factors that are set forth in the “Risk Factors” section, the “Legal Proceedings” section, the “Managem Discussion and Analysis of Financial Condition and Results of Operations” section and other sections in our Annual Reports on Form 10-K, as well as in our Quarterly Reports on Form 10-Q Current Reports on Form 8-K filed with or furnished to the Securities and Exchange Commission. Any forward-looking statements made by us in this presentation speak only as of the date or they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether because of new information, subsequent ever otherwise, except as required by law.

Cautionary Statements

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 resu 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 comp 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 item 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 peri against the corresponding prior period. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, our 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 use supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAI 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-GA 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. Refer to the "Non-GAAP Financial Measures" section in this document for a discussion o these non-GAAP measures and their reconciliation to the reported U.S. GAAP measures.

Q4 & Full Year 2022 Highlights

CONDUENT

Q4 & Full Year Results / Metrics	• Adj.Revenue[1]: $986M / $3,851M • Adj. EBITDA[1]: $95M / $394M • Adj. EBITDA Margin[1]: 9.6% / 10.2% • New business signings ACV[2]: $194M / $732M • Net ARR Activity Impact (TTM)[2,3]: $114M
Highlights	• Revenue and EBITDA were within prior guidance range amidst recessionary-like c • Expect continued progress towards Y/Y revenue growth in 2023 • Sales continue to improve Y/Y with strong Q4 performance in the Government Sec • Beginning to integrate digital payment opportunities into our offerings, with increas interest • Expect Investor Event in late March to discuss: ◦ 3-year growth outlook ◦ Opportunities to accelerate growth outlook and valuation ◦ Portfolio rationalization and capital allocation opportunities

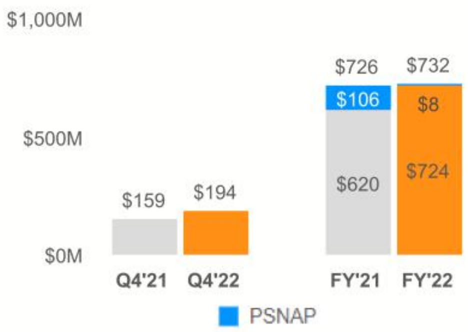
(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin.

(2) Full definition in the Appendix.

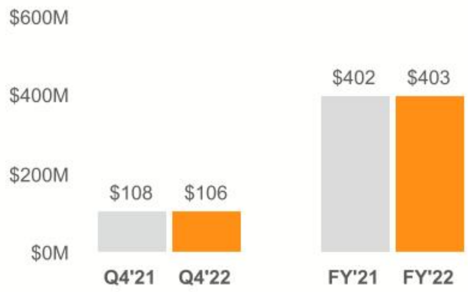
(3) Trailing Twelve Months; accordingly Q4 and Full Year are the same.

Key Sales Metrics

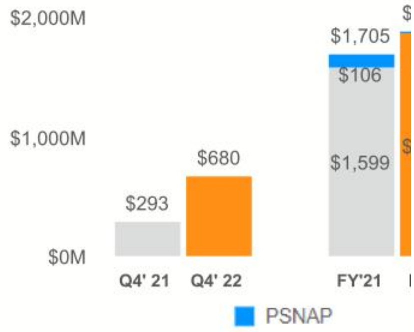
New Business ACV[1]



New Business ARR[1,3]

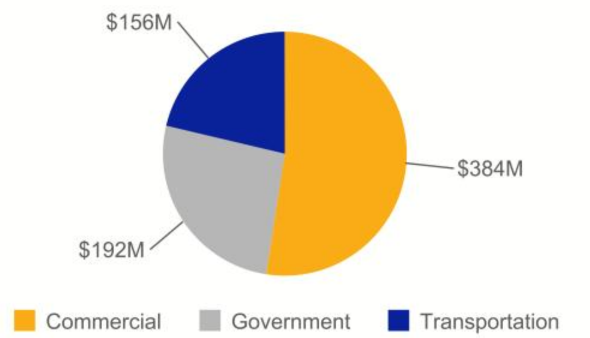


New Business TCV[1,3]



Net ARR Activity (TTM)[1,2]

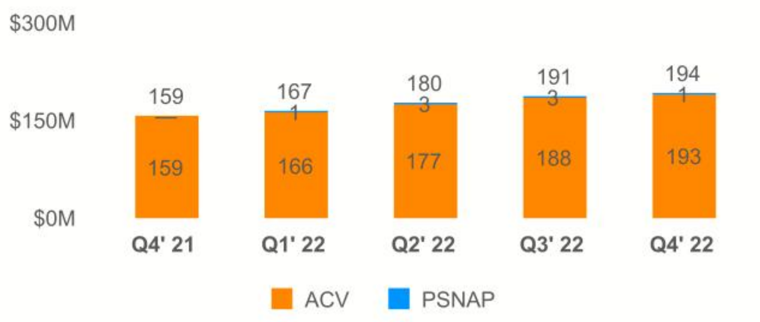
Full Year New Business ACV[1] by Segment



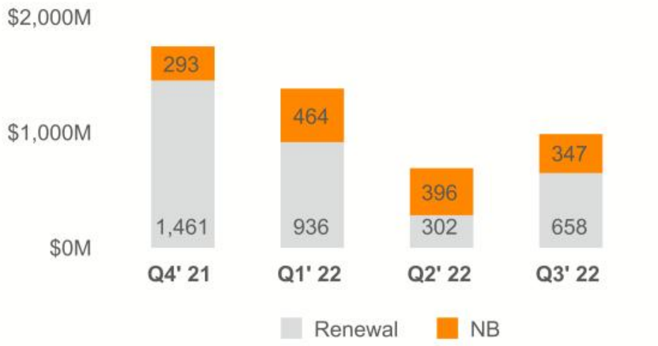
(1) Full definition in the Appendix.
(2) Trailing Twelve Months.
(3) 2021 amounts have been revised to exclude a large client we no longer consider in these metrics.

Key Sales Metrics Trends

New Business ACV[1] Signings



TCV Signings (incl. ARR[1] + NRR[1])



New Business (ARR[1] + NRR[1] Breakdown)

New Business ARR Avg. Contract Length

(1) Full definition in the Appendix.

Full Year 2022 P&L Metrics

Adj. Revenue [1]

Adj. Revenue [1] Trend (Y/Y Compare)

Adj. EBITDA[1] / Adj. EBITDA Margin[1]

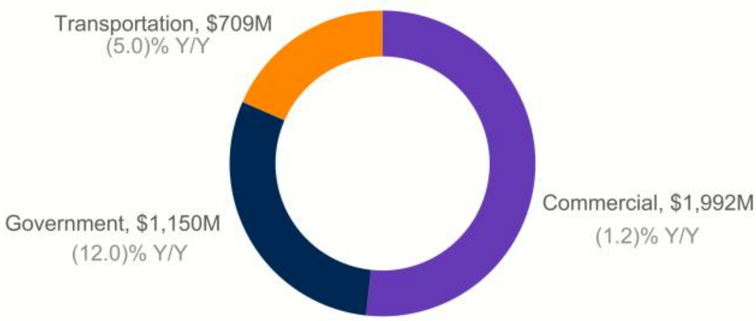
- **Adj. Revenue[1]:** Decline driven by lower non-recurring stimulus payments volume and unfavorable exchange rate movement, partially offset by net new business ramp and higher interest rates positively impacting BenefitWallet. Excluding Government stimulus payments of $185M, adjusted revenue was flat on a CC basis.
- **Adj. EBITDA[1] and Adj. EBITDA Margin[1]:** Decline driven by the impact of lower Government stimulus and lost business, partially offset by interest rate increases, a revenue benefit from a large client contract and an insurance recovery.

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

Full Year 2022 P&L by Segment

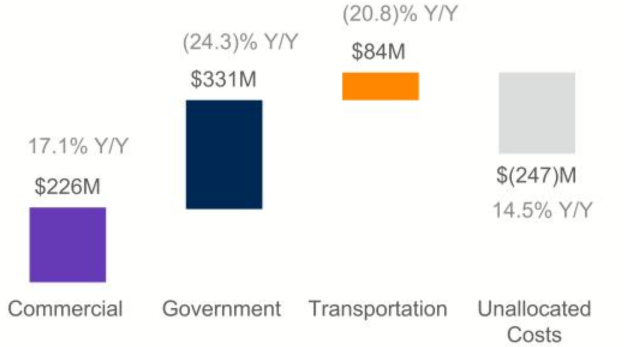
CONDUENT

Adj. Revenue [1]



- **Commercial**: Decrease driven by a large client post pandemic volume normalization, merger of 2 clients resulting in lost volume and unfavorable FX movement, partially offset by higher interest rates positively impacting BenefitWallet and strong net new business.
- **Government**: Decline driven by non-recurring Stimulus payments volume (approx. $185M). Ex Stimulus, Government would have grown approx. 2.5% Y/Y
- **Transportation**: Decrease driven by unfavorable FX movement, slower than anticipated implementation of new business contracts and a one-time benefit in the prior year.

Adj. EBITDA[1] Contributions



- **Commercial:** Increase driven by higher interest ra benefit from a minimum volume large client contract reductions from efficiency initiatives, partially offse revenue mix; margin 11.3% up 170 bps Y/Y.
- **Government:** Reduction driven by loss of high ma recurring Stimulus payments volume; margin 28.8 (460) bps Y/Y. Ex Stimulus, Government Adjusted and margin would have been up Y/Y.
- **Transportation:** Reduction mainly driven by a one benefit in the prior year; margin 11.8% down (240)

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

Q4 & FY 2022 Cash Flow and Balance Sheet

CONDUENT

- Adj. Free Cash Flow[1]: Q4 $24M / FY $6M
- Capex[6] as % of revenue: Q4 4.4% / FY 4.0%
- Net adjusted leverage ratio[7]: 1.8x
- $598M of cash[2] at end of Q4 2022
- $548M Available Revolving Credit Facility

Balance Sheet

($ in millions)	**12/31/2021**	**12/31**
Total Cash[2]	$420	$5
Total Debt[4]	1,400	1,2
Term Loan A[3] due 2026	265	2
Term Loan B[3] due 2028	515	5
Revolving Credit Facility due 2026[5]	100	-
Senior Notes due 2029	520	5
Finance leases and Other loans	40	5
Net adjusted leverage ratio[7]	2.0x	1.

Q4 2022 Cash[2] Balance Changes

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

Debt Maturity[8]

FY 2022 Actuals and 2023 Outlook[4]

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	FY 2022 Actuals	FY 2023 Outlook [4]
Adj. Revenue[1]	$3,851M	$3,700M - $3,800M
Adj. EBITDA[1] / Adj. EBITDA Margin[1]	$394M / 10.2%	10.0% - 10.8%
Adj. Free Cash Flow[2] as % of Adj. EBITDA[1]	1.5% [3]	15% - 20% [3]

Other Modelling Considerations		
Government Stimulus Revenue [4]	$42M	$0M
Net Interest Expense	$77M	Approx. $90M
Restructuring	$39M	Approx. $40M
CapEx	$153M	Approx. $130M

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

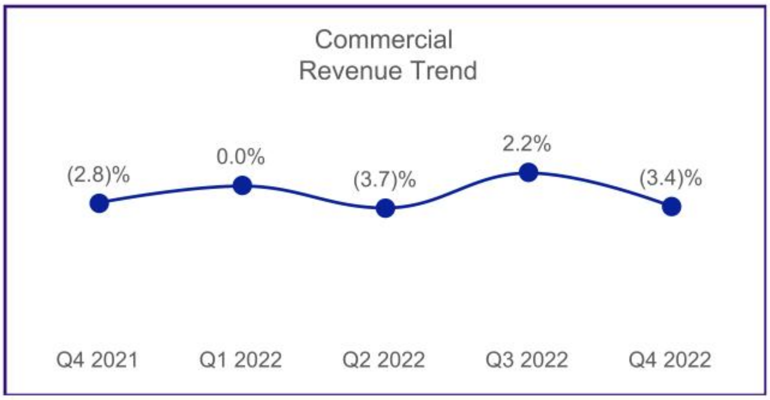
(2) Refer to Appendix for definition and complete non-GAAP reconciliation of Adjusted Free Cash Flow.

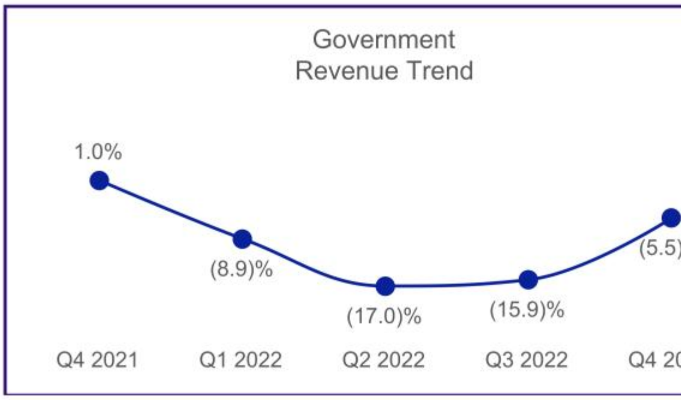
(3) Normalized for the impact of payment of deferred payroll taxes primarily related to the CARES Act of $27M in 2022, Adjusted Free Cash Flow as a percentage of Adjusted EBITDA is approximately 8% in 2022. Adj Flow for 2023 includes an outstanding US Federal tax refund of $29M expected to be received in 2023.

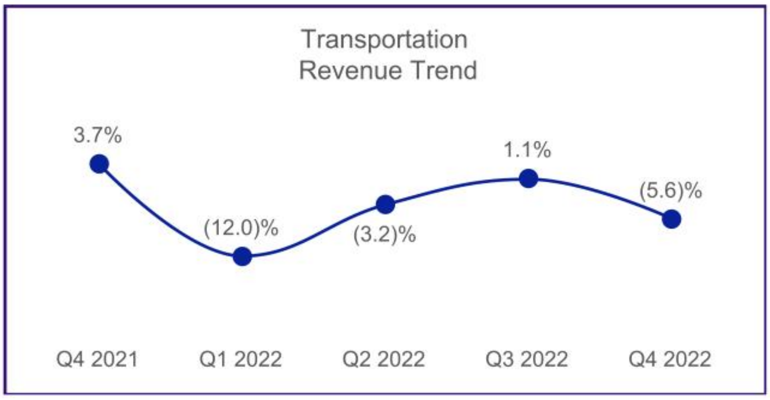
(4) Refer to Appendix for definition of Non GAAP Outlook and Government Stimulus Revenue.

Appendix

Segment Revenue Trend







- **Commercial:**
  - New business ramp, better client retention and interest rate increases support a constant curre growth trajectory over time
- **Government:**
  - The stimulus payments of $185M in 2021 creat grow over challenge for 2022. The Q4 new busi signings and strong pipeline position this segme growth over time
- **Transportation:**
  - This segment is positioned for constant currenc revenue growth

Q4 Awards and Recognition

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

Top Employer for LGBT+ Inclusion in India – IWEI 2022

2023 "GovTech 100" List - Government Technology

Front Line Award Winner – British Parking Association

Selected to Provide EMV Contactless Payment System for Venice Public Transit Network

Leader in Healthcare Customer Experience Management - North America Service Providers

Finalist for the NACD DE&I Awards - National Association o Corporate Directors

2022 Operational Highlights & Recognition

CONDUENT

Client first focus

Continued operational excellence

Notable uptime and security

Strengthened governance routines

Strong associate engagement with DEI focus

Culture of collabo and accountability

Industry

Recognized as a leader by the following:

NelsonHall

Everest Group

ISG

Gartner

Brandon Hall GROUP

Client

- 30-point Increase in Client NPS Scores Past 3 Years
- GM Supplier of the Year Award 2 Years in a Row
- Toyota Supplier Excellence Recognition 2 Years in a Row
- 2022 "GovTech 100" List for Making a Difference in Working with U.S. State and Local Government Agencies
- H&R Block Field Technology Support Partner of the Year

Culture

- **Newsweek:** Top 100 Most Loved W
- **India Workplace Equality Index (I** Top Employer for LGBT+ Inclusion
- **Comparably:** Best Companies and Women, Best Companies for Divers Thriving in Remote Culture
- **Disability Equality Index:** Best Pla Work for Disability Inclusion
- **NACD DE&I:** Finalist for National As of Corporate Directors DE&I Awards
- **Forbes:** America's Best 500 Employ Diversity – 2021 and 2022

Definitions

CONDUENT

New Business Total Contract Value (TCV): Estimated total future revenues from contracts signed during the period related to new logo, new service 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 ARR is (Total Contract Value less Non-Recurring Revenue) divided by the Contract Term.

New Business Annual Contract Value (ACV): (New Business TCV / contract term) multiplied by 12.

Renewal TCV Signings: Estimated total future revenues from contracts signed during the period 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 ARR is: (Total Contract Value - Non-Recurring Revenue) / 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 o negatively impact results. The metric annualizes the net impact to revenue. Timing of revenue impact varies and may not be realized within the forwa 12-month timeframe. The metric is for indicative purposes only. This metric excludes COVID-related volume impacts and non-recurring revenue signi 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 pipe 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 t 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, deter 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 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 accord 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 Financi prepared in accordance with U.S. GAAP. Our management regularly uses our non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. Providing 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 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 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 ir 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 tl statutory tax rate in the jurisdictions in which such charges were incurred.

Adjusted Revenue, 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 (l 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 ou 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.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Goodwill Impairment. This represents goodwill impairment charges related to the lower than expected new customer contract signings and an unexpected softening of the future business pipeline for certain Commercial segment.
- Litigation settlements (recoveries), net. Litigation settlements (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 transitio the California Medicaid contract loss and other adjustments.
- Abandonment of Cloud Computing Project. This includes charges in connection with the abandonment of a cloud computing project. The costs include writing off previously capitalized costs and accruing rer fees that continue to be incurred without any economic benefit.
- Divestitures.

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, ove 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 ou 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 reflect: 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

Non-GAAP Financial Measures

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

We make adjustments to Revenue, Costs and Expenses and Operating Margin for the following items, as applicable,for the purpose of calculating Adjusted Revenue, Adjusted Operating Income an 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 settlements (recoveries), net.
- Other charges (credits).
- Abandonment of Cloud Computing Project.
- 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, b 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 ma also provide added insight on trends in our ongoing business.

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 settlements (recoveries), net.
- Abandonment of Cloud Computing Project.
- Other charges (credits).
- Divestitures.

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 adjustments for litigation insurance recoveries, transaction costs, taxes paid on gains from divestitures and litigation recoveries, proceeds from failed sale-leaseback transactions 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 these items, 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 within this presentation. In addition, for "Full Year 2022 Actuals" we are excluding the impacts of $7 million of Revenue and $2 million of Adjusted EBITDA related to the divestiture of the Midas business. We are providing such outlook only on a non-GAAP basis because the Company is unable without unreasonable efforts 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 Adjusted revenue only on a non-GAAP basis using foreign currency translation rates as of current period end due to the inability to, without unreasonable efforts, accurately predict foreign currency impact on revenues. Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, and such outlook is only available on a non-GAAP basis for the reasons described above. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Government Stimulus Revenue

Revenue from payment volumes in our Government Services segment resulting from the Pandemic Supplemental Nutritional Assistance Program (PSNAP) and supplemental unemployment insurance.

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)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	FY 2022	FY 2021
Revenue	$ 986	$ 977	$ 928	$ 967	$ 1,048	$ 3,858	$ 4,140
Adjustment:							
Divestitures[1]	—	—	—	(7)	(16)	(7)	(70)
Adjusted Revenue	986	977	928	960	1,032	3,851	4,070
Foreign currency impact	9	14	11	5	3	39	(17)
Revenue at Constant Currency	$ 995	$ 991	$ 939	$ 965	$ 1,035	$ 3,890	$ 4,053
ADJUSTED NET INCOME (LOSS)							
Income (Loss) From Continuing Operations	$ (333)	$ 15	$ —	$ 136	$ (40)	$ (182)	$ (28)
Adjustments:							
Amortization of acquired intangible assets[2]	2	2	3	6	32	13	135
Restructuring and related costs	15	4	11	9	14	39	45
Loss on extinguishment of debt	—	—	—	—	13	—	15
Goodwill impairment	358	—	—	—	—	358	—
(Gain) loss on divestitures and transaction costs, net	1	1	3	(163)	2	(158)	3
Litigation settlements (recoveries), net	(1)	—	(3)	(28)	1	(32)	3
Abandonment of Cloud Computing Project	—	—	—	—	32	—	32
Other charges (credits)	(1)	—	(1)	1	2	(1)	6
Total Non-GAAP Adjustments	374	7	13	(175)	96	219	239
Income tax adjustments[3]	(36)	—	(4)	64	(25)	24	(54)
Adjusted Net Income	$ 5	$ 22	$ 9	$ 25	$ 31	$ 61	$ 157

CONTINUED

(in millions)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	FY 2022	FY 2021
ADJUSTED EFFECTIVE TAX							
Income (Loss) Before Income Taxes	$ (365)	$ 23	$ 5	$ 210	$ (54)	$ (127)	$ (25)
Adjustment:							
Total Non-GAAP Adjustments	374	7	13	(175)	96	219	239
Adjusted PBT Before Adjustment for Divestitures	9	30	18	35	42	92	214
Divestitures[1]	—	—	—	(2)	(5)	(2)	(32)
Adjusted PBT	$ 9	$ 30	$ 18	$ 33	$ 37	$ 90	$ 182
Income tax expense (benefit)	$ (32)	$ 8	$ 5	$ 74	$ (14)	$ 55	$ 3
Income tax adjustments[3]	36	—	4	(64)	25	(24)	54
Adjusted Income Tax Expense (Benefit)	4	8	9	10	11	31	57
Adjusted Net Income (Loss) Before Adjustment for Divestitures	5	22	9	25	31	61	157
Divestitures[1]	—	—	—	(2)	(5)	(2)	(32)
Adjusted Net Income (Loss)	$ 5	$ 22	$ 9	$ 23	$ 26	$ 59	$ 125
ADJUSTED OPERATING INCOME (LOSS)							
Income (Loss) Before Income Taxes	$ (365)	$ 23	$ 5	$ 210	$ (54)	$ (127)	$ (25)
Adjustment:							
Total non-GAAP adjustments	374	7	13	(175)	96	219	239
Interest expense	25	22	18	19	17	84	55
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	34	52	36	54	59	176	269
Divestitures[1]	—	—	—	(2)	(5)	(2)	(32)
Adjusted Operating Income (Loss)	$ 34	$ 52	$ 36	$ 52	$ 54	$ 174	$ 237

CONTINUED

(in millions)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	FY 2022	FY 2021
ADJUSTED EBITDA							
Net Income (Loss)	$ (333)	$ 15	$ —	$ 136	$ (40)	$ (182)	$ (28)
Income tax expense (benefit)	(32)	8	5	74	(14)	55	3
Depreciation and amortization	62	54	53	61	87	230	352
Contract inducement amortization	1	1	1	—	—	3	1
Interest expense	25	22	18	19	17	84	55
EBITDA Before Adjustment for Divestitures	(277)	100	77	290	50	190	383
Divestitures[1]	—	—	—	(2)	(5)	(2)	(32)
Divestitures depreciation and amortization[1]	—	—	—	—	(4)	—	(7)
EBITDA	(277)	100	77	288	41	188	344
Adjustments:							
Restructuring and related costs	15	4	11	9	14	39	45
Loss on extinguishment of debt	—	—	—	—	13	—	15
Goodwill impairment	358	—	—	—	—	358	—
(Gain) loss on divestitures and transaction costs, net	1	1	3	(163)	2	(158)	3
Litigation settlements (recoveries), net	(1)	—	(3)	(28)	1	(32)	3
Abandonment of Cloud Computing Project	—	—	—	—	32	—	32
Other charges (credits)	(1)	—	(1)	1	2	(1)	6
Adjusted EBITDA	$ 95	$ 105	$ 87	$ 107	$ 105	$ 394	$ 448

1. *Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.*
2. *Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).*
3. *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 adjustments listed.*

Non-GAAP Reconciliations

CONDUENT

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 %)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	FY 2022	FY 2021
ADJUSTED DILUTED EPS[1]							
Weighted Average Common Shares Outstanding	216,500	215,775	215,629	215,503	213,410	215,886	212,719
Adjustments:							
Restricted stock and performance units / shares	4,296	3,668	3,489	2,994	7,212	3,612	7,152
Adjusted Weighted Average Common Shares Outstanding	220,796	219,443	219,118	218,497	220,622	219,498	219,871
Diluted EPS from Continuing Operations	$ (1.55)	$ 0.06	$ (0.01)	$ 0.61	$ (0.20)	$ (0.89)	$ (0.18)
Adjustments:							
Total non-GAAP adjustments	1.72	0.03	0.06	(0.80)	0.44	1.01	1.10
Income tax adjustments[2]	(0.16)	—	(0.02)	0.29	(0.11)	0.11	(0.25)
Adjusted Diluted EPS	$ 0.01	$ 0.09	$ 0.03	$ 0.10	$ 0.13	$ 0.23	$ 0.67
ADJUSTED EFFECTIVE TAX RATE							
Effective tax rate	8.7 %	33.8 %	99.6 %	35.2 %	26.6 %	(43.9)%	(9.7)%
Adjustments:							
Total non-GAAP adjustments	39.9	(6.3)	(52.9)	(5.6)	(1.2)	78.2	36.3
Adjusted Effective Tax Rate[2]	48.6 %	27.5 %	46.7 %	29.6 %	25.4 %	34.3 %	26.6 %

CONTINUED

(Margins are in %)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	FY 2022	FY 2021
ADJUSTED OPERATING MARGIN							
Income (Loss) Before Income Taxes Margin	(37.0)%	2.4 %	0.5 %	21.7 %	(5.2)%	(3.3)%	(0.6)%
Adjustments:							
Total non-GAAP adjustments	37.9	0.6	1.5	(18.1)	9.2	5.7	5.8
Interest expense	2.5	2.3	1.9	2.0	1.6	2.2	1.3
Margin for Adjusted Operating Income Before Adjustment for Divestitures	3.4	5.3	3.9	5.6	5.6	4.6	6.5
Divestitures(3)	—	—	—	(0.2)	(0.4)	(0.1)	(0.7)
Margin for Adjusted Operating Income	3.4 %	5.3 %	3.9 %	5.4 %	5.2 %	4.5 %	5.8 %
ADJUSTED EBITDA MARGIN							
EBITDA Margin Before Adjustment for Divestitures	(28.1)%	10.2 %	8.3 %	30.0 %	4.8 %	4.9 %	9.3 %
Divestitures(3)	—	—	—	—	(0.8)	—	(0.8)
EBITDA Margin	(28.1)	10.2	8.3	30.0	4.0	4.9	8.5
Total non-GAAP adjustments	37.7	0.5	1.1	(18.7)	6.1	5.4	2.5
Divestitures(3)	—	—	—	—	0.8	—	0.8
Adjusted EBITDA Margin Before Adjustment for Divestitures	9.6	10.7	9.4	11.3	10.9	10.3	11.8
Divestitures(3)	—	—	—	(0.2)	(0.7)	(0.1)	(0.8)
Adjusted EBITDA Margin	9.6 %	10.7 %	9.4 %	11.1 %	10.2 %	10.2 %	11.0 %

1. *Average shares for the 2022 and 2021 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 $3 million each 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 the Total Non-GAAP adjustments.*
3. *Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.*

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

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(in millions)	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	FY 2022	FY 2021
Operating Cash Flow	$ 51	$ 98	$ (16)	$ 11	$ 85	$ 144	$ 243
Cost of additions to land, buildings and equipment	(30)	(11)	(17)	(34)	(28)	(92)	(80)
Cost of additions to internal use software	(13)	(16)	(16)	(16)	(18)	(61)	(67)
Free Cash Flow	**8**	**71**	**(49)**	**(39)**	**39**	**(9)**	**96**
Transaction costs	2	3	2	1	—	8	2
Vendor finance lease payments	(3)	(2)	(2)	(3)	(2)	(10)	(9)
Portion of Texas litigation settlement (recoveries) recognized in Litigation settlements (recoveries), net	—	—	—	(24)	—	(24)	—
Proceeds from failed sale-leaseback transactions	13	—	—	—	—	13	—
Tax payment related to divestitures and litigation recoveries	4	6	18	—	—	28	—
Adjusted Free Cash Flow	**$ 24**	**$ 78**	**$ (31)**	**$ (65)**	**$ 37**	**$ 6**	**$ 89**

The below footnotes correspond to the "Q4 2022 Cash Flow and Balance Sheet" slide

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

(2) Total Cash includes $16M and $5M of restricted cash as of December 31, 2022 and December 31, 2021, respectively.

(3) Revolving credit facility and Term Loan A interest rate: LIBOR + 225 bps; Term Loan B: LIBOR + 425 bps.

(4) Total Debt as of December 31, 2022 and December 31, 2021 includes Term Loan A, Term Loan B, Senior Notes and Revolving credit facility borrowings and excludes finance leases and other as well as deferr financing costs.

(5) $548M of available capacity under Revolving Credit Facility as of December 31, 2022. A $100M borrowing under the Revolver was fully repaid in February 2022.

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

(7) Net debt (Total Debt less unrestricted cash) divided by TTM Adjusted EBITDA (not adjusted for divestitures).

(8) Debt maturity amounts exclude finance leases, other loans and potential mandatory prepayments.

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