

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: **September 30, 2025**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **001-37817**



CONDUENT INCORPORATED
(Exact Name of Registrant as specified in its charter)

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

81-2983623
(IRS Employer Identification No.)

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

07932
(Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Small reporting company 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.

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

<u>Class</u>	<u>Outstanding at October 31, 2025</u>
Common Stock, \$0.01 par value	152,889,491

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") and any exhibits to this Form 10-Q may contain "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 (the "Litigation Reform Act"). These forward-looking statements and other information are based on our beliefs as well as assumptions made by us using information currently available. The words "anticipate," "believe," "estimate," "expect," "plan," "intend," "will," "aim," "should," "could," "forecast," "target," "may," "continue to," "endeavor," "if," "growing," "projected," "potential," "likely," "further," "going forward" and similar expressions (including the negative and plural forms of such words and phrases), as they relate to us, are intended to identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions, many of which are outside of our control, that could cause actual results to differ materially from those expected or implied by such forward-looking statements and could materially adversely affect our business, financial condition, results of operations, cash flows and liquidity.

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 competitiveness of the markets in which we operate and our ability to renew commercial and government contracts, including contracts awarded through competitive bidding processes; our ability to recover capital and other investments in connection with our contracts; risk and impact of geopolitical events and increasing geopolitical tensions (such as the war in the Ukraine and conflict in the Middle East), macroeconomic conditions, natural disasters and other factors in a particular country or region on our workforce, customers and vendors; 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; claims of infringement of third-party intellectual property rights; our ability to estimate the scope of work or the costs of performance in our contracts; the loss of key senior management and our ability to attract and retain necessary technical personnel and qualified subcontractors; our failure to develop new service offerings and protect our intellectual property rights; our ability to modernize our information technology infrastructure and consolidate data centers; expectations relating to environmental, social and governance considerations; utilization of our stock repurchase program; risks related to our use of artificial intelligence ("AI"); 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; risks related to hacking or other cybersecurity threats to our data systems, information systems and network infrastructure and other service interruptions, including relating to the previously disclosed cyber event that took place in January 2025 (the "January 2025 Cyber Event"), including the Company's investigation of such incident and mitigation and remediation efforts, the nature and extent of such incident, the potential disruption to our business or operations, the potential impact on the Company's reputation, and the Company's assessments of the likely financial and operational impacts of such incident; our ability to comply with data security standards; developments in various contingent liabilities that are not reflected on our balance sheet, including those arising as a result of being involved in a variety of claims, lawsuits, investigations and proceedings; risks related to recently completed divestitures including the (i) transfer of the Company's BenefitWallet's health savings account, medical savings account and flexible spending account portfolio, (ii) sale of the Company's Curbside Management and Public Safety Solutions businesses and (iii) sale of the Company's Casualty Claims Solutions business, including but not limited to the Company's ability to realize the benefits anticipated from such transactions, unexpected costs, liabilities or delays in connection with such transactions, and the significant transaction costs associated with such transactions; government appropriations and termination rights contained in our government contracts; risk and impact of potential goodwill and other asset impairments; our significant indebtedness and the terms of such indebtedness; our failure to obtain or maintain a satisfactory credit rating and financial performance; our ability to obtain adequate pricing for our services and to improve our cost structure; our ability to collect our receivables, including those for unbilled services; a decline in revenues from, or a loss of, or a reduction in business from or failure of significant clients; fluctuations in our non-recurring revenue; increases in the cost of voice and data services or significant interruptions in such services; our ability to receive dividends and other payments from our subsidiaries; and other factors that are set forth in the "Risk Factors" section, the "Legal Proceedings" section, the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and other sections of this Form 10-Q as well as in our 2024 Annual Report on Form 10-K and any subsequent Quarterly Report on Form 10-Q and Current Report on Form 8-K filed (or furnished) with the Securities and Exchange Commission (the "SEC"). Any forward-looking statements made by us in this Form 10-Q 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.

CONDUENT INCORPORATED

FORM 10-Q

September 30, 2025

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For additional information about Conduent Incorporated and access to our Annual Reports to Shareholders and SEC filings, free of charge, please visit our website at <https://investor.conduent.com/>. Any information on or linked from the website is not incorporated by reference into this Form 10-Q.

PART I — FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS (UNAUDITED)

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

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ 767	\$ 807	\$ 2,272	\$ 2,556
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	631	656	1,866	2,068
Selling, general and administrative (excluding depreciation and amortization)	96	115	316	346
Research and development (excluding depreciation and amortization)	1	1	3	4
Depreciation and amortization	48	44	144	157
Restructuring and related costs	12	4	24	21
Interest expense	12	16	36	62
(Gain) loss on divestitures and transaction costs, net	1	(188)	8	(696)
Litigation settlements (recoveries), net	—	1	2	6
Loss on extinguishment of debt	1	1	1	6
Other (income) expenses, net	3	(2)	4	(4)
Total Operating Costs and Expenses	805	648	2,404	1,970
Income (Loss) Before Income Taxes	(38)	159	(132)	586
Income tax expense (benefit)	8	36	5	148
Net Income (Loss)	\$ (46)	\$ 123	\$ (137)	\$ 438
Net Income (Loss) per Share:				
Basic	\$ (0.30)	\$ 0.75	\$ (0.90)	\$ 2.28
Diluted	\$ (0.30)	\$ 0.72	\$ (0.90)	\$ 2.22

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net Income (Loss)	\$ (46)	\$ 123	\$ (137)	\$ 438
Other Comprehensive Income (Loss), Net⁽¹⁾				
Currency translation adjustments, net	(2)	13	31	(14)
Unrecognized gains (losses), net	(2)	1	—	—
Other Comprehensive Income (Loss), Net	(4)	14	31	(14)
Comprehensive Income (Loss), Net	\$ (50)	\$ 137	\$ (106)	\$ 424

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

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in millions, except share data in thousands)

	September 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 248	\$ 366
Accounts receivable, net	488	493
Contract assets	160	132
Other current assets	258	261
Total current assets	1,154	1,252
Land, buildings and equipment, net	186	167
Operating lease right-of-use assets	150	169
Intangible assets, net	12	14
Goodwill	616	609
Other long-term assets	382	388
Total Assets	\$ 2,500	\$ 2,599
Liabilities and Equity		
Current portion of long-term debt	\$ 16	\$ 24
Accounts payable	135	157
Accrued compensation and benefits costs	180	170
Contract liabilities	82	103
Other current liabilities	289	290
Total current liabilities	702	744
Long-term debt	697	615
Deferred taxes	22	24
Operating lease liabilities	117	138
Other long-term liabilities	103	93
Total Liabilities	1,641	1,614
Contingencies (See Note 12)		
Series A convertible preferred stock	142	142
Common stock	2	2
Treasury stock, at cost	(231)	(210)
Additional paid-in capital	3,964	3,952
Retained earnings (deficit)	(2,577)	(2,433)
Accumulated other comprehensive loss	(441)	(472)
Total Conduent Inc. Equity	717	839
Noncontrolling Interest	—	4
Total Equity	717	843
Total Liabilities and Equity	\$ 2,500	\$ 2,599
Shares of common stock issued and outstanding	154,724	161,829
Shares of series A convertible preferred stock issued and outstanding	120	120
Shares of common stock held in treasury	68,262	60,868

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)	Nine Months Ended September 30,	
	2025	2024
Cash Flows from Operating Activities:		
Net income (loss)	\$ (137)	\$ 438
Adjustments required to reconcile net income (loss) to cash flows from operating activities:		
Depreciation and amortization	144	157
Contract inducement amortization	2	2
Deferred income taxes	(3)	23
Amortization of debt financing costs	1	3
Loss on extinguishment of debt	1	6
(Gain) loss on divestitures and sales of fixed assets, net	2	(727)
Stock-based compensation	13	14
Changes in operating assets and liabilities:		
Accounts receivable	14	6
Other current and long-term assets	(101)	(86)
Accounts payable and accrued compensation and benefits costs	(17)	(17)
Other current and long-term liabilities	(17)	(12)
Net change in income tax assets and liabilities	(14)	102
Net cash provided by (used in) operating activities	(112)	(91)
Cash Flows from Investing Activities:		
Cost of additions to land, buildings and equipment	(44)	(39)
Cost of additions to internal use software	(15)	(23)
Proceeds from divestitures	53	823
Net cash provided by (used in) investing activities	(6)	761
Cash Flows from Financing Activities:		
Proceeds from revolving credit facility	259	80
Proceeds from the issuance of debt	4	—
Payments of debt issuance costs	(3)	—
Payments of revolving credit facility	(125)	(80)
Payments of debt	(101)	(587)
Treasury stock purchases	(20)	(182)
Excise tax payment on treasury stock purchases	(2)	—
Taxes paid for settlement of stock-based compensation	—	(5)
Dividends paid on preferred stock	(7)	(7)
Repurchase of noncontrolling interest	(5)	—
Net cash provided by (used in) financing activities	—	(781)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	5	(4)
Increase (decrease) in cash, cash equivalents and restricted cash	(113)	(115)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	377	519
Cash, Cash Equivalents and Restricted Cash at End of period⁽¹⁾	\$ 264	\$ 404

(1) Includes \$16 million and \$11 million of restricted cash as of September 30, 2025 and 2024, respectively, that were included in Other current assets on the respective Condensed Consolidated Balance Sheets.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

CONDUENT INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Three Months Ended September 30, 2025						
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity
Balance at June 30, 2025	\$ 2	\$ (218)	\$ 3,959	\$ (2,529)	\$ (437)	\$ —	\$ 777
Dividends - preferred stock, \$20/share	—	—	—	(2)	—	—	(2)
Stock incentive plans, net	—	—	5	—	—	—	5
Treasury stock purchases	—	(13)	—	—	—	—	(13)
Buyback of noncontrolling interest	—	—	—	—	—	—	—
Comprehensive Income (Loss):							
Net Income (Loss)	—	—	—	(46)	—	—	(46)
Other comprehensive income (loss), net	—	—	—	—	(4)	—	(4)
Total Comprehensive Income (Loss), Net	—	—	—	(46)	(4)	—	(50)
Balance at September 30, 2025	\$ 2	\$ (231)	\$ 3,964	\$ (2,577)	\$ (441)	\$ —	\$ 717
	Three Months Ended September 30, 2024						
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity
Balance at June 30, 2024	\$ 2	\$ (196)	\$ 3,947	\$ (2,539)	\$ (463)	\$ 4	\$ 755
Dividends - preferred stock, \$20/share	—	—	—	(2)	—	—	(2)
Stock incentive plans, net	—	—	5	—	—	—	5
Treasury stock purchases	—	(14)	—	—	—	—	(14)
Contribution from noncontrolling interest	—	—	—	—	—	—	—
Comprehensive Income (Loss):							
Net Income (Loss)	—	—	—	123	—	—	123
Other comprehensive income (loss), net	—	—	—	—	14	—	14
Total Comprehensive Income (Loss), Net	—	—	—	123	14	—	137
Balance at September 30, 2024	\$ 2	\$ (210)	\$ 3,952	\$ (2,418)	\$ (449)	\$ 4	\$ 881
	Nine Months Ended September 30, 2025						
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity
Balance at December 31, 2024	\$ 2	\$ (210)	\$ 3,952	\$ (2,433)	\$ (472)	\$ 4	\$ 843
Dividends - preferred stock, \$60/share	—	—	—	(7)	—	—	(7)
Stock incentive plans, net	—	—	13	—	—	—	13
Treasury stock purchases	—	(21)	—	—	—	—	(21)
Buyback of noncontrolling interest	—	—	(1)	—	—	(4)	(5)
Comprehensive Income (Loss):							
Net Income (Loss)	—	—	—	(137)	—	—	(137)
Other comprehensive income (loss), net	—	—	—	—	31	—	31
Total Comprehensive Income (Loss), Net	—	—	—	(137)	31	—	(106)
Balance at September 30, 2025	\$ 2	\$ (231)	\$ 3,964	\$ (2,577)	\$ (441)	\$ —	\$ 717
	Nine Months Ended September 30, 2024						
(in millions)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	AOCL ⁽¹⁾	Non-controlling Interest	Shareholders' Equity
Balance at December 31, 2023	\$ 2	\$ (27)	\$ 3,938	\$ (2,849)	\$ (435)	\$ 4	\$ 633
Dividends - preferred stock, \$60/share	—	—	—	(7)	—	—	(7)
Stock incentive plans, net	—	—	14	—	—	—	14
Treasury stock purchases	—	(183)	—	—	—	—	(183)
Comprehensive Income (Loss):							
Net Income (Loss)	—	—	—	438	—	—	438
Other comprehensive income (loss), net	—	—	—	—	(14)	—	(14)
Total Comprehensive Income (Loss), Net	—	—	—	438	(14)	—	424
Balance at September 30, 2024	\$ 2	\$ (210)	\$ 3,952	\$ (2,418)	\$ (449)	\$ 4	\$ 881

(1) AOCL - Accumulated other comprehensive loss. Refer to Note 11 – Accumulated Other Comprehensive Loss for the components of AOCL.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Note 1 – Basis of Presentation

References herein to “we,” “us,” “our,” the “Company” and “Conduent” refer to Conduent Incorporated and its consolidated subsidiaries unless the context suggests otherwise.

Description of Business

Conduent Incorporated is a New York corporation, organized in 2016. Conduent delivers digital business solutions and services spanning the commercial, government and transportation spectrum – creating valuable outcomes for its clients and the millions of people who count on them. The Company leverages cloud computing, artificial intelligence (“AI”), machine learning, automation and advanced analytics to deliver mission-critical solutions. Through a dedicated global team of approximately 53,000 associates, as well as 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.

Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) on a basis consistent with reporting interim financial information in accordance with instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (the “SEC”). Accordingly, they do not include all the information and notes required by U.S. GAAP for complete financial statements. The December 31, 2024 Condensed Consolidated Balance Sheet was derived from the audited Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024. Intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments necessary for a fair statement of the financial position, results of operations and cash flows have been made. These adjustments consist of normal recurring items. The interim results of operations are not necessarily indicative of the results of the full year. These financial statements should be read in conjunction with the Company’s Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

Use of Estimates

Preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates. On an ongoing basis, the Company evaluates its estimates, including those related to fair values of financial instruments, goodwill and intangible assets, income taxes and contingent liabilities, among others. The Company bases its estimates on assumptions, both historical and forward looking, that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Summary of Significant Accounting Policies

The Company’s significant accounting policies are described in Note 1 – Basis of Presentation and Summary of Significant Accounting Policies in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024.

During 2025, there have been no changes to the Company’s significant accounting policies as described therein.

Note 2 – Recent Accounting Pronouncements

New Accounting Standards Adopted

Segment Reporting: In November 2023, the Financial Accounting Standards Board (“FASB”) issued final guidance that expands reportable segment disclosures, particularly incremental segment expense disclosures. This guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. As the guidance is disclosure related, adoption did not have any impact on the Company’s Condensed Consolidated Financial Statements. The required additional disclosure is included in Note 4 – Segment Reporting.

New Accounting Standards To Be Adopted

Income Taxes: In December 2023, the FASB issued final guidance designed to improve income tax disclosures, particularly disclosures around business entities' income tax rate reconciliation and income taxes paid. The guidance requires consistent categories and greater disaggregation of information in the reconciliation of an entity's statutory tax rate to its effective tax rate and information about income taxes paid disaggregated by jurisdiction. This guidance is effective for fiscal years beginning after December 15, 2024. The required disclosure will be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025. As the guidance is disclosure related, adoption will not have any impact on the Company's results of operations, financial position or cash flows.

Disaggregation of Income Statement Expenses: In November 2024, the FASB issued final guidance designed to enhance financial reporting by requiring public business entities to disclose additional details regarding specific expense categories in the notes to the financial statements for both interim and annual periods. The new guidance is effective for annual periods beginning after December 15, 2026 and interim periods beginning after December 15, 2027. The Company is not early adopting this guidance. As the guidance is disclosure related, adoption will not have any impact on the Company's results of operations, financial position or cash flows.

Internal-use Software: In September 2025, the FASB issued final guidance designed to modernize the accounting for software costs that are accounted for as "internal-use software." This new guidance removes all previous references to project stages. It requires capitalization of software costs when (i) management has authorized and committed to funding the software project and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. The new guidance is effective for annual and interim periods beginning after December 15, 2027. Early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

Note 3 – Revenue

Disaggregation of Revenue

In 2024, revenue from the BenefitWallet Portfolio and the Casualty Claims Solutions business were reclassified to Divestitures from the Commercial segment. In addition, in 2024, revenue from the Curbside Management and Public Safety businesses was reclassified to Divestitures from the Transportation segment. All prior periods presented have been recast to reflect these changes.

During the first quarter of 2025, the Company updated the presentation of disaggregated revenue by major service offering within the Commercial segment. This change had no impact on disaggregated revenue by reportable segment or the timing of revenue recognition. All prior periods presented have been recast to reflect this change. These major service offerings are described as follows:

Customer Experience Management: The Company delivers a full range of customer contact services including customer care, technical support, loyalty management, and outbound and inbound sales, handling many complex interactions and representing the brands of its clients. The Company creates better experiences across the customer lifecycle through a variety of channels including chat, email, voice and virtual agent to help customers where and how they want to engage. Through omni-channel communications, automation and analytics, as well as labor efficiencies, the Company helps its clients drive revenue growth, enable scale, and gain cost reductions and other operational efficiencies. The Company serves marquee clients across multiple sectors, including the financial services, healthcare and life sciences, logistics, technology, telecom, travel and hospitality sectors, helping to resolve complex issues for their customers with empathy and effectiveness.

Business Process as a Service ("BPaaS"): The Company helps its clients digitally transform business processes and drive efficiency, automation and scale across essential business functions. The Company streamlines client operations through its deep industry experience, understanding of its clients' needs and the latest technology solutions to reduce costs, improve security, performance and accuracy, and enable revenue growth, while enhancing the end-user experience. The Company's portfolio of BPaaS solutions spans payment integrity, finance, accounting, and procurement, human capital, legal and compliance, and bank and lending.

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Integrated Digital Solutions: The Company drives efficiencies for clients with more digitized processes across the customer and document lifecycle through automation, data analytics and AI-powered solutions. This helps to shorten time to decisions on items like claims and applications while lowering costs, reducing manual effort, improving data accuracy, providing omnichannel communications and enhancing the overall customer experience. The Company's solutions span: document and claims processing; health plan administration; scanning and digitization of mailrooms, data and documents; omnichannel digital and physical communications, including print and mail and solutions focused specifically in the pharmaceutical and banking industries.

The following table provides information about disaggregated revenue by major service offering and reportable segment and the timing of revenue recognition. Refer to Note 4 – Segment Reporting for additional information on the Company's reportable segments and Note 5 – Divestitures for additional information on the Company's divestitures.

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Commercial:				
Customer Experience Management	\$ 122	\$ 125	\$ 388	\$ 404
BPaaS	117	125	349	377
Integrated Digital Solutions	128	135	397	411
Total Commercial	367	385	1,134	1,192
Government:				
Government Healthcare Solutions	132	137	395	427
Government Services Solutions	106	118	297	331
Total Government	238	255	692	758
Transportation:				
Road Usage Charging & Management Solutions	60	58	184	185
Transit Solutions	102	83	262	240
Commercial Vehicles	—	—	—	1
Total Transportation	162	141	446	426
Divestitures	—	26	—	180
Total Consolidated Revenue	\$ 767	\$ 807	\$ 2,272	\$ 2,556
Timing of Revenue Recognition:				
Point in time	\$ 31	\$ 24	\$ 78	\$ 80
Over time	736	783	2,194	2,476
Total Revenue	\$ 767	\$ 807	\$ 2,272	\$ 2,556

Contract Balances

The Company receives payments from customers based upon contractual billing schedules. Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are the Company's rights to consideration for services provided when the right is conditioned on something other than passage of time (for example, meeting a milestone for the right to bill under the cost-to-cost measure of progress). Contract assets are transferred to Accounts receivable, net when the rights to consideration become unconditional. Contract liabilities include payments received in advance of performance under the contract, which are realized when the associated revenue is recognized under the contract.

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The following table provides information about significant movements in contract assets (current and long-term) for the nine months ended September 30, 2025 and 2024:

(in millions)	2025	2024
Beginning balance	\$ 135	\$ 190
Additional contract assets recognized	149	124
Billed and transferred to Accounts receivable and other	(116)	(158)
Ending balance ⁽¹⁾	\$ 168	\$ 156

⁽¹⁾ Of which \$9 million and \$4 million are included in Other long-term assets as of September 30, 2025 and 2024, respectively.

The following table provides information about significant movements in contract liabilities balances (current and long-term) for the nine months ended September 30, 2025 and 2024:

(in millions)	2025	2024
Beginning balance	\$ 155	\$ 146
Additional contract liabilities recorded	159	205
Revenue recognized related to contract liabilities and other ⁽¹⁾	(169)	(183)
Ending balance ⁽²⁾	\$ 145	\$ 168

⁽¹⁾ Of which \$79 million and \$82 million were recognized during the nine months ended September 30, 2025 and 2024, respectively, that related to the Company's contract liabilities as of December 31, 2024 and 2023, respectively.

⁽²⁾ Of which \$63 million and \$53 million are included in Other long-term liabilities as of September 30, 2025 and 2024, respectively.

Transaction Price Allocated to the Remaining Performance Obligations

Estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially satisfied at September 30, 2025 was approximately \$1.4 billion. The Company expects to recognize approximately 73% of this revenue over the next two years and the remainder thereafter.

Note 4 – Segment Reporting

The Company's reportable segments correspond to how it organizes and manages the business, as defined by the Company's Chief Executive Officer, who is also its Chief Operating Decision Maker ("CODM"), and are aligned to the industries in which the Company's clients operate. The Company's segments involve the delivery of business process services and include service arrangements where it manages a customer's business activity or process.

Divestitures includes the Company's BenefitWallet Portfolio, for which the Company completed the transfer in the second quarter of 2024, its Curbside Management and Public Safety Solutions businesses, which it sold in the second quarter of 2024, and its Casualty Claims business which it sold in the third quarter of 2024. Refer to Note 5 – Divestitures for additional information.

The Company's CODM evaluates the Company's financial performance based on Segment profit (loss) for its three reportable segments - Commercial, Government and Transportation. The Company's CODM uses Segment profit (loss) information to monitor budget versus actual results and then uses this information to help make informed decisions about future resource investment, potential restructuring of segments to enhance overall company performance, and future divestitures and acquisitions.

The Company's CODM does not evaluate operating segments using discrete asset information as a significant portion of the assets is managed at the total company level.

A description of the Company's reportable segments is as follows:

- **Commercial:** The Commercial segment provides business process services that span its clients' businesses end-to-end from the front-office to the back-office for a variety of commercial industries. These solutions are both cross-industry and industry-specific in nature. Across the Commercial segment, the Company operates on its clients' behalf to deliver mission-critical solutions and services to reduce costs, improve efficiencies and enhance performance for the Company's clients and deliver better experiences for their consumers and employees.

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- **Government:** The Government segment provides government-centric business process services and solutions to U.S. federal, state, local and foreign governments for public assistance, healthcare programs and administration, transaction processing, payment services and case management. In this segment, the Company helps governments respond to changing rules for eligibility and keep pace with increasing citizen expectations, modernize legacy technology systems, combat benefits fraud and shift in response to an evolving regulatory environment.
- **Transportation:** The Transportation segment provides government agencies and transportation authorities around the world with systems, support and revenue-generating solutions serving toll and fare collections as well as mobility and digital payments that help streamline operations and increase revenue to government transportation agencies. With an expanded focus on sustainability and enhancing the quality of life for citizens and communities around the world, the Company's solutions help reduce congestion and greenhouse emissions, while creating seamless travel experiences for consumers throughout transportation ecosystems.

Selected financial information for the Company's segments is as follows:

(in millions)	Three Months Ended September 30,			
	Commercial	Government	Transportation	Total ⁽¹⁾
2025				
Segment revenue	\$ 367	\$ 238	\$ 162	\$ 767
Expenses				
Wages and benefits	\$ 247	\$ 96	\$ 61	\$ 404
Services and supplies	47	63	84	194
Rent lease and maintenance expense	36	18	12	66
Other operating expense	—	—	1	1
Depreciation and amortization expense	20	13	7	40
Segment expenses	\$ 350	\$ 190	\$ 165	\$ 705
Segment profit (loss)	\$ 17	\$ 48	\$ (3)	\$ 62
2024				
Segment revenue	\$ 385	\$ 255	\$ 141	\$ 781
Expenses				
Wages and benefits	\$ 265	\$ 107	\$ 61	\$ 433
Services and supplies	49	72	66	187
Rent lease and maintenance expense	37	16	12	65
Other operating expense	—	—	2	2
Depreciation and amortization expense	19	10	6	35
Segment expenses	\$ 370	\$ 205	\$ 147	\$ 722
Segment profit (loss)	\$ 15	\$ 50	\$ (6)	\$ 59

⁽¹⁾ Total excludes Divestitures and Unallocated Costs.

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(in millions)	Nine Months Ended September 30,			
	Commercial	Government	Transportation	Total ⁽¹⁾
2025				
Segment revenue	\$ 1,134	\$ 692	\$ 446	\$ 2,272
Expenses				
Wages and benefits	\$ 761	\$ 290	\$ 187	\$ 1,238
Services and supplies	155	188	203	546
Rent lease and maintenance expense	112	51	36	199
Other operating expense	3	4	3	10
Depreciation and amortization expense	63	34	22	119
Segment expenses	\$ 1,094	\$ 567	\$ 451	\$ 2,112
Segment profit (loss)	\$ 40	\$ 125	\$ (5)	\$ 160
2024				
Segment revenue	\$ 1,192	\$ 758	\$ 426	\$ 2,376
Expenses				
Wages and benefits	\$ 810	\$ 322	\$ 194	\$ 1,326
Services and supplies	158	219	191	568
Rent lease and maintenance expense	107	49	34	190
Other operating expense	2	4	4	10
Depreciation and amortization expense	67	34	18	119
Segment expenses	\$ 1,144	\$ 628	\$ 441	\$ 2,213
Segment profit (loss)	\$ 48	\$ 130	\$ (15)	\$ 163

⁽¹⁾ Total excludes Divestitures and Unallocated Costs.

Other operating expense shown above is primarily comprised of third-party legal fees and other miscellaneous expenses.

The following is a reconciliation of Segment profit (loss) to Income (loss) before income taxes:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Segment Profit (Loss)	\$ 62	\$ 59	\$ 160	\$ 163
Reconciling items:				
Divestitures profit ⁽¹⁾	—	3	—	35
Unallocated costs ⁽²⁾	(70)	(70)	(215)	(213)
Amortization of acquired intangible assets	(1)	(1)	(2)	(4)
Restructuring and related costs	(12)	(4)	(24)	(21)
Interest expense	(12)	(16)	(36)	(62)
Loss on extinguishment of debt	(1)	(1)	(1)	(6)
Gain (loss) on divestitures and transaction costs, net	(1)	188	(8)	696
Litigation (settlements) recoveries, net	—	(1)	(2)	(6)
Other income (expenses), net	(3)	2	(4)	4
Income (Loss) Before Income Taxes	\$ (38)	\$ 159	\$ (132)	\$ 586

⁽¹⁾ Divestitures profit is Income (loss) before income taxes excluding certain non-operating income and expenses.

⁽²⁾ Unallocated Costs includes IT infrastructure costs that are shared by multiple reportable segments, enterprise application costs and certain corporate overhead expenses not directly attributable or allocated to the reportable segments. Included in the three and nine months ended September 30, 2025 periods are \$0 million and \$25 million, respectively, of Direct response costs related to the January 2025 Cyber Incident as well as a \$0 million and \$9 million, respectively, insurance recovery related to the 2019 Texas Matter.

Refer to Note 3 – Revenue for additional information on disaggregated revenues of the reportable segments.

Note 5 – Divestitures

The Company entered into various agreements to transfer or sell certain portfolios and businesses in 2024. Each of these transactions is described below.

Divestiture of Casualty Claims Solutions Business

On May 3, 2024, the Company entered into a definitive agreement to sell the Company's Casualty Claims Solutions business (collectively referred to as the "Casualty Disposal Group") to MedRisk, Inc. ("MedRisk"). On September 1, 2024, the sale was completed and MedRisk paid Conduent \$224 million of cash consideration, subject to certain post-closing adjustments. These adjustments were finalized in the first quarter of 2025 and were not material.

The Company recorded a gain on the sale of \$194 million, less costs to sell of \$8 million, which was recorded in Gain (loss) on divestitures and transaction costs. Additionally, the Company recorded \$33 million of income tax expense related to the divestiture.

The Casualty Disposal Group generated revenue and income (loss) before income taxes as follows:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ —	\$ 26	\$ —	\$ 100
Income (loss) before income taxes	—	3	—	6

Divestiture of Curbside Management and Public Safety Solutions Businesses

In December 2023, the Company signed a definitive agreement to sell its Curbside Management and Public Safety Solutions businesses (collectively referred to as the "Curbside Disposal Group") to Modaxo, a division of Constellation Software Inc. ("Modaxo"), for \$230 million (plus the assumption of certain indebtedness), subject to customary purchase price adjustments.

On April 30, 2024, Conduent completed the sale of this business. The Company received \$181 million of cash consideration and a \$50 million non-interest bearing note payable to the Company that was due and paid on April 30, 2025. Additionally, the Company received reimbursement for payments made by the Company related to finance lease liabilities and related costs and reimbursement for the purchase of certain equipment made by the Company on the buyer's behalf. In 2024, the Company recorded a gain on the sale of \$103 million less costs to sell of \$5 million, which was recorded in Gain (loss) on divestitures and transaction costs. The Company recorded \$28 million of income tax expense in connection with the divestiture.

The Curbside Disposal Group generated revenue and income (loss) before income taxes as follows:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ —	\$ —	\$ —	\$ 50
Income (loss) before income taxes	—	—	—	6

Transfer of BenefitWallet Portfolio

In September 2023, the Company entered into a Custodial Transfer and Asset Purchase Agreement to transfer its BenefitWallet health savings account and medical savings account portfolio (collectively, the "BenefitWallet Portfolio") to HealthEquity, Inc. for an aggregate purchase price of \$425 million, subject to customary purchase price adjustments.

The BenefitWallet transfer closed in multiple tranches from March to May 2024 and the Company received total aggregate cash consideration of \$425 million as the tranches closed. The Company recorded a gain on the transfer of \$425 million, less costs to sell of \$11 million. Additionally, the Company recorded \$102 million of income tax expense in connection with the transfer of the BenefitWallet Portfolio. There was no cash consideration or gain on the transfer of the BenefitWallet Portfolio recorded in the third quarter of 2024.

The BenefitWallet Portfolio generated revenue and income (loss) before income taxes as follows:

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(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue	\$ —	\$ —	\$ —	\$ 30
Income (loss) before income taxes	—	—	—	20

Note 6 – Restructuring Programs and Related Costs

The Company engages in a series of restructuring programs related to exiting certain activities, downsizing its employee base, outsourcing certain internal functions and engaging in other actions designed to reduce its cost structure and improve productivity. The implementation of the Company's operational efficiency improvement initiatives has reduced the Company's real estate footprint across all geographies and segments resulting in lease right-of-use ("ROU") asset impairments and other related costs. Also included in Restructuring and related costs are incremental, non-recurring costs related to the consolidation of the Company's data centers, which totaled \$0 million and \$1 million for the three months ended September 30, 2025 and 2024, respectively, and \$0 million and \$4 million for the nine months ended September 30, 2025 and 2024, respectively. Management continues to evaluate the Company's businesses and, in the future, there may be additional provisions for new plan initiatives and/or changes in previously recorded estimates as payments are made, or actions are completed.

Costs associated with restructuring, including employee severance and lease termination costs, are generally recognized when it has been determined that a liability has been incurred, which is generally upon communication to the affected employees or exit from the leased facility. In those geographies where the Company has either a formal severance plan or a history of consistently providing severance benefits representing a substantive plan, it recognizes employee severance costs when they are both probable and reasonably estimable. Asset impairment costs related to the reduction of the Company's real estate footprint include impairment of operating lease ROU assets and associated leasehold improvements.

A summary of the Company's restructuring program activity during the nine months ended September 30, 2025 and 2024 is as follows:

(in millions)	Severance and Related Costs	Termination and Other Restructuring-related Costs ⁽²⁾	Asset Impairments	Total
Accrued Balance at December 31, 2024	\$ 13	\$ 2	\$ —	\$ 15
Provision	14	7	3	24
Changes in estimates	—	—	—	—
Total Net Current Period Charges ⁽¹⁾	14	7	3	24
Charges against reserve and currency	(19)	(9)	(3)	(31)
Accrued Balance at September 30, 2025	\$ 8	\$ —	\$ —	\$ 8

(in millions)	Severance and Related Costs	Termination and Other Restructuring-related Costs ⁽²⁾	Asset Impairments	Total
Accrued Balance at December 31, 2023	\$ 9	\$ 1	\$ —	\$ 10
Provision	9	10	2	21
Changes in estimates	—	—	—	—
Total Net Current Period Charges ⁽¹⁾	9	10	2	21
Charges against reserve and currency	(15)	(11)	(2)	(28)
Accrued Balance at September 30, 2024	\$ 3	\$ —	\$ —	\$ 3

(1) Represents amounts recognized within the Condensed Consolidated Statements of Income (Loss) for the years shown.

(2) During the nine months ended September 30, 2024, the Company incurred \$1 million of costs for bringing certain technology functions in-house. There were no such costs incurred in the nine months ended September 30, 2025. These costs are included in the above table in Termination and other costs.

No restructuring and related costs are allocated to the segments.

Note 7 – Debt

Long-term debt was as follows:

(in millions)	September 30, 2025	December 31, 2024
Revolving credit facility	\$ 134	\$ —
Term loan A due 2026	—	88
Senior notes due 2029	520	520
Finance lease obligations	48	26
Other	15	12
Principal debt balance	717	646
Debt issuance costs and unamortized discounts	(4)	(7)
Less: current maturities	(16)	(24)
Total Long-term Debt	\$ 697	\$ 615

2021 Credit Agreement

On October 15, 2021, the Company, Conduent Business Services, LLC (the “Lead Borrower” or “CBS”), Conduent State & Local Solutions, Inc. (“CSLS”), Affiliated Computer Services International B.V. (the “Dutch Borrower” and, together with the Lead Borrower and CSLS, the “Borrowers”) entered into a Credit Agreement with the other guarantors party thereto, Bank of America, N.A., as Administrative Agent and Collateral Agent (in such capacities, the “Administrative Agent”), and as a Swing Line Lender and an L/C Issuer and the lenders party thereto (as amended by Amendment No. 1 to Credit Agreement, dated as of May 9, 2023, and as amended by Amendment No. 2 to Credit Agreement, dated as of September 6, 2023, the “2021 Credit Agreement”).

2025 Credit Agreement

On August 26, 2025, the Company (as the parent guarantor), the Borrowers, the other guarantors party thereto, the Administrative Agent and the lenders and letter of credit issuers party thereto, entered into an amendment to the 2021 Credit Agreement (“Amendment No. 3” and the 2021 Credit Agreement as amended by Amendment No. 3, the “2025 Credit Agreement”) to amend the terms of the 2021 Credit Agreement, to, among other things, (i) prepay in full the Term A Loans outstanding under the 2021 Credit Agreement utilizing funds from the Revolving Credit Facility (as defined below), (ii) reduce the amount of the revolving credit facility to \$357 million, of which \$187 million will mature on August 26, 2028 and the remaining \$170 million will continue to mature on October 15, 2026 (as amended, the “Revolving Credit Facility”), (iii) add a new performance letter of credit facility in the amount of approximately \$93 million (the “Performance Letter of Credit Facility” and together with the Revolving Credit Facility, the “2025 Credit Facilities”), which will mature on August 26, 2028 and (iv) make certain other changes to the 2021 Credit Agreement as set forth in Amendment No. 3.

The Borrowers may voluntarily repay outstanding loans under the 2025 Credit Facilities at any time without premium or penalty, other than customary breakage costs.

Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at a rate per annum equal to an applicable margin over a base rate or a Secured Overnight Financing Rate (“SOFR”), depending on the type of loan. The applicable margin for the Revolving Credit Facility for SOFR loans range from 1.75% to 3.00% per annum, depending on certain leverage ratios and for base rate loans range from 0.75% to 2.00% per annum.

In addition to paying interest on outstanding principal under the Revolving Credit Facility, the Company is required to pay a commitment fee ranging from 0.30% to 0.55% per annum to the lenders in respect of unutilized commitments thereunder.

Issuances of letters of credit under the Performance Letter of Credit Facility bear interest at a rate per annum equal to an applicable margin. The applicable margin for the Performance Letter of Credit Facility range from 1.05% to 1.80% per annum, depending on certain leverage ratios.

In addition to paying fees on outstanding principal under the Performance Letter of Credit Facility, the Company is required to pay a commitment fee ranging from 0.30% to 0.55% per annum to the performance letter of credit issuers in respect of unutilized commitments thereunder.

All obligations under the 2025 Credit Agreement are unconditionally guaranteed by the Company, CBS and CSLS, and the existing and future direct and indirect wholly owned domestic restricted subsidiaries of CBS (subject to certain exceptions). All obligations under the 2025 Credit Agreement are secured, subject to certain exceptions, by a first-priority pledge of substantially all assets of CBS and the subsidiary guarantors, and all of the capital stock of CBS and each of CBS' wholly owned material restricted subsidiaries directly held by CBS and CSLS or a subsidiary guarantor.

The 2025 Credit Agreement contains certain customary affirmative and negative covenants, restrictions, prepayment terms and events of default. It requires the consolidated first lien net leverage ratio to not exceed 4.50 to 1.00 and a fixed charge coverage ratio of greater than or equal to 2.50 to 1.00. If an event of default occurs, the lenders under the 2025 Credit Facilities will be entitled to take various actions, including the acceleration of amounts due under the Credit Agreement and all actions permitted to be taken by secured creditors under applicable law.

As of September 30, 2025, the Company had \$134 million outstanding borrowings under its Revolving Credit Facility. The Company utilized \$25 million of the Revolving Credit Facility to issue letters of credit as of September 30, 2025. Additionally, the Company utilized \$82 million of the Performance Letter of Credit Facility to issue performance letters of credit as of September 30, 2025. The remaining unused capacity, reflecting total borrowing facility size minus outstanding borrowings and letters of credit, under the Revolving Credit Facility and the Performance Letter of Credit Facility was \$198 million and \$11 million, respectively, as of September 30, 2025.

In connection with the voluntary repayment of the Term Loan A described under "2025 Credit Facilities" above, the Company wrote-off related debt issuance costs of \$1 million and \$1 million, which is included in Loss on extinguishment of debt in the Condensed Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2025, respectively. In connection with voluntary prepayments of the Term Loan B made in 2024, the Company wrote-off related debt issuance costs of \$1 million and \$6 million, which is included in Loss on extinguishment of debt in the Condensed Consolidated Statements of Income (Loss) for the three and nine months ended September 30, 2024, respectively.

At September 30, 2025, the Company was in compliance with all debt covenants related to the borrowings in the table above.

Note 8 – Financial Instruments

The Company is a global company that is exposed to foreign currency exchange rate fluctuations in the normal course of its business. As a part of the Company's foreign exchange risk management strategy, the Company uses derivative instruments, primarily forward contracts, to hedge the funding of foreign entities which have a non-dollar functional currency, thereby reducing volatility of earnings or protecting fair values of assets and liabilities.

At September 30, 2025 and December 31, 2024, the Company had outstanding forward exchange contracts with gross notional values of \$239 million and \$203 million, respectively. At September 30, 2025, approximately 81% of these contracts mature within three months, 7% in three to six months, 9% in six to twelve months and 3% in greater than twelve months. Most of these foreign currency derivative contracts are designated as cash flow hedges and did not have a material impact on the Company's condensed consolidated balance sheet, income statement or cash flows for the periods presented.

Refer to Note 9 – Fair Value of Financial Assets and Liabilities for additional information regarding the fair value of the Company's foreign exchange forward contracts.

Note 9 – Fair Value of Financial Assets and Liabilities

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP established a hierarchy framework to classify the fair value based on the observability of significant inputs to the measurement. The levels of the fair value hierarchy are as follows:

Level 1: Fair value is determined using an unadjusted quoted price in an active market for identical assets or liabilities.

Level 2: Fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

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Level 3: Fair value is estimated using unobservable inputs that are significant to the fair value of the assets or liabilities.

Summary of Financial Assets and Liabilities Accounted for at Fair Value on a Recurring Basis

The following table represents assets and liabilities measured at fair value on a recurring basis. The basis for the measurement at fair value in all cases was Level 2.

(in millions)	September 30, 2025	December 31, 2024
Assets:		
Foreign exchange contracts - forward	\$ —	\$ —
Total Assets	\$ —	\$ —
Liabilities:		
Foreign exchange contracts - forward	\$ (2)	\$ (2)
Total Liabilities	\$ (2)	\$ (2)

Summary of Other Financial Assets and Liabilities

The estimated fair values of other financial assets and liabilities were as follows:

(in millions)	September 30, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Liabilities:				
Long-term debt	\$ 697	\$ 676	\$ 615	\$ 588

The fair value amounts for Cash and cash equivalents, Restricted cash, Accounts receivable, net and Short-term debt approximate carrying amounts due to the short-term maturities of these instruments.

The fair value of Long-term debt was estimated using quoted market prices for identical or similar instruments (Level 2 inputs).

Note 10 – Employee Benefit Plans

The Company has post-retirement pension, savings and investment plans in several countries, including the U.S., India and the Philippines. In many instances, employees participating in defined benefit pension plans that have been amended to freeze future service accruals were transitioned to an enhanced defined contribution plan. In these plans, employees are permitted to contribute a portion of their salaries and bonuses to the plans. The Company, at its discretion, matches a portion of employee contributions.

The Company recognized an expense related to its defined contribution plans of \$0 million and \$2 million for the three months ended September 30, 2025 and 2024, respectively, and \$4 million and \$8 million for the nine months ended September 30, 2025 and 2024, respectively. The balance sheet and income statement impacts of any remaining defined benefit plans are immaterial for all periods presented in these Condensed Consolidated Financial Statements.

Note 11 – Accumulated Other Comprehensive Loss ("AOCL")

Below are the balances and changes in AOCL⁽¹⁾:

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2024	\$ (478)	\$ 1	\$ 5	\$ (472)
Other comprehensive income (loss)	32	(1)	—	31
Balance at September 30, 2025	<u>\$ (446)</u>	<u>\$ —</u>	<u>\$ 5</u>	<u>\$ (441)</u>

(in millions)	Currency Translation Adjustments	Gains (Losses) on Cash Flow Hedges	Defined Benefit Pension Items	Total
Balance at December 31, 2023	\$ (441)	\$ 2	\$ 4	\$ (435)
Other comprehensive income (loss)	(14)	—	—	(14)
Balance at September 30, 2024	<u>\$ (455)</u>	<u>\$ 2</u>	<u>\$ 4</u>	<u>\$ (449)</u>

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

Note 12 – Contingencies and Litigation

As more fully discussed below, the Company is involved in a variety of claims, lawsuits, investigations and proceedings concerning a variety of matters, including: governmental entity contracting, servicing and procurement law; intellectual property law; employment law; commercial and contracts law; the Employee Retirement Income Security Act ("ERISA"); and other laws and regulations. The Company determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The Company assesses its potential liability by analyzing its litigation and regulatory matters using available information. The Company develops its view on estimated losses in consultation with outside counsel handling its defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in the Company's determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for significant amounts in excess of any accrual for such matter or matters, this could have a material adverse effect on the Company's results of operations, cash flows and financial position in the period or periods in which such change in determination, judgment or settlement occurs. The Company believes it has recorded adequate provisions for any such matters as of September 30, 2025. Litigation is inherently unpredictable, and it is not possible to predict the ultimate outcome of these matters.

Additionally, guarantees, indemnifications and claims arise during the ordinary course of business from relationships with suppliers, customers and non-consolidated affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract could trigger an obligation of the Company. These potential claims include actions based upon alleged exposures to products, real estate, intellectual property such as patents, environmental matters and other indemnifications. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the outcome of these claims. However, while the ultimate liabilities resulting from such claims may be significant to results of operations in the period recognized, management does not anticipate they will have a material adverse effect on the Company's Condensed Consolidated Financial position or liquidity. As of September 30, 2025, the Company had accrued its estimate of liability incurred under its indemnification arrangements and guarantees.

Litigation Against the Company

Skyview Capital LLC and Continuum Global Solutions, LLC v. Conduent Business Services, LLC: On February 3, 2020, plaintiffs Skyview Capital LLC and Continuum Global Solutions LLC (collectively "Skyview") filed a lawsuit in the Supreme Court of the State of New York, County of New York against Conduent Business Services, LLC, a wholly-owned subsidiary of the Company ("CBS"). The lawsuit relates to the sale of a portion of CBS's select standalone customer care call center business to plaintiffs, which sale closed in February 2019. Under the terms of the sale agreement, CBS received approximately \$23 million in principal amount of promissory notes from plaintiffs (the "Notes"). The lawsuit alleges various causes of action in connection with the acquisition, including: indemnification for breaches of representations and warranties; indemnification for breaches of covenants; and fraud. Plaintiffs alleged that their obligation to mitigate damages and their contractual right of set-off permitted them to withhold and deduct from any amounts that are owed to CBS under the Notes, and plaintiffs sought a judgment that they had no obligation to pay the Notes. On August 20, 2020, CBS filed counterclaims against Skyview seeking the outstanding balance on the Notes, the amounts owed for operating certain Jamaica-based call centers on plaintiffs' behalf pending closing (the "Jamaica Deferred Closing"), other obligations under a transition services agreement and its amendments (the "TSAs"), and late rent payment obligations. CBS also moved to dismiss Skyview's claims in 2020. In May 2021, the court denied the motion and allowed the claims to proceed. Fact and expert discovery concluded and the parties filed summary judgment motions in July 2023. On December 8, 2023, the court rendered its decision on the parties' cross-motions for summary judgment, finding there were certain material issues of fact that required trial on Skyview's fraud claim, and also entering partial summary judgment for each side. On January 5, 2024, CBS filed a notice of appeal with the New York Supreme Court, Appellate Division, First Department ("Appellate Division") with respect to the portion of the ruling that did not grant the summary judgment motion of CBS in its entirety and that granted certain limited relief in favor of Skyview. On January 23, 2024, Skyview filed its own notice of appeal, challenging the decision granting a portion of CBS's counterclaims.

In July 2024, Skyview informed CBS of its intention to sell a portion of its call center business. The parties reached an agreement on August 8, 2024, under which, contemporaneously with the closing of such a transaction, Skyview would pay the outstanding principal plus interest due on the outstanding Notes, fully discharging Skyview's obligations under the Notes, and would pay certain of CBS's litigation costs.

On September 24, 2024, Skyview and the buyer announced a signed and binding asset purchase agreement. Following regulatory review, the transaction closed in December 2024, at which point Skyview paid CBS approximately \$33 million, representing all outstanding principal and interest due on the Notes and reimbursement of certain litigation costs. As a result, CBS dismissed its two counterclaims related to the Notes.

In May 2025, the Appellate Division heard arguments on the parties' 2024 cross-appeals and issued a ruling in June 2025, finding predominantly in CBS's favor. Specifically, the Appellate Division reversed the trial court's denial of summary judgment as to Skyview's fraud claim and dismissed such claim in its entirety (along with Skyview's request for punitive damages). In addition, the Appellate Division reversed the grant of summary judgment to Skyview on its breach of contract claim, finding there to be issues of fact for trial. No trial date has yet been set. With respect to CBS's counterclaims, the Appellate Division (i) affirmed the grant of summary judgment on the counterclaims concerning the TSAs and late rent payment amounts and (ii) instructed the trial court to hold a hearing to resolve the final amount owed by Skyview to CBS on the Jamaica Deferred Closing counterclaim. The Appellate Division further found that the maximum amount that Skyview would have been entitled to set off against its liability on the Notes was \$5 million (the limit set forth in the sale agreement).

The trial court accordingly entered judgment on the TSA and late rent payment counterclaims on June 23, 2025, with final entry by the County Clerk on August 20, 2025.

On July 3, 2025, Skyview filed a motion to reargue the Appellate Division's decision and, alternatively, for leave to appeal to the New York Court of Appeals. This motion was denied on September 4, 2025. Conduent is in the process of seeking to collect on the judgment and continuing to pursue the amount owed by Skyview to CBS on the Jamaica Deferred Closing counterclaim.

CBS continues to deny all of plaintiffs' allegations, believes that it has strong defenses to all of plaintiffs' claims, and will continue to defend the litigation vigorously. The Company is not able to determine or predict the ultimate outcome of this proceeding or reasonably provide an estimate or range of estimates of the possible outcome or loss, if any, in excess of currently recorded reserves.

Other Contingencies

Certain contracts, primarily in the Company's Government and Transportation segments, require the Company to provide a surety bond or a letter of credit as a guarantee of performance. As of September 30, 2025, the Company had \$546 million of outstanding surety bonds issued to secure its performance of contractual obligations with its clients, and \$131 million of outstanding letters of credit issued to secure the Company's performance of contractual obligations to its clients as well as other corporate obligations. In general, the Company would only be liable for these guarantees in the event of default in the Company's performance of its obligations under each contract. The Company believes it has sufficient capacity in the surety markets and liquidity from its cash flow and its various credit arrangements to allow it to respond to future requests for proposals that require such credit support.

Note 13 – Preferred Stock

Series A Preferred Stock

In December 2016, the Company issued 120,000 shares of Series A convertible perpetual preferred stock with an aggregate liquidation preference of \$120 million and an initial fair value of \$142 million. The convertible preferred stock earns quarterly cash dividends at a rate of 8% per year (\$9.6 million per year). Each share of convertible preferred stock is convertible at any time, at the option of the holder, into 44.9438 shares of common stock for a total of 5,393,000 shares (reflecting an initial conversion price of approximately \$22.25 per share of common stock), subject to customary anti-dilution adjustments.

Note 14 – Earnings (Loss) per Share

The Company did not declare any common stock dividends in the periods presented.

The following table sets forth the computation of basic and diluted earnings (loss) per share of common stock:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
<i>(in millions, except per share data in whole dollars and shares in thousands)</i>				
Basic Net Earnings (Loss) per Share:				
Net Income (Loss)	\$ (46)	\$ 123	\$ (137)	\$ 438
Dividend - Preferred Stock	(2)	(2)	(7)	(7)
Adjusted Net Income (Loss) Available to Common Shareholders - Basic	<u>\$ (48)</u>	<u>\$ 121</u>	<u>\$ (144)</u>	<u>\$ 431</u>
Diluted Net Earnings (Loss) per Share:				
Net Income (Loss)	\$ (46)	\$ 123	\$ (137)	\$ 438
Dividend - Preferred Stock	(2)	—	(7)	—
Adjusted Net Income (Loss) Available to Common Shareholders - Diluted	<u>\$ (48)</u>	<u>\$ 123</u>	<u>\$ (144)</u>	<u>\$ 438</u>
Weighted Average Common Shares Outstanding - Basic	157,004	161,684	159,899	189,107
Common Shares Issuable With Respect To:				
Restricted Stock and Performance Units / Shares	—	4,077	—	2,473
8% Convertible Preferred Stock	—	5,393	—	5,393
Weighted Average Common Shares Outstanding - Diluted	<u>157,004</u>	<u>171,154</u>	<u>159,899</u>	<u>196,973</u>
Net Earnings (Loss) per Share:				
Basic	\$ (0.30)	\$ 0.75	\$ (0.90)	\$ 2.28
Diluted	\$ (0.30)	\$ 0.72	\$ (0.90)	\$ 2.22
The following securities were not included in the computation of diluted earnings per share as they were either contingently issuable shares or shares that if included would have been anti-dilutive (shares in thousands):				
Restricted stock and performance shares/units	17,271	10,288	17,287	10,329
Convertible preferred stock	5,393	—	5,393	—
Total Anti-Dilutive and Contingently Issuable Securities	<u>22,664</u>	<u>10,288</u>	<u>22,680</u>	<u>10,329</u>

Note 15 – Supplementary Financial Information

The components of Other assets and Other liabilities were as follows:

(in millions)	September 30, 2025	December 31, 2024
Other Current Assets		
Prepaid expenses	\$ 106	\$ 77
Income taxes receivable	21	11
Value-added tax receivable	8	7
Restricted cash	16	11
Net receivables from buyers of divested businesses	2	52
Other	105	103
Total Other Current Assets	\$ 258	\$ 261
Other Current Liabilities		
Accrued liabilities to vendors	\$ 151	\$ 156
Litigation related accruals	5	8
Current operating lease liabilities	52	52
Restructuring liabilities	8	15
Income tax payable	—	3
Other taxes payable	11	16
Accrued interest	14	5
Direct response costs - cyber event liabilities	16	—
Other	32	35
Total Other Current Liabilities	\$ 289	\$ 290
Other Long-term Assets		
Internal use software, net	\$ 95	\$ 107
Deferred contract costs, net	132	126
Product software, net	61	72
Deferred tax assets	26	23
Other	68	60
Total Other Long-term Assets	\$ 382	\$ 388
Other Long-term Liabilities		
Income tax liabilities	19	18
Contract liabilities	63	52
Other	21	23
Total Other Long-term Liabilities	\$ 103	\$ 93

ITEM 2 — MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management’s Discussion and Analysis (“MD&A”) is intended to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Unless otherwise noted, transactions and other factors significantly impacting our financial condition, results of operations and liquidity are discussed in order of magnitude. Our MD&A is presented in seven sections:

- Overview;
- Financial Information and Analysis of Results of Operations;
- Metrics;
- Capital Resources and Liquidity;
- Critical Accounting Estimates and Policies;
- Recent Accounting Changes; and
- Non-GAAP Financial Measures.

The MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and the accompanying Notes.

Overview

We deliver digital business solutions and services spanning the commercial, government and transportation spectrum – creating valuable outcomes for our clients and the millions of people who count on them. We leverage cloud computing, artificial intelligence (“AI”), machine learning, automation and advanced analytics to deliver mission-critical solutions. Through a dedicated global team of approximately 53,000 associates, as well as process expertise and advanced technologies, our solutions and services digitally transform our clients’ operations to enhance customer experiences, improve performance, increase efficiencies and reduce costs.

Headquartered in Florham Park, New Jersey, we have operations in 24 countries as of September 30, 2025.

Our reportable segments correspond to how we organize and manage the business and are aligned to the industries in which our clients operate. These three segments are:

- **Commercial** – Our Commercial segment provides business process services that span our clients’ businesses end-to-end from the front-office to the back-office for a variety of commercial industries. These solutions are both cross-industry and industry-specific in nature. Across the Commercial segment, we operate on our clients’ behalf to deliver mission-critical solutions and services to reduce costs, improve efficiencies and enhance performance for our clients and deliver better experiences for their consumers and employees.
- **Government** – Our Government segment provides government-centric business process services and solutions to U.S. federal, state, local and foreign governments for public assistance, healthcare programs and administration, transaction processing, payment services and case management. In this segment, we help governments respond to changing rules for eligibility and keep pace with increasing citizen expectations, modernize legacy technology systems, combat benefits fraud and shift in response to an evolving regulatory environment.
- **Transportation** – Our Transportation segment provides government agencies and transportation authorities around the world with systems, support and revenue-generating solutions serving toll and fare collections as well as mobility and digital payments that help streamline operations and increase revenue to government transportation agencies. With an expanded focus on sustainability and enhancing the quality of life for citizens and communities around the world, our solutions help reduce congestion and greenhouse emissions, while creating seamless travel experiences for consumers throughout transportation ecosystems.

Executive Summary

Our intense emphasis on growth, quality, and efficiency, beginning in the first quarter of 2020, resulted in a strengthened foundation. Building on this solid foundation, during 2023, we held an investor briefing outlining our three-year strategy. We continue to execute this strategy and remain focused on accelerating growth and enhancing value for our stakeholders. We intend to achieve this by doubling down on key themes outlined in the 2023 investor briefing including focusing on key growth areas within each of our businesses, continuing our portfolio rationalization strategy, divesting certain solutions which have either scarcity value outside of Conduent or are capital intensive relative to their growth opportunity, and taking a balanced approach to allocating capital including internal investments in our solutions, pre-paying debt and repurchasing common shares.

This strategy has resulted and will continue to result in a nimbler and faster-growing Conduent with modest levels of net leverage, stronger free cash flow, and higher margins, which we believe will enhance our valuation. 2025 is the final of year of our three-year period. As we end 2025, we will update investors on how we finished versus that plan and on further targets for 2026 and beyond.

During the third quarter of 2025 we achieved the following:

- Successfully completed refinancing of the Company's revolving credit facility and paid off the Term Loan A.
- Announced the integration of the Generative AI ("GenAI") and other advanced AI technologies into the Company's Government solutions offerings to improve the disbursement of critical government benefits, enhance the citizen experience, and combat fraud in programs like Medicaid and SNAP.
- Awarded a contract by the Richmond Metropolitan Transportation Authority to implement a Pay-by-Plate toll collection system supporting the transition to all-electronic tolling designed to streamline traffic for a faster, safer, and more enjoyable driving experience.
- Announced an expansion of the Company's Philippines operations and opened a facility in Lipa-Malvar to support customer experience management solutions for a leading U.S. healthcare company.
- Expanded its FastCap® Finance Analytics solution by integrating GenAI-powered contract and spend analytics capability that enables it to expedite contract intake, verify contract compliance, and identify procurement savings and tariff-related financial exposures more efficiently and more accurately.
- Teamed with the State of Delaware to launch Conduent's Maven® Disease Surveillance & Outbreak Management System, helping it to monitor, report, and better understand public health threats and infectious disease outbreaks.

Cyber Event

On January 13, 2025, the Company experienced an operational disruption and learned that a threat actor gained unauthorized access to a limited portion of the Company's environment (the "January 2025 Cyber Event"). Upon detection, the Company activated its cybersecurity response plan with the help of external cybersecurity experts to contain, assess, and remediate the incident. The Company restored the affected systems and returned to normal operations within days, and in some cases, hours. The disruption did not have a material impact to the Company's operations.

As part of its ongoing investigation, the Company determined that the threat actor exfiltrated a set of files associated with a limited number of the Company's clients. Due to the complexity of the files, the Company engaged cybersecurity data mining experts to conduct a detailed analysis of the affected files to identify the personal information contained therein. This detailed analysis confirmed that the data sets contained a significant number of individuals' personal information associated with our clients' end-users. Upon completion of this time intensive data analysis, the Company notified impacted clients concerning their affected end-users. The Company is working with affected clients to determine next steps as required by federal and state law, including individual and regulatory notifications that began in October 2025 and are anticipated to be concluded by early 2026. To the Company's knowledge, the exfiltrated data has not been released on the dark web or otherwise publicly. The Company has also notified federal law enforcement authorities of the incident.

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While the Company did not experience material impacts to its operating environment or costs from the event itself, the Company incurred and accrued \$25 million of non-recurring expenses in the first quarter of 2025 related to the event based on the notification requirements described above. We have made cash disbursements of \$9 million through September 30, 2025 and expect to make an additional \$16 million of cash disbursements by the end of the first quarter of 2026 related to these notification requirements. Any notification expense in excess of these amounts up to the coverage limit are anticipated to be covered by the cyber insurance policy that the Company maintains.

It is possible that future risks and uncertainties resulting from the January 2025 Cyber Event, including those related to impacted data, litigation, reputational harm, and regulatory actions, could adversely affect the Company's financial condition or results of operations. See also Part II, Item 1A (Risk Factors).

[Financial Information and Analysis of Results of Operations](#)

(in millions)	Three Months Ended September 30,		2025 vs. 2024	
	2025	2024	\$ Change	% Change
Revenue	\$ 767	\$ 807	\$ (40)	(5)%
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	631	656	(25)	(4)%
Selling, general and administrative (excluding depreciation and amortization)	96	115	(19)	(17)%
Research and development (excluding depreciation and amortization)	1	1	—	— %
Depreciation and amortization	48	44	4	9 %
Restructuring and related costs	12	4	8	200 %
Interest expense	12	16	(4)	(25)%
(Gain) loss on divestitures and transaction costs, net	1	(188)	189	n/m
Litigation settlements (recoveries), net	—	1	(1)	n/m
Loss on extinguishment of debt	1	1	—	— %
Other (income) expenses, net	3	(2)	5	n/m
Total Operating Costs and Expenses	<u>805</u>	<u>648</u>	<u>157</u>	
Income (Loss) Before Income Taxes	(38)	159	(197)	
Income tax expense (benefit)	8	36	(28)	
Net Income (Loss)	<u>\$ (46)</u>	<u>\$ 123</u>	<u>\$ (169)</u>	

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(in millions)	Nine Months Ended September 30,		2025 vs. 2024	
	2025	2024	\$ Change	% Change
Revenue	\$ 2,272	\$ 2,556	\$ (284)	(11)%
Operating Costs and Expenses				
Cost of services (excluding depreciation and amortization)	1,866	2,068	(202)	(10)%
Selling, general and administrative (excluding depreciation and amortization)	316	346	(30)	(9)%
Research and development (excluding depreciation and amortization)	3	4	(1)	(25)%
Depreciation and amortization	144	157	(13)	(8)%
Restructuring and related costs	24	21	3	14 %
Interest expense	36	62	(26)	(42)%
(Gain) loss on divestitures and transaction costs, net	8	(696)	704	n/m
Litigation settlements (recoveries), net	2	6	(4)	(67)%
Loss on extinguishment of debt	1	6	(5)	(83)%
Other (income) expenses, net	4	(4)	8	n/m
Total Operating Costs and Expenses	2,404	1,970	434	
Income (Loss) Before Income Taxes	(132)	586	(718)	
Income tax expense (benefit)	5	148	(143)	
Net Income (Loss)	\$ (137)	\$ 438	\$ (575)	

Revenue

Revenue for the three months ended September 30, 2025 decreased, compared to the prior year period, with roughly 67% of the decrease attributable to the divestiture of the Casualty Claims Solutions business. Excluding the divestiture impact, the decline was driven by lower revenue in Commercial, reflecting lost business and volume decreases with select clients, and anticipated reductions in certain benefit programs in our Government segment, partially offset by new business ramp and higher equipment sales within the Transportation segment.

Revenue for the nine months ended September 30, 2025 decreased, compared to the prior year period, approximately 63% of which was due to the impact of the BenefitWallet Transfer and the sales of the Curbside Management and Public Safety Solutions and Casualty Claims Solutions businesses. Excluding the divestitures impact, lost business and lower volumes contributed to the decrease and were partially offset by new business ramp, higher equipment sales and positive impacts from a contract amendment with a Transit Solutions customer within the Transportation segment.

Cost of Services (excluding depreciation and amortization)

Cost of services for the three and nine months ended September 30, 2025 decreased, compared to the prior year periods, primarily due to the impact of the BenefitWallet Transfer and the sales of the Curbside Management and Public Safety Solutions and Casualty Claims Solutions businesses. Excluding the divestitures impact, lower expenses on lower revenues and continued cost optimization initiatives across segments contributed to the decline.

Selling, General and Administrative ("SG&A") (excluding depreciation and amortization)

SG&A for the three months ended September 30, 2025 decreased, compared to the prior year period, primarily driven by cost efficiencies in our corporate functions. This decrease was partially offset by the increase in medical expenses resulting from higher claims.

SG&A for the nine months ended September 30, 2025 decreased, compared to the prior year period, primarily driven by a \$9 million benefit from the recovery of legal costs from one of our insurance carriers related to the previously disclosed State of Texas matter that settled in February 2019 as well as cost efficiencies in our corporate functions. These were partially offset by \$25 million of direct response costs related to the January 2025 Cyber Event.

Depreciation and Amortization

Depreciation and amortization for the three months ended September 30, 2025 increased, compared to the prior year period, driven by completed capital investments being placed into service. These increases were partially offset by lower depreciation and amortization from the sale of the Casualty Claims Solutions business.

Depreciation and amortization for the nine months ended September 30, 2025 decreased, compared to the prior year period, primarily due to the absence of a write-off of an abandoned internal use software asset in our Commercial segment in the prior year and the sales of the Curbside Management and Public Safety Solutions and Casualty Claims Solutions businesses. These decreases were partially offset by increased amortization of deferred contract costs related to new projects that went live in 2025.

Restructuring and Related Costs

We engage in a series of restructuring programs related to optimizing our employee base, reducing our real estate footprint, exiting certain activities, outsourcing certain internal functions, consolidating our data centers and engaging in other actions designed to reduce our cost structure and improve productivity. The following are the components of our Restructuring and related costs:

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Severance and related costs	\$ 7	\$ 2	\$ 14	\$ 9
Data center consolidation costs	—	1	—	4
Termination, insourcing and asset impairment costs	5	1	10	8
Restructuring and related costs	\$ 12	\$ 4	\$ 24	\$ 21

Refer to Note 6 – Restructuring Programs and Related Costs to the Condensed Consolidated Financial Statements for additional information regarding our restructuring programs.

Interest Expense

Interest expense represents interest on long-term debt and the amortization of debt issuance costs. Interest expense for the three and nine months ended September 30, 2025 decreased, compared to the prior year periods, primarily due to the 2024 voluntary prepayments of the entire Term Loan B balance outstanding and a portion of the Term Loan A balance with proceeds from divestitures. The remaining Term Loan A balance was repaid at the execution of Amendment No. 3 to the Credit Facility.

(Gain) Loss on Divestitures and Transaction Costs

The completion of the BenefitWallet Transfer resulted in a gain of \$425 million for the nine months ended September 30, 2024. The completion of the sale of the Curbside Management and Public Safety businesses in the second quarter of 2024 resulted in a gain of \$108 million for the nine months ended September 30, 2024. The completion of the sale of the Casualty Claims Solutions business in the third quarter of 2024 resulted in a gain of \$195 million for the three and nine months ended September 30, 2024. Additionally, professional fees and other costs related to these consummated and certain other non-consummated transactions considered by the Company are included in this financial statement line item for all periods.

Litigation Settlements (Recoveries), Net

Litigation settlements (recoveries), net for the nine months ended September 30, 2025 and 2024 were not material.

Income Taxes

The effective tax rate for the three months ended September 30, 2025 was (19.5)%, compared to 22.2% for the three months ended September 30, 2024. The September 30, 2025 rate was lower than the U.S. statutory rate of 21%, due primarily to valuation allowances and geographic mix of income.

The effective tax rate for the three months ended September 30, 2024 was higher than the U.S. statutory rate of 21% primarily due to state and local taxes, geographic mix of income, and other discrete tax items, partially offset by a favorable permanent difference on gains from divestitures.

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Excluding the impact of amortization, restructuring, divestiture, valuation allowances and discrete tax items, the normalized effective tax rate for the three months ended September 30, 2025 was 44.7%. The normalized effective tax rate for the three months ended September 30, 2024 was 12.5%, due primarily to excluding the impact of gain from divestitures, restructuring costs, amortization of intangibles, valuation allowance release and other discrete tax adjustments.

The effective tax rate for the nine months ended September 30, 2025 was (3.4)%, compared to 25.2% for the nine months ended September 30, 2024. The September 30, 2025 rate was lower than the U.S. statutory rate of 21%, primarily due to valuation allowances and geographic mix of income.

The effective tax rate for the nine months ended September 30, 2024 was higher than the U.S. statutory rate of 21%, primarily due to state and local taxes and geographic mix of income, partially offset by a favorable permanent difference on gain from divestitures, tax benefit from valuation allowances and audit settlement reserve releases.

Excluding the impact of amortization, restructuring, divestiture, reserves for the Direct response costs - cyber event, valuation allowances and discrete tax items, the normalized effective tax rate for the nine months ended September 30, 2025 was 29.0%. The normalized effective tax rate for the nine months ended September 30, 2024 was 19.7%, primarily due to excluding the impact of the gain from divestitures, restructuring costs, amortization of intangible assets, litigation reserve releases, audit settlement reserve release, valuation allowance and other discrete tax items.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBA") was signed into law in the U.S. The legislation contains certain provisions related to the full expensing of U.S. research and development costs and other depreciable property. The legislation also includes changes to the determination of the amount of U.S. interest expense that is deductible for U.S. tax purposes. The acceleration of deductions as a result of anticipated elections the Company will make for the current year following the OBBA has increased current year forecasted net operating loss ("NOL"). The NOL has created a deferred tax asset that required a valuation allowance for U.S. GAAP purposes that was increased in the third quarter of 2025. The NOL may carryforward indefinitely.

In 2021, the Organization for Economic Cooperation and Development released model rules for a 15% global minimum tax, known as Pillar Two. This alternative minimum tax is treated as a period cost beginning in 2024 and does not have a material impact on our financial results of operations for the current period. We continue to monitor legislative developments, as well as additional guidance from countries that have enacted legislation.

Operations Review of Segment Revenue and Profit

Our financial performance is based on Segment Profit (Loss) and Segment Adjusted Earnings before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") for the following three segments:

- Commercial;
- Government; and
- Transportation.

Divestitures include our BenefitWallet Portfolio and our Casualty Claims Solutions businesses (both of which were reclassified from our Commercial segment) and our Curbside Management and Public Safety Solutions businesses (which was reclassified from our Transportation segment).

Unallocated Costs includes IT infrastructure costs that are shared by multiple reportable segments, enterprise application costs and certain corporate overhead expenses not directly attributable or allocated to our reportable segments.

Results of our financial performance were:

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	Three Months Ended September 30,					
	Commercial	Government	Transportation	Divestitures	Unallocated Costs	Total
(in millions)	Reportable Segments					
2025						
Segment revenue	\$ 367	\$ 238	\$ 162	\$ —	\$ —	\$ 767
Segment profit (loss)	\$ 17	\$ 48	\$ (3)	\$ —	\$ (70)	\$ (8)
Segment depreciation and amortization	\$ 20	\$ 13	\$ 7	\$ —	\$ 8	\$ 48
Adjusted EBITDA	\$ 37	\$ 61	\$ 4	\$ —	\$ (62)	\$ 40
% of Total Revenue	47.9 %	31.0 %	21.1 %	— %	— %	100.0 %
Adjusted EBITDA Margin	10.1 %	25.6 %	2.5 %	— %	— %	5.2 %
2024						
Segment Revenue	\$ 385	\$ 255	\$ 141	\$ 26	\$ —	\$ 807
Segment profit (loss)	\$ 15	\$ 50	\$ (6)	\$ 3	\$ (70)	\$ (8)
Segment depreciation and amortization	\$ 20	\$ 10	\$ 6	\$ 1	\$ 7	\$ 44
Adjusted EBITDA	\$ 35	\$ 60	\$ —	\$ 4	\$ (63)	\$ 36
% of Total Revenue	47.7 %	31.6 %	17.5 %	3.2 %	— %	100.0 %
Adjusted EBITDA Margin	9.1 %	23.5 %	— %	20.4 %	— %	4.5 %
	Nine Months Ended September 30,					
	Commercial	Government	Transportation	Divestitures	Unallocated Costs	Total
(in millions)	Reportable Segments					
2025						
Segment revenue	\$ 1,134	\$ 692	\$ 446	\$ —	\$ —	\$ 2,272
Segment profit (loss)	\$ 40	\$ 125	\$ (5)	\$ —	\$ (215)	\$ (55)
Segment depreciation and amortization	\$ 64	\$ 34	\$ 23	\$ —	\$ 23	\$ 144
Direct response costs - cyber event	\$ —	\$ —	\$ —	\$ —	\$ 25	\$ 25
Adjusted EBITDA	\$ 104	\$ 159	\$ 18	\$ —	\$ (167)	\$ 114
% of Total Revenue	49.9 %	30.5 %	19.6 %	— %	— %	100.0 %
Adjusted EBITDA Margin	9.2 %	23.0 %	4.0 %	— %	— %	5.0 %
2024						
Segment Revenue	\$ 1,192	\$ 758	\$ 426	\$ 180	\$ —	\$ 2,556
Segment profit (loss)	\$ 48	\$ 130	\$ (15)	\$ 35	\$ (213)	\$ (15)
Segment depreciation and amortization	\$ 68	\$ 34	\$ 19	\$ 13	\$ 21	\$ 155
Adjusted EBITDA	\$ 116	\$ 164	\$ 4	\$ 48	\$ (192)	\$ 140
% of Total Revenue	46.6 %	29.7 %	16.7 %	7.0 %	— %	100.0 %
Adjusted EBITDA Margin	9.7 %	21.6 %	0.9 %	20.4 %	— %	5.5 %

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(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Adjusted EBITDA and Segment Profit (Loss) Reconciliation to Income (Loss) Before Income Taxes				
Adjusted EBITDA	\$ 40	\$ 36	\$ 114	\$ 140
Reconciling items:				
Segment depreciation and amortization	(48)	(44)	(144)	(155)
Direct response costs - cyber event	—	—	(25)	—
Segment Profit (Loss)	\$ (8)	\$ (8)	\$ (55)	\$ (15)
Reconciling items:				
Amortization of acquired intangible assets	(1)	(1)	(2)	(4)
Restructuring and related costs	(12)	(4)	(24)	(21)
Interest expense	(12)	(16)	(36)	(62)
Loss on extinguishment of debt	(1)	(1)	(1)	(6)
Gain (loss) on divestitures and transaction costs, net	(1)	188	(8)	696
Litigation (settlements) recoveries, net	—	(1)	(2)	(6)
Other income (expenses), net	(3)	2	(4)	4
Income (Loss) Before Income Taxes	\$ (38)	\$ 159	\$ (132)	\$ 586

Commercial Segment

Revenue

Commercial revenue for the three and nine months ended September 30, 2025 declined, compared to the prior year periods, primarily due to lower volumes, partially offset by new business ramp that outpaced lost business and a multi-year licensing agreement with an existing customer.

Segment Profit and Adjusted EBITDA

Commercial segment profit and adjusted EBITDA for the three months ended September 30, 2025 increased, compared to the prior year period, primarily due to a multi-year licensing agreement with an existing customer, partially offset by higher fixed technology overhead.

Commercial segment profit and adjusted EBITDA for the nine months ended September 30, 2025 decreased, compared to the prior year period, primarily due to the revenue drivers noted above and higher fixed technology overhead, partially offset by cost efficiencies and the impact of lower depreciation due to the prior year write-off of internal use software and fully amortized assets.

Government Segment

Revenue

Government revenue for the three and nine months ended September 30, 2025 decreased, compared to the prior year periods, primarily due to contract losses, lower volumes and impacts related to the completion or extension of several implementations. These declines were partially offset by ramp of new business.

Segment Profit and Adjusted EBITDA

Government segment profit for the three months ended September 30, 2025 decreased, compared to the prior year period, primarily due to contract losses and lower volumes, partially offset by rate increases on contract renewals and lower expenses, driven by our fraud prevention activities in our Government Services business resulting from investments in AI.

Government adjusted EBITDA for the three months ended September 30, 2025 was relatively flat compared to the prior year period. Government adjusted EBITDA Margin for the three months ended September 30, 2025 improved significantly compared to the prior year period, increasing by 210 basis points, due to margin improvement initiatives and our fraud prevention activities resulting from investment in AI as noted above.

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Government segment profit and adjusted EBITDA for the nine months ended September 30, 2025 decreased, compared to the prior year period, primarily due to contract losses and lower volumes, partially offset by cost efficiencies and lower expenses driven by AI-enabled fraud prevention activities.

[Transportation Segment](#)

Revenue

Transportation revenue for the three months ended September 30, 2025 increased, compared to the prior year period, primarily due to equipment sales to a large Transit Solutions customer, increased volumes and favorable exchange rate movement. These factors were partially offset by lower activity across certain smaller projects.

Transportation revenue for the nine months ended September 30, 2025 increased, compared to the prior year period, primarily due to revenue drivers mentioned above, including a contract amendment with a Transit Solutions customer. The amended agreement included additional consideration, and a cumulative catch-up adjustment was recorded in connection with such amendment. These increases were partially offset by a higher proportion of the non-retained portion of a Road Usage Charging contract.

Segment Profit and Adjusted EBITDA

Transportation segment profit and adjusted EBITDA for the three and nine months ended September 30, 2025 increased due to the revenue drivers mentioned above and the absence of costs to transition the non-retained portion of a Road Usage Charging contract.

[Divestitures](#)

Revenue, Segment Profit and Adjusted EBITDA

The decrease in revenue, segment profit and Adjusted EBITDA for the three and nine months ended September 30, 2025, as compared to the prior year periods, was due to the transfer of the BenefitWallet portfolio, and the sales of the Curbside Management and Public Safety Solutions businesses and Casualty Claims Solutions businesses in 2024.

[Unallocated Costs](#)

Unallocated Costs for the three months ended September 30, 2025 decreased, compared to the prior year period, primarily due cost efficiencies in our corporate functions. This decrease was partially offset by the increase in medical expenses resulting from higher claims.

Unallocated Costs for the nine months ended September 30, 2025 also decreased, compared to the prior year period, primarily due to a \$9 million recovery of legal costs from one of our insurance carriers related to the previously disclosed State of Texas matter that settled in February 2019, as well as cost efficiencies in our corporate functions. These factors were partially offset by \$25 million of direct response costs related to the January 2025 Cyber Event.

[Metrics](#)

[Metrics](#)

We use metrics to evaluate our business, determine the allocation of our resources, make decisions regarding corporate strategies and evaluate forward-looking projections and trends affecting our business. We disclose these metrics to provide transparency in our performance trends. We present certain key metrics, including Signings and Net ARR Activity below.

[Signings](#)

Signings are defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Total Contract Value ("TCV") is the estimated total contractual revenue related to signed contracts. TCV signings is defined as estimated future revenues from contracts signed during the period, including renewals of existing contracts. Due to the inconsistency of when existing contracts end, quarterly and yearly comparisons are not a good measure of renewal performance. New business Annual Contract Value ("ACV") is calculated as TCV divided by the contract term, in months, multiplied by 12 for an annual measure.

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Signing information for the three and nine months ended September 30, 2025 and 2024 is as follows:

(\$ in millions)	Three Months Ended September 30,		2025 vs. 2024	
	2025	2024 ⁽³⁾	\$ Change	% Change
New business ACV	\$ 111	\$ 111	\$ —	— %
New business TCV	\$ 246	\$ 235	\$ 11	5 %
Renewals TCV	213	659	(446)	(68)%
Total Signings	\$ 459	\$ 894	\$ (435)	(49)%
Annual recurring revenue signings ⁽¹⁾	\$ 64	\$ 63	\$ 1	2 %
Non-recurring revenue signings ⁽²⁾	\$ 55	\$ 50	\$ 5	10 %

(\$ in millions)	Nine Months Ended September 30,		2025 vs. 2024	
	2025	2024 ⁽³⁾	\$ Change	% Change
New business ACV	\$ 365	\$ 348	\$ 17	5 %
New business TCV	\$ 850	\$ 651	\$ 199	31 %
Renewals TCV	925	1,296	(371)	(29)%
Total Signings	\$ 1,775	\$ 1,947	\$ (172)	(9)%
Annual recurring revenue signings ⁽¹⁾	\$ 183	\$ 155	\$ 28	18 %
Non-recurring revenue signings ⁽²⁾	\$ 225	\$ 230	\$ (5)	(2)%

(1) Recurring revenue signings are for new business contracts longer than one year.

(2) Non-recurring revenue signings are for contracts shorter than one year.

(3) Adjusted to remove new business signings of the BenefitWallet Portfolio, Curbside Management and Public Safety Solutions businesses and Casualty Claims Solutions business.

The total new business pipeline at the end of September 30, 2025 and 2024 was \$3.4 billion and \$3.1 billion, respectively. Total new business pipeline is defined as total new business ACV pipeline of deals at or beyond the qualified prospect stage. Beginning in the first quarter of 2025, we transitioned our measure of sales pipeline from TCV to ACV to align with our primary sales metric and have recast all prior period comparatives to reflect this change. This extends past the next twelve-month period to include total pipeline, excluding the impact of divested business as required.

Net ARR Activity

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

The Net ARR activity metric for the trailing twelve months for each of the prior five quarters was as follows:

(in millions)	Net ARR Activity metric
September 30, 2025	\$ 25
June 30, 2025	63
March 31, 2025	116
December 31, 2024	92
September 30, 2024	46

Capital Resources and Liquidity

As of September 30, 2025 and December 31, 2024, total cash and cash equivalents were \$248 million and \$366 million, respectively. We also have a \$357 million revolving line of credit for our various cash needs. As of September 30, 2025 we had \$134 million outstanding borrowings under this revolving line of credit and an additional \$25 million was used for letters of credit. The net amount available to be drawn upon under our revolving line of credit as of September 30, 2025, was \$198 million.

As of September 30, 2025, our total principal debt outstanding was \$717 million, of which \$16 million was due within one year. Refer to Note 7 – Debt in the Condensed Consolidated Financial Statements for additional debt information.

To provide financial flexibility and finance certain investments and projects, we may continue to utilize external financing arrangements. However, we believe that our cash on hand, projected cash flow from operations, sound balance sheet and our revolving line of credit will continue to provide sufficient financial resources to meet our expected business obligations for at least the next twelve months.

Cash Flow Analysis

The following table summarizes our cash flows, as reported in our Condensed Consolidated Statement of Cash Flows in the accompanying Condensed Consolidated Financial Statements:

(in millions)	Nine Months Ended September 30,		Better (Worse)
	2025	2024	
Net cash provided by (used in) operating activities	\$ (112)	\$ (91)	\$ (21)
Net cash provided by (used in) investing activities	\$ (6)	\$ 761	\$ (767)
Net cash provided by (used in) financing activities	\$ —	\$ (781)	\$ 781

Operating activities

The net increase in cash used in operating activities of \$21 million, compared to the prior year period, was primarily due to lower Adjusted EBITDA due to the divestitures, unfavorable working capital trends and January 2025 Cyber Event related cash outflows. These unfavorable changes were partially offset by lower cash interest expense.

Investing activities

Investing cash flow decreased by \$767 million mainly due to the proceeds received from the BenefitWallet Portfolio transfer and the Curbside Disposal Group and Casualty Disposal Group divestitures in 2024. The 2025 period includes \$50 million of cash received related to the non-interest bearing note from the Curbside Disposal Group divestiture.

Financing activities

The decrease in cash used in financing activities was due to the voluntary prepayment of \$539 million of debt using the proceeds received from the divestitures noted above in 2024. Additionally, the prior year included \$182 million of treasury stock purchases under the share repurchase program that was completed in September 2024, including \$132 million purchased from Carl Icahn and certain of his affiliates. The 2025 period includes a \$50 million drawdown on our revolving line of credit and \$20 million of treasury stock purchases under our current share repurchase program.

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[Sales of Accounts Receivable](#)

We have entered into a factoring agreement in the normal course of business as part of our cash and liquidity management, to sell certain accounts receivable without recourse to a third-party financial institution. The transactions under this agreement are treated as sales and are accounted for as reductions in accounts receivable because the agreement transfers effective control over, and risk related to, the receivables to the buyer. Cash proceeds from this arrangement are included in cash flow from operating activities in the Condensed Consolidated Statements of Cash Flows.

The net impact from the sales of accounts receivable on net cash provided by (used in) operating activities for the nine months ended September 30, 2025 and 2024 was \$(12) million and \$(4) million, respectively.

[Material Cash Requirements from Contractual Obligations](#)

We believe our balances of cash and cash equivalents, which totaled \$248 million as of September 30, 2025, along with cash generated by operations and amounts available for borrowing under our revolving credit facility, will be sufficient to satisfy our cash requirements over the next 12 months and beyond.

At September 30, 2025, the Company's material cash requirements include debt, leases and estimated purchase commitments. See Part II, Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operation of our Annual Report on Form 10-K for the year ended December 31, 2024 for additional information on our material cash requirements.

[Critical Accounting Estimates and Policies](#)

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying Condensed Consolidated Financial Statements and notes thereto.

There have been no significant changes during the nine months ended September 30, 2025 to our critical accounting estimates and policies from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2024.

[Recent Accounting Changes](#)

See Note 2 – Recent Accounting Pronouncements for information on accounting standards adopted during the current year, as well as recently issued accounting standards not yet required to be adopted and the expected impact of the adoption of these accounting standards.

[Non-GAAP Financial Measures](#)

We report our financial results in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP). In addition, within this Form 10-Q Part I Item 2 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 compared to the corresponding prior period. However, these non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP measures and should be read only in conjunction with our Consolidated Financial Statements prepared in accordance with U.S. GAAP. Our management regularly uses our non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions, and providing such non-GAAP financial measures to investors allows for a further level of transparency as to how management reviews and evaluates our business results and trends. These non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on certain of these non-GAAP measures.

A reconciliation of the non-GAAP financial measure Adjusted EBITDA to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP is provided in the "Operations Review of Segment Revenue and Profit" section above.

Adjusted EBITDA and Adjusted 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 Margin is adjusted EBITDA divided by revenue. Adjusted EBITDA represents income (loss) before interest, income taxes, depreciation and amortization and contract inducement amortization adjusted for the following items:

- Amortization of acquired intangible assets. This 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. This includes restructuring and asset impairment charges as well as costs associated with our strategic transformation program.
- Goodwill impairment. This represents goodwill impairment charges arising from annual or interim goodwill testing.
- (Gain) loss on divestitures and transaction costs. This represents (gain) loss on divested businesses and transaction costs.
- Litigation settlements (recoveries), net. This represents settlements or recoveries for various matters subject to litigation.
- Loss on extinguishment of debt. This represents write-off of debt issuance costs related to prepayments of debt.
- Direct response costs - cyber event. This represents costs related to investigating, remediating and responding to the cyber event that occurred in January 2025.
- Other charges (credits). This includes Other (income) expenses, net on the Condensed Consolidated Statements of Income (Loss) and other adjustments.

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.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from foreign currency exchange rates which could affect operating results, financial position and cash flows. We manage our exposure to this market risk through our regular operating and financing activities and, when appropriate, using derivative financial instruments. We utilized derivative financial instruments to hedge economic exposures, as well as reduce earnings and cash flow volatility resulting from shifts in market rates. We also hedge the cost to fund material non-dollar entities by buying currencies periodically in advance of the funding date. This is accounted for using derivative accounting.

Recent market events have not caused us to materially modify or change our financial risk management strategies with respect to our exposures to foreign currency risk. Refer to Note 8 – Financial Instruments in the Condensed Consolidated Financial Statements for additional discussion on our financial risk management.

During the reporting period, there have been no material changes to the quantitative and qualitative disclosures regarding our market risk set forth in our Annual Report on Form 10-K for the year ended December 31, 2024.

ITEM 4 — CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's management evaluated, with the participation of our principal executive officer and principal financial officer, or persons performing similar functions, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this Form 10-Q, our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms relating to the Company, including our consolidated subsidiaries, and was accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

The information set forth under Note 12 – Contingencies and Litigation in the Condensed Consolidated Financial Statements of this Form 10-Q is incorporated herein by reference in answer to this Item.

ITEM 1A — RISK FACTORS

Reference is made to the Risk Factors set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2024. There have been no material changes to our risk factors as previously reported in our Annual Report on Form 10-K for the year ended December 31, 2024, except as set forth below.

Our data systems, information systems and network infrastructure have been, and may in the future be, subject to hacking or other cybersecurity threats and other service interruptions, which could expose us to liability, impair our reputation or temporarily render us unable to fulfill our service obligations under our contracts.

As a leader in business process solutions, we leverage cloud computing, AI, machine learning and advanced analytics. We act as a trusted business partner in both front-office and back-office platforms, providing interactions on a substantial scale with our customers and other third-parties. Our customers include global commercial clients and government clients who depend upon our operational efficiency, non-interruption of service, and accuracy and security of information. We also use third-party providers such as subcontractors, software vendors, utility providers and network providers, upon whom we rely to support our business process solutions, to deliver uninterrupted, secure service. As part of our business process solutions, we also develop system software platforms necessary to support our customers' needs, with significant ongoing investment in developing and operating customer-appropriate operating systems, databases and system software solutions. We also receive, process, transmit and store substantial volumes of information relating to identifiable individuals, both in our role as a solution provider and as an employer, and we are subject to numerous laws, rules and regulations in the United States (both federal and state) and foreign jurisdictions designed to protect both individually identifiable information as well as personal health information. We also receive, process and implement financial transactions, and disburse funds, on behalf of both commercial and government customers, which activity includes receiving debit and credit card information to process payments due to our customers as well as disbursing funds to payees of our customers. As a result of these and other business process solutions, the integrity, security, accuracy and non-interruption of our systems and information technology and that of our third-party providers and our interfaces with our customers are extremely important to our business, operating results, growth, prospects and reputation.

We have in the past been, and remain, susceptible to breach of security systems which may result and has resulted in unauthorized access to our facilities and those of our customers and/or access to and exfiltration of the information we and our customers are trying to protect. Cybersecurity failure might be caused by computer hacking, compromised credentials, malware, computer viruses, worms, trojans, ransomware and other destructive software, “cyber-attacks” and other malicious activity, as well as natural disasters, power outages, terrorist attacks and similar events. Operational or business delays may also result from the disruption of network or information systems and subsequent remediation activities.

Because the techniques used to obtain unauthorized access are constantly changing and becoming increasingly more sophisticated and often are not recognized until launched against a target, we or our third-party service providers may be unable to anticipate these techniques or implement sufficient preventative measures. Unauthorized access, hacking, malware, phishing, viruses, worms, trojans, ransomware and other “cyber-attacks” have become more prevalent, have occurred in our systems in the past, and may occur in our systems in the future. Our cyber practices and cybersecurity systems may prove to be inadequate and result in the disruption, failure, misappropriation or corruption of our network and information systems and it may not be possible for us to fully or timely know if or when such incidents arise, or the full business impact of any cybersecurity breach.

Additionally, with advances in computer capabilities and data protection requirements to address ongoing threats, we may be required to expend significant capital and other resources to protect against potential security breaches or to alleviate problems caused by security breaches. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a defeat of our or our third-party service providers’ security measures and a breach of our or our third-party service providers’ information systems (whether digital, cloud-based or otherwise). In addition, the increased use of employee-owned devices for communications as well as work-from-home arrangements, present additional operational risks to our information technology systems, including, but not limited to, increased risks of cyber-attacks.

We have in the past experienced, and in the future could experience, an unauthorized party gaining physical access to one of our or one of our third-party service providers’ facilities or gain electronic access to our or one of our third-party service providers’ information systems. For example, on January 13, 2025, the Company experienced an operational disruption and learned that a threat actor gained unauthorized access to a limited portion of the Company’s environment and exfiltrated a set of files associated with a limited number of the Company’s clients. See Part II, Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operation – “Cyber Event” for additional information. This and any other such access could result in, among other things, unfavorable publicity and significant damage to our brand, governmental inquiry, oversight and possible regulatory action, difficulty in marketing our services, loss of existing and potential customers, allegations by our customers that we have not performed our contractual obligations, litigation by affected parties and possible financial obligations for substantial damages related to the theft or misuse of such information, any of which could materially adversely affect our results of operations and financial condition. Similar consequences may arise if sensitive or confidential information is misdirected, lost or stolen during transmission or transport, or is stolen or misused. Moreover, security breaches have and could require us to devote significant management resources to address the problems created by the security breach and to expend significant additional resources to upgrade further the security measures that we employ to guard such personal information against “cyber-attacks” and to maintain various systems and data centers for our customers. Often these systems and data centers must be maintained worldwide and on a 24/7 basis. We have in the past experienced and in the future could experience service interruptions that could result in curtailed operations and loss of existing and potential customers, which could significantly reduce our revenues and profits in addition to significantly impairing our reputation. If our information systems and our back-up systems are damaged, breached or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer interruptions in our operations in the interim, each of which could materially adversely affect our results of operations and financial condition.

In addition, our and our customers’ systems and networks are subject to continued threats of terrorism, which could disrupt our operations as well as disrupt the utilities and telecommunications infrastructure on which our business depends. To the extent any such disruptions were to occur, our business, operating results and financial condition could be materially adversely affected. In addition, our liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us, or the carrier may decline to cover us, against claims related to security incidents, cyberattacks and other related incidents.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) Sales of Unregistered Securities during the Quarter ended September 30, 2025

During the quarter ended September 30, 2025, the Company did not issue any securities in transactions that were not registered under the Securities Act of 1933, as amended.

(b) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity during the three months ended September 30, 2025 was as follows:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽²⁾	Total Number of Shares Purchased as a Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plan (in millions)
July 1-31, 2025	1,363,856	\$ 2.72	1,363,856	\$ 39
August 1-31, 2025	1,878,608	2.59	1,878,608	34
September 1-30, 2025	1,469,437	2.83	1,469,437	30
Total	4,711,901	\$ 2.70	4,711,901	\$ 30

⁽¹⁾ On May 20, 2025, the Board of Directors authorized a three-year share repurchase program, granting approval for the Company to repurchase up to \$50 million of its common stock from time to time as market and business conditions warrant, including through open market purchases or Rule 10b5-1 trading plans.

⁽²⁾ Average share price includes transaction commissions.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

None.

ITEM 5 — OTHER INFORMATION

10b5-1 Plans

During the three months ended September 30, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

ITEM 6 — EXHIBITS

Exhibit No.	Description	Filed Herewith	Incorporated by Reference		
			Form	Exhibit No.	Filing Date
2.1	Custodial Transfer and Purchase Agreement, between Conduent Business Services, LLC and HealthEquity, Inc., dated as of September 18, 2023.		8-K	2.1	9/19/2023
2.2	First Amendment to Custodial Transfer and Purchase Agreement, between Conduent Business Services, LLC and HealthEquity, Inc., dated as of March 7, 2024.		10-Q	2.2	8/7/2024
3.1	Restated Certificate of Incorporation of Registrant filed with the Department of the State of New York on December 31, 2016.		8-K	3.1	12/23/2016
3.2	Amended and Restated By-Laws of Registrant as amended through October 31, 2023.		10-Q	3.2	11/1/2023
10.1	Amendment No. 3 to the Credit Agreement, dated as of August 26, 2025, by and among Conduent Business Services, LLC, Conduent State & Local Solutions, Inc., Affiliated Computer Services International B.V., Conduent Incorporated, the other guarantors party thereto, Bank of America, N.A., as Administrative Agent, Collateral Agent, Swing Line Lender and an L/C Issuer and the lenders party thereto.		8-K	10.1	8/27/2025
31(a)	Certification of CEO pursuant to Rule 13a-14(a) or Rule 15d-14(a).	X			
31(b)	Certification of CFO pursuant to Rule 13a-14(a) or Rule 15d-14(a).	X			
32*	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
101	The following materials from the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025 formatted in Inline XBRL: (i) Condensed Consolidated Statements of Income, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Shareholders' Equity and (vi) Notes to Condensed Consolidated Financial Statements.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Document has been furnished, is deemed not filed and is not to be incorporated by reference into any of Registrant's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, irrespective of any general incorporation language contained in any such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 7, 2025

CONDUENT INCORPORATED
(Registrant)

By: /s/ GEORGE ABATE
George Abate
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

CEO CERTIFICATIONS

I, Clifford Skelton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2025

/s/ CLIFFORD SKELTON

Clifford Skelton
Principal Executive Officer

CFO CERTIFICATIONS

I, Giles Goodburn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Conduent Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 7, 2025

/s/ GILES GOODBURN

Giles Goodburn
Principal Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO § 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Conduent Incorporated, a New York corporation (the "Company"), for the quarter ended September 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Clifford Skelton, Chief Executive Officer of the Company, and Giles Goodburn, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his/her knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CLIFFORD SKELTON

Clifford Skelton
Chief Executive Officer
November 7, 2025

/s/ GILES GOODBURN

Giles Goodburn
Chief Financial Officer
November 7, 2025

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of § 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by § 906 has been provided to Conduent Incorporated and will be retained by Conduent Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.