

**2021**  
Annual  
Report



Diebold Nixdorf

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2021

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

Diebold Nixdorf, Incorporated

(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction of  
incorporation or organization)

34-0183970  
(I.R.S. Employer Identification No.)

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

44236-1605  
(Zip Code)

Registrants telephone number, including area code (330)490-4000

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Shares \$1.25 Par Value	DBD	New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes  No

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 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Approximate aggregate market value of the voting and non-voting common equity held by non-affiliates as of June 30, 2021, based upon the closing price on the New York Stock Exchange on June 30, 2021 was \$1,005,989,784.

Number of common shares outstanding as of March 9, 2022 was 78,927,434.

DOCUMENTS INCORPORATED BY REFERENCE

Listed hereunder are the documents, portions of which are incorporated by reference, and the parts of this Form 10-K into which such portions are incorporated:

Diebold Nixdorf, Incorporated Proxy Statement for 2022 Annual Meeting of Shareholders to be held on or about May 6, 2022, portions of which are incorporated by reference into Part III of this Form 10-K.

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## PART I

### ITEM 1: BUSINESS

(dollars in millions)

#### GENERAL

Diebold Nixdorf, Incorporated (collectively with its subsidiaries, the Company) is a world leader in enabling Connected Commerce™. The Company automates, digitizes and transforms the way people bank and shop. As a partner to the majority of the world's top 100 financial institutions and top 25 global retailers, the Company's integrated solutions connect digital and physical channels conveniently, securely and efficiently for millions of consumers each day. The Company has a presence in more than 100 countries with approximately 22,000 employees worldwide.

#### Strategy

The Company seeks to continually enhance the consumer experience at bank and retail locations while simultaneously streamlining cost structures and business processes through the smart integration of hardware, software and services. The Company partners with other leading technology companies and regularly refines its research and development (R&D) spend to support a better transaction experience for consumers.

#### DN Now Transformation Activities

The multi-year transformation program called DN Now that focused on customers while improving operational excellence culminated in the fourth quarter of 2021. Commensurate with its strategy, key activities included:

- transitioning to a streamlined and customer-centric operating model;
- implementing a services modernization plan which focused on upgrading certain customer touchpoints, automating incident reporting and response, and standardizing service offerings and internal processes;
- streamlining the product range of automated teller machines (ATMs) and manufacturing footprint;
- improving working capital management through greater focus and efficiency of payables, receivables and inventory;
- reducing administrative expenses, including finance, information technology (IT) and real estate;
- increasing sales productivity through improved coverage and compensation arrangements;
- standardizing back-office processes to automate reporting and better manage risks; and
- optimizing the portfolio of businesses to improve overall profitability.

#### 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 combinations of services, software and products that drive the most value to their business.

#### 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 operations are managed within two geographic regions. The Eurasia Banking region includes the economies of Western Europe, Eastern Europe, Asia, the Middle East and Africa. The Americas Banking region encompasses the United States (U.S.), Canada, Mexico and Latin America.

#### 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 consists of managing the 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.

In 2020, the Company launched the AllConnect<sup>SM</sup> Data Engine (ACDE), which enables a more data-driven and predictive approach to services. As of December 31, 2021, 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 their 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;
- physical footprint as much as 40% less vs. competing ATMs in certain models;
- made of recycled and recyclable materials and is 25% lighter than most traditional ATMs, reducing CO<sub>2</sub> 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.

## Banking Software

The Company's software encompasses digital solutions that enhance consumer-facing offerings, as well as back-end platforms which manage transactions, operations and channel integration. These software applications facilitate millions of transactions via ATMs, kiosks, and other self-service devices, as well as via online and mobile digital channels.

The Company's DN Vynamic software is the first end-to-end Connected Commerce software portfolio in the banking marketplace designed to simplify and enhance the consumer experience. This platform is cloud-native, provides new capabilities and supports advanced transactions via open application program interface (API). In addition, the Company's software suite simplifies operations by eliminating the traditional focus on internal silos and enabling inter-connected partnerships between financial institutions and payment providers. Through its open approach, DN Vynamic brings together legacy systems, enabling new levels of connectivity, integration, and interoperability. The Company's software suite provides a shared analytic and transaction engine. The DN Vynamic platform can generate new insights to enhance operations; prioritizing consumer preferences rather than technology.

An important enabler of the Company's software 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.

## Retail

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

### Retail Services

Diebold Nixdorf AllConnect Services® for retailers include 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 multivendor 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 multivendor 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.

In 2021, the Company announced it entered the electric vehicle (EV) charging station services business, a promising and rapidly growing market with a customer profile potentially comparable to the existing retail business. Our global services capability, including our technicians, our skills in global spare parts logistics management, and multi-lingual help desks have initially resonated with market participants who own public charging stations.

## Retail Products

The retail product portfolio includes modular and integrated, “all-in-one” point of sale (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.

## Retail Software

The DN Vynamic software 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), POS, store systems and customer relationship management systems (CRM), may be integrated across all customer connection points to create seamless and differentiated consumer experiences.

## COMPETITION

The Company competes with global, regional and local competitors to provide technology solutions for financial institutions and retailers. The Company differentiates its offerings by providing a wide range of innovative solutions that leverage innovations in advanced security, biometric authentication, mobile connectivity, contactless transactions, cloud computing and Internet of Things. Based upon independent industry surveys from Retail Banking Research (RBR), the Company is a leading service provider and manufacturer of self-service solutions across the globe.

Competitors in the self-service banking market include NCR, Nautilus Hyosung, GRG Banking Equipment, Glory Global Solutions, Oki Data and Triton Systems, as well as a number of local manufacturing and service providers such as Fujitsu and Hitachi-Omron in Asia Pacific (AP); Hantle/GenMega in North America (NA); KEBA in Europe, Middle East and Africa (EMEA); and Perto in Latin America (LA).

In certain countries, the Company sells to and/or competes with independent ATM deployers, such as Payment Alliance International and Euronet, that primarily operate in the non-bank retail market.

In the retail market, the Company helps retailers transform their stores to a consumer-centric approach by providing POS, automated SCO solutions, cash management, software and services. The Company competes with some of the key players highlighted above plus other technology firms such as Toshiba and Fujitsu, and specialized software players such as GK Software, Oracle, Aptos and PCMS. Many retailers also work with proprietary software solutions.

For its services offerings, the Company perceives competition to be fragmented, especially in the product-related services segment. While other manufacturers provide basic levels of product support, the competition also includes local and regional third-party providers. With respect to higher value managed services, the Company competes with large IT service providers such as IBM, Atos, Fiserv and DXC Technology.

In the self-service software market, the Company, in addition to the key hardware players highlighted above, competes with several smaller, niche software companies like KAL, and with the internal software development teams of banks and retailers.

## OPERATIONS

The Company’s operating results and the amount and timing of revenue are affected by numerous factors, including supply chain, production schedules, customer priorities, sales volume and mix. During the past several years, the Company has honed its offerings to become a total solutions provider with a focus on Connected Commerce. As a result of the emphasis on services and software, the nature of the Company’s workforce is changing and requires new skill sets in areas such as:

- advanced security and compliance measures;
- advanced sensors;
- Internet of Things;
- modern field services operations;
- cloud computing;
- analytics; and
- as-a-service expertise.

The principal raw materials used by the Company in its manufacturing operations are steel, plastics, electronic parts and components and spare parts, which are purchased from various major suppliers.

The Company carries working capital mainly related to trade receivables and inventories. Inventories generally are manufactured or purchased as orders are received from customers. The Company's customary payment terms typically range from 30 to 90 days from date of invoice. The Company generally does not offer extended payment terms. The Company also provides financing arrangements to customers that are largely classified and accounted for as sales-type leases.

## HUMAN CAPITAL MANAGEMENT

We are a world leader in enabling Connected Commerce, and we transform the way people bank and shop. However, we would not be in that position without our employees, one of our most valuable assets. Diebold Nixdorf is improving the employee experience by leveraging best practices and investing in the tools necessary to develop and reward talent across the Company.

### Employee Profile

As of December 31, 2021, we employed approximately 22,000 associates globally in more than 100 countries.

### Culture

We govern our actions by our shared values: Accountability, Collaboration, Decisiveness, a Sense of Urgency and a Willingness to Change. Additionally, we have a CARE Council, which stands for Considerate, Aware, Responsible and Empathetic – four behaviors we expect all employees to model on a daily basis. Together, our values and CARE Council help employees feel appreciated, involved, connected and supported, and that they have equal opportunity to succeed. We continue to drive our cultural evolution through our diversity and inclusion programs, employee resource groups, robust internal communications and performance management process.

### Diversity and Inclusion

The Company is committed to establishing a culture of diversity and inclusion where everyone is accepted, valued, supported and encouraged to thrive. We value the different perspectives and solutions our communities bring to the Company, and we believe these perspectives have a positive impact on how we innovate and grow. Our expectation is that our diversity and inclusion program will guide improvements in our culture - specifically, recruiting, training, policies and reporting, leader expectations, and benefits. In 2021, we launched new employee resource groups, including Women in the Workplace and Multi-Cultural. We are continuing to enhance our diversity and inclusion initiatives, in conjunction with our CARE Council, to recruit, retain and promote a diverse workforce. These efforts will not only promote innovation and growth but will also strengthen our relationships with customers spanning more than 100 countries with diverse cultural, gender, racial and other profiles.

### Employee Engagement

We have invested in our internal communications resources to better engage our employees. We have an internal intranet, called The Exchange, to keep employees informed about key changes to our business, new product launches and progress on strategic initiatives.

### Talent

To maintain a competitive workforce, the Company is evolving and enhancing how we train, identify and promote key talent. Additionally, the Company has continually improved and standardized our employee review process – encouraging regular performance reviews and feedback that will set clear expectations, motivate employees and reinforce the connection between pay and performance. In 2021, we expanded our global talent review program for talent development and succession planning to go deeper into our organization below senior leadership roles.

### Health, Safety and Wellness

Throughout our history, we have maintained our commitment to providing a safe workplace that protects against and limits personal injury and environmental harm. We follow international standards and regulations for product safety and security. Our Design-For-Quality approach covers R&D Quality, Manufacturing Quality and Supplier Quality. During the course of product development, these functions regularly participate in solution requirements and specification reviews. In the later phases of development, we define and perform various tests to ensure Product Safety and Security. We evaluate risks using both government-required procedures and best practices to ensure we understand residual risk and appropriately protect our employees. Frequent training ensures that specialists are informed promptly about legal and internal requirements.

Additionally, since the global outbreak of COVID-19, we have continued to evaluate and enhance our health, safety, and wellness protocols. Our designation as an essential service provider in numerous locations around the world required us to respond and address health and safety issues in real time. We have addressed these challenges with the following measures:

- implementing our comprehensive Pandemic Response Plan to ensure the continuity of our operations while protecting the health and safety of our people;
- restricting all non-critical travel and implementing mandatory Work-from-Home arrangements for employees in affected areas;
- instituting new safety and cautionary procedures for front-line employees to ensure their safety;
- providing sanitizing materials and guidance for working in common work areas;
- tracking employees with COVID-19, performing contact tracing and requiring employees to comply with quarantining requirements;
- sanitizing our production facilities and issuing stringent guidance on prohibiting unnecessary visitors and contractors from entering our manufacturing facilities; and
- establishing/adhering to stringent hygiene protocols, including handwashing, no admittance by anyone exhibiting cold or flu-like symptoms, temperature checks and social distancing to the fullest extent possible.

The Company established an Employee Crisis Reserve to compensate employees who could not work or were otherwise affected by the pandemic, including distributing food kits and ensuring the availability of medical supplies where needed. The Company also launched a new, global employee assistance program to provide confidential, professional counseling services via phone, text or email, 24 hours a day.

#### Compensation

Our compensation program is designed to attract and retain employees and to maintain a strong pay for performance culture. We regularly assess the current business environment and labor market to ensure our compensation programs reflect current best practices. We benchmark and set pay ranges based on market data for our jobs. We believe that these practices will help to motivate and engage our broader base of employees resulting in sustained increases in shareholder value and reflects our compensation philosophy in aligning long-term pay and performance.

#### PRODUCT BACKLOG

The Company's product backlog was \$1,087 and \$981 as of December 31, 2021 and 2020, respectively. The backlog generally includes orders estimated or projected to be shipped or installed within 18 months. Although the Company believes the orders included in the backlog are firm and are sometimes paid in advance, some orders may be canceled by customers without penalty, and the Company may elect to permit cancellation of orders without penalty where management believes it is in the Company's best interests to do so. Historically, the Company has not experienced significant cancellations within its product backlog. Additionally, over 50 percent of the Company's revenues are derived from its service business, for which backlog information is not measured. Therefore, the Company does not believe that its product backlog, as of any particular date, is necessarily indicative of revenues for any future period.

#### PATENTS, TRADEMARKS, LICENSES

The Company owns patents, trademarks and licenses relating to certain products across the globe. While the Company regards these as items of importance, it does not deem its business as a whole, or any industry segment, to be materially dependent upon any one item or group of items. The Company intends to protect and defend its intellectual property, including pursuit of infringing third parties for damages and other appropriate remedies.

#### GOVERNMENT REGULATION

As a company with global operations, we are subject to complex foreign and U.S. laws and regulations, including trade regulations, tariffs, import and export regulations, anti-bribery and corruption laws, antitrust or competition laws, data privacy laws, such as the EU General Data Protection Regulation (the GDPR), and environmental regulations, among others. We have policies and procedures in place to promote compliance with these laws and regulations. Notwithstanding their complexity, our compliance with these laws and regulations, including environmental regulations, generally, does not, and is not expected to, have a material effect on our capital expenditures, earnings or competitive position. Government regulations are subject to change, and accordingly we are unable to assess the possible effect of compliance with future requirements or whether our compliance with such regulations will materially impact our business in the future.

#### INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Refer to Item 10 of this annual report on Form 10-K for information on the Company's executive officers, which is incorporated herein by reference.



## AVAILABLE INFORMATION

The Company uses its Investor Relations web site, <http://investors.dieboldnixdorf.com>, as a channel for routine distribution of important information, including stock information, news releases, investor presentations and financial information. The Company posts filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC), including its annual, quarterly, and current reports on Forms 10-K, 10-Q, and 8-K; its proxy statements; registration statements; and any amendments to those reports or statements. All such postings and filings are available on the Company's Investor Relations web site free of charge. In addition, this web site allows investors and other interested persons to sign up to automatically receive e-mail alerts when the Company posts news releases and financial information on its web site. Investors and other interested persons can also follow the Company on Twitter at <http://twitter.com/dieboldnixdorf>. The content on any web site referred to in this annual report on Form 10-K is not incorporated by reference into this annual report unless expressly noted.

## ITEM 1A: RISK FACTORS

(dollars and euros in millions, except for per share values)

The following are certain risk factors that could affect the Company's business, financial condition, operating results and cash flows. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this annual report on Form 10-K because they could cause actual results to differ materially from those expressed in any forward-looking statement. The risk factors highlighted below are not the only ones the Company faces. Although the risks are organized by headings, and each risk is discussed separately, many are interrelated. Readers should not interpret the disclosure of any risk factor to imply that the risk has not already materialized. If any of these events actually occur, the Company's business, financial condition, operating results or cash flows could be negatively affected.

The Company cautions the reader to keep these risk factors in mind and refrain from attributing undue certainty to any forward-looking statements, which speak only as of the date of this annual report on Form 10-K.

### Strategic and Operational Risks.

The COVID-19 pandemic creates uncertainty and could have a material adverse impact on our business. While the COVID-19 pandemic has adversely affected our operations and financial results, our business has demonstrated a certain degree of resiliency in the COVID-19 pandemic given our work as an essential service provider to banks and essential retailers. Nonetheless, known or unexpected risks or developments related to the pandemic could have a material and adverse impact on our business, financial position and results of operations. If conditions worsen, resulting in additional or unexpected challenges, the COVID-19 pandemic could materially and negatively impact one or more of the following aspects of our business: our global supply chain, including our ability to maintain adequate component supply; transportation and shipping; our manufacturing facilities; our service technicians in the field; our employees working remotely or in our offices; and the businesses of our customers. Additionally, any worsening of the pandemic, including as a result of new variants, could cause additional and material delays in installations, certifications or other time-sensitive aspects of our business. As we cannot predict the duration or scope of the COVID-19 pandemic, the continuing negative impact to our financial position, results of operations and cash flows cannot be reasonably estimated, but could be material.

While the Company has achieved significant savings from its DN Now initiatives, these savings may not be sustainable, which may adversely affect its operating results and cash flow. The Company's DN Now initiatives consisted of a number of work streams designed to improve operational efficiency and sustainably increase profits and cash flows. Although the Company has achieved a substantial amount of annual cost savings associated with the DN Now initiatives through 2021, it may be unable to sustain the annual cost savings from the work streams that it has previously implemented. and its results of operations and cash flows may be adversely affected.

*New service and product developments may be unsuccessful.* The Company is constantly looking to develop new services and products that complement or leverage its core competencies and expand its business potential. For example, the Company launched its DN Series banking solutions portfolio in 2019, its DN Series EASY family of retail checkout solutions in 2020, and EV charging stations services in 2021. The Company makes significant investments in service and product technologies and anticipates expending significant resources for new cloud software, digitally enabled services and product development over the next several years. There can be no assurance that the Company's service and product development efforts will be successful, that the roll out of any new services and products will be timely, that the customer certification process for any new products will be completed on the anticipated timeline, that it will be able to successfully market these services and products, or that margins generated from sales of these services and products will recover costs of development efforts.

*The Company may not be successful executing on its digitally enabled hardware, services and software strategy.* As part of its broader business strategy, the Company is delivering digitally enabled hardware, services and software to its customers to address their evolving demand for greater flexibility and optionality to meet the demands of the market, drive improvement to performance levels and provide a more scalable cost structure. The Company's digital strategy extends to its own internal capabilities, as well, to ensure the Company becomes more efficient and delivers better capabilities to its employees. Across its internal finance, information technology, human resources and sales departments, the Company is deploying digital tools to enhance its operating efficiency through the use of cloud-based applications, self-service portals and automation. Executing on a digitally enabled strategy presents risks and challenges to both the Company and its customers, and there can be no assurances that the Company will be successful in its endeavors.

*The Company may not be able to generate sufficient cash flows to fund its operations and make adequate capital investments.* The Company's cash flows from operations depend primarily on sales and service margins. To develop new service and product technologies, support future growth, achieve operating efficiencies and maintain service and product quality, the Company must make significant capital investments in manufacturing technology, facilities and capital equipment, R&D, and service and product technology. In addition to cash provided from operations, the Company has from time to time utilized external sources of financing. Depending upon general market conditions or other factors, the Company may not be able to generate sufficient cash flows to fund its operations and make adequate capital investments, either in whole or in part. In addition, any tightening of the credit markets may limit the Company's ability to obtain alternative sources of cash to fund its operations.

## Data Privacy and Cybersecurity Risks.

*Cybersecurity incidents or vulnerabilities could disrupt the Company's internal operations or services provided to customers, which could adversely affect revenue, increase costs, and harm its reputation, customer relationships, and stock price.* To reduce these risks, the Company has programs and measures in place designed to detect and help safeguard against cybersecurity attacks. Although we have implemented cybersecurity measures designed to detect and limit the risk of unauthorized access to our systems and acquisition of, loss, modification of, use, or disclosure of our data, threat actors are using evolving, sophisticated, and ever-changing techniques to obtain unauthorized access to systems and data. The types and motivations of threat actors that may attempt to access our systems also are evolving and expanding, and include sophisticated nation-state sponsored and organized cyber-criminals, who are targeting the financial services industry. As a result, the risk of cyberattack is increasing. An attack, disruption, intrusion, denial of service, theft or other data or cybersecurity incident (such as phishing attack, virus, ransomware, or other malware installation), or an inadvertent act by an employee or contractor, could result in unauthorized access to, acquisition of, loss, disclosure, or modification of, our systems, products, and data (or our third-party service provider's systems, products, and data), which may result in operational disruption, loss of business, claims (including by customers, financial institutions, cardholders, and consumers), costs and reputational harm that could negatively affect our operating results. The Company could incur significant expenses in investigating and addressing cybersecurity incidents, including the expenses of deploying additional personnel, enhancing or implementing new protection measures, training employees or hiring consultants, and such incidents could divert the attention of our management and key personnel from our business operations. Further, remedial measures may later prove inadequate to prevent or reduce the impact of new or emerging threats. The Company may face regulatory investigations or litigation relating to cybersecurity incidents, which may be costly to defend and which, if successful, may require the Company to pay damages and fines or change its business practices. The Company also is subject to risks associated with cyberattacks involving our supply chain. We may also detect, or may receive notice from third parties (including governmental agencies and those in our supply chain) regarding, potential vulnerabilities in our information technology systems, our products, or third-party products used in conjunction with our products. Even if these potential vulnerabilities do not affect our products, services, data, or systems, their existence or claimed existence could adversely affect customer confidence and our reputation in the marketplace, causing us to lose existing or potential customers. To the extent such vulnerabilities require remediation, such remedial measures could require significant resources, may not be implemented before such vulnerabilities are exploited, and may not prevent or reduce the risk. As the cybersecurity landscape evolves, we may also find it necessary to make significant further investments to protect data and infrastructure. We maintain cybersecurity insurance intended to cover some of these risks, but this insurance may not be sufficient to cover all of our losses from future cybersecurity incidents the Company may experience.

We have experienced cybersecurity incidents in the past, but none of these incidents, individually or in the aggregate, has had a material adverse effect on our business, reputation, operations or products. The Company has in place various information technology protections designed to detect and reduce cybersecurity incidents, although there can be no assurance that our protections will be successful. The Company also regularly evaluates its protections against cybersecurity incidents, including through self-assessments and third-party assessments, and takes steps to enhance those protections, in response to specific threats and as part of the Company's information security program. There can be no assurance, however, that the Company will be able to prevent or remediate all future cybersecurity incidents or that the cost associated with responding to any such incident or impact of such incident will not be significant or material.

Portions of the Company's IT infrastructure also may experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. The Company may not be successful in implementing new systems, and transitioning data and other aspects of the process could be expensive, time consuming, disruptive and resource-intensive. Such disruptions could adversely impact the ability to fulfill orders, service customers and interrupt other processes and, in addition, could adversely impact the Company's ability to maintain effective internal control over financial reporting. Delayed sales, lower margins, lost customers or diminished investor confidence resulting from these disruptions could adversely affect the Company's financial results, stock price and reputation.

*The Company's actual or perceived failure to comply with increasing and increasingly stringent laws, regulations and contractual obligations relating to privacy, data protection and information security could harm its reputation, subject the Company to significant fines and liability or loss of business, and decrease demand for the Company's services.* The Company and its customers are subject to privacy, data protection, and information security laws and regulations ("Data Protection Laws") in the United States and in jurisdictions around the globe that restrict the collection, use, disclosure, transfer and processing of personal data, including financial data. For example, the Company and its customers are subject to the European Union General Data Protection Regulation ("GDPR"), the U.K. General Data Protection Regulation, the California Consumer Privacy Act ("CCPA"), and the Brazilian Lei Geral de Proteção de Dados. Costs to comply with these Data Protection Laws are significant. Failure to comply with these laws could result in material legal exposure and business impact, including the loss of customers and decreased demand for our products and services. The GDPR, for example, imposes onerous accountability obligations on companies, with penalties for non-compliance of up to the greater of €20 and four percent of annual global revenue. The GDPR, and other Data Protection Laws, also grant corrective powers to supervisory authorities, including the ability to impose a limit on processing personal data or ability to order companies to cease operations.

The Data Protection Laws are part of an evolving global data protection landscape in which the number, complexity, requirements, and consequences of non-compliance with these laws are increasing. This landscape includes legislative proposals recently adopted or currently pending in the United States, at both the federal and state levels (including by banking agencies), as well as in other jurisdictions, implementing new or additional requirements for data protection that could increase compliance costs, the cost and complexity of delivering our services, and significantly affect our business. Additionally, the interpretation and application of new data protection laws and regulations in many cases is uncertain, and our legal and regulatory obligations in such jurisdictions are subject to frequent and unexpected changes, including the potential for various regulatory or other governmental bodies to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties significantly. Complying with these evolving and varying standards, and implementing the required operational changes as a result of such standards, could require significant expense and effort and may require us to change our business practices or the functionality of our products and services in a manner adverse to our customers and our business. In addition, violations of these laws can result in governmental investigations, significant fines, penalties, claims by regulators or other third parties, imposition of limits on the processing of data, and damage to our brand and business.

Like other global companies, to conduct its operations, the Company transfers data across international borders. Transferring personal data across international borders is complex and subject to legal and regulatory requirements. In many cases, the laws and regulations governing such transfers apply not only to transfers between unrelated third parties but also to transfers between the Company and its subsidiaries. There is also active litigation and enforcement with respect to data transfers in a number of jurisdictions around the world, each of which could have an adverse impact on our ability to process and transfer personal data as part of our business operations. Some countries have also enacted or are enacting data localization laws that prohibit or significantly restrict the transfer of data out of the country. Developments related to cross-border transfers, including the Court of Justice July 2020 ruling in the “Schrems II” case as well as related guidance from the European Data Protection Board, have resulted in some changes to the way we provide our services in the European Union and conduct our business, and could expose us to potential sanctions and fines for non-compliance. If we cannot transfer data from some jurisdictions or implement valid mechanisms for cross-border data transfers, we may face increased exposure to regulatory actions, substantial fines, injunctions against processing or transferring personal data from Europe or elsewhere, and require us to increase our personal data processing capabilities in the Europe Union and/or elsewhere at significant expense.

In addition to our legal obligations, our contractual obligations relating to privacy, data protection and information security have become increasingly prevalent and stringent due to changes in laws and regulations, including the development related to cross-border transfers, as well as the heightened regulatory requirements in the financial services industry. Certain Data Protection Laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers. If we are unable to comply with our contractual obligations, this could impact our reputation and result in liabilities and loss of business.

#### 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 may be forced to take other actions to satisfy its obligations under its indebtedness, which may not be successful.* The Company's ability to make scheduled payments or refinance its debt 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.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, the Company could face substantial liquidity issues and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. 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 debt service 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.

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 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.

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 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.

#### Workforce Operations Risks.

*An inability to attract, retain and motivate key employees could harm current and future operations.* In order to be successful, the Company must attract, retain and motivate executives and other key employees, including those in managerial, professional, administrative, technical, sales, marketing and IT support positions. It also must keep employees focused on its strategies and goals. Hiring and retaining qualified executives, engineers and qualified sales representatives are critical to its future, and competition for experienced employees in these areas can be intense. In addition, we have seen a decline in the qualified labor applicant pool since the start of the COVID-19 pandemic and increased competition for qualified labor. The failure to hire or loss of key employees could have a significant impact on the Company's operations.

#### Risks Related to Reliance on Performance of Third Parties.

*The Company's ability to deliver products that satisfy customer requirements is dependent on the performance of its subcontractors and suppliers, as well as on the availability of raw materials and other components.* The Company relies on other companies, including subcontractors and suppliers, to provide and produce raw materials, integrated components and sub-assemblies and production commodities included in, or used in the production of, its products. If one or more of the Company's subcontractors or suppliers experiences delivery delays or other performance problems, it may be unable to meet commitments to its customers or incur additional costs. In some instances, the Company depends upon a single source of supply. Any service disruption from one of these suppliers, either due to circumstances beyond the supplier's control, such as geo-political developments or public health concerns (including viral outbreaks, such as COVID-19), or as a result of performance problems or financial difficulties, could have a material adverse effect on the Company's ability to meet commitments to its customers or increase its operating costs. At present, the overall impact of the COVID-19 pandemic is difficult to predict, but it may have a material adverse impact on the Company's overall business, financial condition and results of operations, in particular if COVID-19 infection rates resurge in other countries and regions, including as a result of new variants.

The Company manufactures a substantial amount of its products in Paderborn, Germany, and Manaus, Brazil. In addition, certain of our products are manufactured in China. Any damage suffered by these critical locations and manufacturing plants could negatively impact our business and results of operations. While the Company maintains insurance policies that provide coverage up to certain limits for some of the potential risks and liabilities associated with its business, it does not maintain insurance policies for all risks and liabilities.

*The Company relies on third parties to provide security systems and systems integration.* Sophisticated hardware and operating system software and applications that the Company procures from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. The costs to eliminate or alleviate security problems, viruses and bugs could be significant, and the efforts to address these problems could result in interruptions, delays or cessation of service that could impede sales, manufacturing, distribution or other critical functions.

## Tax Liability Risks.

*Additional tax expense or additional tax exposures could affect the Company's future profitability.* The Company is subject to income taxes in both the U.S. and various non-U.S. jurisdictions, and its domestic and international tax liabilities are dependent upon the distribution of income among these different jurisdictions. If the Company decides to repatriate cash, cash equivalents and short-term investments residing in international tax jurisdictions, there could be further negative impact on foreign and domestic taxes. The Company's tax expense includes estimates of additional tax that may be incurred for tax exposures and reflects various estimates and assumptions, including assessments of future earnings of the Company that could affect the valuation of its net deferred tax assets. The Company's future results could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in the overall profitability of the Company, changes in the valuation of deferred tax assets and liabilities, the results of audits and examinations of previously filed tax returns—continuing assessments of its income tax exposures and changes in tax legislation. For example, President Biden has proposed the reversal or modification of some portions of the Tax Cuts and Jobs Act of 2017, which, if enacted, could result in a higher U.S. corporate income tax rate than is currently in effect.

Additionally, the Company's future results could be adversely affected by the results of indirect tax audits and examinations, and continuing assessments of its indirect tax exposures. 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 accrual. The aggregate risk related to indirect taxes is adjusted as the applicable statutes of limitations expire. It is reasonably possible that the Company could be required to pay taxes, penalties and interest related to this matter or other open years, which could be material to its financial condition and results of operations.

## Risks Related to Acquisitions, Divestitures and Alliances.

*The Company may not be successful executing potential acquisitions, investments or partnerships, or divestitures.* As the Company's financial performance improves, it may evaluate and consider acquisitions, investments or partnerships in companies, products, services and technologies, which could support the Company's strategy and growth. Acquisitions, investments and partnerships inherently involve risks, which may include: the risk of integrating business operations, cultures, retaining key personnel and maintaining appropriate systems and controls; the potential for unknown liabilities; the possibility that acquisitions, investments or partnerships may not yield the targeted financial or strategic benefits to the Company. Furthermore, the Company has, from time-to-time, been divesting certain non-core and/or non-accretive businesses to, among other things, simplify its business and reduce its debt. However, there can be no assurance that it will be successful in selling all or further such any assets. It may incur substantial expenses associated with identifying and evaluating potential sales. The process of exploring any sales may be time consuming and disruptive to its business operations, and if it is unable to effectively manage the process, its business, financial condition and results of operations could be adversely affected. It also cannot assure that any potential sale, if consummated, will prove to be beneficial to its shareholders. Any potential sale would be dependent upon a number of factors that may be beyond the Company's control, including, among other factors, market conditions, industry trends, the interest of third parties in the assets and the availability of financing to potential buyers on reasonable terms.

In addition, while it evaluates asset sales, the Company is exposed to risks and uncertainties, including potential difficulties in retaining and attracting key employees, distraction of its management from other important business activities, and potential difficulties in establishing and maintaining relationships with customers, suppliers, lenders, sureties and other third parties, all of which could harm its business.

*The Company may be unable to successfully and effectively manage acquisitions, divestitures, alliances, and other significant transactions, which could harm its operating results, business and prospects.* As the Company improves its financial performance and promotes its business strategy, it will continue to engage in discussions and potentially enter into agreements with third parties regarding possible investments, acquisitions, strategic alliances, joint ventures, partnerships, divestitures and outsourcing arrangements. Such transactions present significant risks and challenges and there can be no assurances that the Company will manage such transactions successfully or that strategic opportunities will be available to the Company on acceptable terms or at all. Acquisitions and partnerships inherently involve risks.

The Company may specifically evaluate and consider investments or partnerships in companies, products, services and technologies. Related risks include the Company failing to achieve strategic objectives, anticipated benefits or timing of a transaction or contractual obligations. Such transactions may require the Company to manage post-closing transitions services or integration issues with business operations, support systems, workplace cultures and the retention of personnel. There is also the potential for unknown liabilities and the possibility that the acquisitions or partnerships may not yield financial strategic benefits to the Company. Risks of these transactions can be more pronounced in larger and more complicated transactions, or if multiple transactions are pursued simultaneously.

## Risks Related to Our Pension Plan Obligations.

*Low investment performance by the Company's pension plan assets may result in an increase to its net pension liability and expense, which may require it to fund a portion of its pension obligations and divert funds from other potential uses.* The Company sponsors several defined benefit pension plans that cover certain eligible employees across the globe. The Company's pension expense and required contributions to its pension plans funded with assets are directly affected by the value of plan assets, the projected rate of return on plan assets, the actual rate of return on plan assets and the actuarial assumptions it uses to measure the defined benefit pension plan obligations.

A significant market downturn could occur in future periods resulting in a decline in the funded status of the Company's pension plans and causing actual asset returns to be below the assumed rate of return used to determine pension expense. If return on plan assets in future periods perform below expectations, future pension expense will increase.

## Risks Related to Shareholder Appraisal Proceedings.

*The Company is exposed to additional litigation risk and uncertainty with respect to the former minority shareholders of Diebold Nixdorf AG.* As a result of the 2016 acquisition of Diebold Nixdorf AG (the Acquisition), the Company continues to be exposed to two separate appraisal proceedings (Spruchverfahren). 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 Holding Germany Inc. & Co. KGaA (now doing business as Diebold Nixdorf Holding Germany GmbH), a wholly-owned subsidiary of Diebold Nixdorf, Incorporated, and 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 former 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. While the Company believes that the compensation offered in connection with the DPLTA and the merger squeeze-out was in both cases fair, it notes that 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 the first instance court or an appellate court may increase the cash compensation also 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 vigorously defends itself in these matters.

## Non-Cash Impairment Loss Risks.

*The Company has a significant amount of long-term assets, including goodwill and other intangible assets, and any future impairment charges could adversely impact its results of operations.* The Company reviews long-lived assets, including property, plant and equipment and identifiable amortizing intangible assets, for impairment whenever changes in circumstances or events may indicate that the carrying amounts are not recoverable. If the fair value is less than the carrying amount of the asset, a loss is recognized for the difference. Factors which may cause an impairment of long-lived assets include significant changes in the manner of use of these assets, negative industry or market trends, a significant under-performance relative to historical or projected future operating results, or a likely sale or disposal of the asset before the end of its estimated useful life.

As of December 31, 2021, the Company had \$743.6 of goodwill. The techniques used in its qualitative and quantitative assessment and goodwill impairment tests incorporate a number of estimates and assumptions that are subject to change. Although the Company believes these estimates and assumptions are reasonable and reflect market conditions forecast at the assessment date, any changes to these assumptions and estimates due to market conditions or otherwise may lead to an outcome where impairment charges would be required in future periods.

## Economic Risks and Market Contingencies.

*The proliferation of payment options other than cash, including credit cards, debit cards, store-valued cards and mobile payment options could result in a reduced need for cash in the marketplace and a resulting decline in the usage of ATMs.* The U.S., Europe and other developed markets have seen a shift in consumer payment trends since the late 1990's, with more customers now opting for electronic forms of payment, such as credit cards and debit cards, for their in-store purchases over traditional paper-based forms of payment, such as cash and checks. The recent COVID-19 pandemic has accelerated consumer transition towards non-cash payment alternatives driving an increase in digital, mobile and contactless payment methods.



Additionally, some merchants offer free cash back at the POS for customers that utilize debit cards for their purchases, thus providing an additional incentive for consumers to use these cards. The continued growth in electronic payment methods could result in a reduced need for cash in the marketplace and ultimately, a decline in the usage of ATMs. New payment technology and adoption of mobile payment technology, digital currencies such as Bitcoin, or other new payment method preferences by consumers could further reduce the general population's need or demand for cash and negatively impact sales of ATMs and selected products, services and software.

*The Company's business may be affected by general economic conditions, cyclicity and uncertainty and could be adversely affected during economic downturns.* Demand for the Company's services and products is affected by general economic conditions and the business conditions of the industries in which it sells its services and products. The business of most of the Company's customers, particularly its financial institution and retail customers, is, to varying degrees, cyclical and has historically experienced periodic downturns. Under difficult economic conditions, customers may seek to reduce discretionary spending by forgoing purchases of the Company's services and products. This risk is magnified for capital goods purchases such as ATMs, retail systems and physical security products. In addition, downturns in the Company's customers' industries, even during periods of strong general economic conditions, could adversely affect the demand for the Company's services and products, and its sales and operating results.

In particular, continuing economic difficulties in the global markets have led to an economic recession in certain markets in which the Company operates. As a result of these difficulties and other factors, including new or increased regulatory burdens, financial institutions and retail customers have failed and may continue to fail, resulting in a loss of current or potential customers, or deferred or canceled orders, including orders previously placed. Any customer deferrals or cancellations could materially affect the Company's sales and operating results.

*Increased energy, raw material and labor costs could reduce the Company's operating results.* Energy prices, particularly petroleum prices, and raw materials (e.g., steel) are cost drivers for the Company's business. In recent years, the price of petroleum has been highly volatile, particularly due to the unstable political conditions in the Middle East and increasing international demand from emerging markets. The current high inflation environment may have also led to increased energy and oil prices. During his campaign, President Biden stated his intent to reverse U.S. climate change policy and in one of his first actions after taking office, signed an executive order recommitting the United States to the Paris Agreement. New legislation and regulations designed to implement this shift in U.S. climate change strategy, such as President Biden's proposed ban of new oil and gas production activities on public lands and properties, could cause fuel and electricity prices to increase. Price increases in fuel and electricity costs, such as those increases that may occur from climate change legislation or other environmental mandates, may continue to increase cost of operations and effect the Company's ability to operate in specific markets. Any increase in the costs of energy would also increase the Company's transportation costs.

The primary raw materials in the Company's services, software and systems solutions are steel, plastics, and electronic parts and components. The majority of raw materials are purchased from various local, regional and global suppliers pursuant to supply contracts. However, the price of these materials can fluctuate under these contracts in tandem with the pricing of raw materials, which are increasing due to inflationary pressures. Current price increases in steel and resin are being mitigated by long-term contracts and joint work with suppliers on general productivity improvement and supply chain optimization. Most supplier agreements include long-term productivity improvements that serve as the basis for absorbing the potential raw materials increases.

The Company cannot assure that its labor costs going forward will remain competitive or will not increase, including as a result of the current high inflation environment and the competitive environment for labor. In the future, the Company's labor agreements may be amended, or become amendable, and new agreements could have terms with higher labor costs. In addition, labor costs may increase in connection with the Company's growth. The Company may also become subject to collective bargaining agreements in the future in the event that non-unionized workers may unionize.

#### Risks Related to Competition.

*The Company faces competition in global markets that could adversely affect its sales and financial condition.* All phases of the Company's business are highly competitive. Some of its services and products are in direct competition with similar or alternative services or products provided by its competitors. The Company encounters competition in price, delivery, service, performance, product innovation, product recognition and quality. In a number of international markets in each region where the Company operates, it faces substantial competition from local service providers that offer competing services and products.

Local providers of competing services and products may also have a substantial advantage in attracting customers in their countries due to more established branding in that country, greater knowledge with respect to the tastes and preferences of customers residing in that country and/or their focus on a single market. In addition, some of these companies may have a dominant market share in their territories and may be owned by local stakeholders. Because of the potential for consolidation in any market, the Company's competitors may become larger, which could make them more efficient and permit them to be more price-competitive. Increased size could also permit them to operate in wider geographic areas and enhance their abilities in other areas such as R&D and customer service.

The Company expects that its competitors will continue to develop and introduce new and enhanced services and products. This could cause a decline in market acceptance of the Company's services and products or result in the loss of major customers. In addition, the Company's competitors could cause a reduction in the prices for some of its services and products as a result of intensified price competition. Also, the Company may be unable to effectively anticipate and react to new entrants in the marketplace competing with its services and products.

As a U.S.-based multi-national corporation, the Company must ensure its compliance with both U.S. and foreign regulatory requirements, while local competitors only need to observe applicable regional, national or local laws that may be less onerous. An inability to compete successfully could have an adverse effect on the Company's operating results, financial condition and cash flows in any given period.

#### Risks Related to Our Multi-National Business Operations.

*Because the Company's operations are conducted worldwide, they are affected by risks of doing business abroad.* The Company generates a significant percentage of revenue from operations conducted outside the U.S. Revenue from international operations amounted to approximately 77.1 percent in 2021, 75.0 percent in 2020, and 76.8 percent in 2019 of total revenue during these respective years.

Accordingly, international operations are subject to the risks of doing business abroad, including, among other things, the following:

- fluctuations in currency exchange rates, particularly in EMEA (primarily the euro), Great Britain (pound sterling), Mexico (peso), Thailand (baht) and Brazil (real);
- transportation and supply chain delays and interruptions;
- political and economic instability and disruptions, including the impact of trade agreements;
- the failure of foreign governments to abide by international agreements and treaties;
- restrictions on the transfer of funds and capital controls;
- the imposition of duties, tariffs and other taxes;
- import and export controls;
- changes in governmental policies and regulatory environments;
- ensuring the Company's compliance with U.S. laws and regulations and applicable laws and regulations in other jurisdictions, including the Foreign Corrupt Practices Act (FCPA), the U.K. Bribery Act, and applicable laws and regulations in other jurisdictions;
- increasingly complex laws and regulations concerning privacy and data security, including the GDPR;
- labor unrest and current and changing regulatory environments;
- the uncertainty of product acceptance by different cultures;
- the risks of divergent business expectations or cultural incompatibility inherent in establishing strategic alliances with foreign partners;
- difficulties in staffing and managing multi-national operations;
- limitations on the ability to enforce legal rights and remedies;
- reduced protection for intellectual property rights in some countries;
- potentially adverse tax consequences, including repatriation of profits; and
- disruptions in our business, or the businesses of our suppliers or customers, due to cybersecurity incidents, terrorist activity, armed conflict, war, public health concerns (including viral outbreaks, such as COVID-19), fires or other natural disasters.

Any of these events could have an adverse effect on the Company's international operations by reducing the demand for its services and products or decreasing the prices at which it can sell its services and products, thereby adversely affecting its financial condition or operating results. The Company may not be able to continue to operate in compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations to which it may be subject. In addition, these laws or regulations may be modified in the future, and the Company may not be able to operate in compliance with those modifications.

*Significant developments from recent and potential changes in U.S. trade policies, trade policies of other countries, or the issuance of sanctions forbidding or restricting trade where the Company has operations could have a material adverse effect on the Company and its financial condition and results of operations.* Tariffs, and other governmental action relating to international trade agreements or policies, the adoption and expansion of trade restrictions, the requirement for licenses or the occurrence of a trade war, may adversely impact demand for the Company's products, costs, customers, suppliers and/or the U.S. economy or certain sectors thereof or may adversely impact the Company's ability to select a preferred supplier and, as a result, adversely impact its business.

The U.S. government may renegotiate, or potentially terminate, existing bilateral or multi-lateral trade agreements and treaties with foreign countries, including countries such as China. The Company manufactures a substantial amount of its products in China. Additional tariffs may cause the Company to increase prices to its customers, which may reduce demand, or, if it is unable to increase prices, result in lowering its margin on products sold. Furthermore, the Company's global operations, including in China and Russia, subject it to sanctions laws in the countries where it trades and to U.S. sanctions. The Company's operations in Russia have been affected by sanctions by a number of governments on the Russian financial sector, including the United States, the European Union, and the United Kingdom. These sanctions may have the effect of disrupting the Company's collection of outstanding accounts receivable and ability to generate revenue in Russia. Based on the projected affect of these sanctions or the imposition of additional sanctions, this impact on operations may require the Company to reduce or exit its business in Russia or another country. Any reduction or exit of our business could result in changes, which could be material.

It remains unclear what the U.S. or foreign governments will or will not do with respect to sanctions, tariffs, international trade agreements and policies on a short-term or long-term basis. The Company cannot predict future trade policy or the terms of any renegotiated trade agreements and their impacts on its business.

#### Risks Related to Our Common Shares.

*Anti-takeover provisions could make it more difficult for a third party to acquire the Company.* Certain provisions of the Company's charter documents, including provisions limiting the ability of shareholders to raise matters at a meeting of shareholders without giving advance notice, may make it more difficult for a third party to gain control of the Company's board of directors and may have the effect of delaying or preventing changes in the Company's control or management. This could have an adverse effect on the market price of the Company's common shares. Additionally, Ohio corporate law provides that certain notice and informational filings and special shareholder meeting and voting procedures must be followed prior to consummation of a proposed control share acquisition, as defined in the Ohio Revised Code (ORC). Assuming compliance with the prescribed notice and information filings, a proposed control share acquisition may be made only if, at a special meeting of shareholders, the acquisition is approved by both a majority of its voting power represented at the meeting and a majority of the voting power remaining after excluding the combined voting power of the interested shares, as defined in the ORC. The application of these provisions of the ORC also could have the effect of delaying or preventing a change of control.

*The declaration, payment and amount of dividends is at the discretion of the Company's board of directors.* Although the Company has paid dividends on its common shares in the past, the declaration and payment of future dividends, as well as the amount thereof, are subject to declaration by the Company's board of directors. The amount and size of any future dividends will depend on the Company's results of operations, financial condition, capital levels, cash requirements, future prospects and other factors.

#### General Risks.

*The Company's ability to maintain effective internal control over financial reporting may be insufficient to allow it to accurately report its financial results or prevent fraud, and this could cause its financial statements to become materially misleading and adversely affect the trading price of its common shares.* The Company requires effective internal control over financial reporting in order to provide reasonable assurance with respect to its financial reports and to effectively prevent fraud. Internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls or fraud. Therefore, even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. If the Company cannot provide reasonable assurance with respect to its financial statements and effectively prevent fraud, its financial statements could become materially misleading, which could adversely affect the trading price of its common shares.

If the Company is not able to maintain the adequacy of its internal control over financial reporting, including any failure to implement required new or improved controls, its business, financial condition and operating results could be harmed. Any material weakness could affect investor confidence in the accuracy and completeness of its financial statements. As a result, the Company's ability to obtain any additional financing, or additional financing on favorable terms, could be materially and adversely affected. This, in turn, could materially and adversely affect its business, financial condition and the market value of its securities and require it to incur additional costs to improve its internal control systems and procedures. In addition, perceptions of the Company among customers, lenders, investors, securities analysts and others could also be adversely affected.

We may be exposed to certain regulatory and financial risks related to climate change. Growing concerns about climate change may result in the imposition of additional regulations or restrictions to which we may become subject. A number of governments or governmental bodies have introduced or are contemplating regulatory changes in response to climate change, including regulating greenhouse gas emissions. The outcome of new legislation or regulation in the U.S. and other jurisdictions in which we operate may result in new or additional requirements, additional charges to fund energy efficiency activities, and fees or restrictions on certain activities. Compliance with these climate change initiatives may also result in additional costs to us, including, among other things, increased production costs, additional taxes, reduced emission allowances or additional restrictions on production or operations. Any adopted future climate change regulations could also negatively impact our ability to compete with companies situated in areas not subject to such limitations. Even without such regulation, increased public awareness and adverse publicity about potential impacts on climate change emanating from us or our industry could harm us.

We may not be able to recover the cost of compliance with new or more stringent laws and regulations, which could adversely affect our results of operations, financial position or cash flows.

An adverse determination that the Company's services, products or manufacturing processes infringe the intellectual property rights of others, or its failure to enforce its intellectual property rights could have a materially adverse effect on its business, operating results or financial condition. As is common in any high technology industry, others have asserted from time to time, and may assert in the future, that the Company's services, products or manufacturing processes infringe their intellectual property rights. A court determination that its services, products or manufacturing processes infringe the intellectual property rights of others could result in significant liability and/or require it to make material changes to its services, products and/or manufacturing processes.

The Company also seeks to enforce its intellectual property rights against infringement. The Company cannot predict the outcome of actions to enforce its intellectual property rights, and, although it seeks to enforce its intellectual property rights, it cannot guarantee that it will be successful in doing so. Any of the foregoing could have a materially adverse effect on the Company's business, operating results or financial condition.

*The Company may be exposed to liabilities under the FCPA or other worldwide anti-bribery laws, which could harm its reputation and have a material adverse effect on its business.* The Company is subject to compliance with various laws and regulations, including worldwide anti-bribery laws. Anti-bribery laws generally prohibit companies, and third parties acting on their behalf, from engaging in bribery or making or receiving other improper payments to another person or entity, including government officials for the purpose of obtaining or retaining business or gaining an unfair business advantage or inducing a person to act improperly or rewarding them for doing so. The FCPA also requires proper record keeping and characterization of such payments in the Company's reports filed with the SEC.

The Company's employees and agents are required to comply with these laws. The Company operates in many parts of the world that have experienced governmental and commercial corruption to some degree, and strict compliance with anti-bribery laws may conflict with local customs and practices. Non-US companies, including some that may compete with the Company, may not be subject to the FCPA or other anti-bribery laws and may follow local customs and practices. Accordingly, such companies may be more likely to engage in activities prohibited by the anti-bribery laws which apply to the Company, which could have a significant adverse impact on the Company's ability to compete for business in such countries.

Despite the Company's commitment to legal compliance and corporate ethics, it cannot ensure that its policies and procedures will always protect it from intentional, reckless or negligent acts committed by its employees or agents. Violations of these laws, or allegations of such violations, could disrupt the Company's business and result in financial penalties, debarment from government contracts and other consequences that may have a material adverse effect on its reputation, business, financial condition or results of operations. Future changes in anti-bribery or economic sanctions laws and enforcement could also result in increased compliance requirements and related expenses that may also have a material adverse effect on its business, financial condition or results of operations.

*Economic conditions and regulatory changes leading up to and following the United Kingdom's (U.K.) exit from the EU could have a material adverse effect on the Company's business and results of operations.* The U.K.'s exit from the EU (Brexit) and the resulting significant change to the U.K.'s relationship with the EU and with countries outside the EU (and the laws, regulations and trade deals impacting business conducted between them) could disrupt the overall economic growth or stability of the U.K. and the EU and negatively impact the Company's European operations. The U.K. and the EU have entered into a free trade agreement that now governs the U.K.'s relationship with the EU. While the U.K. and the EU can generally continue to trade with each other without the imposition of tariffs for imports and exports, there are new customs requirements that require additional documentation and data, and there are also new controls on the movement and reporting of goods. Although we have not experienced any material disruption in our business as a result of Brexit, we do not know the extent to which Brexit and the free trade agreement will ultimately impact the business and regulatory environment in the U.K., the rest of the EU or other countries, although it is possible there will be tighter controls and administrative requirements for imports and exports between the U.K. and the EU or other countries, as well as increased regulatory complexities. Any of these factors could adversely impact customer demand, our relationships with customers and suppliers and our results of operations.

*Changes in laws or regulations or the manner of their interpretation or enforcement could adversely impact the Company's financial performance and restrict its ability to operate its business or execute its strategies.* New laws or regulations, or changes in existing laws or regulations or the manner of their interpretation or enforcement, could increase the Company's cost of doing business and restrict its ability to operate its business or execute its strategies. This includes, among other things, the possible increase in U.S. corporate income tax rates, legislation and regulatory initiatives relating to climate change and environmental policy and other changes relating to the Biden Administration transition, compliance costs and enforcement under applicable securities laws, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the German Securities Trading Act (Wertpapierhandelsgesetz) and Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, as well as costs associated with complying with the Patient Protection and Affordable Care Act of 2010 and the regulations promulgated thereunder.

*The Company's actual operating results may differ significantly from its guidance.* From time to time, the Company releases guidance, including any guidance that it may include in the reports that it files with the SEC regarding its future performance.

This guidance, which consists of forward-looking statements, is prepared by its management and is qualified by, and subject to, the assumptions and the other information included in this annual report on Form 10-K, as well as the factors described under "Management's Discussion and Analysis of Financial Condition and Results of Operation—Forward-Looking Statement Disclosure." The Company's guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither its independent registered public accounting firm nor any other independent or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control and are based upon specific assumptions with respect to future business decisions, some of which will change. The principal reason that the Company releases such data is to provide a basis for its management to discuss its business outlook with analysts and investors. The Company does not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by the Company will not materialize or will vary significantly from actual results. Accordingly, the Company's guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data are forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

#### ITEM 1B: UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2: PROPERTIES

As of December 31, 2021, the Company operates a real estate footprint of approximately 1,500,000 square feet and has realized a sustainable and significant reduction from approximately 2,100,000 square feet since 2020. Since 2018, the Company reduced its operating real estate footprint nearly 50 percent. Included in the real estate footprint reduction is the transition of the Company's corporate operations from North Canton, Ohio to a leased facility in Hudson, Ohio, a co-workspace with multiple private meeting areas.

Further, the Company owns or leases and operates selling, service and administrative properties across the Americas, EMEA and Asia Pacific. The Company also owns or leases and operates manufacturing facilities in North Canton, Ohio, Manaus, Brazil and Paderborn, Germany. Generally, the global properties are utilized by the Company's Eurasia Banking, Americas Banking and Retail segments. The Company continues to develop key software delivery hubs in Atlanta, Georgia, Katowice, Poland, and Mumbai, India.

The Company considers that its properties are generally in good condition, are well maintained, and are generally suitable and adequate to carry on the Company's business.

#### ITEM 3: LEGAL PROCEEDINGS

The information required for this Item is incorporated herein by reference to Note 20: Commitments and Contingencies—Indirect Tax Contingencies and Note 20: Commitments and Contingencies—Legal Contingencies.

#### ITEM 4: MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common shares of the Company are listed on the New York Stock Exchange with a symbol of "DBD."

There were 34,587 shareholders of the Company at December 31, 2021, which includes an estimated number of shareholders who had shares held in their accounts by banks, brokers, and trustees for benefit plans and the agent for the dividend reinvestment plan.

Information concerning the Company's share repurchases made during the fourth quarter of 2021 is as follows:

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	Maximum Number of Shares that May Yet Be Purchased Under the Plans <sup>(2)</sup>
October	—	\$ —	—	2,426,177
November	1,040	\$ 9.76	—	2,426,177
December	—	\$ —	—	2,426,177
Total	<u>1,040</u>	<u>\$ 9.76</u>	<u>—</u>	

(1) All shares were surrendered or deemed surrendered to the Company in connection with the Company's stock-based compensation plans.

(2) The total number of shares repurchased as part of the publicly announced share repurchase plan was 13,450,772 as of December 31, 2021. The plan was approved by the Board of Directors in April 1997. 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 plan has no expiration date. The following table provides a summary of Board of Director approvals to repurchase the Company's outstanding common shares:

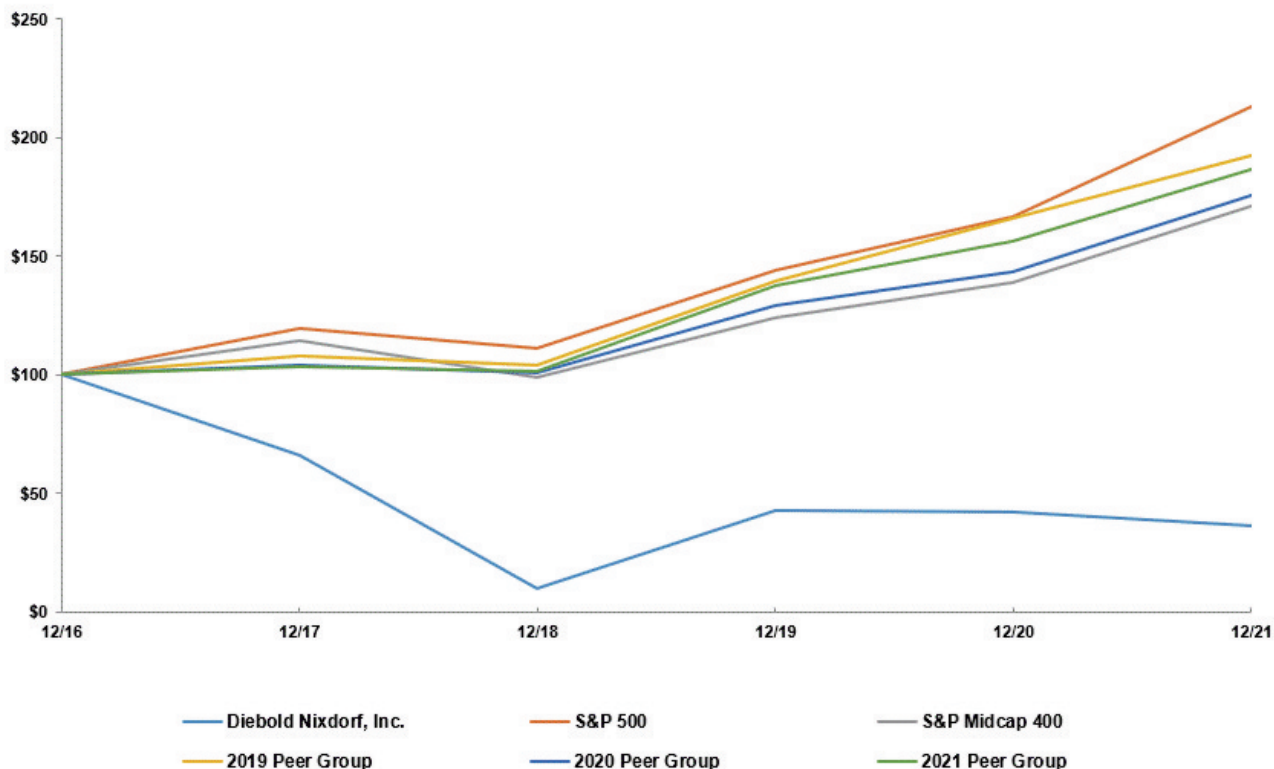
	Total Number of Shares Approved for Repurchase
1997	2,000,000
2004	2,000,000
2005	6,000,000
2007	2,000,000
2011	1,876,949
2012	2,000,000
	<u>15,876,949</u>

PERFORMANCE GRAPH

The graph below compares the cumulative five-year total return provided to shareholders on the Company's common shares relative to the cumulative total returns of the S&P 500 index, the S&P Midcap 400 index and two customized peer groups, whose individual companies are listed in footnotes 1 and 2 below. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in the Company's common shares, in each index and in each of the peer groups on December 31, 2016 and its relative performance is tracked through December 31, 2021.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***

Among Diebold, Inc., the S&P 500 Index, the S&P Midcap 400 Index, 2019 Peer Group, 2020 Peer Group and 2021 Peer Group



\*\$100 invested on 12/31/16 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

Source: FactSet

The Compensation Committee of the Company's Board of Directors annually reviews and approves the selection of peer group companies, adjusting the group from time to time based on changes in the Company's industry and the Company's operations, the current peer group and the comparability of our peer group companies.

1. There are seventeen companies included in the Company's 2021 peer group, which are: ACI Worldwide, Alliance Data Systems Corp., Benchmark Electronics Inc., Broadridge Financial Solutions Inc., Ciena Corporation, Euronet Worldwide Inc., Juniper Networks Inc., Logitech International SA, NCR Corp., Netapp Inc., Pitney Bowes Inc., Sabre Corp., Sanmina Corp., The Brink's Company, Unisys Corp., Western Union Co. and Zebra Technologies Corp.
2. There are fifteen companies included in the Company's 2020 peer group, which are: Alliance Data Systems Corp., Benchmark Electronics Inc., Broadridge Financial Solutions Inc., Ciena Corporation, Euronet Worldwide Inc., Juniper Networks Inc., Logitech International SA, NCR Corp., Netapp Inc., Pitney Bowes Inc., Sabre Corp., Sanmina Corp., Unisys Corp., Western Union Co. and Zebra Technologies Corp.

ITEM 6: [RESERVED]

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS as of DECEMBER 31, 2021  
DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
(unaudited)  
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ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Management's discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying notes that appear elsewhere in this annual report on Form 10-K. For additional information regarding general information regarding the Company, its business, strategy, competitors and operations, refer to Item 1 of this annual report on Form 10-K.

Business Drivers

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

- demand for services on distributed IT assets such as ATMs, POS and SCO, including managed services and professional services;
- timing of system 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.

The following discussion should be read in conjunction with the consolidated financial statements and the accompanying notes that appear elsewhere in this annual report on Form 10-K.

COVID-19 Impact

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.

The Company continues to focus on the stability of its suppliers and supply chain to prepare for any potential difficulties stemming from the pandemic. In 2021, the Company faced unprecedented challenges brought on by the second year of 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 2021 financial performance was heavily impacted by longer lead times – both inbound and outbound – as well as non-billable inflationary pressures associated with these headwinds. While the Company believes that many of these headwinds peaked in the second half of 2021, its expectation is that there will not be a material improvement in raw material and freight costs through the end of the third quarter of 2022. 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 moves toward a self-service automation focus driven by the changed 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 as a result of new variants, and government actions in response thereto could disrupt our operations and our supply chain and materially adversely affect our business. Because the situation continues to evolve, 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.

DN Now Transformation Activities

Commensurate with its strategy, in 2021, the Company completed the execution of its multi-year transformation program called DN Now. The Company's DN Now initiatives consisted of a number of work streams designed to improve operational efficiency and sustainably increase profits and cash flows. The Company has achieved a substantial amount of annual cost savings associated with the DN Now initiatives. In connection with its DN Now initiatives, the Company incurred restructuring and transformation expenses, the most notable of which are severance accruals and third-party transformation fees, totaling \$98.9 and \$181.8 in 2021 and 2020, respectively.



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RESULTS OF OPERATIONS

This Results of Operations focuses on discussion of 2021 results as compared to 2020 results. For discussion of 2020 results as compared to 2019 results, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" within our Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021.

*Net Sales*

The following table represents information regarding our net sales for the years ended December 31:

			% Change	% Change in CC <sup>(1)</sup>	% of Total Net Sales for the Year Ended	
	2021	2020			2021	2020
Segments						
Eurasia Banking						
Services	\$ 758.0	\$ 819.0	(7.4)	(10.2)	19.4	21.0
Products	595.8	612.1	(2.7)	(4.7)	15.3	15.7
Total Eurasia Banking	\$ 1,353.8	\$ 1,431.1	(5.4)	(7.9)	34.7	36.7
Americas Banking						
Services	\$ 923.2	\$ 962.9	(4.1)	(4.1)	23.6	24.7
Products	434.1	456.5	(4.9)	(4.6)	11.2	11.7
Total Americas Banking	\$ 1,357.3	\$ 1,419.4	(4.4)	(4.2)	34.8	36.4
Retail						
Services	\$ 622.4	\$ 582.6	6.8	2.6	15.9	14.9
Products	571.7	469.2	21.8	18.5	14.6	12.0
Total Retail	\$ 1,194.1	\$ 1,051.8	13.5	9.6	30.5	26.9
Total net sales	\$ 3,905.2	\$ 3,902.3	0.1	(1.8)	100.0	100.0

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

Net sales increased \$2.9, or 0.1 percent, including a net favorable currency impact of \$74.0 primarily related to the euro, resulting in a constant currency decrease of \$71.1, \$59.8 of which is attributable to divested businesses.

Segments

- Eurasia Banking net sales decreased \$77.3, including a net favorable currency impact of \$38.4 related primarily to the euro and divestitures of \$44.8. Excluding the impact of currency and divestitures, net sales decreased \$70.9 driven by unplanned reductions in installation activity, including delays resulting from global supply chain disruptions, non-recurrence of prior-year refresh projects and the Company's initiative to reduce low margin services contracts.
- Americas Banking net sales decreased \$62.1, including a net unfavorable currency impact of \$1.9 primarily related to the Brazilian real and divestitures of \$9.6. Excluding currency and divestitures, net sales decreased \$50.6 mostly from the postponement of installation activity into 2022 due to supply chain challenges. Also contributing to the reduction in revenue were large non-recurring 2020 product refresh projects in Canada, Mexico and on U.S. national accounts.
- Retail net sales increased \$142.3, including a net favorable currency impact of \$37.5 mostly related to the euro and offset by divestitures of \$5.4. Excluding currency and divestitures, net sales increased \$110.2 primarily from POS and SCO roll-outs in Europe and related software and professional services.

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*Gross Profit and Gross Margin*

The following table represents information regarding our gross profit and gross margin for the years ended December 31:

	2021	2020	\$ Change	% Change
Gross profit - services	\$ 726.3	\$ 698.2	\$ 28.1	4.0
Gross profit - products	317.1	336.8	(19.7)	(5.8)
Total gross profit	<u>\$ 1,043.4</u>	<u>\$ 1,035.0</u>	<u>\$ 8.4</u>	0.8
Gross margin - services	31.5 %	29.5 %		
Gross margin - products	19.8 %	21.9 %		
Total gross margin	26.7 %	26.5 %		

Services gross margin increased 200 basis points, or 100 basis points after excluding the impacts of non-routine and restructuring charges, which were \$25.5 higher in the prior year, primarily as a result of 2020 being the final year of amortization from certain intangible assets established in purchase accounting of \$7.5 and a non-recurring \$25.5 prior year loss contract provision related to discontinuance of a service support platform. Excluding the impact of non-routine and restructuring expense, services gross margin increased 100 basis points due in part to sustainable savings brought about by the Company's service modernization plan as well as exiting low margin maintenance contracts, and efficiency improvements from Software Excellence initiatives across all three segments.

Product gross margin decreased 210 basis points, or 300 basis points after excluding a \$13.5 year-over-year reduction in non-routine and restructuring charges. Excluding the impact of non-routine and restructuring expense, product gross margin decreased 300 basis points due to higher logistics costs and raw material price inflation.

*Operating Expenses*

The following table represents information regarding our operating expenses for the years ended December 31:

	2021	2020	\$ Change	% Change
Selling and administrative expense	\$ 775.6	\$ 858.6	\$ (83.0)	(9.7)
Research, development and engineering expense	126.3	133.4	(7.1)	(5.3)
Loss (gain) on sale of assets, net	3.1	11.5	(8.4)	(73.0)
Impairment of assets	1.3	7.5	(6.2)	(82.7)
Total operating expenses	<u>\$ 906.3</u>	<u>\$ 1,011.0</u>	<u>\$ (104.7)</u>	(10.4)

Selling and administrative expense decreased \$83.0, or \$8.3 excluding the impact of \$74.7 of reduced non-routine and restructuring expenses. Non-routine and restructuring expenses decreased year-over-year due to the the DN Now transformation activities lessening in 2021 as the program reached its conclusion in the fourth quarter of 2021. The \$8.3 reduction in selling and administrative expense, excluding the impact of non-routine and restructuring expenses, is the result of reduced incentive compensation.

Research, development and engineering expense decreased \$7.1. Excluding the impact of non-recurring restructuring charges of \$6.4 and non-recurring non-routine charges of \$0.9, research, development and engineering expense remained flat year-over-year.

Net loss on sales of assets for 2021 was \$3.1, primarily from the divestiture of the non-core German IT business. In 2020, the Company recorded a net loss on sale of assets of \$11.5, primarily related to the divestitures of certain non-core operations in China, Brazil and Denmark, partially offset by a gain on sale of assets related primarily to the sale of Portavis GmbH, a retail business in Italy, and the Company's former headquarters building.

The Company recorded impairment charges of \$1.3 in 2021 and \$7.5 in 2020, which primarily relate to assets from non-core business being transferred to assets held for sale. The volume decreased in 2021 as the Company is reaching the completion of its initiative to divest non-core business interests.

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*Operating Profit (Loss)*

The following table represents information regarding our operating profit (loss) for the years ended December 31:

	2021	2020	\$ Change	% Change
Operating profit (loss)	\$ 137.1	\$ 24.0	\$ 113.1	471.3
Operating margin	3.5 %	0.6 %		

Operating profit increased \$113.1 compared to the prior year, which is almost entirely due to savings from reduced non-routine and restructuring charges related to the DN Now transformation, which lowered selling and administrative and research, development and engineering expenses. These charges lessened in 2021 as the Company began the transformation in the middle of 2018, reached its peak during 2019 and 2020, with the conclusion in the fourth quarter of 2021.

*Other Income (Expense)*

The following table represents information regarding our other income (expense) for the years ended December 31:

	2021	2020	\$ Change	% Change
Interest income	\$ 6.1	\$ 6.8	\$ (0.7)	(10.3)
Interest expense	(195.3)	(292.7)	97.4	33.3
Foreign exchange loss, net	(2.0)	(14.4)	12.4	86.1
Miscellaneous, net	3.4	6.8	(3.4)	50.0
Other income (expense)	<u>\$ (187.8)</u>	<u>\$ (293.5)</u>	<u>\$ 105.7</u>	36.0

Other income (expense) improved by \$105.7, which is attributable to reductions in interest expense and foreign exchange loss. Interest expense decreased \$97.4 due to nonrecurrence of a July 2020 make-whole premium and write-off of deferred debt issuance costs as a result of the repayment of a portion of the amounts outstanding under the Company's previous revolving and term loan credit agreement, with incremental savings from the pay down of debt and reduced interest rates. Foreign exchange loss, net, decreased \$12.4 with no significant losses incurred in 2021.

*Net Loss*

The following table represents information regarding our income (loss), net of tax, for the years ended December 31:

	2021	2020	\$ Change	% Change
Net loss	\$ (78.1)	\$ (267.8)	\$ 189.7	70.8
Percent of net sales	(2.0)%	(6.9)%		
Effective tax rate	(54.6)%	0.4 %		

Net loss saw an improvement of \$189.7 primarily due to the reduction of loss before taxes resulting from the increase in operating profit and decrease in interest expense described above. The effective tax rate for 2021 was (54.6) percent. Tax expense items contributing to the 2021 and 2020 differences between the U.S. federal income tax rate included valuation allowances related to certain foreign and U.S. tax attributes for which realization does not meet the more likely than not criteria, U.S. tax on foreign income, withholding taxes, non-deductible expenses and other items. These items were partially offset by benefits related to settling certain open tax years in Germany and the U.S. and other changes to uncertain tax position accruals, non-taxable incentives, and other items.

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*Segment Operating Profit Summary*

The following tables represent information regarding the Company's operating profit by reporting segment. On a consolidated basis, and as shown in Note 22, segment operating profit decreased \$41.3 in 2021 from the prior year, despite the \$113.1 improvement to operating profit as presented on the consolidated statement of operations. The improvement in operating profit is primarily driven by a \$82.9 reduction of DN Now restructuring and transformation expense and a \$46.7 reduction in non-routine expenses, neither of which impact the segment results presented below.

Eurasia Banking:	2021	2020	\$ Change	% Change
Net sales	\$ 1,353.8	\$ 1,431.1	\$ (77.3)	(5.4)
Segment operating profit	\$ 110.4	\$ 160.5	\$ (50.1)	(31.2)
Segment operating profit margin	8.2 %	11.2 %		

Segment operating profit decreased \$50.1 in 2021 compared to the prior year, due primarily to reductions in segment gross profit resulting from freight charges and inflationary pressures. Also contributing to the year-over-year decline are incremental spending in human resources and information technology, as well as the non-recurrence of one-time 2020 cost savings related to the COVID-19 pandemic.

Segment operating profit margin decreased 300 basis points mostly from the higher operating expense noted above.

Americas Banking:	2021	2020	\$ Change	% Change
Net sales	\$ 1,357.3	\$ 1,419.4	\$ (62.1)	(4.4)
Segment operating profit	\$ 146.4	\$ 184.9	\$ (38.5)	(20.8)
Segment operating profit margin	10.8 %	13.0 %		

Segment operating profit and segment operating profit margin decreased \$38.5 and 220 basis points, respectively, which is entirely attributable to the reduction in gross profit resulting from decreased sales, and lower gross margin percentages as a result of increases in logistics costs as well as inflation of raw material pricing.

Retail:	2021	2020	\$ Change	% Change
Net sales	\$ 1,194.1	\$ 1,051.8	\$ 142.3	13.5
Segment operating profit	\$ 114.3	\$ 67.0	\$ 47.3	70.6
Segment operating profit margin	9.6 %	6.4 %		

Segment operating profit and segment operating profit margin increased \$47.3 and 320 basis points, respectively, which is entirely attributable to the increase in gross profit resulting from higher sales of POS and SCO product and related professional services, which are high-margin offerings and drive an improvement in year-over-year solution mix.

**LIQUIDITY AND CAPITAL RESOURCES**

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. Management expects that the Company's capital resources will be sufficient to finance planned working capital needs, R&D activities, investments in facilities or equipment and required pension contributions for at least the next 12 months and for the foreseeable future thereafter. The Company had no restricted cash at December 31, 2021 and December 31, 2020. The Company has made acquisitions in the past and may make acquisitions in the future. Part of the Company's strategy is to optimize the business portfolio through divestitures and complementary acquisitions. The Company intends to finance any future acquisitions with cash and short-term investments, cash provided from operations, borrowings under available credit facilities, proceeds from debt or equity offerings and/or the issuance of common shares.

The Company's total cash and cash availability as of December 31, 2021 and 2020 was as follows:

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	2021	2020
Cash and cash equivalents	\$ 388.9	\$ 324.5
Additional cash availability from:		
Uncommitted lines of credit	27.5	41.1
Revolving credit facility	284.0	283.1
Short-term investments	34.3	37.2
Total cash and cash availability	<u>\$ 734.7</u>	<u>\$ 685.9</u>

The following table summarizes the results, excluding the impact of cash in businesses held for sale, of our consolidated statement of cash flows for the years ended December 31:

	2021	2020	2019
Net cash flow provided (used) by:			
Operating activities	\$ 123.3	\$ 18.0	\$ 135.8
Investing activities	(49.2)	(82.6)	(6.8)
Financing activities	(3.6)	16.9	(215.5)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5.7)	(3.2)	(1.1)
Net decrease in cash, cash equivalents and restricted cash	<u>\$ 64.8</u>	<u>\$ (50.9)</u>	<u>\$ (87.6)</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 provided by operating activities was \$123.3 for the year ended December 31, 2021, compared to \$18.0 net cash provided by operating activities for the year ended December 31, 2020.

- Cash flows from operating activities during the year ended December 31, 2021 compared to the year ended December 31, 2020 were favorably impacted by a \$189.7 reduction in net loss. 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 an increase in operating cash flow of \$156.6 during the year ended December 31, 2021, compared to a reduction in operating cash flow of \$(4.2) during the year ended December 31, 2020. The \$160.8 change is primarily a result of strict discipline surrounding days payable outstanding, partially offset by an increase in raw materials due to longer lead times resulting from supply chain delays.
- The net aggregate of trade receivables and deferred revenue was an increase in operating cash flow of \$7.3 during the year ended December 31, 2021, compared to an increase in operating cash flow of \$0.5 in the year ended December 31, 2020. The \$6.8 net change is primarily due to improved collections in 2021.
- The net aggregate of income taxes and deferred income taxes was a decrease in operating cash flow of \$17.9 of during the year ended December 31, 2021, compared to an decrease in operating cash flow of \$50.2 during the year ended December 31, 2020. Refer to Note 4: Income Taxes for additional discussion on income taxes.
- Restructuring resulted in net cash use of \$25.4 in 2021, compared to net cash proceeds of \$18.0 in 2020. This is a result of restructuring provisions being recorded in the prior year due to the identification of additional redundant jobs, while in 2021 there was a reduction of new accruals and an increase in severance payments made.
- Non-cash adjustments to net income were less in 2021 compared to 2020. Depreciation expense decreased from \$73.7 to \$46.4 as a result of consecutive years of reduced capital expenditures. Amortization of deferred financing costs decreased from \$45.4 to \$17.3 as a result of the July 2020 refinancing event, which also included debt prepayment costs of \$67.2.

*Investing Activities.* Net cash used by investing activities was \$49.2 for the year ended December 31, 2021 compared to net cash used by investing activities of \$82.6 for the year ended December 31, 2020. The most significant driver of the \$33.4 reduction in cash usage was the 2020 usage of \$37.0 in divestiture activity, compared to \$1.1 proceeds from divestitures in 2021. Capital expenditures decreased from \$27.5 in 2020 to \$20.2 in 2021 as the Company has reduced its real estate footprint and focused its non-working capital investments into the implementation of cloud-based software solutions, which are reported in operating activities.

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The Company anticipates total capital expenditures and capitalized software development costs of approximately \$55.0 in 2022 to be utilized for improvements to the Company's product line and investments in its infrastructure. Currently, the Company finances these investments primarily with funds provided by income retained in the business, borrowings under the Company's committed and uncommitted credit facilities, and operating and capital leasing arrangements.

*Financing Activities.* Net cash used by financing activities was \$3.6 for the year ended December 31, 2021 compared to net cash provided by financing activities of \$16.9 for the year ended 2020, a change of \$20.5. Refer to Note 11: Debt for details of the Company's cash flows related to debt borrowings and repayments, most notably those in connection with the July 2020 refinancing event.

Specifically, on July 20, 2020, the Company issued approximately \$1,100.0 aggregate principal amount of senior secured notes consisting of \$700 aggregate principal amount of Diebold Nixdorf, Incorporated's 9.375 percent Senior Secured Notes due 2025 and €350.0 aggregate principal amount of 9.000 percent Senior Secured Notes due 2025 issued by its wholly-owned subsidiary, Diebold Nixdorf, Dutch Holding B.V. (collectively, the 2025 Senior Secured Notes) in private offerings exempt from registration under the Securities Act of 1933 (the Securities Act). The net proceeds from the offerings, along with cash on hand, was 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, as well as all related fees and expenses. On July 20, 2020, the Company also amended the Credit Agreement to, among other things, extend the maturity of \$330.0 of its revolving credit commitments and revolving credit loans from April 30, 2022 to July 20, 2023 (and, effective as of July 20, 2020, the Company terminated its other revolving credit commitments under the Revolving Facility other than approximately \$39.0 of revolving credit commitments that still mature April 30, 2022). The Company's current capital structure includes no significant maturities until 2023.

Refer to Note 11: Debt for additional information regarding the Company's debt obligations. The Company paid cash for interest related to its debt of \$175.1 and \$138.1 for the years ended December 31, 2021 and 2020, respectively. The increase is related to timing of payments and not reflective of a year-over-year increase in interest expense. As defined by the Company's Credit Agreement, the ratio of net debt to trailing 12 months adjusted EBITDA was 4.6 times as of December 31, 2021. As of December 31, 2021, the Company was in compliance with the financial and other covenants in its debt agreements.

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*Contractual and Other Obligations.* We have certain contractual obligations and commitments for general operating purposes. Refer to Note 11: Debt for scheduled maturities and interest rates of our long-term debt. Certain maturities are in the next three years, and as such, the Company is pursuing a significant refinancing of its borrowings, subject to certain limitations in its debt agreements and market conditions. The Company's leases support global staff via the use of office space, warehouses, vehicles and IT equipment and are discussed in additional detail within Note 16: Leases. Changes in our business needs, fluctuating interest rates, and other factors may result in actual payments differing from our estimates. We cannot provide certainty regarding the timing and amounts of these payments or our ability to refinance outstanding debt on favorable terms or at all. The Company's material cash obligations include the following contractual and other obligations as of December 31, 2021:

	Total	Payment due by period			
		Less than 1 year	1-3 years	3-5 years	More than 5 years
Short-term uncommitted lines of credit <sup>(1)</sup>	\$ 1.6	\$ 1.6	\$ —	\$ —	\$ —
Long-term debt	2,327.9	45.7	1,183.8	1,098.4	—
Interest on debt <sup>(2)</sup>	485.3	159.7	274.9	50.7	—
Minimum lease obligations	189.6	66.0	72.7	25.6	25.3
Purchase commitments	—	—	—	—	—
<b>Total</b>	<b>\$ 3,004.4</b>	<b>\$ 273.0</b>	<b>\$ 1,531.4</b>	<b>\$ 1,174.7</b>	<b>\$ 25.3</b>

<sup>(1)</sup> The amount available under the short-term uncommitted lines at December 31, 2021 was \$27.5. Refer to Note 11: Debt for additional information.

<sup>(2)</sup> Amounts represent estimated contractual interest payments on outstanding long-term debt and notes payable. Rates in effect as of December 31, 2021 are used for variable rate debt.

In addition to the general operating items above, the Company provides eligible employees with benefits pursuant to the pension and postretirement plans further described in Note 15: Benefit Plans. Future contributions and disbursements related to the plans are dependent upon a number of factors, including the funded status of the plans.

The Company expects to meet the material cash requirements for these obligations with cash from operations and borrowings under committed and uncommitted credit facilities as well as refinancings.

*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 7: Investments).

*Supplemental Guarantor Financial Information.* Diebold Nixdorf, Incorporated initially issued its 8.5 percent Senior Notes due 2024 (the 2024 Senior Notes) in an offering exempt from the registration requirements of the Securities Act, which were later exchanged in an exchange offer registered under the Securities Act. 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 annual report on Form 10-K. The following presents the consolidating 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 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.

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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.

	Summarized Balance Sheets	
	December 31, 2021	December 31, 2020
Total current assets	\$ 511.8	\$ 449.9
Total non-current assets	\$ 2,032.2	\$ 1,504.6
Total current liabilities	\$ 1,476.0	\$ 1,252.5
Total non-current liabilities	\$ 1,970.9	\$ 2,084.3
	Summarized Statements of Operations	
	Year Ended	
	December 31, 2021	December 31, 2020
Net sales	\$ 1,038.3	\$ 1,097.4
Cost of sales	767.3	784.3
Selling and administrative expense	366.9	446.4
Research, development and engineering expense	35.8	38.1
Impairment of assets	—	2.5
Loss (gain) on sale of assets, net	(0.3)	(0.5)
Interest income	1.0	1.1
Interest expense	(139.7)	(267.8)
Foreign exchange (loss) gain, net	8.3	(9.5)
Miscellaneous gain/(loss), net	100.1	156.9
Loss from continuing operations before taxes	\$ (161.7)	\$ (292.7)
Net (loss) income	\$ (78.8)	\$ (269.1)
Net (loss) income attributable to Diebold Nixdorf, Incorporated	\$ (78.8)	\$ (269.1)

As of December 31, 2021 and December 31, 2020, the Parent Company and the guarantor subsidiaries on a combined basis had the following balances with non-guarantor subsidiaries:

	Summarized Balance Sheets	
	December 31, 2021	December 31, 2020
Total current assets	\$ 218.4	\$ 211.5
Total non-current assets	\$ 622.9	\$ 867.5

#### 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 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.

The Company's significant accounting policies are described in Note 1: Summary of Significant Accounting Policies to the consolidated financial statements, which is contained in Item 8 of this annual report on Form 10-K. Management believes that,



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of its significant accounting policies, its policies concerning revenue recognition, allowances for credit losses, inventory reserves, goodwill, long-lived assets, taxes on income, contingencies and pensions and post-retirement benefits are the most critical because they are affected significantly by judgments, assumptions and estimates. Additional information regarding these policies is included below.

*Revenue Recognition.* Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The amount of consideration can vary depending on discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items contained in the contract with the customer of which generally these variable consideration components represents minimal amount of net sales. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The Company's payment terms vary depending on the individual contracts and are generally fixed fee. The Company recognizes advance payments and billings in excess of revenue recognized as deferred revenue. In certain contracts where services are provided prior to billing, the Company recognizes a contract asset within trade receivables.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and that are collected by the Company from a customer are excluded from revenue.

The Company recognizes shipping and handling fees billed when products are shipped or delivered to a customer and includes such amounts in net sales. Although infrequent, shipping and handling associated with outbound freight after control over a product has transferred to a customer is not a separate performance obligation, rather is accounted for as a fulfillment cost. Third-party freight payments are recorded in cost of sales.

The Company includes a warranty in connection with certain contracts with customers, which are not considered to be separate performance obligations. The Company provides its customers a manufacturer's warranty and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. For additional information on product warranty refer to Note 9: Product Warranties. The Company also has extended warranty and service contracts available for its customers, which are recognized as separate performance obligations. Revenue is recognized on these contracts ratably as the Company has a stand-ready obligation to provide services when or as needed by the customer. This input method is the most accurate assessment of progress toward completion the Company can apply.

Product revenue is recognized at the point in time that the customer obtains control of the product, which could be upon delivery or upon completion of installation services, depending on contract terms. The Company's software licenses are functional in nature (the IP has significant stand-alone functionality); as such, the revenue recognition of distinct software license sales is at the point in time that the customer obtains control of the rights granted by the license.

Professional services integrate the commercial solution with the customer's existing infrastructure and helps define the optimal user experience, improve business processes, refine existing staffing models and deploy technology to meet branch and store automation objectives. Revenue from professional services are recognized over time, because the customer simultaneously receives and consumes the benefits of the Company's performance as the services are performed or when the Company's performance creates an asset with no alternative use and the Company has an enforceable right to payment for performance completed to date. Generally revenue will be recognized using an input measure, typically costs incurred. The typical contract length for service is generally one year and is billed and paid in advance except for installations, among others.

Services may be sold separately or in bundled packages. For bundled packages, the Company accounts for individual services separately if they are distinct. A distinct service is separately identifiable from other items in the bundled package if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate services or distinct obligations in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the products or services. For items that are not sold separately, the Company estimates stand-alone selling prices using the cost plus expected margin approach. Revenue on service contracts is recognized ratably over time, generally using an input measure, as the customer simultaneously receives and consumes the benefits of the Company's performance as the services are performed. In some circumstances, when global service supply chain services are not included in a term contract and rather billed as they occur, revenue on these billed work services are recognized at a point in time as transfer of control occurs.

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The following is a description of principal solutions offered within the Company's two main customer segments that generate the Company's revenue.

*Banking*

*Products.* Products for banking customers consist of cash recyclers and dispensers, intelligent deposit terminals, teller automation tools and kiosk technologies, as well as physical security solutions. The Company provides its banking customers front-end applications for consumer connection points and back-end platforms that manage channel transactions, operations and integration and facilitate omnichannel transactions, endpoint monitoring, remote asset management, customer marketing, merchandise management and analytics. These offerings include highly configurable, API enabled software that automates legacy banking transactions across channels.

*Services.* The Company provides its banking customers product-related services which include proactive monitoring and rapid resolution of incidents through remote service capabilities or an on-site visit. First and second line maintenance, preventive maintenance and on-demand services keep the distributed assets of the Company's customers up and running through a standardized incident management process. Managed services and outsourcing consists of the end-to-end business processes, solution management, upgrades and transaction processing. The Company also provides a full array of cash management services, which optimizes the availability and cost of physical currency across the enterprise through efficient forecasting, inventory and replenishment processes.

*Retail*

*Products.* The retail product portfolio includes modular, integrated and mobile POS and SCO terminals that meet evolving automation and omnichannel requirements of consumers. 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. Also in the portfolio, the Company provides SCO terminals and ordering kiosks which facilitate an efficient and user-friendly purchasing experience. The Company's hybrid product line can alternate from an attended operator to self-checkout with the press of a button as traffic conditions warrant throughout the business day.

The Company's platform software is installed within retail data centers to facilitate omnichannel transactions, endpoint monitoring, remote asset management, customer marketing, merchandise management and analytics.

*Services.* The Company provides its retail customers product-related services which include on-demand services and professional services. Diebold Nixdorf AllConnect Services for retailers include maintenance and availability services to continuously improve retail self-service fleet availability and performance. These include: total implementation services to support both current and new store concepts; managed mobility services to centralize asset management and ensure effective, tailored mobile capability; monitoring and advanced analytics providing operational insights to support new growth opportunities; and store life-cycle management to proactively monitors store IT endpoints and enable improved management of internal and external suppliers and delivery organizations.

*Inventory Reserves.* At each reporting period, the Company identifies and writes down its excess and obsolete inventories to net realizable value based on usage forecasts, order volume and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write-down discontinued product to the lower of cost or net realizable value.

*Goodwill.* Goodwill is the cost in excess of the net assets of acquired businesses (refer to Note 8: Goodwill and Intangible Assets). The Company tests all existing goodwill at least annually as of October 31 for impairment on a reporting unit basis using either a quantitative or qualitative approach. The annual goodwill impairment test was performed using a qualitative analysis in 2021 and a quantitative analysis in 2020 and 2019.

A qualitative analysis is performed by assessing recent trends and factors, including projected market outlook and growth rates, forecasted and actual sales and operating profit margins, discount rates, industry data, and other relevant qualitative factors. These trends and factors are compared to, and based on, the assumptions used in the most recent quantitative analysis performed for each reporting unit. The results of the qualitative analyses did not indicate a need to perform a quantitative analysis.

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In years in which quantitative analyses were performed, the fair value of the reporting units is determined based upon a combination of the income and market approaches, which are standard valuation methodologies. The income approach uses discounted estimated future cash flows, whereas the market approach or guideline public company method utilizes market data of similar publicly traded companies. The fair value of the reporting unit is defined as the price that would be received in a sale of the net assets in an orderly transaction between market participants at the assessment date. The Company compares the fair value of each reporting unit with its carrying value and would recognize an impairment charge if the amount carrying amount exceeds the reporting unit's fair value.

The techniques used in the Company's quantitative assessments incorporate a number of assumptions that the Company believes to be reasonable and to reflect market conditions at the assessment date. Assumptions in estimating future cash flows are subject to a high degree of judgment. The Company makes all efforts to forecast future cash flows as accurately as possible with the information available at the time the forecast is made. To this end, the Company evaluates the appropriateness of its assumptions as well as its overall forecasts by comparing projected results of upcoming years with actual results of preceding years and validating that differences therein are reasonable. Key assumptions, which typically are Level 3 inputs, include 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, among others. A number of benchmarks from independent industry and other economic publications were also used. Changes in assumptions and estimates after the assessment date may lead to an outcome where impairment charges would be required in future periods. Specifically, actual results may vary from the Company's forecasts and such variations may be material and unfavorable, thereby triggering the need for future impairment tests where the conclusions may differ in reflection of prevailing market conditions.

The Company tests for interim impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the carrying value of a reporting unit below its reported amount. In evaluating whether it is more likely than not the fair value of a reporting unit is less than its carrying amount, the Company considers the following events and circumstances, among others, if applicable: (a) macroeconomic conditions such as general economic conditions, limitations on accessing capital or other developments in equity and credit markets; (b) industry and market considerations such as competition, multiples or metrics and changes in the market for the Company's products and services or regulatory and political environments; (c) cost factors such as raw materials, labor or other costs; (d) overall financial performance such as cash flows, actual and planned revenue and earnings compared with actual and projected results of relevant prior periods; (e) other relevant events such as changes in key personnel, strategy or customers; (f) changes in the composition of a reporting unit's assets or expected sales of all or a portion of a reporting unit; and (g) any sustained decrease in share price. If the Company's qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying value, a quantitative impairment test is used to identify potential goodwill impairment and measure the amount of any impairment loss to be recognized.

*Taxes on Income.* Deferred taxes are provided on an asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences, operating loss carry-forwards and tax credits. Deferred tax liabilities are recognized for taxable temporary differences and undistributed earnings in certain jurisdictions. Deferred tax assets are reduced by a valuation allowance when, based upon the available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Determination of a valuation allowance involves estimates regarding the timing and amount of the reversal of taxable temporary differences, expected future taxable income and the impact of tax planning strategies. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company operates in numerous taxing jurisdictions and is subject to examination by various federal, state and foreign jurisdictions for various tax periods. Additionally, the Company has retained tax liabilities and the rights to tax refunds in connection with various acquisitions and divestitures of businesses. The Company's income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which the Company does business. Due to the subjectivity of interpretations of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions, as well as the inherent uncertainty in estimating the final resolution of complex tax audit matters, the Company's estimates of income tax liabilities may differ from actual payments or assessments.

The Company assesses its position with regard to tax exposures and records liabilities for these uncertain tax positions and any related interest and penalties, when the tax benefit is not more likely than not realizable. The Company has recorded an accrual that reflects the recognition and measurement process for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. Additional future income tax expense or benefit may be recognized once the positions are effectively settled.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS as of DECEMBER 31, 2021  
DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
(unaudited)  
(in millions, except per share amounts)

At the end of each interim reporting period, the Company estimates the effective tax rate expected to apply to the full fiscal year. The estimated effective tax rate contemplates the expected jurisdiction where income is earned, as well as tax planning alternatives. Current and projected growth in income in higher tax jurisdictions may result in an increasing effective tax rate over time. If the actual results differ from estimates, the Company may adjust the effective tax rate in the interim period if such determination is made.

*Contingencies.* Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. There is no liability recorded for matters in which the liability is not probable and reasonably estimable. Attorneys in the Company's legal department monitor and manage all claims filed against the Company and review all pending investigations. Generally, the estimate of probable loss related to these matters is developed in consultation with internal and outside legal counsel representing the Company. These estimates are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. The Company attempts to resolve these matters through settlements, mediation and arbitration proceedings when possible. If the actual settlement costs, final judgments, or fines, after appeals, differ from the estimates, the future results may be materially impacted. Adjustments to the initial estimates are recorded when a change in the estimate is identified.

*Pensions and Other Post-retirement Benefits.* Annual net periodic expense and benefit liabilities under the Company's defined benefit plans are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. The Company periodically reviews the actual experience compared with the more significant assumptions used and make adjustments to the assumptions, if warranted. The discount rate is determined by analyzing the average return of high-quality (i.e., AA-rated), fixed-income investments and the year-over-year comparison of certain widely used benchmark indices as of the measurement date. The expected long-term rate of return on plan assets is determined using the plans' current asset allocation and their expected long term rates of return. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees. Other post-retirement benefits are not funded and the Company's policy is to pay these benefits as they become due.

The following table represents assumed healthcare cost trend rates at December 31:

	2021	2020
Healthcare cost trend rate assumed for next year	5.6 %	6.3 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.0 %	5.0 %
Year that rate reaches ultimate trend rate	2045	2025

#### RECENTLY ISSUED ACCOUNTING GUIDANCE

Refer to Note 1: Summary of Significant Accounting Policies to the consolidated financial statements for information on recently issued accounting guidance.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS as of DECEMBER 31, 2021  
DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
(unaudited)  
(in millions, except per share amounts)

## FORWARD-LOOKING STATEMENT DISCLOSURE

In this annual report on Form 10-K, 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;
- 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, or 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, 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 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.

## ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

(dollars in millions, except per share amounts)

The Company is exposed to foreign currency exchange rate risk inherent in its international operations denominated in currencies other than the U.S. dollar. A hypothetical 10 percent movement in the applicable foreign exchange rates would have resulted in an increase or decrease in 2021 operating profit of \$23.9 and \$29.2, respectively, and \$17.9 and \$21.9, respectively, for 2020. The sensitivity model assumes an instantaneous, parallel shift in the foreign currency exchange rates. Exchange rates rarely move in the same direction. The assumption that exchange rates change in an instantaneous or parallel fashion may overstate the impact of changing exchange rates on amounts denominated in a foreign currency.

The Company's risk-management strategy uses derivative financial instruments such as forwards to hedge certain foreign currency exposures. The intent is to offset gains and losses that occur on the underlying exposures with gains and losses on the derivative contracts hedging these exposures. The Company does not enter into derivatives for trading purposes. The Company's primary exposures to foreign exchange risk are movements in the euro, British pound, Canadian dollar, Brazilian real, Thai baht and Mexican peso.

The Company manages interest rate risk with the use of variable rate borrowings under its committed and uncommitted credit facilities and interest rate swaps. At December 31, 2021 and 2020, variable rate borrowings under the credit facilities totaled \$833.2 and \$871.7, respectively, of which \$325.0 were effectively converted to fixed rate using interest rate swaps at both December 31, 2021 and 2020, respectively. A one percentage point increase or decrease in interest rates would have resulted in an increase or decrease in interest expense of \$5.1 and \$5.5 for 2021 and 2020, respectively, including the impact of the swap agreements. The Company's primary exposure to interest rate risk is movements in the LIBOR, which is consistent with prior periods. Refer to Item 1A of this annual report on Form 10-K for a discussion of risks relating to any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Diebold Nixdorf, Incorporated:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Diebold Nixdorf, Incorporated and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 11, 2022, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Sufficiency of audit evidence over net sales*

As discussed in Note 1 to the Company's consolidated financial statements, the Company recognizes net sales when it satisfies a performance obligation by transferring control over a product or service to a customer. The Company recorded \$3,905.2 million of net sales in 2021.

We identified the evaluation of the sufficiency of audit evidence over net sales as a critical audit matter. Evaluating the sufficiency of audit evidence obtained required especially subjective auditor judgment because of the geographical dispersion of the Company's net sales generating activities. This included determining the Company locations for which procedures were performed.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over net sales, including the determination of the Company locations for which those procedures were to be performed. At each Company location for which procedures were performed, we evaluated the design and tested the operating effectiveness of certain internal controls over the Company's net sales process, including the controls over the accurate recording of net sales. We assessed the recorded net sales for each of these locations by selecting transactions and comparing the amounts recognized for consistency with underlying documentation, including contracts with customers, customer acceptance, and shipping documentation. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the appropriateness of the nature and extent of audit effort.



/s/ KPMG LLP

We or our predecessor firms have served as the Company's auditor since 1965.

Cleveland, Ohio

March 11, 2022

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Diebold Nixdorf, Incorporated:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Diebold Nixdorf, Incorporated and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated March 11, 2022, expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Cleveland, Ohio  
March 11, 2022

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(dollars in millions)

	December 31,	
	2021	2020
<b>ASSETS</b>		
Current assets		
Cash, cash equivalents and restricted cash	\$ 388.9	\$ 324.5
Short-term investments	34.3	37.2
Trade receivables, less allowances for doubtful accounts of \$35.3 and \$37.5, respectively	595.2	646.9
Inventories	544.2	498.2
Prepaid expenses	48.2	58.8
Current assets held for sale	73.4	64.7
Other current assets	203.1	227.0
Total current assets	<u>1,887.3</u>	<u>1,857.3</u>
Securities and other investments	11.0	10.3
Property, plant and equipment, net	138.1	177.5
Deferred income taxes	95.7	97.5
Goodwill	743.6	800.4
Customer relationships, net	301.7	407.9
Other intangible assets, net	45.8	40.7
Right-of-use operating lease assets	152.4	143.3
Other assets	131.6	122.5
<b>Total assets</b>	<u><u>\$ 3,507.2</u></u>	<u><u>\$ 3,657.4</u></u>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY</b>		
Current liabilities		
Notes payable	\$ 47.1	\$ 10.7
Accounts payable	706.3	499.9
Deferred revenue	322.4	346.8
Payroll and other benefits liabilities	186.5	226.6
Current liabilities held for sale	20.3	15.4
Operating lease liabilities	54.5	55.7
Other current liabilities	412.3	494.4
Total current liabilities	<u>1,749.4</u>	<u>1,649.5</u>
Long-term debt	2,245.6	2,335.7
Pensions, post-retirement and other benefits	104.2	228.7
Long-term operating lease liabilities	103.0	93.1
Deferred income taxes	105.5	103.4
Other liabilities	36.5	59.5
Commitments and contingencies		
Redeemable noncontrolling interests	—	19.2
<b>Equity</b>		
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, (94,599,742 and 93,534,866 issued shares, 78,352,333 and 77,678,984 outstanding shares, respectively)	118.3	116.9
Additional capital	819.6	787.9
Retained earnings (accumulated deficit)	(822.4)	(742.3)
Treasury shares, at cost (16,247,409 and 15,855,882 shares, respectively)	(582.1)	(576.7)
Accumulated other comprehensive loss	(378.5)	(412.9)
Total Diebold Nixdorf, Incorporated shareholders' equity	<u>(845.1)</u>	<u>(827.1)</u>
Noncontrolling interests	8.1	(4.6)
Total equity	<u>(837.0)</u>	<u>(831.7)</u>
<b>Total liabilities, redeemable noncontrolling interests and equity</b>	<u><u>\$ 3,507.2</u></u>	<u><u>\$ 3,657.4</u></u>

See accompanying notes to consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in millions, except per share amounts)

	Years ended December 31,		
	2021	2020	2019
<b>Net sales</b>			
Services	\$ 2,303.6	\$ 2,364.4	\$ 2,608.0
Products	1,601.6	1,537.9	1,800.7
	<u>3,905.2</u>	<u>3,902.3</u>	<u>4,408.7</u>
<b>Cost of sales</b>			
Services	1,577.3	1,666.2	1,921.1
Products	1,284.5	1,201.1	1,420.5
	<u>2,861.8</u>	<u>2,867.3</u>	<u>3,341.6</u>
<b>Gross profit</b>	1,043.4	1,035.0	1,067.1
Selling and administrative expense	775.6	858.6	908.8
Research, development and engineering expense	126.3	133.4	147.1
Loss (gain) on sale of assets, net	3.1	11.5	7.6
Impairment of assets	1.3	7.5	30.2
	<u>906.3</u>	<u>1,011.0</u>	<u>1,093.7</u>
<b>Operating profit (loss)</b>	137.1	24.0	(26.6)
<b>Other income (expense)</b>			
Interest income	6.1	6.8	9.3
Interest expense	(195.3)	(292.7)	(202.9)
Foreign exchange loss, net	(2.0)	(14.4)	(5.1)
Miscellaneous, net	3.4	6.8	(3.6)
	<u>(50.7)</u>	<u>(269.5)</u>	<u>(228.9)</u>
<b>Loss before taxes</b>	(50.7)	(269.5)	(228.9)
Income tax expense (benefit)	27.7	(1.0)	116.7
Equity in earnings (loss) of unconsolidated subsidiaries, net	0.3	0.7	1.0
	<u>(78.1)</u>	<u>(267.8)</u>	<u>(344.6)</u>
<b>Net loss</b>	(78.1)	(267.8)	(344.6)
Net income (loss) income attributable to noncontrolling interests	0.7	1.3	(3.3)
<b>Net loss attributable to Diebold Nixdorf, Incorporated</b>	<u>\$ (78.8)</u>	<u>\$ (269.1)</u>	<u>\$ (341.3)</u>
Basic and diluted weighted-average shares outstanding	78.3	77.6	76.7
<b>Net loss attributable to Diebold Nixdorf, Incorporated</b>			
Basic and diluted loss per share	<u>\$ (1.01)</u>	<u>\$ (3.47)</u>	<u>\$ (4.45)</u>

See accompanying notes to consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in millions)

	Years ended December 31,		
	2021	2020	2019
Net loss	\$ (78.1)	\$ (267.8)	\$ (344.6)
Other comprehensive income (loss), net of tax:			
Translation adjustment (net of tax of \$(6.6), \$(10.2) and \$4.9, respectively)	(53.6)	(26.8)	(40.8)
Foreign currency hedges (net of tax of \$0.0, \$(0.3) and \$(0.4), respectively)	0.7	—	(0.7)
Interest rate hedges:			
Net loss recognized in other comprehensive income (net of tax of \$3.4, \$(5.9) and \$0.7, respectively)	8.6	(16.3)	(8.8)
Less: reclassification adjustments for amounts recognized in net (loss) income (net of tax of \$0.8, \$(1.8) and \$(0.3), respectively)	2.1	(5.0)	(3.4)
	<u>6.5</u>	<u>(11.3)</u>	<u>(5.4)</u>
Pension and other post-retirement benefits:			
Prior service credit (cost) recognized during the year (net of tax of \$0.0, \$0.2 and \$(0.1), respectively)	—	0.5	(0.6)
Net actuarial gains recognized during the year (net of tax of \$23.2, \$1.5 and \$0.6, respectively)	76.0	6.1	4.6
Net actuarial gains (losses) occurring during the year (net of tax of \$2.0, \$(3.9) and \$(3.1), respectively)	7.5	(9.7)	(25.8)
Net actuarial gains (losses) recognized due to settlement (net of tax of \$(0.4), \$0.3 and \$(0.1), respectively)	(0.7)	0.8	(1.0)
Acquired benefit plans and other (net of tax of \$0.0, \$0.0 and \$(0.4), respectively)	0.1	0.2	(3.2)
Currency impact (net of tax of \$(0.4), \$0.5 and \$0.0, respectively)	(0.6)	1.8	0.4
	<u>82.3</u>	<u>(0.3)</u>	<u>(25.6)</u>
Other	(0.9)	(0.8)	0.1
Other comprehensive income (loss), net of tax	<u>35.0</u>	<u>(39.2)</u>	<u>(72.4)</u>
Comprehensive loss	<u>(43.1)</u>	<u>(307.0)</u>	<u>(417.0)</u>
Less: comprehensive income (loss) attributable to noncontrolling interests	1.3	(0.3)	(4.7)
Comprehensive loss attributable to Diebold Nixdorf, Incorporated	<u>\$ (44.4)</u>	<u>\$ (306.7)</u>	<u>\$ (412.3)</u>

See accompanying notes to consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(in millions)

	Common Shares			Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total Diebold Nixdorf, Incorporated Shareholders' Equity	Non-controlling Interests	Total Equity
	Number	\$1.25 Par Value	Additional Capital						
Balance at January 1, 2019	91.3	\$114.2	\$ 741.8	\$ (131.0)	\$ (570.4)	\$ (304.3)	\$ (149.7)	\$ 26.8	\$ (122.9)
Net income (loss)				(341.3)			(341.3)	(3.3)	(344.6)
Other comprehensive income						(71.0)	(71.0)	(1.4)	(72.4)
Share-based compensation issued	0.9	1.1	(1.0)				0.1		0.1
Share-based compensation expense			24.0				24.0		24.0
Treasury shares (0.2 shares)					(1.5)		(1.5)		(1.5)
Reclassification to redeemable noncontrolling interest			9.1				9.1	4.9	14.0
Acquisitions and divestitures, net							—	(3.0)	(3.0)
Balance at December 31, 2019	92.2	\$115.3	\$ 773.9	\$ (472.3)	\$ (571.9)	\$ (375.3)	\$ (530.3)	\$ 24.0	\$ (506.3)
Net income (loss)				(269.1)			(269.1)	1.3	(267.8)
Other comprehensive loss						(37.6)	(37.6)	(1.6)	(39.2)
Share-based compensation issued	1.3	1.6	(1.6)				—		—
Share-based compensation expense			14.9				14.9		14.9
Treasury shares (0.5 shares)					(4.8)		(4.8)		(4.8)
Sale of equity interest							—	(28.3)	(28.3)
Reclassification from redeemable noncontrolling interest and other			0.7				0.7	—	0.7
Distribution to noncontrolling interest holders, net				(0.9)			(0.9)	—	(0.9)
Balance at December 31, 2020	93.5	\$116.9	\$ 787.9	\$ (742.3)	\$ (576.7)	\$ (412.9)	\$ (827.1)	\$ (4.6)	\$ (831.7)
Net loss				(78.8)			(78.8)	0.7	(78.1)
Other comprehensive loss						34.4	34.4	0.6	35.0
Share-based compensation issued	1.1	1.4	(1.3)				0.1		0.1
Share-based compensation expense			13.8				13.8		13.8
Treasury shares (0.4 shares)					(5.4)		(5.4)		(5.4)
Reclassification from redeemable noncontrolling interest and other			19.2				19.2	12.7	31.9
Distributions to noncontrolling interest holders, net				(1.3)			(1.3)	(1.3)	(2.6)
Balance at December 31, 2021	94.6	\$118.3	\$ 819.6	\$ (822.4)	\$ (582.1)	\$ (378.5)	\$ (845.1)	\$ 8.1	\$ (837.0)

See accompanying notes to consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Years Ended December 31,		
	2021	2020	2019
Cash flow from operating activities			
Net loss	\$ (78.1)	\$ (267.8)	\$ (344.6)
Adjustments to reconcile net loss to cash provided (used) by operating activities:			
Depreciation	46.4	73.7	82.2
Amortization	24.5	23.8	28.9
Amortization of Wincor Nixdorf purchase accounting intangible assets	78.2	82.9	93.2
Amortization of deferred financing costs into interest expense	17.3	45.4	21.8
Share-based compensation	13.8	14.9	24.0
Debt prepayment costs	—	67.2	—
Other	—	(12.3)	(1.0)
Loss (gain) on sale of assets, net	3.1	11.5	7.6
Impairment of assets	1.3	7.5	30.2
Deferred income taxes	(12.6)	(27.1)	54.2
Inventory charge	—	—	23.8
Changes in certain assets and liabilities			
Trade receivables	16.4	(19.7)	111.5
Inventories	(84.8)	(14.8)	104.9
Sales tax and net value added tax	(15.2)	0.9	4.2
Income taxes	(5.3)	(23.1)	0.9
Accounts payable	241.4	10.6	(33.1)
Deferred revenue	(9.1)	20.2	(54.9)
Accrued salaries, wages and commissions	(19.4)	(1.3)	38.6
Restructuring	(25.4)	18.0	(13.5)
Warranty liability	0.3	(5.6)	(3.4)
Pension and other post-retirement benefits	(13.0)	(14.7)	(68.7)
Certain other assets and liabilities	(56.5)	27.8	29.0
Net cash provided (used) by operating activities	<u>123.3</u>	<u>18.0</u>	<u>135.8</u>
Cash flow from investing activities			
Proceeds from divestitures, net of cash divested	1.1	(37.0)	29.9
Proceeds from settlement of corporate-owned life insurance policies	—	15.6	—
Proceeds from maturities of investments	287.7	214.6	241.7
Payments for purchases of investments	(288.4)	(241.3)	(222.2)
Proceeds from sale of assets	1.7	10.2	—
Capital expenditures	(20.2)	(27.5)	(42.9)
Capitalized software development	(31.1)	(17.2)	(23.1)
Other	—	—	9.8
Net cash provided (used) by investing activities	<u>(49.2)</u>	<u>(82.6)</u>	<u>(6.8)</u>

See accompanying notes to consolidated financial statements.

**DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

Cash flow from financing activities			
Debt issuance costs	—	(26.4)	(12.6)
Debt prepayment costs	—	(67.2)	—
Revolving credit facility borrowings (repayments), net	0.9	60.1	(125.0)
Other debt borrowings	11.2	1,107.8	397.8
Other debt repayments	(19.4)	(1,049.9)	(375.7)
Contributions from noncontrolling interest holders	12.7	—	—
Distributions to noncontrolling interest holders	(1.3)	(0.9)	(98.1)
Other	(7.7)	(6.6)	(1.9)
Net cash provided (used) by financing activities	<u>(3.6)</u>	<u>16.9</u>	<u>(215.5)</u>
Effect of exchange rate changes on cash and cash equivalents	(5.7)	(3.2)	(1.1)
Change in cash, cash equivalents and restricted cash	<u>64.8</u>	<u>(50.9)</u>	<u>(87.6)</u>
Add: Cash included in assets held for sale at beginning of year	2.7	97.2	7.3
Less: Cash included in assets held for sale at end of year	3.1	2.7	97.2
Cash, cash equivalents and restricted cash at the beginning of the year	<u>324.5</u>	<u>280.9</u>	<u>458.4</u>
Cash, cash equivalents and restricted cash at the end of the year	<u><u>388.9</u></u>	<u><u>324.5</u></u>	<u><u>280.9</u></u>
Cash paid for			
Income taxes	42.3	43.8	41.8
Interest	175.1	138.1	189.7

See accompanying notes to consolidated financial statements.



DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Principles of Consolidation.** The consolidated financial statements include the accounts of Diebold Nixdorf, Incorporated and its wholly- and majority-owned subsidiaries (collectively, the Company). All significant intercompany accounts and transactions have been eliminated, including common control transfers among subsidiaries of the Company.

**Use of Estimates in Preparation of Consolidated Financial Statements.** 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 other 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 condition 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.

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

**International Operations.** The financial statements of the Company's international operations are measured using local currencies as their functional currencies, with the exception of certain financial results from Argentina, Singapore, El Salvador, and Switzerland, which have a functional currency other than local currency. These operations used either United States dollar (USD) or euro as their functional currency depending on the concentration of USD or euro transactions and distinct financial information. The Company translates the assets and liabilities of its non-U.S. subsidiaries at the exchange rates in effect at year end and the results of operations at the average rate throughout the year. The translation adjustments are recorded directly as a separate component of shareholders' equity, while transaction gains (losses) are included in net income (loss).

**Acquisitions and Divestitures.** Acquisitions are accounted for using the purchase method of accounting. This method requires the Company to record assets and liabilities of the business acquired at their estimated fair market values as of the acquisition date. Any excess cost of the acquisition over the fair value of the net assets acquired is recorded as goodwill. The Company generally uses valuation specialists to perform appraisals and assist in the determination of the fair values of the assets acquired and liabilities assumed. These valuations require management to make estimates and assumptions that are critical in determining the fair values of the assets and liabilities.

For all divestitures, the Company considers assets to be held for sale when management approves and commits to a formal plan to actively market the assets for sale at a price reasonable in relation to their estimated fair value, the assets are available for immediate sale in their present condition, an active program to locate a buyer and other actions required to complete the sale have been initiated, the sale of the assets is probable and expected to be completed within one year (or, if it is expected that others will impose conditions on the sale of the assets that will extend the period required to complete the sale, that a firm purchase commitment is probable within one year) and it is unlikely that significant changes will be made to the plan. Upon designation as held for sale, the Company records the assets at the lower of their carrying value or their estimated fair value, reduced for the cost to dispose of the assets, and ceases to record depreciation expense on the assets. Assets and liabilities are reclassified as held for sale in the period the held for sale criteria are met.

As of December 31, 2021, the Company had \$73.4 and \$20.3 of current assets and liabilities held for sale, respectively, primarily related to non-core businesses in Europe. As of December 31, 2020, the Company had \$64.7 and \$15.4 of current assets and liabilities held for sale, respectively, primarily related to non-core business in Eurasia.

**Revenue Recognition.** Refer to Note 21: Revenue Recognition.

**Cost of Sales.** Cost of sales for services primarily consists of fuel, parts and labor and benefits costs related to installation of products and service maintenance contracts, including call center costs as well as costs for service parts repair centers. Cost of sales for products is primarily comprised of direct materials and supplies consumed in the manufacturing and distribution of products, as well as related labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished products. Cost of sales for products also includes the cost to distribute products to customers, inbound freight costs, internal transfer costs, warehousing costs and other shipping and handling activity.

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**Property, plant and equipment and long-lived assets.** Property, plant and equipment and long-lived assets are recorded at historical cost, including interest where applicable.

Impairment of property, plant and equipment and long-lived assets is recognized when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the expected future undiscounted cash flows are less than the carrying amount of the asset, an impairment loss is recognized at that time to reduce the asset to the lower of its fair value or its net book value.

**Depreciation and Amortization.** Depreciation of property, plant and equipment is computed using the straight-line method based on the estimated useful life for each asset class. Amortization of leasehold improvements is based upon the shorter of original terms of the lease or life of the improvement. Repairs and maintenance are expensed as incurred. Generally, amortization of the Company's other long-term assets, such as intangible assets and capitalized software development, is computed using the straight-line method over the life of the asset.

Fully depreciated assets are retained until disposal. Upon disposal, assets and related accumulated depreciation or amortization are removed from the accounts and the net amount, less proceeds from disposal, is charged or credited to operations.

**Advertising Costs.** Advertising costs are expensed as incurred and were \$7.1, \$7.2 and \$7.5 in 2021, 2020 and 2019, respectively.

**Research, Development and Engineering.** Research, development and engineering costs are expensed as incurred and were \$126.3, \$133.4 and \$147.1 for the years ended December 31, 2021, 2020 and 2019, respectively. This excludes certain software development costs of \$31.1, \$17.2, and \$23.1 in 2021, 2020 and 2019, respectively, which are capitalized after technological feasibility of the software is established.

**Shipping and Handling Costs.** The Company recognizes shipping and handling fees billed when products are shipped or delivered to a customer and includes such amounts in net sales. Third-party freight payments are recorded in cost of sales.

**Taxes on Income.** Deferred taxes are provided on an asset and liability method, whereby deferred tax assets are recognized for deductible temporary differences, operating loss carry-forwards and tax credits. Deferred tax liabilities are recognized for taxable temporary differences and undistributed earnings in certain tax jurisdictions. Deferred tax assets are reduced by a valuation allowance when, based on available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Determination of a valuation allowance involves estimates regarding the timing and amount of the reversal of taxable temporary differences, expected future taxable income and the impact of tax planning strategies. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company regularly assesses its position with regard to tax exposures and records liabilities for these uncertain tax positions and related interest and penalties, if any, when the tax benefit is not more likely than not realizable. The Company has recorded an accrual that reflects the recognition and measurement process for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. Additional future income tax expense or benefit may be recognized once the positions are effectively settled.

**Sales Tax.** The Company collects sales taxes from customers and accounts for sales taxes on a net basis.

**Cash, Cash Equivalents and Restricted Cash.** The Company considers highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. The Company had no restricted cash at December 31, 2021 and 2020.

**Financial Instruments.** The carrying amount of cash and cash equivalents, short-term investments, trade receivables and accounts payable approximated their fair value because of the relatively short maturity of these instruments. The Company's risk-management strategy allows for derivative financial instruments such as forwards to hedge certain foreign currency exposures and interest rate swaps to manage interest rate risk. The intent is to offset gains and losses that occur on the underlying exposures, with gains and losses on the derivative contracts hedging these exposures. The Company does not enter into derivatives for trading purposes. The Company recognizes all derivatives on the balance sheet at fair value. Changes in the fair values of derivatives that are not designated as hedges are recognized in earnings. If the derivative is designated and qualifies as a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives are either offset against the change in the hedged assets or liabilities through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(in millions, except per share amounts)

**Fair Value.** The Company measures its financial assets and liabilities using one or more of the following three valuation techniques:

Valuation technique	Description
Market approach	Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
Cost approach	Amount that would be required to replace the service capacity of an asset (replacement cost).
Income approach	Techniques to convert future amounts to a single present amount based upon market expectations.

The hierarchy that prioritizes the inputs to valuation techniques used to measure fair value is divided into three levels:

Fair value level	Description
Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities.  Fair value of investments categorized as level 1 are determined based on period end closing prices in active markets. Mutual funds are valued at their net asset value (NAV) on the last day of the period.
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs, other than quoted prices in active markets, that are observable either directly or indirectly.  Fair value of investments categorized as level 2 are determined based on the latest available ask price or latest trade price if listed. The fair value of unlisted securities is established by fund managers using the latest reported information for comparable securities and financial analysis. If the manager believes the fund is not capable of immediately realizing the fair value otherwise determined, the manager has the discretion to determine an appropriate value. Common collective trusts are valued at NAV on the last day of the period.
Level 3	Unobservable inputs for which there is little or no market data.
Net asset value	Fair value of investments categorized as NAV represent the plan's interest in private equity, hedge and property funds. The fair value for these assets is determined based on the NAV as reported by the underlying investment managers.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company uses the end of the period when determining the timing of transfers between levels.

Short-Term Investments The Company has investments in certificates of deposit that are recorded at cost, which approximates fair value.

Assets Held in Rabbi Trusts / Deferred Compensation The fair value of the assets held in rabbi trusts (refer to Note 7: Investments) is derived from investments in a mix of money market, fixed income and equity funds. The related deferred compensation liability is also recorded at fair value.

Foreign Exchange Contracts The valuation of foreign exchange forward and option contracts is determined using valuation techniques, including option models tailored for currency derivatives. These contracts are valued using the market approach based on observable market inputs. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including spot rates, foreign currency forward rates, the interest rate curve of the domestic currency, and foreign currency volatility for the given currency pair.

Forward Contracts 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.

Interest Rate Swaps 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. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

Refer to Note 19: Fair Value of Assets and Liabilities for further details of assets and liabilities subject to fair value measurement.

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**Trade Receivables.** The Company records the lifetime expected loss on uncollectible trade receivables based on historical loss experience as a percentage of sales and makes adjustments as necessary based on current trends. The Company will also record periodic adjustments for specific customer circumstances and changes in the aging of accounts receivable balances. After all efforts at collection have been unsuccessful, the account is deemed uncollectible and is written off.

The following table summarizes the Company's allowances for doubtful accounts:

	2021	2020	2019
Balance at January 1	\$ 37.5	\$ 42.2	\$ 58.2
Charged to costs and expenses	9.8	10.1	5.2
Charged to other accounts <sup>(1)</sup>	—	(1.2)	(0.9)
Deductions <sup>(2)</sup>	(12.0)	(13.6)	(20.3)
Balance at December 31	<u>\$ 35.3</u>	<u>\$ 37.5</u>	<u>\$ 42.2</u>

<sup>(1)</sup> Includes net effects of foreign currency translation

<sup>(2)</sup> Uncollectible accounts written-off, net of recoveries.

**Financing Receivables.** The Company records the lifetime expected loss on uncollectible notes and finance lease receivables (collectively, financing receivables) on a customer-by-customer basis and evaluates specific customer circumstances, aging of invoices, credit risk changes, payment patterns and historical loss experience with consideration given to current trends. After all efforts at collection have been unsuccessful, the account is deemed uncollectible and is written off.

**Inventories.** The Company primarily values inventories using average or standard costing utilizing lower of cost or net realizable value. The Company identifies and writes down its excess and obsolete inventories to net realizable value based on usage forecasts, order volume and inventory aging. With the development of new products, the Company also rationalizes its product offerings and will write-down discontinued products to the lower of cost or net realizable value.

**Deferred Revenue.** Deferred revenue is 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, deferred revenue is recorded for products and other deliverables that are billed to and collected from customers prior to revenue being recognizable.

**Goodwill.** Goodwill is the cost in excess of the net assets of acquired businesses. The Company tests all existing goodwill at least annually for impairment on a reporting unit basis. The annual goodwill impairment test was performed as of October 31 for all periods presented.

The Company tests for interim impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the carrying value of a reporting unit below its reported amount. Each year, the Company may elect to perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company considers the following events and circumstances, among others, if applicable: (a) macroeconomic conditions such as general economic conditions, limitations on accessing capital or other developments in equity and credit markets; (b) industry and market considerations such as competition, multiples or metrics and changes in the market for the Company's products and services or regulatory and political environments; (c) cost factors such as raw materials, labor or other costs; (d) overall financial performance such as cash flows, actual and planned revenue and earnings compared with actual and projected results of relevant prior periods; (e) other relevant events such as changes in key personnel, strategy or customers; (f) changes in the composition of a reporting unit's assets or expected sales of all or a portion of a reporting unit; and (g) any sustained decrease in share price.

If the Company's qualitative assessment indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying value, or if management elects to perform a quantitative assessment of goodwill, an impairment test is used to identify potential goodwill impairment and measure the amount of any impairment loss to be recognized. The Company compares the fair value of each reporting unit with its carrying value and recognizes an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The fair value of the reporting units is determined based upon a combination of the income and market approach in valuation methodology. The income approach uses discounted estimated future cash flows, whereas the market approach or guideline public company method utilizes market data of similar publicly traded companies. The fair value of the reporting unit is defined as the price that would be received to sell the net assets or transfer the net liabilities in an orderly transaction between market participants at the assessment date.

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(in millions, except per share amounts)

The techniques used in the Company's quantitative assessment incorporate a number of assumptions that the Company believes to be reasonable and to reflect market conditions forecast at the assessment date. Assumptions in estimating future cash flows are subject to a high degree of judgment. The Company makes all efforts to forecast future cash flows as accurately as possible with the information available at the time the forecast is made. To this end, the Company evaluates the appropriateness of its assumptions as well as its overall forecasts by comparing projected results of upcoming years with actual results of preceding years and validating that differences therein are reasonable. Assumptions, which include Level 3 inputs, relate to revenue growth, material and operating costs, and discount rate. Changes in assumptions and estimates after the assessment date may lead to an outcome where impairment charges would be required in future periods. Specifically, actual results may vary from the Company's forecasts and such variations may be material and unfavorable, thereby triggering the need for future impairment tests where the conclusions may differ in reflection of prevailing market conditions.

**Contingencies.** Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Legal costs incurred in connection with loss contingencies are expensed as incurred.

**Pensions and Other Post-retirement Benefits.** Annual net periodic expense and benefit liabilities under the Company's defined benefit plans are determined on an actuarial basis. Assumptions used in the actuarial calculations have a significant impact on plan obligations and expense. The Company periodically reviews actual experience compared with the more significant assumptions used and make adjustments to the assumptions, if warranted. The healthcare trend rates are reviewed based upon the results of actual claims experience. The discount rate is determined by analyzing the average return of high-quality (i.e., AA-rated) fixed-income investments and the year-over-year comparison of certain widely used benchmark indices as of the measurement date. The expected long-term rate of return on plan assets is determined using the plans' current asset allocation and their expected rates of return based on a geometric averaging over 20 years. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook. Pension benefits are funded through deposits with trustees or directly by the plan administrator. Other post-retirement benefits are not funded and the Company's policy is to pay these benefits as they become due.

The Company recognizes the funded status of each of its plans in the consolidated balance sheets. Amortization of unrecognized net gain or loss resulting from experience different from that assumed and from changes in assumptions (excluding asset gains and losses not yet reflected in market-related value) is included as a component of net periodic benefit cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds five percent of the greater of the projected benefit obligation or the market-related value of plan assets. If amortization is required, the amortization is that excess divided by the average remaining service period of participating employees expected to receive benefits under the plan.

The Company records a curtailment when an event occurs that significantly reduces the expected years of future service or eliminates the accrual of defined benefits for the future services of a significant number of employees. A curtailment gain is recorded when the employees who are entitled to the benefits terminate their employment; a curtailment loss is recorded when it becomes probable a loss will occur. Upon a settlement, the Company recognizes the proportionate amount of the unamortized gains and losses if the cost of all settlements during the year exceeds the interest component of net periodic cost for the affected plan.

**Noncontrolling Interests and Redeemable Noncontrolling Interests.** Noncontrolling interests represent the portion of profit or loss, net assets and comprehensive income that is not allocable to the Company.

Noncontrolling interests with redemption features, such as put rights, that are not solely within the Company's control are considered redeemable noncontrolling interests. Redeemable noncontrolling interests are presented outside of equity on the Company's consolidated balance sheets. The balance of redeemable noncontrolling interests is reported at the greater of its carrying value or its maximum redemption value at each reporting date. Refer to Note 12: Redeemable Noncontrolling Interests for more information.

**Related Party Transactions.** The Company has certain strategic alliances that are not consolidated. The Company's strategic alliances are not significant subsidiaries and are accounted for under the equity method of investments. The Company owns 48.1 percent of Inspur (Suzhou) Financial Information Technology Co., Ltd (Inspur JV) and 49.0 percent of Aisino-Wincor Retail & Banking Systems (Shanghai) Co., Ltd (Aisino JV) as of December 31, 2021. The Company engages in transactions with these entities in the ordinary course of business. As of December 31, 2021, the Company had accounts receivable and accounts payable balances with these affiliates of \$3.9 and \$34.9, respectively, which is included in trade receivables, less allowances for doubtful accounts and accounts payable, respectively, on the consolidated balance sheets.

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In September 2019, the Company's minority interest in Kony was sold for cash proceeds of \$21.3. The Company's carrying value in Kony was \$14.0, resulting in a gain of \$7.3.

**Recently Adopted Accounting Guidance**

In August 2018, the Financial Accounting Standards Board (FASB) issued guidance on a company's accounting for implementation fees paid in a cloud computing service contract arrangement that addresses which implementation costs to capitalize as an asset and which costs to expense. Capitalized implementation fees are to be 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. The entity is also required to present the capitalized implementation fees on the balance sheet in the same line item as it would present a prepayment for hosting service fees associated with the cloud computing arrangement. Cash payments for cloud computing arrangements (CCA) implementation costs are classified as cash outflows from operating activities. The Company adopted this guidance on January 1, 2020 using a prospective transition method. The Company has capitalized \$50.7 and \$27.1 of cloud-based software implementation fees to the Other assets caption on the December 31, 2021 and December 31, 2020 consolidated balance sheets, respectively.

The effects of the adoption of the ASUs listed below did not significantly impact the Company's financial statements:

Standards Adopted	Description	Effective Date
ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans - General Subtopic 715-20 - Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	This Accounting Standard Update (ASU) is designed to improve the effectiveness of disclosures by removing and adding disclosures related to defined benefit plans. The adoption of this ASU did not have a significant impact on the Company's consolidated financial statements.	January 1, 2021
ASU 2019-12 - Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes	This ASU was designed to simplify the accounting for income taxes by removing certain exceptions to the general principals in Topic 740, Income Taxes and improves consistent application or and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The adoption of this ASU did not have a significant impact on the Company's consolidated financial statements.	January 1, 2021
ASU 2020-08 Codification Improvements to Subtopic 310-20, Receivables - Nonrefundable Fees and Other Costs	The ASU is designed to clarify that an entity should reevaluate whether a callable debt security is within scope of paragraph 310-20-35-33 for each reporting period. The adoption of this ASU did not have a significant impact on the Company's consolidated financial statements.	January 1, 2021
ASU 2020-01 Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) - Clarifying Interactions between Topic 321, Topic 323, and Topic 815	This guidance provides clarification on the interaction of accounting standards for equity securities (Topic 321), equity method investments (Topic 323) and derivatives (Topic 815). The adoption of this ASU did not have a significant impact on the Company's consolidated financial statements.	January 1, 2021

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**Recently Issued Accounting Guidance**

The following ASUs were recently issued by the FASB, which could significantly impact the Company's financial statements:

Standards Pending Adoption	Description	Effective/ Adoption Date	Anticipated Impact
ASU 2021-05 Leases (Topic 842) Lessors - Certain Leases with Variable Lease Payments	The standard modifies a lessor's lease classification requirements for leases with variable lease payments.	January 1, 2022	The Company is currently assessing the impact this ASU will have on its consolidated financial statements.
ASU 2021-04 Earnings Per Share (Topic 260), Debt— Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40) Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options	The standard provides clarification on accounting for the modification or exchanges of freestanding equity-classified call options that remain equity classified after modification or exchange.	January 1, 2022	The Company is currently assessing the impact this ASU will have on its consolidated financial statements.
ASU 2020-04 Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting	The standard provides optional expedients and exceptions for applying GAAP to contracts, hedges and other transaction that will be impacted by reference rate reform.	March 12, 2020 through December 31, 2022	The Company is currently assessing the impact this ASU will have on its consolidated financial statements. The ASU allows for early adoption in any year end after issuance of the update.
ASU 2021-08 Business Combinations (Topic 805) Accounting for Contract Assets and Contract Liabilities from Contracts with Customers	The standard is designed to improve consistency related to the recognition of contract assets and liabilities from revenue contracts in a business combination.	January 1, 2022	The Company does not expect this ASU will have a significant impact on its consolidated financial statements.
ASU 2021-10 Government Assistance (Topic 832) Disclosures by Business Entities about Government Assistance	The standard improves the transparency of financial reporting by adding requirements for disclosures related to government assistance.	January 1, 2022	The Company does not expect this ASU will have a significant impact on its consolidated financial statements.

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**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 were vested but 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 years presented 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 1.2, 1.2 and 1.6 for the years ended December 31, 2021, 2020 and 2019, respectively, are excluded from the shares used in the computation of diluted earnings (loss) per share.

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 for the years ended December 31:

	2021	2020	2019
<b>Numerator</b>			
<b>Income (loss) used in basic and diluted loss per share</b>			
Net loss	\$ (78.1)	\$ (267.8)	\$ (344.6)
Net income (loss) income attributable to noncontrolling interests	0.7	1.3	(3.3)
Net loss attributable to Diebold Nixdorf, Incorporated	<u>\$ (78.8)</u>	<u>\$ (269.1)</u>	<u>\$ (341.3)</u>
<b>Denominator</b>			
Weighted-average number of common shares used in basic and diluted earnings (loss) per share <sup>(1)</sup>	78.3	77.6	76.7
<b>Net loss per share attributable to Diebold Nixdorf, Incorporated</b>			
Basic and diluted loss per share	<u>\$ (1.01)</u>	<u>\$ (3.47)</u>	<u>\$ (4.45)</u>

(1) Shares of 3.9, 2.4 and 3.2 for the years ended December 31, 2021, 2020 and 2019, respectively, are excluded from the computation of diluted earnings (loss) per share because the effects are anti-dilutive, irrespective of the net loss position.

**NOTE 3: SHARE-BASED COMPENSATION AND EQUITY**

**Dividends.** In May 2018, the Company announced the decision of its Board of Directors to reallocate future dividend funds towards debt reduction and other capital resource needs. Accordingly, the Company has not paid a dividend since 2018.

**Share-Based Compensation Cost.** The Company recognizes costs resulting from all share-based payment transactions based on the fair value of the award as of the grant date. Awards are valued at fair value and compensation cost is recognized on a straight-line basis over the requisite periods of each award. To cover the exercise and/or vesting of its share-based payments, the Company uses a combination of new shares from its authorized, unissued share pool and its treasury shares. The number of common shares that may be issued pursuant to the 2017 Equity and Performance Incentive Plan (the 2017 Plan) was 12.7, of which 4.2 shares were available for issuance at December 31, 2021.



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The following table summarizes the components of the Company's employee and non-employee directors share-based compensation programs recognized as selling and administrative expense for the years ended December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Stock options			
Pre-tax compensation expense	\$ 1.5	\$ 1.7	\$ 1.5
Tax benefit	(0.4)	(0.5)	(0.2)
Stock option expense, net of tax	<u>\$ 1.1</u>	<u>\$ 1.2</u>	<u>\$ 1.3</u>
RSU's			
Pre-tax compensation expense	\$ 8.7	\$ 8.9	\$ 11.6
Tax benefit	(2.2)	(2.2)	(2.5)
RSU expense, net of tax	<u>\$ 6.5</u>	<u>\$ 6.7</u>	<u>\$ 9.1</u>
Performance shares			
Pre-tax compensation expense	\$ 3.6	\$ 4.3	\$ 10.9
Tax benefit	(1.0)	(1.0)	(2.9)
Performance share expense, net of tax	<u>\$ 2.6</u>	<u>\$ 3.3</u>	<u>\$ 8.0</u>
Total share-based compensation			
Pre-tax compensation expense	\$ 13.8	\$ 14.9	\$ 24.0
Tax benefit	(3.6)	(3.7)	(5.6)
Total share-based compensation, net of tax	<u>\$ 10.2</u>	<u>\$ 11.2</u>	<u>\$ 18.4</u>

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The following table summarizes information related to unrecognized share-based compensation costs as of December 31, 2021:

	Unrecognized Cost <sup>1</sup>	Weighted- Average Period (years)
Stock options	\$ 0.9	0.9
RSUs	10.0	1.3
Performance shares	18.7	2.0
	<u>\$ 29.6</u>	

<sup>(1)</sup> Total unrecognized costs include amounts as of December 31, 2021 related to awards granted to Gerrard Schmid, President and Chief Executive Officer. As previously announced on February 9, 2022, Mr. Schmid's employment with the Company will end on March 11, 2022. Unvested awards will be forfeited, reducing the unrecognized share-based compensation costs.

### SHARE-BASED COMPENSATION AWARDS

Stock options, RSUs and performance shares have been issued to officers and other management employees under the Company's Amended and Restated 1991 Equity and Performance Incentive Plan (as amended and restated as of February 12, 2014) (the 1991 Plan) and the 2017 Plan. Certain awards have accelerated vesting clauses upon retirement, which results in either immediate or accelerated expense.

#### Stock Options

In previous years, stock options were granted to employees that generally vest after a period of one year to three years and have a term of ten years from the issuance date. No stock options were granted in 2021. Option exercise prices typically equal the closing price of the Company's common shares on the date of grant. The estimated fair value of the options granted was calculated using a Black-Scholes option pricing model using the following assumptions:

	2020	2019
Expected life (in years)	5	3
Weighted-average volatility	64 %	62 %
Risk-free interest rate	0.49-1.47%	2.32-2.58%
Expected dividend yield	— %	— %

The Company uses historical data to estimate the expected life within the valuation model. Expected volatility is based on historical volatility of the price of the Company's common shares over the expected life of the equity instrument. The risk-free rate of interest is based on a zero-coupon U.S. government instrument over the expected life of the equity instrument. The expected dividend yield is based on actual dividends paid per share and the price of the Company's common shares.

Options outstanding and exercisable as of December 31, 2021 and changes during the year ended were as follows:

	Number of Shares	Weighted- Average Exercise Price (per share)	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value <sup>(1)</sup>
Outstanding at January 1, 2021	2.7	\$ 14.30		
Expired or forfeited	(0.1)	\$ 32.21		
Granted	—	\$ —		
Outstanding at December 31, 2021	<u>2.6</u>	\$ 13.45	6	\$ 5.3
Options exercisable at December 31, 2021	2.0	\$ 15.23	6	\$ 3.6

<sup>(1)</sup> The aggregate intrinsic value represents the total pre-tax intrinsic value (the difference between the Company's closing share price on the last trading day of the year in 2021 and the exercise price, multiplied by the number of "in-the-money" options) that would have been received by the option holders had all option holders exercised their options on December 31, 2021. The amount of aggregate intrinsic value will change based on the fair market value of the Company's common shares.

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The aggregate intrinsic value of options exercised was minimal for the years ended December 31, 2021, 2020 and 2019. The weighted-average, grant-date fair value of stock options granted for the years ended December 31, 2020 and 2019 was \$6.05 and \$2.00, respectively.

**Restricted Stock Units**

Each RSU provides for the issuance of one common share of the Company at no cost to the holder and are granted to both employees and non-employee directors. RSUs either cliff vest after one year or vest per annum over a three-year period. Non-vested employee RSUs are forfeited upon termination unless the Board of Directors determines otherwise.

Non-vested RSUs outstanding as of December 31, 2021 and changes during the year ended were as follows:

	Number of Shares	Weighted- Average Grant-Date Fair Value
Non-vested at January 1, 2021	1.9	\$ 8.83
Forfeited	(0.1)	\$ 12.48
Vested	(1.1)	\$ 9.45
Granted	0.9	\$ 13.71
Non-vested at December 31, 2021	<u>1.6</u>	<u>\$ 10.87</u>

The weighted-average grant-date fair value of RSUs granted for the years ended December 31, 2021, 2020 and 2019 was \$13.71, \$10.64 and \$5.05, respectively. The total fair value of RSUs vested during the years ended December 31, 2021, 2020 and 2019 was \$10.3, \$12.7 and \$14.4, respectively.

**Performance Shares**

Performance shares are granted to employees and vest based on the achievement of certain performance objectives, as determined by the Board of Directors. Each performance share earned entitles the holder to one common share of the Company. The Company's performance shares include performance objectives that are assessed after a period of four years as well as performance objectives that are assessed annually over a period of four years. No shares are vested unless certain performance threshold objectives are met.

Non-vested performance shares outstanding as of December 31, 2021 and changes during the year ended were as follows:

	Number of Shares	Weighted- Average Grant-Date Fair Value
Non-vested at January 1, 2021 <sup>(1)</sup>	0.1	\$ 9.90
Forfeited	—	\$ —
Vested	—	\$ —
Granted	2.1	\$ 13.73
Non-vested at December 31, 2021	<u>2.2</u>	<u>\$ 10.57</u>

<sup>(1)</sup> Non-vested performance shares are based on a maximum potential payout. Actual shares vested at the end of the performance period may be less than the maximum potential payout level depending on achievement of the performance objectives, as determined by the Board of Directors.

The weighted-average grant-date fair value of performance shares granted for the years ended December 31, 2021, 2020 and 2019 was \$13.73, \$0.00 and \$9.90, respectively. No performance shares were granted in 2020. The total fair value of performance shares vested during the years ended December 31, 2021, 2020 and 2019 was \$0.00, \$1.2 and \$6.0, respectively.

**Liability Awards**

In addition to the equity awards described above, the Company has certain performance and service based awards that will be settled in cash and are accounted for as liabilities. The total compensation expense for these awards was \$7.1, \$21.4 and \$9.5 for the years ended December 31, 2021, 2020 and 2019, respectively. These awards vest ratably over a three-year period.

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**NOTE 4: INCOME TAXES**

The following table presents components of loss from operations before taxes for the years ended December 31:

	2021	2020	2019
Domestic	\$ (168.3)	\$ (293.8)	\$ (249.6)
Foreign	117.6	24.3	20.7
Total	<u>\$ (50.7)</u>	<u>\$ (269.5)</u>	<u>\$ (228.9)</u>

The following table presents the components of income tax expense (benefit) for the years ended December 31:

	2021	2020	2019
Current			
U.S. federal	\$ 3.5	\$ 3.5	\$ 0.7
Foreign	38.2	14.6	36.1
State and local	(1.2)	0.4	1.5
Total current	<u>40.5</u>	<u>18.5</u>	<u>38.3</u>
Deferred			
U.S. federal	(1.7)	7.1	78.1
Foreign	(11.4)	(22.6)	(11.7)
State and local	0.3	(4.0)	12.0
Total deferred	<u>(12.8)</u>	<u>(19.5)</u>	<u>78.4</u>
Income tax expense (benefit)	<u>\$ 27.7</u>	<u>\$ (1.0)</u>	<u>\$ 116.7</u>

Income tax expense (benefit) attributable to loss from operations before taxes differed from the amounts computed by applying the U.S. federal income tax rate of 21 percent to pre-tax loss from operations. The following table presents these differences for the years ended December 31:

	2021	2020	2019
Statutory tax benefit	\$ (10.6)	\$ (56.6)	\$ (48.1)
State and local taxes (net of federal tax benefit)	(0.6)	(3.6)	(3.8)
Brazil non-taxable incentive	(4.3)	(5.2)	(5.8)
Valuation allowances	33.8	32.5	46.2
Barbados loan restructuring	—	—	83.1
Netherlands liquidation deferred tax	—	—	5.9
Foreign tax rate differential	2.2	(6.1)	(1.4)
Tax on unremitted foreign earnings	0.7	1.8	8.9
Change to uncertain tax positions	(9.2)	(23.9)	4.0
U.S. taxed foreign income	6.9	8.7	10.5
Non-deductible (non-taxable) items	0.7	12.2	18.0
Termination of company owned life insurance	—	35.1	—
Return to provision	(0.8)	(9.6)	(2.6)
Withholding tax and other taxes	8.7	4.6	6.8
Other	0.2	9.1	(5.0)
Income tax expense (benefit)	<u>\$ 27.7</u>	<u>\$ (1.0)</u>	<u>\$ 116.7</u>

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The effective tax rate for 2021 was (54.6) percent. Tax expense items contributing to the difference from the U.S. federal income tax rate included valuation allowances related to certain foreign and U.S. tax attributes for which realization does not meet the more likely than not criteria, U.S. tax on foreign income, withholding taxes, non-deductible expenses and other items. These items were partially offset by benefits related to settling certain open tax years in Germany and the U.S. and other changes to uncertain tax position accruals, non taxable incentives, and other items.

The effective tax rate for 2020 was 0.4 percent. Tax expense items contributing to the difference from the U.S. federal income tax rate included U.S. tax on foreign income, valuation allowances related to certain foreign and U.S. tax attributes for which realization does not meet the more likely than not criteria, non-deductible expenses, and the tax effects of terminating certain company-owned life insurance (COLI) policies. These items were partially offset by tax credits, benefits related to settling certain open tax years in Germany and the U.S., changes to uncertain tax position accruals, and benefit related to regulations issued in 2020 related to US tax reform.

The effective tax rate for 2019 was (51.0) percent and was primarily due to the U.S. taxed foreign income, including global intangible low-taxed income (GILTI), valuation allowances recorded on certain foreign and state jurisdictions, U.S. foreign tax credits that did not meet the more likely than not criteria for realization and the tax effects related to the Barbados structure collapse. The Company's collapse of its Barbados structure to meet the covenant requirements under its credit agreement resulted in a net tax expense of \$46.3 inclusive of the offsetting valuation allowance release relating to the Company's nondeductible interest expense that was carried forward from December 31, 2018.

The Company recognizes the benefit of tax positions taken or expected to be taken in its tax returns in the consolidated financial statements when it is more likely than not that the position will be sustained upon examination by authorities. Recognized tax positions are measured at the largest amount of benefit that is more likely than not of being realized upon settlement.

Details of the unrecognized tax benefits are as follows:

	2021	2020	2019
Balance at January 1	\$ 36.8	\$ 50.9	\$ 49.5
Increases (decreases) related to prior year tax positions, net	42.1	0.9	5.1
Increases related to current year tax positions	—	—	4.4
Settlements	(23.3)	(7.7)	(5.5)
Reductions due to lapse of applicable statute of limitations	(0.5)	(7.3)	(2.6)
<b>Balance at December 31</b>	<b>\$ 55.1</b>	<b>\$ 36.8</b>	<b>\$ 50.9</b>

Of the Company's \$55.1 unrecognized tax benefits, if recognized, \$15.1 would affect the Company's effective tax rate. The remaining \$40.0 relates to a prior year tax return position, which if recognized, would be offset by changes in valuation allowances and have no effect on the Company's effective tax rate.

The Company classifies interest expense and penalties related to the underpayment of income taxes in the consolidated financial statements as income tax expense. As of December 31, 2021 and 2020, accrued interest and penalties related to unrecognized tax benefits totaled \$1.7 and \$3.7, respectively.

Within the next 12 months, no material changes to our unrecognized tax benefits are expected for currently reserved positions. Tax years prior to 2017 are closed by statute for U.S. federal tax purposes. The Company is subject to tax examination in various U.S. state jurisdictions for tax years 2011 to the present. In addition, the Company is subject to a German tax audit for tax years 2018-2019, and other various foreign jurisdictions for tax years 2012 to the present.

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Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31 are as follows:

	2021	2020
<b>Deferred tax assets</b>		
Accrued expenses	\$ 50.8	\$ 40.7
Warranty accrual	12.4	6.5
Deferred compensation	3.9	6.8
Allowances for doubtful accounts	8.0	4.8
Inventories	19.6	17.6
Deferred revenue	19.8	14.0
Pensions, post-retirement and other benefits	48.8	71.2
Tax credits	67.2	66.0
Net operating loss carryforwards	150.7	175.6
Capital loss carryforwards	1.1	0.4
State deferred taxes	8.6	10.9
Lease liability	34.5	28.4
Other	18.8	5.0
	<u>444.2</u>	<u>447.9</u>
Valuation allowances	(261.8)	(229.5)
<b>Net deferred tax assets</b>	<u>\$ 182.4</u>	<u>\$ 218.4</u>
<b>Deferred tax liabilities</b>		
Property, plant and equipment, net	\$ 12.9	\$ 15.9
Goodwill and intangible assets	112.6	145.9
Undistributed earnings	32.2	32.7
Right-of-use assets	34.5	29.8
<b>Net deferred tax liabilities</b>	<u>192.2</u>	<u>224.3</u>
<b>Net deferred tax (liability) asset</b>	<u>\$ (9.8)</u>	<u>\$ (5.9)</u>

Deferred income taxes reported in the consolidated balance sheets as of December 31 are as follows:

	2021	2020
Deferred income taxes - assets	\$ 95.7	\$ 97.5
Deferred income taxes - liabilities	(105.5)	(103.4)
<b>Net deferred tax (liabilities) assets</b>	<u>\$ (9.8)</u>	<u>\$ (5.9)</u>

As of December 31, 2021, the Company had domestic and international net operating loss (NOL) carryforwards of \$984.3, resulting in an NOL deferred tax asset of \$150.7. Of these NOL carryforwards, \$591.4 expire at various times between 2022 and 2042 and \$392.9 does not expire. At December 31, 2021, the Company had a domestic foreign tax credit carryforward resulting in a deferred tax asset of \$59.8 that will expire between 2022 and 2030 and a general business credit carryforward resulting in a deferred tax asset of \$8.5 that will expire between 2036 and 2040. The Company has a full valuation allowance on the domestic foreign tax credit carryforward.

The Company recorded a valuation allowance to reflect the estimated amount of certain U.S., foreign and state deferred tax assets that, more likely than not, will not be realized. The net change in total valuation allowance for the years ended December 31, 2021 and 2020 was an increase of \$32.3 and \$11.8, respectively. The 2021 valuation allowance increase was driven primarily by an increase to nondeductible business interest expense carryforwards in excess of amounts that are expected to be utilized on a more likely than not basis, as well as foreign net operating loss activity offset by utilization of U.S. foreign tax credits. Of the total 2021 net increase of \$32.3, the Company recorded \$40.3 to tax expense (\$6.5 attributable to state taxes), (\$6.7) was recorded to shareholder's equity and (\$1.3) was reversed against expired attributes.

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For the years ended December 31, 2021 and 2020, provisions were made for foreign withholding taxes and estimated foreign income taxes which may be incurred upon the remittance of certain undistributed earnings in foreign subsidiaries and foreign unconsolidated affiliates. Provisions have not been made for income taxes on \$547.7 of undistributed earnings at December 31, 2021 in foreign subsidiaries and corporate joint ventures that were deemed permanently reinvested. Determination of the amount of unrecognized deferred income tax liabilities on these earnings is not practicable because such liability, if any, depends on certain circumstances existing if and when remittance occurs. A deferred tax liability will be recognized if and when the Company no longer plans to permanently reinvest these undistributed earnings.

The Company's undistributed earnings in foreign subsidiaries that are deemed permanently reinvested decreased compared to the prior-year amount and was primarily impacted by current year income.

**NOTE 5: INVENTORIES**

The following table summarizes the major classes of inventories as of December 31:

	2021	2020
Finished goods	\$ 180.3	\$ 204.7
Service parts	169.8	169.0
Raw materials and work in process	194.1	124.5
Total inventories	<u>\$ 544.2</u>	<u>\$ 498.2</u>

**NOTE 6: PROPERTY, PLANT AND EQUIPMENT**

The following is a summary of property, plant and equipment, at cost less accumulated depreciation and amortization as of December 31:

	Estimated Useful Life (years)	2021	2020
Land and land improvements	<sup>(1)</sup>	\$ 10.6	\$ 13.1
Buildings and building improvements	15-30	69.1	90.9
Machinery, tools and equipment	5-12	85.2	95.4
Leasehold improvements <sup>(2)</sup>	10	24.2	22.3
Computer equipment	3	105.6	138.0
Computer software	5-10	129.0	140.5
Furniture and fixtures	5-8	59.7	61.2
Tooling	3-5	141.2	144.7
Construction in progress		7.8	7.5
Total property plant and equipment, at cost		<u>\$ 632.4</u>	<u>\$ 713.6</u>
Less accumulated depreciation and amortization		494.3	536.1
Total property plant and equipment, net		<u>\$ 138.1</u>	<u>\$ 177.5</u>

<sup>(1)</sup> Estimated useful life for land and land improvements is perpetual and 15 years, respectively.

<sup>(2)</sup> The estimated useful life for leasehold improvements is the lesser of 10 years or the term of the lease.

During 2021, 2020 and 2019, depreciation expense, computed on a straight-line basis over the estimated useful lives of the related assets, was \$46.4, \$73.7 and \$82.2, respectively.

In the second quarter of 2021, the Company sold assets located at the Hamilton, Ohio facility for proceeds of approximately \$1.7, which resulted in a gain on sale of \$0.4.

In the fourth quarter of 2020, the Company sold its former headquarters building in North Canton, Ohio for proceeds of \$7.2, which resulted in a gain on sale of \$0.6.

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NOTE 7: 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 year ended December 31, 2021.

The Company has deferred compensation plans in the U.S. and Germany that enable certain employees to defer a portion of their cash wages, cash bonus, 401(k) or other compensation and non-employee directors to defer receipt of director fees at the participants' discretion. For deferred cash-based compensation and 401(k), the Company established rabbi trusts in the U.S., which are recorded at fair value of the underlying securities within securities and other investments. The related deferred compensation liabilities are 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 with corresponding changes in the Company's deferred compensation obligation recorded as compensation cost within selling and administrative expense.

The Company's investments consist of the following:

	<u>Cost Basis</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
As of December 31, 2021			
Short-term investments			
Certificates of deposit	<u>\$ 34.3</u>	<u>\$ —</u>	<u>\$ 34.3</u>
Long-term investments			
Assets held in a rabbi trust	<u>\$ 5.4</u>	<u>\$ 1.6</u>	<u>\$ 7.0</u>
As of December 31, 2020			
Short-term investments			
Certificates of deposit	<u>\$ 37.2</u>	<u>\$ —</u>	<u>\$ 37.2</u>
Long-term investments:			
Assets held in a rabbi trust	<u>\$ 5.2</u>	<u>\$ 1.4</u>	<u>\$ 6.6</u>

Securities and other investments also included a cash surrender value of insurance contracts of \$4.0 and \$3.7 as of December 31, 2021 and 2020, respectively.

During the second quarter of 2020, the Company surrendered several of its COLI plans. As a result, the Company received proceeds of \$15.6 during the year ended December 31, 2020 from the closure of the respective plans. The Company recorded a gain of \$7.2, and recorded this to Miscellaneous, net on the consolidated statement of operations.



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**NOTE 8: GOODWILL AND INTANGIBLE ASSETS**

The Company's three reportable operating segments are Eurasia Banking, Americas Banking and Retail. The changes in carrying amounts of goodwill are summarized as follows:

	Eurasia Banking	Americas Banking	Retail	Total
Goodwill	\$ 579.2	\$ 431.3	\$ 224.4	\$ 1,234.9
Accumulated impairment losses	(291.7)	(122.0)	(57.2)	(470.9)
<b>Balance at January 1, 2020</b>	<b>\$ 287.5</b>	<b>\$ 309.3</b>	<b>\$ 167.2</b>	<b>\$ 764.0</b>
Divestitures	(7.8)	(2.4)	(1.2)	(11.4)
Currency translation adjustment	19.0	15.8	13.0	47.8
Goodwill	\$ 590.4	\$ 444.7	\$ 236.2	\$ 1,271.3
Accumulated impairment losses	(291.7)	(122.0)	(57.2)	(470.9)
<b>Balance at December 31, 2020</b>	<b>\$ 298.7</b>	<b>\$ 322.7</b>	<b>\$ 179.0</b>	<b>\$ 800.4</b>
Divestitures	—	—	(0.3)	(0.3)
Transferred to assets held for sale	—	—	(3.0)	(3.0)
Currency translation adjustment	(29.0)	(4.6)	(19.9)	(53.5)
Goodwill	\$ 561.4	\$ 440.1	\$ 213.0	\$ 1,214.5
Accumulated impairment losses	(291.7)	(122.0)	(57.2)	(470.9)
<b>Balance at December 31, 2021</b>	<b>\$ 269.7</b>	<b>\$ 318.1</b>	<b>\$ 155.8</b>	<b>\$ 743.6</b>

**Goodwill.** In the fourth quarter of 2021 and in connection with the annual goodwill impairment test, the Company elected to perform the optional qualitative assessment prescribed by Accounting Standards Codification (ASC) 350. Through the qualitative assessment, the Company evaluated whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on the results of the qualitative assessments completed for each of the three reporting units, no indicators were identified that required a quantitative assessment.

The Company identified four reporting units, which are Eurasia Banking, Americas Banking, EMEA Retail and Rest of World Retail. Rest of World Retail had no goodwill remaining and the other three reporting units were determined to not be impaired based on the result of the qualitative assessment. 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.

**Intangible Assets.** Intangible assets consists of net capitalized software development costs, patents, trademarks and other intangible assets. Where applicable, intangible assets are stated at cost and, if applicable, are amortized ratably over the relevant contract period or the estimated life of the assets. Fees to renew or extend the term of the Company's intangible assets are expensed when incurred.

The following summarizes information on intangible assets by major category:

		December 31, 2021			December 31, 2020		
		Weighted- average remaining useful lives	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization
Customer relationships, net	4.2 years	\$ 703.3	\$ (401.6)	\$ 301.7	\$ 762.0	\$ (354.1)	\$ 407.9
Capitalized software development	1.8 years	228.1	(184.9)	43.2	198.0	(160.0)	38.0
Development costs non-software	1.3 years	51.8	(51.6)	0.2	56.1	(55.8)	0.3
Other	5.8 years	50.8	(48.4)	2.4	69.8	(67.4)	2.4
Other intangible assets, net		330.7	(284.9)	45.8	323.9	(283.2)	40.7
<b>Total</b>		<b>\$ 1,034.0</b>	<b>\$ (686.5)</b>	<b>\$ 347.5</b>	<b>\$ 1,085.9</b>	<b>\$ (637.3)</b>	<b>\$ 448.6</b>

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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 intangible assets and are typically amortized on a straight-line basis over the estimated useful lives, which typically do not exceed three years. Amortization begins when the product is available for general release. Costs capitalized include third-party labor, direct labor and related overhead costs. Costs incurred prior to technological feasibility or after general release are expensed as incurred. The Company performs at least annual 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 written off.

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

	2021	2020	2019
Beginning balance as of January 1	\$ 38.0	\$ 46.0	\$ 70.7
Capitalization	31.1	17.2	23.1
Amortization	(23.3)	(27.2)	(30.6)
Impairment	—	—	(15.0)
Currency translation	(2.6)	2.0	(2.2)
Ending balance as of December 31	<u>\$ 43.2</u>	<u>\$ 38.0</u>	<u>\$ 46.0</u>

The Company's total amortization expense, excluding deferred financing costs, was \$102.7, \$106.7 and \$122.1 for the years ended December 31, 2021, 2020 and 2019, respectively. The expected annual amortization expense is as follows:

	Estimated amortization
2022	\$ 96.8
2023	93.0
2024	77.8
2025	59.1
2026	21.0
	<u>\$ 347.7</u>

#### NOTE 9: 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:

	2021	2020
Balance at January 1	\$ 38.6	\$ 36.9
Current period accruals	24.4	29.0
Current period settlements	(24.4)	(27.6)
Currency translation	(2.3)	0.3
Balance at December 31	<u>\$ 36.3</u>	<u>\$ 38.6</u>

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**NOTE 10: RESTRUCTURING**

The following table summarizes the impact of the Company's restructuring charges on the consolidated statements of operations for the years ended December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cost of sales - services	\$ 13.0	\$ 14.1	\$ 8.0
Cost of sales - products	2.4	8.2	1.7
Selling and administrative expense	13.1	52.9	37.4
Research, development and engineering expense	(0.3)	6.4	3.0
Loss on real estate	—	—	0.1
Total	<u>\$ 28.2</u>	<u>\$ 81.6</u>	<u>\$ 50.2</u>

The following table summarizes the Company's restructuring charges by reporting segment for the years ended December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Severance			
Eurasia Banking	\$ 10.5	\$ 32.1	\$ 13.5
Americas Banking	3.2	2.5	1.8
Retail	1.2	16.5	9.7
Corporate	0.5	24.7	25.1
Total severance	<u>15.4</u>	<u>75.8</u>	<u>50.1</u>
Other			
Eurasia Banking	0.6	2.0	—
Americas Banking	—	—	0.1
Retail	1.6	2.2	—
Corporate	10.6	1.6	—
Total other	<u>12.8</u>	<u>5.8</u>	<u>0.1</u>
Total	<u>\$ 28.2</u>	<u>\$ 81.6</u>	<u>\$ 50.2</u>

**DN Now**

Commensurate with its strategy, in 2021, the Company completed the execution of its multi-year transformation program called DN Now. The Company's DN Now initiatives consisted of a number of work streams designed to improve operational efficiency and sustainably increase profits and cash flows. The Company has achieved a substantial amount of annual cost savings associated with the DN Now initiatives. The Company incurred restructuring charges consisting primarily of severances and realignment of the Company's real estate footprint of \$28.2, \$81.6 and \$50.2 for the years ended December 31, 2021, 2020 and 2019, respectively.

The following table summarizes the Company's cumulative total restructuring costs as of December 31, 2021 for DN Now. This table, as well as those above, exclude third-party costs incurred related to the implementation of the Company's transformation initiatives.

	<u>DN Now</u>	
	<u>Severance</u>	<u>Other</u>
Eurasia Banking	\$ 89.4	\$ 2.6
Americas Banking	16.1	0.1
Retail	39.9	3.8
Corporate	54.8	12.2
Total	<u>\$ 200.2</u>	<u>\$ 18.7</u>

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

Balance at January 1, 2019	\$	56.9
Liabilities incurred		50.2
Liabilities paid/settled		(64.5)
Balance at December 31, 2019	\$	42.6
Liabilities incurred		81.6
Liabilities paid/settled		(61.3)
Balance at December 31, 2020	\$	62.9
Liabilities incurred		15.4
Liabilities paid/settled		(43.0)
Balance at December 31, 2021	\$	<u>35.3</u>

**NOTE 11: DEBT**

Outstanding debt balances were as follows:

	December 31,	
	2021	2020
Notes payable – current		
Uncommitted lines of credit	\$ 1.6	\$ 0.2
2022 Revolving Facility	35.9	—
Term Loan A-1 Facility	—	—
Term Loan B Facility - USD	4.8	4.8
Term Loan B Facility - Euro	4.7	5.1
Other	0.3	0.6
	<u>47.3</u>	<u>10.7</u>
Short-term deferred financing fees	(0.2)	—
	<u>\$ 47.1</u>	<u>\$ 10.7</u>
Long-term debt		
2023 Revolving Facility	\$ 25.0	\$ 60.1
Term Loan B Facility - USD	381.0	385.7
Term Loan B Facility - Euro	375.6	412.1
2024 Senior Notes	400.0	400.0
2025 Senior Secured Notes - USD	700.0	700.0
2025 Senior Secured Notes - EUR	396.4	429.5
Other	4.2	3.1
	<u>2,282.2</u>	<u>2,390.5</u>
Long-term deferred financing fees	(36.6)	(54.8)
	<u>\$ 2,245.6</u>	<u>\$ 2,335.7</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.

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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 and 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.

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.

In addition to the 2025 Senior Secured Notes, the Company also has an outstanding \$400.0 aggregate principal amount of 8.5 percent Senior Notes due 2024 (the 2024 Senior Notes). The 2024 Senior Notes were issued by Diebold Nixdorf, Incorporated and are guaranteed on a senior unsecured basis by the U.S. subsidiary guarantors and Diebold Nixdorf Dutch Holding B.V., and mature in April 2024.

*Credit Agreement - Term Loan and Revolving Facilities*

On November 6, 2020, the Company entered into the tenth and most recent amendment to the Credit Agreement, pertaining to the Term Loan B and revolving credit facilities, to amend the definition of "Interest Coverage Ratio" for certain time periods and Covenant Reset Triggers (as defined in the Credit Agreement). The Interest Coverage Ratio calculation now excludes specific make-whole premiums, write-offs and expenses paid by the Company in relation to the Term A Loans and Term A-1 Loans.

On July 20, 2020, the Company entered into the ninth amendment to the Credit Agreement (the Ninth Amendment). The Ninth Amendment amended the Credit Agreement to, among other things, extend the maturity of \$330.0 of revolving credit commitments from April 30, 2022 to July 20, 2023 and amend the financial covenants in the Credit Agreement in connection with the extension of such maturities and, effective as of the date of the Ninth Amendment, the Company terminated its other revolving credit commitments under the Revolving Facility.

As of December 31, 2021, the debt facilities under the Credit Agreement were secured by substantially all assets of Diebold Nixdorf, Incorporated and its domestic subsidiaries that are borrowers and guarantors under the Credit Agreement, subject to certain exceptions and permitted liens.

On March 11, 2022, the Company entered into the eleventh and most recent amendment to its Credit Agreement, to amend the financial covenants with respect to its "Total Net Leverage Ratio" (as defined in the Credit Agreement).

*Uncommitted Line of Credit*

As of December 31, 2021, the Company had various international, short-term uncommitted lines of credit with borrowing limits aggregating to \$29.1. The weighted-average interest rate on outstanding borrowings on the short-term uncommitted lines of credit as of December 31, 2021 and 2020 was 3.24 percent and 7.61 percent, respectively. Short-term uncommitted lines mature in less than one year. The remaining amount available under the short-term uncommitted lines at December 31, 2021 was \$27.5.

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

	December 31,	
	2021	2020
Revolving credit facility borrowings	\$ 590.9	\$ 765.2
Revolving credit facility repayments	\$ (590.1)	\$ (705.1)
Proceeds from 2025 Senior Secured Notes - USD	\$ —	\$ 693.2
Proceeds from 2025 Senior Secured Notes - EUR	—	394.6
International short-term uncommitted lines of credit borrowings	11.2	20.0
Other debt borrowings	\$ 11.2	\$ 1,107.8
Payments on Term Loan A Facility under the Credit Agreement	\$ —	\$ (370.3)
Payments on Term Loan A-1 Facility under the Credit Agreement	—	(618.9)
Payments on Term Loan B Facility - USD under the Credit Agreement	(4.8)	(18.2)
Payments on Term Loan B Facility - Euro under the Credit Agreement	(4.8)	(17.7)
International short-term uncommitted lines of credit and other repayments	(9.8)	(24.8)
Other debt repayments	\$ (19.4)	\$ (1,049.9)

The interest rates with respect to the Revolving Facility are based on, at the Company's option, adjusted LIBOR or an alternative base rate, in each case 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)
Credit Agreement facilities			
2022 Revolving Credit Facility <sup>(i)</sup>	LIBOR + 4.25%	April 2022	3.2
2023 Revolving Credit Facility <sup>(ii)</sup>	LIBOR + 4.25%	July 2023	3
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 percent

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

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

The Company's debt agreements contain various financial covenants, including net debt to 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 5.75 to 1.00 for the quarter ended December 31, 2021 (increasing based on the eleventh amendment to the Credit Agreement to 6.75 for the quarters ended March 31, 2022 and June 30, 2022, and thereafter 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 December 31, 2021, the Company was in compliance with the financial covenants in its debt agreements.

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Maturities of long-term debt as of December 31, 2021 are as follows:

	Maturities of Debt
2022	\$ 47.3
2023	782.7
2024	401.1
2025	1,097.4
2026	1.0
	\$ 2,329.5

Interest expense on the Company's debt instruments for the years ended December 31, 2021, 2020 and 2019 was \$180.0, \$269.7 and \$173.2, respectively.

The Company incurred \$0.0 and \$26.4 of debt issuance costs in the years ended December 31, 2021 and 2020, respectively, related to the Credit Agreement, which are amortized as a component of interest expense over the terms.

NOTE 12: REDEEMABLE NONCONTROLLING INTERESTS

Changes in redeemable noncontrolling interests were as follows:

	2021	2020	2019
Balance at January 1	\$ 19.2	\$ 20.9	\$ 130.4
Other comprehensive income	—	—	(1.7)
Redemption value adjustment	—	(1.7)	(18.6)
Redemption of shares	—	—	(89.2)
Termination of put option	(19.2)	—	—
Balance at December 31	\$ —	\$ 19.2	\$ 20.9

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 entry into 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 13: ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in the Company's AOCI, net of tax, by component for the years ended December 31:

	Translation	Foreign Currency Hedges	Interest Rate Hedges	Pension and Other Post- Retirement Benefits	Other	Accumulated Other Comprehensive Loss
Balance at December 31, 2019	\$ (231.5)	\$ (2.6)	\$ 5.2	\$ (146.6)	\$ 0.2	\$ (375.3)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(25.2)	—	(16.3)	(7.7)	(0.8)	(50.0)
Amounts reclassified from AOCI	—	—	5.0	7.4	—	12.4
Net current period other comprehensive income (loss)	(25.2)	—	(11.3)	(0.3)	(0.8)	(37.6)
Balance at December 31, 2020	\$ (256.7)	\$ (2.6)	\$ (6.1)	\$ (146.9)	\$ (0.6)	\$ (412.9)
Other comprehensive income (loss) before reclassifications <sup>(1)</sup>	(54.2)	0.7	8.6	7.0	(0.9)	(38.8)
Amounts reclassified from AOCI	—	—	(2.1)	75.3	—	73.2
Net current period other comprehensive income (loss)	(54.2)	0.7	6.5	82.3	(0.9)	34.4
Balance at December 31, 2021	\$ (310.9)	\$ (1.9)	\$ 0.4	\$ (64.6)	\$ (1.5)	\$ (378.5)

<sup>(1)</sup> Other comprehensive income (loss) before reclassifications within the translation component excludes (gains)/losses of \$(0.6) and \$1.6 of translation attributable to noncontrolling interests for December 31, 2021 and 2020, respectively.

The following table summarizes the details about amounts reclassified from AOCI for the years ended December 31:

	2021	2020	Affected Line Item in the Statement of Operations
	Amount Reclassified from AOCI	Amount Reclassified from AOCI	
Interest rate hedges (net of tax of \$0.8 and \$(1.8), respectively)	\$ (2.1)	\$ 5.0	Interest expense
Pension and post-retirement benefits:			
Net prior service benefit amortization (net of tax of \$0.0 and \$0.2, respectively)	—	0.5	(1)
Net actuarial gains recognized during the year (net of tax of \$23.2 and \$1.5, respectively)	76.0	6.1	(1)
Net actuarial gains (losses) recognized due to settlement (net of tax of \$(0.4) and \$0.3, respectively)	(0.7)	0.8	(1)
	<u>75.3</u>	<u>7.4</u>	
Total reclassifications for the period	<u>\$ 73.2</u>	<u>\$ 12.4</u>	

<sup>(1)</sup> Pension and other post-retirement benefits AOCI components are included in the computation of net periodic benefit cost (refer to Note 15: Benefit Plans).

NOTE 14: ACQUISITIONS AND DIVESTITURES

*Divestitures*

In the second quarter of 2021, the Company divested its Asia Pacific Electronic Security business, a non-core, wholly owned portion of the banking business. The sale resulted in a gain of approximately \$1.0 and cash proceeds of \$5.8.

In the fourth quarter of 2021, the Company divested Prosystems IT GmbH, a non-core, wholly owned European ERP business which resulted in a loss on sale of \$3.9 million and a net cash consideration distribution of \$4.7.

In the fourth quarter of 2021, the Company signed a divestiture agreement for its German reverse vending business. As of December 31, 2021, the transaction had not closed as it was pending the regulatory process; however, the agreement was finalized and all conditions for held-for-sale accounting were met. Accordingly, the Company has categorized the related assets and liabilities as held-for-sale as of December 31, 2021. An impairment loss was recorded in 2021 for \$1.3 based on expected proceeds of approximately \$10.0. The sale was completed as anticipated in the first quarter of 2022.



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In 2020, the Company divested several non-core, non-accretive businesses, which resulted in a loss on sale of \$11.5 for the year ended December 31, 2020.

In the first quarter of 2020, the Company divested Portavis GmbH, a non-core, non-wholly owned Eurasia Banking consulting business, which resulted in a gain of \$1.8 and cash consideration received of \$10.1, excluding cash divested. In the second quarter of 2020, the Company unconsolidated a portion of its non-wholly owned operations in China, which resulted in a loss of \$8.6 and cash consideration received of \$26.8 along with increased ownership in Inspur, from 40.0 percent to 48.1 percent. Additionally, the Company sold Cryptera A/S, a Danish subsidiary, which resulted in a loss of \$5.9. In the fourth quarter of 2020, the Company sold an Italian non-core ERP Retail software asset, which resulted in a gain of \$1.9 and cash consideration received of \$3.2. Also in the fourth quarter of 2020, the Company sold a domestic Brazilian Banking software asset, which was impaired by \$4.1 in the third quarter of 2020, and resulted in a fourth quarter loss on sale of \$1.0 and cash consideration received of \$7.9.

#### NOTE 15: 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.

*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.

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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 years ended December 31:

	Retirement Benefits				Other Benefits	
	U.S. Plans		Non-U.S. Plans		2021	2020
	2021	2020	2021	2020		
Change in benefit obligation						
Benefit obligation at beginning of year	\$ 620.1	\$ 580.0	\$ 468.7	\$ 456.1	\$ 13.7	\$ 17.1
Service cost	—	3.8	9.8	9.8	0.1	0.1
Interest cost	15.9	18.9	2.9	4.0	0.7	0.8
Actuarial loss (gain)	(24.0)	47.7	(5.4)	14.6	(8.0)	(1.3)
Plan participant contributions	—	—	1.4	1.4	—	—
Benefits paid	(27.6)	(30.3)	(6.5)	(21.7)	(0.5)	(0.7)
Plan amendments	—	—	(2.9)	2.1	—	—
Curtailment	—	—	—	(1.1)	—	—
Settlements	—	—	(18.4)	(0.7)	—	—
Foreign currency impact	—	—	(29.1)	37.6	(0.3)	(2.3)
Acquired benefit plans and other	—	—	—	(33.4)	—	—
Benefit obligation at end of year	<u>584.4</u>	<u>620.1</u>	<u>420.5</u>	<u>468.7</u>	<u>5.7</u>	<u>13.7</u>
Change in plan assets						
Fair value of plan assets at beginning of year	486.4	427.8	394.1	359.6	—	—
Actual return on plan assets	48.9	70.2	41.6	15.0	—	—
Employer contributions	3.5	18.7	9.6	8.4	0.5	0.7
Plan participant contributions	—	—	1.4	1.4	—	—
Benefits paid	(27.5)	(30.3)	(6.5)	(21.7)	(0.5)	(0.7)
Foreign currency impact	—	—	(27.5)	32.1	—	—
Settlements	—	—	(18.3)	(0.7)	—	—
Fair value of plan assets at end of year	<u>511.3</u>	<u>486.4</u>	<u>394.4</u>	<u>394.1</u>	<u>—</u>	<u>—</u>
Funded status	<u>\$ (73.1)</u>	<u>\$ (133.7)</u>	<u>\$ (26.1)</u>	<u>\$ (74.6)</u>	<u>\$ (5.7)</u>	<u>\$ (13.7)</u>
Amounts recognized in balance sheets						
Noncurrent assets	\$ —	\$ 2.7	\$ —	\$ —	\$ —	\$ —
Current liabilities	3.5	3.5	3.3	11.5	0.6	0.9
Noncurrent liabilities <sup>(1)</sup>	69.6	132.9	22.7	63.1	5.1	12.9
Accumulated other comprehensive loss:						
Unrecognized net actuarial (loss) gain <sup>(2)</sup>	(94.9)	(154.4)	13.8	(4.9)	4.8	(3.8)
Unrecognized prior service (cost) benefit <sup>(2)</sup>	—	—	3.9	1.1	—	—
Net amount recognized	<u>\$ (21.8)</u>	<u>\$ (20.7)</u>	<u>\$ 43.7</u>	<u>\$ 70.8</u>	<u>\$ 10.5</u>	<u>\$ 10.0</u>

<sup>(1)</sup> Included in the consolidated balance sheets in pensions, post-retirement and other benefits.

<sup>(2)</sup> Represents amounts in accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost.

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	Retirement Benefits				Other Benefits	
	U.S. Plans		Non-U.S. Plans		2021	2020
	2021	2020	2021	2020		
Change in accumulated other comprehensive loss						
Balance at beginning of year	\$ (154.5)	\$ (159.4)	\$ (3.8)	\$ 6.5	\$ (3.8)	\$ (7.5)
Prior service credit/loss recognized during the year	—	—	—	0.7	—	—
Net actuarial gains (losses) recognized during the year	50.6	7.8	23.6	(0.6)	8.0	0.4
Net actuarial (losses) gains occurring during the year	9.0	(2.9)	0.3	(12.0)	0.2	1.3
Net actuarial losses recognized due to settlement	—	—	(1.1)	1.1	—	—
Acquired benefit plans and other	—	—	(0.1)	0.2	0.2	—
Foreign currency impact	—	—	(1.2)	0.3	0.2	2.0
Balance at end of year	<u>\$ (94.9)</u>	<u>\$ (154.5)</u>	<u>\$ 17.7</u>	<u>\$ (3.8)</u>	<u>\$ 4.8</u>	<u>\$ (3.8)</u>

	Retirement Benefits						Other Benefits		
	U.S. Plans			Non-U.S. Plans			2021	2020	2019
	2021	2020	2019	2021	2020	2019			
Components of net periodic benefit cost									
Service cost	\$ —	\$ 3.8	\$ 3.7	\$ 9.8	\$ 9.8	\$ 9.8	\$ 0.1	\$ 0.1	\$ 0.1
Interest cost	15.9	18.9	22.1	2.9	4.0	6.5	0.7	0.8	1.0
Recognition/establishment of Germany benefit obligation	—	—	—	—	—	7.1	—	—	—
Expected return on plan assets	(22.3)	(25.4)	(24.7)	(14.5)	(13.4)	(12.3)	—	—	—
Other Adjustments	—	—	—	—	0.2	—	—	—	—
Amortization of prior service cost	—	—	—	(0.1)	2.8	(0.1)	—	—	—
Recognized net actuarial loss	8.9	7.8	5.1	0.3	(0.6)	(1.5)	0.2	0.4	0.4
Settlement gain	—	—	—	(1.1)	1.1	(0.9)	—	—	—
Net periodic benefit cost	<u>\$ 2.5</u>	<u>\$ 5.1</u>	<u>\$ 6.2</u>	<u>\$ (2.7)</u>	<u>\$ 3.9</u>	<u>\$ 8.6</u>	<u>\$ 1.0</u>	<u>\$ 1.3</u>	<u>\$ 1.5</u>

The following table represents information for pension plans with an accumulated benefit obligation in excess of plan assets at December 31:

	U.S. Plans		Non-U.S. Plans	
	2021	2020	2021	2020
Projected benefit obligation	\$ 584.4	\$ 610.4	\$ 293.9	\$ 319.2
Accumulated benefit obligation	\$ 584.4	\$ 610.4	\$ 282.3	\$ 297.5
Fair value of plan assets	\$ 511.3	\$ 474.0	\$ 88.7	\$ 90.5

The following table represents the weighted-average assumptions used to determine benefit obligations at December 31:

	Pension Benefits				Other Benefits	
	U.S. Plans		Non-U.S. Plans		2021	2020
	2021	2020	2021	2020		
Discount rate	2.99%	2.62%	2.39%	0.66%	4.22%	5.17%
Rate of compensation increase	N/A	N/A	3.89%	2.48%	N/A	N/A

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The following table represents the weighted-average assumptions used to determine periodic benefit cost at December 31:

	Pension Benefits				Other Benefits	
	U.S. Plans		Non-U.S. Plans		2021	2020
	2021	2020	2021	2020		
Discount rate	2.62%	3.35%	1.90%	0.94%	5.19%	5.70%
Expected long-term return on plan assets	6.05%	6.50%	3.32%	3.68%	N/A	N/A
Rate of compensation increase	N/A	N/A	3.63%	2.85%	N/A	N/A

The discount rate is determined by analyzing the average return of high-quality (i.e., AA-rated) fixed-income investments and the year-over-year comparison of certain widely used benchmark indices as of the measurement date. The expected long-term rate of return on plan assets is primarily determined using the plan's current asset allocation and its expected rates of return. The Company also considers information provided by its investment consultant, a survey of other companies using a December 31 measurement date and the Company's historical asset performance in determining the expected long-term rate of return. The rate of compensation increase assumptions reflects the Company's long-term actual experience and future and near-term outlook.

During 2021, the Society of Actuaries released new mortality tables (Pri-2012) and projection scales resulting from recent studies measuring mortality rates for various groups of individuals. As of December 31, 2021, the Company used the Pri-2012 mortality tables and the MP-2021 mortality projection scales. The Pri-2012 mortality tables were also used in 2020, but in conjunction with the MP-2020 mortality projection scaled.

The following table represents assumed healthcare cost trend rates at December 31:

	2021	2020
Healthcare cost trend rate assumed for next year	5.6%	6.3%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.0%	5.0%
Year that rate reaches ultimate trend rate	2045	2025

The healthcare trend rates for the postemployment benefits plans in the U.S. are reviewed based upon the results of actual claims experience. The Company used initial healthcare cost trends of 5.6 percent and 6.3 percent in 2021 and 2020, respectively, with an ultimate trend rate of 4.0 percent reached in 2045. Assumed healthcare cost trend rates have a modest effect on the amounts reported for the healthcare plans.

A one-percentage-point change in assumed healthcare cost trend rates results in a minimal impact to total service and interest cost and post-retirement benefit obligation.

The Company has a pension investment policy in the U.S. designed to achieve an adequate funded status based on expected benefit payouts and to establish an asset allocation that will meet or exceed the return assumption while maintaining a prudent level of risk. The plans' target asset allocation adjusts based on the plan's funded status. As the funded status improves or declines, the debt security target allocation will increase and decrease, respectively. The Company utilizes the services of an outside consultant in performing asset / liability modeling, setting appropriate asset allocation targets along with selecting and monitoring professional investment managers.

The U.S. plan assets are invested in equity and fixed income securities, alternative assets and cash. Within the equities asset class, the investment policy provides for investments in a broad range of publicly-traded securities including both domestic and international stocks diversified by value, growth and cap size. Within the fixed income asset class, the investment policy provides for investments in a broad range of publicly-traded debt securities with a substantial portion allocated to a long duration strategy in order to partially offset interest rate risk relative to the plans' liabilities. The alternative asset class includes investments in diversified strategies with a stable and proven track record and low correlation to the U.S. stock market. Several plans outside of the U.S. are also invested in various assets, under various investment policies in compliance with local funding regulations.

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The following table summarizes the Company's target allocation for these asset classes in 2022, which are readjusted at least quarterly within a defined range for the U.S., and the Company's actual pension plan asset allocation as of December 31, 2021 and 2020:

	U.S. Plans			Non-U.S. Plans		
	Target	Actual		Target	Actual	
	2022	2021	2020	2022	2021	2020
Equity securities	45%	46%	50%	55%	55%	50%
Debt securities	52%	50%	37%	25%	25%	22%
Real estate	2%	3%	4%	12%	12%	10%
Other	1%	1%	9%	8%	8%	18%
Total	100%	100%	100%	100%	100%	100%

The following table summarizes the fair value categorized into a three level hierarchy, as discussed in Note 1: Summary of Significant Accounting Policies, based upon the assumptions (inputs) of the Company's plan assets as of December 31, 2021:

	U.S. Plans				Non-U.S. Plans			
	Fair Value	Level 1	Level 2	NAV	Fair Value	Level 1	Level 2	NAV
Cash and short-term investments	\$ 2.5	\$ 2.5	\$ —	\$ —	\$ 19.7	\$ 19.7	\$ —	\$ —
Other	0.5	0.5	—	—	—	—	—	—
Mutual funds	1.1	1.1	—	—	0.7	—	—	0.7
Equity securities								
International developed markets	—	—	—	—	216.8	214.6	—	2.2
Fixed income securities								
International corporate bonds	—	—	—	—	58.8	58.8	—	—
Fixed and index funds	—	—	—	—	38.6	18.9	—	19.7
Common collective trusts								
Real estate (a)	17.2	—	—	17.2	45.8	—	15.9	29.9
Other (b)	485.9	—	—	485.9	—	—	—	—
Alternative investments								
Private equity funds (c)	4.1	—	—	4.1	—	—	—	—
Other alternative investments (d)	—	—	—	—	14.0	0.4	—	13.6
Fair value of plan assets at end of year	\$ 511.3	\$ 4.1	\$ —	\$ 507.2	\$ 394.4	\$ 312.4	\$ 15.9	\$ 66.1

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The following table summarizes the fair value of the Company's plan assets as of December 31, 2020:

	U.S. Plans				Non-U.S. Plans			
	Fair Value	Level 1	Level 2	NAV	Fair Value	Level 1	Level 2	NAV
Cash and short-term investments	\$ 16.4	\$ 16.4	\$ —	\$ —	\$ 20.9	\$ 20.1	\$ 0.8	\$ —
Equity securities								
U.S. small cap core	23.6	23.6	—	—	9.3	9.3	—	—
International developed markets	52.7	52.7	—	—	188.6	188.6	—	—
Fixed income securities								
U.S. corporate bonds	61.8	—	61.8	—	7.8	—	7.8	—
International corporate bonds	—	—	—	—	67.5	—	67.5	—
U.S. government	5.5	—	5.5	—	10.9	—	10.9	—
Fixed and index funds	1.9	—	1.9	—	—	—	—	—
Common collective trusts								
Real estate (a)	18.0	—	—	18.0	6.3	—	6.3	—
Other (b)	280.8	—	280.8	—	—	—	—	—
Alternative investments								
Multi-strategy hedge funds	21.4	—	—	21.4	—	—	—	—
Private equity funds (c)	4.3	—	—	4.3	—	—	—	—
Other alternative investments (d)	—	—	—	—	82.8	—	—	82.8
Fair value of plan assets at end of year	<u>\$ 486.4</u>	<u>\$ 92.7</u>	<u>\$ 350.0</u>	<u>\$ 43.7</u>	<u>\$ 394.1</u>	<u>\$ 218.0</u>	<u>\$ 93.3</u>	<u>\$ 82.8</u>

In 2021 and 2020, the fair value of investments categorized as level 3 represent the plan's interest in private equity, hedge and property funds. The fair value for these assets is determined based on the NAV as reported by the underlying investment managers.

- (a) *Real estate common collective trust.* The objective of the real estate common collective trust (CCT) is to achieve long-term returns through investments in a broadly diversified portfolio of improved properties with stabilized occupancies. As of December 31, 2021, investments in this CCT, for U.S. plans, included approximately 31 percent office, 24 percent residential, 12 percent retail and 33 percent industrial, cash and other. As of December 31, 2020, investments in this CCT, for U.S. plans, included approximately 36 percent office, 22 percent residential, 21 percent retail and 21 percent industrial, cash and other. Investments in the real estate CCT can be redeemed once per quarter subject to available cash, with a 30-day notice.
- (b) *Other common collective trusts.* At December 31, 2021, approximately 52 percent of the other CCTs are invested in fixed income securities including 42 percent in corporate bonds and 58 percent in U.S. Treasury and other. Approximately 20 percent of the other CCTs at December 31, 2021 are invested in Russell 1000 Fund large cap index funds, 15 percent in International Funds, and approximately 13 percent in funds, including emerging markets, real assets, and other funds. At December 31, 2020, approximately 41 percent of the other CCTs are invested in fixed-income securities, including approximately 25 percent in mortgage-backed securities, 55 percent in corporate bonds and 20 percent in U.S. Treasury and other. Approximately 33 percent of the other CCTs at December 31, 2020 are invested in Russell 1000 Fund large cap index funds, 16 percent in S&P Mid Cap 400 index funds and 10 percent in emerging markets equity fund. Investments in all common collective trust securities can be redeemed daily.

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(c) *Private equity funds.* The objective of the private equity funds is to achieve long-term returns through investments in a diversified portfolio of private equity limited partnerships that offer a variety of investment strategies, targeting low volatility and low correlation to traditional asset classes. As of December 31, 2021 and 2020, investments in these private equity funds include approximately 33 percent and 46 percent, respectively, in buyout private equity funds that usually invest in mature companies with established business plans, approximately 29 percent and 26 percent, respectively, in special situations private equity and debt funds that focus on niche investment strategies and approximately 19 percent and 28 percent respectively, in venture private equity funds that invest in early development or expansion of business. Investments in the private equity fund can be redeemed only with written consent from the general partner, which may or may not be granted. At December 31, 2021 and 2020 the Company had unfunded commitments of underlying funds \$2.4.

(d) *Other alternative investments.* Following the Acquisition, the Company's plan assets were expanded with a combination of insurance contracts, multi-strategy investment funds and company-owned real estate. The fair value for these assets is determined based on the NAV as reported by the underlying investment manager, insurance companies and the trustees of the CTA.

The following table represents the amortization amounts expected to be recognized during 2022:

	U.S. Pension Benefits	Non-U.S. Pension Benefits	Other Benefits
Amount of net prior service credit	\$ —	\$ (0.4)	\$ —
Amount of net loss (gain)	\$ 6.2	\$ (1.8)	\$ (0.4)

The Company contributed \$13.6 to its retirement and other benefit plans, including contributions to the nonqualified plan and benefits paid from company assets. In 2021, the Company received a reimbursement of \$16.4 from the CTA assets to the Company for benefits paid directly from company assets during the year ended December 31, 2021. The Company expects to contribute approximately \$0.7 to its other post-retirement benefit plan and expects to contribute approximately \$34.7 to its retirement plans, including the nonqualified plan, as well as benefits payments directly from the Company during the year ending December 31, 2022. The Company anticipates reimbursement of approximately \$18 for certain benefits paid from its trustee in 2022. The following benefit payments, which reflect expected future service, are expected to be paid:

	U.S. Pension Benefits	Non-U.S. Pension Benefits	Other Benefits	Other Benefits after Medicare Part D Subsidy
2022	\$ 30.0	\$ 28.6	\$ 0.7	\$ 0.6
2023	\$ 30.6	\$ 20.6	\$ 0.6	\$ 0.6
2024	\$ 31.1	\$ 21.3	\$ 0.6	\$ 0.6
2025	\$ 31.8	\$ 22.3	\$ 0.6	\$ 0.5
2026	\$ 32.2	\$ 23.9	\$ 0.5	\$ 0.5
2027-2031	\$ 163.1	\$ 115.0	\$ 2.1	\$ 2.0

*Retirement Savings Plan.* The Company offers employee 401(k) savings plans (Savings Plans) to encourage eligible employees to save on a regular basis by payroll deductions. The Company match is determined by the Board of Directors and evaluated at least annually. Total Company match was \$7.4, \$6.9 and \$0.7 for the years ended December 31, 2021, 2020 and 2019, respectively. In January 2019, the Company suspended its match to the Savings Plans. In January 2020, the Company reinstated its match to the Savings Plans. The Company's basic match is now 50 percent on the first 6 percent of a participant's qualified contributions, subject to IRS limits.

**NOTE 16: LEASES**

The Company utilizes lease agreements to meet its operating needs. These leases support global staff via the use of office space, warehouses, vehicles and IT equipment. The Company utilizes both operating and finance leases in its portfolio of leased assets, however, the majority of these leases are classified as operating. A significant portion of the volume of the lease portfolio is in fleet vehicles and IT office equipment; however, real estate leases constitute a majority of the value of the right-of-use (ROU) assets. Lease agreements are utilized worldwide, with the largest location concentration in the United States, Germany and India.

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The Company made the following elections related to the January 1, 2019 adoption of ASU No. 2016-02, Leases:

- The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed the Company to carry forward its ASC 840 assessment regarding definition of a lease, lease classification and initial direct costs.
- The practical expedient related to land easements is not applicable as the Company currently does not utilize any easements.
- The Company declined the hindsight practical expedient to determine the lease term and ROU asset impairment for existing leases. The decision to decline the hindsight practical expedient resulted in relying on assessments made under ASC 840 during transition and re-assessing under ASC 842 going forward.
- The Company declined the short-term lease exception, therefore recognizing all leases in the ROU asset and lease liability balances. Consistent with ASC 842 requirements, leases that are one month or less are not included in the balance.
- The Company elected to not separate non-lease components from lease components and, instead, to account for each separate lease component and the non-lease components associated with it as a single lease component, recognized on the balance sheet. This election has been made for all classes of underlying assets.
- The Company elected to use a grouping/portfolio approach on applying discount rates to leases at transition, for certain groups of leases where it was determined that using this approach would not differ materially from a lease-by-lease approach.

The Company's lease population has initial lease terms ranging from less than one year to approximately fifteen years. Some leases include one or more options to renew, with renewal terms that can extend the lease term from six months to 15 years. The Company assesses these renewal/extension options using a threshold of reasonably certain, which is a high threshold and, therefore, the majority of its lease terms for accounting purposes do not include renewal periods. For leases where the Company is reasonably certain to renew, those optional periods are included within the lease term and, therefore, the measurement of the ROU asset and lease liability. Some of the vehicle and IT equipment leases also include options to purchase the leased asset, typically at end of term at fair market value. Some of the Company's leases include options to terminate the lease early. This allows the contract parties to terminate their obligations under the lease contract, sometimes in return for an agreed upon financial consideration. The terms and conditions of the termination options vary by contract, and for those leases where the Company is reasonably certain to use these options, the term and payments recognized in the measurement of ROU assets and lease liabilities has been updated accordingly. Additionally, there are several open-ended lease arrangements where the Company controls the option to continue or terminate the arrangement at any time after the first year. For these arrangements, the Company has analyzed a mix of historical use and future economic incentives to determine the reasonable expected holding period. This term is used for measurement of ROU assets and lease liabilities.

The following table summarizes the weighted-average remaining lease terms and discount rates related to the Company's lease population:

	December 31, 2021	December 31, 2020
Weighted-average remaining lease terms (in years)		
Operating leases	4.0	4.2
Finance leases	3.3	3.7
Weighted-average discount rate		
Operating leases	6.8%	11.0%
Finance leases	6.2%	10.6%

Certain lease agreements include payments based on a variety of global indexes or rates. These payment amounts have been projected using the index or rate as of lease commencement or the transition date and measured in ROU assets and lease liabilities. Other leases contain variable payments that are based on actual usage of the underlying assets and, therefore, are not measured in assets or liabilities as the variable payments are not based on an index or a rate. For real estate leases, these payments are most often tied to non-committed maintenance or utilities charges, and for equipment leases, to actual output or hours in operation. These amounts typically become known when the invoice is received, which is when expense is recognized. In rare circumstances, the Company's lease agreements may contain residual value guarantees. The Company's lease agreements do not contain any restrictions or covenants, such as those relating to dividends or incurring additional financial obligations.



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During the fourth quarter of 2020, the Company signed a lease agreement for an updated manufacturing facility in North Canton, Ohio. This lease has not reached its commencement date, but has a 15-year term and has initial annual lease obligations of \$0.8. Otherwise, at December 31, 2021, the Company did not have any material leases that have not yet commenced.

The Company determines whether an arrangement is or includes a lease at contract inception. All contracts containing the right to use an underlying asset are reviewed to confirm that the contract meets the definition of a lease. ROU assets and liabilities are recognized at commencement date and initially measured based on the present value of lease payments over the defined lease term.

As most leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. In order to apply the incremental borrowing rate, a rate table was developed to assign the appropriate rate to each lease based on lease term and currency of payments. For leases with large numbers of underlying assets, a portfolio approach with a collateralized rate was utilized. Assets were grouped based on similar lease terms and economic environments in a manner whereby the Company reasonably expects that the application does not differ materially from a lease-by-lease approach.

The following table summarizes the components of lease expense for the years ended December 31:

	2021	2020	2019
Lease expense			
Operating lease expense	\$ 87.3	\$ 93.6	\$ 109.0
Finance lease expense			
Amortization of ROU lease assets	\$ 2.9	\$ 1.5	\$ 0.7
Interest on lease liabilities	\$ 0.9	\$ 0.5	\$ 0.4
Variable lease expense	\$ 7.8	\$ 8.0	\$ 13.2

The following table summarizes the maturities of lease liabilities:

	Operating	Finance
2022	\$ 63.1	\$ 2.9
2023	42.4	1.9
2024	26.9	1.5
2025	14.8	0.6
2026	9.8	0.4
Thereafter	25.3	—
Total	182.3	7.3
Less: Present value discount	(24.8)	(0.7)
Lease liability	<u>\$ 157.5</u>	<u>\$ 6.6</u>

The following table summarizes the cash flow information related to leases:

	December 31, 2021	December 31, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating - operating cash flows	\$ 87.3	\$ 94.4
Finance - financing cash flows	\$ 2.3	\$ 1.6
Finance - operating cash flows	\$ 0.4	\$ 0.7
ROU lease assets obtained in the exchange for lease liabilities:		
Operating leases	\$ 57.4	\$ 37.4
Finance leases	\$ 4.5	\$ 4.0

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The following table summarizes the balance sheet information related to leases:

	December 31, 2021	December 31, 2020
Assets		
Operating	\$ 152.4	\$ 143.3
Finance	7.1	5.2
Total leased assets	<u>\$ 159.5</u>	<u>\$ 148.5</u>
Current liabilities		
Operating	\$ 54.5	\$ 55.7
Finance	2.5	1.9
Noncurrent liabilities		
Operating	103.0	93.1
Finance	4.1	3.0
Total lease liabilities	<u>\$ 164.1</u>	<u>\$ 153.7</u>

Finance leases are included in other assets, other current liabilities and other liabilities on the consolidated balance sheets.

NOTE 17: FINANCE LEASE RECEIVABLES

The Company provides financing arrangements to customers purchasing its products. These financing arrangements 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 or loan.

Future minimum payments due from customers under finance lease receivables as of December 31, 2021 are as follows:

2022	\$ 15.0
2023	6.4
2024	5.6
2025	5.5
2026	5.5
Thereafter	1.5
	<u>\$ 39.5</u>

The following table presents the components of finance lease receivables as of December 31:

	2021	2020
Gross minimum lease receivable	\$ 39.5	\$ 44.0
Allowance for credit losses	(0.3)	(0.2)
Estimated unguaranteed residual values	0.1	0.2
	<u>39.3</u>	<u>44.0</u>
Less:		
Unearned interest income	(1.2)	(1.5)
Unearned residuals	—	—
	<u>(1.2)</u>	<u>(1.5)</u>
Total	<u>\$ 38.1</u>	<u>\$ 42.5</u>

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The Company's combined allowance for finance receivables and notes receivables was minimal for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, finance leases and notes receivables individually evaluated for impairment were \$38.4 and \$0.6, respectively, with no provision recorded. As of December 31, 2020, finance leases and notes receivables individually evaluated for impairment were \$42.5 and \$3.5, respectively, with no provision recorded. As of December 31, 2021 and 2020, the recorded investment in past-due financing receivables was minimal and no recorded investment in finance receivables was past due 90 days or more and still accruing interest.

The following table presents finance lease receivables sold by the Company for the years ended December 31:

	2021	2020	2019
Finance lease receivables sold	\$ 1.9	\$ 5.0	\$ 2.7

#### NOTE 18: 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.

The Company uses derivatives to mitigate the economic consequences associated with fluctuations in currencies and interest rates. The following table summarizes the gain (loss) recognized on derivative instruments:

Derivative instrument	Classification on consolidated statement of operations	2021	2020	2019
Interest rate swaps and non-designated hedges	Interest expense	\$ (8.4)	\$ (14.3)	\$ (3.4)
Foreign exchange forward contracts and cash flow hedges	Net sales	—	1.2	0.4
Foreign exchange forward contracts and cash flow hedges	Cost of sales	0.1	—	—
Foreign exchange forward contracts and cash flow hedges	Foreign exchange gain (loss), net	(4.6)	(30.9)	5.0
Total		<u>\$ (12.9)</u>	<u>\$ (44.0)</u>	<u>\$ 2.0</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 enters into and designates 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 enters into and designates certain foreign currency forward contracts to sell GBP and buy EUR as cash flow hedges of the Company's GBP-denominated intercompany sales.

Derivative instruments are recorded on the balance sheet at fair value. For transactions designated as cash flow hedges, the effective portion of changes in the fair value are recorded in AOCI and are subsequently reclassified into earnings in the period that the hedged forecasted transactions impact earnings. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. As of December 31, 2021, 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 (GBP-EUR)	4	2.2 GBP	2.6 EUR
Currency forward agreements (USD-EUR)	2	1.0 EUR	1.2 USD

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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 an aggregate notional amount 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 change in fair value of the derivatives is recognized directly in earnings.

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.

As a result of the Company's refinancing activities in July 2020 (refer to Note 11: Debt), the Company terminated \$625.0 of interest rate hedges for 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 19: 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 at fair value are as follows:

	Classification on consolidated balance sheets	December 31, 2021			December 31, 2020		
		Fair Value	Level 1	Level 2	Fair Value	Level 1	Level 2
<b>Assets</b>							
Certificates of deposit	Short-term investments	\$ 34.3	\$ 34.3	\$ —	\$ 37.2	\$ 37.2	\$ —
Assets held in rabbi trusts	Securities and other investments	7.0	7.0	—	6.6	6.6	—
Foreign exchange forward contracts	Other current assets	0.1	—	0.1	1.7	—	1.7
Total		<u>\$ 41.4</u>	<u>\$ 41.3</u>	<u>\$ 0.1</u>	<u>\$ 45.5</u>	<u>\$ 43.8</u>	<u>\$ 1.7</u>
<b>Liabilities</b>							
Foreign exchange forward contracts	Other current liabilities	\$ 0.1	\$ —	\$ 0.1	\$ 2.7	\$ —	\$ 2.7
Interest rate swaps - short term	Other current liabilities	2.8	—	2.8	4.7	—	4.7
Interest rate swaps - long term	Other liabilities	—	—	—	3.0	—	3.0
Deferred compensation	Other liabilities	7.0	7.0	—	6.6	6.6	—
Total		<u>\$ 9.9</u>	<u>\$ 7.0</u>	<u>\$ 2.9</u>	<u>\$ 17.0</u>	<u>\$ 6.6</u>	<u>\$ 10.4</u>

The Company uses the end of the period when determining the timing of transfers between levels. During each of the years ended December 31, 2021 and 2020, 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 the 2025 Senior Secured Notes. The fair value is summarized as follows:

	December 31, 2021		December 31, 2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
2024 Senior Notes	\$ 401.0	\$ 400.0	\$ 400.0	\$ 400.0
2025 Senior Secured Notes - USD	\$ 745.5	\$ 700.0	\$ 778.8	\$ 700.0
2025 Senior Secured Notes - EUR	\$ 423.7	\$ 396.4	\$ 466.0	\$ 429.5

Refer to Note 11: Debt for further details surrounding long-term debt as of December 31, 2021. Additionally, the Company remeasures certain assets to fair value, using Level 3 measurements, as a result of the occurrence of triggering events. There was no significant assets or liabilities that were remeasured at fair value on a non-recurring basis during the periods presented.

#### NOTE 20: COMMITMENTS AND CONTINGENCIES

##### Contractual Obligations

At December 31, 2021, the Company's purchase commitments due within one year were minimal for materials and services through contract manufacturing agreements at negotiated prices. The amounts purchased under these obligations were minimal in 2021. The Company guarantees a fixed cost of certain products used in production to its strategic partners. Variations in the products costs are absorbed by the Company.

##### Indirect Tax Contingencies

The Company accrues non-income-tax liabilities 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 these accruals at that time.

At December 31, 2021, 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 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 accrual. The Company estimated the aggregate risk at December 31, 2021 to be up to \$55.8 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 December 31, 2021, 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 consolidated financial statements would not be materially affected by the outcome of these legal proceedings, commitments or asserted claims.

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

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 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 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 former 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 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. While the Company believes that the compensation offered in connection with the DPLTA and the merger squeeze-out was in both cases fair, it notes that 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 the first instance court or an appellate court may increase the cash compensation also 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 vigorously defends itself in these matters.

In July and August 2019, shareholders filed putative class action lawsuits alleging violations of federal securities laws in the United States District Court for the Southern District of New York and the Northern District of Ohio. The lawsuits collectively assert that the Company and three former officers (collectively, Defendants) made material misstatements regarding the Company's business and operations, causing the Company's common stock to be overvalued from February 14, 2017 to August 1, 2018. The lawsuits were consolidated before a single judge in the United States District Court for the Southern District of New York and lead plaintiff appointed. In March 2021, the judge granted Defendants' motion to dismiss and in April 2021 judgment was rendered in the Defendants' favor. Although the plaintiffs originally filed an appeal, in June 2021, the plaintiffs subsequently withdrew the appeal and, therefore, the litigation is over, fully resolved in favor of the Company and its former officers.

In January 2020, the Company's Board of Directors received a demand letter from alleged shareholders to investigate and pursue claims for breach of fiduciary duty against certain current and former directors and officers based on the Company's statements regarding its business and operations, which are substantially similar to those challenged in the federal securities litigation. Following the dismissal of the federal securities litigation, in July 2021, the alleged shareholders informed the Company that they withdrew the demand letter. Therefore, both the securities litigation and the subsequent shareholder demand letter are now concluded, completely resolved in favor of the Company and its current and former officers.

#### 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 December 31, 2021, the maximum future contractual 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. At December 31, 2020, the maximum future payment obligations relative to these various guarantees totaled \$89.9, of which \$25.8 represented standby letters of credit to insurance providers, and no associated liability was recorded.

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**NOTE 21: REVENUE RECOGNITION**

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The amount of consideration can vary depending on discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties, or other similar items contained in the contract with the customer of which generally these variable consideration components represents minimal amount of net sales. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The Company's payment terms vary depending on the individual contracts and are generally fixed fee. The Company recognizes advance payments and billings in excess of revenue recognized as deferred revenue. In certain contracts where services are provided prior to billing, the Company recognizes a contract asset within trade receivables and other current assets.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and that are collected by the Company from a customer are excluded from revenue.

The Company recognizes shipping and handling fees billed when products are shipped or delivered to a customer and includes such amounts in net sales. Although infrequent, shipping and handling associated with outbound freight after control over a product has transferred to a customer is not a separate performance obligation, rather it is accounted for as a fulfillment cost. Third-party freight payments are recorded in cost of sales.

The Company includes a warranty in connection with certain contracts with customers, which are not considered to be separate performance obligations. The Company provides its customers a manufacturer's warranty, and records, at the time of the sale, a corresponding estimated liability for potential warranty costs. For additional information on product warranty refer to Note 9: Guarantees and Product Warranties. The Company also has extended warranty and service contracts available for its customers, which are recognized as separate performance obligations. Revenue is recognized on these contracts ratably as the Company has a stand-ready obligation to provide services when or as needed by the customer. This input method is the most accurate assessment of progress toward completion the Company can apply.

*Nature of goods and services*

Product revenue is recognized at the point in time that the customer obtains control of the product, which could be upon delivery or upon completion of installation services, depending on contract terms. The Company's software licenses are functional in nature (the IP has significant stand-alone functionality); as such, the revenue recognition of distinct software license sales is at the point in time that the customer obtains control of the rights granted by the license.

Professional services integrate the commercial solution with the customer's existing infrastructure and helps define the optimal user experience, improve business processes, refine existing staffing models and deploy technology to meet branch and store automation objectives. Revenue from professional services are recognized over time, because the customer simultaneously receives and consumes the benefits of the Company's performance as the services are performed or when the Company's performance creates an asset with no alternative use and the Company has an enforceable right to payment for performance completed to date. Generally revenue will be recognized using an input measure, typically costs incurred. The typical contract length for service is generally one year and is billed and paid in advance except for installations, among others.

Services may be sold separately or in bundled packages. For bundled packages, the Company accounts for individual services separately if they are distinct. A distinct service is separately identifiable from other items in the bundled package if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate services or distinct obligations in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the products or services. For items that are not sold separately, the Company estimates stand-alone selling prices using the cost plus expected margin approach. Revenue on service contracts is recognized ratably over time, generally using an input measure, as the customer simultaneously receives and consumes the benefits of the Company's performance as the services are performed. In some circumstances, when global service supply chain services are not included in a term contract and rather billed as they occur, revenue on these billed work services are recognized at a point in time as transfer of control occurs.

The following is a description of principal solutions offered within the Company's two main customer segments that generate the Company's revenue.

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*Banking*

*Products.* Products for banking customers consist of cash recyclers and dispensers, intelligent deposit terminals, teller automation tools and kiosk technologies, as well as physical security solutions. The Company provides its banking customers front-end applications for consumer connection points and back-end platforms that manage channel transactions, operations and integration and facilitate omnichannel transactions, endpoint monitoring, remote asset management, customer marketing, merchandise management and analytics. These offerings include highly configurable, API enabled software that automates legacy banking transactions across channels.

*Services.* The Company provides its banking customers product-related services, which include proactive monitoring and rapid resolution of incidents through remote service capabilities or an on-site visit. First and second line maintenance, preventive maintenance and on-demand services keep the distributed assets of the Company's customers up and running through a standardized incident management process. Managed services and outsourcing consists of the end-to-end business processes, solution management, upgrades and transaction processing. The Company also provides a full array of cash management services, which optimizes the availability and cost of physical currency across the enterprise through efficient forecasting, inventory and replenishment processes.

*Retail*

*Products.* The retail product portfolio includes modular, integrated and mobile POS and SCO terminals that meet evolving automation and omnichannel requirements of consumers. 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. Also in the portfolio, the Company provides SCO terminals and ordering kiosks which facilitate an efficient and user-friendly purchasing experience. The Company's hybrid product line can alternate from an attended operator to self-checkout with the press of a button as traffic conditions warrant throughout the business day.

The Company's platform software is installed within retail data centers to facilitate omnichannel transactions, endpoint monitoring, remote asset management, customer marketing, merchandise management and analytics.

*Services.* The Company provides its retail customers product-related services which include on-demand services and professional services. Diebold Nixdorf AllConnect Services for retailers include maintenance and availability services to continuously improve retail self-service fleet availability and performance. These include: total implementation services to support both current and new store concepts; managed mobility services to centralize asset management and ensure effective, tailored mobile capability; monitoring and advanced analytics providing operational insights to support new growth opportunities; and store life-cycle management to proactively monitors store IT endpoints and enable improved management of internal and external suppliers and delivery organizations.

Refer to Note 22: Segment Information for additional information regarding the Company's reportable operating segments, disaggregation of net sales by segments and product solutions, net sales by geographical region and disaggregation by timing of revenue recognition.

*Timing of 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 as of December 31:

Timing of revenue recognition	2021	2020
Products transferred at a point in time	41%	39%
Products and services transferred over time	59%	61%
Net sales	100%	100%



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*Contract balances*

The following table provides 2021 and 2020 information about receivables and deferred revenue, which represent contract liabilities from contracts with customers:

	2021		2020	
	Trade Receivables	Contract liabilities	Trade Receivables	Contract liabilities
Contract balance information				
Balance at January 1	\$ 646.9	\$ 346.8	\$ 619.3	\$ 320.5
Balance at December 31	\$ 595.2	\$ 322.4	\$ 646.9	\$ 346.8

Contract assets are minimal for the periods presented. The amount of revenue recognized in 2021 and 2020 from performance obligations satisfied (or partially satisfied) in previous periods, mainly due to the changes in the estimate of variable consideration and contract modifications was de minimis.

As of January 1, 2021, the Company had \$346.8 of unrecognized deferred revenue constituting the remaining performance obligations that are either unsatisfied or partially unsatisfied. During 2021, the Company recognized revenue of \$249.2 related to the Company's deferred revenue balance at January 1, 2021.

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.

*Transaction price and variable consideration*

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. This consideration can include fixed and variable amounts and is determined at contract inception and updated each reporting period for any changes in circumstances. The transaction price also considers variable consideration, time value of money and the measurement of any non-cash consideration, all of which are estimated at contract inception and updated at each reporting date for any changes in circumstances. Once the variable consideration is identified, the Company estimates the amount of the variable consideration to include in the transaction price by using one of two methods, expected value (probability weighted methodology) or most likely amount (when there are only two possible outcomes). The Company chooses the method expected to better predict the amount of consideration to which it will be entitled and applies the method consistently to similar contracts. Generally, the Company applies the expected value method when assessing variable consideration including returns and refunds.

The Company also applies the 'as invoiced' practical expedient in ASC paragraph 606-10-55-18 related to performance obligations satisfied over time, which permits the Company to recognize revenue in the amount to which it has a right to invoice the customer if that amount corresponds directly with the value to the customer of the Company's performance completed to date. Service revenues that are recognized ratably are primarily contracts that include first and second line maintenance. Service revenues that are recognized using input measures include primarily preventative maintenance. The 'as invoiced' practical expedient relates to the on-demand service revenue which is generally not under contract.

*Transaction price allocated to the remaining performance obligations*

As of December 31, 2021, the aggregate amount of the transaction price allocated to remaining performance obligations was approximately \$1,800. The Company generally expects to recognize revenue on the remaining performance obligations over the next twelve to eighteen 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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*Cost to obtain and cost to fulfill a contract*

The Company has minimal cost to obtain or fulfill contracts for customers for the periods presented. The Company pays commissions to the sales force based on multiple factors including but not limited to order entry, revenue recognition and portfolio growth. These incremental commission fees paid to the sales force meet the criteria to be considered a cost to obtain a contract, as they are directly attributable to a contract, incremental and management expects the fees are recoverable. The Company applies the practical expedient and recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. The costs that are not capitalized are included in cost of sales. The costs related to contracts with greater than a one-year term are immaterial and continue to be recognized in cost of sales.

NOTE 22: SEGMENT INFORMATION

The Company's accounting policies derive segment results that are the same as those the Chief Operating Decision Maker (CODM) regularly reviews and uses to make decisions, allocate resources and assess performance. The Company continually considers its operating structure and the information subject to regular review by its Chief Executive Officer, who is the CODM, to identify reportable operating segments. The Company's operating structure is based on a number of factors that management uses to evaluate, view and run its business operations, which currently includes, but is not limited to, product, service and solution. The Company's reportable operating segments are based on the following solutions: Eurasia Banking, Americas Banking and Retail.

Segment revenue represents revenues from sales to external customers. Segment operating profit is defined as revenues less expenses directly identifiable to those segments. The Company does not allocate to its segments certain operating expenses, managed at the corporate level; that are not routinely used in the management of the segments; or information that is impractical to allocate. These unallocated costs include certain corporate charges, amortization of acquired intangible assets, restructuring and transformation charges, impairment charges, legal, indemnification and professional fees related to acquisition and divestiture expenses, along with other income (expenses). Segment operating profit reconciles to consolidated income (loss) before income taxes by deducting corporate costs and other income or expense items that are not attributed to the segments. Corporate charges not allocated to segments include headquarter-based costs associated with procurement, human resources, compensation and benefits, finance and accounting, global development/engineering, global strategy/mergers and acquisitions, global IT, tax, treasury and legal. 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(in millions, except per share amounts)

The following tables represent information regarding the Company's segment information and provides a reconciliation between segment operating profit and the consolidated income (loss) before income taxes for the years ended December 31:

	2021	2020	2019
Net sales summary by segment			
Eurasia Banking	\$ 1,353.8	\$ 1,431.1	\$ 1,649.8
Americas Banking	1,357.3	1,419.4	1,604.1
Retail	1,194.1	1,051.8	1,154.8
Total customer revenues	<u>\$ 3,905.2</u>	<u>\$ 3,902.3</u>	<u>\$ 4,408.7</u>
Intersegment revenues			
Eurasia Banking	\$ 139.1	\$ 111.8	\$ 168.3
Americas Banking	12.4	11.3	15.5
Total intersegment revenues	<u>\$ 151.5</u>	<u>\$ 123.1</u>	<u>\$ 183.8</u>
Segment operating profit			
Eurasia Banking	\$ 110.4	\$ 160.5	\$ 169.3
Americas Banking	146.4	184.9	119.7
Retail	114.3	67.0	58.3
Total segment operating profit	<u>\$ 371.1</u>	<u>\$ 412.4</u>	<u>\$ 347.3</u>
Corporate charges not allocated to segments <sup>(1)</sup>	\$ (38.4)	\$ (57.0)	\$ (79.4)
Impairment of assets	(1.3)	(7.5)	(30.2)
Restructuring and DN Now transformation expenses	(98.9)	(181.8)	(114.8)
Net non-routine expense	<u>(95.4)</u>	<u>(142.1)</u>	<u>(149.5)</u>
	<u>(234.0)</u>	<u>(388.4)</u>	<u>(373.9)</u>
Operating profit (loss)	137.1	24.0	(26.6)
Other expense	(187.8)	(293.5)	(202.3)
Loss before taxes	<u>\$ (50.7)</u>	<u>\$ (269.5)</u>	<u>\$ (228.9)</u>

<sup>(1)</sup> Corporate charges not allocated to segments include headquarter-based costs associated with procurement, human resources, compensation and benefits, finance and accounting, global development/engineering, global strategy/mergers and acquisitions, global IT, tax, treasury and legal.

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. Net non-routine expense of \$95.4 for the year ended December 31, 2021 was due to purchase accounting pre-tax charges for amortization of acquired intangibles of \$78.2, charges from a loss-making contract related to a discontinued offering of \$2.8, legal, consulting and deal expenses, including gains/losses on divestitures of \$10.1, inventory charges of \$6.6, and other matters of \$(2.3). Net non-routine expense of \$142.1 for the year ended December 31, 2020 was due to purchase accounting pre-tax changes for amortization of acquired intangibles of \$82.9, charges from a loss-making contract related to a discontinued offering of \$25.5, legal, consulting and deal expenses, including gains/losses on divestitures of \$19.7, and other matters of \$14.0. Net non-routine expense of \$149.5 for the year ended December 31, 2019 was due to purchase accounting pre-tax changes for amortization of acquired intangibles of \$93.3, legal, consulting and deal expenses, including gains/losses on divestitures, of \$26.8, inventory charges of \$12.8, and other matters of \$16.6.

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(in millions, except per share amounts)

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

	2021	2020	2019
Eurasia Banking			
Services	\$ 758.0	\$ 819.0	\$ 993.6
Products	595.8	612.1	656.2
Total Eurasia Banking	<u>1,353.8</u>	<u>1,431.1</u>	<u>\$ 1,649.8</u>
Americas Banking			
Services	923.2	962.9	\$ 1,002.5
Products	434.1	456.5	601.6
Total Americas Banking	<u>1,357.3</u>	<u>1,419.4</u>	<u>\$ 1,604.1</u>
Retail			
Services	622.4	582.6	\$ 612.0
Products	571.7	469.2	542.8
Total Retail	<u>1,194.1</u>	<u>1,051.8</u>	<u>\$ 1,154.8</u>
Total	<u>\$ 3,905.2</u>	<u>\$ 3,902.3</u>	<u>\$ 4,408.7</u>

The Company had no customers that accounted for more than 10 percent of total net sales in 2021, 2020 and 2019.

Below is a summary of net sales by point of origin for the years ended December 31:

	2021	2020	2019
Americas			
United States	\$ 893.1	\$ 974.7	\$ 1,024.7
Other Americas	530.1	502.9	654.6
Total Americas	<u>1,423.2</u>	<u>1,477.6</u>	<u>1,679.3</u>
EMEA			
Germany	768.2	764.3	872.5
Other EMEA	1,356.3	1,282.0	1,400.4
Total EMEA	<u>2,124.5</u>	<u>2,046.3</u>	<u>2,272.9</u>
AP			
Total AP	<u>357.5</u>	<u>378.4</u>	<u>456.5</u>
Total net sales	<u>\$ 3,905.2</u>	<u>\$ 3,902.3</u>	<u>\$ 4,408.7</u>

Below is a summary of property, plant and equipment, net by geographical location as of December 31:

	2021	2020
Property, plant and equipment, net		
United States	\$ 19.4	\$ 25.5
Germany	96.9	118.8
Other international	21.8	33.2
Total property, plant and equipment, net	<u>\$ 138.1</u>	<u>\$ 177.5</u>

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

NOTE 23: SUBSEQUENT EVENTS

The Company has a Russian distribution subsidiary which generated approximately \$45 million in revenue and \$5 million in operating profit in 2021. The ability of the Russian distribution subsidiary to continue as a going concern is questionable due to the economic sanctions levied on and developing economic conditions in Russia. Additionally, the Company has distribution partners in Russia and Ukraine that generated approximately \$35 million in revenue and \$5 million in gross profit in 2021. The Company's relationships with its distribution partners in Russia and Ukraine have been disrupted due to the Russian incursion into Ukraine and the related economic sanctions and the prospect of re-establishing revenue from these relationships is currently uncertain. As of February 28, 2022, the total of the Company's net investment in its Russian distribution subsidiary and its net accounts receivable from its Russian and Ukrainian distribution partners is estimated at approximately \$20 million.

## ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

### ITEM 9A: CONTROLS AND PROCEDURES

(in millions)

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carries out a variety of on-going procedures, under the supervision and with the participation of the Company's management, including the Company's CEO and CFO, to evaluate the effectiveness of the design and operation of the Company's disclosure controls and procedures.

Based on that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period of this report.

#### (a) MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP.

Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of the CEO and CFO and Board of Directors, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in "Internal Control-Integrated Framework (2013 framework)" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this assessment, management has concluded that the internal control over financial reporting was effective as of December 31, 2021.

KPMG LLP, the Company's independent registered public accounting firm, has issued an auditor's report on management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. This report is included in Item 8 of this annual report on Form 10-K.

#### (b) CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the fourth quarter ended December 31, 2021, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## ITEM 9B: OTHER INFORMATION

The following information is being provided in this Item 9B in lieu of being provided on a Current Report on Form 8-K under Items 1.01 and 2.03, and Item 5.03:

### Credit Agreement Amendment

On March 11, 2022, the Company entered into the eleventh amendment to the Credit Agreement (“Amendment”) to, among other things, change the applicable levels and step-downs of the maximum total net leverage ratio financial covenant applicable thereunder.

The above summary of the Amendment is qualified in its entirety by reference to the Amendment, which is filed as Exhibit 10.8(xiii) hereto and is incorporated herein by reference.

### Amendment to Amended and Restated Articles of Incorporation

Effective March 9, 2022, the Company filed an amendment to its Amended and Restated Articles of Incorporation to reflect the change of the place in the State of Ohio where its principal office is located from Stark County to Summit County. The amendment was approved by the Company’s Board of Directors (the “Board”) and was effected by the filing of a Certificate of Amendment with the Ohio Secretary of State. The foregoing description is qualified in its entirety by reference to the Certificate of Amendment, a copy of which is attached as Exhibit 3.1(vi) hereto and is incorporated herein by reference.

## ITEM 9C: DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

## PART III

### ITEM 10: DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information with respect to directors of the Company, any delinquent Section 16(a) reports, the audit committee and the designated audit committee financial experts, is included in the Company's proxy statement for the 2022 Annual Meeting of Shareholders (the 2022 Annual Meeting) and is incorporated herein by reference. There have been no material changes to the procedures by which security holders may recommend nominees to the Company's board of directors.

The following table summarizes information regarding executive officers of the Company:

<u>Name, Age, Title and Year Elected to Present Office</u>	<u>Other Positions Held Last Five Years</u>
Gerrard B. Schmid - 53 President and Chief Executive Officer Year elected: 2018	<u>2012-February 2018</u> : Chief Executive Officer and Director of D+H Corporation (global payments and technology provider)
Jeffrey L. Rutherford - 61 Executive Vice President, Chief Financial Officer Year elected: 2019	<u>October 2018-January 2019</u> : Interim Chief Financial Officer for Diebold Nixdorf, Incorporated; <u>2017-October 2018</u> : Chairman, Interim President and Interim Chief Executive Officer for Edgewater Technology, Inc. (technology consulting firm)
Jonathan B. Leiken — 50 Executive Vice President, Chief Legal Officer and Corporate Secretary Year elected: 2014	
Olaf Heyden — 58 Executive Vice President, Chief Operating Officer Year elected: 2016	
Ulrich Näher — 56 Executive Vice President, Chief Commercial Officer Year elected: 2016	
Manish Choudhary – 47 Executive Vice President, Software Year elected: 2020	<u>2018-March 2020</u> : Senior Vice President and GM Products & Strategy, Sending Technology Solutions for Pitney Bowes, Inc. (global technology company, software solutions); <u>2017-March 2020</u> : Chairman Pitney Bowes Software India (software solutions)
Elizabeth Patrick – 54 Executive Vice President, Chief People Officer Year elected: 2019	<u>July 2014-March 2019</u> : Vice President and Chief Human Resources Officer for Veritiv Corporation (distribution and packaging company)

There are no family relationships, either by blood, marriage or adoption, between any of the executive officers and directors of the Company.

### CODE OF BUSINESS ETHICS

All of the directors, executive officers and employees of the Company are required to comply with certain policies and protocols concerning business ethics and conduct, which we refer to as our Code of Business Ethics (COBE). The COBE applies not only to the Company, but also to all of those domestic and international companies in which the Company owns or controls a majority interest. The COBE describes certain responsibilities that the directors, executive officers and employees have to the Company, to each other and to the Company's global partners and communities including, but not limited to, compliance with laws, conflicts of interest, intellectual property and the protection of confidential information. The COBE is available on the Company's web site at [www.dieboldnixdorf.com](http://www.dieboldnixdorf.com) or by written request to the Corporate Secretary.

### ITEM 11: EXECUTIVE COMPENSATION

Information with respect to executive officers' and directors' compensation is included in the Company's proxy statement for the 2022 Annual Meeting and is incorporated herein by reference. Information with respect to compensation committee interlocks and insider participation and the compensation committee report is included in the Company's proxy statement for the 2022 Annual Meeting and is incorporated herein by reference.



## ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information with respect to security ownership of certain beneficial owners and management is included in the Company's proxy statement for the 2022 Annual Meeting and is incorporated herein by reference.

### Equity Compensation Plan Information

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</u>	<u>Weighted-average exercise price of outstanding options, warrants and rights (b)</u>	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</u>
Equity compensation plans approved by security holders			
Stock options	2,590,397	\$ 13.45	N/A
Restricted stock units	1,616,252	N/A	N/A
Performance shares	2,862,349	N/A	N/A
Non-employee director deferred shares	28,670	N/A	N/A
Deferred compensation	815	N/A	N/A
Total equity compensation plans approved by security holders	<u>7,098,483</u>	\$ 13.45	4,200,000

In column (b), the weighted-average exercise price is only applicable to stock options. In column (c), the number of securities remaining available for future issuance for stock options, restricted stock units, performance shares and non-employee director deferred shares is approved in total and not individually.

## ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information with respect to certain relationships and related transactions and director independence is included in the Company's proxy statement for the 2022 Annual Meeting and is incorporated herein by reference.

## ITEM 14: PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company's independent registered public accounting firm is KPMG LLP (PCAOB firm ID: 185) with the primary location of Cleveland, OH. Information with respect to principal accountant fees and services is included in the Company's proxy statement for the 2022 Annual Meeting and is incorporated herein by reference.

## PART IV

### ITEM 15: EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### 1. Documents filed as a part of this annual report on Form 10-K.

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets at December 31, 2021 and 2020
- Consolidated Statements of Operations for the Years Ended December 31, 2021, 2020 and 2019
- Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2021, 2020 and 2019
- Consolidated Statements of Equity for the Years Ended December 31, 2021, 2020 and 2019
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019
- Notes to Consolidated Financial Statements

#### 2. Financial statement schedules

All schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

#### 3. 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, 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 — incorporated by reference to Exhibit 3.5 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (File No. 1-4879)
- 3.1(vi) Certificate of Amendment to Amended Articles of Incorporation of Diebold Nixdorf, Incorporated, effective March 9, 2022
- 3.2 Amended and Restated Code of Regulations — incorporated by reference to Exhibit 3.1(i) to Registrant's Current Report on Form 8-K filed on February 17, 2017 (Commission File No. 1-4879)
- 4.1(i) Indenture, dated as of April 19, 2016, among Diebold, Incorporated, as issuer, the subsidiaries of Diebold, Incorporated named therein as guarantors and U.S. Bank National Association, as trustee (including Form of 8.5% Senior Notes due 2024) — incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on April 19, 2016 (Commission File No. 1-4879)
- 4.1(ii) First Supplemental Indenture, dated as of November 29, 2018, among Diebold Nixdorf, Incorporated, the Guaranteeing Subsidiaries named therein and U.S. Bank National Association, as trustee — incorporated by reference to Exhibit 4.1(ii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 (Commission File No. 1-4879)
- 4.1(iii) Second Supplemental Indenture, dated as of February 20, 2019, among Diebold Nixdorf, Incorporated, the Guaranteeing Subsidiary named therein and U.S. Bank National Association, as trustee — incorporated by reference to Exhibit 4.1(iii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 (Commission File No. 1-4879)
- 4.1(iv) Third Supplemental Indenture, dated as of July 20, 2020, among Diebold Nixdorf, Incorporated, the Guaranteeing Subsidiary named therein and U.S. Bank National Association, as trustee
- 4.2(i) Indenture, dated as of July 20, 2020, among Diebold Nixdorf, Incorporated, as issuer, the subsidiaries of Diebold Nixdorf, Incorporated named therein as guarantors, and U.S. Bank National Association, as trustee and notes collateral agent, relating to Diebold Nixdorf, Incorporated's 9.375% Senior Secured Notes due 2025 (including Form of 9.375% Senior Secured Notes due 2025) — incorporated by reference to Exhibit 4.1 to Registrant's Current Report on Form 8-K filed on July 24, 2020 (Commission File No. 1-4879)

- 4.3(i) Indenture, dated as of July 20, 2020, among Diebold Nixdorf Dutch Holding B.V., as issuer, Diebold Nixdorf, Incorporated, as guarantor, the subsidiaries of Diebold Nixdorf, Incorporated named therein as guarantors, Euroclear Financial Services DAC, as paying agent, transfer agent and registrar, and U.S. Bank National Association, as trustee, and U.S. Bank Trustees Limited, as notes collateral agent, relating to Diebold Nixdorf Dutch Holding B.V.'s 9.000% Senior Secured Notes due 2025 (including Form of 9.000% Senior Secured Notes due 2025) – incorporated by reference to Exhibit 4.3 to Registrant's Current Report on Form 8-K filed on July 24, 2020 (Commission File No. 1-4879)
- 4.4 Description of Securities of Diebold Nixdorf, Incorporated
- \*10.1 Form of Employee Agreement — incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-4879)
- \*10.2(i) 401(k) Restoration Supplemental Executive Retirement Plan — incorporated by reference to Exhibit 10.5(v) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-4879)
- \*10.2(ii) 401(k) Supplemental Executive Retirement Plan — incorporated by reference to Exhibit 10.5(vi) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-4879)
- \*10.2(iii) Amendment to 401(k) Restoration Supplemental Executive Retirement Plan — incorporated by reference to Exhibit 10.2(vii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 (Commission File No. 1-4879)
- \*10.3(i) Deferred Compensation Plan No. 2 for Directors of Diebold, Incorporated — incorporated by reference to Exhibit 10.7(iv) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-4879)
- \*10.3(ii) First Amendment to Deferred Compensation Plan No. 2 for Directors of Diebold, Incorporated – incorporated by referenced to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 20, 2015 (Commission File No. 1-4879)
- \*10.4 Amended and Restated 1991 Equity and Performance Incentive Plan as Amended and Restated as of April 13, 2009 — incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on April 29, 2009 (Commission File No. 1-4879)
- \*10.5(i) Form of Deferred Compensation Agreement and Amendment No. 1 to Deferred Compensation Agreement — incorporated by reference to Exhibit 10.13 to Registrant's Annual Report on Form 10-K for the year ended December 31, 1996 (Commission File No. 1-4879)
- \*10.5(ii) Deferred Incentive Compensation Plan No. 2 — incorporated by reference to Exhibit 10.10 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-4879)
- \*10.6(iii) Section 162(m) Deferred Compensation Agreement (as amended and restated January 29, 1998) — incorporated by reference to Exhibit 10.13 (ii) to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 (Commission File No. 1-4879)
- \*10.7 Deferral of Stock Option Gains Plan — incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998 (Commission File No. 1-4879)
- 10.8(i) Credit Agreement, dated as of November 23, 2015, among Diebold, Incorporated, the subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as administrative agent — incorporated by reference to Exhibit 10.1 to Registrant's Amendment No. 1 to Registration Statement on Form S-4/A filed on January 8, 2016 (Registration No. 333-208186)
- 10.8(ii) Replacement Facilities Effective Date Amendment, dated as of December 23, 2015, among Diebold, Incorporated, and the subsidiary borrower party thereto, the guarantors party thereto, JPMorgan Chase Bank, N.A. as administrative agent, and the lenders party thereto — incorporated by reference to Exhibit 10.2 to Registrant's Amendment No. 1 to Registration Statement on Form S-4/A filed on January 8, 2016 (Registration No. 333-208186)
- 10.8(iii) Second Amendment to Credit Agreement, dated as of May 6, 2016, among Diebold, Incorporated, the subsidiary borrowers party thereto, the guarantors party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto — incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on May 12, 2016 (Commission File No. 1-4879)
- 10.8(iv) Third Amendment to Credit Agreement, dated as of August 16, 2016, between Diebold, Incorporated and JPMorgan Chase Bank, N.A., as administrative agent — incorporated by reference to Exhibit 10.34 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 (Commission File No. 1-4879)
- 10.8(v) Fourth Amendment to Credit Agreement, dated as of February 14, 2017, between Diebold, Incorporated and JP Morgan Chase Bank, N.A. as administrative agent — incorporated by reference to Exhibit 10.9(v) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2018 (Commission File No. 1-4879)
- 10.8(vi) Incremental Amendment to Credit Agreement, dated as of May 9, 2017, among Diebold Nixdorf, Incorporated, the subsidiary borrowers party thereto, the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent — incorporated by reference to Exhibit 10.12 to Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (Commission File No. 1-4879)
- 10.8(vii) Fifth Amendment, dated as of April 17, 2018, among Diebold Nixdorf, Incorporated, the subsidiary borrower party thereto, the guarantor party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent — incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on April 20, 2018 (Commission File No. 1-4879)

- 10.8(viii) Sixth Amendment and Incremental Amendment, dated as of August 30, 2018, among Diebold Nixdorf, Incorporated, the subsidiary borrowers party thereto, the guarantor party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent — incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on September 4, 2018 (Commission File No. 1-4879)
- 10.8(ix) Seventh Amendment, dated August 7, 2019, among Diebold Nixdorf, Incorporated, the subsidiary borrowers party thereto, the guarantor party thereto, the lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent — incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (Commission File No. 1-4879)
- 10.8(x) Eighth Amendment, dated as of February 27, 2020, among Diebold Nixdorf, Incorporated, the subsidiary borrowers party thereto, the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent — incorporated by reference to Exhibit 10.1 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (Commission File No. 1-4879)
- 10.8(xi) Ninth Amendment, dated as of July 20, 2020, by and among Diebold Nixdorf, Incorporated, as borrower, the subsidiary borrowers named therein, the guarantors party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent and the other institutions named on the signature pages thereto – incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on July 24, 2020 (Commission File No. 1-4879)
- 10.8(xii) Tenth Amendment, dated as of November 6, 2020, by and among Diebold Nixdorf, Incorporated, as borrower, the subsidiary borrowers named therein, the guarantors party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent and other institutions named on the signature pages thereto - incorporated by reference to Exhibit 10.8(xii) to Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-4879)
- 10.8 (xiii) Eleventh Amendment, dated as of March 11, 2022 by and among Diebold Nixdorf, Incorporated, as borrower, the subsidiary borrowers named therein, the guarantors party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent and other institutions named on the signature pages thereto
- \*10.9 Senior Leadership Severance Plan, Amended and Restated Effective November 7, 2018 – incorporated by reference to Exhibit 10.4 to Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2018 (Commission File No. 1-4879)
- \*10.10 2014 Non-Qualified Stock Purchase Plan — incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on April 30, 2014 (Commission File No. 1-4879)
- \*10.11 Form of Nonqualified Stock Option Agreement — incorporated by reference to Exhibit 10.28 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-4879)
- \*10.12 Domination and Profit and Loss Transfer Agreement, dated September 26, 2016, by and among Diebold Holding Germany Inc. & Co. KGaA and Wincor Nixdorf AG (English translation) — incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on September 29, 2016 (Commission File No. 1-4879)
- \*10.13 Offer Letter - Olaf Heyden — incorporated by reference to Exhibit 10.2 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-4879)
- \*10.14 Service Agreement, dated February 24, 2021, by and between Diebold Nixdorf Holding Germany GmbH and Olaf Heyden - incorporated by reference to Exhibit 10.26 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-4879)
- \*10.15 Offer Letter - Ulrich Näher — incorporated by reference to Exhibit 10.3 to Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 (Commission File No. 1-4879)
- \*10.16 Service Agreement, dated February 24, 2021, by and between Diebold Nixdorf Holding Germany GmbH and Dr. Ulrich Näher - incorporated by reference to Exhibit 10.28 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-4879)
- \*10.17 Diebold Nixdorf, Incorporated 2017 Equity and Performance Incentive Plan, as amended April 30, 2021 incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on May 5, 2021 (Commission File No. 1-4879)
- \*10.18 Form of Non-Qualified Stock Option Agreement (2017 Plan) — incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)
- \*10.19 Form of Restricted Share Agreement (2017 Plan) — incorporated by reference to Exhibit 10.2 to Registrant's Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)
- \*10.20 Form of Restricted Stock Unit Agreement - Cliff Vest (2017 Plan) — incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)
- \*10.21 Form of Restricted Stock Unit Agreement - Ratable Vest (2017 Plan) — incorporated by reference to Exhibit 10.4 to Registrant's Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)
- \*10.22 Form of Restricted Stock Unit Agreement - Non-employee Directors (2017 Plan) — incorporated by reference to Exhibit 10.5 to Registrant's Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)
- \*10.23 Form of Stock Appreciation Rights Agreement (2017 Plan) — incorporated by reference to Exhibit 10.6 to Registrant's Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)
- \*10.24 Form of Performance Shares Agreement (2017 Plan) — incorporated by reference to Exhibit 10.7 to Registrant's Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)

- \*10.25 Form of Performance Units Agreement (2017 Plan) — incorporated by reference to Exhibit 10.8 to Registrant’s Current Report on Form 8-K filed on April 28, 2017 (Commission File No. 1-4879)
  - \*10.26 Form of Performance Cash Award Agreement (2017 Plan) — incorporated by reference to Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed on February 1, 2019 (Commission File No. 1-4879)
  - \*10.27 Form of Performance Share Unit Agreement (2017 Plan) — incorporated by reference to Exhibit 10.2 to Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (Commission File No. 1-4879)
  - \*10.28 Performance Restricted Stock Unit Agreement
  - \*10.29 Offer Letter, dated February 21, 2018, by and between Diebold Nixdorf, Incorporated and Gerrard Schmid — incorporated by reference to Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed on February 21, 2018 (Commission File No. 1-4879)
  - \*10.30 CEO Inducement Award Agreement, dated February 21, 2018, by and between Diebold Nixdorf, Incorporated and Gerrard Schmid — incorporated by reference to Exhibit 10.2 to Registrant’s Current Report on Form 8-K filed on February 21, 2018 (Commission File No. 1-4879)
  - \*10.31 Change in Control Agreement, dated February 21, 2018, by and between Diebold Nixdorf, Incorporated and Gerrard Schmid — incorporated by reference to Exhibit 10.3 to Registrant’s Current Report on Form 8-K filed on February 21, 2018 (Commission File No. 1-4879)
  - \*10.32 Performance Unit Award Agreement, dated February 12, 2021, by and between Diebold Nixdorf, Incorporated and Gerrard Schmid, incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on February 16, 2021 (Commission File No. 1-4879)
  - \*10.33 Separation and Transition Agreement, dated February 9, 2022, by and between Diebold Nixdorf, Incorporated and Gerrard B. Schmid — incorporated by reference to Exhibit 10.2 to Registrant’s Current Report on Form 8-K filed on February 10, 2022 (Commission File No. 1-4879)
  - \*10.34 Performance Unit Award Agreement, dated February 23, 2021, by and between Diebold Nixdorf, Incorporated and Jeffrey Rutherford — incorporated by reference to Exhibit 10.44 to Registrant’s Annual Report on Form 10-K for the year ended December 31, 2020 (Commission File No. 1-4879)
  - \*10.35 Offer Letter, dated February 9, 2022, by and between Diebold Nixdorf, Incorporated and Octavio Marquez — incorporated by reference to Exhibit 10.1 to Registrant’s Current Report on Form 8-K filed on February 10, 2022 (Commission File No. 1-4879)
  - 21.1 Subsidiaries of the Registrant as of December 31, 2021
  - 22.1 List of Subsidiary Guarantors
  - 23.1 Consent of Independent Registered Public Accounting Firm
  - 24.1 Power of Attorney
  - 31.1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
  - 31.2 Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
  - 32.1 Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
  - 32.2 Certification of Principal 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 XBRL Taxonomy Extension Presentation Linkbase Document
  - 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
- \* Reflects management contract or other compensatory arrangement required to be filed as an exhibit pursuant to Item 15(b) of this annual report on Form 10-K.

## ITEM 16: FORM 10-K SUMMARY

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 11, 2022

DIEBOLD NIXDORF, INCORPORATED

By: /s/ Gerrard B. Schmid  
Gerrard B. Schmid  
President and Chief Executive Officer

By: /s/ Jeffrey Rutherford  
Jeffrey Rutherford  
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Gerrard B. Schmid</u> Gerrard B. Schmid	President and Chief Executive Officer (Principal Executive Officer)	March 11, 2022
<u>/s/ Jeffrey Rutherford</u> Jeffrey Rutherford	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 11, 2022
* <u>Arthur F. Anton</u>	Director	March 11, 2022
* <u>Bruce Besanko</u>	Director	March 11, 2022
* <u>Reynolds C. Bish</u>	Director	March 11, 2022
* <u>William A. Borden</u>	Director	March 11, 2022
* <u>Ellen M. Costello</u>	Director	March 11, 2022
* <u>Phillip R. Cox</u>	Director	March 11, 2022
* <u>Alexander Dibelius</u>	Director	March 11, 2022
* <u>Matthew Goldfarb</u>	Director	March 11, 2022
* <u>Gary G. Greenfield</u>	Director	March 11, 2022
* <u>Kent M. Stahl</u>	Director	March 11, 2022
* <u>Lauren C. States</u>	Director	March 11, 2022

\* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to the Powers of Attorney executed by the above-named officers and directors of the Registrant and filed with the Securities and Exchange Commission on behalf of such officers and directors.

Date: March 11, 2022

\*By: /s/ Jonathan B. Leiken  
Jonathan B. Leiken  
Attorney-in-Fact

## LIST OF SIGNIFICANT SUBSIDIARIES

The following are the subsidiaries of the Registrant included in the Registrant's consolidated financial statements at December 31, 2021. Other subsidiaries are not listed because such subsidiaries are inactive. Subsidiaries are listed alphabetically under either the domestic or international categories.

Domestic	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Aevi Americas Incorporated	Georgia	82.7%(27)
Diebold Global Finance Corporation	Delaware	100%
Diebold Holding Company, LLC	Delaware	100%
Diebold Latin America Holding Company, LLC	Delaware	100%
Diebold Mexico Holding Company, LLC	Delaware	100%(1)
Diebold Nixdorf Technology Finance, LLC	Delaware	100%
Diebold Self-Service Systems	New York	100%(2)
Diebold Software Solutions, Inc.	Delaware	100%
Diebold SST Holding Company, LLC	Delaware	100%
VDM Holding Company, Inc.	Delaware	100%
International	Jurisdiction under which organized	Percent of voting securities owned by Registrant
Aevi CZ s.r.o	Czech Republic	82.7%(27)
Aevi International GmbH	Germany	82.7%(26)
Aevi UK Ltd.	United Kingdom	82.7%(27)
Aisino Wincor Engineering Pte. Ltd.	Singapore	43.56%(46)
Aisino Wincor Manufacturing (Shanghai) Co. Ltd.	China	43.56%(46)
Aisino-Wincor Retail & Banking Systems (Shanghai) Co. Ltd.	China	43.56%(44)
Bitelco Diebold Chile Limitada	Chile	100%(20)
CI Tech Sensors AG	Switzerland	100%(4)
C.R. Panama, Inc.	Panama	100%(10)
Cable Print B.V.B.A.	Belgium	100%(37)
D&G ATMS y Seguridad de Costa Rica Ltda.	Costa Rica	51%(33)
D&G Centroamerica, S. de R.L.	Panama	51%(29)
D&G Centroamerica y GBM de Nicaragua y Compañia Ltda.	Nicaragua	51%(30)
D&G Dominicana S.A.	Dominican Republic	51%(32)
D&G Honduras S. de R.L.	Honduras	51%(31)
D&G Panama S. de R.L.	Panama	51%(34)
DB & DG ATMs Seguridad de Guatemala, Limitada	Guatemala	51%(30)
DB & GB de El Salvador Limitada	El Salvador	51%(30)
DCHC, S.A.	Panama	100%(10)
Diebold Africa (Pty) Ltd.	South Africa	100%(17)
Diebold Africa Investment Holdings (Pty) Ltd.	South Africa	100%(14)
Diebold Argentina, S.A.	Argentina	100%(10)
Diebold Brasil LTDA	Brazil	100%(28)
Diebold Brasil Servicos de Tecnologia e Participacoes Ltda	Brazil	100%(22)
Diebold Canada Holding Company Inc.	Canada	100%
Diebold Ecuador SA	Ecuador	100%(18)
Diebold Finance Germany GmbH	Germany	100%(3)
Diebold Financial Equipment Company, Ltd.	China	48.1%(24)
Diebold Netherlands B.V.	The Netherlands	100(5)%
Diebold Nixdorf AB	Sweden	100%(4)
Diebold Nixdorf AG	Switzerland	100%(5)
Diebold Nixdorf A/S	Denmark	100%(4)
Diebold Nixdorf AS	Norway	100%(4)
Diebold Nixdorf Australia Pty. Ltd.	Australia	100%(1)

Diebold Nixdorf Banking Services Ltd.	United Kingdom	100%(35)
Diebold Nixdorf BPO Sp. z.o.o.	Poland	100%(4)
Diebold Nixdorf Business Administration Center GmbH	Germany	100%(4)
Diebold Nixdorf B.V.	Netherlands	100%(4)
Diebold Nixdorf BVBA	Belgium	100%(16)
Diebold Nixdorf C.A.	Venezuela	100%(4)
Diebold Nixdorf Canada Limited	Canada	100%(1)
Diebold Nixdorf Colombia, S.A.S.	Columbia	100%(13)
Diebold Nixdorf de Mexico S.A. de C.V.	Mexico	100%(43)
Diebold Nixdorf Deutschland GmbH	Germany	100%(4)
Diebold Nixdorf Dutch Holding B.V.	Netherlands	100%
Diebold Nixdorf EURL	Algeria	100%(4)
Diebold Nixdorf Finance Malta Holding Ltd.	Malta	100%(4)
Diebold Nixdorf Finance Malta Ltd.	Malta	100%(39)
Diebold Nixdorf Fuel and Convenience Solutions GmbH	Germany	100%(4)
Diebold Nixdorf Global Holdings BV	Netherlands	100%
Diebold Nixdorf Global Logistics GmbH	Germany	100%(19)
Diebold Nixdorf Global Solutions B.V.	Netherlands	100%(40)
Diebold Nixdorf GmbH	Austria	100%(1)
Diebold Nixdorf Grundstücksverwaltungllmenau GmbH & Co. KG	Germany	100%(42)
Diebold Nixdorf Holding Germany GmbH	Germany	100%
Diebold Nixdorf (Hong Kong) Ltd.	Hong Kong	100%(4)
Diebold Nixdorf India Private Limited	India	100%(8)
Diebold Nixdorf Information Systems S.A.	Greece	100%(4)
Diebold Nixdorf Information Systems (Shanghai) Co. Ltd.	China	100%(4)
Diebold Nixdorf (Ireland) Ltd.	Ireland	100%(4)
Diebold Nixdorf Kft.	Hungary	100%(4)
Diebold Nixdorf Limited	Nigeria	100%(4)
Diebold Nixdorf LLC	Russia	100%(3)
Diebold Nixdorf Manufacturing Pte. Ltd.	Singapore	100%(38)
Diebold Nixdorf Middle East FZ-LLC	United Arab Emirates	100%(4)
Diebold Nixdorf Myanmar Limited	Myanmar	100%(7)
Diebold Nixdorf Operations GmbH	Germany	100%(4)
Diebold Nixdorf Oy	Finland	100%(4)
Diebold Nixdorf Peru S.r.l.	Peru	100%(47)
Diebold Nixdorf Philippines, Inc.	Philippines	100%
Diebold Nixdorf Portugal Unipessoal, Lda.	Portugal	100%(1)
Diebold Nixdorf Real Estate GmbH & Co. KG	Germany	100%(42)
Diebold Nixdorf Retail Services GmbH	Germany	100%(4)
Diebold Nixdorf Retail Solutions s.r.o.	Czech Republic	100%(36)
Diebold Nixdorf S.A.	Morocco	100%(4)
Diebold Nixdorf S.A.S.	France	100%(4)
Diebold Nixdorf Sdn. Bhd.	Malaysia	100%(4)
Diebold Nixdorf Security GmbH	Germany	100%(4)
Diebold Nixdorf Singapore Pte. Ltd.	Singapore	100%(4)
Diebold Nixdorf S.L.	Spain	100%(4)
Diebold Nixdorf Software C.V.	Netherlands	100%(9)
Diebold Nixdorf Software Partner B.V.	Netherlands	100%(4)
Diebold Nixdorf South Africa (Pty) Ltd.	South Africa	74.9%(25)
Diebold Nixdorf Sp. z.o.o.	Poland	100%(4)
Diebold Nixdorf s.r.l.	Italy	100%(4)
Diebold Nixdorf Srl	Romania	100%(41)
Diebold Nixdorf s.r.o.	Czech Republic	100%(4)
DIEBOLD NIXDORF s.r.o.	Slovakia	100%(4)
Diebold Nixdorf Systems GmbH	Germany	100%(4)



Diebold Nixdorf Taiwan Ltd.	Taiwan	100%(4)
Diebold Nixdorf Technologies LLC	UAE	49% (48)
Diebold Nixdorf Technology GmbH	Germany	100%(4)
Diebold Nixdorf Teknoloji A.S.	Turkey	100%(4)
Diebold Nixdorf (Thailand) Company Limited	Thailand	100%
Diebold Nixdorf (UK) Limited	United Kingdom	100%(4)
Diebold Nixdorf Vietnam Company Limited	Vietnam	100%
Diebold Pacific, Limited	Hong Kong	100%
Diebold Panama, Inc.	Panama	100%(10)
Diebold Paraguay S.A.	Paraguay	100%(45)
Diebold Self Service Solutions Limited Liability Company	Switzerland	100%(14)
Diebold Switzerland Holding Company, LLC	Switzerland	100%(1)
Diebold Uruguay S.A.	Uruguay	100%(10)
Inspur Financial Information System Co., Ltd.	China	48.1%(6)
IP Management GmbH	Germany	100%(4)
IT Soluciones Integrales, C.A.	Venezuela	100%(21)
J.J.F. Panama, Inc.	Panama	100%(10)
LLC Diebold Nixdorf	Ukraine	100%(4)
Moxx B.V.	Netherlands	100%(1)
Procomp Amazonia Industria Eletronica S.A.	Brazil	100%(11)
Procomp Industria Eletronica LTDA	Brazil	100%(23)
Prosystems IT GmbH	Germany	100%(4)
Pt. Diebold Nixdorf Indonesia	Indonesia	100%(12)
Wincor Nixdorf Facility GmbH	Germany	100%(4)
WINCOR NIXDORF International GmbH	Germany	100%(3)
Wincor Nixdorf IT Support S.A. de C.V.	Mexico	100%(21)
Wincor Nixdorf Retail ME JLT	United Arab Emirates	80%(15)

- (1) 100 percent of voting securities are owned by Diebold Nixdorf Global Holdings, BV, which is 100 percent owned by Registrant.
- (2) 70 percent of partnership interest is owned by Diebold Holding Company, LLC., which is 100 percent owned by Registrant, while the remaining 30 percent partnership interest is owned by Diebold SST Holding Company, LLC., which is 100 percent owned by Registrant.
- (3) 100 percent of voting securities are owned by Diebold Nixdorf Holding Germany GmbH, which is 100 percent owned by Registrant.
- (4) 100 percent of voting securities are owned by WINCOR NIXDORF International GmbH (refer to 3 for ownership).
- (5) 100 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company (refer to 14 for ownership).
- (6) 48.1 percent of voting securities are owned by Diebold Switzerland Holding Company, LLC (refer to 1 for ownership).
- (7) 99.99 percent of voting securities are owned by VDM Holding Company, Inc., which is 100 percent owned by Registrant, while the remaining .01 percent of voting securities is owned by Diebold Pacific Limited, which is 100 percent owned by Registrant.
- (8) 62.42 percent of voting securities are owned by Registrant; 19.03 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company (refer to 14 for ownership); 6.82 percent of voting securities are owned by Diebold Switzerland Holding Company, LLC (refer to 1 for ownership); 11.72 percent of voting securities are owned by WINCOR NIXDORF International (refer to 3 for ownership); and the remaining .01 percent of voting securities is owned by Diebold Holding Company, LLC, which is 100 percent owned by Registrant.
- (9) 60 percent of voting securities are owned by Diebold Nixdorf Global Holdings, BV, which is 100 percent owned by Registrant; 39.96 percent of voting securities are owned by IP Management GmbH (refer to 4 for ownership); and the remaining .4 percent of voting securities is owned by Diebold Nixdorf Software Partner B.V. (refer to 4 for ownership).
- (10) 100 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.
- (11) 99.99 percent of voting securities are owned by Diebold Brasil LTDA (refer to 28 for ownership), while the remaining .01 percent is owned by Registrant.
- (12) 87.33 percent of voting securities are owned by WINCOR NIXDORF International GmbH (refer to 3 for ownership), while the remaining 12.52 percent is owned by Diebold Nixdorf Global Holdings, BV, which is 100 percent owned by Registrant.
- (13) 21.44 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant; 16.78 percent of voting securities are owned by Diebold Panama, Inc. (refer to 10 for ownership); 16.78 percent of voting securities are owned by DCHC SA (refer to 10 for ownership); 13.5 percent of voting securities are owned by J.J.F. Panama, Inc. (refer to 10 for ownership); and the remaining 31.5 percent of voting securities are owned by C.R. Panama, Inc. (refer to 10 for ownership).
- (14) 100 percent of voting securities are owned by Diebold Switzerland Holding Company, LLC (refer to 1 for ownership).

- (15) 80 percent of voting securities are owned by WINCOR NIXDORF International GmbH (refer to 3 for ownership).
- (16) 90 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company (refer to 14 for ownership), while the remaining 10 percent of voting securities are owned by Diebold Nixdorf AG (refer to 5 for ownership).
- (17) 100 percent of voting securities are owned by Diebold Africa Investment Holdings Pty. Ltd. (refer to 14 for ownership).
- (18) 99.99 percent of voting securities are owned by Diebold Colombia SA (refer to 13 for ownership), while the remaining 0.01 percent is owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.
- (19) 100 percent of voting securities are owned by Diebold Nixdorf Logistics GmbH (refer to 4 for ownership).
- (20) 99.88 percent of voting securities are owned by Registrant, while the remaining .12 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.
- (21) 100 percent of voting securities are owned by Wincor Nixdorf C.A. (refer to 4 for ownership).
- (22) 99.99 percent of voting securities are owned by Diebold Canada Holding Company Inc., which is 100 percent owned by Registrant, while the remaining .01 percent is owned by Procomp Amazonia Industria Eletronica S.A. (refer to 11 for ownership).
- (23) 99.99 percent of voting securities are owned by Diebold Brasil Servicos de Tecnologia e Participacoes Limitada (refer to 22 for ownership), while the remaining .01 percent is owned by Registrant.
- (24) 100 percent of voting securities are owned by Inspur Financial Information Technology Co., Ltd. (refer to 6 for ownership).
- (25) 74.9 percent of voting securities are owned by Diebold Africa Investment Holdings Pty. Ltd. (refer to 14 for ownership).
- (26) 82.7 percent of voting securities are owned by WINCOR NIXDORF International GmbH (refer to 3 for ownership).
- (27) 100 percent of voting securities are owned by Aevi International GmbH (refer to 26 for ownership).
- (28) 99.99 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant, while the remaining .01 percent is owned by Registrant.
- (29) 51 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.
- (30) 99 percent of voting securities are owned by D&G Centroamerica, S. de R. L. (refer to 29 for ownership).
- (31) 99.97 percent of voting securities are owned by D&G Centroamerica, S. de R.L. (refer to 29 for ownership), while the remaining .03 percent of voting securities is owned by D&G ATMs y Seguridad de Costa Rica Ltda. (refer to 33 for ownership).
- (32) 99.85 percent of voting securities are owned by D&G Centroamerica, S. de R. L. (refer to 29 for ownership).
- (33) 100 percent of voting securities are owned by D&G Centroamerica, S. de R. L. (refer to 29 for ownership).
- (34) 99.99 percent of voting securities are owned by D&G Centroamerica, S. de R.L. (refer to 29 for ownership).
- (35) 100 percent of voting securities are owned by Diebold Nixdorf (UK) Limited (refer to 4 for ownership).
- (36) 100 percent of voting securities are owned by IP Management GmbH (refer to 4 for ownership).
- (37) 99.99 percent of voting securities are owned by Registrant, while the remaining .01 percent is owned by Diebold Holding Company, LLC., which is 100 percent owned by Registrant.
- (38) 100 percent of voting securities are owned by Diebold Nixdorf Pte. Ltd (refer to 4 for ownership).
- (39) 100 percent of voting securities are owned by Diebold Nixdorf Finance Malta Holding Ltd. (refer to 4 for ownership).
- (40) 100 percent of voting securities are owned by Diebold Nixdorf Software C.V. (refer to 9 for ownership).
- (41) 99.99 percent of voting securities are owned by Diebold Self-Service Solutions Limited Liability Company (refer to 14 for ownership), while the remaining .01 percent is owned by Diebold Switzerland Holding Company, LLC (refer to 1 for ownership).
- (42) 100 percent of voting securities are equally owned by Wincor Nixdorf Facility GmbH (refer to 4 for ownership) and Diebold Nixdorf Security GmbH (refer to 4 for ownership).
- (43) 93.43 percent of voting securities are owned by Diebold Mexico Holding Company, LLC (refer to 1 for ownership); 6.56 percent of voting securities are owned by WINCOR NIXDORF International (refer to 47 for ownership); <.001 percent of voting securities is owned by Wincor Nixdorf C.A. (refer to 51 for ownership); while the remaining <.001 percent is owned by Registrant.
- (44) 43.56 percent of voting securities are owned by WINCOR NIXDORF International GmbH (refer to 3 for ownership).
- (45) 99 percent of voting securities are owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant, while the remaining 1 percent is owned by Registrant.
- (46) 100 percent of voting securities are owned by Aisino-Wincor Retail & Banking Syst. (Shanghai) Co. Ltd. (refer to 44 for ownership).
- (47) 99.86 percent of voting securities are owned by Registrant, while the remaining .14 percent of voting securities is owned by Diebold Latin America Holding Company, LLC, which is 100 percent owned by Registrant.
- (48) 49 percent of voting securities are owned by WINCOR NIXDORF International GmbH (refer to 3 for ownership).

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement(s) (Nos. 33-32960, 33-39988, 33-55452, 33-54677, 33-54675, 333-31993, 333-32187, 333-60578, 333-162036, 333-162037, 333-162049, 333-190626, 333-193713, 333-199738, 333-217476, 333-223125, 333-224618, 333 231133, 333-238167, and 333-256039) on Form S-8 and (Nos. 333-213780 and 333-208186) on Form S-4 of our reports dated March 11, 2022, with respect to the consolidated financial statements of Diebold Nixdorf, Incorporated and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Cleveland, Ohio  
March 11, 2022

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the undersigned directors of Diebold Nixdorf, Incorporated, a corporation organized and existing under the laws of the State of Ohio, do for themselves and not for another, constitute and appoint Jonathan B. Leiken, or any one of them, a true and lawful attorney-in-fact in their names, place and stead, to sign their names to the report on Form 10-K for the year ended December 31, 2021, or to any and all amendments to such reports, and to cause the same to be filed with the Securities and Exchange Commission; it being intended to give and grant unto said attorneys-in-fact and each of them full power and authority to do and perform any act and thing necessary and proper to be done in the premises as fully and to all intents and purposes as the undersigned by themselves could do if personally present. The undersigned directors ratify and confirm all that said attorneys-in-fact or either of them shall lawfully do or cause to be done by virtue hereof.

The undersigned have hereunto set their hands as of the date set opposite their signature.

<u>Signature</u>	<u>Date</u>
<u>/s/ Arthur F. Anton</u> Arthur F. Anton	March 11, 2022
<u>/s/ Bruce Besanko</u> Bruce Besanko	March 11, 2022
<u>/s/ Reynolds C. Bish</u> Reynolds C. Bish	March 11, 2022
<u>/s/ William A. Borden</u> William A. Borden	March 11, 2022
<u>/s/ Ellen M. Costello</u> Ellen M. Costello	March 11, 2022
<u>/s/ Phillip R. Cox</u> Phillip R. Cox	March 11, 2022
<u>/s/ Alexander Dibelius</u> Alexander Dibelius	March 11, 2022
<u>/s/ Matthew Goldfarb</u> Matthew Goldfarb	March 11, 2022
<u>/s/ Gary G. Greenfield</u> Gary G. Greenfield	March 11, 2022
<u>/s/ Kent M. Stahl</u> Kent M. Stahl	March 11, 2022
<u>/s/ Lauren C. States</u> Lauren C. States	March 11, 2022

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gerrard B. Schmid, certify that:

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

Date: March 11, 2022

By: /s/ Gerrard B. Schmid  
Gerrard B. Schmid  
President and Chief Executive Officer  
(Principal Executive Officer)

DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES  
CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey Rutherford, certify that:

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

Date March 11, 2022

/s/ Jeffrey Rutherford

Jeffrey Rutherford

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

## DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Diebold Nixdorf, Incorporated and subsidiaries (the Company) for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Gerrard B. Schmid, President and Chief Executive of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

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

/s/ Gerrard B. Schmid

Gerrard B. Schmid  
President and Chief Executive Officer  
(Principal Executive Officer)

March 11, 2022

## DIEBOLD NIXDORF, INCORPORATED AND SUBSIDIARIES

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

In connection with the Annual Report on Form 10-K of Diebold Nixdorf, Incorporated and subsidiaries (the Company) for the year ended December 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Jeffrey Rutherford, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that, to my knowledge:

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

/s/ Jeffrey Rutherford

Jeffrey Rutherford

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

March 11, 2022



## Directors

### **Arthur F. Anton** <sup>2,4</sup>

Retired Chairman and Chief Executive Officer, Swagelok Company  
Solon, Ohio  
(Fluid Systems Technology)  
Director since 2019

### **Bruce H. Besanko** <sup>2,5</sup>

Retired Chief Financial Officer, Kohl's Corporation  
Menomonee Falls, Wisconsin  
(National Retailer)  
Director since 2018

### **Reynolds C. Bish** <sup>3,5</sup>

Chief Executive Officer and Director, Kofax Limited  
Irvine, California  
(Process Automation Software Provider)  
Director since 2019

### **William A. (Bill) Borden** <sup>2,5</sup>

Corporate Vice President, Worldwide Financial Services, Microsoft Corp.  
Redmond, Washington  
(Software and Technology)  
Director since 2021

### **Ellen M. Costello** <sup>1,2</sup>

Retired Chief Executive Officer, BMO Financial Corporation  
Chicago, Illinois  
(Diversified Financial Services)  
Director since 2018

### **Phillip R. Cox** <sup>1,3</sup>

President and Chief Executive Officer, Cox Financial Corporation  
Cincinnati, Ohio  
(Financial Planning and Wealth Management Services)  
Director since 2005

### **Dr. Alexander Dibelius** <sup>1,4</sup>

Managing Partner, CVC Capital Partners GmbH  
Frankfurt, Germany  
(Private Equity)  
Director since 2016

### **Matthew Goldfarb** <sup>1,4</sup>

Special Advisor to the Chairman, LICIT Corporation  
Rye, New York  
(Technology)  
Director since 2019

### **Gary G. Greenfield** <sup>5</sup>

Non-Executive Chairman of the Board, Diebold Nixdorf, Incorporated  
Hudson, Ohio  
Executive Advisor, Court Square Capital Partners  
New York, New York  
(Venture Capital and Private Equity)  
Director since 2014

### **Octavio Marquez**

President and Chief Executive Officer, Diebold Nixdorf, Incorporated  
Hudson, Ohio  
Director since 2022

### **Gerrard B. Schmid**

Former President and Chief Executive Officer, Diebold Nixdorf, Incorporated  
Hudson, Ohio  
Director since 2018

### **Kent M. Stahl** <sup>3,4</sup>

Retired Partner, Chief Investment Strategist and Director of Investment Strategy and Risk Management, Wellington Management Company, LLP  
Boston, Massachusetts  
(Investment Management)  
Director since 2019

### **Lauren C. States** <sup>2,5</sup>

Retired Vice President, Strategy & Transformation, IBM Corporation  
Armonk, New York  
(Information Technology)  
Director since 2020

1 Member of the People and Compensation Committee

2 Member of the Audit Committee

3 Member of the Board Governance Committee

4 Member of the Finance Committee

5 Member of the Technology Committee

## Officers

### **Octavio Marquez**

President and Chief Executive Officer

### **Jeffrey L. Rutherford**

Executive Vice President, Chief Financial Officer

### **Jonathan B. Leiken**

Executive Vice President, Chief Legal Officer and Corporate Secretary

### **Olaf Heyden**

Executive Vice President, Chief Operating Officer

### **Dr. Ulrich Näher**

Executive Vice President, Chief Commercial Officer

### **Manish Choudhary**

Executive Vice President, Global Software

### **Elizabeth A. Patrick**

Executive Vice President, Chief People Officer

# Shareholder Information

## CORPORATE OFFICES

Diebold Nixdorf, Incorporated  
50 Executive Parkway  
P.O. Box 2520  
Hudson, OH, USA 44235-0020  
+1 330-490-4000

[www.DieboldNixdorf.com](http://www.DieboldNixdorf.com)

## STOCK EXCHANGE

The company's common shares are listed under the symbol DBD on the New York and Frankfurt Stock Exchanges.

## TRANSFER AGENT AND REGISTRAR

EQ Shareowner Services  
+1 855-598-5492 or +1 651-450-4064

Website: [www.shareowneronline.com](http://www.shareowneronline.com)

General Correspondence:  
P.O. Box 64874  
St. Paul, MN 55164-0874

Or Overnight Delivery:  
1110 Centre Point Curve, Suite 101  
Mendota Heights, MN 55120

Dividend Reinvestment/Optional Cash:  
Dividend Reinvestment Department  
P.O. Box 64856  
St. Paul, MN 55164-0856

## PUBLICATIONS

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are available, free of charge, on or through the website, [www.dieboldnixdorf.com](http://www.dieboldnixdorf.com), as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. Additionally, these reports will be furnished free of charge to shareholders upon written request to Diebold Nixdorf Corporate Communications or Investor Relations at the corporate address.

## INFORMATION SOURCES

Communications concerning share transfer, lost certificates or dividends should be directed to the transfer agent. Investors, financial analysts and media may contact the following at the corporate address:

Christine Marchuska, CAIA  
Vice President, Head of Investor Relations  
+1 607-206-9212  
Email: [christine.marchuska@dieboldnixdorf.com](mailto:christine.marchuska@dieboldnixdorf.com)

Michael Jacobsen, APR  
Sr. Director, Corporate Communications  
+1 330-490-3796  
Email: [michael.jacobsen@dieboldnixdorf.com](mailto:michael.jacobsen@dieboldnixdorf.com)

## DIRECT PURCHASE, SALE AND DIVIDEND REINVESTMENT PLAN

Diebold Nixdorf's Direct Stock Purchase Plan, administered by EQ Shareowner Services, offers current and prospective shareholders a convenient alternative for buying and selling Diebold Nixdorf shares. Once enrolled in the plan, shareholders may elect to make optional cash investments.

For first-time share purchase by nonregistered holders, the minimum initial investment amount is \$500. The minimum amount for subsequent investments is \$50. The maximum annual investment is \$120,000. Shareholders may also choose to reinvest the dividends paid on shares of Diebold Nixdorf Common Stock through the plan.

Some fees may apply. For more information, contact EQ Shareowner Services (see information in opposite column) or visit Diebold Nixdorf's website at [www.DieboldNixdorf.com](http://www.DieboldNixdorf.com).

## ANNUAL MEETING

The next meeting of shareholders will take place at 8:00 a.m. EDT on May 6, 2022. We have adopted a virtual format for our Annual Meeting this year in order to provide a consistent experience to all shareholders, regardless of location. You will be able to attend and vote at the 2022 Annual Meeting via live webcast by visiting [www.virtualshareholdermeeting.com/DBD2022](http://www.virtualshareholdermeeting.com/DBD2022).



Diebold Nixdorf

50 Executive Pkwy  
Hudson, Ohio 44236  
USA