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 June 30, 2024

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: 001-41728

NCR ATLEOS CORPORATION
(Exact name of registrant as specified in its charter)

Maryland	**92-3588560**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

864 Spring Street NW
Atlanta, GA 30308
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (832) 308-4999

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

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, par value $0.01 per share	NATL	New York Stock Exchange

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

As of August 8, 2024, there were 72,321,897 shares of the registrant’s common stock issued and outstanding.

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Part I. Financial Information

Item 1. FINANCIAL STATEMENTS

NCR Atleos Corporation
Condensed Consolidated Statements of Operations (Unaudited)

In millions, except per share amounts	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Product revenue	**$ 247**	$ 262	**$ 487**	$ 496
Service revenue	**834**	778	**1,644**	1,530
Total revenue	**1,081**	1,040	**2,131**	2,026
Cost of products	**210**	215	**422**	410
Cost of services	**618**	578	**1,235**	1,149
Selling, general and administrative expenses	**132**	149	**264**	285
Research and development expenses	**14**	19	**31**	37
Total operating expenses	**974**	961	**1,952**	1,881
Income from operations	**107**	79	**179**	145
Interest expense	**(79)**	—	**(158)**	—
Related party interest expense, net	**—**	(5)	**—**	(9)
Other income (expense), net	**4**	1	**7**	1
Income before income taxes	**32**	75	**28**	137
Income tax expense	**4**	23	**8**	48
Net income	**28**	52	**20**	89
Net income (loss) attributable to noncontrolling interests	**(1)**	(1)	**(1)**	—
Net income attributable to Atleos	**$ 29**	$ 53	**$ 21**	$ 89
Net income per share attributable to Atleos common stockholders:				
Net income per common share				
Basic	**$ 0.40**	$ 0.75	**$ 0.29**	$ 1.26
Diluted	**$ 0.39**	$ 0.75	**$ 0.29**	$ 1.26
Weighted average common shares outstanding				
Basic	**72.2**	70.6	**71.9**	70.6
Diluted	**73.7**	70.6	**73.5**	70.6

See Notes to Condensed Consolidated Financial Statements.

NCR Atleos Corporation
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

In millions	Three months ended June 30		Six months ended June 30	
	2024	**2023**	**2024**	**2023**
Net income	**$ 28**	$ 52	**$ 20**	$ 89
Other comprehensive income (loss):				
Currency translation adjustments				
Currency translation adjustments gain (loss)	**(39)**	(3)	**(25)**	24
Derivatives				
Unrealized gain (loss) on derivatives	**13**	49	**38**	38
(Gain) loss on derivatives arising during the period	**(22)**	(21)	**(43)**	(36)
Less income tax	**2**	(6)	**2**	—
Other comprehensive income (loss)	**(46)**	19	**(28)**	26
Total comprehensive income (loss)	**(18)**	71	**(8)**	115
Less comprehensive income attributable to noncontrolling interests:				
Net income (loss)	**(1)**	(1)	**(1)**	—
Currency translation adjustments	**(2)**	1	**(1)**	—
Amounts attributable to noncontrolling interests	**(3)**	—	**(2)**	—
Comprehensive income (loss) attributable to Atleos common stockholders	**$ (15)**	$ 71	**$ (6)**	$ 115

See Notes to Condensed Consolidated Financial Statements.

NCR Atleos Corporation
Condensed Consolidated Balance Sheets (Unaudited)

In millions, except per share amounts	June 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	**$ 374**	$ 339
Accounts receivable, net of allowances of $18 and $14 as of June 30, 2024 and December 31, 2023, respectively	**707**	711
Inventories	**329**	333
Restricted cash	**249**	238
Other current assets	**320**	254
Total current assets	**1,979**	1,875
Property, plant and equipment, net	**457**	468
Goodwill	**1,951**	1,952
Intangibles, net	**596**	635
Operating lease right of use assets	**139**	144
Prepaid pension cost	**221**	219
Deferred income tax assets	**265**	254
Other assets	**157**	169
Total assets	**$ 5,765**	$ 5,716
Liabilities and stockholders' equity		
Current liabilities		
Short-term borrowings	**$ 84**	$ 76
Accounts payable	**571**	500
Payroll and benefits liabilities	**145**	149
Contract liabilities	**318**	325
Settlement liabilities	**250**	218
Other current liabilities	**485**	486
Total current liabilities	**1,853**	1,754
Long-term borrowings	**2,921**	2,938
Pension and indemnity plan liabilities	**388**	389
Postretirement and postemployment benefits liabilities	**57**	60
Income tax accruals	**37**	36
Operating lease liabilities	**105**	109
Deferred income tax liabilities	**29**	34
Other liabilities	**124**	141
Total liabilities	**5,514**	5,461
Stockholders' equity		
Atleos stockholders' equity		
Preferred stock: par value $0.01 per share, 50.0 shares authorized, no shares issued	**—**	—
Common stock: par value $0.01 per share, 350.0 shares authorized, 72.2 and 70.9 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively	**1**	1
Paid-in Capital	**23**	12
Retained earnings	**167**	153
Accumulated other comprehensive income	**59**	86
Total Atleos stockholders' equity	**250**	252
Noncontrolling interests in subsidiaries	**1**	3
Total Stockholders' equity	**251**	255
Total liabilities and stockholders' equity	**$ 5,765**	$ 5,716

See Notes to Condensed Consolidated Financial Statements.

NCR Atleos Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six months ended June 30	
In millions	**2024**	**2023**
Operating activities		
Net income (loss)	**$ 20**	$ 89
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	**68**	56
Amortization expense	**76**	64
Stock-based compensation expense	**19**	33
Deferred income taxes	**(12)**	(13)
Loss (gain) on disposal of property plant and equipment	**4**	—
Bargain purchase gain from acquisition	**(5)**	—
Changes in assets and liabilities:		
Receivables	**(11)**	17
Related party receivables and payables	**—**	(13)
Inventories	**(49)**	(15)
Settlement assets	**(22)**	1
Current payables and accrued expenses	**100**	(26)
Contract liabilities	**(21)**	18
Employee benefit plans	**(20)**	(6)
Other assets and liabilities	**10**	(5)
Net cash provided by operating activities	**$ 157**	$ 200
Investing activities		
Expenditures for property, plant and equipment	**$ (47)**	$ (22)
Additions to capitalized software	**(15)**	(15)
Amounts advanced for related party notes receivable	**—**	(14)
Repayments received from related party notes receivable	**—**	36
Purchase of intellectual property	**(8)**	—
Other investing activities, net	**(1)**	—
Net cash used in investing activities	**$ (71)**	$ (15)
Financing activities		
Proceeds from related party borrowings	**$ —**	$ 16
Payments on related party borrowings	**—**	(57)
Payments on term credit facilities	**(36)**	—
Borrowings on revolving credit facilities	**533**	—
Payments on revolving credit facilities	**(512)**	—
Payments on other financing arrangements	**(2)**	—
Proceeds from employee stock plans	**1**	—
Net transfers (to) from NCR Corporation	**—**	(89)
Tax withholding payments on behalf of employees	**(13)**	—
Principal payments for finance lease obligations	**(1)**	—
Net cash used in financing activities	**$ (30)**	$ (130)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	**(12)**	11
Increase (decrease) in cash, cash equivalents, and restricted cash	**44**	66
Cash, cash equivalents, and restricted cash at beginning of period	**586**	499
Cash, cash equivalents and restricted cash at end of period	**$ 630**	$ 565

See Notes to Condensed Consolidated Financial Statements.

NCR Atleos Corporation
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

In millions	Atleos Stockholders: Common Stock: Shares	Atleos Stockholders: Common Stock: Amount	Atleos Stockholders: Paid-in Capital	Atleos Stockholders: Retained Earnings	Atleos Stockholders: Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Subsidiaries	Total
December 31, 2023	**71**	**$ 1**	**$ 12**	**$ 153**	**$ 86**	**$ 3**	**$ 255**
Comprehensive income (loss):							
Net income (loss)	—	—	—	(8)	—	—	(8)
Other comprehensive income (loss)	—	—	—	—	17	1	18
Total comprehensive income (loss)	—	—	—	(8)	17	1	10
Stock compensation plans	1	—	2	—	—	—	2
March 31, 2024	**72**	**$ 1**	**$ 14**	**$ 145**	**$ 103**	**$ 4**	**$ 267**
Comprehensive income (loss):							
Net income (loss)	—	—	—	29	—	(1)	28
Other comprehensive income (loss)	—	—	—	—	(44)	(2)	(46)
Total comprehensive income (loss)	—	—	—	29	(44)	(3)	(18)
Net transfers from Voyix	—	—	—	(7)	—	—	(7)
Stock compensation plans	—	—	9	—	—	—	9
June 30, 2024	**72**	**$ 1**	**$ 23**	**$ 167**	**$ 59**	**$ 1**	**$ 251**

In millions	Shares	Amount	Paid-in Capital	Retained Earnings	Net Investment from NCR Corporation	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests in Subsidiaries	Total
December 31, 2022	**—**	**$ —**	**$ —**	**$ —**	**$ 3,326**	**$ (63)**	**$ (1)**	**$ 3,262**
Comprehensive income (loss):								
Net income (loss)	—	—	—	—	36	—	1	37
Other comprehensive income (loss)	—	—	—	—	—	8	(1)	7
Total comprehensive income (loss)	—	—	—	—	36	8	—	44
Net transfers to NCR Corporation	—	—	—	—	(52)	—	—	(52)
March 31, 2023	**—**	**$ —**	**$ —**	**$ —**	**$ 3,310**	**$ (55)**	**$ (1)**	**$ 3,254**
Comprehensive income (loss):								
Net income (loss)	—	—	—	—	53	—	(1)	52
Other comprehensive income (loss)	—	—	—	—	—	18	1	19
Total comprehensive income (loss)	—	—	—	—	53	18	—	71
Net transfers to NCR Corporation	—	—	—	—	(4)	—	—	(4)
June 30, 2023	**—**	**$ —**	**$ —**	**$ —**	**$ 3,359**	**$ (37)**	**$ (1)**	**$ 3,321**

See Notes to Condensed Consolidated Financial Statements.

NCR Atleos Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)

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1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NCR Atleos Corporation ("Atleos," the "Company," "we," or "our") is an industry-leading financial technology company providing self-directed banking solutions to a global customer base, including financial institutions, retailers and consumers. The Company's comprehensive solutions enable the acceleration of self-directed banking through automated teller machine ("ATM") and interactive teller machine ("ITM") technology, including software, services, hardware and our proprietary Allpoint network. Atleos is a global company that is headquartered in Atlanta, Georgia.

On September 15, 2022, NCR Corporation (now known as NCR Voyix Corporation or "Voyix," and referred to as "NCR" prior to the Separation), announced its plan to separate its businesses into two distinct, publicly-traded companies, whereby NCR would execute a spin-off to NCR stockholders of its self-service banking, network, and telecommunications and technology businesses, (the "Spin-off" or "Separation"). On September 22, 2023, the Board of Directors of NCR authorized the Spin-off of Atleos, which was completed on October 16, 2023. The Spin-off was achieved by means of a pro-rata distribution of all of Atleos' common stock to Voyix's stockholders of record at the close of business on October 2, 2023 ("Record Date") (collectively, the "Distribution").

On October 16, 2023, the Company became a stand-alone publicly-traded company, and its financial statements are now presented on a consolidated basis. The financial statements for all periods presented, including the historical results of the Company prior to October 16, 2023, are referred to as "Condensed Consolidated Financial Statements", and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") without audit pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and, in the opinion of management, include all adjustments (consisting of normal, recurring adjustments, unless otherwise disclosed) necessary for a fair statement of the condensed consolidated results of operations, financial position, and cash flows for each period presented. The consolidated results for the interim periods are not necessarily indicative of results to be expected for the full year. The 2023 year-end Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all disclosures required by GAAP. These financial statements have been prepared on a consistent basis, and should be read in conjunction with the Company's Form 10-K for the year ended December 31, 2023.

Prior to the Separation, Atleos was wholly owned by NCR; consequently, stand-alone financial statements had not historically been prepared. The Condensed Consolidated Financial Statements for the three and six months ended June 30, 2023 have been derived from NCR's historical accounting records and are presented on a stand-alone basis as if the Company's operations had been conducted independently from NCR. The Condensed Consolidated Statements of Operations include all revenues and costs directly attributable to the Company, including costs for facilities, functions and services used by or for the benefit of the Company. The Company has historically functioned together with the other businesses controlled by NCR. Accordingly, the Company relied on NCR's corporate overhead and other support functions for its business. Therefore, certain corporate overhead and shared costs have been allocated to the Company. Management considers that such allocations have been made on a reasonable basis consistent with benefits received but may not necessarily be indicative of the costs that would have been incurred if the Company had been operated on a stand-alone basis for the periods presented.

Prior to the Separation, income tax expense and tax balances were calculated on a separate tax return basis. The separate tax return method applies the accounting guidance for income taxes to the stand-alone financial statements as if the Company was a separate taxpayer and a stand-alone company even though the Company filed as part of NCR's tax group in certain jurisdictions prior to Separation. Management believes the assumptions supporting the allocation and presentation of income taxes on a separate return basis are reasonable.

The historical Condensed Combined Financial Statements did not purport to reflect what the Company's results of operations, comprehensive income, financial position, equity or cash flows would have been had the Company operated as a stand-alone public company during the periods presented. Refer to Note 1, "Basis of Presentation and Summary of Significant Accounting Policies", of the audited Consolidated Financial Statements in the 2023 Form 10-K for additional details on Atleos' basis of presentation during periods prior to the Separation and post Separation.

All intracompany accounts and transactions within the Company have been eliminated in the preparation of the Condensed Consolidated Financial Statements. Prior to the Separation, the aggregate net effect of transactions between the Company and NCR that are not historically settled in cash have been reflected in the Condensed Consolidated Statements of Cash Flows as Net transfers from (to) Parent within financing activities. See Note 10, "Related Parties", for further information.

Following the Separation, certain functions continue to be provided by or for Voyix under the Transition Services Agreements or are being performed using Atleos' own resources or third-party service providers. Additionally, certain maintenance services, manufacturing services, product resale and other support services and supply chain operations will continue to be provided by or to Voyix under the Commercial Agreements.

The Company incurred certain costs in its establishment as a stand-alone public company and expects to incur ongoing additional costs associated with operating as an independent, publicly-traded company.

Unless otherwise noted, all figures within the Condensed Consolidated Financial Statements are stated in U.S. Dollars (USD) and millions.

Use of Estimates The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the periods reported. Estimates are used when accounting for receivable and inventory reserves, depreciation and amortization of long-lived assets, employee benefit plan obligations, asset retirement obligations, product liabilities, income and withholding taxes, contingencies, valuation of business combinations, certain aspects of revenue recognition, and allocations of cost and expenses from NCR prior to Separation.

Although our estimates contemplate current and expected future conditions, as applicable, it is reasonably possible that actual conditions could differ from our expectations, which could materially affect our results of operations and financial position. In particular, a number of estimates have been and will continue to be affected by the ongoing macroeconomic pressures and geopolitical challenges. The ultimate impact on our overall financial condition and operating results will depend on the duration and severity of supply chain challenges and cost escalations including materials, labor and freight, and any additional governmental and public actions taken in response. As a result, our accounting estimates and assumptions may change over time as a consequence of these external factors. Such changes could result in future impairments of goodwill, intangible assets, long-lived assets, incremental credit losses on accounts receivable and decreases in the carrying amount of our tax assets.

Subsequent Events The Company evaluated subsequent events through the date that our Condensed Consolidated Financial Statements were issued. Other than the items discussed below and within the Notes to Condensed Consolidated Financial Statements, no matters were identified that required adjustment to the Condensed Consolidated Financial Statements or additional disclosure.

Effective August 5, 2024, the Company executed $450 million aggregate notional amount interest rate swap contracts terminating on December 31, 2027. These interest rate swap contracts have fixed rates ranging from 3.442% to 3.479%, and have been designated as cash flow hedges of the floating rate interest associated with the Company's U.S. Dollar vault cash agreements.

On August 9, 2024, the Company executed $500 million aggregate notional amount interest rate swap contracts that began August 13, 2024 and will terminate on December 31, 2027. These interest rate swap contracts have fixed rates ranging from 3.592% to 3.610%, and have been designated as cash flow hedges of the floating rate interest associated with the Company's Term Loan Facilities, discussed in Note 4, "Debt Obligations". These hedging activities are in line with our interest rate risk management strategy outlined in Note 12, "Derivatives and Hedging Instruments".

Prior Period Financial Statement Revision In connection with the preparation of the Company's second quarter 2024 financial statements, management identified errors pertaining to the Separation-related accounting entries recorded in the fourth quarter of 2023, which impacted the December 31, 2023 balance sheet and statement of changes in stockholders' equity. Some of these errors were previously recorded out-of-period in the first quarter of 2024. In order to correctly state December 31, 2023 equity to reflect the impact of the spin-off transaction, which involved a net distribution payment of $2,996 million to Voyix in consideration for the net assets contributed to Atleos, management has revised the December 31, 2023 balance sheet and statement of changes in stockholders' equity to reflect the impact of the errors, including those previously recorded in the first quarter of 2024. This also results in a revision to the statement of changes in stockholders' equity for the three months ended March 31, 2024. The adjustments have no impact on operating results or cash flows. The Company evaluated the impact of the adjustments and concluded they were not material to any previously issued interim or annual consolidated financial statements. The accompanying footnotes have also been adjusted to reflect such correction.

NCR Atleos Corporation
Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)

The Company will effect the revision of its consolidated financial statements as of the year ended December 31, 2023 when it files its Form 10-K for the period ended December 31, 2024.

The following table reflects the impact of the revision to the specific line items presented in the Company's previously reported Consolidated Balance Sheet as of December 31, 2023.

In millions	As Reported	Adjustments	As Revised
Current assets			
Accounts receivable, net	$ 714	$ (3)	$ 711
Other current assets	271	(17)	254
Total current assets	1,895	(20)	1,875
Property, plant and equipment, net	470	(2)	468
Prepaid pension cost	218	1	219
Other assets	173	(4)	169
Total assets	$ 5,741	$ (25)	$ 5,716
Current liabilities			
Payroll and benefits liabilities	151	(2)	149
Other current liabilities	477	9	486
Total current liabilities	1,747	7	1,754
Total liabilities	$ 5,454	$ 7	$ 5,461
Atleos stockholders' equity			
Paid-in capital	16	(4)	12
Retained earnings	181	(28)	153
Total Atleos stockholders' equity	284	(32)	252
Total stockholders' equity	287	(32)	255
Total liabilities and stockholders' equity	$ 5,741	$ (25)	$ 5,716

As it relates to the statement of changes in stockholders' equity for the three months ended March 31, 2024, the revision adjustment removes the $8 million decrease to retained earnings recorded on the line "Net transfers to Voyix, including Separation adjustments." The revision adjustment further reflects the impact of an incremental $4 million adjustment to Paid-in capital on the line "Stock compensation plans." Such amounts are included as part of the $28 million and $4 million adjustments to retained earnings and paid-in capital, respectively, shown in the table above at December 31, 2023.

Cash, Cash Equivalents, and Restricted Cash The reconciliation of cash, cash equivalents and restricted cash in the Condensed Consolidated Statements of Cash Flows is as follows:

In millions	Location in the Condensed Consolidated Balance Sheet	June 30 2024	June 30 2023
Cash and cash equivalents	Cash and cash equivalents	**$ 374**	$ 337
Short term restricted cash	Restricted cash	**7**	—
Long term restricted cash	Other Assets	**7**	2
Cash included in settlement processing assets	Restricted cash	**242**	226
Total cash, cash equivalents, and restricted cash		**$ 630**	$ 565

Contract Assets and Liabilities The following table presents the net contract liability balances as of June 30, 2024 and December 31, 2023. As of June 30, 2024 and December 31, 2023, no contracts were in a net asset position.

In millions	Location in the Condensed Consolidated Balance Sheet	June 30, 2024	December 31, 2023
Current portion of contract liabilities	Contract liabilities	**$ 318**	$ 325
Non-current portion of contract liabilities	Other liabilities	**$ 27**	$ 29

During the six months ended June 30, 2024, the Company recognized $216 million in revenue that was included in contract liabilities as of December 31, 2023. During the six months ended June 30, 2023, the Company recognized $177 million in revenue that was included in contract liabilities as of December 31, 2022.

Remaining Performance Obligations Remaining performance obligations represent the transaction price of contracts for which products have not been delivered or services have not been performed. As of June 30, 2024, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately $2 billion. The Company expects to recognize revenue on approximately three-quarters of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter. The majority of our professional services are expected to be recognized over the next 12 months but this is contingent upon a number of factors, including customers' needs and schedules.

The Company has made three elections that affect the value of remaining performance obligations described above. We do not disclose remaining performance obligations for contracts where variable consideration is directly allocated based on usage or when the original expected duration is one year or less. Additionally, we do not disclose remaining performance obligations for contracts where we recognize revenue from the satisfaction of the performance obligation in accordance with the "right to invoice" practical expedient.

Allowance for Credit Losses on Accounts Receivable The allowance for credit losses as of June 30, 2024 and December 31, 2023 was $18 million and $14 million, respectively. We continue to evaluate our reserves in light of the age and quality of our outstanding accounts receivable as well as risks to specific industries or countries and adjust the reserves accordingly. The impact to our allowance for credit losses for the three and six months ended June 30, 2024 and 2023 was immaterial. The Company recorded immaterial write-offs against the reserve for the three and six months ended June 30, 2024 and 2023. Additionally, the allowance for credit losses as of June 30, 2024 includes approximately $3 million related to other accounts receivable balances not transferred to Atleos as of December 31, 2023 due to delays in local processes of setting up certain Atleos legal entities. These entities were legally transferred to the Company during the first quarter of 2024. As such, the allowance for credit losses associated with these transferred entities were recorded in the Company's Condensed Consolidated Balance Sheet as of March 31, 2024. Prior to the Separation, this amount was included within Atleos' allowance for credit losses under carve-out methodology.

Recent Accounting Pronouncements

Adoption of New Accounting Pronouncements in fiscal year 2023

In October 2021, the Financial Accounting Standards Board ("FASB") issued accounting standards update ("ASU") 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, with new guidance for contract assets and contract liabilities acquired in a business combination. The new guidance requires contract assets and contract liabilities, such as deferred revenue, acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*. Prior to the issuance of this guidance, contract assets and contract liabilities were recognized by the acquirer at fair value on the acquisition date. The accounting standards update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted and should be applied prospectively to acquisitions occurring on or after the effective date. The adoption of this accounting standards update did not have a material effect on the Company's net income, cash flows or financial condition.

Although there are other new accounting pronouncements issued by the FASB and adopted by or effective for the Company, the Company does not believe any of these accounting pronouncements had a material impact on its Condensed Consolidated Financial Statements.

Accounting Pronouncements Issued But Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which is intended to improve reportable segment disclosure requirements, primarily through additional disclosures about significant segment expenses on an interim and annual basis. Additionally, it requires a public entity to disclose the title and position of the chief operating decision maker. The new standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements unless impracticable. The Company is in the process of evaluating the disclosure requirements related to the new standard.

In December 2023, the FASB issued ASU 2023-08, *Intangibles-Goodwill and Other-Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*, which requires entities that hold crypto assets to subsequently measure such assets at fair value with changes recognized in net income each reporting period. The guidance also requires crypto assets measured at fair value to be presented separately from other intangible assets on the balance sheet and changes in the fair value measurement of crypto assets to be presented separately on the income statement from changes in the carrying amounts of other intangible assets. The new standard is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of this ASU but does not expect it to have a material impact on its Condensed Consolidated Financial Statements and related disclosures as the Company generally does not carry a material amount of Bitcoin.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The new standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is in the process of evaluating the impact of the new standard on the related disclosures.

Although there are new accounting pronouncements issued by the FASB and not yet adopted by or effective for the Company, the Company does not believe any of these accounting pronouncements will have a material impact on its Condensed Consolidated Financial Statements.

2. GOODWILL AND PURCHASED INTANGIBLE ASSETS

Goodwill by Segment The carrying amounts of goodwill by segment as of June 30, 2024 and December 31, 2023 are included in the table below. Foreign currency fluctuations are included within other adjustments.

In millions	December 31, 2023 Goodwill	Additions	Other	June 30, 2024 Goodwill
Network	$ 1,696	$ —	$ (1)	**$ 1,695**
Self Service Banking[(1)]	256	—	—	**256**
Total goodwill	$ 1,952	**$ —**	**$ (1)**	**$ 1,951**

(1) The carrying amount of goodwill for the Self-Service Banking segment is presented net of accumulated impairment losses of $16 million as of each period end.

Based on the annual goodwill impairment test completed during 2023, the Company determined the fair value of all three reporting units was greater than their carrying value. However, as of the date of the previous annual assessment, the Network reporting unit had fair value in excess of carrying value of less than 10%. Accordingly, it was previously disclosed that this reporting unit has a heightened risk of impairment if any assumptions, estimates, or market factors changed in the future. We have considered potential impairment triggering events during the course of the first half of 2024, and did not identify any such matters warranting additional evaluation.

Identifiable Intangible Assets The Company's purchased intangible assets, reported in Intangibles, net in the Condensed Consolidated Balance Sheets, were specifically identified when acquired, and are deemed to have finite lives. The gross carrying amount and accumulated amortization for the Company's identifiable intangible assets were as set forth in the table below.

In millions	Amortization Period (in Years)	June 30, 2024		December 31, 2023	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Direct customer relationships	1 - 15	**$ 393**	**$ (95)**	$ 392	$ (84)
Technology-software	3 - 8	**500**	**(214)**	495	(185)
Tradenames	1 - 10	**50**	**(38)**	50	(33)
Total identifiable intangible assets		**$ 943**	**$ (347)**	$ 937	$ (302)

Amortization expense related to identifiable intangible assets for the following periods is:

In millions	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Amortization expense	**$ 23**	$ 25	**$ 48**	$ 50

The estimated aggregate amortization expense for identifiable intangible assets for the following periods is:

In millions	Remainder of 2024	For the years ended December 31			
		2025	2026	2027	2028
Amortization expense	$ 47	$ 93	$ 86	$ 77	$ 74

3. SEGMENT INFORMATION AND CONCENTRATIONS

The Company manages and reports its operations in the following segments: Self-Service Banking, Network, and Telecommunications & Technology ("T&T"):

- *Self-Service Banking*—Offers solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM hardware and software, and related installation, maintenance, and managed and professional services. We also offer solutions to manage and run the ATM channel end-to-end for financial institutions that include back office, cash management, software management and ATM deployment, among others.

- *Network*—Provides a cost-effective way for financial institutions, fintechs, neobanks, and retailers to reach and serve their customers through our network of ATMs and multi-functioning financial services kiosks. We offer credit unions, banks, digital banks, fintechs, stored-value debit card issuers, and other consumer financial services providers access to our ATM network, including our proprietary Allpoint network, providing convenient and fee-free cash withdrawal and deposit access to their customers and cardholders as well as the ability to convert a digital value to cash, or vice versa, via ReadyCode (formerly Pay360). We also provide ATM branding solutions to financial institutions, ATM management and services to retailers and other businesses, and our LibertyX business gives consumers the ability to buy and sell Bitcoin.

- *T&T*—Offers managed network and infrastructure services to enterprise clients across all industries via direct relationships with communications service providers and technology manufacturers. Our customers rely on us as a strategic partner to help them reduce complexity, improve cost efficiency, and enable global geographical reach. We deliver expert professional, field, and remote services for modern network technologies including Software-Defined Wide Area Networking, Network Functions Virtualization, Wireless Local Area Networks, Optical Networking, and Edge Networks.

Corporate income and expenses not allocated to segments includes income and expenses related to corporate functions and certain allocations from NCR prior to Separation that are not specifically attributable to an individual reportable segment. Other income and expenses not allocated to segments includes certain other immaterial business operations, including commerce-related operations in countries that Voyix exited that are aligned to Atleos, that do not represent a reportable segment. For periods after the separation from Voyix, Other also includes revenues from commercial agreements with Voyix.

These segments represent components of the Company for which separate financial information is available that is utilized on a regular basis by our chief operating decision maker ("CODM") in assessing segment performance and in allocating the Company's resources. Management evaluates the performance of the segments based on revenue and Adjusted EBITDA. Atleos determines Adjusted EBITDA based on GAAP net income (loss) attributable to Atleos plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus acquisition-related costs; plus pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits; plus separation-related costs; plus transformation and restructuring charges (which includes integration, severance and other exit and disposal costs); plus stock-based compensation expense; plus other special (expense) income items. These adjustments are considered non-operational or non-recurring in nature and are excluded from the Adjusted EBITDA metric utilized by our CODM in evaluating segment performance.

Assets are not allocated to segments, and thus are not included in the assessment of segment performance. Consequently, we do not disclose total assets by reportable segment.

The accounting policies used to determine the results of the operating segments are the same as those utilized for the Condensed Consolidated Financial Statements as a whole. Inter-segment sales and transfers are not material.

The following table presents revenue and Adjusted EBITDA by segment:

	Three months ended June 30		Six months ended June 30	
In millions	**2024**	**2023**	**2024**	**2023**
Revenue by segment				
Self-Service Banking	**$ 673**	$ 654	**$ 1,301**	$ 1,260
Network	**326**	309	**636**	609
T&T	**51**	49	**102**	99
Total segment revenue	**1,050**	1,012	**2,039**	1,968
Other [(1)]	**31**	28	**92**	58
Consolidated revenue	**$ 1,081**	$ 1,040	**$ 2,131**	$ 2,026
Adjusted EBITDA by segment				
Self-Service Banking	**$ 158**	$ 173	**$ 292**	$ 312
Network	**101**	91	**187**	166
T&T	**8**	6	**18**	16
Total Segment Adjusted EBITDA	**$ 267**	$ 270	**$ 497**	$ 494
Total Segment Adjusted EBITDA	**$ 267**	$ 270	**$ 497**	$ 494
Less unallocated amounts				
Corporate income and expenses not allocated to segments	**77**	81	**149**	169
Other income and expenses not allocated to segments	**(3)**	(9)	**(7)**	(19)
Interest expense, net [(2)]	**79**	5	**158**	9
Interest income	**(2)**	—	**(4)**	—
Income tax expense	**4**	23	**8**	48
Depreciation and amortization expense	**43**	35	**87**	70
Acquisition-related amortization of intangibles	**23**	25	**48**	50
Stock-based compensation expense	**9**	19	**19**	33
Separation costs	**6**	33	**15**	40
Acquisition-related costs	**(4)**	—	**(4)**	—
Transformation and restructuring	**6**	5	**7**	5
Net income attributable to Atleos	**$ 29**	$ 53	**$ 21**	$ 89

(1) Other revenue represents certain other immaterial business operations, including commerce-related operations in countries that Voyix exited that are aligned to Atleos, that do not represent a reportable segment. For periods after the separation from Voyix, Other also includes revenues from commercial agreements with Voyix.

(2) Includes Related party interest expense, net, as presented in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023.

The following table presents the recurring revenue and all other products and services revenue that is recognized at a point in time for Atleos:

	Three months ended June 30		Six months ended June 30	
In millions	**2024**	**2023**	**2024**	**2023**
Recurring revenue [1]	**$ 793**	$ 730	**$ 1,556**	$ 1,440
All other products and services	**288**	310	**575**	586
Total revenue	**$ 1,081**	$ 1,040	**$ 2,131**	$ 2,026

[1] Recurring revenue includes all revenue streams from contracts where there is a predictable revenue pattern that will occur at regular intervals with a relatively high degree of certainty. This includes hardware and software maintenance revenue, processing revenue, interchange and network revenue, Bitcoin-related revenue, and certain professional services arrangements, as well as term-based software license arrangements that include customer termination rights.

Revenue is attributed to the geographic area to which the product is delivered or in which the service is provided. The following table presents revenue by geographic area for Atleos:

	Three months ended June 30		Six months ended June 30	
In millions	**2024**	**2023**	**2024**	**2023**
United States (“U.S.”)	**$ 491**	$ 464	**$ 970**	$ 931
Americas (excluding U.S.)	**128**	133	**266**	252
Europe, Middle East and Africa	**335**	318	**638**	599
Asia Pacific	**127**	125	**257**	244
Total revenue	**$ 1,081**	$ 1,040	**$ 2,131**	$ 2,026

4. DEBT OBLIGATIONS

The following table summarizes the Company's short-term borrowings and long-term debt:

	June 30, 2024		December 31, 2023	
In millions, except percentages	Amount	Weighted Average Interest Rate	Amount	Weighted Average Interest Rate
Short-Term Borrowings				
Current portion of Senior Secured Credit Facility [1]	**$ 81**	**9.00 %**	$ 73	8.93 %
Other [1]	**3**	**7.22 %**	3	7.23 %
Total short-term borrowings	**$ 84**		$ 76	
Long-Term Borrowings				
Senior Secured Credit Facility:				
Term loan facility [1]	**$ 1,467**	**9.41 %**	$ 1,512	9.44 %
Revolving credit facility [1]	**176**	**9.56 %**	155	8.71 %
Senior Secured Notes:				
9.500% Senior Secured Notes due 2029	**1,350**		1,350	
Discount and deferred financing fees	**(77)**		(85)	
Other [1]	**5**	**7.17 %**	6	7.18 %
Total long-term debt	**$ 2,921**		$ 2,938	

(1) Interest rates are weighted average interest rates as of June 30, 2024 and December 31, 2023.

Senior Secured Credit Facility The Company is party to a Credit Agreement, which provides for a senior secured Term Loan A facility in an aggregate principal amount of $835 million (the "Term Loan A Facility"), a senior secured Term Loan B facility in an aggregate principal amount of $750 million (the "Term Loan B Facility" and together with the Term Loan A Facility, the "Term Loan Facilities"), and a revolving credit facility with commitments in an initial aggregate principal amount of $500 million (the "Revolving Credit Facility" and, together with the Term Loan Facilities, the "Credit Facilities").

As of June 30, 2024, the Term Loan Facilities under the Credit Agreement have an aggregate principal amount of $1,585 million, of which $1,548 million remained outstanding. Additionally, as of June 30, 2024, there was $176 million outstanding under the Revolving Credit Facility. The Revolving Credit Facility also contains a sub-facility to be used for letters of credit and, as of June 30, 2024, outstanding letters of credit were $26 million. Our borrowing capacity under our Revolving Credit Facility was $298 million at June 30, 2024.

The outstanding principal balance of the Term Loan A Facility is required to be repaid in quarterly installments that began on March 31, 2024, in an amount equal to (i) 1.875% of the original aggregate principal amount during the first three years and (ii) 2.50% of the original aggregate principal amount during the final two years. Any remaining outstanding balance will be due at maturity on October 16, 2028.

The outstanding principal balance of the Term Loan B Facility is required to be repaid in quarterly installments that began on March 31, 2024, in an amount equal to (i) 0.35% of the original aggregate principal amount during the first year, (ii) 0.875% of the original aggregate principal amount during the second year, (iii) 1.75% of the original aggregate principal amount during the third and fourth years, and (iv) 2.625% of the original aggregate principal amount thereafter. Any remaining outstanding balance will be due at maturity on April 16, 2029.

The Revolving Credit Facility is not subject to amortization and will mature on October 16, 2028.

The obligations under the Credit Agreement, and the guarantees of those obligations, were secured by substantially all of the Company's assets and the assets of the Company's wholly-owned domestic subsidiaries (the "Subsidiary Guarantors"), in each case, subject to customary exceptions and exclusions (the "Collateral").

The Credit Agreement contains customary representations and warranties, affirmative covenants, and negative covenants. The negative covenants limit the Company and its subsidiaries' ability to, among other things, incur indebtedness, create liens on the Company's or its subsidiaries' assets, engage in fundamental changes, make investments, sell or otherwise dispose of assets, engage in sale-leaseback transactions, make restricted payments, repay subordinated indebtedness, engage in certain transactions with affiliates and enter into agreements restricting the ability of the Company's subsidiaries to make distributions to the Company or incur liens on their assets.

The Credit Agreement contains a financial covenant, that does not permit the Company to allow its consolidated leverage ratio of Consolidated Total Debt to Consolidated EBITDA (each as defined in the Credit Agreement) to exceed (i) in the case of any fiscal quarter ending prior to September 30, 2024, 4.75 to 1.00, (ii) in the case of any fiscal quarter ending on or following September 30, 2024 and prior to September 30, 2025, 4.50 to 1.00 and (iii) in the case of any fiscal quarter ending on or following September 30, 2025, 4.25 to 1.00, in each case subject, to (x) increases of 0.25 in connection with the consummation of any material acquisition and applicable to the fiscal quarter in which such acquisition is consummated and the three consecutive fiscal quarters thereafter, and (y) a maximum cap of 5.00 to 1.00.

Senior Secured Notes The 9.500% senior secured notes due in 2029 (the "Notes") are unconditionally guaranteed on a senior secured basis, subject to certain limitations, by the Subsidiary Guarantors that will guarantee the Credit Facilities. The Notes and related guarantees will be secured, subject to permitted liens and certain other exceptions, by first-priority liens on the Collateral (as defined above). Interest is payable on the Notes semi-annually, in arrears, at an annual rate of 9.500% on April 1 and October 1 of each year, beginning on April 1, 2024. The Notes will mature on April 1, 2029.

The Indenture contains customary events of default, including, among other things, payment default, exchange default, failure to provide certain notices thereunder and certain provisions related to bankruptcy events. The Indenture also contains customary high yield affirmative and negative covenants, including negative covenants that, among other things, limit the Company and its restricted subsidiaries' ability to incur additional indebtedness, create liens on, sell or otherwise dispose of assets, engage in certain fundamental corporate changes or changes to lines of business activities, make certain investments or material acquisitions, engage in sale-leaseback or hedging transactions, repurchase common stock, pay dividends or make similar distributions on capital stock, repay certain indebtedness, engage in certain affiliate transactions and enter into agreements that restrict their ability to create liens, pay dividends or make loan repayments.

Other Debt In December 2022, NCR and Cardtronics USA, Inc., a wholly owned subsidiary of the Company, entered into a master loan agreement (the "ATMaaS Facility") with Banc of America Leasing & Capital, LLC ("BALCAP") pursuant to which either NCR or Cardtronics USA, Inc., as applicable, may specify one or more ATM as a Service contracts, including any rights to receive payment thereunder, and the ATM equipment thereto ("ATMaaS Assets") as security interest in the borrowing. The total amount available under the ATMaaS Facility is $20 million with repayment terms up to four years. As of June 30, 2024, total debt outstanding under the financing program was $8 million with a weighted average interest rate of 7.19% and a weighted average term of 2.4 years. As of December 31, 2023, total debt outstanding was $9 million with a weighted average interest rate of 7.20% and a weighted average term of 2.8 years.

Fair Value of Debt The Company utilized Level 2 inputs, as defined in the fair value hierarchy, to measure the fair value of the long-term debt, which, as of June 30, 2024 and December 31, 2023 was $3,208 million and $3,172 million, respectively. Management's fair value estimates were based on quoted prices for recent trades of Atleos' long-term debt, quoted prices for similar instruments, and inquiries with certain investment communities.

5. TRADE RECEIVABLES FACILITY

The Company maintains a trade receivables facility (the “Trade Receivables Facility”) with PNC Bank, National Association (“PNC”) as administrative agent, and PNC, MUFG Bank, Ltd., Victory Receivables Corporation and the other purchasers from time to time party thereto (the “Purchasers”), which allows the Company’s wholly-owned, bankruptcy remote subsidiaries, NCR Atleos Receivables LLC (the “U.S. SPE”) and NCR Atleos Canada Receivables LP (the “Canadian SPE”), to sell certain trade receivables on a revolving basis to the Purchasers participating in the Trade Receivable Facility. The Trade Receivable Facility became effective October 16, 2023 and has an initial term of two years, unless earlier terminated in accordance with the terms thereof, and may be extended by agreement of the parties.

Under the Trade Receivables Facility, the Company and certain United States and Canadian operating subsidiaries of the Company continuously sell their trade receivables as they are originated to the U.S. SPE and a Canadian SPE (collectively, the “SPEs”), as applicable. No assets or credit of either SPE is available to satisfy the debts and obligations owed to the creditors of the Company or any other person until the obligations of the SPEs under the Trade Receivables Facility have been satisfied. The Company controls, and therefore consolidates, the SPEs in its Condensed Consolidated Financial statements.

As cash is collected on the trade receivables, the U.S. SPE has the ability to continuously transfer ownership and control of new qualifying receivables to the Purchasers such that the total outstanding balance of trade receivables sold can be up to $166 million at any point in time (i.e., the maximum purchase commitment). The future outstanding balance of trade receivables that are sold is expected to vary based on the level of activity and other factors and could be less than the maximum purchase commitment. The total outstanding balance of trade receivables that have been sold and derecognized by the U.S. SPE was approximately $166 million and $166 million as of June 30, 2024 and December 31, 2023, respectively. Excluding the trade receivables sold, the SPEs collectively owned $81 million and $90 million of trade receivables as of June 30, 2024 and December 31, 2023, respectively, and these amounts are included in Accounts receivable, net in the Company’s Condensed Consolidated Balance Sheets.

Continuous cash activity related to the Trade Receivables Facility is reflected in Net cash provided by operating activities in the Condensed Consolidated Statements of Cash Flows. The U.S. SPE incurs fees due and payable to the Purchasers. Those fees, which are immaterial, are recorded within Other (expense) income, net in the Condensed Consolidated Statements of Operations. In addition, each of the SPEs has provided a full recourse guarantee in favor of the Purchasers of the full and timely payment of all trade receivables sold to them by the U.S. SPE. The guarantee is collateralized by all the trade receivables owned by each of the SPEs that have not been sold. The reserve recognized for this recourse obligation as of June 30, 2024 and December 31, 2023 is not material.

Cardtronics USA Inc. and Cardtronics Canada Holdings Inc. continue to be involved with the trade receivables even after they are transferred to the SPEs (or further transferred to the Purchasers) by acting as a servicer. In addition to any obligations as servicer, the U.S. Originators and Canadian Originator provide the SPEs with customary recourse in respect of (i) certain dilutive events with respect to the trade receivables sold to the SPEs that are caused by the originator and (ii) in the event of certain violations by the originator of their representations and warranties with respect to the trade receivables sold to the SPEs. These servicing and originator liabilities of the Company and its subsidiaries (other than the SPEs) under the Trade Receivables Facility are not expected to be material, given the high quality of the customers underlying the receivables and the anticipated short collection period.

The Trade Receivables Facility includes other customary representations and warranties, affirmative and negative covenants and default and termination provisions, which provide for the acceleration of amounts owed to the Purchasers thereunder in circumstances including, but not limited to, failure to pay capital or yield when due, breach of representation, warranty or covenant, certain insolvency events or failure to maintain the security interest in the trade receivables, and defaults under other material indebtedness.

6. INCOME TAXES

Income tax provisions for interim (quarterly) periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items.

Income tax expense was $4 million for the three months ended June 30, 2024 compared to income tax expense of $23 million for the three months ended June 30, 2023. The change was primarily driven by lower income before taxes and discrete tax benefits realized in the three months ended June 30, 2024, compared to the prior year period. In the three months ended June 30, 2024, the Company recognized a $9 million benefit related to provision to return adjustments. In the three months ended June 30, 2023, the Company recognized a $2 million expense from recording a valuation allowance against deferred tax assets in Turkey.

Income tax expense was $8 million for the six months ended June 30, 2024 compared to income tax expense of $48 million for the six months ended June 30, 2023. The change was primarily driven by lower income before taxes and discrete tax benefits realized in the six months ended June 30, 2024, compared to the prior year. In the six months ended June 30, 2024, the Company recognized an $11 million benefit related to provision to return adjustments. In the six months ended June 30, 2023, the Company recognized a $2 million expense from recording a valuation allowance against deferred tax assets in Turkey.

As of June 30, 2024, the Company estimates that it is reasonably possible that gross unrecognized tax benefits may decrease by $6 million to $8 million in the next 12 months.

7. STOCK COMPENSATION PLANS

Stock-based compensation expense is recognized within Operating expenses in the Condensed Consolidated Financial Statements, depending on the nature of the employee's role in our operations, based upon fair value. Consistent with the requirements of ASC 718, *Compensation-Stock Compensation*, our stock-based compensation expense includes expense on all awards held by Atleos employees, including converted option and restricted stock unit awards in Voyix common stock.

Stock-based compensation expense for the following periods were:

	Three months ended June 30		Six months ended June 30	
In millions	**2024**	**2023**	**2024**	**2023**
Restricted stock units	**$ 9**	$ 6	**$ 19**	$ 11
Tax expense (benefit)	**(1)**	(1)	**(2)**	(2)
Stock-based compensation expense (net of tax)	**$ 8**	$ 5	**$ 17**	$ 9

Total stock-based compensation expense, presented in the table above for the three and six months ended June 30, 2023, is specifically for employees who exclusively supported Atleos' operations. Total stock-based compensation expense allocated to Atleos for corporate and shared employees was $13 million and $22 million for the three and six months ended June 30, 2023, respectively.

On February 16, 2024, the Company granted restricted stock units under the 2023 Stock Incentive Plan to its executive officers and other employees, comprised of both time-based and market-based restricted stock units. The time-based restricted stock units were granted with a weighted-average grant date fair value of $21.90 and vest in annual installments over a three-year requisite service period ending February 16, 2027.

The market-based restricted stock units vest in an amount between zero and 200% of the target units granted based on the Company's relative total shareholder return from January 1, 2024 to December 31, 2026 (the "performance period"), as compared to a designated peer group. The fair value of the awards was determined to be $27.46 per share based on using a Monte-Carlo simulation model and will be recognized over a three-year requisite service period ending February 16, 2027.

Both time-based and market-based restricted stock units granted to executive officers are subject to a mandatory one-year post-vesting holding period. As such, a discount for lack of marketability was calculated using the Finnerty model and applied to the awards subject to the post-vesting restrictions. The fair value of the time-based and market-based awards subject to the post-vesting restrictions were $19.36 and $24.27, respectively.

The table below details the significant assumptions used in determining the fair value of the market-based restricted stock units granted on February 16, 2024:

Dividend yield	**3.46 %**
Risk-free interest rate	**4.35 %**
Expected volatility	**55.15 %**
Discount for lack of marketability	**11.59 %**

Expected volatility for these restricted stock units is calculated as the historical volatility of the Company's peers over a period of approximately three years, as management believes this is the best representation of prospective trends given the limited trading history of Atleos' stock. The risk-free interest rate was determined based on a three-year U.S. Treasury yield curve in effect at the time of the grant. The dividend yield was based on the Company's estimated annual dividend payment and stock price. The discount for lack of marketability was based on a Finnerty put-option model, which uses the price of a put to estimate the cost of insuring the value of the award against downside risk during the holding period.

As of June 30, 2024, the total unrecognized compensation cost related to unvested restricted stock grants is $54 million. The unrecognized compensation cost is expected to be recognized over a weighted average period of approximately 2.2 years.

Employee Stock Purchase Plan In October 2023, the Board of Directors adopted the NCR Atleos Employee Stock Purchase Plan, effective October 18, 2023. The total number of shares of the Company's common stock reserved for future issuance at inception was 5 million. The Company's Employee Stock Purchase Plan ("ESPP") provides employees up to a 15% discount on stock purchases using a three-month look-back feature where the discount is applied to the stock price that represents the lower of Atleos' closing stock price on either the first day or the last day of each calendar quarter. Participants can contribute between 1% and 10% of their compensation. The first offering under the ESPP will be the three-month period from July 1, 2024 to September 30, 2024.

8. EMPLOYEE BENEFIT PLANS

Components of net periodic benefit cost (income) of the pension plans, including amounts allocated prior to the Spin-off, for the three months ended June 30 were as follows:

	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
In millions	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net service cost	**$ —**	$ —	**$ 1**	$ —	**$ 1**	$ —
Interest cost	**16**	—	**5**	5	**21**	5
Expected return on plan assets	**(19)**	—	**(8)**	(7)	**(27)**	(7)
Net periodic benefit cost (income)	**$ (3)**	$ —	**$ (2)**	$ (2)	**$ (5)**	$ (2)

Components of net periodic benefit cost (income) of the pension plans, including amounts allocated prior to the Spin-off, for the six months ended June 30 were as follows:

	U.S. Pension Benefits		International Pension Benefits		Total Pension Benefits	
In millions	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net service cost	**$ —**	$ —	**$ 1**	$ —	**$ 1**	$ —
Interest cost	**33**	—	**10**	10	**43**	10
Expected return on plan assets	**(38)**	—	**(17)**	(15)	**(55)**	(15)
Net periodic benefit cost (income)	**$ (5)**	$ —	**$ (6)**	$ (5)	**$ (11)**	$ (5)

All components of net periodic benefit cost (income) of the postretirement plan, including amounts allocated prior to the Spin-off, for the three and six months ended June 30, 2024 and 2023 were immaterial.

Components of net periodic benefit cost (income) of the postemployment plans, including amounts allocated prior to the Spin-off, for the three and six months ended June 30 were as follows:

	Three months ended June 30		Six months ended June 30	
In millions	**2024**	**2023**	**2024**	**2023**
Net service cost	**$ 1**	$ 1	**$ 3**	$ 3
Interest cost	**2**	—	**2**	—
Net periodic benefit cost (income)	**$ 3**	$ 1	**$ 5**	$ 3

The components of net periodic benefit cost (income), other than the net service cost component, are recorded in Other income (expense), net in the Condensed Consolidated Statements of Operations.

Employer Contribution

Pension For the three months ended June 30, 2024, Atleos made no contributions to its international pension plans. For the six months ended June 30, 2024, Atleos contributed $1 million to its international pension plans. Atleos anticipates contributing an additional $2 million to its international pension plans for a total of $3 million in 2024.

Postretirement For the three and six months ended June 30, 2024, Atleos made no contributions to its postretirement plan. Atleos anticipates contributing $2 million to its postretirement plan in 2024.

Postemployment For the three and six months ended June 30, 2024, Atleos contributed $7 million and $12 million, respectively, to its postemployment plan. Atleos anticipates contributing an additional $6 million to its postemployment plan for a total of $18 million in 2024.

9. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is subject to various proceedings, lawsuits, claims and other matters, including, for example, those that relate to the environment and health and safety, labor and employment, employee benefits, import/export compliance, patents or other intellectual property, data privacy and security, product liability, commercial disputes and regulatory compliance, among others. Other than as stated below, the Company does not currently expect to incur material capital expenditures or other liabilities related to such matters. However, there can be no assurances that the actual amounts required to satisfy alleged liabilities from various lawsuits, claims, legal proceedings and other matters, will not exceed the amounts reflected in our Condensed Consolidated Financial Statements set forth herein or will not have a material adverse effect on our consolidated results of operations, capital expenditures, competitive position, financial condition or cash flows. Additionally, the Company is subject to diverse and complex laws and regulations, including those relating to corporate governance, public disclosure and reporting, environmental safety and the discharge of materials into the environment, product safety, import and export compliance, data privacy and security, antitrust and competition, government contracting, anti-corruption, and labor and human resources, which are rapidly changing and subject to many possible changes in the future. Compliance with these laws and regulations, including changes in accounting standards, taxation requirements and federal securities laws, among others, may create a substantial burden on, and substantially increase costs to, the Company or could have a material adverse effect on the Company's consolidated results of operations, capital expenditures, competitive position, financial condition or cash flows and there can be no assurances that the actual amounts required to comply with applicable laws and regulations will not exceed the amounts reflected in the Company's Condensed Consolidated Financial Statements set forth herein. The Company has reflected all liabilities when a loss is considered probable and reasonably estimable in the Condensed Consolidated Financial Statements.

The Company provides its customers with certain indemnification rights, subject to certain limitations and exceptions. The Company agrees to defend and indemnify its customers from third-party lawsuits alleging that Company solutions infringe third party intellectual property rights. On limited occasions the Company will undertake to indemnify a customer for business, rather than contractual, reasons. From time to time, the Company enters into agreements in connection with its acquisition and divestiture activities that include indemnification obligations. The fair value of these indemnification obligations is not readily determinable due to the conditional nature of the Company's potential obligations and the specific facts and circumstances involved with each particular agreement. From time to time, the Company has provided indemnification under these circumstances, none of which has resulted in material liabilities, and the Company expects these indemnities will continue to arise in the future. Historically, the Company has not recorded a liability in connection with these indemnifications.

In connection with the Separation, the Separation and Distribution Agreement provides that Voyix will transfer to the Company, and the Company will assume, certain liabilities, whether accrued or contingent, and whether arising prior to, at or after the Distribution, including, among others, all liabilities to the extent they relate to the Company's business or the Company's assets, 50% of certain shared environmental liabilities arising from conduct prior to the Distribution if Voyix's annual costs, net of any insurance proceeds and third party payments actually received, exceed $15 million, 50% of all liabilities of a divested or discontinued business that was divested or discontinued prior to the Distribution and liabilities relating to, arising out of or resulting from any registration statement or similar disclosure document related to the Separation (including the Company's Registration Statement on Form 10 initially filed with the SEC on June 26, 2023, and as further amended thereafter and declared effective on August 11, 2023, and the information statement). Voyix will retain all other liabilities, including, among others, 50% of all liabilities of a divested or discontinued business that was divested or discontinued prior to the Distribution, the first $15 million of annual costs incurred in connection with certain shared environmental liabilities arising from conduct prior to the Distribution and 50% of any such costs thereafter and all indemnification obligations to current and former Voyix directors and officers.

Shared Environmental Matters

As described above, the Company shares liability with Voyix for certain investigatory and remedial activities, and related litigation, at formerly owned or operated facilities, to comply, or to determine compliance, with environmental laws (the "Shared Environmental Matters"). Pursuant to the Separation and Distribution Agreement, the Company and Voyix share equally costs and liabilities with respect to the Shared Environmental Matters to the extent Voyix's annual costs, net of any insurance proceeds and third party payments actually received, exceed $15 million. Under the Separation and Distribution Agreement, Voyix will notify the Company by December 1 each calendar year of the estimated costs for the Shared Environmental Matters it will incur each quarter of the following calendar year pursuant to which the Company will make quarterly payments to Voyix of any required contribution. The Company's payments are subject to upward or downward adjustment after Voyix provides a final quarterly accounting of the actual costs. As of June 30, 2024, Voyix estimated that the Company's contribution for Shared Environmental Matters in 2024 may be approximately $2 million, payable in the third quarter of 2024. The Company evaluated the estimate in accordance with ASC 450, *Contingencies*, and concluded that, as of June 30, 2024, a loss of up to $2 million is reasonably possible, but not probable and, therefore, no accrual has been recorded.

Other than the cost reporting described above, Voyix is only required to update the Company "from time to time with respect to any events in connection with [the Shared Environmental Matters] at such times and in such manner as [Voyix] shall reasonably determine." The term of this cost sharing is indefinite and includes defense costs and expenses. Voyix controls exclusively the management of the Shared Environmental Matters, including any litigation related thereto, which could impact the amounts that the Company is required to contribute for the Shared Environmental Matters under the Separation and Distribution Agreement.

Kalamazoo River

One of the Shared Environmental Matters is the Allied Paper, Inc./Portage Creek/Kalamazoo River Superfund Site (“Kalamazoo River” site) remediation and related litigations. By way of background, on December 5, 2019, Voyix entered into a Consent Decree with the United States Environmental Protection Agency (“USEPA”) and other government agencies having oversight over the Kalamazoo River. On December 2, 2020, the District Court having jurisdiction over this matter approved the Consent Decree, which required Voyix to pay Georgia Pacific (“GP”) a 40% share of past costs, to pay the USEPA and state agencies their past and future administrative costs, and to dismiss a pending appeal. The Consent Decree further requires Voyix to take responsibility for the remediation of a portion, but not all, of the Kalamazoo River. The Consent Decree further provides Voyix protection from other potentially responsible parties, including GP, seeking contribution for their costs associated with the clean-up anywhere on the river, thereby resolving the allocation of future costs left unresolved by prior litigation.

Voyix reports that it believes it has meritorious claims against Kalamazoo River co-obligor B.A.T. Industries p.l.c. (“BAT”) under a prior settlement agreement with that company for the Kalamazoo River remediation expenses as a so-called “future site.” To date, BAT has denied that the Kalamazoo River is a “future site.” On February 10, 2023, Voyix filed an action against BAT in the Southern District of New York seeking a declaration that the Kalamazoo River is indeed a future site under their agreement. Voyix also reports that it will have indemnity or reimbursement claims against AT&T Corp and Nokia (as the successor to Lucent Technologies and Alcatel-Lucent USA) under a 1996 Divestiture Agreement after expenses have met a contractual threshold. Voyix believes that contractual threshold was, or was nearly, met in December 2022. Pursuant to the Separation and Distribution Agreement, Voyix will continue to control any actions to collect the unpaid sums.

Voyix further reports that as of June 30, 2024 and December 31, 2023, Voyix’s total reserve for Kalamazoo River was $145 million and $141 million, respectively. The reserve is reported on a basis that is net of expected contributions from Voyix’s co-obligors and indemnitors, subject to when the applicable threshold is reached. While Voyix believes its co-obligors’ and indemnitors’ obligations are as previously reported, the reserve reflects changes in positions taken by some of those co-obligors and indemnitors with respect to the Kalamazoo River. The contributions from its co-obligors and indemnitors are expected to range from $70 million to $155 million, respectively, and Voyix will continue to pursue such contribution.

As many aspects of the costs of remediation will not be determined for several years (and thus the high end of a range of possible costs for many areas of the site cannot be quantified at this time), Voyix reports that it has made what it considers to be reasonable estimates of the low end of a range for such costs where remedies are identified, and/or of the costs of investigations and studies for areas of the river where remedies have not yet been determined, and the reserve is informed by those estimates. The extent of Voyix’s and, therefore, the Company’s, potential liability remains subject to many uncertainties, notwithstanding the settlement of this matter and the related Consent Decree noted above, particularly in as much as remedy decisions and cost estimates will not be generated until times in the future and as most of the work to be performed will take place through the 2030s.

Environmental-Related Insurance Recoveries

Historically, Voyix has received payments from its insurance carriers with respect to the Shared Environmental Matters. Pursuant to the Separation and Distribution Agreement, insurance amounts actually recovered will, as a result of reducing Voyix’s overall liability, reduce the Company’s liability in its obligation to contribute for the Shared Environmental Matters. The Company does not anticipate that Voyix will obtain further material insurance recoveries specific to Kalamazoo River remediation costs. Pursuant to the Separation and Distribution Agreement, control of claims against insurers with respect to the Shared Environmental Matters is controlled exclusively by Voyix, as well as whether or not any coverage is in fact available, and the Company is unable to predict whether and to what extent insurance proceeds will be available to offset any amounts it may be required to pay in respect of the foregoing environmental matters pursuant to the Separation and Distribution Agreement.

Environmental Remediation Estimates

It is difficult to estimate the future financial impact of environmental laws, including potential liabilities. We record environmental provisions when it is probable that a liability has been incurred and the amount or range of the liability is reasonably estimable; in accordance with accounting guidance, where liabilities are not expected to be quantifiable or estimable for a period of years, the estimated costs of investigating those liabilities are recorded as a component of the reserve for that particular site. Provisions for estimated losses from environmental restoration and remediation are, depending on the site, based generally on internal and third-party environmental studies, estimates as to the number and participation level of other potentially responsible parties, the extent of contamination, estimated amounts for attorney and other fees, and the nature of required clean-up and restoration actions. Reserves are adjusted as further information develops or circumstances change. Where our environmental liabilities result from the Shared Environmental Matters, we will rely on information shared with us by Voyix, who is controlling these matters, with respect to determining the amount of potential liability. Management expects that the amounts reserved from time to time will be paid out over the period of investigation, negotiation, remediation and restoration for the applicable sites, including in connection with our obligations under the Separation and Distribution Agreement.

Shared Legal Matters

Pursuant to the Separation and Distribution Agreement, the Company shares equally costs and liability with Voyix for certain pre-existing litigation matters known as of the Separation date. These matters are managed solely by Voyix, and we rely on information provided to us by Voyix to determine the amount of potential liability.

In November 2015, in *Hoak, et al. v. Plan Administrator of the Plans of NCR Corporation*, participants and beneficiaries of certain deferred compensation retirement plans sponsored by NCR Corporation (collectively, the “Plan”) filed a putative class action lawsuit against NCR and other defendants, alleging the defendants breached the plan agreements by, among other things, paying lump sum payments based on mortality tables and actuarial calculations upon termination of the Plan. The court certified a class in 2017.

On June 10, 2024, the court entered a final judgment and ordered Voyix to calculate the “benefits due” to the Plan participants, including pre-judgment interest, based on the sum that would have been sufficient to allow each participant to purchase a replacement annuity using discount rates prescribed by the Pension Benefit Guaranty Corporation in effect as of the February 25, 2013 termination date. Voyix reports that it intends to vigorously contest the matter and filed a notice of appeal on July 2, 2024. Voyix further reports that an estimate or range of possible loss was not ordered in the judgment and cannot be determined at this time. Voyix therefore stipulated with the plaintiffs to a $45 million supersedeas bond, which Voyix contends may not be correlated to any actual loss but will allow Voyix to seek a stay of execution of the judgment pending appeal. The Company evaluated the judgment and order and, after consulting with Voyix, in accordance with ASC 450, *Contingencies*, concluded that, as of June 30, 2024, a loss is reasonably possible, but that an estimate or range of possible loss cannot be determined at this time given uncertainty regarding the ultimate form of relief and complexities in the methodology and quantification of damages, if any.

Purchase Commitments The Company has purchase commitments for materials, supplies, services, and property, plant and equipment as part of the normal course of business.

10. RELATED PARTIES

Pursuant to the Separation, Voyix ceased to be a related party to Atleos and accordingly, no related party transactions or balances are reported subsequent to October 16, 2023.

Cash management and financing

Prior to the Separation, the Company participated in NCR’s centralized treasury and cash management programs. In certain jurisdictions, disbursements were made through centralized accounts payable systems which were operated by NCR. Similarly, cash receipts in these jurisdictions were mostly transferred to centralized accounts, which were also maintained by NCR. As cash was received and disbursed by NCR, it was accounted for by the Company through Net investment from NCR Corporation.

Allocation of centralized costs

The Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023, include expenses for certain centralized functions and other programs provided and/or administered by NCR that were charged directly to the Company. In addition, for purposes of preparing these Condensed Consolidated Financial Statements, a portion of NCR’s total corporate general and administrative expenses had been allocated to the Company.

NCR allocations to the Company reflected in the Condensed Consolidated Statements of Operations are as follows:

	Three months ended June 30	Six months ended June 30
In millions	**2023**	**2023**
Cost of products	$ 8	$ 15
Cost of services	23	45
Selling, general and administrative expense	40	84
Research and development expense	7	13
Total allocated costs	$ 78	$ 157

Related-party notes

Related party notes receivable

Prior to the Separation, the Company had notes receivable from related parties that were settled in cash or forgiven as part of the Separation structuring activities. The weighted-average interest rate for these notes was approximately 3.7% as of June 30, 2023.

The Company recognized $3 million and $6 million of interest income, for the three and six months ended June 30, 2023, respectively, related to these notes, which is included in Related party interest expense, net in the Condensed Consolidated Statements of Operations.

Related party borrowings

Prior to the Separation, the Company had borrowings due to related parties that were settled in cash or forgiven as part of the Separation structuring activities. The weighted-average interest rate for these borrowings was approximately 4.3% as of June 30, 2023.

The Company recognized $8 million and $15 million of interest expense, for the three and six months ended June 30, 2023, respectively, related to these borrowings, which is included in Related party interest expense, net in the Condensed Consolidated Statements of Operations.

Net transfers from (to) NCR Corporation

The net effect of transactions between the Company and NCR are included within Net transfers from (to) NCR Corporation in the Condensed Consolidated Statements of Cash Flows and within Net transfers from (to) NCR Corporation in the Condensed Consolidated Statements of Changes in Stockholders' Equity. The components of Net transfers from (to) NCR Corporation are as follows:

	Three months ended June 30	Six months ended June 30
In millions	**2023**	**2023**
General financing activities	$ (101)	$ (246)
Allocation of centralized costs	78	157
Net transfers from (to) NCR Corporation - Condensed Consolidated Statements of Cash Flows	(23)	(89)
Stock based compensation expense	19	33
Net transfers from (to) NCR Corporation—Condensed Consolidated Statements of Changes in Stockholders' Equity	$ (4)	$ (56)

11. EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing net income or loss attributable to Atleos by the weighted average number of shares outstanding during the period.

In computing diluted EPS, we evaluate and reflect the maximum potential dilution, for each issue or series of issues of potential common shares in sequence from the most dilutive to the least dilutive. We adjust the denominator used in the basic EPS computations, subject to anti-dilution requirements, to include the dilution from potential shares resulting from the issuance of restricted stock units and stock options.

On October 16, 2023, the date of Separation, 70.6 million shares of Atleos' Common Stock, par value $0.01 per share, were distributed to Voyix shareholders of record as of October 2, 2023, the Record Date. This share amount is utilized for the calculation of basic and diluted earnings per share for the three and six months ended June 30, 2023. These shares are treated as issued and outstanding for purposes of calculating historical earnings per share. For the three and six months ended June 30, 2023, it is assumed that there are no dilutive equity instruments as there were no equity awards of Atleos outstanding prior to the Separation.

The components of basic earnings per share are as follows:

	Three months ended June 30		Six months ended June 30	
In millions, except per share amounts	**2024**	**2023**	**2024**	**2023**
Numerator:				
Net income attributable to Atleos common stockholders	**$ 29**	$ 53	**$ 21**	$ 89
Denominator:				
Basic weighted average number of shares outstanding	**72.2**	70.6	**71.9**	70.6
Basic earnings per share:	**$ 0.40**	$ 0.75	**$ 0.29**	$ 1.26

The components of diluted earnings per share are as follows:

	Three months ended June 30		Six months ended June 30	
In millions, except per share amounts	**2024**	**2023**	**2024**	**2023**
Numerator:				
Net income attributable to Atleos common stockholders	**$ 29**	$ 53	**$ 21**	$ 89
Denominator				
Basic weighted average number of shares outstanding	**72.2**	70.6	**71.9**	70.6
Dilutive effect of restricted stock units and stock options	**1.5**	—	**1.6**	—
Weighted average diluted shares	**73.7**	70.6	**73.5**	70.6
Diluted earnings per share:	**$ 0.39**	$ 0.75	**$ 0.29**	$ 1.26

For the three and six months ended June 30, 2024, weighted average restricted stock units and stock options of 2.8 million and 2.9 million, respectively, were excluded from the diluted share count because their effect would have been anti-dilutive.

12. DERIVATIVES AND HEDGING INSTRUMENTS

Atleos is exposed to certain risks arising from both our business operations and economic conditions. We principally manage exposures to a wide variety of business and operational risk through management of core business activities. We also manage interest rate risk associated with our vault cash rental obligations through the use of derivative financial instruments. To manage differences in the amount, timing and duration of known or expected cash payments related to our vault cash agreements, we entered into interest rate swap contracts ("Interest Rate Derivatives").

Further, a substantial portion of our operations and revenue occur outside the United States and, as such, Atleos has exposure to approximately 40 functional currencies. Our results can be significantly impacted, both positively and negatively, by changes in foreign currency exchange rates. The Company seeks to mitigate such impact by hedging its foreign currency transaction exposure using foreign currency contracts. We do not enter into hedges for speculative purposes.

Foreign Currency Exchange Risk The accounting guidance for derivatives and hedging requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the Condensed Consolidated Balance Sheets. The Company designates foreign exchange contracts as cash flow hedges of forecasted transactions when they are determined to be highly effective at inception.

Our risk management strategy includes hedging, on behalf of certain subsidiaries, a portion of our forecasted, non-functional currency denominated cash flows for a period of up to 15 months. As a result, some of the impact of currency fluctuations on non-functional currency denominated transactions (and hence on subsidiary operating income, as stated in the functional currency), is mitigated in the near term. In the longer term (greater than 15 months), the subsidiaries are still subject to the effect of translating the functional currency results to United States Dollars. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange contracts. This is primarily done through the hedging of foreign currency denominated intercompany inventory purchases by Atleos' marketing units and the foreign currency denominated inputs to our manufacturing units. If the hedge is designated as a highly effective cash flow hedge, the gains or losses are deferred into accumulated other comprehensive income (loss) ("AOCI"). The gains or losses from derivative contracts that are designated as highly effective cash flow hedges related to inventory purchases are recorded in cost of products when the inventory is sold to an unrelated third party. Otherwise, they are recorded in earnings when the exchange rates change. As of June 30, 2024, the balance in AOCI related to foreign exchange derivative transactions was zero because no such derivatives were designated as highly effective hedges.

We also utilize foreign exchange contracts to hedge our exposure of assets and liabilities denominated in non-functional currencies. We recognize the gains and losses on these types of hedges in earnings as exchange rates change.

Interest Rate Risk The Company designates Interest Rate Derivative contracts as cash flow hedges of forecasted transactions when they are determined to be highly effective at inception.

We utilize interest rate swap contracts to add stability to interest cost and to manage exposure to interest rate movements as part of our interest rate risk management strategy. Payments and receipts related to interest rate derivative agreements are included in Operating Activities in the Condensed Consolidated Statements of Cash Flows.

In June 2023, the Company executed $2.4 billion aggregate notional amount interest rate swap contracts effective June 14, 2023 and terminating on December 31, 2025. These interest rate swap contracts had fixed rates ranging from 4.240% to 5.274%, and were designated as cash flow hedges of the floating rate interest associated with the Company's U.S. Dollar and U.K. Pound Sterling vault cash agreements. In March 2024, the Company terminated all open U.S. Dollar interest rate swap contracts for cash proceeds of $13 million. The net derivative-related gains associated with these swaps will be reclassified into earnings from Accumulated other comprehensive income through December 31, 2025, corresponding to the term of the original interest rate swap agreements.

Effective March 19, 2024, the Company executed $2.0 billion aggregate notional amount interest rate swap contracts terminating on March 31, 2027. These interest rate swap contracts have fixed rates ranging from 4.294% to 4.306%, and have been designated as cash flow hedges of the floating rate interest associated with the Company's U.S. Dollar vault cash agreements.

As of June 30, 2024, each of our outstanding Interest Rate Derivative agreements were determined to be highly effective. Amounts reported in AOCI related to these derivatives will be reclassified to Cost of services as payments are made on the Company's vault cash rental obligations. Unrealized gains on terminated interest rate swap agreements reported in AOCI will be reclassified to Cost of services ratably over terms corresponding to the original agreements. As of June 30, 2024 and December 31, 2023, the balance in AOCI related to Interest Rate Derivatives was $31 million and $34 million, respectively.

The following tables provide information on the location and amounts of derivative fair values in the Condensed Consolidated Balance Sheets:

	Fair Values of Derivative Instruments				
		June 30, 2024		December 31, 2023	
In millions	Balance Sheet Location	Notional Amount	Fair Value	Notional Amount	Fair Value
Derivatives designated as hedging instruments					
Assets:					
Interest rate swap contracts	Other current assets		**$ 11**		$ 7
Total assets		$ —	**$ 11**	$ —	$ 7
Liabilities:					
Interest rate swap contracts	Other current liabilities		**$ (2)**		$ (2)
Interest rate swap contracts	Other liabilities		**(15)**		(27)
Total liabilities		**$ 2,442**	**$ (17)**	$ 2,447	$ (29)
Derivatives not designated as hedging instruments					
Foreign exchange contracts	Other current assets	**$ 105**	**$ —**	$ 219	$ 1
Foreign exchange contracts	Other current liabilities	**$ 254**	**$ —**	$ 107	$ —

As of June 30, 2024, the Company expects to reclassify $53 million of net derivative-related gains contained in Accumulated other comprehensive income (loss) into earnings during the next twelve months.

Gains and losses reclassified from AOCI into the Condensed Consolidated Statements of Operations are recorded within Cost of services. The effects of derivative instruments on the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Comprehensive Income were as follows:

	Three months ended June 30		Six months ended June 30	
In millions	2024	2023	2024	2023
Amount of (Loss) Gain Recognized in Other Comprehensive Income (Loss) on Derivative Contracts	**$ 13**	$ 49	**$ 38**	$ 38
Amount of (Gain) Loss Reclassified from AOCI into the Condensed Consolidated Statements of Operations	**$ (22)**	$ (21)	**$ (43)**	$ (36)

		Amount of Gain (Loss) Recognized in the Condensed Consolidated Statements of Operations			
In millions		Three months ended June 30		Six months ended June 30	
Derivatives not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in the Condensed Consolidated Statements of Operations	2024	2023	2024	2023
Foreign exchange contracts	Other (expense) income, net	**$ (3)**	**$ —**	**$ (5)**	**$ —**

Refer to Note 13, “Fair Value of Assets and Liabilities”, for further information on derivative assets and liabilities recorded at fair value on a recurring basis.

Concentration of Credit Risk

Atleos is potentially subject to concentrations of credit risk on accounts receivable and financial instruments such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the Condensed Consolidated Balance Sheets. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions as counterparties to hedging transactions and monitoring procedures. Atleos’ business often involves large transactions with customers, and if one or more of those customers were to default on its obligations under applicable contractual arrangements, the Company could be exposed to potentially significant losses. However, management believes that the reserves for potential losses are adequate. As of June 30, 2024 and December 31, 2023, Atleos did not have any major concentration of credit risk related to financial instruments.

13. FAIR VALUE OF ASSETS AND LIABILITIES

Assets and liabilities recorded at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 are set forth as follows:

	June 30, 2024			
In millions	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Deposits held in money market mutual funds [1]	**$ 3**	**$ 3**	**$ —**	**$ —**
Interest rate swap contracts[2]	**11**	**—**	**11**	**—**
Total assets	**$ 14**	**$ 3**	**$ 11**	**$ —**
Liabilities:				
Interest rate swap contracts [3]	**$ 17**	**$ —**	**$ 17**	**$ —**
Total liabilities	**$ 17**	**$ —**	**$ 17**	**$ —**

	December 31, 2023			
In millions	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Deposits held in money market mutual funds [1]	$ 4	$ 4	$ —	$ —
Foreign exchange contracts [2]	1	—	1	—
Interest rate swap contracts [2]	7	—	7	—
Total assets	$ 12	$ 4	$ 8	$ —
Liabilities:				
Interest rate swap contracts[3]	$ 29	$ —	$ 29	$ —
Total liabilities	$ 29	$ —	$ 29	$ —

[1] Included in Cash and cash equivalents in the Condensed Consolidated Balance Sheets.
[2] Included in Other current assets in the Condensed Consolidated Balance Sheets.
[3] Included in Other current liabilities and Other liabilities in the Condensed Consolidated Balance Sheets.

Deposits Held in Money Market Mutual Funds A portion of the Company’s excess cash is held in money market mutual funds that generate interest income based on prevailing market rates. Money market mutual fund holdings are measured at fair value using quoted market prices and are classified within Level 1 of the valuation hierarchy.

Foreign Exchange Contracts As a result of our global operating activities, we are exposed to risks from changes in foreign currency exchange rates, which may adversely affect our financial condition. To manage our exposures and mitigate the impact of currency fluctuations on our financial results, we hedge our primary transactional exposures through the use of foreign exchange contracts. The foreign exchange contracts are valued using the market approach based on observable market transactions of forward rates and are classified within Level 2 of the valuation hierarchy.

Interest Rate Swap In order to add stability to operating costs and to manage exposure to interest rate movements, the Company utilizes interest rate swap contracts as part of its interest rate risk management strategy. The interest rate swap contracts are valued using an income model based on disparity between variable and fixed interest rates, the scheduled balance of underlying principal outstanding, yield curves, and other information readily available in the market. As such, the interest rate swap contracts are classified in Level 2 of the fair value hierarchy.

We incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we consider the impact of netting and any applicable credit enhancements. We measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments utilize Level 3 inputs to evaluate the likelihood of both our own default and counterparty default. As of June 30, 2024, we determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives and therefore, the valuations are classified in Level 2 of the fair value hierarchy.

14. ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in Accumulated Other Comprehensive Income (Loss) ("AOCI") by Component

In millions	Currency Translation Adjustments	Changes in Employee Benefit Plans	Changes in Fair Value of Effective Cash Flow Hedges	Total
Balance as of December 31, 2023	**$ 57**	**$ (5)**	**$ 34**	**$ 86**
Other comprehensive income (loss) before reclassifications	(24)	—	29	5
Amounts reclassified from AOCI		—	(32)	(32)
Net current period other comprehensive income (loss)	**(24)**	—	**(3)**	**(27)**
Other	**5**	**(5)**	—	—
Balance as of June 30, 2024	**$ 38**	**$ (10)**	**$ 31**	**$ 59**

In millions	Currency Translation Adjustments	Changes in Employee Benefit Plans	Changes in Fair Value of Effective Cash Flow Hedges	Total
Balance as of December 31, 2022	$ (133)	$ (18)	$ 88	$ (63)
Other comprehensive income (loss) before reclassifications	24	—	30	54
Amounts reclassified from AOCI	—	—	(28)	(28)
Net current period other comprehensive income (loss)	24	—	2	26
Balance as of June 30, 2023	$ (109)	$ (18)	$ 90	$ (37)

Reclassifications Out of AOCI

	For the three months ended June 30, 2024			
	Employee Benefit Plans			
In millions	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	Total
Affected line in Condensed Consolidated Statement of Operations:				
Cost of services	$ —	$ —	$ (22)	**$ (22)**
Total before tax	$ —	$ —	$ (22)	**$ (22)**
Tax expense				**5**
Total reclassifications, net of tax				**$ (17)**

	For the three months ended June 30, 2023			
	Employee Benefit Plans			
In millions	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	Total
Affected line in Condensed Consolidated Statement of Operations:				
Cost of services	$ —	$ —	$ (21)	$ (21)
Total before tax	$ —	$ —	$ (21)	$ (21)
Tax expense				5
Total reclassifications, net of tax				$ (16)

	For the six months ended June 30, 2024			
	Employee Benefit Plans			
In millions	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	Total
Affected line in Condensed Consolidated Statement of Operations:				
Cost of services	$ —	$ —	$ (43)	**$ (43)**
Total before tax	$ —	$ —	$ (43)	**$ (43)**
Tax expense				**11**
Total reclassifications, net of tax				**$ (32)**

	For the six months ended June 30, 2023			
	Employee Benefit Plans			
In millions	Amortization of Actuarial Loss (Gain)	Amortization of Prior Service Benefit	Effective Cash Flow Hedge Loss (Gain)	Total
Affected line in Condensed Consolidated Statement of Operations:				
Cost of services	$ —	$ —	$ (36)	$ (36)
Total before tax	$ —	$ —	$ (36)	$ (36)
Tax expense				8
Total reclassifications, net of tax				$ (28)

15. SUPPLEMENTAL FINANCIAL INFORMATION

The components of Other income (expense), net are summarized as follows:

	Three months ended June 30		Six months ended June 30	
In millions	**2024**	**2023**	**2024**	**2023**
Other income (expense), net				
Interest income	**$ 2**	$ —	**$ 4**	$ —
Foreign currency fluctuations and foreign exchange contracts	**(2)**	(1)	**(5)**	(4)
Employee benefit plans	**6**	2	**11**	5
Bank-related fees	**(6)**	—	**(8)**	—
Other, net	**4**	—	**5**	—
Total other income (expense), net	**$ 4**	$ 1	**$ 7**	$ 1

The components of Accounts receivable, net are summarized as follows:

In millions	**June 30, 2024**	**December 31, 2023**
Accounts receivable		
Trade	**$ 599**	$ 638
Other	**126**	87
Accounts receivable, gross	**725**	725
Less: allowance for credit losses	**(18)**	(14)
Total accounts receivable, net	**$ 707**	$ 711

The components of Inventories are summarized as follows:

In millions	**June 30, 2024**	**December 31, 2023**
Work in process and raw materials	**$ 52**	$ 55
Finished goods	**83**	72
Service parts	**194**	206
Total inventories	**$ 329**	$ 333

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto included under Item 1. Financial Statements of this Form 10-Q and our Consolidated Financial Statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Form 10-K"). The section of this Form 10-Q titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contains forward-looking statements. See the sections of the Form 10-Q titled "Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these forward-looking statements that could cause future results to differ materially from those reflected in this section.

Our discussion within MD&A is organized as follows:

- *Overview.* This section contains background information on our company, summary of significant themes and events during the quarter as well as strategic initiatives and trends in order to provide context for management's discussion and analysis of our financial condition and results of operations.
- *Results of operations.* This section contains an analysis of our results of operations presented in the accompanying Condensed Consolidated Statements of Operations by comparing the results for the three and six months ended June 30, 2024 to the results for the three and six months ended June 30, 2023.
- *Financial condition, liquidity and capital resources.* This section provides an analysis of our cash flows and a discussion of our contractual obligations at June 30, 2024.

OVERVIEW

BUSINESS OVERVIEW

Atleos is an industry-leading financial technology company providing self-directed banking solutions to a global customer base including financial institutions, merchants, manufacturers, retailers and consumers. Self-directed banking is a rapidly growing, secular trend that allows banking customers to transact seamlessly between various channels all for the same transaction. Our comprehensive solutions enable the acceleration of self-directed banking through ATM and interactive teller machine ("ITM") technology, including software, services, hardware and our proprietary Allpoint network. While we provide all our solutions on a modular basis, we have also assembled these capabilities into a turnkey, end-to-end platform which we have branded "ATM as a Service."

Atleos operates two leading business segments focused on facilitating self-service banking through ATMs supported by a shared set of tools, systems and platforms. In addition, we operate a Telecommunications and Technology ("T&T") segment offering managed network and infrastructure services to enterprise clients across all industries via direct relationships with communications service providers and technology manufacturers.

We manage our operations in the following segments: Self-Service Banking, Network, and T&T.

- *Self-Service Banking* - Offers solutions to enable customers in the financial services industry to reduce costs, generate new revenue streams and enhance customer loyalty. These solutions include a comprehensive line of ATM hardware and software, and related installation, maintenance, and managed and professional services. We also offer solutions to manage and run the ATM channel end-to-end for financial institutions that include back office, cash management, software management and ATM deployment, among others.
- *Network* - Provides a cost-effective way for financial institutions, fintechs, neobanks, and retailers to reach and serve their customers through our network of ATMs and multi-functioning financial services kiosks. We offer credit unions, banks, digital banks, fintechs, stored-value debit card issuers, and other consumer financial services providers access to our ATM network, including our proprietary Allpoint network, providing convenient and fee-free cash withdrawal and deposit access to their customers and cardholders as well as the ability to convert a digital value to cash, or vice versa, via ReadyCode (formerly Pay360). We also provide ATM branding solutions

to financial institutions, ATM management and services to retailers and other businesses, and our LibertyX business gives consumers the ability to buy and sell Bitcoin.

- *T&T* - Offers managed network and infrastructure services to enterprise clients across all industries via direct relationships with communications service providers and technology manufacturers. Our customers rely on us as a strategic partner to help them reduce complexity, improve cost efficiency, and enable global geographical reach. We deliver expert professional, field, and remote services for modern network technologies including Software-Defined Wide Area Networking, Network Functions Virtualization, Wireless Local Area Networks, Optical Networking, and Edge Networks.

SPIN-OFF FROM NCR

On October 16, 2023, NCR Corporation (now known as NCR Voyix Corporation or “Voyix,” and referred to as “NCR” prior to the Separation), completed a Spin-off to NCR shareholders of its self-service banking, network, and telecommunications and technology businesses (the “Spin-off” or “Separation”). Concurrent with the Spin-off, the Company became a stand-alone publicly-traded company and its financial statements are now presented on a consolidated basis. Prior to the Separation, the Company’s historical combined financial statements were prepared on a stand-alone basis and were derived from NCR’s consolidated financial statements and accounting records. The financial statements for all periods presented, including the historical results of the Company prior to October 16, 2023, are now referred to as “Condensed Consolidated Financial Statements”, and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

In connection with the Spin-off, we have incurred and expect to incur in the future one-time separation costs, which include one-time and non-recurring expenses associated with the Spin-off and stand up of functions required to operate as a stand-alone public entity. These non-recurring costs primarily relate to system implementation costs, business and facilities separation, applicable employee related costs, development of our brand and other matters. We expect the separation-related costs will continue through at least fiscal year 2024.

In connection with the Spin-off, we entered into a Separation and Distribution Agreement and various other agreements with Voyix. These agreements provide a framework for our relationship with Voyix and govern various interim and ongoing relationships between Atleos and Voyix. These agreements with Voyix are described in the section of the Information Statement titled “Certain Relationships and Related Transactions-Agreements with NCR.” Following the Separation, certain functions continue to be provided by or for Voyix under the Transition Services Agreements or are being performed using Atleos’ own resources or third-party service providers. Additionally, certain maintenance services, manufacturing services, product resale and other support services and supply chain operations will continue to be provided by or to Voyix under the Commercial Agreements. On August 6, 2024, Voyix announced its intention to move the manufacturing services to another party and to further reduce the maintenance services that are being performed under the Commercial Agreements.

STRATEGIC INITIATIVES AND TRENDS

Atleos is expected to be a cash-generative business positioned to focus on delivering ATM as a Service to a large, installed customer base across banks and retailers. We believe it will build on our leadership in self-service banking and ATM networks to meet global demand for ATM access and leverage new ATM transaction types, including digital currency solutions, to drive market growth. Atleos is expected to also continue shifting to a highly recurring revenue model to drive stable cash flow and capital returns to shareholders.

We are continuing our transition to software-led solutions. Today, our software platform, which runs in the cloud and includes microservices and application programming interfaces (“APIs”) that integrate with our customers’ systems, and our ATM as a Service solutions, bring together all our capabilities and competencies to power the technology to run our customers’ self-directed banking networks, at the same time allowing us to earn a greater proportion of recurring revenues.

We have grown organically, as well as through acquisitions, to add software, services and other capabilities that complement or enhance our existing portfolio. In 2021, we completed the acquisition of Cardtronics plc (“Cardtronics”) to accelerate our ATM as a Service strategy, adding the Allpoint network to our suite of financial institution and retailer-focused payment technologies. We intend to continue pursuing opportunities to win new customers, expand our footprint and drive more transactions and foot traffic for our customers.

We also plan to continue to improve our execution to drive solid returns and to transform our business to enhance value for all shareholders.

Cybersecurity Risk Management

Similar to most companies, Atleos and its customers are subject to more frequent and increasingly sophisticated cybersecurity attacks. Atleos maintains cybersecurity risk management policies and procedures, which it regularly evaluates for updates, for handling and responding to cybersecurity events. For additional information on our cybersecurity risk management, strategy, and governance, see “Item 1C. Cybersecurity,” in the Company’s 2023 Annual Report on Form 10-K.

As of the date of this report, the Company has not identified any cybersecurity threats that have materially affected or are reasonably anticipated to have a material effect on the organization. Although the Company has not experienced cybersecurity incidents that are individually, or in the aggregate, material, the Company has experienced cyberattacks in the past, which the Company believes have thus far been mitigated by preventative, detective, and responsive measures put in place by the Company. For a detailed discussion of the Company’s cybersecurity related risks, see “Item 1A. Risk Factors—Data protection, cybersecurity and data privacy issues could adversely impact our business” in the Company’s 2023 Annual Report on Form 10-K.

Impacts from Geopolitical and Macroeconomic Challenges

We continue to be exposed to macroeconomic pressures such as higher interest rates, increased logistics costs, and foreign currency fluctuations as a result of geopolitical challenges, including those due to various conflicts in and around the Red Sea. We continue to navigate through these challenges with a sharp focus on and goal of safeguarding our employees, helping our customers and managing impacts to the business. Despite the rapidly changing environment, our teams are executing at a high level and we are advancing our strategy.

The bank failures in 2023, in addition to other global macroeconomic conditions, have caused a degree of uncertainty in the investor community and among bank customers, and could significantly impact the national, regional and local banking industry and the global business environment in which Atleos operates. The Company does not believe that the circumstances of these bank failures are indicators of broader issues within the banking system. However, if there is a severe or prolonged economic downturn, it could result in a variety of risks to our business, including driving banking customers to tighten budgets and curtail spending, which would negatively impact our sales and business.

We expect that these factors may continue to negatively impact our business at least in the short-term. The ultimate impact on our overall financial condition and operating results will depend on the duration and severity of these geopolitical and macroeconomic pressures and any governmental and public actions taken in response. We continue to evaluate the long-term impact that these may have on our business model, however, there can be no assurance that the measures we have taken or will take will completely offset the negative impact.

For further information on the risks posed to our business from geopolitical and macroeconomic factors, refer to Part I, Item 1A “Risk Factors”, of our 2023 Form 10-K, including the risk factor titled, “A major natural disaster or catastrophic event could have a materially adverse effect on our business, financial condition and results of operations, or have other adverse consequences.” For further information on exposures to interest rate and foreign exchange risk, refer to Item 3, “Quantitative and Qualitative Disclosures about Market Risk”, in this Form 10-Q.

Impacts from Seasonality and Tourism

Our business is generally seasonal, with lower revenue and fewer transactions occurring in the first quarter of each year. Transaction volumes at our ATMs located in regions affected by strong winter weather patterns typically experience declines in volume during winter months due to decreases in the amount of consumer traffic through such locations. We usually have an increase in transaction volume during the warmer summer months, aided by increased vacation and holiday travel. Such seasonality causes our working capital cash flow requirements to vary from quarter to quarter depending on variability in the volume, timing and mix of sales. We expect the fluctuations in transaction volume to continue. For further information on the seasonality of our business, refer to Part I, Item 1 “Business - Seasonality” of the Company’s 2023 Form 10-K.

RESULTS OF OPERATIONS

Key Strategic Financial Metrics

The following tables show our key strategic financial metrics for the three and six months ended June 30, the relative percentage that those amounts represent to total revenue, and the change in those amounts year-over-year.

Recurring revenue as a percentage of total revenue

	Three months ended June 30		Percentage of Total Revenue		Increase (Decrease)
In millions	2024	2023	2024	2023	2024 vs 2023
Recurring revenue[1]	**$ 793**	$ 730	**73.4 %**	70.2 %	9 %
All other products and services	**288**	310	**26.6 %**	29.8 %	(7)%
Total Revenue	**$ 1,081**	$ 1,040	**100.0 %**	100.0 %	4 %

	Six months ended June 30		Percentage of Total Revenue		Increase (Decrease)
In millions	2024	2023	2024	2023	2024 vs 2023
Recurring revenue [1]	**$ 1,556**	$ 1,440	**73.0 %**	71.1 %	8 %
All other products and services	**575**	586	**27.0 %**	28.9 %	(2)%
Total Revenue	**$ 2,131**	$ 2,026	**100.0 %**	100.0 %	5 %

(1) Refer to our definition of Recurring revenue in the section entitled "Non-GAAP Financial Measures and Use of Certain Terms."

Net income (loss) attributable to Atleos and Adjusted EBITDA[2] as a percentage of total revenue

	Three months ended June 30		Percentage of Total Revenue		Increase (Decrease)
In millions	2024	2023	2024	2023	2024 vs 2023
Net income (loss) attributable to Atleos	**$ 29**	$ 53	**2.7 %**	5.1 %	(45)%
Adjusted EBITDA[2]	**$ 193**	$ 198	**17.9 %**	19.0 %	(3)%

	Six months ended June 30		Percentage of Total Revenue		Increase (Decrease)
In millions	2024	2023	2024	2023	2024 vs 2023
Net income (loss) attributable to Atleos	**$ 21**	$ 89	**1.0 %**	4.4 %	(76)%
Adjusted EBITDA [2]	**$ 355**	$ 344	**16.7 %**	17.0 %	3 %

(2) Refer to our definition of Adjusted EBITDA in the section entitled "Non-GAAP Financial Measures and Use of Certain Terms."

Non-GAAP Financial Measures and Use of Certain Terms:

Non-GAAP Financial Measures

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") Atleos' management uses the non-GAAP measure Adjusted EBITDA because it provides useful information to investors as an indicator of performance of the Company's ongoing business operations. Atleos determines Adjusted EBITDA based on GAAP Net income (loss) attributable to Atleos plus interest expense, net; plus income tax expense (benefit); plus depreciation and amortization; plus acquisition-related costs; plus pension mark-to-market adjustments, pension settlements, pension curtailments and pension special termination benefits; plus separation-related costs; plus transformation and restructuring charges (which includes integration, severance and other exit and disposal costs); plus stock-based compensation expense; plus other special (expense) income items. These adjustments are considered non-operational or non-recurring in nature and are excluded from the Adjusted EBITDA metric utilized by our chief operating decision maker ("CODM") in evaluating segment performance and are separately delineated to reconcile back to total reported income attributable to Atleos. This format is useful to investors because it allows analysis and comparability of operating trends. It also includes the same information that is used by Atleos management to make decisions regarding our segments and to assess our financial performance. Refer to the table below for the reconciliations of Net income (loss) attributable to Atleos (GAAP) to Adjusted EBITDA (non-GAAP).

Adjusted gross margin as a percentage of revenue (non-GAAP), Adjusted selling, general and administrative expenses as a percentage of revenue (non-GAAP) and Adjusted research and development expenses as a percentage of revenue (non-GAAP). Atleos' Adjusted gross margin rate (non-GAAP), Adjusted selling, general and administrative expenses as a percent of revenue (non-GAAP) and Adjusted research and development expenses as a percent of revenue (non-GAAP) are determined by excluding, as applicable: acquisition-related costs; pension settlements, pension curtailments and pension special termination benefits; separation-related costs; amortization of acquisition-related intangibles; stock-based compensation expense; transformation and restructuring charges (which includes integration, severance and other exit and disposal costs); and other special (expense) income items from Atleos' GAAP gross margin, selling, general and administrative expenses, and research and development expenses, respectively. Due to the nature of these special items, Atleos' management uses these non-GAAP measures to evaluate year-over-year operating performance. Atleos believes these measures are useful for investors because they may provide a more complete understanding of Atleos' underlying operational performance, as well as consistency and comparability with Atleos' past reports of financial results.

Atleos' definitions and calculations of these non-GAAP measures may differ from similarly-titled measures reported by other companies and cannot, therefore, be compared with similarly-titled measures of other companies. These non-GAAP measures should not be considered as substitutes for, or superior to, results determined in accordance with GAAP.

Use of Certain Terms

Recurring revenue All revenue streams from contracts where there is a predictable revenue pattern that will occur at regular intervals with a relatively high degree of certainty. This includes hardware and software maintenance revenue, processing revenue, interchange and network revenue, Bitcoin-related revenue, and certain professional services arrangements, as well as term-based software license arrangements that include customer termination rights.

Reconciliation of Net income (loss) attributable to Atleos (GAAP) to Adjusted EBITDA (Non-GAAP)

In millions	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Net income (loss) attributable to Atleos (GAAP)	**$ 29**	$ 53	**$ 21**	$ 89
Interest expense, net [1]	**79**	5	**158**	9
Interest income	**(2)**	—	**(4)**	—
Income tax expense	**4**	23	**8**	48
Depreciation and amortization expense	**43**	35	**87**	70
Acquisition-related amortization of intangibles	**23**	25	**48**	50
Stock-based compensation expense	**9**	19	**19**	33
Separation costs	**6**	33	**15**	40
Acquisition-related costs	**(4)**	—	**(4)**	—
Transformation and restructuring	**6**	5	**7**	5
Adjusted EBITDA (non-GAAP)	**$ 193**	$ 198	**$ 355**	$ 344

[1] Includes Related party interest expense, net, as presented in the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2023.

Reconciliation of Gross Margin Rate (Gross Margin as a Percentage of Revenue) (GAAP) to Adjusted Gross Margin Rate (Adjusted Gross Margin as a Percentage of Revenue) (Non-GAAP)

	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Gross Margin Rate (GAAP)	**23.4 %**	23.8 %	**22.2 %**	23.1 %
Plus: Special Items				
Acquisition-related amortization of intangibles	**1.7 %**	1.4 %	**2.0 %**	1.5 %
Stock-based compensation expense	**0.1 %**	0.8 %	**0.1 %**	0.6 %
Transformation and restructuring	**0.3 %**	— %	**0.1 %**	— %
Adjusted Gross Margin Rate (Non-GAAP)	**25.5 %**	26.0 %	**24.4 %**	25.2 %

Reconciliation of Selling, General and Administrative Expenses ("SG&A") as a Percentage of Revenue (GAAP) to Adjusted SG&A as a Percentage of Revenue (Non-GAAP)

	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
SG&A as a percentage of revenue (GAAP)	**12.2 %**	14.3 %	**12.4 %**	14.1 %
Plus: Special Items				
Acquisition-related amortization of intangibles	**(0.4)%**	(1.0)%	**(0.3)%**	(1.0)%
Stock-based compensation expense	**(0.6)%**	(0.9)%	**(0.8)%**	(0.8)%
Separation costs	**(0.6)%**	(3.1)%	**(0.7)%**	(2.0)%
Transformation and restructuring	**(0.2)%**	(0.5)%	**(0.1)%**	(0.3)%
Adjusted SG&A as a percentage of revenue (Non-GAAP)	**10.4 %**	8.8 %	**10.5 %**	10.0 %

Reconciliation of Research and Development Expenses ("R&D") as a Percentage of Revenue (GAAP) to Adjusted R&D as a Percentage of Revenue (Non-GAAP)

	Three months ended June 30		Six months ended June 30	
	2024	**2023**	**2024**	**2023**
R&D as a percentage of revenue (GAAP)	**1.3 %**	1.8 %	**1.5 %**	1.8 %
Plus: Special Items				
Stock-based compensation expense	**(0.1)%**	(0.2)%	**(0.1)%**	(0.1)%
Transformation and restructuring	**(0.1)%**	— %	**— %**	— %
Adjusted R&D as a percentage of revenue (Non-GAAP)	**1.1 %**	1.6 %	**1.4 %**	1.7 %

Other performance metrics

	June 30	
	2024	**2023**
ATM as a Service units	**22,077**	18,007

Consolidated Results

The following tables show our results for the three and six months ended June 30, the relative percentage that those amounts represent to revenue, and the change in those amounts year-over-year.

	Three months ended June 30		Percentage of Revenue (1)		Increase (Decrease)
In millions	**2024**	**2023**	**2024**	**2023**	**2024 vs 2023**
Product revenue	**$ 247**	$ 262	**22.8 %**	25.2 %	(6)%
Service revenue	**834**	778	**77.2 %**	74.8 %	7 %
Total revenue	**1,081**	1,040	**100.0 %**	100.0 %	4 %
Product gross margin	**37**	47	**15.0 %**	17.9 %	(21)%
Service gross margin	**216**	200	**25.9 %**	25.7 %	8 %
Total gross margin	**253**	247	**23.4 %**	23.8 %	2 %
Selling, general and administrative expenses	**132**	149	**12.2 %**	14.3 %	(11)%
Research and development expenses	**14**	19	**1.3 %**	1.8 %	(26)%
Income from operations	**107**	79	**9.9 %**	7.6 %	35 %
Interest expense	**(79)**	—	**(7.3)%**	— %	100 %
Related party interest expense, net	**—**	(5)	**— %**	(0.5)%	(100)%
Other (expense) income, net	**4**	1	**0.4 %**	0.1 %	n/m
Income (loss) before income taxes	**32**	75	**3.0 %**	7.2 %	(57)%
Income tax expense	**4**	23	**0.4 %**	2.2 %	(83)%
Net income (loss)	**$ 28**	$ 52	**2.6 %**	5.0 %	(46)%

In millions	Six months ended June 30				Percentage of Revenue [1]		Increase (Decrease)
	2024		2023		2024	2023	2024 vs 2023
Product revenue	$	**487**	$	496	**22.9 %**	24.5 %	(2)%
Service revenue		**1,644**		1,530	**77.1 %**	75.5 %	7 %
Total revenue		**2,131**		2,026	**100.0 %**	100.0 %	5 %
Product gross margin		**65**		86	**13.3 %**	17.3 %	(24)%
Service gross margin		**409**		381	**24.9 %**	24.9 %	7 %
Total gross margin		**474**		467	**22.2 %**	23.1 %	1 %
Selling, general and administrative expenses		**264**		285	**12.4 %**	14.1 %	(7)%
Research and development expenses		**31**		37	**1.5 %**	1.8 %	(16)%
Income from operations		**179**		145	**8.4 %**	7.2 %	23 %
Interest expense		**(158)**		—	**(7.4)%**	— %	100 %
Related party interest expense, net		**—**		(9)	**— %**	(0.4)%	(100)%
Other (expense) income, net		**7**		1	**0.3 %**	— %	n/m
Income (loss) before income taxes		**28**		137	**1.3 %**	6.8 %	(80)%
Income tax expense		**8**		48	**0.4 %**	2.4 %	(83)%
Net income (loss)	$	**20**	$	89	**0.9 %**	4.4 %	(78)%

[1] The percentage of revenue is calculated for each line item divided by total revenue, except for product gross margin and service gross margin, which are divided by the related component of revenue.

Revenue

In millions	Three months ended June 30				Percentage of Total Revenue		Increase (Decrease)
	2024		2023		2024	2023	2024 vs 2023
Product revenue	$	**247**	$	262	**22.8 %**	25.2 %	(6)%
Service revenue		**834**		778	**77.2 %**	74.8 %	7 %
Total revenue	$	**1,081**	$	1,040	**100.0 %**	100.0 %	4 %

In millions	Six months ended June 30				Percentage of Total Revenue		Increase (Decrease)
	2024		2023		2024	2023	2024 vs 2023
Product revenue	$	**487**	$	496	**22.9 %**	24.5 %	(2)%
Service revenue		**1,644**		1,530	**77.1 %**	75.5 %	7 %
Total revenue	$	**2,131**	$	2,026	**100.0 %**	100.0 %	5 %

Product revenue includes our hardware and software license revenue streams as well as Bitcoin-related revenues. Service revenue includes hardware and software maintenance revenue, implementation services revenue, cloud revenue, payments processing revenue, interchange and network revenue, as well as professional services revenue.

For the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023

Revenue results in the first half of 2024 were negatively impacted by the delayed transfer of seven legal entities to Atleos following our separation from Voyix, due to local processes of setting up Atleos legal entities. Prior to the Separation, the operating results of each of these entities were included within Atleos' results under carve-out methodology as all entities were dedicated to the Atleos business. Of these seven entities, three transferred during the first quarter of 2024 and two entities transferred in the second quarter of 2024. The remaining two entities are expected to transfer in the second half of 2024. We estimate the delayed transfer of these entities resulted in an approximately $6 million and $19 million decline in revenue for the three and six months ended 2024 compared to the prior year period.

Total revenue increased 4% for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, primarily driven by the growth of recurring service revenue streams in our core business as well as revenues recognized pursuant to our commercial agreements with Voyix.

Product revenue for the three months ended June 30, 2024 decreased 6% compared to the three months ended June 30, 2023, due to declines in non-core commerce-related revenue of approximately $11 million related to the wind down of that business, ATM and other hardware revenue of approximately $14 million and Bitcoin-related revenues of approximately $7 million, partially offset by approximately $13 million of product revenues earned under the commercial agreements with Voyix. The decline in ATM hardware revenue is partially due to the shift in the business from one-time hardware sales to recurring ATM as a Service subscriptions as well as a $2 million reduction due to the delayed legal entities described above. The decline in Bitcoin-related revenue is due to a decrease in transaction volumes.

Services revenue for the three months ended June 30, 2024 increased 7% compared to the prior year period, driven primarily by 8% total growth in our core self-service banking and network offerings. Services revenue benefited from increases of approximately $23 million of transaction processing services revenue, $11 million in hardware maintenance and installation revenue, $10 million in ATM as a Service revenue as well as $13 million in other software-related revenues. The increase in transaction processing services was driven by an increase in withdrawal transaction volumes and the favorable mix of payments transactions year-over-year, while the growth in ATM as a Service revenue was due to the continued growth in our ATM as a Service offering, whereby we own the ATMs and charge per ATM for the service. The increase in hardware maintenance and installation was primarily due to an increase in the core business of approximately $7 million and approximately $5 million earned under the commercial agreements with Voyix. Included in the activity described above, the delayed transfer of legal entities resulted in a reduction of hardware maintenance and installation revenue and other software-related services revenue of approximately $3 million and $1 million, respectively.

Total revenue increased 5% for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, primarily driven by the growth of recurring service revenue streams in our core business as well as revenues recognized pursuant to our commercial agreements with Voyix.

Product revenue for the six months ended June 30, 2024 decreased 2% compared to the six months ended June 30, 2023, due to declines in non-core commerce related revenues of approximately $21 million related to the wind down of that business, ATM and other hardware revenue of approximately $18 million and Bitcoin-related revenues of approximately $10 million, partially offset by approximately $38 million of product revenues earned under the commercial agreements with Voyix. The decline in ATM hardware revenue is partially due to the shift in the business from one-time hardware sales to recurring ATM as a Service subscriptions as well as a $4 million reduction due to the delayed legal entities described above. The decline in Bitcoin-related revenue is due to a decrease in transaction volumes.

Services revenue for the six months ended June 30, 2024 increased 7% compared to the prior year period, driven primarily by 7% total growth in our core self-service banking and network offerings. Services revenue benefited from increases of approximately $32 million of transaction processing services revenue, $37 million in hardware maintenance and installation revenue, $22 million in ATM as a Service revenue as well as $22 million in other software-related revenues. The significant increase in transaction processing services was driven by an increase in withdrawal transaction volumes and the favorable mix of payments transactions year-over-year, while the growth in ATM as a Service revenue was due to the continued growth in our ATM as a Service offering, whereby we own the ATMs and charge per ATM for the service. The increase in hardware maintenance and installation was primarily due to an increase in the core business of approximately $13 million and approximately $24 million earned under the commercial agreements with Voyix. Included in the activity described above, the delayed transfer of legal entities resulted in a reduction of hardware maintenance and installation revenue and other software-related services revenue of approximately $9 million and $5 million, respectively.

Gross Margin

	Three months ended June 30		Percentage of Revenue [1]		Increase (Decrease)
In millions	**2024**	**2023**	**2024**	**2023**	**2024 v 2023**
Product gross margin	**$ 37**	$ 47	**15.0 %**	17.9 %	(21)%
Service gross margin	**216**	200	**25.9 %**	25.7 %	8 %
Total gross margin	**$ 253**	$ 247	**23.4 %**	23.8 %	2 %

(1) The percentage of revenue is calculated for each line item divided by the related component of revenue.

For the three months ended June 30, 2024 compared to the three months ended June 30, 2023

Gross margin as a percentage of revenue for the three months ended June 30, 2024 was 23.4% compared to 23.8% for the three months ended June 30, 2023. Gross margin for the three months ended June 30, 2024 included $19 million of amortization of acquisition-related intangible assets, $3 million of transformation and restructuring costs and $1 million of stock-based compensation expense. Gross margin for the three months ended June 30, 2023 included $15 million of amortization of acquisition-related intangible assets and $8 million of stock-based compensation expense. Excluding these items, adjusted gross margin as a percentage of revenue (non-GAAP) decreased from 26.0% to 25.5% due to the impact of lower margins recognized on services provided under the commercial agreements with Voyix. Our services gross margin was also impacted by increased interest rates driving $2 million of higher rental cost on our vault cash agreements as well as incremental labor costs.

	Six months ended June 30		Percentage of Revenue [1]		Increase (Decrease)
In millions	**2024**	**2023**	**2024**	**2023**	**2024 v 2023**
Product gross margin	**$ 65**	$ 86	**13.3 %**	17.3 %	(24)%
Service gross margin	**409**	381	**24.9 %**	24.9 %	7 %
Total gross margin	**$ 474**	$ 467	**22.2 %**	23.1 %	1 %

[1] The percentage of revenue is calculated for each line item divided by the related component of revenue.

For the six months ended June 30, 2024 compared to the six months ended June 30, 2023

Gross margin as a percentage of revenue in the six months ended June 30, 2024 was 22.2% compared to 23.1% in the six months ended June 30, 2023. Gross margin in the six months ended June 30, 2024 included $41 million of amortization of acquisition-related intangible assets, $3 million of transformation and restructuring costs and $2 million of stock-based compensation expense. Gross margin for the six months ended June 30, 2023 included $30 million of amortization of acquisition-related intangible assets and $13 million of stock-based compensation expense. Excluding these items, adjusted gross margin as a percentage of revenue (non-GAAP) decreased from 25.2% to 24.4% due to the impact of lower margins recognized on services provided under the commercial agreements with Voyix. Our services gross margin for the core business was also impacted by increased interest rates driving $4 million of higher rental costs on our vault cash agreements.

Selling, General and Administrative Expenses

	Three months ended June 30		Percentage of Total Revenue		Increase (Decrease)
In millions	**2024**	**2023**	**2024**	**2023**	**2024 v 2023**
Selling, general and administrative expenses	**$ 132**	$ 149	**12.2 %**	14.3 %	(11)%

For the three months ended June 30, 2024 compared to the three months ended June 30, 2023

Selling, general, and administrative expenses were $132 million in the three months ended June 30, 2024, compared to $149 million in the three months ended June 30, 2023. As a percentage of revenue, selling, general and administrative expenses were 12.2% in the three months ended June 30, 2024 compared to 14.3% in the three months ended June 30, 2023. In the three months ended June 30, 2024, selling, general and administrative expenses included $4 million of amortization of acquisition-related intangible assets, $2 million of transformation and restructuring costs, $7 million of stock-based compensation expense, $6 million of separation-related costs and $1 million of acquisition-related costs. In the three months ended June 30, 2023, selling, general and administrative expenses included $10 million of amortization of acquisition-related intangible assets, $5 million of transformation and restructuring costs, $9 million of stock-based compensation expense and $33 million of separation-related costs. Excluding these items, adjusted selling, general and administrative expenses as a percentage of revenue (non-GAAP) increased from 8.8% to 10.4% due to lower costs allocated to Atleos under carve-out accounting methodologies in the prior year period, compared to operations as a stand-alone company in the second quarter of 2024 which include separation cost dis-synergies and higher employee-benefit related costs.

In millions	Six months ended June 30 2024	2023	Percentage of Total Revenue 2024	2023	Increase (Decrease) 2024 vs 2023
Selling, general and administrative expenses	**$ 264**	$ 285	**12.4 %**	14.1 %	(7)%

For the six months ended June 30, 2024 compared to the six months ended June 30, 2023

Selling, general, and administrative expenses were $264 million in the six months ended June 30, 2024, compared to $285 million in the six months ended June 30, 2023. As a percentage of revenue, selling, general and administrative expenses were 12.4% in the six months ended June 30, 2024 compared to 14.1% in the six months ended June 30, 2023. In the six months ended June 30, 2024, selling, general and administrative expenses included $7 million of amortization of acquisition-related intangible assets, $3 million of transformation and restructuring costs, $16 million of stock-based compensation expense, $14 million of separation-related costs and $1 million of acquisition-related costs. In the six months ended June 30, 2023, selling, general and administrative expenses included $5 million of transformation and restructuring costs, $20 million of amortization of acquisition-related intangible assets, $17 million of stock-based compensation expense, and $40 million of separation costs. Excluding these items, adjusted selling, general and administrative expenses as a percentage of revenue (non-GAAP) slightly increased from 10.0% to 10.5% due to lower costs allocated to Atleos under carve-out accounting methodologies in the prior year period, compared to operations as a stand-alone company in the first half of 2024 which include separation cost dis-synergies.

Research and Development Expenses

In millions	Three months ended June 30 2024	2023	Percentage of Total Revenue 2024	2023	Increase (Decrease) 2024 v 2023
Research and development expenses	**$ 14**	$ 19	**1.3 %**	1.8 %	(26)%

For the three months ended June 30, 2024 compared to the three months ended June 30, 2023

Research and development expenses were $14 million in the three months ended June 30, 2024, compared to $19 million in the three months ended June 30, 2023. As a percentage of revenue, research and development costs were 1.3% and 1.8% in the three months ended June 30, 2024 and 2023, respectively. In the three months ended June 30, 2024, research and development costs included $1 million of transformation and restructuring costs and $1 million of stock-based compensation expense. In the three months ended June 30, 2023, research and development costs included $2 million of stock-based compensation expense. Excluding these items, adjusted research and development expenses as a percentage of revenue (non-GAAP) decreased from 1.6% to 1.1% due to higher costs allocated to Atleos under carve-out accounting methodologies in the prior year period, compared to operations as a stand-alone company in the second quarter of 2024.

In millions	Six months ended June 30 2024	2023	Percentage of Total Revenue 2024	2023	Increase (Decrease) 2024 v 2023
Research and development expenses	**$ 31**	$ 37	**1.5 %**	1.8 %	(16)%

For the six months ended June 30, 2024 compared to the six months ended June 30, 2023

Research and development expenses were $31 million in the six months ended June 30, 2024, compared to $37 million in the six months ended June 30, 2023. As a percentage of revenue, research and development costs were 1.5% and 1.8% in the six months ended June 30, 2024 and 2023, respectively. In the six months ended June 30, 2024, research and development costs included $1 million of transformation and restructuring costs and $1 million stock-based compensation expense. In the six months ended June 30, 2023, research and development expenses included $3 million of stock-based compensation expense. Excluding these items, adjusted research and development expenses as a percentage of revenue (non-GAAP) decreased from 1.7% to 1.4% due to higher costs allocated to Atleos under carve-out accounting methodologies in the prior year period, compared to operations as a stand-alone company in 2024.

Interest Expense and Related Party Interest Expense, Net

In millions	Three months ended June 30 2024	Three months ended June 30 2023	Increase (Decrease) 2024 v 2023
Interest expense	**$ 79**	$ —	n/m
Related party interest expense, net	**$ —**	$ 5	n/m

For the three months ended June 30, 2024 compared to the three months ended June 30, 2023

Interest expense was $79 million in the three months ended June 30, 2024. Interest expense is primarily related to our senior secured notes and borrowings under the Senior Secured Credit Facility entered into on September 27, 2023. The Company had no external interest expense in the three months ended June 30, 2023. Refer to Note 4, "Debt Obligations", for further details regarding the issuance of debt.

Related party interest expense, net was $5 million in the three months ended June 30, 2023. Related party interest expense, net is primarily related to certain related party borrowings during the prior year period.

In millions	Six months ended June 30 2024	Six months ended June 30 2023	Increase (Decrease) 2024 v 2023
Interest expense	**$ 158**	$ —	n/m
Related party interest expense, net	**$ —**	$ 9	n/m

For the six months ended June 30, 2024 compared to the six months ended June 30, 2023

Interest expense was $158 million in the six months ended June 30, 2024. Interest expense is primarily related to our senior secured notes and borrowings under the Senior Secured Credit Facility entered into on September 27, 2023. The Company had no external interest expense in the six months ended June 30, 2023. Refer to Note 4, "Debt Obligations", for further details regarding the issuance of debt.

Related party interest expense, net was $9 million in the six months ended June 30, 2023. Related party interest expense, net is primarily related to certain related party borrowings during the prior year period.

Other (Expense) Income, net

Other (expense) income, net was income of $4 million and $1 million in the three months ended June 30, 2024 and 2023, respectively, and income of $7 million and $1 million in the six months ended June 30, 2024 and 2023, respectively, with the components reflected in the following table:

In millions	Three months ended June 30 2024	Three months ended June 30 2023	Six months ended June 30 2024	Six months ended June 30 2023
Other (expense) income, net				
Interest Income	**$ 2**	$ —	**$ 4**	$ —
Foreign currency fluctuations and foreign exchange contracts	**(2)**	(1)	**(5)**	(4)
Employee benefit plans	**6**	2	**11**	5
Bank-related fees	**(6)**	—	**(8)**	—
Other, net	**4**	—	**5**	—
Total other (expense) income, net	**$ 4**	$ 1	**$ 7**	$ 1

Income Taxes

In millions	Three months ended June 30		Six months ended June 30	
	2024	**2023**	**2024**	**2023**
Income tax expense	**$ 4**	$ 23	**$ 8**	$ 48

Income tax provisions for interim (quarterly) periods are based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent or unusual items.

For the three months ended June 30, 2024 compared to the three months ended June 30, 2023

Income tax expense was $4 million for the three months ended June 30, 2024 compared to $23 million for the three months ended June 30, 2023. The change was primarily driven by lower income before taxes and discrete tax benefits realized in the three months ended June 30, 2024, compared to the prior year. For the three months ended June 30, 2024, the Company recognized a $9 million benefit related to provision to return adjustments. For the three months ended June 30, 2023, the Company recognized a $2 million expense from recording a valuation allowance against deferred tax assets in Turkey.

For the six months ended June 30, 2024 compared to the six months ended June 30, 2023

Income tax expense was $8 million for the six months ended June 30, 2024 compared to income tax expense of $48 million for the six months ended June 30, 2023. The change was primarily driven by lower income before taxes and discrete tax benefits realized in the six months ended June 30, 2024, compared to the prior year. For the six months ended June 30, 2024, the Company recognized an $11 million benefit related to provision to return adjustments. For the six months ended June 30, 2023, the Company recognized a $2 million expense from recording a valuation allowance against deferred tax assets in Turkey.

On October 8, 2021, the Organization for Economic Co-operation and Development (“OECD”) released a statement on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, which agreed to a two-pillar solution to address tax challenges of the digital economy. On December 20, 2021, the OECD released Pillar Two model rules defining a 15 percent global minimum tax rate for large multinational corporations. The OECD continues to release additional guidance and countries are implementing legislation with widespread adoption of the Pillar Two Framework expected by calendar year 2024. The estimated Pillar Two taxes do not have a material impact on the estimated annual effective tax rate for 2024 nor the income tax provision for the quarter. We are continuing to evaluate the Pillar Two Framework and its potential impact on future periods.

The Company is subject to numerous federal, state and foreign tax audits. While certain reserves exist for issues that might arise from these audits, should these audits be settled, the resulting tax effect could impact the tax provision and cash flows in 2024 or future periods.

Revenue and Adjusted EBITDA by Segment

The Company manages and reports its businesses in the following segments: Self-Service Banking, Network, and Telecommunications & Technology (T&T). Segments are measured for profitability by the Company’s chief operating decision maker (CODM) based on revenue and segment Adjusted EBITDA. Refer to the section above entitled “Non-GAAP Financial Measures and Use of Certain Terms” for our definition of Adjusted EBITDA and the reconciliation of Net income (loss) attributable to Atleos (GAAP) to Adjusted EBITDA (non-GAAP).

The following tables show our segment revenue and Adjusted EBITDA for the three and six months ended June 30, the relative percentage that those amounts represent to segment revenue, and the change in those amounts year-over-year.

In millions	Three months ended June 30 2024	Three months ended June 30 2023	Percentage of Revenue [(1)] 2024	Percentage of Revenue [(1)] 2023	Increase (Decrease) 2024 v 2023
Revenue					
Self-Service Banking	**$ 673**	$ 654	**62.3 %**	62.9 %	3 %
Network	**326**	309	**30.1 %**	29.7 %	6 %
T&T	**51**	49	**4.7 %**	4.7 %	4 %
Total segment revenue	**1,050**	1,012	**97.1 %**	97.3 %	4 %
Other [(2)]	**31**	28	**2.9 %**	2.7 %	11 %
Consolidated revenue	**$ 1,081**	$ 1,040	**100.0 %**	100.0 %	4 %
Adjusted EBITDA by Segment					
Self-Service Banking	**$ 158**	$ 173	**23.5 %**	26.5 %	(9)%
Network	**$ 101**	$ 91	**31.0 %**	29.4 %	11 %
T&T	**$ 8**	$ 6	**15.7 %**	12.2 %	33 %

(1) The percentage of revenue is calculated for each line item divided by total consolidated revenue, except for Adjusted EBITDA, which are divided by the related component of revenue.

(2) Other revenue represents certain other immaterial business operations, including commerce-related operations in countries that Voyix exited that are aligned to Atleos, that do not represent a reportable segment. For periods after the Separation, Other also includes revenues from commercial agreements with Voyix.

In millions	Six months ended June 30 2024	Six months ended June 30 2023	Percentage of Revenue [(1)] 2024	Percentage of Revenue [(1)] 2023	Increase (Decrease) 2024 v 2023
Revenue					
Self-Service Banking	**$ 1,301**	$ 1,260	**61.1 %**	62.2 %	3 %
Network	**636**	609	**29.8 %**	30.1 %	4 %
T&T	**102**	99	**4.8 %**	4.8 %	3 %
Total segment revenue	**2,039**	1,968	**95.7 %**	97.1 %	4 %
Other [(2)]	**92**	58	**4.3 %**	2.9 %	59 %
Consolidated revenue	**$ 2,131**	$ 2,026	**100.0 %**	100.0 %	5 %
Adjusted EBITDA by Segment					
Self-Service Banking	**$ 292**	$ 312	**22.4 %**	24.8 %	(6)%
Network	**$ 187**	$ 166	**29.4 %**	27.3 %	13 %
T&T	**$ 18**	$ 16	**17.6 %**	16.2 %	13 %

(1) The percentage of revenue is calculated for each line item divided by total consolidated revenue, except for Adjusted EBITDA, which are divided by the related component of revenue.

(2) Other revenue represents certain other immaterial business operations, including commerce-related operations in countries that Voyix exited that are aligned to Atleos, that do not represent a reportable segment. For periods after the Separation, Other also includes revenues from commercial agreements with Voyix.

Segment Revenue

For the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023

Self-Service Banking revenue increased 3% and 3% for the three and six months ended June 30, 2024, respectively, compared to the prior year period. For the three and six months ended June 30, 2024, ATM as a Service revenue increased approximately $10 million and $22 million, software-related revenue increased approximately $18 million and $27 million, hardware maintenance and installation revenue increased $7 million and $13 million and ATM hardware revenue decreased $17 million and $21 million, respectively, compared to the prior year period. Revenue results for the period were primarily due to the shift from non-recurring revenues to recurring ATM as a Service arrangements whereby we own the ATMs and charge per ATM for the service, as well as the shift to recurring software subscriptions. Included in the results described above, the delayed transfer of legal entities drove a reduction of approximately $6 million and $19 million for the three and six months ended June 30, 2024, respectively, compared to the prior year period. Software and services revenue as a percent of total Self-Service Banking segment revenue were 72% and 73% in the three and six months ended June 30, 2024, respectively, compared to 69% and 70% in the prior period.

Network revenue increased 6% and 4% for the three and six months ended June 30, 2024, respectively, compared to the prior year period. For the three and six months ended June 30, 2024, the increase in revenue was due to approximately $23 million and $32 million increases, respectively, in transaction processing services revenue driven by an increase in higher value ATM transactions, and $1 million and $4 million increases, respectively, in other software-related revenue, partially offset by decreases in Bitcoin-related revenue of approximately $7 million and $10 million, respectively, due to decreases in transaction volumes.

T&T revenue increased 4% and 3% for the three and six months ended June 30, 2024, respectively, compared to the prior year period. The increase for the three and six months ended June 30, 2024 was primarily due to one-time hardware sales.

Segment Adjusted EBITDA

For the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023

Self-Service Banking Adjusted EBITDA decreased 9% and 6% for the three and six months ended June 30, 2024, respectively, compared to the prior year period due to separation dis-synergies, higher labor and employee benefit-related costs, and the impact of one-time hardware sales shifting to ATM as a Service arrangements that are amortized over the contract period, partially offset by the higher margin recurring revenue stream growth.

Network Adjusted EBITDA increased 11% and 13% for the three and six months ended June 30, 2024, respectively, compared to the prior year period due to increases in withdrawal transaction volumes, the mix of higher margin transaction revenue, and cost optimization initiatives. These improvements were partially offset by higher interest rates on our vault cash agreements driving additional cost of $2 million and $4 million, respectively, as well as higher cash-in-transit costs driven by the higher volume of cash dispensed in the period, and an increase in employee benefit-related costs.

T&T Adjusted EBITDA increased 33% and 13% for the three and six months ended June 30, 2024, respectively, compared to the prior year period driven by increases in revenue.

Financial Condition, Liquidity, and Capital Resources

Following the Separation, our principal sources of cash are generated from operations, borrowings under our revolving credit facility and issuances of debt. We continually evaluate our liquidity requirements in light of our operating needs, growth initiatives and capital resources.

Atleos' management uses a non-GAAP measure called "Adjusted free cash flow-unrestricted" to assess the financial performance and liquidity of Atleos. We define Adjusted free cash flow-unrestricted as net cash provided by operating activities less capital expenditures for property, plant and equipment, less additions to capitalized software, plus/minus the change in restricted cash settlement activity, plus/minus net reductions or reinvestment in the trade receivables facility established in the fourth quarter of 2023 due to fluctuations in the outstanding balance of receivables sold, plus/minus financing payments/receipts of owned ATM capital expenditures, and plus pension contributions and settlements. Restricted cash settlement activity represents the net change in amounts collected on behalf of, but not yet remitted to, certain of the Company's merchant customers or third-party service providers that are pledged for a particular use or restricted to support these obligations. These amounts can fluctuate significantly period to period based on the number of days for which settlement to the merchant has not yet occurred or day of the week on which a reporting period ends. We believe Adjusted free cash flow-unrestricted information is useful for investors because it indicates the amount of cash available after these adjustments for, among other things, investments in Atleos' existing businesses, strategic acquisitions, and repayment of debt obligations. Adjusted free cash flow-unrestricted does not represent the residual cash flow available, since there may be other non-discretionary expenditures that are not deducted from the measure. Adjusted free cash flow-unrestricted does not have a uniform definition under GAAP, and therefore Atleos' definition may differ from other companies' definitions of this measure. This non-GAAP measure should not be considered a substitute for, or superior to, cash flows from operating activities under GAAP.

Summarized cash flow information for the six months ended June 30, is as follows:

	Six months ended June 30	
In millions	**2024**	**2023**
Net cash provided by operating activities	**$ 157**	$ 200
Net cash used in investing activities	**$ (71)**	$ (15)
Net cash used in financing activities	**$ (30)**	$ (130)

Cash provided by operating activities was $157 million in the six months ended June 30, 2024 compared to cash provided by operating activities of $200 million in the six months ended June 30, 2023. The decrease in cash provided by operating activities of $43 million in the six months ended June 30, 2024 was primarily driven by a decline in net income of $69 million partially offset by the favorable movement in net working capital accounts of $16 million and an increase in non-cash charges of $10 million.

Investing activities in the six months ended June 30, 2024 primarily include capital expenditures for property, plant and equipment of $47 million and additions to capitalized software of $15 million. Investing activities in the six months ended June 30, 2023 primarily include capital expenditures for property, plant and equipment of $22 million and additions to capitalized software of $15 million. Other investing activities primarily include business acquisitions, divestitures and investments, which were not significant in the six months ended June 30, 2024 and 2023.

Our financing activities include borrowings and repayments of credit facilities and notes. Financing activities for the six months ended June 30, 2024 also included tax withholding payments on behalf of employees for stock based awards that vested of $13 million. Prior to the Spin-off, financing activities also include short-term borrowings with, and transfers to and from, NCR, consisting of, among other things, cash transfers and changes in receivables and payables and other transactions between Atleos and NCR. See Note 10, "Related Parties", in the Notes to Condensed Consolidated Financial Statements for further discussion on transactions with NCR.

The table below reconciles net cash provided by operating activities, the most directly comparable GAAP measure, to Atleos' non-GAAP measure of Adjusted free cash flow-unrestricted for the six months ended June 30:

	Six months ended June 30	
In millions	**2024**	**2023**
Net cash provided by operating activities (GAAP)	**$ 157**	$ 200
Capital expenditures for property, plant and equipment	**(47)**	(22)
Additions to capitalized software	**(15)**	(15)
Change in restricted cash settlement activity	**(11)**	(22)
Pension contributions	**1**	2
Adjusted free cash flow-unrestricted (non-GAAP)	**$ 85**	$ 143

Long Term Borrowings The Senior Secured Credit Facility consists of term loan facilities in an aggregate principal amount of $1,585 million, of which $1,548 million was outstanding as of June 30, 2024. Additionally, the Senior Secured Credit Facility provides for a five-year Revolving Credit Facility with an aggregate principal amount of $500 million, of which $176 million was outstanding as of June 30, 2024. The Revolving Credit Facility also contains a sub-facility to be used for letters of credit, and as of June 30, 2024, there were $26 million letters of credit outstanding.

As of June 30, 2024, we had outstanding $1,350 million in aggregate principal balance of 9.500% senior secured notes due in 2029.

See Note 4, “Debt Obligations”, of the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Report for further information on our debt transactions.

Employee Benefit Plans In 2024, we expect to make contributions of $3 million to our international pension plans, $18 million to our postemployment plan, and $2 million to our postretirement plans. For additional information, refer to Note 8, “Employee Benefit Plans”, of the Notes to Condensed Consolidated Financial Statements.

Cash and Cash Equivalents Held by Foreign Subsidiaries Cash and cash equivalents held by the Company’s foreign subsidiaries at June 30, 2024 and December 31, 2023 were $287 million and $285 million, respectively. Under current tax laws and regulations, if cash and cash equivalents and short-term investments held outside the U.S. are distributed to the U.S. in the form of dividends or otherwise, we may be subject to additional U.S. income taxes and foreign withholding taxes, which could be significant.

Summary As of June 30, 2024, our cash and cash equivalents totaled $374 million and our total debt was $3,082 million. Our borrowing capacity under our senior secured credit facility was $298 million at June 30, 2024.

Our ability to generate positive cash flows from operations is dependent on general economic conditions, and the competitive environment in our industry, and is subject to the business and other risk factors described in Item 1A, of Part I of the Company’s 2023 Form 10-K and Item 1A of Part II of this Quarterly Report on Form 10-Q (as applicable). If we are unable to generate sufficient cash flows from operations, or otherwise comply with the terms of our credit facilities, we may be required to seek additional financing alternatives. However, we cannot assure that we will be able to obtain additional debt or equity financing on acceptable terms in the future.

Management believes that our cash balances and funds provided by operating activities, along with our borrowing capacity under the senior secured credit facility and access to capital markets, taken as a whole, provide (i) adequate liquidity to meet all of our current and long-term (i.e., beyond June 30, 2025) material cash requirements when due, including third-party debt that we incurred in connection with the Spin-off, (ii) adequate liquidity to fund capital expenditures and (iii) flexibility to meet investment opportunities that may arise. We expect to utilize our cash flows to continue to invest in our business, growth strategies, people and the communities we operate in as well as to repay our indebtedness over time.

Material Cash Requirements from Contractual and Other Obligations

There have been no significant changes in our contractual and other commercial obligations as described in our Form 10-K for the year ended December 31, 2023.

Critical Accounting Policies and Estimates

Critical accounting policies are those that are most important to the portrayal of our financial position and results of operations. These policies require highly subjective or complex judgments, often employing the use of estimates about the effect of matters that are inherently uncertain. Our most critical accounting estimates pertain to revenue recognition, inventory valuation, goodwill and intangible assets, pension, postretirement and postemployment benefits, income taxes, and, for periods prior to the Separation, cost allocations, which are described in Item 7. of our 2023 Form 10-K.

Recently Issued Accounting Pronouncements

See discussion in Note 1, “Basis of Presentation and Summary of Significant Accounting Policies”, of the Notes to Condensed Consolidated Financial Statements for recently issued accounting pronouncements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the “Act”). Forward-looking statements use words such as “expect,” “anticipate,” “outlook,” “intend,” “plan,” “confident,” “believe,” “will,” “should,” “would,” “potential,” “positioning,” “proposed,” “planned,” “objective,” “likely,” “could,” “may,” and words of similar meaning, as well as other words or expressions referencing future events, conditions or circumstances. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Act. Statements that describe or relate to Atleos’ plans, goals, intentions, strategies, or financial outlook, and statements that do not relate to historical or current fact, are examples of forward-looking statements. Examples of forward-looking statements in this Form 10-Q include, without limitation, statements regarding: our expectations of demand for our solutions and execution and the impact thereof on our financial results in 2024; Atleos’ focus on advancing our strategic growth initiatives and software-led solutions with a higher mix of recurring revenue streams; and our expectations of Atleos’ ability to deliver increased value to customers and stockholders. Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of Atleos’ control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements, including those factors relating to:

- Strategy and Technology: transforming our business model; development and introduction of new solutions; competition in the technology industry; integration of acquisitions and management of alliance activities; our multinational operations;

- Business Operations: domestic and global economic and credit conditions; risks and uncertainties from the payments-related business and industry; disruptions in our data center hosting and public cloud facilities; retention and attraction of key employees; defects, errors, installation difficulties or development delays; failure of third-party suppliers; a major natural disaster or catastrophic event, including the impact of pandemics and, geopolitical and macroeconomic challenges; environmental exposures from historical and ongoing manufacturing activities; and climate change;

- Data Privacy & Security: impact of data protection, cybersecurity and data privacy including any related issues;

- Finance and Accounting: our level of indebtedness; the terms governing our indebtedness; incurrence of additional debt or similar liabilities or obligations; access or renewal of financing sources; our cash flow sufficiency to service our indebtedness; interest rate risks; the terms governing our trade receivables facility; the impact of certain changes in control relating to acceleration of our indebtedness, our obligations under other financing arrangements, or required repurchase of our senior secured notes; any lowering or withdrawal of the ratings assigned to our debt securities by rating agencies; our pension liabilities; and write down of the value of certain significant assets;

- Law and Compliance: allegations or claims by third parties that our products or services infringe on intellectual property rights of others, including claims against our customers and claims by our customers to defend and indemnify them with respect to such claims; protection of our intellectual property; changes to our tax rates and additional income tax liabilities; uncertainties regarding regulations, lawsuits and other related matters; and changes to cryptocurrency regulations;

- Governance: actions or proposals from stockholders that do not align with our business strategies or the interests of our other stockholders; and

- Separation: the failure of Atleos to achieve some or all of the expected strategic benefits, synergies or opportunities expected from the spin-off; that Atleos may incur material costs and expenses as a result of the spin-off; that Atleos has limited history operating as an independent, publicly-traded company, and Atleos' historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly-traded company and therefore may not be a reliable indicator of its future results; Atleos' obligation to indemnify NCR pursuant to the agreements entered into in connection with the spin-off (including with respect to material taxes) and the risk NCR may not fulfill any obligations to indemnify Atleos under such agreements; that under applicable tax law, Atleos may be liable for certain tax liabilities of NCR following the spin-off if NCR were to fail to pay such taxes; that agreements binding on Atleos restrict it from taking certain actions after the distribution that could adversely impact the intended U.S. federal income tax treatment of the distribution and related transactions; potential liabilities arising out of state and federal fraudulent conveyance laws; the fact that Atleos may receive worse commercial terms from third-parties for services it presently receives from NCR; that after the spin-off, certain of Atleos' executive officers and directors may have actual or potential conflicts of interest because of their previous positions at NCR; potential difficulties in maintaining relationships with key personnel; that Atleos will not be able to rely on the earnings, assets or cash flow of NCR and NCR will not provide funds to finance Atleos' working capital or other cash requirements.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those set forth in the forward-looking statements. Atleos may not be able to realize any of the potential strategic benefits, synergies or opportunities as a result of these actions, nor may shareholders achieve any particular level of stockholder returns. The separation may not enhance value for stockholders, nor may Atleos be commercially successful in the future, nor achieve any particular credit rating or financial results. Additional information concerning these and other factors can be found in the Company's filings with the U.S. Securities and Exchange Commission, including the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. Any forward-looking statement speaks only as of the date on which it is made. The Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Risk

Since a substantial portion of our operations and revenue occur outside the United States, and in currencies other than the U.S. Dollar, our results can be significantly impacted by changes in foreign currency exchange rates. We have exposure to approximately 40 functional currencies and are exposed to foreign currency exchange risk with respect to our sales, profits and assets and liabilities denominated in currencies other than the U.S. Dollar. Although we use financial instruments to hedge certain foreign currency risks, we are not fully protected against foreign currency fluctuations and our reported results of operations could be affected by changes in foreign currency exchange rates. To manage our exposures and mitigate the impact of currency fluctuations on the operations of our foreign subsidiaries, we hedge our main transactional exposures through the use of foreign exchange contracts. This is primarily done through the hedging of foreign currency denominated intercompany inventory purchases by the marketing units and the foreign currency denominated inputs to our manufacturing units. If these contracts are designated as highly effective cash flow hedges, the gains or losses are deferred into Accumulated other comprehensive income (loss) (“AOCI”). The gains or losses from derivative contracts that are designated as highly effective cash flow hedges related to inventory purchases are recorded in cost of products when the inventory is sold to an unrelated third party. Otherwise, the gains or losses from these contracts are recognized in earnings as exchange rates change. We also use derivatives not designated as hedging instruments consisting primarily of forward contracts to hedge foreign currency denominated balance sheet exposures. For these derivatives we recognize gains and losses in the same period as the remeasurement losses and gains of the related foreign currency-denominated exposures.

We utilize non-exchange traded financial instruments, such as foreign exchange forward and option contracts, that we purchase exclusively from highly rated financial institutions. We record these contracts on our balance sheet at fair market value based upon market price quotations from the financial institutions. We do not enter into non-exchange traded contracts that require the use of fair value estimation techniques, but if we did, they could have a material impact on our financial results.

For purposes of analyzing potential risk, we use sensitivity analysis to quantify potential impacts that market rate changes may have on the fair values of our hedge portfolio related to firmly committed or forecasted transactions. The sensitivity analysis represents the hypothetical changes in value of the hedge position and does not reflect the related gain or loss on the forecasted underlying transaction. A 10% appreciation in the value of the U.S. Dollar against foreign currencies from the prevailing market rates would have resulted in a corresponding decrease in the fair value of the hedge portfolio of $4 million as of June 30, 2024. A 10% depreciation in the value of the U.S. Dollar against foreign currencies from the prevailing market rates would have resulted in a corresponding increase in the fair value of the hedge portfolio of $6 million as of June 30, 2024. The Company expects that any increase or decrease in the fair value of the portfolio would be substantially offset by increases or decreases in the underlying exposures being hedged.

Interest Rate Risk

We are subject to interest rate risk principally in relation to variable-rate debt. Approximately 44% of our borrowings were on a fixed rate basis as of June 30, 2024. The increase in pre-tax interest expense for the three and six months ended June 30, 2024 from a hypothetical 100 basis point increase in variable interest rates would be approximately $5 million and $9 million, respectively. As of June 30, 2024, we do not have any outstanding interest rate derivative contracts related to our variable rate debt.

As our ATM vault cash rental expense is based on market rates of interest, it is sensitive to changes in applicable interest rates in the respective countries in which we operate. We pay a monthly fee on the average outstanding vault cash balances in our ATMs under floating rate formulas based on a spread above various interbank offered rates. The increase in vault cash rental expense for the three months ended June 30, 2024 from a hypothetical 100 basis point increase in variable interest rates would be approximately $10 million, excluding the impact from outstanding interest rate swap agreements related to our vault cash. Refer to Note 12, “Derivatives and Hedging Instruments”, for further information on our interest rate derivative contracts in effect as of June 30, 2024.

We utilize interest rate swap contracts to add stability to interest cost and to manage exposure to interest rate movements as part of our interest rate risk management strategy. Payments and receipts related to interest rate swap contracts are included in cash flows from operating activities in the Condensed Consolidated Statements of Cash Flows. Refer to Note 12, “Derivatives and Hedging Instruments”, for further information on our interest rate derivative contracts in effect as of June 30, 2024.

Concentrations of Credit Risk

We are potentially subject to concentrations of credit risk on accounts receivable and financial instruments, such as hedging instruments and cash and cash equivalents. Credit risk includes the risk of nonperformance by counterparties. The maximum potential loss may exceed the amount recognized on the balance sheet. Exposure to credit risk is managed through credit approvals, credit limits, selecting major international financial institutions as counterparties to hedging transactions, and monitoring procedures. Our business often involves large transactions with customers for which we do not require collateral. If one or more of those customers were to default in its obligations under applicable contractual arrangements, we could be exposed to potentially significant losses. Moreover, a prolonged downturn in the global economy could have an adverse impact on the ability of our customers to pay their obligations on a timely basis. We believe that the reserves for potential losses are adequate. As of June 30, 2024, we did not have any significant concentration of credit risk related to financial instruments.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management of the Company, with the participation of its principal executive officer and principal financial officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period. Based on their evaluation, as of June 30, 2024, the Company’s principal executive officer and principal financial officer have concluded that the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) of the Securities Exchange Act of 1934, as amended) were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter 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 required by this item is included in Note 9, “Commitments and Contingencies”, of the Notes to Condensed Consolidated Financial Statements in this quarterly report and is incorporated herein by reference.

Item 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in Part I, Item IA (“Risk Factors”) of the Company’s 2023 Annual Report on Form 10-K filed on March 26, 2024.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company occasionally purchases vested restricted stock units or exercised stock options at the current market price to cover withholding taxes. For the three months ended June 30, 2024, approximately 43,000 shares of vested restricted stock units were purchased at an average price of $17.89 per share of common stock.

The Company’s repurchase of its common stock has certain restrictions under our senior secured credit facility and the terms of the indentures for our senior secured notes and is further subject to the discretion of Atleos’ Board of Directors.

Item 5. OTHER INFORMATION

For the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of the SEC’s Regulation S-K.

Item 6. EXHIBITS*

10.1 &*	First Amendment to the NCR Atleos Corporation Employee Stock Purchase Plan entered into as of May 31, 2024 by NCR Atleos Corporation.
10.2 *	Separation Agreement, dated July 15, 2024, between the Company and LaShawne Meriwether (Exhibit 10.1 to the Current Report on Form 8-K of NCR Atleos Corporation filed on July 16, 2024).
31.1 &	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
31.2 &	Certification pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
32 &	Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from NCR Atleos Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) our condensed consolidated statements of operations for the three and six months ended June 30, 2024 and 2023; (ii) our condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2024 and 2023; (iii) our condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023; (iv) our condensed consolidated statements of cash flows for the six months ended June 30, 2024 and 2023; (v) our condensed consolidated statements of changes in stockholders' equity for the three and six months ended June 30, 2024 and 2023; and (vi) the notes to our condensed consolidated financial statements.
104	Cover Page Interactive Data File, formatted in Inline XBRL and contained in Exhibit 101.

& Filed herewith.

* Management contracts or compensatory plans/arrangements.

Certain schedules and/or exhibits have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K. The registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Securities and Exchange Commission upon its request.

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.

NCR ATLEOS CORPORATION

Date:	August 14, 2024	By:	/s/ Paul J. Campbell
			Paul J. Campbell
			Executive Vice President and Chief Financial Officer

FIRST AMENDMENT TO THE
NCR ATLEOS CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
(Effective October 18, 2023)

AMENDMENT TO THE NCR ATLEOS CORPORATION EMPLOYEE STOCK PURCHASE PLAN, as effective October 18, 2023 (the “Plan”), by NCR Atleos Corporation (the “Company”).

WHEREAS, the Plan was adopted by the Board of Directors of the Company on October 18, 2023;

WHEREAS, the Company now desires to clarify the purchase price for stock under the Plan in an amendment to Section 8 of the Plan;

WHEREAS, pursuant to Section 19 of the Plan, the Board of Directors of the Company or the Compensation and Human Resources Committee (“CHRC”) of the Board of Directors of the Company are authorized to amend the Plan;

WHEREAS, the Chief Human Resources Officer of the Company is authorized to approve the amendment herein pursuant to authority delegated by the CHRC at its December 18, 2023 meeting;

NOW, THEREFORE, the Company does hereby adopt the following amendments with respect to the Plan:

1.

The first sentence of Section 8 titled, “Purchase Price,” shall be replaced in its entirety as follows:

The Purchase Price per share of the shares of Atleos Common Stock sold to Participants hereunder for any Offering shall be no less than 85% of the lower of: (i) the closing price of Atleos Common Stock reported on the New York Stock Exchange on the Offering Date, or (ii) the closing price of Atleos Common Stock reported on the New York Stock Exchange on the Exercise Date; provided, however, that the Plan Administrator may establish a different Purchase Price for an Offering under the Non-423 Component.

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This the 31st day of May, 2024.

FOR NCR ATLEOS CORPORATION

By: /s/ LaShawne Meriwether

LaShawne Meriwether
EVP & Chief Human Resources Officer

Exhibit 31.1

CERTIFICATION

I, Timothy C. Oliver, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NCR Atleos Corporation;

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(s) 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)) [language omitted in accordance with Exchange Act Rule 13a-14(a)] 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

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(s) 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.

Date: August 14, 2024

/s/ Timothy C. Oliver

Timothy C. Oliver
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Paul J. Campbell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NCR Atleos Corporation;

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(s) 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)) [language omitted in accordance with Exchange Act Rule 13a-14(a)] 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

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(s) 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.

Date: August 14, 2024

/s/ Paul J. Campbell

Paul J. Campbell
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of NCR Atleos Corporation (the “Company”) for the period ending June 30, 2024 as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company does hereby certify, pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002), 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 result of operations of the Company.

The foregoing certification (i) is given to such officers’ knowledge, based upon such officers’ investigation as such officers reasonably deem appropriate; and (ii) is being furnished solely pursuant to 18 U.S.C. § 1350 (section 906 of the Sarbanes-Oxley Act of 2002) and is not being filed as part of the Report or as a separate disclosure document.

Dated: August 14, 2024

/s/ Timothy C. Oliver

Timothy C. Oliver
Chief Executive Officer

Dated: August 14, 2024

/s/ Paul J. Campbell

Paul J. Campbell
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to NCR Atleos Corporation and will be retained by NCR Atleos Corporation and furnished to the United States Securities and Exchange Commission or its staff upon request.