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 3, 2022

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, 2022, Registrant released its first quarter 2022 earnings and is furnishing to the Securities and Exchange Commission a copy of the earnings press release as Exhibit 99.1 to this 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, 2022, Registrant conducted an earnings call regarding its 2022 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.

Exhibit 99.1 and Exhibit 99.2 to this Report contain certain financial measures that are considered "non-GAAP financial measures" as defined in the SEC rules. Exhibit 99.1 and Exhibit 99.2 to this Report also contain the reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles, as well as the reasons why Registrant's management believes that presentation of the non-GAAP financial measures provides useful information to investors regarding Registrant's results of operations and, to the extent material, a statement disclosing any other additional purposes for which Registrant's management uses the non-GAAP financial measures.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Registrant's first quarter 2022 earnings press release dated May 3, 2022
99.2	Registrant's investor presentation dated May 3, 2022
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. The words “anticipate,” “believe,” “estimate,” “expect,” "plan," “intend,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” and similar expressions, as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. In addition, all statements regarding the working capital adjustment related to the Midas divestiture will not be material, expectations regarding the proposed separation of the Transportation business, anticipated effects of the novel coronavirus, or COVID-19, pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on our business, customers, and markets, results of operations and financial condition and anticipated actions to be taken by management to sustain our business during the economic uncertainty caused by the pandemic and related governmental and business actions, as well as other statements that are not strictly historical in nature, are forward looking.

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

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

Important factors and uncertainties that could cause actual results to differ materially from those in our forward-looking statements include, but are not limited to: the significant continuing effects of the ongoing COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are highly uncertain and cannot be predicted; 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; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; risk and impact of geopolitical events, 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; uncertainty regarding whether the proposed separation of the Transportation business will be commenced or completed and the timing and value of such transaction; 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, 2022

CONDUENT INCORPORATED

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

News from Conduent

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

Conduent Announces First Quarter 2022 Financial Results

Key Q1 2022 Highlights

- Revenue: $967M
- Adj. Revenue(1): $960M
- Net Income: $136M
- Adj. EBITDA Margin(1): 11.1%
- Annual Contract Value (ACV)(2): $167M
- Annual Recurring Revenue (ARR) signings: $107M
- Total Contract Value (TCV) new business signings: $464M
- Net ARR Activity Metric(2) (TTM): $102M

FLORHAM PARK, NJ, May 3, 2022 - Conduent (NASDAQ: CNDT), a business process services and solutions company, today announced its first quarter 2022 financial results.

Cliff Skelton, Conduent President and CEO stated, “Q1 2022 was another solid quarter where we met or exceeded expectations. New business sales were strong, with Total Contract Value signed in the quarter increasing by more than 30 percent year-over-year, representing our highest-ever Q1 performance. We recently announced our intention to separate the Transportation business to unlock additional value and we believe the best course of action will be to spin that business as opposed to a sale, at this point in time. It’s important to note that our dedicated associates continue to be the backbone of our company and culture, as reflected in the numerous recognitions we received in Q1. We are encouraged about the future because, even as economic conditions remain volatile, clients continue to seek business process outsourcing capabilities to increase efficiency, enhance customer experience and improve performance. We continue to be strongly positioned as a partner of choice to provide these critical services and solutions.”

Key Financial Q1 2022 Results

($ in millions, except margin and per share data)	Q1 2022	Q1 2021	Current Quarter Y/Y B/(W)
Revenue	$967	$1,028	(5.9)%
Adjusted Revenue(1)	$960	$1,010	(5.0)%
GAAP Net Income (loss)	136	(11)	1336.4%
Adjusted EBITDA(1)	107	105	1.9%
Adjusted EBITDA Margin (1)	11.1%	10.4%	70 bps
GAAP Pre-tax Income	210	(9)	2433.3%
GAAP Diluted EPS	$0.61	$(0.06)	1116.7%
Adjusted Diluted EPS(1)	$0.10	$0.15	(33.3)%
Cash Flow from Operating Activities	11	(2)	650.0%
Adjusted Free Cash Flow(1)	(65)	(33)	(97.0)%

Q1 2022 Performance Commentary

Revenue and Adjusted Revenue were lower than prior year period, primarily driven by significant non-recurring stimulus payments volume in our Government Services business in the prior year.

Net income was $136M up significantly versus prior year period, reflecting the gain on sale of the Midas divestiture and insurance recoveries relating to a previously disclosed legal matter.

Adjusted EBITDA of $107M and Adjusted EBITDA Margin of 11.1% benefited from a one-time recovery of $14M in defense costs as a portion of the settlement with insurance carriers relating to a previously disclosed legal matter.

Sales performance was up 32% in new business TCV signings at $464M, with new business ARR up 14% at $107M versus Q1 2021. Significant TCV wins in the Transportation segment made this one of the strongest starts to the year for new business signings. The Net ARR Activity Metric for Q1 2022 was $102M, up 17% versus Q1 2021 and continues to be positive.

Additional Q1 2022 Performance Highlights

Conduent achieved several milestones in client satisfaction, industry recognition and culture, including;

- Recognized as a Supplier of the Year by General Motors for the second year in a row

- Named a Leader on Everest Group Healthcare Payer Operations PEAK Matrix Assessment 2022
- Recognized as a Rising Leader CX Operations Transformation - Cost Optimization Capability by NelsonHall
- Named a Top 15 Service & Technology Provider Standout by the U.S. Information Services Group (ISG)
- Named to Government Technology magazine's 2022 "GovTech 100" for "making a difference" in working with state and local government agencies across the United States
- Earned a perfect score of 100 on the Human Rights Campaign Foundation's 2022 Corporate Equality Index (CEI), measuring policies and practices related to LGBTQ workplace equality
- Honored by Comparably with two Best Places to Work Awards for 2021, including one of the Best Companies for Women and one of the Best Companies for Diversity, placing Conduent among the Top 100 highest-rated companies in these categories

FY 2022 Outlook (4)

	FY 2021 Actuals	FY 2022 Outlook
Adj. Revenue(1)	$4,070M	$3,825M - $3,975M
Adj. EBITDA(1) / Adj. EBITDA Margin(1)	$448M / 11.0%	9.5% - 10.5%
Adj. Free Cash Flow(2) as % of Adj. EBITDA(1)	Approx. 18% (3)	Approx. 15% (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 $32M in 2021 and $27M in 2022, Adjusted Free Cash Flow as a percentage of Adjusted EBITDA for 2021 is approximately 25% and approximately 22% in 2022.

(4) Refer to Appendix for definition of Non-GAAP Outlook

Conference Call

Management will present the results during a conference call and webcast on May 3, 2022 at 5:00 p.m. ET.

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

The conference call will also be available by calling 1-877-407-4019 toll-free. If requested, the conference ID for this call is 13728764.

The international dial-in is 1-201-689-8337. The international conference ID is also 13728764.
A recording of the conference call will be available by calling 1-877-660-6853 one hour after the conference call concludes. The replay ID is 13728764.

The telephone recording will be available until May 17, 2022.

About Conduent

Conduent delivers mission-critical services and solutions on behalf of businesses and governments – creating exceptional outcomes for its clients and the millions of people who count on them. Through our dedicated people, processes, and technologies, Conduent solutions and services enhance customer experience, increase efficiencies, reduce costs, and improve performance for most Fortune 100 companies and more than 500 government entities. Whether it's enabling 1.3 billion customer service interactions, touching three out of every four U.S. patients, delivering 45% of SNAP payments, or empowering 10 million employees through HR services, Conduent services and solutions interact with millions of people every day and move our clients' operations forward. Learn more at https://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 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" 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,” 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 plans to separate the Transportation business to unlock additional value; that the best course of action will be to spin the Transportation business as opposed to a sale; expectations regarding our clients continuing to seek business process outsourcing capabilities to increase efficiency, enhance customer experience and improve performance; our belief that we are strongly positioned as a partner of choice to provide these critical services and solutions; and our projected financial performance for the full year 2022, including all statements made under the section captioned “FY 2022 Outlook” within this release. In addition, all statements regarding the proposed separation of the Transportation business, the anticipated effects of the novel coronavirus, or COVID-19, pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on our business, customers, and markets, results of operations and financial condition and anticipated actions to be taken by management to sustain our business during the economic uncertainty caused by the pandemic and related governmental and business actions, as well as other statements that are not strictly historical in nature, are forward looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

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

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: the significant continuing effects of the ongoing COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are highly uncertain and cannot be predicted; 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; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; risk and impact of geopolitical events, 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; changes in the volatility of our stock price and the risk of litigation following a decline in the price of our stock; uncertainty regarding whether the proposed separation of the Transportation business will be commenced or completed and the timing and value of such transaction; 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 2021 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 as a result of new information, subsequent events or otherwise.

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

(in millions, except per share data)	Three Months Ended March 31, 2022	2021
Revenue	$ 967	$ 1,028
Operating Costs and Expenses		
Cost of services (excluding depreciation and amortization)	755	787
Selling, general and administrative (excluding depreciation and amortization)	102	126
Research and development (excluding depreciation and amortization)	1	—
Depreciation and amortization	61	95
Restructuring and related costs	9	13
Interest expense	19	13
(Gain) loss on divestitures and transaction costs	(163)	2
Litigation settlements (recoveries), net	(28)	1
Other (income) expenses, net	1	—
Total Operating Costs and Expenses	757	1,037
Income (Loss) Before Income Taxes	210	(9)
Income tax expense (benefit)	74	2
Net Income (Loss)	$ 136	$ (11)
Net Income (Loss) per Share:		
Basic	$ 0.62	$ (0.06)
Diluted	$ 0.61	$ (0.06)

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)[1]

(in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Net Income (Loss)	$ 136	$ (11)
Other Comprehensive Income (Loss), Net[1]		
Currency translation adjustments, net	(5)	(11)
Unrecognized gains (losses), net	(1)	(1)
Other Comprehensive Income (Loss), Net	(6)	(12)
Comprehensive Income (Loss), Net	$ 130	$ (23)

(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, 2022	December 31, 2021
Assets		
Cash and cash equivalents	$ 588	$ 415
Accounts receivable, net	661	699
Assets held for sale	—	184
Contract assets	160	154
Other current assets	234	228
Total current assets	1,643	1,680
Land, buildings and equipment, net	272	281
Operating lease right-of-use assets	219	231
Intangible assets, net	46	52
Goodwill	1,335	1,339
Other long-term assets	464	453
Total Assets	$ 3,979	$ 4,036
Liabilities and Equity		
Current portion of long-term debt	$ 30	$ 30
Accounts payable	189	198
Accrued compensation and benefits costs	206	243
Unearned income	75	82
Liabilities held for sale	—	29
Other current liabilities	426	443
Total current liabilities	926	1,025
Long-term debt	1,277	1,383
Deferred taxes	102	75
Operating lease liabilities	179	184
Other long-term liabilities	91	95
Total Liabilities	2,575	2,762
Series A convertible preferred stock	142	142
Common stock	2	2
Additional paid-in capital	3,912	3,910
Retained earnings (deficit)	(2,217)	(2,351)
Accumulated other comprehensive loss	(435)	(429)
Total Equity	1,262	1,132
Total Liabilities and Equity	$ 3,979	$ 4,036
Shares of common stock issued and outstanding	215,604	215,381
Shares of series A convertible preferred stock issued and outstanding	120	120

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Cash Flows from Operating Activities:		
Net income (loss)	$ 136	$ (11)
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	61	95
Deferred income taxes	31	(1)
Amortization of debt financing costs	1	2
(Gain) loss on divestitures and sales of fixed assets, net	(164)	1
Stock-based compensation	2	3
Changes in operating assets and liabilities	(56)	(91)
Net cash provided by (used in) operating activities	11	(2)
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(34)	(14)
Cost of additions to internal use software	(16)	(16)
Proceeds from divestitures	323	1
Net cash provided by (used in) investing activities	273	(29)
Cash Flows from Financing Activities:		
Payments on revolving credit facility	(100)	—
Payments on debt	(8)	(23)
Dividends paid on preferred stock	(2)	(2)
Net cash provided by (used in) financing activities	(110)	(25)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1)	(3)
Increase (decrease) in cash, cash equivalents and restricted cash	173	(59)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	420	458
Cash, Cash Equivalents and Restricted Cash at End of period[1]	$ 593	$ 399

(1) Includes $5 million and $10 million restricted cash as of March 31, 2022 and 2021, respectively, that were included in Other current assets on their respective Condensed Consolidated Balance Sheets.

Appendix

Definition

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 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.
- 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 remaining hosting fees that would have continued to be incurred without any economic benefit.

- Divestitures.

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

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

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin

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

- Amortization of acquired intangible assets.
- Restructuring and related costs.
- Interest expense. Interest expense includes interest on long-term debt and amortization of debt issuance costs.
- (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.
- (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 taxes paid on gains from divestitures, litigation insurance recoveries, transaction costs, and certain other identified adjustments. We use Adjusted Free Cash Flow, in addition to Free Cash Flow, to provide supplemental information to our investors concerning our ability to generate cash from our ongoing operating activities and for performance based components of employee compensation; by excluding these items, we believe we provide useful additional information to our investors to help them further understand our ability to generate cash period-over-period as well as added information on comparability to our competitors. Such as with Free Cash Flow information, as so adjusted, it is specifically not intended to provide amounts available for discretionary spending. We have added certain adjustments to account for items which we do not believe reflect our core business or operating performance, and we computed all periods with such adjusted costs.

Revenue at Constant Currency

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

Non-GAAP Outlook

In providing the outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. GAAP financial measure. A description of the adjustments which historically have been applicable in determining Adjusted EBITDA are reflected in the table below. In addition, for "FY 2021 Actuals" we are excluding the estimated impacts of $70 million of Revenue and $39 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 to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results. We have provided an outlook for revenue on a constant currency basis due to the inability to accurately predict foreign currency impact on revenues. Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, see above. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

Non-GAAP Reconciliations: 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, 2022	2021
ADJUSTED REVENUE		
Revenue	$ 967	$ 1,028
Adjustment:		
Divestitures[1]	(7)	(18)
Adjusted Revenue	960	1,010
Foreign currency impact	5	(7)
Revenue at Constant Currency	$ 965	$ 1,003
ADJUSTED NET INCOME (LOSS)		
Net Income (Loss)	$ 136	$ (11)
Adjustments:		
Amortization of acquired intangible assets[2]	6	40
Restructuring and related costs	9	13
(Gain) loss on divestitures and transaction costs	(163)	2
Litigation settlements (recoveries), net	(28)	1
Other charges (credits)	1	—
Total Non-GAAP Adjustments	(175)	56
Income tax adjustments[3]	64	(9)
Adjusted Net Income (Loss)	$ 25	$ 36
ADJUSTED EFFECTIVE TAX		
Income (Loss) Before Income Taxes	$ 210	$ (9)
Adjustments:		
Total Non-GAAP Adjustments	(175)	56
Adjusted PBT Before Adjustment for Divestitures	35	47
Divestitures[1]	(2)	(9)
Adjusted PBT	$ 33	$ 38
Income tax expense (benefit)	$ 74	$ 2
Income tax adjustments[3]	(64)	9
Adjusted Income Tax Expense (Benefit)	10	11
Adjusted Net Income (Loss) Before Adjustment for Divestitures	25	36
Divestitures[1]	(2)	(9)
Adjusted Net Income (Loss)	$ 23	$ 27

CONTINUED (in millions)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
ADJUSTED OPERATING INCOME (LOSS)		
Income (Loss) Before Income Taxes	$ 210	$ (9)
Adjustments:		
Total non-GAAP adjustments	(175)	56
Interest expense	19	13
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	54	60
Divestitures(1)	(2)	(9)
Adjusted Operating Income (Loss)	$ 52	$ 51
ADJUSTED EBITDA		
Net Income (Loss)	$ 136	$ (11)
Income tax expense (benefit)	74	2
Depreciation and amortization	61	95
Contract inducement amortization	—	—
Interest expense	19	13
EBITDA Before Adjustment for Divestitures	290	99
Divestitures(1)	(2)	(9)
Divestitures depreciation and amortization(1)	—	(1)
EBITDA	288	89
Adjustments:		
Restructuring and related costs	9	13
(Gain) loss on divestitures and transaction costs	(163)	2
Litigation settlements (recoveries), net	(28)	1
Other charges (credits)	1	—
Adjusted EBITDA	$ 107	$ 105

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(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, 2022	Three Months Ended March 31, 2021
ADJUSTED DILUTED EPS[1]		
Weighted Average Common Shares Outstanding	215,503	212,250
Adjustments:		
Restricted stock and performance units / shares	2,994	6,952
Adjusted Weighted Average Common Shares Outstanding	218,497	219,202
Diluted EPS from Continuing Operations	$ 0.61	$ (0.06)
Adjustments:		
Total non-GAAP adjustments	(0.80)	0.25
Income tax adjustments[2]	0.29	(0.04)
Adjusted Diluted EPS	$ 0.10	$ 0.15
ADJUSTED EFFECTIVE TAX RATE		
Effective tax rate	35.2 %	(23.4)%
Adjustments:		
Total non-GAAP adjustments	(5.6)%	46.8 %
Adjusted Effective Tax Rate[2]	29.6 %	23.4 %
ADJUSTED OPERATING MARGIN		
Income (Loss) Before Income Taxes Margin	21.7 %	(0.9)%
Adjustments:		
Total non-GAAP adjustments	(18.1)%	5.4 %
Interest expense	2.0 %	1.3 %
Margin for Adjusted Operating Income Before Adjustment for Divestitures	5.6 %	5.8 %
Divestitures[3]	(0.2)%	(0.8)%
Margin for Adjusted Operating Income	5.4 %	5.0 %
ADJUSTED EBITDA MARGIN		
EBITDA Margin Before Adjustment for Divestitures	30.0 %	9.6 %
Adjustments:		
Divestitures[3]	— %	(0.8)%
EBITDA Margin	30.0 %	8.8 %
Total non-GAAP adjustments	(18.7)%	1.6 %
Divestitures[3]	— %	0.8 %
Adjusted EBITDA Margin Before Adjustment for Divestitures	11.3 %	11.2 %
Divestitures[3]	(0.2)%	(0.8)%
Adjusted EBITDA Margin	11.1 %	10.4 %

(1) Average shares for the 2022 and 2021 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact of preferred stock dividend of approximately $2 million and $2 million for the three months ended March 31, 2022 and 2021, respectively.

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

Free Cash Flow and Adjusted Free Cash Flow Reconciliation:

	Three Months Ended March 31,	
(in millions)	2022	2021
Operating Cash Flow	$ 11	$ (2)
Cost of additions to land, buildings and equipment	(34)	(14)
Cost of additions to internal use software	(16)	(16)
Free Cash Flow	$ (39)	$ (32)
Free Cash Flow	$ (39)	$ (32)
Transaction costs	1	1
Vendor financed lease payments	(3)	(2)
Portion of Texas litigation settlement (recoveries) recognized in Litigation settlements (recoveries), net	(24)	—
Adjusted Free Cash Flow	$ (65)	$ (33)

May 3, 2022

Conduent
Q1 2022
Earnings Results

Cautionary Statements

CONDUENT

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,” “will,” “aim,” “should,” “could,” “forecast,” “target,” “may,” "continue to," "if," “growing,” “projected,” “potential,” “likely,” and similar expressions, as they relate to us, are intended to identify forwa 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 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 plans to separate the Transportation business to unlock additional value; expectations regarding our clients continuing to seek business process outsourcing capabilities to increase efficiency, enhance customer experience and improve performance; our belief that we are strongly positioned as a partner of choice; our expectations regarding segment growth in 2 including all statements made under the section captioned "Commercial & Transportation positioned for growth in 2022"; and our projected financial performance for the full year 2022, includ all statements made under the section captioned “FY 2022 Outlook” within this presentation. In addition, all statements regarding the proposed separation of the Transportation business, anticipated effects of the novel coronavirus, or COVID-19, pandemic and the responses thereto, including the pandemic’s impact on general economic and market conditions, as well as on ou business, customers, and markets, results of operations and financial condition and anticipated actions to be taken by management to sustain our business during the economic uncertainty caused by the pandemic and related governmental and business actions, as well as other statements that are not strictly historical in nature, are forward looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expressed or implied herein as anticipated, believed, estimated, expected or intended or using other similar expressions.

In accordance with the provisions of the Litigation Reform Act, we are making investors aware that such forward-looking statements, because they relate to future events, are by their very 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 any 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: the significant continuing effects of the ongoing COVID-19 pandemic on our business, operations, financial results and financial condition, which is dependent on developments which are highly uncertain and cannot b predicted; 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; our ability to deliver on our contractual obligations properly and on time; changes in interest in outsourced business process services; risk and impact of geopolitical events, 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 estir the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontrac 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 abi to modernize our information technology infrastructure and consolidate data centers; the failure to comply with laws relating to individually identifiable information and personal health informat 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 syste 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 oth 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 fo 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, fluctu foreign currencies and shifting regulatory schemes; changes in government regulation and economic, strategic, political and social conditions; volatility of our stock price; uncertainty regardin whether the proposed separation of the Transportation business will be commenced or completed and the timing and value of such transaction; and the risk of litigation following a decline in price of our stock; 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 Re 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 th 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 as because of new information, subsequent events or otherwise.

Cautionary Statements

CONDUENT

Non-GAAP Financial Measures

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

Q1 2022 Highlights

CONDUENT

Q1 Results / Metrics	• Adj.Revenue[1]: $960M • Adj. EBITDA[1] / Adj. EBITDA Margin[1]: $107M / 11.1% • New business signings TCV / ACV[2]: $464M / $167M • Net ARR Activity Impact (TTM)[2]: $102M
Highlights	• Highest Q1 new business signings since becoming Conduent • GM Supplier of the Year award for the 2nd consecutive year • Recognized as a leader in CX Operations and Healthcare Payer Operations by NelsonHa Everest Group respectively • Sale of Midas suite of solutions for cash consideration of $321M; closed on February 8, 2 • Announced the planned separation of the Transportation Segment

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

(2) Full definition in the Appendix.

Operational Highlights & Recognition

CONDUENT

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

gm 30th annual supplier of the year

NelsonHall
Leader in CX Operations Transformation

COMPARABLY
Recogni
a compa
a **Thrivi**
Remote
Culture

GOVTECH 100 COMPANY 2022
GovTech 100

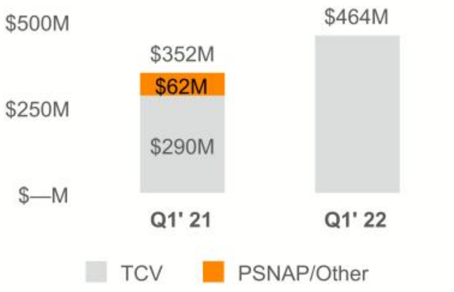
ISG
Top 15 Service & Technology Provider

Everest Grou
Leader in Healthcare Payer Operations

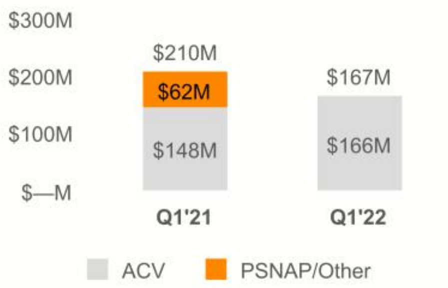
Key Sales Metrics

CONDUENT

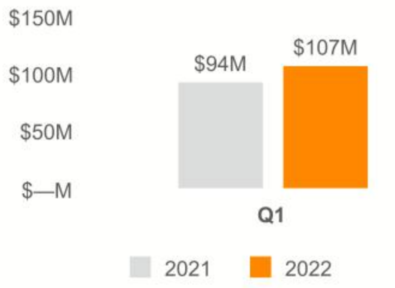
New Business TCV[1]



New Business ACV[1]

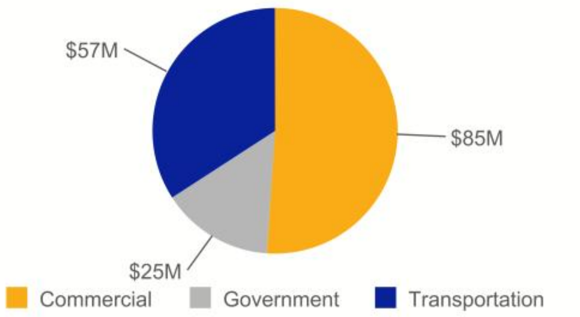


New Business ARR[1]



Net ARR Activity (TTM)[1,2]

Q1 New Business ACV[1] by Segment

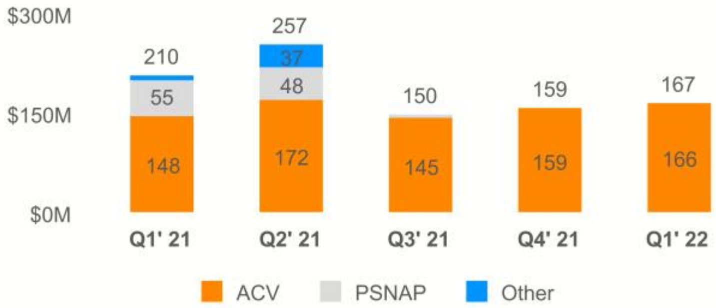


(1) Full definition in the Appendix.
(2) Trailing Twelve Months.

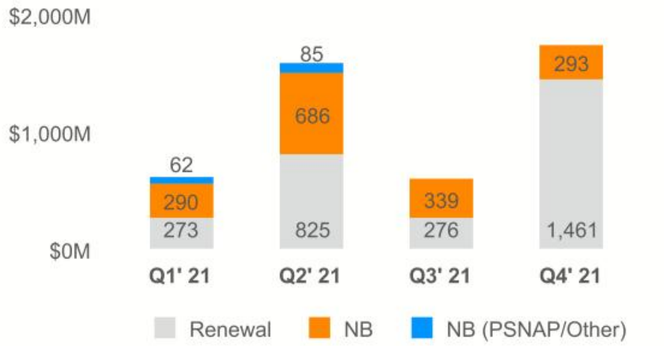
Key Sales Metrics Trends

CONDUENT

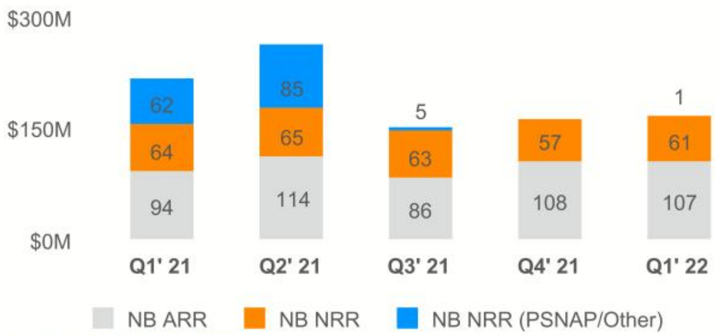
New Business ACV[(1)] Signings



TCV Signings (incl. ARR + NRR)



New Business (ARR + NRR Breakdown)



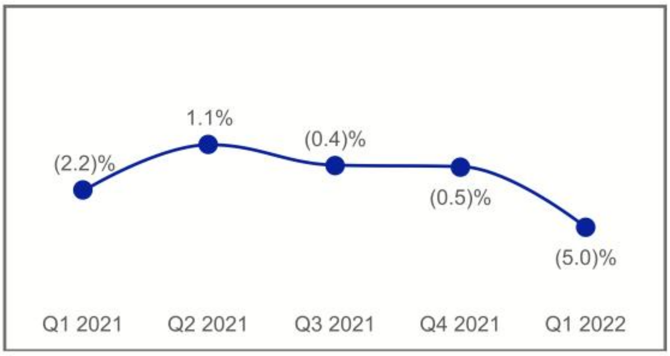
Implied New Business Avg. Contract Lengt

(1) Full definition in the Appendix.

Q1 2022 P&L Metrics

Adj. Revenue [1]

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



Adj. EBITDA[1] / Margin

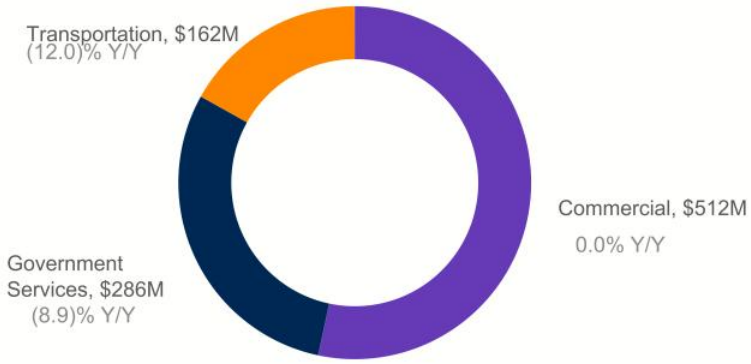
- **Adj. Revenue[1]:**
  - Decline driven by substantially lower non-recurring stimulus payments volume in the Government Services business and lost business from prior years, partially offset by new business ramp. Excluding Government Stimulus payments revenue was down 2.3%.
- **Adj. EBITDA[1]:**
  - Increase driven by a $14M one-time defense cost recovery settlement.
- **Adj. EBITDA Margin[1]:** 11.1%, up 70 bps Y/Y

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

Q1 2022 P&L by Segment

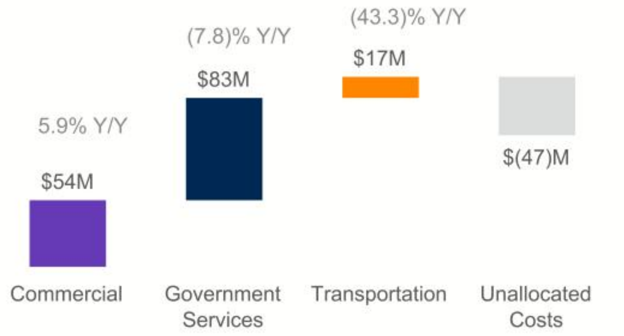
CONDUENT

Adj. Revenue [1]



- **Commercial**: Adj. Revenue stabilized with improved new business ramp.
- **Government**: Decline driven by non-recurring stimulus payments volume (approx. $27M). Excluding this stimulus payments volume, Government would have been substantially unchanged.
- **Transportation**: Adj. Revenue impacted by project timing, lost business from prior years, exchange rate impact and a one-time positive item in the prior year period

Adj. EBITDA[1] Contributions



- **Commercial:** Adj. EBITDA increase driven by co reductions resulting from progress in our efficien initiatives; margin 10.5% up 50 bpsY/Y.
- **Government:** Adj. EBITDA reduction driven by l high margin non-recurring payments activity; mar 29.0% up 30 bps Y/Y.
- **Transportation:** Adj. EBITDA decline driven by l business, project timing and a one-time positive i the prior year; margin 10.5% down (580) bps Y/Y

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

Q1 2022 Cash Flow and Balance Sheet

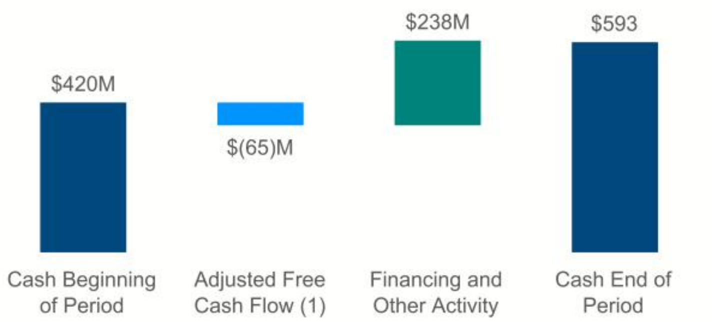
CONDUENT

- Adj. Free Cash Flow[1]: $(65)M
- Capex[6] as % of revenue: 5.2%
- Net adjusted leverage ratio[7]: 1.5x
- $593M of cash[2] at end of Q1 2022
- Repaid $100M Revolving Credit Facility

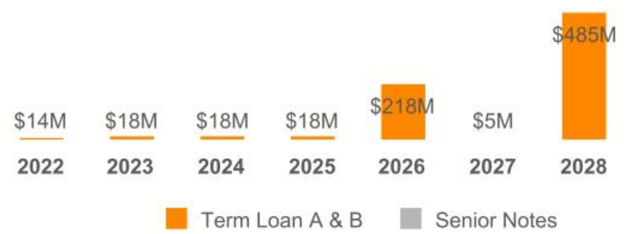
Balance Sheet

($ in millions)	**12/31/2021**	**3/31/**
Total Cash[2]	$420	$5
Total Debt[2,4]	1,400	1,2
Term Loan A[3] due 2026	265	2(
Term Loan B[3] due 2028	515	5
Revolving Credit Facility due 2026[5]	100	-
Senior Notes due 2029	520	5:
Finance leases and Other loans	40	3
Net adjusted leverage ratio[7]	2.1x	1.

Q1 2022 Cash 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 Outlook [4]

	FY 2021 Actuals	FY 2022 Outlook
Adj. Revenue[1]	$4,070M	$3,825M - $3,975M
Adj. EBITDA[1] / Adj. EBITDA Margin[1]	$448M / 11.0%	9.5% - 10.5%
Adj. Free Cash Flow[2] as % of Adj. EBITDA[1]	Approx. 18% [3]	Approx. 15% [3]
Restructuring	$45M	Approx. $40M
CapEx	$147M	Approx. $140M

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

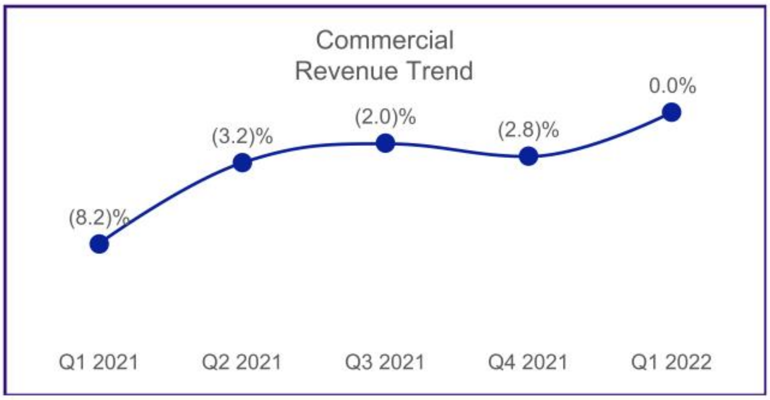
(2) Refer to Appendix for definition and complete non-GAAP reconciliation of Adjusted Free Cash Flow.

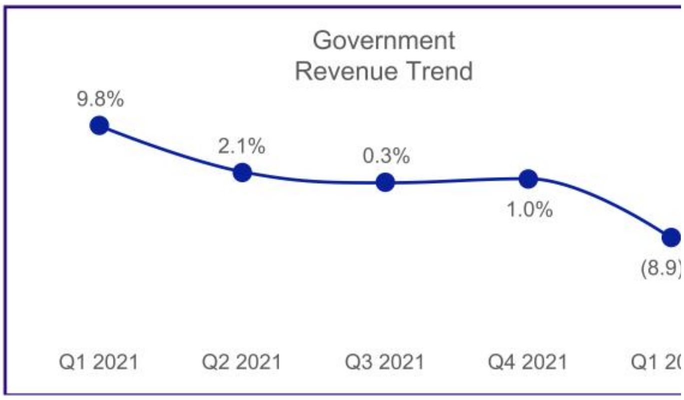
(3) Normalized for the impact of payment of deferred payroll taxes primarily related to the CARES Act of $32M in 2021 and $27M in 2022, Adjusted Free Cash Flow as a percentage of Adjusted EBITDA for 2021 is ap and approximately 22% in 2022

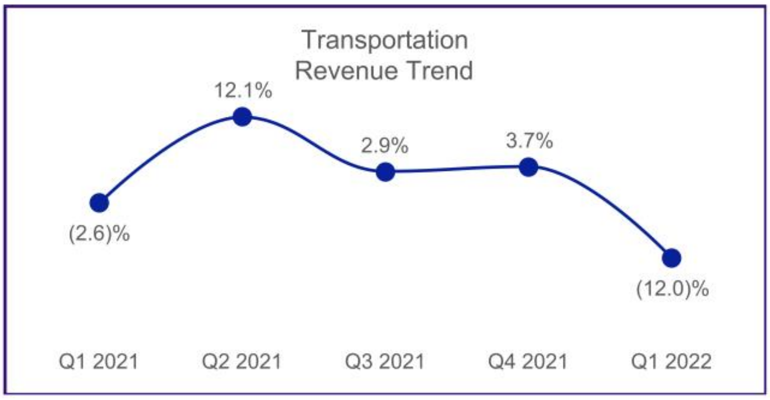
(4) Refer to Appendix for definition of Non GAAP Outlook

Appendix

Segment Revenue Trend







Commercial & Transportation positioned for growth in 202

- **Commercial:**
  - New business ramp, deal pipeline, better client retention and potential for interest rate increase position this segment for growth in 2022
- **Transportation:**
  - New business ramp and deal pipeline position t segment for full year growth in 2022
- **Government:**
  - The non-recurring payments run off creates a la grow-over challenge in 2022. Excluding Stimulu payments, revenue was down 0.4%.

Definitions

New Business Total Contract Value (TCV): Estimated total future revenues from contracts signed during the year related to new logo, new service li 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 year related to renewals.

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

Net ARR Activity: Projected Annual Recurring Revenue for contracts signed in the prior 12 months, less the annualized impact of any client losses, contractual volume and price changes, and other known impacts for which the company was notified in that same time period, which could positively 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 supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisio 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 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 measur

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 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.
- 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 remaining h would have continued to be incurred without any economic benefit.
- Divestitures.

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

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

Non-GAAP Financial Measures

Adjusted Revenue, Adjusted Operating Income and Adjusted Operating Margin.

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

- Amortization of acquired intangible assets.
- Restructuring and related costs.
- Interest expense. Interest expense includes interest on long-term debt and amortization of debt issuance costs.
- (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.
- (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 taxes paid on gains from divestitures, litigation insurance recoveries, transaction costs, and certain other identified adjustments. We use Adjusted Free Cash Flow, in addition to Free Cash Flow, to provide supplemental information to our investors concerning our ability to generate cash from our ongoing operating activities and for performance based components of employee compensation; by excluding these items, we believe we provide useful additional information to our investors to help them further understand our ability to generate cash period-over-period as well as added information on comparability to our competitors. Such as with Free Cash Flow information, as so adjusted, it is specifically not intended to provide amounts available for discretionary spending. We have added certain adjustments to account for items which we do not believe reflect our core business or operating performance, and we computed all periods with such adjusted costs.

Revenue at Constant Currency

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

Non-GAAP Outlook

In providing the outlook for Adjusted EBITDA we exclude certain items which are otherwise included in determining the comparable U.S. GAAP financial measure. A description of the adjustments which historically have been applicable in determining Adjusted EBITDA are reflected in the table below. In addition, for "Full Year 2021 Actuals" we are excluding the estimated impacts of $70 million of Revenue and $39 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 to predict with reasonable certainty the totality or ultimate outcome or occurrence of these adjustments for the forward-looking period, which can be dependent on future events that may not be reliably predicted. Based on past reported results, where one or more of these items have been applicable, such excluded items could be material, individually or in the aggregate, to reported results. We have provided an outlook for revenue on a constant currency basis due to the inability to accurately predict foreign currency impact on revenues. Outlook for Adjusted Free Cash Flow is provided as a factor of expected Adjusted EBITDA, see above. For the same reason, we are unable to provide GAAP expected adjusted tax rate, which adjusts for our non-GAAP adjustments.

CONDUENT

Non-GAAP Reconciliations

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

(in millions)	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	$ 967	$ 4,140	$ 1,048	$ 1,038	$ 1,026	$ 1,028
Adjustment:						
Divestitures[1]	(7)	(70)	(16)	(19)	(17)	(18)
Adjusted Revenue	960	4,070	1,032	1,019	1,009	1,010
Foreign currency impact	5	(17)	3	(3)	(10)	(7)
Revenue at Constant Currency	$ 965	$ 4,053	$ 1,035	$ 1,016	$ 999	$ 1,003

ADJUSTED NET INCOME (LOSS)	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Income (Loss) From Continuing Operations	$ 136	$ (28)	$ (40)	$ 11	$ 12	$ (11)
Adjustments:						
Amortization of acquired intangible assets[2]	6	135	32	31	32	40
Restructuring and related costs	9	45	14	10	8	13
Loss on extinguishment of debt	—	15	13	—	2	—
(Gain) loss on divestitures and transaction costs	(163)	3	2	—	(1)	2
Litigation settlements (recoveries), net	(28)	3	1	—	1	1
Abandonment of Cloud Computing Project	—	32	32	—	—	—
Other charges (credits)	1	6	2	4	—	—
Total Non-GAAP Adjustments	(175)	239	96	45	42	56
Income tax adjustments[3]	64	(54)	(25)	(12)	(8)	(9)
Adjusted Net Income	$ 25	$ 157	$ 31	$ 44	$ 46	$ 36

CONTINUED

(in millions)	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
ADJUSTED EFFECTIVE TAX						
Income (Loss) Before Income Taxes	$ 210	$ (25)	$ (54)	$ 19	$ 19	$ (9)
Adjustment:						
Total Non-GAAP Adjustments	(175)	239	96	45	42	56
Adjusted PBT Before Adjustment for Divestitures	35	214	42	64	61	47
Divestitures[1]	(2)	(32)	(5)	(10)	(8)	(9)
Adjusted PBT	$ 33	$ 182	$ 37	$ 54	$ 53	$ 38
Income tax expense (benefit)	$ 74	$ 3	$ (14)	$ 8	$ 7	$ 2
Income tax adjustments[3]	(64)	54	25	12	8	9
Adjusted Income Tax Expense (Benefit)	10	57	11	20	15	11
Adjusted Net Income (Loss) Before Adjustment for Divestitures	25	157	31	44	46	36
Divestitures[1]	(2)	(32)	(5)	(10)	(8)	(9)
Adjusted Net Income (Loss)	$ 23	$ 125	$ 26	$ 34	$ 38	$ 27
ADJUSTED OPERATING INCOME (LOSS)						
Income (Loss) Before Income Taxes	$ 210	$ (25)	$ (54)	$ 19	$ 19	$ (9)
Adjustment:						
Total non-GAAP adjustments	(175)	239	96	45	42	56
Interest expense	19	55	17	12	13	13
Adjusted Operating Income (Loss) Before Adjustment for Divestitures	54	269	59	76	74	60
Divestitures[1]	(2)	(32)	(5)	(10)	(8)	(9)
Adjusted Operating Income (Loss)	$ 52	$ 237	$ 54	$ 66	$ 66	$ 51

CONTINUED

(in millions)	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
ADJUSTED EBITDA						
Net Income (Loss)	$ 136	$ (28)	$ (40)	$ 11	$ 12	$ (11)
Income tax expense (benefit)	74	3	(14)	8	7	2
Depreciation and amortization	61	352	87	84	86	95
Contract inducement amortization	—	1	—	1	—	—
Interest expense	19	55	17	12	13	13
EBITDA Before Adjustment for Divestitures	290	383	50	116	118	99
Divestitures[(1)]	(2)	(32)	(5)	(10)	(8)	(9)
Divestitures depreciation and amortization[(1)]	—	(7)	(4)	(1)	(1)	(1)
EBITDA	288	344	41	105	109	89
Adjustments:						
Restructuring and related costs	9	45	14	10	8	13
Loss on extinguishment of debt	—	15	13	—	2	—
(Gain) loss on divestitures and transaction costs	(163)	3	2	—	(1)	2
Litigation settlements (recoveries), net	(28)	3	1	—	1	1
Abandonment of Cloud Computing Project	—	32	32	—	—	—
Other charges (credits)	1	6	2	4	—	—
Adjusted EBITDA	$ 107	$ 448	$ 105	$ 119	$ 119	$ 105

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

Non-GAAP Reconciliations

CONDUENT

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

(Amounts are in whole dollars, shares are in thousands and margins are in %)	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
ADJUSTED DILUTED EPS[1]						
Weighted Average Common Shares Outstanding	215,503	212,719	213,410	212,633	212,450	212,250
Adjustments:						
Restricted stock and performance units / shares	2,994	7,152	7,212	7,184	7,715	6,952
Adjusted Weighted Average Common Shares Outstanding	218,497	219,871	220,622	219,817	220,165	219,202
Diluted EPS from Continuing Operations	$ 0.61	$ (0.18)	$ (0.20)	$ 0.04	$ 0.04	$ (0.06)
Adjustments:						
Total non-GAAP adjustments	(0.80)	1.10	0.44	0.20	0.20	0.25
Income tax adjustments[2]	0.29	(0.25)	(0.11)	(0.05)	(0.04)	(0.04)
Adjusted Diluted EPS	$ 0.10	$ 0.67	$ 0.13	$ 0.19	$ 0.20	$ 0.15
ADJUSTED EFFECTIVE TAX RATE						
Effective tax rate	35.2 %	(9.7)%	26.6 %	38.3 %	38.2 %	(23.4)%
Adjustments:						
Total non-GAAP adjustments	(5.6)	36.3	(1.2)	(7.9)	(12.5)	46.8
Adjusted Effective Tax Rate[2]	29.6 %	26.6 %	25.4 %	30.4 %	25.7 %	23.4 %

CONTINUED

(Margins are in %)	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
ADJUSTED OPERATING MARGIN						
Income (Loss) Before Income Taxes Margin	21.7 %	(0.6)%	(5.2)%	1.8 %	1.9 %	(0.9)%
Adjustments:						
Total non-GAAP adjustments	(18.1)	5.8	9.2	4.3	4.0	5.4
Interest expense	2.0	1.3	1.6	1.2	1.3	1.3
Margin for Adjusted Operating Income Before Adjustment for Divestitures	5.6	6.5	5.6	7.3	7.2	5.8
Divestitures(3)	(0.2)	(0.7)	(0.4)	(0.8)	(0.7)	(0.8)
Margin for Adjusted Operating Income	5.4 %	5.8 %	5.2 %	6.5 %	6.5 %	5.0 %
ADJUSTED EBITDA MARGIN						
EBITDA Margin Before Adjustment for Divestitures	30.0 %	9.3 %	4.8 %	11.2 %	11.5 %	9.6 %
Divestitures(3)	—	(0.8)	(0.8)	(0.9)	(0.7)	(0.8)
EBITDA Margin	30.0	8.5	4.0	10.3	10.8	8.8
Total non-GAAP adjustments	(18.7)	2.5	6.1	1.3	1.0	1.6
Divestitures(3)	—	0.8	0.8	0.9	0.7	0.8
Adjusted EBITDA Margin Before Adjustment for Divestitures	11.3	11.8	10.9	12.5	12.5	11.2
Divestitures(3)	(0.2)	(0.8)	(0.7)	(0.8)	(0.7)	(0.8)
Adjusted EBITDA Margin	11.1 %	11.0 %	10.2 %	11.7 %	11.8 %	10.4 %

1. *Average shares for the 2022 and 2021 calculation of adjusted EPS excludes 5.4 million shares associated with our Series A convertible preferred stock and includes the impact of the preferred stock dividend of approximately $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.*

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

CONDUENT

(in millions)	Q1 2022	FY 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Operating Cash Flow	$ 11	$ 243	$ 85	$ 55	$ 105	$ (2)
Cost of additions to land, buildings and equipment	(34)	(80)	(28)	(13)	(25)	(14)
Cost of additions to internal use software	(16)	(67)	(18)	(17)	(16)	(16)
Free Cash Flow	**(39)**	**96**	**39**	**25**	**64**	**(32)**
Transaction costs	1	2	—	—	1	1
Vendor financed lease payments	(3)	(9)	(2)	(2)	(3)	(2)
Portion of Texas litigation settlement (recoveries) recognized in Litigation settlements (recoveries), net	(24)	—	—	—	—	—
Adjusted Free Cash Flow	**$ (65)**	**$ 89**	**$ 37**	**$ 23**	**$ 62**	**$ (33)**

The below footnotes correspond to the "Q1 2022 Cash Flow and Balance Sheet" slide

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

(2) Total Cash includes $5M and $8M of restricted cash as of March 31, 2022 and December 31, 2021, respectively, and Total debt excludes deferred financing costs.

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

(4) Total Debt as of March 31, 2022 and December 31, 2021 includes Term Loan A, Term Loan B, Senior Notes and Revolving credit facility borrowings.

(5) $540M of available capacity under Revolving Credit Facility as of March 31, 2022. $100M of which has been repaid in February 2022.

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

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

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