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): May 03, 2023

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

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

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

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**CNDT**	**NASDAQ Global Select Market**

Item 2.02. Results of Operations and Financial Condition.

On May 03, 2023, Conduent Incorporated (Registrant) released its first quarter 2023 earnings and is furnishing to the Securities and Exchange Commission a copy of the earnings press release as Exhibit 99.1 to this Current Report on Form 8-K (the Report) under Item 2.02 of Form 8-K.

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

Item 7.01. Regulation FD Disclosure.

On May 03, 2023, Registrant conducted an earnings call regarding its 2023 first quarter results and is furnishing to the Securities and Exchange Commission a copy of the presentation used during the earnings call as Exhibit 99.2 to this Report under Item 7.01 of Form 8-K.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Registrant’s first quarter 2023 earnings press release dated May 3, 2023
99.2	Registrant’s investor presentation dated May 3, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Forward-Looking Statements

This Report and any exhibits to this Report may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995, as amended. The words “anticipate,” “believe,” “estimate,” “expect,” "plan," “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "endeavor," "if," “growing,” “projected,” “potential,” “likely,” "see," "ahead," "further," "going forward," "on the horizon," and similar expressions, as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this Current Report on Form 8-K, any exhibits to this Current Report on Form 8-K and other public statements we make. Our actual results may vary materially from those expressed or implied in our forward-looking statements.

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

Important factors and uncertainties that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to: government appropriations and termination rights contained in our

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

SIGNATURES

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

Date: May 03, 2023

CONDUENT INCORPORATED

By: ***/s/ STEPHEN WOOD***

Stephen Wood
Executive Vice President and Chief Financial Officer

CONDUENT

News from Conduent

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

Conduent Reports First Quarter 2023 Financial Results

<u>Key Q1 2023 Highlights</u>

- Revenue and Adj. Revenue(1): $922M
- Pre-tax Income (Loss): $(8)M
- Adj. EBITDA Margin(1): 9.8%
- New business signings ACV(2): $125M
- Net ARR Activity Metric(2) (TTM): $108M

FLORHAM PARK, NJ, May 3, 2023 - Conduent (NASDAQ: CNDT), a global technology-led business process solutions company, today announced its first quarter 2023 financial results.

Cliff Skelton, Conduent President and Chief Executive Officer stated, “Q1 Revenue and EBITDA met expectations. This performance is another proof point of our continued momentum and ability to execute with predictable outcomes.

Q1 sales, as expected, were lower year-over-year for the quarter due to several large deals that are now expected to manifest in Q2 and beyond, including large contracts, specifically in the public sector. Our pipeline is strong across all three segments and we remain optimistic regarding full year 2023 sales.

In our March Investor Briefing presentation, we outlined our focus on Government Healthcare, Real-Time Payments across the three segments, geographic expansion, and a rationalized portfolio. Q1 represented the first step on that journey. We are proud of our start to the year and look forward to continued success in 2023.”

Key Financial Q1 2023 Results

($ in millions, except margin and per share data)	Q1 2023	Q1 2022	Current Quarter Y/Y B/(W)
Revenue	$922	$967	(4.7)%
Adjusted Revenue(1)	$922	$960	(4.0)%
GAAP Net Income (Loss)	$(6)	$136	(104)%
Adjusted EBITDA(1)	$90	$107	(15.9)%
Adjusted EBITDA Margin (1)	9.8%	11.1%	(130) bps
GAAP Income (Loss) Before Income Tax	$(8)	$210	(104)%
GAAP Diluted EPS	$(0.04)	$0.61	(107)%
Adjusted Diluted EPS(1)	$0.00	$0.10	(100)%
Cash Flow from Operating Activities	$(12)	$11	(209)%
Adjusted Free Cash Flow(1)	$(37)	$(65)	43%

Performance Commentary

During the first quarter of 2023, Conduent held an investor briefing to communicate the next chapter in its journey. The company's intense emphasis on growth, quality, and efficiency, beginning in the first quarter of 2020 resulted in a strengthened foundation. The company remains focused on accelerating growth and enhancing value for its stakeholders. Conduent intends to achieve this by doubling down on key themes outlined in the briefing, as well as through a process of portfolio rationalization, that we believe will result in a more nimble and faster growing company with modest levels of net leverage, enhanced valuation, and significant excess capital to be deployed over time.

Conduent's $1.1 billion total liquidity position remains strong with long dated debt maturities and a modest net leverage ratio.

Q1 2023 Highlights

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

- Introduced first-of-its-kind digital payment solution for tolling that enables fast, secure and convenient real-time payments for toll agencies and drivers;
- Selected by Virgin Atlantic to support customer experience;
- Launched IntelliHealth Module to help pharma organizations with faster and more effective product commercialization;
- Awarded contract for new Medicaid Management Information System in New Mexico;
- Implemented advanced, cloud-based system for child support payment processing in New Hampshire;
- Ranked as a NelsonHall NEAT Leader for Cloud HR Transformation; and
- Certified as a Most Loved Workplace® for the second year in row by Best Practices Institute.

FY 2023 Outlook[4]

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

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

[2] Refer to Appendix for definition.

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

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

Conference Call

Management will present the results during a conference call and webcast on May 3, 2023 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 13737432.

The international dial-in is 1-201-689-8337. The international conference ID is also 13737432.
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 13737432.

The telephone recording will be available until May 17, 2023.

About Conduent

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

Non-GAAP Financial Measures

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

Forward-Looking Statements

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

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this press release, any exhibits to this press release and other public statements we make. Our actual results may vary materially from those expressed or implied in our forward-looking statements.

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

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

(in millions, except per share data)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Revenue	$ 922	$ 967
Operating Costs and Expenses		
Cost of services (excluding depreciation and amortization)	720	755
Selling, general and administrative (excluding depreciation and amortization)	111	102
Research and development (excluding depreciation and amortization)	2	1
Depreciation and amortization	61	61
Restructuring and related costs	29	9
Interest expense	27	19
(Gain) loss on divestitures and transaction costs, net	2	(163)
Litigation settlements (recoveries), net	(21)	(28)
Other (income) expenses, net	(1)	1
Total Operating Costs and Expenses	930	757
Income (Loss) Before Income Taxes	(8)	210
Income tax expense (benefit)	(2)	74
Net Income (Loss)	$ (6)	$ 136
Net Income (Loss) per Share:		
Basic	$ (0.04)	$ 0.62
Diluted	$ (0.04)	$ 0.61

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

	Three Months Ended March 31,	
(in millions)	2023	2022
Net Income (Loss)	$ (6)	$ 136
Other Comprehensive Income (Loss), Net(1)		
Currency translation adjustments, net	17	(5)
Unrecognized gains (losses), net	1	(1)
Other Comprehensive Income (Loss), Net	18	(6)
Comprehensive Income (Loss), Net	$ 12	$ 130

(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)	March 31, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 526	$ 582
Accounts receivable, net	590	630
Contract assets	163	171
Other current assets	277	242
Total current assets	1,556	1,625
Land, buildings and equipment, net	259	266
Operating lease right-of-use assets	192	197
Intangible assets, net	37	39
Goodwill	965	955
Other long-term assets	494	489
Total Assets	$ 3,503	$ 3,571
Liabilities and Equity		
Current portion of long-term debt	$ 38	$ 35
Accounts payable	176	228
Accrued compensation and benefits costs	174	197
Unearned income	79	81
Other current liabilities	375	382
Total current liabilities	842	923
Long-term debt	1,277	1,277
Deferred taxes	85	83
Operating lease liabilities	158	160
Other long-term liabilities	70	69
Total Liabilities	2,432	2,512
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,926	3,924
Retained earnings (deficit)	(2,551)	(2,543)
Accumulated other comprehensive loss	(448)	(466)
Total Equity	929	917
Total Liabilities and Equity	$ 3,503	$ 3,571
Shares of common stock issued and outstanding	218,443	218,348
Shares of series A convertible preferred stock issued and outstanding	120	120

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cash Flows from Operating Activities:		
Net income (loss)	$ (6)	$ 136
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	61	61
Contract inducement amortization	1	—
Deferred income taxes	(8)	31
Amortization of debt financing costs	1	1
(Gain) loss on divestitures and sales of fixed assets, net	—	(164)
Stock-based compensation	2	2
Changes in operating assets and liabilities	(63)	(56)
Net cash provided by (used in) operating activities	(12)	11
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(11)	(34)
Cost of additions to internal use software	(11)	(16)
Proceeds from divestitures	—	323
Net cash provided by (used in) investing activities	(22)	273
Cash Flows from Financing Activities:		
Payments on revolving credit facility	—	(100)
Payments on debt	(10)	(8)
Taxes paid for settlement of stock-based compensation	(7)	—
Dividends paid on preferred stock	(2)	(2)
Net cash provided by (used in) financing activities	(19)	(110)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	2	(1)
Increase (decrease) in cash, cash equivalents and restricted cash	(51)	173
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	598	420
Cash, Cash Equivalents and Restricted Cash at End of period[(1)]	$ 547	$ 593

(1) Includes $21 million and $5 million restricted cash as of March 31, 2023 and 2022, respectively, that were included in Other current assets on their respective Condensed Consolidated Balance Sheets.

Appendix

Definitions

Net ARR Activity Metric (TTM)

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

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

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (U.S. GAAP). In addition, we have discussed our financial results using non-GAAP measures.

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

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

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

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

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

- Amortization of acquired intangible assets. The amortization of acquired intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within our industry and from period to period.
- Restructuring and related costs. Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation program.
- Goodwill impairment. This represents goodwill impairment charges related to the lower than expected new customer contract signings and an unexpected softening of the future business pipeline for certain solutions in our Commercial segment.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Litigation settlements (recoveries), net represents settlements or recoveries for various matters subject to litigation.
- Other charges (credits). This includes Other (income) expenses, net on the Condensed Consolidated Statements of Income (loss) and other insignificant (income) expense associated with providing transition services on the California Medicaid contract loss and other adjustments.

- Abandonment of Cloud Computing Project. This includes charges in connection with the abandonment of a cloud computing project. The costs include writing off previously capitalized costs and accruing remaining hosting fees that continue to be incurred without any economic benefit.
- Divestitures. 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 Revenue, Costs and Expenses and Operating Margin for the following items, as applicable, for the purpose of calculating Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin:

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

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

Adjusted EBITDA and EBITDA Margin

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

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

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

Free Cash Flow

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

Adjusted Free Cash Flow

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

Revenue at Constant Currency

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

Non-GAAP Outlook

In providing the Full Year 2023 outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. GAAP financial measure. A description of the adjustments which historically have been applicable in determining Adjusted EBITDA are reflected in the table below. In addition, for "Full Year 2022 Actuals" we are excluding the impacts of $7 million of Revenue and $2 million of Adjusted EBITDA related to the divestiture of the Midas business. We are providing such outlook only on a non-GAAP basis because the Company is unable without unreasonable efforts to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results. We have provided Full Year 2023 outlook for Adjusted revenue only on a non-GAAP basis using foreign currency translation rates at current period end due to the inability to, without unreasonable efforts, accurately predict foreign currency impact on revenues. Full Year 2023 Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, and such outlook is only available on a non-GAAP basis for the reasons described above. For the same reason, we are unable to provide a GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

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

(in millions)	Three Months Ended March 31, 2023	2022
ADJUSTED REVENUE		
Revenue	$ 922	$ 967
Adjustment:		
Divestitures[1]	—	(7)
Adjusted Revenue	922	960
Foreign currency impact	3	5
Revenue at Constant Currency	$ 925	$ 965
ADJUSTED NET INCOME (LOSS)		
Net Income (Loss)	$ (6)	$ 136
Adjustments:		
Amortization of acquired intangible assets[2]	2	6
Restructuring and related costs	29	9
(Gain) loss on divestitures and transaction costs, net	2	(163)
Litigation settlements (recoveries), net	(21)	(28)
Other charges (credits)	(1)	1
Total Non-GAAP Adjustments	11	(175)
Income tax adjustments[3]	(3)	64
Adjusted Net Income (Loss)	$ 2	$ 25
ADJUSTED EFFECTIVE TAX		
Income (Loss) Before Income Taxes	$ (8)	$ 210
Adjustments:		
Total Non-GAAP Adjustments	11	(175)
Adjusted PBT Before Adjustment for Divestitures	3	35
Divestitures[1]	—	(2)
Adjusted PBT	$ 3	$ 33
Income tax expense (benefit)	$ (2)	$ 74
Income tax adjustments[3]	3	(64)
Adjusted Income Tax Expense (Benefit)	1	10
Adjusted Net Income (Loss) Before Adjustment for Divestitures	2	25
Divestitures[1]	—	(2)
Adjusted Net Income (Loss)	$ 2	$ 23

CONTINUED (in millions)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
ADJUSTED OPERATING INCOME (LOSS)		
Income (Loss) Before Income Taxes	$ (8)	$ 210
Adjustments:		
Total non-GAAP adjustments	11	(175)
Interest expense	27	19
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	30	54
Divestitures[(1)]	—	(2)
Adjusted Operating Income (Loss)	$ 30	$ 52
ADJUSTED EBITDA		
Net Income (Loss)	$ (6)	$ 136
Income tax expense (benefit)	(2)	74
Depreciation and amortization	61	61
Contract inducement amortization	1	—
Interest expense	27	19
EBITDA Before Adjustment for Divestitures	81	290
Divestitures[(1)]	—	(2)
EBITDA	81	288
Adjustments:		
Restructuring and related costs	29	9
(Gain) loss on divestitures and transaction costs, net	2	(163)
Litigation settlements (recoveries), net	(21)	(28)
Other charges (credits)	(1)	1
Adjusted EBITDA	$ 90	$ 107

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

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

(3) The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the adjustments listed.

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

(Amounts are in whole dollars, shares are in thousands and margins and rates are in %)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
ADJUSTED DILUTED EPS[1]		
Weighted Average Common Shares Outstanding	218,410	215,503
Adjustments:		
Restricted stock and performance units / shares	—	2,994
Adjusted Weighted Average Common Shares Outstanding	218,410	218,497
Diluted EPS from Continuing Operations	$ (0.04)	$ 0.61
Adjustments:		
Total non-GAAP adjustments	0.05	(0.80)
Income tax adjustments[2]	(0.01)	0.29
Adjusted Diluted EPS	$ 0.00	$ 0.10
ADJUSTED EFFECTIVE TAX RATE		
Effective tax rate	20.8 %	35.2 %
Adjustments:		
Total non-GAAP adjustments	14.2 %	(5.6)%
Adjusted Effective Tax Rate[2]	35.0 %	29.6 %
ADJUSTED OPERATING MARGIN		
Income (Loss) Before Income Taxes Margin	(0.9)%	21.7 %
Adjustments:		
Total non-GAAP adjustments	1.3 %	(18.1)%
Interest expense	2.9 %	2.0 %
Margin for Adjusted Operating Income Before Adjustment for Divestitures	3.3 %	5.6 %
Divestitures[3]	— %	(0.2)%
Margin for Adjusted Operating Income	3.3 %	5.4 %
ADJUSTED EBITDA MARGIN		
EBITDA Margin Before Adjustment for Divestitures	8.8 %	30.0 %
Adjustments:		
Divestitures[3]	— %	— %
EBITDA Margin	8.8 %	30.0 %
Total non-GAAP adjustments	1.0 %	(18.7)%
Divestitures[3]	— %	— %
Adjusted EBITDA Margin Before Adjustment for Divestitures	9.8 %	11.3 %
Divestitures[3]	— %	(0.2)%
Adjusted EBITDA Margin	9.8 %	11.1 %

(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 preferred stock dividend of approximately $2.0 million and $2.0 million for the three months ended March 31, 2023 and 2022, respectively.*

(2) *The tax impact of Adjusted Pre-tax income (loss) from continuing operations was calculated under the same accounting principles applied to the 'As Reported' pre-tax income (loss), which employs an annual effective tax rate method to the results and without regard to the Total Non-GAAP adjustments.*

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

Free Cash Flow and Adjusted Free Cash Flow Reconciliation:

(in millions)	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Operating Cash Flow	$ (12)	$ 11
Cost of additions to land, buildings and equipment	(11)	(34)
Cost of additions to internal use software	(11)	(16)
Free Cash Flow	$ (34)	$ (39)
Free Cash Flow	$ (34)	$ (39)
Transaction costs	1	1
Vendor finance lease payments	(4)	(3)
Portion of Texas litigation settlement (recoveries) recognized in Litigation settlements (recoveries), net	—	(24)
Proceeds from failed sale-leaseback transactions	—	—
Adjusted Free Cash Flow	$ (37)	$ (65)

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Conduent
Q1 2023 Financial Results

May 3, 2023

Cautionary Statements

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Forward-Looking Statements
This document contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “believe,” “estimate,” “expect,” "plan," “intend,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” "see", "ahead", "further," "going forward," "on the horizon," and similar expressio they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward looking. All statements other than stateme historical fact included in this presentation are forward-looking statements, including, but not limited to, statements regarding our financial results, condition and outlook; changes in our operat results; general market and economic conditions; our long-term game plan; our belief that our team of talented associates and technology-led solutions strongly position us as the partner that help our clients through these uncertain times; our continued focus on incremental improvement in our sales, operations, technology performance and capabilities to drive sustained success; projected financial performance for the full year 2023, including all statements made under the sections captioned “FY 2022 Actuals and 2023 Outlook” and "Segment Revenue Trend" within t presentation. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, exp intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very nat subject to many important factors and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements contained in this presentatio exhibits to this presentation and other public statements we make. Our actual results may vary materially from those expressed or implied in our forward-looking statements.

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

Cautionary Statements

Non-GAAP Financial Measures

We have reported our financial results in accordance with U.S. generally accepted accounting principles (U.S. GAAP). In addition, we have discussed our financial resu using non-GAAP measures. We believe these non-GAAP measures allow investors to better understand the trends in our business and to better understand and comp our results. Accordingly, we believe it is necessary to adjust several reported amounts, determined in accordance with U.S. GAAP, to exclude the effects of certain item well as their related tax effects. Management believes that these non-GAAP financial measures provide an additional means of analyzing the results of the current peri against the corresponding prior period. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, our reported results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Consolidated Financial Statements prepared in accordance with U.S. GAAP. Our management regularly use supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAI financial measures to investors allows for a further level of transparency as to how management reviews and evaluates our business results and trends. These non-G/ 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 this document for a discussion of these non-GAAP measures and their reconciliation to the reported U.S. GAAP measures.

Q1 2023 Highlights

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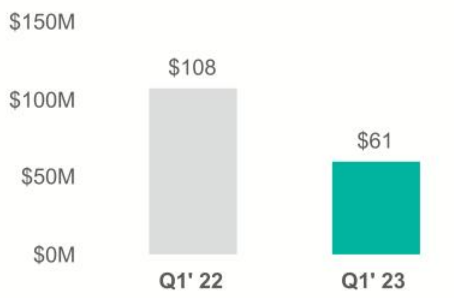
Q1 Results / Metrics	• Adj.Revenue[(1)]: $922M • Adj. EBITDA[(1)]: $90M • Adj. EBITDA Margin[(1)]: 9.8% • New business signings ACV[(2)]: $125M • Net ARR Activity Impact (TTM)[(2,3)]: $108M
Highlights	• Q1 financials met internal expectations on Revenue and EBITDA • Q1 sales lower YoY with a push to the right and optimism for Q2 sales • Sales pipeline strong and building, with large late-stage opportunities • Large-scale Public Sector implementations underway: ◦ Q1 impacted by Transportation extended completion timelines ◦ Large-scale Government Healthcare implementations in full swing driving increased revenue • March 2023 Investor Briefing outlined: ◦ 3-year growth expectations ◦ Areas of strategic focus ◦ Plans to lean and rationalize the portfolio

(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.

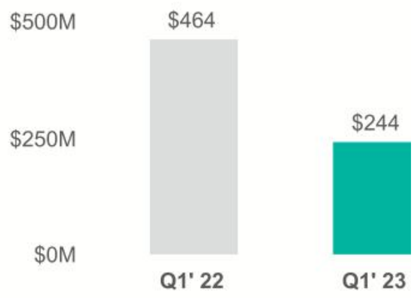
Key Sales Metrics

New Business ACV[1]

New Business ARR[1,3]

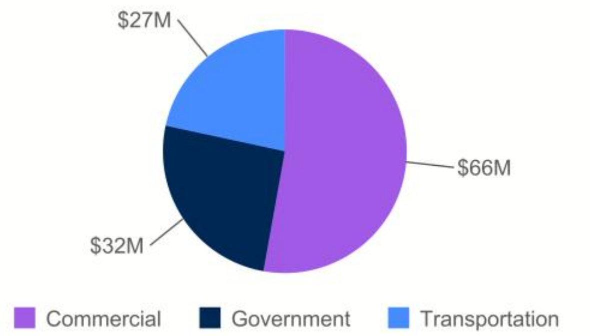


New Business TCV[1,3]



Net ARR Activity (TTM)[1,2]

Full Year New Business ACV[1] by Segment

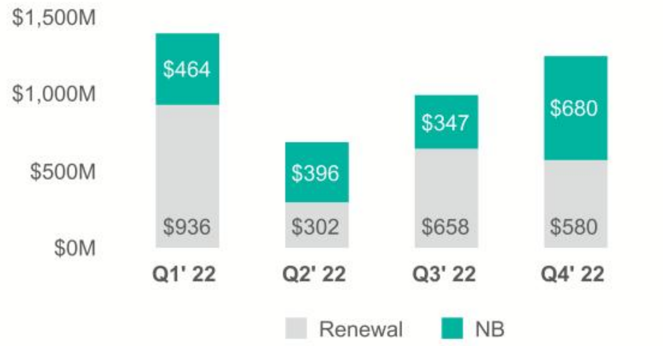


(1) Full definition in the Appendix.
(2) Trailing Twelve Months.
(3) 2022 amounts have been revised to exclude a large client we no longer consider in these metrics.

Key Sales Metrics Trends

New Business ACV[1] Signings

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



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

New Business ARR Avg. Contract Length

(1) Full definition in the Appendix.

Q1 2023 P&L Metrics

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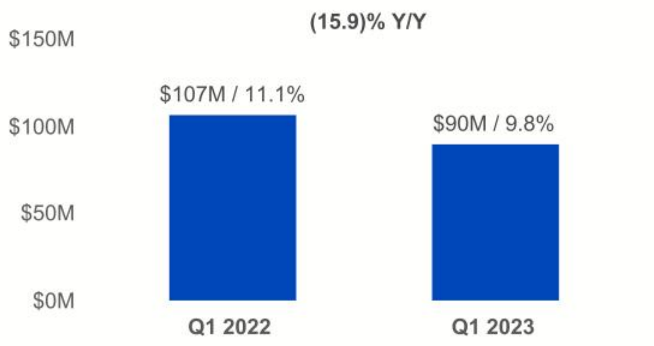
Adj. Revenue[1]

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

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



- **Adj. Revenue[1]:** Decline driven by a number of discrete items in the current and prior year quarter evidenced on the following slide.
- **Adj. EBITDA[1] and Adj. EBITDA Margin[1]:** Decline driven by a number of discrete items in the current and prior year quarter evidenced on the following slide.

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

Q1 2023 P&L by Segment

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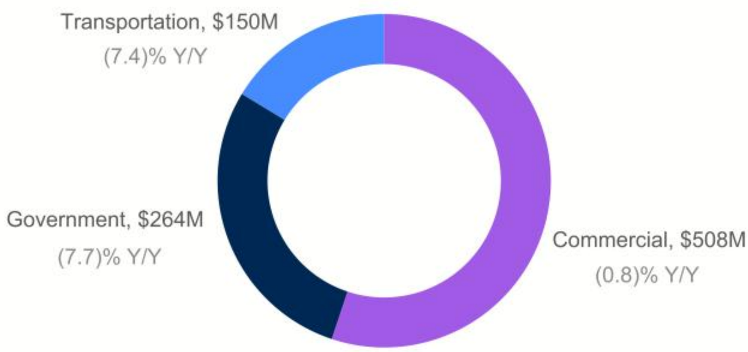
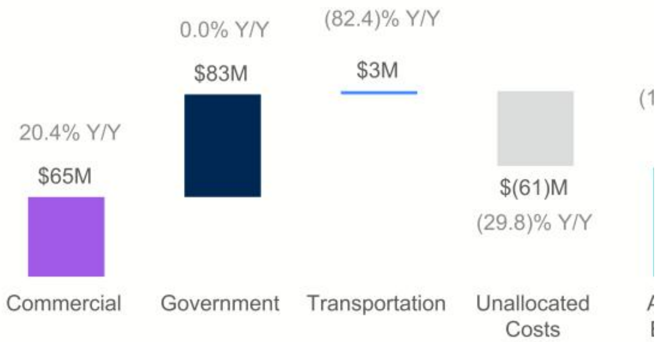
Adj. Revenue[1]



- **Commercial:** Decrease driven by the final impact of the previously disclosed merger of 2 clients resulting in lost volume, partially offset by higher interest rates positively impacting BenefitWallet.
- **Government:** Decrease driven by non-recurring stimulus payments volume in the prior year, legacy lost business and an out-of-period adjustment, partially offset by new business ramp.
- **Transportation:** Decrease mainly driven by extended completion timelines in our Transit solutions service offering, affecting the recognition timeframe for revenue.

Adj. EBITDA[1] Contributions



- **Commercial:** Increase driven by higher interest rates impacting BenefitWallet and cost reductions from effici initiatives; margin 12.8% up 230 bps Y/Y.
- **Government:** Substantially unchanged, driven by appr $17M reversal of reserves related to a favorable legal settlement, partially offset by the out-of-period adjustm margin 31.4% up 240 bps Y/Y.
- **Transportation:** Reduction mainly driven by extended completion timelines, with anticipated recovery in Q2; margin 2.0% down (850) bps Y/Y.
- **Unallocated Costs:** Increase primarily due to the $14M insurance recovery in the prior year period.

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

Q1 2023 Cash Flow and Balance Sheet

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- Adj. Free Cash Flow[1]: $(37)M
- Capex[6] as % of revenue: 2.7%
- Net adjusted leverage ratio[7]: 2.1x
- $547M of cash[2] at end of Q1 2023
- $548M Available Revolving Credit Facility

Balance Sheet

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

Q1 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 2022 Actuals and 2023 Outlook[4]

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

Other Modeling Considerations		
Government Stimulus Revenue[4]	$42M	$0M
Net Interest Expense	$77M	Approx. $90M
Restructuring	$39M	Approx. $40M
CapEx	$193M	Approx. $160M

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

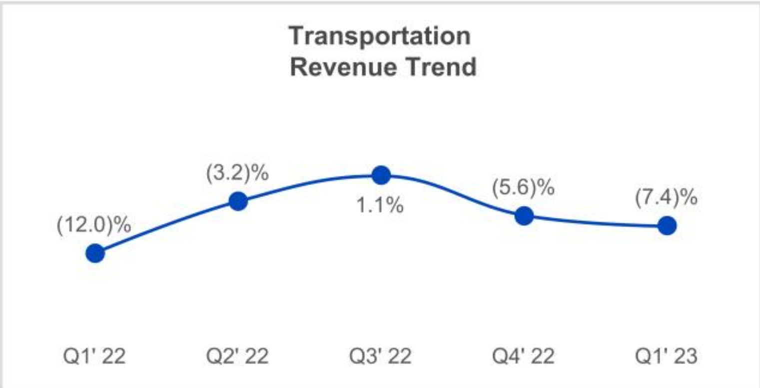
(2) Refer to Appendix for definition and complete Non-GAAP reconciliation of Adjusted Free Cash Flow.

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

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

Appendix

Segment Revenue Trend



- **Commercial:**
  - New business ramp, better client retention and i rate increases support a constant currency grow trajectory over time.
- **Government:**
  - Stimulus payments volumes in 2022 and legacy business created a grow over challenge for 202 Q4 2022 new business signings and strong pipe position this segment for growth over time.
- **Transportation:**
  - New business signings position this segment for constant currency revenue growth over time.

Q1 Highlights and Recognition

CONDUENT

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

Selected by Virgin Atlantic to Support Customer Experience	Launched IntelliHealth Module to Help Pharmas with Faster Product Commercialization	Ranked as a NelsonHall NEAT Leader for Cloud HR Transformation
Awarded Contract for New Medicaid Management Information System in New Mexico	Implemented Advanced, Cloud-Based System for Child Support Payment Processing in NH	Recognized as 2023 HRC Equidad MX Best Place to Work for LGBTQ+ Equality in Mexico

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

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

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

Non-GAAP Financial Measures

Non-GAAP Financial Measures

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

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

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

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

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

- Amortization of acquired intangible assets. The amortization of acquired intangible assets is driven by acquisition activity, which can vary in size, nature and timing as compared to other companies within ou from period to period.
- Restructuring and related costs. Restructuring and related costs include restructuring and asset impairment charges as well as costs associated with our strategic transformation program.
- (Gain) loss on divestitures and transaction costs. Represents (gain) loss on divested businesses and transaction costs.
- Goodwill Impairment. This represents goodwill impairment charges related to the lower than expected new customer contract signings and an unexpected softening of the future business pipeline for certain Commercial segment.
- Litigation settlements (recoveries), net. Litigation settlements (recoveries), net represents provisions for various matters subject to litigation.
- Other charges (credits). This includes Other (income) expenses, net on the Condensed Consolidated Statements of Income (loss) and other insignificant (income) expense associated with providing transitio the California Medicaid contract loss and other adjustments.
- Abandonment of Cloud Computing Project. This includes charges in connection with the abandonment of a cloud computing project. The costs include writing off previously capitalized costs and accruing rer fees that continue to be incurred without any economic benefit.
- Divestitures. 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, ove reporting periods, by adjusting for certain items which may be recurring or non-recurring and which in our view do not necessarily reflect ongoing performance. We also internally use these measures to assess ou performance, both absolutely and in comparison to other companies, and in evaluating or making selected compensation decisions.

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

Non-GAAP Financial Measures

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

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

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

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

Non-GAAP Financial Measures

Adjusted EBITDA and EBITDA Margin

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

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

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

Non-GAAP Financial Measures

Free Cash Flow

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

Adjusted Free Cash Flow

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

Revenue at Constant Currency

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

Non-GAAP Outlook

In providing the outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. GAAP financial measure. A description of the adjustments which historically have been applicable in determining Adjusted EBITDA are reflected in the table within this presentation. In addition, for "Full Year 2022 Actuals" we are excluding the impacts of $7 million of Revenue and $2 million of Adjusted EBITDA related to the divestiture of the Midas business. We are providing such outlook only on a non-GAAP basis because the Company is unable without unreasonable efforts to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results. We have provided an outlook for Adjusted revenue only on a non-GAAP basis using foreign currency translation rates as of current period end due to the inability to, without unreasonable efforts, accurately predict foreign currency impact on revenues. Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, and such outlook is only available on a non-GAAP basis for the reasons described above. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Government Stimulus Revenue

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

Non-GAAP Reconciliations

CONDUENT

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

(in millions)	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	$ 922	$ 3,858	$ 986	$ 977	$ 928	$ 967
Adjustment:						
Divestitures[(1)]	—	(7)	—	—	—	(7)
Adjusted Revenue	922	3,851	986	977	928	960
Foreign currency impact	3	39	9	14	11	5
Revenue at Constant Currency	$ 925	$ 3,890	$ 995	$ 991	$ 939	$ 965
ADJUSTED NET INCOME (LOSS)						
Income (Loss) From Continuing Operations	$ (6)	$ (182)	$ (333)	$ 15	$ —	$ 136
Adjustments:						
Amortization of acquired intangible assets[(2)]	2	13	2	2	3	6
Restructuring and related costs	29	39	15	4	11	9
Goodwill impairment	—	358	358	—	—	—
(Gain) loss on divestitures and transaction costs, net	2	(158)	1	1	3	(163)
Litigation settlements (recoveries), net	(21)	(32)	(1)	—	(3)	(28)
Other charges (credits)	(1)	(1)	(1)	—	(1)	1
Total Non-GAAP Adjustments	11	219	374	7	13	(175)
Income tax adjustments[(3)]	(3)	24	(36)	—	(4)	64
Adjusted Net Income	$ 2	$ 61	$ 5	$ 22	$ 9	$ 25

CONTINUED

(in millions)	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
ADJUSTED EFFECTIVE TAX						
Income (Loss) Before Income Taxes	$ (8)	$ (127)	$ (365)	$ 23	$ 5	$ 210
Adjustment:						
Total Non-GAAP Adjustments	11	219	374	7	13	(175)
Adjusted PBT Before Adjustment for Divestitures	3	92	9	30	18	35
Divestitures[(1)]	—	(2)	—	—	—	(2)
Adjusted PBT	$ 3	$ 90	$ 9	$ 30	$ 18	$ 33
Income tax expense (benefit)	$ (2)	$ 55	$ (32)	$ 8	$ 5	$ 74
Income tax adjustments[(3)]	3	(24)	36	—	4	(64)
Adjusted Income Tax Expense (Benefit)	1	31	4	8	9	10
Adjusted Net Income (Loss) Before Adjustment for Divestitures	2	61	5	22	9	25
Divestitures[(1)]	—	(2)	—	—	—	(2)
Adjusted Net Income (Loss)	$ 2	$ 59	$ 5	$ 22	$ 9	$ 23
ADJUSTED OPERATING INCOME (LOSS)						
Income (Loss) Before Income Taxes	$ (8)	$ (127)	$ (365)	$ 23	$ 5	$ 210
Adjustment:						
Total non-GAAP adjustments	11	219	374	7	13	(175)
Interest expense	27	84	25	22	18	19
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	30	176	34	52	36	54
Divestitures[(1)]	—	(2)	—	—	—	(2)
Adjusted Operating Income (Loss)	$ 30	$ 174	$ 34	$ 52	$ 36	$ 52

CONTINUED

(in millions)	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
ADJUSTED EBITDA						
Net Income (Loss)	$ (6)	$ (182)	$ (333)	$ 15	$ —	$ 136
Income tax expense (benefit)	(2)	55	(32)	8	5	74
Depreciation and amortization	61	230	62	54	53	61
Contract inducement amortization	1	3	1	1	1	—
Interest expense	27	84	25	22	18	19
EBITDA Before Adjustment for Divestitures	81	190	(277)	100	77	290
Divestitures[1]	—	(2)	—	—	—	(2)
EBITDA	81	188	(277)	100	77	288
Adjustments:						
Restructuring and related costs	29	39	15	4	11	9
Goodwill impairment	—	358	358	—	—	—
(Gain) loss on divestitures and transaction costs, net	2	(158)	1	1	3	(163)
Litigation settlements (recoveries), net	(21)	(32)	(1)	—	(3)	(28)
Other charges (credits)	(1)	(1)	(1)	—	(1)	1
Adjusted EBITDA	$ 90	$ 394	$ 95	$ 105	$ 87	$ 107

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.*

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 %)	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
ADJUSTED DILUTED EPS[1]						
Weighted Average Common Shares Outstanding	218,410	215,886	216,500	215,775	215,629	215,503
Adjustments:						
Restricted stock and performance units / shares	—	3,612	4,296	3,668	3,489	2,994
Adjusted Weighted Average Common Shares Outstanding	218,410	219,498	220,796	219,443	219,118	218,497
Diluted EPS from Continuing Operations	$ (0.04)	$ (0.89)	$ (1.55)	$ 0.06	$ (0.01)	$ 0.61
Adjustments:						
Total non-GAAP adjustments	0.05	1.01	1.72	0.03	0.06	(0.80)
Income tax adjustments[2]	(0.01)	0.11	(0.16)	—	(0.02)	0.29
Adjusted Diluted EPS	$ 0.00	$ 0.23	$ 0.01	$ 0.09	$ 0.03	$ 0.10
ADJUSTED EFFECTIVE TAX RATE						
Effective tax rate	20.8 %	(43.9)%	8.7 %	33.8 %	99.6 %	35.2 %
Adjustments:						
Total non-GAAP adjustments	14.2	78.2	39.9	(6.3)	(52.9)	(5.6)
Adjusted Effective Tax Rate[2]	35.0 %	34.3 %	48.6 %	27.5 %	46.7 %	29.6 %

CONTINUED

(Margins are in %)	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
ADJUSTED OPERATING MARGIN						
Income (Loss) Before Income Taxes Margin	(0.9)%	(3.3)%	(37.0)%	2.4 %	0.5 %	21.7 %
Adjustments:						
Total non-GAAP adjustments	1.3	5.7	37.9	0.6	1.5	(18.1)
Interest expense	2.9	2.2	2.5	2.3	1.9	2.0
Margin for Adjusted Operating Income Before Adjustment for Divestitures	3.3	4.6	3.4	5.3	3.9	5.6
Divestitures[3]	—	(0.1)	—	—	—	(0.2)
Margin for Adjusted Operating Income	3.3 %	4.5 %	3.4 %	5.3 %	3.9 %	5.4 %
ADJUSTED EBITDA MARGIN						
EBITDA Margin Before Adjustment for Divestitures	8.8 %	4.9 %	(28.1)%	10.2 %	8.3 %	30.0 %
Divestitures[3]	—	—	—	—	—	—
EBITDA Margin	8.8	4.9	(28.1)	10.2	8.3	30.0
Total non-GAAP adjustments	1.0	5.4	37.7	0.5	1.1	(18.7)
Divestitures[3]	—	—	—	—	—	—
Adjusted EBITDA Margin Before Adjustment for Divestitures	9.8	10.3	9.6	10.7	9.4	11.3
Divestitures[3]	—	(0.1)	—	—	—	(0.2)
Adjusted EBITDA Margin	9.8 %	10.2 %	9.6 %	10.7 %	9.4 %	11.1 %

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 o the preferred stock dividend of approximately $2 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.*

CONTINUED

Free Cash Flow and Adj. Free Cash Flow

(in millions)	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Operating Cash Flow	$ (12)	$ 144	$ 51	$ 98	$ (16)	$ 11
Cost of additions to land, buildings and equipment	(11)	(92)	(30)	(11)	(17)	(34)
Cost of additions to internal use software	(11)	(61)	(13)	(16)	(16)	(16)
Free Cash Flow	**(34)**	**(9)**	**8**	**71**	**(49)**	**(39)**
Transaction costs	1	8	2	3	2	1
Vendor finance lease payments	(4)	(10)	(3)	(2)	(2)	(3)
Portion of Texas litigation settlement (recoveries) recognized in Litigation settlements (recoveries), net	—	(24)	—	—	—	(24)
Proceeds from failed sale-leaseback transactions	—	13	13	—	—	—
Tax payment related to divestitures and litigation recoveries	—	28	4	6	18	—
Adjusted Free Cash Flow	**$ (37)**	**$ 6**	**$ 24**	**$ 78**	**$ (31)**	**$ (65)**

The below footnotes correspond to the "Q1 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 March 31, 2023 and December 31, 2022, respectively.

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

(4) Total Debt as of March 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 March 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 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.