

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

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**Form 10-Q**

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

For the quarterly period ended **June 30, 2022**  
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 1-4879

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**Diebold Nixdorf, Incorporated**

(Exact name of registrant as specified in its charter)

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**Ohio**

(State or other jurisdiction of  
incorporation or organization)

**34-0183970**

(IRS Employer  
Identification Number)

**50 Executive Parkway, P.O. Box 2520 Hudson Ohio**  
(Address of principal executive offices)

**44236**  
(Zip Code)

Registrant's telephone number, including area code: **(330) 490-4000**

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
<b>Common shares, \$1.25 par value per share</b>	<b>DBD</b>	<b>New York Stock Exchange</b>

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

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

Number of shares of common stock outstanding as of August 5, 2022 was 79,062,032.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**Form 10-Q**

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**Part I – Financial Information**
**Item 1: Financial Statements**

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(in millions, except share and per share amounts)

	<u>June 30, 2022</u>	<u>December 31,</u>
	<u>(Unaudited)</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Cash, cash equivalents, and restricted cash	\$ 249.9	\$ 388.9
Short-term investments	31.4	34.3
Trade receivables, less allowances for doubtful accounts of \$33.5 and \$35.3, respectively	563.1	595.2
Inventories	642.2	544.2
Prepaid expenses	48.1	48.2
Current assets held for sale	61.5	73.4
Other current assets	252.4	203.1
<b>Total current assets</b>	<b>1,848.6</b>	<b>1,887.3</b>
Securities and other investments	8.2	11.0
Property, plant and equipment, net of accumulated depreciation and amortization of \$466.6 and \$494.3, respectively	117.2	138.1
Goodwill	688.9	743.6
Deferred income taxes	—	95.7
Customer relationships, net	242.3	301.7
Other assets	276.9	329.8
<b>Total assets</b>	<b>\$ 3,182.1</b>	<b>\$ 3,507.2</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Notes payable	\$ 10.8	\$ 47.1
Accounts payable	718.1	706.3
Deferred revenue	335.0	322.4
Payroll and other benefits liabilities	135.2	186.5
Current liabilities held for sale	10.4	20.3
Other current liabilities	446.8	466.8
<b>Total current liabilities</b>	<b>1,656.3</b>	<b>1,749.4</b>
Long-term debt	2,411.7	2,245.6
Pensions, post-retirement and other benefits	92.0	104.2
Deferred income taxes	136.0	105.5
Other liabilities	133.3	139.5
Equity		
Diebold Nixdorf, Incorporated shareholders' equity		
Preferred shares, no par value, 1,000,000 authorized shares, none issued	—	—
Common shares, \$1.25 par value, 125,000,000 authorized shares, 95,687,758 and 94,599,742 issued shares, 79,043,588 and 78,352,333 outstanding shares, respectively	119.6	118.3
Additional capital	825.0	819.6
Retained earnings (accumulated deficit)	(1,204.7)	(822.4)
Treasury shares, at cost (16,644,170 and 16,247,409 shares, respectively)	(585.4)	(582.1)
Accumulated other comprehensive loss	(412.2)	(378.5)
<b>Total Diebold Nixdorf, Incorporated shareholders' equity</b>	<b>(1,257.7)</b>	<b>(845.1)</b>
Noncontrolling interests	10.5	8.1
<b>Total equity</b>	<b>(1,247.2)</b>	<b>(837.0)</b>
<b>Total liabilities and equity</b>	<b>\$ 3,182.1</b>	<b>\$ 3,507.2</b>

See accompanying notes to condensed consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
**(unaudited)**  
**(in millions, except per share amounts)**

	Three months ended		Six months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Net sales</b>				
Services	\$ 525.4	\$ 586.7	\$ 1,051.6	\$ 1,160.3
Products	326.3	356.8	629.9	727.1
	851.7	943.5	1,681.5	1,887.4
<b>Cost of sales</b>				
Services	375.1	409.9	749.3	799.5
Products	315.8	281.7	586.1	562.8
	690.9	691.6	1,335.4	1,362.3
<b>Gross profit</b>	160.8	251.9	346.1	525.1
Selling and administrative expense	213.8	204.8	394.8	408.2
Research, development and engineering expense	33.1	35.6	65.4	69.7
(Gain) loss on sale of assets, net	—	(1.4)	0.2	(1.9)
Impairment of assets	5.4	—	60.6	—
	252.3	239.0	521.0	476.0
<b>Operating profit (loss)</b>	(91.5)	12.9	(174.9)	49.1
Other income (expense)				
Interest income	1.0	2.3	2.3	4.0
Interest expense	(49.6)	(49.7)	(97.7)	(98.4)
Foreign exchange gain (loss), net	2.3	(9.2)	(2.4)	(3.5)
Miscellaneous, net	4.6	2.7	7.2	2.0
<b>Loss before taxes</b>	(133.2)	(41.0)	(265.5)	(46.8)
Income tax expense (benefit)	64.2	(11.2)	115.1	(10.0)
Equity in loss of unconsolidated subsidiaries	(1.7)	(0.5)	(2.4)	(1.6)
<b>Net loss</b>	(199.1)	(30.3)	(383.0)	(38.4)
Net income (loss) attributable to noncontrolling interests	0.1	—	(0.7)	—
<b>Net loss attributable to Diebold Nixdorf, Incorporated</b>	<u>\$ (199.2)</u>	<u>\$ (30.3)</u>	<u>\$ (382.3)</u>	<u>\$ (38.4)</u>
Basic and diluted weighted-average shares outstanding	79.0	78.3	78.9	78.2
<b>Net loss attributable to Diebold Nixdorf, Incorporated</b>				
Basic and diluted loss per share	\$ (2.52)	\$ (0.39)	\$ (4.85)	\$ (0.49)

See accompanying notes to condensed consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(unaudited)**  
**(in millions)**

	Three months ended		Six months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Net loss</b>	\$ (199.1)	\$ (30.3)	\$ (383.0)	\$ (38.4)
<b>Other comprehensive income (loss), net of tax</b>				
Translation adjustment	(47.3)	21.8	(36.1)	(13.5)
Foreign currency hedges (net of tax of \$0.0, \$0.0, \$0.0, and \$0.0, respectively)	0.9	(1.3)	(0.1)	0.3
Interest rate hedges				
Net income (loss) recognized in other comprehensive income (net of tax of \$0.0, \$0.4, \$0.6, and \$0.8, respectively)	1.8	2.0	4.7	4.1
Reclassification adjustment for amounts recognized in net income	—	(0.3)	(0.6)	(0.8)
	1.8	1.7	4.1	3.3
Pension and other post-retirement benefits				
Net actuarial loss amortized (net of tax of \$(0.7), \$0.4, \$(0.4), and \$0.9 respectively)	0.1	1.2	0.8	3.8
Other	—	—	0.7	(0.9)
<b>Other comprehensive loss, net of tax</b>	<u>(44.5)</u>	<u>23.4</u>	<u>(30.6)</u>	<u>(7.0)</u>
<b>Comprehensive loss</b>	<u>(243.6)</u>	<u>(6.9)</u>	<u>(413.6)</u>	<u>(45.4)</u>
Less: Comprehensive income (loss) attributable to noncontrolling interests	2.4	0.1	2.4	0.6
<b>Comprehensive loss attributable to Diebold Nixdorf, Incorporated</b>	<u>\$ (246.0)</u>	<u>\$ (7.0)</u>	<u>\$ (416.0)</u>	<u>\$ (46.0)</u>

See accompanying notes to condensed consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows**  
**(unaudited)**  
**(in millions)**

	Six months ended June 30	
	2022	2021
<b>Cash flow from operating activities</b>		
<b>Net loss</b>	\$ (383.0)	\$ (38.4)
<b>Adjustments to reconcile net loss to cash flow used by operating activities:</b>		
Depreciation and amortization	29.1	38.5
Amortization of Wincor Nixdorf purchase accounting intangible assets	36.1	39.8
Amortization of deferred financing costs into interest expense	8.3	8.7
Share-based compensation	6.9	8.0
(Gain) loss on sale of assets, net	0.1	(1.9)
Impairment of assets	60.6	—
Deferred income taxes	130.4	(3.9)
Other	1.7	—
Changes in certain assets and liabilities		
Trade receivables	(4.3)	(2.3)
Inventories	(136.0)	(96.0)
Accounts payable	46.0	70.4
Deferred revenue	24.0	(40.6)
Sales tax and net value added tax	(26.0)	(34.7)
Income taxes	(45.1)	(34.2)
Accrued salaries, wages and commissions	(45.0)	(11.5)
Restructuring accrual	40.1	(10.1)
Warranty liability	(2.8)	(0.2)
Pension and post retirement benefits	(9.9)	(2.7)
Certain other assets and liabilities	(37.8)	(32.6)
<b>Net cash used by operating activities</b>	<b>(306.6)</b>	<b>(143.7)</b>
<b>Cash flow from investing activities</b>		
Capital expenditures	(8.1)	(6.2)
Capitalized software development	(17.4)	(11.2)
Proceeds from divestitures, net of cash divested	10.5	5.8
Proceeds from maturities of investments	235.0	177.3
Payments for purchases of investments	(226.9)	(150.3)
Proceeds from sale of assets	—	1.7
<b>Net cash provided (used) by investing activities</b>	<b>(6.9)</b>	<b>17.1</b>
<b>Cash flow from financing activities</b>		
Revolving credit facility borrowings (repayments), net	192.0	20.9
Other debt borrowings	1.9	7.4
Other debt repayments	(7.9)	(5.2)
Contributions from noncontrolling interest holders	—	12.7
Other	(5.7)	(6.3)
<b>Net cash provided by financing activities</b>	<b>180.3</b>	<b>29.5</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5.5)	(0.6)
<b>Change in cash, cash equivalents and restricted cash</b>	<b>(138.7)</b>	<b>(97.7)</b>
Add: Cash included in assets held for sale at beginning of period	3.1	2.7
Less: Cash included in assets held for sale at end of period	3.4	5.2
<b>Cash, cash equivalents and restricted cash at the beginning of the period</b>	<b>388.9</b>	<b>324.5</b>
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>\$ 249.9</b>	<b>\$ 224.3</b>

See accompanying notes to condensed consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**FORM 10-Q as of June 30, 2022**  
**Notes to Condensed Consolidated Financial Statements**  
**(unaudited)**  
**(in millions, except per share amounts)**

**Note 1: Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements of Diebold Nixdorf, Incorporated and its subsidiaries (collectively, the Company) have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States (U.S. GAAP); however, such information reflects all adjustments (consisting solely of normal recurring adjustments) that are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. In addition, some of the Company's statements in this Quarterly Report on Form 10-Q may involve risks and uncertainties that could significantly impact expected future results. The results of operations for the three and six months ended June 30, 2022 are not necessarily indicative of results to be expected for the full year.

The Company has reclassified the presentation of certain prior-year information to conform to the current presentation.

**Recently Issued Accounting Guidance**

The Company considers the applicability and impact of all Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB).

In March 2020, the FASB issued guidance that provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by the transition away from reference rates expected to be discontinued to alternative reference rates. The guidance was effective upon issuance and may be applied prospectively to contract modifications made and hedging relationships entered into on or before December 31, 2022. The standard does not materially impact the Company's consolidated financial statements.

Although there are other new accounting pronouncements issued by the FASB, the Company does not believe these will have a materially impact on its consolidated financial statements.

**Note 2: Earnings (Loss) Per Share**

Basic earnings (loss) per share is based on the weighted-average number of common shares outstanding. Diluted earnings (loss) per share includes the dilutive effect of potential common shares outstanding. Under the two-class method of computing earnings (loss) per share, non-vested share-based payment awards that contain rights to receive non-forfeitable dividends are considered participating securities. The Company's participating securities include restricted stock units (RSUs), director deferred shares and shares that vested but were deferred by employees. The Company calculated basic and diluted earnings (loss) per share under both the treasury stock method and the two-class method. For the three and six months ended June 30, 2022 and 2021, there were no differences in the earnings (loss) per share amounts calculated using the two methods. Accordingly, the treasury stock method is disclosed below; however, because the Company is in a net loss position, dilutive shares of 2.2 and 1.3 for the three months ended June 30, 2022 and 2021, respectively, and 1.5 and 1.3 for the six months ended June 30, 2022 and 2021, respectively, are excluded from the shares used in the computation of diluted earnings (loss) per share.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
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**Notes to Condensed Consolidated Financial Statements (continued)**  
**(unaudited)**  
**(in millions, except per share amounts)**

The following table represents amounts used in computing earnings (loss) per share and the effect on the weighted-average number of shares of dilutive potential common shares:

	Three months ended		Six months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Numerator</b>				
<b>Income (loss) used in basic and diluted loss per share</b>				
Net loss	\$ (199.1)	\$ (30.3)	\$ (383.0)	\$ (38.4)
Net income (loss) attributable to noncontrolling interests	0.1	—	(0.7)	—
Net loss attributable to Diebold Nixdorf, Incorporated	<u>\$ (199.2)</u>	<u>\$ (30.3)</u>	<u>\$ (382.3)</u>	<u>\$ (38.4)</u>
<b>Denominator</b>				
Weighted-average number of common shares used in basic and diluted loss per share <sup>(1)</sup>	79.0	78.3	78.9	78.2
<b>Net loss attributable to Diebold Nixdorf, Incorporated</b>				
Basic and diluted loss per share	\$ (2.52)	\$ (0.39)	\$ (4.85)	\$ (0.49)

<sup>(1)</sup> Shares of 5.0 and 1.6 for the three months ended June 30, 2022 and 2021, respectively, and 4.5 and 1.6 for the six months ended June 30, 2022 and 2021, respectively, are excluded from the computation of diluted earnings per share because the effects are anti-dilutive, irrespective of the net loss position.

**Note 3: Income Taxes**

The effective tax rate on the loss from continuing operations was (48.2) percent and (43.4) percent for the three and six months ended June 30, 2022. The tax provision for the three months ended June 30, 2022 was attributable to current quarter pre-tax losses and a current quarter discrete tax adjustment relating to a change in judgment on valuation allowance due to the Company's current quarter going concern assessment. In conjunction with this change in judgment on valuation allowance, the Company has also changed its approach in calculating its income tax expense by using its actual effective tax rate year to date, as opposed to its annual effective tax rate as in the past, as provided in Accounting Standards Codification (ASC) Topic 740-270-30-18. See Note 9 for further details. Similarly, the tax provision for the six months ended June 30, 2022 was attributable to the jurisdictional mix of year to date income and loss, in addition to the change in valuation allowance referenced above.

The effective tax rate on the loss from continuing operations was 27.0 percent and 20.7 percent for the three and six months ended June 30, 2021. The tax benefit for the three months ended June 30, 2021 was attributable to current quarter pre-tax losses. The tax benefit for the six months ended June 30, 2021 was primarily attributable to the jurisdictional mix of income and loss, valuation allowance on certain interest expense carryforwards, partially offset by discrete tax adjustments for uncertain tax positions, tax return to provision differences and expired stock compensation.

**Note 4: Inventories**

Major classes of inventories are summarized as follows:

	June 30, 2022	December 31, 2021
Raw materials and work in process	\$ 240.9	\$ 194.1
Finished goods	234.6	180.3
Total product inventories	<u>475.5</u>	<u>374.4</u>
Service parts	166.7	169.8
Total inventories	<u>\$ 642.2</u>	<u>\$ 544.2</u>



**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**FORM 10-Q as of June 30, 2022**  
**Notes to Condensed Consolidated Financial Statements (continued)**  
**(unaudited)**  
**(in millions, except per share amounts)**

**Note 5: Investments**

The Company's investments, primarily in Brazil, consist of certificates of deposit that are recorded at fair value based upon quoted market prices. Changes in fair value are recognized in interest income, determined using the specific identification method, and were minimal. There were no gains from the sale of securities or proceeds from the sale of securities prior to the maturity date for the three and six months ended June 30, 2022 and 2021.

The Company has deferred compensation plans that enable certain employees to defer receipt of a portion of their cash, 401(k) or share-based compensation and enable non-employee directors to defer receipt of director fees at the participants' discretion. For deferred cash-based compensation, the Company established rabbi trusts (refer to Note 15), which are recorded at fair value of the underlying securities within securities and other investments. The related deferred compensation liability is recorded at fair value within other long-term liabilities. Realized and unrealized gains and losses on marketable securities in the rabbi trusts are recognized in interest income.

The Company's investments subject to fair value measurement consist of the following:

	Cost Basis	Unrealized Gain / (Loss)	Fair Value
<b>As of June 30, 2022</b>			
Short-term investments			
Certificates of deposit	\$ 31.4	\$ —	\$ 31.4
Long-term investments			
Assets held in a rabbi trust	\$ 4.9	\$ 0.2	\$ 5.1
<b>As of December 31, 2021</b>			
Short-term investments			
Certificates of deposit	\$ 34.3	\$ —	\$ 34.3
Long-term investments			
Assets held in a rabbi trust	\$ 5.4	\$ 1.6	\$ 7.0

Securities and other investments also includes cash surrender value of insurance contracts of \$3.1 and \$4.0 as of June 30, 2022 and December 31, 2021, respectively.

The Company has certain non-consolidated joint ventures that are not significant subsidiaries and are accounted for under the equity method of accounting. The Company owns 48.1 percent of Inspur Financial Information System Co., Ltd. (Inspur JV) and 49.0 percent of Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd. (Aisino JV). The Company engages in transactions in the ordinary course of business with the respective joint ventures. As of June 30, 2022, the Company had accounts receivable and accounts payable balances with these joint ventures of \$2.7 and \$25.1, respectively, which are included in trade receivables, less allowances for doubtful accounts and accounts payable on the condensed consolidated balance sheets.

**Note 6: Goodwill and Other Assets**

In the second quarter of 2022, the Company reorganized its reportable segments in connection with the a new and simplified operating model implemented by the recently appointed chief executive officer. This organizational change is described in further detail in Note 19, and is consistent with how the chief executive officer, the chief operating decision maker (CODM), makes key operating decisions, allocates resources, and assesses the performance of the business.

Prior to reorganization, the Company had four reporting units: Eurasia Banking, Americas Banking, EMEA Retail, and Rest of World Retail. The Company's new reporting units, determined in accordance with ASC 350, "Intangibles - goodwill and other", are the same as the operating and reportable segments, which are global Banking and global Retail. The Banking reporting unit is the summation of the legacy Eurasia Banking and Americas Banking reporting units and Retail is the summation of the legacy EMEA Retail and Rest of World Retail reporting units.

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**Notes to Condensed Consolidated Financial Statements (continued)**  
**(unaudited)**  
**(in millions, except per share amounts)**

We believe the new segmentation aligns with the Company's focus on standard and centralized global product and service offerings that support our customer base, which is largely comprised of global financial institutions and retailers. Further the simplified organization does not have regional leaders reporting to the CODM, and operating metrics other than net sales will not be allocated or analyzed on a regional basis largely due to the centralization of our manufacturing and procurement functions.

As of April 30, 2022 and as a result of the reporting unit change, we performed an interim quantitative goodwill impairment test for both our old and new reporting units using a combination of the income valuation and market approach methodology. The determination of the fair value of the reporting unit requires significant estimates and assumptions, including significant unobservable inputs. The key inputs included, but were not limited to, discount rates, terminal growth rates, market multiple data from selected guideline public companies, management's internal forecasts which include numerous assumptions such as projected net sales, gross profit, sales mix, operating and capital expenditures and earnings before interest and taxes margins, among others. No impairment resulted from the quantitative interim goodwill impairment test under either the legacy or new reporting unit structure.

Management determined that the fair value of Eurasia Banking had a cushion of approximately 10 percent when compared to its carrying amounts prior to the change. The other legacy reporting units had significant excess fair value or cushion when compared to its carrying amount. Under the new reporting unit structure, Banking had a cushion of approximately 130 percent and Retail had a cushion of approximately 110 percent.

Changes in certain assumptions or the Company's failure to execute on the current plan could have a significant impact to the estimated fair value of the reporting units.

In addition to the quantitative goodwill impairment test, the Company also performed a reassignment of the goodwill to the new reporting units using a relative fair value allocation approach required by ASC 350. The results of that reassignment are included in the summary below.

	Legacy Reporting Units		New Reporting Unit		Total
	Eurasia Banking	Americas Banking	Banking	Retail	
Goodwill	\$ 590.4	\$ 444.7	\$ —	\$ 236.2	\$ 1,271.3
Accumulated impairment	(291.7)	(122.0)	—	(57.2)	(470.9)
<b>Balance at January 1, 2021</b>	<b>\$ 298.7</b>	<b>\$ 322.7</b>	<b>\$ —</b>	<b>\$ 179.0</b>	<b>\$ 800.4</b>
Divestitures	—	—	—	(3.3)	(3.3)
Currency translation adjustment	(29.0)	(4.6)	—	(19.9)	(53.5)
Goodwill	\$ 561.4	\$ 440.1	\$ —	\$ 213.0	\$ 1,214.5
Accumulated impairment	(291.7)	(122.0)	—	(57.2)	(470.9)
<b>Balance at December 31, 2021</b>	<b>\$ 269.7</b>	<b>\$ 318.1</b>	<b>\$ —</b>	<b>\$ 155.8</b>	<b>\$ 743.6</b>
Currency translation adjustment	(6.3)	(1.0)	—	(4.4)	(11.7)
Goodwill	\$ 555.1	\$ 439.1	\$ —	\$ 208.6	\$ 1,202.8
Accumulated impairment	(291.7)	(122.0)	—	(57.2)	(470.9)
<b>Balance at March 31, 2022</b>	<b>\$ 263.4</b>	<b>\$ 317.1</b>	<b>\$ —</b>	<b>\$ 151.4</b>	<b>\$ 731.9</b>
Currency translation adjustment	—	—	(28.0)	(15.0)	(43.0)
Goodwill reassignment	(555.1)	(439.1)	922.2	72.0	—
Goodwill	\$ —	\$ —	\$ 894.2	\$ 265.6	\$ 1,159.8
Accumulated impairment reassignment	291.7	122.0	(413.7)	—	—
Accumulated impairment	\$ —	\$ —	\$ (413.7)	\$ (57.2)	\$ (470.9)
<b>Balance at June 30, 2022</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 480.5</b>	<b>\$ 208.4</b>	<b>\$ 688.9</b>

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The following summarizes information on intangible assets by major category:

	Weighted-average remaining useful lives	June 30, 2022			December 31, 2021		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships, net	3.7 years	\$ 645.0	\$ (402.7)	\$ 242.3	\$ 703.3	\$ (401.6)	\$ 301.7
Capitalized Software Development	1.7 years	232.5	(186.9)	45.6	228.1	(184.9)	43.2
Development costs non-software	0.8 years	46.9	(46.8)	0.1	51.8	(51.6)	0.2
Other intangibles	5.4 years	47.9	(45.7)	2.2	50.8	(48.4)	2.4
Other intangible assets, net		327.3	(279.4)	47.9	330.7	(284.9)	45.8
<b>Total</b>		<b>\$ 972.3</b>	<b>\$ (682.1)</b>	<b>\$ 290.2</b>	<b>\$ 1,034.0</b>	<b>\$ (686.5)</b>	<b>\$ 347.5</b>

Costs incurred for the development of external-use software that will be sold, leased or otherwise marketed are capitalized when technological feasibility has been established. These costs are included within other assets and are amortized on a straight-line basis over the estimated useful lives ranging from three to five years. Amortization begins when the product is available for general release. Costs capitalized include direct labor and related overhead costs. Costs incurred prior to technological feasibility or after general release are expensed as incurred. The Company performs periodic reviews to ensure that unamortized program costs remain recoverable from future revenue. If future revenue does not support the unamortized program costs, the amount by which the unamortized capitalized cost of a software product exceeds the net realizable value is impaired.

The following table identifies the activity relating to total capitalized software development:

	2022	2021
<b>Beginning balance as of January 1</b>	\$ 43.2	\$ 38.0
Capitalization	17.4	11.2
Amortization	(10.1)	(12.5)
CTA, transferred to held-for-sale, other	(4.9)	1.5
<b>Ending balance as of June 30</b>	<b>\$ 45.6</b>	<b>\$ 38.2</b>

The Company's total amortization expense, excluding that related to deferred financing costs, was \$48.9 and \$52.1 for the six months ended June 30, 2022 and 2021, respectively. The Company's total amortization expense, excluding that related to deferred financing costs, was \$24.6 and \$26.0 for the three months ended June 30, 2022 and 2021, respectively.

**Note 7: Product Warranties**

The Company provides its customers a standard manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. Estimated future obligations due to warranty claims are based upon historical factors such as labor rates, average repair time, travel time, number of service calls per machine and cost of replacement parts.

Changes in the Company's warranty liability balance are illustrated in the following table:

	2022	2021
<b>Beginning balance as of January 1</b>	\$ 36.3	\$ 38.6
Current period accruals	4.6	11.0
Current period settlements	(6.8)	(11.4)
Currency translation adjustment	(1.4)	(0.6)
<b>Ending balance as of June 30</b>	<b>\$ 32.7</b>	<b>\$ 37.6</b>

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**Note 8: Restructuring**

In the fourth quarter of 2021, the Company completed the execution of a multi-year restructuring and transformation program called DN Now. On a cumulative basis, \$218.9 of expenses were incurred through December 31, 2021. These costs consisted primarily of severance charges, costs of personnel transitioning out of the organization, and consulting fees paid to third-party organizations who assisted with our transition to a shared service model.

On May 10, 2022, the Company announced a new initiative to streamline operations, drive efficiencies and digitize processes, targeting annualized cost savings of more than \$150.0 by the end of 2023. During both the three and six month periods ended June 30, 2022, the Company incurred \$78.3 of restructuring and transformation costs. The most significant of these costs was \$54.9 that was accrued for future severance payments under an ongoing severance benefit program. Consistent with DN Now, the remainder of the expenses incurred primarily relate to transitioning personnel and consultants.

In connection with the latest restructuring initiative, several facilities have been identified for closure, which resulted in a \$5.4 impairment of right-of-use assets and related leasehold improvements and furniture and fixtures recorded during the three months ended June 30, 2022.

The following table summarizes the impact of the Company’s restructuring and transformation charges on the consolidated statements of operations:

	Three months ended		Six months ended	
	June 30		June 30	
	2022	2021	2022	2021
Cost of sales – services	\$ 4.4	\$ 10.1	\$ 4.4	\$ 10.1
Cost of sales – products	8.7	1.1	8.7	1.6
Selling and administrative expense	57.9	6.5	57.9	11.7
Research, development and engineering expense	7.3	(0.6)	7.3	(0.3)
Total	<u>\$ 78.3</u>	<u>\$ 17.1</u>	<u>\$ 78.3</u>	<u>\$ 23.1</u>

The following table summarizes the Company’s severance accrual balance and related activity:

	2022	2021
<b>Beginning balance as of January 1</b>	\$ 35.3	\$ 62.9
Severance Accruals	54.9	10.3
Payouts/Settlements	(16.0)	(18.5)
Other	—	(2.8)
<b>Ending balance as of June 30</b>	<u>\$ 74.2</u>	<u>\$ 51.9</u>

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**Note 9: Debt**

Outstanding debt balances were as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Notes payable		
Uncommitted lines of credit	\$ 1.4	\$ 1.6
2022 Revolving Facility	—	35.9
2023 Term Loan B Facility - USD	4.8	4.8
2023 Term Loan B Facility - Euro	4.3	4.7
Other	0.3	0.3
	<u>\$ 10.8</u>	<u>\$ 47.3</u>
Short-term deferred financing fees	—	(0.2)
	<u>\$ 10.8</u>	<u>\$ 47.1</u>
Long-term debt		
2023 Revolving Facility	\$ 252.9	\$ 25.0
2023 Term Loan B Facility - USD	378.0	381.0
2023 Term Loan B Facility - Euro	341.8	375.6
2024 Senior Notes	400.0	400.0
2025 Senior Secured Notes - USD	700.0	700.0
2025 Senior Secured Notes - EUR	363.5	396.4
Other	4.6	4.2
	<u>\$ 2,440.8</u>	<u>\$ 2,282.2</u>
Long-term deferred financing fees	(29.1)	(36.6)
	<u>\$ 2,411.7</u>	<u>\$ 2,245.6</u>

*Senior and Senior Secured Notes*

On July 20, 2020, Diebold Nixdorf, Incorporated issued \$700.0 aggregate principal amount of 9.375 percent Senior Secured Notes due 2025 (the 2025 Senior Secured Notes - USD) and its wholly-owned subsidiary, Diebold Nixdorf Dutch Holding B.V., issued €350.0 aggregate principal amount of 9.0 percent Senior Secured Notes due 2025 (the 2025 Senior Secured Notes - EUR and, together with the 2025 Senior Secured Notes - USD, the 2025 Senior Secured Notes) in private offerings exempt from registration under the Securities Act of 1933. The 2025 Senior Secured Notes - USD were issued at a price of 99.031 percent of their principal amount, and the 2025 Senior Secured Notes - EUR were issued at a price of 99.511 percent of their principal amount.

The 2025 Senior Secured Notes are or will be, as applicable, guaranteed on a senior secured basis by (i) all of Diebold Nixdorf, Incorporated's existing and future direct and indirect U.S. subsidiaries that guarantee the obligations under the credit agreement (the Credit Agreement) governing the Company's revolving credit facility (the Revolving Facility) and (ii) all of Diebold Nixdorf, Incorporated's existing, future, direct and indirect U.S. subsidiaries (other than securitization subsidiaries, immaterial subsidiaries and certain other subsidiaries) that guarantee any of the Diebold Nixdorf Dutch Holding B.V.'s, Diebold Nixdorf, Incorporated's or its subsidiary guarantors' indebtedness for borrowed money (collectively, the U.S. subsidiary guarantors). Additionally, the 2025 Senior Secured Notes - USD and the 2025 Senior Secured Notes - EUR are guaranteed on a senior secured basis by Diebold Nixdorf Dutch Holdings B.V. and Diebold Nixdorf, Incorporated, respectively. The 2025 Senior Secured Notes are secured by first-priority liens on substantially all of the tangible and intangible assets of Diebold Nixdorf, Incorporated, Diebold Nixdorf Dutch Holding B.V. and the U.S. subsidiary guarantors, in each case subject to permitted liens and certain exceptions. The first-priority liens on the collateral securing the 2025 Senior Secured Notes - USD and the related guarantees and the 2025 Senior Secured Notes - EUR and the related guarantees are shared ratably among the 2025 Senior Secured Notes and the obligations under the Credit Agreement.

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The net proceeds from the offerings of the 2025 Senior Secured Notes, along with cash on hand, were used to repay a portion of the amounts outstanding under the Credit Agreement, including all amounts outstanding under the Term Loan A Facility and Term Loan A-1 Facility and \$193.8 of revolving credit loans, including all of the revolving credit loans due in December 2020, and for the payment of all related fees and expenses.

The Company also has an outstanding \$400.0 aggregate principal amount of 8.5% Senior Notes due 2024 (the 2024 Senior Notes). The 2024 Senior Notes were issued by Diebold Nixdorf, Incorporated and are guaranteed by the U.S. subsidiary, and mature in April 2024.

*Credit Agreement - Term Loan and Revolving Facilities and Related Going Concern Evaluation*

On March 11, 2022, the Company entered into the eleventh and most recent amendment to the credit agreement (the Credit Agreement) governing its revolving facility (the Revolving Facility) and the term loan facilities (the Term Loan Facilities) to amend the financial covenants with respect to its "Total Net Leverage Ratio" (as defined in the Credit Agreement). As a result, the Company incurred approximately \$1.1 of amendment fees that are classified within Other of the Financing section of the Consolidated Statement of Cash Flows. The fees will be amortized to interest expense over the remaining life of the Agreement. Prior to the eleventh amendment, the Company terminated its 2022 revolving commitments that were scheduled to mature in April 2022.

As of June 30, 2022, the Term Loan Facilities and Revolving Facility under the Credit Agreement were secured by substantially all assets of Diebold Nixdorf, Incorporated and its domestic subsidiaries that are borrowers or guarantors under the Credit Agreement, subject to certain exceptions and permitted liens.

Pursuant to the requirements of ASC Topic 205-40, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, management must evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q are issued or available to be issued. This evaluation does not take into consideration the potential mitigating effect of management's plans that have not been fully implemented or are not within control of the Company as of the date the condensed consolidated financial statements are issued or available to be issued.

The Revolving Facility is due on July 20, 2023, less than one year from the filing of this Quarterly Report on Form 10-Q. Refinancing the components of our debt arrangements that have near-term maturities, inclusive of the Revolving Facility and Term Loan B Facility, is a top priority. The Company has engaged advisors to assist in our refinancing efforts, with an expectation that we reach resolution as soon as practical. While the Company is optimistic regarding our ability to refinance, there can be no assurance that such financing would be available to us on terms acceptable to us, or at all. Our ability to refinance is subject to several factors, including market and economic conditions, the amount of capital required, our performance and investor sentiment with respect to us, our business, and our industry. As a result of these uncertainties and in connection with the Revolving Facility being due within twelve months of the condensed consolidated financial statement issuance for the period ended June 30, 2022, and notwithstanding management's refinancing plans and efforts to date, substantial doubt exists regarding our ability to continue as a going concern. Further, the Company expects the substantial doubt would be alleviated following completion of the refinancing we are pursuing. The condensed consolidated financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern.

*Uncommitted Line of Credit*

As of June 30, 2022, the Company had various international short-term uncommitted lines of credit with borrowing limits aggregating to \$37.9. The weighted-average interest rate on outstanding borrowings on the short-term uncommitted lines of credit as of June 30, 2022 and December 31, 2021 was 5.00 percent and 3.24 percent, respectively, and primarily relate to higher interest rate, short-term uncommitted lines of credit in Columbia and Brazil. Short-term uncommitted lines mature in less than one year. The remaining amount available under the short-term uncommitted lines at June 30, 2022 was \$36.5.

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The cash flows related to debt borrowings and repayments were as follows:

	Six months ended	
	June 30	
	2022	2021
Revolving credit facility borrowings	\$ 407.0	\$ 135.0
Revolving credit facility repayments	\$ (215.0)	\$ (114.1)
Other debt borrowings		
Proceeds from 2025 Senior Secured Notes - USD	\$ —	\$ —
Proceeds from 2025 Senior Secured Notes - EUR	—	—
International short-term uncommitted lines of credit borrowings	1.9	7.4
	<u>\$ 1.9</u>	<u>\$ 7.4</u>
Other debt repayments		
Payments on 2022 and Delayed Draw Term Loan A Facility under the Credit Agreement	\$ —	\$ —
Payments Term Loan A-1 Facility under the Credit Agreement	—	—
Payments on Term Loan B Facility - USD under the Credit Agreement	(3.0)	(2.4)
Payments on Term Loan B Facility - Euro under the Credit Agreement	(2.8)	(2.5)
International short-term uncommitted lines of credit and other repayments	(2.1)	(0.3)
	<u>\$ (7.9)</u>	<u>\$ (5.2)</u>

The interest rates with respect to the Revolving Facility are based on, at the Company's option, adjusted LIBOR or an alternative base rate, plus an applicable margin tied to the Company's then applicable total net leverage ratio. Such applicable margins range from, LIBOR-based Revolving Loans, 1.25 percent to 4.25 percent, and for base-rate Revolving Loans, 1.00 percent less than in the case of LIBOR-based loans.

Below is a summary of financing and replacement facilities information:

Financing and Replacement Facilities	Interest Rate Index and Margin	Maturity/Termination Dates	Initial Term (Years)
<b>Credit Agreement facilities</b>			
2023 Revolving Facility <sup>(ii, iv)</sup>	LIBOR + 4.50%	July 2023	3.0
Term Loan B Facility - USD <sup>(i)</sup>	LIBOR + 2.75%	November 2023	7.5
Term Loan B Facility - Euro <sup>(iii)</sup>	EURIBOR + 3.00%	November 2023	7.5
2024 Senior Notes	8.5%	April 2024	8
2025 Senior Secured Notes - USD	9.375%	July 2025	5
2025 Senior Secured Notes - EUR	9.0%	July 2025	5

<sup>(i)</sup> LIBOR with a floor of 0.0%

<sup>(ii)</sup> LIBOR with a floor of 0.5%

<sup>(iii)</sup> EURIBOR with a floor of 0.0%

<sup>(iv)</sup> The 2023 Revolving Facility margin remains at the LIBOR + 4.25% for a single creditor.

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The Company's debt agreements contain various financial covenants, including net debt to adjusted EBITDA and net interest coverage ratio, along with certain negative covenants that, among other things, limit dividends, acquisitions and the use of proceeds from divestitures. The Credit Agreement financial ratios are as follows:

- a maximum allowable total net debt to adjusted EBITDA leverage ratio of 6.75 to 1.00 for the quarter ended June 30, 2022 (decreasing to 6.50 for the quarter ended September 30, 2022, 5.50 for the quarter ended December 31, 2022, and 5.25 for the quarter ended March 31, 2023); and
- a minimum adjusted EBITDA to net interest expense coverage ratio of not less than 1.63 to 1.00 (increasing to 1.75 on September 30, 2022 and thereafter).

As of June 30, 2022, the Company was in compliance with the financial covenants in its debt agreements.

**Note 10: Redeemable Noncontrolling Interests**

Changes in redeemable noncontrolling interests were as follows:

	<u>2022</u>	<u>2021</u>
<b>Beginning balance as of January 1</b>	\$ —	\$ 19.2
Redemption value adjustment	—	—
Termination of put option	—	(19.2)
<b>Ending balance as of June 30</b>	<u>\$ —</u>	<u>\$ —</u>

During the first quarter of 2021, the Company entered into an agreement whereby its ownership percentage in a certain consolidated but non-wholly owned subsidiary in Europe was reduced by means of capital contributions from noncontrolling shareholders totaling \$12.7. Following the agreement, the Company maintains a controlling interest in the subsidiary. As part of this agreement, the put option that could have required the Company to acquire the noncontrolling shares was irrevocably waived, reducing the redeemable noncontrolling interest to zero.



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**Note 11: Equity**

The following tables present changes in shareholders' equity attributable to Diebold Nixdorf, Incorporated and the noncontrolling interests:

	Common Shares	Additional Capital	Accumulated Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total Diebold Nixdorf, Incorporated Shareholders' Equity	Non-controlling Interests	Total Equity
<b>Balance, December 31, 2021</b>	\$ 118.3	\$ 819.6	\$ (822.4)	\$ (582.1)	\$ (378.5)	\$ (845.1)	\$ 8.1	\$ (837.0)
Net loss	—	—	(183.1)	—	—	(183.1)	(0.8)	(183.9)
Other comprehensive loss	—	—	—	—	13.1	13.1	0.8	13.9
Share-based compensation issued	1.2	(1.2)	—	—	—	—	—	—
Share-based compensation expense	—	1.7	—	—	—	1.7	—	1.7
Treasury shares	—	—	—	(3.3)	—	(3.3)	—	(3.3)
<b>Balance, March 31, 2022</b>	\$ 119.5	\$ 820.1	\$ (1,005.5)	\$ (585.4)	\$ (365.4)	\$ (1,016.7)	\$ 8.1	\$ (1,008.6)
Net loss	—	—	(199.2)	—	—	(199.2)	0.1	(199.1)
Other comprehensive loss	—	—	—	—	(46.8)	(46.8)	2.3	(44.5)
Share-based compensation issued	0.1	(0.3)	—	—	—	(0.2)	—	(0.2)
Share-based compensation expense	—	5.2	—	—	—	5.2	—	5.2
Treasury shares	—	—	—	—	—	—	—	—
<b>Balance, June 30, 2022</b>	<u>\$ 119.6</u>	<u>\$ 825.0</u>	<u>\$ (1,204.7)</u>	<u>\$ (585.4)</u>	<u>\$ (412.2)</u>	<u>(1,257.7)</u>	<u>\$ 10.5</u>	<u>\$ (1,247.2)</u>

  

	Common Shares	Additional Capital	Accumulated Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total Diebold Nixdorf, Incorporated Shareholders' Equity	Non-controlling Interests	Total Equity
<b>Balance, December 31, 2020</b>	\$ 116.9	\$ 787.9	\$ (742.3)	\$ (576.7)	\$ (412.9)	\$ (827.1)	\$ (4.6)	\$ (831.7)
Net income (loss)	—	—	(8.1)	—	—	(8.1)	—	(8.1)
Other comprehensive loss	—	—	—	—	(30.9)	(30.9)	0.5	(30.4)
Share-based compensation issued	1.1	(1.1)	—	—	—	—	—	—
Share-based compensation expense	—	3.5	—	—	—	3.5	—	3.5
Treasury shares	—	—	—	(5.2)	—	(5.2)	—	(5.2)
Reclassifications of redeemable noncontrolling interest	—	19.2	—	—	—	19.2	12.7	31.9
<b>Balance, March 31, 2021</b>	\$ 118.0	\$ 809.5	\$ (750.4)	\$ (581.9)	\$ (443.8)	\$ (848.6)	\$ 8.6	\$ (840.0)
Net income (loss)	—	—	(30.3)	—	—	(30.3)	—	(30.3)
Other comprehensive loss	—	—	—	—	23.3	23.3	0.1	23.4
Share-based compensation issued	0.2	(0.2)	—	—	—	—	—	—
Share-based compensation expense	—	4.5	—	—	—	4.5	—	4.5
Treasury shares	—	—	—	(0.2)	—	(0.2)	—	(0.2)
<b>Balance, June 30, 2021</b>	<u>\$ 118.2</u>	<u>\$ 813.8</u>	<u>\$ (780.7)</u>	<u>\$ (582.1)</u>	<u>\$ (420.5)</u>	<u>(851.3)</u>	<u>\$ 8.7</u>	<u>\$ (842.6)</u>

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**Note 12: Accumulated Other Comprehensive Income (Loss)**

The following table summarizes the changes in the Company's AOCI, net of tax, by component for the three months ended June 30, 2022:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post- retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)
<b>Balance at March 31, 2022</b>	\$ (300.5)	\$ (2.9)	\$ 2.7	\$ (63.9)	\$ (0.8)	\$ (365.4)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(49.6)	0.9	1.8	—	—	(46.9)
Amounts reclassified from AOCI	—	—	—	0.1	—	0.1
Net current-period other comprehensive income (loss)	(49.6)	0.9	1.8	0.1	—	(46.8)
<b>Balance at June 30, 2022</b>	<u>\$ (350.1)</u>	<u>\$ (2.0)</u>	<u>\$ 4.5</u>	<u>\$ (63.8)</u>	<u>\$ (0.8)</u>	<u>\$ (412.2)</u>

<sup>(1)</sup> Other comprehensive income (loss) before reclassifications within the translation component excludes \$(2.3) of translation attributable to noncontrolling interests.

The following table summarizes the changes in the Company's AOCI, net of tax, by component for the three months ended June 30, 2021:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post- retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)
<b>Balance at March 31, 2021</b>	\$ (292.5)	\$ (1.0)	\$ (4.5)	\$ (144.3)	\$ (1.5)	\$ (443.8)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	21.7	(1.3)	2.0	—	—	22.4
Amounts reclassified from AOCI	—	—	(0.3)	1.2	—	0.9
Net current-period other comprehensive income (loss)	21.7	(1.3)	1.7	1.2	—	23.3
<b>Balance at June 30, 2021</b>	<u>\$ (270.8)</u>	<u>\$ (2.3)</u>	<u>\$ (2.8)</u>	<u>\$ (143.1)</u>	<u>\$ (1.5)</u>	<u>\$ (420.5)</u>

<sup>(1)</sup> Other comprehensive income (loss) before reclassifications within the translation component excludes \$(0.1) of translation attributable to noncontrolling interests.

The following table summarizes the changes in the Company's AOCI, net of tax, by component for the six months ended June 30, 2022:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post- retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)
<b>Balance at January 1, 2022</b>	\$ (310.9)	\$ (1.9)	\$ 0.4	\$ (64.6)	\$ (1.5)	\$ (378.5)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(39.2)	(0.1)	4.7	—	0.7	(33.9)
Amounts reclassified from AOCI	—	—	(0.6)	0.8	—	0.2
Net current-period other comprehensive income (loss)	(39.2)	(0.1)	4.1	0.8	0.7	(33.7)
<b>Balance at June 30, 2022</b>	<u>\$ (350.1)</u>	<u>\$ (2.0)</u>	<u>\$ 4.5</u>	<u>\$ (63.8)</u>	<u>\$ (0.8)</u>	<u>\$ (412.2)</u>

<sup>(1)</sup> Other comprehensive income (loss) before reclassifications within the translation component excludes \$(3.1) of translation attributable to noncontrolling interests.

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The following table summarizes the changes in the Company's AOCI, net of tax, by component for the six months ended June 30, 2021:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post- retirement Benefits	Other	Accumulated Other Comprehensive Income (Loss)
<b>Balance at January 1, 2021</b>	\$ (256.7)	\$ (2.6)	\$ (6.1)	\$ (146.9)	\$ (0.6)	\$ (412.9)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(14.1)	0.3	4.1	—	(0.9)	(10.6)
Amounts reclassified from AOCI	—	—	(0.8)	3.8	—	3.0
Net current-period other comprehensive income (loss)	(14.1)	0.3	3.3	3.8	(0.9)	(7.6)
<b>Balance at June 30, 2021</b>	<u>\$ (270.8)</u>	<u>\$ (2.3)</u>	<u>\$ (2.8)</u>	<u>\$ (143.1)</u>	<u>\$ (1.5)</u>	<u>\$ (420.5)</u>

<sup>(1)</sup> Other comprehensive income (loss) before reclassifications within the translation component excludes \$(0.6) of translation attributable to noncontrolling interests.

The following table summarizes the details about the amounts reclassified from AOCI:

	Three months ended		Six months ended		Affected Line Item on the Statement of Operations
	June 30		June 30		
	2022	2021	2022	2021	
Interest rate hedge gain/(loss)	\$ —	\$ (0.3)	\$ (0.6)	\$ (0.8)	Interest expense
Pension and post-retirement benefits:					
Net actuarial loss amortized (net of tax of \$(0.7), \$0.4, \$(0.4), and \$0.9 respectively)	0.1	1.2	0.8	3.8	Miscellaneous, net
Total reclassifications for the period	<u>\$ 0.1</u>	<u>\$ 0.9</u>	<u>\$ 0.2</u>	<u>\$ 3.0</u>	

**Note 13: Benefit Plans**

*Qualified Retirement Benefits.* The Company has a qualified retirement plan covering certain U.S. employees that has been closed to new participants since 2003 and frozen since December 2013.

The Company has a number of non-U.S. defined benefit plans covering eligible employees located predominately in Europe, the most significant of which are German plans. Benefits for these plans are based primarily on each employee's final salary, with annual adjustments for inflation. The obligations in Germany consist of employer funded pension plans and deferred compensation plans. The employer funded pension plans are based upon direct performance-related commitments in terms of defined contribution plans. Each beneficiary receives, depending on individual pay-scale grouping, contractual classification, or income level, different yearly contributions. The contribution is multiplied by an age factor appropriate to the respective pension plan and credited to the individual retirement account of the employee. The retirement accounts may be used up at retirement by either a one-time lump-sum payout or payments of up to ten years.

The Company has other defined benefit plans outside the U.S., which have not been mentioned here due to materiality.

*Supplemental Executive Retirement Benefits.* The Company has non-qualified pension plans in the U.S. to provide supplemental retirement benefits to certain officers, which have also been frozen since December 2013. Benefits are payable at retirement based upon a percentage of the participant's compensation, as defined.

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*Other Benefits.* In addition to providing retirement benefits, the Company provides post-retirement healthcare and life insurance benefits (referred to as other benefits) for certain retired employees. Retired eligible employees in the U.S. may be entitled to these benefits based upon years of service with the Company, age at retirement and collective bargaining agreements. There are no plan assets and the Company funds the benefits as the claims are paid. The post-retirement benefit obligation was determined by application of the terms of medical and life insurance plans together with relevant actuarial assumptions and healthcare cost trend rates.

The following tables set forth the change in benefit obligation, change in plan assets, funded status, consolidated balance sheet presentation and net periodic benefit cost for the Company's defined benefit pension plans and other benefits at and for the three and six months ended June 30, 2022 and June 30, 2021, respectively:

	Three months ended					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Other Benefits	
	2022	2021	2022	2021	2022	2021
<b>Components of net periodic benefit cost</b>						
Service cost	\$ —	\$ 0.8	\$ 2.3	\$ 2.6	\$ —	\$ —
Interest cost	4.2	3.9	1.1	0.7	—	0.2
Expected return on plan assets	(5.8)	(6.3)	(3.9)	(3.7)	—	—
Recognized net actuarial loss (gain)	1.5	2.2	(0.5)	(0.7)	(0.1)	0.1
Amortization of prior service cost	—	—	(0.1)	—	—	—
<b>Net periodic pension benefit cost</b>	<b>\$ (0.1)</b>	<b>\$ 0.6</b>	<b>\$ (1.1)</b>	<b>\$ (1.1)</b>	<b>\$ (0.1)</b>	<b>\$ 0.3</b>

	Six months ended					
	Pension Benefits					
	U.S. Plans		Non-U.S. Plans		Other Benefits	
	2022	2021	2022	2021	2022	2021
<b>Components of net periodic benefit cost</b>						
Service cost	\$ —	\$ 1.6	\$ 4.7	\$ 5.1	\$ —	\$ —
Interest cost	8.5	7.9	2.2	1.5	0.1	0.4
Expected return on plan assets	(11.6)	(12.7)	(7.8)	(7.5)	—	—
Recognized net actuarial loss (gain)	3.1	4.5	(0.9)	0.1	(0.2)	0.1
Amortization of prior service cost	—	—	(0.2)	—	—	—
<b>Net periodic pension benefit cost</b>	<b>\$ —</b>	<b>\$ 1.3</b>	<b>\$ (2.0)</b>	<b>\$ (0.8)</b>	<b>\$ (0.1)</b>	<b>\$ 0.5</b>

**Contributions**

For the six months ended June 30, 2022 and June 30, 2021, contributions of \$26.0 and \$20.7, respectively, were made to the qualified and non-qualified pension plans. The Company received reimbursements of \$17.0 and \$16.4 for certain benefits paid from its German plan trustee during May 2022 and June 2021, respectively.

**Note 14: Derivative Instruments and Hedging Activities**

The Company is exposed to certain risks arising from both its business operations and economic conditions and manages certain economic risks, including interest rate and foreign exchange rate risk, through the use of derivative financial instruments. The Company's interest rate derivatives are used to manage interest expense on variable interest rate borrowings.

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The following table summarizes the gain (loss) recognized on derivative instruments:

Derivative instrument	Classification on condensed consolidated statements of operations	Three months ended		Six months ended	
		June 30		June 30	
		2022	2021	2022	2021
Interest rate swaps and non-designated hedges	Interest expense	\$ (1.5)	\$ (2.2)	\$ (3.6)	\$ (4.1)
Foreign exchange forward contracts and cash flow hedges	Cost of sales	(0.4)	0.1	(0.4)	—
Foreign exchange forward contracts and cash flow hedges	Foreign exchange gain (loss), net	—	0.1	—	(4.1)
Total		<u>\$ (1.9)</u>	<u>\$ (2.0)</u>	<u>\$ (4.0)</u>	<u>\$ (8.2)</u>

### Foreign Exchange

**Non-Designated Hedges** A substantial portion of the Company's operations and revenues are international. As a result, changes in foreign exchange rates can create substantial foreign exchange gains and losses from the revaluation of non-functional currency monetary assets and liabilities. The Company's policy allows the use of foreign exchange forward contracts with maturities of up to 24 months to mitigate the impact of currency fluctuations on those foreign currency asset and liability balances. The Company elected not to apply hedge accounting to its foreign exchange forward contracts. Thus, spot-based gains/losses offset revaluation gains/losses within foreign exchange loss, net and forward-based gains/losses represent interest expense or income.

**Cash Flow Hedges** The Company is exposed to fluctuations in various foreign currencies against its functional currency. In many instances, both sales and purchases are transacted in foreign currencies. Diebold Nixdorf Systems GmbH, a EUR-functional currency subsidiary of Wincor Nixdorf International GmbH (WNI), is exposed to foreign exchange risk due to purchase of raw materials that are denominated in USD. Such purchases expose the Company to exchange rate fluctuations between EUR and USD. To hedge this risk, the Company previously entered into and designated certain foreign currency forward contracts to sell EUR and buy USD as cash flow hedges of the Company's USD-denominated raw material purchases.

WNI, a EUR-functional-currency subsidiary, is exposed to foreign exchange risk due to sales that are denominated in GBP. To hedge this risk, the Company previously entered into and designated certain foreign currency forward contracts to sell GBP and buy EUR as cash flow hedges of the Company's GBP-denominated intercompany sales.

Procomp Amazonia Industria Electronica S.A. is a Brazilian real (BRL) functional-currency subsidiary of Diebold Nixdorf, Incorporated that, on a routine basis and in the normal course of business, makes inventory purchases that are denominated in USD. Upon the completion of customs clearance, accounts payable and inventory are recorded using the daily spot USD-BRL exchange rate, and released to cost of goods sold as inventory is sold. Such expenses expose the Company to exchange rate fluctuations between BRL and USD until the accounts payable and inventory is recorded. To hedge this risk, the Company previously entered into and designated certain foreign currency forward contracts to sell BRL and buy USD as cash flow hedges of the Company's USD denominated inventory purchases.

Derivative instruments are recorded on the balance sheet at fair value. For instruments designated as cash flow hedges, the effective portion of changes in the fair value is recorded in AOCI and subsequently reclassified into earnings in the period that the hedged forecasted transactions impact earnings. The ineffective portion of the changes in fair value of the derivatives is recognized directly in earnings. As of June 30, 2022, the Company had the following outstanding foreign currency derivatives that were used to hedge its foreign exchange risks:

Foreign Currency Derivative	Number of Instruments	Notional Sold	Notional Purchased
Currency forward agreements (USD-BRL)	4	26.4 BRL	5.1 USD
Currency forward agreements (EUR-GBP)	2	1.4 GBP	1.6 EUR

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**Interest Rate**

**Cash Flow Hedges** The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. The Company estimates that a minimal amount will be reclassified as a decrease to interest expense over the next year.

In March 2020 and September 2019, the Company entered into multiple pay-fixed receive-variable interest rate swaps with aggregate notional amounts of \$250.0 and \$500.0, respectively. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in AOCI and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the changes in fair value of the derivatives is recognized directly in earnings.

As a result of the Company's refinancing activities in July 2020 (refer to Note 9), the Company terminated \$625.0 of interest rate hedges resulting in a termination payout of \$6.2.

The Company does not use derivatives for trading or speculative purposes and currently does not have any additional derivatives that are not designated as hedges.

**Note 15: Fair Value of Assets and Liabilities**

**Assets and Liabilities Recorded at Fair Value**

Assets and liabilities subject to fair value measurement by fair value level and recorded as follows:

	Classification on condensed consolidated Balance Sheets	June 30, 2022			December 31, 2021		
		Fair Value	Fair Value Measurements Using		Fair Value	Fair Value Measurements Using	
			Level 1	Level 2		Level 1	Level 2
<b>Assets</b>							
Short-term investments							
Certificates of deposit	Short-term investments	\$ 31.4	\$ 31.4	\$ —	\$ 34.3	\$ 34.3	\$ —
Assets held in rabbi trusts	Securities and other investments	5.1	5.1	—	7.0	7.0	—
Foreign exchange forward contracts	Other current assets	0.1	—	0.1	0.1	—	0.1
Interest rate swaps	Other current assets	0.2	—	0.2	—	—	—
<b>Total</b>		<u>\$ 36.8</u>	<u>\$ 36.5</u>	<u>\$ 0.3</u>	<u>\$ 41.4</u>	<u>\$ 41.3</u>	<u>\$ 0.1</u>
<b>Liabilities</b>							
Foreign exchange forward contracts	Other current liabilities	\$ —	\$ —	\$ —	\$ 0.1	\$ —	\$ 0.1
Interest rate swaps - short term	Other current liabilities	—	—	—	2.8	—	2.8
Deferred compensation	Other liabilities	5.1	5.1	—	7.0	7.0	—
<b>Total</b>		<u>\$ 5.1</u>	<u>\$ 5.1</u>	<u>\$ —</u>	<u>\$ 9.9</u>	<u>\$ 7.0</u>	<u>\$ 2.9</u>

The Company uses the end of period when determining the timing of transfers between levels. During each of the six months ended June 30, 2022 and 2021, there were no transfers between levels.

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The carrying amount of the Company's debt instruments approximates fair value except for the 2024 Senior Notes and 2025 Senior Secured Notes. The fair value and carrying value of the 2024 Senior Notes and 2025 Senior Secured Notes are summarized as follows:

	June 30, 2022		December 31, 2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2024 Senior Notes	\$ 212.0	\$ 400.0	\$ 401.0	\$ 400.0
2025 Senior Secured Notes - USD	\$ 487.8	\$ 700.0	\$ 745.5	\$ 700.0
2025 Senior Secured Notes - EUR	\$ 269.0	\$ 363.5	\$ 423.7	\$ 396.4

Refer to Note 9 for further details surrounding the Company's long-term debt as of June 30, 2022 compared to December 31, 2021. Additionally, the Company would remeasure certain assets at fair value, using Level 3 measurements, as a result of the occurrence of triggering events.

### **Note 16: Commitments and Contingencies**

#### **Indirect Tax Contingencies**

The Company accrues for indirect tax matters when management believes that a loss is probable and the amounts can be reasonably estimated, while contingent gains are recognized only when realized. In the event any losses are sustained in excess of accruals, they are charged against income. In evaluating indirect tax matters, management takes into consideration factors such as historical experience with matters of similar nature, specific facts and circumstances and the likelihood of prevailing. Management evaluates and updates accruals as matters progress over time. It is reasonably possible that some of the matters for which accruals have not been established could be decided unfavorably to the Company and could require recognizing future expenditures. Also, statutes of limitations could expire without the Company paying the taxes for matters for which accruals have been established, which could result in the recognition of future gains upon reversal of accruals at that time.

At June 30, 2022, the Company was a party to several routine indirect tax claims from various taxing authorities globally that were incurred in the normal course of business, which neither individually nor in the aggregate are considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the condensed consolidated financial statements would not be materially affected by the outcome of these indirect tax claims and/or proceedings or asserted claims.

A loss contingency is reasonably possible if it has a more than remote but less than probable chance of occurring. Although management believes the Company has valid defenses with respect to its indirect tax positions, it is reasonably possible that a loss could occur in excess of the estimated liabilities. The Company estimated the aggregate risk at June 30, 2022 to be up to \$55.7 for its material indirect tax matters. The aggregate risk related to indirect taxes is adjusted as the applicable statutes of limitations expire.

#### **Legal Contingencies**

At June 30, 2022, the Company was a party to several lawsuits that were incurred in the normal course of business, which neither individually nor in the aggregate were considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the Company's condensed consolidated financial statements would not be materially affected by the outcome of these legal proceedings or asserted claims.

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In addition to these normal course of business litigation matters, the Company is a party to the proceedings described below:

Diebold Nixdorf Holding Germany GmbH, formerly Diebold Nixdorf Holding Germany Inc. & Co. KGaA (Diebold KGaA), is a party to two separate appraisal proceedings (Spruchverfahren) in connection with the purchase of all shares in its former listed subsidiary, Diebold Nixdorf AG. Both proceedings are pending at the same Chamber for Commercial Matters (Kammer für Handelssachen) at the District Court (Landgericht) of Dortmund (Germany). The first appraisal proceeding relates to the Domination and Profit Loss Transfer Agreement (DPLTA) entered into by Diebold KGaA and former Diebold Nixdorf AG, which became effective on February 17, 2017. The DPLTA appraisal proceeding was filed by minority shareholders of Diebold Nixdorf AG challenging the adequacy of both the cash exit compensation of €55.02 per Diebold Nixdorf AG share (of which 6.9 million shares were then outstanding) and the annual recurring compensation of €2.82 per Diebold Nixdorf AG share offered in connection with the DPLTA.

The second appraisal proceeding relates to the cash merger squeeze-out of minority shareholders of Diebold Nixdorf AG in 2019. The squeeze-out appraisal proceeding was filed by minority shareholders of Diebold Nixdorf AG challenging the adequacy of the cash exit compensation of €54.80 per Diebold Nixdorf AG share (of which 1.4 million shares were then outstanding) in connection with the merger squeeze-out.

In both appraisal proceedings, a court ruling would apply to all Diebold Nixdorf AG shares outstanding at the time when the DPLTA or the merger squeeze-out, respectively, became effective. Any cash compensation received by former Diebold Nixdorf AG shareholders in connection with the merger squeeze-out would be netted with any higher cash compensation such shareholder may still claim in connection with the DPLTA appraisal proceeding.

In the second quarter of 2022, the District Court of Dortmund dismissed all claims to increase the cash compensation in the DPLTA appraisal proceedings. This first instance decision, however, is not final as some of the plaintiffs filed appeals. The Company believes that the compensation offered in connection with the DPLTA and the merger squeeze-out was in both cases fair and that the decision of the District Court of Dortmund in the DPLTA appraisal proceedings validates its position. German courts often adjudicate increases of the cash compensation to plaintiffs in varying amounts in connection with German appraisal proceedings. Therefore, the Company cannot rule out that a court may increase the cash compensation in these appraisal proceedings. The Company, however, is convinced that its defense in both appraisal proceedings is supported by strong sets of facts and the Company will continue to vigorously defend itself in these matters.

**Bank Guarantees, Standby Letters of Credit, and Surety Bonds**

In the ordinary course of business, the Company may issue performance guarantees on behalf of its subsidiaries to certain customers and other parties. Some of those guarantees may be backed by standby letters of credit, surety bonds, or similar instruments. In general, under the guarantees, the Company would be obligated to perform, or cause performance, over the term of the underlying contract in the event of an unexcused, uncured breach by its subsidiary, or some other specified triggering event, in each case as defined by the applicable guarantee. At June 30, 2022, the maximum future contractual obligations relative to these various guarantees totaled \$153.6, of which \$24.0 represented standby letters of credit to insurance providers, and no associated liability was recorded. At December 31, 2021, the maximum future payment obligations relative to these various guarantees totaled \$155.6, of which \$24.0 represented standby letters of credit to insurance providers, and no associated liability was recorded.



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**Note 17: Revenue Recognition**

A performance obligation is a contractual promise to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and is recognized as revenue when (point in time) or as (over time) the performance obligation is satisfied. The following table represents the percentage of revenue recognized either at a point in time or over time:

<b>Timing of revenue recognition</b>	<b>Six months ended</b>	
	<b>June 30</b>	
	<b>2022</b>	<b>2021</b>
Products transferred at a point in time	37 %	39 %
Products and services transferred over time	63 %	61 %
Net sales	<u>100 %</u>	<u>100 %</u>

**Contract balances**

Contract assets are the rights to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditional on something other than the passage of time. Contract assets of the Company primarily relate to the Company's rights to consideration for goods shipped and services provided but not contractually billable at the reporting date.

The contract assets are reclassified into the receivables balance when the rights to receive payment become unconditional. Contract liabilities are recorded for any services billed to customers and not yet recognizable if the contract period has commenced or for the amount collected from customers in advance of the contract period commencing. In addition, contract liabilities are recorded as advanced payments for products and other deliverables that are billed to and collected from customers prior to revenue being recognizable. Contract assets are minimal for the periods presented.

The following table provides information about receivables and deferred revenue, which represent contract liabilities from contracts with customers:

<b>Contract balance information</b>	<b>Trade receivables</b>		<b>Contract liabilities</b>	
Balance at December 31, 2021	\$	595.2	\$	322.4
Balance at June 30, 2022	\$	563.1	\$	335.0

There have been \$10.5 and \$8.6 during the six months ended June 30, 2022 and 2021, respectively, of impairment losses recognized as bad debt related to receivables or contract assets arising from the Company's contracts with customers.

As of December 31, 2021, the Company had \$322.4 of unrecognized deferred revenue constituting the remaining performance obligations that are unsatisfied (or partially unsatisfied). During the six months ended June 30, 2022, the Company recognized revenue of \$156.4 related to the Company's deferred revenue balance at December 31, 2021.

**Transaction price allocated to the remaining performance obligations**

As of June 30, 2022, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$1,200. The Company generally expects to recognize revenue on the remaining performance obligations over the next twelve months. The Company enters into service agreements with cancellable terms after a certain period without penalty. Unsatisfied obligations reflect only the obligation during the initial term. The Company applies the practical expedient in ASC paragraph 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

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**Note 18: Finance Lease Receivables**

Under certain circumstances, the Company provides financing arrangements to customers that are largely classified and accounted for as sales-type leases. The Company records interest income and any fees or costs related to financing receivables using the effective interest method over the term of the lease.

The following table presents the components of finance lease receivables:

	June 30, 2022	December 31, 2021
Gross minimum lease receivables	\$ 32.1	\$ 39.5
Allowance for credit losses	(0.2)	(0.3)
Estimated unguaranteed residual values	0.1	0.1
	32.0	39.3
Less:		
Unearned interest income	(0.8)	(1.2)
Total	<u>\$ 31.2</u>	<u>\$ 38.1</u>

Future minimum payments due from customers under finance lease receivables as of June 30, 2022 are as follows:

2022	\$ 6.7
2023	8.4
2024	4.6
2025	4.8
2026	4.5
Thereafter	3.1
	<u>\$ 32.1</u>

There were no significant changes in provision for credit losses, recoveries and write-offs during the six months ended June 30, 2022 or 2021.

**Note 19: Segment Information**

During the second quarter of 2022, the Company appointed a new Chief Executive Officer and announced an organizational simplification initiative. In connection with those events, the Company's reportable segments will no longer be Americas Banking, Eurasia Banking and Retail, and instead the Company reportable operating segments are the following: Banking and Retail. Under the simplified organization and related restructuring discussed in Note 8, the Company does not have regionally focused direct reports to the CODM, and the CODM will be analyzing Banking and Retail on a global basis and not based on regional profitability metrics.

The Company's new reportable segment information below directly aligns with how the recently appointed Chief Executive Officer, who is also the CODM, regularly reviews results to make decisions, allocate resources and assess performance. The new Banking segment's sales and cost of sales are the summation of the legacy Americas Banking and Eurasia Banking's sales and cost of sales. The Company will continually consider its operating structure and the information subject to regular review.

Segment operating profit (loss) as disclosed herein is consistent with the segment profit or loss measure used by the CODM and does not include corporate charges, amortization of acquired intangible assets, asset impairment, restructuring and transformation charges, the results of the held-for-sale European retail business, or other unusual or infrequently occurring items, as the CODM does not regularly review and use such financial measures to make decisions, allocate resources and assess performance.

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Segment revenue represents revenues from sales to external customers. Segment operating profit is defined as revenues less expenses directly attributable to the segments. The Company does not allocate to its segments certain operating expenses, which are managed at the headquarters level; that are not used in the management of the segments, not segment-specific, or information that is impractical to allocate. In some cases the allocation of corporate charges has changed from the legacy structure to the new structure, but prior periods have been recast to conform to the new presentation. Segment operating profit reconciles to consolidated income (loss) before income taxes by deducting items that are not attributed to the segments and which are managed independently of segment results. Assets are not allocated to segments, and thus are not included in the assessment of segment performance, and consequently, we do not disclose total assets and depreciation and amortization expense by reportable operating segment.

The following tables present information regarding the Company's segment performance and provide a reconciliation between segment operating profit and the consolidated income (loss) before income taxes:

	Three months ended		Six months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Net sales summary by segment</b>				
Banking	\$ 590.2	\$ 638.5	\$ 1,152.9	\$ 1,278.0
Retail	255.8	305.0	517.5	609.4
Held for sale non-core European retail business <sup>(6)</sup>	5.7	—	11.1	—
<b>Total revenue</b>	<b>\$ 851.7</b>	<b>\$ 943.5</b>	<b>\$ 1,681.5</b>	<b>\$ 1,887.4</b>
<b>Segment operating profit</b>				
Banking	\$ 80.5	\$ 101.8	\$ 126.2	\$ 210.8
Retail	34.6	39.1	58.8	81.3
<b>Total segment operating profit</b>	<b>\$ 115.1</b>	<b>\$ 140.9</b>	<b>185.0</b>	<b>292.1</b>
Corporate charges not allocated to segments <sup>(1)</sup>	\$ (62.8)	\$ (77.8)	\$ (133.6)	\$ (150.0)
Impairment of assets <sup>(2)</sup>	(5.4)	—	(60.6)	—
Amortization of Wincor Nixdorf purchase accounting intangible assets <sup>(3)</sup>	(17.6)	(19.9)	(36.1)	(39.8)
Restructuring and transformation expenses <sup>(4)</sup>	(78.3)	(30.4)	(78.3)	(53.6)
Net non-routine expense <sup>(5)</sup>	(37.2)	0.1	(39.6)	0.4
Held for sale non-core European retail business <sup>(6)</sup>	(5.3)	—	(11.7)	—
	(206.6)	(128.0)	(359.9)	(243.0)
<b>Operating profit (loss)</b>	<b>(91.5)</b>	<b>12.9</b>	<b>(174.9)</b>	<b>49.1</b>
Other income (expense)	(41.7)	(53.9)	(90.6)	(95.9)
<b>Loss before taxes</b>	<b>\$ (133.2)</b>	<b>\$ (41.0)</b>	<b>\$ (265.5)</b>	<b>\$ (46.8)</b>

<sup>(1)</sup> Corporate charges not allocated to segments include headquarter-based costs associated primarily with human resources, finance, IT and legal that are not directly attributable to a particular segment and are separately assessed by the CODM for purposes of making decisions, assessing performance and allocating resources.

<sup>(2)</sup> Refer to Notes 20 and 21 for further information on the impairment charges taken in the first quarter of 2022. During the second quarter of 2022, and in connection with the organizational simplification, \$5.4 of right-of-use assets and the related leasehold improvements and furniture and fixtures were impaired related to facilities identified for closure.

<sup>(3)</sup> The amortization of purchase accounting intangible assets is not included in the segment results used by the CODM to make decisions, allocate resources or assess performance.

<sup>(4)</sup> Refer to Note 8: Restructuring for further information. Consistent with the historical reportable segment structure, restructuring and transformation costs are not assigned to the segments, and are separately analyzed by the CODM.

<sup>(5)</sup> Net non-routine expense consists of items that the Company has determined are non-routine in nature and not allocated to the reportable operating segments as they are not included in the measure as used by the CODM to make decisions, allocate resources and assess performance. Net non-routine expense for the three and six months ended June 30, 2022 primarily consisted of inventory charges related to legacy product of \$34.4 which management determined would no longer be sold as part of a product portfolio consolidation connected with the organizational simplification. Also included in net non-routine expense are charges related to the wind-down of our operations in Russia and Ukraine as discuss in Note 21 and charges related to mergers, acquisitions and divestitures.

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(6) Held for sale non-core European retail business represents the revenue and operating profit of a business that has been classified as held for sale for all of the periods presented, but which was removed in 2022 from the retail segment's information used by the CODM to make decisions, assess performance and allocate resources, and now is individually analyzed. This change and timing thereof aligns with the build-out of a data center that makes the entity capable of operating autonomously and is consistent with material provided in connection with our refinancing effort which are exclusive of this entity. The presentation in the periods ended June 30, 2022 and 2021 is consistent with management reporting. Total revenue generated by this business was \$5.7 and \$11.1 in the three and six month periods ended June 30, 2022, compared to \$5.2 and \$13.5 for the three and six month periods ended June 30, 2021. Operating loss generated by this business was \$5.3 and \$11.7 in the three and six month periods ended June 30, 2022, compared to \$3.7 and \$7.5 for the three and six month periods ended June 30, 2021.

The following table presents information regarding the Company's segment net sales by service and product solution:

	Three months ended		Six months ended	
	June 30		June 30	
	2022	2021	2022	2021
<b>Segments</b>				
<b>Banking</b>				
Services	\$ 389.3	\$ 424.0	\$ 772.9	\$ 841.2
Products	200.9	214.5	380.0	436.8
<b>Total Banking</b>	<b>590.2</b>	<b>638.5</b>	<b>1,152.9</b>	<b>1,278.0</b>
<b>Retail</b>				
Services	135.3	162.7	275.2	319.1
Products	120.5	142.3	242.3	290.3
<b>Total Retail</b>	<b>255.8</b>	<b>305.0</b>	<b>517.5</b>	<b>609.4</b>
<b>Held for sale non-core European retail business</b>				
Services	0.8	—	3.4	—
Products	4.9	—	7.7	—
<b>Total revenue</b>	<b>\$ 851.7</b>	<b>\$ 943.5</b>	<b>\$ 1,681.5</b>	<b>\$ 1,887.4</b>

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**Note 20: Cloud Implementation**

At December 31, 2021, the Company had capitalized \$50.7 of cloud implementation costs which are presented in the Other assets caption of the condensed consolidated balance sheet. During the first quarter of 2022, the Company impaired \$38.4 of capitalized cloud implementation costs related to a cloud-based North American enterprise resource planning (ERP) system, which was intended to replace the on premise ERP currently in use. In connection with the executive transition that took place in the first quarter of 2022 and the culmination of related process optimization workshops in March 2022, the Company made the decision to indefinitely suspend the cloud-based North America ERP implementation, which was going to require significant additional investment before it could function as well as our current North America ERP, and to instead focus the Company's ERP implementation efforts on the distribution subsidiaries, which can better leverage the standardization and simplification initiatives connected with the cloud-based implementation. As a result of the completed process optimization walkthroughs, the Company determined that the customizations already built for the North America ERP should not be leveraged at the distribution subsidiaries which require more streamlined and scalable process flows.

At June 30, 2022, the Company had a net book value of capitalized cloud implementation costs of \$18.6, which relates to a combination of the distribution subsidiary ERP and corporate tools to support business operations.

Amortization of cloud implementation fees totaled \$0.5 and \$1.0 in the three and six months ending June 30, 2022, respectively, and \$0.0 and \$0.2 in the three and six months ending June 30, 2021, respectively. These fees are expensed over the term of the cloud computing arrangement, and the expense is required to be recognized in the same line item in the income statement as the associated hosting service expenses.

**Note 21: War in Ukraine**

The Company has a Russian distribution subsidiary that generated approximately \$45.0 in revenue and \$5.0 in operating profit in 2021. Due to the economic sanctions levied on and developing economic conditions in Russia, the Company is in the early stages of liquidating the distribution subsidiary.

Additionally, the Company has distribution partners in Russia, Ukraine and Belarus that generated approximately \$35.0 in revenue and \$5.0 in gross profit in 2021. Due to the Russian incursion into Ukraine and the related economic sanctions, the prospect of re-establishing revenue from these relationships is currently uncertain.

Based on the circumstances outlined above, the Company recorded an impairment charge of \$16.8 in the first quarter of 2022, inclusive of trade receivables from customers in the region that are doubtful of being collected, inventory specifically for customers in the region and various other assets that are not recoverable.

The war in Ukraine has had implication on logistic routes, which is one of several macroeconomic conditions which is negatively impacting our supply chain. We are not particularly reliant on specific suppliers based in the affected areas, but circumvention has impacted lead times of inbound product. Management has identified elevated cybersecurity risk related to the matter, and has implemented mitigation strategies, the cost of which is included in \$1.2 and \$2.5 of expenses incurred during the three and six month periods ended June 30, 2022, respectively, related to the aforementioned liquidation, management of economic sanctions, humanitarian efforts and other related expenditures.

## Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

### Overview

Management's discussion and analysis of financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and accompanying notes that appear within this Quarterly Report on Form 10-Q.

### *Introduction*

The Company is a world leader in enabling Connected Commerce™. The Company automates, digitizes and transforms the way people bank and shop. The Company's integrated solutions connect digital and physical channels conveniently, securely and efficiently for millions of consumers every day. As an innovation partner for a majority of the world's top 100 financial institutions and top 25 global retailers, the Company delivers unparalleled services and technology that power the daily operations and consumer experience of banks and retailers around the world. The Company has a presence in more than 100 countries with approximately 22,000 employees worldwide.

### *Strategy*

The Company is focused on consistently innovating its solutions to support a better transaction experience for consumers at bank and retail locations while simultaneously streamlining cost structures and business processes through the integration of hardware, software and services.

### *Organizational Simplification Initiative - Reportable Segment Update*

In the second quarter of 2022, we reorganized our reportable segments in connection with the a new and simplified operating model implemented by the recently appointed chief executive officer. We believe the new segmentation aligns with our focus on standard and centralized global product and service offerings that support our customer base, which is largely comprised of global financial institutions and retailers. Further, the simplified organization does not have regional leaders, and operating metrics other than net sales will not be allocated or analyzed on a regional basis largely due to the centralization of our manufacturing and procurement functions. Our new reporting units, determined in accordance with ASC 350, "*Intangibles - goodwill and other*", are the same as the operating and reportable segments, which are global Banking and global Retail.

The reorganization of our operating model was considered a triggering event indicating a test for goodwill impairment was required on the effective date of the change. As of April 30, 2022, we performed an interim quantitative goodwill impairment test for both our old and new reporting units using a combination of the income valuation and market approach methodology. The determination of the fair value of the reporting unit requires significant estimates and assumptions, including significant unobservable inputs. The key inputs included, but were not limited to, discount rates, terminal growth rates, market multiple data from selected guideline public companies, management's internal forecasts which include numerous assumptions such as projected net sales, gross profit, sales mix, operating and capital expenditures and earnings before interest and taxes margins, among others. No impairment resulted from the quantitative interim goodwill impairment test under either the legacy or new reporting unit structure.

We determined that the fair value of Eurasia Banking had a cushion of approximately 10 percent when compared to its carrying amounts prior to the change. The other legacy reporting units had significant excess fair value or cushion when compared to its carrying amount. Under the new reporting unit structure, Banking had a cushion of approximately 130 percent and Retail had a cushion of approximately 110 percent.

While we believe our estimates regarding the fair value of our reporting units are appropriate, changes in certain assumptions or our failure to execute on the current plan could have a significant impact to the estimated fair value and may result in material non-cash impairment charges. We will continue to monitor our reporting units for changes to the overall business environment that could ultimately impact their estimated fair value.

### *COVID-19*

The Company continues to deliver high service levels to customers, even in hard-hit areas around the world, and received positive feedback from customers, including critical infrastructure providers, such as supermarkets and financial institutions, as to how effectively it has responded to the pandemic.

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The Company continues to focus on the stability of its suppliers and supply chain to prepare for any potential difficulties stemming from the pandemic. Supply chain disruption, whether it be access to critical raw material components, such as semiconductor chips, or freight lead times and availability, negatively affected virtually every business in some form – Diebold Nixdorf included. The Company’s financial performance continues to be heavily impacted by longer lead times – both inbound and outbound – as well as non-billable inflationary pressures associated with these headwinds. While it will take time, we look forward to moving past the global macroeconomic challenges we have faced over the past two years by utilizing various mitigation strategies (e.g., supply chain optimization and price increases) to deliver for our customers and shareholders. We believe the Company is well-positioned to capitalize on the strong demand for our products and solutions as customers continue to desire our market-leading devices, services and software, as the market increasingly moves toward a self-service automation focus driven by the evolving behavior of consumers.

Given the measure of uncertainty surrounding the COVID-19 pandemic and the impacts it may have on our business and the businesses of our customers and suppliers, the possible resurgence of COVID-19 infection rates, including those resulting from new variants, and government actions in response thereto could disrupt our operations and our supply chain and materially adversely affect our business. Because of this uncertainty, we cannot reasonably estimate the ultimate impact to our business, results of operations, cash flows and financial position that the COVID-19 pandemic may have, but such impact could be material.

**CONNECTED COMMERCE SOLUTIONS™**

The Company offers a broad portfolio of solutions designed to automate, digitize and transform the way people bank and shop. As a result, the Company’s operating structure is focused on its two customer segments — Banking and Retail. Leveraging a broad portfolio of solutions, the Company offers customers the flexibility to purchase the combination of services, software and products that drive the most value to their businesses.

*Banking*

The Company provides integrated solutions for financial institutions of all sizes designed to help drive operational efficiencies, differentiate the consumer experience, grow revenue and manage risk.

*Banking Services*

Services represents the largest operational component of the Company and includes product-related services, implementation services and managed services. Product-related services incidents are managed through remote service capabilities or an on-site visit. The portfolio includes contracted maintenance, preventive maintenance, “on-demand” maintenance and total implementation services. Implementation services help our customers effectively respond to changing customer demands and includes scalable solutions based on globally standardized processes and tools, a single point of contact and reliable local expertise. Managed services and outsourcing consist of managing end-to-end business processes and technology integration. Our integrated business solutions include self-service fleet management, branch life-cycle management and ATM as-a-service capabilities which can facilitate millions of transactions via ATMs, kiosks, and other self-service devices, as well as via online and mobile digital channels. An important enabler of the Company’s offerings is the professional service employees who provide systems integration, customization, project management and consulting. This team collaborates with customers to refine the end-user experience, improve business processes, refine existing staffing models and deploy technology to automate both branches and stores.

In 2020, the Company launched the AllConnect Data Engine (ACDE), which enables a more data-driven and predictive approach to services. As of June 30, 2022, more than 150,000 ATMs were connected to ACDE. As the number of connected devices increases, the Company expects to benefit from more efficient and cost-effective operations.

### *Banking Products*

The banking portfolio of products consists of cash recyclers and dispensers, intelligent deposit terminals, teller automation, and kiosk technologies. As financial institutions seek to expand the self-service transaction set and reduce operating costs by shrinking their physical branch footprint, the Company offers the DN Series™ family of self-service solutions.

DN Series is the culmination of several years of investment in consumer research, design and engineering resources. Key benefits and features of DN Series include:

- superior availability and performance;
- next-generation cash recycling technology;
- full integration with the DN Vynamic™ software suite;
- a modular and upgradeable design, which enables customers to respond more quickly to changing customer demands;
- higher note capacity and processing power;
- improved security safeguards to protect customers against emerging physical, data and cyber threats;
- a streamlined physical footprint, which is up to 40% less than both legacy models and certain competing ATMs;
- made of recycled and recyclable materials and is 25% lighter than most traditional ATMs, reducing CO emissions both in the manufacturing and transportation of components and terminals;
- uses LED technology and highly efficient electrical systems, resulting in up to 50% power savings versus traditional ATMs; and
- increased branding options for financial institutions.

### *Retail*

The Company's comprehensive portfolio of retail services and products improves the checkout process for retailers while enhancing shopping experiences for consumers.

#### *Retail Services*

DN AllConnect Services® for retailers includes maintenance and availability services to continuously optimize the performance and total cost of ownership of retail touchpoints, such as checkout, self-service and mobile devices, as well as critical store infrastructure. The solutions portfolio includes: implementation services to expand, modernize or upgrade store concepts; maintenance services for on-site incident resolution and restoration of multi-vendor solutions; support services for on-demand service desk support; operations services for remote monitoring of stationary and mobile endpoint hardware; as well as application services for remote monitoring of multi-vendor software and planned software deployments and data moves. As a single point of contact, service personnel plan and supervise store openings, renewals and transformation projects, with attention to local details and customers' global IT infrastructure.

The DN Vynamic software services suite for retailers provides a comprehensive, modular and open solution ranging from the in-store check-out solution to solutions across multiple channels that improve end-to-end store processes and facilitate continuous consumer engagements in support of a digital ecosystem. This includes click & collect, reserve & collect, in-store ordering and return-to-store processes across the retailers' physical and digital sales channels. Operational data from a number of sources, such as enterprise resource planning (ERP), point of sale (POS), store systems and customer relationship management systems (CRM), may be integrated across all customer connection points to create seamless and differentiated consumer experiences.

In addition to services for retailers, the Company provides installation, management, and delivery services for electric vehicle (EV) charging stations. The Company delivers this service primarily for EV charging station deployers and dealers through its DN AllConnect Services<sup>SM</sup> offering, helping clients maintain the highest uptime at the lowest total cost of ownership for their EV charging networks.



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*Retail Products*

The retail product portfolio includes modular and integrated, “all-in-one” POS and self-service terminals that meet changing consumer shopping journeys, as well as retailers’ and store staff’s automation requirements. The Company’s self-checkout (SCO) products and ordering kiosks facilitate a seamless and efficient transaction experience. The BEETLE®/iSCAN EASY eXpress™, hybrid products, can alternate from attended operation to SCO with the press of a button. The K-two Kiosk automates routine tasks and in-store transactions, offers order-taking abilities, particularly at quick service restaurants (QSRs) and fast casual restaurants and presents functionality that furthers store automation and digitalization. Supplementing the POS system is a broad range of peripherals, including printers, scales and mobile scanners, as well as the cash management portfolio, which offers a wide range of banknote and coin processing systems.

*Business Drivers*

The business drivers of the Company's future performance include, but are not limited to:

- demand for self-service and automation from Banking and Retail customers driven by the evolution of consumer behavior;
- demand for cost efficiencies and better usage of real estate for bank branches and retail stores as they transform their businesses to meet the needs of their customers while facing macro-economic challenges;
- demand for services on distributed IT assets such as ATMs, POS and SCO, including managed services and professional services;
- timing of product upgrades and/or replacement cycles for ATMs, POS and SCO;
- demand for software products and professional services;
- demand for security products and services for the financial, retail and commercial sectors; and
- demand for innovative technology in connection with the Company's Connected Commerce strategy.

**Results of Operations**

The following discussion of the Company’s financial condition and results of operations provides information that will assist in understanding the financial statements and the changes in certain key items in those financial statements. The following discussion should be read in conjunction with the condensed consolidated financial statements and the accompanying notes that appear elsewhere in this Quarterly Report on Form 10-Q.

## Net Sales

The following tables represent information regarding the Company's net sales:

	Three months ended		% Change	% Change in CC <sup>(1)</sup>	Percent of Total Net Sales for the Three months ended	
	June 30				June 30	
	2022	2021			2022	2021
<b>Segments</b>						
<b>Banking</b>						
Services	\$ 389.3	\$ 424.0	(8.2)	(4.5)	45.7	45.0
Products	200.9	214.5	(6.3)	(0.4)	23.6	22.7
<b>Total Banking</b>	<b>\$ 590.2</b>	<b>638.5</b>	<b>(7.6)</b>	<b>(3.1)</b>	<b>69.3</b>	<b>67.7</b>
<b>Retail</b>						
Services	\$ 136.1	162.7	(16.3)	(7.2)	16.0	17.2
Products	125.4	142.3	(11.9)	(3.5)	14.7	15.1
<b>Total Retail</b>	<b>\$ 261.5</b>	<b>305.0</b>	<b>(14.3)</b>	<b>(5.5)</b>	<b>30.7</b>	<b>32.3</b>
<b>Total Net Sales</b>	<b>\$ 851.7</b>	<b>\$ 943.5</b>	<b>(9.7)</b>	<b>(3.9)</b>	<b>100.0</b>	<b>100.0</b>

<sup>(1)</sup> The Company calculates constant currency by translating the prior-year period results at the current year exchange rate.

### *Three months ended June 30, 2022 compared with the three months ended June 30, 2021*

Net sales decreased 91.8, or 9.7 percent, including a net unfavorable currency impact of \$57.6 primarily related to the euro. After excluding the unfavorable currency impact and \$27.7 of net sales generated during the three months ended June 30, 2021 from divested businesses, net sales decreased by \$6.5.

### Segments

- Banking net sales decreased \$48.3, including a net unfavorable currency impact of \$29.2, related primarily to the euro. After excluding the unfavorable currency impact and \$11.1 of net sales generated by divested businesses, net sales decreased \$8.0, which was driven by unplanned reductions in installation activity, including delays resulting from global supply chain disruptions and the Company's initiative to reduce low margin service contracts.
- Retail net sales decreased \$43.5, including a net unfavorable currency impact of \$28.4 primarily related to the euro. After excluding the unfavorable currency impact and \$16.6 of sales generated by divested businesses, net sales increased \$1.5 primarily from reduced POS and SCO installation volume and related services in Europe. The reduced volume is partially attributable to the non-recurrence of prior-year rollouts in response to the pandemic, and partially attributable to supply chain disruptions.

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	Six months ended June 30		% Change	% Change in CC <sup>(f)</sup>	Percent of Total Net Sales for the Six months ended June 30	
	2022	2021			2022	2021
<b>Segments</b>						
<b>Banking</b>						
Services	\$ 772.9	\$ 841.2	(8.1)	(5.2)	46.0	44.6
Products	380.0	436.8	(13.0)	(8.7)	22.5	23.1
<b>Total Banking</b>	<b>1,152.9</b>	<b>1,278.0</b>	<b>(9.8)</b>	<b>(6.3)</b>	<b>68.5</b>	<b>67.7</b>
<b>Retail</b>						
Services	278.7	319.1	(12.7)	(5.2)	16.6	16.9
Products	249.9	290.3	(13.9)	(7.2)	14.9	15.4
<b>Total Retail</b>	<b>528.6</b>	<b>609.4</b>	<b>(13.3)</b>	<b>(6.2)</b>	<b>31.5</b>	<b>32.3</b>
<b>Total net sales</b>	<b>\$ 1,681.5</b>	<b>\$ 1,887.4</b>	<b>(10.9)</b>	<b>(6.3)</b>	<b>100.0</b>	<b>100.0</b>

<sup>(f)</sup>The Company calculates constant currency by translating the prior-year period results at the current year exchange rate.

*Six months ended June 30, 2022 compared with six months ended June 30, 2021*

Net sales decreased \$205.9, or 10.9 percent, including a net unfavorable currency impact of \$93.1 primarily related to the euro. After excluding the unfavorable currency impact and \$59.8 of net sales generated during the six months ended June 30, 2022 from divested businesses, net sales decreased by \$53.0.

**Segments**

- Banking net sales decreased \$125.1, including a net unfavorable currency impact of \$46.8, related primarily to the euro, and the impact of divestitures of \$29.7. Excluding the impact of currency and divestitures, net sales decreased \$48.6 driven by unplanned reductions in installation activity, including delays resulting from global supply chain disruptions and the Company's initiative to reduce low margin service contracts.
- Retail net sales decreased \$80.8, including a net unfavorable currency impact of \$46.3 primarily related to the euro, and the impact of divestitures of \$30.1. Excluding the impact of currency and divestitures, net sales decreased \$4.4 primarily from reduced POS and SCO installation volume and related services in Europe. The reduced volume is partially attributable to the non-recurrence of prior-year rollouts in response to the pandemic, and partially attributable to supply chain disruptions.

### Gross Profit

The following table represents information regarding the Company's gross profit:

	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Gross profit - services	\$ 150.3	\$ 176.8	(15.0)	\$ 302.3	\$ 360.8	(16.2)
Gross profit - products	10.5	75.1	(86.0)	43.8	164.3	(73.3)
Total gross profit	<u>\$ 160.8</u>	<u>\$ 251.9</u>	(36.2)	<u>\$ 346.1</u>	<u>\$ 525.1</u>	(34.1)
Gross margin - services	28.6 %	30.1 %		28.7 %	31.1 %	
Gross margin - products	3.2 %	21.0 %		7.0 %	22.6 %	
Total gross margin	18.9 %	26.7 %		20.6 %	27.8 %	

Services gross margin decreased 150 and 240 basis points in the three and six months ended June 30, 2022, respectively, as a result of inflationary internal labor costs, higher third-party labor costs, reduced high-margin installation activity and lower fixed cost absorption due to the sales decline. Additionally, certain low-margin contracts were entered into within growing Eurasia markets in the interest of growing the Company's geographical footprint.

Product gross margin decreased 1,780 basis points and 1,560 basis points in the three and six months ended June 30, 2022, respectively, with a key factor being a \$34.4 write-off of legacy product inventory that is no longer being marketed or produced as a result of a product portfolio optimization, and which is not usable by the service organization. Also during the three months ended June 30, 2022, restructuring and transformation product cost of sales were \$8.7, which primarily related to severance accruals for exiting employees. Excluding the inventory write-off, restructuring and transformation charges and other non-routine items, product gross margin decreased 560 and 940 basis points in the three and six months ended June 30, 2022, respectively, due to raw material price inflation and higher inbound and outbound logistics costs.

### Operating Expenses

The following table represents information regarding the Company's operating expenses:

	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Selling and administrative expense	\$ 213.8	\$ 204.8	4.4	\$ 394.8	\$ 408.2	(3.3)
Research, development and engineering expense	33.1	35.6	(7.0)	65.4	69.7	(6.2)
(Gain) loss on sale of assets, net	—	(1.4)	N/M	0.2	(1.9)	110.5
Impairment of assets	5.4	—	N/M	60.6	—	N/M
Total operating expenses	<u>\$ 252.3</u>	<u>\$ 239.0</u>	5.6	<u>\$ 521.0</u>	<u>\$ 476.0</u>	9.5
Percent of net sales	29.6 %	25.3 %		31.0 %	25.2 %	

Selling and administrative expense increased \$9.0 in the three months ended June 30, 2022 and decreased \$13.4 in the six months ended June 30, 2022, respectively, compared to the corresponding periods in 2021. Included in selling and administrative expense for the three and six months periods ended June 30, 2022 are \$39.8 of severance charges for exiting employees resulting from the organizational simplification. Excluding the severance charge, selling and administrative expense has decreased from each of the three and six month periods ended June 30, 2021 primarily as a result of decreased incentive compensation in connection with the decline in profitability and cash flows. Also contributing to the decrease are decreased depreciation and amortization resulting from consecutive years of reduced capital expenditures.

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In connection with the executive transition that took place in the first quarter of 2022 and the culmination of related process optimization workshops, the decision was made to indefinitely suspend the Company's North American ERP rollout. Due to the decision to focus the Company's cloud-based ERP implementation efforts on the distribution subsidiaries and the process workshops determining that work done for North America was not able to be leveraged at the distribution subsidiaries, the Company recorded an impairment of capitalized cloud-based North America ERP costs of \$38.4 in the first quarter of 2022.

Also during the first quarter of 2022 and as a result of the Russian incursion into Ukraine and the related economic sanctions, the Company impaired \$16.8 of assets connected with the Company's operations in Russia, Ukraine and Belarus.

*Operating Profit (Loss)*

The following table represents information regarding the Company's operating profit (loss):

	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Operating profit (loss)	\$ (91.5)	\$ 12.9	N/M	\$ (174.9)	\$ 49.1	N/M
Operating margin	(10.7)%	1.4 %		(10.4)%	2.6 %	

Operating profit decreased by \$104.4 in the three months ended June 30, 2022 and decreased \$224.0 in the six months ended June 30, 2022, compared to the prior-year periods. The decrease in operating profit for the three months ended June 30, 2022 is the result of the decrease in gross profit and the \$78.3 of restructuring and transformation charges discussed in Note 8. Also contributing to the decrease in operating profit for the six months ended June 30, 2022 was the \$55.2 of impairment charges taken in the first quarter of 2022 and discussed above.

*Other Income (Expense)*

The following table represents information regarding the Company's other income (expense), net:

	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Interest income	\$ 1.0	\$ 2.3	(56.5)	\$ 2.3	\$ 4.0	(42.5)
Interest expense	(49.6)	(49.7)	(0.2)	(97.7)	(98.4)	(0.7)
Foreign exchange gain (loss), net	2.3	(9.2)	N/M	(2.4)	(3.5)	(31.4)
Miscellaneous, net	4.6	2.7	70.4	7.2	2.0	N/M
Other income (expense), net	<u>\$ (41.7)</u>	<u>\$ (53.9)</u>	(22.6)	<u>\$ (90.6)</u>	<u>\$ (95.9)</u>	(5.5)

Interest income and expense remained materially consistent for the three and six month periods ended June 30, 2022 and 2021 as there have been no substantial changes to the Company's debt agreements.

Foreign exchange gain (loss), net, includes realized gains and losses, primarily related to euro and Brazilian real foreign currency exposure, which was favorable in the three months ended June 30, 2022 and unfavorable in the six months ended June 30, 2022 and six months ended June 30, 2022 and 2021.

Miscellaneous, net for the three and six month periods ended June 30, 2022 is favorable to the three and six month periods ended June 30, 2021 primarily due to the recognition of non-service pension plan actuarial benefits, the most significant of which is in Germany.

## Net Loss

The following table represents information regarding the Company's net loss:

	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Net loss	\$(199.1)	\$ (30.3)	N/M	\$(383.0)	\$ (38.4)	N/M
Percent of net sales	(23.4)%	(3.2)%		(22.8)%	(2.0)%	
Effective tax rate	(48.2)%	27.0 %		(43.4)%	20.7 %	

Changes in net loss are a result of the fluctuations outlined in the previous sections. The change in net loss is also impacted by an increase in income tax expense that is the result of a valuation allowance of \$127.4 that was recorded on the deferred tax assets of all entities in a net deferred tax asset position in connection with management's going concern assessment discussed in Note 9.

## Segment Operating Profit Summary

The following tables represent information regarding the segment operating profit metrics, which exclude the impact of restructuring and non-routine charges. Refer to Note 19 for further details regarding the determination of reportable segments and the reconciliation between segment operating profit and consolidated operating profit.

<b>Banking:</b>	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Net sales	\$ 590.2	\$ 638.5	(7.6)	\$1,152.9	\$1,278.0	(9.8)
Segment operating profit	\$ 80.5	\$ 101.8	(20.9)	\$ 126.2	\$ 210.8	(40.1)
Segment operating profit margin	13.6 %	15.9 %		10.9 %	16.5 %	

Segment operating profit decreased \$21.3 in the three months ended June 30, 2022 and decreased \$84.6 in the six months ended June 30, 2022, as compared to the prior-year periods due to the gross profit decline which is the result of the sales decline, raw material price inflation and higher inbound and outbound logistics costs. Operating expenses decreased in comparison to the prior-year periods, which is the result of cost reductions connected to the organizational simplification, lower incentive compensation expense and foreign currency translation.

<b>Retail:</b>	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Net sales	\$ 255.8	\$ 305.0	(16.1)	\$ 517.5	\$ 609.4	(15.1)
Segment operating profit	\$ 34.6	\$ 39.1	(11.5)	\$ 58.8	\$ 81.3	(27.7)
Segment operating profit margin	13.5 %	12.8 %		11.4 %	13.3 %	

Segment operating profit decreased \$4.5 in the three months ended June 30, 2022 and decreased \$22.5 in the six months ended June 30, 2022, as compared to the prior-year periods, largely as a result of decreased net sales. Gross margin percentage decreased albeit largely due to lower fixed cost absorption due to the revenue decline. Operating expenses decreased in comparison to the prior-year periods for the same reasons as discussed in the Banking section above.

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<b>Corporate:</b>	Three months ended			Six months ended		
	June 30			June 30		
	2022	2021	% Change	2022	2021	% Change
Charges not allocated to segments	\$ 62.8	\$ 77.8	(19.3)	\$ 133.6	\$ 150.0	(10.9)

Corporate does not represent a reportable segment, but the table above includes charges not allocated to segments as they are not directly attributable and are managed independently by the CODM. These include include headquarter-based costs associated primarily with human resources, finance, IT and legal. The decreases in cost from the prior year period are a result of incentive compensation expense declines in combination with this category of costs being among the most impacted by the current restructuring program.

### Liquidity and Capital Resources

The Company's total cash and cash availability as of June 30, 2022 and December 31, 2021 was as follows:

	June 30, 2022	December 31, 2021
Cash, cash equivalents and restricted cash	\$ 249.9	\$ 388.9
Less: Restricted cash	(0.5)	—
Additional cash availability from:		
Cash included in assets held for sale	3.4	3.1
Uncommitted lines of credit	36.5	27.5
Revolving Facility	50.2	284.0
Short-term investments	31.4	34.3
Total cash and cash availability	<u>\$ 370.9</u>	<u>\$ 737.8</u>

Capital resources are obtained from income retained in the business, borrowings under the Company's senior notes, committed and uncommitted credit facilities and operating and capital leasing arrangements. The Company had \$0.5 and \$0.0 of restricted cash at June 30, 2022 and December 31, 2021, respectively. The balance in restricted cash relates to the Company's liability to a transaction-processing customer for transactions where we have received funds from transacting parties and must pass those funds to the end customer.

As of June 30, 2022, the Company had a revolving facility provided by the Company's credit agreement (the Credit Agreement) of up to \$330.0 (the Revolving Facility) which is due on July 20, 2023. Refinancing the components of our debt arrangements that have near-term maturities, inclusive of the Revolving Facility and Term Loan B Facility, is a top priority. The weighted-average interest rate on outstanding Revolving Facility borrowings as of June 30, 2022 and December 31, 2021 were 5.97 percent and 4.75 percent, respectively which are variable based on the London Interbank Offered Rate (LIBOR). There was \$50.2 available under the Revolving Facility as of June 30, 2022, after excluding \$26.9 in outstanding letters of credit.

The following table summarizes the results of the Company's condensed consolidated statement of cash flows for the six months ended June 30, 2022 and 2021:

<i>Summary of cash flows:</i>	Six months ended	
	June 30, 2022	June 30, 2021
Net cash used by operating activities	\$ (306.6)	\$ (143.7)
Net cash provided (used) by investing activities	(6.9)	17.1
Net cash provided by financing activities	180.3	29.5
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5.5)	(0.6)
Change in cash, cash equivalents and restricted cash	<u>\$ (138.7)</u>	<u>\$ (97.7)</u>

## Operating Activities

Cash flows from operating activities can fluctuate significantly from period to period as working capital needs and the timing of payments impact reported cash flows. Net cash used by operating activities was \$306.6 for the six months ended June 30, 2022, a change of \$162.9 from cash use of \$143.7 for the six months ended June 30, 2021.

- Cash flows from operating activities during the six months ended June 30, 2022 compared to the six months ended June 30, 2021 were unfavorably impacted by a \$344.6 increase in net loss and most notably lower collections due to higher spending on inventory due to longer lead times in the supply chain. Refer to "Results of Operations" discussed above for further discussion of the Company's net loss.
- The net aggregate of inventories and accounts payable was a decrease in operating cash flow of \$90.0 during the six months ended June 30, 2022, compared to a decrease in operating cash flow of \$25.6 during the six months ended June 30, 2021. The \$64.4 increase in cash usage is primarily a result of an increase in inventory, despite a \$34.4 reserve being recorded in the quarter, due to longer lead times resulting from supply chain delays as well as unexpected revenue delays, partially offset by strong oversight of days payables outstanding, which sometimes exceeds contractual terms.
- The net aggregate of trade receivables and deferred revenue was an increase in operating cash flow of \$19.7 during the six months ended June 30, 2022, compared to a decrease in operating cash flow of \$42.9 in the six months ended June 30, 2021. The \$62.6 net change is primarily the result of our efforts to collect prepayments from customers due to the inflationary cost environment.
- Non-cash adjustments to net income increased during the six months ended June 30, 2022 compared to the six months ended June 30, 2021. In 2022, the Company recorded \$60.6 in non-cash impairment charges and a \$127.4 decrease to deferred tax assets by means of a valuation allowance. Depreciation and amortization expense decreased from \$38.5 to \$29.1 as a result of consecutive years of reduced capital expenditures.

## Investing Activities

Cash flows from investing activities during the six months ended June 30, 2022 includes \$8.1 and \$17.4 for capital expenditures and software development, respectively, compared to \$6.2 and \$11.2, respectively, for the same periods in 2021. The increase is the result of certain development projects reaching technological feasibility and therefore being capitalizable.

During the six months ended June 30, 2022, the Company received \$10.5 of cash proceeds from the divestiture of its German reverse vending business compared to \$5.8 of proceeds from divestitures in the six months ended June 30, 2021.

During the six months ended June 30, 2022, net maturities from investing activity was \$8.1, compared to \$27.0 for the six months ended ended June 30, 2021.

## Financing Activities

Net cash provided by financing activities was \$180.3 for the six months ended June 30, 2022 compared to a \$29.5 use of cash for the same period in 2021. The change was primarily a result of net borrowings on the revolving credit facility of \$192.0 during the six months ended June 30, 2022, compared to net borrowings of \$20.9 during the six months ended June 30, 2021.

Refer to Note 9 of the condensed consolidated financial statements for additional information regarding the Company's debt obligations. The Company paid cash for interest related to its debt of \$86.5 and \$87.0 for the six months ended June 30, 2022 and June 30, 2021, respectively. As defined by the Credit Agreement, the ratio of net debt to trailing 12 months adjusted EBITDA was 6.8 times as of June 30, 2022. As of June 30, 2022, the Company was in compliance with the financial and other covenants in its debt agreements.



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**Contractual and Other Obligations** The Company enters into certain purchase commitments due within one year for materials through contract manufacturing agreements for a total negotiated price. At June 30, 2022, the Company had minimal purchase commitments due within one year for materials through contract manufacturing agreements at negotiated prices.

Except for the items noted above, inclusive of near-term debt maturities, all contractual and other cash obligations with initial and remaining terms in excess of one year and contingent liabilities remained generally unchanged at June 30, 2022 compared to December 31, 2021.

**Off-Balance Sheet Arrangements** The Company enters into various arrangements not recognized in the consolidated balance sheets that have or could have an effect on its financial condition, results of operations, liquidity, capital expenditures or capital resources. The principal off-balance sheet arrangements that the Company enters into are guarantees and sales of finance receivables. The Company provides its global operations guarantees and standby letters of credit through various financial institutions to suppliers, customers, regulatory agencies and insurance providers. If the Company is not able to comply with its contractual obligations, the suppliers, regulatory agencies and insurance providers may draw on the pertinent bank. The Company has sold finance receivables to financial institutions while continuing to service the receivables. The Company records these sales by removing finance receivables from the consolidated balance sheets and recording gains and losses in the consolidated statement of operations (refer to Note 5 of the condensed consolidated financial statements).

**Supplemental Guarantor Financial Information** Diebold Nixdorf, Incorporated initially issued the 8.5% Senior Notes due 2024 (the 2024 Senior Notes) in an offering exempt from the registration requirements of the Securities Act of 1933, which were later exchanged in an exchange offer registered under the Securities Act of 1933. The 2024 Senior Notes are and will be guaranteed by certain of Diebold Nixdorf, Incorporated's existing and future subsidiaries which are listed on Exhibit 22.1 to this Quarterly Report on Form 10-Q. The following presents the summarized financial information separately for Diebold Nixdorf, Incorporated (the Parent Company), the issuer of the guaranteed obligations, and the guarantor subsidiaries, as specified in the indenture governing the Company's obligations under the 2024 Senior Notes, on a combined basis.

Each guarantor subsidiary is 100 percent owned by the Parent Company at the date of each balance sheet presented. The 2024 Senior Notes are fully and unconditionally guaranteed on a joint and several basis by each guarantor subsidiary. The guarantees of the guarantor subsidiaries are subject to release in limited circumstances only upon the occurrence of certain conditions. Each entity in the consolidating financial information follows the same accounting policies as described in the condensed consolidated financial statements, except for the use by the Parent Company and the guarantor subsidiaries of the equity method of accounting to reflect ownership interests in subsidiaries which are eliminated upon consolidation.

The following tables present summarized financial information for the Parent Company and the guarantor subsidiaries on a combined basis after elimination of (i) intercompany transactions and balances among the Parent Company and the guarantor subsidiaries and (ii) equity in earnings from and investments in any non-guarantor subsidiary.

	<b>Summarized Balance Sheets</b>	
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Total current assets	\$ 513.0	\$ 511.8
Total non-current assets	\$ 1,952.5	\$ 2,032.2
Total current liabilities	\$ 1,550.1	\$ 1,476.0
Total non-current liabilities	\$ 2,083.7	\$ 1,970.9

	<b>Summarized Statements of Operations</b>	
	<b>Six months ended</b>	<b>Year ended</b>
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Net sales	\$ 501.5	\$ 1,038.3
Cost of sales	376.1	767.3
Selling and administrative expense	168.6	366.9
Research, development and engineering expense	19.0	35.8
Impairment of assets	40.2	—
Gain on sale of assets, net	—	(0.3)
Interest income	(1.2)	1.0
Interest expense	(76.0)	(139.7)
Foreign exchange gain (loss), net	11.6	8.3
Miscellaneous, net	28.7	100.1
Loss from continuing operations before taxes	\$ (139.3)	\$ (161.7)
Net (loss) income	\$ (383.0)	\$ (78.8)
Net (loss) income attributable to Diebold Nixdorf, Incorporated	\$ (382.3)	\$ (78.8)

As of June 30, 2022 and December 31, 2021, the Parent Company and the guarantor subsidiaries on a combined basis had the following balances with non-guarantor subsidiaries:

	<b>Summarized Balance Sheets</b>	
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Total current assets	\$ 174.4	\$ 218.4
Total non-current assets	\$ 571.3	\$ 622.9

### **Critical Accounting Policies and Estimates**

Management's discussion and analysis of the Company's financial condition and results of operations are based upon the Company's condensed consolidated financial statements. The consolidated financial statements of the Company are prepared in conformity with generally accepted accounting principles in the United States (U.S. GAAP). The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and reported amounts of revenues and expenses. Such estimates include revenue recognition, the valuation of trade and financing receivables, inventories, goodwill, intangible assets, other long-lived assets, legal contingencies, guarantee obligations, and assumptions used in the calculation of income taxes, pension and post-retirement benefits and customer incentives, among others. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors. Management monitors the economic conditions and other factors and will adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

There have been no material changes to the critical accounting policies and estimates described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

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### **Forward-Looking Statement Disclosure**

In this Quarterly Report on Form 10-Q, statements that are not reported financial results or other historical information are “forward-looking statements.” Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. These forward-looking statements include, but are not limited to, statements regarding the Company's expected future performance (including expected results of operations and financial guidance), future financial condition, future operating results, strategy and plans. Forward-looking statements may be identified by the use of the words “anticipates,” “expects,” “intends,” “plans,” “will,” “believes,” “estimates,” “potential,” “target,” “predict,” “project,” “seek,” and variations thereof or similar expressions. These statements are used to identify forward-looking statements. These forward-looking statements reflect the current views of the Company with respect to future events and involve significant risks and uncertainties that could cause actual results to differ materially. Although the Company believes that these forward-looking statements are based upon reasonable assumptions regarding, among other things, the economy, its knowledge of its business, and key performance indicators that impact the Company, these forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in or implied by the forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Some of the risks, uncertainties and other factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements include, but are not limited to:

- the overall impact of global supply chain complexities on the Company and its business, including delays in sourcing key components as well as longer transport times, especially for container ships and U.S. trucking, given the Company's reliance on suppliers, subcontractors and availability of raw materials and other components;
- the ultimate impact of the ongoing COVID-19 pandemic, including further adverse effects to the Company's supply chain, maintenance of increased order backlog, and the effects of any COVID-19 pandemic-related cancellations;
- the Company's ability to continue to sustain benefits from its cost-reduction initiatives and to achieve benefits from its growth and other strategic initiatives, such as the current cost savings plan;
- the success of the Company's new products, including its DN Series line, EASY family of retail checkout solutions, and EV charging service business;
- the impact of a cybersecurity breach or operational failure on the Company's business;
- the Company's ability to generate sufficient cash to service its debt, to comply with the covenants contained in the agreements governing its debt, and to refinance its existing indebtedness;
- the Company's ability to attract, retain and motivate key employees;
- the Company's reliance on suppliers, subcontractors and availability of raw materials and other components;
- the outcome of the appraisal proceedings initiated in connection with the implementation of the DPLTA with the former Diebold Nixdorf AG and the merger/squeeze-out;
- 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;
- the Company's ability to successfully manage acquisitions, divestitures, and alliances;
- the impact of market and economic conditions, including the proliferation of cash and any deterioration or 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;
- competitive pressures, including pricing pressures and technological developments;
- changes in political, economic or other factors such as currency exchange rates, inflation rates (including the impact of possible currency devaluations in countries experiencing high inflation rates), recessionary or expansive trends, hostilities or conflicts (including the conflict between Russia and Ukraine), disruption in energy supply, taxes and regulations and laws affecting the worldwide business in each of the Company's operations;
- the Company's ability to maintain effective internal controls;
- unanticipated litigation, claims or assessments, as well as the outcome/impact of any current/pending litigation, claims or assessments; and
- the effect of changes in law and regulations or the manner of enforcement in the U.S. and internationally and the Company's ability to comply with government regulations.

Except to the extent required by applicable law or regulation, the Company undertakes no obligation to update these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

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**Item 3: Quantitative and Qualitative Disclosures About Market Risk**

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2021 for a discussion of market risk exposures. As discussed elsewhere in this Quarterly Report on Form 10-Q, the COVID-19 pandemic and related impacts on the global supply chain have negatively impacted our business and results of operations. As the Company cannot predict the full duration or extent of the pandemic, the future impact on the results of operations, financial position and cash flows, among others, cannot be reasonably estimated, but could be material. There have been no other material changes in this information since December 31, 2021.

**Item 4: Controls and Procedures**

This Quarterly Report on Form 10-Q includes the certifications of the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) required by Rule 13a-14 of the Securities Exchange Act of 1934 (the Exchange Act). See Exhibits 31.1 and 31.2. This Item 4 includes information concerning the controls and control evaluations referred to in those certifications.

Based on the performance of procedures by management, designed to ensure the reliability of financial reporting, management believes that the unaudited condensed consolidated financial statements fairly present, in all material respects, the Company's financial position, results of operations and cash flows as of the dates, and for the periods presented.

**Disclosure Controls and Procedures**

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's (SEC) rules and forms and that such information is accumulated and communicated to management, including the CEO and CFO as appropriate, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Quarterly Report on Form 10-Q, the Company's management, under the supervision and with the participation of the CEO and CFO, conducted an evaluation of disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the CEO and CFO have concluded that such disclosure controls and procedures were effective as of June 30, 2022.

**Change in Internal Controls**

During the quarter ended June 30, 2022, the Company implemented cloud-based consolidation software to replace its legacy on-premise consolidation software. The consolidation process otherwise remains largely unchanged. Excluding the change in consolidation software, during the quarter ended June 30, 2022, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

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**Part II – Other Information**

**Item 1: Legal Proceedings**

At June 30, 2022, the Company was a party to several lawsuits that were incurred in the normal course of business, which neither individually nor in the aggregate are considered material by management in relation to the Company's financial position or results of operations. In management's opinion, the Company's condensed consolidated financial statements would not be materially affected by the outcome of these legal proceedings, commitments or asserted claims.

For more information regarding legal proceedings, please refer to Part I, Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2021 and to "Legal Contingencies" in Note 16 of the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. Other than as described in "Legal Contingencies" in Note 16 of the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, there have been no material developments with respect to the legal proceedings reported in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

**Item 1A: Risk Factors**

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2021. There has been no material change to this information since December 31, 2021, except as provided below.

**Risks Related to Our Indebtedness.**

*The Company may not be able to generate sufficient cash to service or may not be able to refinance its indebtedness and other obligations and may be forced to take other actions to satisfy its obligations, which may not be successful.* The Company's ability to make scheduled payments or refinance its debt and other contractual obligations depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. The Company may be unable to maintain a level of cash flows from operating activities sufficient to permit the payment of principal, premium, if any, and interest, on its indebtedness and other contractual obligations.

If the Company's cash flows and capital resources are insufficient to fund its contractual obligations, the Company could face substantial liquidity issues. The Company's liquidity needs fluctuate during the course of the year and as a result these liquidity issues may be more acute during certain times. The liquidity issues that the Company faces could force the Company to reduce or delay investments and capital expenditures or to strategically divest material assets or operations, extend payments to vendors, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company has in the past and may in the future take such actions and these actions could materially impact the Company's business. The Company may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow the Company to meet its scheduled payment obligations. In addition, the terms of the Company's existing or future debt arrangements may restrict it from effecting any of these alternatives.

The Company expects to refinance all or a substantial portion of its existing indebtedness at or prior to maturity. Any disruption to the capital markets, or change in the financial condition of the Company, could make it more difficult and expensive for the Company to refinance on commercially reasonable terms or at all.

*Upcoming debt maturities could create significant financial and operational challenges for the Company.* A significant portion of the Company's indebtedness matures in 2023. The Company's ability to refinance its indebtedness ahead of upcoming maturities on commercially reasonable terms or at all depends on numerous factors, including the general condition of global financial markets and the Company's recent operating performance, which are each subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond the Company's control. Given the current market the Company will most likely need to negotiate with existing creditors to amend, extend, refinance or otherwise modify the terms of such indebtedness to, among other things, extend the maturity dates thereof. There can be no assurances that the Company's creditors would consent to any such amendment, extension, refinancing or other modification on commercially reasonable terms or at all.

*The terms of the credit agreement (the Credit Agreement) governing the Company's revolving credit facility (the Revolving Facility) and term loans and the indentures governing the Company's senior secured and unsecured notes (the Indentures) restrict its current and future operations, particularly its ability to respond to changes or to take certain actions.* The Credit Agreement and the Indentures contain a number of restrictive covenants that impose significant operating and financial

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restrictions on the Company and may limit its ability to engage in acts that may be in its long-term best interest, including restrictions on its ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses the Company conducts;
- enter into agreements restricting the Company's subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of the Company's assets.

In addition, the restrictive covenants in the Credit Agreement require the Company to maintain specified financial ratios and satisfy other financial conditions. Although the Company entered into an amendment to the Credit Agreement in March 2022 to, among other things, revise certain of its financial covenants, the Company's ability to meet the financial ratios and tests can be affected by events beyond its control, and it may be unable to meet them. If the Company is unable to meet its financial covenants the Company would be required to seek an amendment or waiver from its lenders. There can be no assurance that the Company's lenders would consent to any such amendment or waiver on commercially reasonable terms or at all.

A breach of the covenants or restrictions under any of the Indentures or under the Credit Agreement could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Credit Agreement would permit the lenders under the Revolving Facility to terminate all commitments to extend further credit under that facility. Furthermore, if the Company were unable to repay the amounts due and payable under the Revolving Facility and term loans, those lenders could proceed against the collateral granted them to secure that indebtedness. In the event the Company's lenders or noteholders accelerate the repayment of its indebtedness, the Company and its subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, the Company may be:

- limited in how it conducts its business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; and
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect the ability to grow in accordance with its strategy. In addition, the Company's financial results, its substantial indebtedness and its credit ratings could adversely affect the availability and terms of its financing.

*The Company's failure to meet its debt service obligations could have a material adverse effect on the Company's business, financial condition and results of operations.* The Company's high level of indebtedness could adversely affect the Company's operations and liquidity. The Company's level of indebtedness could, among other things:

- make it more difficult for the Company to pay or refinance its debts as they become due during adverse economic and industry conditions because the Company may not have sufficient cash flows to make its scheduled debt payments;
- cause the Company to use a larger portion of its cash flow to fund interest and principal payments, reducing the availability of cash to fund working capital, capital expenditures, R&D and other business activities;
- limit the Company's ability to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions;
- cause the Company to be more vulnerable to general adverse economic and industry conditions;
- cause the Company's suppliers to limit trade credit, require pre-payments or other collateral;
- cause the Company to be disadvantaged compared to competitors with less leverage;
- result in a downgrade in the credit rating of the Company or indebtedness of the Company or its subsidiaries, which could increase the cost of borrowings; and
- limit the Company's ability to borrow additional monies in the future to fund working capital, capital expenditures, R&D and other business activities.

The Company may also incur additional long-term debt and working capital lines of credit to meet future financing needs, which would increase its total indebtedness. Although the Credit Agreement and the Indentures contain restrictions on the Company's ability to incur additional debt, including secured debt, these restrictions are subject to a number of important

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
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**(in millions, except share and per share amounts)**

exceptions and debt incurred in compliance with these restrictions could be substantial. If the Company and its restricted subsidiaries incur significant additional debt, the related risks that the Company faces could intensify.

*The interest rates of certain debt instruments are priced using a spread over the London interbank offered rate (LIBOR) and Euro interbank offered rate (EURIBOR). LIBOR and EURIBOR are the basic rates of interest used in lending between banks on the London interbank market and EURO interbank market, and are widely used as a reference for setting the interest rate on loans globally. LIBOR and EURIBOR are the reference rates used with respect to the term loans and Revolving Facility under the Credit Agreement. The ICE Benchmark Administration Limited (ICE) ceased calculating and publishing certain USD LIBOR tenors on December 31, 2021. ICE has also announced that it will cease calculating and publishing all remaining USD LIBOR tenors on June 30, 2023. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after such end dates, and there is considerable uncertainty regarding the publication or representativeness of LIBOR beyond such end dates. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, is seeking to replace USD LIBOR with a newly created index (the secured overnight financing rate, or SOFR), calculated based on repurchase agreements booked by treasury securities. The Credit Agreement contains fallback provisions that would apply if the reference rates used thereunder were unavailable. Nevertheless, at this time, it is not possible to predict the effect that any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates, may have on LIBOR or other benchmarks, including LIBOR-based borrowings under the term loans and Revolving Facility under the Credit Agreement. Furthermore, the use of alternative reference rates or other reforms could cause the market value of, the applicable interest rate on and the amount of interest paid on our benchmark-based borrowings to be materially different than expected and could materially adversely impact our ability to refinance such borrowings or raise future indebtedness on a cost-effective basis.*

**Item 2: Unregistered Sales of Equity Securities and Use of Proceeds**

Information concerning the Company's share repurchases made during the second quarter ended June 30, 2022:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans <sup>(2)</sup>	Maximum Number of Shares that May Yet Be Purchased Under the Plans (2)
April	6,564	\$ 7.95	—	2,426,177
May	—	\$ —	—	2,426,177
June	905	\$ 2.32	—	2,426,177
Total	7,469	\$ 7.27	—	

<sup>(1)</sup> All shares were surrendered or deemed surrendered to the Company in connection with the Company's share-based compensation plans.

<sup>(2)</sup> The initial share repurchase plan was approved by the Board of Directors in 1997 and subsequently increased from time to time through 2012. The Company may purchase shares from time to time in open market purchases or privately negotiated transactions. The Company may make all or part of the purchases pursuant to accelerated share repurchases or Rule 10b5-1 plans. The share repurchase plan has no expiration date.

**Item 3: Defaults Upon Senior Securities**

None.

**Item 4: Mine Safety Disclosures**

Not applicable.

**Item 5: Other Information**

None.



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**Item 6: Exhibits**

- [3.1\(i\)](#) [Amended and Restated Articles of Incorporation of Diebold, Incorporated – incorporated by reference to Exhibit 3.1\(i\) to Registrant’s Annual Report on Form 10-K for the year ended December 31, 1994 \(Commission File No. 1-4879\)](#)
- [3.1\(ii\)](#) [Certificate of Amendment by Shareholders to Amended Articles of Incorporation of Diebold, Incorporated – incorporated by reference to Exhibit 3.2 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 1996 \(Commission File No. 1-4879\)](#)
- [3.1\(iii\)](#) [Certificate of Amendment to Amended Articles of Incorporation of Diebold, Incorporated – incorporated by reference to Exhibit 3.3 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 1998 \(Commission File No. 1-4879\)](#)
- [3.1\(iv\)](#) [Certificate of Amendment to Amended Articles of Incorporation of Diebold Nixdorf, Incorporated – incorporated by reference to Exhibit 3.1\(i\) to Registrant’s Current Report on Form 8-K filed on December 12, 2016 \(Commission File No. 1-4879\)](#)
- [3.1\(v\)](#) [Certificate of Amendment to Amended Articles of Incorporation of Diebold Nixdorf, Incorporated, effective April 26, 2017 – incorporated by reference to Exhibit 3.5 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 \(Commission File No. 1-4879\)](#)
- [3.1\(vi\)](#) [Certificate of Amendment to Amended Articles of Incorporation of Diebold Nixdorf, Incorporated, effective March 9, 2022 – incorporated by reference to Exhibit 3.1\(vi\) to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2021 \(Commission File No. 1-4879\)](#)
- [3.2](#) [Amended and Restated Code of Regulations – incorporated by reference to Exhibit 3.1\(ii\) to Registrant’s Current Report on Form 8-K filed on February 17, 2017 \(Commission File No. 1-4879\)](#)
- [10.1](#) [Diebold Nixdorf, Incorporated 2017 Equity and Performance Incentive Plan, as amended May 6, 2022 - incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 11, 2022 \(Commission File no. 1-4879\)](#)
- [22.1](#) [List of Subsidiary Guarantors](#)
- [31.1](#) [Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- [31.2](#) [Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- [32.1](#) [Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350](#)
- [32.2](#) [Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350](#)
- 101.INS Inline XBRL Instance Document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document included in Exhibit 101)

**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.

DIEBOLD NIXDORF, INCORPORATED

Date: August 9, 2022

*/s/ Jeffrey Rutherford*

By: Jeffrey Rutherford

Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)