Conduent Q4 and Full Year 2023 Financial Results

February 14, 2024

Cautionary Statements

CONDUENT

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 Reform Act of 1995. 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. 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 and economic conditions; statements regarding portfolio divestitures, such as the sale of the BenefitWallet HSA portfolio and Curbside Management and Public Safety Solutions business, including all statements regarding anticipated closing of such divestitures; statements regarding confidence in meeting our deployable capital target while continuing our share buyback program; our continued focus on delivering outstanding service and solutions to improve client business outcomes; and our projected financial performance for the full year 2024 and 2025, including all statements made under the sections captioned “FY 2023 Actuals and 2024 Outlook”, "Expectations from Divestiture Activity", "Mid-Term 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: government appropriations and termination rights contained in our government contracts; the competitiveness of the markets in which we operate; 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 the Ukraine and 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 received 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 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

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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 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 Reconciliations" sections in this document for a discussion of these non-GAAP measures and their reconciliation to the reported U.S. GAAP measures.

Q4 & Full Year 2023 Highlights

Q4 & Full Year Results / Metrics

- Adj.Revenue[1]: $953M / $3,722M
- Adj. EBITDA[1]: $103M / $378M
- Adj. EBITDA Margin[1]: 10.8% / 10.2%
- New business signings ACV[2]: $152M / $639M
- Net ARR Activity Impact (TTM)[2,3]: $62M

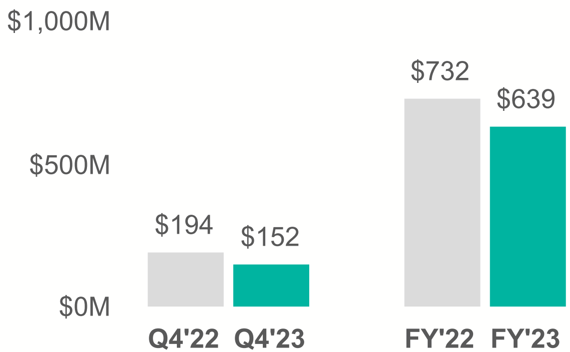
Highlights

- Q4 and FY 2023 Adj. Revenue, Adj. EBITDA, and Adj. EBITDA margin exceeded previous Outlook expectations.
- Performance driven, in large part, by strong Q4/FY in Government business.
- While Sales Annual Contract Value achievement finished slightly below expectations, 2023 Total Contract Value achievement highest in company history.
- Overall new business pipeline remains strong with 10% growth Y/Y.
- Continued progress against rationalization plan unveiled in Q1 2023
  - Continue to expect ~$1B in deployable capital
  - 2 divestitures announced—expect to close incrementally in 1H 2024
  - Other divestiture activities underway

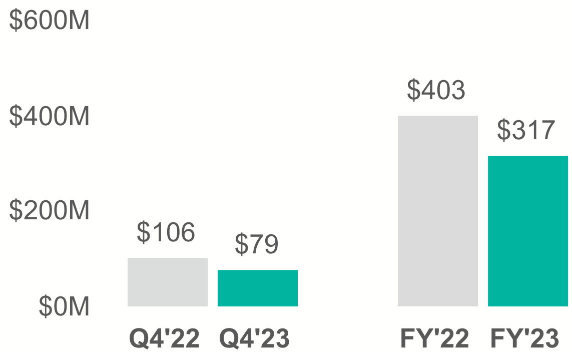
(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin.
(2) Full definition in the Appendix.
(3) Trailing Twelve Months.

Key Sales Metrics

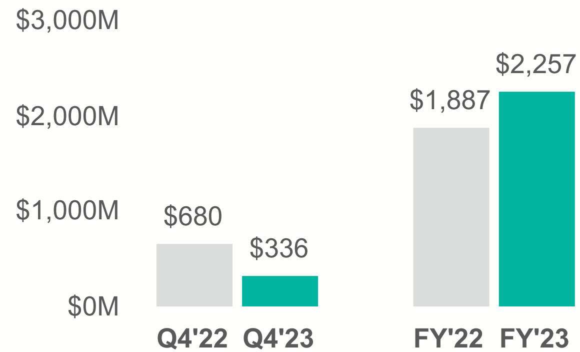
New Business ACV[1]



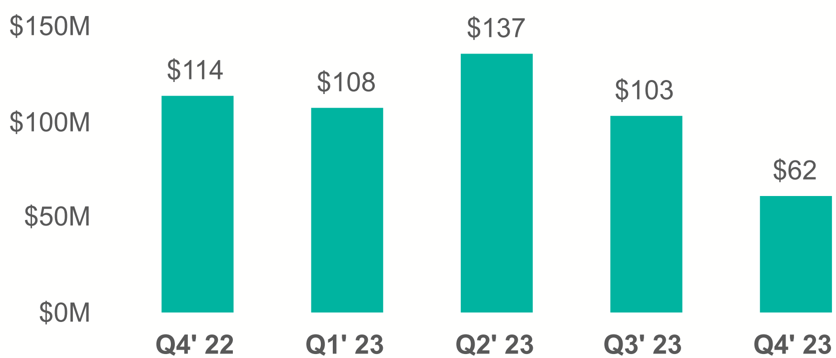
New Business ARR[1]



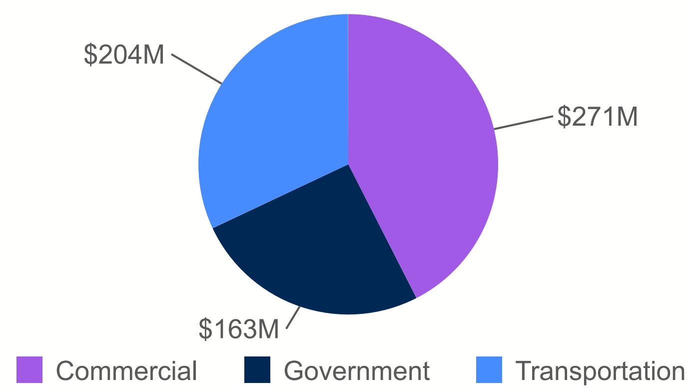
New Business TCV[1]



Net ARR Activity (TTM)[1,2]



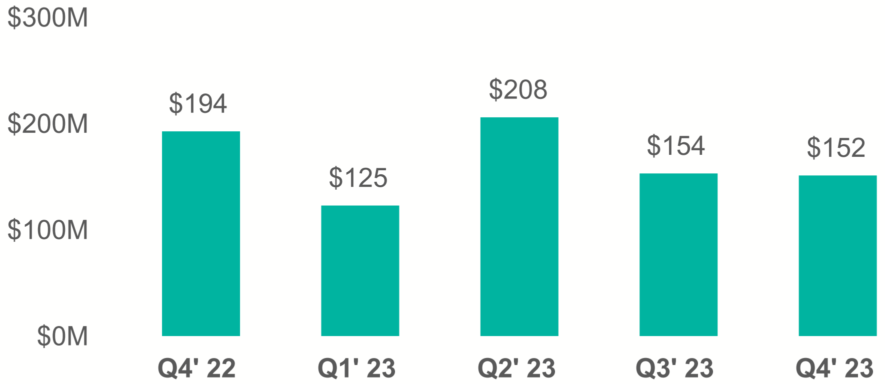
Full Year New Business ACV[1] by Segment



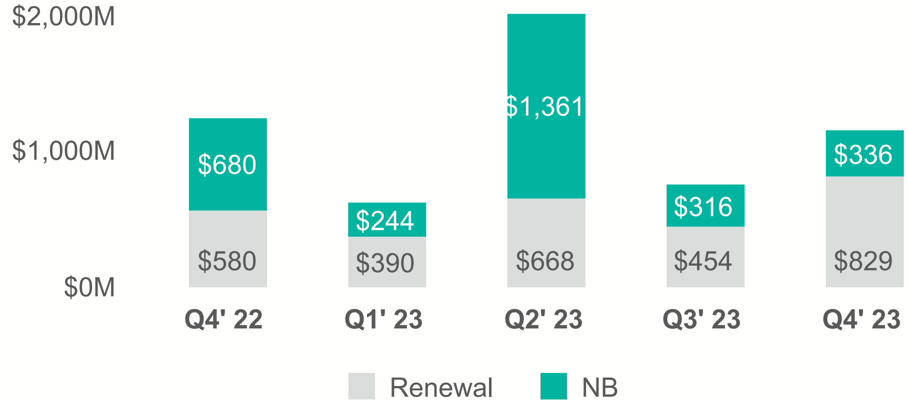
(1) Full definition in the Appendix.
(2) Trailing Twelve Months.

Key Sales Metrics Trends

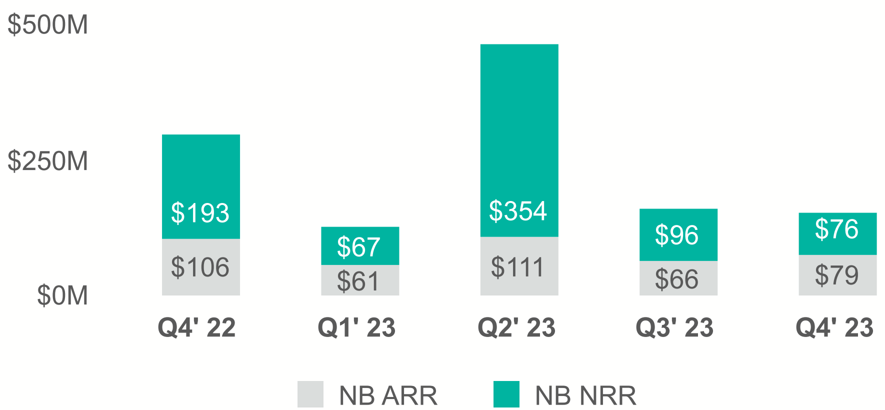
New Business ACV[1] Signings



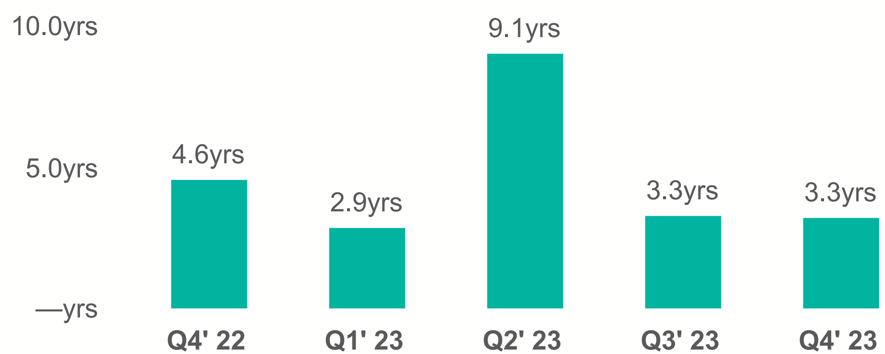
TCV Signings (incl. ARR[1] + NRR[1])



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



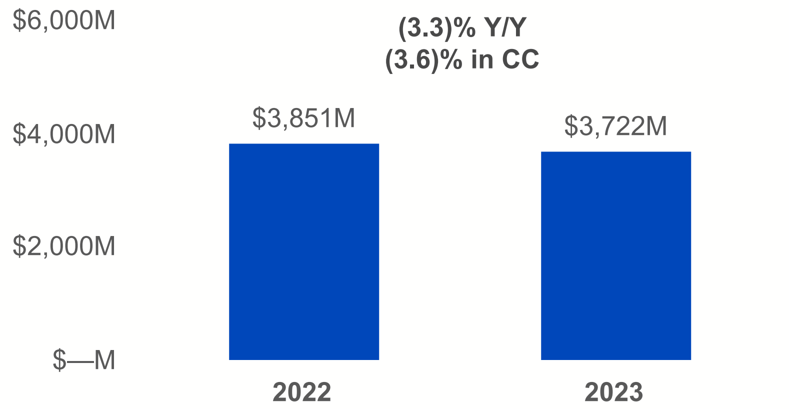
New Business ARR Avg. Contract Length



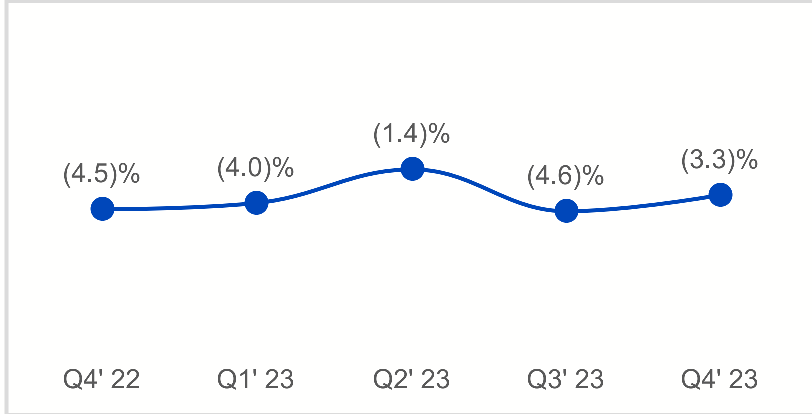
(1) Full definition in the Appendix.

Full Year 2023 P&L Metrics

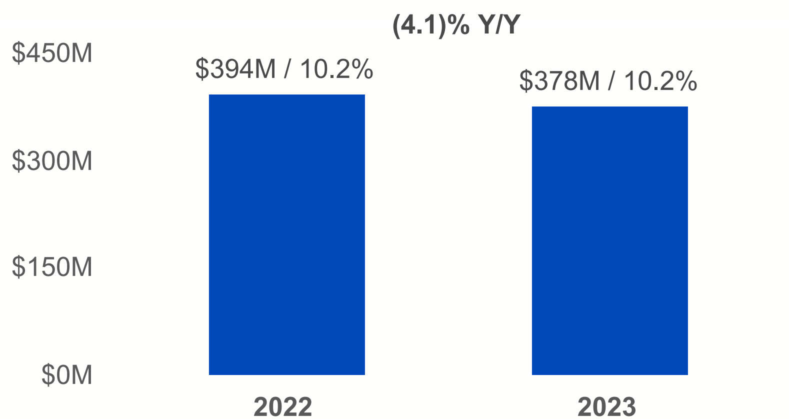
Adj. Revenue[1]



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



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



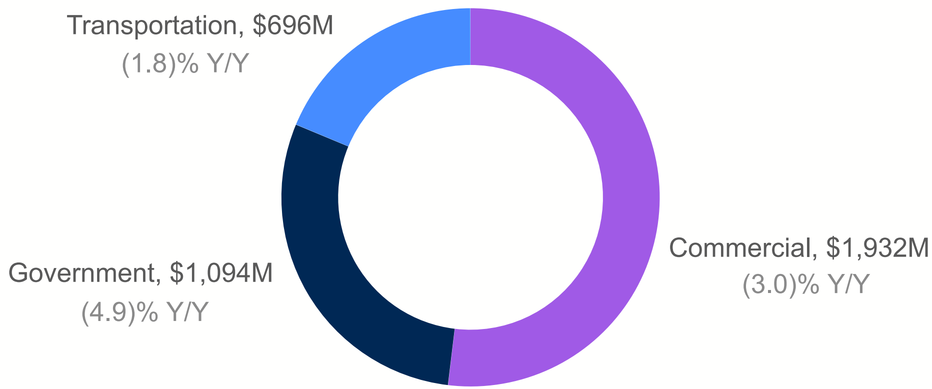
- **Adj. Revenue[1]:** Decrease driven by lost business from prior periods, extended completion timelines and non-repeating items[2] in the prior year period, partially offset by new business ramp and higher interest rates positively impacting BenefitWallet.
- **Adj. EBITDA[1]:** Decline driven by a number of discrete items in the current and prior years as noted on the following slide.
- **Adj. EBITDA Margin[1]:** Substantially unchanged.

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

(2) Non-repeating items include: recognition of the revenue benefit associated with a minimum annual commitment contract with a large client in our Commercial segment and federal stimulus revenue in our Government segment.

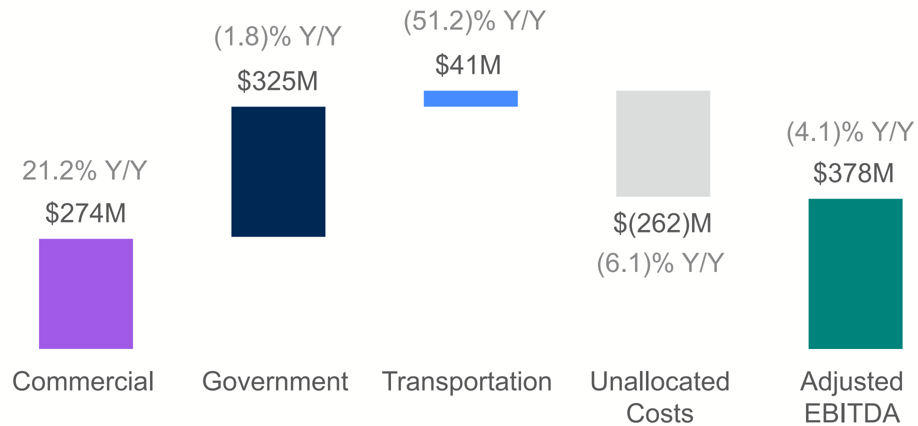
Full Year 2023 P&L by Segment

Adj. Revenue[1]



- **Commercial:** Decrease primarily due to lost business, lower volumes in certain industries and non-repeating[2] items in the prior year period, partially offset by new business ramp and higher interest rates impacting BenefitWallet.
- **Government:** Decrease mainly due to lost business and non-recurring stimulus payments volume in the prior year, partially offset by new business ramp and higher volumes in our Government Services Solutions business.
- **Transportation:** Decrease primarily driven by extended completion timelines on large implementations affecting revenue recognition and lost business, partially offset by new business ramp.

Adj. EBITDA[1] Contributions



- **Commercial:** Increase driven by higher interest rates impacting BenefitWallet and cost efficiencies, partially offset by the impact of reduced revenue and non-repeating[2] items in the prior year period; margin 14.2% up 290 bps Y/Y.
- **Government:** Decrease driven by lost business and non-recurring prior year stimulus volume, partially offset by higher volumes and the approx. $17M reversal of reserves related to a favorable legal settlement; margin 29.7% up 90 bps Y/Y, due to higher margins on lower revenue.
- **Transportation:** Reduction driven by the impact of extended completion timelines on larger implementations; margin 5.9% down (590) bps Y/Y.
- **Unallocated Costs:** Increase primarily due to the $14M recovery of litigation costs in the prior year.

(1) Refer to Appendix for complete Non-GAAP reconciliations of Adjusted Revenue, Adjusted EBITDA and Adjusted EBITDA Margin.
(2) Non-repeating items include: recognition of the revenue benefit associated with a minimum annual commitment contract with a large client in our Commercial segment.

Q4 & Full Year 2023 Cash Flow and Balance Sheet

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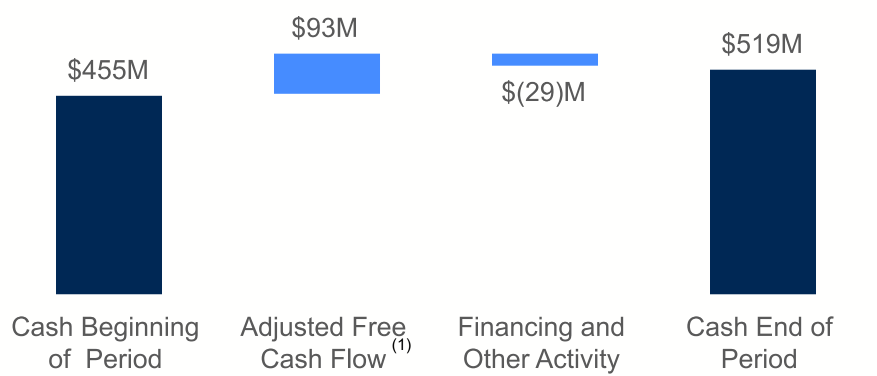
- Adj. Free Cash Flow[1]: Q4 $93M / FY $(5)M
- Capex[6] as % of revenue: Q4 3.9% / FY 3.1%
- Net adjusted leverage ratio[7]: 2.1x
- $519M of cash[2] at end of Q4 2023
- $548M Available Revolving Credit Facility
- Shares repurchased: Q4 6.615M / FY 8.841M

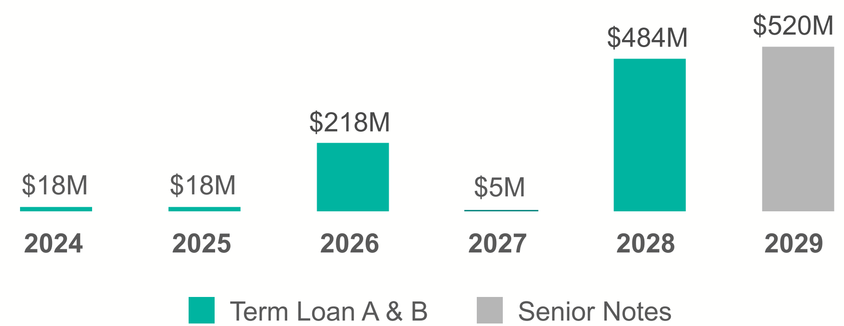
Balance Sheet

($ in millions)	**12/31/2022**	**12/31/2023**
Total Cash[2]	$598	$519
Total Debt[4]	1,282	1,263
Term Loan A[3] due 2026	252	238
Term Loan B[3] due 2028	510	505
Revolving Credit Facility due 2026[5]	—	—
Senior Notes due 2029	520	520
Finance leases and Other loans	53	37
Net adjusted leverage ratio[7]	1.8x	2.1x

Q4 2023 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 2024 Outlook[2,3]

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	FY 2023 Actuals	FY 2024 Outlook [2,3]
Adj. Revenue[1]	$3,722M	$3,600M - $3,700M
Adj. EBITDA Margin[1]	10.2%	8% - 9%
Adj. Free Cash Flow[1] as % of Adj. EBITDA[1]	(1.3)%	5% - 10%

Other Modeling Considerations		
Interest Expense	$111M	Approx. $107M
Restructuring	$62M	Approx. $30M
CapEx	$116M	Approx. $110M

(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 definition of Non-GAAP Outlook.

(3) FY 2024 Outlook is not adjusted for divestiture activity.

Portfolio Rationalization Update

Expectations From Divestiture Activity

CONDUENT

$600-800M of potential divestiture proceeds

Enhanced valuation with appropriately deployed capital

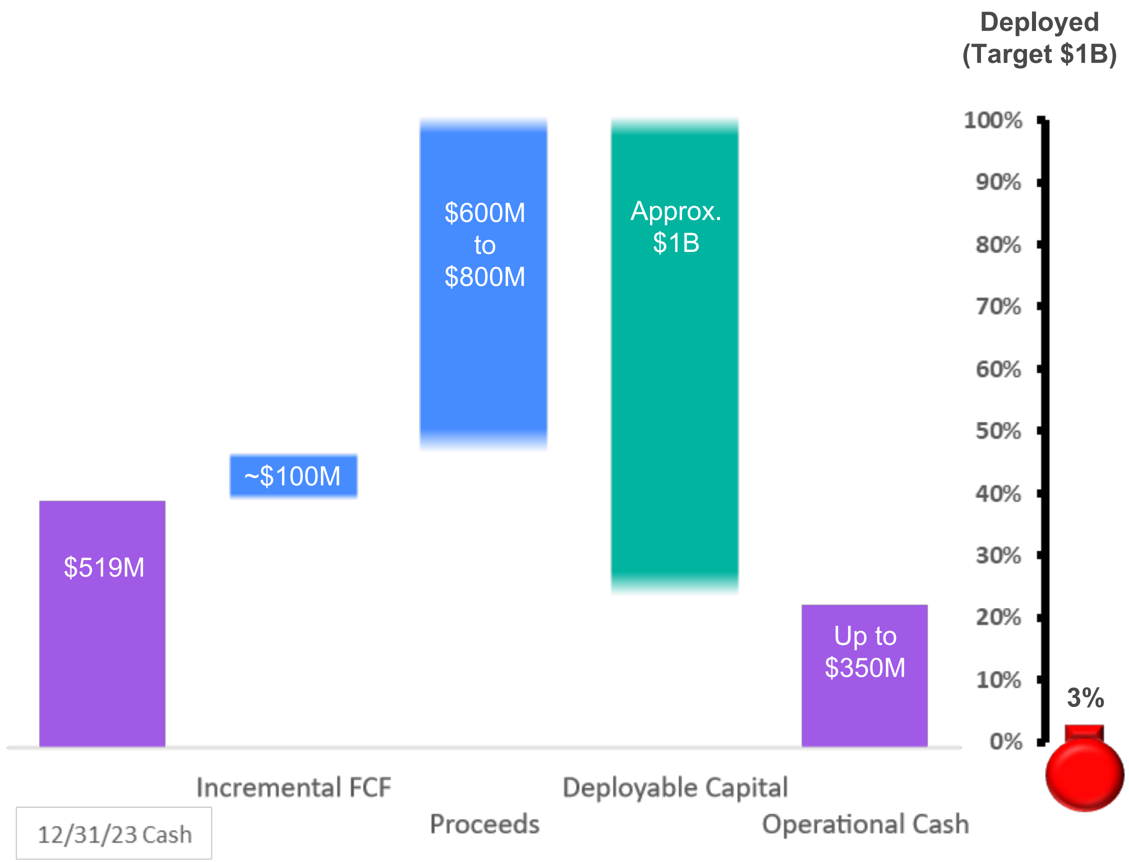
A more nimble and **faster growing Conduent**

$27M (3%) Capital deployed against the share repurchase program

Deployable Capital

$1.0B **132%** of Mkt Cap*

**Market Cap at 2/05/24 $760M*



Mid-Term Outlook[2,3]

	FY 2024 Outlook[2,3]	Divestitures: Announced + Others	Other 2025 Assumptions	2025 Exit Rate
Adj. Revenue[1]	$3,600M - $3,700M	~$500M	2% - 4% Growth	$3,000M - $3,300M
Adj. EBITDA Margin[1]	8% - 9%	*~27%	*2% - 3% Margin Expansion	9% - 10%
Adj. Free Cash Flow[1] as % of Adj. EBITDA[1]	5% - 10%			TBC
Other Modeling Considerations				
Net Proceeds		Announced $495M Others $TBC		
Timing		Announced 1H'24 Others 2H'24		
Cost Efficiency (included in Margin*)		~$50M	~$50M	
Interest Expense	~$107M			TBC
Restructuring	~$30M			~$15M
CapEx as a % of Revenue	~3%			~2.7%

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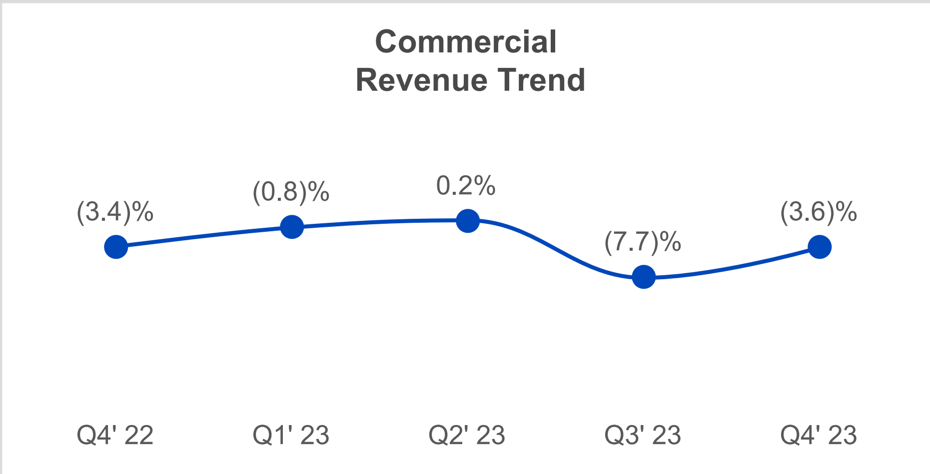
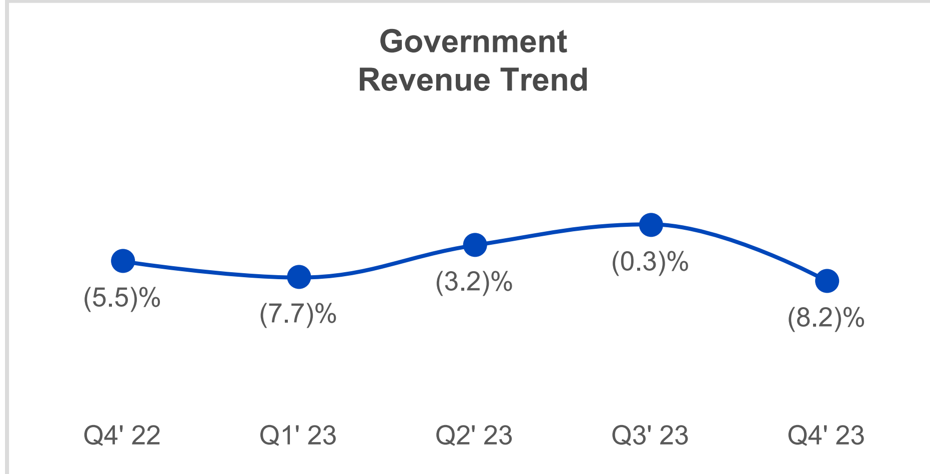
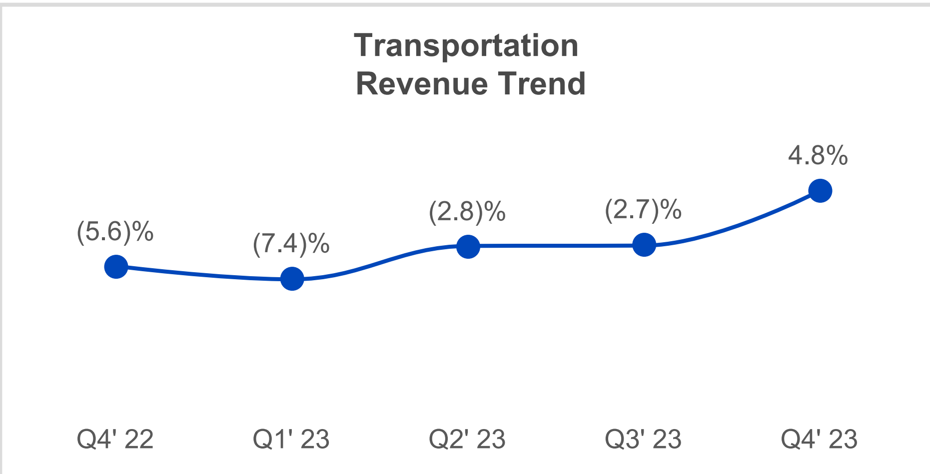
Appendix

Segment Revenue Trend







Revenue 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%

Q4 Highlights and Recognition

CONDUENT

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

Industry and Solutions

Recognized as a **2023 Leader** in **Benefits Administration** by NelsonHall

Announced **New FastCap® Finance Analytics Technology Platform** that Uncovers Hidden Working Capital

Announced Conduent **CXNow Solution** Incorporating AI Capabilities with Rapid Deployment and Easy Scalability

Client

Implemented BenePath® Self-Service Portal to Improve Access to Medicaid Services and Other Benefits in **Mississippi**

Selected by **Delaware** to Implement Advanced Platform for Infectious Disease Tracking

Selected by **Oklahoma Turnpike Authority** to Support PlatePay Cashless Tolling Operations

Implemented Toll Relief Programs to Benefit Low-Income Individuals and Families in Partnership with **BATA**

Culture

Recognized by IWEI and HRC as a Top Employer and Champion of the LGBTQ+ Community in the Workplace

Recognized as a Best for Vets Employer by Military Times

2023 Operational Highlights & Recognition

CONDUENT

Client first focus

Continued operational excellence

Strong associate engagement and retention

Culture of collaboration and accountability

Maintained system availability at 99.9% uptime

Industry

Recognized as a leader by the following:

NelsonHall

Everest Group

ISG

Gartner

GOVTECH 100 COMPANY 2023

Client

- Became first BPS provider to offer U.S. Federal Reserve's FedNow[SM] Service for instant payments
- Introduced Rapid Assistance Solution to help agencies expedite disbursement of emergency relief funds
- Launched partnership with Schwab Retirement Plan Services to expand capabilities for benefit plan offerings for clients
- Won transit deal with Victoria, Australia – largest TCV win in company history
- New logo wins and client awards in Commercial business (e.g. Virgin Atlantic and SMART)
- Launched new products and solutions – IntelliHealth, Rapid Assistance, Real-time Payments for Tolling, FastCap®
- Awarded New Mexico contract for new Medicaid Management Information System

Culture

Forbes: One of America's Best 500 Employers for Diversity for the Third Year in a Row

Newsweek: Top 100 Global Most Loved Workplaces 2023

Comparably: Best Leadership Team

Disability Equality Index: Recognized as Best Place to Work for Disability Inclusion for the Second Consecutive Year

HRC Corporate Equality Index: Top Ranking for LGBTQ+ Inclusion (U.S.)

Military Times: Best for Vets Employers

Definitions

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.

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

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

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

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 of ARR is: (Total Contract Value - Non-Recurring Revenue) / the Contract Term.

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

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

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

Non-GAAP Financial Measures

Non-GAAP Financial Measures

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

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

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

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

- Amortization of acquired intangible assets. The amortization of acquired intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry and from period to period.
- Restructuring and related costs. Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation program.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Goodwill Impairment. This represents goodwill impairment charges related to entering the agreement to transfer the BenefitWallet portfolio.
- 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.
- Abandonment of Cloud Computing Project. This includes charges in connection with the abandonment of a cloud computing project. The costs include writing off previously capitalized costs and accruing remaining hosting fees that continue to be incurred without any economic benefit.
- Divestitures. 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.

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.
- (Gain) loss on divestitures and transaction costs.
- Litigation settlements (recoveries), net.
- Other charges (credits).
- Abandonment of Cloud Computing Project.
- Divestitures.

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

Non-GAAP Financial Measures

Adjusted EBITDA and EBITDA Margin

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

- Restructuring and related costs.
- Goodwill impairment.
- (Gain) loss on divestitures and transaction costs.
- Litigation settlements (recoveries), net.
- Other charges (credits).
- Abandonment of Cloud Computing Project.
- Divestitures.

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

Non-GAAP Financial Measures

Free Cash Flow

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

Adjusted Free Cash Flow

Adjusted Free Cash Flow is defined as Free Cash Flow from above plus adjustments for litigation insurance recoveries, transaction costs, taxes paid on gains from divestitures and litigation recoveries, proceeds from failed sale-leaseback transactions and certain other identified adjustments. We use Adjusted Free Cash Flow, in addition to Free Cash Flow, to provide supplemental information to our investors concerning our ability to generate cash from our ongoing operating activities; by excluding these items, we believe we provide useful additional information to our investors to help them further understand our ability to generate cash period-over-period as well as added information on comparability to our competitors. Such as with Free Cash Flow information, as so adjusted, it is specifically not intended to provide amounts available for discretionary spending. We have added certain adjustments to account for items which we do not believe reflect our core business or operating performance, and we computed all periods with such adjusted costs.

Revenue at Constant Currency

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

Non-GAAP Outlook

In providing the outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. GAAP financial measure. A description of the adjustments which historically have been applicable in determining Adjusted EBITDA are reflected in the table within this presentation. In addition, for "FY 2024 Outlook", this is not adjusted for divestiture activity. We are providing such outlook only on a non-GAAP basis because the Company is unable without unreasonable efforts to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results. We have provided an outlook for Adjusted revenue only on a non-GAAP basis using foreign currency translation rates as of current period end due to the inability to, without unreasonable efforts, accurately predict foreign currency impact on revenues. Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, and such outlook is only available on a non-GAAP basis for the reasons described above. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Government Stimulus Revenue

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

Non-GAAP Reconciliations

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

(in millions)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	FY 2023	FY 2022
Revenue	$ 953	$ 932	$ 915	$ 922	$ 986	$ 3,722	$ 3,858
Adjustment:							
Divestitures[1]	—	—	—	—	—	—	(7)
Adjusted Revenue	953	932	915	922	986	3,722	3,851
Foreign currency impact	(6)	(7)	(1)	3	9	(11)	39
Revenue at Constant Currency	$ 947	$ 925	$ 914	$ 925	$ 995	$ 3,711	$ 3,890

ADJUSTED NET INCOME (LOSS)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	FY 2023	FY 2022
Income (Loss) From Continuing Operations	$ 6	$ (289)	$ (7)	$ (6)	$ (333)	$ (296)	$ (182)
Adjustments:							
Amortization of acquired intangible assets[2]	2	1	2	2	2	7	13
Restructuring and related costs	13	7	13	29	15	62	39
Goodwill impairment	—	287	—	—	358	287	358
(Gain) loss on divestitures and transaction costs, net	2	3	3	2	1	10	(158)
Litigation settlements (recoveries), net	(8)	—	(1)	(21)	(1)	(30)	(32)
Other charges (credits)	6	(2)	—	(1)	(1)	3	(1)
Total Non-GAAP Adjustments	15	296	17	11	374	339	219
Income tax adjustments[3]	(11)	(25)	(4)	(3)	(36)	(43)	24
Adjusted Net Income	$ 10	$ (18)	$ 6	$ 2	$ 5	$ —	$ 61

CONTINUED

(in millions)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	FY 2023	FY 2022
ADJUSTED EFFECTIVE TAX							
Income (Loss) Before Income Taxes	$ (4)	$ (313)	$ (7)	$ (8)	$ (365)	$ (332)	$ (127)
Adjustment:							
Total Non-GAAP Adjustments	15	296	17	11	374	339	219
Adjusted PBT Before Adjustment for Divestitures	11	(17)	10	3	9	7	92
Divestitures[1]	—	—	—	—	—	—	(2)
Adjusted PBT	$ 11	$ (17)	$ 10	$ 3	$ 9	$ 7	$ 90
Income tax expense (benefit)	$ (10)	$ (24)	$ —	$ (2)	$ (32)	$ (36)	$ 55
Income tax adjustments[3]	11	25	4	3	36	43	(24)
Adjusted Income Tax Expense (Benefit)	1	1	4	1	4	7	31
Adjusted Net Income (Loss) Before Adjustment for Divestitures	10	(18)	6	2	5	—	61
Divestitures[1]	—	—	—	—	—	—	(2)
Adjusted Net Income (Loss)	$ 10	$ (18)	$ 6	$ 2	$ 5	$ —	$ 59
ADJUSTED OPERATING INCOME (LOSS)							
Income (Loss) Before Income Taxes	$ (4)	$ (313)	$ (7)	$ (8)	$ (365)	$ (332)	$ (127)
Adjustment:							
Total non-GAAP adjustments	15	296	17	11	374	339	219
Interest expense	29	28	27	27	25	111	84
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	40	11	37	30	34	118	176
Divestitures[1]	—	—	—	—	—	—	(2)
Adjusted Operating Income (Loss)	$ 40	$ 11	$ 37	$ 30	$ 34	$ 118	$ 174

CONTINUED

(in millions)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	FY 2023	FY 2022
ADJUSTED EBITDA							
Net Income (Loss)	$ 6	$ (289)	$ (7)	$ (6)	$ (333)	$ (296)	$ (182)
Income tax expense (benefit)	(10)	(24)	—	(2)	(32)	(36)	55
Depreciation and amortization	65	81	57	61	62	264	230
Contract inducement amortization	—	1	1	1	1	3	3
Interest expense	29	28	27	27	25	111	84
EBITDA Before Adjustment for Divestitures	90	(203)	78	81	(277)	46	190
Divestitures[(1)]	—	—	—	—	—	—	(2)
EBITDA	90	(203)	78	81	(277)	46	188
Adjustments:							
Restructuring and related costs	13	7	13	29	15	62	39
Goodwill impairment	—	287	—	—	358	287	358
(Gain) loss on divestitures and transaction costs, net	2	3	3	2	1	10	(158)
Litigation settlements (recoveries), net	(8)	—	(1)	(21)	(1)	(30)	(32)
Other charges (credits)	6	(2)	—	(1)	(1)	3	(1)
Adjusted EBITDA	$ 103	$ 92	$ 93	$ 90	$ 95	$ 378	$ 394

1. *Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.*
2. *Included in Depreciation and amortization on the Consolidated Statements of Income (Loss).*
3. *The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the adjustments listed.*

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CONDUENT

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

(Amounts are in whole dollars, shares are in thousands and margins are in %)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	FY 2023	FY 2022
ADJUSTED DILUTED EPS[1]							
Weighted Average Common Shares Outstanding	213,625	217,348	218,394	218,410	216,500	216,779	215,886
Adjustments:							
Restricted stock and performance units / shares	3,037	—	928	—	4,296	—	3,612
Adjusted Weighted Average Common Shares Outstanding	216,662	217,348	219,322	218,410	220,796	216,779	219,498
Diluted EPS from Continuing Operations	$ 0.02	$ (1.34)	$ (0.04)	$ (0.04)	$ (1.55)	$ (1.41)	$ (0.89)
Adjustments:							
Total non-GAAP adjustments	0.06	1.37	0.07	0.05	1.72	1.57	1.01
Income tax adjustments[2]	(0.05)	(0.12)	(0.02)	(0.01)	(0.16)	(0.20)	0.11
Adjusted Diluted EPS	$ 0.03	$ (0.09)	$ 0.01	$ 0.00	$ 0.01	$ (0.04)	$ 0.23
ADJUSTED EFFECTIVE TAX RATE							
Effective tax rate	272.1 %	7.8 %	(3.3)%	20.8 %	8.7 %	10.7 %	(43.9)%
Adjustments:							
Total non-GAAP adjustments	(259.0)	(13.9)	45.5	14.2	39.9	96.6	78.2
Adjusted Effective Tax Rate[2]	13.1 %	(6.1)%	42.2 %	35.0 %	48.6 %	107.3 %	34.3 %

CONDUENT

CONTINUED

(Margins are in %)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	FY 2023	FY 2022
ADJUSTED OPERATING MARGIN							
Income (Loss) Before Income Taxes Margin	(0.4)%	(33.6)%	(0.8)%	(0.9)%	(37.0)%	(8.9)%	(3.3)%
Adjustments:							
Total non-GAAP adjustments	1.6	31.8	1.8	1.3	37.9	9.1	5.7
Interest expense	3.0	3.0	3.0	2.9	2.5	3.0	2.2
Margin for Adjusted Operating Income Before Adjustment for Divestitures	4.2	1.2	4.0	3.3	3.4	3.2	4.6
Divestitures[3]	—	—	—	—	—	—	(0.1)
Margin for Adjusted Operating Income	4.2 %	1.2 %	4.0 %	3.3 %	3.4 %	3.2 %	4.5 %
ADJUSTED EBITDA MARGIN							
EBITDA Margin Before Adjustment for Divestitures	9.4 %	(21.8)%	8.5 %	8.8 %	(28.1)%	1.2 %	4.9 %
Divestitures[3]	—	—	—	—	—	—	—
EBITDA Margin	9.4	(21.8)	8.5	8.8	(28.1)	1.2	4.9
Total non-GAAP adjustments	1.4	31.7	1.7	1.0	37.7	9.0	5.4
Divestitures[3]	—	—	—	—	—	—	—
Adjusted EBITDA Margin Before Adjustment for Divestitures	10.8	9.9	10.2	9.8	9.6	10.2	10.3
Divestitures[3]	—	—	—	—	—	—	(0.1)
Adjusted EBITDA Margin	10.8 %	9.9 %	10.2 %	9.8 %	9.6 %	10.2 %	10.2 %

1. *Average shares for the 2023 and 2022 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact of the preferred stock dividend of approximately $3 million each quarter.*
2. *The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the Total Non-GAAP adjustments.*
3. *Adjusted for the full impact from revenue and income/loss from divestitures for all periods presented.*

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Free Cash Flow and Adj. Free Cash Flow

(in millions)	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	FY 2023	FY 2022
Operating Cash Flow	$ 122	$ (11)	$ (10)	$ (12)	$ 51	$ 89	$ 144
Cost of additions to land, buildings and equipment	(18)	(13)	(9)	(11)	(30)	(51)	(92)
Cost of additions to internal use software	(11)	(9)	(11)	(11)	(13)	(42)	(61)
Free Cash Flow	**93**	**(33)**	**(30)**	**(34)**	**8**	**(4)**	**(9)**
Transaction costs	3	3	2	1	2	9	8
Vendor finance lease payments	(3)	(5)	(3)	(4)	(3)	(15)	(10)
Portion of Texas litigation settlement (recoveries) recognized in Litigation settlements (recoveries), net	—	—	—	—	—	—	(24)
Proceeds from failed sale-leaseback transactions	—	—	—	—	13	—	13
Tax payment related to divestitures and litigation recoveries	—	—	5	—	4	5	28
Adjusted Free Cash Flow	**$ 93**	**$ (35)**	**$ (26)**	**$ (37)**	**$ 24**	**$ (5)**	**$ 6**

The below footnotes correspond to the "Q4 2023 Cash Flow and Balance Sheet" slide

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

(2) Total Cash includes $21M and $16M of restricted cash as of December 31, 2023 and December 31, 2022, 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 December 31, 2023 and December 31, 2022 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) $548M of available capacity under Revolving Credit Facility as of December 31, 2023.

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

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

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