Press Release

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DIEBOLD NIXDORF REPORTS PRELIMINARY FINANCIAL RESULTS THROUGH MAY; RE-ESTABLISHES FULL-YEAR FINANCIAL OUTLOOK FOR 2020

Strong year-over-year improvements to profitability resulting from continued execution of DN Now transformation initiatives and resiliency of the company's business model

NORTH CANTON, Ohio - Diebold Nixdorf (NYSE:DBD), a global leader in driving connected commerce for the banking and retail industries, today reported preliminary financial results through May and re-established full-year 2020 financial guidance.

Gerrard Schmid, Diebold Nixdorf president and chief executive officer, said: "Our year-to-date results through May demonstrate the resiliency of our business during the COVID-19 pandemic and solid execution of our DN Now transformation initiatives. In this challenging environment, non-GAAP operating profit of $107 million increased $52 million versus the same period of 2019. This strong performance provides the confidence to re-establish financial guidance for 2020 as we prepare to meet with a number of investors this week. Our outlook includes growth in adjusted EBITDA to a range of $400 million to $440 million and we expect to maintain adequate liquidity with break-even free cash flow."

Year-to-date financial highlights through May 31, 2020

- Non-GAAP operating profit of $106.9 million increased $51.5 million, or 93.3% YoY, as a result of higher-quality revenue and the positive effects of DN Now transformation initiatives. Gross margins increased YoY for all three segments and business lines. The company reduced operating expense by 16.0%, or $58 million YoY. Non-GAAP operating profit margin increased approximately 420 basis points YoY to 7.4%.
- Adjusted EBITDA of $149.7 million increased $34.0 million, or 29.4% YoY. Adjusted EBITDA margin increased approximately 380 basis points to 10.4%.
- Free cash use of $176 million increased by $22 million as compared with free cash use of $154 million in the prior-year period.
- Revenue of $1.4 billion declined by 17.4%, or $303 million, YoY resulting primarily from approximately $124 million of net unplanned reductions related to COVID-19 delays and approximately $98 million of net planned reductions. The strength of the U.S. dollar resulted in a foreign currency headwind of approximately $53 million YoY, while divestitures reduced revenue by approximately $28 million YoY.

Outlook for full-year 2020[1]:

- Revenue of $3.7 billion - $3.9 billion which includes YoY foreign currency headwinds of approximately $120 million[2] and divestiture impacts of approximately $80 million.
- Adjusted EBITDA[3] in the range of $400 million - $440 million, an increase of up to 10% versus 2019 results.
- The company continues to target approximately $130 million in gross savings from its DN Now transformation initiatives, plus incremental cost savings of $80 million - $100 million which is comprised of both recurring and one-time savings.
- Break-even free cash flow.

Also, Diebold Nixdorf has posted a new investor presentation containing additional information on the company's financial position, results of operations, DN Now initiatives and industry statistics on its investors website at https://investors.dieboldnixdorf.com/events-and-presentations.

[1] - The company's full year outlook for 2020 is based on the current book of business as well as information available today regarding the potential effect of the coronavirus and the current recession. There are a number of factors, including the potential for a second wave of virus infections and related business implications, that we may not be able to accurately predict. In addition, the 2020 outlook includes the impact of deconsolidating our joint venture in China, which was finalized in the second quarter 2020, and the divestiture of Diebold Nixdorf Portavis GmbH, which was finalized in the first quarter 2020. Collectively, these two businesses generated approximately $110 million of revenue in 2019 are expected to generate approximately $80 million of revenue in 2020.

[2] - The foreign currency impact is estimated based on exchange rates as of May 31, 2020.

[3] - With respect to the company's non-GAAP adjusted EBITDA outlook for 2020, the company is not providing a reconciliation to the most directly comparable GAAP financial measure because it is unable to predict with reasonable certainty those items that may affect such measures calculated and presented in accordance with GAAP without unreasonable effort. These measures primarily exclude the future impact of restructuring actions and net non-routine items. These reconciling items are uncertain, depend on various factors and could significantly impact, either individually or in the aggregate, net income calculated and presented in accordance with GAAP. Please see "Use of Non-GAAP Financial Measures" for additional information regarding our use of non-GAAP financial measures.

Financial Results of Operations

GAAP and Non-GAAP Profit/Loss Summary - Unaudited

(Dollars in millions)	Preliminary April and May, 2020		April and May, 2019		Change	
	GAAP	Non-GAAP[4]	GAAP	Non-GAAP[4]	GAAP	Non-GAAP
Services	$ 303.1	$ 303.1	$ 367.4	$ 367.4	$ (64.3)	$ (64.3)
Products	157.1	157.1	276.1	276.1	(119.0)	(119.0)
Software	66.3	66.3	69.0	69.0	(2.7)	(2.7)
Total net sales	$ 526.5	$ 526.5	$ 712.5	$ 712.5	$ (186.0)	$ (186.0)
Services	$ 77.4	$ 93.4	$ 88.9	$ 91.6	$ (11.5)	$ 1.8
Products	33.2	34.2	62.5	61.7	(29.3)	(27.5)
Software	26.4	27.5	13.3	14.6	13.1	12.9
Total gross profit	$ 137.0	$ 155.1	$ 164.7	$ 167.9	$ (27.7)	$ (12.8)
Services	25.5 %	30.8%	24.2 %	24.9%	130 bps	590 bps
Products	21.1 %	21.8%	22.6 %	22.3%	(150) bps	(50) bps
Software	39.8 %	41.5%	19.3 %	21.2%	2,050 bps	2,030 bps
Total gross margin	26.0 %	29.5%	23.1 %	23.6%	290 bps	590 bps
Total operating expenses	$ 151.1	$ 111.2	$ 171.3	$ 139.6	$ (20.2)	$ (28.4)
Operating profit	$ (14.1)	$ 43.9	$ (6.6)	$ 28.3	$ (7.5)	$ 15.6
Operating margin	(2.7)%	8.3%	(0.9)%	4.0%	(180) bps	430 bps
Adjusted EBITDA	$ 10.8	$ 60.2	$ 21.9	$ 50.6	$ (11.1)	$ 9.6
Adjusted EBITDA margin	2.1 %	11.4%	3.1 %	7.1%	(100) bps	430 bps

[4] - See footnote 1 for GAAP to Non-GAAP reconciliations for gross profit/gross margin; selling and administrative expense; research, development and engineering expense; and other operating income/expense and footnote 2 for Adjusted EBITDA.

(Dollars in millions)	Preliminary YTD May 31, 2020		YTD May 31, 2019		Change	
	GAAP	Non-GAAP[5]	GAAP	Non-GAAP[5]	GAAP	Non-GAAP
Services	$ 806.9	$ 806.9	$ 911.6	$ 911.6	$ (104.7)	$ (104.7)
Products	457.6	457.6	651.8	651.8	(194.2)	(194.2)
Software	172.7	172.7	177.2	177.2	(4.5)	(4.5)
Total net sales	$ 1,437.2	$ 1,437.2	$ 1,740.6	$ 1,740.6	$ (303.4)	$ (303.4)
Services	$ 195.3	$ 229.6	$ 222.3	$ 226.2	$ (27.0)	$ 3.4
Products	100.0	108.0	146.2	143.5	(46.2)	(35.5)
Software	68.5	71.6	42.3	45.6	26.2	26.0
Total gross profit	$ 363.8	$ 409.2	$ 410.8	$ 415.3	$ (47.0)	$ (6.1)
Services	24.2 %	28.5%	24.4 %	24.8%	(20) bps	370 bps
Products	21.9 %	23.6%	22.4 %	22.0%	(50) bps	160 bps
Software	39.7 %	41.5%	23.9 %	25.7%	1,580 bps	1,580 bps
Total gross margin	25.3 %	28.5%	23.6 %	23.9%	170 bps	460 bps
Total operating expenses	$ 403.9	$ 302.3	$ 441.9	$ 359.9	$ (38.0)	$ (57.6)
Operating profit	$ (40.1)	$ 106.9	$ (31.1)	$ 55.4	$ (9.0)	$ 51.5
Operating margin	(2.8)%	7.4%	(1.8)%	3.2%	(100) bps	420 bps
Adjusted EBITDA	$ 33.6	$ 149.7	$ 51.7	$ 115.7	$ (18.1)	$ 34.0
Adjusted EBITDA margin	2.3 %	10.4%	3.0 %	6.6%	(70) bps	380 bps

[5] - See footnote 1 for GAAP to Non-GAAP reconciliations for gross profit/gross margin; selling and administrative expense; research, development and engineering expense; and other operating income/expense and footnote 2 for Adjusted EBITDA.

About Diebold Nixdorf

Diebold Nixdorf, Incorporated (NYSE: DBD) is a world leader in enabling connected commerce. We automate, digitize and transform the way people bank and shop. As a partner to the majority of the world's top 100 financial institutions and top 25 global retailers, our integrated solutions connect digital and physical channels conveniently, securely and efficiently for millions of consumers each day.

The company has a presence in more than 100 countries with approximately 22,000 employees worldwide. Visit www.DieboldNixdorf.com for more information.

Twitter: @DieboldNixdorf
LinkedIn: www.linkedin.com/company/diebold
Facebook: www.facebook.com/DieboldNixdorf
YouTube: www.youtube.com/dieboldnixdorf

Year-to-date Financials

Year-to-date financial results include preliminary results for April and May of 2020 that have been prepared by the company based on currently available information and have not been reviewed by our independent auditors. Preliminary results require a greater degree of estimation and assumptions than a typical period end closing process. As a result, second quarter results, and the actual results for April and May of 2020 included therein, may differ materially from the preliminary results presented above due to the finalization of quarterly financial and accounting procedures. The above preliminary results should not be considered a substitute for the financial statements for the second quarter ending June 30, 2020 prepared in accordance with GAAP, and investors should not place undue reliance upon the preliminary results.

Non-GAAP Financial Measures and Other Information

To supplement our condensed consolidated financial statements presented in accordance with GAAP, the company considers certain financial measures that are not prepared in accordance with GAAP, including non-GAAP results, free cash flow/(use), net debt, EBITDA and adjusted EBITDA. The company calculates constant currency by translating the prior year results at the current year exchange rate. The company uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating and financial performance and to compare such performance to

that of prior periods and to the performance of our competitors. Also, the company uses these non-GAAP financial measures in making operational and financial decisions and in establishing operational goals. The company also believes providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, helps investors evaluate our operating and financial performance and trends in our business, consistent with how management evaluates such performance and trends. The company also believes these non-GAAP financial measures may be useful to investors in comparing its performance to the performance of other companies, although its non-GAAP financial measures are specific to the company and the non-GAAP financial measures of other companies may not be calculated in the same manner. We provide EBITDA and Adjusted EBITDA because we believe that investors and securities analysts will find EBITDA and adjusted EBITDA to be useful measures for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures and working capital requirements. We are also providing EBITDA and adjusted EBITDA in light of our credit agreement and the issuance of our 8.5% senior notes due 2024. For more information, please refer to the section, "Notes for Non-GAAP Measures."

Forward-Looking Statements

This press release contains statements that are not historical information are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding potential impact of the ongoing coronavirus (COVID-19) pandemic, anticipated revenue and adjusted EBITDA, future liquidity and financial position. Statements can generally be identified as forward looking because they include words such as "believes," "anticipates," "expects," "could," "should" or words of similar meaning. Statements that describe the company's future plans, objectives or goals are also forward-looking statements. Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements. The factors that may affect the company's results include, among others: the finalization of the company's financial statements for the quarter ending June 30, 2020; the ultimate impact of the ongoing COVID-19 pandemic on the company’s business, results of operations, financial condition and liquidity; the ultimate impact of the appraisal proceedings initiated in connection with the implementation of the domination and profit and loss transfer agreement with Diebold Nixdorf AG and the merger squeeze-out; the company's ability to achieve benefits from its cost-reduction initiatives and other strategic initiatives, such as DN Now, including its planned restructuring actions, and its incremental cost savings actions, as well as its business process outsourcing initiative; the success of the company's new products, including its DN Series line; the company's ability to comply with the covenants contained in the agreements governing its debt; the company's ability to successfully refinance its debt when necessary or desirable; the ultimate outcome of the company's pricing, operating and tax strategies applied to former Diebold Nixdorf AG and the ultimate ability to realize cost reductions and synergies; changes in political, economic or other factors such as currency exchange rates, inflation rates, recessionary or expansive trends, taxes and regulations and laws affecting the worldwide business in each of the company's operations; the company's reliance on suppliers and any potential disruption to the company's global supply chain; the impact of market and economic conditions, including any additional deterioration and disruption in the financial and service markets, including the bankruptcies, restructurings or consolidations of financial institutions, which could reduce our customer base and/or adversely affect our customers' ability to make capital expenditures, as well as adversely impact the availability and cost of credit; interest rate and foreign currency exchange rate fluctuations, including the impact of possible currency devaluations in countries experiencing high inflation rates; the acceptance of the company's product and technology introductions in the marketplace; competitive pressures, including pricing pressures and technological developments; changes in the company's relationships with customers, suppliers, distributors and/or partners in its business ventures; the effect of legislative and regulatory actions in the United States and internationally and the company's ability to comply with government regulations; the impact of a security breach or operational failure on the company's business; the company's ability to successfully integrate other acquisitions into its operations; the company's success in divesting, reorganizing or exiting non-core and/or non-accretive businesses; the company's ability to maintain effective internal controls; changes in the company's intention to further repatriate cash and cash equivalents and short-term investments residing in international tax jurisdictions, which could negatively impact foreign and domestic taxes; unanticipated litigation, claims or assessments, as well as the outcome/impact of any current/pending litigation, claims or assessments; the investment performance of the company's pension plan assets, which could require the company to increase its pension contributions, and significant changes in healthcare costs, including those that may result from government action; the amount and timing of repurchases of the company's common shares, if any; and other factors included in the company's filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2019, Form 10-Q and in other documents that the company files with the SEC. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only to the date of this release.

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
(IN MILLIONS, EXCEPT EARNINGS PER SHARE)

	Preliminary April and May, 2020	April and May, 2019	Preliminary YTD May 31, 2020	YTD May 31, 2019
Net sales				
Services	$ 357.8	$ 425.3	$ 945.6	$ 1,054.0
Products	168.7	287.2	491.6	686.6
Total	526.5	712.5	1,437.2	1,740.6
Cost of sales				
Services	258.3	328.1	695.8	799.6
Products	131.2	219.7	377.6	530.2
Total	389.5	547.8	1,073.4	1,329.8
Gross profit	137.0	164.7	363.8	410.8
Gross margin	26.0 %	23.1 %	25.3 %	23.6 %
Operating expenses				
Selling and administrative expense	123.9	151.6	346.0	381.9
Research, development and engineering expense	21.1	26.2	53.6	63.1
(Gain) loss on sale of assets, net	6.1	(6.5)	4.3	(3.1)
Total	151.1	171.3	403.9	441.9
Percent of net sales	28.7 %	24.0 %	28.1 %	25.4 %
Operating profit (loss)	(14.1)	(6.6)	(40.1)	(31.1)
Operating margin	(2.7)%	(0.9)%	(2.8)%	(1.8)%
Other income (expense)				
Interest income	1.6	1.1	2.7	4.0
Interest expense	(31.3)	(32.8)	(79.3)	(83.7)
Foreign exchange loss, net	(4.6)	(5.6)	(4.2)	(2.8)
Miscellaneous, net	(1.1)	(0.6)	(2.0)	(2.0)
Total other income (expense)	(35.4)	(37.9)	(82.8)	(84.5)
Loss before taxes	(49.5)	(44.5)	(122.9)	(115.6)
Income tax expense	15.7	8.5	35.7	68.9
Equity in earnings of unconsolidated subsidiaries	—	(0.4)	—	(0.8)
Net loss	(65.2)	(53.4)	(158.6)	(185.3)
Net (loss) income attributable to noncontrolling interests	0.2	(5.8)	(0.4)	(5.0)
Net loss attributable to Diebold Nixdorf, Incorporated	$ (65.4)	$ (47.6)	$ (158.2)	$ (180.3)
Basic and diluted weighted-average shares outstanding	77.6	76.7	77.4	76.5
Net loss attributable to Diebold Nixdorf, Incorporated				
Basic and diluted loss per share	$ (0.84)	$ (0.62)	$ (2.04)	$ (2.36)

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS - UNAUDITED
(IN MILLIONS)

	Preliminary May 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash, cash equivalents and restricted cash	$ 382.0	$ 280.9
Short-term investments	12.3	10.0
Trade receivables, less allowances for doubtful accounts	562.3	619.3
Inventories	529.9	466.5
Other current assets	441.5	515.3
Total current assets	1,928.0	1,892.0
Securities and other investments	19.8	21.4
Property, plant and equipment, net	209.5	231.5
Goodwill	738.3	764.0
Customer relationships, net	413.1	447.7
Other assets	389.5	434.0
Total assets	$ 3,698.2	$ 3,790.6
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY		
Current liabilities		
Notes payable	$ 101.0	$ 32.5
Accounts payable	459.5	471.5
Deferred revenue	342.8	320.5
Other current liabilities	648.7	775.1
Total current liabilities	1,552.0	1,599.6
Long-term debt	2,363.3	2,108.7
Long-term liabilities	524.0	567.7
Redeemable noncontrolling interests	20.6	20.9
Total Diebold Nixdorf, Incorporated shareholders' equity	(779.1)	(530.3)
Noncontrolling interests	17.4	24.0
Total equity	(761.7)	(506.3)
Total liabilities, redeemable noncontrolling interests and equity	$ 3,698.2	$ 3,790.6

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(IN MILLIONS)

	Preliminary YTD May 31, 2020	YTD May 31, 2019
Cash flow from operating activities		
Net loss	$ (158.6)	$ (185.3)
Adjustments to reconcile net loss to cash flow used by operating activities:		
Depreciation and amortization	89.3	96.9
Deferred income taxes	(19.8)	(3.1)
Other	10.7	10.3
Changes in certain assets and liabilities		
Trade receivables	32.8	64.7
Inventories	(81.8)	(50.0)
Accounts payable	2.3	(31.7)
Income taxes	42.9	46.6
Deferred revenue	33.3	35.1
Warranty liability	(5.4)	(2.7)
Certain other assets and liabilities	(153.7)	(116.2)
Net cash used by operating activities	(208.0)	(135.4)
Cash flow from investing activities		
Capital expenditures	(7.6)	(18.4)
Proceeds from divestitures, net of cash divested	(39.2)	7.8
Net short-term investment activity	(4.6)	26.6
Increase in certain other assets	(3.6)	(7.2)
Net cash used by investing activities	(55.0)	8.8
Cash flow from financing activities		
Net debt borrowings	317.0	21.5
Distributions and payments to noncontrolling interest holders	—	(99.0)
Other	(5.3)	(1.5)
Net cash provided (used) by financing activities	311.7	(79.0)
Effect of exchange rate changes on cash and cash equivalents	(12.5)	(4.0)
Change in cash, cash equivalents and restricted cash	36.2	(209.6)
Add: Cash included in assets held for sale at beginning of period	97.2	7.3
Less: Cash included in assets held for sale at end of period	32.3	2.6
Cash, cash equivalents and restricted cash at the beginning of the period	280.9	458.4
Cash, cash equivalents and restricted cash at the end of the period	$ 382.0	$ 253.5

Notes for Non-GAAP Measures

To supplement our condensed consolidated financial statements presented in accordance with GAAP, the company considers certain financial measures that are not prepared in accordance with GAAP, including non-GAAP results, EBITDA and Adjusted EBITDA, adjusted earnings per share, free cash flow/(use) and net debt.

1. Profit/loss summary (Dollars in millions):

	Preliminary April and May, 2020						April and May, 2019					
	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales
GAAP Results	$ 526.5	$ 137.0	26.0%	$ 151.1	$ (14.1)	(2.7)%	$ 712.5	$ 164.7	23.1%	$ 171.3	$ (6.6)	(0.9)%
Restructuring and DN Now transformation expenses	—	0.7		(19.4)	20.1		—	0.5		(20.0)	20.5	
Non-routine income/expense:												
Legal/deal expense	—	—		(2.3)	2.3		—	—		(3.5)	3.5	
Wincor Nixdorf purchase accounting adjustments	—	2.1		(12.0)	14.1		—	2.2		(14.0)	16.2	
Costs related to previously divested business in Germany	—	—		—	—		—	—		—	—	
Divestitures and fixed asset sales	—	—		(5.9)	5.9		—	—		6.7	(6.7)	
Loss making contract related to discontinued offering	—	13.5		—	13.5		—	—		—	—	
Inventory charge/gain	—	—		—	—		—	(2.1)		—	(2.1)	
Other	—	1.8		(0.3)	2.1		—	2.6		(1.0)	3.6	
Non-routine expenses, net	—	17.4		(20.5)	37.9		—	2.7		(11.8)	14.5	
Non-GAAP Results	$ 526.5	$ 155.1	29.5%	$ 111.2	$ 43.9	8.3 %	$ 712.5	$ 167.9	23.6%	$ 139.5	$ 28.3	4.0 %

	Preliminary YTD May 31, 2020						YTD May 31, 2019					
	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales	Net Sales	Gross Profit	% of Sales	OPEX	OP	% of Sales
GAAP Results	$ 1,437.2	$ 363.8	25.3%	$ 403.9	$ (40.1)	(2.8)%	$ 1,740.6	$ 410.8	23.6%	$ 441.9	$ (31.1)	(1.8)%
Restructuring and DN Now transformation expenses	—	1.6		(60.1)	61.7		—	2.0		(33.7)	35.7	
Non-routine income/expense:												
Legal/deal expense	—	—		(4.7)	4.7		—	—		(12.9)	12.9	
Wincor Nixdorf purchase accounting adjustments	—	5.3		(30.2)	35.5		—	5.6		(35.2)	40.8	
Costs related to previously divested business in Germany	—	4.8		—	4.8		—	—		—	—	
Divestitures and fixed asset sales	—	—		(4.2)	4.2		—	—		3.3	(3.3)	
Loss making contract related to discontinued offering		25.5		—	25.5			—		—	—	
Inventory charge/gain	—	3.7		—	3.7		—	(5.7)		—	(5.7)	
Other	—	4.5		(2.4)	6.9		—	2.6		(3.5)	6.1	
Non-routine expenses, net	—	43.8		(41.5)	85.3		—	2.5		(48.3)	50.8	
Non-GAAP Results	$ 1,437.2	$ 409.2	28.5%	$ 302.3	$ 106.9	7.4 %	$ 1,740.6	$ 415.3	23.9%	$ 359.9	$ 55.4	3.2 %

	Preliminary April and May, 2020				April and May, 2019			
	Services	Products	Software	Total	Services	Products	Software	Total
GAAP Gross Profit	$ 77.4	$ 33.2	$ 26.4	$ 137.0	$ 88.9	$ 62.5	$ 13.3	$ 164.7
Restructuring and DN Now transformation expenses	0.7	—	—	0.7	0.4	—	0.1	0.5
Non-routine income/expense:								
Wincor Nixdorf purchase accounting adjustments	—	1.0	1.1	2.1	—	1.0	1.2	2.2
Costs related to previously divested business in Germany	—	—	—	—	—	—	—	—
Loss making contract related to discontinued offering	13.5	—	—	13.5	—	—	—	—
Inventory charge/gain	—	—	—	—	(0.1)	(2.0)	—	(2.1)
Other	1.8	—	—	1.8	2.4	0.2	—	2.6
Non-routine expenses, net	15.3	1.0	1.1	17.4	2.3	(0.8)	1.2	2.7
Non-GAAP Gross Profit	$ 93.4	$ 34.2	$ 27.5	$ 155.1	$ 91.6	$ 61.7	$ 14.6	$ 167.9

	Preliminary YTD May 31, 2020				YTD May 31, 2019			
	Services	Products	Software	Total	Services	Products	Software	Total
GAAP Gross Profit	$ 195.3	$ 100.0	$ 68.5	$ 363.8	$ 222.3	$ 146.2	$ 42.3	$ 410.8
Restructuring and DN Now transformation expenses	1.3	—	0.3	1.6	1.6	0.1	0.3	2.0
Non-routine income/expense:								
Wincor Nixdorf purchase accounting adjustments	—	2.5	2.8	5.3	—	2.6	3.0	5.6
Costs related to previously divested business in Germany	—	4.8	—	4.8	—	—	—	—
Loss making contract related to discontinued offering	25.5	—	—	25.5	—	—	—	—
Inventory charge/gain	3.9	(0.2)	—	3.7	(0.2)	(5.5)	—	(5.7)
Other	3.6	0.9	—	4.5	2.5	0.1	—	2.6
Non-routine expenses, net	33.0	8.0	2.8	43.8	2.3	(2.8)	3.0	2.5
Non-GAAP Gross Profit	$ 229.6	$ 108.0	$ 71.6	$ 409.2	$ 226.2	$ 143.5	$ 45.6	$ 415.3

Restructuring and DN Now transformation expenses relate to the business transformation plan focused on driving connected commerce, finance, sales and operational excellence, business integration and global workforce alignment as well as the third-party costs of the DN Now transformation program. Legal and deal expenses primarily related to third-party expenses and fees paid by the company for the ongoing obligations related to prior regulatory settlements, including the cost of acquisition and real estate tax in connection with the squeeze-out proceedings and related expenses during the first quarter of 2019. The Wincor Nixdorf purchase accounting adjustments relate to the valuation of intangible asset charges as management believes that this is useful information to investors by highlighting the impact of the acquisition of Wincor Nixdorf on the company's operations. The Germany costs relate to a previously divested business. The divestitures and fixed asset sales relates to the divestitures and liquidation of Eurasia non-core businesses in both 2020 and 2019 as well as the Venezuela business in 2019. The loss making contract represents a charge incurred for expected losses through the contractual service period. The inventory charge/gain relates to the company's re-assessment of primarily finished goods and service parts due to contract cancellations and excess and obsolete inventory as a result of streamlining the company's product portfolio and optimizing its manufacturing footprint. Other includes incremental payments to essential service technicians for their contributions during the COVID-19 pandemic and certain IT projects, as well as executive severance, and certain non-cash balance sheet adjustments in Brazil, Hong Kong and Canada.

2. Reconciliation of GAAP net income (loss) to EBITDA and Adjusted EBITDA measures (Dollars in millions):

	Preliminary April and May, 2020	April and May, 2019	Preliminary YTD May 31, 2020	YTD May 31, 2019	Year Ended December 31, 2019
Net loss	$ (65.2)	$ (53.4)	$ (158.6)	$ (185.3)	$ (344.6)
Income tax expense (benefit)	15.7	8.5	35.7	68.9	116.7
Interest income	(1.6)	(1.1)	(2.7)	(4.0)	(9.3)
Interest expense	31.3	32.8	79.3	83.7	202.9
Depreciation and amortization	30.6	35.1	79.9	88.4	204.2
EBITDA	10.8	21.9	33.6	51.7	169.9
Share-based compensation	2.6	3.3	6.6	12.6	24.0
Foreign exchange (gain) loss, net	4.6	5.6	4.2	2.8	5.1
Miscellaneous, net	1.1	0.6	2.0	2.0	3.6
Equity in earnings of unconsolidated subsidiaries	—	0.4	—	0.8	(1.0)
Restructuring and DN Now transformation expenses	18.3	20.5	53.5	35.7	112.8
Non-routine expenses, net	22.8	(1.7)	49.8	10.1	86.6
Adjusted EBITDA	$ 60.2	$ 50.6	$ 149.7	$ 115.7	$ 401.0
Adjusted EBITDA % revenue	11.4%	7.1%	10.4%	6.6%	9.1%

We define EBITDA as net loss excluding income taxes, net interest, and depreciation and amortization expense. As defined in the company's credit agreement, Adjusted EBITDA is EBITDA before the effect of the following items: share-based compensation, foreign exchange loss net, miscellaneous net, equity in earnings of unconsolidated subsidiaries, restructuring expenses and non-routine expenses net, as outlined in Note 1 of the non-GAAP measures. In order to remain comparable to the U.S. GAAP depreciation and amortization measures, the Company excluded $14.1 and $35.5 for the preliminary quarter-to-date and year-to-date ended May 31, 2020, respectively, and $16.2 and $40.8 for the quarter-to-date and year-to-date ended May 31, 2019, respectively, from non-routine expenses, net in the Adjusted EBITDA reconciliation. Additionally, $2.8 and $8.2 of accelerated depreciation expense for the preliminary quarter-to-date and year-to-date ended May 31, 2020, respectively, was excluded from Restructuring and DN Now transformation expenses and $2.0 for the year ended December 31, 2019. Deferred financing fees amortization is included in interest expense and GAAP depreciation and amortization; as a result, the Company excluded $5.2 and $9.4 for the preliminary quarter-to-date and year-to-date ended May 31, 2020, respectively, and $3.4 and $8.5 for the quarter-to-date and year-to-date ended May 31, 2019, respectively, from the depreciation and amortization caption. Miscellaneous, net primarily consists of company owned life insurance contracts. These are non-GAAP financial measurements used by management to enhance the understanding of our operating results. EBITDA and Adjusted EBITDA are key measures we use to evaluate our operational performance. We provide EBITDA and Adjusted EBITDA because we believe that investors and securities analysts will find EBITDA and Adjusted EBITDA to be useful measures for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures, and working capital requirements. However, EBITDA and Adjusted EBITDA should not be considered as alternatives to net income as a measure of operating results or as alternatives to cash flows from operating activities as a measure of liquidity in accordance with GAAP.

3. Free cash flow (use) is calculated as follows (Dollars in millions):

	Preliminary April and May, 2020	April and May, 2019	Preliminary YTD May 31, 2020	YTD May 31, 2019
Net cash provided (used) by operating activities (GAAP measure)	$ (128.1)	$ (78.3)	$ (208.0)	$ (135.4)
Excluding the impact of changes in cash of assets held for sale	2.8	—	23.0	—
Excluding the use of cash for the settlement of certain derivative instruments	17.0	—	17.0	—
Capital expenditures	(2.2)	(3.7)	(7.6)	(18.4)
Free cash flow/(use) (non-GAAP measure)	$ (110.5)	$ (82.0)	$ (175.6)	$ (153.8)

We define free cash flow (use) as net cash provided (used) by operating activities from continuing operations (excluding assets held for sale) less capital expenditures. We consider free cash flow (use) to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business that, after the purchase of property and equipment, can be used for debt servicing, strategic opportunities, including investing in the business, making strategic acquisitions, strengthening the balance sheet and paying dividends.

4. Net debt is calculated as follows (Dollars in millions):

	Preliminary May 31, 2020	December 31, 2019
Cash, cash equivalents, restricted cash and short-term investments (GAAP measure)	$ 394.3	$ 290.9
Cash included in assets held for sale	25.8	97.2
Debt instruments	(2,464.3)	(2,141.2)
Net debt (non-GAAP measure)	$ (2,044.2)	$ (1,753.1)

The company's management believes that given the significant cash, cash equivalents, restricted cash and short-term investments on its balance sheet that net cash against outstanding debt is a meaningful net debt calculation. Cash included in assets held for sale excludes approximately $6.5 million of cash that is greater than expected net proceeds on the disposition of one of the assets. As of May 31, 2020, approximately 50% of the company's cash, cash equivalents, restricted cash and short-term investments reside in international tax jurisdictions. For all other periods presented, more than 90% of the company's cash, cash equivalents, restricted cash and short-term investments reside in international tax jurisdictions.

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