



**SS&C Technologies Holdings, Inc.**

2022 Annual Report on 10-K



My Fellow Stockholders,

Thank you for your continued support and engagement. 2022 presented a challenging operating environment putting pressure on our financial results. SS&C continued to invest both organically and through high quality acquisitions. We exited the year with high customer satisfaction, revenue growth momentum, and strong profitability and cash flow.

2022 financial performance was \$5,283.0 million in GAAP revenue, \$1,142.9 million in GAAP operating income, and \$2.48 in GAAP diluted earnings per share. On an adjusted basis, we made \$4.65 in diluted earnings per share. We had major client wins across our business, secured key multiyear renewals, and delivered innovative products. Our strong operating cash flow of \$1,134.3 million, or \$1,202.3 million excluding \$68.0 million of Blue Prism transaction costs, enabled us to execute our capital allocation strategy. SS&C's priority is to maximize stockholder value and smart capital allocation remains a key component. In 2022, we repurchased 7.8 million shares of common stock for \$476.1 million, and acquired six companies, including Blue Prism. We are excited about Blue Prism, including strong revenue growth and profitability, and the ability to transform SS&C's existing operations with Digital Workers.

Some 2022 highlights include:

- Achieved 2.0 percent adjusted organic growth for the year, with continued performance from our Alternatives, Intralinks, and software businesses.
- 2022 treasury stock buybacks were 7.8 million shares for \$476.1 million at an average price of \$61.01 per share.
- Acquired Blue Prism in March 2022 for \$1.6 billion. This acquisition brings over \$200 million in revenue, a double-digit revenue growth rate, and an opportunity to deploy the advanced intelligent automation technology throughout our operations.
- Completed tuck-in acquisitions Hubwise, Mineralware, O'Shares ETFs, Tier1, and Complete Financial Ops.
- Finished the year with \$2.2 trillion in alternative assets under administration and solidified our position as the world's largest alternative fund administrator.
- Introduced new innovative solutions including Treasury Management, Tax Brightline, GoCentral, and SS&C Managed Services.

Ownership of the entire means of production, including custom built commercial-grade software, world class data centers, and a global dedicated workforce, is fundamental to our success. We look forward to delivering strong performance in 2023.

Sincerely,



William C. Stone  
Chairman and Chief Executive Officer  
SS&C Technologies Holdings, Inc.



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, 2022

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-34675



**SS&C TECHNOLOGIES HOLDINGS, INC.**

(Exact name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation or Organization)

71-0987913  
(I.R.S. Employer Identification No.)

80 Lambertson Road  
Windsor, CT 06095  
(Address of Principal Executive Offices, Including Zip Code)  
860-298-4500  
(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share	SSNC	The Nasdaq Global Select Market

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 Section 15(d) of the 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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant 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.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2022, the aggregate market value of the registrant's common stock held by non-affiliates was \$12,954,834,035 based on the closing sale price per share of the registrant's common stock on The Nasdaq Global Select Market on such date.

There were 250,721,610 shares of the registrant's common stock outstanding as of February 17, 2023.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Part III of this annual report on Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement for the 2023 annual meeting of stockholders, which the registrant intends to file pursuant to Regulation 14A with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year end of December 31, 2022. With the exception of the sections of the definitive proxy statement specifically incorporated herein by reference, the definitive proxy statement is not deemed to be filed as part of this annual report on Form 10-K.

**SS&C TECHNOLOGIES HOLDINGS, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR THE FISCAL YEAR ENDED December 31, 2022**  
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## FORWARD-LOOKING INFORMATION

Certain statements contained in this annual report constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, intentions, projections, developments, future events, performance, underlying assumptions, and other statements that are other than statements of historical facts. Without limiting the foregoing, the words “believes”, “anticipates”, “plans”, “expects”, “estimates”, “projects”, “forecasts”, “may”, “assume”, “intend”, “will”, “continue”, “opportunity”, “predict”, “potential”, “future”, “guarantee”, “likely”, “target”, “indicate”, “would”, “could” and “should” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words. Such statements reflect management’s best judgment based on factors currently known but are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such risks and uncertainties include, but are not limited to, the state of the economy and the financial services industry and other industries in which our clients operate, our ability to realize anticipated benefits from our acquisitions, the effect of customer consolidation on demand for our products and services, the increasing focus of our business on the hedge fund industry, the variability of revenue as a result of activity in the securities markets, our ability to retain and attract clients, fluctuations in customer demand for our products and services, the intensity of competition with respect to our products and services, our exposure to litigation and other claims, terrorist activities and other catastrophic events, disruptions, attacks or failures affecting our software-enabled services, risks associated with our foreign operations, privacy concerns relating to the collection and storage of personal information, evolving regulations and increased scrutiny from regulators, our ability to protect intellectual property assets and litigation regarding intellectual property rights, delays in product development, investment decisions concerning cash balances, regulatory and tax risks, risks associated with our joint ventures, changes in accounting standards, risks related to our substantial indebtedness, and the market price of our stock prevailing from time to time. The factors discussed under “Item 1A. Risk Factors”, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management from time to time. You should not place undue reliance on any such forward-looking statements. Forward-looking statements speak only as of the date on which they are made and, except to the extent required by applicable securities laws, we undertake no obligation to update or revise any forward-looking statements.

The following are some of our registered trademarks and/or service marks in the U.S. and/or in other countries: ADVENT, ADVENT CORPORATE ACTIONS, ADVENT CUSTODIAL DATA, ADVENT GENESIS, ADVENT ONDEMAND, ADVENT PORTFOLIO EXCHANGE, ALGO, ALGO ONE, ALGORITHMICS, ADVENT REVENUE CENTER, ADVISORWARE, ALL-STAR FUNDS, ALPS, AWD, AXYS, BENEFIX, BLACK DIAMOND, BLUE PRISM, DBC, DST, DST SYSTEMS, ECLIPSE, EZE, EZE CASTLE, EZE ECLIPSE, FAN, FAN MAIL, FIXLINK, GENEVA, GLOBEOP, GLOBEOP HEDGE FUND INDEX, GOREC, GORISK, INTRALINKS, KNOW YOUR RISK, LIBERTY ALL-STAR FUNDS, MARGINMAN, MARK-TO-FUTURE, MAXIMIS, MINERALWARE, MOXY, PACER, PAGES, PAS, PORTIA, PORTPRO, REALTICK, RECON, ROLLOVER CENTRAL, RISKWATCH, ROM, ROM ARCHITECT, RXFOCUS, SKYLINE, SS&C, SS&C BLUE PRISM, SS&C SINGULARITY, SS&C SMARTSOURCE, SS&C TAX OPTIMIZER, SYNCOVA, SYLVAN, TA2000, TAMALE, TAMALE RMS, TIER1CRM, TRAC, TRADETHRU, TRADEWARE, VISION, WALLETSHARE, and ZOOLOGIC. SS&C Technologies Holdings, Inc. and/or its subsidiaries in the U.S. and/or in other countries have trademark or service mark rights to certain other names and marks other than those referred to in this annual report.

SS&C Technologies Holdings, Inc., or “SS&C Holdings,” is our top-level holding company. SS&C Technologies, Inc., or “SS&C,” is our primary operating company and a wholly-owned subsidiary of SS&C Technologies Holdings, Inc. “We,” “us,” “our” and the “Company” mean SS&C Technologies Holdings, Inc. and its consolidated subsidiaries, including SS&C.

## PART I

### ITEM 1. BUSINESS

#### Overview

SS&C Technologies Holdings, Inc. (NASDAQ: SSNC) is the world's largest hedge fund and private equity administrator, as well as the largest mutual fund transfer agent. SS&C's unique business model combines end-to-end expertise across financial services operations with software and solutions to service even the most demanding customers in the financial services and healthcare industries. SS&C owns and operates the full technology stack across securities accounting, front-to-back-office operations, performance and risk analytics, regulatory reporting and healthcare information processes.

SS&C's trusted and proven technology delivers an unparalleled level of scalable capabilities for the most complex portfolios, the most sophisticated strategies, and the highest volumes of transactions. Through a series of carefully selected acquisitions and organic growth, the breadth and depth of SS&C's expertise in financial services and healthcare technology are unmatched.

Founded in 1986 and headquartered in Windsor, Connecticut, the Company is home to over 27,000 employees and has 121 offices in 90 cities globally. With over 20,000 clients spanning the health and financial services industries, our customers' needs and requirements are always at the forefront of our strategy. We provide the global financial services industry with a broad range of software-enabled services, which consist of software-enabled outsourcing services and subscription-based on-demand cloud solutions that are managed and hosted at our facilities, and specialized software products, which are deployed at our clients' facilities. Our software-enabled services, which combine the strengths of our proprietary software with our domain expertise, enable our clients to contract with us to provide many of their mission-critical and complex business processes. For example, we utilize our software to deliver comprehensive fund administration services to alternative and traditional asset managers, including fund manager services, transfer agency services, funds-of-funds services, tax processing and accounting. We offer clients the flexibility to choose from multiple software delivery options, including on premise applications and hosted, multi-tenant or dedicated applications. Additionally, we provide clients with targeted, blended solutions based on a combination of software and software-enabled services. We believe that our software-enabled services provide superior client support and an attractive alternative to clients that do not wish to install, manage and maintain complicated financial software.

We also serve the healthcare industry through our SS&C Health services and technology-enabled business. The core purpose of our health business is to enable our clients to provide better healthcare by efficiently operationalizing and effectively scaling their care strategies through improved quality, cost, experience and outcomes to their members. We do this by applying modern technology to medical and pharmacy claims processing, data and analytics and simplifying and improving the experience for our client users and their members. SS&C Health's market segments are health plans and pharmacy benefit managers, specifically, those who serve government-funded member segments and those who are seeking a flexible and scalable alternatives to larger integrated vendors. As a total health partner, our suite of solutions spans across health plan operations. These options include core claims processing, operational software and high value applications for risk adjustment and quality management. These solutions enable us to serve a large population of payer clients across the market segments.

Our business model is characterized by high revenue retention rates and significant cash flow. We generate revenues primarily through our high-value software-enabled services. Our software-enabled services are generally provided under contracts with initial terms of one to five years that require monthly or quarterly payments and are subject to automatic annual renewal at the end of the initial term unless terminated by either party. We also generate revenues by licensing our software to clients through either perpetual or term licenses and by selling maintenance services. Maintenance services are generally provided under annually renewable contracts. Pricing in our software-enabled services businesses scales based on several factors which can include our clients' assets under management, the complexity of asset classes managed, the number of accounts serviced, the volume of transactions, trading volume, medical claims and pharmacy claims volume and the level of service the client requires. We have experienced average revenue retention rates in each of the last five years of greater than 95% on our software-enabled services and maintenance and term licenses contracts for our core enterprise products. We believe that the high value-added nature of our products and services has enabled us to maintain our high revenue retention rates.

We generated revenues of \$5,283.0 million for the year ended December 31, 2022 as compared to revenues of \$5,051.0 million for the year ended December 31, 2021. In 2022, we generated 75% of our revenues from clients in North America and 25% from clients outside North America. Our revenues are highly diversified, with our largest client in 2022 accounting for less than 5% of our revenues. Additional financial information, including geographic information, is available in our Consolidated Financial Statements and Note 13 to our Consolidated Financial Statements.



## Our Industry

We serve a number of vertical markets within the financial services and healthcare industries. Our financial services clients include alternative investment funds, investment management firms, institutional and retail asset managers, insurance companies, registered investment advisors (“RIAs”), wealth managers, banks and brokerage firms. Our healthcare clients include individual and government sponsored health plans and healthcare providers. We believe that financial services and healthcare providers will increasingly turn to IT solutions, provided by an independent vendor, as a result of economic challenges and heightened regulatory requirements. Financial services firms are in a search for more risk-averse business strategies, simplified regulatory compliance, and full service solutions provided by a single vendor. Healthcare providers are looking to improve their customers’ experience through better access to data and an enhanced user interface. As a result, we believe these industries will continue to invest in IT and outsourcing solutions.

## Market Trends

The demand for our products and services comes from a number of distinct sources: new formations in asset and wealth management and healthcare, new business lines and combinations of business lines at existing clients, replacement of legacy in-house operations and competitor systems and expansion of our existing client relationships. Underlying these demand drivers are several industry trends, including:

- *Diversification of business lines, product proliferation and complexity.* As investment managers look to grow through diversified offerings (alternative assets, real assets, and private equity) in global markets, they need their technology investments and servicing partners to be long-lived and deliver a return on their investment for different types of businesses models. Our scalable solutions empower client growth while diversifying their product offering. Our customers' business models and product offerings are becoming increasingly complex. We aim to simplify organizations and make continuous improvements to our systems to handle complexity.
- *Regulatory changes.* Our clients must comply with rules, regulations, directives and standards from governmental and self-regulating organizations. Our clients rely on us to navigate new requirements and facilitate compliance in today’s dynamic and evolving regulatory environment. We are uniquely positioned in our ability to interpret regulations and impact to clients and to implement technology solutions. We expect regulatory changes to increase the complexity of compliance and the demand for our products and services and motivate clients to develop systems infrastructure and research management processes to comply with regulatory requirements.
- *Focus on digital transformation.* Evaluating the implications of new technologies is a challenge for our clients. By combining institutional-grade quality with cutting-edge technology, we help apply the right solutions to help grow our client’s business more efficiently. Many of our clients face internal digital transformation projects or external threats from emerging tech disrupter competition. As a result, clients invest in new technology to help expand profit margins and offer new products. In addition, new technology incorporating artificial intelligence (“AI”), including machine learning and Robotic Process Automation (“RPA”), is gaining traction in the financial technology industry. These next-generation tools will, including our acquisition of Blue Prism in 2022, increase efficiency and reduce errors without human intervention. Overall, we continue to see increasing migration to the cloud to achieve operational scalability and lower fixed costs.
- *Increased demands for transparency, efficiency and risk management in financial services.* Firms continue to focus on operational risk, resulting from discoveries of fraud and mismanagement during the 2008-2009 U.S. financial crisis and concerns regarding transparency and counterparty exposure. This continued focus has led investment management firms to strive to provide investment data accurately, institutionalize investment operations and automate their investment process. On the wealth management and advisory sides of our business, we have further evolved the relationship between the end client and a firm, with investors demanding transparency and a customized client experience. In addition, we expect wealth managers to become familiar with their clients’ preferences for account access and communication and cater to them. Finally, institutional and individual investors, faced with increasingly competitive low-fee and automated options, push investment managers for greater efficiencies and lower fees.
- *Accelerated adoption of outsourcing and cloud-based solutions.* The COVID-19 pandemic presented a number of challenges for our customer base due to the global shift to a remote workforce. SS&C continues to see robust interest in its solutions to drive transformation as customers look to emerge from the crisis with more resilience and agility and expect a lasting effect on the way financial services and healthcare firms conduct business. The post-COVID-19 pandemic environment requires an increased focus on operational efficiency, infrastructure stability, and ability to access systems and data via cloud-based, web-based portals.
- *Transformation of healthcare industry’s business model.* The COVID-19 pandemic brought about a shift in focus to equitable healthcare. The National Committee for Quality Assurance, Centers for Medicare & Medicaid Services and state regulations

around health equity are resulting in the need for in-depth, whole-person population segmentation with the ability to include social determinants of health characteristics. New and more stringent guidelines must now be met to satisfy quality ratings and protect revenue. Further changes to the healthcare space come with new policy initiatives that shift the role of the federal government beyond coverage and enrollment into modernizing member-facing plan technology and transparency (such as the Interoperability and No Surprises Act), and managing costs, (either for taxpayers or enrollees) through direct negotiating of drug pricing and direct accrual of rebates. These changes enforce the need for streamlined technology that is flexible and scalable, accurate and reliable analytics, cybersecurity and consumer-directed access to electronic health information. Rapid transformation and market expectations have created an ongoing need for industry expertise and outsourcing, contributing to opportunity.

## **Competitive Strengths**

The following are the core strengths that we believe enable us to differentiate ourselves in the markets we serve:

### ***Enhanced capability through software ownership.***

We use our proprietary software products and infrastructure to provide our software-enabled services, strengthening our overall operating margins and providing a competitive advantage. Our 2022 acquisition of Blue Prism enables us to deploy Blue Prism's Intelligent Automation Platform and other automation solutions to our clients and to leverage for internal use efficiencies. Because we primarily use our proprietary software to execute our software-enabled services and generally own and control our products' source code, we can quickly enable continuous updates in a highly scalable, reliable and secure manner. This continuous feedback process provides us with a significant advantage over many of our competitors, specifically those software competitors that do not offer a comparable model and therefore do not have the same level of hands-on experience with their products.

### ***Global industry leader with a strong market position focused on software and software-enabled services for financial services.***

We are a global business providing a broad portfolio of software products and software-enabled services and have approximately 121 offices worldwide. As of December 31, 2022, we had over 24,000 development, service and support professionals with significant expertise across the industries we serve and deep working knowledge of our clients' businesses. We provide highly flexible, scalable and cost-effective solutions that enable our financial services clients to track complex securities, better employ sophisticated investment strategies, scale efficiently and meet evolving regulatory requirements. Our products and services allow our clients to automate and integrate their front-office, middle-office and back-office functions, thus enabling straight-through processing that increases productivity and reduces costs. We believe our product and service offerings position us as a leader within the specific verticals of the financial services software and services market in which we compete.

### ***Trusted provider to our highly diversified and growing client base.***

By providing mission-critical, reliable software products and services for over 35 years, we have developed a large and growing installed base within the financial services industry. Our clients include some of the largest and most well-recognized financial services firms. We believe that our high-quality products and superior services have led to long-term client relationships, some of which date from our earliest days of operations. Our strong client relationships, coupled with the fact that many of our current clients use our products for a relatively small portion of their total funds and investment vehicles under management, provide us with a significant opportunity to sell additional solutions to our existing clients and drive future revenue growth at a lower cost.

### ***Largest independent alternative fund administration services provider and mutual fund transfer agent.***

The third-party service providers participating in the alternative investment market include fund managers, auditors, fund administrators, attorneys, custodians and prime brokers. Each provider performs a valuable function to provide transparency of the fund's assets and the valuation of those assets. However, conflicts of interest may arise when the above parties offer more than one of these services. The industry is increasingly recognizing these conflicts and, as a result, seeking independent fund administrators such as SS&C.

SS&C is currently the largest fund administrator for alternative investment managers, including hedge funds, private equity, real assets and fund of funds. We are the largest third-party mutual fund transfer agent. Through our Global Investor and Distribution Solutions ("GIDS") business, we deliver global transfer agency and investor servicing powered by a single global servicing platform. Investor servicing is offered in many different countries, including the U.S., Canada, U.K., Ireland, Luxembourg, Australia, Hong Kong and Singapore. SS&C also services mutual fund structures in many other fund domiciles. GIDS leverages SS&C's global regulatory expertise to provide a consistent global approach to regulatory compliance, enabling providers to reduce risk and improve client service. Our highly tenured staff of industry experts allow us to deliver consistent service excellence to the asset management

customers we service. We are operating our proprietary software to provide these services, ensuring all aspects of our offering are optimized to deliver cost-effective, accurate solutions.

As a publicly-traded company, our clients and prospects have access to our periodic filings with the SEC, giving them transparency into our overall financial strength.

#### ***Data center ownership and SS&C private cloud***

SS&C owns and operates a global data center footprint to ensure high uptime and regional service delivery for our customers. Our facilities are strategically placed for regional customers and highly scalable. The SS&C Private Cloud delivers our software with very high throughput. Our goal is to manage the infrastructure end-to-end and to limit third-party reliance outside of our control.

#### ***Experienced management team with strong integrating and operating track record.***

Our senior management team has a track record of operational excellence, an average of more than 20 years of experience in the financial services and healthcare industries and a proven ability to acquire and integrate complementary businesses, as demonstrated by the 65 businesses we have acquired since 1995. By leveraging our domain expertise and knowledge, we have developed, and continue to improve, our mission-critical software products and services to enable our clients to overcome the complexities inherent in their businesses. In addition, all of our senior executives are compensated based on our financial success.

#### **Business Strategies**

Our strategy is to deliver compelling solutions and value propositions to our customers in the financial services and healthcare industries. The following are key elements to our strategy for achieving this objective:

#### ***Build upon and extend our leadership position in software and software-enabled services in the financial services industry.***

Since our founding in 1986, we have focused on building substantial financial services domain expertise through close working relationships with our clients. We have developed a deep knowledge base that enables us to respond to our clients' most complex financial, accounting, actuarial, tax and regulatory needs. We intend to maintain and enhance our technological leadership by using our domain expertise to build valuable new software-enabled services and solutions, investing in internal development and opportunistically acquiring products and services that address the highly specialized needs of the financial services industry.

Our internal product development team works closely with marketing, sales and client service personnel to ensure that product evolution reflects developments in the marketplace and trends in client requirements. In addition, we intend to continue to develop our products cost-effectively by leveraging common components across product families. As a result, we believe that we enjoy a competitive advantage because we can address the needs of high-end clients by providing industry-tested products and services, including cloud-based services and related mobility platforms that meet global market demands and enable our clients to automate and integrate functions for improved productivity, compliance, reduced manual intervention and bottom-line savings.

SS&C's products are sold to a diverse group of clients from niche players in the financial services and healthcare industries to the largest institutions in the world. Furthermore, we believe our client base represents a fraction of the total number of financial services providers globally. We believe we can grow our client base over time as our products become more widely adopted. We believe we also have an opportunity to capitalize on the increasing adoption of mission-critical outsourcing operations by financial services and healthcare providers as they continue to replace inadequate legacy solutions and custom in-house solutions that are inflexible and costly to maintain. We also believe we have an opportunity to expand our footprint within existing clients. We will continue to focus on cross-selling our products and bundling solutions. Our software-enabled services revenues increased from \$3,891.3 million for the year ended December 31, 2020 to \$4,273.9 million for the year ended December 31, 2022.

#### ***Capitalize on longer-term secular growth trends in financial services and healthcare industries.***

With our global footprint and best-in-class product offerings, we aim to capture a significant share of the IT spend of alternative asset, institutional and retail asset managers, wealth managers and the healthcare industry through leveraging the deeply embedded service offering we provide and outdistancing the competition. We expect regulatory changes to increase the complexity of compliance and the demand for our products and services and motivate clients to develop infrastructure and research management processes to mitigate regulatory exposure. We plan to benefit from the growing software spend in the increasingly complex and more highly regulated financial services and healthcare landscape.

***Continue to capitalize on acquisitions of complementary businesses and technologies.***

We intend to continue to employ a highly disciplined and focused acquisition strategy to broaden and enhance our product and service offerings, expand our intellectual property portfolio, add new clients and supplement our internal development efforts. We believe our acquisitions have been an extension of our research and development effort that has enabled us to purchase proven products and remove the uncertainties associated with software development projects. We will seek to opportunistically acquire, at reasonable valuations, businesses, products and technologies in our existing or complementary vertical markets that will enable us to better satisfy our clients' rigorous and evolving needs. We have proven our ability to integrate complementary businesses as demonstrated by the 65 businesses we have acquired since 1995. Our experienced senior management team leads a rigorous evaluation of our targets to ensure that they satisfy our product or service needs and will successfully integrate with our business while meeting our targeted financial goals. As a result, our acquisitions have contributed marketable products or services that have added to our revenues. Through the broad reach of our direct sales force and our large installed client base, we believe we can market these acquired products and services to a large number of prospective clients. Additionally, we have improved the operational performance and profitability of our acquired businesses, creating significant value for our stockholders.

***Strengthen our international presence.***

We believe there is a significant market opportunity to provide software and services to financial services providers outside North America. In the year ended December 31, 2022, we generated 25% of our revenues from clients outside North America. We are building our international operations to increase our sales outside North America. We plan to continue to expand our global market presence by leveraging our existing software products and software-enabled services. We also plan to leverage our growing presence in the Asia Pacific region due to recent acquisitions. Over the last three years, revenue from the Asia Pacific region has increased 33.6% to \$258.2 million. We believe this region presents a compelling growth opportunity.

***Increase profitability through margin expansion.***

We expect to drive increased margins by delivering innovative end-to-end solutions that provide significant value to customers and warrant premium pricing. We have a significant scale with best-in-class solutions and software-enabled services across the delivery spectrum, which, we believe, combined with a diversified service offering and client base, drives stable revenues and increased operating leverage. In addition, our operating flexibility allows us to scale our costs based on client demands. We can also increase our margins by implementing more technology in our services business, including automating traditionally manual accounting functions and utilization of the Blue Prism intelligent automation platform.

Along with the productivity improvements mentioned above, and as a result of the COVID-19 pandemic and SS&C's flexible working policy, we believe we can reduce our real estate footprint and related costs over the medium term.

**Our Acquisitions**

As mentioned above, we intend to employ a highly disciplined and focused acquisition strategy. Our past acquisitions have enabled us to expand our product and service offerings into new markets or client bases within the financial services industry. New products and services have also enabled us to market other products and services to acquired client bases. In addition, we believe our acquisitions have been an extension of our research and development effort and have enabled us to add to our product and service offerings without incurring the uncertainties sometimes associated with software development projects.

Since 1995, we have acquired 65 businesses within our industry. These acquisitions have contributed marketable products and services, which have added to our revenues and earnings. We have generally been able to improve our acquired businesses' operating performance and profitability. We seek to reduce the costs of the acquired businesses by consolidating sales and marketing efforts and eliminating redundant administrative tasks and research and development expenses. In many cases, we have also increased revenues generated by acquired products and services by leveraging our existing products and services, larger sales capabilities and client base.

We generally seek to acquire companies that satisfy our financial metrics, including expected return on investment. Through our acquisitions, we seek companies that:

- provide complementary products or services in the financial services industries;
- possess proven technology and an established client base that will provide a source of ongoing revenue and to whom we may be able to sell existing products and services;
- expand our intellectual property portfolio to complement our business;
- address a highly specialized problem or a market niche in the financial services and healthcare industries;
- expand our global reach into strategic geographic markets; and
- have solutions that lend themselves to being delivered as software-enabled services.

Based on our experience, we believe numerous solution providers address highly particularized financial services needs or provide specialized services that would meet our disciplined acquisition criteria.

Acquisitions are discussed further in *Liquidity and Capital Resources* and in Note 8 to our Consolidated Financial Statements. The following table provides a list of the most substantial acquisitions we have made since 2010 (in millions):

<u>Acquisition Date</u>	<u>Acquired Business</u>	<u>Contract Purchase Price</u>	<u>Acquired Capabilities, Products and Services</u>
May 2012 .....	Thomson Reuters' PORTIA Business	\$ 170.0	Added portfolio management software and outsourcing services for institutional managers
June 2012 .....	GlobeOp Financial Services S.A.	\$ 834.4	Expanded fund administration services in hedge fund and other asset management sectors
November 2014..	DST Global Solutions	\$ 95.0	Added investment management software and services
July 2015.....	Advent Software, Inc.	\$ 2,600.0	Expanded global investment management software and services
November 2015..	Primatics Financial	\$ 116.0	Added cloud-based integrated risk, compliance and finance solution for the banking industry
March 2016 .....	Citigroup's Alternative Investor Service	\$ 425.0	Expanded fund administration services in hedge fund and private equity sectors
December 2016 ..	Wells Fargo's Global Funds Service	\$ 75.1	Expanded fund administration services in hedge fund and private equity sectors
December 2016 ..	Conifer Financial Services, LLC	\$ 88.5	Expanded fund administration services in hedge fund and other asset management sectors
April 2018 .....	DST Systems, Inc.	\$ 5,400.0	Provided additional scale and breadth across institutional and retail asset management, alternatives, wealth management, and healthcare sectors
October 2018.....	Eze Software Group, LLC	\$ 1,450.0	Strengthened SS&C's front to back office technology
November 2018..	Intralinks Holdings, Inc.	\$ 1,500.0	Increased key account footprint and adds cloud-based virtual data rooms and secure collaboration solutions for SS&C's banking and alternative clients
November 2019..	Algorithmics	\$ 88.8	Added cloud-based risk analytics and additional regulatory solutions
May 2020 .....	Innovest	\$ 120.0	Added web-based trust accounting and unique asset servicing solutions
March 2022 .....	Blue Prism Group Plc	\$ 1,645.0	Added deep expertise in intelligent automation and robotic process automation
March 2022 .....	Hubwise Holdings Limited	\$ 75.0	Enhanced SS&C's capacity to help customers create highly automated and efficient multi-asset, multi-currency and multi-wrapper strategies

## Products and Services

Our products and services allow professionals in the financial services and healthcare industries to automate complex business processes and are instrumental in helping our clients manage significant information processing requirements. Our solutions enable our clients to focus on core operations, better monitor and manage business performance and risk, improve operating efficiency and reduce operating costs. Our portfolio of products and software-enabled services allows our financial services clients to automate and



integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing, and compliance and tax reporting. Our healthcare solutions include claims adjudication, benefit management, care management and business intelligence solutions.

### ***Software-enabled Services***

- ***SS&C GlobeOp*** – Named “Best Administrator” for hedge funds and private equity by HedgeWeek and Global Custodian in 2022, SS&C GlobeOp serves a worldwide clientele of hedge funds, private equity funds, funds of funds, real asset funds, managed accounts, family office and undertakings for collective investments in transferable securities (“UCITS”), with more than \$2.2 trillion in assets under administration. SS&C provides a full suite of comprehensive capabilities, including but not limited to: global regulatory compliance reporting, tax reporting, risk reporting, net asset value (“NAV”) calculations, valuation services, daily reconciliation of cash and security balances, full investor and transfer agency services and automated support of post-trade activities. In addition, under SS&C GlobeOp, SS&C Direct provides similar middle- and back-office outsourcing services and application hosting to institutional asset managers, insurance companies and real estate investment trusts.
- ***Global Investor and Distribution Solutions (“GIDS”)***– Utilizing proprietary software applications, GIDS delivers global transfer agency and investor servicing powered by a single global servicing platform. The platform provides investors, advisers, and asset managers’ unique data-driven operational insights, real-time transparent oversight, intelligent automation and state-of-the-art digital tools. Investor servicing is offered in many different countries, including the U.S., Canada, U.K., Ireland, Luxembourg, Australia, Hong Kong and Singapore. SS&C also services mutual fund structures in many other fund domiciles. In addition, GIDS leverages SS&C’s global regulatory expertise to provide a consistent global approach to regulatory compliance, enabling providers to lower risk and improve client service. Services include anti-money laundering and fraud detection, blue sky administration and reporting, event center services, reconciliation, remittance, registered fund services and trade monitoring/surveillance.
- ***Bluedoor*** – SS&C’s Bluedoor is an integrated registry system for wealth managers and fund platforms in the UK and Australia, delivering real-time automation and high levels of straight-through-processing, allowing these financial institutions to improve service efficiency and reduce expenditure and technology debt. Integrated with intelligent business process management functionality and digital applications, Bluedoor helps our clients engage with customers in a meaningful way and provides a flexible approach to deploying new products.
- ***SS&C Retirement Solutions*** – SS&C’s retirement solutions business provides technology, administration, and record-keeping processes on TRAC’s end-to-end digital platform. SS&C supports organizations that represent more than 12 million participants and approximately 400,000 plan sponsors. Our digital retirement solutions help financial services providers drive more efficient processes, move critical yet cumbersome procedures online, and implement a flexible platform for growth. Services include outsourced recordkeeping and call center operations, SaaS recordkeeping, rollover and income portability, retirement intelligence, advisor practice management, personalized education and financial wellness. The UK and Australian markets include pensions and actuarial services, superannuation and transfer value analysis.
- ***Black Diamond Wealth Platform*** – Black Diamond offers independent advisors, wealth managers, independent broker-dealers (“IBDs”) and aggregators an innovative and dynamic portfolio management and reporting solution delivered through an easy-to-use, feature-rich web-based application. As a cloud-based product offering, advisors can access Black Diamond’s customizable portfolio management and reporting online from anywhere, anytime without the need to maintain costly technology infrastructures. Black Diamond also provides outsourced daily reconciliation and data management services so firms can focus their efforts on servicing clients and growing their business rather than managing complex back-office functions.
- ***CRM Solutions*** - SS&C offers multiple Customer Relationship Manager (“CRM”) capabilities that store end client data and seamlessly integrate with our other offerings. Our CRM capabilities create efficient workflows for typical business processes and enhance processes for sales, service and analytics. SS&C’s Salentica CRM is purpose-built for asset and wealth managers and built on top of the leading CRM platforms at Salesforce and Microsoft. SS&C’s Tier1 supplies CRM capabilities to sell-side financial services firms, including research, trading, and sales teams within capital markets groups, and provides a deal management CRM experience to investment banks.

- **Advent Managed Services** – Advent Managed Services provides a full spectrum of tailored options to our clients’ specific needs, from cloud-delivered technology to co-sourcing specific workflows to full outsourcing of operational processes including data management services such as full account aggregation, daily portfolio reconciliation, corporate actions processing and reference data management. Advent OnDemand is the pre-configured SaaS delivery of one of Advent's asset management solutions hosted by Advent without managed outsourced operational processes.
- **Advent Data Solutions** – Advent Data Solutions consists of various data offerings provided to clients in an automated manner and format.
  - **Advent Custodial Data** provides account-level information from a firm’s custodian(s) through a single, secure connection to a data network managed by Advent. Using Advent Custodial Data, firms can reconcile positions, transactions and cash activity on an exceptions-only basis, or firms can post data directly into their portfolio accounting system.
  - **Advent Corporate Actions** delivers reports on all corporate actions affecting clients’ portfolios and provides staff with reliable transaction instructions.
  - **Advent Portfolio Data** extends the delivery of account-level data for reconciliation and other workflows from global custodians and counterparties.
  - **Advent Market Data** is a single, cloud-based platform with connectivity to several leading global market data sources, allowing clients to acquire critical data for managing portfolios.
- **ALPS Advisors** – ALPS Advisors is a comprehensive suite of asset servicing, distribution solutions and asset management for open-end mutual funds, closed-end funds, exchange-traded funds and alternative investment funds. Focusing on the needs of small- to medium-sized funds that require a broad set of customizable services, we provide compliance, creative services, medallion distribution, fund administration, fund accounting, legal, tax administration, transfer agency and asset management services. Our distribution services range from consulting to active wholesaling and marketing, including closed-end funds initial public offering launch platform services. We also offer products designed to assist clients in meeting the expanding needs associated with distributing U.S. investment products through financial intermediaries. We serve as the asset manager to proprietary open-end mutual funds, closed-end funds and exchange-traded funds through active management and the utilization of sub-advisors and index providers. Additionally, we offer data analytics and consulting services in the U.S. to help our clients gain actionable insights into the needs and preferences of their customers.
- **Virtual Data Rooms (Intralinks)** – Intralinks Virtual Data Rooms (“VDRs”), are designed for mergers and acquisitions (M&A), alternative investments and capital markets communities. The Intralinks VDR is a rich SaaS application providing a secure, customizable environment for deal makers to exchange sensitive documents and information. Within M&A, the VDR is primarily used for sharing content during due diligence. For alternative investments, VDRs are used to facilitate fundraising and fund reporting. Customers working in debt capital markets use VDRs for managing the lifecycle of financing deals.
- **Healthcare Services**
  - **Pharmacy Solutions** – We use our proprietary software applications to provide pharmacy health management solutions supporting commercial, Medicaid and Medicare Part D plans. These services include pharmacy claims administration, pharmacy network solutions, government programs administration, formulary and rebate management, trend control and quality compliance programs, member services and discount drug card programs.
    - **DomaniRx** – Domani Rx, LLC, our joint venture with Humana and Elevance Health (formerly Anthem), to create a new cloud-native, API-driven claims adjudication platform. The goal of the venture is to arm healthcare organizations with end-to-end transparency and data analytics to help them keep up with an ever-changing regulatory environment. DomaniRx’s claims adjudication platform will leverage SS&C’s technology capabilities and reside on SS&C’s private cloud. The result will be a single cloud-native user experience with proven scalability, resiliency and best-in-class transactional processing capabilities.
  - **Healthcare Administration** – We use our proprietary software applications to provide medical claim administration services and health plan compliance and revenue integrity services for payers and providers in the domestic healthcare industry. Healthcare administration services are offered on a software license, remote and business process outsourcing (“BPO”) basis. Combined with our health outcomes optimization solutions described below, our solutions are offered as stand-alone component solutions to complement health plans, existing operations or systems, or as an integrated core administration package.

- o **Health Outcomes Optimization** – We provide solutions to optimize healthcare through our integrated care management and population health analytics applications and professional services for health plans and providers in the domestic healthcare industry. Our integrated care management solution is a real-time, intuitive, workflow-driven solution suite that assists clients to improve member outcomes and manage costs. In addition to our proprietary systems, we are the exclusive distributor of the Johns Hopkins ACG System (Adjusted Clinical Groups) to health plans in the United States. Developed by Johns Hopkins University, the ACG System is a population health analytics software utilizing predictive models to identify at-risk populations and stratify them into the optimal care management program. By combining a population-level perspective with patient-level behaviors and conditions, health plans can better target case management and disease management objectives.

#### **Software license, maintenance and related**

- **Portfolio/Investment Accounting and Analytics Software** – We provide comprehensive, integrated software solutions that help our clients streamline operations and accelerate global accounting processes. Our portfolio accounting solutions provide seamless front-to-back office integration, with the flexibility to meet the unique accounting needs of our customers and virtually unlimited scalability to accommodate growth. Our fund accounting solutions meet the challenges of high-volume, global fund managers with support for complex, multi-asset class and multi-currency strategies. We also have solutions catered to insurance accounting and commercial, consumer and residential loan accounting.
  - o **Geneva** – Geneva is a global portfolio management platform designed to meet the real-time needs of global asset managers, hedge funds, prime brokers, fund administrators, private equity firms and family offices worldwide. Geneva integrates all phases of the investment management process – portfolio management, reconciliation, light trade capture and risk capabilities. In addition, its “main memory” database offers more accurate and flexible reporting and eliminates batch processing and time-consuming error corrections. As a result, Geneva enables firms to grow into new markets, deliver greater operational efficiencies, enhance investor service, process high trade volumes across multiple securities, improve compliance and security and lower operating costs and risks.
  - o **Advent Portfolio Exchange** – Advent Portfolio Exchange (“APX”) is a comprehensive portfolio management solution for asset managers and wealth managers worldwide, which integrates the front-office functions of prospecting, marketing, CRM and internal business management with the back-office operations of portfolio accounting, performance measurement and reporting. It allows firms to manage high-net-worth and institutional clients through a comprehensive range of capabilities, including customized reporting, automated report packaging and performance analytics. APX can be deployed locally as well as hosted in the cloud.
  - o **Axys** – Axys is a turnkey portfolio management and reporting system for small to mid-size investment management organizations. Axys provides investment professionals with broad portfolio accounting functionality on various investment instruments, including equities, fixed income, mutual funds and cash. By using Axys, clients have a timely decision support tool with immediate access to portfolio holdings, asset allocation, realized and unrealized gains and losses, actual and projected income and other data including performance measurement and flexible reporting.
  - o **SS&C Singularity** – Our first intelligent investment operations, accounting and analytics system – a cloud-based solution designed to support the operating model of financial institutions. Singularity uses artificial intelligence, machine learning, robotic process automation, intelligent workflow optimization and advanced predictive analytics to drive significant cost savings and continuous operational improvements for our clients.
  - o **Global Wealth Platform (“GWP”)** – GWP is our comprehensive, cloud-based solution that enables wealth managers to manage the entire investment process on a single platform, leveraging a single database. GWP bridges the front-, middle-, and back-offices and ensures data consistency across all phases of the investment process. This solution simplifies the management of complex investment strategies with the support of all asset classes and multi-currency capabilities in one system. In addition, automation and integration eliminate offline workarounds and manual processes.
  - o **Aloha** – Aloha is an all-new investment operations platform that provides extensive asset class and functional support across the front-, middle-, and back-office. Built natively for the cloud with advanced technology, Aloha features an innovative user experience, actionable monitors, notifications and alerts infused with AI. Smart,



innovative technologies matched with deep functionality streamlines clients businesses and provides users with critical business intelligence via machine learning, workflow engine and KPI and system health monitoring.

- o *HiPortfolio* – HiPortfolio is an investment accounting and asset servicing solution for third-party administrators, asset managers, and insurance firms in over 35 countries. With broad instrument coverage and multi-currency capabilities, HiPortfolio allows our clients to manage the full transaction lifecycle, from trade capture, investment accounting and fund administration, through cash management, reconciliation, corporate actions processing, unit pricing and taxation, to performance measurement and attribution.
- o *PORTIA* – PORTIA is a comprehensive, middle-to-back office investment operations platform encompassing portfolio accounting, fund accounting, performance measurement and attribution, reconciliation and client reporting for your global assets. Firms of all types worldwide rely on PORTIA to track day-to-day portfolio activity, with visibility across all transactions and positions. Its modular design and open architecture allow for high customization and easy integration with other systems. PORTIA can be installed on-premise, hosted in the cloud or fully outsourced to reduce clients IT footprint and overhead with flexible deployment operations.
- o *CAMRA* – CAMRA is a portfolio accounting solution tailored to the needs of insurance investment operations. Its multi-currency, multi-instrument portfolio accounting supports complex securities, sophisticated investment strategies, multi-currency investment management, multiple-bases accounting, and global tax and regulatory processing requirements such as generally accepted accounting principles and Schedule D.
- o *InnoTrust* – InnoTrust supports the accounting and reporting needs of trust companies, banks, private banks, retirement plan administrators, and others that need to control, account for and report on assets held in trust, wealth and retirement accounts. InnoTrust is web services/API enabled and provides a full suite of portfolio management tools including rebalancing, trade blotters, trade order management and integrated performance reporting.
- o *Genesis* – Genesis facilitates order creation workflows, flexible modeling and intuitive views that allows our clients' portfolios to be viewed from a front-end dashboard that easily surfaces exceptions around critical issues like drift and cash activity. Our customizable tools also help to identify trends, analyze results and determine the best courses of action with just a few clicks.

- ***Portfolio Management Software***

- o *Eze Eclipse* – Eze Eclipse is a cloud-native front-to-back investment management platform, designed to streamline trading operations, optimize efficiency and minimize the total cost of ownership for investment managers. Eze Eclipse allows our clients to trade efficiently with optimized order routing, pre-defined allocation schemes, on-the-fly allocation tools and critical data summaries effortlessly reconcile positions, cash and transactions to third parties.
- o *Performance and Performance Attribution (Sylvan, Insight)* – SS&C's performance measurement, attribution and composite management platforms streamline the calculation and reporting of performance while enabling our clients to analyze the sources of return. It supports multiple attribution methodologies, customized benchmarking and composite management. We provide full support for industry-mandated Global Investment Performance Standards ("GIPS") performance reporting standards.
- o *Reporting (Vision FI)* – SS&C Vision FI (Financial Insights) is a comprehensive, end-to-end solution for designing, producing and distributing client communications. It enables financial organizations to create high-quality reports in a matter of minutes. In addition, the system enables our customers to deliver information to clients through their preferred channels, whether print, email or online through a customizable portal.
- o *Reconciliation (Recon, Verify)* – SS&C's Verify is a highly scalable reconciliation and exception management system that gives our customers more control over the accounting lifecycle, including account, cash and position reconciliations. With data translation, rules-based matching and superior investigative tools, our Recon and Verify solutions streamlines operational efficiency delivering full visibility into cash, holdings, transactions, trial balances and security masters.

- **Trading Software**

- o *Order Management (Moxy, Eze OMS)* – SS&C’s trade order management systems provide centralized platforms for making and managing trade order decisions quickly and confidently. The platforms have built-in connectivity between asset managers and multiple brokers, counterparties, custodians and trading venues, giving our clients control and visibility across the entire trading process, from asset allocation to settlement.
- o *Execution Management (Eze EMS)* – SS&C’s multi-broker execution management system is a high-speed cloud-based platform that provides traders with centralized access to aggregated liquidity for trade execution, critical trading data and insight for making fast and informed decisions, and the tools necessary to dynamically manage positions, portfolios and trading risk across global equity, futures and options markets.

- **Automation Solutions**

- o *Blue Prism* – Blue Prism's Intelligent Automation Platform (“IAP”) combines the power of AI and machine learning to deliver digital workers that take away the mundane tasks human workers are overloaded with, empowering them to focus on the profit-driving initiatives only people can do. SS&C Blue Prism customers gain instant access to an already AI-equipped digital workforce, along with the capabilities needed to build, delegate, and control automations. Blue Prism's IAP provides everything our clients need to serve their customers in today's demanding world with a secure, stable and compliant environment that propels digital transformation. The SS&C Blue Prism team supports this process through automation specialists, pre-built automations, training and certification, and our customer support.
- o *SS&C Chorus* – Chorus is our digital process automation product suite, encompassing intelligent automation, business process management, content management, case management, outbound communications and a low code development platform. Chorus is deployed globally in many industries, including asset management, life insurance, variable annuities, healthcare, property and casualty insurance, banking and wealth management. The value proposition combines the core software with our global professional services organization and secure private cloud application hosting.

- **Banking and Lending Solutions**

- o *EVOLV* – EVOLV is a comprehensive, cloud-based, end-to-end accounting solution for financial institutions that integrates and automates all risk and finance processes relating to a loan portfolio, from data capture to back-end reporting and analytics. It streamlines loan accounting, increases efficiency, assures data integrity and strengthens compliance.
- o *Precision LM* – Precision LM is a single database application that provides comprehensive commercial loan management from initial request to final disposition. Precision LM manages all aspects of our clients’ loan process, including pre-qualifying loan requests, processing applications, commitment processing, loan disposition, servicing and accounting.

- **Research, Analytics, Risk and Training**

- o *Algorithmics* – Algorithmics’ cloud-based solutions deliver risk analytics to address the impact of business and regulatory changes. The solutions, including counterparty credit risk, financial risk APIs, risk for insurance and work space analyzer, along with others, address market, credit and liquidity risk and capital management.
- o *Tamale RMS* – Tamale RMS is a purpose-built research management solution, enabling investment analysts and portfolio managers to organize an escalating volume of research data and apply it more effectively in due diligence. It is a centralized repository for capturing, managing and sharing every piece of research received or created.
- o *Research, Analytics and Consulting* – SS&C’s Research, Analytics and Consulting (“RAC”) group helps leading companies in the financial services industry manage data, gain insight and ignite change in their business. Through effective use of advanced analytics, research and distribution intelligence technologies, SS&C RAC enables businesses to better understand, predict and optimize key business factors impacting their asset growth and profitability.
- o *Learning Institute* – The SS&C Learning Institute is an education, training and research organization dedicated to enriching investment management professionals and those seeking careers in financial services. Our digital library, instructor-led classes and blended programs are used by many of the world’s leading wealth management firms, investment banks, insurance companies, hedge funds, commercial banks and other asset management companies. In addition, the SS&C Learning Institute offers customized learning paths to enhance the business and finance programs of colleges and universities.

### **Professional services**

We offer a range of professional services to assist clients. Professional services consist of consulting and implementation services, including the initial installation of systems, conversion of historical data and ongoing training and support. In addition, our in-house consulting teams work closely with the client to ensure the smooth transition and operation of our systems. Our consulting teams have a broad range of experience in the financial services industry. They include certified public accountants, chartered financial analysts, mathematicians and IT professionals from the asset management, real estate, investment, insurance, hedge fund, municipal finance, banking and healthcare industries. We believe our commitment to professional services facilitates the adoption of our software products across our target markets. For the year ended December 31, 2022, revenues from professional services represented 2% of total revenues.

### **Product support**

We believe a close and active service and support relationship is vital to enhancing client satisfaction and furnishes an essential source of information regarding evolving client issues. We provide our larger clients with a dedicated client support team whose primary responsibility is to answer questions and provide solutions to address ongoing needs. Direct telephone support is provided during extended business hours and additional hours are available during peak periods. We distribute content-rich, periodic blogs and thought leadership targeted at clients and prospects in each of our vertical and geographic markets. We supplement our service and support activities with comprehensive training. Training options include regularly hosted classroom and online instruction, *SS&C Learning Institute*, and online client seminars, or “webinars,” that address current, often technical, issues in the financial services and healthcare industries.

We periodically make maintenance releases of licensed software available to our clients, as well as regulatory updates (generally during the fourth quarter, on a when and if available basis), to meet industry reporting obligations and other processing requirements.

### **Clients**

Our global financial services and healthcare clients require a full range of information management and analysis on a timely and flexible basis. Our financial services clients include multinational banks, retail banks and credit unions, hedge funds, private equity funds, funds of funds and family offices, institutional and retail asset managers, insurance companies and pension funds, municipal finance groups, brokers/dealers, financial exchanges, commercial lenders, real estate lenders and property managers. Our healthcare clients include health insurance companies, health plans and benefits administrators. Our clients include many of the largest and most well-recognized financial services and healthcare firms. During the year ended December 31, 2022, our top 10 clients represented approximately 13% of total revenues, with no single client accounting for more than 5% of total revenues.

## Sales and Marketing

We believe a direct sales organization is essential in successfully implementing our business strategy, given the complexity and importance of the operations and information managed by our products, the extensive regulatory and reporting requirements of each industry, and the unique dynamics of each vertical market. Our dedicated direct sales and support personnel are located in various sales offices worldwide and routinely undergo product and sales training. We also use telemarketing to support sales of our real estate property management products and work through alliance partners that sell our software-enabled services to their correspondent banking clients.

Our marketing personnel has extensive experience in marketing to the financial services and healthcare industries. They are responsible for identifying market trends, evaluating and developing marketing opportunities, generating client leads and providing sales support. In addition, our marketing activities focus on cost-effective means of reaching current and potential clients, including:

- Providing content-rich, periodic blogs and thought leadership targeted at clients and prospects in each of our vertical and geographic markets;
- publishing and distributing thought leadership white papers or articles to appropriate press outlets;
- hosting regular product-focused webinars;
- sponsoring virtual and physical seminars and events, speaking engagements and symposiums; and
- delivering digital, integrated marketing programs.

This strategy achieves lower marketing costs, more direct contacts with actual and potential clients, increased marketing leads, distribution of more up-to-date marketing information and an improved ability to measure marketing initiatives.

The marketing department also supports the sales force with appropriate and relevant materials, including brochures and fact sheets, for use during the sales process.

## Product Development and Engineering

We seek to introduce new products and regularly offer product innovation to maintain our competitive advantage. We use multidisciplinary teams of highly trained personnel to meet these goals and leverage this expertise across all product lines. We have invested heavily in developing a comprehensive product analysis process to ensure a high degree of product functionality and quality. Maintaining and improving the integrity, quality and functionality of existing products is the responsibility of individual product managers. Product engineering management efforts focus on enterprise-wide strategies, implementing best-practice technology regimens, maximizing resources and mapping out an integration plan for our entire umbrella of products as well as third-party products. For the years ended December 31, 2022, 2021 and 2020, our research and development expenses were \$447.3 million, \$414.9 million and \$399.4 million, respectively. In addition, we have made significant investments in intellectual property through our acquisitions.

Our research and development engineers work closely with our marketing and support personnel to ensure that product evolution reflects developments in the marketplace and trends in client requirements. We have generally issued a major release of our core products during the second or third quarter of each fiscal year, including both functional and technical enhancements.

## Competition

The market for the software and services we provide is competitive, rapidly evolving and highly sensitive to new product introductions and marketing efforts by industry participants, although high conversion costs can create barriers to adoption of new products or technologies. The market is fragmented and served by both large-scale firms with broad offerings as well as firms that target only local markets or specific types of clients. We also face competition from information systems developed and serviced internally by the IT departments of large financial services and healthcare firms. We believe that we generally compete effectively as to the factors identified for each market below, although some of our existing competitors and potential competitors have substantially greater financial, technical, distribution and marketing resources than we have and may offer products with different functions or features that are more attractive to potential customers than our offerings.

*Hedge Funds and Private Markets:* In hedge funds and private markets, we compete with multiple vendors that may be categorized into two groups - the first consists of independent specialized administration providers, which are generally smaller than us, and the second includes prime brokerage and other financial services firms offering fund administration services. Major competitors in this market include large custodian banks, such as State Street, BNY Mellon, Northern Trust and CITCO Group. The

key competitive factors in marketing software and services to the alternative investment industry are the need for independent fund administration, features and adaptability of the software, level and quality of customer support and onboarding, level of software development expertise and total cost of ownership. Our strengths in this market include our expertise, our independence, our transparency, our ability to deliver functionality by multiple methods and our technology, including the ownership of our own software.

In the field of hedge fund and private market investor portal technology, we compete with point solutions providers, as well as full-suite providers of alternative investments software solutions, such as eFront, a Blackrock Company, and Allvue Systems. Key competitive factors in this market include platform functionality, interoperability with clients' existing systems, levels of customer support, and reach within the alternative investments community. Our strengths in this market include our technology, portfolio of complementary solutions, offerings for fund administration, professional services capabilities, customer support and large existing user-base of alternative investments professionals.

*Asset Management:* In our asset management market, we compete with a variety of other vendors depending on client characteristics such as size, type, location, computing environment and functionality requirements. Competitors in this market range from larger providers of integrated portfolio management systems and outsourcing services, such as BNY Mellon Financial and State Street, to smaller providers of specialized applications and technologies, such as SimCorp and Empower. We also compete with internal processing and IT departments of our clients and prospective clients. The key competitive factors in marketing asset management solutions are the reliability, accuracy, timeliness and reporting of processed information to internal and external customers, features and adaptability of the software, level and quality of customer support, level of software development expertise and return on investment. Our strengths in this market include our technology, our ability to deliver functionality by multiple delivery methods and our ability to provide cost-effective solutions for clients.

*Healthcare:* In our healthcare markets, we compete with providers of pharmacy and medical claims processing, benefit management, care management, business process outsourcing, business intelligence and analytics. We compete with other third-party vendors such as Evernorth Express Scripts/Cigna, CVS Caremark, UnitedHealth/OptumRx and companies that perform their services in-house with licensed or internally developed systems and processes. SS&C Health is not integrated, owned, controlled or merged with any specific health plan. This structure allows us to demonstrate we do not have business model or channel conflicts that drive membership to a particular channel (such as retail, mail or specialty pharmacies), nor do we compete with our health plan clients. Our independent model enables us to be a client's strategic partner versus a potential competitor. Our competitors' healthcare administration and health outcomes optimization solutions are primarily based on complete replacement of a payer's core system. With a component-based approach, health payer clients can choose core application replacement, or adopt component applications to address areas that offer the most opportunity for improvement, with minimal disruption to business operations.

*Insurance:* In our insurance market, we compete with a variety of vendors depending on client characteristics such as size, type, location, computing environment and functionality requirements. Competitors in this market range from large providers of investment operations, accounting and analytics systems, such as State Street (Princeton Financial Systems), Clearwater Analytics and FIS, to smaller providers of specialized applications and services. We also compete with outsourcers, as well as the internal processing and IT departments of our clients and prospective clients. The key competitive factors in marketing insurance systems are the accuracy, timeliness and reporting of processed information provided to internal and external clients, features and adaptability of the software, level and quality of customer support, economies of scale and return on investment. Our strengths in this market include our years of experience, our top-tier clients, our ability to provide solutions by multiple delivery methods, our cost-effective and customizable solutions and our expertise.

*Wealth Management:* We define the advisory market as independent and regional broker-dealers, wealth managers, trust companies, advisory firms and registered investment advisers. We compete with a variety of vendors, which are generally smaller firms focused solely on the advisory market. Our competitors include Envestnet, Orion, Addepar, SEI's wealth management platform and custodians such as Charles Schwab, Fidelity and Raymond James. Our strengths in this market include our premier platforms with flexible and on-demand delivery models and our complementary products and services.

*Banking:* In our banking market, there are multiple software and services vendors that are either smaller providers of specialized applications and technologies or larger providers of enterprise systems, such as FIS and Misys. We also compete with outsourcers as well as the internal processing and IT departments of our clients and prospective clients. The key competitive factors in marketing banking software and services include accuracy and timeliness of processed information provided to clients, features and adaptability of the software, level and quality of customer support, level of software development expertise, total cost of ownership and return on investment. Our strengths in this market include our flexible technology platform and our ability to provide integrated solutions for our clients.



*Retirement:* In our retirement solutions market, we compete with a variety of vendors and service providers depending on client characteristics such as size, type and functional requirements. Competitors in this market range from large firms whose principal businesses include providing recordkeeping services, such as Empower, Fidelity and Vanguard, to providers of specialized applications and technologies, such as FIS. We also compete with outsource providers like Infosys, TCS and Wipro. The key competitive factors in marketing retirement solutions include service and the accuracy of information provided to customers. Our strengths in this market include our ability to provide a wide breadth of capability and our cost-effective solutions to our clients.

*Commercial Lending:* In our commercial lending market, we compete with a variety of other vendors depending on client characteristics such as size, type, location and functional requirements. Competitors in this market range from large competitors whose principal businesses are not in the loan management business, such as PNC Financial Services (Midland Loan Services) and McCracken Financial Solutions Corporation, to smaller providers of specialized applications and technologies. The key competitive factors in marketing commercial lending solutions are the accuracy, timeliness and reporting of processed information provided to customers, level of software development expertise, level and quality of customer support and features and adaptability of the software. Our strength in this market is our ability to provide both broadly diversified and customizable solutions to our clients.

*Virtual Data Rooms:* In our VDRs market, we compete for deals involving VDRs that facilitate strategic financial transactions and secure document exchange use cases. For mergers and acquisitions use cases, our principal direct competitors include global services and technology vendors such as Datasite and Donnelly Financial Solutions. In addition, we compete with a range of niche and region-specific competitors depending on client size, location and requirements. For debt capital and secure collaboration use cases, we face competition from software solutions vendors such as IHS Markit and FIS and indirect competition from general-purpose file-sharing solutions such as Box and Dropbox. Key competitive factors in the VDR market include platform flexibility and quality; fit-for-purpose workflow capabilities and services delivery. Our strengths in this market include our technology, support for industry-specific workflows, experience, reputation, approach to platform security and professional services.

*Trading Software:* In our trading software market, we compete with a variety of other vendors depending on client characteristics such as size, type, location and functionality requirements. Competitors in this market range from small providers that specialize in trading capabilities (such as Flextrade) to larger providers that offer trading as part of a broader portfolio of capabilities (Bloomberg and State Street). We also often compete with internal proprietary tools developed by our clients and prospective clients. The key competitive factors in marketing trading software solutions include flexible workflows, easy-to-use interfaces, reliability of managing real-time data to internal and external parties, product features and adaptability of the software. Our strengths in this market include our client services model and managed services offering, technology, our ability to deliver functionality by multiple delivery methods and our ability to package our offerings with other SS&C products and services for complete front-to-back support.

*Robotic Process Automation:* RPA is one of the fastest growing and competitive markets as current competitors expand their product offerings and new companies enter the market. In our RPA market, we compete with other technology vendors, such as UI Path and Automation Anywhere, professional service organizations that develop their own products or create custom software in conjunction with rendering RPA services, as well as clients' internal information systems departments. Key competitive factors in the RPA market include product differentiation, ensuring products are well linked to emerging technologies and delivering a return on investment. Our strengths in this market include our technology, our partnerships which allow offerings with other SS&C products and our expertise in key market segments that RPA has a high potential return on investment.

## **Proprietary Rights**

We rely on a combination of trade secret, copyright, trademark and patent law, nondisclosure agreements and technical measures to protect our proprietary technology. We have registered trademarks for many of our products and will continue to evaluate the registration of additional trademarks as appropriate. We generally enter into confidentiality and/or license agreements with our employees, distributors, clients and potential clients. We seek to protect our software, documentation and other written materials under trade secret and copyright laws, which afford limited protection. These efforts may be insufficient to prevent third-parties from asserting intellectual property rights in our technology. Furthermore, it may be possible for unauthorized third-parties to copy portions of our products or to reverse engineer or otherwise obtain and use proprietary information, and third-parties may assert ownership rights in our proprietary technology. For additional risks relating to our proprietary technology, please see “Risk Factors — Risks “Relating to Our Business”. If we are unable to protect our proprietary technology and other confidential information, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third-parties.

Rapid technological change characterizes the software development industry. We believe factors such as the technological and creative skills of our personnel, new product developments, frequent product enhancements, name recognition and reliable service and support are more important to establishing and maintaining a leadership position than legal protections of our technology.

## **Human Capital**

As of December 31, 2022, we had approximately 27,600 full-time employees, including approximately 16,200 in our international operations, consisting of approximately:

- 4,100 employees in research and development;
- 20,300 employees in client support, consulting and services;
- 1,600 employees in sales and marketing; and
- 1,600 employees in finance, administration and information technology.

Our ability to attract, train and retain highly skilled employees is critical to our success. We value a diverse workforce and an inclusive culture made up of smart people and superb technology. We believe strong collaboration and innovation allow us to be successful. We view diversity as one of our biggest strengths and advantages as a global organization. Our employees have widely diverse cultural backgrounds and life experiences. With our shift to a hybrid work environment, we have access to more diverse talent than before. We value individualism and distinct viewpoints and believe that we can all learn something from each other. We are committed to being an organization that welcomes, celebrates and thrives on diversity. The breadth of our products and services, our global office network and our clientele affords opportunities for mobility and advancement within the Company for people who make a positive impact. We monitor and evaluate various turnover and attrition metrics throughout our management teams. No employee is covered by any collective bargaining agreement.

We have a well-designed rewards program, which benefits both our employees and us by ensuring the alignment of rewards with goals and expectations. Compensation comprises a combination of base salary, bonus and equity. Our compensation program is designed to promote a performance-driven work culture that drives our growth and provides competitive compensation opportunities to attract and retain top performers. We provide benefits programs that are flexible, comprehensive and competitive. While specifics may vary by country, our benefits package generally includes healthcare coverage, retirement benefits, life and disability insurance, wellness and employee assistance programs, flexible leave policies, 401(k), tuition/professional reimbursement program and more. We embrace hybrid ways of working and encourage employees to take time off to maintain a healthy work/life balance when they need it. In addition, we offer professional development and tuition reimbursement for degree programs and job-related coursework.

## **Additional Information**

We were incorporated in Delaware in July 2005, as the successor to a corporation originally formed in Connecticut in March 1986. Our principal executive offices are located at 80 Lambertson Road, Windsor, Connecticut 06095, and the telephone number of our principal executive offices is (860) 298-4500.

Our website address is [www.sstech.com](http://www.sstech.com). We make available, free of charge, on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Proxy Statements for the annual stockholder meetings and amendments thereto that we have filed or furnished with the SEC, as soon as reasonably practicable after we electronically file them with the SEC. The same information is available in print to any stockholder who submits a written request to our Investor Relations department. We are not, however, including the information contained on our website, or information that may be accessed through links on our website, as part of, or incorporating such information by reference into, this annual report on Form 10-K. The SEC maintains an internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

## **ITEM 1A. RISK FACTORS**

You should carefully consider the following risk factors, in addition to other information included in this annual report on Form 10-K and the other reports we submit to the SEC. If any of the following risks materialize, it could materially affect our business, operating results, cash flows and financial condition and possibly lead to a decline in our stock price. The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties that we face. Our business is also subject to general risks and uncertainties that affect many other companies. Additional risks and uncertainties not currently

known to us or that we have not currently identified as being material may also impair our business, operating results, cash flows and financial condition.

### **Summary of Risk Factors**

The following is a summary of the material risks and uncertainties that could adversely affect our business, financial condition and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

#### **Risks Relating to Our Business**

- our business is greatly affected by changes in the state of the general economy and the financial markets, and uncertainty in the general economy, the financial services industry or other industries in which our clients operate, could disproportionately affect the demand for our products and services;
- we may not achieve the anticipated benefits from our acquisitions and may face difficulties in integrating them;
- consolidations or failures among our clients or within their respective industries could adversely affect us by causing a decline in demand for our products and services;
- our revenues may decrease due to declines in the levels of participation and activity in the securities markets;
- our business has become increasingly focused on the hedge fund industry, and we are subject to the variations and fluctuations of that industry;
- if we are unable to retain and attract clients, our revenues and net income would remain stagnant or decline;
- if we cannot attract, train and retain qualified employees, we may not be able to provide adequate technical expertise and customer service to our clients;
- we face significant competition with respect to our products and services, which may result in price reductions, reduced gross margins or loss of market share;
- our software-enabled services may be subject to disruptions, attacks or failures that could adversely affect our reputation and our business;
- we expect that our operating results, including our profit margins and profitability, may fluctuate over time;
- additional tax expense or additional tax exposures could affect our future profitability;
- if third-party service providers on which we rely, or other third-parties with which we do business or which facilitate our business activities, suffer disruptions to their IT systems, our business could be harmed;
- an increase in subaccounting services performed by brokerage firms has and will continue to adversely impact our revenues;
- catastrophic events may adversely affect our business;
- we have substantial operations and a significant number of employees in India and we are therefore subject to regulatory, economic and political uncertainties in India;
- we are dependent on our senior management and their continued performance and productivity;
- if we are unable to protect our proprietary technology and other confidential information, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third-parties.
- we may be unable to adapt to rapidly changing technology and evolving industry standards and regulatory requirements;
- undetected software design defects, errors or failures, or employee errors, may result in defects, delays, loss of our clients' data, litigation against us and harm to our reputation and business;
- investment decisions with respect to cash balances, market returns or losses on investments, and limits on insurance applicable to cash balances held in bank and brokerage accounts, including those held by us and as agent on behalf of our clients, could expose us to losses of such cash balances and adversely affect revenues attributable to cash balance deposit investments;
- a substantial portion of our revenues are derived, and a substantial portion of our operations are conducted, outside the U.S.;
- we are exposed to fluctuations in currency exchange rates that could negatively impact our operating results and financial condition;



- our investments in funds and our joint ventures could decline in value;
- we do not control certain businesses in which we have significant ownership;
- some of our joint venture investments are subject to buy-sell agreements, which could, among other things, restrict us from selling our interests even if we were to determine it would be prudent to do so;
- a material weakness in our internal controls could have a material adverse effect on us;

#### Legal or Regulatory Risks

- our businesses expose us to risks of claims and losses that could be significant and damage our reputation and business prospects;
- our business is subject to evolving regulations and increased scrutiny from regulators;
- our role as a fund administrator has in the past, and may in the future, expose us to claims and litigation from clients, their investors, regulators or other third-parties;
- because our platform could be used to collect and store personal information of our customers' employees or customers, privacy concerns could result in additional cost and liability to us or inhibit use of our platform;
- we could become subject to litigation regarding our or a third-party's intellectual property rights or other confidential or proprietary information, which could seriously harm our business and require us to incur significant costs;

#### Risks Relating to Our Indebtedness

- our substantial indebtedness could adversely affect our financial health and operations;
- to service our indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control;
- restrictive covenants in the agreements governing our indebtedness may restrict our ability to pursue our business strategies;
- the replacement of London Interbank Offered Rate ("LIBOR") with an alternative reference rate may adversely affect interest expense related to our outstanding debt;

#### Risks Relating to Ownership of Our Common Stock

- if equity research analysts do not publish or cease publishing research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline;
- the market price of our common stock may be volatile, which could result in substantial losses for investors in our common stock;
- William C. Stone, our Chairman of the Board and Chief Executive Officer, exerts significant control over our Company;
- SS&C Holdings is a holding company with no operations or assets of its own and its ability to pay dividends is limited or otherwise restricted;
- our management has broad discretion in the use of our existing cash resources and may not use such funds effectively; and
- provisions in our certificate of incorporation and bylaws might discourage, delay or prevent a change of control of our Company or changes in our management and, therefore, depress the trading price of our common stock.

#### Risks Relating to Our Business

***Our business is greatly affected by changes in the state of the general economy and the financial markets, and uncertainty in the general economy, the financial services industry or other industries in which our clients operate could disproportionately affect the demand for our products and services.***

We derive our revenues from the delivery of products and services to clients primarily in the financial services and healthcare industries. Demand for our products and services among companies in those industries could decline for many reasons. If demand for our products or services decreases or if any of the industries we serve decline, our business and our operating results could be adversely affected.

The global economy has in the past been subject to severe disruptions in the credit markets, increased uncertainty about economic, political, global trade and market conditions, and periods of heightened volatility in a variety of financial and other

markets, including commodity prices and currency rates. Our clients include a range of organizations in the financial services industry whose success is linked to the health of the economy generally and of the financial markets specifically. Unfavorable or uncertain economic conditions, economic instability or economic downturns could: (i) cause our clients or prospective clients to cancel, reduce or delay planned expenditures for our products and services; (ii) impair our clients' ability to pay for products they have purchased; or (iii) cause our clients to process fewer transactions through our software-enabled services, renegotiate their contracts with us, move their IT solutions in-house, switch to lower-priced solutions offered by our competitors or exit the industry. Fluctuations in the value of assets under our clients' management could also adversely affect our revenues because pricing in many of our agreements is adjusted based on assets under management. We cannot predict the occurrence, timing or duration of any economic downturn, generally, or in the markets in which our businesses operate. Turbulence in the U.S. and international markets, renewed concern about the strength and sustainability of a recovery and prolonged declines in business consumer spending could materially adversely affect our business, results of operations and financial condition, and the liquidity and financial condition of our clients. Increases in inflation rates, and increases in interest rates by the U.S. Federal Reserve and central banks around the world, could result in economic volatility or uncertainty, which could adversely affect our business, financial condition, results of operations and cash flows.

In addition, any other events that adversely affect our clients' businesses, rates of growth or numbers of clients they serve could decrease demand for our products and services and the number of transactions we process. Events that could adversely affect our clients' businesses include decreased demand for our clients' products and services, adverse conditions in our clients' markets or adverse economic conditions generally. We may be unsuccessful in predicting the needs of changing industries and whether potential clients will accept our products or services. We also may invest in technology or infrastructure for specific clients and not realize additional revenue from such investments. If trends or events do not occur as we expect, our business could be negatively impacted.

***We may not achieve the anticipated benefits from our acquisitions and may face difficulties in integrating them.***

We have acquired and intend in the future to acquire companies, products or technologies that we believe could complement or expand our business, augment our market coverage, enhance our technical capabilities or otherwise offer growth opportunities. For example, in 2022, we consummated a number of acquisitions, including Blue Prism Group Plc ("Blue Prism"), Hubwise Holdings Limited ("Hubwise"), Tier1's sell-side CRM ("Tier1"), 5 M's Minerals Management, LLC ("MineralWare"), assets related to O'Shares exchange traded funds ("O'Shares") and Complete Financial Ops, Inc. ("CFO"). However, acquisitions could subject us to contingent or unknown liabilities, and we may have to incur debt or severance liabilities or write off investments, infrastructure costs or other assets. Our success is also dependent on our ability to complete the integration of the operations of acquired businesses in an efficient and effective manner, which may be difficult to accomplish in the rapidly changing financial services software and services industry. We may not realize the benefits we anticipate from acquisitions, such as lower costs, increased revenues, synergies and growth opportunities, or we may realize such benefits more slowly than anticipated, due to our inability to:

- combine operations, facilities and differing firm cultures;
- maintain employee morale or retain the clients or employees of acquired entities;
- generate market demand for new products and services;
- coordinate geographically dispersed operations and successfully adapt to the complexities of international operations, including compliance with laws, rules and regulations in multiple jurisdictions;
- integrate the technical teams of acquired companies within our organization; or
- incorporate acquired technologies, products and services into our current and future product and service lines.

The process of integrating the operations of acquired companies could disrupt our ongoing operations, divert management from day-to-day responsibilities, increase our expenses and harm our business, results of operations and financial condition. Acquisitions may also place a significant strain on our administrative, operational, financial and other resources. In addition, certain of our acquisitions have generated disputes with stockholders or management of acquired companies or other claimants that have required the expenditure of our resources to address or have led to litigation; any such disputes may reduce the value we hope to realize from our acquisitions, either by increasing our costs of the acquisition, reducing our opportunities to realize revenues from the acquisition or imposing litigation costs or adverse judgments on us. Acquisitions may also expose us to litigation from our stockholders arising out of the acquisition, which, even if unsuccessful, could be costly to defend and serve as a distraction to management.

***Consolidations or failures among our clients or within their respective industries could adversely affect us by causing a decline in demand for our products and services.***

If banks and financial services firms fail or consolidate, there could be a decline in demand for our products and services. Failures, mergers and consolidations of banks and financial institutions reduce the number of our clients and potential clients, which could adversely affect our revenues even if these events do not reduce the aggregate activities of the consolidated entities. Further, if

our clients fail and/or merge with or are acquired by other entities that are not our clients, or that use fewer of our products and services, they may discontinue or reduce their use of our products and services. It is also possible that the larger financial institutions resulting from mergers or consolidations would have greater leverage in negotiating terms with us. In addition, these larger financial institutions could decide to perform in-house some or all of the services that we currently provide or could provide or to consolidate their processing on a non-SS&C system. The resulting decline in demand for our products and services over time could have a material adverse effect on our business, results of operations and financial condition.

***Our revenues may decrease due to declines in the levels of participation and activity in the securities markets.***

We generate significant revenues from the transaction processing fees we earn for our products and services. These revenue sources are substantially dependent on the levels of participation and activity in the securities markets. The number of unique securities positions held by investors through our clients and our clients' customer trading volumes reflect the levels of participation and activity in the markets, which are impacted by market prices and the liquidity of the securities markets, among other factors. We could be negatively impacted by the volatile markets as certain of our fees are tied to the asset bases of our clients. The occurrence of significant market volatility or decreased levels of participation would likely result in reduced revenues and decreased profitability from our business operations. Additionally, we may be exposed to operational or other risks in connection with any systematic failures in the markets, or the default due to market-related failures of one or more counterparties with whom we transact.

***Our business has become increasingly focused on the hedge fund industry, and we are subject to the variations and fluctuations of that industry.***

Certain of our acquisitions have resulted in a higher percentage of our clients being hedge funds or funds of hedge funds. We derive significant revenues from asset management, administration and distribution contracts with such clients. Under these contracts, the fees paid to us are based on a variety of factors, including the market value of assets under management, assets under administration and number of transactions processed. Assets under management, assets under administration or the number of transactions processed may decline for various reasons, causing results to vary. Factors that could decrease assets under management and assets under administration (and therefore revenues) include declines in the market value of the assets in the funds (and accounts as applicable) managed, administered and distributed, redemptions and other withdrawals from, or shifts among, the funds (and accounts as applicable) managed, administered and distributed, as well as market conditions generally.

These clients and our business relating to them are affected by trends, developments and risks associated with the global hedge fund industry. In addition, the market environment for hedge funds involves risk and has suffered significant turmoil, including as a result of substantial changes in global economies, political uncertainty, stock market declines, a trend toward passive and algorithmic investment strategies and various regulatory initiatives. Even in the absence of such factors, the global hedge fund industry is subject to fluctuations in assets under management that are impossible to predict or anticipate. These risks and trends could significantly and adversely affect some or all of our hedge fund clients, which could adversely affect our business, results of operations and financial condition. In addition, market forces have negatively impacted liquidity for many of the financial instruments in which hedge fund client's trade, which, in turn, could negatively impact our ability to access independent pricing sources for valuing those instruments.

***If we are unable to retain and attract clients, our revenues and net income would remain stagnant or decline.***

If we are unable to keep existing clients satisfied, sell additional products and services to existing clients or attract new clients, then our revenues and net income would remain stagnant or decline. A variety of factors could affect our ability to successfully retain and attract clients, including:

- the level of demand for our products and services;
- the difficulty of potential customers to change software service providers;
- the level of client spending for IT;
- the level of competition from internal client solutions and from other vendors;
- the quality of our client service and the performance of our products;
- our ability to update our products and services and develop new products and services needed by clients;
- our ability to understand the organization and processes of our clients; and
- our ability to integrate and manage acquired businesses.

***If we cannot attract, train and retain qualified employees, we may not be able to provide adequate technical expertise and customer service to our clients.***

We believe that our success is due in part to our ability to attract, train and retain highly skilled employees. Competition for qualified personnel in the software and hedge fund industries is intense, and we have, at times, found it difficult to attract and retain skilled personnel for our operations. Our failure to attract and retain a sufficient number of highly skilled employees could prevent us from developing and servicing our products at the same levels as our competitors; therefore, we may lose potential clients and suffer a decline in revenues.

***We face significant competition with respect to our products and services, which may result in price reductions, reduced gross margins or loss of market share.***

In the financial and healthcare markets we serve, we compete based on a variety of factors, including investment performance, the range of products or services offered, brand recognition, business reputation, financial strength, stability and continuity of client and other intermediary relationships, quality of service, and level of fees charged for products and services. The market for financial and healthcare services software and services is competitive, rapidly evolving and highly sensitive to new product and service introductions, technology innovations and marketing efforts by industry participants. The markets we serve are also highly fragmented and served by numerous firms that target only local markets or specific client types. We also face competition from information systems developed and serviced internally by the IT departments of financial services firms. Some of our current and potential competitors may have significantly greater financial, technical, distribution and marketing resources, generate higher revenues and have greater name recognition. Our current or potential competitors may develop products comparable or superior to those developed by us, or adapt more quickly to new technologies, evolving industry trends or changing client or regulatory requirements. It is also possible that our competitors may enter into alliances with each other or other third-parties, and through such alliances, acquire increased market share. Increased competition may result in price reductions, reduced gross margins and loss of market share. Accordingly, our failure to successfully compete in any of our material businesses could have a material adverse effect on results of operations. Competition could also affect the revenue mix of products or services we provide, resulting in decreased revenues in lines of business with higher profit margins, and our business may not grow as expected and may decline.

***Our software-enabled services may be subject to disruptions, attacks or failures that could adversely affect our reputation and our business.***

Our software-enabled services maintain and process confidential data and process trades and perform other back-office functions, including wiring funds, on behalf of our clients, some of which is critical to their business operations. For example, our trading systems maintain account and trading information for our clients and their customers. Our platforms house sensitive, confidential client information. Our internal technology infrastructure on which our software-enabled services depend may be subject to disruptions or may otherwise fail to operate properly or become disabled or damaged as a result of a number of factors, including events that are wholly or partially beyond our control and that could adversely affect our ability to process transactions, provide services or otherwise appropriately conduct our business activities. Such events include IT attacks or failures, threats to physical security, sudden increases in transaction volumes, electrical or telecommunications outages, damaging weather or other acts of nature, or employee or contractor error or malfeasance. In particular, cybersecurity threats have become prevalent in our industry as well as for many firms that process information. Cybersecurity threats are evolving and our security measures, and those of our service providers, may not detect or prevent all attempts to hack our systems, denial-of-service attacks, viruses, malicious software, attempts to gain unauthorized access to data, phishing attacks, social engineering, security breaches or employee or contractor malfeasance and other electronic security breaches that may jeopardize the security of information stored in or transmitted by our sites, networks and systems or that we or our third-party service providers otherwise maintain. Such cybersecurity incidents could lead to disruptions in our systems, the unauthorized release or destruction of our or our clients' or other parties' confidential or otherwise protected information and corruption of data. We and our service providers may not have the resources or technical sophistication to anticipate or prevent all types of attacks, and techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers. In the last few years there have been many successful advanced cyber-attacks that have damaged several prominent companies in spite of strong information security measures, and we expect that the risks associated with cyber-attacks and the costs of preventing such attacks will continue to increase in the future. We and our clients are regularly the target of attempted cyber-attacks and we must continuously monitor and develop our systems to protect our technology infrastructure and data from misappropriation or corruption. Although we expend significant resources and oversight efforts in an attempt to ensure that we maintain appropriate safeguards with respect to cyber-attacks, there is no guarantee that our systems and procedures are adequate to protect against all security breaches. If our software-enabled services are disrupted or fail for any reason, or if our systems or facilities are infiltrated or damaged by unauthorized persons, we and our clients could experience data loss, including confidential and personal information, financial loss, harm to their reputation and significant business interruption. If that happens, we may be exposed to significant liability, our reputation may be harmed, our clients may be dissatisfied

and we may lose business. Although we maintain privacy, data breach and network security liability insurance, we cannot be certain that our coverage will be adequate or cover liabilities actually incurred, or that insurance will continue to be available to us on economically reasonable terms, or at all. Given the unpredictability of the timing, nature and scope of such failures or disruptions, we could potentially experience significant costs and exposures, including production downtimes, operational delays, other detrimental impacts on our operations or ability to provide services to our customers, the compromising of confidential or otherwise protected information, misappropriation, destruction or corruption of data, security breaches, other manipulation or improper use of our systems or networks, financial losses from remedial actions, loss of business, potential liability, regulatory inquiries, enforcements, actions and fines and/or damage to our reputation, any of which could have a material adverse effect on our business, results of operations and financial condition.

***We expect that our operating results, including our profit margins and profitability, may fluctuate over time.***

Historically, our revenues, profit margins and other operating results have fluctuated from period to period and over time primarily due to the timing, size and nature of our license and service transactions. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further discussion on fluctuations in revenues, profit margins and other operating results. Additional factors that may lead to such fluctuation include:

- the costs, timing of the introduction and the market acceptance of new products, product enhancements or services by us or our competitors;
- the lengthy and often unpredictable sales cycles of large client engagements;
- the amount and timing of our operating costs and other expenses;
- the financial health of our clients;
- changes in the volume of assets under our clients’ management;
- cancellations of maintenance and/or software-enabled services arrangements by our clients;
- changes in local, national and international regulatory requirements;
- acquisitions during the relevant period;
- implementation of our licensing contracts and software-enabled services arrangements;
- changes in economic and financial market conditions; and
- changes in the types of products and services we provide.

***Additional tax expense or additional tax exposures could affect our future profitability.***

We are subject to income taxes in the U.S. and various international jurisdictions. Changes in tax laws and regulations, as well as changes in related interpretations and other tax guidance could materially impact our tax receivables and liabilities and our deferred tax assets and deferred tax liabilities. We routinely review and update our corporate structure and intercompany arrangements, including transfer pricing policies, consistent with applicable laws and regulations, to align with our business operations across numerous jurisdictions. Failure to align our corporate structure and intercompany arrangements with our business operations may increase our worldwide effective tax rate.

We are subject to examinations by various authorities, including tax authorities, in the ordinary course of business. In addition to ongoing investigations, there could be additional investigations launched in the future by governmental authorities in various jurisdictions, and existing investigations could be expanded. The global and diverse nature of our operations means that these risks will continue to exist and additional investigations, proceedings and contingencies may arise from time to time. Our business, results of operations and financial condition may be affected by the outcome of investigations, proceedings and other contingencies that cannot be predicted with certainty.

***If third-party service providers on which we rely, or other third-parties with which we do business or which facilitate our business activities, suffer disruptions to their IT systems, our business could be harmed.***

In providing our software-enabled services to our customers, we depend upon IT infrastructure that is primarily managed by our firm, but we also depend on third-party service providers to provide some of the IT infrastructure on which we rely. Although we seek to ensure that appropriate security and other standards are maintained by these third-parties, these third-parties are also subject to the risks discussed in the preceding risk factor, and there is no guarantee that they will maintain systems and procedures sufficient to protect against system failures and security breaches, including as a result of cyber-attacks.



In addition, the third-parties with which we do business or which facilitate our business activities, including financial intermediaries, are susceptible to the risks described in the preceding risk factor (including regarding the third-parties with which they are similarly interconnected), and our or their business operations and activities may therefore be adversely affected, perhaps materially, by failures, terminations, errors or malfeasance by, or attacks or constraints on, one or more financial, technology or infrastructure institutions or intermediaries with whom they are interconnected or conduct business.

***An increase in subaccounting services performed by brokerage firms has and will continue to adversely impact our revenues.***

We service open-end and closed-end funds registered under the Investment Company Act of 1940, including mutual funds, exchange-traded funds, interval funds and exchange-listed closed-end funds, as well as private funds, collective investment trusts and other accounts under shareowner recordkeeping arrangements which we refer to as registered accounts. These arrangements are distinguished from broker subaccounts, which are serviced under contract with a broker/dealer. Our clients may adopt the broker subaccount structure. We offer subaccounting services to brokerage firms that perform shareowner subaccounting. As the recordkeeping functions in connection with subaccounting are more limited than traditional shareowner accounting, the fees charged are generally lower on a per unit basis. Brokerage firms that obtain agreements from our clients to use a broker subaccount structure cause accounts currently on our traditional recordkeeping system to convert to our subaccounting system, or to the subaccounting systems of other service providers, which generally results in lower revenues. While subaccounting conversions have generally been limited to our non-tax advantaged mutual fund accounts, such conversions have begun to extend to the tax-advantaged accounts (such as retirement and Section 529 accounts) we service, which could adversely affect our business and operating results.

***Catastrophic events may adversely affect our business.***

A war, terrorist attack, natural disaster, pandemic or other catastrophe may adversely affect our business. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our clients, the financial markets or the overall economy and reducing our ability to provide, our clients' ability to use, and the demand for, our products and services. For example, while we were not adversely affected by the COVID-19 pandemic in any outsized manner, it created significant volatility, uncertainty and economic disruption in the markets in which we operate. The potential for a direct effect on our business operations is due primarily to our significant investment in infrastructure. Although we maintain redundant facilities and have contingency plans in place to protect against both man-made and natural threats, it is impossible to fully anticipate and protect against all potential catastrophes. A computer virus, physical or cybersecurity breach, criminal act, military action, power or communication failure, flood, severe storm or the like could lead to service interruptions and data losses for clients, disruptions to our operations, or damage to important facilities. In addition, such an event may cause clients to cancel their agreements with us for our products or services. Any of these events could adversely affect our business, results of operation and financial condition.

***We have substantial operations and a significant number of employees in India and we are therefore subject to regulatory, economic and political uncertainties in India.***

As of December 31, 2022, we had approximately 7,900 employees located in India. The economy of India may differ favorably or unfavorably from the U.S. economy and our business may be adversely affected by the general economic conditions and economic and fiscal policy in India, including changes in exchange rates and controls, interest rates and taxation policies. In particular, in recent years, India's government has adopted policies that are designed to promote foreign investment, including significant tax incentives, relaxation of regulatory restrictions, liberalized import and export duties and preferential rules on foreign investment and repatriations. These policies may not continue. In addition, we are subject to risks relating to social stability, political, economic or diplomatic developments affecting India in the future.

India faces major challenges in the years ahead sustaining the economic growth that it has experienced over the past several years. These challenges include the need for substantial infrastructure development and improving access to healthcare and education. Our ability to recruit, train and retain qualified employees and develop and operate our facilities in India could be adversely affected if India does not successfully meet these challenges, in which case we may need to relocate those facilities and that could have a material adverse effect on our business, financial condition and results of operations.

***We are dependent on our senior management and their continued performance and productivity.***

We are dependent on the continued efforts of the members of our senior management. The loss of any of the members of our senior management may cause a significant disruption in our business, jeopardize existing customer relationships, impair our compliance efforts as a public company, and have a material adverse effect on our business objectives. We do not maintain key man life insurance policies for any senior officer or manager.

***If we are unable to protect our proprietary technology and other confidential information, our success and our ability to compete will be subject to various risks, such as third-party infringement claims, unauthorized use of our technology, disclosure of our proprietary information or inability to license technology from third-parties.***

Our success and ability to compete depends in part upon our ability to protect our proprietary technology and other confidential information. We rely on a combination of patent, trade secret, copyright and trademark law, and nondisclosure agreements, license agreements and technical measures to protect our proprietary technology and other confidential information. We have registered trademarks for some of our products and will continue to evaluate the registration of additional trademarks as appropriate. We generally enter into confidentiality agreements with our employees, distributors, clients and potential clients. However, these efforts may be insufficient to prevent those parties or others from infringing, misappropriating, violating or asserting rights in our intellectual property, confidential information or other technology and our proprietary technology and confidential information may be subject to embezzlement, theft, or other similar illegal behavior by our employees or third-parties. In addition, our employees, distributors, clients and potential clients may breach our confidentiality agreements and we may not have adequate remedies for any such breach. Furthermore, unauthorized third-parties may seek to copy portions of our products or to reverse engineer or otherwise obtain and use our proprietary information. If a third-party were to gain unauthorized access to or independently develop the confidential or proprietary information we possess, we could suffer a loss of revenues, we could experience an adverse impact on our competitive position, and our relationships with our clients and our reputation could be materially adversely effected. Existing patent and copyright laws afford only limited protection. Third-parties may develop substantially equivalent or superseding proprietary technology or may offer equivalent products in competition with our products in a manner that does not infringe, misappropriate or otherwise violate our intellectual property or other proprietary rights, thereby substantially reducing the value of our proprietary rights. A number of third-parties hold patents and other intellectual property rights with application in the financial services field. Consequently, we are subject to the risk that such third-parties will claim that our products infringe, misappropriate or otherwise violate their intellectual property rights, including their patent rights. Such claims, regardless of merit, could result in expensive and time-consuming litigation, divert the attention of our personnel, and impair our intellectual property rights. Moreover, as a result of such claims, we may be required to redesign our products or services in a manner that is not infringing, misappropriating or otherwise violating such third-party's intellectual property rights, which may not be technically or commercially feasible. We may also be required to obtain a license to such intellectual property rights, which may not be available on commercially reasonable terms or at all. Any of the foregoing could have a material adverse effect on our business, results of operation, and financial condition.

We incorporate open source software into a limited number of our software products. We monitor our use of open source software in an effort to avoid subjecting our products to unfavorable conditions or conditions we do not intend. Some open source licenses require that source code subject to the license be disclosed to third-parties, grant such third-parties the right to modify and redistribute that source code and a requirement that the source code for any software derived from it be disclosed. If we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. Although we believe that we have complied with our obligations under the applicable licenses for open source software that we use, there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses. As a result, the potential impact of these terms is uncertain and may result in unanticipated obligations or restrictions regarding those of our products, technologies or solutions affected.

We have acquired and may acquire important technology rights through our acquisitions and have often incorporated and may incorporate features of these technologies across many of our products and services. As a result, we are subject to the above risks and the additional risk that the seller of the technology rights may not have appropriately protected the intellectual property rights we acquired. Indemnification and other rights under applicable acquisition documents are limited in term and scope and therefore provide us with only limited protection.

In addition, we rely on third-party software in providing some of our products and services. If we lose our licenses to use such software or if such licenses are found to infringe, misappropriate or otherwise violate upon the rights of others, we will need to seek alternative means of obtaining the licensed software to continue to provide our products or services, which may not be feasible on a technical or commercial basis. Our inability to replace such software, or to replace such software in a timely manner, could significantly disrupt our business and our ability to deliver products and services to our clients, and adversely affect our business, results of operation and financial condition.

***We may be unable to adapt to rapidly changing technology and evolving industry standards and regulatory requirements.***

Rapidly changing technology, evolving industry standards and regulatory requirements and new product and service introductions characterize the market for our products and services. Our future success will depend in part upon our ability to enhance our existing products and services and to develop and introduce new products and services to keep pace with such changes and developments and to meet changing client needs. The process of developing our software products is complex and is expected to become increasingly complex and expensive in the future due to the introduction of new platforms, operating systems and

technologies. Current areas of significant technological change include mobility, cloud-based computing and the processing and analyzing of large amounts of data. Our ability to keep up with technology and business and regulatory changes is subject to a number of risks, including that:

- we may find it difficult or costly to update our services and software and to develop new products and services quickly enough to meet our clients' needs;
- we may find it difficult or costly to make some features of our software work effectively and securely over the Internet or with new or changed operating systems;
- we may find it difficult or costly to update our software and services to keep pace with business, evolving industry standards, regulatory requirements and other developments in the industries in which our clients operate; and
- we may be exposed to liability for security breaches that allow unauthorized persons to gain access to confidential information stored on our computers or transmitted over our network.

Our failure to enhance our existing products and services and to develop and introduce new products and services to promptly address the needs of our clients and a changing marketplace could adversely affect our business, results of operations and financial condition.

***Undetected software design defects, errors or failures, or employee errors, may result in defects, delays, loss of our clients' data, litigation against us and harm to our reputation and business.***

Our software products are highly complex and sophisticated and could contain design defects or software errors that are difficult to detect and correct. Errors or bugs in our software may affect the ability of our products to work with other hardware or software products, delay the development or release of new products or new versions of products, result in the loss of client data, damage our reputation, affect market acceptance of our products or result in the rejection of our products by the market, cause loss of revenues, divert development resources, increase product liability and warranty claims, and increase service and support costs. We cannot be certain that, despite testing by us and our clients, errors will not be found in new products or new versions of products. Moreover, our clients engage in complex trading activities and this complexity increases the likelihood that our employees may make errors. Employee errors, poor employee performance or misconduct may be difficult to detect and deter. These product defects or errors in the product operations, or employee errors, poor performance or misconduct, could cause damages to our clients for which they may assert claims or lawsuits against us. The cost of defending such a lawsuit, regardless of its merit, could be substantial and could divert management's attention and result in reputational harm. In addition, if our business liability insurance coverage proves inadequate with respect to a claim or future coverage is unavailable on acceptable terms or at all, we may be liable for payment of substantial damages. Any or all of these potential consequences could have an adverse impact on our business, results of operations and financial condition.

***Investment decisions with respect to cash balances, market returns or losses on investments, and limits on insurance applicable to cash balances held in bank and brokerage accounts, including those held by us and as agent on behalf of our clients, could expose us to losses of such cash balances and adversely affect revenues attributable to cash balance deposit investments.***

As part of our transaction processing and other services, we maintain and manage large bank and investment accounts containing client funds, which we hold as agent, as well as operational funds. Our revenues include investment earnings related to client fund cash balances. Our choices in selecting investments, or market conditions that affect the rate of return on or the availability of investments, could have an adverse effect on the level of such revenues. The amounts held in our operational and client deposit accounts could exceed the limits of government insurance programs of organizations such as the Federal Deposit Insurance Corporation and the Securities Investors Protection Corporation, exposing us to the risk of loss. Any substantial loss would have a material adverse impact on our business, results of operations and our financial condition.

***A substantial portion of our revenues are derived, and a substantial portion of our operations are conducted, outside the U.S.***

For the years ended December 31, 2022, 2021 and 2020 international revenues accounted for 29%, 28% and 27%, respectively, of our total revenues. We sell certain of our products primarily outside the U.S. In addition, Brexit and international trade tensions have created political and economic uncertainty and instability in global financial and foreign currency markets. The United Kingdom ("U.K.") exited the European Union ("E.U.") on January 31, 2020, and its membership in the E.U. single market ended on December 31, 2020 ("Brexit"). A new bilateral trade and cooperation agreement governing the future relationship between the U.K. and the E.U. was announced on December 24, 2020 and formally approved by the 27 member states of the E.U. on December 29, 2020. In March 2021, the U.K. and E.U. agreed on a framework for voluntary regulatory cooperation and dialogue on financial services issues in a memorandum of understanding.



While these events provide some clarity regarding the future relationship between the U.K. and the E.U., there remains uncertainty, which may adversely affect our operations and financial results, as we generated approximately \$573.1 million, \$596.0 million and \$569.9 million in revenues from the U.K. in the years ended December 31, 2022, 2021 and 2020, respectively. Our international business is also subject to a variety of other risks, including:

- potential changes in a specific country's or region's political or economic climate, including the evolving situation involving Ukraine and Russia;
- the need to comply with a variety of local regulations and laws, U.S. export controls, the FCPA and the Bribery Act;
- potential expropriation of assets by foreign governments;
- difficulty repatriating any international profits;
- fluctuations in foreign currency exchange rates;
- application of discriminatory fiscal policies;
- potential changes in tax laws and the interpretation of such laws; and
- potential difficulty enforcing third-party contractual obligations and intellectual property rights.

Such factors could adversely affect our business, results of operations and financial condition.

***We are exposed to fluctuations in currency exchange rates that could negatively impact our operating results and financial condition.***

Because a significant portion of our business is conducted outside the U.S. and significant revenues are generated outside the U.S., we face exposure to adverse movements in foreign currency exchange rates. Fluctuations in currencies relative to currencies in which our earnings are generated also make it more difficult to perform period-to-period comparisons of our reported results of operations. Because our Consolidated Financial Statements are reported in U.S. dollars, translation of sales or earnings generated in other currencies into U.S. dollars can result in a significant increase or decrease in the reported amount of those sales or earnings. In addition, we incur currency transaction risk whenever we enter into either a purchase or a sales transaction using a currency other than the local currency of the transacting entity. Given the volatility of exchange rates, we cannot be assured we will be able to effectively manage our currency translation or transaction risk, and significant changes in the value of foreign currencies relative to the U.S. dollar could adversely affect our financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further discussion on the foreign currency translation impact on operating results and financial condition.

We do not currently engage in material hedging activities. Changes in economic or political conditions globally and in any of the countries in which we operate could result in exchange rate movements, new currency or exchange controls or other restrictions being imposed on our operations.

***Our investments in funds and our joint ventures could decline in value.***

From time to time we add new investment strategies to our investment product offerings by providing the initial cash investments as "seed capital." The seed capital investments may decline in value. A significant decline in their value could have a material adverse effect on our financial condition or operating results. We are a limited partner in various private equity funds and have future capital commitments related to certain private equity fund investments. These investments are illiquid. Generally, private equity fund securities are non-transferable or are subject to long holding periods, and withdrawals from the private equity firm partnerships are typically not permitted. Even when transfer restrictions do not apply, there is generally no public market for the securities. Therefore, we may not be able to sell the securities at a time when we desire to do so. We may not always be able to sell those investments at the same or higher prices than we paid for them. We also participate in joint ventures with other companies. These joint venture investments could require further capital contributions.

***We do not control certain businesses in which we have significant ownership.***

We invest in joint ventures and other unconsolidated affiliates as part of our business strategy, and part of our net income is derived from our pro rata share of the earnings of those businesses. Despite owning significant equity interests in those companies and having directors on their boards, we do not control their operations, strategies or financial decisions. The other owners may have economic, business or legal interests or goals that are inconsistent with our goals or the goals of the businesses we co-own. Our pro rata share of any losses due to unfavorable performance of those companies could negatively impact our financial results.

***Some of our joint venture investments are subject to buy-sell agreements, which could, among other things, restrict us from selling our interests even if we were to determine it would be prudent to do so.***

We own interests in unconsolidated entities and various real estate joint ventures. Our interests in such unconsolidated entities are subject to buy/sell arrangements, which could restrict our ability to sell our interests even if we were to determine it would be prudent to do so. These arrangements could also allow us to purchase the other owners' interests to prevent someone else from acquiring them and we cannot control the timing of occasions to do so. The businesses or other owners may encourage us to increase our investment in or make contributions to the businesses at an inopportune time.

In addition, some of the agreements governing our joint venture arrangements include buy/sell provisions that provide a party to the arrangement with the option to purchase the other party's interests upon such other party's change of control at a purchase price that may be less than fair market value. For instance, under the partnership agreement of IFDS L.P., in the event of a change of control of the Company, the other partner would have the option to purchase our interests in IFDS L.P. at a price equal to book value, unless another purchase provision in the partnership agreement was triggered prior to the change of control. Book value may be substantially less than fair market value at the time of any sale of our interests upon a change of control.

***A material weakness in our internal controls could have a material adverse effect on us.***

Effective internal controls are necessary for us to provide reasonable assurance with respect to our financial reports and to effectively prevent fraud. If we cannot do so, our reputation and operating results could be harmed. A material weakness in our internal control over financial reporting could adversely impact our ability to provide timely and accurate financial information. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. In addition, controls can be circumvented by individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. If we are unable to report financial information timely and accurately or to maintain effective disclosure controls and procedures, our stock price could be negatively impacted and we could be subject to, among other things, regulatory or enforcement actions by the SEC, which could have a material adverse effect on our business, results of operations and financial condition.

## **Legal or Regulatory Risks**

***Our businesses expose us to risks of claims and losses that could be significant and damage our reputation and business prospects.***

Our proprietary applications and related consulting and other services include the processing or clearing of financial and healthcare transactions for our clients and their customers and the design of benefit plans and compliance programs. The dollar amount of transactions processed or cleared is vastly in excess than the revenues we derive from providing these services. In the event we make transaction processing or operational errors, or mismanage any process, we could be exposed to claims for any resulting processing delays, disclosure of protected information, miscalculations, mishandling of pass-through disbursements or other processes, and failure to follow a client's instructions or meet specifications. Additionally, we may be subject to claims or liability resulting from a failure of third parties (including regulatory authorities) to recognize the limitations of our role as our clients' agent or consultant, and we may be subject to claims or liability resulting from fraud committed by third parties. We may be exposed to the risk of counterparty breaches or failure to perform. We may be subject to claims, including class actions, for reimbursements, losses or damages arising from any transaction processing or operational error, or from process mismanagement. Because of the sensitive nature of the financial and healthcare transactions we process, our liability and any alleged damages may significantly exceed the fees we receive for performing the service at issue. Litigation could include class action claims based upon, among other theories, various regulatory requirements and consumer protection and privacy laws that class action plaintiffs may attempt to use to assert private rights of action. Any of these claims and related settlements or judgments could affect our operating results, damage our reputation, decrease demand for our products and services, or cause us to make costly operating changes.

***Our business is subject to evolving regulations and increased scrutiny from regulators.***

Our business is subject to evolving and increasing U.S. and foreign regulation, including privacy, licensing, processing, recordkeeping, investment adviser, broker/dealer, retirement, data protection, reporting and related regulations. New products and services we plan to offer may also be subject to regulation, either directly or as a downstream provider to customers or clients. Such regulations cover all aspects of our business including, but not limited to, sales and trading methods, trade practices among broker/dealers, use and safekeeping of clients' funds and securities, use of client and employee data, capital structure of securities firms, net capital, anti-money laundering efforts, healthcare, recordkeeping and the conduct of directors, officers and employees. Any violation of applicable regulations could expose us or those businesses to civil or criminal liability, significant fines or sanctions,

damage our reputation, the revocation of licenses, censures, or a temporary suspension or permanent bar from conducting business, which could adversely affect our business, results of operations and our financial condition.

Our clients are subject to extensive regulation, including investment adviser, broker/dealer and privacy regulations applicable to products and services we provide to the financial services industry and insurance, privacy and other regulations applicable to services we provide to the healthcare industry. As a result, our relationships with our clients may subject us to increased scrutiny from a number of regulators, including the Federal Financial Institutions Examination Council (and its constituent members, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau), Australian Securities & Investments Commission, Bermuda Monetary Authority, British Virgin Islands Financial Services Commission, Centrale Bank van Curacao en Sint Maarten, Commodity Futures Trading Commission, Federal Trade Commission, Cayman Islands Monetary Authority, Luxembourg Commission de Surveillance du Secteur Financier, Financial Industry Regulatory Authority, U.K. Financial Conduct Authority, Central Bank of Ireland, National Futures Association, Guernsey Financial Services Commission, Jersey Financial Services Commission, Ontario Securities Commission, U.S. Securities and Exchange Commission, Securities Commission of the Bahamas, State Departments of Insurance through Third Party Administrator licenses, U.S. Department of Health & Human Services, U.S. Center for Medicare & Medicaid Services, U.S. Department of Defense, U.S. Office of Inspector General, U.S. Office of Civil Rights, U.S. Treasury Department and other government entities that regulate the financial services, hedge fund and hedge fund services industry in the U.S., the U.K. and the other jurisdictions in which we operate. As a result of the changes in the global economy and the turmoil in global financial markets in recent years, the risk of additional government regulation has increased.

In addition, the final outcome of negotiations between the U.K. and the E.U. relating to Brexit remains uncertain. The U.K. withdrew from the E.U. on January 31, 2020, and the transition period ended on December 31, 2020. While a new bilateral trade and cooperation deal governing the future relationship between the U.K. and the E.U. was formally approved by the 27 member states of the E.U. on December 29, 2020, and the U.K. and E.U. agreed on a framework for voluntary regulatory cooperation and dialogue on financial services issues in March 2021. The impact of potential changes on the U.K. regulatory regime remains uncertain.

Moreover, our healthcare business is subject to evolving and increasing federal and state regulation. Such federal regulation is developed, interpreted or enforced by regulators including, the Centers for Medicare and Medicaid Services, the U.S. Dept. of Health and Human Services, the Office for Civil Rights and the Office of the Inspector General. Typically a state's department of insurance regulates much of our healthcare business; however, each state's statutes dictate such authority. Any of these regulations may limit or curtail our activities, including activities that might be profitable, and changes to existing regulations, or the interpretations thereof, may affect our ability to continue to offer our existing products and services, or to offer products and services we may wish to offer in the future.

The E.U.'s AIFMD and the U.S. Dodd-Frank Act, among other initiatives, pose significant changes to the regulatory environment in which we and our clients operate. The impact of these regulatory changes remains uncertain. If we fail to comply with any applicable laws, rules or regulations, we may be subject to censure, fines or other sanctions, including revocation of our licenses and/or registrations with various regulatory agencies, criminal penalties and civil lawsuits.

The U.S. Foreign Corrupt Practices Act ("FCPA") and anti-bribery laws in other jurisdictions, including the U.K. Bribery Act ("Bribery Act"), generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business or other commercial advantage. The FCPA also imposes accounting standards and requirements on publicly traded U.S. corporations and their foreign affiliates which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of "off books" slush funds from which such improper payments can be made. We and our clients operate in a number of jurisdictions that may pose a risk of potential FCPA or Bribery Act violations.

Changes in, and any violation by our clients of, applicable laws and regulations (whether related to the products and services we provide or otherwise) could diminish their business or financial condition and thus their demand for our products and services or could increase our cost of continuing to provide our products and services to such industries. Demand could also decrease if we do not continue to offer products and services that help our clients comply with regulations. For example, our accounts in the healthcare industry are impacted by the Patient Protection and Affordable Care Act of 2010 (the "Affordable Care Act"), including the Health Insurance Marketplace. Changes to the Affordable Care Act have been enacted by Congress in response to the current administration's stated agenda.

In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our internal operations might be subject or the manner in which existing laws might be administered or interpreted. While our policies mandate compliance with these laws, there can be no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws. A failure to comply with these laws, rules or regulations, or allegations of such noncompliance, could adversely affect our business, reputation, results of operations and financial condition.

***Our role as a fund administrator has in the past, and may in the future, expose us to claims and litigation from clients, their investors, regulators or other third-parties.***

As a service provider, we have been, and may in the future be, subject to claims and lawsuits from investors, regulators, liquidators, other third-parties and our clients, some of which pursue high-risk investment strategies and all of which are subject to substantial market risk, in the event that the underlying fund suffers investment losses, incurs instances of fraud, becomes insolvent, files for bankruptcy or otherwise becomes defunct. Even if we are not ultimately found to be liable, defending such claims or lawsuits could be time-consuming, divert management resources, harm our reputation and cause us to incur significant expenses. These claims or lawsuits could have an adverse effect on our business, results of operations and financial condition.

***Because our platform could be used to collect and store personal information of our customers' employees or customers, privacy concerns could result in additional cost and liability to us or inhibit use of our platform.***

Personal privacy has become a significant issue in the U.S. and in many other countries where we offer our solutions or may offer them in the future. The regulatory framework for privacy issues worldwide is currently evolving, is not uniform and is likely to remain uncertain for the foreseeable future. Many federal, state and foreign government bodies and agencies have adopted or are considering adopting laws and regulations regarding the collection, use, disclosure, control, security and deletion of personal information. In the U.S., these include, without limitation, laws and regulations promulgated by states, as well as rules and regulations promulgated under the authority of the Federal Trade Commission ("FTC") and federal financial regulatory bodies. Additionally, the California Consumer Privacy Act of 2018, which came into effect on January 1, 2020, affords consumers expanded privacy protections. There may be additional amendments to this legislation, and it remains unclear what, if any, modification will be made to this legislation or how it will be interpreted. The effects of this legislation potentially are far-reaching, however, and may require us to modify our data processing practices and policies and to incur costs to comply. Internationally, most of the jurisdictions in which we operate have established their own data security and privacy legal frameworks, many of which are broader in scope, more restrictive and impose greater obligations on us and our customers. For instance, the E.U.'s General Data Protection Regulation ("GDPR") became effective in May 2018 and imposes strict requirements related to processing the personal data of E.U. individuals and provides for robust regulatory enforcement and sanctions for non-compliance. E.U. data protection authorities will have the power to impose administrative fines for violations of the GDPR of up to a maximum of €20 million or 4% of the noncompliant company's annual global turnover for the preceding financial year, whichever is higher, and violations of the GDPR may also lead to damages claims by data controllers and data subjects. Such penalties are in addition to any civil litigation claims by data controllers, data processors, customers and data subjects. The GDPR is likely to increase our obligations, including by mandating documentation requirements and granting certain rights to individuals to inquire into how we collect, use, disclose, retain and process information about them. Although we are continuing to take steps to comply with applicable portions of the GDPR, the scope of many of the GDPR's requirements remains unclear and regulatory guidance on several topics is still forthcoming. Therefore, we cannot assure you that such steps will be sufficient.

Moreover, Brexit has led and could continue to lead to additional compliance costs. As of January 1, 2021, upon the expiry of temporary arrangements between the U.K. and the E.U., data processing in the U.K. is governed by a U.K. version of the GDPR, thereby exposing us to two parallel regulatory regimes, each of which authorizes similar fines and other potentially divergent enforcement actions for certain violations. On June 28, 2021, the European Commission adopted an adequacy decision for the U.K., allowing for a somewhat free exchange of personal information between the E.U. and the U.K.

In addition to government regulation, privacy advocacy and industry groups may propose new and different self-regulatory standards that either legally or contractually apply to us. As a result of uncertainty regarding the interpretation and application of privacy and data protection-related laws, regulations, and self-regulatory requirements, it is possible that these laws, regulations, and requirements may be interpreted and applied in a manner that is inconsistent with our existing data handling practices or the technological features of our solutions. If so, in addition to the possibility of fines, lawsuits and other claims, each of which may be material, we could be required to fundamentally change our business activities and practices or modify our solutions, which could have an adverse effect on our business. Any inability to adequately address privacy or data protection-related concerns, even if unfounded, or comply with applicable privacy or data protection-related laws, regulations and policies, could result in additional cost and liability to us, damage our reputation, inhibit sales and harm our business. Furthermore, the costs of compliance with, and other burdens imposed by, the laws, regulations, standards and policies that are applicable to the businesses of our customers may limit the use and adoption of, and reduce the overall demand for, our solutions. Also, privacy concerns, whether valid or not valid, may inhibit market adoption of our solutions, particularly in foreign countries.



***We could become subject to litigation regarding our or a third-party's intellectual property rights or other confidential or proprietary information, which could seriously harm our business and require us to incur significant costs.***

In recent years, there has been a high incidence of litigation in the U.S. involving patents and other intellectual property rights. We are from time to time a party to litigation to enforce our intellectual property rights or to protect our confidential or proprietary information, or as a result of an allegation that we infringe, misappropriate or otherwise violate a third-party's intellectual property rights, including patents, trademarks, trade secrets and copyrights. From time to time, we have received notices claiming our technology may infringe, misappropriate or otherwise violate third-party intellectual property rights or otherwise threatening to assert intellectual property rights. These claims and any resulting lawsuit, if successful, could subject us to significant liability for damages and our intellectual property rights being reduced, narrowed or held unenforceable or invalid. These lawsuits, regardless of their success, could be time-consuming and expensive to resolve, adversely affect our revenues, profitability and prospects, and divert management time and attention. If we are found to infringe, misappropriate or otherwise violate a third-party's intellectual property rights, we may be required to pay the third-party substantial monetary damages and to cease the activities covered by such intellectual property rights, unless we obtain a license to such intellectual property rights, which may not be available on commercially reasonable terms or at all. In addition, these claims and threats could also cause us to undertake to re-engineer our products or services which may not be technically or commercially feasible. Any of the foregoing could have a material adverse effect on our business, results of operation and financial condition.

### **Risks Relating to Our Indebtedness**

***Our substantial indebtedness could adversely affect our financial health and operations.***

We currently have a substantial amount of indebtedness. As of December 31, 2022, we had total indebtedness of \$7,129.9 million and an additional \$597.5 million available for borrowings under our revolving credit facility. This indebtedness could have adverse consequences. For example, it may:

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund acquisitions, working capital, capital expenditures, research and development efforts and other general corporate purposes;
- increase our vulnerability to and limit our flexibility in planning for, or reacting to, change in our business and the industry in which we operate;
- restrict our ability to make certain distributions with respect to our capital stock due to restricted payment and other financial covenants in our credit facilities and other financing agreements;
- expose us to the risk of increased interest rates as borrowings under our senior credit facility are subject to variable rates of interest;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

In addition, the agreement governing our senior credit facility contains financial and other restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests, and any additional indebtedness may incur may also contain restrictive covenants. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debts. In addition, increases in interest rates by the U.S. Federal Reserve and central banks around the world have resulted in economic volatility and uncertainty, and if sustained, could adversely affect our financial health and operations.

***To service our indebtedness, we require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.***

We estimate that our current levels of indebtedness as of December 31, 2022 will result in annual interest payments of approximately \$434.8 million. Our ability to make payments on and to refinance our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

If our business fails to generate sufficient cash flow from operations and future borrowings are not available to us, we may not be able to pay our indebtedness or fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital

expenditures, strategic acquisitions, investments and joint ventures. We may not be able to effect such actions, if necessary, on commercially reasonable terms or at all.

***Restrictive covenants in the agreements governing our indebtedness may restrict our ability to pursue our business strategies.***

The Credit Agreement limits our ability, among other things, to:

- incur additional indebtedness;
- make certain investments;
- sell assets, including capital stock of certain subsidiaries;
- declare or pay dividends, repurchase or redeem stock or make other distributions to stockholders;
- consolidate, merge, liquidate or dissolve;
- enter into transactions with our affiliates; and
- incur liens.

In addition, the Credit Agreement also requires us, in certain instances, to maintain compliance with specified leverage ratios. Our ability to comply with these provisions may be affected by events beyond our control, and these provisions could limit our ability to plan for or react to market conditions, meet capital needs or otherwise conduct our business activities and plans.

Our inability to comply with any of these provisions could result in a default under one or more of the agreements governing our indebtedness. If such a default occurs under one such agreement, the creditors under another debt agreement may elect to declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable. In addition, the lenders under our Credit Agreement would have the right to terminate any commitments they have to provide further borrowings.

If we are unable to repay outstanding borrowings when due, the lenders under our Credit Agreement also have the right to proceed against the collateral, including substantially all of our domestic assets and the assets of our domestic subsidiaries, granted to them to secure the indebtedness under that facility. If the indebtedness under our Credit Agreement were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

***The replacement of London Interbank Offered Rate (“LIBOR”) with an alternative reference rate may adversely affect interest expense related to our outstanding debt.***

The replacement of LIBOR with an alternative reference rate may adversely affect interest expense related to outstanding debt. At December 31, 2022, we had total debt of \$7,129.9 million, including \$5,129.1 million of variable interest rate debt and which may bear interest rates in relation to U.S. dollar LIBOR, depending on our selection of repayment options. On July 27, 2017, the Financial Conduct Authority (“FCA”) in the U.K. announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The administrator for LIBOR announced on March 5, 2021 that it will permanently cease to publish most LIBOR settings beginning on January 1, 2022 and cease to publish the overnight, one-month, three-month, six-month and 12-month U.S. dollar LIBOR settings after June 30, 2023. Accordingly, the FCA has stated that it does not intend to persuade or compel banks to submit to LIBOR after such respective dates. Until then, however, FCA panel banks have agreed to continue to support LIBOR. On December 16, 2022, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, adopted a final rule identifying the benchmark rates to replace LIBOR in various types of financial instruments when LIBOR (at least in its current form) ceases to exist after June 30, 2023. The U.S. dollar LIBOR will be replaced with benchmark rates based on the Secured Overnight Financing Rate (“SOFR”), a new index calculated by short-term repurchase agreements, backed by Treasury securities. Whether or not SOFR, or another alternative reference rate, attains market traction as a LIBOR replacement tool remains in question. When LIBOR (at least in its current form) ceases to exist, we may need to renegotiate our Credit Agreement and may not be able to do so with terms that are favorable to us. In particular, the method and rate used to calculate our interest rates and/or payments under the Credit Agreement in the future may result in interest rates and/or payments that are higher than, lower than, or that do not otherwise correlate over time with the interest rates and/or payments that would have been made on our obligations if LIBOR was available in its current form. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations – Senior Secured Credit Facilities” for additional information. The overall financial market may be disrupted as a result of the discontinuation, reform or replacement of LIBOR or any other benchmark rate or any uncertainty in respect thereof. Disruption in the financial market or the inability to renegotiate our Credit Agreement with favorable terms could have a material adverse effect on our business, results of operations and financial condition.

## Risks Relating to Ownership of Our Common Stock

***If equity research analysts do not publish or cease publishing research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price and trading volume of our common stock could decline.***

The trading market for our common stock is influenced by the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our stock or trading volume in our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing regular reports about us or our business.

***The market price of our common stock may be volatile, which could result in substantial losses for investors in our common stock.***

Shares of our common stock were sold in our initial public offering at a price of \$7.50 per share on March 31, 2010, and through December 31, 2022, our common stock has traded as high as \$84.85 and as low as \$6.64. An active, liquid and orderly market for our common stock may not be sustained, which could depress the trading price of our common stock. In addition, the market price of our common stock may fluctuate significantly. Some of the factors that may cause the market price of our common stock to fluctuate include:

- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in estimates of our financial results or recommendations by securities analysts;
- failure of any of our products to achieve or maintain market acceptance;
- changes in market valuations of similar companies;
- success of competitive products;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- announcements by us or our competitors of significant products, contracts, acquisitions or strategic alliances;
- regulatory developments in any of our markets;
- litigation involving our Company, our general industry or both;
- additions or departures of key personnel;
- investors' general perception of us; and
- changes in general economic, industry and market conditions.

In addition, if the market for technology stocks, financial services stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

***William C. Stone, our Chairman of the Board and Chief Executive Officer, exerts significant control over our Company.***

As of February 17, 2023, William C. Stone, our Chairman of the Board and Chief Executive Officer, beneficially owned approximately 13.7% of the outstanding shares of our common stock. We are party to a stockholders' agreement with Mr. Stone, pursuant to which Mr. Stone has the right to nominate two members of our board of directors, one of which will be Mr. Stone for so long as he is our Chief Executive Officer. As a result, Mr. Stone has significant influence over our policy and affairs and matters requiring stockholder approval.

***SS&C Holdings is a holding company with no operations or assets of its own and its ability to pay dividends is limited or otherwise restricted.***

As of December 31, 2022, SS&C Holdings has no direct operations and no significant assets other than the stock of SS&C. The ability of SS&C Holdings to pay dividends is limited by its status as a holding company and by the terms of the agreement governing our indebtedness. See "Risk factors - Risks relating to our indebtedness - Restrictive covenants in the agreements governing our indebtedness may restrict our ability to pursue our business strategies." Moreover, none of the subsidiaries of SS&C Holdings are obligated to make funds available to SS&C Holdings for the payment of dividends or otherwise. In addition, Delaware law imposes requirements that may restrict the ability of our subsidiaries, including SS&C, to pay dividends to SS&C Holdings. These limitations could reduce our attractiveness to investors.

***Our management has broad discretion in the use of our existing cash resources and may not use such funds effectively.***

Our management has broad discretion in the application of our cash resources. Accordingly, our stockholders will have to rely upon the judgment of our management with respect to our existing cash resources, with only limited information concerning management's specific intentions. Our management may spend our cash resources in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business.

***Provisions in our certificate of incorporation and bylaws might discourage, delay or prevent a change of control of our Company or changes in our management and, therefore, depress the trading price of our common stock.***

Provisions of our certificate of incorporation and bylaws and Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include:

- limitations on the removal of directors;
- a classified board of directors so that not all members of our board are elected at one time;
- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to call special meetings;
- the ability of our board of directors to make, alter or repeal our bylaws;
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval, which could be used to institute a rights plan, or a poison pill, that would work to dilute the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors; and
- a prohibition on stockholders from acting by written consent, except under certain limited circumstances.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our Company, thereby reducing the likelihood that our stockholders could receive a premium for their shares of common stock in an acquisition.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTIES**

We lease our corporate offices at 80 Lambertson Road, Windsor, CT 06095. We utilize facilities and offices in approximately 120 other locations in North America, South America, Europe, Asia, Australia and Africa. We lease approximately 65% of our office space as compared to owning 35% of our office space. We believe that our facilities are in good condition and generally suitable to meet our needs for the foreseeable future; however, we will continue to seek additional space as needed to satisfy our growth.

#### **ITEM 3. LEGAL PROCEEDINGS**

From time to time, we are subject to legal proceedings and claims. Certain legal proceedings in which we are involved are discussed in Note 18 to the Consolidated Financial Statements, which is included elsewhere in this annual report on Form 10-K and incorporated by reference herein. In the opinion of our management, we are not involved in any litigation or proceedings that would have a material adverse effect on us or our business.

#### **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**

Our common stock trades on The Nasdaq Global Select Market under the symbol "SSNC". As of February 21, 2023, we had approximately 227,000 beneficial shareholders of our common stock.



Our equity plan information required by this item is incorporated by reference to the information in Part III, Item 12 of this annual report on Form 10-K.

### Issuer Purchases of Equity Securities

The following is a summary of the repurchases of our common stock in the fourth quarter of 2022 (in millions, except average price per share):

Period (1)	(a) Total Number of Shares Purchased (2)	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under Plans or Programs (3)
October 1, 2022 – October 31, 2022.....	—	\$ —	—	\$ 785.5
November 1, 2022 – November 30, 2022 .....	1.2	\$ 49.78	1.2	\$ 725.9
December 1, 2022 – December 31, 2022 .....	<u>0.6</u>	<u>\$ 50.86</u>	<u>0.6</u>	<u>\$ 694.8</u>
Total .....	<u>1.8</u>		<u>1.8</u>	

(1) Information is based on trade dates of repurchase transactions.

(2) Represents shares repurchased in open market transactions pursuant to the Common Stock Repurchase Program.

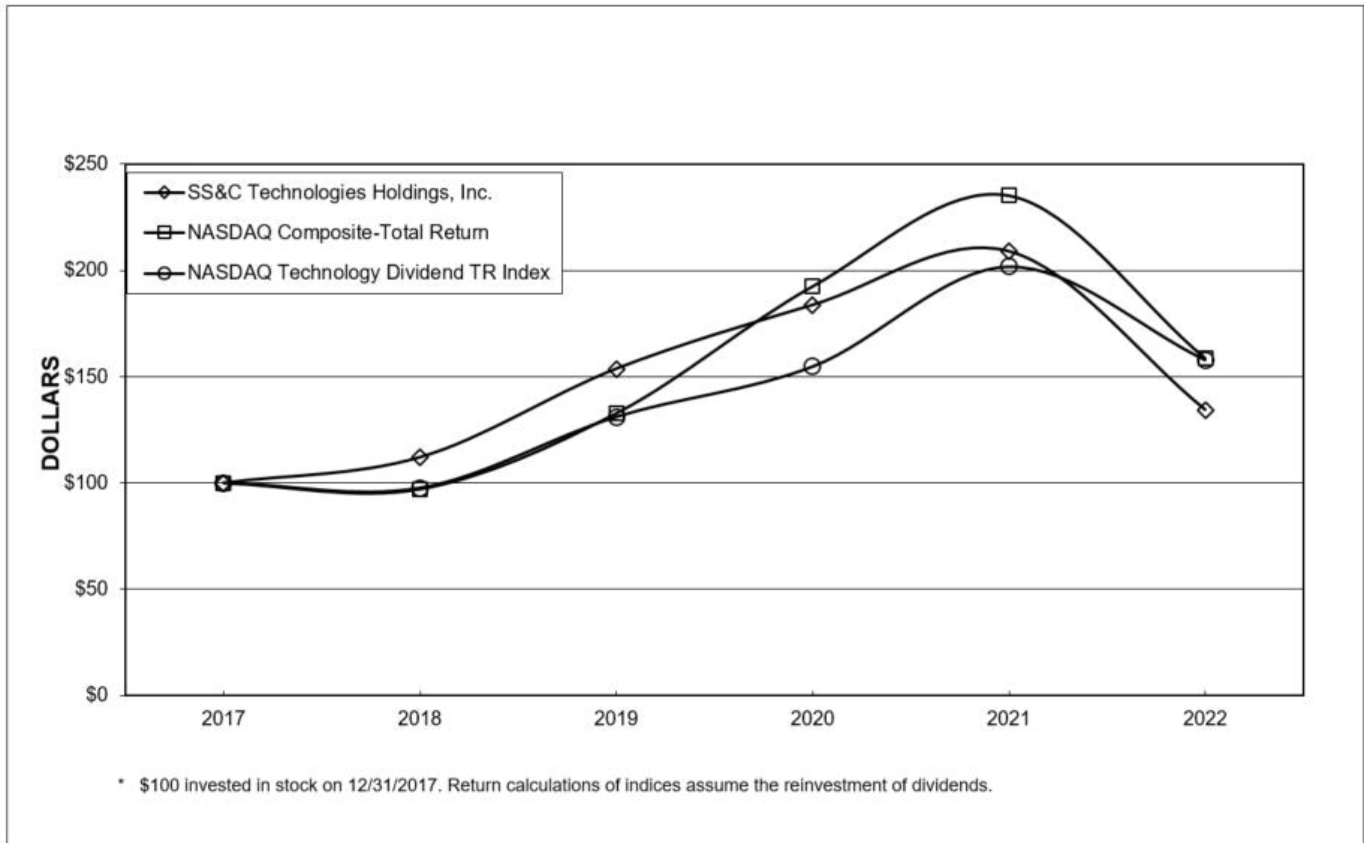
(3) Share repurchases were made pursuant to our Common Stock Repurchase Program authorized by our Board of Directors in July 2022. The program allows for the purchase of up to \$1 billion of outstanding common stock in one or more transactions on the open market or in privately negotiated purchases.

**Performance Graph**

This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of SS&C Technologies Holdings, Inc. under the Exchange Act.

The following graph shows a comparison from December 31, 2017 through December 31, 2022 of cumulative total return for our common stock, the Nasdaq Composite Index and the Nasdaq Technology Dividend TR Index. Such returns are based on historical results and are not intended to suggest future performance. Data for the Nasdaq Composite Index and the Nasdaq Technology Dividend TR Index assume reinvestment of dividends.

**COMPARISON OF CUMULATIVE TOTAL RETURN\***  
**Among SS&C Technologies Holdings, Inc., the Nasdaq Composite Index**  
**and the Nasdaq Technology Dividend TR Index**



\* \$100 invested in stock on 12/31/2017. Return calculations of indices assume the reinvestment of dividends.

	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>	<u>12/31/2020</u>	<u>12/31/2021</u>	<u>12/31/2022</u>
SS&C Technologies Holdings, Inc. ....	100	112	154	184	209	134
Nasdaq Composite - Total Returns .....	100	97	133	192	235	159
Nasdaq Technology Dividend TR Index.	100	98	131	155	202	158

## ITEM 6. [Reserved]

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

*Business.* We are a leading provider of mission-critical, sophisticated software-enabled services that allow financial services providers to automate complex business processes. Our portfolio of software products and rapidly deployable software-enabled services allows our clients to automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting, and back-office functions such as accounting, transfer agency, compliance, regulatory services, performance measurement, reconciliation, reporting, processing and clearing. We provide our solutions globally to thousands of clients, principally within the institutional asset and wealth management, alternative investment management, brokerage, retirement, financial advisory and financial institutions vertical markets. In addition, we provide solutions to the healthcare industry including pharmacy, healthcare administration and health outcomes optimization solutions to satisfy their information processing, quality of care, cost management and payment integrity needs. Our healthcare solutions include claims adjudication, benefit management, care management and business intelligence services.

*Acquisitions.* To supplement our growth, we evaluate and execute acquisitions that provide complementary products or services, add proven technology and an established client base and expand our intellectual property portfolio or address a highly specialized problem or a market niche. Since the beginning of 2020, we have spent approximately \$1.9 billion on our seven most significant acquisitions, using a combination of cash on hand and debt financing (as discussed in Notes 8 and 11 to our Consolidated Financial Statements).

The following table lists the significant businesses we have acquired since January 1, 2020:

<u>Acquired Business</u>	<u>Acquisition Date</u>	<u>Acquired Capabilities, Products and Services</u>
Tier1	August 2022	Extended SS&C's customer relationship management offerings
O'Shares ETF	June 2022	Expanded the offerings of SS&C ALPS Advisors, SS&C's wholly-owned asset manager
Minerals Management, LLC	May 2022	Extended SS&C's offerings into the energy market while helping clients streamline operations across all asset classes and type
Hubwise Holdings Limited	March 2022	Enhanced SS&C's capacity to help customers create highly automated and efficient multi-asset, multi-currency and multi-wrapper strategies
Blue Prism Group Plc	March 2022	Added deep expertise in intelligent automation and robotic process automation
Innovest	May 2020	Added web-based trust accounting and unique asset servicing solutions
Captricity	March 2020	Added data transformation platform to extract handwritten and machine printed data from paper documents

The discussion in this Part II, Item 7 of this Annual Report on Form 10-K includes the operations of the businesses listed in the table above for the respective time periods each was owned by SS&C.

*Revenues.* As we have expanded our business, we have focused on increasing our software-enabled services. Since 2020, we have seen increased demand in the financial services industry for these services from existing and new customers. We have taken a number of steps to support that demand, such as automating our software-enabled services delivery methods, expanding our service offerings and providing our employees with sales incentives. We have also acquired businesses that offer software-enabled services or have a large base of term license or maintenance clients. In particular, the acquisition of Blue Prism increased our term license and maintenance revenues. Our software-enabled services revenues increased from \$3,891.3 million and 83% of total revenues in 2020 to \$4,273.9 million and 81% of revenues in 2022. We believe that our high level of these contractually recurring revenues provides us with the ability to better manage our costs and capital investments. To support the growth in our software-enabled services revenues and maintain our level of customer service, we have added personnel, expanded our facilities and invested in IT.

*Liquidity.* In March 2022, in connection with our acquisition of Blue Prism, we entered into an Incremental Joinder to our credit agreement, which is described in *Contractual Obligations*, resulting in new term loans totaling \$1,530.0 million. In December 2022, we entered into an amendment to our revolving credit facility, which is also described in *Contractual Obligations*, which increased the capacity of our revolving credit facility from \$250.0 million to \$600.0 million.

We generated \$1,134.3 million in cash from operating activities in 2022, compared to \$1,429.0 million and \$1,184.7 million in 2021 and 2020, respectively. In 2022, we used our operating cash flow, \$91.8 million in proceeds from the exercise of stock options and existing cash to fund acquisitions, pay \$203.1 million in dividends, purchase \$476.1 million of common stock for treasury and invest in capital expenditures in our business.

The COVID-19 pandemic and ongoing macroeconomic conditions, such as increases in interest rates and inflation rates and changes in foreign currency exchange rates, could have impacts on our results that are uncertain and, in many respects, outside our control. The situation remains dynamic and subject to rapid and possibly material change, which ultimately could result in material negative effects on our business and results of operations. We will continue to evaluate the nature and extent of the potential impacts to our business, consolidated results of operations, liquidity and capital resources.

## Results of Operations

### Revenues

We derive our revenues from two sources: software-enabled services revenues and license, maintenance and related revenues. As a general matter, fluctuations in our software-enabled services revenues are attributable to the number of new software-enabled services clients as well as total assets under management in our clients' portfolios and the number of outsourced transactions provided to our existing clients. Software-enabled services revenues also fluctuate as a result of reimbursements received for "out-of-pocket" expenses, such as postage and telecommunications charges, which are recorded as revenues on an accrual basis. Because these additional revenues are offset by the reimbursable expenses incurred, there is no impact on gross profit, operating income and net income, however the reimbursements billed and expenses incurred can lead to fluctuations in revenues, cost of revenues and gross margin percentage each period. License, maintenance and related revenues consist primarily of term and perpetual license fees, maintenance fees and professional services. Maintenance revenues vary based on customer retention and on the annual increases in fees, which are generally tied to the consumer price index. License and professional services revenues tend to fluctuate based on the number of new licensing clients, the timing and terms of contract renewals and demand for consulting services.

Our results of operations below include the results of our recent acquisitions from the date which they were acquired, including Captricity in March 2020, Innovest in May 2020, Millennium in December 2020, Capita in March 2021, Blue Prism and Hubwise in March 2022, MineralWare in May 2022, O'Shares in June 2022, Tier1 in August 2022 and CFO in December 2022.

The following table sets forth the percentage of our total revenues represented by each of the following sources of revenues for the periods indicated:

	Year Ended December 31,		
	2022	2021	2020
Software-enabled services .....	80.9%	84.3%	83.4%
License, maintenance and related .....	19.1%	15.7%	16.6%
Total revenues.....	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

The following table sets forth revenues (dollars in millions) and percent change in revenues for the periods indicated:

	Year Ended December 31,			Percent Change From Prior Period	
	2022	2021	2020	2022	2021
Software-enabled services .....	\$ 4,273.9	\$ 4,256.1	\$ 3,891.3	0.4%	9.4%
License, maintenance and related .....	1,009.1	794.9	776.6	26.9%	2.4%
Total revenues.....	<u>\$ 5,283.0</u>	<u>\$ 5,051.0</u>	<u>\$ 4,667.9</u>	4.6%	8.2%

*Fiscal 2022 versus Fiscal 2021.* Our revenues increased \$232.0 million, or 4.6%, primarily due to acquisitions, which contributed \$223.6 million in revenues, and an increase of \$101.7 million in organic revenues driven by strength in the SS&C GlobeOp fund administration, Eze, Black Diamond, Geneva, and virtual data room services and products. These increases were partially offset by the unfavorable impact from foreign currency translation of \$93.3 million. Software-enabled services revenues increased \$17.8 million, or 0.4%, primarily due to an increase in organic revenues of \$54.8 million, and acquisitions, which added \$37.2 million. These increases were partially offset by the unfavorable impact from foreign currency translation of \$74.2 million. License, maintenance and related revenues increased \$214.2 million, or 26.9%, primarily due to acquisitions, which added \$186.4 million in revenues, and an increase in organic revenues of \$46.9 million. These increases were partially offset by the unfavorable impact from foreign currency translation of \$19.1 million.

*Fiscal 2021 versus Fiscal 2020.* Our revenues increased \$383.1 million, or 8.2%, primarily due to an increase of \$272.7 million in organic revenues driven by strength in the SS&C GlobeOp fund administration, Black Diamond, Geneva, Retirement Solutions, ALPS Advisors and virtual data room services and products. Our revenues also increased due to acquisitions, which contributed \$56.9 million in revenues as well as the favorable impact from foreign currency translation of \$53.5 million. Software-enabled services revenues increased \$364.8 million, or 9.4%, primarily due to an increase in organic revenues of \$263.2 million, and acquisitions, which added \$56.9 million in revenues, as well as the favorable impact from foreign currency translation of \$44.7 million. License, maintenance and related revenues increased \$18.3 million, or 2.4%, due to an increase in organic revenues of \$9.5 million and the favorable impact from foreign currency translation of \$8.8 million.

#### *Cost of Revenues*

Cost of software-enabled services revenues consists primarily of costs related to personnel utilized in servicing our software-enabled services and amortization of intangible assets. Cost of license, maintenance and other related revenues consists primarily of the costs related to personnel utilized in servicing our maintenance contracts and to provide implementation, conversion and training services to our software licensees, as well as system integration and custom programming consulting services and amortization of intangible assets.

The following tables set forth each of the following cost of revenues as a percentage of their respective revenue source for the periods indicated:

	<u>Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cost of software-enabled services .....	56.5%	54.7%	58.0%
Cost of license, maintenance and related.....	35.0%	39.7%	40.8%
Total cost of revenues .....	52.4%	52.3%	55.1%
Gross margin percentage .....	47.6%	47.7%	44.9%

The following table sets forth cost of revenues (dollars in millions) and percent change in cost of revenues for the periods indicated:

	<u>Year Ended December 31,</u>			<u>Percent Change From Prior</u>	
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2022</u>	<u>2021</u>
Cost of software-enabled services.....	\$ 2,414.8	\$ 2,326.0	\$ 2,257.3	3.8%	3.0%
Cost of license, maintenance and related.....	352.9	315.7	316.8	11.8%	-0.3%
Total cost of revenues .....	<u>\$ 2,767.7</u>	<u>\$ 2,641.7</u>	<u>\$ 2,574.1</u>	4.8%	2.6%

*Fiscal 2022 versus Fiscal 2021.* Our total cost of revenues increased by \$126.0 million, or 4.8%, primarily due to an increase in organic costs of \$123.6 million and acquisitions, which added \$63.8 million in costs, partially offset by the favorable impact from foreign currency translation of \$61.4 million. Organic cost increases are primarily due to personnel costs, including the impact of wage inflation, costs to support organic growth and independent contractors, partially offset by decreases in costs such as amortization and rent expense. Cost of software-enabled services revenues increased \$88.8 million, or 3.8%, primarily due to an increase of \$119.0 million in organic costs and acquisitions, which added \$22.7 million in costs, partially offset by the favorable impact from foreign currency translation of \$52.9 million. Cost of license, maintenance and related revenues increased \$37.2 million, or 11.8%, primarily due to acquisitions, which added \$41.1 million in costs and an increase in organic costs of \$4.6 million, offset by the favorable impact from foreign currency translation of \$8.5 million.

*Fiscal 2021 versus Fiscal 2020.* Our total cost of revenues increased by \$67.6 million, or 2.6%, primarily due to acquisitions, which added \$40.5 million in costs, as well as the unfavorable impact from foreign currency translation of \$34.9 million. Total costs of revenue, excluding the impact of acquisitions and foreign currency translation, decreased by \$7.8 million primarily due to a decrease in costs such as travel, depreciation and amortization, partially offset by an increase in costs to support organic revenue growth. Cost of software-enabled services revenues increased \$68.7 million, or 3.0%, primarily due to acquisitions, which added \$40.1 million in costs, as well as the unfavorable impact from foreign currency translation of \$30.0 million, partially offset by a decrease in organic cost of revenues of \$1.4 million. Cost of license, maintenance and related revenues decreased \$1.1 million, or 0.3%, primarily due to a decrease in organic costs of \$6.4 million partially offset by the unfavorable impact from foreign currency translation of \$4.9 million and acquisitions, which added \$0.4 million in costs.



## Operating Expenses

Selling and marketing expenses consist primarily of the personnel costs associated with the selling and marketing of our products, including salaries, commissions, travel and entertainment. Such expenses also include amortization of intangible assets, the cost of branch sales offices, trade shows and marketing and promotional materials. Research and development expenses consist primarily of personnel costs attributable to the enhancement of existing products and the development of new software products. General and administrative expenses consist primarily of personnel costs related to management, accounting and finance, information management, human resources and administration and associated overhead costs, as well as fees for professional services.

The following table sets forth operating expenses as a percentage of our total revenues for the periods indicated:

	Year Ended December 31,		
	2022	2021	2020
Selling and marketing .....	9.5%	7.8%	7.6%
Research and development .....	8.5%	8.2%	8.6%
General and administrative .....	8.0%	7.1%	7.5%
Total operating expenses.....	<u>26.0%</u>	<u>23.1%</u>	<u>23.7%</u>

The following table sets forth operating expenses (dollars in millions) and percent change in operating expenses for the periods indicated:

	Year Ended December 31,			Percent Change From Prior Period	
	2022	2021	2020	2022	2021
Selling and marketing .....	\$ 500.1	\$ 394.1	\$ 356.3	26.9%	10.6%
Research and development .....	447.3	414.9	399.4	7.8%	3.9%
General and administrative .....	425.0	358.0	352.3	18.7%	1.6%
Total operating expenses .....	<u>\$ 1,372.4</u>	<u>\$ 1,167.0</u>	<u>\$ 1,108.0</u>	17.6%	5.3%

*Fiscal 2022 versus 2021.* Operating expenses increased \$205.4 million, or 17.6%, primarily due to acquisitions, which added \$186.3 million in expenses, and an increase in organic operating expenses of \$53.0 million. These increases were partially offset by the favorable impact from foreign currency translation of \$33.9 million. Total operating expenses, excluding the impact of acquisitions and foreign currency translation, primarily increased due to an increase in personnel costs, travel and entertainment, marketing costs and information technology related expenses.

*Fiscal 2021 versus 2020.* Operating expenses increased \$59.0 million, or 5.3%, primarily due to an increase in organic operating expenses of 29.1 million, the unfavorable impact from foreign currency translation of \$16.7 million and acquisitions, which added \$13.2 million in expenses. Total operating expenses, excluding the impact of acquisitions and foreign currency translation, primarily increased due to an increase in personnel costs and technology-related expenses, partially offset by a decrease in professional fees.

### Comparison of Fiscal 2022, 2021 and 2020 for Interest, Taxes and Other

*Interest expense.* We had interest expense of \$312.2 million in 2022 compared to \$205.7 million in 2021 and \$249.9 million in 2020. The increase in interest expense for 2022 as compared to 2021 is due to higher average interest rates on debt and higher average debt balances. We had an average interest rate of 4.22% and 3.05%, respectively, for the twelve months ended December 31, 2022 and 2021. Our total debt balance as of December 31, 2022 was higher compared to the prior year due to the Incremental Joinder we entered into in connection with our acquisition of Blue Prism. The decrease for 2021 as compares to 2020 related primarily to lower average interest rates as well as lower average debt balances. These facilities are discussed further in “Liquidity and Capital Resources”.

*Other income (expense), net.* We had other income, net of \$20.8 million in 2022 compared to other expense, net of \$18.2 million in 2021 and other income, net of \$41.6 million in 2020. Other income, net for 2022 included net investment gains of \$38.7 million, which includes fair value adjustments to increase the carrying value of our investments and dividend income. Other income, net for 2022 also included an expense of \$8.1 million relating to a legal accrual recorded in connection with the DST ERISA litigation discussed in Note 18 – Commitments and Contingencies of the Notes to the Consolidated Financial Statements. The remaining portion of other income, net consisted primarily of foreign currency translation gains and losses. Other expense, net for 2021 included

an expense of \$43.4 million relating to the DST ERISA litigation, and investment gains and dividends totaling \$30.1 million. The remaining portion of other expense, net consisted primarily of foreign currency translation gains and losses. Other income, net for 2020 consisted primarily of foreign currency transaction gains and investment gains.

*Equity in earnings of unconsolidated affiliates, net.* We had equity in earnings of unconsolidated affiliates, net of \$25.8 million for 2022, \$25.4 million for 2021 and \$(1.5) million for 2020. Our equity in earnings of unconsolidated affiliates in 2022 is primarily related to a \$29.3 million adjustment to increase the carrying value of one of our investments. Our equity in earnings of unconsolidated affiliates was a loss in 2020 due to losses incurred by one of our affiliates that operates a hotel and had a significant impact to their operations due to the COVID-19 pandemic. During 2021, this affiliate sold its primary asset, the hotel, for a gain that resulted in the significant increase in earnings of unconsolidated affiliates, net.

*Loss on extinguishment of debt, net.* We recorded a \$5.5 million and \$10.9 million loss on extinguishment of debt in 2022 and 2021, respectively, relating to the write-off of a portion of the unamortized capitalized financing fees and the unamortized original issue discount associated with additional prepayments on our term loans prior to their scheduled maturity. We recorded a \$4.2 million loss on extinguishment of debt in 2020 primarily related to the amendment of our credit agreement and the write-off of capitalized financing fees and original issue discount associated with the prepayment of our term loans.

*Provision for income taxes.* The following table sets forth the provision for income taxes (dollars in millions) and effective tax rates for the periods indicated:

	Year Ended December 31,			Percent Change From Prior Period	
	2022	2021	2020	2022	2021
	Provision for income taxes.....	\$ 227.1	\$ 236.4	\$ 150.6	-3.9%
Effective tax rate .....	25.9%	22.8%	19.4%		

Our 2022, 2021 and 2020 effective tax rates differ from the statutory rate primarily due to the effect of our foreign operations and permanent book to tax differences. Our effective tax rate for 2022 includes increases in valuation allowances on deferred tax assets, benefits related to stock-based awards and releases of uncertain tax positions due to statute of limitation expirations. Our effective tax rate for 2021 included benefits related to stock-based awards and recognition of tax expense related to a law change in the U.K. Our effective tax rate for 2020 included benefits related to stock-based awards, recognition of a state tax benefit related to a law change and releases of uncertain tax positions due to statute of limitation expirations and closed audits. The increase in the effective tax rate from 2021 to 2022 was primarily related to decreases in relative favorable impacts of stock based compensation in the current year, an increase in valuation allowances on deferred tax assets in the current year and the impact of uncertain tax positions. In addition, the prior year effective tax rate was unfavorably impacted by tax expense related to a law change in the United Kingdom.

Our effective tax rate includes the effect of operations outside the U.S., which historically have been taxed at rates lower than the U.S. statutory rate. While we have income from multiple foreign sources, the majority of our non-U.S. operations are in India and the U.K., where the statutory rates were approximately 29.0% on a blended basis and 19.0%, respectively, in 2022, approximately 31.0% on a blended basis and 19.0%, respectively, in 2021, and 29.1% and 19.0%, respectively, in 2020. A future proportionate change in the composition of income before income taxes from foreign and domestic tax jurisdictions could impact our periodic effective tax rate.

## Liquidity and Capital Resources

Our principal cash requirements are to finance the costs of our operations pending the billing and collection of client receivables, to fund payments with respect to our indebtedness, to invest in research and development, to acquire complementary businesses or assets, repurchase shares of our common stock and to pay dividends on our common stock. We expect our cash on hand, cash flows from operations, and cash available under our Credit Agreement to provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for at least the next twelve months.

Our cash, cash equivalents and restricted cash and cash equivalents, including amounts held on behalf of clients, at December 31, 2022 were \$1,337.6 million, a decrease of \$1,833.8 million from \$3,171.4 million at December 31, 2021. The decrease in cash was primarily due to the decrease in cash and cash equivalents associated with funds held on behalf of clients. See Notes 8, 10 and 11 to our Consolidated Financial Statements for further discussion of acquisitions, debt and equity, respectively.

Client funds obligations include our transfer agency client balances invested overnight as well as our contractual obligations to remit funds to satisfy client pharmacy claim obligations and are recorded on the Consolidated Balance Sheet when incurred, generally after a claim has been processed by us. Our contractual obligations to remit funds to satisfy client obligations are primarily sourced by funds held on behalf of clients. We had \$966.3 million and \$2,755.7 million of client funds obligations at December 31, 2022 and 2021, respectively.

Cash flows from operating, investing and financing activities, as reflected in our Consolidated Statements of Cash Flows, are summarized in the following table (in millions):

Net cash, cash equivalents and restricted cash provided by (used in):	Year Ended December 31,			Change From Prior Period	
	2022	2021	2020	2022	2021
Operating activities .....	\$ 1,134.3	\$ 1,429.0	\$ 1,184.7	\$ (294.7)	\$ 244.3
Investing activities .....	(1,757.6)	(148.2)	(210.5)	(1,609.4)	62.3
Financing activities .....	(1,184.5)	556.7	(1,428.1)	(1,741.2)	1,984.8
Effect of exchange rate changes on cash, cash equivalents and restricted cash .....	(26.0)	(4.0)	2.4	(22.0)	(6.4)
Net (decrease) increase in cash, cash equivalents and restricted cash .....	<u>\$ (1,833.8)</u>	<u>\$ 1,833.5</u>	<u>\$ (451.5)</u>	<u>\$ (3,667.3)</u>	<u>\$ 2,285.0</u>

#### *Fiscal 2022 versus 2021*

*Operating activities:* Cash provided by operating activities during the year ended December 31, 2022 resulted from net income of \$649.0 million adjusted for non-cash items of \$700.4 million, partially offset by changes in our working capital accounts (excluding the effect of acquisitions) totaling \$215.1 million. The changes in our working capital accounts were primarily driven by decreases in accrued expenses and other liabilities and deferred revenue and an increase in contract assets and accounts receivable. Cash provided by operating activities was negatively affected by approximately \$68.0 million of transaction costs related to the Blue Prism acquisition. The decrease in accrued expenses was primarily due to the payment of annual employee bonuses in the first quarter of 2022 and the payment of transaction costs related to the Blue Prism acquisition that were recorded as liabilities by Blue Prism at the time of the acquisition.

*Investing activities:* Cash used in investing activities during the year ended December 31, 2022 totaled \$1,757.6 million, which included cash paid for acquisitions (net of cash acquired) of \$1,636.2 million, capitalized software development costs of \$144.9 million, capital expenditures of \$63.4 million and investments in securities of \$10.0 million, partially offset by distributions received from unconsolidated affiliates of \$66.2 million, proceeds from the sale of property and equipment of \$11.4 million, receipts from the collection of other non-current receivables of \$9.8 million and proceeds from sales and maturities of investments of \$9.5 million.

*Financing activities:* Cash used in financing activities during the year ended December 31, 2022 was \$1,184.5 million and resulted from the decrease in client funds obligations of \$1,709.0 million, treasury stock repurchases of \$476.1 million, quarterly dividends paid of \$203.1 million, deferred financing fees paid of \$14.7 million and withholding taxes paid related to equity award net share settlements of \$0.7 million. These expenditures were partially offset by net borrowings of debt totaling \$1,127.3 million and \$91.8 million received from the exercise of stock options.

#### *Fiscal 2021 versus 2020*

Our cash, cash equivalents and restricted cash and cash equivalents, including amounts held on behalf of clients, at December 31, 2021 were \$3,171.4 million, an increase of \$1,833.5 million from \$1,337.9 million at December 31, 2020. The increase in cash was primarily due to the decrease in cash and cash equivalents associated with funds held on behalf of clients. See Notes 8, 10 and 11 to our Consolidated Financial Statements for further discussion of acquisitions, debt and equity, respectively. We also had \$2,755.7 million and \$1,227.4 million of client funds obligations at December 31, 2021 and 2020, respectively.

*Operating activities:* Cash provided by operating activities primarily resulted from net income of \$800.6 million adjusted for non-cash items of \$689.7 million, partially offset by changes in our working capital accounts (excluding the effect of acquisitions) totaling \$61.3 million. The changes in our working capital accounts were primarily driven by increases in our accounts receivable and decreases in deferred revenue, partially offset by a decrease in our prepaid expenses and other assets. The increase in accounts

receivable was due to increases in revenues earned and an increase in days' sales outstanding. The decrease in deferred revenue was primarily due to the recognition of revenue associated with a multi-year license agreement where we received payment in 2019.

*Investing activities:* We used net cash of \$148.2 million primarily related to \$85.3 million in capitalized software development costs, \$66.0 million in contributions to unconsolidated affiliates, \$51.3 million in capital expenditures and \$20.1 million in investments in securities, partially offset by proceeds from sales and maturities of investments of \$50.9 million, receipts from the collection of other non-current receivables of \$11.0 million, \$7.3 million in cash paid for business acquisitions, net of cash acquired and proceeds from the sale of property and equipment of \$5.3 million.

*Financing activities:* Cash provided by financing activities of \$556.7 million primarily resulted from the increase in client funds obligations of \$1,480.5 million, proceeds of \$197.7 million from stock options and proceeds from noncontrolling interests of \$67.3 million. These proceeds were partially offset by the net repayments of debt totaling \$519.9 million, \$487.9 million in treasury stock repurchases, \$174.0 million in quarterly dividends paid and \$7.0 million in withholding taxes paid related to equity award net share settlements.

We have made a permanent reinvestment determination in certain non-U.S. operations that have historically generated positive operating cash flows. At December 31, 2022, we held approximately \$199.0 million in cash and cash equivalents at non-U.S. subsidiaries where we have made such a determination and in turn no provision for income taxes had been made. At December 31, 2022, we held approximately \$106.4 million in cash that was available to our foreign borrowers under our senior secured credit facility and will be used to facilitate debt servicing of those entities.

### Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2022 that require us to make future cash payments (in millions):

Contractual Obligations and Other Commitments	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Short-term and long-term debt .....	\$ 7,129.9	\$ 55.7	\$ 3,808.3	\$ 2,026.2	\$ 1,239.7
Interest payments (1) .....	1,622.6	434.8	695.9	389.7	102.2
Operating lease obligations (2) .....	357.6	69.9	104.6	69.6	113.5
Tax payable (3) .....	24.2	2.0	22.2	—	—
Purchase obligations (4) .....	280.7	131.3	107.0	42.4	—
Total contractual obligations .....	<u>\$ 9,415.0</u>	<u>\$ 693.7</u>	<u>\$ 4,738.0</u>	<u>\$ 2,527.9</u>	<u>\$ 1,455.4</u>

- (1) Reflects interest payments on our Credit Agreement at an assumed interest rate of one-month LIBOR of 4.38% plus 1.75% on our Term B-3, B-4 and B-5 facilities, one-month SOFR of 4.42% plus 2.25% on our Term B-6 and B-7 facilities and 5.5% on our Senior Notes.
- (2) We are obligated under noncancelable operating leases for office space and office equipment.
- (3) Represents our obligation under the Tax Act to pay the deemed repatriation tax on certain non-US earnings over eight years.
- (4) Purchase obligations include the minimum amounts committed under contracts for goods and services.

As of December 31, 2022, our liability for uncertain tax positions and related interest and penalties payable was \$116.5 million and \$28.4 million, respectively. We are unable to reasonably estimate the timing of such liability and interest payments in individual years beyond 12 months due to uncertainties in the timing of the effective settlement of tax positions. As a result, these amounts are not included in the above contractual obligations table.

### Senior Secured Credit Facilities

On April 16, 2018, in connection with our acquisition of DST, we entered into an amended and restated credit agreement with SS&C Technologies, Inc. ("SS&C"), SS&C European Holdings SARL, an indirect wholly-owned subsidiary of SS&C ("SS&C SARL") and SS&C Technologies Holdings Europe SARL, an indirect wholly-owned subsidiary of SS&C ("SS&C Tech SARL") as the borrowers ("Credit Agreement"). Also in 2018, we entered into amendments to the Credit Agreement in connection with our acquisitions of Eze and Intralinks. On March 22, 2022, in connection with our acquisition of Blue Prism, we entered into an Incremental Joinder to the Credit Agreement with certain of our subsidiaries. Pursuant to the Incremental Joinder, a new \$650.0 million senior secured incremental term loan B facility ("Term B-6 Loan") and a new \$880.0 million senior secured incremental term

loan B facility (“Term B-7 Loan” and together with the Term B-6 Loan, the “Incremental Term Loans”) was made available to us, the proceeds of which were used to finance substantially all of the consideration for the acquisition of Blue Prism.

The Credit Agreement had a revolving credit facility with a five-year term available for borrowings by SS&C with \$250.0 million in available commitments (“Revolving Credit Facility”). The Revolving Credit Facility also contained a \$25 million letter of credit sub-facility. On December 28, 2022, we entered into an amendment (the “Revolving Facility Amendment”) to the Credit Agreement with certain of our subsidiaries. Pursuant to the Revolving Facility Amendment, the Revolving Credit Facility was amended to: (i) extend the maturity date to December 28, 2027, (ii) amend the interest rate provisions to replace LIBOR with Term SOFR as the interest rate benchmark, (iii) increase the aggregate commitments from \$250.0 million to \$600.0 million, (iv) increase the letter of credit sub-facility from \$25.0 million to \$75.0 million and (v) make certain other revisions fully set forth in the Revolving Facility Amendment. As of December 31, 2022, there was \$2.5 million utilized of the letter of credit sub-facility and \$597.5 million available of the Revolving Facility Amendment.

The table below provides a summary of the key terms of our Senior Secured Credit Facilities and Senior Notes:

	<u>Amount Outstanding at December 31, 2022 (in millions)</u>	<u>Maturity Date</u>	<u>Scheduled Quarterly Payments Required</u>	<u>Interest Rate</u>
<b>Senior Secured Credit Facilities</b>				
Term Loan B-3 .....	\$ 1,199.0	April 16, 2025	0.25%	Variable rate (1)
Term Loan B-4 .....	974.8	April 16, 2025	0.25%	Variable rate (1)
Term Loan B-5 .....	1,650.1	April 16, 2025	0.25%	Variable rate (1)
Term Loan B-6 .....	520.7	March 22, 2029	0.25%	Variable rate (2)
Term Loan B-7 .....	784.5	March 22, 2029	0.25%	Variable rate (2)
Revolving Credit Facility .....	—	December 28, 2027	None	Variable rate (3)
<b>Senior Notes</b> .....	2,000.0	September 30, 2027	None	Fixed at 5.5%

- (1) Initially incurred interest at either LIBOR plus 2.50% of at the base rate plus 1.50%, and were subject to a step-down at any time our consolidated net secured leverage ratio was less than 4.75 times, to 2.25% in the case of the LIBOR margin and 1.25% in the case of the base rate margin. In January 2020, we entered into a pricing amendment, whereby the interest rate margin applicable to the term loans was reduced from LIBOR plus 2.25% to LIBOR plus 1.75%.
- (2) Bears interest at, at our option, either (a) the Base Rate, plus 1.25% per annum or the (b) Term Secured Overnight Financing Rate (“SOFR”), which is subject to a floor of 0.50%, plus a credit spread adjustment set forth in the Credit Agreement, plus 2.25% per annum.
- (3) Bears interest at, at our option, the Base Rate per annum or the Term SOFR. Loans based on the Base Rate bear interest at a rate between the Base Rate plus 0.25% or 0.50%, depending on our consolidated secured net leverage ratio. Loans based on Term SOFR bear interest at a rate between Term SOFR plus 1.25% and Term SOFR plus 1.50%, depending on our consolidated secured net leverage ratio.

SS&C’s and SS&C SARL’s obligations under the Term Loans are guaranteed by (i) our existing and future U.S. wholly-owned restricted subsidiaries, in the case of the Term B-3 Loan, Term B-5 Loan, Term B-6 Loan and the Revolving Credit Facility and (ii) our existing and future wholly-owned restricted subsidiaries, in the case of the Term B-4 Loan and Term B-7 Loan.

The obligations of the U.S. loan parties under the Credit Agreement are secured by substantially all of the assets of such persons (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of the U.S. wholly-owned restricted subsidiaries of such persons (with customary exceptions and limitations) and 65% of the capital stock of certain foreign restricted subsidiaries of such persons (with customary exceptions and limitations). All obligations of the non-U.S. loan parties under the Credit Agreement are secured by substantially all of our and the other guarantors’ assets (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of our wholly-owned restricted subsidiaries (with customary exceptions and limitations).

The Credit Agreement includes negative covenants that, among other things and subject to certain thresholds and exceptions, limit our ability and the ability of its restricted subsidiaries to incur debt or liens, make investments (including in the form of loans and acquisitions), merge, liquidate or dissolve, sell property and assets, including capital stock of its subsidiaries, pay dividends on its capital stock or redeem, repurchase or retire its capital stock, alter the business we conduct, amend, prepay, redeem or purchase subordinated debt, or engage in transactions with its affiliates. The Credit Agreement also contains customary representations and warranties, affirmative covenants and events of default, subject to customary thresholds and exceptions. In addition, the Credit



Agreement contains a financial covenant for the benefit of the Revolving Credit Facility requiring us to maintain a minimum consolidated net secured leverage ratio. In addition, under the Credit Agreement, certain defaults under agreements governing other material indebtedness could result in an event of default under the Credit Agreement, in which case the lenders could elect to accelerate payments under the Credit Agreement and terminate any commitments they have to provide future borrowings.

### **Senior Notes**

On March 28, 2019, we issued \$2.0 billion aggregate principal amount of 5.5% Senior Notes due 2027 (“Senior Notes”), the proceeds of which were used to repay a portion of the outstanding Term B-3 Loan under our existing senior secured credit facilities. The Senior Notes are guaranteed, jointly and severally, by SS&C Holdings and all of its existing and future domestic restricted subsidiaries that guarantee our existing senior secured credit facilities or certain other indebtedness. The Senior Notes are unsecured senior obligations that are equal in right of payment to all of our existing and future senior unsecured indebtedness. Interest on the Senior Notes is payable on March 30 and September 30 of each year.

At any time on or after March 30, 2022, we may redeem some or all of the Senior Notes, in whole or in part, at the redemption prices set forth in the following table, expressed as a percentage of the principal amount, plus accrued and unpaid interest to the redemption date:

<u>Redemption Date</u>	<u>Price</u>
On or after March 30, 2022 .....	104.125%
On or after March 30, 2023 .....	102.750%
On or after March 30, 2024 .....	101.375%
March 30, 2025 and thereafter .....	100.000%

We may also, from time to time in our sole discretion, purchase, redeem, or retire our existing senior notes, through tender offers, in privately negotiated or open market transactions, or otherwise.

The indenture governing the Senior Notes contains a number of covenants that restrict, subject to certain thresholds and exceptions, our ability and the ability of our domestic restricted subsidiaries to incur debt or liens, make certain investments, pay dividends, dispose of certain assets, or enter into transactions with its affiliates. Any event of default under the Credit Agreement that leads to an acceleration of those amounts due also results in a default under the indenture governing the Senior Notes.

### **Covenant Compliance**

Under the Revolving Credit Facility portion of the Credit Agreement, we are required to satisfy and maintain a specified financial ratio at the end of each fiscal quarter if the sum of (i) outstanding amount of all loans under the Revolving Credit Facility and (ii) all non-cash collateralized letters of credit issued under the Revolving Credit Facility in excess of \$20 million is equal to or greater than 30% of the total commitments under the Revolving Credit Facility. Our ability to meet this financial ratio can be affected by events beyond our control, and we cannot assure you that we will meet this ratio. Any breach of this covenant could result in an event of default under the Credit Agreement. Upon the occurrence of any event of default under the Credit Agreement, the lenders could elect to declare all amounts outstanding under the Credit Agreement to be immediately due and payable and terminate all commitments to extend further credit. Any default and subsequent acceleration of payments under the Credit Agreement would have a material adverse effect on our results of operations, financial position and cash flows. Additionally, under the Credit Agreement, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to baskets and ratios based on Consolidated EBITDA.

Consolidated EBITDA is a non-GAAP financial measure used in key financial covenants contained in the Credit Agreement, which is the material facility supporting our capital structure and providing liquidity to our business. Consolidated EBITDA is defined as earnings before interest, taxes, depreciation and amortization (“EBITDA”), further adjusted to exclude unusual items and other adjustments permitted in calculating covenant compliance under the Credit Agreement. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Consolidated EBITDA is appropriate to provide additional information to investors to demonstrate compliance with the specified financial ratio and other financial condition tests contained in the Credit Agreement.

Management uses Consolidated EBITDA to gauge the costs of our capital structure on a day-to-day basis when full financial statements are unavailable. Management further believes that providing this information allows our investors greater transparency and a better understanding of our ability to meet our debt service obligations and make capital expenditures.

Consolidated EBITDA does not represent net income or cash flow from operations as those terms are defined by generally accepted accounting principles, or GAAP, and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. Further, the Credit Agreement requires that Consolidated EBITDA be calculated for the most recent four fiscal quarters. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or any complete fiscal year.

Consolidated EBITDA is not a recognized measurement under GAAP and investors should not consider Consolidated EBITDA as a substitute for measures of our financial performance and liquidity as determined in accordance with GAAP, such as net (loss) income, operating (loss) income or net cash provided by operating activities. Because other companies may calculate Consolidated EBITDA differently than we do, Consolidated EBITDA may not be comparable to similarly titled measures reported by other companies. Consolidated EBITDA has other limitations as an analytical tool, when compared to the use of net income, which is the most directly comparable GAAP financial measure, including:

- Consolidated EBITDA does not reflect the significant interest expense we incur as a result of our debt leverage;
- Consolidated EBITDA does not reflect the provision (benefit) of income tax expense in our various jurisdictions;
- Consolidated EBITDA does not reflect any attribution of costs to our operations related to our investments and capital expenditures through depreciation and amortization charges;
- Consolidated EBITDA does not reflect the cost of compensation we provide to our employees in the form of stock-based awards;
- Consolidated EBITDA does not reflect the equity in earnings of unconsolidated affiliates; and
- Consolidated EBITDA excludes expenses and income that are permitted to be excluded per the terms of our Credit Agreement, but which others may believe are normal expenses for the operation of a business.

The following is a reconciliation of net income to Consolidated EBITDA attributable to SS&C common stockholders, as defined in our Credit Agreement.

(in millions)	Year Ended December 31,		
	2022	2021	2020
Net income .....	\$ 649.0	\$ 800.6	\$ 625.2
Interest expense, net .....	307.9	201.6	245.9
Provision for income taxes .....	227.1	236.4	150.6
Depreciation and amortization .....	671.6	667.4	725.3
EBITDA .....	1,855.6	1,906.0	1,747.0
Stock-based compensation .....	124.8	114.0	87.8
Acquired EBITDA and cost savings (1) .....	4.2	1.3	2.3
Loss on extinguishment of debt .....	5.5	10.9	4.2
Equity in earnings of unconsolidated affiliates, net .....	(25.8)	(25.4)	1.5
Purchase accounting adjustments (2) .....	9.4	6.3	6.9
ASC 606 adoption impact .....	(1.9)	1.0	5.2
Foreign currency translation losses (gains) .....	11.2	8.1	(14.1)
Investment gains .....	(38.7)	(30.1)	(26.7)
Facilities and workforce restructuring .....	32.3	30.0	34.0
Acquisition related (3) .....	41.5	45.0	—
Other (4) .....	(6.7)	1.0	8.2
Consolidated EBITDA .....	\$ 2,011.4	\$ 2,068.1	\$ 1,856.3
Consolidated EBITDA attributable to noncontrolling interest (5) .....	(1.1)	(2.0)	—
Consolidated EBITDA attributable to SS&C common stockholders .....	\$ 2,010.3	\$ 2,066.1	\$ 1,856.3

- (1) Acquired EBITDA reflects the EBITDA impact of significant businesses that were acquired during the period as if the acquisition occurred at the beginning of the period, as well as cost savings enacted in connection with acquisitions.
- (2) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisitions (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred

personnel costs were not adjusted to fair value at the date of the acquisitions, and (c) an adjustment to increase or decrease rent expense by the amount that would have been recognized if lease obligations were not adjusted to fair value at the date of acquisitions.

- (3) Acquisition related includes costs related to both current acquisitions and the resolution of pre-acquisition matters.
- (4) Other includes additional expenses and income that are permitted to be excluded per the terms of our Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance.
- (5) Consolidated EBITDA attributable to noncontrolling interest represents Consolidated EBITDA based on the ownership interest retained by the noncontrolling parties of DomaniRx, our consolidated variable interest entity.

Our covenant requirement for net senior secured leverage ratio and the actual ratio for the year ended December 31, 2022 are as follows:

	<u>Covenant Requirement</u>	<u>Actual Ratio</u>
Maximum consolidated net secured leverage to Consolidated EBITDA ratio <sup>(1)</sup>	6.25x	2.40x

- (1) Calculated as the ratio of consolidated net secured funded indebtedness, net of cash and cash equivalents, excluding \$134.1 million of cash and cash equivalents held at DomaniRx, to Consolidated EBITDA, as defined by the Credit Agreement, for the period of four consecutive fiscal quarters ended on the measurement date. Consolidated net secured funded indebtedness is comprised of indebtedness for borrowed money, letters of credit, deferred purchase price obligations and capital lease obligations, all of which is secured by liens on our property.

### Critical Accounting Estimates

A number of our accounting policies require the application of significant judgment by our management, and such judgments are reflected in the amounts reported in our Consolidated Financial Statements. In applying these policies, our management uses its judgment to determine the appropriate assumptions to be used in the determination of estimates. Those estimates are based on our historical experience, terms of existing contracts, management's observation of trends in the industry, information provided by our clients and information available from other outside sources, as appropriate. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, goodwill and other intangible assets and other contingent liabilities. Actual results may differ significantly from the estimates contained in our Consolidated Financial Statements. Information about recently adopted accounting pronouncements and accounting pronouncements not yet effective is included in Note 2 to our Consolidated Financial Statements. We believe that the following comprise the accounting estimates or assumptions we have made where the nature of the estimates or assumptions could be material due to the levels of subjectivity and judgment involved.

### Accounting for investments

We have five significant types of investments: 1) investments in unconsolidated affiliates; 2) partnership interests in private equity funds; 3) investments in marketable equity securities related to our deferred compensation agreements; 4) non-marketable equity securities; and 5) seed capital investments.

The equity method of accounting is used for investments in entities, partnerships and similar interests (including investments in private equity funds for which we are a limited partner and hold a greater than 5% partnership interest in the fund) in which we have significant influence but do not control. Under the equity method, we recognize income or losses from our pro-rata share of these unconsolidated affiliates' net income or loss, which changes the carrying value of the investment of the unconsolidated affiliate.

Our investments in unconsolidated affiliates are accounted for under the equity method of accounting. The carrying value of our investments in unconsolidated affiliates exceeds the proportionate share of net assets of the unconsolidated affiliates, resulting in basis differences. We recognize our proportionate share of the results of the unconsolidated affiliates and amortization expense related to basis differences in equity in earnings of unconsolidated affiliates, net on our Consolidated Statements of Comprehensive Income.

Our partnership interests in private equity funds, marketable equity securities and seed capital investments, other than those accounted for under the equity method of accounting or those that result in consolidation of the investee, are recorded at fair value, with changes in the fair value recognized in other income (expense), net on our Consolidated Statements of Comprehensive Income. Our marketable equity securities and seed capital investments have readily determinable fair values in the market. We use net asset

value as a practical expedient for the fair value of partnership interests in private equity funds that are not accounted for under the equity method of accounting.

Investments in non-marketable equity securities that do not have readily determinable fair values and do not qualify for the practical expedient to measure the investment using a net asset value per share are recorded using the measurement alternative in Accounting Standards Update (“ASU”) 2016-01. These investments are recorded at cost, less impairment, adjusted for observable price changes in orderly transactions for an identical or similar investment of the same issuer. At each reporting period, we assess if these investments continue to qualify for this measurement alternative. Impairment is recorded when there is evidence that the expected fair value of the investment has declined to below the recorded cost. Future adverse changes in market conditions or poor operating results of underlying investments could result in losses or an inability to recover the carrying value of the investments that may not be reflected in an investment’s current carrying value, thereby possibly requiring an impairment charge in the future, which could have a material effect on our financial position.

### ***Long-lived Assets, Intangible Assets and Goodwill***

We must test goodwill annually for impairment (and in interim periods if certain events occur indicating that the carrying value of goodwill or indefinite-lived intangible assets may be impaired) by comparing the fair value of a reporting unit to its carrying value. Judgement is required in the determination of goodwill reporting units. As of December 31, 2022 and 2021, we have two reporting units, one is our health business and the other includes the rest of our operations. To the extent that we do not achieve our revenue or operating cash flow plans or other measures of fair value decline, including external valuation assumptions, our current goodwill carrying value could be impaired. Our impairment analysis indicated that the fair values of our reporting units significantly exceeded their carrying values at December 31, 2022.

We assess the impairment of identifiable intangibles, long-lived assets and goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of our use of the acquired assets or the strategy for our overall business; and
- significant negative industry or economic trends.

When we determine that the carrying value of intangibles and long-lived assets may not be recoverable due to the existence of one or more of the above indicators of potential impairment, we assess whether an impairment has occurred based on whether net book value of the assets exceeds related projected undiscounted cash flows from these assets. We consider a number of factors, including past operating results, budgets, economic projections, market trends and product development cycles in estimating future cash flows. Differing estimates and assumptions as to any of the factors described above could result in a materially different impairment charge, if any, and thus materially different results of operations.

### ***Software Capitalization***

Significant management judgement is required in determining which projects and costs associated with software development will be capitalized and in assigning estimated economic lives to the completed projects. Management specifically evaluates software development projects, milestones achieved and the commitments to continue funding the projects. Significant changes in any of these items may result in discontinuing capitalization of development costs, as well as immediately expensing previously capitalized costs. We review, on a quarterly basis, our capitalized software for possible impairment.

### ***Acquisition Accounting***

In connection with our acquisitions, we allocate the purchase price to the assets and liabilities we acquire, such as net tangible assets, completed technology, customer relationships, other identifiable intangible assets, deferred revenue and goodwill. We apply significant judgments and estimates in determining the fair market value of the assets acquired and their useful lives. For example, we have determined the fair value of existing client contracts based on the discounted estimated net future cash flows from such client contracts existing at the date of acquisition and the fair value of the completed technology based on the relief-from-royalties method on estimated future revenues of such completed technology and assumed obsolescence factors. While actual results during the years ended December 31, 2022, 2021 and 2020 were consistent with our estimated cash flows and we did not incur any impairment charges during those years, different estimates and assumptions in valuing acquired assets could yield materially different results.

## ***Revenue Recognition***

Our revenues consist of software-enabled services and license, maintenance and related revenues.

Software-enabled services revenues, which are based on a monthly fee or are transaction-based, are recognized as the services are performed. Software-enabled services are generally provided under contracts with initial terms of one to five years that require monthly or quarterly payments, and are subject to automatic annual renewal at the end of the initial term unless terminated by either party.

We recognize software-enabled services revenues on a monthly basis as the arrangement is a single performance obligation or a stand-ready performance obligation, which in either case is comprised of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (i.e. distinct days or months of service). We apply a measure of progress (typically time-based) to any fixed consideration and allocate variable consideration to the distinct periods of service based on usage or summarization of account information. These variable payments relate specifically to our efforts to perform the services in the period in which the fee applies. This variability is solely attributed to and resolved as a result of the transfer of these services; these fees are independent of the transfer of past or future goods or services. These fees meet the allocation objective of ASC 606 because they represent the amount of consideration we are entitled to for these services. Revenue is generally recognized over the period the services are provided, which results in revenue recognition that corresponds with the value to the client of the services transferred to date relative to the remaining services promised.

We generate revenues in the form of software license fees and related maintenance and services fees. License fees include perpetual license fees and term license fees that differ mainly in the duration over which the customer benefits from the software. Maintenance and services primarily consist of fees for maintenance services (including support and unspecified upgrades and enhancements when and if they are available) and, in some cases, professional services which focus on both deployment and training our customers to fully leverage the use of our products.

Software license revenues are recognized at the point of time when the software license has been delivered. Term license fees are typically due in annual installments at the beginning of each annual period and we record a contract asset for amounts recognized as revenue in excess of amounts billed. We recognize maintenance revenues ratably over the term of the underlying contract term because we transfer control evenly by providing a stand-ready service. The term of the maintenance contract on a perpetual license is usually one year and the duration of a term license contract is usually between one to five years. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably over the term. Revenues from professional services consist mostly of services provided on a time and materials basis.

In contracts with multiple performance obligations, we account for individual performance obligations separately if they are distinct. We allocate the transaction price to each performance obligation based on our relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available. If the standalone selling price for a performance obligation is not directly observable, we estimate it maximizing the use of observable inputs. For maintenance and support, we determine the standalone selling price based on the price at which we separately sell a renewal contract and the economic relationship between licenses and maintenance. We primarily determine the standalone selling price for sales of license arrangements using the residual approach. For professional services, we determine the standalone selling prices based on the price at which we separately sell those services.

We occasionally enter into license agreements requiring significant customization of our software that are not material to our results of operations. We account for the license and professional service fees under these agreements as a single performance obligation, recognized over time using an input method during the development of the license. This method requires estimates to be made for costs to complete the agreement utilizing an estimate of development man-hours remaining. Revenue is recognized each period based on the hours incurred to date compared to the total hours expected to complete the project. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that completion costs will be revised. Such revisions are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are determined on a contract-by-contract basis, and are made in the period in which such losses are first estimated or determined.

## ***Stock-based Compensation***

Using the fair value recognition provisions of relevant accounting literature, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the appropriate service period. Determining the fair value of stock-based awards requires considerable judgment, including estimating the expected term of stock options and the expected



volatility of our stock price. In addition, for stock-based awards where vesting is dependent upon achieving earnings per share growth targets, we estimate the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on our financial results. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recorded for non-qualified stock options. The realizability of the deferred tax asset is ultimately based on the actual value of the stock-based award upon exercise. If the actual value is lower than the fair value determined on the date of grant, then there would be an income tax expense for the portion of the deferred tax asset that is not realizable.

### ***Income Taxes***

The carrying value of our deferred tax assets assumes that we will be able to generate sufficient future taxable income in certain tax jurisdictions, based on estimates and assumptions. If these estimates and related assumptions change in the future, we may be required to record additional valuation allowances against our deferred tax assets resulting in additional income tax expense in our Consolidated Statements of Comprehensive Income. On a quarterly basis, we evaluate whether deferred tax assets are realizable and assess whether there is a need for additional valuation allowances. The carrying value of our deferred tax assets and liabilities is recorded based on the statutory rates that we expect our deferred tax assets and liabilities to reverse into income. We estimate the state rate at which our deferred tax assets and liabilities will reverse based on estimates of state income apportionment for future years. Each of these estimates requires significant judgment on the part of our management. In addition, we evaluate the need to provide additional tax provisions for adjustments proposed by taxing authorities.

As of December 31, 2022, we had \$116.5 million in liabilities associated with unrecognized tax benefits. All of the unrecognized tax benefits, if recognized, would decrease our effective tax rate and increase our net income. Additionally, we recognize accrued interest and penalties relating to unrecognized tax benefits as a component of the income tax provision.

### **Item 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

We do not use derivative financial instruments for trading or speculative purposes. We have invested our available cash in short-term, highly liquid financial instruments, having initial maturities of three months or less. When necessary, we have borrowed to fund acquisitions.

#### ***Interest rate risk***

We derive service revenues from investment earnings related to cash balances maintained in bank accounts on which we are the agent for clients. The balances maintained in the bank accounts will fluctuate. For 2022, there were average daily cash balances of approximately \$2.4 billion maintained in such accounts. We estimate that a 100 basis point change in the interest earnings rates would equate to approximately \$9.1 million of net income, net of income taxes, on an annual basis. The effect of changes in interest rates attributable to earnings derived from cash balances we hold for clients is partially offset by changes in interest rates on our variable debt.

At December 31, 2022, we had total debt of \$7,129.9 million, including \$5,129.1 million of variable interest rate debt. As of December 31, 2022, a 100 basis point increase in interest rates would result in a change in interest expense of approximately \$51.3 million per year.

#### ***Equity price risk***

We have exposure to equity price risk as a result of our investments in equity securities. Equity price risk results from changes in the level or volatility of equity prices which affect the value of equity securities or instruments that derive their value from such securities or indexes. The fair value of our investments that are subject to equity price risk as of December 31, 2022 was approximately \$56.3 million. The impact of a 10% change in fair value of these investments would have been approximately \$4.2 million to net income. Changes in equity values of our investments could have a material effect on our results of operations and our financial position.

#### ***Foreign currency exchange rate risk***

During 2022, approximately 29% of our revenues were from clients located outside the United States (“U.S.”). A portion of the revenues from clients located outside the U.S. is denominated in foreign currencies, primarily the British pound. While revenues and expenses of our foreign operations are primarily denominated in their respective local currencies, some subsidiaries do enter into certain transactions in currencies that are different from their local currency. These transactions consist primarily of cross-currency intercompany balances and trade receivables and payables. As a result of these transactions, we have exposure to changes in foreign

currency exchange rates that result in foreign currency transaction gains and losses, which we report in other income (expense). These outstanding amounts were not material for the year ended December 31, 2022. The amount of these balances can fluctuate in the future as we bill customers and buy products or services in currencies other than our functional currency, which could increase our exposure to foreign currency exchange rates. We continue to monitor our exposure to foreign exchange rates as a result of our acquisitions and changes in our operations. We do not enter into any market risk sensitive instruments for trading purposes.

The foregoing risk management discussion and the effect thereof are forward-looking statements. Actual results in the future may differ materially from these projected results due to actual developments in global financial markets. The analytical methods used by us to assess and minimize risk discussed above should not be considered projections of future events or losses.

**Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

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Financial statement schedules are not submitted because they are not applicable, not required or the information is included in our Consolidated Financial Statements.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of SS&C Technologies Holdings, Inc.

### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of SS&C Technologies Holdings, Inc. and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

### Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the Report of Management on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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. 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in the Report of Management on Internal Control over Financial Reporting, management has excluded Blue Prism from its assessment of internal control over financial reporting as of December 31, 2022 because they were acquired by the Company in a purchase business combination during 2022. We have also excluded Blue Prism from our audit of internal control over financial reporting. Blue Prism and its wholly-owned subsidiaries' total assets and total revenues excluded from management’s assessment and our audit of internal control over financial reporting collectively represent approximately 1% and 4%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2022.

### 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 (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) 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.

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters 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 matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Goodwill Impairment Assessment – Health Business Reporting Unit*

As described in Notes 2 and 9 to the consolidated financial statements, the Company's consolidated goodwill balance was \$8,863.0 million as of December 31, 2022, a portion of which relates to the health business reporting unit. Management tests goodwill annually for impairment as of December 31 and in interim periods if certain events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Management measures the fair value of the Company's reporting units utilizing the income method. Significant judgment is required to determine appropriate revenue growth rates and to estimate the fair value of the Company's reporting units.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the health business reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the reporting unit; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's significant assumption related to the revenue growth rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's quantitative goodwill impairment assessment, including controls over the valuation of the health business reporting unit. These procedures also included, among others, (i) testing management's process for developing the fair value estimate of the health business reporting unit; (ii) evaluating the appropriateness of the income method; (iii) testing the completeness and accuracy of underlying data used in the income method; and (iv) evaluating the reasonableness of the significant assumption used by management related to the revenue growth rates. Evaluating management's assumption related to the revenue growth rates involved evaluating whether the assumption used by management was reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether this assumption was consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the income method.

#### *Acquisition of Blue Prism Group PLC – Valuation of Completed Technology and Customer Relationships Intangible Assets*

As described in Note 8 to the consolidated financial statements, the Company completed the acquisition of Blue Prism Group PLC (Blue Prism) for a cash purchase price of \$1.5 billion, net of cash acquired, which resulted in \$250 million of completed technology and \$520 million of customer relationships intangible assets being recorded. The fair value of the completed technology and customer relationships was determined using the income approach. Specifically, the relief-from-royalty method was utilized for completed technology and the excess earnings method was utilized for customer relationships. Significant assumptions used in the determination of fair value for completed technology were projected future revenues, royalty rate, obsolescence rate and discount rate. Significant assumptions used in the determination of fair value for customer relationships were projected future revenues and costs and discount rate.

The principal considerations for our determination that performing procedures relating to the valuation of the completed technology and customer relationships intangible assets acquired in the Blue Prism acquisition is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the completed technology and customer relationships intangible assets acquired; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the projected future revenues, royalty rate, obsolescence rate and discount rate for completed technology, and the projected future revenues and costs and discount rate for the customer relationships intangible asset; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the completed technology and customer relationships intangible assets and the development of the significant assumptions related to the projected future revenues, royalty rate, obsolescence rate and discount rate for completed technology, and the projected future revenues and costs and discount rate for the customer relationships. These procedures also included, among others, (i) reading the purchase agreement; (ii) testing management's process for developing the fair value estimates of the completed technology and customer relationships intangible assets, (iii) evaluating the appropriateness of the relief-from-royalty and excess earnings valuation methods; (iv) testing the completeness and accuracy of data used in the valuation methods; and (v) evaluating the reasonableness of the significant assumptions used by management related to the projected future revenues, royalty rate, obsolescence rate and discount rate for completed technology, and the projected future revenues and costs and discount rate for the customer relationships. Evaluating the reasonableness of the projected future revenues and projected future revenues and costs considered (i) the past performance of the acquired business and (ii) consistency with external market and industry data. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the valuation methods and the reasonableness of the royalty rate, obsolescence rate, and discount rate assumptions.

/s/ PricewaterhouseCoopers LLP

Hartford, Connecticut  
February 28, 2023

We have served as the Company's auditor since 1995.



**SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except per share data)

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents.....	\$ 440.1	\$ 564.0
Funds receivable and funds held on behalf of clients .....	966.3	2,755.7
Accounts receivable, net of allowance for credit losses of \$21.7 and \$17.9, respectively (Note 3).....	778.6	713.4
Contract asset .....	42.3	27.4
Prepaid expenses and other current assets .....	193.8	187.5
Restricted cash and cash equivalents .....	3.3	4.2
Total current assets .....	<u>2,424.4</u>	<u>4,252.2</u>
Property, plant and equipment, net (Note 4) .....	343.9	382.0
Operating lease right-of-use assets (Note 5) .....	260.6	291.2
Investments (Note 6) .....	193.9	172.8
Unconsolidated affiliates (Note 7).....	266.9	306.1
Contract asset .....	115.9	77.9
Goodwill (Note 9).....	8,863.0	8,045.5
Intangible and other assets, net of accumulated amortization of \$3,445.4 and \$2,890.5, respectively (Note 9)....	4,184.7	3,805.3
Total assets .....	<u>\$ 16,653.3</u>	<u>\$ 17,333.0</u>
<b>Liabilities, Redeemable Noncontrolling Interest and Equity</b>		
Current liabilities:		
Current portion of long-term debt (Note 10) .....	\$ 55.7	\$ 47.4
Client funds obligations .....	966.3	2,755.7
Accounts payable .....	49.5	28.7
Income taxes payable .....	34.3	25.5
Accrued employee compensation and benefits .....	235.8	322.2
Interest payable.....	28.4	27.5
Other accrued expenses.....	356.1	310.1
Deferred revenues.....	464.7	334.0
Total current liabilities .....	<u>2,190.8</u>	<u>3,851.1</u>
Long-term debt, net of current portion (Note 10) .....	7,023.9	5,901.5
Operating lease liabilities .....	237.0	268.2
Other long-term liabilities.....	225.8	254.0
Deferred income taxes .....	872.9	835.0
Total liabilities .....	<u>10,550.4</u>	<u>11,109.8</u>
Commitments and contingencies (Note 18)		
Redeemable noncontrolling interest (Note 6) .....	2.1	—
Stockholders' equity (Note 11):		
Preferred stock, \$0.01 par value per share, 5.0 million shares authorized; no shares issued.....	—	—
Class A non-voting common stock, \$0.01 par value per share, 5.0 million shares authorized; no shares issued.....	—	—
Common stock, \$0.01 par value per share, 400.0 million shares authorized; 271.9 million shares and 269.1 million shares issued, respectively, and 251.0 million shares and 256.0 million shares outstanding, respectively.....	2.7	2.7
Additional paid-in capital .....	5,111.6	4,895.7
Accumulated other comprehensive loss .....	(550.1)	(242.0)
Retained earnings .....	2,740.1	2,293.0
Cost of common stock in treasury, 20.9 and 13.1 million shares, respectively .....	<u>(1,260.1)</u>	<u>(784.0)</u>
Total SS&C stockholders' equity.....	6,044.2	6,165.4
Noncontrolling interest (Note 12) .....	56.6	57.8
Total equity.....	<u>6,100.8</u>	<u>6,223.2</u>
Total liabilities, redeemable noncontrolling interest and equity .....	<u>\$ 16,653.3</u>	<u>\$ 17,333.0</u>

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

**SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions, except per share data)

	Year Ended December 31,		
	2022	2021	2020
<b>Revenues:</b>			
Software-enabled services .....	\$ 4,273.9	\$ 4,256.1	\$ 3,891.3
License, maintenance and related .....	1,009.1	794.9	776.6
Total revenues .....	<u>5,283.0</u>	<u>5,051.0</u>	<u>4,667.9</u>
<b>Cost of revenues:</b>			
Software-enabled services .....	2,414.8	2,326.0	2,257.3
License, maintenance and related .....	352.9	315.7	316.8
Total cost of revenues .....	<u>2,767.7</u>	<u>2,641.7</u>	<u>2,574.1</u>
Gross profit .....	<u>2,515.3</u>	<u>2,409.3</u>	<u>2,093.8</u>
<b>Operating expenses:</b>			
Selling and marketing .....	500.1	394.1	356.3
Research and development .....	447.3	414.9	399.4
General and administrative .....	425.0	358.0	352.3
Total operating expenses .....	<u>1,372.4</u>	<u>1,167.0</u>	<u>1,108.0</u>
Operating income .....	<u>1,142.9</u>	<u>1,242.3</u>	<u>985.8</u>
Interest income .....	4.3	4.1	4.0
Interest expense .....	(312.2)	(205.7)	(249.9)
Other income (expense), net .....	20.8	(18.2)	41.6
Equity in earnings of unconsolidated affiliates, net .....	25.8	25.4	(1.5)
Loss on extinguishment of debt, net .....	<u>(5.5)</u>	<u>(10.9)</u>	<u>(4.2)</u>
Income before income taxes .....	876.1	1,037.0	775.8
Provision for income taxes (Note 17) .....	<u>227.1</u>	<u>236.4</u>	<u>150.6</u>
Net income .....	649.0	800.6	625.2
Net loss (income) attributable to noncontrolling interest .....	1.2	(0.6)	—
Net income attributable to SS&C common stockholders .....	<u>\$ 650.2</u>	<u>\$ 800.0</u>	<u>\$ 625.2</u>
Basic earnings per share attributable to SS&C common stockholders .....	\$ 2.56	\$ 3.13	\$ 2.44
Diluted earnings per share attributable to SS&C common stockholders .....	\$ 2.48	\$ 2.99	\$ 2.35
Basic weighted-average number of common shares outstanding .....	254.0	255.6	256.4
Diluted weighted-average number of common and common equivalent shares outstanding .....	262.0	267.3	266.6
Net income .....	\$ 649.0	\$ 800.6	\$ 625.2
<b>Other comprehensive (loss) income, net of tax:</b>			
Change in unrealized gain (loss) on interest rate swaps .....	4.8	0.7	(2.7)
Defined benefit pension adjustment .....	(1.3)	3.4	(3.2)
Foreign currency exchange translation adjustment .....	<u>(311.6)</u>	<u>(45.1)</u>	<u>57.9</u>
Total other comprehensive (loss) income, net of tax .....	<u>(308.1)</u>	<u>(41.0)</u>	<u>52.0</u>
Comprehensive income .....	340.9	759.6	677.2
Comprehensive loss (income) attributable to noncontrolling interest .....	1.2	(0.6)	—
Comprehensive income attributable to SS&C common stockholders .....	<u>\$ 342.1</u>	<u>\$ 759.0</u>	<u>\$ 677.2</u>

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

**SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)

	Year Ended December 31,		
	2022	2021	2020
<b>Cash flow from operating activities:</b>			
Net income.....	\$ 649.0	\$ 800.6	\$ 625.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	671.6	667.4	725.3
Equity in earnings of unconsolidated affiliates, net.....	(25.8)	(25.4)	1.5
Distributions received from unconsolidated affiliates.....	2.3	10.0	8.0
Gain on bargain purchase.....	—	(2.6)	—
Stock-based compensation expense.....	124.8	114.0	87.8
Net gains on investments.....	(26.1)	(19.0)	(24.2)
Amortization and write-offs of loan origination costs and original issue discounts.....	13.9	13.2	13.8
Loss on extinguishment of debt, net.....	5.5	10.9	4.1
Loss on sale or disposition of property and equipment.....	0.6	1.0	4.6
Deferred income taxes.....	(77.0)	(88.0)	(155.4)
Provision for credit losses.....	10.6	8.2	7.7
Changes in operating assets and liabilities, excluding effects from acquisitions:			
Accounts receivable.....	(38.1)	(72.2)	24.3
Prepaid expenses and other assets.....	17.7	49.5	(86.9)
Contract assets.....	(52.1)	(4.0)	(2.5)
Accounts payable.....	7.6	0.6	(13.1)
Accrued expenses and other liabilities.....	(135.5)	2.4	(8.2)
Income taxes prepaid and payable.....	27.0	2.6	31.4
Deferred revenue.....	(41.7)	(40.2)	(58.7)
Net cash provided by operating activities.....	<u>1,134.3</u>	<u>1,429.0</u>	<u>1,184.7</u>
<b>Cash flow from investing activities:</b>			
Cash paid for asset acquisitions and business acquisitions, net of cash acquired.....	(1,636.2)	7.3	(116.0)
Additions to property and equipment.....	(63.4)	(51.3)	(34.8)
Proceeds from sale of property and equipment.....	11.4	5.3	2.3
Additions to capitalized software.....	(144.9)	(85.3)	(71.6)
Investments in securities.....	(10.0)	(20.1)	(60.9)
Proceeds from sales / maturities of investments.....	9.5	50.9	60.3
Distributions received from (contributions to) unconsolidated affiliates.....	66.2	(66.0)	(0.1)
Collection of other non-current receivables.....	9.8	11.0	10.3
Net cash used in investing activities.....	<u>(1,757.6)</u>	<u>(148.2)</u>	<u>(210.5)</u>
<b>Cash flow from financing activities:</b>			
Cash received from debt borrowings, net of original issue discount.....	1,727.1	370.0	286.0
Repayments of debt.....	(599.8)	(889.9)	(1,024.2)
Payment of deferred financing fees.....	(14.7)	—	—
Net (decrease) increase in client funds obligations.....	(1,709.0)	1,480.5	(504.9)
Proceeds from exercise of stock options.....	91.8	197.7	189.7
Withholding taxes paid related to equity award net share settlement.....	(0.7)	(7.0)	(10.9)
Purchases of common stock for treasury.....	(476.1)	(487.9)	(227.7)
Dividends paid on common stock.....	(203.1)	(174.0)	(136.1)
Proceeds from noncontrolling interests.....	—	67.3	—
Net cash (used in) provided by financing activities.....	<u>(1,184.5)</u>	<u>556.7</u>	<u>(1,428.1)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash.....	(26.0)	(4.0)	2.4
Net (decrease) increase in cash, cash equivalents and restricted cash.....	(1,833.8)	1,833.5	(451.5)
Cash, cash equivalents and restricted cash, beginning of period.....	3,171.4	1,337.9	1,789.4
<b>Cash, cash equivalents and restricted cash and cash equivalents, end of period.....</b>	<u><u>\$ 1,337.6</u></u>	<u><u>\$ 3,171.4</u></u>	<u><u>\$ 1,337.9</u></u>
<b>Reconciliation of cash, cash equivalents and restricted cash and cash equivalents:</b>			
Cash and cash equivalents.....	\$ 440.1	\$ 564.0	\$ 209.3
Restricted cash and cash equivalents.....	3.3	4.2	5.9
Restricted cash and cash equivalents included in funds receivable and funds held on behalf of clients.....	894.2	2,603.2	1,122.7
	<u>\$ 1,337.6</u>	<u>\$ 3,171.4</u>	<u>\$ 1,337.9</u>
<b>Supplemental disclosure of cash paid for:</b>			
Interest.....	\$ 298.0	\$ 192.5	\$ 236.2
Income taxes, net of refunds.....	\$ 281.1	\$ 310.4	\$ 227.4
<b>Supplemental disclosure of non-cash investing activities:</b>			
Property and equipment acquired through tenant improvement allowances.....	\$ -	\$ -	\$ 4.4

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

**SS&C TECHNOLOGIES HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020**  
(in millions, except per share data)

SS&C Stockholders								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Noncontrolling Interest	Total Stockholders' Equity
	Number of Issued Shares	Amount						
Balance, at December 31, 2019 .....	257.6	\$ 2.6	\$ 4,266.9	\$ 1,177.9	\$ (253.0)	\$ (78.3)	\$ —	\$ 5,116.1
Net income .....	—	—	—	625.2	—	—	—	625.2
Foreign exchange translation adjustment (Note 11) .....	—	—	—	—	57.9	—	—	57.9
Net change in interest rate swaps (Note 11).....	—	—	—	—	(2.7)	—	—	(2.7)
Defined benefit pension adjustment (Note 11) .....	—	—	—	—	(3.2)	—	—	(3.2)
Stock-based compensation expense (Note 14) .....	—	—	87.8	—	—	—	—	87.8
Exercise of options, net of withholding taxes (Note 14).....	6.3	—	178.8	—	—	—	—	178.8
Non-cash purchase price consideration...	—	—	10.2	—	—	9.9	—	20.1
Dividends declared - \$0.53 per share (Note 11) .....	—	—	0.3	(136.1)	—	—	—	(135.8)
Purchase of common stock (Note 11).....	—	—	—	—	—	(227.7)	—	(227.7)
Balance, at December 31, 2020 .....	263.9	\$ 2.6	\$ 4,544.0	\$ 1,667.0	\$ (201.0)	\$ (296.1)	\$ —	\$ 5,716.5
Noncontrolling interest upon consolidation (Note 12).....	—	—	46.8	—	—	—	57.2	104.0
Net income .....	—	—	—	800.0	—	—	0.6	800.6
Foreign exchange translation adjustment (Note 11) .....	—	—	—	—	(45.1)	—	—	(45.1)
Net change in interest rate swaps (Note 11).....	—	—	—	—	0.7	—	—	0.7
Defined benefit pension adjustment (Note 11) .....	—	—	—	—	3.4	—	—	3.4
Stock-based compensation expense (Note 14) .....	—	—	114.0	—	—	—	—	114.0
Exercise of options, net of withholding taxes (Note 14).....	5.2	0.1	190.6	—	—	—	—	190.7
Dividends declared - \$0.68 per share (Note 11) .....	—	—	0.3	(174.0)	—	—	—	(173.7)
Purchase of common stock (Note 11).....	—	—	—	—	—	(487.9)	—	(487.9)
Balance, at December 31, 2021 .....	269.1	\$ 2.7	\$ 4,895.7	\$ 2,293.0	\$ (242.0)	\$ (784.0)	\$ 57.8	\$ 6,223.2
Net income .....	—	—	—	650.2	—	—	(1.2)	649.0
Foreign exchange translation adjustment (Note 11) .....	—	—	—	—	(311.6)	—	—	(311.6)
Net change in interest rate swaps (Note 11).....	—	—	—	—	4.8	—	—	4.8
Defined benefit pension adjustment (Note 11) .....	—	—	—	—	(1.3)	—	—	(1.3)
Stock-based compensation expense (Note 14) .....	—	—	124.8	—	—	—	—	124.8
Exercise of options, net of withholding taxes (Note 14).....	2.8	—	91.1	—	—	—	—	91.1
Dividends declared - \$0.80 per share (Note 11) .....	—	—	—	(203.1)	—	—	—	(203.1)
Purchase of common stock (Note 11).....	—	—	—	—	—	(476.1)	—	(476.1)
Balance, at December 31, 2022 .....	271.9	\$ 2.7	\$ 5,111.6	\$ 2,740.1	\$ (550.1)	\$ (1,260.1)	\$ 56.6	\$ 6,100.8

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

*SS&C Technologies Holdings, Inc., or “Holdings,” is our top-level holding company. SS&C Technologies, Inc., or “SS&C,” is our primary operating company and a wholly-owned subsidiary of SS&C Technologies Holdings, Inc. “We,” “us,” “our,” and the “Company” means SS&C Technologies Holdings, Inc. and its consolidated subsidiaries, including SS&C.*

## **Note 1—Organization**

We provide software products and software-enabled services to the financial services and healthcare industries, primarily in North America. We also have operations in Europe, Asia, Australia, South America and Africa. Our portfolio of products and software-enabled services allows our financial services clients to automate and integrate front-office functions such as trading and modeling, middle-office functions such as portfolio management and reporting and back-office functions such as accounting, performance measurement, reconciliation, reporting, processing and clearing. Our products and software-enabled services in the healthcare industry support claims adjudication, benefit management, care management and business intelligence services.

## **Note 2—Summary of Significant Accounting Policies**

### *Use of Estimates*

The preparation of the Consolidated Financial Statements in conformity with generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, collectability of accounts receivable, valuation of non-marketable securities, costs to complete certain contracts, valuation of acquired assets and liabilities, valuation of stock options, income tax accruals and the value of deferred tax assets and liabilities. Estimates are also used to determine the remaining economic lives and carrying value of fixed assets, goodwill and intangible assets. Actual results could differ from those estimates.

### *Principles of Consolidation*

The Consolidated Financial Statements include the accounts of us and our subsidiaries. All significant accounts, transactions and profits between the consolidated companies have been eliminated in consolidation. We consolidate any entity in which we have a controlling financial interest. Under the voting interest model, generally the investor that has voting control (usually more than 50% of an entity’s voting interests) consolidates the entity. Under the variable interest entity (“VIE”) model, the party that has the power to direct the entity’s most significant economic activities and the ability to participate in the entity’s economics consolidates the entity. An entity is considered a VIE if it possesses any one or more of the following characteristics: 1) the entity is thinly capitalized; 2) residual equity holders do not control the entity; 3) equity holders are shielded from economic losses; 4) equity holders do not participate fully in an entity’s residual economics; and 5) the entity was established with non-substantive voting interests.

We have consolidated one VIE since we are the primary beneficiary as discussed in Note 12 below. Our investments in private equity funds meet the definition of a VIE; however, the private equity fund investments are not consolidated as we do not have the power to direct the entities’ most significant economic activities.

We are the lessee in a series of operating leases covering a large portion of our Kansas City, Missouri-based leased office facilities. The lessors are generally joint ventures (in which we have 50% ownership) that have been established specifically to purchase, finance and engage in leasing activities with the joint venture partners and unrelated third parties. Our analysis of our real estate joint ventures for all periods presented indicate that none qualified as a VIE and, accordingly, they have not been consolidated.

Unconsolidated investments in entities over which we do not have control but have the ability to exercise influence over operating and financial policies, if any, are accounted for under the equity method of accounting. Earnings and losses from such investments are recorded on a pre-tax basis, if any.

### *Revenue Recognition*

We account for the recognition of our revenue in accordance with the relevant accounting literature, primarily Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (ASC 606)*. Our sources of revenue are described below.

#### *Software-enabled Services Revenue*

We primarily offer software-enabled outsourcing services in which we utilize our own software to offer comprehensive fund administration services for alternative investment managers, including fund manager services, transfer agency services, funds-of-funds services, tax processing and accounting. We also use our own software applications to provide healthcare organizations a variety of



medical and pharmacy benefit solutions to satisfy their information processing, quality of care, cost management concerns and payment integrity programs. Our healthcare solutions include claims adjudication, benefit management, care management, business intelligence and other ancillary services. We also offer subscription-based on-demand software applications that are managed and hosted at our facilities. The software-enabled services arrangements provide an alternative for clients who do not wish to install, run and maintain complicated financial software. Under these arrangements, the client does not have the right to take possession of the software, rather, we agree to provide access to our applications, remote use of our equipment to process transactions, access to client's data stored on our equipment and connectivity between our environment and the client's computing systems.

Software-enabled services are generally provided under contracts with initial terms of one to five years that require monthly or quarterly payments, and are subject to automatic annual renewal at the end of the initial term unless terminated by either party.

In software-enabled services arrangements, the arrangement is a single performance obligation or a stand-ready performance obligation, which in either case is comprised of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (i.e. distinct days or months of service). We apply a measure of progress (typically time-based) to any fixed consideration and allocate variable consideration to the distinct periods of service based on usage or summarization of account information. These variable payments relate specifically to our efforts to perform the services in the period in which the fee applies. This variability is solely attributed to and resolved as a result of the transfer of these services; these fees are independent of the transfer of past or future goods or services. These fees meet the allocation objective of Accounting Standards Codification ("ASC") 606 because they represent the amount of consideration we are entitled to for these services. Revenue is generally recognized over the period the services are provided, which results in revenue recognition that corresponds with the value to the client of the services transferred to date relative to the remaining services promised.

For our software-enabled services contracts, which are cancelable with 90 days' notice or meet the allocation objective for a series of performance obligations under ASC 606, we have not disclosed the transaction price for the remaining performance obligations as of the end of each reporting period or when we expect to recognize this revenue.

#### *License, Maintenance and Related Revenue Agreements*

We generate revenues in the form of software license fees and related maintenance and services fees. License fees include perpetual license fees and term license fees that differ mainly in the duration over which the customer benefits from the software. Maintenance and services primarily consist of fees for maintenance services (including support and unspecified upgrades and enhancements when and if they are available) and, in some cases, professional services which focus on both deployment and training our customers to fully leverage the use of our products.

Under ASC 606, we identify a contract with a customer, we identify the performance obligations in the contract, we determine the transaction price, we allocate the transaction price to each performance obligation in the contract and recognize revenues when (or as) we satisfy a performance obligation.

Software license performance obligations are functional intellectual property that are distinct as the user can benefit from the software on its own as defined under ASC 606. Software license revenues are recognized at the point of time when the software license has been delivered. Term license fees are typically due in annual installments at the beginning of each annual period and we record a contract asset for amounts recognized as revenue in excess of amounts billed.

We recognize maintenance revenues ratably over the term of the underlying contract term because we transfer control evenly by providing a stand-ready service. The term of the maintenance contract on a perpetual license is usually one year and the duration of a term license contract is usually between one to five years. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably over the term.

Revenues from professional services consist mostly of services provided on a time and materials basis. The performance obligations are satisfied, and revenues are recognized, over time as the services are provided.

In contracts with multiple performance obligations, we account for individual performance obligations separately if they are distinct. We allocate the transaction price to each performance obligation based on our relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available. If the standalone selling price for a performance obligation is not directly observable, we estimate it maximizing the use of observable inputs. For maintenance and support, we determine the standalone selling price based on the price at which we separately sell a renewal contract and the economic relationship between licenses and maintenance. We primarily determine the standalone selling

price for sales of license arrangements using the residual approach. In situations when the software license and the right to unspecified product upgrades are not distinct in the context of the contract, they are combined into a single performance obligation and revenue is recognized on a straight line basis over the contract duration. For professional services, we determine the standalone selling prices based on the price at which we separately sell those services.

We occasionally enter into license agreements requiring significant customization of our software that are not material to our results of operations. We account for the license and professional service fees under these agreements as a single performance obligation, recognized over time using an input method during the development of the license. This method requires estimates to be made for costs to complete the agreement utilizing an estimate of development man-hours remaining. Revenue is recognized each period based on the hours incurred to date compared to the total hours expected to complete the project. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that completion costs will be revised. Such revisions are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are determined on a contract-by-contract basis, and are made in the period in which such losses are first estimated or determined.

We do not account for significant financing components if the period between when we transfer the promised product or service to the client and when the client pays for that product or service will be one year or less. We record revenue net of any taxes assessed by governmental authorities.

Accounts Receivable, net is primarily comprised of billed and unbilled receivables for which we have an unconditional right to consideration, net of an allowance for credit losses.

### ***Costs of Revenues***

Costs of revenues include all costs, including depreciation and amortization, incurred to produce revenues. Incremental costs of obtaining a contract (e.g., sales commissions) are capitalized and amortized on a basis consistent with the pattern of transfer of goods or services to the customer to which the asset relates over the expected customer relationship period if we expect to recover those costs. The expected customer relationship period is determined based on average historical customer relationship periods, including expected renewals. Expected renewal periods are only included in the expected customer relationship period if commission amounts paid upon renewal are not commensurate with amounts paid on the initial contract. Incremental costs of obtaining a contract include only those costs we incur to obtain a contract that we would not have incurred if the contract had not been obtained. We have determined that certain commissions programs meet the requirements to be capitalized. Certain sales commissions associated with multi-year contracts are subject to an employee service requirement. As an action other than each party approving the contract is required to trigger payment of these sales commissions, they are not considered incremental costs to obtain a contract and are expensed as incurred. These costs are included in selling and marketing. We expense sales commissions as incurred when the amortization period would have been one year or less.

### ***Research and Development***

Research and development costs associated with computer software are charged to expense as incurred. Capitalization of internally developed computer software costs in the case of software to be sold begins upon the establishment of technological feasibility based on a working model. Capitalization of internally developed computer software costs in the case of internal use software begins when management authorizes and commits funding to a project and the preliminary design stage has been completed.

Our policy is to amortize these costs upon a product's general release to the client. Amortization of capitalized software costs is calculated by the greater of (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product, including the period being reported on, typically two to five years.

### ***Stock-based Compensation***

Using the fair value recognition provisions of relevant accounting literature, stock-based compensation cost is measured at the grant date based on the estimated fair value of the award and is recognized as expense over the appropriate service period. Determining the fair value of stock-based awards requires considerable judgment, including estimating the expected term of stock options and the expected volatility of our stock price. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, we estimate the likelihood of achieving the performance goals. Differences between actual results and these estimates could have a material effect on our financial results. Forfeitures are accounted for as they occur. A deferred income tax asset is recorded over the vesting period as stock compensation expense is recorded for non-qualified option awards. The realizability of the deferred tax asset is ultimately based on the actual value of the stock-based award upon exercise. If

the actual value is lower than the fair value determined on the date of grant, then there would be an income tax expense for the portion of the deferred tax asset that is not realizable.

### ***Income Taxes***

We account for income taxes in accordance with the relevant accounting literature. An asset and liability approach is used to recognize deferred tax assets and liabilities for the future tax consequences of items that are recognized in our financial statements and tax returns in different years. A valuation allowance is established against net deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the net deferred tax assets will not be realized.

We account for uncertain tax positions using a two-step approach. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. We consider many factors when evaluating and estimating tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

### ***Cash and Cash Equivalents***

We consider all highly liquid marketable securities with original maturities of three months or less at the date of acquisition to be cash equivalents.

### ***Funds Receivable and Funds Held on Behalf of Clients***

We hold client funds on behalf of transfer agency clients and pharmacy processing clients in connection with providing our data processing services. End-of-day available client bank balances for full service mutual fund transfer agency clients are invested overnight in credit quality government money market funds, bank deposits and repurchase agreements. Invested balances are returned to the full service mutual fund transfer agency clients' accounts the following business day. Funds received from clients for the payment of pharmacy claims incurred by its members are invested in credit quality government money market funds, bank deposits and repurchase agreements until the paid claims are settled. Client funding receivables represent amounts due to us for pharmacy claims paid in advance of receiving client funding and for pharmacy claims processed for which client funding requests have not been made.

Funds held on behalf of clients in the form of cash, cash equivalents and certificates of deposit with a maturity of less than twelve months are included in funds receivable and funds held on behalf of clients in the Consolidated Balance Sheet. Funds held on behalf of clients in the form of certificates of deposit with a maturity of greater than twelve months are classified as investments on the Consolidated Balance Sheets. All funds held on behalf of clients represent assets that are restricted for use.

We have included funds held on behalf of clients that meet the definition of restricted cash and restricted cash equivalents in the beginning and end of period balances in the Consolidated Statements of Cash Flows. Cash inflows and outflows related to investment of funds held on behalf of clients are reported on a gross basis as "Investments in securities" and "Proceeds from sales / maturities of investments" in the investing section of the Consolidated Statements of Cash Flows.

### ***Client Funds Obligations***

Client funds obligations represent funds owed to full service mutual fund transfer agency clients for cash balances invested overnight, and our contractual obligations to satisfy client pharmacy claim obligations that are recorded on the balance sheet when incurred, generally after we have processed a claim on behalf of its pharmacy clients.

### ***Restricted Cash***

Restricted cash primarily includes amounts held by a bank as security for letters of credit issued due to lease requirements for office space. The letters of credit are expected to be renewed within the next twelve months, and as such, the restricted cash is classified as a current asset on the Consolidated Balance Sheets.

### ***Investments and Unconsolidated Affiliates***

We hold various investments, including investments in marketable securities, non-marketable securities and partnership interests in private equity funds, joint ventures and other similar entities.

The equity method of accounting is used for investments in entities, partnerships and similar interests (including investments in private equity funds where we are a limited partner and hold a greater than 5% partnership interest in the fund) in which we have significant influence but do not control. Under the equity method, we recognize income or losses from our pro-rata share of these unconsolidated affiliates' net income or loss, which changes the carrying value of the investment of the unconsolidated affiliate.

We measure equity investments in marketable securities, seed capital investments and other investments, other than those accounted for under the equity method of accounting or those that result in consolidation of the investee, at fair value, with changes in the fair value recognized in earnings. We use net asset value as a practical expedient for the fair value of partnership interests in private equity funds that are not accounted for under the equity method of accounting.

Investments in non-marketable equity securities that do not have readily determinable fair values and do not qualify for the practical expedient to measure the investment using a net asset value per share are recorded using the measurement alternative in ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. These investments are recorded at cost, less impairment, adjusted for observable price changes in orderly transactions for an identical or similar investment of the same issuer. At each reporting period, we assess if these investments continue to qualify for this measurement alternative. Impairment is recorded when there is evidence that the expected fair value of the investment has declined to below the recorded cost.

We have certain investments in unconsolidated affiliates accounted for under the equity method of accounting in which our carrying value exceeds our proportionate share of net assets of the unconsolidated affiliate. The total investment in unconsolidated affiliates, including basis differences, is included in unconsolidated affiliates on the Consolidated Balance Sheet. We record our proportionate share of the results of the unconsolidated affiliates and amortization expense related to basis differences in equity in earnings of unconsolidated affiliates, net on the Consolidated Statements of Comprehensive Income.

### ***Property, Plant and Equipment***

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is calculated using a combination of straight-line and accelerated methods over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Useful Life</u>
Land.....	—
Buildings .....	40 years
Building improvements .....	Shorter of 40 years or remaining life of the building
Equipment and software.....	3-5 years
Furniture and fixtures .....	7-10 years
Leasehold improvements.....	Shorter of lease term or estimated useful life

Maintenance and repairs are expensed as incurred. The costs of sold or retired assets are removed from the related asset and accumulated depreciation accounts and any gain or loss is included in the Consolidated Statements of Comprehensive Income.

### ***Leases***

We account for our leases in accordance with ASC 842. We determine if our contractual agreements contain a lease at inception. A lease is identified when a contract allows us the right to control an identified asset for a period of time in exchange for consideration. Our lease agreements consist primarily of operating leases for office space.

Our operating leases are included on the Consolidated Balance Sheets as operating lease assets and operating lease liabilities, under ASC 842. An operating lease asset represents our right to use an underlying asset over the term of a lease while an operating lease liability represents our obligation to make lease payments arising from the lease. Operating lease liabilities are recognized at the commencement date at the present value of the base minimum rent payments. Operating lease assets are also recognized at the commencement date as the total operating lease liability adjusted for prepaid rents, deferred rent liabilities and lease fair value adjustments that existed under ASC 840. As most of our leases do not provide an implicit rate, we use our estimated secured

incremental borrowing rate within each of the significant geographic regions in which we operate based on the information available at lease commencement date in determining the present value of lease payments.

Our lease agreements typically do not contain variable lease payments, residual value guarantees or restrictive covenants. Many of our leases include the option to renew, however we do not believe it is reasonably certain that we will exercise the options as each individual lease is evaluated and further negotiated prior to the end of the current lease terms.

Generally, our lease agreements include required separate payments for non-lease components (e.g. payments for common area maintenance, real estate taxes and/or utilities) which are expensed as incurred. We do have certain lease agreements that contain bundled minimum payments for lease components (e.g. payments for rent) and non-lease components. In these situations, we have applied the practical expedient available under ASC 842 to not separate the lease and non-lease components for purposes of the right-of-use asset and lease payment obligation calculations.

### ***Goodwill and Intangible Assets***

We test goodwill annually for impairment as of December 31<sup>st</sup> (and in interim periods if certain events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount). We have completed the required impairment tests for goodwill and have determined that no impairment existed as of December 31, 2022 or 2021. As of December 31, 2022 and 2021, we have two reporting units, one is our health business and the other includes the rest of our operations. Our impairment analysis indicated that the fair value significantly exceeded the carrying value of each of our reporting units as of December 31, 2022 and 2021. We measure the fair value of our reporting units utilizing the income method. Significant judgment is required to determine appropriate revenue growth rates and estimate the fair value of our reporting units. There were no other indefinite-lived intangible assets as of December 31, 2022 or 2021.

Customer relationships, completed technology, trade names and other identifiable intangible assets are amortized over lives ranging from two to 17 years. Completed technology and customer relationships are amortized each year based on the ratio that the projected cash flows for the intangible assets bear to the total of current and expected future cash flows for the intangible asset. Trade names are amortized on a straight line basis.

### ***Impairment of Long-Lived Assets***

We evaluate the recoverability of our long-lived assets when there is evidence that events or changes in circumstances have made recovery of the carrying value of the asset or asset group unlikely. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset or asset group. We have identified no such impairment losses in the years ended December 31, 2022 and 2021.

### ***Concentration of Credit Risk***

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash, cash equivalents, marketable securities and trade receivables. We have cash investment policies that limit investments to investment grade securities. Concentrations of credit risk, with respect to trade receivables, are limited due to the fact that our client base is highly diversified. As of December 31, 2022 and 2021, we had no significant concentrations of credit.

### ***International Operations and Foreign Currency***

The functional currency of each foreign subsidiary is generally the local currency. Accordingly, assets and liabilities of foreign subsidiaries are translated to U.S. dollars at period-end exchange rates, and capital stock accounts are translated at historical rates. Revenues and expenses are translated using the average rates during the period. The resulting translation adjustments are excluded from net earnings and accumulated as a separate component of stockholders' equity. Foreign currency transaction gains and losses are included within other income (expense) in the Consolidated Statements of Comprehensive Income in the periods in which they occur.

### ***Comprehensive Income***

Our comprehensive income consists of net income, foreign currency translation adjustments, a defined benefit pension plan and our proportionate share of the change in value of an interest rate swap agreement that one of our unconsolidated affiliates is a party to, which are presented in the Consolidated Statements of Comprehensive Income, net of tax and reclassifications to earnings. The accumulated balance of other comprehensive income is reported separately from retained earnings and additional paid-in capital in the stockholders' equity section of the Consolidated Balance Sheets. Total comprehensive income consists of net income and other accumulated comprehensive (loss) income disclosed in the equity section of the Consolidated Balance Sheets.



## Treasury Stock

Treasury stock purchases are accounted for under the cost method and are included as a deduction from equity in the stockholders' equity section of the Consolidated Balance Sheets. Under the cost method, the price paid for the stock is charged to the treasury stock account. We use the average cost method to reduce the value of the treasury stock account if treasury stock is re-issued.

## Contingencies

Loss contingencies from legal proceedings and claims may occur from government investigations, shareholder lawsuits, contractual claims, tax and other matters. Accruals are recognized when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. Gain contingencies are not recognized until realized. Legal fees are expensed as incurred.

## Recently Adopted Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities From Contracts with Customer*. ASU 2021-08 requires companies to apply ASC 606 to recognize and measure contract assets and contract liabilities from contracts with customers acquired in a business combination on the acquisition date. ASU 2021-08 is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. ASU 2021-08 should be applied prospectively to business combinations that occur after the effective date. We adopted ASU 2021-08 as of January 1, 2022 on a prospective basis and applied it to the business combinations completed during 2022.

## Recent Accounting Pronouncements Not Yet Effective

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional expedients and exceptions for applying U.S. GAAP if certain criteria are met to contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*. The update provides additional optional guidance on the transition from LIBOR to include derivative instruments that use an interest rate for margining, discounting or contract price alignment. The standard will ease, if warranted, the requirements for accounting for the future effects of the rate reform. Additionally, in December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform: Deferral of the Sunset Date of Topic 848*, which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024 to align with the amended cessation date of LIBOR. A substantial portion of our indebtedness bears interest at variable interest rates, primarily based on USD-LIBOR. We continue to monitor the impact the discontinuance of LIBOR or another reference rate will have on our contracts, hedging relationships and other transactions. We will apply the guidance to impacted transactions during the transition period. The adoption of this standard does not have a material impact on our financial position, results of operations or cash flows.

## Note 3—Accounts Receivable, net

Accounts receivable are as follows (in millions):

	December 31,	
	2022	2021
Accounts receivable .....	\$ 593.6	\$ 521.9
Unbilled accounts receivable .....	206.7	209.4
Allowance for credit losses .....	(21.7)	(17.9)
Total accounts receivable, net .....	<u>\$ 778.6</u>	<u>\$ 713.4</u>

The following table represents the activity for the allowance for credit losses (in millions):

	Year Ended December 31,		
	2022	2021	2020
Balance at beginning of period.....	\$ 17.9	\$ 16.8	\$ 13.2
Charge to costs and expenses .....	10.6	8.2	7.7
Write-offs, net of recoveries.....	(7.1)	(7.0)	(4.2)
Foreign currency impact.....	0.3	(0.1)	0.1
Balance at end of period.....	<u>\$ 21.7</u>	<u>\$ 17.9</u>	<u>\$ 16.8</u>

Management establishes the allowance for credit losses accounts based on historical bad debt experience. In addition, management analyzes client accounts, client concentrations, client creditworthiness, current economic trends and changes in client payment terms when evaluating the adequacy of the allowance for credit losses.

**Note 4—Property, Plant and Equipment, net**

Property, plant and equipment and the related accumulated depreciation are as follows (in millions):

	December 31,	
	2022	2021
Land .....	\$ 39.3	\$ 49.8
Building and improvements .....	279.2	307.5
Equipment, furniture, and fixtures .....	523.7	475.4
	842.2	832.7
Less: accumulated depreciation .....	(498.3)	(450.7)
Total property, plant and equipment, net .....	<u>\$ 343.9</u>	<u>\$ 382.0</u>

Depreciation expense for the years ended December 31, 2022, 2021 and 2020 was \$76.2 million, \$81.1 million and \$105.7 million, respectively.

**Note 5—Leases**

Our total operating lease costs were \$72.3 million, \$78.0 million and \$77.4 million during the years ended December 31, 2022, 2021 and 2020, respectively. Cash paid for amounts included in operating lease liabilities was \$74.3 million, \$79.4 million and \$77.7 million during the years ended December 31, 2022, 2021 and 2020, respectively, and is included in operating cash flows. Total right-of-use assets obtained in exchange for operating lease liabilities was \$26.5 million and \$9.2 million for the years ended December 31, 2022 and 2021, respectively. Our weighted-average remaining lease term and weighted-average discount rates as of December 31, 2022 were 7.0 years and 4.9%, respectively. Our weighted-average remaining lease term and weighted-average discount rates as of December 31, 2021 were 7.5 years and 4.8%, respectively.

Lease liabilities as of December 31, 2022 are as follows (in millions):

<u>Maturity of Lease Liabilities</u>		
2023 .....	\$	69.9
2024 .....		58.9
2025 .....		45.7
2026 .....		39.1
2027 .....		30.5
Thereafter .....		113.5
Total lease payments .....	\$	357.6
Less: interest .....		(66.1)
Present value of lease liabilities .....	<u>\$</u>	<u>291.5</u>

We have certain lease agreements with our unconsolidated real estate joint ventures. We recognized operating lease expense of \$1.3 million, \$2.1 million and \$2.4 million for the years ended December 31, 2022, 2021 and 2020, respectively, related to these lease agreements.

We have certain sublease agreements in place with third parties to lease portions of our office space. In addition, we serve as a lessor in other lease agreements for real estate and storage facilities. Total gross sublease and other rental income recognized for the years ended December 31, 2022, 2021 and 2020 was approximately \$6.0 million, \$9.1 million and \$10.4 million, respectively.

Lease payments to be received as of December 31, 2022 are as follows (in millions):

<u>Lease Payments to be Received</u>	
2023 .....	\$ 6.8
2024 .....	3.9
2025 .....	3.6
2026 .....	3.0
2027 .....	2.7
Thereafter .....	<u>2.7</u>
Total lease payments .....	<u>\$ 22.7</u>

## Note 6—Investments

Investments are as follows (in millions):

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Non-marketable equity securities.....	\$ 124.0	\$ 84.5
Seed capital investments .....	30.6	32.0
Marketable equity securities .....	24.3	40.8
Partnership interests in private equity funds .....	15.0	15.5
Total investments .....	<u>\$ 193.9</u>	<u>\$ 172.8</u>

Realized and unrealized gains and losses for our equity securities are as follows (in millions):

	<u>Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Unrealized gains on equity securities held as of the end of the period...	\$ 25.8	\$ 6.5	\$ 7.2
Realized (losses) gains for equity securities sold during the period.....	(1.1)	10.9	18.6
Total gains recognized in other income (expense), net.....	<u>\$ 24.7</u>	<u>\$ 17.4</u>	<u>\$ 25.8</u>

### *Fair Value Measurement*

Authoritative accounting guidance on fair value measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of December 31, 2022 and 2021, we held certain investment assets and certain liabilities that are required to be measured at fair value on a recurring basis. These investments include money market funds, marketable equity securities and seed capital investments, each of which determines fair value using quoted prices in active markets. Accordingly, the fair value measurements of these investments have been classified as Level 1 in the tables below. Investments for which we elected net asset value as a practical expedient for fair value and investments measured using the fair value measurement alternative are excluded from the table below. Fair value for deferred compensation liabilities that are credited with deemed gains or losses of the underlying hypothetical investments, primarily equity securities, have been classified as Level 1 in the tables below.

The following tables present assets and liabilities measured at fair value on a recurring basis (in millions):

	Fair Value Measurements at Reporting Date Using			
	December 31, 2022	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds (1) .....	\$ 674.5	\$ 674.5	\$ —	\$ —
Seed capital investments (2) .....	30.6	30.6	—	—
Marketable equity securities (2) .....	24.3	24.3	—	—
Deferred compensation liabilities (3) .....	(13.6)	(13.6)	—	—
Total .....	<u>\$ 715.8</u>	<u>\$ 715.8</u>	<u>\$ —</u>	<u>\$ —</u>

	Fair Value Measurements at Reporting Date Using			
	December 31, 2021	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds (1) .....	\$ 1,961.0	\$ 1,961.0	\$ —	\$ —
Seed capital investments (2) .....	32.0	32.0	—	—
Marketable equity securities (2) .....	40.8	40.8	—	—
Deferred compensation liabilities (3) .....	(21.3)	(21.3)	—	—
Total .....	<u>\$ 2,012.5</u>	<u>\$ 2,012.5</u>	<u>\$ —</u>	<u>\$ —</u>

- (1) Included in cash and cash equivalents and funds receivable and funds held on behalf of clients on the Consolidated Balance Sheet.  
(2) Included in investments on the Consolidated Balance Sheet.  
(3) Included in other long-term liabilities on the Consolidated Balance Sheet.

During the years ended December 31, 2022 and 2021, we provided \$10.0 million and \$20.0 million, respectively, in seed capital funding to either mutual funds or exchange-traded funds issued by one of our subsidiaries. During the years ended December 31, 2022 and 2021, we redeemed \$7.6 million and \$13.5 million, respectively, of our seed capital investments.

In February 2020, we entered into a Series A Convertible Share Purchase Agreement with SILAC, Inc. (“SILAC”), pursuant to which we acquired 40 million shares of Series A convertible preferred stock of SILAC for a purchase price of \$40 million. The investment is classified as a non-marketable equity security without a readily determinable fair value. Mr. William C. Stone, our Chairman of the Board of Directors and Chief Executive Officer, has an economic interest in SILAC and is a member of its board of directors. Accordingly, SILAC is considered a related party. During the year ended December 31, 2022, as a result of an observable price change, we recorded a fair value adjustment of \$39.5 million to increase the carrying value of SILAC. The fair value adjustment was recorded as an unrealized gain in Other income (expense) on our Consolidated Statements of Comprehensive Income. In each of the years ended December 31, 2022 and 2021, we received a preferred stock dividend from SILAC of \$8.0 million which is recorded in Other income (expense) on our Consolidated Statements of Comprehensive Income.

We have partnership interests in various private equity funds that are not included in the table above. Our investments in private equity funds were \$15.0 million and \$15.5 million at December 31, 2022 and 2021, respectively, of which \$10.8 million and \$12.7 million, respectively, were measured using net asset value as a practical expedient for fair value and \$4.2 million and \$2.8 million, respectively, were accounted for under the equity method of accounting. The investments in private equity funds represent underlying investments in domestic and international markets across various industry sectors.

Generally, our investments in private equity funds are non-transferable or are subject to long holding periods, and withdrawals from the private equity firm partnerships are typically not permitted. The maximum risk of loss related to our private equity fund investments is limited to the carrying value of our investments in the entities.

We add new investment products such as mutual funds and exchange traded funds, through our subsidiary, ALPS Advisors, from time to time by providing the initial cash investments as seed capital. We consolidate seed capital investments when our ownership percentage exceeds 50%. Shares in those investments not owned by us are reflected as a redeemable noncontrolling interest on the condensed consolidated balance sheet.

#### Note 7—Unconsolidated Affiliates

Investments in unconsolidated affiliates are as follows (in millions):

	Ownership Percentage	December 31, 2022		December 31, 2021	
		Carrying Value	Excess carrying value of investment over proportionate share of net assets	Carrying Value	Excess carrying value of investment over proportionate share of net assets
Orbit Private Investments L.P. ....	9.8%	\$ 115.3	\$ —	\$ 86.0	\$ —
International Financial Data Services L.P. ....	50.0%	85.1	34.8	87.8	38.2
Pershing Road Development Company, LLC ...	50.0%	10.6	57.9	74.0	65.9
Broadway Square Partners, LLP .....	50.0%	53.8	30.3	54.3	29.8
Other unconsolidated affiliates .....		2.1	—	4.0	—
Total .....		<u>\$ 266.9</u>	<u>\$ 123.0</u>	<u>\$ 306.1</u>	<u>\$ 133.9</u>

Investments in unconsolidated affiliates are accounted for under the equity method of accounting. The total investment in unconsolidated affiliates, including basis differences, is included in unconsolidated affiliates on the Consolidated Balance Sheets. We record our proportionate share of the results of the unconsolidated affiliates and amortization expense related to basis differences in equity in earnings of unconsolidated affiliates, net on the Consolidated Statements of Comprehensive Income.

Equity in earnings of unconsolidated affiliates is as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Orbit Private Investments L.P. ....	\$ 29.3	\$ —	\$ —
International Financial Data Services L.P. ....	0.3	1.6	3.6
Pershing Road Development Company, LLC .....	(5.4)	(1.1)	2.8
Broadway Square Partners, LLP .....	1.7	1.8	1.6
Other unconsolidated affiliates .....	(0.1)	23.1	(9.5)
Total .....	<u>\$ 25.8</u>	<u>\$ 25.4</u>	<u>\$ (1.5)</u>

We have a 9.8% ownership interest in Orbit Private Investments L.P. (“Orbit Private Investments”), which is a provider of shareholder and pension technology. International Financial Data Services L.P. (“IFDS L.P.”) is a 50% owned joint venture with State Street Corporation with operations in Canada, Ireland and Luxembourg. Pershing Road Development Company, LLC (“PRDC LLC”) is a 50% owned special-purpose entity formed to develop and lease office space to the U.S. government. Broadway Square Partners, LLP (“Broadway Square Partners”) is a 50% owned real estate joint venture formed to purchase, finance and engage in leasing activities with us and unrelated third parties. The difference between the amount at which each of IFDS L.P., PRDC LLC and Broadway Square Partners is carried and the amount of underlying equity in net assets, will be amortized as a component of equity in earnings of unconsolidated affiliates over approximately 15 years, 28 years and 40 years, respectively.

Equity in earnings of other unconsolidated affiliates for the year ended December 31, 2021 includes a \$23.4 million gain from the Kansas City Downtown Hotel Group, L.L.C unconsolidated affiliate as a result of a sale of its primary asset.



The following tables summarize related party transactions and balances outstanding with our related parties, which is primarily comprised of transactions with our unconsolidated affiliates (in millions):

	Year Ended December 31,		
	2022	2021	2020
Operating revenues from related parties.....	\$ 65.2	\$ 71.7	\$ 44.4
Amounts paid to related parties (1) .....	46.5	50.5	43.0
Distributions received from related parties .....	68.7	30.1	8.1

	December 31,	
	2022	2021
Outstanding advances/loans to related parties .....	\$ 1.9	\$ 1.9
Trade accounts receivable from related parties.....	11.7	13.2
Total amounts receivable from related parties.....	\$ 13.6	\$ 15.1

Amounts payable to related parties .....	\$ 1.3	\$ 0.7
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(1) Excludes amounts paid to our unconsolidated joint ventures related to loans, advancements and other capital investments.

Operating revenues from related parties were primarily generated from services provided for the use of our proprietary software and software development services. Payments to our related parties include transfer agency subcontracting services performed by IFDS L.P. and payments to other unconsolidated real estate joint ventures for rent and other facility costs.

During the year ended December 31, 2022, we received a distribution of \$64.5 million from our unconsolidated affiliate, Pershing Road Development Company, LLC (“PRDC”), which reduced our investment in the affiliate. In addition, the interest rate swap agreement to which PRDC was a party to was terminated. For the year ended December 31, 2021, distributions received include \$10.0 million return on investment and \$20.0 million return of investment related to our investments in IFDS L.P. and the Kansas City Downtown Hotel Group, L.L.C., respectively. For the year ended December 31, 2020, distributions received include \$8.0 million return on investment related to our investments in IFDS L.P. and PRDC LLC.

## Note 8—Acquisitions

### 2022 Acquisitions

#### *Blue Prism*

On March 16, 2022, we purchased all of the outstanding stock of Blue Prism Group plc (“Blue Prism”) for approximately \$1.6 billion in cash, plus the costs of effecting the transaction pursuant to a Scheme of Arrangement entered into under the U.K. Takeover Code. We financed the acquisition by entering into an Incremental Joinder (the “Incremental Joinder”) to the amended and restated credit agreement. Blue Prism is a global leader in enterprise robotics process automation and intelligent automation.

The net assets and results of operations of Blue Prism have been included in our Consolidated Financial Statements from March 16, 2022. The fair value of the intangible assets, consisting of customer relationships, completed technology and trade names, was determined using the income approach. Specifically, the relief-from-royalty method was utilized for completed technology and trade names, and the excess earnings method was utilized for customer relationships. Significant assumptions used in the determination of fair value for completed technology were projected future revenues, royalty rate, obsolescence rate and discount rate. Significant assumptions used in the determination of fair value for customer relationships were projected future revenues, costs and discount rate. Customer relationships, completed technology and trade names are expected to be amortized over approximately fifteen, eight and fourteen years, respectively, in each case the estimated life of the assets. The remainder of the purchase price was allocated to goodwill and is not tax deductible.

The Consolidated Statements of Comprehensive Income for the year ended December 31, 2022 includes \$201.2 million in revenues from Blue Prism’s operations. Blue Prism generates revenues primarily from software license fees and related maintenance and service fees.

### *Hubwise*

On March 25, 2022, we purchased all of the outstanding stock of Hubwise Holdings Limited (“Hubwise”) for approximately \$75.0 million in cash, plus the costs of effecting the transaction. Hubwise is a regulated business-to-business investment platform serving advisers, discretionary wealth managers and self-directed direct-to-consumer propositions.

The net assets and results of operations of Hubwise have been included in our Consolidated Financial Statements from March 25, 2022. The fair value of the intangible assets, consisting of customer relationships, completed technology and trade names, was determined using the income approach. Specifically, the relief-from-royalty method was utilized for completed technology and trade names, and the excess earnings method was utilized for customer relationships. Customer relationships, completed technology and trade name are expected to be amortized over approximately twelve, eight and fourteen years, respectively, in each case the estimated life of the assets. The remainder of the purchase price was allocated to goodwill and is not tax deductible.

The Consolidated Statements of Comprehensive Income for the year ended December 31, 2022 includes \$4.1 million in revenues from Hubwise’s operations.

### *Tier1*

On August 23, 2022, we purchased the sell-side Tier1 customer relationship management (“CRM”) business (“Tier1”) and related assets from Tier1 Financial Solutions for approximately \$32.5 million in cash, plus the costs of effecting the transaction. Tier1 is a leading provider of sell-side CRM solutions targeting capital markets and investment banks. Tier1 supplies CRM capabilities to sell-side financial services firms, including research, trading, and sales teams within capital markets groups, and provides deal management experience to investment banks.

The net assets and results of operations of Tier1 have been included in our Consolidated Financial Statements from August 23, 2022. The preliminary fair value of the intangible assets, consisting of customer relationships and completed technology, was determined using the income approach. Specifically, the relief-from-royalty method was utilized for completed technology, and the excess earnings method was utilized for customer relationships. Customer relationships and completed technologies are expected to be amortized over approximately fourteen and six years, respectively, in each case the estimated life of the assets. The remainder of the purchase price was allocated to goodwill and is tax deductible.

The Consolidated Statements of Comprehensive Income for the year ended December 31, 2022 includes \$4.7 million in revenues from Tier1’s operations.

## **2021 Acquisitions**

### *Capita*

On March 1, 2021, we purchased all of the outstanding stock of Capita Life & Pensions Services (Ireland) Limited (“Capita”) and certain related businesses. The acquisition of Capita resulted in a net receipt of approximately \$7.1 million in cash, as the amount of cash acquired exceeded the cash paid consideration. Capita provides business process management, technology and consultancy services to the international life and pensions sector. Services offered include financial and back-office administration, claims management, actuarial and financial reporting, investment administration, product and IT development and business transformation services.

The net assets and results of operations of Capita have been included in our Consolidated Financial Statements from March 1, 2021. The excess of fair values of the net assets over the purchase price was recorded as a gain on bargain purchase within other income, net on the Consolidated Statement of Comprehensive Income.

The following summarizes the allocation of the purchase price for the 2022 acquisitions of Blue Prism, Hubwise and Tier1 and the 2021 acquisition of Capita (in millions):

	<u>Blue Prism</u>	<u>Hubwise</u>	<u>Tier1</u>	<u>Capita</u>
Accounts receivable .....	\$ 50.1	\$ 0.7	\$ 0.3	\$ 3.8
Property, plant and equipment .....	1.8	0.1	0.1	0.5
Other assets .....	10.4	0.3	0.2	5.5
Operating lease right-of-use assets.....	4.4	—	—	—
Customer relationships.....	520.0	23.0	16.3	—
Completed technologies.....	250.0	8.7	6.4	—
Trade names .....	38.0	1.0	—	—
Goodwill.....	951.4	50.0	21.6	—
Accounts payable .....	(6.6)	(0.2)	(1.0)	(3.5)
Accrued employee compensation and other liabilities.....	(64.0)	(0.7)	(2.0)	(7.7)
Deferred revenue.....	(166.9)	—	(8.6)	(3.1)
Deferred income taxes.....	(111.1)	(7.4)	—	—
Gain on bargain purchase.....	—	—	—	(2.6)
Consideration paid, net of cash acquired .....	<u>\$ 1,477.5</u>	<u>\$ 75.5</u>	<u>\$ 33.3</u>	<u>\$ (7.1)</u>

Additionally, we acquired 5 M's Minerals Management, LLC ("MineralWare") in May 2022 for approximately \$18.0 million and Complete Financial Ops, Inc. ("CFO") in December 2022 for approximately \$5.7 million. We acquired assets related to O'Shares exchange traded funds ("O'Shares") in June 2022 for approximately \$28.3 million.

The goodwill associated with each of the transactions above is a result of expected synergies from combining the operations of businesses acquired with us and intangible assets that do not qualify for separate recognition, such as an assembled workforce.

The following unaudited pro forma condensed consolidated results of operations are provided for illustrative purposes only and assume that the acquisitions of Blue Prism, Hubwise, MineralWare, Tier1 and CFO occurred on January 1, 2021 and the acquisition of Capita occurred on January 1, 2020, after giving effect to certain adjustments, including amortization of intangibles, interest, transaction costs and tax effects. This unaudited pro forma information (in millions) should not be relied upon as being indicative of the historical results that would have been obtained if the acquisitions had actually occurred on those dates, nor of the results that may be obtained in the future.

	<u>Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues .....	\$ 5,351.9	\$ 5,322.9	\$ 4,727.6
Net income .....	\$ 633.7	\$ 659.4	\$ 629.8

We recorded severance expense related to personnel reductions in several of our financial services and healthcare businesses. The amount of severance expense recognized in our Consolidated Statements of Comprehensive Income was as follows (in millions):

<b>Consolidated Statements of Comprehensive Income Classification</b>	<u>For the Year Ended December 31,</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cost of software-enabled services .....	\$ 8.2	\$ 11.4	\$ 21.0
Cost of license, maintenance and other related .....	1.9	1.1	1.1
Total cost of revenues .....	<u>10.1</u>	<u>12.5</u>	<u>22.1</u>
Selling and marketing .....	3.1	1.6	1.5
Research and development .....	2.4	5.6	5.2
General and administrative .....	0.6	2.2	3.3
Total operating expenses .....	<u>6.1</u>	<u>9.4</u>	<u>10.0</u>
Total severance expense.....	<u>\$ 16.2</u>	<u>\$ 21.9</u>	<u>\$ 32.1</u>

## Note 9—Goodwill and Intangible Assets

The following table summarizes changes in goodwill (in millions):

Balance at December 31, 2020 .....	\$	8,078.7
Adjustments to prior acquisitions .....		(0.3)
Effect of foreign currency translation .....		(32.9)
Balance at December 31, 2021 .....	\$	8,045.5
Acquisitions completed in the current year .....		1,032.3
Adjustments to prior acquisitions .....		0.3
Effect of foreign currency translation .....		(215.1)
Balance at December 31, 2022 .....	\$	<u>8,863.0</u>

A summary of the components of intangible assets is as follows (in millions):

	December 31,					
	2022			2021		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships .....	\$ 5,007.6	\$ (2,073.7)	\$ 2,933.9	\$ 4,490.0	\$ (1,743.7)	\$ 2,746.3
Completed technology .....	1,611.0	(983.1)	627.9	1,381.6	(854.6)	527.0
Trade names .....	276.2	(130.6)	145.6	241.6	(107.7)	133.9
Other .....	43.0	(43.0)	—	43.0	(43.0)	—
Total intangible assets .....	\$ 6,937.8	\$ (3,230.4)	\$ 3,707.4	\$ 6,156.2	\$ (2,749.0)	\$ 3,407.2

Total estimated amortization expense, related to intangible assets, for each of the next five years and thereafter, as of December 31, 2022, is expected to approximate (in millions):

<u>Year Ending December 31,</u>	
2023 .....	\$ 503.2
2024 .....	485.2
2025 .....	457.7
2026 .....	435.3
2027 .....	410.0
Thereafter .....	1,416.0
Total .....	<u>\$ 3,707.4</u>

Amortization expense associated with customer relationships, completed technology and other amortizable intangible assets was \$516.4 million, \$526.5 million and \$580.1 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Net capitalized software costs of \$225.5 million and \$156.6 million are included in the December 31, 2022 and 2021 Consolidated Balance Sheets, respectively, under “Intangible and other assets”.

Amortization expense related to capitalized software development costs was \$78.9 million, \$59.8 million and \$39.5 million for each of the years ended December 31, 2022, 2021, and 2020, respectively.

## Note 10—Debt

At December 31, 2022 and 2021, debt consisted of the following (in millions):

	December 31,	
	2022	2021
Senior secured credit facilities, weighted-average interest rate of 6.27% and 1.85%, respectively .....	\$ 5,129.1	\$ 3,974.5
5.5% senior notes due 2027 .....	2,000.0	2,000.0
Other indebtedness .....	0.8	5.2
Unamortized original issue discount and debt issuance costs .....	(50.3)	(30.8)
	<u>7,079.6</u>	<u>5,948.9</u>
Less: current portion of long-term debt.....	55.7	47.4
Long-term debt .....	<u>\$ 7,023.9</u>	<u>\$ 5,901.5</u>

The table below provides a summary of the key terms of our Senior Secured Credit Facilities and Senior Notes:

	Amount Outstanding at December 31, 2022 (in millions)	Maturity Date	Scheduled Quarterly Payments Required	Interest Rate
<b>Senior Secured Credit Facilities</b>				
Term Loan B-3 .....	\$ 1,199.0	April 16, 2025	0.25%	Variable rate (1)
Term Loan B-4 .....	974.8	April 16, 2025	0.25%	Variable rate (1)
Term Loan B-5 .....	1,650.1	April 16, 2025	0.25%	Variable rate (1)
Term Loan B-6 .....	520.7	March 22, 2029	0.25%	Variable rate (2)
Term Loan B-7 .....	784.5	March 22, 2029	0.25%	Variable rate (2)
Revolving Credit Facility .....	—	December 28, 2027	None	Variable rate (3)
<b>Senior Notes</b> .....	2,000.0	September 30, 2027	None	Fixed at 5.5%

- Initially incurred interest at either LIBOR plus 2.50% or at the base rate plus 1.50%, and were subject to a step-down at any time our consolidated net secured leverage ratio was less than 4.75 times, to 2.25% in the case of the LIBOR margin and 1.25% in the case of the base rate margin. In January 2020, we entered into a pricing amendment, whereby the interest rate margin applicable to the term loans was reduced from LIBOR plus 2.25% to LIBOR plus 1.75%.
- Bears interest at, at our option, either (a) the Base Rate, plus 1.25% per annum or the (b) Term Secured Overnight Financing Rate (“SOFR”), which is subject to a floor of 0.50%, plus a credit spread adjustment set forth in the Credit Agreement, plus 2.25% per annum.
- Bears interest at, at our option, the Base Rate per annum or the Term SOFR. Loans based on the Base Rate bear interest at a rate between the Base Rate plus 0.25% or 0.50%, depending on our consolidated secured net leverage ratio. Loans based on Term SOFR bear interest at a rate between Term SOFR plus 1.25% and Term SOFR plus 1.50%, depending on our consolidated secured net leverage ratio.

### Senior Secured Credit Facilities

On April 16, 2018, in connection with our acquisition of DST, we entered into an amended and restated credit agreement with SS&C Technologies, Inc. (“SS&C”), SS&C European Holdings SARL, an indirect wholly-owned subsidiary of SS&C (“SS&C SARL”) and SS&C Technologies Holdings Europe SARL, an indirect wholly-owned subsidiary of SS&C (“SS&C Tech SARL”) as the borrowers (“Credit Agreement”), which included Term B-3 and Term B-4 Loans. Also in 2018, we entered into amendments to the Credit Agreement in connection with our acquisitions of Eze and Intralinks, the Term B-5 Loan. On March 22, 2022, in connection with our acquisition of Blue Prism, we entered into an Incremental Joinder to the Credit Agreement with certain of our subsidiaries. Pursuant to the Incremental Joinder, a new \$650.0 million senior secured incremental term loan B facility (“Term B-6 Loan”) and a new \$880.0 million senior secured incremental term loan B facility (“Term B-7 Loan”) and together with the Term B-6 Loan, the “Incremental Term Loans”) was made available to us, the proceeds of which were used to finance substantially all of the consideration for the acquisition of Blue Prism.



The Credit Agreement had a revolving credit facility with a five-year term available for borrowings by SS&C with \$250.0 million in available commitments (“Revolving Credit Facility”). The Revolving Credit Facility also contained a \$25 million letter of credit sub-facility. On December 28, 2022, we entered into an amendment (the “Revolving Facility Amendment”) to the Credit Agreement with certain of our subsidiaries. Pursuant to the Revolving Facility Amendment, the Revolving Credit Facility was amended to: (i) extend the maturity date to December 28, 2027, (ii) amend the interest rate provisions to replace LIBOR with Term SOFR as the interest rate benchmark, (iii) increase the aggregate commitments from \$250.0 million to \$600.0 million, (iv) increase the letter of credit sub-facility from \$25.0 million to \$75.0 million and (v) make certain other revisions fully set forth in the Revolving Facility Amendment. As of December 31, 2022, there was \$2.5 million utilized of the letter of credit sub-facility and \$597.5 million available of the Revolving Facility Amendment.

SS&C’s and SS&C SARL’s obligations under the Term Loans are guaranteed by (i) our existing and future U.S. wholly-owned restricted subsidiaries, in the case of the Term B-3 Loan, Term B-5 Loan, Term B-6 Loan and the Revolving Credit Facility and (ii) our existing and future wholly-owned restricted subsidiaries, in the case of the Term B-4 Loan and Term B-7 Loan.

The obligations of the U.S. loan parties under the Credit Agreement are secured by substantially all of the assets of such persons (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of the U.S. wholly-owned restricted subsidiaries of such persons (with customary exceptions and limitations) and 65% of the capital stock of certain foreign restricted subsidiaries of such persons (with customary exceptions and limitations). All obligations of the non-U.S. loan parties under the Credit Agreement are secured by substantially all of our and the other guarantors’ assets (subject to customary exceptions and limitations), including a pledge of all of the capital stock of substantially all of our wholly-owned restricted subsidiaries (with customary exceptions and limitations).

The Credit Agreement includes negative covenants that, among other things and subject to certain thresholds and exceptions, limit our ability and the ability of its restricted subsidiaries to incur debt or liens, make investments (including in the form of loans and acquisitions), merge, liquidate or dissolve, sell property and assets, including capital stock of its subsidiaries, pay dividends on its capital stock or redeem, repurchase or retire its capital stock, alter the business we conduct, amend, prepay, redeem or purchase subordinated debt, or engage in transactions with its affiliates. The Credit Agreement also contains customary representations and warranties, affirmative covenants and events of default, subject to customary thresholds and exceptions. In addition, the Credit Agreement contains a financial covenant for the benefit of the Revolving Credit Facility requiring us to maintain a minimum consolidated net secured leverage ratio. In addition, under the Credit Agreement, certain defaults under agreements governing other material indebtedness could result in an event of default under the Credit Agreement, in which case the lenders could elect to accelerate payments under the Credit Agreement and terminate any commitments they have to provide future borrowings.

#### *Senior Notes*

On March 28, 2019, we issued \$2.0 billion aggregate principal amount of 5.5% Senior Notes due 2027 (“Senior Notes”), the proceeds of which were used to repay a portion of the outstanding Term B-3 Loan under our Credit Agreement. The Senior Notes are guaranteed, jointly and severally, by Holdings and all of its existing and future domestic restricted subsidiaries that guarantee our existing senior secured credit facilities or certain other indebtedness. The Senior Notes are unsecured senior obligations that are equal in right of payment to all of our existing and future senior unsecured indebtedness. Interest on the Senior Notes is payable on March 30 and September 30 of each year.

At any time on or after March 30, 2022, we may redeem some or all of the Senior Notes, in whole or in part, at the redemption prices set forth in the following table, expressed as a percentage of the principal amount, plus accrued and unpaid interest to the redemption date:

<u>Redemption Date</u>	<u>Price</u>
On or after March 30, 2022 .....	104.125%
On or after March 30, 2023 .....	102.750%
On or after March 30, 2024 .....	101.375%
March 30, 2025 and thereafter .....	100.000%

We may also, from time to time in our sole discretion, purchase, redeem, or retire our existing senior notes, through tender offers, in privately negotiated or open market transactions, or otherwise.

The indenture governing the Senior Notes contains a number of covenants that restrict, subject to certain thresholds and exceptions, our ability and the ability of our domestic restricted subsidiaries to incur debt or liens, make certain investments, pay

dividends, dispose of certain assets, or enter into transactions with its affiliates. Any event of default under the Credit Agreement that leads to an acceleration of those amounts due also results in a default under the indenture governing the Senior Notes.

#### *Debt Issuance Costs and Loss on Extinguishment of Debt*

We capitalized an aggregate of \$37.7 million and \$3.0 million in financing costs during the twelve months ended December 31, 2022 in connection with the Incremental Joinder and Revolving Facility Amendment, respectively.

We made additional principal payments prior to their scheduled maturity in 2022, 2021 and 2020, which resulted in a loss on extinguishment of debt of \$5.5 million, \$10.9 million and \$2.2 million, respectively, due to the write-off of a portion of the unamortized capitalized financing fees and the unamortized original issue discount.

We accounted for the Pricing Amendment as a debt modification with respect to amounts that were obligations of lenders that exited the syndicate or remained in the syndicate but experienced a change in cash flows of greater than 10% in accordance with FASB Accounting Standards Codification 470-50, *Debt-Modifications and Extinguishments*, which resulted in \$2.8 million loss on extinguishment of debt in 2020. During 2020, we purchased \$184.8 million principal amount of our Term Loans in privately negotiated transactions, which resulted in a gain on extinguishment of debt of \$0.8 million.

#### *Fair Value of Debt*

The carrying amounts and fair values of financial instruments are as follows (in millions):

	December 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Senior secured credit facilities .....	\$ 5,082.2	\$ 5,069.0	\$ 3,947.8	\$ 3,943.5
5.5% senior notes due 2027 .....	1,996.6	1,880.9	1,995.9	2,094.8
Other indebtedness.....	0.8	0.8	5.2	5.2

The above fair values, which are Level 2 liabilities, were computed based on comparable quoted market prices. The fair values of cash, accounts receivable, net, short-term borrowings and accounts payable approximate the carrying amounts due to the short-term maturities of these instruments.

#### *Future Maturities of Debt*

At December 31, 2022, annual maturities of long-term debt during the next five years and thereafter are as follows (in millions):

<b>Year ending December 31,</b>	
2023 .....	\$ 55.7
2024 .....	54.9
2025 .....	3,753.4
2026 .....	13.1
2027 .....	2,013.1
Thereafter.....	1,239.7
Total.....	<u>\$ 7,129.9</u>

### **Note 11—Stockholders' Equity**

#### *Common Stock Issuance*

In May 2020, we used 0.4 million shares from treasury stock in connection with our acquisition of Innovest.

#### *Dividends*

In 2022, we paid a quarterly cash dividend of \$0.20 per share of common stock in March, June, September and December, totaling \$203.1 million. In 2021, we paid a quarterly cash dividend of \$0.16 per share of common stock in March, June and September and \$0.20 per share of common stock in December, totaling \$174.0 million. In 2020, we paid a quarterly cash dividend of

\$0.125 per share of common stock in March and June and \$0.14 per share of common stock in September and December, totaling \$136.1 million.

### Stock Repurchase Program

In July 2020, our Board of Directors authorized the renewal and increase of our stock repurchase program, which enabled us to repurchase up to \$750 million in the aggregate of our outstanding common stock on the open market or in privately negotiated transactions. In July 2021, our Board of Directors authorized a stock repurchase program which enabled us to repurchase up to \$1 billion in the aggregate of our outstanding common stock. In July 2022, our Board of Directors authorized a stock repurchase program which enables us to repurchase up to \$1 billion in the aggregate of our common stock. Our authority to repurchase shares under the program will continue until the one-year anniversary of the Board's authorization, unless earlier terminated by the Board. During 2022, 2021 and 2020, we repurchased 7.8 million, 6.8 million and 3.7 million shares of common stock for approximately \$476.1 million, \$487.9 million and \$227.7 million, respectively.

### Other Comprehensive Loss

Accumulated other comprehensive loss (income) balances, net of tax consist of the following (in millions):

	Interest Rate Swap	Foreign Currency Translation	Defined Benefit Obligation	Accumulated Other Comprehensive Loss
Balance, December 31, 2020.....	\$ (5.5)	\$ (192.3)	\$ (3.2)	\$ (201.0)
Net current period other comprehensive income (loss).....	0.7	(45.1)	3.4	(41.0)
Balance, December 31, 2021.....	\$ (4.8)	\$ (237.4)	\$ 0.2	\$ (242.0)
Net current period other comprehensive income (loss).....	4.8	(311.6)	(1.3)	(308.1)
Balance, December 31, 2022.....	\$ —	\$ (549.0)	\$ (1.1)	\$ (550.1)

Adjustments to accumulated other comprehensive (loss) income attributable to us are as follows (in millions):

	Year Ended December 31, 2022		Year Ended December 31, 2021		Year Ended December 31, 2020	
	Pretax	Tax Effect	Pretax	Tax Effect	Pretax	Tax Effect
<b>Interest Rate Swap</b>						
Unrealized gains (losses) on interest rate swaps... \$	8.8	(1.7)	0.4	(0.3)	(3.7)	1.0
Reclassification of (gains) losses into net earnings on interest rate swaps .....	(2.3)	—	0.6	—	—	—
Net change in cash flow hedges .....	6.5	(1.7)	1.0	(0.3)	(3.7)	1.0
<b>Defined Benefit Pension</b>						
Unrealized net (losses) gains on defined benefit pension plan .....	(0.5)	(0.8)	3.4	—	(3.9)	0.7
<b>Foreign Currency Translation</b>						
Current period translation adjustments .....	(326.1)	14.5	(45.5)	0.4	58.8	(0.9)
<b>Total other comprehensive (loss) income .....</b>	<b>\$ (320.1)</b>	<b>\$ 12.0</b>	<b>\$ (41.1)</b>	<b>\$ 0.1</b>	<b>\$ 51.2</b>	<b>\$ 0.8</b>

### Note 12—Variable Interest Entity

On July 15, 2021 (the "Effective Date"), we entered into an agreement whereby we obtained an 80.2% interest in DomaniRx, LLC ("DomaniRx"), a variable interest entity under GAAP. The purpose of DomaniRx is to develop a contemporary, cloud-native platform to support the operation of a full service pharmacy benefits manager. At formation, we contributed cash, a non-exclusive license of our claims processing platform known as RxNova and assigned a services agreement we have with one of the other parties in the agreement. The other parties contributed cash and other intangible assets at formation. We will perform development work, day-to-day management, services related to the fulfillment of the assigned services agreement and certain shared services under subcontract with DomaniRx in exchange for market-based fees.

In addition to the initial contributions, each member of the agreement is responsible for future additional cash capital contributions in accordance with each member's ownership interest in DomaniRx at the time of the call. Our additional cash capital contribution is up to \$240.6 million. We are then solely responsible for a further development cost overage of up to \$100.0 million for no additional ownership interest.

We have the power to direct the majority of the activities of DomaniRx that most significantly impact its economic performance, the obligation to absorb losses and the right to receive benefits from DomaniRx. Accordingly, we determined that we are the primary beneficiary of DomaniRx and consolidate its results.

The carrying value of the assets and liabilities associated with DomaniRx included in the Consolidated Balance Sheets as of December 31, 2022 and 2021, which are limited for use in its operations and do not have recourse against our general credit or our senior secured credit facilities, are as follows:

	December 31,	
	2022	2021
Assets:		
Cash and cash equivalents .....	\$ 134.1	\$ 139.5
Intangible assets .....	160.5	144.5
Other assets .....	0.6	8.7
Liabilities:		
Other liabilities .....	10.0	0.6

### Note 13—Revenue

Deferred revenues primarily represents unrecognized fees billed or collected for maintenance and professional services. Deferred revenues are recognized as (or when) we perform under the contract. Deferred revenues are recorded on a net basis with contract assets at the contract level. Accordingly, as of December 31, 2022 and 2021, approximately \$68.0 million and \$61.0 million, respectively, of deferred revenue is presented net within contract assets arising from the same contracts. The amount of revenues recognized in the period that was included in the opening deferred revenues balance was \$262.9 million, \$273.8 million and \$289.7 million for the years ended December 31, 2022, 2021 and 2020, respectively.

As of December 31, 2022, revenue of approximately \$1,000.3 million is expected to be recognized from remaining performance obligations for license, maintenance and related revenues, of which \$484.8 million is expected to be recognized over the next twelve months. As of December 31, 2021, revenue of approximately \$538.7 million is expected to be recognized from remaining performance obligations for license, maintenance and related revenues, of which \$287.6 million is expected to be recognized over the next twelve months.

#### Revenue Disaggregation

The following table disaggregates our revenues by geography (in millions):

	Year Ended December 31,		
	2022	2021	2020
United States .....	\$ 3,731.8	\$ 3,628.2	\$ 3,427.4
United Kingdom .....	573.1	596.0	569.9
Europe (excluding United Kingdom), Middle East and Africa .....	402.1	327.9	251.3
Asia-Pacific and Japan .....	258.2	228.0	193.3
Canada .....	228.0	190.5	148.7
Americas, excluding United States and Canada .....	89.8	80.4	77.3
Total .....	<u>\$ 5,283.0</u>	<u>\$ 5,051.0</u>	<u>\$ 4,667.9</u>

The following table disaggregates our revenues by source (in millions):

	Year Ended December 31,		
	2022	2021	2020
Software-enabled services .....	\$ 4,273.9	\$ 4,256.1	\$ 3,891.3
Maintenance and term licenses .....	874.7	671.2	663.1
Professional services .....	110.1	101.4	90.5
Perpetual licenses .....	24.3	22.3	23.0
Total .....	<u>\$ 5,283.0</u>	<u>\$ 5,051.0</u>	<u>\$ 4,667.9</u>

## Note 14—Stock-based Compensation

In March 2019, our Board of Directors adopted the Second Amended and Restated 2014 Stock Incentive Plan, which amended and restated our Amended and Restated 2014 Stock Incentive Plan (the “Amended 2014 Plan”) (together with the Amended 2014 Plan, the “2014 Plans”), which became effective in May 2019 upon stockholder approval. The 2014 Stock Option Plan authorized stock options to be granted for up to 6.0 million shares of our common stock. The Amended 2014 Plan was adopted with an initial share capacity of 24.0 million shares available for the grant of awards. The Amended 2014 Plan authorizes the issuance of equity awards, including stock options, restricted stock awards (“RSAs”) and restricted stock units (“RSUs”) and allows the class of participants to include non-employee directors. The Second Amended and Restated 2014 Stock Incentive Plan was adopted to increase the shares available for equity awards by an additional 34.0 million shares.

Under the terms of the 2014 Plans, the exercise price of awards is set on the grant date and may not be less than the fair market value per share on such date. Generally, awards expire ten years from the date of grant.

We generally settle RSUs, RSAs, stock appreciation rights (“SARs”), performance-based stock units (“PSUs”), and stock option exercises with newly issued common shares.

### *Restricted Stock Units*

During the year ended December 31, 2022, we granted RSUs which generally vest 33.3% on the first anniversary of the grant and 1/4th of the remaining balance each six months thereafter for two years. We did not grant any RSUs during the years ended December 31, 2021 and 2020. At December 31, 2022, there was approximately \$119.9 million of unearned non-cash stock-based compensation related to RSUs that we expect to recognize as expense over a remaining period of approximately 2.9 years. At December 31, 2021, there was no remaining unearned non-cash stock-based compensation related to RSUs.

### *Performance-based Stock Units*

In July 2021 and March 2022, we granted performance-based stock units at a grant date fair value of \$75.03 per share and \$71.89 per share, respectively. These awards include established annual earnings per share growth targets and will measure performance against the target over the 2-year performance period. Performance is measured relative to a 2-year average annual growth rate that is established at the beginning of the cycle and held constant. Participants will only be entitled to receive any portion of the PSUs that are earned if they remain employed through the final determination of the satisfaction of these performance goals. The actual number of units that will be issued ranges from zero, if the threshold level of performance is not achieved, to 200% of the targeted number of units, if the annual growth rate meets or exceeds a specified level. As of December 31, 2022, the PSUs are not expected to vest. During the year ended December 31, 2022, we recorded a true-up to reverse previously recorded stock-based compensation expense relating to the PSUs. At December 31, 2021 there was approximately \$25.7 million of unearned non-cash stock-based compensation related to PSUs that we expected to recognize as expense over a remaining period of approximately 1.6 years.

### *Time-based Stock Options and SARs*

Time-based stock options and SARs generally vest 25% on the first anniversary of the grant date and 1/36<sup>th</sup> of the remaining balance each month thereafter for 36 months. All outstanding time-based stock options and SARs vest upon a change in control, subject to certain conditions. Time-based stock options granted during 2022, 2021 and 2020 have a weighted-average grant date fair value of \$15.26, \$22.28 and \$18.06 per share, respectively, based on the Black-Scholes option pricing model. Compensation expense is recorded on a straight-line basis over the requisite service period. The fair value of time-based stock options vested during the years ended December 31, 2022, 2021 and 2020 was approximately \$102.1 million, \$103.0 million and \$81.1 million, respectively. At December 31, 2022 and 2021, there was approximately \$201.6 million and \$270.1 million, respectively, of unearned non-cash stock-based compensation related to time-based stock options that we expect to recognize as expense over a weighted-average remaining period of approximately 2.7 years and 2.8 years, respectively.

### *Performance-based Stock Options*

In March and December 2021, we granted performance-based stock options (“PSOs”). These awards include established annual earnings per share growth targets and will measure performance against the target over the 3-year performance period. Performance is measured relative to a 3-year average annual growth rate that is established at the beginning of the cycle and held constant. Participants will only be entitled to receive any portion of the PSOs that are earned if they remain employed through the final determination of the satisfaction of these performance goals. The actual number of options that will be issued ranges from zero, if the threshold level of performance is not achieved, to 200% of the targeted number of options, if the annual growth rate meets or exceeds



a specified level. PSOs granted during 2021 have a weighted-average grant date fair value of \$21.88 per share, based on the Black-Scholes options pricing model. During the year ended December 31, 2022 and 2021, no PSOs have vested. At December 31, 2022 and 2021, there was approximately \$60.8 million and \$103.2 million, respectively of unearned non-cash stock-based compensation related to PSOs that we expect to recognize as expense over a remaining period of approximately 2.1 years and 3.1 years, respectively.

For the stock-options valued using the Black-Scholes option-pricing model, we used the following weighted-average assumptions:

	Time-based stock options			PSOs
	2022	2021	2020	2021
Expected term to exercise (years).....	4.0	4.0	4.0	4.0
Expected volatility.....	35.26%	36.42%	34.85%	36.34%
Risk-free interest rate.....	3.96%	1.07%	0.28%	1.03%
Expected dividend yield.....	1.55%	0.98%	0.80%	0.98%

#### Total Stock Options, RSUs and PSUs

The amount of stock-based compensation expense recognized in our Consolidated Statements of Comprehensive Income for the years ended December 31, 2022, 2021 and 2020 was as follows (in millions):

Consolidated Statements of Comprehensive Income Classification	Year Ended December 31,								
	2022			2021			2020		
	Options	RSUs, PSUs	Total	Options, SARs	RSUs, PSUs	Total	Options, SARs	RSUs	Total
Cost of software-enabled services.....	\$ 47.2	\$ (1.1)	\$ 46.1	\$ 39.1	\$ 3.7	\$ 42.8	\$ 32.2	\$ 2.3	\$ 34.5
Cost of license, maintenance and other related .	5.6	(0.1)	5.5	5.2	0.1	5.3	5.3	—	5.3
Total cost of revenues.....	52.8	(1.2)	51.6	44.3	3.8	48.1	37.5	2.3	39.8
Selling and marketing.....	24.2	(1.3)	22.9	19.1	1.5	20.6	13.1	0.7	13.8
Research and development.....	17.2	(0.6)	16.6	14.2	0.8	15.0	11.1	0.2	11.3
General and administrative.....	35.1	(1.4)	33.7	28.4	1.9	30.3	21.4	1.5	22.9
Total operating expenses.....	76.5	(3.3)	73.2	61.7	4.2	65.9	45.6	2.4	48.0
Total stock-based compensation expense.....	\$ 129.3	\$ (4.5)	\$ 124.8	\$ 106.0	\$ 8.0	\$ 114.0	\$ 83.1	\$ 4.7	\$ 87.8

The associated future income tax benefit recognized was \$23.8 million, \$22.5 million and \$17.4 million for the years ended December 31, 2022, 2021 and 2020, respectively.

For the year ended December 31, 2022, the amount of cash received from the exercise of stock options was \$91.8 million, with an associated tax benefit from stock awards realized of \$19.2 million. The intrinsic value of stock options and SARs exercised during the year ended December 31, 2022 was approximately \$92.6 million. For the year ended December 31, 2021, the amount of cash received from the exercise of stock options was \$197.7 million, with an associated tax benefit from stock awards realized of \$43.6 million. The intrinsic value of stock options and SARs exercised during the year ended December 31, 2021 was approximately \$183.7 million. For the year ended December 31, 2020, the amount of cash received from the exercise of stock options was \$189.7 million, with an associated tax benefit from stock awards realized of \$48.6 million. The intrinsic value of stock options and SARs exercised during the year ended December 31, 2020 was approximately \$196.9 million.

The following table summarizes stock option and SAR activity as well as RSU and PSU activity as of and for the years ended December 31, 2022, 2021 and 2020 (share data in millions):

	Stock Options and SARs		PSUs and RSUs	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2019..	42.1	\$ 41.37	0.5	\$ 44.94
Granted.....	8.4	\$ 70.35	—	\$ —
Cancelled/forfeited.....	(1.4)	\$ 52.45	—	\$ —
Vested.....	—	\$ —	(0.3)	\$ 45.42
Exercised.....	(6.4)	\$ 31.57	—	\$ —
Outstanding at December 31, 2020..	42.7	\$ 48.16	0.2	\$ 44.96
Granted.....	9.5	\$ 80.24	0.4	\$ 75.03
Cancelled/forfeited.....	(2.1)	\$ 61.90	—	\$ —
Vested.....	—	\$ —	(0.2)	\$ 45.59
Exercised.....	(5.2)	\$ 39.23	—	\$ —
Outstanding at December 31, 2021..	44.9	\$ 55.31	0.4	\$ 75.03
Granted.....	3.2	\$ 51.45	3.1	\$ 55.61
Cancelled/forfeited.....	(1.6)	\$ 71.50	(0.1)	\$ 72.47
Exercised.....	(2.9)	\$ 32.60	—	\$ —
Outstanding at December 31, 2022..	<u>43.6</u>	\$ 55.91	<u>3.4</u>	\$ 58.71

The following table summarizes information about vested stock options and SARs outstanding that are currently exercisable and stock options and SARs outstanding that are exercisable and expected to vest at December 31, 2022:

Outstanding, Vested Stock Options and SARs Currently Exercisable				Outstanding Stock Options and SARs Exercisable and Expected to Vest			
Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term	Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term
(In millions)		(In millions)	(Years)	(In millions)		(In millions)	(Years)
27.8	\$ 47.70	\$ 258.8	5.33	43.4	\$ 55.81	\$ 260.0	6.54

#### Note 15—Benefit Plans

We sponsor defined contribution plans that cover our domestic and international employees. During the years ended December 31, 2022, 2021 and 2020, we incurred \$111.7 million, \$99.2 million and \$92.0 million, respectively, of employer contribution expenses under these plans. Additionally, we sponsor a defined benefit pension plan, which has total assets of \$16.4 million and a net asset of \$2.5 million as of December 31, 2022. The defined benefit pension plan we sponsor had total assets of \$26.3 million and a net asset of \$2.6 million as of December 31, 2021.

#### Note 16—Basic and Diluted Earnings per Share

Earnings per share (“EPS”) is calculated in accordance with the relevant standards. Basic EPS includes no dilution and is computed by dividing income available to our common stockholders by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income by the weighted-average number of common and common equivalent shares outstanding during the period. Common equivalent shares consist of stock options, SARs, RSUs and PSUs using the treasury stock method. Common equivalent shares are excluded from the computation of diluted earnings per share if the effect of including such common equivalent shares would be anti-dilutive because their total assumed proceeds exceed the average fair value of common stock for the period. We have two classes of common stock, each with identical participation rights to earnings and liquidation preferences, and therefore the calculation of EPS as described above is identical to the calculation under the two-class method.

The following table sets forth the computation of basic and diluted EPS (in millions, except per share amounts):

	Year Ended December 31,		
	2022	2021	2020
Net income attributable to SS&C common stockholders.....	\$ 650.2	\$ 800.0	\$ 625.2
Shares attributable to SS&C:			
Weighted-average common shares outstanding – used in calculation of basic EPS .....	254.0	255.6	256.4
Weighted-average common stock equivalents – stock options and restricted shares .....	8.0	11.7	10.2
Weighted-average common and common equivalent shares outstanding – used in calculation of diluted EPS .....	<u>262.0</u>	<u>267.3</u>	<u>266.6</u>
Earnings per share attributable to SS&C common stockholders – Basic.....	\$ 2.56	\$ 3.13	\$ 2.44
Earnings per share attributable to SS&C common stockholders – Diluted....	\$ 2.48	\$ 2.99	\$ 2.35

Weighted-average stock options, SARs, RSUs and PSUs representing 22.2 million, 8.9 million and 9.6 million shares were outstanding for the years ended December 31, 2022, 2021 and 2020, respectively, but were not included in the computation of diluted EPS because the effect of including them would be anti-dilutive.

#### Note 17—Income Taxes

The sources of income before income taxes were as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
U.S.....	\$ 790.5	\$ 831.0	\$ 593.4
Foreign .....	85.6	206.0	182.4
Income before income taxes.....	<u>\$ 876.1</u>	<u>\$ 1,037.0</u>	<u>\$ 775.8</u>

The income tax provision consists of the following (in millions):

	Year Ended December 31,		
	2022	2021	2020
Current:			
Federal.....	\$ 185.6	\$ 190.9	\$ 190.0
Foreign .....	45.5	60.8	43.5
State.....	73.0	72.7	72.5
Total .....	<u>304.1</u>	<u>324.4</u>	<u>306.0</u>
Deferred:			
Federal.....	(51.9)	(64.6)	(97.7)
Foreign .....	(14.9)	4.0	(3.8)
State.....	(10.2)	(27.4)	(53.9)
Total .....	<u>(77.0)</u>	<u>(88.0)</u>	<u>(155.4)</u>
Total .....	<u>\$ 227.1</u>	<u>\$ 236.4</u>	<u>\$ 150.6</u>

The reconciliation between the expected tax expense and the actual tax provision is computed by applying the U.S. federal corporate income tax rate of 21% to income before income taxes as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Computed "expected" tax expense .....	\$ 184.0	\$ 217.8	\$ 162.9
Increase (decrease) in income tax expense resulting from:			
State income taxes (net of federal income tax benefit).....	49.5	35.8	14.0
Foreign operations .....	8.7	(10.8)	1.9
Effects of stock based compensation .....	(9.3)	(24.4)	(25.7)
Effect of valuation allowance .....	8.5	4.1	0.3
Uncertain tax positions .....	(7.9)	8.9	(4.6)
Tax credits.....	(2.0)	(7.4)	(7.9)
Change in rate .....	0.2	13.5	6.1
Other .....	(4.6)	(1.1)	3.6
Provision for income taxes .....	<u>\$ 227.1</u>	<u>\$ 236.4</u>	<u>\$ 150.6</u>

The components of deferred income taxes at December 31, 2022 and 2021 are as follows (in millions):

	2022		2021	
	Deferred Tax Assets	Deferred Tax Liabilities	Deferred Tax Assets	Deferred Tax Liabilities
Net operating loss carryforwards .....	\$ 113.4	\$ —	\$ 22.1	\$ —
Deferred compensation .....	74.0	—	56.4	—
Tax credit carryforwards.....	29.7	—	34.8	—
Accrued expenses.....	20.7	—	24.5	—
Leases.....	74.7	66.4	83.8	75.2
Other .....	81.3	15.4	75.7	12.3
Depreciable and amortizable property .....	—	943.7	—	847.4
Investments .....	—	155.9	—	148.1
Total .....	<u>393.8</u>	<u>1,181.4</u>	<u>297.3</u>	<u>1,083.0</u>
Valuation allowance.....	(67.0)	—	(40.7)	—
Total .....	<u>\$ 326.8</u>	<u>\$ 1,181.4</u>	<u>\$ 256.6</u>	<u>\$ 1,083.0</u>

At December 31, 2022 and 2021, we had accrued a deferred income tax liability for foreign withholding taxes of \$12.7 million and \$10.2 million, respectively, on the unremitted earnings of our major Canadian subsidiary and certain unconsolidated foreign affiliates we do not control and whose earnings cannot be considered permanently reinvested. We have not accrued any deferred income taxes for withholding, foreign local or U.S. state income taxes on the unremitted earnings of other foreign subsidiaries as those earnings are permanently reinvested.

At December 31, 2022, we have domestic federal net operating loss carryforwards of \$104.4 million, which will begin to expire in 2026 and state net operating loss carryforwards of \$184.3 million, which will begin to expire in 2023. At December 31, 2022, we have foreign net operating loss carryforwards of \$327.0 million, of which \$285.1 million can be carried forward indefinitely. The remaining \$41.9 million will begin to expire in 2023.

At December 31, 2022, we have tax credit carryforwards of \$29.7 million relating to domestic and foreign jurisdictions, of which \$19.1 million relate to domestic tax credits that are expected to be utilized before they begin to expire in 2023, \$8.6 million relate to domestic tax credits that are not expected to be utilized before they begin to expire in 2023, \$1.4 million relate to foreign jurisdictions that are expected to be utilized before they begin to expire in 2027 and \$0.6 million relate to foreign jurisdictions that are not expected to be utilized before they begin to expire in 2027. The domestic credits consist primarily of federal and state research and development credits and foreign tax credits, while the foreign credits consist primarily of minimum alternative tax credit carryforwards related to our India operations.

A valuation allowance is recorded against deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We have recorded valuation allowances of \$67.0 million at December 31, 2022 related primarily to certain foreign and state net operating loss carryforwards, tax credit carryforwards and

disallowed interest expense carryforwards, and \$40.7 million at December 31, 2021 related primarily to certain foreign and state net operating loss carryforwards, tax credit carryforwards and disallowed interest expense carryforwards. Of the \$67.0 million valuation allowance recorded at December 31, 2022, \$45.7 million relates to foreign attribute carryforwards that do not expire.

The following table summarizes the activity related to our unrecognized tax benefits for the years ended December 31, 2022 and 2021 (in millions):

Balance at December 31, 2020.....	\$	127.7
Increases related to current year tax positions.....		13.1
Increases related to prior tax positions.....		1.7
Lapse in statute of limitation.....		(9.3)
Foreign exchange translation adjustment.....		(0.3)
Balance at December 31, 2021.....	\$	132.9
Increases related to current year tax positions.....		10.8
Decreases related to prior tax positions.....		(12.0)
Lapse in statute of limitation.....		(4.8)
Foreign exchange translation adjustment.....		(0.8)
Balance at December 31, 2022.....	\$	<u>126.1</u>

We recorded a net benefit of \$3.7 million and accrued \$3.4 million for potential penalties and interest on the unrecognized tax benefits during 2022 and 2021, respectively, and have recorded a total liability for potential penalties and interest, including penalties and interest related to unrecognized tax benefits, of \$28.4 million and \$32.8 million at December 31, 2022 and 2021, respectively. Our unrecognized tax benefits decreased from 2021 to 2022 due to a lapse in the statute of limitations for certain domestic and foreign tax filings and decreases in prior year tax positions, offset partially by an increase in current year tax positions. Our unrecognized tax benefits increased from 2020 to 2021 due to increases in current and prior year tax positions, offset partially by a decrease due to a lapse in the statute of limitations for certain domestic filings. Our unrecognized tax benefits as of December 31, 2022 relate to domestic and foreign taxing jurisdictions and are recorded in other long-term liabilities on our Consolidated Balance Sheet at December 31, 2022.

We are subject to examination by tax authorities throughout the world, including such major jurisdictions as the U.S., United Kingdom, India, California, Massachusetts, Missouri, New Jersey and New York. In these major jurisdictions, we are no longer subject to examination by tax authorities prior to tax years ending 2017, 2021, 2013, 2007, 2019, 2019, 2018 and 2015, respectively. Our U.S. federal income tax returns are currently under audit for the tax periods ended December 31, 2017 through December 31, 2019. Our India income tax returns are currently under audit or in appeals for tax periods ending March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, March 31, 2018, March 31, 2020 and March 31, 2021. Our California income tax returns are currently under audit or in appeals for the tax periods ended December 31, 2007 through 2019. Our New York income tax returns are currently under audit for the tax periods ended December 31, 2015 through 2018.

## Note 18—Commitments and Contingencies

### Purchase Obligations

Our contractual cash obligations for our committed purchase obligations as of December 31, 2022 are as follows (in millions):

<u>Year Ending December 31,</u>		
2023.....	\$	131.3
2024.....		63.2
2025.....		43.8
2026.....		42.3
2027 and thereafter.....		0.1
Total.....	\$	<u>280.7</u>

### Legal Proceedings

From time to time, we are subject to legal proceedings and claims. In our opinion, we are not involved in any litigation or proceedings that would have a material adverse effect on us or our business.



In connection with recent legal proceedings related to the ongoing DST ERISA matters described below, including the arbitration awards, we have recorded an accrued liability of \$51.5 million. Of this amount, \$8.1 million and \$43.4 million were recorded in 2022 and 2021, respectively, to Other income (expense), net on the Consolidated Statements of Comprehensive Income. Due to the inherent uncertainties associated with the resolution of these matters, the ultimate resolution of and any additional potential exposure related to these matters are uncertain at this time.

On September 1, 2017, a putative representative action was filed on behalf of the DST 401(k) Profit Sharing Plan (the “Plan”) in the United States District Court for the Southern District of New York, captioned Ferguson, et al v. Ruane Cunniff & Goldfarb Inc., et al. (“Ferguson”), naming as defendants DST, the Compensation Committee of DST’s Board of Directors, the Advisory Committee of the Plan and certain of DST’s present and/or former officers and directors (collectively the “DST Defendants”), alleging breach of fiduciary duties and other violations of the Employee Retirement Income Security Act (“ERISA”). The DST Defendants answered the operative complaint and asserted crossclaims for contribution and/or indemnification against Ruane, Cunniff & Goldfarb Inc. (“Ruane”). On January 9, 2020, Ruane filed an amended answer to the amended complaint and asserted crossclaims for contribution and/or indemnification against DST. On March 8, 2021, the Court entered an order denying without prejudice the plaintiffs’ (the “Ferguson Plaintiffs”) then-pending motions for leave to file a third amended complaint and for class certification, ordering that the parties address the effect, if any, on the Ferguson Plaintiffs’ motions of the March 4, 2021 decision by the United States Court of Appeals for the Second Circuit Court in Cooper v. Ruane Cunniff & Goldfarb Inc. The Ferguson Plaintiffs renewed their motions for leave to file a third amended complaint and for class certification, which motions were fully briefed on May 10, 2021. On August 17, 2021, the Court entered an order certifying a mandatory, non-opt-out class under Federal Rule of Civil Procedure 23(b)(1) that includes all plan participants other than certain plan fiduciaries. Arbitration Claimants, and the Canfield Plaintiffs and Mendon Plaintiffs, each as defined below, filed petitions under Federal Rule of Civil Procedure 23(f) with the Second Circuit on August 30, 2021 and August 31, 2021, respectively, seeking interlocutory review of the Ferguson class certification order, which the Ferguson Plaintiffs and the DST Defendants opposed. The Second Circuit denied the Rule 23(f) petitions on May 24, 2022 and May 25, 2022, respectively. On February 4, 2022, the Ferguson Plaintiffs filed a third amended complaint, which included the class allegations. On March 7, 2022, the DST Defendants and Ruane each filed answers to the Ferguson Plaintiffs’ third amended complaint and reasserted their respective cross-claims. On August 23, 2021, the DST Defendants moved for a temporary restraining order and preliminary injunction against other proceedings, including the below-described arbitrations, which arise out of or relate to the allegations in Ferguson. Following briefing, on November 18, 2021, the Court granted the DST Defendants’ motion and entered a preliminary injunction enjoining the Ferguson class members, including Arbitration Claimants, from instituting new actions or litigating in arbitration or other proceedings against the DST Defendants matters arising out of or relating to the facts or transactions alleged in the Ferguson amended complaint. On November 18, 2021, the Court also ordered the DST Defendants and Arbitration Claimants to submit briefing regarding how the arbitration awards that have been entered against the DST Defendants should be handled in light of the Court’s class certification order and preliminary injunction.

On December 15, 2021, Arbitration Claimants and the Canfield Plaintiffs and Mendon Plaintiffs filed appeals of the Court’s preliminary injunction. On December 23, 2021, the DST Defendants, Arbitration Claimants, and the Ferguson Plaintiffs submitted briefs concerning the treatment of the arbitration awards that have been entered against the DST Defendants, and further briefing by the DST Defendants and Arbitration Claimants was submitted on January 26, 2022. On December 31, 2021, Arbitration Claimants moved by order to show cause for an immediate stay of the preliminary injunction pending their appeal to the Second Circuit. On January 3, 2022, the Court denied Arbitration Claimants’ motion for an immediate stay and ordered the DST Defendants to show cause as to why the Court should not issue a stay of the preliminary injunction pending appeal. On February 3, 2022, the Court denied Arbitration Claimants’ motion to stay the preliminary injunction pending appeal. In the same order, the Court held that it would determine the status of the arbitration awards already entered against DST at final judgment in the Ferguson action, either after trial or after settlement. On February 4, 2022, Arbitration Claimants filed a motion in the Second Circuit to stay the preliminary injunction pending their appeal of the Court’s preliminary injunction. On June 7, 2022, the Second Circuit denied Arbitration Claimants’ motion to stay the preliminary injunction pending appeal. On February 8, 2022, Arbitration Claimants and the Canfield Plaintiffs and Mendon Plaintiffs noticed an appeal of the Court’s February 3, 2022 order. The February 8, 2022 appeal was consolidated with the December 15, 2021 appeal of the preliminary injunction. On May 17, 2022, Arbitration Claimants and the Canfield Plaintiffs and Mendon Plaintiffs filed their opening brief in the consolidated appeals. The DST Defendants filed their answering brief on September 15, 2022, and the reply was filed on October 20, 2022. On January 30, 2023, the Second Circuit calendared oral argument for the appeal of the Court’s preliminary injunction for April 20, 2023. This appeal remains pending.

On July 10, 2020, the Ferguson Plaintiffs and the DST Defendants reached an agreement in principle to settle the class claims for \$27 million, subject to the occurrence of certain conditions, including: Court certification of a “non-opt-out” class in the case that includes as class members all participants of the Plan, Court approval of the settlement in accordance with applicable law and the satisfactory resolution of claims made by certain other litigants. On September 18, 2020, the parties submitted a letter to the Court disclosing that the Ferguson Plaintiffs and Ruane also had reached a settlement in principle, subject to Court approval. The Ferguson

Plaintiffs and the DST Defendants entered into a settlement agreement dated January 8, 2021 memorializing the terms of their proposed settlement, which was filed by the Ferguson Plaintiffs with the Court on the same date. On January 12, 2021, the Ferguson Plaintiffs moved for preliminary approval of the settlement with the DST Defendants, as well as preliminary approval of a separate settlement reached between the Ferguson Plaintiffs and Ruane. Arbitration Claimants and the U.S. Department of Labor (“DOL”) objected to various aspects of those settlements in filings dated January 15, 2021, January 27, 2021, and February 5, 2021. On August 17, 2021, the Court denied the Ferguson Plaintiffs’ motion for preliminary approval of the settlement on the terms proposed.

On November 10, 2022, the Ferguson parties filed a notice of settlement and joint motion to stay the proceedings. The notice informed the Court that the parties had reached a settlement in principle to settle the class claims (as discussed above, the class excludes certain plan fiduciaries), and the joint motion requested a stay while the parties sought to finalize their agreement and prepare an application for Court approval of the contemplated settlement. On November 18, 2022, the Court entered an order staying the Ferguson action for 30 days. On December 19, 2022, the Ferguson parties filed a joint motion to stay the proceedings for an additional 30 days, which the Court granted on January 9, 2023, staying the proceedings until February 8, 2023. On February 8, 2023, the Ferguson parties filed a joint motion to stay the proceedings for an additional 45 days, which the Court granted on February 21, 2023, staying the proceedings until April 7, 2023.

On September 28, 2018, a complaint was filed in the United States District Court for the Southern District of New York captioned Robert Canfield, et al. v. SS&C Technologies Holdings, Inc., et al., on behalf of five individual plaintiffs (the “Canfield Plaintiffs”). On November 5, 2018, a similar complaint was filed in the United States District Court for the Southern District of New York captioned Mark Mendon, et al. v. SS&C Technologies Holdings, Inc., et al., on behalf of two individual plaintiffs (the “Mendon Plaintiffs”). These complaints name as defendants SS&C, the DST Defendants, and Ruane. The underlying claim in each complaint is the same as in the above-described Ferguson matter, with the exception that these actions purport to be brought as individual actions and not putative class actions. On July 10, 2020, the Court entered an order granting the DST Defendants’ motion to disqualify plaintiffs’ counsel in the Canfield and Mendon actions. On March 17, 2021, the Court issued an opinion and order denying the DST Defendants’ motion to disqualify counsel from the arbitrations described below. On April 12, 2021, the Canfield Plaintiffs and Mendon Plaintiffs filed notices of voluntary dismissal dismissing their claims against Ruane with prejudice, which were entered by the Court on April 13, 2021. On April 22, 2021, the DST Defendants filed motions to dismiss the Canfield and Mendon actions. Those motions were fully briefed on May 28, 2021. On November 19, 2021, the Court dismissed the Canfield and Mendon actions. On December 17, 2021, the Canfield Plaintiffs and Mendon Plaintiffs appealed the Court’s November 19, 2021 orders dismissing their respective actions to the Second Circuit. On May 17, 2022, the Canfield Plaintiffs and Mendon Plaintiffs filed their opening briefs in those appeals. The DST Defendants filed their answering briefs on September 15, 2022. The Canfield Plaintiffs and Mendon Plaintiffs filed their reply briefs on October 20, 2022. On January 30, 2023, the Second Circuit calendared oral argument for the appeals of the Court’s dismissal of the Canfield and Mendon actions for April 20, 2023. These appeals remain pending.

On October 8, 2019, a substantially similar action to the above-described Ferguson, Canfield, Mendon and below-described arbitration matters captioned Scalia v. Ruane, Cunniff & Goldfarb Inc. was filed by the DOL in the United States District Court for the Southern District of New York naming as defendants DST, the Advisory Committee of the Plan, the Compensation Committee of DST’s Board of Directors and certain of DST’s former officers and directors, and alleging that the DST Defendants breached fiduciary duties in violation of ERISA in connection with the Plan. The complaint also names as defendants Ruane and its former Chairman and Chief Executive Officer Robert D. Goldfarb. In the complaint, the DOL seeks disgorgement, damages and any other appropriate injunctive or equitable relief. The DST Defendants moved to dismiss the complaint on December 4, 2020 on the ground that the DOL’s complaint is time-barred. Other defendants also filed motions to dismiss on the same and other grounds. Briefing on the motions to dismiss was completed on February 5, 2021. On March 28, 2022, the court denied Defendants’ motions to dismiss, and Martin J. Walsh was substituted for Eugene Scalia as the plaintiff. On April 11, 2022, the DST Defendants answered the DOL’s complaint.

DST, the Advisory Committee of the Plan, and the Compensation Committee of DST’s Board of Directors have been named in 579 substantially similar individual demands for arbitration to date, by former and current DST employees demanding arbitration under the DST Employee Arbitration Program and Agreement (the “Arbitration Claimants”). The underlying claim in each is the same as in the above-described Ferguson matter, with the exception that the arbitrations purport to be brought as individual actions. On November 24, 2021, in light of the preliminary injunction entered in Ferguson discussed above, the American Arbitration Association ceased administration of the arbitrations brought by members of the Ferguson class, which includes all of the Arbitration Claimants with the exception of certain former Plan fiduciaries. As of November 24, 2021, 557 demands for arbitration had been submitted to the American Arbitration Association (the “AAA”). As of the date on which the preliminary injunction was entered, those individual arbitrations were at various stages depending on the particular proceeding. Certain of those arbitrations had resulted in awards against DST and others had resulted in decisions finding no liability as against DST. Many of those decisions were subject to further appeal within the AAA. Certain of the arbitration proceedings had been resolved in whole or in part by settlement. Since November 24, 2021,

the AAA has administered only those arbitration proceedings associated with claimants who are not members of the Ferguson class, certain of which have resulted in awards against DST. Between August 20, 2021 and November 17, 2021, counsel for Arbitration Claimants filed 177 motions to confirm certain of the arbitration awards. DST filed responses to those motions. Between October 4 and December 22, 2021, the Western District of Missouri issued orders confirming those 177 arbitration awards and entering judgments against DST. DST appealed those judgments to the Eighth Circuit. On November 20, 2021, DST requested that the Eighth Circuit stay the pending appeals in light of the preliminary injunction entered in Ferguson. On December 3, 2021, the Eighth Circuit ordered the parties to brief DST’s stay request, and on January 3, 2022, the Eighth Circuit declined to stay the briefing schedule on the pending appeals and consolidated those appeals. DST filed its opening brief in the Eighth Circuit on March 24, 2022. Arbitration Claimants filed their opposition brief on April 26, 2022, and DST filed its reply brief on May 18, 2022. The Eighth Circuit heard oral argument on June 14, 2022. On November 28, 2022, the Eighth Circuit vacated the judgments confirming the 177 arbitration awards and remanded those actions to the Western District of Missouri to determine whether the district court has subject-matter jurisdiction and whether the district court should transfer the cases to the Southern District of New York. On December 14, 2022, the parties submitted simultaneous briefing to the Western District of Missouri regarding transfer.

On November 9, 2021, counsel for Arbitration Claimants filed in the Western District of Missouri a petition to compel arbitration captioned Addison v. DST Systems, Inc. (the “Addison Petition”) on behalf of 155 Arbitration Claimants, which DST opposed. On September 15, 2022, the Western District of Missouri dismissed the Addison Petition without prejudice, subject to that action being reopened after the Eighth Circuit’s rulings on DST’s appeals of the 177 orders confirming arbitration awards.

We continue to vigorously defend these matters.

On November 11, 2020, DST, the Compensation Committee of DST’s Board of Directors, and the Advisory Committee of the Plan as plaintiffs filed a complaint in the United States District Court for the Southern District of New York against Ruane, certain of its related entities, and certain of its current and former employees. The complaint asserts claims for contribution, indemnification, and breach of contract arising out of Ruane’s management of the Plan’s investments and claims for actual and constructive fraudulent conveyances. On May 24, 2021, Defendant Robert Goldfarb filed an answer to the complaint. On December 17, 2021, the remaining defendants filed a motion to dismiss the DST plaintiffs’ complaint. On July 27, 2022, the Court denied without prejudice the pending motion to dismiss, and ordered the parties to submit by October 3, 2022 a joint status report with a new briefing schedule on the motion. On October 3, 2022, the parties filed a joint status report with a new briefing schedule on the motion, which the court approved on October 4, 2022. On December 16, 2022, and January 13, 2023, the parties filed joint motions to stay the proceedings, which were granted on January 31, 2023, staying proceedings until February 8, 2023. On February 8, 2023, the parties filed a joint motion to stay the proceedings for an additional 45 days. This motion remains pending.

**Note 19—Segment and Geographic Information**

We operate in one operating segment. Our geographic regions consist of the (a) United States, (b) Europe, Middle East and Africa, (c) Asia Pacific and Japan, (d) Canada and (e) the Americas, excluding the United States and Canada.

Long-lived assets as of December 31, were (in millions):

	<u>2022</u>	<u>2021</u>	<u>2020</u>
United States .....	\$ 256.9	\$ 285.7	\$ 307.1
Europe, Middle East and Africa .....	73.5	80.7	86.6
Asia-Pacific and Japan .....	18.4	20.6	25.0
Canada .....	5.0	5.1	5.4
Americas, excluding United States and Canada.....	0.1	0.3	0.4
Total .....	<u>\$ 353.9</u>	<u>\$ 392.4</u>	<u>\$ 424.5</u>

**Note 20—Subsequent Events**

*Dividend Declared*

On February 13, 2023, our Board of Directors declared a quarterly cash dividend of \$0.20 per share of common stock payable on March 15, 2023 to stockholders of record as of the close of business on March 1, 2023.

**Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**Item 9A. CONTROLS AND PROCEDURES**

***Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2022. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2022, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

***Report of Management on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that: 1) pertain to maintaining records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles and that receipts and expenditures are made in accordance with management and board of director authorization; and 3) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of company assets that could have a material effect on our 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.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2022. In March 2022, we acquired the assets of Blue Prism. Management has excluded Blue Prism from its assessment of internal control over financial reporting as of December 31, 2022 because they were acquired by us in a purchase business combination during 2022. Blue Prism and its related entities are our wholly-owned subsidiaries whose total assets and total revenues represent 1% and 4%, respectively, of the Consolidated Financial Statement amounts as of and for the year ended December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

***Changes in Internal Control Over Financial Reporting***

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. OTHER INFORMATION**

None.

**Item 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not Applicable.



## PART III

### Item 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

Incorporated by reference from the information in our proxy statement for the 2023 annual meeting of stockholders, which we intend to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

### Item 11. *EXECUTIVE COMPENSATION*

Incorporated by reference from the information in our proxy statement for the 2023 annual meeting of stockholders, which we intend to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

### Item 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

Incorporated by reference from the information in our proxy statement for the 2023 annual meeting of stockholders, which we intend to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

### Item 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Incorporated by reference from the information in our proxy statement for the 2023 annual meeting of stockholders, which we intend to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

### Item 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

Incorporated by reference from the information in our proxy statement for the 2023 annual meeting of stockholders, which we intend to file within 120 days after the end of the fiscal year to which this annual report on Form 10-K relates.

## PART IV

### Item 15. *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

- (a) The following documents are filed as part of this Report.
- (1) Financial Statements — See Index to Financial Statements in Item 8 of this Report.
  - (2) Financial Statement Schedules — All financial statement schedules are not submitted because they are not applicable, not required or the information is included in our Consolidated Financial Statements.
  - (3) Exhibits — See the Exhibit listing below.

Exhibit Number	Description of Exhibit
3.1	Restated Certificate of Incorporation of the Registrant is incorporated herein by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed on August 5, 2016 (File No. 001-34675)
3.2	Second Amended and Restated Bylaws of the Registrant are incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed on November 22, 2022 (File No. 001-34675)
4.1	Indenture, dated as of March 28, 2019, among SS&C Technologies, Inc., SS&C Technologies Holdings, Inc., the other guarantors party thereto and Wilmington Trust, National Association, as trustee is incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on March 28, 2019 (File No. 001-34675)
4.2	Form of 5.500 % Senior Notes due 2027 is incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K, filed on March 28, 2019 (File No. 001-34675)
4.3	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 is incorporated herein by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K, filed on February 28, 2020 (File No. 001-34675)
10.1	Credit Agreement, dated as of July 8, 2015, by and among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C European Holdings S.a R.L., SS&C Technologies Holdings Europe S.a R.L., certain of SS&C's

- subsidiaries, Deutsche Bank AG New York Branch and certain Lenders and L/C Issuers party thereto is incorporated herein by reference to Exhibit 10.2 of the Registrants Current Report on Form 8-K, filed on July 8, 2015 (File No. 001-34675)
- 10.2 Amendment No. 1 to the Credit Agreement, dated as of March 2, 2017, by and among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C European Holdings S.a R.L, SS&C Technologies Holdings Europe S.a R.L., certain of SS&C’s subsidiaries, Deutsche Bank AG New York Branch and certain Lenders and L/C Issuers party thereto is incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed on March 6, 2017 (File No. 001-34675)
- 10.3 Second Amendment to Credit Agreement, dated as of March 9, 2018, among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C European Holdings S.a R.L, SS&C Technologies Holdings Europe S.a R.L., the Company’s other subsidiaries party thereto, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and the lenders and L/C issuers party thereto (Exhibit A thereto is incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed on April 16, 2018 (File No. 001-34675))
- 10.4 Commitment Increase Amendment, dated as of October 1, 2018, among SS&C Technologies Holdings, Inc., certain of its subsidiaries and Credit Suisse AG, Cayman Islands Branch, as administrative agent and lender is incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K, filed on October 5, 2018 (File No. 001-34675)
- 10.5 Commitment Increase Amendment dated as of November 16, 2018, among SS&C Technologies Holdings, Inc., certain of its subsidiaries, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and Deutsche Bank AG New York Branch, as lender
- 10.6 Stockholders Agreement, dated as of November 23, 2005, by and among the Registrant, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., William C. Stone and Other Executive Stockholders (as defined therein) is incorporated herein by reference to Exhibit 10.5 to SS&C Technologies, Inc’s Registration Statement on Form S-4, as amended (File No. 333-135139) (the “2006 Form S-4”)
- 10.7 Amendment No. 1, dated April 22, 2008, to the Stockholders Agreement dated as of November 23, 2005, by and among the Registrant, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P. and William C. Stone is incorporated herein by reference to Exhibit 10.28 to the Registrant’s Registration Statement on Form S-1, as amended (File No. 333-143719) (the “2008 Form S-1”)
- 10.8 Amendment No. 2, dated March 2, 2010, to the Stockholders Agreement dated as of November 23, 2005, as amended by Amendment No. 1 to the Stockholders Agreement dated April 22, 2008, by and among the Registrant, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P. and William C. Stone is incorporated herein by reference to Exhibit 10.1 to SS&C Technologies, Inc.’s Current Report on Form 8-K, filed on March 2, 2010 (File No. 000-28430) (the “March 2, 2010 8-K”)
- 10.9 Amendment No. 3, dated March 10, 2011, to the Stockholders Agreement dated as of November 23, 2005, as amended by Amendment No. 1 to the Stockholders Agreement dated April 22, 2008, and Amendment No. 2 to the Stockholders Agreement dated March 2, 2010, by and among the Registrant, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P. and William C. Stone is incorporated herein by reference to Exhibit 10.35 to SS&C Technologies, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 000-28430)
- 10.10 Registration Rights Agreement, dated as of November 23, 2005, by and among the Registrant, Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., William C. Stone and Other Executive Investors (as defined therein) is incorporated herein by reference to Exhibit 10.6 to the 2006 Form S-4
- 10.11 Registration Rights Agreement, dated November 16, 2018, by and between the Impala Private Holdings I, LLC and SS&C Technologies Holdings, Inc. is incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on November 16, 2018 (File No. 001-34675)
- 10.12\* Employment Agreement, dated as of March 11, 2010, by and among William C. Stone, the Registrant and SS&C Technologies, Inc. is incorporated herein by reference to Exhibit 10.27 to the 2010 Form S-1
- 10.13\* First Amended and Restated Employment Agreement, dated as of March 31, 2015, between SS&C Technologies Holdings, Inc. and William C. Stone is incorporated herein by reference to Exhibit 99.1 to the Registrant’s Current Report on Form 8-K, filed on April 1, 2015 (File No. 001-34675)
- 10.14\* Employment Agreement, dated as of February 8, 2018, among SS&C Technologies Holdings, Inc, SS&C Technologies, Inc. and Joseph J. Frank is incorporated herein by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (File No. 001-34675)
- 10.15\* Form of Director Indemnification Agreement is incorporated herein by reference to Exhibit 10.35 to the 2010 Form S-1

- 10.16\* 2006 Equity Incentive Plan is incorporated herein by reference to Exhibit 10.1 to SS&C Technologies, Inc.'s Current Report on Form 8-K, filed on August 15, 2006 (File No. 000-28430) (the "August 15, 2006 8-K")
- 10.17\* Forms of 2006 Equity Incentive Plan Amended and Restated Stock Option Grant Notice and Amended and Restated Stock Option Agreement are incorporated herein by reference to Exhibit 10.2 to the March 2, 2010 8-K
- 10.18\* Form of Stock Award Agreement is incorporated herein by reference to Exhibit 10.4 to the August 15, 2006 8-K
- 10.19\* 2008 Stock Incentive Plan is incorporated herein by reference to Exhibit 10.26 to the 2008 Form S-1
- 10.20\* Form of 2008 Stock Incentive Plan Stock Option Grant Notice and Stock Option Agreement is incorporated herein by reference to Exhibit 10.26 to the 2010 Form S-1
- 10.21\* Form of Restricted Stock Award Agreement under 2006 Equity Incentive Plan is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the Quarter ended June 30, 2013 (File No. 001-34675)
- 10.22\* SS&C Technologies Holdings, Inc. Second Amended and Restated 2014 Stock Incentive Plan, adopted effective May 15, 2019, is incorporated herein by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8, filed on August 2, 2019 (File No. 001-34675)
- 10.23\* SS&C Technologies Holdings, Inc. Executive Bonus Plan is incorporated herein by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A, filed on April 16, 2014 (File No. 001-34675)
- 10.24\* Form of Stock Option Agreement under the SS&C Technologies Holdings, Inc. Second Amended and Restated 2014 Stock Incentive Plan is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (File No. 001-34675)
- 10.25\* Form of Restricted Stock Unit Award Agreement under the SS&C Technologies Holdings, Inc. Second Amended and Restated 2014 Stock Incentive Plan is incorporated herein by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (File No. 001-34675)
- 10.26\* Restricted Stock Unit Award Agreement, dated as of March 9, 2018, among SS&C Technologies Holdings, Inc and Joseph J. Frank is incorporated herein by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (File No. 001-34675)
- 10.27\* First Repricing Amendment to the Credit Agreement, dated as of January 31, 2020, among SS&C Technologies Holdings, Inc., SS&C European Holdings S.a r.l., SS&C Technologies Holdings Europe S.a r.l., SS&C Financing LLC, Credit Suisse AG and Cayman Islands Branch is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 (File No. 001-34675)
- 10.28 Incremental Joinder, dated as of March 22, 2022, among SS&C Technologies Holdings, Inc., SS&C Technologies, Inc., SS&C Financing LLC, SS&C European Holdings S.à R.L, the other guarantors party thereto, the Term B-6 Lenders party thereto, the Term B-7 Lenders party thereto and Credit Suisse AG, Cayman Islands Branch is incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on March 22, 2022 (File No. 001-34675)
- 10.29 Revolving Facility Amendment, dated as of December 28, 2022, by and among certain of SS&C Technologies Holdings, Inc.'s subsidiaries, SS&C Technologies Holdings, Inc., the other guarantors from time to time party thereto, Credit Suisse AG, Cayman Islands Branch, Morgan Stanley Senior Funding, Inc., and each lender from time to time party thereto is incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on January 4, 2023 (File No. 001-34675)
- 21\*\* Subsidiaries of the Registrant
- 23.1\*\* Consent of PricewaterhouseCoopers LLP
- 31.1\*\* Certifications of the Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2\*\* Certifications of the Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32\*\* Certification of the Registrant's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1351, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished and not filed for purposes of sections 11 or 12 of the Securities Act and section 18 of the Exchange Act)
- 101.INS\*\* Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 101.SCH\*\* Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL\*\* Inline XBRL Taxonomy Calculation Linkbase Document.
- 101.LAB\*\* Inline XBRL Taxonomy Label Linkbase Document.

101.PRE\*\* Inline XBRL Taxonomy Presentation Linkbase Document.  
101.DEF\*\* Inline XBRL Taxonomy Extension Definition Linkbase.  
101.REF\*\* XBRL Taxonomy Reference Linkbase.  
104\*\* Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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\* Management contract or compensatory plan or arrangement filed herewith in response to Item 15(a)(3) of the Instructions to the Annual Report on Form 10-K.

\*\* Submitted electronically herewith.

Attached as Exhibit 101 to this report are the following formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2022 and 2021, (ii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2022, 2021 and 2020, (iii) Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020, (iv) Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2022, 2021 and 2020 and (v) Notes to Consolidated Financial Statements.

**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.

SS&C TECHNOLOGIES HOLDINGS, INC.

By: /s/ William C. Stone  
William C. Stone  
Chairman of the Board and Chief Executive  
Officer

Date: February 28, 2023

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>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ William C. Stone</u> William C. Stone	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 28, 2023
<u>/s/ Patrick J. Pedonti</u> Patrick J. Pedonti	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2023
<u>/s/ Normand A. Boulanger</u> Normand A. Boulanger	Director	February 28, 2023
<u>/s/ Smita Conjeevaram</u> Smita Conjeevaram	Director	February 28, 2023
<u>/s/ Michael E. Daniels</u> Michael E. Daniels	Director	February 28, 2023
<u>/s/ Jonathan E. Michael</u> Jonathan E. Michael	Director	February 28, 2023
<u>/s/ David A. Varsano</u> David A. Varsano	Director	February 28, 2023
<u>/s/ Michael J. Zamkow</u> Michael J. Zamkow	Director	February 28, 2023



**EXECUTIVE OFFICERS**

William C. Stone  
Chairman of the Board and Chief Executive Officer

Rahul Kanwar  
President and Chief Operating Officer

Patrick J. Pedonti  
Senior Vice President and Chief Financial Officer

Jason White  
General Counsel and Chief Legal Officer

**DIRECTORS**

William C. Stone  
Chairman of the Board and Chief Executive Officer  
SS&C Technologies Holdings, Inc.

Normand A. Boulanger  
Vice Chairman, Former President and Chief Operating Officer  
SS&C Technologies Holdings, Inc.

Smita Conjeevaram  
(ret.) Chief Financial Officer – Credit Hedge Funds and  
Deputy Chief Financial Officer – Credit Funds  
Fortress Investment Group LLC

Michael E. Daniels  
(ret.) Senior Vice President and Group Executive  
IBM Global Services

Jonathan E. Michael  
Chairman and (ret.) Chief Executive Officer  
RLI Corp

David A. Varsano  
Chairman and Chief Executive Officer  
Pacific Packaging Products

Michael J. Zamkow  
(ret.) Partner  
Goldman Sachs

**ANNUAL MEETING**

The Annual Meeting of Stockholders will be held virtually on  
Wednesday, May 17, 2023 at 9:00 a.m. local time at:  
[www.virtualshareholdermeeting.com/SSNC2023](http://www.virtualshareholdermeeting.com/SSNC2023)

**INVESTOR INFORMATION**

For information on SS&C products and services, please call  
800-234-0556. You may also obtain product information by  
accessing our website at [www.ssctech.com](http://www.ssctech.com).

**STOCK LISTING INFORMATION**

Symbol: SSNC on The Nasdaq Global Select Market

**AUDITORS**

PricewaterhouseCoopers LLP

**TRANSFER AGENT**

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219



**SS&C Technologies Holdings, Inc.**

80 Lambertson Road

Windsor, Connecticut 06095

860-298-4500 fax: 860-298-4987

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

email: [InvestorRelations@sscinc.com](mailto:InvestorRelations@sscinc.com)