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

FORM 10-Q

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

For the quarterly period ended December 31, 2022
OR

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

For the transition period from _____ to _____

Commission File Number 001-33220

BROADRIDGE FINANCIAL SOLUTIONS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

33-1151291
(I.R.S. Employer Identification No.)

5 Dakota Drive
Lake Success
New York
(Address of principal executive offices)

11042
(Zip Code)

Registrant's telephone number, including area code: (516) 472-5400

Former name, former address and former fiscal year, if changed since last report: N/A

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

<u>Title of Each Class:</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered:</u>
Common Stock, par value \$0.01 per share	BR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) 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 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

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging Growth Company	☐		

Exchange Act.

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

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

The number of shares outstanding of the registrant's common stock, \$0.01 par value, as of January 27, 2023, was 117,693,016 shares.

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NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of Broadridge Financial Solutions, Inc. (“Broadridge” or the “Company”) may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words such as “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could be,” “on track,” and other words of similar meaning, are forward-looking statements. In particular, information appearing under “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” includes forward-looking statements. These statements are based on management’s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include:

- changes in laws and regulations affecting Broadridge’s clients or the services provided by Broadridge;
- Broadridge’s reliance on a relatively small number of clients, the continued financial health of those clients, and the continued use by such clients of Broadridge’s services with favorable pricing terms;
- a material security breach or cybersecurity attack affecting the information of Broadridge’s clients;
- the potential impact and effects of the Covid-19 pandemic (“Covid-19”) on the business of Broadridge, Broadridge’s results of operations and financial performance, any measures Broadridge has and may take in response to Covid-19 and any expectations Broadridge may have with respect thereto;
- declines in participation and activity in the securities markets;
- the failure of Broadridge’s key service providers to provide the anticipated levels of service;
- a disaster or other significant slowdown or failure of Broadridge’s systems or error in the performance of Broadridge’s services;
- overall market, economic and geopolitical conditions and their impact on the securities markets;
- the success of Broadridge in retaining and selling additional services to its existing clients and in obtaining new clients;
- Broadridge’s failure to keep pace with changes in technology and demands of its clients;
- competitive conditions;
- Broadridge’s ability to attract and retain key personnel; and
- the impact of new acquisitions and divestitures.

There may be other factors that may cause our actual results to differ materially from the forward-looking statements. Our actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking statements. We can give no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our results of operations and financial condition. You should carefully read the factors described in the “Risk Factors” section of this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended June 30, 2022 which was filed with the United States of America (“U.S.”) Securities and Exchange Commission (the “SEC”) on August 12, 2022 (the “2022 Annual Report”), for a description of certain risks that could, among other things, cause our actual results to differ from these forward-looking statements.

All forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report on Form 10-Q and the 2022 Annual Report. We disclaim any obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

Broadridge Financial Solutions, Inc. **Condensed Consolidated Statements of Earnings** (In millions, except per share amounts) (Unaudited)

		Three Months Ended December 31,		Six Months Ended December 31,	
		2022	2021	2022	2021
Revenues	(Note 3)	\$ 1,292.9	\$ 1,259.6	\$ 2,576.2	\$ 2,452.5
Operating expenses:					
Cost of revenues		988.2	978.4	1,978.7	1,892.5
Selling, general and administrative expenses		196.8	212.3	402.1	387.8
Total operating expenses		1,185.0	1,190.7	2,380.8	2,280.3
Operating income		107.9	68.9	195.4	172.1
Interest expense, net	(Note 5)	(34.1)	(21.4)	(61.0)	(44.0)
Other non-operating income (expenses), net		(1.9)	4.4	(7.1)	2.0
Earnings before income taxes		71.9	51.9	127.3	130.1
Provision for income taxes	(Note 13)	14.4	4.7	19.3	15.7
Net earnings		\$ 57.5	\$ 47.2	\$ 108.0	\$ 114.4
Basic earnings per share		\$ 0.49	\$ 0.40	\$ 0.92	\$ 0.98
Diluted earnings per share		\$ 0.48	\$ 0.40	\$ 0.91	\$ 0.97
Weighted-average shares outstanding:					
Basic	(Note 4)	117.7	116.6	117.6	116.4
Diluted	(Note 4)	118.9	118.7	118.9	118.5

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Statements of Comprehensive Income
(In millions)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Net earnings	\$ 57.5	\$ 47.2	\$ 108.0	\$ 114.4
Other comprehensive (loss) income, net:				
Foreign currency translation adjustments	(112.0)	(31.8)	(135.1)	(102.6)
Pension and post-retirement liability adjustment, net of taxes of \$— and \$(0.2) for the three months ended December 31, 2022 and 2021, respectively; and \$— and \$(0.3) for the six months ended December 31, 2022 and 2021, respectively	—	0.5	—	1.0
Cash flow hedge amortization, net of taxes of \$(0.1) and \$(0.1) for the three months ended December 31, 2022 and 2021, respectively; and \$(0.1) and \$(0.1) for the six months ended December 31, 2022 and 2021, respectively	0.2	0.2	0.4	0.4
Total other comprehensive (loss), net	(111.8)	(31.0)	(134.6)	(101.1)
Comprehensive (loss) income	<u>\$ (54.3)</u>	<u>\$ 16.2</u>	<u>\$ (26.7)</u>	<u>\$ 13.3</u>

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Balance Sheets
(In millions, except per share amounts)
(Unaudited)

	December 31, 2022	June 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 280.0	\$ 224.7
Accounts receivable, net of allowance for doubtful accounts of \$5.9 and \$6.8, respectively	860.2	946.9
Other current assets	142.5	156.8
Total current assets	1,282.7	1,328.4
Property, plant and equipment, net	143.3	150.9
Goodwill	3,388.2	3,484.9
Intangible assets, net	931.2	1,077.1
Deferred client conversion and start-up costs	1,437.9	1,232.3
Other non-current assets (Note 8)	867.9	895.3
Total assets	\$ 8,051.3	\$ 8,168.8
Liabilities and Stockholders' Equity		
Current liabilities:		
Payables and accrued expenses (Note 9)	\$ 824.2	\$ 1,114.9
Contract liabilities	194.7	198.5
Total current liabilities	1,018.9	1,313.4
Long-term debt (Note 10)	4,105.4	3,793.0
Deferred taxes	404.4	446.1
Contract liabilities	261.1	215.8
Other non-current liabilities (Note 11)	474.8	481.5
Total liabilities	6,264.7	6,249.8
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock: Authorized, 25.0 shares; issued and outstanding, none	—	—
Common stock, \$0.01 par value: 650.0 shares authorized; 154.5 and 154.5 shares issued, respectively; and 117.7 and 117.3 shares outstanding, respectively	1.6	1.6
Additional paid-in capital	1,401.9	1,344.7
Retained earnings	2,761.3	2,824.0
Treasury stock, at cost: 36.8 and 37.2 shares, respectively	(2,017.2)	(2,024.8)
Accumulated other comprehensive income (loss) (Note 15)	(361.0)	(226.3)
Total stockholders' equity	1,786.6	1,919.1
Total liabilities and stockholders' equity	\$ 8,051.3	\$ 8,168.8

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Six Months Ended December 31,	
	2022	2021
Cash Flows From Operating Activities		
Net earnings	\$ 108.0	\$ 114.4
Adjustments to reconcile net earnings to net cash flows used in operating activities:		
Depreciation and amortization	42.5	41.1
Amortization of acquired intangibles and purchased intellectual property	109.5	131.2
Amortization of other assets	64.1	66.3
Write-down of long-lived asset and related charges	0.5	8.1
Stock-based compensation expense	36.5	36.2
Deferred income taxes	(35.3)	16.4
Other	(3.7)	(19.3)
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Current assets and liabilities:		
Decrease in Accounts receivable, net	110.9	49.2
(Increase) decrease in Other current assets	13.2	(32.5)
Decrease in Payables and accrued expenses	(307.4)	(236.5)
Increase in Contract liabilities	2.0	28.3
Non-current assets and liabilities:		
Increase in Other non-current assets	(291.8)	(321.5)
Increase in Other non-current liabilities	69.4	24.0
Net cash flows used in operating activities	(81.4)	(94.6)
Cash Flows From Investing Activities		
Capital expenditures	(15.9)	(11.3)
Software purchases and capitalized internal use software	(17.2)	(17.9)
Acquisitions, net of cash acquired	—	(13.3)
Other investing activities	(2.0)	(11.4)
Net cash flows used in investing activities	(35.1)	(53.9)
Cash Flows From Financing Activities		
Debt proceeds	580.0	480.0
Debt repayments	(270.0)	(211.0)
Dividends paid	(160.3)	(141.2)
Purchases of Treasury stock	(2.5)	(1.7)
Proceeds from exercise of stock options	32.2	40.5
Other financing activities	(2.5)	(7.5)
Net cash flows provided by financing activities	176.9	159.2
Effect of exchange rate changes on Cash and cash equivalents	(5.0)	(4.1)
Net change in Cash and cash equivalents	55.3	6.6
Cash and cash equivalents, beginning of period	224.7	274.5
Cash and cash equivalents, end of period	\$ 280.0	\$ 281.2
Supplemental disclosure of cash flow information:		
Cash payments made for interest	\$ 59.7	\$ 41.1
Cash payments made for income taxes, net of refunds	\$ 47.6	\$ 57.3
Non-cash investing and financing activities:		
Accrual of unpaid property, plant and equipment and software	\$ 1.5	\$ 16.9

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(In millions, except per share amounts)
(Unaudited)

Three Months Ended December 31, 2022							
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, September 30, 2022	154.5	\$ 1.6	\$ 1,379.8	\$ 2,789.1	\$ (2,017.7)	\$ (249.2)	\$ 1,903.7
Comprehensive income (loss)	—	—	—	57.5	—	(111.8)	(54.3)
Stock option exercises	—	—	2.2	—	—	—	2.2
Stock-based compensation	—	—	20.8	—	—	—	20.8
Treasury stock acquired (less than 0.1 shares)	—	—	—	—	(0.4)	—	(0.4)
Treasury stock reissued (less than 0.1 shares)	—	—	(0.9)	—	0.9	—	—
Common stock dividends (\$0.725 per share)	—	—	—	(85.3)	—	—	(85.3)
Balances, December 31, 2022	<u>154.5</u>	<u>\$ 1.6</u>	<u>\$ 1,401.9</u>	<u>\$ 2,761.3</u>	<u>\$ (2,017.2)</u>	<u>\$ (361.0)</u>	<u>\$ 1,786.6</u>

Six Months Ended December 31, 2022							
	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, June 30, 2022	154.5	\$ 1.6	\$ 1,344.7	\$ 2,824.0	\$ (2,024.8)	\$ (226.3)	\$ 1,919.1
Comprehensive income (loss)	—	—	—	108.0	—	(134.6)	(26.7)
Stock option exercises	—	—	31.0	—	—	—	31.0
Stock-based compensation	—	—	36.3	—	—	—	36.3
Treasury stock acquired (less than 0.1 shares)	—	—	—	—	(2.5)	—	(2.5)
Treasury stock reissued (0.4 shares)	—	—	(10.1)	—	10.1	—	—
Common stock dividends (\$1.45 per share)	—	—	—	(170.6)	—	—	(170.6)
Balances, December 31, 2022	<u>154.5</u>	<u>\$ 1.6</u>	<u>\$ 1,401.9</u>	<u>\$ 2,761.3</u>	<u>\$ (2,017.2)</u>	<u>\$ (361.0)</u>	<u>\$ 1,786.6</u>

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Three Months Ended December 31, 2021

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, September 30, 2021	154.5	\$ 1.6	\$ 1,263.6	\$ 2,576.6	\$ (2,027.0)	\$ (60.9)	\$ 1,753.8
Comprehensive income (loss)	—	—	—	47.2	—	(31.0)	16.2
Stock option exercises	—	—	31.9	—	—	—	31.9
Stock-based compensation	—	—	22.5	—	—	—	22.5
Treasury stock acquired (less than 0.1 shares)	—	—	—	—	(1.7)	—	(1.7)
Treasury stock reissued (0.4 shares)	—	—	(10.3)	—	10.3	—	—
Common stock dividends (\$0.64 per share)	—	—	—	(74.7)	—	—	(74.7)
Balances, December 31, 2021	<u>154.5</u>	<u>\$ 1.6</u>	<u>\$ 1,307.7</u>	<u>\$ 2,549.1</u>	<u>\$ (2,018.4)</u>	<u>\$ (91.9)</u>	<u>\$ 1,748.1</u>

Six Months Ended December 31, 2021

	Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount					
Balances, June 30, 2021	154.5	\$ 1.6	\$ 1,245.5	\$ 2,583.8	\$ (2,030.9)	\$ 9.2	\$ 1,809.1
Comprehensive income (loss)	—	—	—	114.4	—	(101.1)	13.3
Stock option exercises	—	—	40.6	—	—	—	40.6
Stock-based compensation	—	—	35.8	—	—	—	35.8
Treasury stock acquired (less than 0.1 shares)	—	—	—	—	(1.7)	—	(1.7)
Treasury stock reissued (0.6 shares)	—	—	(14.2)	—	14.2	—	—
Common stock dividends (\$1.28 per share)	—	—	—	(149.1)	—	—	(149.1)
Balances, December 31, 2021	<u>154.5</u>	<u>\$ 1.6</u>	<u>\$ 1,307.7</u>	<u>\$ 2,549.1</u>	<u>\$ (2,018.4)</u>	<u>\$ (91.9)</u>	<u>\$ 1,748.1</u>

Amounts may not sum due to rounding.

See Notes to Condensed Consolidated Financial Statements.

Broadridge Financial Solutions, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1. BASIS OF PRESENTATION

A. Description of Business. Broadridge Financial Solutions, Inc. (“Broadridge” or the “Company”), a Delaware corporation and a part of the S&P 500® Index, is a global financial technology leader providing investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers, public companies, investors and mutual funds.

The Company operates in two reportable segments: Investor Communication Solutions (“ICS”) and Global Technology and Operations (“GTO”).

- **Investor Communication Solutions**—Broadridge provides the following governance and communications solutions through its Investor Communication Solutions business segment: Regulatory Solutions, Data-Driven Fund Solutions, Corporate Issuer Solutions, and Customer Communications Solutions.

A large portion of Broadridge’s ICS business involves the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. ProxyEdge® is Broadridge’s innovative electronic proxy delivery and voting solution for institutional investors and financial advisors that helps ensure the voting participation of the largest stockholders of many companies. Broadridge has implemented digital applications to make voting easier for retail investors. Broadridge also provides the distribution of regulatory reports, class action and corporate action/reorganization event information, as well as tax reporting solutions that help its clients meet their regulatory compliance needs.

For asset managers and retirement service providers, Broadridge offers data-driven solutions and an end-to-end platform for content management, composition, and omni-channel distribution of regulatory, marketing, and transactional information. Broadridge’s data and analytics solutions provide investment product distribution data, analytical tools, insights, and research to enable asset managers to optimize product distribution across retail and institutional channels globally. Through Matrix Financial Solutions, Inc. (“Matrix”), Broadridge provides mutual fund trade processing services for retirement service providers, third-party administrators, financial advisors, banks and wealth management professionals.

In addition, Broadridge provides public corporations and mutual funds with a full suite of solutions to help manage their annual meeting process, including a full suite of annual meeting and shareholder engagement solutions such as registered and beneficial proxy materials distribution, proxy processing and tabulation services, digital voting solutions, proxy and shareholder report document management solutions, virtual shareholder meeting services and environmental, social and governance solutions. Broadridge also offers disclosure solutions, including annual Securities and Exchange Commission (“SEC”) filing services and capital markets transaction services. We also provide registrar, stock transfer and record-keeping services through our transfer agency services.

We provide omni-channel customer communications solutions, which include print and digital solutions to modernize technology infrastructures, simplify communications processes, accelerate digital adoption and improve the customer experience. Through one point of integration, the Broadridge Communications CloudSM platform (the “Communications Cloud”) helps companies create, deliver, and manage their communications and customer engagement. The platform includes data-driven composition tools, identity and preference management, omni-channel optimization and digital communication experience, archive and information management, digital and print delivery, and analytics and reporting tools.

- **Global Technology and Operations** — Broadridge’s Global Technology and Operations business provides solutions that automate the front-to-back transaction lifecycle of equity, mutual fund, fixed income, foreign exchange and exchange-traded derivatives, from order capture and execution through trade confirmation, margin, cash management, clearing and settlement, reference data management, reconciliations, securities financing and collateral management, asset servicing, compliance and regulatory reporting, portfolio accounting and custody-related services. Broadridge’s solutions provide automated straight through processing and enable buy and sell-side financial institutions to efficiently and cost-effectively consolidate their books and records, gather and service assets under management, focus on their core businesses, and manage risk. With Broadridge’s multi-market, multi-asset class, multi-entity and multi-currency capabilities, Broadridge provides front-to-back processing on a global basis. In addition, Broadridge provides business process outsourcing services for its buy and sell-side clients’ businesses. These services combine Broadridge’s technology with its operations expertise to support the entire trade lifecycle, including securities clearing and settlement, reconciliations, record-keeping, wealth management asset servicing, and custody-related functions.

For capital markets firms, Broadridge provides a set of multi-asset, multi-entity and multi-currency post-trade and trading and connectivity solutions that support processing of securities transactions in equities, options, fixed income securities, foreign exchange, exchange-traded derivatives and mutual funds. Provided on a software as a service (“SaaS”) basis within large user communities, Broadridge’s technology is a global solution, processing clearance and settlement in over 100 countries. Broadridge’s solutions enable global capital markets firms to access market liquidity, drive more effective market making and efficient front-to-back trade processing. With the 2021 acquisition of Itiviti Holding AB (“Itiviti”), which is now doing business as Broadridge Trading and Connectivity Solutions (“BTCS”), Broadridge offers a set of global front-office trade order and execution management systems, connectivity and network offerings.

Broadridge’s comprehensive wealth management platform offers capabilities across the entire wealth management lifecycle and streamlines all aspects of wealth management services, including account management, fee management and client on-boarding. The wealth management platform enables full-service, regional and independent broker-dealers and investment advisors to better engage with customers through digital marketing and customer communications tools. Broadridge also integrates data, content and technology to drive new customer acquisition, support holistic and personalized advice and cross-sell opportunities through the creation of sales and educational content, including seminars as well as customizable advisor websites, search engine marketing and electronic and print newsletters. Broadridge’s advisor solutions help advisors optimize their practice management through customer and account data aggregation and reporting.

Broadridge services the global investment management industry with a range of buy-side technology solutions such as portfolio management, compliance and fee billing and operational support solutions for hedge funds, family offices, alternative asset managers, traditional asset managers and the providers that service this space including prime brokers, fund administrators and custodians.

B. Consolidation and Basis of Presentation. The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) in the U.S. and in accordance with SEC requirements for Quarterly Reports on Form 10-Q. These financial statements present the condensed consolidated position of the Company and include the entities in which the Company directly or indirectly has a controlling financial interest, entities in which the Company has investments recorded under the equity method of accounting as well as certain marketable and non-marketable securities. Intercompany balances and transactions have been eliminated. Amounts presented may not sum due to rounding. The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company’s Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2022, filed with the SEC on August 12, 2022. These Condensed Consolidated Financial Statements include all normal and recurring adjustments necessary for a fair presentation in accordance with GAAP of the Company’s financial position on December 31, 2022 and June 30, 2022, the results of its operations for the three and six months ended December 31, 2022 and 2021, its cash flows for the six months ended December 31, 2022 and 2021, and its changes in stockholders’ equity for the three and six months ended December 31, 2022 and 2021. Certain prior period amounts have been reclassified to conform to the current year presentation where applicable.

Beginning with the first quarter of fiscal year 2023, the Company changed reporting for segment revenues, segment earnings (loss) before income taxes, and segment amortization of acquired intangibles and purchased intellectual property to reflect the impact of actual foreign exchange rates applicable to the individual periods presented. The presentation of these metrics for the prior periods provided in this Form 10-Q has been changed to conform to the current period presentation. Total consolidated revenues and earnings before income taxes were not impacted. Please refer to Note 3, “Revenue Recognition” and Note 16, “Interim Financial Data by Segment.”

C. Securities. Securities are non-derivatives that are reflected in Other non-current assets in the Condensed Consolidated Balance Sheets, unless management intends to dispose of the investment within twelve months of the end of the reporting period, in which case they are reflected in Other current assets in the Condensed Consolidated Balance Sheets. These investments are in entities over which the Company does not have control, joint control, or significant influence. Securities that have a readily determinable fair value are carried at fair value. Securities without a readily determinable fair value are initially recognized at cost and subsequently carried at cost minus impairment, if any, plus or minus changes resulting from observable price changes in transactions for an identical or similar investment of the same issuer, such as subsequent capital raising transactions. Changes in the value of securities with or without a readily determinable fair value are recorded in the Condensed Consolidated Statements of Earnings. In determining whether a security without a readily determinable fair value is impaired, management considers qualitative factors to identify an impairment including the financial condition and near-term prospects of the issuer.

D. Use of Estimates. The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes thereto. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions and judgment that are believed to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates. The use of estimates in specific accounting policies is described further in the notes to the Condensed Consolidated Financial Statements, as appropriate.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements

In October 2021, the FASB issued ASU No. 2021-08, "Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" ("ASU No. 2021-08"), which requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. ASU No. 2021-08 is effective for the Company in the first quarter of fiscal year 2024. Early adoption of the amendments is permitted, including adoption in an interim period. The Company is currently assessing the impact that the adoption of ASU No. 2021-08 will have on its Condensed Consolidated Financial Statements.

NOTE 3. REVENUE RECOGNITION

ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU No. 2014-09") outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognizes revenue to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company's revenues from clients are primarily generated from fees for providing investor communications and technology-enabled services and solutions. Revenues are recognized for the two reportable segments as follows:

- **Investor Communication Solutions**—Revenues are generated primarily from processing and distributing investor communications and other related services as well as vote processing and tabulation. The Company typically enters into agreements with clients to provide services on a fee for service basis. Fees received for processing and distributing investor communications are generally variably priced and recognized as revenue over time as the Company provides the services to clients based on the number of units processed, which coincides with the pattern of value transfer to the client. Broadridge works directly with corporate issuers ("Issuers") and mutual funds to ensure that the account holders of the Company's bank and broker clients, who are also the shareholders of Issuers and mutual funds, receive the appropriate investor communications materials and the services are fulfilled in accordance with each Issuer's and mutual fund's requirements. Broadridge works directly with the Issuers and mutual funds to resolve any issues that may arise. As such, Issuers and mutual funds are viewed as the customer of the Company's services. As a result, revenues for distribution services as well as proxy materials fulfillment services are recorded in Revenue on a gross basis with corresponding costs including amounts remitted to the broker-dealers and banks (referred to as "Nominees") recorded in Cost of revenues. Fees for the Company's investor communications services arrangements are typically billed and paid on a monthly basis following the delivery of the services. The Company also offers certain hosted service arrangements that can be priced on a fixed and/or variable basis for which revenue is recognized over time as the Company satisfies its performance obligation by delivering services to the client on a monthly basis based on the number of transactions processed or units delivered, in the case of variable priced arrangements, or a fixed monthly fee in the case of fixed price arrangements, in each case which coincides with the pattern of value transfer to the client. These services may be billed in a variety of payment frequencies depending on the specific arrangement.
- **Global Technology and Operations**—Revenues are generated primarily from fees for trade processing and related services. Revenue is recognized over time as the Company satisfies its performance obligation by delivering services to the client. The Company's arrangements for processing and related services typically consist of an obligation to provide specific services to its clients on a when and if needed basis (a stand ready obligation) with revenue recognized from the satisfaction of the performance obligations on a monthly basis generally in the amount billable to the client. These services are generally provided under variable priced arrangements based on volume of service and can include minimum monthly usage fees. Client service agreements often include up-front consideration in addition to the recurring fee for trade processing. Up-front implementation fees, as well as certain enhancements to existing technology platforms, are deferred and recognized on a straight-line basis over the service term of the contract which corresponds to the timing of transfer of value to the client that commences after client acceptance when the processing term begins. In addition, revenue is also generated from the fulfillment of professional services engagements which are generally priced on a time and materials or fixed price basis, and are recognized as the services are provided to the client which corresponds to the timing of transfer of value to the client. Finally, the Company generally recognizes license revenues from software term licenses installed on clients' premises upon delivery and acceptance of the software license, assuming a contract is deemed to exist, and recognizes revenue attributed to the associated software maintenance and support obligation over the contract term. Software term license revenue is not a significant portion of the Company's revenues.

The Company uses the following methods, inputs, and assumptions in determining amounts of revenue to recognize:

Transaction Price

The Company allocates transaction price to the individual performance obligations within a contract. If the contracted prices reflect the relative standalone selling prices for the individual performance obligations, no allocations are made. Otherwise, the Company uses the relative selling price method to allocate the transaction price, obtained from sources such as the observable price of a good or service when the Company sells that good or service separately in similar circumstances and to similar clients. If such evidence is unavailable, the Company uses the best estimate of the selling price, which includes various internal factors such as pricing strategy and market factors. A significant portion of the Company's performance obligations are generated from transactions with volume based fees and includes services that are delivered at the same time. The Company recognizes revenue related to these arrangements over time as the services are provided to the client. While many of the Company's contracts contain some component of variable consideration, the Company only recognizes variable consideration that is not expected to reverse. The Company allocates variable payments to distinct services in an overall contract when the variable payment relates specifically to that particular service and for which the variable payment reflects what the Company expects to receive in exchange for that particular service. As a result, the Company generally allocates and recognizes variable consideration in the period it has the contractual right to invoice the client.

As described above, our most significant performance obligations involve variable consideration which constitutes the majority of our revenue streams. The Company's variable consideration components meet the criteria in ASU No. 2014-09 for exclusion from disclosure of the remaining transaction price allocated to unsatisfied performance obligations as does any contracts with clients with an original duration of one year or less. The Company has contracts with clients that vary in length depending on the nature of the services and contractual terms negotiated with the client, and they generally extend over a multi-year period.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a client, are excluded from revenue. Distribution revenues associated with shipping and handling activities are accounted for as a fulfillment activity and recognized as the related services or products are transferred to the client. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between client payment and the transfer of goods or services is expected to be one year or less.

Disaggregation of Revenue

The Company has presented below its revenue disaggregated by product line and by revenue type within each of its Investor Communication Solutions and Global Technology and Operations reportable segments.

Revenues in the Investor Communication Solutions segment are derived from both recurring and event-driven activity. In addition, the level of recurring and event-driven activity the Company processes directly impacts distribution revenues. While event-driven activity is highly repeatable, it may not recur on an annual basis. Event-driven revenues are based on the number of special events and corporate transactions the Company processes. Event-driven activity is impacted by financial market conditions and changes in regulatory compliance requirements, resulting in fluctuations in the timing and levels of event-driven revenues. Distribution revenues primarily include revenues related to the physical mailing and distribution of proxy materials, interim communications, transaction reporting, customer communications and fulfillment services, as well as Matrix administrative services.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
(in millions)				
Investor Communication Solutions				
Regulatory	\$ 180.7	\$ 166.2	\$ 351.5	\$ 331.7
Data-driven fund solutions	96.4	88.5	188.9	171.8
Issuer	26.5	23.7	50.4	44.2
Customer communications	163.4	148.1	319.3	289.0
Total ICS Recurring revenues	466.9	426.5	910.1	836.7
Equity and other	25.2	24.6	54.7	52.2
Mutual funds	12.4	40.1	45.6	88.9
Total ICS Event-driven revenues	37.6	64.7	100.2	141.0
Distribution revenues	414.9	401.4	829.7	768.4
Total ICS Revenues	\$ 919.4	\$ 892.7	\$ 1,840.0	\$ 1,746.1
Global Technology and Operations				
Capital markets	\$ 235.3	\$ 221.0	\$ 462.0	\$ 429.6
Wealth and investment management	138.2	145.9	274.2	276.8
Total GTO Recurring revenues	373.5	366.9	736.2	706.4
Total Revenues	\$ 1,292.9	\$ 1,259.6	\$ 2,576.2	\$ 2,452.5
Revenues by Type				
Recurring revenues	\$ 840.4	\$ 793.5	\$ 1,646.2	\$ 1,543.0
Event-driven revenues	37.6	64.7	100.2	141.0
Distribution revenues	414.9	401.4	829.7	768.4
Total Revenues	\$ 1,292.9	\$ 1,259.6	\$ 2,576.2	\$ 2,452.5

Contract Balances

The following table provides information about contract assets and liabilities:

	December 31, 2022		June 30, 2022	
	(in millions)			
Contract assets	\$	110.2	\$	118.5
Contract liabilities	\$	455.9	\$	414.3

Contract assets result from revenue already recognized but not yet invoiced, including certain future amounts to be collected under software term licenses and certain other client contracts. Contract liabilities represent consideration received or receivable from clients before the transfer of control occurs (deferred revenue). Contract balances are reported in a net contract asset or liability position on a contract-by-contract basis at the end of each reporting period.

During the six months ended December 31, 2022, contract assets decreased due to a decrease in software term license revenues, while contract liabilities increased due to the timing of client invoices in relation to the timing of revenue recognized. The Company recognized \$179.3 million of revenue during the six months ended December 31, 2022 that was included in the contract liability balance as of June 30, 2022.

NOTE 4. WEIGHTED-AVERAGE SHARES OUTSTANDING

Basic earnings per share ("EPS") is calculated by dividing the Company's Net earnings by the basic Weighted-average shares outstanding for the periods presented. The Company calculates diluted EPS using the treasury stock method, which reflects the potential dilution that could occur if outstanding stock options at the presented date are exercised and restricted stock unit awards have vested.

The computation of diluted EPS excluded 0.8 million options to purchase Broadridge common stock for the three months ended December 31, 2022, and 0.7 million options to purchase Broadridge common stock for the six months ended December 31, 2022, as the effect of their inclusion would have been anti-dilutive.

The computation of diluted EPS excluded less than 0.1 million options to purchase Broadridge common stock for the three months ended December 31, 2021, and less than 0.1 million options to purchase Broadridge common stock for the six months ended December 31, 2021, as the effect of their inclusion would have been anti-dilutive.

The following table sets forth the denominators of the basic and diluted EPS computations:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)			
Weighted-average shares outstanding:				
Basic	117.7	116.6	117.6	116.4
Common stock equivalents	1.2	2.0	1.3	2.1
Diluted	118.9	118.7	118.9	118.5

NOTE 5. INTEREST EXPENSE, NET

Interest expense, net consisted of the following:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)			
Interest expense on borrowings	\$ (36.3)	\$ (22.8)	\$ (64.3)	\$ (45.8)
Interest income	2.1	1.5	3.3	1.8
Interest expense, net	\$ (34.1)	\$ (21.4)	\$ (61.0)	\$ (44.0)

NOTE 6. ACQUISITIONS

Assets acquired and liabilities assumed in business combinations are recorded on the Company's Condensed Consolidated Balance Sheets as of the respective acquisition date based upon the estimated fair values at such date. The results of operations of the business acquired by the Company are included in the Company's Condensed Consolidated Statements of Earnings since the respective date of acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed is allocated to Goodwill.

During the six months ended December 31, 2022, there were no acquisitions.

During the fiscal year ended June 30, 2022, there were no material acquisitions.

NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1 Quoted market prices in active markets for identical assets and liabilities.

Level 2 Observable market-based inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In valuing assets and liabilities, the Company is required to maximize the use of quoted market prices and minimize the use of unobservable inputs. The Company calculates the fair value of its Level 1 and Level 2 instruments, as applicable, based on the exchange traded price of similar or identical instruments where available or based on other observable instruments. These calculations take into consideration the credit risk of both the Company and its counterparties. The Company has not changed its valuation techniques in measuring the fair value of any financial assets and liabilities during the period.

The fair values of the contingent consideration obligations are based on a probability weighted approach derived from the estimates of earn-out criteria and the probability assessment with respect to the likelihood of achieving those criteria. The measurement is based on significant inputs that are not observable in the market; therefore, the Company classifies this liability as Level 3 in the table below.

The following tables set forth the Company's financial assets and liabilities at December 31, 2022 and June 30, 2022, respectively, that are recorded at fair value, segregated by level within the fair value hierarchy:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Other current assets:				
Securities	\$ 0.6	\$ —	\$ —	\$ 0.6
Other non-current assets:				
Securities	127.7	—	—	127.7
Derivative asset	—	97.0	—	97.0
Total assets as of December 31, 2022	<u>\$ 128.4</u>	<u>\$ 97.0</u>	<u>\$ —</u>	<u>\$ 225.3</u>
Liabilities:				
Contingent consideration obligations	—	—	12.0	12.0
Total liabilities as of December 31, 2022	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12.0</u>	<u>\$ 12.0</u>

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Other current assets:				
Securities	\$ 0.6	\$ —	\$ —	\$ 0.6
Other non-current assets:				
Securities	118.0	—	—	118.0
Derivative asset	—	101.4	—	101.4
Total assets as of June 30, 2022	<u>\$ 118.7</u>	<u>\$ 101.4</u>	<u>\$ —</u>	<u>\$ 220.1</u>
Liabilities:				
Contingent consideration obligations	—	—	12.9	12.9
Total liabilities as of June 30, 2022	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12.9</u>	<u>\$ 12.9</u>

In addition, the Company has non-marketable securities with a carrying amount of \$54.6 million and \$53.4 million as of December 31, 2022 and June 30, 2022, respectively, that are classified as Level 2 financial assets and included as part of Other non-current assets on the Condensed Consolidated Balance Sheets.

The following table sets forth an analysis of changes during the three and six months ended December 31, 2022 and 2021, respectively, in Level 3 financial liabilities of the Company:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)			
Beginning balance	\$ 12.9	\$ 19.0	\$ 12.9	\$ 23.2
Net increase (decrease) in contingent consideration liability	(0.5)	—	(0.5)	1.1
Foreign currency impact on contingent consideration liability	(0.3)	(0.2)	(0.4)	(0.6)
Payments	—	—	—	(4.9)
Ending balance	<u>\$ 12.0</u>	<u>\$ 18.8</u>	<u>\$ 12.0</u>	<u>\$ 18.8</u>

Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments between levels. The Company's policy is to record transfers between levels, if any, as of the beginning of the fiscal year.

NOTE 8. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following:

	December 31, 2022	June 30, 2022
	(in millions)	
Long-term investments	\$ 228.6	\$ 221.6
ROU assets (a)	211.5	222.8
Contract assets	110.2	118.5
Deferred sales commissions costs	111.9	114.2
Long-term broker fees	41.3	45.1
Deferred data center costs (b)	17.1	19.0
Other (c)	147.3	154.1
Total	<u>\$ 867.9</u>	<u>\$ 895.3</u>

(a) ROU assets represent the Company's right to use an underlying asset for the lease term.

- (b) Represents deferred data center costs associated with the Company's information technology services agreements. Please refer to Note 14, "Contractual Commitments, Contingencies and Off-Balance Sheet Arrangements" for a further discussion.
- (c) Includes \$97.0 million and \$101.4 million derivative assets at December 31, 2022 and June 30, 2022, respectively, related to the Company's cross-currency swap derivative contracts. Please refer to Note 14, "Contractual Commitments, Contingencies and Off-Balance Sheet Arrangements" for a further discussion.

Deferred Client Conversion and Start-up Costs

Deferred client conversion and start-up costs are direct costs incurred to set up or convert a client's systems to function with the Company's technology. These costs are generally deferred and recognized on a straight-line basis over the service term of the arrangement to which the costs relate, which commences when the client goes live with the Company's services. The key judgment for determining the amount of costs to be deferred relates to the extent to which such costs are recoverable. This estimate includes (i) projected future client revenues, including variable revenues, offset by an estimate of conversion costs including an estimate of onboarding costs as well as ongoing operational costs, and (ii) an estimate of the expected client life. This is also the basis for which the Company assesses such costs for impairment.

The two main categories of assets comprising Deferred client conversion and start-up costs of \$1,437.9 million as of December 31, 2022 consisted of costs incurred to set-up or convert a client's systems to function with the Company's technology of \$1,423.4 million, as well as other start-up costs of \$14.5 million. Deferred client conversion and start-up costs of \$1,232.3 million as of June 30, 2022 consisted of costs incurred to set-up or convert a client's systems to function with the Company's technology of \$1,224.7 million, as well as other start-up costs of \$7.7 million.

The total amount of Deferred client conversion and start-up costs and Deferred sales commission costs amortized in Operating expenses during the three months ended December 31, 2022 and 2021, were \$24.1 million and \$27.3 million, respectively.

The total amount of Deferred client conversion and start-up costs and Deferred sales commission costs amortized in Operating expenses during the six months ended December 31, 2022 and 2021, were \$48.0 million and \$50.6 million, respectively.

NOTE 9. PAYABLES AND ACCRUED EXPENSES

Payables and accrued expenses consisted of the following:

	December 31, 2022	June 30, 2022
	(in millions)	
Accounts payable	\$ 169.8	\$ 244.9
Employee compensation and benefits	231.2	348.1
Accrued dividend payable	85.3	75.0
Accrued broker fees	71.8	154.1
Business process outsourcing administration fees	63.3	65.5
Customer deposits	53.8	58.7
Operating lease liabilities	39.2	45.4
Accrued taxes	46.2	40.9
Other	63.6	82.2
Total	<u>\$ 824.2</u>	<u>\$ 1,114.9</u>

NOTE 10. BORROWINGS

Outstanding borrowings and available capacity under the Company's borrowing arrangements were as follows:

	Expiration Date	Principal amount outstanding at December 31, 2022	Carrying value at December 31, 2022	Carrying value at June 30, 2022	Unused Available Capacity	Fair Value at December 31, 2022
(in millions)						
Long-term debt						
Fiscal 2021 Revolving Credit Facility:						
U.S. dollar tranche	April 2026	\$ 335.0	\$ 335.0	\$ 25.0	\$ 765.0	\$ 335.0
Multicurrency tranche	April 2026	—	—	—	400.0	—
Total Revolving Credit Facility		335.0	335.0	25.0	1,165.0	335.0
Fiscal 2021 Term Loans	May 2024	1,540.0	1,536.9	1,535.8	—	1,540.0
Fiscal 2016 Senior Notes	June 2026	500.0	497.7	497.4	—	468.8
Fiscal 2020 Senior Notes	December 2029	750.0	743.8	743.4	—	636.0
Fiscal 2021 Senior Notes	May 2031	1,000.0	992.0	991.5	—	816.0
Total Senior Notes		2,250.0	2,233.5	2,232.3	—	1,920.8
Total debt		\$ 4,125.0	\$ 4,105.4	\$ 3,793.0	\$ 1,165.0	\$ 3,795.8

Future principal payments on the Company's outstanding debt are as follows:

Years ending June 30,	2023	2024	2025	2026	2027	Thereafter	Total
(in millions)	\$ —	\$ 1,540.0	\$ —	\$ 835.0	\$ —	\$ 1,750.0	\$ 4,125.0

Fiscal 2021 Revolving Credit Facility: In April 2021, the Company entered into an amended and restated \$1.5 billion five-year revolving credit facility, as further amended on December 23, 2021, (the "Fiscal 2021 Revolving Credit Facility"), which replaced the \$1.5 billion five-year revolving credit facility entered into during March 2019 (the "Fiscal 2019 Revolving Credit Facility") (together the "Revolving Credit Facilities"). The Fiscal 2021 Revolving Credit Facility is comprised of a \$1.1 billion U.S. dollar tranche and a \$400.0 million multicurrency tranche.

The weighted-average interest rate on the Revolving Credit Facilities was 4.65% and 4.12% for the three and six months ended December 31, 2022, and 1.16% and 1.17% for the three and six months ended December 31, 2021, respectively. The fair value of the variable-rate Fiscal 2021 Revolving Credit Facility borrowings at December 31, 2022 approximates carrying value and has been classified as a Level 2 financial liability (as defined in Note 7, "Fair Value of Financial Instruments").

Under the Fiscal 2021 Revolving Credit Facility, revolving loans denominated in U.S. Dollars, Canadian Dollars, Euro, Yen, and Swedish Kronor initially bear interest at LIBOR, CDOR, EURIBOR, TIBOR and STIBOR, respectively, plus 1.015% per annum (subject to step-ups to 1.175% and step-downs to 0.805% based on ratings) and revolving loans denominated in Sterling initially bear interest at SONIA plus 1.0476% per annum (subject to step-ups to 1.2076% and step-downs to 0.8376% based on ratings). The Fiscal 2021 Revolving Credit Facility also has an annual facility fee equal to 11.0 basis points on the entire facility (subject to step-ups to 20.0 basis points and step-downs to 7.0 basis points based on ratings). The Company may voluntarily prepay, in whole or in part and without premium or penalty, borrowings under the Fiscal 2021 Revolving Credit Facility in accordance with individual drawn loan maturities. The Fiscal 2021 Revolving Credit Facility is subject to certain covenants, including a leverage ratio. At December 31, 2022, the Company is in compliance with all covenants of the Fiscal 2021 Revolving Credit Facility.

Fiscal 2021 Term Loans: In March 2021, the Company entered into a term credit agreement, as amended on December 23, 2021 (“Term Credit Agreement”), providing for term loan commitments in an aggregate principal amount of \$2.55 billion, comprised of a \$1.0 billion tranche (“Tranche 1”), and a \$1.55 billion tranche (“Tranche 2,” together with Tranche 1, the “Fiscal 2021 Term Loans”). The Company borrowed the Fiscal 2021 Term Loans in May 2021 in order to finance the Itiviti acquisition. Once borrowed, amounts repaid or prepaid in respect of such Fiscal 2021 Term Loans may not be reborrowed. The Tranche 1 Loan was to mature on the date that is 18 months after the date on which the Fiscal 2021 Term Loans were borrowed (the “Funding Date”), but was repaid in full in May 2021 with proceeds from the Fiscal 2021 Senior Notes (as discussed further below). The Tranche 2 Loan will mature in May 2024 on the third anniversary of the Funding Date. The proceeds of the Fiscal 2021 Term Loans were used by the Company to solely finance the acquisition of Itiviti and pay certain fees and expenses in connection therewith. The Tranche 2 Loan bears interest at LIBOR plus 0.875% per annum (subject to step-ups to LIBOR plus 1.250% or a step-down to LIBOR plus 0.750% based on ratings).

The Company may voluntarily prepay the Tranche 2 Loan in whole or in part and without premium or penalty. In the event of receipt of cash proceeds by the Company or its subsidiaries from certain incurrences of indebtedness, certain equity issuances, and certain sales, transfers or other dispositions of assets, the Company will be required to prepay outstanding Loans, subject to certain limitations and qualifications as set forth in the Term Credit Agreement. The Term Credit Agreement is subject to certain covenants, including a leverage ratio. At December 31, 2022, the Company is in compliance with all covenants of the Fiscal 2021 Term Loans.

Fiscal 2016 Senior Notes: In June 2016, the Company completed an offering of \$500.0 million in aggregate principal amount of senior notes (the “Fiscal 2016 Senior Notes”). The Fiscal 2016 Senior Notes will mature on June 27, 2026 and bear interest at a rate of 3.40% per annum. Interest on the Fiscal 2016 Senior Notes is payable semi-annually in arrears on June 27 and December 27 of each year. The Fiscal 2016 Senior Notes were issued at a price of 99.589% (effective yield to maturity of 3.449%). The indenture governing the Fiscal 2016 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money, to enter into certain sale-leaseback transactions, certain subsidiary indebtedness, and to engage in mergers or consolidations and transfer or lease of all or substantially all of our assets. At December 31, 2022, the Company is in compliance with the covenants of the indenture governing the Fiscal 2016 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2016 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2016 Senior Notes in whole or in part at any time before their maturity. The fair value of the fixed-rate Fiscal 2016 Senior Notes at December 31, 2022 and June 30, 2022 was \$468.8 million and \$484.3 million, respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

Fiscal 2020 Senior Notes: In December 2019, the Company completed an offering of \$750.0 million in aggregate principal amount of senior notes (the “Fiscal 2020 Senior Notes”). The Fiscal 2020 Senior Notes will mature on December 1, 2029 and bear interest at a rate of 2.90% per annum. Interest on the Fiscal 2020 Senior Notes is payable semi-annually in arrears on June 1 and December 1 of each year. The Fiscal 2020 Senior Notes were issued at a price of 99.717% (effective yield to maturity of 2.933%). The indenture governing the Fiscal 2020 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money, to enter into certain sale-leaseback transactions, certain subsidiary indebtedness, and to engage in mergers or consolidations and transfer or lease of all or substantially all of our assets. At December 31, 2022, the Company is in compliance with the covenants of the indenture governing the Fiscal 2020 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2020 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2020 Senior Notes in whole or in part at any time before their maturity. The fair value of the fixed-rate Fiscal 2020 Senior Notes at December 31, 2022 and June 30, 2022 was \$636.0 million and \$658.0 million, respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

Fiscal 2021 Senior Notes: In May 2021, the Company completed an offering of \$1.0 billion in aggregate principal amount of senior notes (the “Fiscal 2021 Senior Notes”). The Fiscal 2021 Senior Notes will mature on May 1, 2031 and bear interest at a rate of 2.60% per annum. Interest on the Fiscal 2021 Senior Notes is payable semi-annually in arrears on May 1 and November 1 of each year. The Fiscal 2021 Senior Notes were issued at a price of 99.957% (effective yield to maturity of 2.605%). The indenture governing the Fiscal 2021 Senior Notes contains certain covenants including covenants restricting the Company’s ability to create or incur liens securing indebtedness for borrowed money, to enter into certain sale-leaseback transactions, certain subsidiary indebtedness, and to engage in mergers or consolidations and transfer or lease of all or substantially all of our assets. At December 31, 2022, the Company is in compliance with the covenants of the indenture governing the Fiscal 2021 Senior Notes. The indenture also contains covenants regarding the purchase of the Fiscal 2021 Senior Notes upon a change of control triggering event. The Company may redeem the Fiscal 2021 Senior Notes in whole or in part at any time before their maturity. The fair value of the fixed-rate Fiscal 2021 Senior Notes at December 31, 2022 and June 30, 2022 was \$816.0 million and \$837.5 million, respectively, based on quoted market prices and has been classified as a Level 1 financial liability (as defined in Note 7, “Fair Value of Financial Instruments”).

The Fiscal 2021 Revolving Credit Facility, Fiscal 2021 Term Loans, Fiscal 2016 Senior Notes, Fiscal 2020 Senior Notes and Fiscal 2021 Senior Notes are senior unsecured obligations of the Company and are ranked equally in right of payment.

In addition, certain of the Company's subsidiaries established unsecured, uncommitted lines of credit with banks. As of December 31, 2022 and June 30, 2022, respectively, there were no outstanding borrowings under these lines of credit.

NOTE 11. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consisted of the following:

	December 31, 2022	June 30, 2022
	(in millions)	
Operating lease liabilities	\$ 217.1	\$ 227.8
Post-employment retirement obligations	171.1	157.8
Non-current income taxes	47.4	45.9
Acquisition related contingencies	7.0	15.6
Other	32.2	34.4
Total	<u>\$ 474.8</u>	<u>\$ 481.5</u>

The Company sponsors a Supplemental Officer Retirement Plan (the "Broadridge SORP"). The Broadridge SORP is a nonqualified ERISA defined benefit plan pursuant to which the Company will pay supplemental pension benefits to certain key officers upon retirement based upon the officers' years of service and compensation. The Broadridge SORP was closed to new participants beginning in fiscal year 2015. The Company also sponsors a Supplemental Executive Retirement Plan (the "Broadridge SERP"). The Broadridge SERP is also a nonqualified ERISA defined benefit plan pursuant to which the Company will pay supplemental pension benefits to certain key executives upon retirement based upon the executives' years of service and compensation. The Broadridge SERP was closed to new participants beginning in fiscal year 2015.

The SORP and SERP are effectively funded with assets held in a Rabbi Trust. The assets invested in the Rabbi Trust are to be used in part to fund benefit payments to participants under the terms of the plans. The Rabbi Trust is irrevocable and no portion of the trust funds may be used for any purpose other than the delivery of those assets to the participants, except that assets held in the Rabbi Trust would be subject to the claims of the Company's general creditors in the event of bankruptcy or insolvency of the Company. The Broadridge SORP and SERP are nonqualified plans for federal tax purposes and for purposes of Title I of ERISA. The Rabbi Trust assets had a value of \$54.9 million at December 31, 2022 and \$55.6 million at June 30, 2022 and are included in Other non-current assets in the accompanying Condensed Consolidated Balance Sheets. The SORP and the SERP had a total benefit obligation of \$58.4 million at December 31, 2022 and \$57.0 million at June 30, 2022 and are included in Other non-current liabilities in the accompanying Condensed Consolidated Balance Sheets.

NOTE 12. STOCK-BASED COMPENSATION

The activity related to the Company's incentive equity awards for the three months ended December 31, 2022 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at September 30, 2022	2,328,936	\$ 106.58	723,961	\$ 135.65	205,906	\$ 148.74
Granted	28,172	133.74	314,418	137.41	104,443	138.52
Exercise of stock options (a)	(31,864)	69.55	—	—	—	—
Vesting of restricted stock units	—	—	(3,527)	150.38	(2,887)	164.08
Expired/forfeited	(2,745)	144.84	(13,332)	146.80	(790)	165.05
Balances at December 31, 2022 (b),(c)	<u>2,322,499</u>	<u>\$ 107.38</u>	<u>1,021,520</u>	<u>\$ 136.00</u>	<u>306,672</u>	<u>\$ 145.07</u>

- (a) Stock options exercised during the period of October 1, 2022 through December 31, 2022 had an aggregate intrinsic value of \$2.4 million.
- (b) As of December 31, 2022, the Company's outstanding vested and currently exercisable stock options using the December 31, 2022 closing stock price of \$134.13 (approximately 1.4 million shares) had an aggregate intrinsic value of \$64.8 million with a weighted-average exercise price of \$89.25 and a weighted-average remaining contractual life of 4.8 years. The total of all stock options outstanding as of December 31, 2022 has a weighted-average remaining contractual life of 6.1 years.
- (c) As of December 31, 2022, time-based restricted stock units and performance-based restricted stock units expected to vest using the December 31, 2022 closing stock price of \$134.13 (approximately 1.0 million and 0.3 million shares, respectively) had an aggregate intrinsic value of \$130.0 million and \$38.3 million, respectively. Performance-based restricted stock units granted in the table above represent initial target awards, and performance adjustments for (i) change in shares issued based upon attainment of performance goals determined in the period, and (ii) estimated change in shares issued resulting from attainment of performance goals to be determined at the end of the prospective performance period.

The activity related to the Company's incentive equity awards for the six months ended December 31, 2022 consisted of the following:

	Stock Options		Time-based Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Options	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
Balances at June 30, 2022	2,706,685	\$ 102.34	750,852	\$ 135.94	210,281	\$ 148.59
Granted	28,172	133.74	326,883	138.64	105,861	138.90
Exercise of stock options (a)	(409,613)	75.66	—	—	—	—
Vesting of restricted stock units	—	—	(26,314)	155.14	(5,384)	164.08
Expired/forfeited	(2,745)	144.84	(29,901)	146.61	(4,086)	141.11
Balances at December 31, 2022	<u>2,322,499</u>	<u>\$ 107.38</u>	<u>1,021,520</u>	<u>\$ 136.00</u>	<u>306,672</u>	<u>\$ 145.07</u>

- (a) Stock options exercised during the period of July 1, 2022 through December 31, 2022 had an aggregate intrinsic value of \$39.7 million.

The Company has stock-based compensation plans under which the Company annually grants stock option and restricted stock unit awards. Stock options are granted to employees at exercise prices equal to the fair market value of the Company's common stock on the dates of grant, with the measurement of stock-based compensation expense recognized in Net earnings based on the fair value of the award on the date of grant. Stock-based compensation expense of \$20.9 million and \$22.7 million, as well as related expected tax benefits of \$4.8 million and \$5.1 million were recognized for the three months ended December 31, 2022 and 2021, respectively. Stock-based compensation expense of \$36.5 million and \$36.2 million, as well as related expected tax benefits of \$8.3 million and \$8.2 million were recognized for the six months ended December 31, 2022 and 2021, respectively.

As of December 31, 2022, the total remaining unrecognized compensation cost related to non-vested stock options and restricted stock unit awards amounted to \$9.1 million and \$79.8 million, respectively, which will be amortized over the weighted-average remaining requisite service periods of 1.8 years and 1.8 years, respectively.

For stock options granted, the fair value of each stock option was estimated on the date of grant using a binomial option pricing model. The binomial model considers a range of assumptions related to volatility, risk-free interest rate and employee exercise behavior. Expected volatilities utilized in the binomial model are based on a combination of implied market volatilities, historical volatility of the Company's stock price and other factors. Similarly, the dividend yield is based on historical experience and expected future changes. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The binomial model also incorporates exercise and forfeiture assumptions based on an analysis of historical data. The expected life of the stock option grants is derived from the output of the binomial model and represents the period of time that options granted are expected to be outstanding.

NOTE 13. INCOME TAXES

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)			
Provision for income taxes	\$ 14.4	\$ 4.7	\$ 19.3	\$ 15.7
Effective tax rate	20.0 %	9.1 %	15.2 %	12.1 %
Excess tax benefits	\$ 0.5	\$ 7.1	\$ 7.2	\$ 11.5

The effective tax rate for the three and six months ended December 31, 2022 was adversely impacted by lower discrete tax benefits, primarily attributable to the excess tax benefits related to equity compensation, compared to the prior year period.

NOTE 14. CONTRACTUAL COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS
Data Center Agreements

In March 2010, the Company and International Business Machines Corporation (“IBM”) entered into an Information Technology Services Agreement (the “IT Services Agreement”), under which IBM provided certain aspects of the Company’s information technology infrastructure. Under the IT Services Agreement, IBM provided a broad range of technology services to the Company including supporting its mainframe, midrange, network and data center operations, as well as providing disaster recovery services. The migration of data center processing to IBM was completed in August 2012. The IT Services Agreement would have expired on June 30, 2022, but a two-year extension was signed in March 2015, amending the expiration date to June 30, 2024. In December 2019, the Company and IBM amended and restated the IT Services Agreement (the “Amended IT Services Agreement”), which now expires on June 30, 2027. The Company has the option of incorporating additional services into the Amended IT Services Agreement over time. The Company may renew the term of the Amended IT Services Agreement for up to one additional 12-month period. On July 28, 2021, the Company entered into a novation agreement with IBM (the “U.S. Novation Agreement”) pursuant to which IBM novated the Amended IT Services Agreement to Kyndryl, Inc. (“Kyndryl”), an entity formed in connection with IBM’s spin-off of its managed infrastructure services business, effective September 1, 2021. Fixed minimum commitments remaining under the Amended IT Services Agreement at December 31, 2022 are \$108.4 million through fiscal year 2027, the final year of the Amended IT Services Agreement.

In December 2019, the Company and IBM entered into an information technology agreement for private cloud services (the “Private Cloud Agreement”) under which IBM will operate, manage and support the Company’s private cloud global distributed platforms and products, and operate and manage certain Company networks. The Private Cloud Agreement has an initial term of approximately 10 years and three months, expiring on March 31, 2030. As a result of the Private Cloud Agreement, the Company transferred certain of its employees in April 2020 to IBM and its affiliates, and such transferred employees are expected to continue providing services to the Company on behalf of IBM under the Private Cloud Agreement. Pursuant to the Private Cloud Agreement, the Company agreed to transfer the ownership of certain Company-owned hardware (the “Hardware”) located at Company facilities worldwide to IBM. The transfer of the Hardware and Maintenance Contracts to IBM closed on September 30, 2020 for a selling price of \$18.0 million. On July 28, 2021, IBM novated the Private Cloud Agreement to Kyndryl, effective September 1, 2021, pursuant to the U.S. Novation Agreement. Fixed minimum commitments remaining under the Private Cloud Agreement at December 31, 2022 are \$154.9 million through March 31, 2030, the final year of the contract.

In March 2014, the Company and IBM United Kingdom Limited (“IBM UK”) entered into an Information Technology Services Agreement (the “EU IT Services Agreement”), under which IBM UK provides data center services supporting the Company’s technology outsourcing services for certain clients in Europe and Asia. The EU IT Services Agreement would have expired in October 2023. In December 2019, the Company amended the existing EU IT Services Agreement whereby the Company will migrate from the existing dedicated on-premises solution to a managed Broadridge private cloud environment provided by IBM, as well as extended the term of the EU IT Services Agreement to June 2029 (the “Amended EU IT Services Agreement”). The Company has the right to renew the term of the Amended EU IT Services Agreement for up to one additional 12-month period or one additional 24-month period. On August 19, 2021, the Company entered into a novation agreement with IBM UK pursuant to which IBM UK novated the EU IT Services Agreement to Kyndryl UK Limited, effective September 1, 2021. Fixed minimum commitments remaining under the Amended EU IT Services Agreement at December 31, 2022 are \$14.7 million through fiscal year 2029, the final year of the contract.

Cloud Services Resale Agreement

On December 31, 2021, the Company and Presidio Networked Solutions LLC (“Presidio”), a reseller of services of Amazon Web Services, Inc. and its affiliates (collectively, “AWS”), entered into an Order Form and AWS Private Pricing Addendum, dated December 31, 2021 (the “Order Form”), to the Cloud Services Resale Agreement, dated December 15, 2017, as amended (together with the Order Form, the “AWS Cloud Agreement”), whereby Presidio will resell to the Company certain public cloud infrastructure and related services provided by AWS for the operation, management and support of the Company’s cloud global distributed platforms and products. The AWS Cloud Agreement expires on December 31, 2026. Fixed minimum commitments remaining under the AWS Cloud Agreement at December 31, 2022 are \$204.5 million through December 31, 2026.

Investments

The Company has an equity method investment that is a variable interest in a variable interest entity. The Company is not the primary beneficiary and therefore does not consolidate the investee. The Company’s potential maximum loss exposure related to its unconsolidated investments in this variable interest entity totaled \$40.1 million as of December 31, 2022, which represents the carrying value of the Company’s investment.

In addition, as of December 31, 2022, the Company has a future commitment to fund \$0.9 million to one of the Company’s other investees.

Software License Agreements

The Company has incurred the following expenses under software license agreements:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2022
	(in millions)			
Software License Agreements	\$ 32.9	\$ 35.9	\$ 68.5	\$ 67.8

Fixed Operating Lease Cost

The Company has incurred the following fixed operating lease costs:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2022
	(in millions)			
Fixed Operating Lease Cost	\$ 10.1	\$ 12.3	\$ 20.4	\$ 23.6

Litigation

Broadridge or its subsidiaries are subject to various claims and legal matters that arise in the normal course of business (referred to as “Litigation”). The Company establishes reserves for Litigation and other loss contingencies when it is both probable that a loss will occur, and the amount of such loss can reasonably be estimated. For certain Litigation matters for which the Company does not believe it probable that a loss will occur at this time, the Company is able to estimate a range of reasonably possible losses in excess of established reserves. Management currently estimates an aggregate range of reasonably possible losses for such matters of up to \$30 million in excess of any established reserves. The Litigation matters underlying the estimated range will change from time to time, and it is reasonably possible that the actual results may vary significantly from this estimate. The Company’s management currently believes that resolution of any outstanding legal matters will not have a material adverse effect on the Company’s financial position or results of operations. However, legal matters are subject to inherent uncertainties and there exists the possibility that the ultimate resolution of these matters could have a material adverse impact on the Company’s financial position and results of operations in the period in which any such effects are recorded.

Plan Management Corp. Claim

Paramount Financial Communications, Inc. d/b/a Plan Management Corp. (“Plan Management”) and Jonathan Miller filed a complaint on January 28, 2015 in the United States District Court for the Eastern District of Pennsylvania. Plan Management claimed that Broadridge Investor Communication Solutions, Inc. (“BRICS”) breached a marketing agreement between BRICS and Plan Management (the “Marketing Agreement”) and Mr. Miller asserted a fraud claim. The case went to trial in the second fiscal quarter of the Company’s fiscal year 2023. The court dismissed Mr. Miller’s fraud claim and Plan Management’s breach of contract claim went to the jury. On December 7, 2022, the jury found that BRICS breached the Marketing Agreement and acted with gross negligence and willful misconduct. Plan Management has filed a motion for post-judgment interest, and Mr. Miller has filed a motion for a new trial on his fraud claim. BRICS has filed post-trial motions to vacate or overturn the verdict and will file an appeal if necessary. Based on the merits of those post-trial motions and in light of the facts and circumstances of the case at this time, the Company does not believe that a loss is probable in this matter.

Other

It is not the Company’s business practice to enter into off-balance sheet arrangements. However, the Company is exposed to market risk from changes in foreign currency exchange rates that could impact its financial position, results of operations, and cash flows. The Company manages its exposure to these market risks through its regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. In January 2022, the Company entered into a series of cross-currency swap transactions which were designated as a net investment hedge against a portion of the Company’s net investment in its Euro functional subsidiaries.

In January 2022, the Company executed a series of cross-currency swap derivative contracts with an aggregate notional amount of EUR 880 million which are designated as net investment hedges to hedge a portion of its net investment in its subsidiaries whose functional currency is the Euro. The cross-currency swap derivative contracts are agreements to pay fixed-rate interest in Euros and receive fixed-rate interest in U.S. Dollars, thereby effectively converting a portion of the Company’s U.S. Dollar denominated fixed-rate debt into Euro denominated fixed-rate debt. The cross-currency swaps mature in May 2031 to coincide with the maturity of the Fiscal 2021 Senior Notes. Accordingly, foreign currency transaction gains or losses on the qualifying net investment hedge instruments are recorded as foreign currency translation within other comprehensive income (loss), net in the Condensed Consolidated Statements of Comprehensive Income and will remain in Accumulated other comprehensive income (loss) in the Condensed Consolidated Balance Sheets until the sale or complete liquidation of the underlying foreign subsidiary. At December 31, 2022, the Company’s position on the cross-currency swaps was an asset of \$97.0 million, and is recorded as part of Other non-current assets on the Condensed Consolidated Balance Sheets with the offsetting amount recorded as part of Accumulated other comprehensive income (loss), net of tax. The Company has elected the spot method of accounting whereby the net interest savings from the cross-currency swaps is recognized as a reduction in interest expense in the Company’s Condensed Consolidated Statements of Earnings.

In May 2021, the Company settled a forward treasury lock agreement that was designated as a cash flow hedge, for a pre-tax loss of \$11.0 million, after which the final settlement loss is being amortized into Interest expense, net ratably over the ten year term of the Fiscal 2021 Senior Notes. The expected amount of the existing loss that will be amortized into earnings before income taxes within the next twelve months is approximately \$1.1 million.

In the normal course of business, the Company enters into contracts in which it makes representations and warranties that relate to the performance of the Company’s products and services. The Company does not expect any material losses related to such representations and warranties, or collateral arrangements.

The Company’s business process outsourcing and mutual fund processing services are performed by Broadridge Business Process Outsourcing, LLC (“BBPO”), an indirect subsidiary, which is a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Although BBPO’s FINRA membership agreement allows it to engage in clearing and the retailing of corporate securities in addition to mutual fund retailing on a wire order basis, BBPO does not clear customer transactions, process any retail business or carry customer accounts. As a registered broker-dealer and member of FINRA, BBPO is subject to the Uniform Net Capital Rule 15c3-1 of the Securities Exchange Act of 1934, as amended, which requires BBPO to maintain a minimum net capital amount. At December 31, 2022, BBPO was in compliance with this net capital requirement.

BBPO, as a “Managing Clearing Member” of the Options Clearing Corporation (the “OCC”), is also subject to OCC Rule 309(b) with respect to the business process outsourcing services that it provides to other OCC “Managed Clearing Member” broker-dealers. OCC Rule 309(b) requires BBPO to maintain a minimum net capital amount. At December 31, 2022, BBPO was in compliance with this net capital requirement.

In addition, Matrix Trust Company, a subsidiary of the Company, is a Colorado State non-depository trust company and National Securities Clearing Corporation trust member, whose primary business is to provide cash agent, custodial and directed trustee services to institutional customers, and investment management services to collective investment trust funds. As a result, Matrix Trust Company is subject to various regulatory capital requirements administered by the Colorado Division of Banking and the Arizona Department of Financial Institutions, as well as the National Securities Clearing Corporation. Specific capital requirements that involve quantitative measures of assets, liabilities, and certain off-balance sheet items, when applicable, must be met. At December 31, 2022, Matrix Trust Company was in compliance with its capital requirements.

NOTE 15. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME/(LOSS) BY COMPONENT

The following tables summarize the changes in the accumulated balances for each component of accumulated other comprehensive income/(loss) for the three and six months ended December 31, 2022, and 2021, respectively:

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Cash Flow Hedge	Total
	(in millions)			
Balances at September 30, 2022	\$ (237.2)	\$ (4.8)	\$ (7.2)	\$ (249.2)
Other comprehensive income/(loss) before reclassifications	(112.0)	—	—	(112.0)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	0.2	0.2
Balances at December 31, 2022	<u>\$ (349.2)</u>	<u>\$ (4.8)</u>	<u>\$ (6.9)</u>	<u>\$ (361.0)</u>

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Cash Flow Hedge	Total
	(in millions)			
Balances at June 30, 2022	\$ (214.1)	\$ (4.8)	\$ (7.4)	\$ (226.3)
Other comprehensive income/(loss) before reclassifications	(135.1)	—	—	(135.1)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	—	0.4	0.5
Balances at December 31, 2022	<u>\$ (349.2)</u>	<u>\$ (4.8)</u>	<u>\$ (6.9)</u>	<u>\$ (361.0)</u>

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Cash Flow Hedge	Total
	(in millions)			
Balances at September 30, 2021	\$ (37.9)	\$ (14.9)	\$ (8.1)	\$ (60.9)
Other comprehensive income/(loss) before reclassifications	(31.8)	—	—	(31.8)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	0.5	0.2	0.7
Balances at December 31, 2021	<u>\$ (69.7)</u>	<u>\$ (14.4)</u>	<u>\$ (7.8)</u>	<u>\$ (91.9)</u>

	Foreign Currency Translation	Pension and Post- Retirement Liabilities	Cash Flow Hedge	Total
	(in millions)			
Balances at June 30, 2021	\$ 32.9	\$ (15.4)	\$ (8.2)	\$ 9.2
Other comprehensive income/(loss) before reclassifications	(102.6)	—	—	(102.6)
Amounts reclassified from accumulated other comprehensive income/(loss)	—	1.0	0.4	1.4
Balances at December 31, 2021	<u>\$ (69.7)</u>	<u>\$ (14.4)</u>	<u>\$ (7.8)</u>	<u>\$ (91.9)</u>

NOTE 16. INTERIM FINANCIAL DATA BY SEGMENT

The Company operates in two reportable segments: Investor Communication Solutions and Global Technology and Operations. See Note 1, “Basis of Presentation” for a further description of the Company’s reportable segments.

The primary components of “Other” are certain gains, losses, corporate overhead expenses and non-operating expenses that have not been allocated to the reportable segments, such as interest expense.

Certain corporate expenses, as well as certain centrally managed expenses, are allocated based upon budgeted amounts in a reasonable manner. Because the Company compensates the management of its various businesses on, among other factors, segment profit, the Company may elect to record certain segment-related operating and non-operating expense items in Other rather than reflect such items in segment profit.

Segment results:

	Revenues			
	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)			
Investor Communication Solutions	\$ 919.4	\$ 892.7	\$ 1,840.0	\$ 1,746.1
Global Technology and Operations	373.5	366.9	736.2	706.4
Total	<u>\$ 1,292.9</u>	<u>\$ 1,259.6</u>	<u>\$ 2,576.2</u>	<u>\$ 2,452.5</u>

	Earnings (Loss) before Income Taxes			
	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)			
Investor Communication Solutions	\$ 64.9	\$ 58.7	\$ 124.9	\$ 141.2
Global Technology and Operations	44.0	33.9	84.3	52.5
Other	(37.0)	(40.8)	(81.9)	(63.5)
Total	<u>\$ 71.9</u>	<u>\$ 51.9</u>	<u>\$ 127.3</u>	<u>\$ 130.1</u>

The amount of amortization of acquired intangibles and purchased intellectual property by segment is as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)			
Investor Communication Solutions	\$ 14.9	\$ 16.1	\$ 30.4	\$ 36.9
Global Technology and Operations	38.8	46.4	79.1	94.2
Total	<u>\$ 53.7</u>	<u>\$ 62.5</u>	<u>\$ 109.5</u>	<u>\$ 131.2</u>

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our Condensed Consolidated Financial Statements and accompanying Notes thereto included elsewhere herein.

Overview

Broadridge, a Delaware corporation and a part of the S&P 500® Index, is a global financial technology leader providing investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers, public companies, investors and mutual funds. With over 50 years of experience, including 15 years as an independent public company, we provide integrated solutions and an important infrastructure that powers the financial services industry. Our solutions enable better financial lives by powering investing, governance and communications and help reduce the need for our clients to make significant capital investments in operations infrastructure, thereby allowing them to increase their focus on core business activities.

We operate our business in two reportable segments: Investor Communication Solutions and Global Technology and Operations.

Investor Communication Solutions

We provide the following governance and communications solutions through our Investor Communication Solutions business segment: Regulatory Solutions, Data-Driven Fund Solutions, Corporate Issuer Solutions, and Customer Communications Solutions.

A large portion of our Investor Communication Solutions business involves the processing and distribution of proxy materials to investors in equity securities and mutual funds, as well as the facilitation of related vote processing. ProxyEdge® is our innovative electronic proxy delivery and voting solution for institutional investors and financial advisors that helps ensure the voting participation of the largest stockholders of many companies. We have implemented digital applications to make voting easier for retail investors. We also provide the distribution of regulatory reports, class action and corporate action/reorganization event information, as well as tax reporting solutions that help our clients meet their regulatory compliance needs.

For asset managers and retirement service providers, we offer data-driven solutions and an end-to-end platform for content management, composition, and omni-channel distribution of regulatory, marketing, and transactional information. Our data and analytics solutions provide investment product distribution data, analytical tools, insights, and research to enable asset managers to optimize product distribution across retail and institutional channels globally. Through Matrix Financial Solutions, Inc. ("Matrix"), we provide mutual fund trade processing services for retirement service providers, third-party administrators, financial advisors, banks and wealth management professionals.

In addition, we provide public corporations and mutual funds with a full suite of solutions to help manage their annual meeting process, including a full suite of annual meeting and shareholder engagement solutions such as registered and beneficial proxy materials distribution, proxy processing and tabulation services, digital voting solutions, proxy and shareholder report document management solutions, virtual shareholder meeting services and environmental, social and governance solutions. We also offer disclosure solutions, including annual SEC filing services and capital markets transaction services. We also provide registrar, stock transfer and record-keeping services through our transfer agency services.

We provide omni-channel customer communications solutions, that include print and digital solutions, to modernize technology infrastructures, simplify communications processes, accelerate digital adoption and improve the customer experience. Through one point of integration, the Broadridge Communications CloudSM platform (the "Communications Cloud") helps companies create, deliver, and manage their communications and customer engagement. The platform includes data-driven composition tools, identity and preference management, omni-channel optimization and digital communication experience, archive and information management, digital and print delivery, and analytics and reporting tools.

Global Technology and Operations

Our Global Technology and Operations business provides solutions that automate the front-to-back transaction lifecycle of equity, mutual fund, fixed income, foreign exchange and exchange-traded derivatives, from order capture and execution through trade confirmation, margin, cash management, clearing and settlement, reference data management, reconciliations, securities financing and collateral management, asset servicing, compliance and regulatory reporting, portfolio accounting and custody-related services. Our solutions provide automated straight through processing and enable buy- and sell-side financial institutions to efficiently and cost-effectively consolidate their books and records, gather and service assets under management, focus on their core businesses, and manage risk. With our multi-market, multi-asset class, multi-entity and multi-currency capabilities, we provide front-to-back processing on a global basis. In addition, we provide business process outsourcing services for our buy- and sell-side clients' businesses. These services combine our technology with our operations expertise to support the entire trade lifecycle, including securities clearing and settlement, reconciliations, record-keeping, wealth management asset servicing, and custody-related functions.

For capital markets firms, we provide a set of multi-asset, multi-entity and multi-currency post-trade and trading and connectivity solutions that support processing of securities transactions in equities, options, fixed income securities, foreign exchange, exchange-traded derivatives and mutual funds. Provided on a software as a service ("SaaS") basis within large user communities, our technology is a global solution, processing clearance and settlement in over 100 countries. Our solutions enable global capital markets firms to access market liquidity, drive more effective market making and efficient front-to-back trade processing. With the 2021 acquisition of Itiviti Holding AB ("Itiviti"), which is now doing business as Broadridge Trading and Connectivity Solutions ("BTCS"), we offer a set of global front-office trade order and execution management systems, connectivity and network offerings.

Our comprehensive wealth management platform offers capabilities across the entire wealth management lifecycle and streamlines all aspects of wealth management services, including account management, fee management and client on-boarding. The wealth management platform enables full-service, regional and independent broker-dealers and investment advisors to better engage with customers through digital marketing and customer communications tools. We also integrate data, content and technology to drive new customer acquisition, support holistic and personalized advice and cross-sell opportunities through the creation of sales and educational content, including seminars as well as customizable advisor websites, search engine marketing and electronic and print newsletters. Our advisor solutions help advisors optimize their practice management through customer and account data aggregation and reporting.

We also service the global investment management industry with a range of buy-side technology solutions such as portfolio management, compliance and fee billing and operational support solutions for hedge funds, family offices, alternative asset managers, traditional asset managers and the providers that service this space, including prime brokers, fund administrators and custodians.

Consolidation and Basis of Presentation

The Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America ("U.S."). These Condensed Consolidated Financial Statements present the condensed consolidated position of the Company and include the entities in which the Company directly or indirectly has a controlling financial interest as well as various entities in which the Company has investments recorded under the equity method of accounting as well as certain marketable and non-marketable securities. Intercompany balances and transactions have been eliminated. Amounts presented may not sum due to rounding.

Beginning with the first quarter of fiscal year 2023, the Company changed reporting for segment revenues, segment earnings (loss) before income taxes, segment amortization of acquired intangibles and purchased intellectual property, and Closed sales to reflect the impact of actual foreign exchange rates applicable to the individual periods presented. The presentation of these metrics for the prior periods provided in this Form 10-Q has been changed to conform to the current period presentation. Total consolidated revenues and earnings before income taxes were not impacted.

The results of operations reported for interim periods are not necessarily indicative of the results of operations for the entire year or any subsequent interim period. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's Consolidated Financial Statements for the fiscal year ended June 30, 2022 in the 2022 Annual Report.

Critical Accounting Policies

In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Management continually evaluates the accounting policies and estimates used to prepare the Condensed Consolidated Financial Statements. The estimates, by their nature, are based on judgment, available information, and historical experience and are believed to be reasonable. However, actual amounts and results could differ from these estimates made by management. In management's opinion, the Condensed Consolidated Financial Statements contain all normal recurring adjustments necessary for a fair presentation of results reported. The results of operations reported for the periods presented are not necessarily indicative of the results of operations for subsequent periods. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position are discussed in the "Critical Accounting Policies" section of Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2022 Annual Report.

KEY PERFORMANCE INDICATORS

Management focuses on a variety of key indicators to plan, measure and evaluate the Company's business and financial performance. These performance indicators include Revenue and Recurring revenue as well as not generally accepted accounting principles measures ("Non-GAAP") of Adjusted Operating income, Adjusted Net earnings, Adjusted earnings per share, Free Cash flow, Recurring revenue growth constant currency, and Closed sales. In addition, management focuses on select operating metrics specific to Broadridge of Record Growth and Internal Trade Growth, as defined below.

Refer to the section "Explanation and Reconciliation of the Company's Use of Non-GAAP Financial Measures" for a reconciliation of Adjusted Operating income, Adjusted Net earnings, Adjusted earnings per share, Free Cash flow and Recurring revenue growth constant currency to the most directly comparable GAAP measures, and an explanation for why these Non-GAAP metrics provide useful information to investors and how management uses these Non-GAAP metrics for operational and financial decision-making. Refer to the section "Results of Operations" for a description of Closed sales and an explanation of why Closed sales is a useful performance metric for management and investors.

Revenues

Revenues are primarily generated from fees for processing and distributing investor communications and fees for technology-enabled services and solutions. The Company monitors revenue in each of our two reportable segments as a key measure of success in addressing our clients' needs. Revenues from fees are derived from both recurring and event-driven activity. The level of recurring and event-driven activity the Company processes directly impacts distribution revenues. While event-driven activity is highly repeatable, it may not recur on an annual basis. Event-driven revenues are based on the number of special events and corporate transactions the Company processes. Event-driven activity is impacted by financial market conditions and changes in regulatory compliance requirements, resulting in fluctuations in the timing and levels of event-driven revenues. Distribution revenues primarily include revenues related to the physical mailing of proxy materials, interim communications, transaction reporting, customer communications and fulfillment services as well as Matrix administrative services.

Recurring revenue growth represents the Company's total annual revenue growth, less growth from event-driven and distribution revenues. We distinguish recurring revenue growth between organic and acquired:

- Organic – We define organic revenue as the recurring revenue generated from Net New Business and Internal Growth.
- Acquired – We define acquired revenue as the recurring revenue generated from acquired services in the first twelve months following the date of acquisition. This type of growth comes as a result of our strategy to purchase, integrate, and leverage the value of assets we acquire.

Revenues and Recurring revenue are useful metrics for investors in understanding how management measures and evaluates the Company's ongoing operational performance. See "Results of Operations" as well as Note 3, "Revenue Recognition" to our Condensed Consolidated Financial Statements in this Form 10-Q.

Record Growth and Internal Trade Growth

The Company uses select operating metrics specific to Broadridge of Record Growth and Internal Trade Growth in evaluating its business results and identifying trends affecting its business. Record Growth is comprised of stock record growth and interim record growth. Stock record growth (also referred to as “SRG” or “equity position growth”) measures the estimated annual change in positions eligible for equity proxy materials. Interim record growth (also referred to as “IRG” or “mutual fund/ETF position growth”) measures the estimated change in mutual fund and exchange traded fund positions eligible for interim communications. These metrics are calculated from equity proxy and mutual fund/ETF position data reported to Broadridge for the same issuers or funds in both the current and prior year periods.

Internal Trade Growth represents the estimated change in daily average trade volumes for Broadridge securities processing clients whose contracts are linked to trade volumes and who were on Broadridge’s trading platforms in both the current and prior year periods. Record Growth and Internal Trade Growth are useful non-financial metrics for investors in understanding how management measures and evaluates Broadridge’s ongoing operational performance within its Investor Communication Solutions and Global Technology and Operations reportable segments, respectively.

The key performance indicators for the three and six months ended December 31, 2022, and 2021, are as follows:

	Select Operating Metrics			
	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Record Growth				
Equity positions (Stock records)	9 %	20 %	9 %	29 %
Mutual fund/ETF positions (Interim records)	6 %	12 %	10 %	13 %
Internal Trade Growth	5 %	1 %	5 %	1 %

Results of Operations

The following discussions of Analysis of Condensed Consolidated Statements of Earnings and Analysis of Reportable Segments refer to the three and six months ended December 31, 2022 compared to the three and six months ended December 31, 2021. The Analysis of Condensed Consolidated Statements of Earnings should be read in conjunction with the Analysis of Reportable Segments, which provides a more detailed discussion concerning certain components of the Condensed Consolidated Statements of Earnings.

The following references are utilized in the discussions of Analysis of Condensed Consolidated Statements of Earnings and Analysis of Reportable Segments:

“Amortization of Acquired Intangibles and Purchased Intellectual Property” and “Acquisition and Integration Costs” represent certain non-cash amortization expenses associated with acquired intangible assets and purchased intellectual property assets, as well as certain transaction and integration costs associated with the Company’s acquisition activities, respectively.

“Real Estate Realignment and Covid-19 Related Expenses” are comprised of two major components: Real Estate Realignment Expenses, and Covid-19 Related Expenses. Real Estate Realignment Expenses are expenses associated with the exit of certain of the Company’s leased facilities in response to the Covid-19 pandemic, which consist of the impairment of certain right of use assets, leasehold improvements and equipment, as well as other related facility exit expenses directly resulting from, and attributable to, the exit of these leased facilities. Covid-19 Related Expenses are direct and incremental expenses incurred by the Company to protect the health and safety of Broadridge associates during the Covid-19 outbreak, including expenses associated with monitoring the temperatures for associates entering our facilities, enhancing the safety of our office environment in preparation for workers to return to Company facilities on a more regular basis, ensuring proper social distancing in our production facilities, personal protective equipment, enhanced cleaning measures in our facilities, and other safety related expenses.

“Russia-Related Exit Costs” are direct and incremental costs associated with the Company’s wind down of business activities in Russia in response to Russia’s invasion of Ukraine, including relocation-related expenses of impacted associates.

“Net New Business” refers to recurring revenue from Closed sales for the initial twelve-month contract period after which the client goes live with the Company’s service(s), less recurring revenue from client losses.

“Internal Growth” is a component of recurring revenue and generally reflects year over year changes in existing services to our existing customers’ multi-year contracts beyond the initial twelve month period in which it was included in Net New Business.

“Recurring revenue growth constant currency” refers to our Recurring revenue growth presented on a constant currency basis to exclude the impact of foreign currency exchange fluctuations.

The following definitions describe the Company’s Revenues:

Revenues in the Investor Communication Solutions segment are derived from both recurring and event-driven activity, in addition to distribution revenues. The level of recurring and event-driven activity we process directly impacts distribution revenues. While event-driven activity is highly repeatable, it may not recur on an annual basis. The types of services we provide that comprise event-driven activity are:

- **Mutual Fund Proxy:** The proxy and related services we provide to mutual funds when certain events occur requiring a shareholder vote including changes in directors, sub-advisors, fee structures, investment restrictions, and mergers of funds.
- **Mutual Fund Communications:** Mutual fund communications services consist primarily of the distribution on behalf of mutual funds of supplemental information required to be provided to the annual mutual fund prospectus as a result of certain triggering events such as a change in portfolio managers. In addition, mutual fund communications consist of notices and marketing materials such as newsletters.
- **Equity Proxy Contests and Specials, Corporate Actions, and Other:** The proxy services we provide in connection with shareholder meetings driven by special events such as proxy contests, mergers and acquisitions, and tender/exchange offers.

Event-driven revenues are based on the number of special events and corporate transactions we process. Event-driven activity is impacted by financial market conditions and changes in regulatory compliance requirements, resulting in fluctuations in the timing and levels of event-driven revenues. As such, the timing and level of event-driven activity and its potential impact on revenues and earnings are difficult to forecast.

Generally, mutual fund proxy activity has been subject to a greater level of volatility than the other components of event-driven activity. For the six months ended December 31, 2022, mutual fund proxy revenues were 59% lower compared to the six months ended December 31, 2021. During fiscal year 2022, mutual fund proxy revenues were 57% greater than the prior fiscal year. Although it is difficult to forecast the levels of event-driven activity, we expect that the portion of revenues derived from mutual fund proxy activity may continue to experience volatility in the future.

Distribution revenues primarily include revenues related to the physical mailing of proxy materials, interim communications, transaction reporting, customer communications and fulfillment services, as well as Matrix administrative services.

Distribution cost of revenues consists primarily of postage-related expenses incurred in connection with our Investor Communication Solutions segment, as well as Matrix administrative services expenses. These costs are reflected in Cost of revenues.

Closed sales represent an estimate of the expected annual recurring revenue for new client contracts that were signed by Broadridge in the current reporting period. Closed sales does not include event-driven or distribution activity. We consider contract terms, expected client volumes or activity, knowledge of the marketplace and experience with our clients, among other factors, when determining the estimate. Management uses Closed sales to measure the effectiveness of our sales and marketing programs, as an indicator of expected future revenues and as a performance metric in determining incentive compensation.

Closed sales is not a measure of financial performance under GAAP, and should not be considered in isolation or as a substitute for revenue or other income statement data prepared in accordance with GAAP. Closed sales is a useful metric for investors in understanding how management measures and evaluates our ongoing operational performance.

The inherent variability of transaction volumes and activity levels can result in some variability of amounts reported as actual achieved Closed sales. Larger Closed sales can take up to 12 to 24 months or longer to convert to revenues, particularly for the services provided by our Global Technology and Operations segment. For the three and six months ended December 31, 2022 and for the fiscal year ended June 30, 2022, we reported Closed sales net of a 5.0% allowance adjustment. Consequently, our reported Closed sales amounts will not be adjusted for actual revenues achieved because these adjustments are estimated in the period the sale is reported. We assess this allowance amount at the end of each fiscal year to establish the appropriate allowance for the subsequent year using the trailing five years actual data as the starting point, normalized for outlying factors, if any, to enhance the accuracy of the allowance.

Closed sales for the three months ended December 31, 2022 were \$65.4 million, a decrease of \$16.9 million or 20%, compared to \$82.2 million for the three months ended December 31, 2021. Closed sales for the three months ended December 31, 2022 and December 31, 2021 are net of an allowance adjustment of \$3.4 million and \$4.3 million, respectively.

Closed sales for the six months ended December 31, 2022 were \$94.4 million, a decrease of \$17.6 million or 16%, compared to \$112.0 million for the six months ended December 31, 2021. Closed sales for the six months ended December 31, 2022 and December 31, 2021 are net of an allowance adjustment of \$5.0 million and \$5.9 million, respectively.

Recent Developments

New SEC Rule on Tailored Shareholder Reports

On October 26, 2022, the SEC adopted a rule modifying mutual fund and exchange-traded fund investor communications. The SEC rule requires that shorter summary documents, referred to as tailored shareholder reports, be distributed in lieu of long-form annual and semi-annual fund reports or notices of the availability of such reports, which the SEC had permitted under Rule 30e-3. The rule went into effect on January 24, 2023 and includes an 18-month transition period for implementation by mutual funds and exchange-traded funds, with a final compliance date of July 24, 2024. We are reviewing the full impact of the new rule, however we currently estimate a reduction in our annual Recurring revenues of approximately \$30 million phasing in over fiscal years 2025 and 2026, assuming no offset from new services. See the risk factor titled *“Our clients are subject to complex laws and regulations, and new laws or regulations and/or changes to existing laws or regulations could impact our clients and, in turn, adversely impact our business or may reduce our profitability.”* in Part I, Item 1A. “Risk Factors” in the 2022 Annual Report.

Global Pandemic

The Covid-19 pandemic continues to persist throughout the world including the U.S., India, Canada, Europe and other locations where we operate. The Covid-19 pandemic has negatively impacted the global economy, created significant financial market volatility, disrupted global supply chains, and resulted in a significant number of deaths and infections worldwide. In response to the Covid-19 pandemic, we have taken, and expect to continue to take, measures designed to protect the health of our employees and to minimize our operational disruption and resulting provision of services to our clients.

In fiscal year 2023 to date, there has not been a material impact as a result of Covid-19 on our consolidated revenues and pre-tax income. In addition, all of our production-related facilities remain operational and are continuing to provide ongoing services to our clients. Further, we have not experienced any significant supply-chain issues as our critical vendors have also remained operational and continue to meet their on-going service level requirements. We continue to engage with our clients to assist with their service demands, including our clients’ needs for any supplemental operational services and/or changes to existing service requirements in response to the Covid-19 pandemic. See the risk factor titled *“The Covid-19 pandemic may negatively impact our business, results of operations and financial performance”* in Part I, Item 1A. “Risk Factors” in the 2022 Annual Report.

Conflict in Ukraine

We are monitoring the events related to Russia’s invasion of Ukraine and have been actively managing any exposure we may have through a cross-functional taskforce that includes members of our senior management. We have historically had a limited presence in Russia, and we have no presence in Ukraine. We do not store any client data in Russia. Prior to the conflict, we had approximately 280 associates in St. Petersburg, Russia who provided software development and support services for several of our GTO products, less than 2% of our total associates. We have historically provided services to a very small number of Russian entities and subsidiaries of Russian entities. The revenues from those services represented less than 0.1% of our total revenues in fiscal year 2022 and our outstanding accounts receivable from these entities is de minimis. We are in the process of terminating and winding down these relationships and closing our operations in Russia. We are monitoring and believe we are in compliance with all global sanctions arising out of Russia’s invasion of Ukraine. We have largely completed the steps to move the services provided in Russia to other locations in Europe and Asia. We have taken actions to enhance our information security defenses in response to the Ukraine conflict. We do not expect the Ukraine conflict and the actions we are taking in response to have a material impact on our core operations or financial results.

Analysis of Condensed Consolidated Statements of Earnings

Three Months Ended December 31, 2022 versus Three Months Ended December 31, 2021

The table below presents Condensed Consolidated Statements of Earnings data for the three months ended December 31, 2022 and 2021, and the dollar and percentage changes between periods:

	Three Months Ended December 31,			
	2022	2021	Change	
			\$	%
	(in millions, except per share amounts)			
Revenues	\$ 1,292.9	\$ 1,259.6	\$ 33.3	3
Cost of revenues	988.2	978.4	9.8	1
Selling, general and administrative expenses	196.8	212.3	(15.5)	(7)
Total operating expenses	1,185.0	1,190.7	(5.7)	—
Operating income	107.9	68.9	39.0	57
Margin	8.3 %	5.5 %		
Interest expense, net	(34.1)	(21.4)	(12.7)	59
Other non-operating income (expenses), net	(1.9)	4.4	(6.3)	(143)
Earnings before income taxes	71.9	51.9	20.0	39
Provision for income taxes	14.4	4.7	9.7	NM
Effective tax rate	20.0 %	9.1 %		
Net earnings	\$ 57.5	\$ 47.2	\$ 10.3	22
Basic earnings per share	\$ 0.49	\$ 0.40	\$ 0.09	23
Diluted earnings per share	\$ 0.48	\$ 0.40	\$ 0.08	20
Weighted-average shares outstanding:				
Basic	117.7	116.6		
Diluted	118.9	118.7		

NM - Not Meaningful

Revenues

The table below presents Condensed Consolidated Statements of Earnings data for the three months ended December 31, 2022 and 2021, and the dollar and percentage changes between periods:

	Three Months Ended December 31,				
	2022	2021	Change		
			\$	%	
			(\$ in millions)		
Recurring revenues	\$ 840.4	\$ 793.5	\$ 46.9	6	
Event-driven revenues	37.6	64.7	(27.2)	(42)	
Distribution revenues	414.9	401.4	13.5	3	
Total	<u>\$ 1,292.9</u>	<u>\$ 1,259.6</u>	<u>\$ 33.3</u>	3	
Points of Growth					
	Net New Business	Internal Growth	Acquisitions	Foreign Exchange	Total
Recurring revenue Growth Drivers	4pts	4pts	0pts	-2pts	6 %

Revenues increased \$33.3 million, or 3%, to \$1,292.9 million from \$1,259.6 million.

- Recurring revenues increased \$46.9 million or 6% to \$840.4 million. Recurring revenue growth constant currency (Non-GAAP) was 8%, driven by organic growth from a combination of growth in Net New Business in GTO and ICS and Internal Growth, primarily in our ICS business.
- Event-driven revenues decreased \$27.2 million, or 42%, primarily due to the decrease in volume of mutual fund proxy communications.
- Distribution revenues increased \$13.5 million primarily driven by the impact of current year postage rate increase of approximately \$20.0 million, partially offset by lower volume of ICS mutual fund communications.

Total operating expenses. Operating expenses decreased \$5.7 million, or less than 1%, to \$1,185.0 million from \$1,190.7 million as a result of a decrease in selling, general and administrative expenses more than offsetting the increase in cost of revenues:

- Cost of revenues - The increase of \$9.8 million in cost of revenues primarily reflects the impact of higher postage and distribution expenses in our Investor Communication Solutions segment of \$10.1 million.
- Selling, general and administrative expenses - The decrease of \$15.5 million in selling, general, and administrative expenses primarily reflects lower compensation expenses of \$9.0 million, and lower technology-related expenses of \$1.2 million.

Interest expense, net. Interest expense, net was \$34.1 million, an increase of \$12.7 million, from \$21.4 million for the three months ended December 31, 2021. The increase of \$12.7 million was primarily due to an increase in interest expense from higher borrowing costs, partially offset by savings from the Company's cross-currency swap transaction.

Other non-operating expense, net. Other non-operating expense, net for the three months ended December 31, 2022 was \$1.9 million, compared to other non-operating income, net of \$4.4 million for the three months ended December 31, 2021. The increased expense of \$6.3 million was primarily due to higher net gains on investments in the prior year period.

Provision for income taxes.

- Effective tax rate for the three months ended December 31, 2022: 20.0%
- Effective tax rate for the three months ended December 31, 2021: 9.1%

The effective tax rate for the three months ended December 31, 2022 was adversely impacted by lower discrete tax benefits, primarily attributable to the excess tax benefits related to equity compensation, compared to the prior year period.

Six Months Ended December 31, 2022 versus Six Months Ended December 31, 2021

The table below presents Condensed Consolidated Statements of Earnings data for the six months ended December 31, 2022 and 2021, and the dollar and percentage changes between periods:

	Six Months Ended December 31,			
	2022	2021	Change	
			\$	%
	(in millions, except per share amounts)			
Revenues	\$ 2,576.2	\$ 2,452.5	\$ 123.7	5
Cost of revenues	1,978.7	1,892.5	86.2	5
Selling, general and administrative expenses	402.1	387.8	14.3	4
Total operating expenses	2,380.8	2,280.3	100.4	4
Operating income	195.4	172.1	23.3	14
Margin	7.6 %	7.0 %		
Interest expense, net	(61.0)	(44.0)	(17.0)	39
Other non-operating income (expenses), net	(7.1)	2.0	(9.1)	NM
Earnings before income taxes	127.3	130.1	(2.8)	(2)
Provision for income taxes	19.3	15.7	3.7	23
Effective tax rate	15.2 %	12.1 %		
Net earnings	\$ 108.0	\$ 114.4	\$ (6.5)	(6)
Basic earnings per share	\$ 0.92	\$ 0.98	\$ (0.06)	(6)
Diluted earnings per share	\$ 0.91	\$ 0.97	\$ (0.06)	(6)
Weighted average shares outstanding:				
Basic	117.6	116.4		
Diluted	118.9	118.5		

NM - Not Meaningful

Revenues

The table below presents Condensed Consolidated Statements of Earnings data for the six months ended December 31, 2022 and 2021, and the dollar and percentage changes between periods:

	Six Months Ended December 31,			
	2022	2021	Change	
			\$	%
			(\$ in millions)	
Recurring revenues	\$ 1,646.2	\$ 1,543.0	\$ 103.2	7
Event-driven revenues	100.2	141.0	(40.8)	(29)
Distribution revenues	829.7	768.4	61.3	8
Total	\$ 2,576.2	\$ 2,452.5	\$ 123.7	5

	Points of Growth				Total
	Net New Business	Internal Growth	Acquisitions	Foreign Exchange	
Recurring revenue Growth Drivers	4pts	5pts	0pts	-2pts	7 %

Revenues increased \$123.7 million, or 5%, to \$2,576.2 million from \$2,452.5 million.

- Recurring revenues increased \$103.2 million, or 7% to \$1,646.2 million. Recurring revenue growth constant currency (Non-GAAP) was 9%, driven by organic growth from a combination of growth in Net New Business and Internal Growth in both ICS and GTO.
- Event-driven revenues decreased \$40.8 million, or 29%, primarily due to the decrease in volume of mutual fund proxy communications.
- Distribution revenues increased \$61.3 million primarily driven by the impact of current year postage rate increase of approximately \$53.3 million.

Total operating expenses. Operating expenses increased \$100.4 million, or 4%, to \$2,380.8 million from \$2,280.3 million as a result of an increase in both cost of revenues and selling, general and administrative expenses:

- Cost of revenues - The increase of \$86.2 million in cost of revenues primarily reflects the impact of higher postage and distribution expenses in our Investor Communications Solutions segment of \$65.0 million.
- Selling, general and administrative expenses - The increase of \$14.3 million in selling, general, and administrative expenses primarily reflects higher compensation expenses of \$9.9 million, and higher technology related expenses of \$4.8 million.

Interest expense, net. Interest expense, net was \$61.0 million, an increase of \$17.0 million, from \$44.0 million for the six months ended December 31, 2021. The increase of \$17.0 million was primarily due to an increase in interest expense from higher borrowing costs, partially offset by savings from the Company's cross-currency swap transaction.

Other non-operating expense, net. Other non-operating expense, net for the six months ended December 31, 2022 was \$7.1 million, compared to other non-operating income, net of \$2.0 million for the six months ended December 31, 2021. The increased expense of \$9.1 million was primarily due to higher net gains on investments in the prior year period.

Provision for income taxes.

- Effective tax rate for the six months ended December 31, 2022: 15.2%
- Effective tax rate for the six months ended December 31, 2021: 12.1%

The effective tax rate for the six months ended December 31, 2022 was adversely impacted by lower discrete tax benefits, primarily attributable to the excess tax benefits related to equity compensation, compared to the prior year period.

Analysis of Reportable Segments

Broadridge has two reportable segments: (1) Investor Communication Solutions and (2) Global Technology and Operations.

The primary component of "Other" are certain gains, losses, corporate overhead expenses and non-operating expenses that have not been allocated to the reportable segments, such as interest expense.

Certain corporate expenses, as well as certain centrally managed expenses, are allocated based upon budgeted amounts in a reasonable manner. Because the Company compensates the management of its various businesses on, among other factors, segment profit, the Company may elect to record certain segment-related operating and non-operating expense items in Other rather than reflect such items in segment profit.

Revenues

	Three Months Ended December 31,				Six Months Ended December 31,			
	2022	2021	Change		2022	2021	Change	
			\$	%			\$	%
	(\$ in millions)				(\$ in millions)			
Investor Communication Solutions	\$ 919.4	\$ 892.7	\$ 26.8	3	\$ 1,840.0	\$ 1,746.1	\$ 93.9	5
Global Technology and Operations	373.5	366.9	6.5	2	736.2	706.4	29.8	4
Total	\$ 1,292.9	\$ 1,259.6	\$ 33.3	3	\$ 2,576.2	\$ 2,452.5	\$ 123.7	5

Earnings Before Income Taxes

	Three Months Ended December 31,				Six Months Ended December 31,			
	2022	2021	Change		2022	2021	Change	
			\$	%			\$	%
(\$ in millions)				(\$ in millions)				
Investor Communication Solutions	\$ 64.9	\$ 58.7	\$ 6.1	11	\$ 124.9	\$ 141.2	\$ (16.3)	(12)
Global Technology and Operations	44.0	33.9	10.1	30	84.3	52.5	31.8	61
Other	(37.0)	(40.8)	3.7	(9)	(81.9)	(63.5)	(18.3)	29
Total	\$ 71.9	\$ 51.9	\$ 20.0	39	\$ 127.3	\$ 130.1	\$ (2.8)	(2)

The amount of amortization of acquired intangibles and purchased intellectual property by segment is as follows:

	Three Months Ended December 31,				Six Months Ended December 31,			
			Change				Change	
	2022	2021	\$	%	2022	2021	\$	%
	(\$ in millions)				(\$ in millions)			
Investor Communication Solutions	\$ 14.9	\$ 16.1	\$ (1.2)	(7)	\$ 30.4	\$ 36.9	\$ (6.6)	(18)
Global Technology and Operations	38.8	46.4	(7.6)	(16)	79.1	94.2	(15.1)	(16)
Total	\$ 53.7	\$ 62.5	\$ (8.8)	(14)	\$ 109.5	\$ 131.2	\$ (21.7)	(17)

Investor Communication Solutions

Revenues for the three months ended December 31, 2022 increased \$26.8 million to \$919.4 million from \$892.7 million, and earnings before income taxes increased \$6.1 million to \$64.9 million from \$58.7 million.

Revenues for the six months ended December 31, 2022 increased \$93.9 million to \$1,840.0 million from \$1,746.1 million, and earnings before income taxes decreased \$16.3 million to \$124.9 million from \$141.2 million.

	Three Months Ended December 31,					Six Months Ended December 31,								
	2022	2021	Change		2022	2021	Change							
			\$	%			\$	%						
			(\$ in millions)				(\$ in millions)							
Revenues														
Recurring revenues	\$	466.9	\$	426.5	\$	40.4	9	\$	910.1	\$	836.7	\$	73.4	9
Event-driven revenues		37.6		64.7		(27.2)	(42)		100.2		141.0		(40.8)	(29)
Distribution revenues		414.9		401.4		13.5	3		829.7		768.4		61.3	8
Total	\$	919.4	\$	892.7	\$	26.8	3	\$	1,840.0	\$	1,746.1	\$	93.9	5
Earnings Before Income Taxes														
Earnings before income taxes	\$	64.9	\$	58.7	\$	6.1	11	\$	124.9	\$	141.2	\$	(16.3)	(12)
Pre-tax Margin		7.1 %		6.6 %					6.8 %		8.1 %			

	Three Months Ended December 31, 2022				
	Points of Growth				
	Net New Business	Internal Growth	Acquisitions	Foreign Exchange	Total
Recurring revenue Growth Drivers	4pts	6pts	0pts	-1pt	9 %

	Six Months Ended December 31, 2022				
	Points of Growth				
	Net New Business	Internal Growth	Acquisitions	Foreign Exchange	Total
Recurring revenue Growth Drivers	5pts	4pts	0pts	-1pt	9 %

For the three months ended December 31, 2022:

- Recurring revenues increased \$40.4 million or 9% to \$466.9 million. Recurring revenue growth constant currency (Non-GAAP) was 10%, driven by organic growth from a combination of Internal Growth and Net New Business.
- By product line, Recurring revenue growth and Recurring revenue growth constant currency (Non-GAAP) were as follows:
 - Regulatory rose 9% and 9%, respectively, driven by mutual fund/ETF position growth of 6%, and equity position growth of 9% in the quarter;
 - Data-driven fund solutions rose 9% and 11%, respectively, driven by growth in our mutual fund trade processing business and growth in our data and analytics solutions;
 - Issuer rose 12% and 12%, respectively, driven by growth in our registered shareholder solutions and governance solutions products; and
 - Customer communications rose 10% and 11%, respectively, driven by higher print and digital communications.
- Event-driven revenues decreased \$27.2 million, or 42%, primarily due to the decrease in volume of mutual fund proxy communications.

- Distribution revenues increased \$13.5 million, or 3%, primarily driven by the impact of current year postage rate increase of approximately \$20.0 million, partially offset by lower volume of mutual fund communications.
- Earnings before income taxes increased \$6.1 million, or 11%, to \$64.9 million. The earnings benefit from higher Recurring revenue was partially offset by lower event-driven revenue. Operating expenses rose 2%, or \$20.6 million, to \$854.5 million. Amortization expense from acquired intangibles decreased by \$1.2 million to \$14.9 million in the three months ended December 31, 2022 from \$16.1 million in the prior period. Pre-tax margins increased by 0.5 percentage points to 7.1% from 6.6% in the prior period.

For the six months ended December 31, 2022:

- Recurring revenues increased \$73.4 million, or 9%, to \$910.1 million. Recurring revenue growth constant currency (Non-GAAP) was also 9%, driven by organic growth from a combination of Net New Business and Internal Growth.
- By product line, Recurring revenue growth and Recurring revenue growth constant currency (Non-GAAP) were as follows:
 - Regulatory rose 6% and 6%, respectively, driven by mutual fund/ETF position growth of 10%, as well as a modest contribution from equity position growth of 9%;
 - Data-driven fund solutions rose 10% and 12%, respectively, driven by growth in our mutual fund trade processing business and continued growth in our data and analytics solutions;
 - Issuer rose 14% and 14%, respectively, with growth across all product solutions; and
 - Customer communications rose 10% and 11%, respectively, driven by higher print and digital communications.
- Event-driven revenues decreased \$40.8 million, or 29%, primarily due to the decrease in volume of mutual fund proxy communications.
- Distribution revenues increased \$61.3 million, or 8%, primarily driven by the impact of current year postage rate increase of approximately \$53.3 million.
- Earnings before income taxes declined by \$16.3 million, or 12%, to \$124.9 million. The earnings benefit from higher recurring revenue was offset by lower event-driven revenue, higher postage and distribution expenses, and increased costs from prior year investments. Operating expenses rose 7%, or \$110.2 million, to \$1,715.2 million. Amortization expense from acquired intangibles decreased by \$6.6 million to \$30.4 million in the six months ended December 31, 2022 from \$36.9 million in the prior period. Pre-tax margins decreased by 1.3 percentage points to 6.8% from 8.1%.

Global Technology and Operations

Revenues for the three months ended December 31, 2022 increased \$6.5 million to \$373.5 million from \$366.9 million, and earnings before income taxes increased \$10.1 million to \$44.0 million from \$33.9 million.

Revenues for the six months ended December 31, 2022 increased \$29.8 million to \$736.2 million from \$706.4 million, and earnings before income taxes increased \$31.8 million to \$84.3 million from \$52.5 million.

	Three Months Ended December 31,				Six Months Ended December 31,			
	2022	2021	Change		2022	2021	Change	
			\$	%			\$	%
			(\$ in millions)					
Revenues								
Recurring revenues	\$ 373.5	\$ 366.9	\$ 6.5	2	\$ 736.2	\$ 706.4	\$ 29.8	4
Earnings Before Income Taxes								
Earnings before income taxes	\$ 44.0	\$ 33.9	\$ 10.1	30	\$ 84.3	\$ 52.5	\$ 31.8	61
Pre-tax Margin	11.8 %	9.2 %			11.5 %	7.4 %		

	Three Months Ended December 31, 2022				
	Points of Growth				
	Net New Business	Internal Growth	Acquisitions	Foreign Exchange	Total
Recurring revenue Growth Drivers	4pts	3pts	0pts	-5pts	2 %

	Six Months Ended December 31, 2022				
	Points of Growth				
	Net New Business	Internal Growth	Acquisitions	Foreign Exchange	Total
Recurring revenue Growth Drivers	4pts	5pts	0pts	-4pts	4 %

For the three months ended December 31, 2022:

- Recurring revenues increased \$6.5 million, or 2%, to \$373.5 million. Recurring revenue growth constant currency (Non-GAAP) was 6%, driven by organic growth from a combination of Net New Business and Internal Growth.
- By product line, Recurring revenue growth and the corresponding Recurring revenue growth constant currency (Non-GAAP) were as follows:
 - Capital markets rose 6% and 12%, respectively, driven by BTCS, higher internal growth, and Net New Business; and
 - Wealth and Investment management declined 5% and 3%, respectively, as lower term license renewals more than offset revenue from Net New Business.
- Earnings before income taxes increased \$10.1 million, driven primarily by the \$6.5 million growth in Recurring revenues. Pre-tax margins increased by 2.6 percentage points to 11.8% from 9.2%. Amortization expense from acquired intangibles decreased by \$7.6 million to \$38.8 million in the three months ended December 31, 2022 from \$46.4 million in the prior year period due to the impact of changes in foreign exchange rates and the run-off of older acquisitions.

For the six months ended December 31, 2022:

- Recurring revenues increased \$29.8 million, or 4%, to \$736.2 million. Recurring revenue growth constant currency (Non-GAAP) was 8%, driven by organic growth from a combination of Internal Growth and Net New Business.

- By product line, Recurring revenue growth and Recurring revenue growth constant currency (Non-GAAP) were as follows:
 - Capital markets rose 8% and 13%, respectively, driven by BTCS, higher internal growth, and Net New Business; and
 - Wealth and Investment management declined 1% and increased 1%, respectively, as the revenue from Net New Business was partially offset by lower term license renewals.
- Earnings before income taxes increased \$31.8 million, driven primarily by the \$29.8 million growth in Recurring revenues. Pre-tax margins increased by 4.1 percentage points to 11.5% from 7.4%. Amortization expense from acquired intangibles decreased by \$15.1 million to \$79.1 million for the six months ended December 31, 2022 from \$94.2 million in the prior year period due to the impact of changes in foreign exchange rates and the run-off of older acquisitions.

Other

Loss before income taxes was \$37.0 million for the three months ended December 31, 2022, a decrease of \$3.7 million compared to \$40.8 million for the three months ended December 31, 2021.

- The decreased loss before income taxes was primarily due to lower selling, general and administrative expenses which more than offset a \$12.7 million increase in net interest expense.

Loss before income taxes was \$81.9 million for the six months ended December 31, 2022, an increase of \$18.3 million compared to \$63.5 million for the six months ended December 31, 2021.

- Increased net interest expense of \$17.0 million contributed to the higher loss.

Explanation and Reconciliation of the Company's Use of Non-GAAP Financial Measures

The Company's results in this Quarterly Report on Form 10-Q are presented in accordance with U.S. GAAP except where otherwise noted. In certain circumstances, Non-GAAP results have been presented. These Non-GAAP measures are Adjusted Operating income, Adjusted Operating income margin, Adjusted Net earnings, Adjusted earnings per share, Free cash flow and Recurring revenue growth constant currency. These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company's reported results.

The Company believes our Non-GAAP financial measures help investors understand how management plans, measures and evaluates the Company's business performance. Management believes that Non-GAAP measures provide consistency in its financial reporting and facilitates investors' understanding of the Company's operating results and trends by providing an additional basis for comparison. Management uses these Non-GAAP financial measures to, among other things, evaluate our ongoing operations, and for internal planning and forecasting purposes. In addition, and as a consequence of the importance of these Non-GAAP financial measures in managing our business, the Company's Compensation Committee of the Board of Directors incorporates Non-GAAP financial measures in the evaluation process for determining management compensation.

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Earnings and Adjusted Earnings Per Share

These Non-GAAP measures are adjusted to exclude the impact of certain costs, expenses, gains and losses and other specified items, the exclusion of which management believes provides insight regarding our ongoing operating performance. Depending on the period presented, these adjusted measures exclude the impact of certain of the following items: (i) Amortization of Acquired Intangibles and Purchased Intellectual Property, (ii) Acquisition and Integration Costs, (iii) Real Estate Realignment and Covid-19 Related Expenses, (iv) Investment Gain, and (v) Russia-Related Exit Costs. Amortization of Acquired Intangibles and Purchased Intellectual Property represents non-cash amortization expenses associated with the Company's acquisition activities. Acquisition and Integration Costs represent certain transaction and integration costs associated with the Company's acquisition activities. Real Estate Realignment and Covid-19 Related Expenses are comprised of two major components: Real Estate Realignment Expenses, and Covid-19 Related Expenses. Real Estate Realignment Expenses are expenses associated with the exit of certain of the Company's leased facilities in response to the Covid-19 pandemic, which consist of the impairment of certain right of use assets, leasehold improvements and equipment, as well as other related facility exit expenses directly resulting from, and attributable to, the exit of these leased facilities. Covid-19 Related Expenses are direct and incremental expenses incurred by the Company to protect the health and safety of Broadridge associates during the Covid-19 outbreak, including expenses associated with monitoring the temperatures for associates entering our facilities, enhancing the safety of our office environment in preparation for workers to return to Company facilities on a more regular basis, ensuring proper social distancing in our production facilities, personal protective equipment, enhanced cleaning measures in our facilities, and other safety related expenses. Investment Gain represents a non-operating, non-cash gain on a privately held investment. Russia-Related Exit Costs are direct and incremental costs associated with the Company's wind down of business activities in Russia in response to Russia's invasion of Ukraine, including relocation-related expenses of impacted associates.

We exclude Acquisition and Integration Costs, Real Estate Realignment and Covid-19 Related Expenses, the Investment Gain, and Russia-Related Exit Costs from our Adjusted Operating income (as applicable) and other adjusted earnings measures because excluding such information provides us with an understanding of the results from the primary operations of our business and enhances comparability across fiscal reporting periods, as these items are not reflective of our underlying operations or performance. We also exclude the impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, as these non-cash amounts are significantly impacted by the timing and size of individual acquisitions and do not factor into the Company's capital allocation decisions, management compensation metrics or multi-year objectives. Furthermore, management believes that this adjustment enables better comparison of our results as Amortization of Acquired Intangibles and Purchased Intellectual Property will not recur in future periods once such intangible assets have been fully amortized. Although we exclude Amortization of Acquired Intangibles and Purchased Intellectual Property from our adjusted earnings measures, our management believes that it is important for investors to understand that these intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.

Free Cash Flow

In addition to the Non-GAAP financial measures discussed above, we provide Free cash flow information because we consider Free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated that could be used for dividends, share repurchases, strategic acquisitions, other investments, as well as debt servicing. Free cash flow is a Non-GAAP financial measure and is defined by the Company as Net cash flows provided by operating activities less Capital expenditures as well as Software purchases and capitalized internal use software.

Recurring revenue growth constant currency

As a multi-national company, we are subject to variability of our reported U.S. dollar results due to changes in foreign currency exchange rates. The exclusion of the impact of foreign currency exchange fluctuations from our Recurring revenue growth, or what we refer to as amounts expressed "on a constant currency basis," is a Non-GAAP measure. We believe that excluding the impact of foreign currency exchange fluctuations from our Recurring revenue growth provides additional information that enables enhanced comparison to prior periods.

Changes in Recurring revenue growth expressed on a constant currency basis are presented excluding the impact of foreign currency exchange fluctuations. To present this information, current period results for entities reporting in currencies other than the U.S. dollar are translated into U.S. dollars at the average exchange rates in effect during the corresponding period of the comparative year, rather than at the actual average exchange rates in effect during the current fiscal year.

Reconciliation of Non-GAAP measures to the most directly comparable GAAP measures (unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Operating income (GAAP)	\$ 107.9	\$ 68.9	\$ 195.4	\$ 172.1
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	53.7	62.5	109.5	131.2
Acquisition and Integration Costs	3.7	7.8	7.7	10.7
Real Estate Realignment and Covid-19 Related Expenses (a)	—	1.7	—	3.5
Russia-Related Exit Costs (c)	7.9	—	10.5	—
Adjusted Operating income (Non-GAAP)	\$ 173.1	\$ 140.8	\$ 323.2	\$ 317.5
Operating income margin (GAAP)	8.3 %	5.5 %	7.6 %	7.0 %
Adjusted Operating income margin (Non-GAAP)	13.4 %	11.2 %	12.5 %	12.9 %

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
	(in millions)		(in millions)	
Net earnings (GAAP)	\$ 57.5	\$ 47.2	\$ 108.0	\$ 114.4
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	53.7	62.5	109.5	131.2
Acquisition and Integration Costs	3.7	7.8	7.7	10.7
Real Estate Realignment and Covid-19 Related Expenses (a)	—	1.7	—	3.5
Investment Gain	—	(7.5)	—	(7.5)
Russia-Related Exit Costs (c)	6.8	—	9.3	—
Subtotal of adjustments	64.1	64.4	126.6	137.8
Tax impact of adjustments (d)	(13.2)	(14.3)	(26.4)	(28.7)
Adjusted Net earnings (Non-GAAP)	\$ 108.4	\$ 97.3	\$ 208.2	\$ 223.5

	Three Months Ended December 31,		Six Months Ended December 31,	
	2022	2021	2022	2021
Diluted earnings per share (GAAP)	\$ 0.48	\$ 0.40	\$ 0.91	\$ 0.97
Adjustments:				
Amortization of Acquired Intangibles and Purchased Intellectual Property	0.45	0.53	0.92	1.11
Acquisition and Integration Costs	0.03	0.07	0.06	0.09
Real Estate Realignment and Covid-19 Related Expenses (b)	—	0.01	—	0.03
Investment Gain	—	(0.06)	—	(0.06)
Russia-Related Exit Costs	0.06	—	0.08	—
Subtotal of adjustments	0.54	0.54	1.06	1.16
Tax impact of adjustments (d)	(0.11)	(0.12)	(0.22)	(0.24)
Adjusted earnings per share (Non-GAAP)	\$ 0.91	\$ 0.82	\$ 1.75	\$ 1.89

(a) Real Estate Realignment were (\$0.1 million) and (\$0.2 million) for the three and six months ended December 31, 2021, respectively. Covid-19 Related Expenses were \$1.8 million and \$3.7 million for the three and six months ended December 31, 2021, respectively.

(b) Real Estate Realignment Expenses impacted Adjusted earnings per share by \$0.00 for the three and six months ended December 31, 2021. Covid-19 Related Expenses impacted Adjusted earnings per share by \$0.02 and \$0.03 for the three and six months ended December 31, 2021, respectively.

(c) Total Russia-Related Exit Costs were \$6.8 million, comprised of \$7.9 million of operating expenses, offset by a gain of \$1.2 million in non-operating income for the three months ended December 31, 2022. For the six months ended December 31, 2022, total costs were \$9.3 million, comprised of \$10.5 million of operating expenses, offset by the gain of \$1.2 million in non-operating income.

(d) Calculated using the GAAP effective tax rate, adjusted to exclude \$0.5 million and \$7.2 million of excess tax benefits associated with stock-based compensation for the three and six months ended December 31, 2022, respectively, and \$7.1 million and \$11.5 million of excess tax benefits associated with stock-based compensation for the three and six months ended December 31, 2021, respectively. For purposes of calculating the Adjusted earnings per share, the same adjustments were made on a per share basis.

	Six Months Ended December 31,	
	2022	2021
	(in millions)	
Net cash flows used in operating activities (GAAP)	\$ (81.4)	\$ (94.6)
Capital expenditures and Software purchases and capitalized internal use software	(33.1)	(29.2)
Free cash flow (Non-GAAP)	\$ (114.5)	\$ (123.8)

	Three Months Ended December 31, 2022				
	Regulatory	Data-Driven Fund Solutions	Issuer	Customer Communications	Total
Investor Communication Solutions					
Recurring revenue growth (GAAP)	9 %	9 %	12 %	10 %	9 %
Impact of foreign currency exchange	1 %	2 %	— %	— %	1 %
Recurring revenue growth constant currency (Non-GAAP)	9 %	11 %	12 %	11 %	10 %

Six Months Ended December 31, 2022					
Investor Communication Solutions	Regulatory	Data-Driven Fund Solutions	Issuer	Customer Communications	Total
Recurring revenue growth (GAAP)	6 %	10 %	14 %	10 %	9 %
Impact of foreign currency exchange	— %	2 %	— %	— %	1 %
Recurring revenue growth constant currency (Non-GAAP)	6 %	12 %	14 %	11 %	9 %

Three Months Ended December 31, 2022			
Global Technology and Operations	Capital Markets	Wealth and Investment Management	Total
Recurring revenue growth (GAAP)	6 %	(5 %)	2 %
Impact of foreign currency exchange	6 %	3 %	5 %
Recurring revenue growth constant currency (Non-GAAP)	12 %	(3 %)	6 %

Six Months Ended December 31, 2022			
Global Technology and Operations	Capital Markets	Wealth and Investment Management	Total
Recurring revenue growth (GAAP)	8 %	(1 %)	4 %
Impact of foreign currency exchange	5 %	2 %	4 %
Recurring revenue growth constant currency (Non-GAAP)	13 %	1 %	8 %

Three Months Ended December 31, 2022		Six Months Ended December 31, 2022	
Consolidated	Total	Total	Total
Recurring revenue growth (GAAP)	6 %	7 %	7 %
Impact of foreign currency exchange	2 %	2 %	2 %
Recurring revenue growth constant currency (Non-GAAP)	8 %	9 %	9 %

Financial Condition, Liquidity and Capital Resources

Cash and cash equivalents consisted of the following:

	December 31, 2022	June 30, 2022
	(in millions)	
Cash and cash equivalents:		
Domestic cash	\$ 72.9	\$ 43.4
Cash held by foreign subsidiaries	142.8	114.3
Cash held by regulated entities	64.3	67.0
Total cash and cash equivalents	\$ 280.0	\$ 224.7

At December 31, 2022, Cash and cash equivalents were \$280.0 million and Total stockholders' equity was \$1,786.6 million. At the current time, and in future periods, we expect cash generated by our operations, together with existing cash, cash equivalents, and borrowings from the capital markets, to be sufficient to cover cash needs for working capital, capital expenditures, strategic acquisitions, dividends and common stock repurchases.

We expect existing domestic cash, cash equivalents, cash flows from operations and borrowing capacity to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as regular quarterly dividends, debt repayment schedules, and material capital expenditures, for at least the next 12 months and thereafter for the foreseeable future. In addition, we expect existing foreign cash, cash equivalents, cash flows from operations and borrowing capacity to continue to be sufficient to fund our foreign operating activities and cash commitments for investing activities, such as material capital expenditures, for at least the next 12 months and thereafter for the foreseeable future. If these funds are needed for our operations in the U.S., we may be required to pay additional foreign taxes to repatriate these funds. However, while we may do so at a future date, the Company does not need to repatriate future foreign earnings to fund U.S. operations.

Outstanding borrowings and available capacity under the Company's borrowing arrangements were as follows:

	Expiration Date	Principal amount outstanding at December 31, 2022	Carrying value at December 31, 2022	Carrying value at June 30, 2022	Unused Available Capacity	Fair Value at December 31, 2022
(in millions)						
Long-term debt						
Fiscal 2021 Revolving Credit Facility:						
U.S. dollar tranche	April 2026	\$ 335.0	\$ 335.0	\$ 25.0	\$ 765.0	\$ 335.0
Multicurrency tranche	April 2026	—	—	—	400.0	—
Total Revolving Credit Facility		335.0	335.0	25.0	1,165.0	335.0
Fiscal 2021 Term Loans	May 2024	1,540.0	1,536.9	1,535.8	—	1,540.0
Fiscal 2016 Senior Notes	June 2026	500.0	497.7	497.4	—	468.8
Fiscal 2020 Senior Notes	December 2029	750.0	743.8	743.4	—	636.0
Fiscal 2021 Senior Notes	May 2031	1,000.0	992.0	991.5	—	816.0
Total Senior Notes		2,250.0	2,233.5	2,232.3	—	1,920.8
Total debt		\$ 4,125.0	\$ 4,105.4	\$ 3,793.0	\$ 1,165.0	\$ 3,795.8

Future principal payments on our outstanding debt are as follows:

Years ending June 30,	2023	2024	2025	2026	2027	Thereafter	Total
(In millions)	\$ —	\$ 1,540.0	\$ —	\$ 835.0	\$ —	\$ 1,750.0	\$ 4,125.0

The Company has a \$1.5 billion five-year revolving credit facility (the "Fiscal 2021 Revolving Credit Facility"), which is comprised of a \$1.1 billion U.S. dollar tranche and a \$400.0 million multicurrency tranche. Under the Fiscal 2021 Revolving Credit Facility, revolving loans denominated in U.S. Dollars, Canadian Dollars, Euro, Yen, and Swedish Kronor initially bear interest at LIBOR, CDOR, EURIBOR, TIBOR and STIBOR, respectively, plus 1.015% per annum (subject to step-ups to 1.175% and step-downs to 0.805% based on ratings) and revolving loans denominated in Sterling initially bear interest at SONIA plus 1.0476% per annum (subject to step-ups to 1.2076% and step-downs to 0.8376% based on ratings). The Fiscal 2021 Revolving Credit Facility also has an annual facility fee equal to 11.0 basis points on the entire facility (subject to step-ups to 20.0 basis points and step-downs to 7.0 basis points based on ratings).

In March 2021, the Company entered into a term credit agreement, as amended on December 23, 2021 ("Term Credit Agreement"), providing for term loan commitments in an aggregate principal amount of \$2.55 billion, comprised of a \$1.0 billion tranche ("Tranche 1") and a \$1.55 billion tranche ("Tranche 2," together with Tranche 1, the "Fiscal 2021 Term Loans"). The Tranche 1 Loan was repaid in full in May 2021. The Tranche 2 Loans will mature in May 2024 on the third anniversary of the Funding Date. The proceeds of the Fiscal 2021 Term Loans were used by the Company to solely finance the Itiviti Acquisition and pay certain fees and expenses in connection therewith. Interest on the outstanding portion of the Fiscal 2021 Term Loans bears interest at LIBOR plus 0.875% per annum (subject to step-ups to LIBOR plus 1.250% or a step-down to LIBOR plus 0.750% based on ratings).

In June 2016, the Company completed an offering of \$500.0 million in aggregate principal amount of senior notes (the “Fiscal 2016 Senior Notes”). Interest on the Fiscal 2016 Senior Notes is payable semiannually on June 27 and December 27 of each year based on a fixed per annum rate equal to 3.40%. In December 2019, the Company completed an offering of \$750.0 million in aggregate principal amount of senior notes (the “Fiscal 2020 Senior Notes”). Interest on the Fiscal 2020 Senior Notes is payable semiannually on June 1 and December 1 of each year based on a fixed per annum rate equal to 2.90%. In May 2021, the Company completed an offering of \$1.0 billion in aggregate principal amount of senior notes (the “Fiscal 2021 Senior Notes”). Interest on the Fiscal 2021 Senior Notes is payable semi-annually in arrears on May 1 and November 1 of each year based on a fixed per annum rate equal to 2.60%.

The Fiscal 2021 Revolving Credit Facility, Fiscal 2021 Term Loans, Fiscal 2016 Senior Notes, Fiscal 2020 Senior Notes and Fiscal 2021 Senior Notes are senior unsecured obligations of the Company and are ranked equally in right of payment.

Our liquidity position may be negatively affected by changes in general economic conditions, regulatory requirements and access to the capital markets, which may be limited if we were to fail to renew any of the credit facilities on their renewal dates or if we were to fail to meet certain ratios.

Please refer to Note 10, “Borrowings” to our Condensed Consolidated Financial Statements in Item 1. of Part I of this Quarterly Report on Form 10-Q for a more detailed discussion.

Cash Flows

	Six Months Ended December 31,		
	2022	2021	Change \$
	(in millions)		
Net cash flows used in operating activities	\$ (81.4)	\$ (94.6)	\$ 13.2
Net cash flows used in investing activities	(35.1)	(53.9)	18.8
Net cash flows provided by financing activities	176.9	159.2	17.6
Effect of exchange rate changes on Cash and cash equivalents	(5.0)	(4.1)	(0.9)
Net change in Cash and cash equivalents	<u>\$ 55.3</u>	<u>\$ 6.6</u>	<u>\$ 48.7</u>
Free cash flow:			
Net cash flows used in operating activities (GAAP)	\$ (81.4)	\$ (94.6)	\$ 13.2
Capital expenditures and Software purchases and capitalized internal use software	(33.1)	(29.2)	(3.9)
Free cash flow (Non-GAAP)	<u>\$ (114.5)</u>	<u>\$ (123.8)</u>	<u>\$ 9.3</u>

The decrease in cash used in operating activities of \$13.2 million in the six months ended December 31, 2022, as compared to the six months ended December 31, 2021, was primarily due to an increase in accounts receivable collections as well as decreased client-related platform implementation and development, partially offset by lower net earnings, as compared to the prior year period.

The decrease in cash used in investing activities of \$18.8 million in the six months ended December 31, 2022, as compared to the six months ended December 31, 2021, was primarily driven by \$13.3 million of acquisition activity in the prior year.

The increase in cash provided by financing activities of \$17.6 million in the six months ended December 31, 2022, as compared to the six months ended December 31, 2021, primarily reflects higher net debt proceeds, partially offset by higher dividends paid and lower proceeds from the exercise of stock options compared to the prior year period.

Seasonality

Processing and distributing proxy materials and annual reports to investors comprises a large portion of our Investor Communication Solutions business. We process and distribute the greatest number of proxy materials and annual reports during our third and fourth fiscal quarters. The recurring periodic activity of this business is linked to significant filing deadlines imposed by law on public reporting companies. This has caused our revenues, operating income, net earnings, and cash flows from operating activities to be higher in our third and fourth fiscal quarters. The seasonality of our revenues makes it difficult to estimate future operating results based on the results of any specific fiscal quarter and could affect an investor’s ability to compare our financial condition, results of operations, and cash flows on a fiscal quarter-by-quarter basis.

Contractual Obligations

Data Center Agreements

In March 2010, the Company and International Business Machines Corporation (“IBM”) entered into an Information Technology Services Agreement (the “IT Services Agreement”), under which IBM provided certain aspects of the Company’s information technology infrastructure. Under the IT Services Agreement, IBM provided a broad range of technology services to the Company including supporting its mainframe, midrange, network and data center operations, as well as providing disaster recovery services. The migration of data center processing to IBM was completed in August 2012. In December 2019, the Company and IBM amended and restated the IT Services Agreement (the “Amended IT Services Agreement”), which now expires on June 30, 2027. The Company has the option of incorporating additional services into the Amended IT Services Agreement over time. The Company may renew the term of the Amended IT Services Agreement for up to one additional 12-month period. On July 28, 2021, the Company entered into a novation agreement with IBM (the “U.S. Novation Agreement”) pursuant to which IBM novated the Amended IT Services Agreement to Kyndryl, Inc., an entity formed in connection with IBM’s spin-off of its managed infrastructure services business (“Kyndryl”), effective September 1, 2021. Fixed minimum commitments remaining under the Amended IT Services Agreement at December 31, 2022 are \$108.4 million through fiscal year 2027, the final year of the Amended IT Services Agreement.

In December 2019, the Company and IBM entered into an information technology agreement for private cloud services (the “Private Cloud Agreement”) under which IBM will operate, manage and support the Company’s private cloud global distributed platforms and products, and operate and manage certain Company networks. The Private Cloud Agreement has an initial term of approximately 10 years and three months, expiring on March 31, 2030. As a result of the Private Cloud Agreement, the Company transferred certain of its employees in April 2020 to IBM and its affiliates, and that such transferred employees are expected to continue providing services to the Company on behalf of IBM under the Private Cloud Agreement. Pursuant to the Private Cloud Agreement, the Company agreed to transfer the ownership of certain Company-owned hardware (the “Hardware”) located at Company facilities worldwide to IBM. The transfer of the Hardware and Maintenance Contracts to IBM closed on September 30, 2020 for a selling price of \$18.0 million. On July 28, 2021, IBM novated the Private Cloud Agreement to Kyndryl, effective September 1, 2021, pursuant to the U.S. Novation Agreement. Fixed minimum commitments remaining under the Private Cloud Agreement at December 31, 2022 are \$154.9 million through March 31, 2030, the final year of the contract.

In March 2014, the Company and IBM United Kingdom Limited (“IBM UK”) entered into an Information Technology Services Agreement (the “EU IT Services Agreement”), under which IBM UK provides data center services supporting the Company’s technology outsourcing services for certain clients in Europe and Asia. The EU IT Services Agreement would have expired in October 2023. In December 2019, the Company amended the existing EU IT Services Agreement whereby the Company will migrate from the existing dedicated on-premises solution to a managed Broadridge private cloud environment provided by IBM, as well as extended the term of the EU IT Services Agreement to June 2029 (the “Amended EU IT Services Agreement”). The Company has the right to renew the term of the Amended EU IT Services Agreement for up to one additional 12-month period or one additional 24-month period. On August 19, 2021, the Company entered into a novation agreement with IBM UK pursuant to which IBM UK novated the EU IT Services Agreement to Kyndryl UK Limited, effective September 1, 2021. Fixed minimum commitments remaining under the Amended EU IT Services Agreement at December 31, 2022 are \$14.7 million through fiscal year 2029, the final year of the contract.

Cloud Services Resale Agreement

On December 31, 2021, the Company and Presidio Networked Solutions LLC (“Presidio”), a reseller of services of Amazon Web Services, Inc. and its affiliates (collectively, “AWS”), entered into an Order Form and AWS Private Pricing Addendum, dated December 31, 2021 (the “Order Form”), to the Cloud Services Resale Agreement, dated December 15, 2017, as amended (together with the Order Form, the “AWS Cloud Agreement”), whereby Presidio will resell to the Company certain public cloud infrastructure and related services provided by AWS for the operation, management and support of the Company’s cloud global distributed platforms and products. The AWS Cloud Agreement expires on December 31, 2026. Fixed minimum commitments remaining under the AWS Cloud Agreement at December 31, 2022 are \$204.5 million through December 31, 2026.

The Company has an equity method investment that is a variable interest in a variable interest entity. The Company is not the primary beneficiary and therefore does not consolidate the investee. The Company’s potential maximum loss exposure related to its unconsolidated investments in this variable interest entity totaled \$40.1 million as of December 31, 2022, which represents the carrying value of the Company’s investments.

In addition, as of December 31, 2022, the Company has a future commitment to fund \$0.9 million to one of the Company’s other investees.

Other Commercial Agreements

Certain of the Company's subsidiaries established unsecured, uncommitted lines of credit with banks. There were no outstanding borrowings under these lines of credit at December 31, 2022.

Off-balance Sheet Arrangements

It is not our business practice to enter into off-balance sheet arrangements. However, we are exposed to market risk from changes in foreign currency exchange rates that could impact our financial position, results of operations, and cash flows. We manage our exposure to these market risks through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

In January 2022, we executed a series of cross-currency swap derivative contracts with an aggregate notional amount of EUR 880 million which are designated as net investment hedges to hedge a portion of our net investment in our subsidiaries whose functional currency is the Euro. The cross-currency swap derivative contracts are agreements to pay fixed-rate interest in Euros and receive fixed-rate interest in U.S. Dollars, thereby effectively converting a portion of our U.S. Dollar denominated fixed-rate debt into Euro denominated fixed-rate debt. The cross-currency swaps mature in May 2031 to coincide with the maturity of the Fiscal 2021 Senior Notes. Accordingly, foreign currency transaction gains or losses on the qualifying net investment hedge instruments are recorded as foreign currency translation within other comprehensive income (loss), net in the Condensed Consolidated Statements of Comprehensive Income and will remain in Accumulated other comprehensive income (loss) in the Condensed Consolidated Balance Sheets until the sale or complete liquidation of the underlying foreign subsidiary. At December 31, 2022, our position on the cross-currency swaps was an asset of \$97.0 million, and is recorded as part of Other non-current assets on the Condensed Consolidated Balance Sheets with the offsetting amount recorded as part of Accumulated other comprehensive income (loss), net of tax. We have elected the spot method of accounting whereby the net interest savings from the cross-currency swaps is recognized as a reduction in interest expense in our Condensed Consolidated Statements of Earnings.

In May 2021, we settled a forward treasury lock agreement that was designated as a cash flow hedge, for a pre-tax loss of \$11.0 million, after which the final settlement loss is being amortized into Interest expense, net ratably over the ten year term of the Fiscal 2021 Senior Notes. The expected amount of the existing loss that will be amortized into earnings before income taxes within the next twelve months is approximately \$1.1 million.

In the normal course of business, we also enter into contracts in which it makes representations and warranties that relate to the performance of our products and services. We do not expect any material losses related to such representations and warranties, or collateral arrangements.

Recently-issued Accounting Pronouncements

Please refer to Note 2, "New Accounting Pronouncements" to our Condensed Consolidated Financial Statements under Item 1. of Part I of this Quarterly Report on Form 10-Q, for a discussion on the impact of new accounting pronouncements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the quantitative and qualitative disclosures about market risk previously disclosed in Item 7A. of our 2022 Annual Report.

Item 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2022. The Chief Executive Officer and the Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2022 were effective.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the normal course of business, the Company is subject to claims and litigation. While the outcome of any claim or litigation is inherently unpredictable, the Company believes that the ultimate resolution of these matters will not, individually or in the aggregate, result in a material impact on its financial condition, results of operations, or cash flows.

Item 1A. RISK FACTORS

In addition to the information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the “Risk Factors” disclosed under Item 1A. to Part I in our 2022 Annual Report. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. There have been no material changes to the risk factors we have disclosed in the “Risk Factors” section of our 2022 Annual Report.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table contains information about our purchases of our equity securities for each of the three months during our second fiscal quarter ended December 31, 2022:

<u>Period</u>	<u>Total Number of Shares Purchased (1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)</u>
October 1, 2022 - October 31, 2022	1,568	\$ 144.32	—	9,586,545
November 1, 2022 - November 30, 2022	212	144.60	—	9,586,545
December 1, 2022 - December 31, 2022	999	142.39	—	9,586,545
Total	<u>2,779</u>	<u>\$ 143.65</u>	<u>—</u>	

(1) Represents shares purchased from employees to pay taxes related to the vesting of restricted stock units.

(2) During the fiscal quarter ended December 31, 2022, the Company did not repurchase shares of common stock under its share repurchase program. At December 31, 2022, the Company had 9.6 million shares available for repurchase under its share repurchase program. Any share repurchases will be made in the open market or privately negotiated transactions in compliance with applicable legal requirements and other factors.

Item 6. EXHIBITS

The following exhibits are being filed as part of this Quarterly Report on Form 10-Q:

- [31.1 Certification of the Chief Executive Officer of Broadridge Financial Solutions, Inc., pursuant to Rule 13a-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [31.2 Certification of the Chief Financial Officer of Broadridge Financial Solutions, Inc., pursuant to Rule 13a-14 of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [32.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14\(b\) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- [32.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14\(b\) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101 The following financial statements from the Broadridge Financial Solutions, Inc. Quarterly Report on Form 10-Q for the quarter ended December 31, 2022, formatted in eXtensible Business Reporting Language (XBRL): (i) condensed consolidated statements of earnings for the three and six months ended December 31, 2022 and 2021, (ii) condensed consolidated statements of comprehensive income for the three and six months ended December 31, 2022 and 2021, (iii) condensed consolidated balance sheets as of December 31, 2022 and June 30, 2022, (iv) condensed consolidated statements of cash flows for the six months ended December 31, 2022 and 2021, (v) condensed consolidated statements of stockholders' equity for the three and six months ended December 31, 2022 and 2021, and (vi) the notes to the condensed consolidated financial statements. XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
- 104 Cover Page Interactive Data File (Formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 2, 2023

BROADRIDGE FINANCIAL SOLUTIONS, INC.

By: /s/ Edmund L. Reese

Edmund L. Reese

Corporate Vice President and Chief Financial Officer

(Principal Financial and Accounting Officer)

SECTION 302 CERTIFICATION

I, Timothy C. Gokey, certify that:

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

Date: February 2, 2023

/s/ Timothy C. Gokey

Timothy C. Gokey

Chief Executive Officer

SECTION 302 CERTIFICATION

I, Edmund L. Reese, certify that:

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

February 2, 2023

/s/ Edmund L. Reese

Edmund L. Reese
Corporate Vice President and
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Broadridge Financial Solutions, Inc. (the “Company”) on Form 10-Q for the quarter ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Timothy C. Gokey, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

February 2, 2023

/s/ Timothy C. Gokey

Timothy C. Gokey
Chief Executive Officer

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

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

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Broadridge Financial Solutions, Inc. (the “Company”) on Form 10-Q for the quarter ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Edmund L. Reese, Corporate Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

February 2, 2023

/s/ Edmund L. Reese

Edmund L. Reese

Corporate Vice President and Chief Financial Officer

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

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