

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): November 06, 2024



CONDUENT INCORPORATED

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

001-37817
(Commission
File Number)

81-2983623
(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))

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

Title of each class
Common Stock, \$0.01 par value

Trading Symbol(s)
CNDT

Name of each exchange on which registered
NASDAQ Global Select Market

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.

Item 2.02. Results of Operations and Financial Condition.

On November 06, 2024, Conduent Incorporated ("Registrant") released its third quarter 2024 earnings and is furnishing to the Securities and Exchange Commission (the "Commission") a copy of the earnings press release as Exhibit 99.1 to this Current Report on Form 8-K (this "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 November 06, 2024, Registrant conducted an earnings call regarding its 2024 third quarter results and is furnishing to the 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 third quarter 2024 earnings press release dated November 6
99.2	Registrant's investor presentation dated November 6, 2024
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 "Litigation Reform Act"). The words "anticipate," "believe," "estimate," "expect," "plan," "intend," "will," "aim," "should," "could," "forecast," "target," "may," "continue to," "endeavor," "if," "growing," "projected," "potential," "likely," "see," "ahead," "further," "going forward," "on the horizon," and similar expressions (including the negative and plural forms of such words and phrases), 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. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, many of which are outside of our control. 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 in this Report, any exhibits to this Report and other public statements we make.

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: risks related to recently completed dispositions, including (i) the transfer of the Company's BenefitWallet portfolio, (ii) the sale of the Company's Curbside Management and Public Safety Solutions businesses and (iii) the sale of the Company's Casualty Claims Solutions business, including but not limited to the Company's ability to realize the benefits anticipated from such transactions, unexpected costs, liabilities or delays in connection with such transactions, and the significant transaction costs associated with such transactions; 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 wars in Ukraine and the Middle East), macroeconomic conditions, natural disasters and other factors in a particular country or region on our workforce, customers and vendors; 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; expectations relating to environmental, social and governance considerations; utilization of our stock repurchase program; 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; risks related to acquisitions and divestitures; 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 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; our ability to receive dividends or other payments from our subsidiaries; 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 or furnished to the Commission. Any forward-looking statements made by us in this Report 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.

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: November 06, 2024

CONDUENT INCORPORATED

By:

/s/ GEORGE J. ABATE

George J. Abate

Vice President and Chief Accounting Officer

Conduent Reports Third Quarter 2024 Financial Results

Key Q3 2024 Highlights

- Revenue: \$807M
- Adj. Revenue⁽¹⁾: \$781M
- Pre-tax Income: \$159M
- Adj. EBITDA Margin⁽¹⁾: 4.1%
- New Business Signings ACV⁽²⁾: \$111M
- Net ARR Activity Metric⁽²⁾ (TTM): \$46M

FLORHAM PARK, NJ, November 6, 2024 - Conduent Incorporated (Nasdaq: CNDT), a global technology-led business process solutions and services company, today announced its third quarter 2024 financial results.

Cliff Skelton, Conduent President and Chief Executive Officer stated, "All in all, Q3 was a sequentially improved quarter where we met or exceeded Revenue and EBITDA expectations. Our Commercial segment continued to exhibit enhanced performance helping to offset a sales lag in our Government segment. We added several new leaders to our senior team which, when accompanied by continued sequential momentum, will help us finish the year strong."

"We described a course of action and a set of expectations early in 2023, and we continue to hit our 'marks' along the way remaining exactly in line with that previously committed growth trajectory and sequentially expanding margins. Importantly, while our 2024 program of divestitures is complete with transition activities in place, our portfolio remains broad and we continue to see opportunities to further maximize shareholder return."

Key Financial Q3 2024 Results

(\$ in millions, except margin and per share data)	Q3 2024	Q3 2023	Current Quarter Y/Y B/(W)
Revenue	\$807	\$932	(13.4)%
Adjusted Revenue ⁽¹⁾	\$781	\$831	(6.0)%
GAAP Net Income (Loss)	\$123	\$(289)	n/m
Adjusted EBITDA ⁽¹⁾	\$32	\$60	(46.7)%
Adjusted EBITDA Margin ⁽¹⁾	4.1%	7.2%	(310) bps
GAAP Income (Loss) Before Income Tax	\$159	\$(313)	n/m
GAAP Diluted EPS	\$0.72	\$(1.34)	n/m
Adjusted Diluted EPS ⁽¹⁾	\$(0.14)	\$(0.09)	(55.6)%
Cash Flow from Operating Activities	\$(13)	\$(11)	(18.2)%
Adjusted Free Cash Flow ⁽¹⁾	\$(6)	\$(35)	82.9%

Performance Commentary

During the third quarter of 2024, the company completed the sale of the Casualty Claims Solutions business, receiving \$224 million in cash consideration subject to certain post-closing adjustments.

Also, during the third quarter of 2024, the company used a portion of the proceeds from the divested businesses to voluntarily prepay the entire remaining outstanding balance of \$38 million of the Term Loan B and \$37 million of the Term Loan A.

Pre-tax income (loss) for the third quarter of 2024 was \$159 million versus \$(313) million in the prior year period. This increase is primarily driven by the gain on the sale of the Casualty Claims Solutions business and a goodwill impairment in the prior year period.

The third quarter Adjusted EBITDA of \$32 million and Adjusted EBITDA Margin of 4.1% exceeded the company's expectations and was sequentially higher than the prior quarter.

Revenue and Adjusted Revenue for the third quarter of 2024 were also in line with the company's expectations.

Conduent's liquidity position remains strong with long-dated debt maturities and a modest net leverage ratio.

In the third quarter of 2024, the company repurchased approximately 3.9 million shares of its common stock in connection with its previously approved \$75 million share repurchase program, which has now been completed.

Additional Q3 2024 Performance Highlights

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

- Appointed a new Group President of the Commercial segment and a new President of Government Solutions;
- Achieved Leader status across all five categories in the NelsonHall 2024 NEAT Report for Healthcare Payer Operational Transformation;
- Named "Best Place to Work for Disability Inclusion" for third consecutive year;
- Recognized by Forbes for fourth consecutive year as one of America's Best Employers for Diversity;
- Announced open payments fare collection for Venice and Paris regions allowing transit passengers to pay with contactless credit/debit cards and digital wallets. 22 cities now use Conduent open payments for transit;
- Received a contract award from the Wisconsin Department of Children and Families to design, develop and implement a modernized child support system to transform service delivery for children and families across the state; and
- Awarded a new three-year contract with a leading global logistics provider for our FastCap® Finance Analytics solution.

FY 2024 Outlook^(2,3)

	FY 2023 Actuals	FY 2024 Outlook ^(2,3)
Adj. Revenue ⁽¹⁾	\$3,320M	\$3,185M - \$3,215M
Adj. EBITDA ⁽¹⁾ / Adj. EBITDA Margin ⁽¹⁾	\$247M / 7.4%	3.75% - 4.0%

⁽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⁾ Refer to Appendix for additional information regarding non-GAAP outlook.

Conference Call

Management will present the results during a conference call and webcast on November 6, 2024 at 9:00 a.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 13748951.

The international dial-in is 1-201-689-8337. The international conference ID is also 13748951.

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 13748951.

The telephone recording will be available until November 20, 2024.

About Conduent

Conduent delivers digital business solutions and services spanning the commercial, government and transportation spectrum – creating valuable outcomes for its clients and the millions of people who count on them. The company leverages cloud computing, artificial intelligence, machine learning, automation and advanced analytics to deliver mission-critical solutions. Through a dedicated global team of approximately 55,000 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. Conduent adds momentum to its clients' missions in many ways including disbursing approximately \$100 billion in government payments annually, enabling 2.3 billion customer service interactions annually, empowering millions of employees through HR services every year and processing nearly 13 million tolling transactions every day. Learn more at www.conduent.com.

Non-GAAP Financial Measures

We have reported our financial results in accordance with accounting principles generally accepted in the U.S. (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 Condensed 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 press release, any exhibits or attachments to this release, and other public statements we make may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The words "anticipate," "believe," "estimate," "expect," "expectations," "in front of us," "plan," "intend," "will," "aim," "should," "could," "forecast," "target," "may," "continue to," "looking to continue," "endeavor," "if," "growing," "projected," "potential," "likely," "see," "ahead," "further," "going forward," "on the horizon," "as we progress," "going to," "path from here forward," "think," "path to deliver," "from here," and similar expressions (including the negative and plural forms of such words and phrases), 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 or any attachment to 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 portfolio rationalization plans; our share repurchases; strength of our sales pipeline and balance sheet; our growth strategy; expectations regarding our trajectory toward top line growth, sequential margin improvement, less capital intensity and improved cash flow conversion; statements regarding portfolio divestitures, such as the sale of our Casualty Claims Solutions business; Conduent's liquidity position remaining strong; progress that we're making towards our billion dollars of deployable capital; and our projected financial performance for the full year 2024 and 2025, including all statements made under the section captioned "FY 2024 Outlook" within this release. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, many of which are outside of our control, that could cause actual results to differ materially from those expected or implied by such forward-looking statements contained in this press release, any exhibits to this press release and other public statements we make.

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: risks related to recently completed dispositions including (i) the transfer of our BenefitWallet health savings account, medical savings account, and flexible spending account portfolio, (ii) the sale of our Curbside Management and Public Safety Solutions businesses and (iii) the sale of our Casualty Claims Solutions business, including but not limited to our ability to realize the benefits anticipated from such transactions, unexpected costs, liabilities or delays in connection with such transactions, and the significant transaction costs associated with such transactions; government appropriations and termination rights contained in our government contracts, the competitiveness of the markets in which we operate and 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 wars in Ukraine and the Middle East), macroeconomic conditions, natural disasters and other factors in a particular country or region on our workforce, customers and vendors; 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; expectations relating to environmental, social and governance considerations; utilization of our stock repurchase program; 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; risks related to divestitures and acquisitions; 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 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; our ability to receive dividends or other payments from our subsidiaries; 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 2023 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 807	\$ 932	\$ 2,556	\$ 2,769
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	656	724	2,068	2,148
Selling, general and administrative (excluding depreciation and amortization)	115	115	346	344
Research and development (excluding depreciation and amortization)	1	2	4	5
Depreciation and amortization	44	81	157	199
Restructuring and related costs	4	7	21	49
Interest expense	16	28	62	82
Goodwill impairment	—	287	—	287
(Gain) loss on divestitures and transaction costs, net	(188)	3	(696)	8
Litigation settlements (recoveries), net	1	—	6	(22)
Loss on extinguishment of debt	1	—	6	—
Other (income) expenses, net	(2)	(2)	(4)	(3)
Total Operating Costs and Expenses	<u>648</u>	<u>1,245</u>	<u>1,970</u>	<u>3,097</u>
Income (Loss) Before Income Taxes	159	(313)	586	(328)
Income tax expense (benefit)	36	(24)	148	(26)
Net Income (Loss)	<u>\$ 123</u>	<u>\$ (289)</u>	<u>\$ 438</u>	<u>\$ (302)</u>
Net Income (Loss) per Share:				
Basic	\$ 0.75	\$ (1.34)	\$ 2.28	\$ (1.42)
Diluted	\$ 0.72	\$ (1.34)	\$ 2.22	\$ (1.42)

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

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income (Loss)	\$ 123	\$ (289)	\$ 438	\$ (302)
Other Comprehensive Income (Loss), Net⁽¹⁾				
Currency translation adjustments, net	13	(18)	(14)	3
Unrecognized gains (losses), net	1	(1)	—	—
Other Comprehensive Income (Loss), Net	14	(19)	(14)	3
Comprehensive Income (Loss), Net	<u>\$ 137</u>	<u>\$ (308)</u>	<u>\$ 424</u>	<u>\$ (299)</u>

(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)	September 30, 2024	December 31, 2023
Assets		
Cash and cash equivalents	\$ 393	\$ 498
Accounts receivable, net	528	559
Assets held for sale	—	180
Contract assets	152	178
Other current assets	372	240
Total current assets	1,445	1,655
Land, buildings and equipment, net	174	197
Operating lease right-of-use assets	174	191
Intangible assets, net	15	32
Goodwill	642	651
Other long-term assets	391	436
Total Assets	\$ 2,841	\$ 3,162
Liabilities and Equity		
Current portion of long-term debt	\$ 26	\$ 34
Accounts payable	133	174
Accrued compensation and benefits costs	193	183
Unearned income	115	91
Liabilities held for sale	—	58
Other current liabilities	360	328
Total current liabilities	827	868
Long-term debt	718	1,248
Deferred taxes	54	30
Operating lease liabilities	141	157
Other long-term liabilities	78	84
Total Liabilities	1,818	2,387
Series A convertible preferred stock	142	142
Common stock	2	2
Treasury stock, at cost	(210)	(27)
Additional paid-in capital	3,952	3,938
Retained earnings (deficit)	(2,418)	(2,849)
Accumulated other comprehensive loss	(449)	(435)
Total Conduent Inc. Equity	877	629
Non-controlling interest	4	4
Total Equity	881	633
Total Liabilities and Equity	\$ 2,841	\$ 3,162
Shares of common stock issued and outstanding	159,890	211,509
Shares of series A convertible preferred stock issued and outstanding	120	120
Shares of common stock held in treasury	60,868	8,841

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash Flows from Operating Activities:				
Net income (loss)	\$ 123	\$ (289)	\$ 438	\$ (302)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:				
Depreciation and amortization	44	81	157	199
Contract inducement amortization	1	1	2	3
Deferred income taxes	5	(9)	23	(23)
Goodwill impairment	—	287	—	287
Amortization of debt financing costs	1	1	3	3
Loss on extinguishment of debt	1	—	6	—
(Gain) loss on divestitures and sales of fixed assets, net	(194)	—	(727)	—
Stock-based compensation	6	5	14	13
Changes in operating assets and liabilities	—	(88)	(7)	(213)
Net cash provided by (used in) operating activities	(13)	(11)	(91)	(33)
Cash Flows from Investing Activities:				
Cost of additions to land, buildings and equipment	(8)	(13)	(39)	(33)
Cost of additions to internal use software	(8)	(9)	(23)	(31)
Proceeds from divestitures	224	—	823	—
Net cash provided by (used in) investing activities	208	(22)	761	(64)
Cash Flows from Financing Activities:				
Proceeds from revolving credit facility	50	—	80	—
Payments on revolving credit facility	(50)	—	(80)	—
Payments on debt	(84)	(10)	(587)	(30)
Treasury stock purchases	(14)	(6)	(182)	(7)
Taxes paid for settlement of stock-based compensation	—	(1)	(5)	(7)
Dividends paid on preferred stock	(2)	(2)	(7)	(7)
Contribution from noncontrolling interest	—	3	—	3
Net cash provided by (used in) financing activities	(100)	(16)	(781)	(48)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2	(1)	(4)	2
Increase (decrease) in cash, cash equivalents and restricted cash	97	(50)	(115)	(143)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	307	505	519	598
Cash, Cash Equivalents and Restricted Cash at End of period⁽¹⁾	\$ 404	\$ 455	\$ 404	\$ 455

(1) Includes \$11 million and \$4 million restricted cash as of September 30, 2024 and 2023, respectively, that were included in Other current assets on the respective Condensed Consolidated Balance Sheets.

Appendix

Definitions

Net ARR Activity Metric (TTM)

Projected Annual Recurring Revenue (ARR) 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 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.

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

TTM: Trailing twelve months.

PBT: Profit before tax.

Non-GAAP Financial Measures

We have reported our financial results in accordance with accounting principles generally accepted in the U.S. (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 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.

Management cautions that amounts presented in accordance with Conduent's definition of non-GAAP financial measures may not be comparable to similar measures disclosed by other companies because not all companies calculate non-GAAP measures in the same manner.

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 Accounting Standards Codification 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 Profit Before Tax, 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 Profit Before Tax, 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 entering the agreement to transfer the BenefitWallet portfolio.
- (Gain) loss on divestitures and transaction costs, net. Represents (gain) loss on divested businesses and transaction costs.
- Litigation settlements (recoveries), net represents settlements or recoveries for various matters subject to litigation.
- Loss on extinguishment of debt. This represents write-off related debt issuance costs related to prepayments of debt.
- Other charges (credits). This includes Other (income) expenses, net on the Condensed Consolidated Statements of Income (loss) and other insignificant (income) expenses and other adjustments.
- Divestitures. Revenue and Adjusted EBITDA of divested businesses are excluded.

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 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.
- Loss on extinguishment of debt.
- (Gain) loss on divestitures and transaction costs, net.
- Litigation settlements (recoveries), net.
- Other charges (credits).
- Divestitures.

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

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.
- Loss on extinguishment of debt.

- (Gain) loss on divestitures and transaction costs, net.
- Litigation settlements (recoveries), net.
- 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.

Free Cash Flow

Free Cash Flow is defined as cash flows from operating activities as reported on the condensed 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; 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 2024 outlook for Adjusted EBITDA Margin 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 Margin is reflected in the table below. 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. Full Year 2024 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: Adjusted Revenue, Revenue at Constant Currency, Adjusted Net Income (Loss), Adjusted Effective Tax, Adjusted Operating Income (Loss) and Adjusted EBITDA were as follows (see footnotes on last page of Non-GAAP reconciliations):

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
ADJUSTED REVENUE				
Revenue	\$ 807	\$ 932	\$ 2,556	\$ 2,769
Adjustment:				
Divestitures ⁽¹⁾	(26)	(101)	(180)	(300)
Adjusted Revenue	781	831	2,376	2,469
Foreign currency impact	—	(8)	(1)	(7)
Revenue at Constant Currency	\$ 781	\$ 823	\$ 2,375	\$ 2,462
ADJUSTED NET INCOME (LOSS)				
Net Income (Loss)	\$ 123	\$ (289)	\$ 438	\$ (302)
Adjustments:				
Amortization of acquired intangible assets ⁽²⁾	1	1	4	5
Restructuring and related costs	4	7	21	49
Goodwill impairment	—	287	—	287
Loss on extinguishment of debt	1	—	6	—
(Gain) loss on divestitures and transaction costs, net	(188)	3	(696)	8
Litigation settlements (recoveries), net	1	—	6	(22)
Other charges (credits)	(2)	(2)	(4)	(3)
Total Non-GAAP Adjustments	(183)	296	(663)	324
Income tax adjustments ⁽³⁾	39	(25)	163	(32)
Adjusted Net Income (Loss) Before Adjustment for Divestitures	(21)	(18)	(62)	(10)
Divestitures ⁽¹⁾	(3)	(26)	(35)	(76)
Adjusted Net Income (Loss)	\$ (24)	\$ (44)	\$ (97)	\$ (86)
ADJUSTED EFFECTIVE TAX				
Income (Loss) Before Income Taxes	\$ 159	\$ (313)	\$ 586	\$ (328)
Adjustments:				
Total Non-GAAP Adjustments	(183)	296	(663)	324
Adjusted PBT Before Adjustment for Divestitures	(24)	(17)	(77)	(4)
Divestitures ⁽¹⁾	(3)	(26)	(35)	(76)
Adjusted PBT	\$ (27)	\$ (43)	\$ (112)	\$ (80)
Adjusted PBT Before Adjustment for Divestitures	(24)	(17)	(77)	(4)
Adjustments:				
Income tax expense (benefit)	\$ 36	\$ (24)	\$ 148	\$ (26)
Income tax adjustments ⁽³⁾	(39)	25	(163)	32
Adjusted Income Tax Expense (Benefit)	(3)	1	(15)	6
Adjusted Net Income (Loss) Before Adjustment for Divestitures	(21)	(18)	(62)	(10)
Divestitures ⁽¹⁾	(3)	(26)	(35)	(76)
Adjusted Net Income (Loss)	\$ (24)	\$ (44)	\$ (97)	\$ (86)

CONTINUED

(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
ADJUSTED OPERATING INCOME (LOSS)				
Income (Loss) Before Income Taxes	\$ 159	\$ (313)	\$ 586	\$ (328)
Adjustments:				
Total non-GAAP adjustments	(183)	296	(663)	324
Interest expense	16	28	62	82
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	(8)	11	(15)	78
Divestitures ⁽¹⁾	(3)	(26)	(35)	(76)
Adjusted Operating Income (Loss)	\$ (11)	\$ (15)	\$ (50)	\$ 2
ADJUSTED EBITDA				
Net Income (Loss)	\$ 123	\$ (289)	\$ 438	\$ (302)
Income tax expense (benefit)	36	(24)	148	(26)
Depreciation and amortization	44	81	157	199
Contract inducement amortization	1	1	2	3
Interest expense	16	28	62	82
EBITDA Before Adjustment for Divestitures	220	(203)	807	(44)
Divestitures ⁽¹⁾	(3)	(26)	(35)	(76)
Divestitures depreciation and amortization ⁽¹⁾	(1)	(6)	(13)	(20)
EBITDA	216	(235)	759	(140)
Adjustments:				
Restructuring and related costs	4	7	21	49
Goodwill impairment	—	287	—	287
(Gain) loss on divestitures and transaction costs, net	(188)	3	(696)	8
Litigation settlements (recoveries), net	1	—	6	(22)
Loss on extinguishment of debt	1	—	6	—
Other charges (credits)	(2)	(2)	(4)	(3)
Adjusted EBITDA	\$ 32	\$ 60	\$ 92	\$ 179

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<i>(Amounts are in whole dollars, shares are in thousands and margins and rates are in %)</i>				
ADJUSTED DILUTED EPS⁽⁴⁾				
Weighted Average Common Shares Outstanding	161,684	217,348	189,107	217,992
Adjustments:				
Restricted stock and performance units / shares	—	—	—	—
Adjusted Weighted Average Common Shares Outstanding	161,684	217,348	189,107	217,992
Diluted EPS from Continuing Operations	\$ 0.72	\$ (1.34)	\$ 2.22	\$ (1.42)
Adjustments:				
Total non-GAAP adjustments	(1.10)	1.37	(3.44)	1.49
Income tax adjustments ⁽³⁾	0.24	(0.12)	0.86	(0.15)
Adjusted Diluted EPS	\$ (0.14)	\$ (0.09)	\$ (0.36)	\$ (0.08)
ADJUSTED EFFECTIVE TAX RATE				
Effective tax rate	22.2 %	7.8 %	25.2 %	7.8 %
Adjustments:				
Total non-GAAP adjustments	(9.7)%	(13.9)%	(5.5)%	(166.2)%
Adjusted Effective Tax Rate⁽²⁾	12.5 %	(6.1)%	19.7 %	(158.4)%
ADJUSTED OPERATING MARGIN				
Income (Loss) Before Income Taxes Margin	19.7 %	(33.6)%	22.9 %	(11.8)%
Adjustments:				
Total non-GAAP adjustments	(22.7)%	31.8 %	(25.9)%	11.6 %
Interest expense	2.0 %	3.0 %	2.4 %	3.0 %
Margin for Adjusted Operating Income Before Adjustment for Divestitures	(1.0)%	1.2 %	(0.6)%	2.8 %
Divestitures ⁽¹⁾	(0.4)%	(3.0)%	(1.5)%	(2.7)%
Margin for Adjusted Operating Income	(1.4)%	(1.8)%	(2.1)%	0.1 %
ADJUSTED EBITDA MARGIN				
EBITDA Margin Before Adjustment for Divestitures	27.3 %	(21.8)%	31.6 %	(1.6)%
Adjustments:				
Divestitures ⁽¹⁾	0.4 %	(6.5)%	0.3 %	(4.1)%
EBITDA Margin	27.7 %	(28.3)%	31.9 %	(5.7)%
Total non-GAAP adjustments	(22.8)%	31.7 %	(26.1)%	11.5 %
Divestitures ⁽¹⁾	(0.4)%	6.5 %	(0.3)%	4.1 %
Adjusted EBITDA Margin Before Adjustment for Divestitures	4.5 %	9.9 %	5.5 %	9.9 %
Divestitures ⁽¹⁾	(0.4)%	(2.7)%	(1.6)%	(2.7)%
Adjusted EBITDA Margin	4.1 %	7.2 %	3.9 %	7.2 %

Free Cash Flow and Adjusted Free Cash Flow Reconciliation:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating Cash Flow	\$ (13)	\$ (11)	\$ (91)	\$ (33)
Cost of additions to land, buildings and equipment	(8)	(13)	(39)	(33)
Cost of additions to internal use software	(8)	(9)	(23)	(31)
Free Cash Flow	\$ (29)	\$ (33)	\$ (153)	\$ (97)
Free Cash Flow	\$ (29)	\$ (33)	\$ (153)	\$ (97)
Transaction costs	7	3	18	6
Vendor finance lease payments	(5)	(5)	(14)	(12)
Tax payment related to divestitures and litigation recoveries	21	—	28	5
Adjusted Free Cash Flow	\$ (6)	\$ (35)	\$ (121)	\$ (98)

(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 Condensed Consolidated Statements of Income (Loss).

(3) The tax impact of Adjusted Pre-tax income (loss) 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.

(4) Average shares for the 2024 and 2023 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 \$2 million each quarter.

Conduent Q3 2024 Financial Results

November 06, 2024

Cautionary Statements



Forward-Looking Statements

This document, any exhibits or attachments to this document, and other public statements we make may contain "forward-looking statements" as defined in the Private Securities Litigation Act of 1995. The words "anticipate," "believe," "estimate," "expect," "expectations," "in front of us," "plan," "intend," "will," "aim," "should," "could," "forecast," "target," "may," "continue to," "look forward to," "endeavor," "if," "growing," "projected," "potential," "likely," "see," "ahead," "further," "going forward," "on the horizon," "as we progress," "going to," "path from here forward," "think we will," "from here," and similar expressions (including the negative and plural forms of such words and phrases), as they relate to us, are intended to identify forward-looking statements. 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 presentation or any attachment to this presentation are forward-looking statements, including, but not limited to, statements regarding our financial results, condition and outlook; changes in our operating results; general market economic conditions; our portfolio rationalization plans; our share repurchases; strength of our sales pipeline and balance sheet; our growth strategy; expectations regarding our trajectory to line growth, sequential margin improvement, less capital intensity and improved cash flow conversion; statements regarding our expected deployable capital target; and our projected financial performance for the full year 2024 and 2025, including all statements made under the sections captioned "Debt Maturity", "FY 2023 Actuals and FY 2024 Outlook", "Divestiture Update", "Mid-Year Outlook", and "Segment Revenue Trend" within this presentation. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions many of which are outside of our control, that could cause actual results to differ materially from those expected or implied by such forward-looking statements contained in this document, any exhibits to this document and other public statements we make.

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: risks related to recently completed dispositions including (i) the transfer of our BenefitWallet health savings account, medical savings account and flexible spending account portfolio, (ii) the sale of our Curbside Management and Public Safety Solutions businesses and (iii) the sale of our Casualty Claims Solutions business, including but not limited to our ability to realize the benefits anticipated from such transactions, unexpected costs, liabilities or delays in connection with such transactions, and the significant transaction costs associated with such transactions; government appropriations terminations contained in our government contracts; the competitiveness of the markets in which we operate and our ability to renew commercial and government contracts, including those 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 wars in Ukraine and the Middle East), macroeconomic conditions, natural disasters and other factors in a particular country or region on our workforce, customers and vendors; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; claim 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; expectations relating to environmental, social and governance considerations; utilization of our stock repurchase program; 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 credit 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 and 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; risks related to divestitures and acquisitions; 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 obtain adequate pricing for our services and to improve our cost structure; our ability to collect 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; our ability to receive dividends or other payments from our subsidiaries; and other factors that are discussed 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 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 or furnished to the Securities and Exchange Commission. Any forward-looking statements made by us in this presentation 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.

Cautionary Statements



Non-GAAP Financial Measures

We have reported our financial results in accordance with accounting principles generally accepted in the U.S. (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 Condensed 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. Refer to the "Non-GAAP Financial Measures" and "Non-GAAP Reconciliation" sections in this document for a discussion of these non-GAAP measures and their reconciliation to the reported U.S. GAAP measures.

Q3 Results / Metrics

- Adj. Revenue⁽¹⁾: \$781M
- Adj. EBITDA⁽¹⁾: \$32M
- Adj. EBITDA Margin⁽¹⁾: 4.1%
- New business signings ACV⁽²⁾: \$111M
- Net ARR Activity Impact (TTM)^(2,3): \$46M

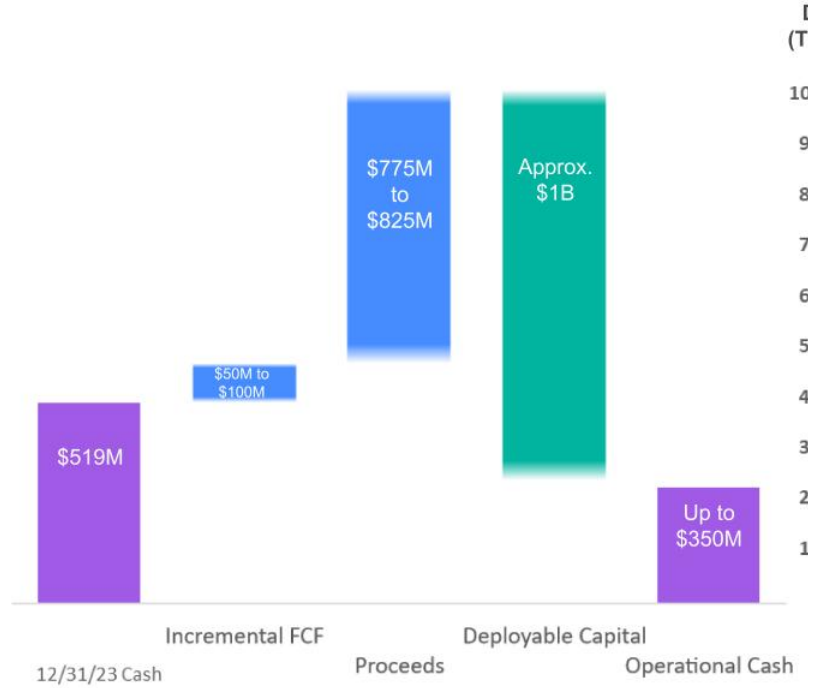
(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin.

(2) Full definition in the Appendix.

(3) Trailing Twelve Months.

Divestiture Update

- Portfolio rationalization on track, already at top-end of proceeds' targeted range
- 75% of \$1B capital target deployed
- ~61M shares repurchased
- Debt repayment leading to lower leverage over time
- Line of sight to the \$1B of deployable capital
- Confident in achieving 2025 exit rate targets



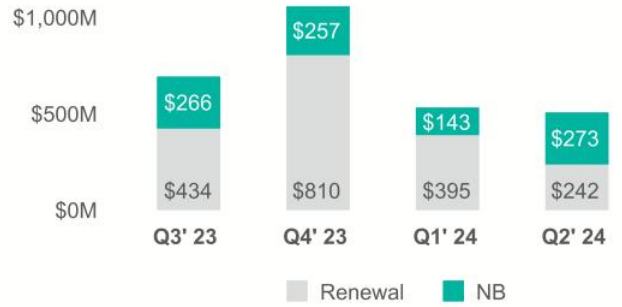
*As of 9/30/24

Key Sales Metrics

New Business ACV⁽¹⁾ Signings



TCV Signings (incl. ARR⁽¹⁾ + NRR⁽¹⁾)



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



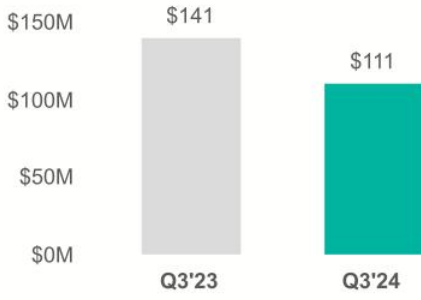
New Business ARR Avg. Contract Length



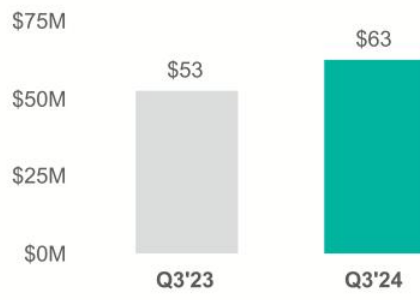
(1) Full definition in the Appendix.

Key Sales Metrics

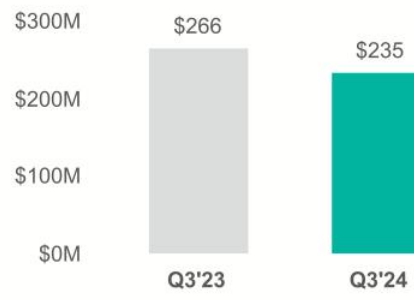
New Business ACV⁽¹⁾



New Business ARR⁽¹⁾



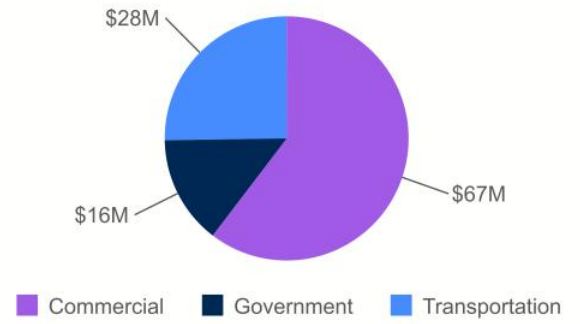
New Business TCV⁽¹⁾



Net ARR Activity (TTM)^(1,2)



Q3 New Business ACV⁽¹⁾ by Segment



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

Q3 2024 P&L Metrics

Adj. Revenue⁽¹⁾



Adj. Revenue⁽¹⁾ Trend (Y/Y Compare)



Adj. EBITDA⁽¹⁾ / Adj. EBITDA Margin⁽¹⁾

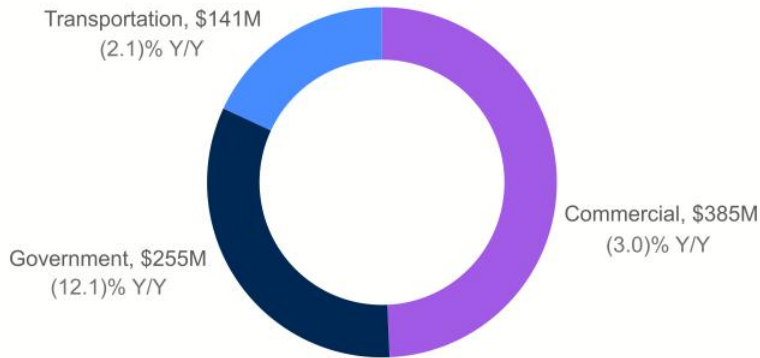


- **Adj. Revenue⁽¹⁾:** Decline primarily driven by lost business, partially offset by new business ramp particularly in our Commercial and Transportation segments.
- **Adj. EBITDA and Adj. EBITDA Margin⁽¹⁾:** Decline primarily driven by the impact of lost business and lower volumes, as well as the impact from stranded cost from divested assets, partially offset by new business ramp and cost efficiencies.

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

Q3 2024 P&L by Segment

Adj. Revenue⁽¹⁾



- **Commercial:** Decrease primarily driven by lower volumes, partially offset by new business ramp outpacing lost business.
- **Government:** Decrease primarily driven by lost business and lower volumes.
- **Transportation:** Decrease driven by lower small project activity, partially offset by new business ramp outpacing lost business and improved operational performance with less impact from extended completion timelines compared to the prior year.

Adj. EBITDA⁽¹⁾ Contributions



- **Commercial:** Increase primarily driven by new business ramp cost efficiencies, partially offset by the impact of lower volume margin 9.1% up 180 bps Y/Y.
- **Government:** Decrease primarily driven by the impact of lost business and lower volumes; margin 23.5% down (930) bps
- **Transportation:** Decrease primarily driven by the non-retail portion of a Tolling contract, partially offset by improved operational performance; margin 0.0% down (210) bps Y/Y.
- **Unallocated Costs:** Decrease primarily due to lower technology costs.

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

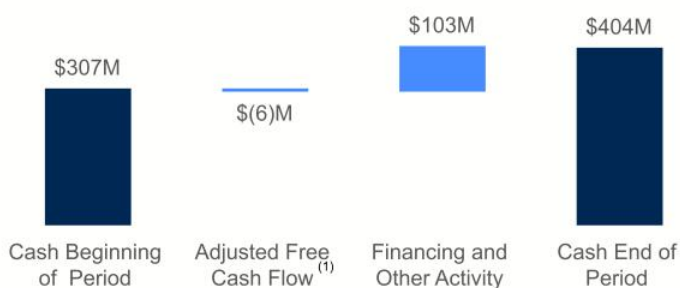
Q3 2024 Cash Flow and Balance Sheet

- Adj. Free Cash Flow⁽¹⁾: \$(6)M
- Capex⁽⁶⁾ as % of revenue: 2.5%
- Net adjusted leverage ratio⁽⁷⁾: 1.4x
- \$404M of cash⁽²⁾ at end of Q3 2024
- \$539M Available Revolving Credit Facility
- Shares repurchased: 3.9M
- Debt Prepayment: \$75M

Balance Sheet

(\$ in millions)	12/31/2023	9/30/2024
Total Cash ⁽²⁾	\$519	\$404
Total Debt ⁽⁴⁾	1,263	750
Term Loan A ⁽³⁾ due 2026	238	175
Term Loan B ⁽³⁾ due 2028	505	575
Revolving Credit Facility due 2026 ⁽⁵⁾	—	—
Senior Notes due 2029	520	520
Finance leases and Other loans	37	40
Net adjusted leverage ratio ⁽⁷⁾	2.1x	1.4x

Q3 2024 Cash⁽²⁾ Balance Changes



Debt Maturity⁽⁸⁾



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

FY 2023 Actuals and FY 2024 Outlook⁽²⁾



	FY 2023 Actuals	FY 2024 Outlook ⁽²⁾
Adj. Revenue ⁽¹⁾	\$3,320M	\$3,185M - \$3,215M
Adj. EBITDA Margin ⁽¹⁾	7.4%	3.75% - 4.0%

Other Modeling Considerations ⁽³⁾		
Adj. Free Cash Flow ⁽¹⁾	\$(5)M	Approx. (\$50M)
Interest Expense	\$111M	Approx. \$71M
Restructuring	\$62M	Approx. \$30M
CapEx	\$116M	Approx. \$90M

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

(2) Refer to Appendix for additional information regarding Non-GAAP Outlook.

(3) FY 2023 Other Modeling Considerations are not adjusted for completed or anticipated divestiture activity or use of such proceeds.

Mid-Term Outlook^(2,3)



	FY 2023 Reported Actuals	Initial FY 2024 Outlook ^(2,3)	Divestitures		2025 E Rate
			Announced + Others	Other 2025 Assumptions	
Revenue	\$3,722M	\$3,600M - \$3,700M	~\$450M	2% - 4% Growth	\$3,000 \$3,300
Adj. EBITDA Margin ⁽¹⁾	10.2%	8% - 9%	~30%	2% - 2.5% Margin Expansion	8% - 9%
Adj. Free Cash Flow ⁽¹⁾ as % of Adj. EBITDA ⁽¹⁾	(1.3)%	5% - 10%			25% - 30%
Other Modeling Considerations					
Net Proceeds			Closed ~\$780M		
Cost Efficiency (included in Margin)			~\$50M ⁽⁴⁾	~\$50M ⁽⁴⁾	
Total Debt ⁽⁵⁾	\$1.3B	\$1.3B	Debt repayment ~\$664M		\$0.6B to \$0.7B
Net Adj. Leverage ⁽⁵⁾ Target	2.1x	2.0 to 2.5x			~1.0x
Interest Expense	\$111M	~\$107M			~\$38M
Restructuring	\$62M	~\$30M			~\$15M
CapEx as a % of Revenue	3.1%	~3%			~2.7%

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted Free Cash Flow

(2) Refer to Appendix for additional information regarding Non-GAAP Outlook.

(3) Initial FY 2024 Outlook is not adjusted for completed or anticipated divestiture activity or use of such proceeds.

(4) Included in Margin.

(5) Refer to the Reconciliation of Net Debt and Net Adjusted Leverage Ratio found in the Appendix.

CEO Update

Q3 Update

People	Solutions	Objectives
<ul style="list-style-type: none">In line with a focus on growth, recruited and onboarded 3 new and very important senior leaders:<ul style="list-style-type: none">Group President: \$1.7B Commercial BusinessPresident: \$1B Government BusinessGeneral Manager: \$250M Tolling BusinessRetention Rate, or the inverse of “churn”, continues to improve	<ul style="list-style-type: none">Commercial sales strong, offsetting a slow start in Government sales... reflecting the upside of portfolio diversityOverall pipeline continues to be strongContinue to see offshoring opportunities in Commercial, thus enhancing our pursuit of margin expansionContinued progress in our large State of Victoria implementation	<ul style="list-style-type: none">Divestiture work continues:<ul style="list-style-type: none">Final stages of transition work from our 2024 divestiture programNew considerations underwayBoard of Directors: Now smaller and more nimble, enhancing decision process and governance routines



NelsonHall 2024 NEAT Rep Leader for Healthcare Payer Operational Transformation in all five categories



"America's Best Employers Diversity" for the fourth consecutive year

Conduent at-a-Glance



Scale	Results	Outcomes
<p>\$3.0B - \$3.3B 2025 Exit Rate⁽¹⁾ Adj. Revenue⁽²⁾</p>	<p>8%-9% 2025 Exit Rate⁽¹⁾ Adj. EBITDA Margin⁽²⁾</p>	<p>+30 points NPS⁽³⁾ improvement since 2017</p>
<p>~50% of Fortune 100 are Clients</p>	<p>~90% Recurring Revenue</p>	<p>20 years Average Tenure of Top 20 Clients</p>
<p>46 of 50 States with Conduent Public Sector Solutions</p>	<p>8% CAGR New Business Sales ACV 2019 - 2025</p>	<p>~40% Improvement in client retention since 2021</p>



(1) Consistent with the Company's publicly disclosed mid-term outlook.

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

(3) Net Promoter Score

Commercial Solutions

Robust portfolio of technology-led solutions driving efficiencies and end-user experience across multiple industries

~\$340M ACV^(1,2)

~\$1.7B Revenue⁽¹⁾

Technology-Led Business Solutions

Cross-Industry Solutions

Transforming end-to-end business processes by automating and streamlining mission critical operations with technology solutions, while delivering connected, omnichannel digital experiences



Integrated Digital Solutions



HR Outsourcing Solutions



Finance, Accounting and Procurement Solutions



Multichannel Communications



Employee Benefit Solutions



Complex Experience Management⁽³⁾

~\$1.4B Total Revenue⁽¹⁾

Industry-Specific Solutions

Comprehensive industry-specific solutions combining advanced technology and expertise to drive operational excellence and regulatory compliance



Banking Back-Office Solutions⁽⁴⁾



Legal and Compliance Analytics



Healthcare Claims Management



Pharma Field Assistance

~\$0.3B Total Revenue⁽¹⁾

(1) Projected 2025 Exit Rate, consistent with the Company's publicly disclosed mid-term outlook. Refer to Mid-Term Outlook slide for more details.

(2) Full definition in the Appendix.

(3) Complex Experience Management represents 29 clients, 14 of which have other Conduent services and solutions, and customer needs requiring skilled associates, where continuum of service across Conduent's of important.

(4) Banking Back-Office Solutions exclude financial institutions products and services other than Banking Operations, Lockbox and Loan Manager.

Government and Transportation Solutions

Helping governments and agencies deliver high quality programs to their constituents

~\$170M Government ACV^(1,2)

~\$130M Transportation ACV^(1,2)

Government Solutions (Health, Human Services & Payments)

Helping state agencies streamline enrollment, determine eligibility, adjudicate claims and meet modularity mandates for government-funded healthcare programs



Government Healthcare Solutions



Eligibility and Enrollment Solutions

Delivering government-distributed payments and services seamlessly and securely utilizing proprietary software and expertise



Benefit Card Programs
e.g. SNAP



Payment Card Programs
e.g. Unemployment Insurance



Child Support Solutions
e.g. Child Care Payments

Transportation Solutions

Helping agencies collect payments, manage operations / equipment / service, and enable transactions for Transit and Road Usage Charge (RUC) globally



Transit Fare Collection and Equipment Solutions

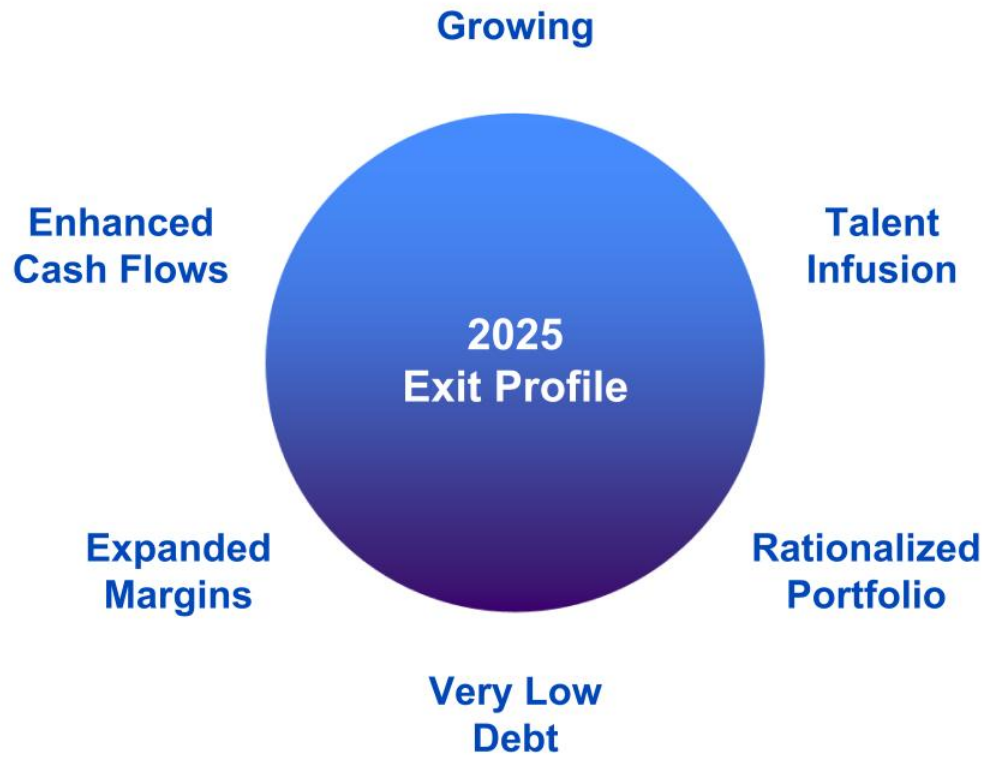


Tolling Roadside and Backoffice Solutions (RUC)

~\$1.0B Total Revenue⁽¹⁾

~\$0.6B Total Revenue⁽¹⁾

(1) Projected 2025 Exit Rate, consistent with the Company's publicly disclosed mid-term outlook. Refer to Mid-Term Outlook slide for more details.
 (2) Full definition in the Appendix.



Appendix

Definitions

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 Metric: 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 with the forward 12-month timeframe. The metric is for indicative purposes only. This metric excludes non-recurring revenue signings. This metric is not indicative of any specific 12 month timeframe.

Total New Business Pipeline (Cumulative Pipeline): TCV pipeline of deals in all sell stages. Extends past next 12 month period to include total 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 accounting principles generally accepted in the U.S. (U.S. GAAP). In addition, we have discussed our financial results using non-GAAP measures. We believe 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, 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 Condensed 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. The use of 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 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.

Management cautions that amounts presented in accordance with Conduent's definition of non-GAAP financial measures may not be comparable to similar measures disclosed by other companies because not all companies calculate non-GAAP measures in the same manner.

Reconciliations of the following non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP Reconciliations 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 are 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 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 statutory tax rate in the jurisdictions in which such charges were incurred.

Adjusted Revenue, Adjusted Profit Before Tax, 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) before Income Taxes, 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 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, net. Represents (gain) loss on divested businesses and transaction costs.
- Goodwill Impairment. This represents goodwill impairment charges related to entering the agreement to transfer the BenefitWallet portfolio.
- Loss on extinguishment of debt. This represents write-off related debt issuance costs related to prepayments of debt.
- 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) expenses and other adjustments.
- Divestitures. Revenue and Adjusted EBITDA of divested businesses are excluded.

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 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 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 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 performance.

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 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.
- Loss on extinguishment of debt.
- (Gain) loss on divestitures and transaction costs, net.
- Litigation settlements (recoveries), net.
- Other charges (credits).
- Divestitures.

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

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.
- Loss on extinguishment of debt.
- (Gain) loss on divestitures and transaction costs, net.
- Litigation settlements (recoveries), net.
- 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.

Non-GAAP Financial Measures

Free Cash Flow

Free Cash Flow is defined as cash flows from operating activities as reported on the condensed 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; 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.

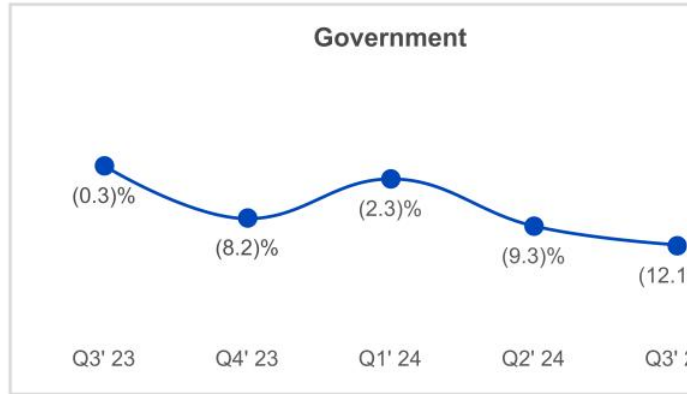
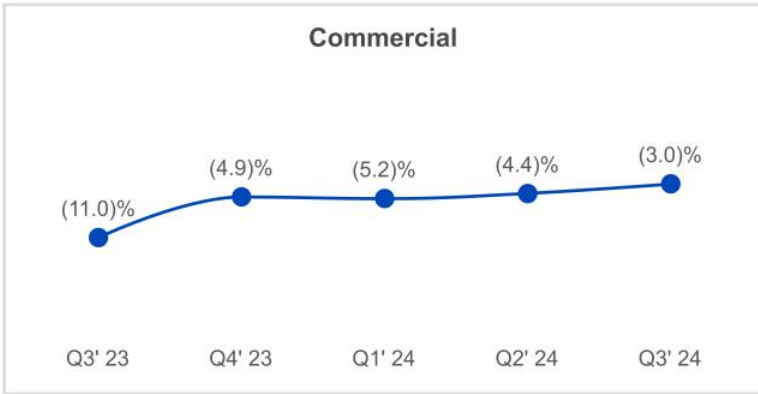
Revenue at Constant Currency

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 outlooks for Adjusted EBITDA Margin 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 Margin are reflected in the table within this presentation. We are providing such outlooks 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 outlooks 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.

Segment Adjusted Revenue⁽¹⁾ Trend



Adj. Revenue⁽¹⁾ Growth Rates (2025 Exit Rate):

As communicated in the March 2023 Investor Briefing, the expected growth rates for each business segment exiting 2025 are as follows:

- Commercial:** 3% to 5%
- Government:** ~3%
- Transportation:** ~4%

(1) Refer to complete Non-GAAP reconciliations of Adjusted Revenue elsewhere in this Appendix.

Non-GAAP Reconciliations

Adjusted Revenue, Revenue at Constant Currency, Adjusted Net Income (Loss), Adjusted Effective Tax Rate, Adjusted Operating Income (Loss) and Adjusted EBITDA (see footnotes on last page of Non-GAAP reconciliations)

(in millions)	Q3 2024	Q2 2024	Q1 2024	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
REVENUE								
Revenue	\$ 807	\$ 828	\$ 921	\$ 3,722	\$ 953	\$ 932	\$ 915	\$ 915
Adjustment:								
Divestitures ⁽¹⁾	(26)	(54)	(100)	(402)	(102)	(101)	(100)	(100)
Adjusted Revenue	<u>781</u>	<u>774</u>	<u>821</u>	<u>3,320</u>	<u>851</u>	<u>831</u>	<u>815</u>	<u>815</u>
Foreign currency impact	—	1	(2)	(12)	(5)	(8)	(2)	(2)
Revenue at Constant Currency	<u>\$ 781</u>	<u>\$ 775</u>	<u>\$ 819</u>	<u>\$ 3,308</u>	<u>\$ 846</u>	<u>\$ 823</u>	<u>\$ 813</u>	<u>\$ 813</u>
ADJUSTED NET INCOME (LOSS)								
Income (Loss) From Continuing Operations	\$ 123	\$ 216	\$ 99	\$ (296)	\$ 6	\$ (289)	\$ (7)	\$ (7)
Adjustments:								
Amortization of acquired intangible assets ⁽²⁾	1	2	1	7	2	1	2	2
Restructuring and related costs	4	8	9	62	13	7	13	13
Loss on extinguishment of debt	1	3	2	—	—	—	—	—
Goodwill impairment	—	—	—	287	—	287	—	—
(Gain) loss on divestitures and transaction costs, net	(188)	(347)	(161)	10	2	3	3	3
Litigation settlements (recoveries), net	1	1	4	(30)	(8)	—	(1)	(1)
Other charges (credits)	(2)	—	(2)	3	6	(2)	—	—
Total Non-GAAP Adjustments	<u>(183)</u>	<u>(333)</u>	<u>(147)</u>	<u>339</u>	<u>15</u>	<u>296</u>	<u>17</u>	<u>17</u>
Income tax adjustments ⁽³⁾	39	92	32	(43)	(11)	(25)	(4)	(4)
Adjusted Net Income (Loss) Before Adjustment for Divestitures	<u>(21)</u>	<u>(25)</u>	<u>(16)</u>	<u>—</u>	<u>10</u>	<u>(18)</u>	<u>6</u>	<u>6</u>
Divestitures ⁽¹⁾	\$ (3)	\$ (8)	\$ (24)	\$ (103)	\$ (27)	\$ (26)	\$ (27)	\$ (27)
Adjusted Net Income (Loss)	<u>\$ (24)</u>	<u>\$ (33)</u>	<u>\$ (40)</u>	<u>\$ (103)</u>	<u>\$ (17)</u>	<u>\$ (44)</u>	<u>\$ (21)</u>	<u>\$ (21)</u>

CONTINUED

(in millions)	Q3 2024	Q2 2024	Q1 2024	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
ADJUSTED EFFECTIVE TAX								
Income (Loss) Before Income Taxes	\$ 159	\$ 300	\$ 127	\$ (332)	\$ (4)	\$ (313)	\$ (7)	\$ (8)
Adjustment:								
Total Non-GAAP Adjustments	(183)	(333)	(147)	339	15	296	17	11
Adjusted PBT Before Adjustment for Divestitures	(24)	(33)	(20)	7	11	(17)	10	3
Divestitures ⁽¹⁾	(3)	(8)	(24)	(103)	(27)	(26)	(27)	(23)
Adjusted PBT	<u>\$ (27)</u>	<u>\$ (41)</u>	<u>\$ (44)</u>	<u>\$ (96)</u>	<u>\$ (16)</u>	<u>\$ (43)</u>	<u>\$ (17)</u>	<u>\$ (20)</u>
Income tax expense (benefit)	\$ 36	\$ 84	\$ 28	\$ (36)	\$ (10)	\$ (24)	\$ —	\$ (2)
Income tax adjustments ⁽³⁾	(39)	(92)	(32)	43	11	25	4	3
Adjusted Income Tax Expense (Benefit)	<u>(3)</u>	<u>(8)</u>	<u>(4)</u>	<u>7</u>	<u>1</u>	<u>1</u>	<u>4</u>	<u>1</u>
Adjusted Net Income (Loss) Before Adjustment for Divestitures	(21)	(25)	(16)	—	10	(18)	6	2
Divestitures ⁽¹⁾	(3)	(8)	(24)	(103)	(27)	(26)	(27)	(23)
Adjusted Net Income (Loss)	<u>\$ (24)</u>	<u>\$ (33)</u>	<u>\$ (40)</u>	<u>\$ (103)</u>	<u>\$ (17)</u>	<u>\$ (44)</u>	<u>\$ (21)</u>	<u>\$ (21)</u>
ADJUSTED OPERATING INCOME (LOSS)								
Income (Loss) Before Income Taxes	\$ 159	\$ 300	\$ 127	\$ (332)	\$ (4)	\$ (313)	\$ (7)	\$ (8)
Adjustment:								
Total non-GAAP adjustments	(183)	(333)	(147)	339	15	296	17	11
Interest expense	16	19	27	111	29	28	27	27
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	(8)	(14)	7	118	40	11	37	30
Divestitures ⁽¹⁾	(3)	(8)	(24)	(103)	(27)	(26)	(27)	(23)
Adjusted Operating Income (Loss)	<u>\$ (11)</u>	<u>\$ (22)</u>	<u>\$ (17)</u>	<u>\$ 15</u>	<u>\$ 13</u>	<u>\$ (15)</u>	<u>\$ 10</u>	<u>\$ 7</u>

CONTINUED

(in millions)

	Q3 2024	Q2 2024	Q1 2024	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
ADJUSTED EBITDA								
Net Income (Loss)	\$ 123	\$ 216	\$ 99	\$ (296)	\$ 6	\$ (289)	\$ (7)	\$
Income tax expense (benefit)	36	84	28	(36)	(10)	(24)	—	
Depreciation and amortization	44	51	62	264	65	81	57	
Contract inducement amortization	1	—	1	3	—	1	1	
Interest expense	16	19	27	111	29	28	27	
EBITDA Before Adjustment for Divestitures	220	370	217	46	90	(203)	78	
Divestitures ⁽¹⁾	(3)	(8)	(24)	(103)	(27)	(26)	(27)	
Divestitures depreciation and amortization ⁽¹⁾	(1)	(3)	(9)	(28)	(8)	(6)	(7)	
EBITDA	216	359	184	(85)	55	(235)	44	
Adjustments:								
Restructuring and related costs	4	8	9	62	13	7	13	
Loss on extinguishment of debt	1	3	2	—	—	—	—	
Goodwill impairment	—	—	—	287	—	287	—	
(Gain) loss on divestitures and transaction costs, net	(188)	(347)	(161)	10	2	3	3	
Litigation settlements (recoveries), net	1	1	4	(30)	(8)	—	(1)	
Other charges (credits)	(2)	—	(2)	3	6	(2)	—	
Adjusted EBITDA	\$ 32	\$ 24	\$ 36	\$ 247	\$ 68	\$ 60	\$ 59	\$

CONTINUED

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

(Amounts are in whole dollars, shares are in thousands and margins are in %)

	Q3 2024	Q2 2024	Q1 2024	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
ADJUSTED DILUTED EPS⁽⁴⁾								
Weighted Average Common Shares Outstanding	161,684	194,539	209,160	216,779	213,625	217,348	218,394	219,322
Adjustments:								
Restricted stock and performance units / shares	—	—	—	—	3,037	—	928	—
Adjusted Weighted Average Common Shares Outstanding	<u>161,684</u>	<u>194,539</u>	<u>209,160</u>	<u>216,779</u>	<u>216,662</u>	<u>217,348</u>	<u>219,322</u>	<u>219,322</u>
Diluted EPS from Continuing Operations	\$ 0.72	\$ 1.07	\$ 0.46	\$ (1.41)	\$ 0.02	\$ (1.34)	\$ (0.04)	\$ (0.04)
Adjustments:								
Total non-GAAP adjustments	(1.10)	(1.68)	(0.70)	1.57	0.06	1.37	0.07	0.07
Income tax adjustments ⁽³⁾	0.24	0.47	0.15	(0.20)	(0.05)	(0.12)	(0.02)	(0.02)
Adjusted Diluted EPS	<u>\$ (0.14)</u>	<u>\$ (0.14)</u>	<u>\$ (0.09)</u>	<u>\$ (0.04)</u>	<u>\$ 0.03</u>	<u>\$ (0.09)</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>
ADJUSTED EFFECTIVE TAX RATE								
Effective tax rate	22.2 %	28.2 %	21.9 %	10.7 %	272.1 %	7.8 %	(3.3)%	(3.3)%
Adjustments:								
Total non-GAAP adjustments	(9.7)	(4.6)	0.3	96.6	(259.0)	(13.9)	45.5	45.5
Adjusted Effective Tax Rate⁽³⁾	<u>12.5 %</u>	<u>23.6 %</u>	<u>22.2 %</u>	<u>107.3 %</u>	<u>13.1 %</u>	<u>(6.1)%</u>	<u>42.2 %</u>	<u>42.2 %</u>

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(Margins are in %)

	Q3 2024	Q2 2024	Q1 2024	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
ADJUSTED OPERATING MARGIN								
Income (Loss) Before Income Taxes Margin	19.7 %	36.2 %	13.8 %	(8.9)%	(0.4)%	(33.6)%	(0.8)%	(0.9)%
Adjustments:								
Total non-GAAP adjustments	(22.7)	(40.2)	(15.9)	9.1	1.6	31.8	1.8	1.3
Interest expense	2.0	2.3	2.9	3.0	3.0	3.0	3.0	2.9
Margin for Adjusted Operating Income Before Adjustment for Divestitures	(1.0)	(1.7)	0.8	3.2	4.2	1.2	4.0	3.3
Divestitures ⁽¹⁾	(0.4)	(1.1)	(2.9)	(2.7)	(2.7)	(3.0)	(2.8)	(2.4)
Margin for Adjusted Operating Income	<u>(1.4)%</u>	<u>(2.8)%</u>	<u>(2.1)%</u>	<u>0.5 %</u>	<u>1.5 %</u>	<u>(1.8)%</u>	<u>1.2 %</u>	<u>0.9 %</u>
ADJUSTED EBITDA MARGIN								
EBITDA Margin Before Adjustment for Divestitures	27.3 %	44.7 %	23.6 %	1.2 %	9.4 %	(21.8)%	8.5 %	8.8 %
Divestitures ⁽¹⁾	0.4	1.7	(1.2)	(3.8)	(2.9)	(6.5)	(3.1)	(2.6)
EBITDA Margin	27.7	46.4	22.4	(2.6)	6.5	(28.3)	5.4	6.2
Total non-GAAP adjustments	(22.8)	(40.5)	(16.1)	9.0	1.4	31.7	1.7	1.0
Divestitures ⁽¹⁾	(0.4)	(1.7)	1.2	3.8	2.9	6.5	3.1	2.6
Adjusted EBITDA Margin Before Adjustment for Divestitures	4.5	4.2	7.5	10.2	10.8	9.9	10.2	9.8
Divestitures ⁽¹⁾	(0.4)	(1.1)	(3.1)	(2.8)	(2.8)	(2.7)	(3.0)	(2.5)
Adjusted EBITDA Margin	<u>4.1 %</u>	<u>3.1 %</u>	<u>4.4 %</u>	<u>7.4 %</u>	<u>8.0 %</u>	<u>7.2 %</u>	<u>7.2 %</u>	<u>7.3 %</u>

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Free Cash Flow and Adj. Free Cash Flow

<i>(in millions)</i>	Q3 2024	Q2 2024	Q1 2024	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Operating Cash Flow	\$ (13)	\$ (41)	\$ (37)	\$ 89	\$ 122	\$ (11)	\$ (10)	\$
Cost of additions to land, buildings and equipment	(8)	(18)	(13)	(51)	(18)	(13)	(9)	
Cost of additions to internal use software	(8)	(7)	(8)	(42)	(11)	(9)	(11)	
Free Cash Flow	(29)	(66)	(58)	(4)	93	(33)	(30)	
Transaction costs	7	8	3	9	3	3	2	
Vendor finance lease payments	(5)	(4)	(5)	(15)	(3)	(5)	(3)	
Tax payment related to divestitures and litigation recoveries	21	7	—	5	—	—	5	
Adjusted Free Cash Flow	\$ (6)	\$ (55)	\$ (60)	\$ (5)	\$ 93	\$ (35)	\$ (26)	\$

The below footnotes correspond to the "Non-GAAP Reconciliations" slides

1. All periods presented have been adjusted for the full impact from revenue and income/loss from all divestitures completed in 2024.
2. Included in Depreciation and amortization on the Condensed Consolidated Statements of Income (Loss).
3. The tax impact of Adjusted Pre-tax income (loss) 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.
4. Average shares for the 2024 and 2023 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact of the preferred stock dividend of approximately \$2 million each quarter.

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The below footnotes correspond to the "Q3 2024 Cash Flow and Balance Sheet" slide

- (1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted Free Cash Flow.
- (2) Total Cash includes \$11M and \$21M of restricted cash as of September 30, 2024 and December 31, 2023, respectively.
- (3) Revolving credit facility and Term Loan A interest rate: Secured Overnight Financing Rate ("SOFR") + 225 bps; Term Loan B: Secured Overnight Financing Rate ("SOFR") + 425 bps.
- (4) Total Debt as of September 30, 2024 and December 31, 2023 includes Term Loan A, Term Loan B, Senior Notes and Revolving credit facility borrowings and excludes finance leases and other as well as deferred financing costs.
- (5) \$539M of available capacity under Revolving Credit Facility as of September 30, 2024.
- (6) Capex refers to additions to Land, Buildings & Equipment, Internal Use Software, Product Software Additions and Software as a Service Implementation Cost.
- (7) Net debt (Total Debt, including finance leases and other as well as deferred financing costs; less unrestricted cash) divided by TTM Adjusted EBITDA (not adjusted for divestitures). See reconciliation below.
- (8) Debt maturity amounts exclude finance leases, other loans and potential mandatory prepayments.

Reconciliation of Net Debt and Net Adjusted Leverage Ratio

(\$ in millions, except ratio)	September 30, 2024	December 31, 2023
Long-term debt	\$ 718	\$ 1,248
Current portion of long-term debt	26	34
Total GAAP debt	744	1,282
less cash and cash equivalents	393	498
Net Debt	\$ 351	\$ 784

Adjusted EBITDA for the three months ended

September 30, 2024	\$ 36	
June 30, 2024	35	
March 31, 2024	69	
December 31, 2023	103	\$ 103
September 30, 2023		92
June 30, 2023		93
March 31, 2023		90
Trailing 12 months Adjusted EBITDA ("TTM AEBITDA")	\$ 243	\$ 378
Adjusted Leverage Ratio (Net Debt divided by TTM AEBITDA)	1.4	2.1



