

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2019

or

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File No. 001-37394

Black Knight, Inc.

(Exact name of registrant as specified in its charter)

Delaware 81-5265638
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

601 Riverside Avenue, Jacksonville, Florida 32204
(Address of principal executive offices) (Zip Code)

(904) 854-5100

(Registrant's telephone number, including area code)

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

Table with 3 columns: Title of each class, Trading Symbol, Name of each exchange on which registered. Row 1: Common Stock, \$0.0001 par value, BKI, New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [X] No []

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [] No [X]

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 [X] No []

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] No []

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

Large accelerated filer [X] Accelerated filer [] Non-accelerated filer [] Smaller reporting company []
Emerging growth company []

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

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

The aggregate market value of the shares of Black Knight, Inc. common stock held by non-affiliates of the registrant as of June 28, 2019 was \$8,563,073,578 based on the closing price of \$60.15 as reported by the New York Stock Exchange.

As of February 27, 2020, there were 150,011,817 shares of Black Knight, Inc. common stock outstanding.

The information in Part III hereof is incorporated by reference to certain information from the registrant's definitive proxy statement for the 2019 annual meeting of shareholders. The registrant intends to file the proxy statement within 120 days after the close of the fiscal year that is the subject of this Report.

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Statement Regarding Forward-Looking Information

The statements contained in this Annual Report on Form 10-K or in our other documents or in oral presentations or other statements made by our management that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements regarding our expectations, hopes, intentions or strategies regarding the future. These statements relate to, among other things, future financial and operating results of Black Knight. In many cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "could," "potential" or "continue," or the negative of these terms and other comparable terminology. Actual results could differ materially from those anticipated in these statements as a result of a number of factors, including, but not limited to the following:

- security breaches against our information systems;
- changes to our relationships with our top clients, whom we rely on for a significant portion of our revenues and profit;
- limitation of our growth due to the time and expense associated with switching from competitors' software and services;
- our ability to meet our contractual commitments and to offer high-quality technical support services;
- our ability to comply with or changes in laws, rules and regulations that affect our and our clients' businesses;
- consolidation in our end client market;
- regulatory developments with respect to use of consumer data and public records;
- efforts by the government to address the mortgage market and economic environment;
- our clients' relationships with government-sponsored enterprises;
- our ability to adapt our solutions to technological changes or evolving industry standards or to achieve our growth strategies;
- our ability to compete effectively;
- increase in the availability of free or relatively inexpensive information;
- our ability to protect our proprietary software and information rights;
- infringement on the proprietary rights of others by our applications or services;
- our ability to successfully consummate and integrate acquisitions;
- our reliance on third parties;
- our dependence on our ability to access data from external sources;
- our international operations and third-party service providers;
- our investment in Star Parent, L.P. ("Star Parent") and the operation of its indirect subsidiary, The Dun & Bradstreet Corporation ("D&B");
- system failures or service interruptions;
- delays or difficulty in developing or implementing new, enhanced or existing mortgage processing or software solutions;
- change in the strength of the economy and housing market generally;
- our existing indebtedness and any additional significant debt we incur;
- changes in London Interbank Offered Rate ("LIBOR") reporting practices and the replacement of LIBOR with an alternative reference rate;
- the adequacy of our policies and procedures;
- litigation, investigations or other actions against us;
- the market price of our common stock may be volatile;
- our charter and bylaws and provisions of Delaware law may discourage or prevent strategic transactions;
- our intention not to pay dividends on our common stock for the foreseeable future; and
- restrictions on our ability to pursue potential business opportunities under a non-competition agreement with Fidelity National Financial, Inc. and its subsidiaries ("FNF") that we entered in connection with the spin-off from FNF (the "Distribution").

See "Risk Factors" for a further description of these and other factors. For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this Annual Report on Form 10-K. Any forward-looking statement made by us in this Annual Report on Form 10-K speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. You should carefully consider the possibility that actual results may differ materially from our forward-looking statements.

Part I

Item 1. Business

Except as otherwise indicated or unless the context otherwise requires, all references to "Black Knight," the "Company," "we," "us" or "our" (1) prior to the Distribution, are to Black Knight Financial Services, Inc., a Delaware corporation, and its subsidiaries ("BKFS") and (2) after the Distribution, are to Black Knight, Inc., a Delaware corporation, and its subsidiaries ("BKI").

Overview

We are a leading provider of integrated software, data and analytics solutions to the mortgage and consumer loan, real estate and capital markets verticals. Our solutions facilitate and automate many of the mission-critical business processes across the homeownership lifecycle. We are committed to being a premier business partner that clients rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class software, services and insights with a relentless commitment to excellence, innovation, integrity and leadership.

We have market-leading software solutions combined with comprehensive real estate data and extensive analytic capabilities. Our solutions are utilized by U.S. mortgage originators and servicers, as well as other financial institutions, investors and real estate professionals, to support mortgage lending and servicing operations, analyze portfolios and properties, operate more efficiently, meet regulatory compliance requirements and mitigate risk.

We believe the breadth and depth of our comprehensive end-to-end, integrated solutions and the insight we provide to our clients differentiate us from other software providers and position us particularly well for emerging opportunities. We have served the mortgage and real estate industries for over 55 years and utilize this experience to design and develop solutions that fit our clients' ever-evolving needs. Our proprietary software solutions and data and analytics capabilities reduce manual processes, improve compliance and quality, mitigate risk and deliver significant cost savings to our clients. Our scale allows us to continually and cost-effectively invest in our business in order to meet industry requirements and maintain our position as an industry-standard platform for mortgage market participants.

The table below summarizes active first and second lien mortgage loans on our mortgage loan servicing software solution and the related market data, reflecting our leadership in the mortgage loan servicing software solutions market (in millions):

	First lien		Second lien		Total first and second lien	
	2019	2018	2019	2018	2019	2018
Active loans	31.2	32.1	2.7	2.5	33.9	34.6
Market size	53.0 (1)	51.8 (1)	13.4 (2)	13.4 (2)	66.4	65.2
Market share	59%	62%	20%	19%	51%	53%

(1) According to the Black Knight Mortgage Monitor Reports as of December 31, 2019 and 2018 for U.S. first lien mortgage loans.

(2) According to the December 2019 and October 2018 Equifax National Consumer Credit Trends Reports as of September 30, 2019 and 2018, respectively, for U.S. second lien mortgage loans.

Our business is organized into two segments:

Software Solutions – offers software and hosting solutions that support loan servicing, loan origination and settlement services.

Data and Analytics – offers data and analytics solutions to the mortgage, real estate and capital markets verticals. These solutions include property ownership data, lien data, servicing data, automated valuation models, collateral risk scores, behavioral models, a multiple listing service ("MLS") solution and other data solutions.

We offer our solutions to a wide range of clients across the mortgage and consumer loan, real estate and capital markets verticals. The quality and breadth of our solutions contribute to the long-standing nature of our relationships with our clients, the majority of whom enter into long-term contracts across multiple products that are embedded in their mission-critical workflow and decision processes, particularly in the Software Solutions segment. Given the contractual nature of our revenues and stickiness of our client relationships, our revenues are highly visible and recurring in nature. Due to our integrated suite of solutions and our scale, we are able to drive significant operating leverage, which we believe enables our clients to operate more efficiently while allowing us to generate strong margins and cash flows.

Our Markets

The U.S. mortgage loan market is large, and the loan lifecycle is complex and consists of several stages. The mortgage loan lifecycle includes origination, servicing and default. Mortgage loans are originated to finance home purchases or refinance

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existing mortgage loans. Once a mortgage loan is originated, it is serviced on a periodic basis by mortgage loan servicers, which may not be the lenders that originated the mortgage loan. Furthermore, if a mortgage loan experiences default, it triggers a set of multifaceted processes with an assortment of potential outcomes depending on a mix of variables.

Underlying the three major components of the mortgage loan lifecycle are the software, data and analytics support behind each process, which have become increasingly critical to industry participants due to the complexity of regulatory requirements. As the industry has grown in complexity, participants have responded by outsourcing to large scale specialty providers, automating manual processes and seeking end-to-end solutions that support the processes required to manage the entire mortgage loan lifecycle.

Overview of the Markets We Serve

The U.S. mortgage loan servicing market is comprised of first and second lien mortgage loans. Even through housing downturns, the mortgage loan servicing market generally remains stable, as the total number of first lien mortgage loans outstanding tends to stay relatively constant. The number of second lien mortgage loans outstanding can vary based on a number of factors including loan-to-value ratios, interest rates and lenders' desire to own such loans.

While delinquent mortgage loans typically represent a small portion of the overall mortgage loan servicing market, the mortgage loan default process is long and complex and involves multiple parties, a significant exchange of data and documentation and extensive regulatory requirements. Providers in the default process must be able to meet strict regulatory guidelines, which we believe are best met through the use of proven technology.

The U.S. mortgage loan origination market consists of both purchase and refinance mortgage loan originations. The mortgage loan origination process is complex and involves multiple parties, significant data exchange and significant regulatory oversight, which requires a comprehensive, scalable solution developed by a company with substantial industry experience. According to the Mortgage Bankers Association ("MBA"), the U.S. mortgage loan origination market for purchase and refinance mortgage loan originations is estimated as follows (in billions):

	2019	2018	2017
Mortgage loan originations ⁽¹⁾ :			
Purchase	\$ 1,272.0	\$ 1,185.0	\$ 1,143.0
Refinance	796.0	458.0	616.0
Total	<u>\$ 2,068.0</u>	<u>\$ 1,643.0</u>	<u>\$ 1,760.0</u>

Note: Amounts may not recalculate due to rounding.

(1) The 2019, 2018 and 2017 U.S. mortgage loan origination market for purchase and refinance originations is estimated by the MBA Mortgage Finance Forecast as of February 18, 2020, February 11, 2019 and October 16, 2018, respectively.

Market Trends

Market trends that have spurred lenders and servicers to seek software solutions are as follows:

Growing role of technology in the U.S. mortgage loan industry. Banks and other lenders and servicers have become increasingly focused on automation and workflow management to operate more efficiently and meet their regulatory requirements as well as using technology to enhance the consumer experience during the mortgage loan origination and closing process. We believe technology providers must be able to support the complexity of the market, display extensive industry knowledge and possess the financial resources to make the necessary investments in technology to support lenders. This includes an enhanced digital experience along with the application of artificial intelligence, robotic process automation and adaptive learning.

Lenders increasingly focused on core operations. As a result of regulatory scrutiny and the higher cost of doing business, we believe lenders have become more focused on their core operations and customers. We believe lenders are increasingly shifting from in-house solutions to third-party solutions that provide a more comprehensive and efficient solution. Lenders require these providers to deliver best-in-class solutions and deep domain expertise and to assist them in maintaining regulatory compliance.

Increased demand for enhanced transparency and analytic insight. As U.S. mortgage loan market participants work to minimize the risk in lending, servicing and capital markets, they rely on the integration of data and analytics with solutions that enhance the decision-making process. These industry participants rely on large, comprehensive third-party databases coupled with enhanced analytics to achieve these goals.

Regulatory oversight. Most U.S. mortgage loan market participants are subject to a high level of regulatory oversight and regulatory requirements as federal and state governments have enacted various new laws, rules and regulations. It is our experience that mortgage lenders have become more focused on minimizing the risk of non-compliance with regulatory requirements and are looking toward solutions that assist them in complying with their regulatory requirements. In addition,

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high-profile data security incidents have resulted in an increased focus on data security by our clients and our clients' regulators. We expect the industry focus on privacy and data security to continue to increase.

Our Solutions and Services

Our solutions provide clients with a comprehensive, integrated software and workflow management solution set that is supported by data and analytics to enhance capabilities and drive efficiencies while assisting our clients with regulatory compliance.

Software Solutions

Our Software Solutions segment offers leading software and hosting solutions that facilitate and automate many of the mission-critical business processes across the homeownership lifecycle. These solutions primarily consist of mortgage loan origination and servicing, processing and workflow management software applications coupled with related support and services.

Our clients in this segment are primarily mortgage lenders and servicers. We believe they use our software and services to reduce their operating costs, improve their ability to provide superior customer service and enhance the quality and consistency of various aspects of their mortgage operations. We work with our clients to enhance and integrate our software and services in order to assist them in gaining the greatest value from the solutions we provide.

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The primary applications and services within our Software Solutions segment are as follows:

Solution:	Description:
MSP®	A software as a service application that delivers one central, comprehensive platform for mortgage and home equity loans. MSP® provides servicers the ability to automate all areas of loan servicing, including setup and maintenance, customer service, cashing, escrow administration, investor accounting and default management. It serves as a core application and database of record for first and second lien mortgage loans.
Bankruptcy SM / Foreclosure SM	This flexible and scalable solution can be used for managing and automating the wide range of different workflow processes involving distressed and non-performing loans. It provides a real-time integration with MSP® and increases process efficiencies while increasing processing volumes.
Invoicing SM	Sophisticated web-based solution that helps servicers save time and eliminate errors by automating every aspect of the billing and invoice process - from invoice set-up to post payment activities.
Loss Mitigation SM	This application provides servicers using MSP® with a comprehensive, integrated solution that supports industry standard retention and liquidation workouts. The system's highly intuitive interface, built-in workflows and quality control capabilities help streamline the loss mitigation process and reduce risk.
Claims SM	This end-to-end, fully integrated solution helps servicers manage the entire default-related claims process. It facilitates considerable savings of time and resources, reduction of errors and decrease in penalties and curtailments.
Empower®	Dynamic, innovative loan origination system used by lenders to originate their first mortgage loans, home equity loans and lines of credit across the retail, wholesale, consumer-direct and correspondent lending channels. It provides functionality for every facet of the origination process, including first and second lien mortgage loan products support, loan fulfillment and closing, pre- and post-closing audit and compliance functions, product and pricing, electronic document management and industry-standard interfaces. This solution is supported by Point of Sale SM , which allows end consumers to prequalify and apply for loans using any device and helps servicers to enhance integrity and consistency of data.
LendingSpace®	Comprehensive, end-to-end loan origination system designed specifically to support the entire correspondent lending process. A correspondent loan is a loan that is originated and funded by one lender and sold to another lender who services the loan or sells it on the secondary market. LendingSpace® facilitates real-time communication between correspondent loan sellers and purchasers. It standardizes operations, enhances data integrity and helps ensure that process and compliance rules are consistently applied.
Exchange SM	This platform provides a fully interconnected network of originators, agents, settlement services providers and mortgage loan investors in the U.S. It currently connects lenders with more than 25,000 service providers. This secure and integrated solution allows lenders and their service providers to connect and do business electronically.
Expedite®	A suite of products and services used by lenders, title underwriters, settlement agents and real estate professionals to automate and streamline internal business processes, manage compliance and accelerate the application-to-close cycle. Expedite's data-enriched "transaction workspace" enables all participants to seamlessly interact throughout real estate transaction lifecycle.
CompassPPE SM	Comprehensive product pricing and eligibility engine ("PPE") that enables lenders to offer a point-of-sale PPE to their correspondent, wholesale and retail origination channels.
CompassPoint SM	Provides the tools, reporting, calculations and automation capabilities necessary to help lenders manage the market risk of their pipeline of interest rate locks. It also provides cash flow engines and modules to help lenders value and understand their portfolio of mortgage servicing rights.

We build all of our software platforms to be scalable, secure, flexible, standards-based and web-connected for easy use by our clients. Further, we have a history of being able to bring solutions to market quickly due to investments we have made in integrating our software and development processes. Servicing DigitalSM and our artificial intelligence virtual assistant ("AIVASM") are two solution initiatives we introduced to the market to offer an enhanced digital experience along with the application of robotic process automation and adaptive learning. A description of each of these solutions is included below:

- Servicing DigitalSM - A cutting-edge, interactive, customer-centric solution that delivers detailed, timely and highly personalized information about the value of a consumer's home and the wealth that can be built from the underlying real estate asset. Its loan information dashboard allows customers to make payments, see previous payment activity, review information on taxes and insurance and view other loan details. Servicing DigitalSM enables servicers to strengthen their relationship with the customer. Its home value dashboard includes analytics that let customers perform

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"what if" scenarios and services. The neighborhood data dashboard of this solution allows customers to compare attributes of their homes with others in the neighborhood.

- AIVASM - An artificial intelligence virtual assistant that reads, comprehends and draws conclusions based on context to mimic cognitive thinking and build expertise over time. This scalable solution helps deliver operational efficiencies to reduce turn times and origination costs by automating many of the task-oriented and repetitive manual functions that lenders manage every day and accelerating the speed of processing.

Data and Analytics

Our Data and Analytics segment supports and enhances our software solutions and is designed to help lenders and servicers make more informed decisions, improve performance, identify and predict risk and generate more qualified leads. We believe, based on our knowledge of the industry and competitors, that we have aggregated one of the largest residential real estate data sets in the United States that is derived from both proprietary and public data sources. Utilizing this data, subject to any applicable use restrictions, and our deep history and understanding of the mortgage market, we have created detailed real estate data solutions that assist in portfolio management, valuations, property records, lead generation and improved risk analysis for all aspects of origination, servicing, default and capital markets/investing. In addition, we deliver data, analytics and software solutions to clients in the real estate, title insurance, MLS and other verticals that rely on property data-centric solutions to make informed decisions and run their businesses.

Our primary data and analytics services are as follows:

- Property data: A large collection of property information on real estate parcels in the United States. The data is delivered through a variety of distribution mechanisms, including web portals, application programming interfaces, bulk files and through integrations with our proprietary mortgage enterprise software platforms.
- Title plant software: A software platform that helps title companies navigate a vast collection of data regarding property ownership, legal and vesting.
- MLS software solution: A software platform that helps regional MLS associations manage their local area property listings. The platform also enables membership management.
- McDashSM loan data: An extensive repository of mortgage loan performance data, representing the majority of the mortgage loan industry. With advanced data-processing capabilities, customized record layouts and flexible delivery options, it offers current, reliable and high-quality information to meet our clients' needs.
- AFTSM: Model that forecasts prepayments, default, delinquencies and losses on residential mortgage loans and securities. It allows servicers to enhance their collection strategies through our Dialer OptimizerSM solution, which offers the capability to risk rank the servicing portfolio based on expected loss and borrower payment patterns using a proven analytical model.

We also introduced to the market our Actionable Intelligence Platform ("AIPSM") and our Rapid Analytics Platform ("RAPSM"). AIPSM is a unified framework for delivering actionable intelligence across the loan lifecycle. AIPSM supports origination, servicing and home equity businesses and is designed to address our clients' revenue, efficiency and compliance initiatives. RAPSM is an interactive data science platform that helps companies enhance performance, reduce risk and increase efficiencies by providing a single workspace to source data, execute queries, create advanced analytics and train machine learning models to deliver faster insights. Users of RAPSM have the ability to upload their own data on this platform and join it with Black Knight data.

Our Competitive Strengths

We believe our competitive strengths include the following:

- *Market leadership with comprehensive and integrated solutions.* We are a leading provider of comprehensive and integrated solutions. We believe our leadership position is, in part, the result of our unique expertise and insight developed from over 55 years serving the needs of clients in the mortgage loan industry. We have used this insight to develop an integrated and comprehensive suite of proprietary software, data and analytics solutions to automate many of the mission-critical business processes across the entire homeownership lifecycle. These integrated solutions are designed to reduce manual processes, assist in improving organizational compliance and mitigating risk, and to ultimately deliver significant cost savings to our clients.
- *Broad and deep client relationships with significant recurring revenues.* We have long-standing, sticky relationships with our largest clients. We frequently enter into long-term contracts with our software solutions clients that contain a base fee that is contractually obligated. Our products are typically embedded within our clients' mission-critical workflow and decision-making processes across various parts of their organizations.

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- *Extensive data assets and analytics capabilities.* We develop and maintain large, accurate and comprehensive data sets on the mortgage loan and housing industry that we believe are competitively differentiated. Our unique data sets provide a combination of public and proprietary data, and each of our data records features a large number of attributes. Our data scientists utilize our data sets, subject to any applicable use restrictions, and comprehensive analytical capabilities to create highly customized reports, including models of customer behavior for originators and servicers, portfolio analytics for capital markets and government agencies and proprietary market insights for real estate agencies. Our data and analytics capabilities are also embedded into our software solutions and workflow products, providing our clients with integrated and comprehensive solutions.
- *Scalable and cost-effective operating model.* We believe we have a highly attractive and scalable operating model derived from our market leadership, hosted software solutions and the large number of clients we serve. Our scalable operating model provides us with significant benefits. Our scale and operating leverage allows us to add incremental clients to our existing platforms with limited incremental cost. As a result, our operating model drives attractive margins and generates significant cash flow. Also, by leveraging our scale and leading market position, we are able to make cost-effective investments in our software solutions to assist with complex regulatory and compliance requirements, which we believe increases our value proposition to clients.

Our Strategy

Our comprehensive and integrated software solutions, robust data and analytic capabilities, differentiated business model, broad and deep client relationships and other competitive strengths enable us to pursue multiple growth opportunities. We intend to continue to expand our business and grow through the following key strategies:

- *Cross-sell existing products.* We believe our established client base presents a substantial opportunity for growth. We seek to capitalize on the trend of standardization and increased adoption of leading third-party solutions and increase the number of solutions provided to our existing client base. We intend to broaden and deepen our client relationships by cross-selling our suite of end-to-end software solutions, as well as our robust data and analytics. By helping our clients understand the full extent of our comprehensive solutions and the value of leveraging the multiple solutions we offer, we believe we can expand our existing relationships by allowing our clients to focus on their core businesses and their customers.
- *Win new clients.* We intend to attract new clients by leveraging the value proposition provided by our software and comprehensive solutions offering. In particular, we believe there is a significant opportunity to penetrate the mid-tier mortgage loan originators and servicers market. We believe these institutions can benefit from our proven solutions suite in order to address complex regulatory requirements and compete more effectively in the evolving mortgage loan market. We intend to continue to pursue this channel and benefit from the low incremental cost of adding new clients to our scalable applications and infrastructure.
- *Solution development and innovation.* Our long-term vision is to be the industry-leading provider for participants of the mortgage and consumer loan, real estate and capital markets verticals for their platform, data and analytic needs. We intend to enhance what we believe is a leadership position by continuing to innovate our solutions and refine the insight we provide to our clients. We have a strong track record of introducing and developing new solutions that span the homeownership lifecycle, are tailored to specific industry trends and enhance our clients' core operating functions. By working in partnership with key clients, we have been able to develop and market new and advanced solutions to our client base that meet the evolving demands of the mortgage and consumer loan, real estate and capital markets verticals. In addition, we will continue to develop and leverage insights from our large public and proprietary data assets to further improve our client value proposition.
- *Selectively pursue strategic acquisitions.* The core focus of our strategy is to grow organically. However, we may selectively evaluate strategic acquisition opportunities that would allow us to expand our footprint, broaden our client base and deepen our product and service offerings. We believe that there are meaningful synergies that result from acquiring small companies that provide best-in-class single point solutions. Integrating and cross-selling these point solutions into our broader client base and integrating acquisitions into our efficient operating environment would potentially result in revenues and cost synergies.

Our Clients

We have numerous clients in each category of service that we offer. A significant focus of our marketing efforts is on the top U.S. mortgage loan originators and servicers. We also provide our solutions to a number of other financial institutions, investors, attorneys, trustees and real estate professionals.

The U.S. mortgage loan industry is concentrated among the top 25 institutions, and our most significant and long-term relationships tend to follow the industry landscape. We typically provide an extensive number of solutions to each client. Because of the depth of these relationships, we derive a significant portion of our aggregate revenues from our largest clients.

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During the year ended December 31, 2019, Wells Fargo, N.A. accounted for approximately 10% of our consolidated revenues and approximately 12% of our Software Solutions segment revenues. We also had one client that accounted for approximately 13% of our Data and Analytics segment revenues.

During the year ended December 31, 2019, our five largest clients accounted for approximately 31% of our consolidated revenues and approximately 34% of our Software Solutions segment revenues. However, the revenues in each case are spread across a range of services and are subject to multiple, separate contracts. Although the diversity of the services we provide to each of these clients reduces the risk that we would lose all of the revenues associated with any of these clients, a significant deterioration in our relationships with or the loss of any one or more of these clients could have a material effect on our results of operations or financial condition. See Item 1A. *Risk Factors* of Part I of this Report.

Sales and Marketing

Our sales and marketing efforts are focused on both generating new clients as well as cross-selling our broad service offerings to existing clients.

We have teams of experienced sales personnel with subject matter expertise in particular services and in the needs of the companies in the markets we serve. Marketing activities include direct marketing, print and digital advertising, media relations, video, web-based activities, thought leadership, client meetings and conferences, tradeshow and convention activities and other targeted initiatives.

We engage with existing clients on a regular basis and continually focus on engaging with prospective clients. Given the broad range of solutions we offer, we have significant opportunity to expand our sales to our existing client base through cross-selling efforts. We have established a core team of account managers who cross-sell the full range of our services to existing clients at the top-tier and mid-tier U.S. mortgage loan originators and servicers, as well as a number of other financial institutions, investors and real estate professionals.

We engage in strategic account reviews, during which our executives share their knowledge of clients and the market in order to determine the best sales approach on a client-by-client basis. As a result, we believe we have created an effective cross-selling culture within our organization.

Research and Development

Our research and development activities relate primarily to the design, development and enhancement of our software applications. We expect to continue our practice of investing an appropriate level of resources to maintain, enhance and extend the functionality of our proprietary systems and existing software applications, to develop new and innovative software applications and systems in response to the needs of our clients and to enhance the capabilities surrounding our infrastructure. We work with our clients to determine the appropriate timing and approach to introducing technology or infrastructure changes to our applications and services.

Patents, Trademarks and Other Intellectual Property

We rely on a combination of contractual restrictions, internal security practices and copyright and trade secret laws to establish and protect our software, technology, data and expertise. Further, we have developed a number of brands that have accumulated goodwill in the marketplace, and we rely on the above to protect our rights in that area. We intend to continue our policy of taking all measures we deem necessary to protect our copyright, trade secret and trademark rights.

Competition

A number of the businesses in which we engage are highly competitive. Competitive factors in processing businesses include the quality of the technology-based application or service, application features and functions, ease of delivery and integration, ability of the provider to maintain, enhance and support the applications or services and pricing. We believe that our integrated software solutions and economies of scale in the mortgage loan origination and servicing markets provide us with a competitive advantage in each of these categories. Based on our knowledge of the industry and competitors, we also believe that no single competitor offers the depth and breadth of solutions we are able to offer.

Software Solutions. With respect to our Software Solutions segment, we compete with our clients' internal technology departments and other providers of similar systems, such as Ellie Mae, Inc. and Sagent Lending Technologies. Competitive factors include the quality of the technology-based application or service, application features and functions, ease of delivery and integration, ability of the provider to maintain, enhance and support the applications or services and pricing. We believe that our integrated software solutions and economies of scale in the mortgage loan processing business provide us with a competitive advantage in each of these categories.

Data and Analytics. In our Data and Analytics segment, we primarily compete with CoreLogic, Inc., First American Financial Corporation, in-house capabilities and certain niche providers. We compete based on the breadth and depth of our data, the exclusive nature of some of our key data sets and the capabilities to create highly customized reports. We believe that

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the quality of the data we offer is distinguished by the broad range of our data sources, including non-public sources, the volume of records we maintain, our ability to integrate our data and analytics with our software solutions and the ability to leverage our market leading position in the mortgage loan origination and servicing industries.

Government Regulations

Various aspects of our businesses are subject to federal and state regulations. Our failure to comply with any applicable laws and regulations could result in restrictions on our ability to provide certain services, as well as the possible imposition of civil fines and criminal penalties.

As a provider of electronic data processing to financial institutions, such as banks and credit unions, we are subject to regulatory oversight and examination by the Federal Financial Institutions Examination Council ("FFIEC"), an interagency body of the Federal Reserve Board ("FRB"), the Consumer Financial Protection Bureau ("CFPB"), the Office of the Comptroller of the Currency ("OCC"), the Federal Deposit Insurance Corporation ("FDIC") and various other federal and state regulatory authorities. We also may be subject to possible review by state agencies that regulate banks in each state in which we conduct our electronic processing activities.

Our financial institution clients are required to comply with various privacy laws and regulations under state and federal law, including the Gramm-Leach-Bliley Act. These laws and regulations place restrictions on the use of non-public personal information. All financial institutions must disclose detailed privacy policies to their customers and offer them the opportunity to direct the financial institution not to share information with third parties. The regulations, however, permit financial institutions to share information with non-affiliated parties who perform services for the financial institutions. As a provider of services to financial institutions, we are required to comply with the same privacy regulations and are generally bound by the same limitations on disclosure of the information received from our clients as those that apply to the financial institutions themselves.

The most recent financial crisis resulted in increased scrutiny of all parties involved in the mortgage loan industry by governmental authorities. This scrutiny has included federal and state governmental review of all aspects of the mortgage lending business, including an increased legislative and regulatory focus on consumer protection practices. Future legislative or regulatory changes are difficult to predict and new laws or regulations that may be implemented by the CFPB or other regulatory bodies may require us to change our business practices or cause us to incur increased costs to comply.

Many consumer advocates, privacy advocates and government regulators believe that existing laws and regulations do not adequately protect privacy or ensure the accuracy of consumer-related data. As a result, they have implemented or are seeking to implement further restrictions, such as the California Consumer Privacy Act ("CCPA"), New York Department of Financial Services Cybersecurity Requirements for Financial Services Companies ("NY DFS Cybersecurity Regulation") and the Vermont Act Relating to Data Brokers and Consumer Protection ("Vermont Data Broker Law"), on the acquisition, dissemination or commercial use of personal information within the public and private sectors and are also contemplating requirements relative to data accuracy and the ability of consumers to opt to have their personal data removed from databases such as ours. We are also subject to these state regulations.

Information Security

We are highly dependent on information technology networks and systems to securely process, transmit and store electronic information. Attacks on information technology systems continue to grow in frequency, complexity and sophistication. Such attacks have become a point of focus for individuals, businesses and governmental entities. These attacks can create system disruptions, shutdowns or unauthorized disclosure of confidential information, including non-public personal information, consumer data and proprietary business information.

We remain focused on making strategic investments in information security to protect our clients and our information systems. This includes both capital expenditures and operating expenses on hardware, software, personnel and consulting services. As our primary solutions and services evolve, we apply a comprehensive approach to the mitigation of identified security risks. We have established policies, including those related to information security and cybersecurity, and we employ a broad and diversified set of risk monitoring and risk mitigation techniques. We also participate in industry and governmental initiatives to improve information security for our clients.

Employees

As of December 31, 2019, we had approximately 4,900 employees. None of our workforce is unionized. We have not experienced any work stoppages, and we consider our relations with employees to be good.

Financial Information by Segment

In addition to our two reporting segments, we have a corporate organization that consists primarily of general and administrative expenses that are not included in our segments. For financial information by reporting segment, see Note 21 to the Notes to Consolidated Financial Statements.

Additional Information

Our website address is www.blackknightinc.com. We make available free of charge on or through our website our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). However, the information found on our website is not part of this or any other report.

Item 1A. Risk Factors

In addition to the normal risks of business, we are subject to significant risks and uncertainties, including those listed below and others described elsewhere in this Annual Report on Form 10-K. Any of the risks described herein could result in a significant or material adverse effect on our results of operations or financial condition.

If we are unable to protect our information systems against data corruption, cyber-based attacks or network security breaches, or if we are unable to provide adequate security in the electronic transmission of sensitive data, it could have a material adverse effect on us.

We are highly dependent on information technology networks and systems, including the Internet, to securely process, transmit and store electronic information. Security breaches of this infrastructure, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, and the evolving threat landscape can create system disruptions, shutdowns or unauthorized disclosure of confidential information, including non-public personal information, consumer data and proprietary business information. Cyber-based attacks, including those to extort payment in return for the release of sensitive information, are increasing. Unauthorized access, including through use of fraudulent schemes such as "phishing" schemes, could jeopardize the security of information stored in our systems. In addition, malware or viruses could jeopardize the security of information stored or used in a user's computer. If we are unable to prevent or detect such security or privacy breaches, our operations could be disrupted, or we may suffer loss of reputation, financial loss, lawsuits and regulatory-imposed restrictions and penalties because of lost or misappropriated information, including sensitive consumer data, which could have a material adverse effect on our business, financial condition and results of operations. Likewise, our clients are increasingly imposing more stringent contractual obligations on us relating to our information security protections. If we are unable to maintain protections and processes at a level commensurate with that required by our large clients, it could negatively affect our relationships with those clients, increase our operating or litigation costs or subject us to liability under those contractual obligations, which could have a material adverse effect on our business, financial condition and results of operations.

We rely on our top clients for a significant portion of our revenues and profits, which makes us susceptible to the same macro-economic and regulatory factors that affect our clients. If these clients are negatively affected by economic or regulatory conditions or otherwise experience financial hardship or stress, or if we are unable to renew existing agreements or the terms of our relationships with these clients change, it could have a material adverse effect on us.

Our clients are in a consolidated industry and, as a result, a small number of our clients have accounted for a significant portion of our revenues. We expect that a limited number of our clients will continue to represent a significant portion of our revenues for the foreseeable future. The significant portion of our revenues that a limited number of our clients currently represent may increase in the future. During the year ended December 31, 2019, our largest client, Wells Fargo, N.A., or Wells Fargo, accounted for approximately 10% of our consolidated revenues, and our five largest clients accounted for approximately 31% of our consolidated revenues.

Many of our relationships with these clients are long-standing and are important to our business and results of operations, but there is no guarantee that we will be able to retain or renew existing agreements or maintain our relationships on acceptable terms or at all. Additionally, we rely on cross-selling our products and services to our existing clients as a source of growth. The deterioration in or termination of any of these relationships could significantly reduce our revenues and could have a material adverse effect on our business, financial condition and results of operations. As a result, we may be disproportionately affected by declining revenues from, or loss of, a significant client. In addition, by virtue of their significant relationships with us, these clients may be able to exert pressure on us with respect to the pricing of our services.

The time and expense associated with switching from our competitors' software and services to ours may limit our growth.

The costs for a mortgage lender or servicer to switch providers of software, data and analytics solutions and services can be significant and the process can take 12 to 18 months, or longer, to complete. As a result, potential clients may decide that it is not worth the time and expense to begin using our solutions and services, even if we offer competitive and economic advantages. If we are unable to convince these potential clients to switch to our software and services, our ability to increase market share will be limited, which could have a material adverse effect on our business, financial condition and results of operations.

We typically provide service level commitments under our client contracts, including commitments to provide high-quality technical support services. If we fail to meet these contractual commitments, it may adversely affect our reputation and relationship with our clients or we could face contract terminations, which could have a material adverse effect on us.

Our client agreements typically provide service level commitments measured on a daily and monthly basis. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our applications, we may be contractually obligated to provide these clients with service credits or refunds or we could face contract terminations. If we suffer unscheduled downtime that exceeds the allowed downtimes under our agreements with our clients or if we experience any extended service outages, it could have a material adverse effect on our business, financial condition and results of operations.

In addition, our sales process is highly dependent on our applications and business reputation and on positive recommendations from our existing clients. Any failure to maintain high-quality technical support, or a market perception that we do not maintain high-quality support, could adversely affect our reputation and our ability to sell our applications to existing and prospective clients, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our clients and we are subject to various governmental regulations, and a failure to comply with governmental regulations or changes in these regulations, including changes that may result from changes in the political landscape, could result in penalties, restrict or limit our or our clients' operations or make it more burdensome to conduct such operations.

Many of our clients' and our businesses are subject to various federal, state, local and foreign laws and regulations. Our failure to comply with applicable laws and regulations could restrict our ability to provide certain services or result in imposition of civil fines and criminal penalties, substantial regulatory and compliance costs, litigation expense, adverse publicity and loss of revenues.

As a provider of electronic data processing to financial institutions, such as banks and credit unions, we are subject to regulatory oversight and examination by the FFIEC, the CFPB, the OCC, the FDIC and various other federal and state regulatory authorities. We also may be subject to possible review by state agencies that regulate banks in each state in which we conduct our electronic processing activities.

A portion of our Compass Analytics, LLC ("Compass Analytics") business provides risk management, loan sales (best execution) and general secondary marketing advisory and hedge execution services in concert with licensing Compass Analytics' mortgage loan valuation and risk management analytics to its clients. Through this business, Compass Analytics may advise clients regarding their best practices, strategic relationships and workflow, but earns no commission or compensation for any trade execution or volume and does not have custody of any client funds or securities. Compass Analytics offers these advisory services to mortgage loan originators and servicers, including mortgage banks, community and commercial banks, credit unions, mortgage loan insurers, government agencies, investors, Federal Home Loan Banks and real estate investment trusts. As a result, Compass Analytics is registered with and regulated by the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended ("Investment Advisers Act"). The failure by us to comply with applicable laws or regulations could result in fines, suspensions of individual employees or other sanctions, any of which could have a negative impact on our business, financial condition and results of operations. Even if an investigation or proceeding did not result in a fine or sanction or the fine or sanction imposed against us or our employees by a regulator were small in monetary amount, the adverse publicity relating to an investigation, proceeding or imposition of these fines or sanctions could harm our reputation and cause us to lose existing clients.

In addition, our businesses are subject to an increased degree of compliance oversight by regulators and by our clients. Specifically, the CFPB has authority to write rules affecting the business of, supervise, conduct examinations of and enforce compliance with federal consumer financial laws and regulations with respect to certain "non-depository covered persons" determined by the CFPB to be "larger participants" that offer consumer financial products and services. The CFPB and the prudential financial institution regulators such as the OCC also have the authority to examine us in our role as a service provider to large financial institutions. In addition, we believe some of our largest bank clients' regulators are requiring the banks to exercise greater oversight and perform more rigorous audits of their key service providers such as us.

The Real Estate Settlement Procedures Act ("RESPA") and related regulations generally prohibit the payment or receipt of fees or any other item of value for the referral of real estate-related settlement services. RESPA also prohibits fee shares or splits or unearned fees in connection with the provision of residential real estate settlement services, such as mortgage brokerage and real estate brokerage. Notwithstanding these prohibitions, RESPA permits payments for goods furnished or for services actually performed, so long as those payments bear a reasonable relationship to the market value of the goods or services provided. RESPA and related regulations may to some extent restrict our real estate-related businesses from entering into certain preferred alliance arrangements. The CFPB is responsible for enforcing RESPA.

Changes to laws and regulations and regulatory oversight of our clients and us, including those that may result from changes in the political landscape, may cause us to increase our prices in certain situations or decrease our prices in other situations, may restrict our ability to implement price increases or otherwise limit the manner in which we conduct our business. We may also incur additional expense in keeping our software solutions services up to date as laws and regulations change, and we may not be able to pass those additional costs on to our clients. In addition, in response to increased regulatory oversight, participants in the

mortgage lending industry may develop policies pursuant to which they limit the extent to which they can rely on any one vendor or service provider. Conversely, in an environment with less stringent regulatory oversight, prospective clients may choose to retain their in-house platforms, or current service providers, or seek alternative service providers who provide services that are less compliance and quality oriented at a lower price point. If we are unable to adapt our products and services to conform to increased or evolving laws and regulations, or if these laws and regulations have a negative effect on our clients, we may experience client losses or increased operating costs, which could have a material adverse effect on our business, financial condition and results of operations.

There may be consolidation in our end client market, which could reduce the use of our services by our clients.

Consolidations among existing or potential clients could reduce the number of our clients and potential clients. If our clients merge with, are acquired by or sell their servicing portfolios to other entities that are not our clients, or that use fewer of our services, they may discontinue or reduce their use of our services. In addition, if potential clients merge, our ability to increase our client base may be adversely affected and the ability of our clients to exert pressure on our pricing may increase. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

Regulatory developments with respect to use of consumer data and public records could have a material adverse effect on us.

Because our databases include certain public and non-public personal information concerning consumers, we are subject to government regulation and potential adverse publicity concerning our use of consumer data. We acquire, store, use and provide many types of consumer data and related services that are subject to regulation under the Fair Credit Reporting Act, the Gramm-Leach-Bliley Act, the Driver's Privacy Protection Act and, to a lesser extent, various other federal, state and local laws and regulations. These laws and regulations are designed to protect the privacy of consumers and to prevent security breaches, cyber-based attacks, other unauthorized access and misuse of personal information in the marketplace. Our failure to comply with these laws, or any future laws or regulations of a similar nature, could result in substantial regulatory penalties, litigation expense and loss of revenues, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, some of our data suppliers face similar regulatory requirements and, consequently, they may cease to be able to provide data to us or may substantially increase the fees they charge us for this data, which may make it financially burdensome or impossible for us to acquire data that is necessary to offer our products and services. Further, many consumer advocates, privacy advocates and government regulators believe that existing laws and regulations do not adequately protect privacy or ensure the accuracy of consumer-related data. As a result, they have implemented or are seeking to implement further restrictions, such as the CCPA, NY DFS Cybersecurity Regulations and Vermont Data Broker Law, on the acquisition, dissemination or commercial use of personal information within the public and private sectors and are also contemplating requirements relative to data accuracy and the ability of consumers to opt to have their personal data removed from databases such as ours. Privacy laws may be interpreted and applied inconsistently from state to state and impose inconsistent or conflicting requirements. Complying with varying jurisdictional requirements could increase the cost and complexity of compliance. Any future laws, regulations or other restrictions limiting the dissemination or use of personal information may reduce the quality and availability of our solutions and services, which could have a material adverse effect on our business, financial condition and results of operations. Further, violations of privacy laws can result in significant penalties and damage to our brand and business.

Participants in the mortgage loan industry are subject to efforts by the government to regulate the mortgage loan industry or address the mortgage loan market and current economic environment.

The mortgage loan industry is heavily regulated and continues to be subject to review by governmental authorities. Inquiries may include federal and state governmental review of all aspects of the mortgage lending business. Such efforts may include actions to address the housing market and the economy in general and to maintain rigorous mortgage loan servicing standards.

Additional state and federal government actions directed at housing and the mortgage loan industry may occur and could have a material adverse effect on our business, financial condition and results of operations.

Our clients' relationships with government-sponsored enterprises ("GSEs") are subject to change.

Our clients have significant relationships with Fannie Mae and Freddie Mac, which are GSEs tasked with working with financial institutions to provide liquidity to the mortgage loan market. The GSEs do this by purchasing loans from the lenders either for cash or in exchange for mortgage-backed securities that are backed by those loans and that, for a fee, carry the GSEs' guarantee of timely payment of interest and principal to investors of those mortgage-backed securities. Because our clients service the loans owned by GSEs, we provide solutions and services for many of those loans. As a result of these relationships, GSEs have been able to implement changes to our pricing structure on certain products and services we provide. GSEs or other governmental agencies may be able to exert similar pressure on the pricing of our solutions and services in the future, which could have a material adverse effect on our business, financial condition and results of operations.

If we fail to adapt our solutions to technological changes or evolving industry standards and regulations, or if our ongoing efforts to upgrade, modernize or innovate our technology are not successful, we may not be able to achieve our growth strategies and we could lose clients and have difficulty attracting new clients for our solutions.

The markets for our solutions are characterized by constant technological changes, frequent introductions of new products and services and evolving industry standards and regulations. Our growth strategies and future success will be significantly affected by our ability to successfully enhance our current solutions, and to develop and introduce new solutions and services that address the increasingly sophisticated needs of our clients and their customers. These initiatives carry the risks associated with any new product or service development effort, including cost overruns, delays in delivery and performance issues. There can be no assurance that we will be successful in developing, marketing and selling new solutions and services that meet these changing demands, that we will not experience difficulties that could delay or prevent the successful development, introduction and marketing of these solutions and services or that our new solutions and services and their enhancements will adequately meet the demands of the marketplace and achieve market acceptance. If our efforts are unsuccessful, it could have a material adverse effect on our business, financial condition and results of operations.

We operate in a competitive business environment and, if we are unable to compete effectively, it could have a material adverse effect on us.

The markets for our solutions are intensely competitive. Our competitors vary in size and in the scope and breadth of the services they offer. Some of our competitors have substantial resources. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies. There can be no assurance that we will be able to compete successfully against current or future competitors or that competitive pressures we face in the markets in which we operate will not have a material adverse effect on our business, financial condition and results of operations.

Further, because many of our larger existing or potential clients have historically developed their key processing applications in-house, and therefore, view their system requirements from a make-versus-buy perspective, we often compete against our existing or potential clients' in-house capabilities. As a result, gaining new clients in our servicing and origination software businesses can be difficult. For banks and other potential clients, switching from an internally designed system to an outside vendor, or from one vendor of servicing and origination software services to a new vendor, is a significant undertaking. These potential clients worry about possible disadvantages such as loss of custom functionality, increased costs and business disruption. As a result, these potential clients often resist change. There can be no assurance that our strategies for overcoming potential clients' reluctance to change will be successful, and if we are unsuccessful, it could have a material adverse effect on our business, financial condition and results of operations.

To the extent the availability of free or relatively inexpensive information increases, the demand for some of our data and information solutions may decrease.

Public sources of free or relatively inexpensive information have become increasingly available, particularly through the Internet, and this trend is expected to continue. Governmental agencies in particular have increased the amount of information to which they provide free public access. Public sources of free or relatively inexpensive information may reduce demand for, or the price that clients are willing to pay for, our data and information solutions. To the extent that clients choose not to obtain data and information from us and instead rely on information obtained at little or no cost from these public sources, it could have a material adverse effect on our business, financial condition and results of operations.

We rely upon proprietary technology and information rights, and if we are unable to protect our rights, it could have a material adverse effect on us.

Our success depends, in part, upon our intellectual property rights. We rely primarily on a combination of patents, copyrights, trade secrets, trademark laws, nondisclosure and other contractual restrictions on copying, distribution and creation of derivative products to protect our proprietary technology and information. This protection is limited, and our intellectual property could be used by others without our consent. In addition, patents may not be issued with respect to our pending or future patent applications, and our patents may not be upheld as valid or may not prevent the development of competitive products. Any infringement, disclosure, loss, invalidity of or failure to protect our intellectual property could have a material adverse effect on our business, financial condition and results of operations. Moreover, litigation may be necessary to enforce or protect our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could be time-consuming, result in substantial costs and diversion of resources and could have a material adverse effect on our business, financial condition and results of operations.

If our applications, solutions, including those that contain "open source" software, or services are found to infringe the proprietary rights of others or fail to comply with the terms of one or more of these open source licenses, we may be required to change our business practices and may also become subject to significant costs and monetary penalties.

We use a limited amount of software licensed by its authors or other third parties under so-called "open source" licenses and may continue to use such software in the future. Some of these licenses contain requirements that we make available source code for modifications or derivative works we create based upon the open source software, and that we license such modifications or derivative works under the terms of a particular open source license or other license granting third parties certain rights of further use. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software if we combine our proprietary software with open source software in a certain manner. Additionally, the terms of many open source licenses have not been interpreted by the United States or other courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our solutions. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on origin of the software. We cannot be sure that all open source software is submitted for approval prior to use in our solutions. In addition, many of the risks associated with using open source software cannot be eliminated, and could, if not properly addressed, have a material adverse effect on our business, financial condition and results of operations.

As our information technology applications and services develop, we may become increasingly subject to infringement claims. Any such claims, whether with or without merit, could:

- be expensive and time-consuming to defend;
- cause us to cease providing solutions that incorporate the challenged intellectual property;
- require us to redesign our solutions, if feasible;
- divert management's attention and resources; and
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary technologies.

Any one or more of the foregoing outcomes could have a material adverse effect on our business, financial condition and results of operations. Additionally, we may be liable for damages for past infringement if a court determines that our software or technologies infringe upon a third party's patent or other proprietary rights.

If we are unable to successfully consummate acquisitions or experience delays in integrating acquisitions, it could have a material adverse effect on us.

One of our strategies to grow our business is to opportunistically acquire complementary businesses, technologies and services. This strategy will depend on our ability to find suitable acquisitions and finance them on acceptable terms. We may require additional debt or equity financing for future acquisitions, and doing so will be made more difficult by our indebtedness. Raising additional capital for acquisitions through debt financing could result in increased interest expense and may involve agreements that include covenants limiting or restricting our ability to take certain actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional capital for acquisitions through equity financing, the ownership interests of existing shareholders will be diluted.

If we are unable to acquire suitable acquisition candidates, we may experience slower growth. Further, we may face challenges in integrating any acquired business. These challenges include eliminating redundant operations, facilities and systems, coordinating management and personnel, retaining key employees, managing different corporate cultures and achieving cost reductions and cross-selling opportunities. Additionally, the acquisition and integration processes may disrupt our business and divert management attention and our resources. If we fail to successfully integrate acquired businesses, products, technologies and personnel, it could impair relationships with employees, clients and strategic partners, distract management attention from our core businesses, result in control failures and otherwise disrupt our ongoing business, any of which could have a material adverse effect on our business, financial condition and results of operations. We also may not be able to retain key management and other critical employees after an acquisition. In addition, we may be required to record future charges for impairment of goodwill and other intangible assets resulting from such acquisitions.

Our reliance on third parties subjects us to risk and may disrupt or adversely affect our operations. In addition, we may not realize the full benefit of our third-party arrangements, which may result in increased costs, or may adversely affect the service levels we are able to provide our clients.

We rely upon third parties for various business process and technology-related products and services, including cloud-based providers. Although we have contractual provisions with our providers that specify performance requirements, we do not ultimately control their performance, which may make our operations vulnerable to their performance failures. In addition, our failure to adequately monitor and regulate the performance of our third-party vendors could subject us to additional risk. Reliance on third parties also makes us vulnerable to changes in our vendors' businesses, financial condition and other matters outside of our control, including their violations of laws or regulations, which could increase our exposure to liability or otherwise increase the costs

associated with the operation of our business. If for any reason our relationship with any of these third parties, including cloud-based providers, were to end unexpectedly, it could require a significant amount of cost and time to transition to new third-party service providers. The failure of our providers to perform as expected or as contractually required could result in significant disruptions and costs to our operations and to the services we provide to our clients, or could result in loss of revenues, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on our ability to access data from external sources to maintain and grow our businesses. If we are unable to access needed data from these sources or if the prices charged for these services increase, the quality, pricing and availability of our solutions may be adversely affected.

We rely extensively upon data from a variety of external sources to maintain our proprietary and non-proprietary databases, including data from third-party suppliers, various government and public record sources and data contributed by our clients. Our data sources could cease providing or reduce the availability of their data to us, increase the price we pay for their data or limit our use of their data for a variety of reasons, including legislatively or judicially imposed restrictions on use. If a number of suppliers are no longer able or are unwilling to provide us with certain data, or if our public record sources of data become unavailable or too expensive, we may need to find alternative sources. If we are unable to identify and contract with suitable alternative data suppliers and efficiently and effectively integrate these data sources into our service offerings, we could experience service disruptions, increased costs and reduced quality of our services. Moreover, some of our data suppliers compete with us in certain product offerings, which may make us vulnerable to unpredictable price increases from them. Significant price increases could require us to seek other sources of data on more favorable economic terms, which may not be available at all. Loss of such access or the availability of data in the future on commercially reasonable terms or at all may reduce the quality and availability of our services and solutions, which could have a material adverse effect on our business, financial condition and results of operations.

Our international third-party service providers and our own international operations subject us to additional risks.

We have sought to reduce our costs by utilizing lower-cost labor in India. This country may be subject to higher degrees of political and social instability than the United States and may lack the infrastructure to withstand political unrest or natural disasters. Such disruptions can affect our ability to deliver our solutions on a timely basis, if at all, and to a lesser extent can decrease efficiency and increase our costs. Weakness of the U.S. dollar in relation to the currency used and higher inflation rates experienced in this country may also reduce anticipated savings. Furthermore, the practice of utilizing labor based in foreign countries has come under increased scrutiny in the United States and, as a result, many of our clients may require us to use labor based in the United States. We may not be able to pass on the increased costs of higher-priced United States-based labor to our clients, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, India could adopt new legislation or regulations that could make it difficult, more costly or impossible for us to continue our foreign activities as currently being conducted. In addition, in many foreign countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by laws and regulations applicable to us, such as the Foreign Corrupt Practices Act ("FCPA") or other local anti-corruption laws. Any violations of FCPA or local anti-corruption laws by us or our subsidiaries, could result in substantial financial and other penalties, which could have a material adverse effect on our business, financial condition and results of operations.

We have substantial investments in recorded goodwill and other intangible assets, and an extended economic downturn or troubled mortgage market could cause these investments to become impaired.

Goodwill was \$2.4 billion, or approximately 60% of our total assets, as of December 31, 2019. Other intangible assets, net were \$150.0 million, or approximately 4% of our total assets. Goodwill and other indefinite-lived intangible assets are assessed for impairment at least annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with finite useful lives are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors that may indicate the carrying value of our intangible assets, including goodwill, may not be recoverable include, but are not limited to, significant underperformance relative to historical or projected future results of operations, a significant decline in our stock price and market capitalization, and negative industry or economic trends. However, if there is an extended economic downturn in the future, the carrying amount of our goodwill or other intangible assets may no longer be recoverable, and we may be required to record an impairment charge, which could have a material adverse effect on our results of operations.

Our investment in D&B may expose us to certain risks, which could have a material adverse effect on our financial condition and results of operations.

On February 8, 2019, an investment consortium completed the acquisition of D&B. We invested \$375.0 million as part of this transaction. On July 1, 2019, we invested an additional \$17.6 million. Refer to Note 4 to the Notes to Consolidated Financial Statements for additional information.

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D&B's strategy is designed to drive long-term sustainable growth as one global company delivering content through modern channels to serve customer needs with their forward-leaning culture. The achievement of their strategic initiatives depends on a number of factors, including but not limited to their ability to maintain the integrity of their brand and reputation, customer demand for their products, the effect of macro-economic challenges on their customers and vendors, their reliance on third parties to provide data and certain operational services and their ability to protect their information technology. D&B may not be able to successfully implement their strategic initiatives in accordance with their expectations, or in the timeframe they desire, which may result in us not realizing our expected return on investment, or a negative return on investment.

D&B has undertaken a strategic and operational review of their business to help them find ways to accelerate value realization, including certain cost saving initiatives. Based on this review, D&B continues to undertake certain strategic and cost saving initiatives, which they believe will help them to achieve this goal. They cannot guarantee they will be able to successfully implement these strategic or cost saving initiatives. Furthermore, they may be unable to achieve, or may be delayed in achieving, some or all of the benefits from such initiatives. Additionally, even if they achieve these goals, they may not receive the expected benefits of the initiatives, or the costs of implementing these initiatives could exceed the related benefits. If they are unable to successfully implement these initiatives, if these initiatives are not as successful as planned or if they do not receive the expected benefits of these initiatives, they may not be able to meet their value realization expectations, which may result in us not realizing our expected return on investment, or a negative return on investment.

Our investment is accounted for under the equity method of accounting, through which we record our proportionate share of their net earnings or loss in our consolidated financial statements. Equity-method investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If our equity-method investment is not recoverable, we may be required to record an impairment charge, which could have a material adverse effect on our financial condition and results of operations.

We may experience system failures or service interruptions that could harm our business and reputation and expose us to potential liability.

We depend heavily upon the computer systems and our existing technology infrastructure located in our data centers. Certain system interruptions or events beyond our control could interrupt or terminate the delivery of our solutions and services to our clients and may interfere with our suppliers' ability to provide necessary data to us and our employees' ability to perform their responsibilities.

These potential interruptions include, but are not limited to, damage or interruption from hurricanes, floods, fires, power losses, telecommunications outages, cyber-based attacks, terrorist attacks, acts of war, human errors and similar events. Our U.S. corporate offices and one of our data centers are located in Jacksonville, Florida, which is an area that is at high risk of hurricane and flood damage. In addition, acts of terrorism, which may be targeted at metropolitan areas that have higher population density than rural areas, could cause disruptions in our business or the economy as a whole. The servers that we use through various third-party service providers may also be vulnerable to similar disruptions, which could lead to interruptions, delays and loss of critical data. Such service providers may not have sufficient protection or recovery plans in certain circumstances, and our insurance may not be sufficient to compensate us for losses that may occur.

Defects in our software solutions, errors or delays in the processing of electronic transactions, or other difficulties could result in:

- interruption of business operations;
- delay in market acceptance;
- us, or our clients, missing a regulatory deadline;
- additional development and remediation costs;
- diversion of technical and other resources;
- loss of clients;
- negative publicity; or
- exposure to liability claims.

Any one or more of the foregoing occurrences could have a material adverse effect on our business, financial condition and results of operations. Although we attempt to limit our potential liability through disclaimers and limitation-of-liability provisions in our client agreements, we cannot be certain that these measures will be successful in limiting our liability.

We may experience delays or difficulty in developing or implementing new, enhanced or existing software, data or hosting solutions, which may negatively affect our relationships with existing and potential clients, reduce or delay the generation of revenues or increase development and implementation costs.

Our future financial performance depends upon the successful development, implementation and client acceptance of new, existing and enhanced versions of our software and hosting solutions. We continually seek to develop enhancements to our solutions, including updates in response to changes in applicable laws, as well as new offerings to supplement our existing solutions. As a

result, we are subject to the risks inherent in the development and integration of new technologies, including defects or undetected errors in our software solutions, difficulties in installing or integrating our technologies on platforms used by our clients or other unanticipated performance, stability and compatibility problems. Any of these problems could result in material delays in the introduction or acceptance of our solutions, increased costs, decreased client satisfaction, breach of contract claims, harm to our industry reputation and reduced or delayed revenues. If we are unable to implement existing solutions or deliver new solutions or upgrades or other enhancements to our existing solutions on a timely and cost-effective basis, it could have a material adverse effect on our business, financial condition and results of operations.

In addition, as a significant focus of our sales efforts is on the top U.S. mortgage loan originators and servicers, larger clients may demand more complex integration, implementation services and features, which may result in implementations that take longer than we forecast or delays in these clients using our solutions. Furthermore, if implementations take longer than planned or these clients delay their use of our solutions, we may be required to delay revenue recognition on some of these transactions until the technical or implementation requirements have been met, and we may not generate revenues from these clients as quickly as we had forecast.

Because our revenues from clients in the mortgage lending industry are affected by the strength of the economy and the housing market generally, including the volume of real estate transactions, a change in any of these conditions could have a material adverse effect on us.

Our revenues are primarily generated from software and hosting solutions, professional services and data solutions we provide to the mortgage loan industry and, as a result, a weak economy or housing market may have a material adverse effect on our business, financial condition and results of operations. The volume of mortgage loan origination and residential real estate transactions is highly variable and reductions in these transaction volumes could have a direct effect on the revenues we generate from our software solutions business and some of our data and analytics businesses.

The revenues we generate from our servicing software solutions primarily depend upon the total number of mortgage loans processed on MSP[®], which tends to be comparatively consistent regardless of economic conditions. However, in the event that a difficult economy or other factors lead to a decline in levels of home ownership and a reduction in the number of mortgage loans outstanding and we are not able to counter the effect of those events with increased market share or higher fees, our MSP[®] revenues could be adversely affected. Moreover, negative economic conditions, including increased unemployment or interest rates or a downturn in other general economic factors, among other things, could adversely affect the performance and financial condition of some of our clients in many of our businesses, which may have a material adverse effect on our business, financial condition and results of operations if these clients go bankrupt or otherwise exit certain businesses.

A weaker economy and housing market tend to increase the volume of consumer mortgage loan defaults, which can increase revenues from our applications focused on supporting default management functions. However, government regulation of the mortgage loan industry in general, and the default and foreclosure process in particular, has greatly slowed the processing of defaulted mortgage loans and has changed the way many of our clients address mortgage loans in default. A downturn in the origination market and a concurrent slowdown or change in the way mortgage loans in default are addressed could have a material adverse effect on our business, financial condition and results of operations.

Our indebtedness could have a negative effect on our financing options and liquidity position, and certain of our financing arrangements subject us to various restrictions that could limit our operating flexibility.

As of December 31, 2019, we had approximately \$1.5 billion of total debt outstanding.

Our indebtedness could have important consequences to us, including:

- making us more vulnerable to economic downturns and adverse developments in our business, which may cause us to have difficulty borrowing money in the future for working capital, capital expenditures, acquisitions or other purposes and may limit our ability to pursue other business opportunities and implement certain business strategies;
- requiring us to use a portion of the money we earn to pay principal and interest on our debt, which could reduce the amount of money available to finance operations, acquisitions and other business activities;
- exposing us to the risk of increased interest rates as \$1.5 billion in principal amount of our debt bears interest at a floating rate as of December 31, 2019 (an increase of one percentage point in the applicable interest rate could cause an increase in interest expense of approximately \$15.1 million on an annual basis (\$5.6 million including the effect of our current interest rate swaps) based on the principal outstanding as of December 31, 2019, which may make it more difficult for us to service our debt);
- exposing us to costs and risks associated with agreements limiting our exposure to higher interest rates, as such agreements may not offer complete protection from these risks, and subjecting us to the risk that one or more of the counterparties to these agreements may fail to satisfy their obligations under such agreements;
- causing a competitive disadvantage if we have higher levels of debt than our competitors by reducing our flexibility in responding to changing business and economic conditions, including increased competition; and

- imposing operating and financial restrictions on our activities, including compliance with, or maintenance of, certain financial tests and ratios, including a minimum interest coverage ratio and maximum leverage ratio, and limit or prohibit our ability to, among other things, take advantage of financing, mergers and acquisitions and other corporate opportunities.

Our ability to make scheduled payments on or refinance our debt obligations depends on our financial condition and results of operations, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could have a material adverse effect on our business, financial condition and results of operations. If we cannot make scheduled payments on our debt, we will be in default and holders of our outstanding debt could declare all outstanding principal and interest to be due and payable, and we could be forced into bankruptcy or liquidation. Risks associated with our indebtedness could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by changes in LIBOR reporting practices or the pending replacement of LIBOR with an alternative reference rate.

In July 2017, the Financial Conduct Authority (“FCA”) stated they will plan for a phase out of regulatory oversight of LIBOR interest rate indices after 2021 to allow for an orderly transition to an alternate reference rate. The Alternative Reference Rates Committee (“ARRC”) has proposed that the Secured Overnight Financing Rate (“SOFR”) is the rate that represents the best alternative to LIBOR for derivatives and other financial contracts that are currently indexed to LIBOR. The ARRC has proposed a market transition plan to SOFR from LIBOR. It is not possible to predict the further effect of the rules or policies of the FCA, any changes in the methods by which LIBOR is determined or any other reforms to LIBOR that may be enacted. Any other legal or regulatory changes in the method by which LIBOR is determined or the transition from LIBOR to SOFR may result in a sudden or prolonged increase or decrease in LIBOR, a delay in the publication of LIBOR and changes in the rules or methodologies of LIBOR, which may discourage market participants from continuing to administer or to participate in LIBOR’s determination, and, in certain situations, could result in LIBOR no longer being determined and published. The market transition away from LIBOR towards SOFR is expected to be complicated. There can be no guarantee that SOFR will become a widely accepted benchmark in place of LIBOR. Borrowings under our 2018 Facilities (defined in Note 12 to the Notes to Consolidated Financial Statements), as hedged by our interest rate swaps, are indexed to LIBOR. Any disruption in the financial markets related to the transition from LIBOR could have a material effect on our financial condition or results of operations.

Our policies and procedures, including those related to cybersecurity, may prove inadequate for the risks we face.

We have devoted significant resources to develop our policies and procedures and expect to continue to do so in the future. Nonetheless, our strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. If our solutions change and as the markets in which we operate evolve, our strategies may not always adapt to such changes. Some of our methods of managing risk are based upon our use of observed historical market behavior and management’s judgment. Other of our methods of managing risk depend on the evaluation of information regarding markets, customers, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us. This information may not always be accurate, complete, up-to-date or properly evaluated. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures or available information indicate. In addition, management of operational, legal and regulatory risks requires, among other things, policies and procedures to record and verify large numbers of transactions and events, which may not be fully effective. While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the timing of such outcomes. If our efforts are ineffective, we could suffer losses that could have a material adverse effect on our business, financial condition and results of operations. In addition, we could be subject to litigation, particularly from our clients, and sanctions or fines from regulators.

Certain executive officers and members of our Board of Directors have or will have interests and positions that could present potential conflicts.

Certain executive officers and members of our Board of Directors serve on the Board of Directors of other entities or are employed by other entities, including FNF and D&B. Refer to Note 6 to the Notes to Consolidated Financial Statements for more information related to our related party relationships and transactions.

As a result of the foregoing, there may be circumstances where certain executive officers and directors may be subject to conflicts of interest with respect to, among other things: (i) our ongoing relationships with FNF or D&B; (ii) the quality, pricing and other terms associated with services that we provide to FNF or D&B, or that they provide to us; (iii) business opportunities arising for any of us, FNF or D&B; and (iv) conflicts of time with respect to matters potentially or actually involving or affecting us.

We have in place a code of business conduct and ethics prescribing procedures for managing conflicts of interest and our chief compliance officer and audit committee are responsible for the review, approval or ratification of any potential conflicts of interest transactions. Additionally, we expect that interested directors will abstain from decisions with respect to conflicts of interest as a matter of practice. However, there can be no assurance that such measures will be effective, that we will be able to resolve all potential conflicts or that the resolution of any such conflicts will be no less favorable to us than if we were dealing with an unaffiliated third party.

Our senior leadership team is critical to our continued success, and the loss of such personnel could have a material adverse effect on us.

Our future success substantially depends on the continued service and performance of the members of our senior leadership team. These personnel possess business and technical capabilities that are difficult to replace. We have attempted to mitigate this risk by entering into long-term (two to three year) employment contracts with the members of our senior management operating team and providing long-term incentive compensation with multi-year vesting provisions. If we lose key members of our senior management operating team or are unable to effect smooth transitions from one executive to another as part of our succession plan, we may not be able to effectively manage our current operations or meet ongoing and future business challenges, and this could have a material adverse effect on our business, financial condition and results of operations.

We may fail to attract and retain enough qualified employees to support our technology and operations, which could have an adverse effect on our ability to expand our business and service our clients.

Our business relies on large numbers of skilled employees, and our success depends on our ability to attract, train and retain a sufficient number of qualified employees. If our attrition rate increases, our operating efficiency and productivity may decrease. We compete for employees not only with other companies in our industry but also with companies in other industries, such as software services, engineering services and financial services companies, and there is a limited pool of employees who have the skills and training needed to do our work. If our business continues to grow, the number of people we will need to hire may increase. We will also need to increase our hiring if we are not able to maintain our attrition rate through our current recruiting and retention policies. Increased competition for employees could have a material adverse effect on our ability to expand our business and service our clients, as well as cause us to incur greater personnel expenses and training costs.

Current and future litigation, investigations or other actions against us could be costly and time consuming to defend.

We are from time to time subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our clients in connection with commercial disputes and employment claims made by our current or former employees.

On November 5, 2019, Black Knight Servicing Technologies, LLC (“BKST”), a wholly-owned indirect subsidiary of Black Knight, filed a Complaint and Demand for Jury Trial (the “Black Knight Complaint”) against PennyMac Loan Services, LLC (“PennyMac”). Shortly after the filing of the Black Knight Complaint, on November 6, 2019, PennyMac filed an Antitrust Complaint (the “PennyMac Complaint”) against Black Knight. Refer to Note 14 to the Notes to Consolidated Financial Statements for more information related to the PennyMac litigation matter.

Litigation can result in substantial costs and may divert management's attention and resources, which may seriously harm our business, financial condition and results of operations. From time to time, we also receive requests for information from various state and federal regulatory authorities, some of which take the form of civil investigative demands or subpoenas. Some of these regulatory inquiries may result in the assessment of fines for violations of regulations or settlements with such authorities requiring a variety of remedies.

There can be no assurance that we will not incur additional material costs and expenses in connection with any potential future investigations or claims, including but not limited to fines or penalties and legal costs, or be subject to other remedies, any of which could have a material adverse effect on our business, financial condition and results of operations. Insurance may not cover or be sufficient for such investigations and claims and may not continue to be available on terms acceptable to us. An investigation or claim brought against us that is uninsured or underinsured could result in unanticipated costs, management distraction or reputational harm, which could have a material adverse effect on our business, financial condition and results of operations.

We are restricted from pursuing potential business opportunities under the non-competition agreement.

In connection with the Distribution, we entered into a non-competition agreement with FNF pursuant to which we agreed to certain restrictions on the scope of the business that we may conduct for the 10-year period following the Distribution, including that we are prohibited from (i) engaging in title generation/escrow services, appraisal or default and field services work (other than technology solutions for such settlement services) without the prior written consent of FNF (subject to an exception allowing us to acquire a business engaged in such restricted services if at least 90% of such business' revenues is contributed by activities other than such restricted services) and (ii) engaging in certain transactions, such as a merger, sale of assets or sale of greater than 5% of its equity interests, with a buyer that derives 10% or more of its revenues from such restricted services. Although we do not presently engage in any of these restricted services and our current business is not restricted, as a result of these restrictions,

we may have to forgo certain transactions that might have otherwise been advantageous in compliance with our obligations under the non-competition agreement.

In particular, the restriction on engaging in a merger, sale of assets or sale of greater than 5% of its equity interests with a buyer that derives 10% or more of its revenues from restricted services may discourage a third party engaged in such restricted services from pursuing such a transaction with us during the 10-year period following the Distribution.

Our charter and bylaws and provisions of Delaware law may discourage or prevent strategic transactions, including a takeover of our company, even if such a transaction would be beneficial to our shareholders.

Provisions contained in our charter and bylaws and provisions of the Delaware General Corporation Law ("DGCL") could delay or prevent us from entering into a strategic transaction with a third party, as applicable, even if such a transaction would benefit our shareholders. For example, our charter and bylaws:

- authorize the issuance of "blank check" preferred stock that could be issued by us upon approval of our Board of Directors to increase the number of outstanding shares of capital stock, making a takeover more difficult and expensive;
- provide that directors elected prior to 2020 may be removed from office only for cause and that any vacancy on our Board of Directors may only be filled by a majority of our directors then in office, which may make it difficult for other shareholders to reconstitute our Board of Directors;
- provide that special meetings of the shareholders may be called only upon the request of a majority of our Board of Directors or by the chairman of the Board of Directors or our chief executive officer; and
- require advance notice to be given by shareholders for any shareholder proposals or director nominees.

By virtue of not opting out of Section 203 of the DGCL in our amended and restated certificate of incorporation, we are subject to Section 203 of the DGCL, which prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time the shareholder became an interested stockholder, subject to certain exceptions, including if, prior to such time, the board of directors approved the business combination or the transaction which resulted in the shareholder becoming an interested stockholder. "Business combinations" include mergers, asset sales and other transactions resulting in a financial benefit to the "interested stockholder." Subject to various exceptions, an "interested stockholder" is a person who, together with his or her affiliates and associates, owns or within three years did own 15% or more of the corporation's outstanding voting stock. These restrictions generally prohibit or delay the accomplishment of mergers or other takeover or change of control attempts that are not approved by a company's Board of Directors.

These restrictions and provisions could keep us from pursuing relationships with strategic partners and from raising additional capital, which could impede our ability to expand our business and strengthen our competitive position. These restrictions could also limit shareholder value by impeding a sale of us.

The market price of our common stock may be volatile, and you may lose all or part of your investment.

The market price of our common stock could fluctuate significantly, and you may not be able to resell your shares at or above the price at which your shares were acquired. Those fluctuations could be based on various factors, including those described above and the following:

- our operating performance and the performance of our competitors and fluctuations in our operating results;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- changes in earnings estimates or recommendations by research analysts who follow us or other companies in our industry;
- global, national or local economic, legal and regulatory factors unrelated to our performance;
- announcements of positive news by us or our competitors, such as announcements of new products, services, strategic investments or acquisitions;
- announcements of negative news by us or our competitors, such as announcements of poorer than expected results of operations, data breaches or significant litigation;
- actual or anticipated variations in our or our competitors' operating results, and our and our competitors' growth rates;
- failure by us or our competitors to meet analysts' projections or guidance we or our competitors may give the market;
- changes in laws or regulations, or new interpretations or applications of laws and regulations, that are applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the arrival or departure of key personnel;
- the number of shares publicly traded;
- future sales or issuances of our common stock, including sales, distributions or issuances by us, our officers or directors and our significant shareholders; and
- other developments affecting us, our industry or our competitors.

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In addition, in recent years the stock market has experienced significant price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. These broad market fluctuations, as well as general economic, political and market conditions such as recessions or interest rate changes, may cause declines in the market price of our common stock, and you may not realize any return on your investment in us and may lose some or all of your investment.

As we primarily operate in a single industry, we are especially vulnerable to these factors to the extent that they affect our industry or our products. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

We do not intend to pay dividends for the foreseeable future.

We may retain future earnings, if any, for future operations, expansion and debt repayment. We have not paid cash dividends to date and have no current plans to pay any cash dividends for the foreseeable future. As a result of our current dividend policy, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it. Any future determination to declare and pay cash dividends will be at the discretion of our Board of Directors and will depend on, among other things, our financial condition, results of operations, cash requirements, contractual restrictions and such other factors as our Board of Directors deems relevant.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

Our corporate headquarters is located in Jacksonville, Florida in an office building that we own. In addition, we own or lease other office space, data centers and other facilities in the United States and India.

Item 3. *Legal Proceedings*

For a description of our legal proceedings, see Note 14 to the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Report, which is incorporated by reference into this Part I, Item 3.

Item 4. *Mine Safety Disclosure*

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities*

Shares of our common stock are listed on the New York Stock Exchange ("NYSE") and trade under the symbol "BKI".

On January 31, 2020, the closing price of our common stock on the NYSE was \$66.92 per share. We had 6,188 holders of record of our common stock. The actual number of shareholders is greater than this number of record holders, and includes shareholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

There were no unregistered sales of equity securities during the years ended December 31, 2019, 2018 and 2017.

Within 120 days after the close of our fiscal year, we intend to file with the SEC a definitive proxy statement pursuant to Regulation 14A of the Exchange Act, which will include information concerning securities authorized for issuance under our equity compensation plans and other matters required by Items 10 through 14 of Part III of this Report.

Share Repurchase Program

On January 31, 2017, our Board of Directors authorized a three-year share repurchase program, under which we could repurchase up to 10 million shares of BKFS Class A common stock through February 2, 2020, through open market purchases, negotiated transactions or other means, in accordance with applicable securities laws and other restrictions. In connection with the Distribution, our Board of Directors approved a share repurchase program authorizing the repurchase of shares of BKI common stock consistent with the previous BKFS share repurchase program.

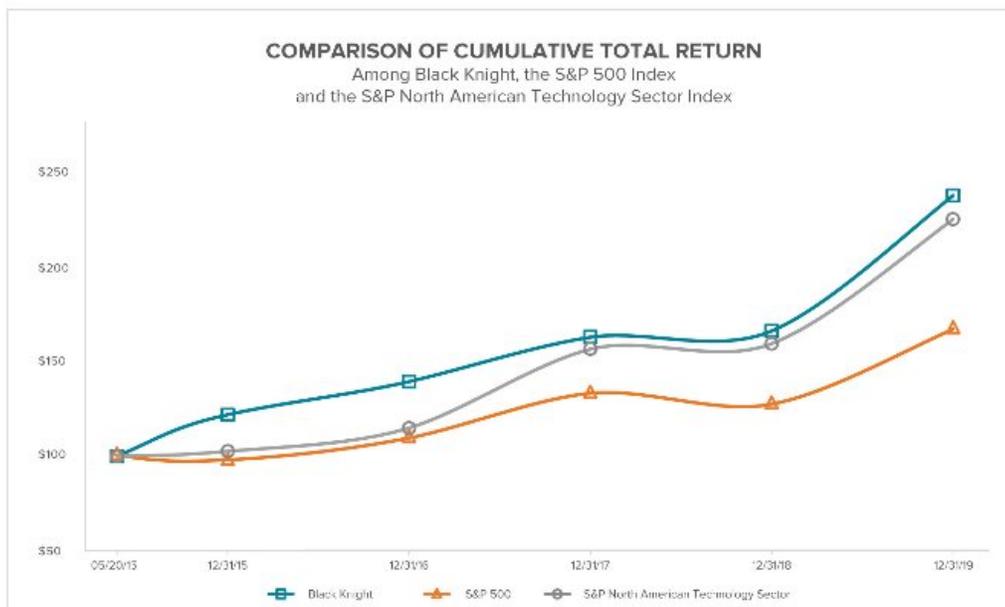
There were no share repurchases during the fourth quarter of 2019. For the year ended December 31, 2019, a summary of share repurchases under our share repurchase program is as follows (in millions, except per share amounts):

<u>Year</u>	<u>Total number of shares repurchased</u>	<u>Aggregate purchase price</u>	<u>Average price paid per share</u>	<u>Shares remaining under repurchase authorization as of December 31,</u>
2019	0.2	\$ 11.9	\$ 57.94	3.6

On February 12, 2020, our Board of Directors approved a three-year share repurchase program authorizing us to repurchase up to 10 million shares of our outstanding common stock through February 12, 2023, through open market purchases, negotiated transactions or other means, in accordance with applicable securities laws and other restrictions.

Performance Graph

The following graph shows a comparison of the cumulative total return for our common stock from May 20, 2015 (the date BKFS Class A common stock commenced trading on the NYSE) through December 31, 2019, and the S&P 500 Index and the S&P North American Technology Sector Index from May 20, 2015 through December 31, 2019. The data for the S&P 500 Index and the S&P North American Technology Sector Index assumes reinvestment of dividends. The graph assumes an initial investment of \$100, and the cumulative returns are based on the market price as of each year-end. Note that historic stock price performance is not necessarily indicative of future stock price performance.



*\$100 invested on May 20, 2015 in Black Knight or each respective index, including reinvestment of dividends.

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	Initial	December 31,				
		2015	2016	2017	2018	2019
Black Knight	\$100.00	\$121.95	\$139.43	\$162.86	\$166.21	\$237.85
S&P 500 Index	\$100.00	\$97.41	\$109.06	\$132.87	\$127.05	\$167.05
S&P North American Technology Sector Index	\$100.00	\$102.61	\$114.97	\$156.64	\$159.58	\$225.49

Item 6. Selected Financial Data

The information set forth below should be read in conjunction with the Consolidated Financial Statements, Notes to Consolidated Financial Statements, Management's Discussion and Analysis of Financial Condition and Results of Operations and other information included elsewhere in this Annual Report on Form 10-K.

Realignment of Property Insight

Effective January 1, 2017, Property Insight, LLC ("Property Insight") realigned its commercial relationship with FNF. In connection with the realignment, Property Insight employees responsible for title plant posting and maintenance were transferred to FNF. Under the new commercial arrangement, we continue to own the title plant technology and retain sales responsibility for third parties, other than FNF. As a result of the realignment, we no longer recognize revenues or expenses related to title plant posting and maintenance, but charge FNF a license fee for use of the technology to access and maintain the title plant data. Had the realignment taken place on January 1, 2016, our 2016 revenues and expenses would have been lower by approximately \$30 million with essentially no effect to operating income. This transaction did not result in any gain or loss.

Distribution of FNF's Ownership Interest and Related Transactions

On September 29, 2017, we completed a tax-free plan whereby FNF distributed to FNF Group shareholders all 83.3 million shares of BKFS Class B common stock that it owned through a series of transactions (the "Distribution") as defined in Note 1 of the Notes to Consolidated Financial Statements.

Under the organizational documents of Black Knight, Inc., the rights of the holders of shares of Black Knight, Inc. common stock are substantially the same as the rights of former holders of BKFS Class A common stock.

As a result of the Distribution and related transactions, our Consolidated Statements of Earnings and Comprehensive Earnings reflect an effective tax rate more closely aligned with other C-corporations in the U.S. and no longer reflect net earnings attributable to noncontrolling interests.

Selected Historical Consolidated and Combined Financial Data of Black Knight

The Consolidated Statements of Earnings data for the years ended December 31, 2019, 2018 and 2017 and the Consolidated Balance Sheets data as of December 31, 2019 and 2018 are derived from the audited Consolidated Financial Statements of Black Knight included in this Annual Report on Form 10-K. The Consolidated Statements of Earnings data for the years ended December 31, 2016 and 2015 and the Consolidated Balance Sheets data as of December 31, 2017, 2016 and 2015 are derived from the audited Consolidated Financial Statements of Black Knight and BKFS not included or incorporated by reference into this Annual Report on Form 10-K.

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	Year ended December 31,				
	2019	2018	2017	2016	2015
(In millions, except per share data)					
Statements of Earnings Data:					
Revenues	\$ 1,177.2	\$ 1,114.0	\$ 1,051.6	\$ 1,026.0	\$ 930.7
Expenses:					
Operating expenses	646.0	625.4	569.5	582.6	538.2
Depreciation and amortization	236.2	217.0	206.5	208.3	194.3
Transition and integration costs	5.4	6.6	13.1	2.3	8.0
Total expenses	887.6	849.0	789.1	793.2	740.5
Operating income	289.6	265.0	262.5	232.8	190.2
Other income and expense:					
Interest expense, net	(63.5)	(51.7)	(57.5)	(67.6)	(89.8)
Other expense, net	(1.4)	(7.1)	(12.6)	(6.4)	(4.6)
Total other expense, net	(64.9)	(58.8)	(70.1)	(74.0)	(94.4)
Earnings before income taxes and equity in losses of unconsolidated affiliates	224.7	206.2	192.4	158.8	95.8
Income tax expense (benefit)	41.9	37.7	(61.8)	25.8	13.4
Earnings before equity in losses of unconsolidated affiliates	182.8	168.5	254.2	133.0	82.4
Equity in losses of unconsolidated affiliates, net of tax	(74.0)	—	—	—	—
Net earnings	108.8	168.5	254.2	133.0	82.4
Less: Net earnings attributable to noncontrolling interests	—	—	71.9	87.2	62.4
Net earnings attributable to Black Knight	\$ 108.8	\$ 168.5	\$ 182.3	\$ 45.8	\$ 20.0

	Year ended December 31,				May 26, 2015 through December 31, 2015
	2019	2018	2017	2016	
Net earnings per share attributable to Black Knight common shareholders:					
Basic	\$ 0.74	\$ 1.14	\$ 2.06	\$ 0.69	\$ 0.31
Diluted	\$ 0.73	\$ 1.14	\$ 1.47	\$ 0.67	\$ 0.29
Weighted average shares of common stock outstanding:					
Basic	147.7	147.6	88.7	65.9	64.4
Diluted	148.6	148.2	152.4	67.9	67.9

	December 31,				
	2019	2018	2017	2016	2015
(In millions)					
Balance Sheets Data:					
Cash and cash equivalents	\$ 15.4	\$ 20.3	\$ 16.2	\$ 133.9	\$ 186.0
Total assets	\$ 3,962.8	\$ 3,653.4	\$ 3,655.9	\$ 3,762.0	\$ 3,703.7
Total debt (current and long-term)	\$ 1,544.2	\$ 1,336.7	\$ 1,434.1	\$ 1,570.2	\$ 1,661.5

Selected Quarterly Financial Data of Black Knight (Unaudited)

Selected quarterly financial data is as follows:

	Quarter Ended			
	March 31,	June 30,	September 30,	December 31,
(In millions, except per share data)				
2019				
Revenues	\$ 283.1	\$ 294.9	\$ 299.1	\$ 300.1
Earnings before income taxes and equity in losses of unconsolidated affiliates	\$ 50.0	\$ 59.8	\$ 58.6	\$ 56.3
Earnings before equity in losses of unconsolidated affiliates	\$ 39.3	\$ 45.3	\$ 49.2	\$ 49.0
Net earnings	\$ 26.0	\$ 32.6	\$ 37.3	\$ 12.9
Basic earnings per share	\$ 0.18	\$ 0.22	\$ 0.25	\$ 0.09
Diluted earnings per share	\$ 0.18	\$ 0.22	\$ 0.25	\$ 0.09
2018				
Revenues	\$ 270.3	\$ 276.6	\$ 281.7	\$ 285.4
Earnings before income taxes	\$ 55.2	\$ 47.1	\$ 53.8	\$ 50.1
Net earnings	\$ 42.7	\$ 40.0	\$ 43.0	\$ 42.8
Basic earnings per share	\$ 0.29	\$ 0.27	\$ 0.29	\$ 0.29
Diluted earnings per share	\$ 0.29	\$ 0.27	\$ 0.29	\$ 0.29

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The statements in the discussion and analysis regarding industry outlook, our expectations regarding the performance of our business, our liquidity and capital resources and the other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Risk Factors" and "Statement Regarding Forward-Looking Information." Our actual results may differ materially from those contained in or implied by the forward-looking statements. You should read the following discussion together with the sections entitled "Risk Factors," "Selected Historical Financial Data," "Liquidity and Capital Resources" and the consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K.

Except as otherwise indicated or unless the context otherwise requires, all references to "Black Knight," the "Company," "we," "us" or "our" (1) prior to the Distribution (as defined in Note 1 to the Notes to Consolidated Financial Statements), are to Black Knight Financial Services, Inc., a Delaware corporation, and its subsidiaries ("BKFS") and (2) after the Distribution, are to Black Knight, Inc., a Delaware corporation, and its subsidiaries ("BKI").

Overview

We are a leading provider of integrated software, data and analytics solutions to the mortgage and consumer loan, real estate and capital markets verticals. Our solutions facilitate and automate many of the mission-critical business processes across the homeownership lifecycle. We are committed to being a premier business partner that clients rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class software, services and insights with a relentless commitment to excellence, innovation, integrity and leadership.

We have market-leading software solutions combined with comprehensive real estate data and extensive analytic capabilities. Our solutions are utilized by U.S. mortgage loan originators and servicers, as well as other financial institutions, investors and real estate professionals, to support mortgage lending and servicing operations, analyze portfolios and properties, operate more efficiently, meet regulatory compliance requirements and mitigate risk.

We believe the breadth and depth of our comprehensive end-to-end, integrated solutions and the insight we provide to our clients differentiate us from other software providers and position us particularly well for evolving opportunities. We have served the mortgage loan and real estate industries for over 55 years and utilize this experience to design and develop solutions that fit our clients' ever-evolving needs. Our proprietary software solutions and data and analytics capabilities reduce manual processes, improve compliance and quality, mitigate risk and deliver significant cost savings to our clients. Our scale allows us to continually and cost-effectively invest in our business in order to meet industry requirements and maintain our position as an industry-standard platform for mortgage loan market participants.

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The table below summarizes the number of active first and second lien mortgage loans on our mortgage loan servicing software solution and the related market data, reflecting our leadership in the mortgage loan servicing software solutions market (in millions):

	First lien		Second lien		Total first and second lien	
	2019	2018	2019	2018	2019	2018
Active loans	31.2	32.1	2.7	2.5	33.9	34.6
Market size	53.0 (1)	51.8 (1)	13.4 (2)	13.4 (2)	66.4	65.2
Market share	59%	62%	20%	19%	51%	53%

(1) According to the Black Knight Mortgage Monitor Reports as of December 31, 2019 and 2018 for U.S. first lien mortgage loans.

(2) According to the December 2019 and October 2018 Equifax National Consumer Credit Trends Reports as of September 30, 2019 and 2018, respectively, for U.S. second lien mortgage loans.

Our business is organized into two segments:

- *Software Solutions* - offers software and hosting solutions that support loan servicing, loan origination and settlement services.
- *Data and Analytics* - offers data and analytics solutions to the mortgage loan, real estate and capital markets verticals. These solutions include property ownership data, lien data, servicing data, automated valuation models, collateral risk scores, behavioral models, a multiple listing service solution and other data solutions.

We offer our solutions to a wide range of clients across the mortgage and consumer loan, real estate and capital markets verticals. The quality and breadth of our solutions contribute to the long-standing nature of our relationships with our clients, the majority of whom enter into long-term contracts across multiple products that are embedded in their mission critical workflow and decision processes, particularly in the Software Solutions segment. Given the contractual nature of our revenues and stickiness of our client relationships, our revenues are highly visible and recurring in nature. Due to our integrated suite of solutions and our scale, we are able to drive significant operating leverage, which we believe enables our clients to operate more efficiently while allowing us to generate strong margins and cash flows.

Recent Developments

Investments in Unconsolidated Affiliates

On February 8, 2019, we completed our investment in D&B of \$375.0 million through our investment in Star Parent, the indirect parent of D&B (the "February 2019 D&B Investment") for an economic ownership interest of approximately 18.1%. This investment was funded by a borrowing on our revolving credit facility. On July 1, 2019, we invested an additional \$17.6 million in Star Parent (together with the February 2019 D&B Investment, collectively, the "D&B Investment") in exchange for our pro-rata share of additional limited partner interests issued by Star Parent related to D&B's acquisition of Lattice Engines, Inc.

Our Net earnings for the year ended December 31, 2019 include our equity in losses of Star Parent for the period from February 8, 2019 to December 31, 2019. The audited consolidated financial statements of Star Parent and its subsidiaries are expected to be filed as an amendment to this Annual Report on Form 10-K within 90 days after December 31, 2019. Refer to Note 4 to the Notes to Consolidated Financial Statements for additional information related to our D&B Investment.

Acquisitions

2019 Acquisition

On September 13, 2019, we completed the acquisition of Compass Analytics, LLC ("Compass Analytics"), a financial technology provider of advanced pricing and valuation solutions to support loan officers and capital market professionals. The acquisition expands our footprint in capital markets, adds mortgage loan servicing rights valuation capabilities to our solutions and establishes end-to-end connectivity and pricing between originators and mortgage loan investors. Total consideration, net of cash received, was \$61.8 million for 100% of the equity interests in Compass Analytics.

2018 Acquisitions

On May 31, 2018, we completed our acquisition of HeavyWater, Inc. ("HeavyWater"), a provider of artificial intelligence and machine learning to the financial services industry. HeavyWater's artificial intelligence virtual assistant ("AIVASM") solution is being integrated into our premier solutions and allows clients to deploy artificial intelligence and machine learning within other parts of their organizations to help enhance efficiency, effectiveness and accuracy.

On November 6, 2018, we completed the acquisition of Ernst Publishing Co., LLC and two related entities (collectively, "Ernst"), a provider of technology and closing cost data for the real estate and mortgage loan industries. Ernst's capabilities are being integrated into our premier suite of origination solutions and augment our existing fee engine to create a unified access point for all fee-related needs.

Refer to Note 3 to the Notes to Consolidated Financial Statements for additional information related to our acquisitions.

Business Trends and Conditions

General

The U.S. mortgage loan market is large, and the loan lifecycle is complex and consists of several stages. The mortgage loan lifecycle includes origination, servicing and default. Mortgage loans are originated to finance home purchases or refinance existing mortgage loans. Once a mortgage loan is originated, it is serviced on a periodic basis by mortgage loan servicers, which may not be the lenders that originated the mortgage loan. Furthermore, if a mortgage loan experiences default, it triggers a set of multifaceted processes with an assortment of potential outcomes depending on a mix of variables.

Underlying the three major components of the mortgage loan lifecycle are the software, data and analytics support behind each process, which have become increasingly critical to industry participants due to the complexity of regulatory requirements. As the industry has grown in complexity, participants have responded by outsourcing to large scale specialty providers, automating manual processes and seeking end-to-end solutions that support the processes required to manage the entire mortgage loan lifecycle.

Market Trends

Market trends that have spurred lenders and servicers to seek software solutions are as follows:

Growing role of technology in the U.S. mortgage industry. Banks and other lenders and servicers have become increasingly focused on automation and workflow management to operate more efficiently and meet their regulatory requirements as well as using technology to enhance the consumer experience during the mortgage loan origination and closing process. We believe technology providers must be able to support the complexity of the market, display extensive industry knowledge and possess the financial resources to make the necessary investments in technology to support lenders. This includes an enhanced digital experience along with the application of artificial intelligence, robotic process automation and adaptive learning.

Lenders increasingly focused on core operations. As a result of regulatory scrutiny and the higher cost of doing business, we believe lenders have become more focused on their core operations and customers. We believe lenders are increasingly shifting from in-house solutions to third-party solutions that provide a more comprehensive and efficient solution. Lenders require these providers to deliver best-in-class solutions and deep domain expertise and to assist them in maintaining regulatory compliance.

Increased demand for enhanced transparency and analytical insight. As U.S. mortgage market participants work to minimize the risk in lending, servicing and capital markets, they rely on the integration of data and analytics with solutions that enhance the decision-making process. These industry participants rely on large, comprehensive third-party databases coupled with enhanced analytics to achieve these goals.

Regulatory oversight. Most U.S. mortgage loan market participants are subject to a high level of regulatory oversight and regulatory requirements as federal and state governments have enacted various new laws, rules and regulations. It is our experience that mortgage lenders have become more focused on minimizing the risk of non-compliance with regulatory requirements and are looking toward solutions that assist them in complying with their regulatory requirements. In addition, high-profile data security incidents have resulted in an increased focus on data security by our clients and our clients' regulators. We expect the industry focus on privacy and data security to continue to increase.

Mortgage Loan Market

The largest component of our business, servicing software, primarily generates revenues based on the number of active loans outstanding on our system, which has been very stable. Our servicing software business has some exposure to defaulted loan volumes, which can fluctuate based on economic cycles.

For our origination software solutions, our loan origination system revenues are based on closed loan volumes subject to minimum base software fees that are contractually obligated. This limits our exposure to origination volumes in our origination software business. Our lending solutions business is exposed to fluctuations in origination volumes, primarily related to refinance volumes due to the nature of the services provided.

Finally, our data and analytics business is predominantly based on longer-term strategic data licenses, other data licenses and subscription-based revenues. Our data and analytics business has some exposure to origination volumes where we provide data related to title insurance and other settlement service activities.

Regulatory Requirements

There continues to be a high level of legislative and regulatory focus on consumer protection practices. As a result, federal and state governments have enacted various new laws, rules and regulations. This has led banks and other lenders to seek software solutions that assist them in satisfying their regulatory compliance obligations in the face of a changing regulatory environment. We have developed solutions that target this need, which has resulted in additional revenues.

The CFPB has issued guidance that applies to "supervised service providers," which the CFPB has defined to include service providers, like us, to CFPB-supervised banks and non-banks. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") contains the Mortgage Reform and Anti-Predatory Lending Act that imposes additional requirements on lenders and servicers of residential mortgage loans. Future legislative or regulatory changes are difficult to predict, and new laws or regulations that may be implemented by the CFPB or other regulatory bodies may require us to change our business practices or incur increased costs to comply.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations is based upon audited consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of these consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures with respect to contingent liabilities and assets at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. On an ongoing basis, we evaluate our estimates including those related to revenue recognition, goodwill and other intangible assets and computer software. These judgments are based on our historical experience, terms of our existing contracts, our evaluation of trends in the industry, information provided by our clients and information available from outside sources as appropriate. Our actual results may differ from those estimates. See Note 2 to the Notes to Consolidated Financial Statements for additional description of the significant accounting policies that have been followed in preparing our consolidated financial statements.

The accounting policies described below are those we consider to be the most critical to an understanding of our financial condition and results of operations and that require the most complex and subjective management judgment.

Revenue Recognition

We recognize revenues in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). At times, revenue recognition requires significant judgment, especially for our complex arrangements that include multiple performance obligations, or deliverables, such as arrangements that include the implementation of several software solutions over a period of time as well as post-implementation subscription fees and support for those solutions. The amount of revenues we recognize in a particular period depends on the value we allocate to the products and services delivered during that period. Changes to these estimates could materially affect the amount of revenues reflected in our consolidated results of operations.

Our critical accounting estimates for revenue recognition relate to (i) identifying performance obligations within the arrangement, including whether those obligations are distinct or should be combined; (ii) determining the standalone selling price ("SSP") for each performance obligation; and (iii) determining the effect of contract modifications.

Delivery of our primary software solutions is often considered a distinct performance obligation; however, certain agreements that include complex, proprietary implementation-related professional services require judgment to determine if the software solution and related implementation professional services should be combined into one performance obligation.

The SSP for many of our solutions and services is based on observable selling prices. However, when observable selling prices are not available, judgment and analysis is required to establish an estimated SSP through consideration of all reasonably available information, including market conditions, demands, trends, our specific factors and information about the client or class of client. The adjusted market approach is generally used when observable inputs are not available or limited.

Contract modifications require judgment to determine if the modification should be accounted for as (i) a separate contract, (ii) the termination of the original contract and creation of a new contract or (iii) a cumulative catch-up adjustment to the original contract. When evaluating contract modifications, we must identify the performance obligations of the modified contract and determine both the allocation of revenues to the remaining performance obligations and the period of recognition for each identified performance obligation.

Computer Software

Computer software includes the fair value of software acquired in business combinations, purchased software and capitalized software development costs. As of December 31, 2019, Computer software, net of accumulated amortization, was \$406.0 million.

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Software acquired in business combinations is recorded at fair value and amortized using the straight-line method over the estimated useful life. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life.

Internal development costs are accounted for in accordance with either ASC Topic 985, *Software*, Subtopic 20, *Costs of Software to Be Sold, Leased, or Marketed* or ASC 350, Subtopic 40, *Internal-Use Software*. For computer software products to be sold, leased or marketed, all costs incurred to establish the technological feasibility are research and development costs and are expensed as they are incurred. Costs incurred subsequent to establishing technological feasibility, such as programmers' salaries, related payroll costs and costs of independent contractors, are capitalized and amortized commencing on the date of general release to clients. Judgment is required in determining when technological feasibility of a product is established. The timing of when various research and development projects become technologically feasible or ready for release can cause fluctuations in the amount of research and development costs that are expensed or capitalized in any given period. Generally, we amortize capitalized costs on a straight-line basis. However, we use an accelerated amortization method equal to the ratio of revenues generated by the software solution in the current year as a percentage of the estimated current and future revenues over its estimated useful life if that ratio is greater than the percentage to be amortized using the straight-line method.

For internal-use computer software products, internal and external costs incurred during the preliminary project stage are expensed as they are incurred. Internal and external costs incurred during the application development stage are capitalized and amortized commencing on the date the software is ready for its intended use. Amortization expense is recorded using the straight-line method over the software's estimated useful life.

Useful lives of our computer software generally range from 3 to 10 years. We assess the recorded value of computer software for impairment on a regular basis by comparing the carrying value to the estimated future cash flows to be generated by the underlying software asset. There is an inherent uncertainty in determining the expected useful life of or cash flows to be generated from computer software. We have not historically experienced material changes in these estimates but could be subject to them in the future.

Goodwill and Other Intangible Assets

We have significant intangible assets that were recorded in connection with business acquisitions. These assets primarily consist of client relationships and the excess of purchase price over the fair value of identifiable net assets acquired (goodwill).

As of December 31, 2019, Goodwill was \$2,361.4 million. Goodwill is not amortized, but is tested for impairment annually or more frequently if circumstances indicate potential impairment, through a comparison of a reporting unit's fair value to its carrying value. A qualitative or quantitative assessment of factors that may indicate a potential for impairment include macroeconomic conditions, industry and market changes, our overall financial performance, changes in share price and other events or changes in circumstances that could negatively affect us. If the results of a qualitative assessment indicate a potential for impairment, a quantitative goodwill impairment test is performed. The quantitative process of determining whether or not an asset, such as goodwill, is impaired or recoverable relies on a weighted average of multiple valuation methods, primarily a combination of an income approach and a market approach. The income approach includes the present value of estimated future cash flows, while the market approach uses earnings multiples of similar guideline public companies. Such projections are inherently uncertain. A quantitative goodwill impairment analysis is sensitive to changes in estimates of future cash flows and discount rates. Changes to these estimates might result in material changes in the fair value of the reporting units and determination of the recoverability of goodwill. No impairment charges were recorded to goodwill for the periods presented.

As of December 31, 2019, Other intangible assets, net of accumulated amortization, were \$150.0 million, which consist primarily of client relationship assets. Intangible assets with definite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The valuation of these assets involves significant estimates and assumptions around client retention, future cash flows and discount rates. If any of these assumptions change, it could affect the recoverability of the carrying value of these assets. Indefinite-lived intangible assets are not amortized, but are reviewed for impairment at least annually in accordance with ASC Topic 350, *Intangibles-Goodwill and Other* ("ASC 350").

Client relationship assets are amortized over their estimated useful lives using an accelerated method that takes into consideration expected client attrition rates over a period of up to 10 years from the acquisition date. There is an inherent uncertainty in determining the expected useful life of or cash flows to be generated from intangible assets. The allocation of the purchase price to the fair values of the intangible assets other than goodwill require significant judgment and may affect the amount of future amortization of such intangible assets. We have not historically experienced material changes in these estimates but could be subject to them in the future.

Factors Affecting the Comparability of Our Results of Operations

Our results of operations for periods prior to the adoption of ASC 606, the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act"), our D&B Investment and the Distribution are not comparable to periods thereafter. Our historical results of operations may not be comparable to our results of operations in future periods as a result of these and a number of other factors. In addition, our

results of operations may vary from period to period. Set forth below is a brief discussion of the key factors affecting the comparability of our results of operations.

Revenues. On January 1, 2018 we adopted ASC 606 using the modified retrospective approach. Under this method, we recognized the cumulative effect of applying the new revenue recognition standard to existing revenue contracts that were active as of the adoption date as an adjustment to the opening balance of Retained earnings. The reported results for 2019 and 2018 reflect the application of ASC 606, while the comparative information has not been restated and continues to be reported under the related accounting standards in effect for those periods.

Income Taxes. On December 22, 2017, the Tax Reform Act was signed into law. Among other provisions, the Tax Reform Act reduced the federal statutory corporate income tax rate from 35% to 21%. During the fourth quarter of 2017, we recorded a one-time non-cash net tax benefit of \$110.9 million related to the revaluation of our deferred income tax assets and liabilities as a result of the Tax Reform Act. The effect of this adjustment on our 2017 effective tax rate was (57.6)%. Our effective tax rates for the years ended December 31, 2019, 2018 and 2017 were 18.6%, 18.3% and (32.1)%, respectively. Refer to Note 19 to the Notes to Consolidated Financial Statements for additional information related to the reconciliation of our federal tax rate to our effective tax rate.

Investments in Unconsolidated Affiliates. In 2019, we completed our D&B Investment for an economic ownership of approximately 18.1%. Our Net earnings for the year ended December 31, 2019 include our equity in losses of Star Parent for the period from February 8, 2019 to December 31, 2019. Refer to Note 4 to the Notes to Consolidated Financial Statements for additional information related to the D&B Investment.

Noncontrolling Interests. Prior to the Distribution, noncontrolling interests represented Black Knight Holdings, Inc. ("BKHI") and certain of its affiliates' and Thomas H. Lee Partners, L.P. ("THL") and certain THL affiliates' share of net earnings or loss and of equity in Black Knight Financial Services, LLC ("BKFS LLC"). Subsequent to the Distribution and related transactions, we no longer have any noncontrolling interests in BKFS LLC. Refer to Note 1 to the Notes to Consolidated Financial Statements for additional information related to the Distribution and related transactions.

Key Components of Results of Operations

Revenues

We generate revenues through contractual arrangements we enter into with our clients to provide products or services either individually or in combination with one another as part of an integrated offering of multiple services. These arrangements occasionally include offerings from more than one segment to the same client.

Software Solutions

Our Software Solutions segment revenues are primarily derived from software and hosting solutions and professional services. Revenues from software and hosting solutions are typically volume-based agreements driven by factors such as the number of accounts processed, transactions processed and computer resources utilized. Professional services consist of pre-implementation and post-implementation support and services and are primarily billed on a time and materials basis. Professional services may also include dedicated teams provided as part of agreements with software and hosting solutions clients.

Data and Analytics

Our Data and Analytics segment revenues are primarily derived from property ownership data, lien data, servicing data, automated valuation models, collateral risk scores, behavioral models, a multiple listing service software solution and other data solutions.

Expenses

The following is a brief description of the components of our expenses:

- *Operating expenses* primarily include compensation costs, including equity-based compensation and benefits, hardware and software maintenance costs, software subscription costs, cloud computing costs, rent-related costs and professional services.
- *Transition and integration costs* for 2019 primarily consisted of costs associated with acquisition-related costs and expense reduction initiatives. In 2018, these costs primarily consisted of costs associated with executive transition, transition-related costs as we transferred certain corporate functions from FNF following the Distribution and acquisition-related costs. In 2017, these costs primarily consisted of legal and professional fees related to the Distribution and transition-related costs following the Distribution.
- *Depreciation and amortization* expense consists of our depreciation related to investments in property and equipment, including hardware, as well as amortization of purchased and developed software and other intangible assets, primarily

client relationship assets recorded in connection with acquisitions. It also includes the amortization of previously deferred contract costs.

- *Interest expense, net* consists primarily of interest expense on our borrowings, amortization of our debt issuance costs and original issue discount, payments on our interest rate swaps, commitment fees on our revolving credit facility and administrative agent fees net of capitalized interest and interest income. In 2017, Interest expense, net also included a guarantee fee that we paid FNF for their guarantee of our senior notes prior to their redemption and amortization of our bond premium.
- *Other expense, net* for 2019 primarily related to legal fees. Other expense, net for 2018 primarily related to the loss on extinguishment of debt and costs incurred in connection with our debt refinancing on April 30, 2018. Other expense, net for 2017 primarily consisted of losses on the extinguishment of debt and costs incurred in connection with our senior notes redemption, term A loan and revolving credit facility refinancing and the term B loan repricing, partially offset by the resolution of a legacy legal matter.
- *Income tax expense (benefit)* represents federal, state, local and foreign taxes based on earnings attributable to Black Knight. In 2017, it also includes a one-time, non-cash net tax benefit of \$110.9 million related to the revaluation of our deferred income tax assets and liabilities as a result of the Tax Reform Act.
- *Equity in losses of unconsolidated affiliates, net of tax* primarily represents the effect of our D&B Investment, which is accounted for as an equity-method investment. Refer to Note 4 to the Notes to Consolidated Financial Statements for additional information.

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Results of Operations

Key Performance Metrics

Revenues, EBITDA and EBITDA Margin for the Software Solutions and Data and Analytics segments are presented in conformity with ASC Topic 280, *Segment Reporting*. These measures are reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. For these reasons, these measures are excluded from the definition of non-GAAP financial measures under the Securities and Exchange Commission's ("SEC") Regulation G and Item 10(e) of Regulation S-K.

Consolidated Results of Operations

The following tables present certain financial data for the periods indicated (dollars in millions):

	Year ended December 31,		
	2019	2018	2017
Revenues	\$ 1,177.2	\$ 1,114.0	\$ 1,051.6
Expenses:			
Operating expenses	646.0	625.4	569.5
Depreciation and amortization	236.2	217.0	206.5
Transition and integration costs	5.4	6.6	13.1
Total expenses	887.6	849.0	789.1
Operating income	289.6	265.0	262.5
Operating margin	24.6%	23.8%	25.0%
Interest expense, net	(63.5)	(51.7)	(57.5)
Other expense, net	(1.4)	(7.1)	(12.6)
Earnings before income taxes and equity in losses of unconsolidated affiliates	224.7	206.2	192.4
Income tax expense (benefit)	41.9	37.7	(61.8)
Earnings before equity in losses of unconsolidated affiliates	182.8	168.5	254.2
Equity in losses of unconsolidated affiliates, net of tax	(74.0)	—	—
Net earnings	\$ 108.8	\$ 168.5	\$ 254.2
Earnings per share:			
Net earnings per share attributable to Black Knight common shareholders:			
Diluted	\$ 0.73	\$ 1.14	\$ 1.47
Weighted average shares of common stock outstanding:			
Diluted	148.6	148.2	152.4

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Segment Financial Results

Revenues

The following table sets forth revenues by segment for the periods presented (in millions):

	Year ended December 31,		Variance	
	2019	2018	\$	%
Software Solutions	\$ 1,012.3	\$ 962.0	\$ 50.3	5%
Data and Analytics	165.4	154.5	10.9	7%
Corporate and Other ⁽¹⁾	(0.5)	(2.5)	2.0	NM
Total	\$ 1,177.2	\$ 1,114.0	\$ 63.2	6%

(1) Revenues for Corporate and Other represent deferred revenue purchase accounting adjustments recorded in accordance with GAAP.

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Revenues were \$1,012.3 million in 2019 compared to \$962.0 million in 2018, an increase of \$50.3 million, or 5%. Our servicing software solutions revenues increased 2%, or \$16.5 million, primarily driven by loan growth on MSP® from new and existing clients, which increased 2% to 35.0 million average loans, an increase in our average revenue per loan and cross-sales to existing clients, partially offset by the effect of client contract terminations and lower transactional volumes on our core servicing software solution. Our origination software solutions revenues increased 21%, or \$33.8 million, primarily driven by growth in our loan origination system solutions from new clients, incremental revenues from current and prior year acquisitions and client contract termination fees, partially offset by attrition in our eLending business and lower professional services.

Data and Analytics

Revenues were \$165.4 million in 2019 compared to \$154.5 million in 2018, an increase of \$10.9 million, or 7%. The increase was primarily driven by strong sales execution across nearly all product lines and higher loan origination volumes.

EBITDA and EBITDA Margin

The following tables set forth EBITDA (in millions) and EBITDA Margin by segment for the periods presented:

	Year ended December 31,		Variance	
	2019	2018	\$	%
Software Solutions	\$ 599.6	\$ 567.2	\$ 32.4	6%
Data and Analytics	42.0	39.5	2.5	6%

	Year ended December 31,		Variance	
	2019	2018	Basis points	
Software Solutions	59.2%	59.0%	20	
Data and Analytics	25.4%	25.6%	(20)	

Software Solutions

EBITDA was \$599.6 million in 2019 compared to \$567.2 million in 2018, an increase of \$32.4 million, or 6%, with an EBITDA Margin of 59.2%, an increase of 20 basis points from the prior year. The increase was primarily driven by incremental margins on revenue growth and expense reduction initiatives.

Data and Analytics

EBITDA was \$42.0 million in 2019 compared to \$39.5 million in 2018, an increase of \$2.5 million, or 6%, with an EBITDA Margin of 25.4% in 2019 compared to 25.6% in 2018. The EBITDA Margin decrease was primarily driven by higher operating expenses.

Consolidated Financial Results*Operating Expenses*

The following table sets forth operating expenses by segment for the periods presented (in millions):

	Year ended December 31,		Variance	
	2019	2018	\$	%
Software Solutions	\$ 412.7	\$ 394.8	\$ 17.9	5%
Data and Analytics	123.4	115.0	8.4	7%
Corporate and Other	109.9	115.6	(5.7)	(5)%
Total	\$ 646.0	\$ 625.4	\$ 20.6	3%

The increase in Operating Expenses was primarily driven by higher net personnel costs, technology-related costs and acquisition-related costs in our Software Solutions segment. The increase in our Data and Analytics segment primarily related to higher net personnel costs and higher data costs related to revenue growth. The decrease in Corporate and Other was primarily driven by lower incentive bonus expense.

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Depreciation and Amortization

The following table sets forth depreciation and amortization by segment for the periods presented (in millions):

	Year ended December 31,		Variance	
	2019	2018	\$	%
Software Solutions	\$ 123.9	\$ 112.9	\$ 11.0	10%
Data and Analytics	15.9	14.1	1.8	13%
Corporate and Other ⁽¹⁾	96.4	90.0	6.4	7%
Total	\$ 236.2	\$ 217.0	\$ 19.2	9%

(1) Depreciation and amortization for Corporate and Other primarily represents net incremental depreciation and amortization adjustments associated with the application of purchase accounting recorded in accordance with GAAP.

The increase in Depreciation and Amortization is primarily driven by implementation of new clients, accelerated amortization of deferred contract costs and hardware and software placed in service.

Transition and Integration Costs

Transition and integration costs were \$5.4 million in 2019 compared to \$6.6 million in 2018. Transition and integration costs in 2019 primarily consisted of acquisition-related costs and costs associated with expense reduction initiatives. Transition and integration costs in 2018 primarily consisted of costs associated with executive transition, transition-related costs from the transfer of certain corporate functions from FNF following the Distribution and acquisition-related costs.

Interest Expense, Net

Interest expense, net was \$63.5 million in 2019 compared to \$51.7 million in 2018, an increase of \$11.8 million, or 23%. The increase was primarily driven by an incremental borrowing to fund our D&B Investment.

Other Expense, Net

Other expense, net was \$1.4 million in 2019 compared to \$7.1 million in 2018. The 2019 amounts are primarily related to legal fees. The 2018 amounts are primarily related to the loss on extinguishment of debt and costs incurred in connection with our debt refinancing on April 30, 2018, as discussed in Note 12 to the Notes to Consolidated Financial Statements.

Income Tax Expense

Income tax expense was \$41.9 million in 2019 compared to \$37.7 million in 2018. Our effective tax rate was 18.6% in 2019 compared to 18.3% in 2018. Refer to Note 19 to the Notes to Consolidated Financial Statements for more information related to the components of our effective tax rate.

Equity in Losses of Unconsolidated Affiliates, Net of Tax

In 2019, Equity in losses of unconsolidated affiliates, net of tax was \$74.0 million, net of an income tax benefit of \$25.0 million, substantially all of which relates to our D&B Investment.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Segment Financial Results

Revenues

The following table sets forth revenues by segment for the periods presented (in millions):

	Year ended December 31,		Variance	
	2018	2017	\$	%
Software Solutions	\$ 962.0	\$ 904.5	\$ 57.5	6%
Data and Analytics	154.5	151.6	2.9	2%
Corporate and Other ⁽¹⁾	(2.5)	(4.5)	2.0	NM
Total	\$ 1,114.0	\$ 1,051.6	\$ 62.4	6%

(1) Revenues for Corporate and Other represent deferred revenue purchase accounting adjustments recorded in accordance with GAAP.

Software Solutions

Revenues were \$962.0 million in 2018 compared to \$904.5 million in 2017, an increase of \$57.5 million, or 6%. Our servicing software solutions revenues increased 7%, or \$52.5 million, primarily driven by loan growth on MSP® from new and existing

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clients, which increased 4.3% to 34.4 million average loans, an increase in our average revenue per loan and cross-sales to existing clients. Our origination software solutions revenues increased 3%, or \$5.0 million, primarily driven by growth in our loan origination system solutions and a software license fee in our Lending Solutions business, partially offset by the effect of lower volumes on our Exchange and eLending platforms primarily as a result of the 26% decline in refinancing originations as reported by the Mortgage Bankers Association.

Data and Analytics

Revenues were \$154.5 million in 2018 compared to \$151.6 million in 2017, an increase of \$2.9 million, or 2%. The increase was primarily driven by growth in our property data and multiple listing service businesses, partially offset by upfront revenues from long-term strategic license deals in 2017.

EBITDA and EBITDA Margin

The following tables set forth EBITDA (in millions) and EBITDA Margin by segment for the periods presented:

	Year ended December 31,		Variance	
	2018	2017	\$	%
Software Solutions	\$ 567.2	\$ 516.5	\$ 50.7	10%
Data and Analytics	39.5	38.4	1.1	3%

	Year ended December 31,		Variance
	2018	2017	Basis points
Software Solutions	59.0%	57.1%	190
Data and Analytics	25.6%	25.3%	30

Software Solutions

EBITDA was \$567.2 million in 2018 compared to \$516.5 million in 2017, an increase of \$50.7 million, or 10%, with an EBITDA Margin of 59.0%, an increase of 190 basis points from the prior year. The increase was primarily driven by incremental margins on revenue growth.

Data and Analytics

EBITDA was \$39.5 million in 2018 compared to \$38.4 million in 2017, an increase of \$1.1 million, or 3%, with an EBITDA Margin of 25.6%, an increase of 30 basis points from the prior year. The EBITDA Margin increase was primarily driven by incremental margins on revenue growth.

Consolidated Financial Results

Operating Expenses

The following table sets forth operating expenses by segment for the periods presented (in millions):

	Year ended December 31,		Variance	
	2018	2017	\$	%
Software Solutions	\$ 394.8	\$ 388.0	\$ 6.8	2%
Data and Analytics	115.0	113.2	1.8	2%
Corporate and Other	115.6	68.3	47.3	69%
Total	\$ 625.4	\$ 569.5	\$ 55.9	10%

The increase in Operating expenses was primarily driven by a \$32.0 million increase in equity-based compensation of which \$6.9 million of the increase related to accelerated expense recognition, \$8.9 million of higher incentive bonus expense and incremental costs following the Distribution within Corporate and Other. The increase was also driven by higher personnel costs, hardware and software maintenance costs in support of business growth and the effect of the HeavyWater and Ernst acquisitions, partially offset by increased capitalization of software development costs.

[Table of Contents](#)*Depreciation and Amortization*

The following table sets forth depreciation and amortization by segment for the periods presented (in millions):

	Year ended December 31,		Variance	
	2018	2017	\$	%
Software Solutions	\$ 112.9	\$ 101.2	\$ 11.7	12 %
Data and Analytics	14.1	12.8	1.3	10 %
Corporate and Other ⁽¹⁾	90.0	92.5	(2.5)	(3)%
Total	\$ 217.0	\$ 206.5	\$ 10.5	5 %

(1) Depreciation and amortization for Corporate and Other primarily represents net incremental depreciation and amortization adjustments associated with the application of purchase accounting recorded in accordance with GAAP.

The increase in Depreciation and amortization is primarily driven by amortization of deferred contract costs related to new client wins and new hardware and software placed in service.

Transition and Integration Costs

Transition and integration costs were \$6.6 million in 2018 compared to \$13.1 million in 2017. Transition and integration costs in 2018 primarily consisted of costs associated with executive transition, transition-related costs from the transfer of certain corporate functions from FNF following the Distribution and acquisition-related costs. Transition and integration costs in 2017 primarily consisted of legal and professional fees related to the Distribution and transition-related costs following the Distribution.

Interest Expense, Net

Interest expense, net was \$51.7 million in 2018 compared to \$57.5 million in 2017, a decrease of \$5.8 million, or 10%. The decrease is driven by the lower outstanding debt balance in 2018 and interest savings from the senior notes redemption in April 2017.

Other Expense, Net

Other expense, net was \$7.1 million in 2018 compared to \$12.6 million in 2017, a decrease of \$5.5 million, or 44%. The 2018 amount was primarily related to the loss on extinguishment of debt and costs incurred in connection with our debt refinancing on April 30, 2018, as discussed in Note 12 to the Notes to Consolidated Financial Statements. The 2017 amount primarily consisted of losses on the extinguishment of debt and costs incurred in connection with our senior notes redemption, term A loan and revolving credit facility refinancing and the term B loan repricing, as discussed in Note 12 to the Notes to Consolidated Financial Statements, as well as the resolution of a legacy legal matter.

Income Tax Expense (Benefit)

Income tax expense was \$37.7 million in 2018 compared to a benefit of \$61.8 million in 2017. Our effective tax rate was 18.3% in 2018 compared to (32.1)% in 2017. Our effective tax rate for 2017 was lower than the typical federal and state statutory rate primarily due to the effect of the Tax Reform Act and our noncontrolling interests prior to the Distribution. Refer to Note 19 to the Notes to Consolidated Financial Statements for more information related to the components of our effective tax rate.

Liquidity and Capital Resources*Cash Requirements*

Our primary sources of liquidity are our existing cash balances, cash flows from operations and borrowings on our revolving credit facility.

Our primary cash requirements include operating expenses, debt service payments (principal and interest), capital expenditures (including property, equipment and computer software expenditures) and tax-related payments and may include share repurchases and business acquisitions.

As of December 31, 2019, we had cash and cash equivalents of \$15.4 million, debt principal of \$1,554.8 million and available capacity of \$440.0 million on our revolving credit facility. We believe that our cash flows from operations and available cash and cash equivalents are sufficient to meet our liquidity needs, including the repayment of our outstanding debt, for at least the next 12 months. We anticipate that to the extent that we require additional liquidity, it will be funded through borrowings on our revolving credit facility, the incurrence of other indebtedness, equity issuance or a combination thereof. We cannot be assured that we will be able to obtain this additional liquidity on reasonable terms, or at all. The loss of the largest lender on our revolving credit facility would reduce our borrowing capacity by \$102.5 million. Additionally, our liquidity and our ability to meet our obligations and fund our capital requirements are also dependent on our future financial performance, which is subject to general economic, financial and other factors that are beyond our control. Accordingly, we cannot be assured that our business will generate

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sufficient cash flows from operations or that future borrowings will be available from additional indebtedness or otherwise to meet our liquidity needs. Although we have no specific current plans to do so, if we decide to pursue one or more significant acquisitions, we may incur additional debt or sell additional equity to finance such acquisitions.

Cash Flows

The following table provides a summary of cash flows from operating, investing and financing activities (in millions):

	Year ended December 31,			Variance	
	2019	2018	2017	2019 v. 2018	2018 v. 2017
Cash flows provided by operating activities	\$ 378.3	\$ 435.5	\$ 351.1	\$ (57.2)	\$ 84.4
Cash flows used in investing activities	(551.0)	(144.1)	(84.7)	(406.9)	(59.4)
Cash flows provided by (used in) financing activities	167.8	(287.3)	(384.1)	455.1	96.8
Net (decrease) increase in cash and cash equivalents	\$ (4.9)	\$ 4.1	\$ (117.7)	\$ (9.0)	\$ 121.8

Operating Activities

The \$57.2 million decrease in cash provided by operating activities in 2019 compared to 2018 is primarily related to the timing and amount of cash receipts for Trade receivables, net, higher payments primarily related to income taxes and incentive bonus, and the timing of payments for Trade accounts payable and other accrued liabilities. The \$84.4 million increase in cash provided by operating activities in 2018 compared to 2017 was primarily related to increased earnings excluding the prior year effect of the Tax Reform Act and the timing and amount of cash receipts for Trade receivables, net.

Investing Activities

The \$406.9 million increase in cash used in investing activities in 2019 compared to 2018 is primarily related to our D&B Investment and our acquisition of Compass Analytics. The \$59.4 million increase in cash used in investing activities in 2018 compared to 2017 was primarily related to the HeavyWater and Ernst acquisitions and higher capital expenditures in 2018.

Financing Activities

The \$455.1 million increase in cash provided by financing activities in 2019 compared to 2018 is primarily related to an incremental borrowing to fund our D&B Investment as well as fewer share repurchases. The \$96.8 million decrease in cash used in financing activities in 2018 compared to 2017 was primarily related to tax distributions to BKFS LLC members and the senior notes redemption fee in 2017.

Financing

For a description of our financing arrangements, see Note 12 to the Notes to Consolidated Financial Statements included in Item 8 of Part II of this Report, which is incorporated by reference into this Part II Item 7.

Contractual Obligations

Our long-term contractual obligations generally include our debt and related interest payments, data processing and maintenance commitments and operating and finance lease payments for our offices, data centers, property and equipment. These long-term contractual obligations extend through 2024.

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As of December 31, 2019, our required annual payments relating to these contractual obligations were as follows (in millions):

	Total	Payments due by period		
		2020	2021-2022	2023-2024
Debt ⁽¹⁾	\$ 1,554.8	\$ 80.0	\$ 184.1	\$ 1,290.7
Interest on debt ⁽²⁾	171.5	54.7	102.0	14.8
Data processing and maintenance commitments	103.4	44.5	46.5	12.4
Operating lease payments	27.5	12.6	11.5	3.4
Other ⁽³⁾	3.9	1.2	2.4	0.3
Total	\$ 1,861.1	\$ 193.0	\$ 346.5	\$ 1,321.6

(1) Includes finance lease obligations.

(2) These calculations include the effect of our interest rate swaps and assume that (a) applicable margins remain constant; (b) our term A loan and revolving credit facility variable rate debt is priced at the one-month LIBOR rate in effect as of December 31, 2019; (c) only mandatory debt repayments are made; and (d) no refinancing occurs at debt maturity.

(3) Other includes commitment fees on our revolving credit facility and rating agencies fees.

Share Repurchase Program

A summary of share repurchases under our previous share repurchase program is as follows (in millions, except for per share amounts):

Year	Total number of shares repurchased		Aggregate purchase price	Average price paid per share	Shares remaining under repurchase authorization as of December 31,
	BKI	BKFS Class A			
2017	2.0	1.2	\$ 136.7	\$ 42.87	6.8
2018	3.0	—	141.5	47.15	3.8
2019	0.2	—	11.9	57.94	3.6
Total	5.2	1.2	\$ 290.1	\$ 45.36	

On February 12, 2020, our Board of Directors approved a three-year share repurchase program authorizing us to repurchase up to 10.0 million shares of our outstanding common stock through February 12, 2023, through open market purchases, negotiated transactions or other means, in accordance with applicable securities laws and other restrictions.

Indemnifications and Warranties

We often agree to indemnify our clients against damages and costs resulting from claims of patent, copyright, trademark infringement or breaches of confidentiality associated with use of our software through software licensing agreements. Historically, we have not made any payments under such indemnifications, but continue to monitor the conditions that are subject to the indemnifications to identify whether a loss has occurred that is both probable and estimable that would require recognition. In addition, we warrant to clients that our software operates substantially in accordance with the software specifications. Historically, no costs have been incurred related to software warranties and none are expected in the future, and as such, no accruals for warranty costs have been made.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements other than interest rate swaps.

Recent Accounting Pronouncements

See Note 2 to the Notes to Consolidated Financial Statements for a description of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosure about Market Risk

In the normal course of business, we are routinely subject to a variety of risks, as described in Item 1A. *Risk Factors* of Part I of this Report and in our other filings with the SEC.

The risks related to our business also include certain market risks that may affect our debt and other financial instruments. At present, we face the market risks primarily associated with interest rate movements on our outstanding debt.

Market Risk

We regularly assess market risks and have established policies and business practices designed to protect against the adverse effects of these exposures. We are exposed to market risks primarily from changes in interest rates. We use interest rate swaps to manage interest rate risk. We do not use interest rate swaps for trading purposes, to generate income or to engage in speculative activity.

Interest Rate Risk

In addition to existing cash balances and cash provided by operating activities, we use variable rate debt to finance our operations. We enter into interest rate swap agreements to hedge forecasted monthly interest rate payments on our variable rate debt. We are exposed to interest rate risk on our debt obligations and related interest rate swaps. As of December 31, 2019, we had \$1,513.1 million in long-term debt principal outstanding from our 2018 Facilities, as defined in Note 12 to the Notes to Consolidated Financial Statements, all of which is variable rate debt.

As of December 31, 2019, the 2018 Facilities represent our long-term debt obligations exposed to interest rate risk. We performed a sensitivity analysis based on the principal amount of debt as of December 31, 2019, as well as the effect of our interest rate swaps. Further, in this sensitivity analysis, the change in interest rates is assumed to be applicable for an entire year. An increase or decrease of 100 basis points in the applicable interest rate would cause an increase or decrease in interest expense of \$15.1 million on an annual basis (\$5.6 million including the effect of our current interest rate swaps) as the 1-month LIBOR rate was 1.80% as of December 31, 2019.

As of December 31, 2019, we have the following interest rate swaps agreements (collectively, the "Swap Agreements") (in millions):

Effective dates	Notional amount	Fixed rates
March 31, 2017 through March 31, 2022	\$ 200.0	2.08%
September 29, 2017 through September 30, 2021	\$ 200.0	1.69%
April 30, 2018 through April 30, 2023	\$ 250.0	2.61%
January 31, 2019 through January 31, 2023	\$ 300.0	2.65%

Under the terms of the Swap Agreements, we receive payments based on the 1-month LIBOR rate (approximately 1.80% as of December 31, 2019).

The Swap Agreements are designated as cash flow hedging instruments. A portion of the amount included in Accumulated other comprehensive (loss) earnings is reclassified into Interest expense, net as a yield adjustment as interest payments are made on the hedged debt. The inputs used to determine the estimated fair value of our interest rate swaps are Level 2 inputs. We considered our own credit risk and the credit risk of the counterparties when determining the fair value of our Swap Agreements.

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Item 8. *Financial Statements and Supplementary Data*

BLACK KNIGHT, INC. AND SUBSIDIARIES
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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Black Knight, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Black Knight, Inc.'s and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of earnings and comprehensive earnings, equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 28, 2020 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ KPMG LLP

Jacksonville, Florida
February 28, 2020

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Black Knight, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Black Knight, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of earnings and comprehensive earnings, equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for revenue and costs as of January 1, 2018 due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers*.

Investment in Star Parent, L.P.

As discussed in Note 4 to the consolidated financial statements, the Company made an investment in Star Parent, L.P., the ultimate parent of The Dun & Bradstreet Corporation, on February 8, 2019.

Basis for Opinion

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

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

Critical Audit Matter

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

Assessment of revenue recognition for contracts with multiple performance obligations and or modifications

As disclosed in Notes 2 and 16 to the consolidated financial statements, the Company is often party to multiple concurrent contracts or contracts in which a customer may purchase a combination of products and services. For contracts with customers that contain various combinations of products and services, the Company must evaluate whether the promises within the contract are capable of being distinct and are distinct in the context of the contract. Distinct products or services

are accounted for as separate performance obligations, while non-distinct products or services are combined with others to form a single performance obligation. Given the nature of the Company's product and service offerings, there is complexity in determining whether the promises are separate performance obligations or a combined performance obligation. Further, arrangements with customers may change to reflect new pricing and/or scope of services. For contract modifications, the Company must assess the relevant facts and circumstances to determine if the contract should be accounted for as a separate contract, prospectively or through a cumulative catch-up adjustment. The identification of performance obligations, specifically for revenue contracts with professional services, as well as the determination as to whether a contract modification has occurred and the related accounting treatment, influence the amount and timing of revenue recognition.

We identified the assessment of revenue recognition for contracts with multiple performance obligations and/or modifications as a critical audit matter. Specifically, the critical audit matter related to the Company's identification of performance obligations for revenue contracts with professional services, the determination as to whether a contract modification occurred for certain contracts with customers and the resulting accounting treatment. This was due to the extensive audit effort and complex auditor judgment required to evaluate the Company's contracts in these circumstances.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the revenue recognition process, including controls over the Company's review of customer contracts for the identification of performance obligations, determination if a modification has occurred, and determination of the accounting treatment for contract modifications. For selected new and modified revenue arrangements, we assessed the Company's (1) identification of performance obligations, (2) identification of contract modifications, and (3) analysis of the accounting treatment for contract modifications, by evaluating the Company's analysis of the revenue arrangements as compared to the revenue recognition standard and the underlying contracts and/or statements of work. In addition, for a sample of professional services revenue transactions, we assessed the Company's identification of distinct and non-distinct performance obligations by evaluating the Company's analysis through comparison to contract source documents and correspondence or through involvement of information technology professionals in discussions with the Company's product and service technicians.

/s/ KPMG LLP

We have served as the Company's auditor since 2007.

Jacksonville, Florida

February 28, 2020

BLACK KNIGHT, INC.
Consolidated Balance Sheets
(In millions, except share data)

	December 31,	
	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15.4	\$ 20.3
Trade receivables, net	175.1	172.3
Prepaid expenses and other current assets	64.8	67.3
Receivables from related parties	0.2	6.2
Total current assets	<u>255.5</u>	<u>266.1</u>
Property and equipment, net	176.9	177.1
Computer software, net	406.0	405.6
Other intangible assets, net	150.0	188.0
Goodwill	2,361.4	2,329.7
Investments in unconsolidated affiliates	294.9	3.8
Deferred contract costs, net	159.3	161.3
Other non-current assets	158.8	121.8
Total assets	<u>\$ 3,962.8</u>	<u>\$ 3,653.4</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable and other accrued liabilities	\$ 65.3	\$ 67.8
Accrued compensation and benefits	65.5	65.8
Current portion of debt	79.1	52.5
Deferred revenues	50.9	52.9
Total current liabilities	<u>260.8</u>	<u>239.0</u>
Deferred revenues	98.0	106.8
Deferred income taxes	185.3	220.9
Long-term debt, net of current portion	1,465.1	1,284.2
Other non-current liabilities	55.1	16.0
Total liabilities	<u>2,064.3</u>	<u>1,866.9</u>
Commitments and contingencies (Note 14)		
Equity:		
Common stock; \$0.0001 par value; 550,000,000 shares authorized; 153,062,920 shares issued and 149,697,754 shares outstanding as of December 31, 2019, and 153,241,851 shares issued and 149,358,973 shares outstanding as of December 31, 2018	—	—
Preferred stock; \$0.0001 par value; 25,000,000 shares authorized; issued and outstanding, none as of December 31, 2019 and 2018	—	—
Additional paid-in capital	1,586.8	1,585.8
Retained earnings	490.6	381.1
Accumulated other comprehensive (loss) earnings	(20.2)	0.3
Treasury stock, at cost, 3,365,166 shares as of December 31, 2019 and 3,882,878 shares as of December 31, 2018	<u>(158.7)</u>	<u>(180.7)</u>
Total equity	<u>1,898.5</u>	<u>1,786.5</u>
Total liabilities and equity	<u>\$ 3,962.8</u>	<u>\$ 3,653.4</u>

See Notes to Consolidated Financial Statements.

BLACK KNIGHT, INC.
Consolidated Statements of Earnings and Comprehensive Earnings
(In millions, except per share data)

	Year ended December 31,		
	2019	2018	2017
Revenues	\$ 1,177.2	\$ 1,114.0	\$ 1,051.6
Expenses:			
Operating expenses	646.0	625.4	569.5
Depreciation and amortization	236.2	217.0	206.5
Transition and integration costs	5.4	6.6	13.1
Total expenses	887.6	849.0	789.1
Operating income	289.6	265.0	262.5
Other income and expense:			
Interest expense, net	(63.5)	(51.7)	(57.5)
Other expense, net	(1.4)	(7.1)	(12.6)
Total other expense, net	(64.9)	(58.8)	(70.1)
Earnings before income taxes and equity in losses of unconsolidated affiliates	224.7	206.2	192.4
Income tax expense (benefit)	41.9	37.7	(61.8)
Earnings before equity in losses of unconsolidated affiliates	182.8	168.5	254.2
Equity in losses of unconsolidated affiliates, net of tax	(74.0)	—	—
Net earnings	108.8	168.5	254.2
Less: Net earnings attributable to noncontrolling interests	—	—	71.9
Net earnings attributable to Black Knight	\$ 108.8	\$ 168.5	\$ 182.3
Other comprehensive (loss) earnings:			
Unrealized holding (losses) gains, net of tax ⁽¹⁾	(18.0)	(0.7)	3.7
Reclassification adjustments for (gains) losses included in net earnings, net of tax ⁽²⁾	—	(2.7)	0.4
Total unrealized (losses) gains on interest rate swaps, net of tax	(18.0)	(3.4)	4.1
Foreign currency translation adjustment, net of tax ⁽³⁾	(0.1)	(0.2)	—
Unrealized losses on investments in unconsolidated affiliates ⁽⁴⁾	(3.4)	—	—
Other comprehensive (loss) earnings	(21.5)	(3.6)	4.1
Comprehensive earnings attributable to noncontrolling interests	—	—	74.1
Comprehensive earnings	\$ 87.3	\$ 164.9	\$ 260.5
Net earnings per share attributable to Black Knight common shareholders:			
Basic	\$ 0.74	\$ 1.14	\$ 2.06
Diluted	\$ 0.73	\$ 1.14	\$ 1.47
Weighted average shares of common stock outstanding (see Note 5):			
Basic	147.7	147.6	88.7
Diluted	148.6	148.2	152.4

(1) Net of income tax benefit of \$6.1 million and \$0.2 million for the years ended December 31, 2019 and 2018, respectively, and income tax expense of \$2.1 million for the year ended December 31, 2017.

(2) Amounts reclassified to net earnings relate to (gains) losses on interest rate swaps and are included in Interest expense, net above. Amounts are net of income tax benefit of \$1.0 million and income tax expense of \$0.3 million for the years ended December 31, 2018 and 2017, respectively.

(3) Net of income tax benefit of less than \$0.1 million for the year ended December 31, 2019 and \$0.1 million for the year ended December 31, 2018.

(4) Net of income tax benefit of \$1.1 million for the year ended December 31, 2019.

See Notes to Consolidated Financial Statements.

BLACK KNIGHT, INC.
Consolidated Statements of Equity
(In millions)

	Black Knight Financial Services, Inc.				Black Knight, Inc.					Treasury stock		Noncontrolling interests	Total equity
	Class A common stock		Class B common stock		Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive (loss) earnings	Shares	\$		
	Shares	\$	Shares	\$	Shares	\$							
Balance, December 31, 2016	69.1	\$ —	84.8	\$ —	—	\$ —	\$ 810.8	\$ 65.7	\$ (0.8)	—	\$ —	\$ 1,063.7	\$ 1,939.4
Issuance of restricted shares of Class A common stock	1.0	—	—	—	—	—	—	—	—	—	—	—	—
Forfeitures of restricted shares of Class A common stock	(0.1)	—	—	—	—	—	—	—	—	—	—	—	—
Exchange of Class B common stock for Class A common stock	0.2	—	(0.2)	—	—	—	—	—	—	—	—	—	—
Tax withholding payments for restricted share vesting	(0.1)	—	—	—	(0.1)	—	(6.1)	—	—	—	—	—	(6.1)
Purchases of treasury stock	—	—	—	—	—	—	—	—	—	3.2	(136.7)	—	(136.7)
Equity-based compensation expense	—	—	—	—	—	—	18.7	—	—	—	—	—	18.7
Net earnings	—	—	—	—	—	—	—	182.3	—	—	—	71.9	254.2
Unrealized gains on interest rate swaps, net	—	—	—	—	—	—	—	—	4.1	—	—	2.2	6.3
Tax distributions to members	—	—	—	—	—	—	—	—	—	—	—	(75.3)	(75.3)
Distribution of FNF's ownership interest and related transactions	(70.1)	—	(84.6)	—	153.5	—	770.2	(46.6)	0.6	(1.2)	46.6	(1,062.5)	(291.7)
Balance, December 31, 2017	—	—	—	—	153.4	—	1,593.6	201.4	3.9	2.0	(90.1)	—	1,708.8
Cumulative effect of ASC 606 adoption (Note 16)	—	—	—	—	—	—	—	11.2	—	—	—	—	11.2
Adjusted balance, January 1, 2018	—	—	—	—	153.4	—	1,593.6	212.6	3.9	2.0	(90.1)	—	1,720.0
Grant of restricted shares of common stock	—	—	—	—	—	—	(52.2)	—	—	(1.1)	52.2	—	—
Forfeitures of restricted shares of common stock	—	—	—	—	—	—	0.6	—	—	—	(0.6)	—	—
Tax withholding payments for restricted share vesting	—	—	—	—	(0.2)	—	(9.4)	—	—	—	—	—	(9.4)
Vesting of restricted shares granted from treasury stock	—	—	—	—	—	—	0.7	—	—	—	(0.7)	—	—
Purchases of treasury stock	—	—	—	—	—	—	—	—	—	3.0	(141.5)	—	(141.5)
Equity-based compensation expense	—	—	—	—	—	—	50.7	—	—	—	—	—	50.7
Net earnings	—	—	—	—	—	—	—	168.5	—	—	—	—	168.5
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(0.2)	—	—	—	(0.2)
Unrealized losses on interest rate swaps, net	—	—	—	—	—	—	—	—	(3.4)	—	—	—	(3.4)
Receipt from finalization of tax distribution	—	—	—	—	—	—	1.8	—	—	—	—	—	1.8
Balance, December 31, 2018	—	—	—	—	153.2	\$ —	\$ 1,585.8	\$ 381.1	\$ 0.3	3.9	\$ (180.7)	\$ —	\$ 1,786.5

BLACK KNIGHT, INC.
Consolidated Statements of Equity - (Continued)
(In millions)

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings (loss)	Treasury stock		Total equity
	Shares	\$				Shares	\$	
Balance, December 31, 2018	153.2	\$ —	\$ 1,585.8	\$ 381.1	\$ 0.3	3.9	\$ (180.7)	\$ 1,786.5
Effect of ASU 2018-02 adoption (Note 2)	—	—	—	(1.0)	1.0	—	—	—
Adjusted balance, January 1, 2019	153.2	—	1,585.8	380.1	1.3	3.9	(180.7)	1,786.5
Grant of restricted shares of common stock	—	—	(43.7)	—	—	(0.9)	43.7	—
Forfeitures of restricted shares of common stock	—	—	3.1	—	—	0.1	(3.1)	—
Tax withholding payments for restricted share vesting	(0.1)	—	(15.9)	—	—	—	—	(15.9)
Vesting of restricted shares granted from treasury stock	—	—	6.7	—	—	0.1	(6.7)	—
Purchases of treasury stock	—	—	—	—	—	0.2	(11.9)	(11.9)
Equity-based compensation expense	—	—	50.8	—	—	—	—	50.8
Net earnings	—	—	—	108.8	—	—	—	108.8
Foreign currency translation adjustment	—	—	—	—	(0.1)	—	—	(0.1)
Equity-based compensation expense of unconsolidated affiliates	—	—	—	1.7	—	—	—	1.7
Unrealized losses on interest rate swaps, net	—	—	—	—	(18.0)	—	—	(18.0)
Other comprehensive loss on investments in unconsolidated affiliates	—	—	—	—	(3.4)	—	—	(3.4)
Balance, December 31, 2019	153.1	\$ —	\$ 1,586.8	\$ 490.6	\$ (20.2)	3.4	\$ (158.7)	\$ 1,898.5

See Notes to Consolidated Financial Statements.

BLACK KNIGHT, INC.
Consolidated Statements of Cash Flows
(In millions)

	Year ended December 31,		
	2019	2018	2017
Cash flows from operating activities:			
Net earnings	\$ 108.8	\$ 168.5	\$ 254.2
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	236.2	217.0	206.5
Amortization of debt issuance costs, bond premium and original issue discount	2.9	3.1	3.5
Loss on extinguishment of debt, net	—	5.8	12.6
Deferred income taxes, net	(3.7)	(7.5)	(78.4)
Equity in losses on unconsolidated affiliates, net of tax	74.0	—	—
Equity-based compensation	50.8	50.9	18.9
Changes in assets and liabilities, net of acquired assets and liabilities:			
Trade and other receivables, including receivables from related parties	7.4	44.5	(52.5)
Prepaid expenses and other assets	(0.9)	(41.5)	1.7
Deferred contract costs	(40.9)	(44.8)	(48.5)
Deferred revenues	(15.6)	(6.4)	35.6
Trade accounts payable and other liabilities	(40.7)	45.9	(2.5)
Net cash provided by operating activities	<u>378.3</u>	<u>435.5</u>	<u>351.1</u>
Cash flows from investing activities:			
Additions to property and equipment	(22.4)	(30.0)	(27.4)
Additions to computer software	(81.5)	(73.1)	(53.3)
Business acquisitions, net of cash acquired	(52.8)	(43.4)	—
Investments in unconsolidated affiliate	(392.6)	—	(4.0)
Other investing activities	(1.7)	2.4	—
Net cash used in investing activities	<u>(551.0)</u>	<u>(144.1)</u>	<u>(84.7)</u>
Cash flows from financing activities:			
Revolver borrowings	876.0	676.9	180.0
Revolver payments	(648.5)	(649.4)	(175.0)
Term loan borrowings	—	258.6	300.0
Term loan payments	(31.3)	(418.5)	(39.8)
Purchases of treasury stock	(11.9)	(141.5)	(136.7)
Senior Notes redemption	—	—	(390.0)
Senior Notes redemption fee	—	—	(18.8)
Distributions to members	—	—	(75.3)
Receipt from finalization of tax distribution	—	1.8	—
Finance lease payments	—	—	(13.8)
Tax withholding payments for restricted share vesting	(15.9)	(9.4)	(6.1)
Debt issuance costs	—	(5.8)	(8.6)
Other financing activities	(0.6)	—	—
Net cash provided by (used in) financing activities	<u>167.8</u>	<u>(287.3)</u>	<u>(384.1)</u>
Net (decrease) increase in cash and cash equivalents	(4.9)	4.1	(117.7)
Cash and cash equivalents, beginning of period	20.3	16.2	133.9
Cash and cash equivalents, end of period	<u>\$ 15.4</u>	<u>\$ 20.3</u>	<u>\$ 16.2</u>
Supplemental cash flow information:			
Interest paid, net	<u>\$ (59.9)</u>	<u>\$ (48.0)</u>	<u>\$ (56.7)</u>
Income taxes paid, net	<u>\$ (51.6)</u>	<u>\$ (32.8)</u>	<u>\$ (15.7)</u>

See Notes to Consolidated Financial Statements.

BLACK KNIGHT, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Except as otherwise indicated or unless the context otherwise requires, all references to "Black Knight," the "Company," "BKFS," "we," "us" or "our" (1) prior to the Distribution (as defined in Note 1 — Basis of Presentation), are to Black Knight Financial Services, Inc., a Delaware corporation, and its subsidiaries ("BKFS") and (2) after the Distribution, are to Black Knight, Inc., a Delaware corporation, and its subsidiaries ("BKI").

(1) Basis of Presentation

The accompanying audited consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), and all adjustments considered necessary for a fair presentation have been included. All significant intercompany accounts and transactions have been eliminated.

As a result of the Distribution and the THL Interest Exchange on September 29, 2017 (each as defined below), Black Knight, Inc. became the new public company and owns 100% of BKFS; therefore, we no longer have any noncontrolling interests as of September 30, 2017. Our underlying business remained the same and, for this reason, we did not have a change in reporting entity in accordance with GAAP.

The periods presented represent the consolidated financial position, results of operations and cash flows of: (1) BKI from September 30, 2017, the day subsequent to the Distribution, through December 31, 2019; and (2) BKFS prior to the Distribution.

Description of Business

We are a leading provider of integrated software, data and analytics solutions to the mortgage and consumer loan, real estate and capital markets verticals. Our solutions facilitate and automate many of the mission-critical business processes across the homeownership lifecycle. We are committed to being a premier business partner that clients rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class software, services and insights with a relentless commitment to excellence, innovation, integrity and leadership.

BKFS was incorporated in the State of Delaware on October 27, 2014, and BKI was incorporated in the State of Delaware on February 3, 2017.

Reporting Segments

We conduct our operations through two reporting segments, (1) Software Solutions and (2) Data and Analytics. See further discussion in Note 21 — *Segment Information*.

Distribution of FNF's Ownership Interest and Related Transactions

On September 29, 2017, we completed a tax-free plan whereby Fidelity National Financial, Inc. and its subsidiaries ("FNF") distributed all 83.3 million shares of BKFS Class B common stock that it owned to FNF Group shareholders through a series of transactions (the "Distribution"). Each outstanding share of BKFS Class A common stock, par value \$0.0001 per share ("Class A common stock") (other than shares owned by BKFS) was exchanged for one share of Black Knight, Inc. common stock. Shares of BKFS Class A common stock owned by BKFS, otherwise referred to as treasury stock, immediately prior to the BKFS merger were canceled for no consideration. Black Knight, Inc. is the public company following the completion of the Distribution.

Shares of Black Knight, Inc. common stock are listed on the New York Stock Exchange under the trading symbol "BKI", and began trading on October 2, 2017. Under the organizational documents of Black Knight, Inc., the rights of the holders of shares of Black Knight, Inc. common stock are substantially the same as the rights of former holders of BKFS Class A common stock.

On June 8, 2017, Black Knight, Inc., BKFS and certain affiliates of Thomas H. Lee Partners, L.P. ("THL") entered into an interest exchange agreement (the "THL Interest Exchange"). Immediately following the completion of the Distribution, affiliates of THL contributed to Black Knight, Inc. all of their BKFS Class B common stock and all of their membership interests in Black Knight Financial Services, LLC ("BKFS LLC") in exchange for a number of shares of Black Knight, Inc. common stock equal to the number of shares of BKFS Class B common stock contributed. Following the completion of the Distribution and the THL Interest Exchange, the shares of BKFS Class B common stock were canceled.

For additional details of the primary effects of the Distribution, the THL Interest Exchange and other related transactions, see Note 2 — *Significant Accounting Policies* and Note 19 — *Income Taxes*.

Share Repurchase Program

On January 31, 2017, our Board of Directors approved a three-year share repurchase program, effective February 3, 2017, authorizing us to repurchase up to 10.0 million shares of BKFS Class A common stock through February 2, 2020, through open market purchases, negotiated transactions or other means, in accordance with applicable securities laws and other restrictions. In

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

connection with the Distribution, our Board of Directors approved a share repurchase program authorizing the repurchase of shares of Black Knight, Inc. common stock consistent with the previous share repurchase program.

A summary of share repurchases under our share repurchase program is as follows (in millions, except for per share amounts):

Year	Total number of shares repurchased		Aggregate purchase price	Average price paid per share	Shares remaining under repurchase authorization as of December 31,
	BKI	BKFS Class A			
2017	2.0	1.2	\$ 136.7	\$ 42.87	6.8
2018	3.0	—	141.5	47.15	3.8
2019	0.2	—	11.9	57.94	3.6
Total	5.2	1.2	\$ 290.1	\$ 45.36	

Refer to Note 6 — *Related Party Transactions* for additional information related to the repurchase of shares of BKI common stock in 2018 and 2017.

On February 12, 2020, our Board of Directors approved a three-year share repurchase program authorizing us to repurchase up to 10.0 million shares of our outstanding common stock through February 12, 2023, through open market purchases, negotiated transactions or other means, in accordance with applicable securities laws and other restrictions.

Reclassification

Certain reclassifications have been made to the prior year amounts to conform to the classifications used in 2019. Investments in unconsolidated affiliates and Deferred contract costs, net were previously included in Other non-current assets in our Consolidated Balance Sheets. Revolver payments and Term loan payments were previously combined in Debt repayments in our Consolidated Statements of Cash Flows. Revolver borrowings and Term loan borrowings were previously combined in Borrowings in our Consolidated Statements of Cash Flows.

(2) Significant Accounting Policies

The following describes our significant accounting policies that have been followed in preparing the accompanying consolidated financial statements.

Principles of Consolidation

Prior to the Distribution, BKFS LLC was subject to the consolidation guidance related to variable interest entities as set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, *Consolidation* ("ASC 810"). As the sole managing member of BKFS LLC, we had the exclusive authority to manage, control and operate the business and affairs of BKFS LLC and its subsidiaries, pursuant to the terms of the limited liability company agreement ("LLC Agreement"). Under the terms of the LLC Agreement, we were authorized to manage the business of BKFS LLC, including the authority to enter into contracts, manage bank accounts, hire employees and agents, incur and pay debts and expenses, merge or consolidate with other entities and pay taxes. Because we were the primary beneficiary through our sole managing member interest and possessed the rights established in the LLC Agreement, in accordance with the requirements of ASC 810, we controlled BKFS LLC and appropriately consolidated the operations thereof.

We accounted for noncontrolling interests in accordance with ASC 810 prior to the Distribution. Noncontrolling interests represented Black Knight Holdings, Inc. ("BKHI"), a wholly-owned subsidiary of FNF, and certain of its affiliates' and THL and certain THL affiliates ("THL Affiliates") share of net earnings or loss and of equity in BKFS LLC. BKFS Class A shareholders indirectly controlled BKFS LLC through our managing member interest. BKFS Class B shareholders had a noncontrolling interest in BKFS LLC. Their share of net earnings or loss in BKFS LLC is reported in Net earnings attributable to noncontrolling interests in our Consolidated Statements of Earnings and Comprehensive Earnings. Net earnings or loss attributable to noncontrolling interests do not include expenses incurred directly by us, including income tax expense attributable to us.

Subsequent to the Distribution, BKFS LLC is an indirect wholly-owned subsidiary of BKI. As a result, we no longer have any noncontrolling interests in BKFS LLC.

Management Estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from our estimates.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Cash and Cash Equivalents

Highly liquid instruments purchased with original maturities of three months or less are considered cash equivalents. Cash equivalents are invested with high credit quality financial institutions and consist of short-term investments, such as demand deposit accounts, money market accounts, money market funds and time deposits. The carrying amounts of these instruments reported in the Consolidated Balance Sheets approximate their fair value because of their immediate or short-term maturities.

Cash and cash equivalents are unrestricted and include the following (in millions):

	December 31,	
	2019	2018
Cash	\$ 8.2	\$ 9.5
Cash equivalents	7.2	10.8
Cash and cash equivalents	<u>\$ 15.4</u>	<u>\$ 20.3</u>

Trade Receivables, Net

The carrying amounts reported in the Consolidated Balance Sheets for Trade receivables, net approximate their fair value because of their short-term nature.

A summary of Trade receivables, net of allowance for doubtful accounts is as follows (in millions):

	December 31,	
	2019	2018
Trade receivables — billed	\$ 136.6	\$ 136.6
Trade receivables — unbilled	39.8	37.0
Trade receivables	176.4	173.6
Allowance for doubtful accounts	(1.3)	(1.3)
Trade receivables, net	<u>\$ 175.1</u>	<u>\$ 172.3</u>

In addition to the amounts above, we have unbilled receivables that we do not expect to collect within the next year included in Other non-current assets in our Consolidated Balance Sheets. Billings for these receivables are based on contractual terms. Refer to Note 11 — *Other Non-Current Assets*.

The allowance for doubtful accounts represents management's estimate of uncollectible balances. We determine the allowance based on known troubled accounts, historical experience and other currently available evidence. We write off trade receivables when the likelihood of collection of a trade receivable balance is considered remote.

The rollforward of allowance for doubtful accounts is as follows (in millions):

	Year ended December 31,		
	2019	2018	2017
Beginning balance	\$ (1.3)	\$ (1.9)	\$ (2.2)
Bad debt expense	(1.6)	(0.6)	(0.8)
Write-offs, net of recoveries	1.6	1.2	1.1
Ending balance	<u>\$ (1.3)</u>	<u>\$ (1.3)</u>	<u>\$ (1.9)</u>

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in millions):

	December 31,	
	2019	2018
Prepaid expenses	\$ 37.1	\$ 43.9
Contract assets	19.5	14.8
Other current assets	8.2	8.6
Prepaid expenses and other current assets	<u>\$ 64.8</u>	<u>\$ 67.3</u>

Contract Assets

A contract asset represents our expectation of receiving consideration in exchange for products or services that we have transferred to our client. Contract assets and liabilities, or deferred revenues, are determined and presented on a net basis at the contract level since the rights and obligations in a contract with a client are interdependent. In contrast, a receivable is our right to consideration that is unconditional except for the passage of time required before payment of that consideration is due. The difference in timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables, contract assets and deferred revenues from client advances and deposits. We account for receivables in accordance with ASC Topic 310, *Receivables* ("ASC 310"), and assess both contract assets and receivables for impairment in accordance with ASC 310. There were no impairment charges related to contract assets for the years ended December 31, 2019 and 2018.

Our short-term contract assets are included in Prepaid expenses and other current assets in our Consolidated Balance Sheets. Our long-term contract assets are included in Other non-current assets in our Consolidated Balance Sheets. Refer to Note 11 — *Other Non-Current Assets*.

Property and Equipment, Net

Property and equipment, net is recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method based on the following estimated useful lives of the related assets: 30 years for buildings and 3 to 7 years for furniture, fixtures and computer equipment. Leasehold improvements are amortized using the straight-line method over the lesser of the initial term of the respective lease or the estimated useful life of such asset.

Computer Software, Net

Computer software, net includes internally developed software, purchased software, software acquired in business combinations and asset acquisitions, less accumulated amortization. Software acquired in business combinations is recorded at its fair value and amortized using the straight-line method over its remaining estimated useful life, ranging from 3 to 10 years. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life, ranging from 3 to 7 years.

Internal development costs are accounted for in accordance with ASC Topic 985, *Software*, Subtopic 20, *Costs of Software to Be Sold, Leased, or Marketed*, or ASC Topic 350, *Intangibles - Goodwill and Other*, Subtopic 40, *Internal-Use Software*. For computer software products to be sold, leased or marketed, all costs incurred to establish technological feasibility are research and development costs and are expensed as they are incurred. Costs incurred subsequent to establishing technological feasibility, such as programmers' salaries, related payroll costs and costs of independent contractors, are capitalized and amortized on a product-by-product basis commencing on the date of general release to clients. We do not capitalize any costs once the product is available for general release to clients. Judgment is required in determining when technological feasibility of a product is established. The timing of when various research and development projects become technologically feasible or ready for release can cause fluctuations in the amount of research and development costs that are expensed or capitalized in any given period. Generally, we amortize capitalized costs on a straight-line basis. However, we use an accelerated amortization method equal to the ratio of revenues generated by the software solution in the current year as a percentage of the estimated current and future revenues over its estimated useful life if that ratio is greater than the percentage to be amortized using the straight-line method. The estimated remaining software life generally ranges from 5 to 10 years.

For internal-use computer software products, internal and external costs incurred during the preliminary project stage are expensed as they are incurred. Internal and external costs incurred during the application development stage are capitalized and amortized commencing on the date the product is ready for its intended use. We do not capitalize any costs once the software is

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

ready for its intended use. Amortization expense is recorded using the straight-line method over the software's estimated useful life, generally ranging from 5 to 7 years.

We also assess the recorded value for impairment on a regular basis by comparing the carrying value to the estimated future cash flows to be generated by the underlying software asset.

Other Intangible Assets, Net

Other intangible assets, net consist primarily of client relationships that are recorded in connection with acquisitions at their fair value based on the results of a valuation analysis, less accumulated amortization. Client relationships are amortized over their estimated useful lives using an accelerated method that takes into consideration expected customer attrition rates over a period of up to 10 years from the acquisition date.

Our property records database, which is an intangible asset not subject to amortization, is included in Other non-current assets in our Consolidated Balance Sheets. Refer to Note 11 — *Other Non-Current Assets*.

Impairment Testing

Long-lived assets, including property and equipment, computer software and other intangible assets with definite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. We did not have any events or circumstances indicating impairment of our long-lived assets for the years ended December 31, 2019, 2018 or 2017.

Goodwill

Goodwill represents the excess of cost over the fair value of identifiable assets acquired and liabilities assumed in business combinations. Goodwill is not amortized and is tested for impairment annually, or more frequently if circumstances indicate potential impairment, through a comparison of fair value to the carrying amount. Goodwill is tested for impairment at the reporting unit level. In evaluating the recoverability of goodwill, we consider the amount of excess fair value over the carrying value of each reporting unit, the period of time since a reporting unit's last quantitative test, and other factors to determine whether or not to first perform a qualitative test. When performing an annual goodwill impairment analysis based on a review of qualitative factors, we evaluate if events and circumstances exist that lead to a determination that the fair value of each reporting unit is more likely than not greater than its carrying amount. If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we perform a quantitative impairment test. The quantitative test includes determining the fair value of a reporting unit based on a weighted average of multiple valuation methods, primarily a combination of an income approach and a market approach, which are Level 3 and Level 2 inputs, respectively. The income approach includes the present value of estimated future cash flows, while the market approach uses earnings multiples of similar guideline public companies. If the fair value of a reporting unit exceeds its carrying amount, goodwill is not impaired and further testing is not required. We did not have any events or circumstances indicating impairment of our goodwill during the years ended December 31, 2019, 2018 and 2017.

Investments in Unconsolidated Affiliates

We account for our investments in unconsolidated affiliates using the equity method of accounting. During the third quarter of 2019, we had a change in accounting principle to eliminate the one-quarter lag related to our D&B Investment, as defined below. Refer to Note 4 — *Investments in Unconsolidated Affiliates* for further information related to our D&B Investment. We record our share of equity-based compensation expense of unconsolidated affiliates as an adjustment to our investment with a related adjustment to our equity.

Deferred Contract Costs, Net

We capitalize incremental contract acquisition costs that relate directly to an existing contract or a specific anticipated contract, and are expected to be recovered. Costs that would have been incurred regardless of whether the contract was obtained are expensed as incurred. As a practical expedient, we expense incremental costs of obtaining a contract if the amortization period of the asset would be one year or less.

We also consider whether to capitalize costs to fulfill a contract that may be incurred before we commence performance on an obligation. These costs represent incremental, recoverable external costs and certain internal costs that are directly related to the contract and are primarily associated with costs of resources involved in installation of systems, processes and data conversion.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Deferred contract costs are amortized on a systematic basis consistent with the transfer to the client of the solutions or services to which the asset relates. We consider the explicit term of the contract with the client, expected renewals and the rate of change related to our solutions in determining the amortization period, which ranges from 5 to 10 years.

In the event indications exist that a deferred contract cost asset related to a particular contract may not be recoverable, undiscounted estimated cash flows of the total period over which economic benefits for providing the related products or services are expected to be received are projected and compared to the unamortized deferred contract cost balance. If the projected cash flows and any unrecognized revenues are not adequate to recover the unamortized cost, the balance would be adjusted with a charge to earnings to reduce the carrying amount to the contract's net realizable value, including any termination fees provided for under the contract, in the period such a determination is made.

Amortization expense for deferred contract costs is included in Depreciation and amortization in our Consolidated Statements of Earnings and Comprehensive Earnings. Refer to the "Depreciation and Amortization" section below.

Leases

We determine if an arrangement is a lease at contract inception. Right-of-use assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments according to the arrangement. Operating and finance lease right-of-use assets and lease liabilities are recognized as of the commencement date based on the present value of the lease payments over the lease term. We use the implicit rate when it is readily determinable. Otherwise, we use our incremental borrowing rate based on the information available as of the commencement date in determining the present value of lease payments. The lease term we use for the valuation of our right-of-use assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that we will exercise those options. Lease expense is recognized on a straight-line basis over the expected lease term.

Right-of-use assets and lease liabilities are recognized for our leases. Right-of-use assets for our operating leases are included in Other non-current assets in our Consolidated Balance Sheets. Refer to Note 11 — *Other Non-Current Assets*. Right-of-use assets for our finance leases are included in Property and equipment, net in our Consolidated Balance Sheets. Refer to Note 7 — *Property and Equipment*. For discussion of our operating and finance lease liabilities refer to Note 15 — *Leases* and Note 12 — *Long-Term Debt*.

Trade Accounts Payable and Other Accrued Liabilities

The carrying amount reported in the Consolidated Balance Sheets for Trade accounts payable and other accrued liabilities approximates fair value because of their short-term nature.

Loss Contingencies

ASC Topic 450, *Contingencies*, requires that we accrue for loss contingencies associated with outstanding litigation, claims and assessments, as well as unasserted claims for which management has determined it is probable that a loss contingency exists and the amount of loss can be reasonably estimated. Refer to Note 14 — *Commitments and Contingencies*. Legal fees are expensed as incurred.

Deferred Compensation Plan

Prior to the Distribution, certain of our management-level employees and directors participated in the FNF Deferred Compensation Plan (the "FNF DCP"). The FNF DCP permitted participants to defer receipt of part of their current compensation. Participant benefits for the FNF DCP were provided by a funded rabbi trust. The compensation withheld from FNF DCP participants, together with investment income on the FNF DCP, was recorded as a deferred compensation obligation to participants. The underlying rabbi trust and the related liability was historically carried by FNF. As a result of the Distribution, the liability to Black Knight participants in the FNF DCP, as well as the related assets of the funded rabbi trust, were transferred to the newly-formed Black Knight Deferred Compensation Plan (the "BK DCP") in a non-cash transaction. The terms of the BK DCP are consistent with the terms of the former FNF DCP. The assets of the funded rabbi trust are included in Other non-current assets in our Consolidated Balance Sheets. Refer to Note 11 — *Other Non-Current Assets*. As of December 31, 2019 and 2018, \$14.6 million and \$10.9 million, respectively, of the related liability is included in Other non-current liabilities on the Consolidated Balance Sheets. As of December 31, 2019 and 2018, \$0.9 million and \$0.7 million, respectively, of the related liability is included in Trade accounts payable and other accrued liabilities on the Consolidated Balance Sheets.

Equity-Based Compensation

We expense employee equity-based payments under ASC Topic 718, *Compensation—Stock Compensation*, which requires compensation cost measured using the grant date fair value of equity-based payments to be recognized over the requisite service

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

period, which generally equals the vesting period. For awards with a performance condition, we recognize compensation cost under the graded vesting method over the requisite service period of the award, which at times results in accelerated recognition of the cost. The fair value of our restricted stock awards is measured based on the closing market price of our stock on the grant date. Income tax effects of awards are recorded in our Consolidated Statements of Earnings and Comprehensive Earnings when the awards vest or are settled. We account for forfeitures as they occur.

Earnings Per Share

Basic net earnings per share is computed by dividing Net earnings attributable to Black Knight by the weighted-average number of shares of common stock outstanding during the period. Diluted net earnings per share includes the effect of unvested restricted stock awards. See Note 5—*Earnings Per Share* for a more detailed discussion.

Deferred Revenues

Deferred revenues represent our obligation to transfer products or services to our client for which we have received consideration, or an amount of consideration is due, from the client. During the years ended December 31, 2019 and 2018, revenues recognized related to the amount included in the Deferred revenues balance at the beginning of each year were \$55.9 million and \$51.7 million, respectively.

Revenue Recognition

We recognize revenues primarily relating to software and hosting solutions, professional services and data solutions. We are often party to multiple concurrent contracts or contracts that combine multiple solutions and services. These situations require judgment to determine if multiple contracts should be combined and accounted for as a single arrangement. In making this determination, we consider (i) the economics of each individual contract and whether or not it was negotiated on a standalone basis and (ii) if multiple promises represent a single performance obligation. Many times these arrangements include offerings from more than one segment to the same client.

At contract inception, we assess the performance obligations, or deliverables, we have agreed to provide in the contract and determine if they are individually distinct or if they should be combined with other performance obligations. We combine performance obligations when an individual performance obligation does not have standalone value to our client. For example, we typically combine the delivery of complex, proprietary implementation-related professional services with the delivery of the related software solution.

Contract modifications require judgment to determine if the modification should be accounted for as (i) a separate contract, (ii) the termination of the original contract and creation of a new contract or (iii) a cumulative catch-up adjustment to the original contract. When evaluating contract modifications, we must identify the performance obligations of the modified contract and determine both the allocation of revenues to the remaining performance obligations and the period of recognition for each identified performance obligation.

We include any fixed consideration within our contracts as part of the total transaction price. Generally, we include an estimate of the variable amount within the total transaction price and update our assumptions over the duration of the contract. We do not include taxes collected from clients and remitted to governmental authorities. The transaction price is allocated to our performance obligations in proportion to their relative standalone selling prices (“SSP”). SSP is the price for which we would sell a distinct solution or service separately to a client and is determined at contract inception. For a majority of our revenues, we have observable selling prices for our related solutions and services. However, if observable selling prices are not available, establishing SSP requires significant judgment. The estimated SSP considers all reasonably available information, including market conditions, demands, trends, our specific factors and information about the client or class of client. The adjusted market approach is generally used for new solutions and services or when observable inputs are limited or not available.

The following describes the nature of our primary sources of revenue and the related revenue recognition policies:

Software and Hosting Solutions Revenues

Software and hosting solutions revenues are primarily comprised of software as a service (“SaaS”) offerings for various systems that perform processing and workflow management as well as provide data and analytics. To a lesser extent, we sell software licenses where hosting services may or may not be included in the arrangement. Contracts for software and hosting solutions typically span five to seven years.

For our SaaS offerings, we promise our clients to stand ready to provide continuous access to our processing platforms and perform an unspecified quantity of processing services for a specified term. For this reason, processing services are generally viewed as a stand-ready performance obligation comprised of a series of distinct daily services. We typically satisfy these

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

performance obligations over time as the services are provided. A time-elapsed output method is used to measure progress because our efforts are expended evenly throughout the period given the nature of the promise is a stand-ready service. We evaluate our variable payment terms related to these revenues, and they generally meet the criteria for allocating variable consideration entirely to one or more, but not all, performance obligations in a contract. Accordingly, when the criteria are met, variable amounts based on the number and type of services performed during a period are allocated to and recognized on the day in which we perform the related services. Fixed fees for processing services are generally recognized ratably over the contract period.

Our software licenses generally have significant standalone functionality to our clients upon delivery. Our software licenses are generally considered distinct performance obligations, and revenue allocated to the software license is typically recognized at a point in time upon delivery of the license.

In conjunction with software licenses, we commonly provide our clients with additional services such as maintenance as well as associated implementation and other professional services related to the software license. Maintenance is typically comprised of technical support and unspecified updates and upgrades. We generally satisfy these performance obligations evenly using a time-elapsed output method over the contract term given there is no discernible pattern of performance. When a software license contract also includes professional services that provide significant modification or customization of the software license, we combine the software license and professional services into a single performance obligation, and revenues for the combined performance obligation are recognized as the professional services are provided consistent with the methods described below for professional services revenues.

We have contracts where the licensed software is offered in conjunction with hosting services. The licensed software may be considered a separate performance obligation from the hosting services if the client can take possession of the software during the contractual term without incurring a significant penalty and if it is feasible for the client to run the software on its own infrastructure or hire a third party to host the software. If the licensed software and hosting services are separately identifiable, license revenue is recognized when the hosting services commence and it is within the client's control to obtain a copy of the software, and hosting revenue is recognized using the time-elapsed output method as the service is provided. If the software license is not separately identifiable from the hosting service, then the related revenues for the combined performance obligation is recognized ratably over the hosting period.

Professional Services Revenues

Professional services revenues are generally comprised of implementation, conversion, programming, training and consulting services associated with our SaaS and licensed software agreements. Professional services such as training, dedicated teams and consulting services are generally distinct. Distinct professional services revenues are primarily billed on a time and materials basis, and revenues are recognized over time as the services are performed. A portion of our professional services revenues are derived from contracts for dedicated personnel resources who are often working full-time at a client site and under the client's direction. These revenues generally recur as contracts are renewed.

In assessing whether implementation services provided on SaaS or licensed software agreements are a distinct performance obligation, we consider whether the services are both capable of being distinct (i.e., the client can benefit from the services alone or in combination with other resources that are readily available to the client) and distinct within the context of the contract (i.e., separately identifiable from the other performance obligations in the contract). Professional services that are not distinct from an associated solution or offering are recognized over the common measure of progress for the overall performance obligation (typically a time-elapsed output measure that corresponds to the period over which the solution or offering is made available to the client).

Data Solutions Revenues

Revenues from data solutions are primarily from licenses for historical data and valuation-related analytical services and are generally distinct. License fees are recognized at a point in time upon delivery. Revenues allocated to data updates are recognized ratably over the period the updates are provided. In addition, to the extent that we provide continuous access to data through a hosted software platform, we recognize revenues ratably over the contract term.

Operating Expenses

Operating expenses include all costs, excluding depreciation and amortization, incurred by us to produce revenues. Operating expenses primarily include compensation costs, including equity-based compensation and benefits, hardware and software maintenance costs, software subscription costs, cloud computing costs, rent-related costs and professional services. Equity-based compensation is included within Corporate and Other in Note 21—*Segment Information*.

General and administrative expenses, which are primarily included in Operating expenses within Corporate and Other in Note 21—*Segment Information*, include compensation costs, including benefits and equity-based compensation, hardware and software maintenance costs, software subscription costs, rent-related costs and other costs associated with the marketing, human resources,

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

legal, enterprise risk, finance and other support functions. General and administrative expenses also include certain professional and legal fees and costs of advertising and other marketing-related programs.

Depreciation and Amortization

Depreciation and amortization includes the following (in millions):

	Year ended December 31,		
	2019	2018	2017
Computer software	\$ 97.3	\$ 94.5	\$ 84.0
Other intangible assets	59.3	57.2	67.8
Deferred contract costs	42.9	32.9	25.7
Property and equipment	36.7	32.4	29.0
Total	<u>\$ 236.2</u>	<u>\$ 217.0</u>	<u>\$ 206.5</u>

Computer software amortization for the year ended December 31, 2018 includes accelerated amortization of \$1.7 million related to certain internally developed software. Deferred contract costs amortization for the years ended December 31, 2019, 2018 and 2017 includes accelerated amortization of \$6.2 million, \$3.4 million and \$3.3 million, respectively.

Transition and Integration Costs

Transition and integration costs for 2019 primarily consisted of costs associated with acquisition-related costs and expense reduction initiatives. In 2018, these costs primarily consisted of costs associated with executive transition, transition-related costs as we transferred certain corporate functions from FNF following the Distribution and acquisition-related costs. In 2017, these costs primarily consisted of legal and professional fees related to the Distribution and transition-related costs following the Distribution.

Interest Expense, Net

Interest expense, net consists primarily of interest expense on our borrowings, amortization of our debt issuance costs and original issue discount, payments on our interest rate swaps, commitment fees on our revolving credit facility and administrative agent fees net of capitalized interest and interest income. In 2017, Interest expense, net also includes a guarantee fee that we paid FNF for their guarantee of our senior notes prior to the Senior Notes Redemption (as defined in Note 12—*Long Term Debt*) and amortization of our bond premium.

Income Taxes

Black Knight is treated as a corporation under applicable federal and state income tax laws. We are subject to income tax in the U.S. and certain state jurisdictions in which we operate and record the tax effects as a part of the tax accounting process of preparing the consolidated financial statements. Our India subsidiary is subject to income tax in India. The tax accounting process involves calculating current tax expense together with assessing basis differences resulting from differing recognition of items for income tax and GAAP accounting purposes. These differences result in current and deferred income tax assets and liabilities, which are included within the Consolidated Balance Sheets. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable earnings in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of changes in tax rates and laws in future periods, if any, is reflected in the consolidated financial statements in the period enacted. We must then assess the likelihood that deferred income tax assets will be recovered from future taxable earnings and, to the extent we believe that recovery is not likely, establish a valuation allowance. We believe that based on our historical pattern of taxable earnings, projections of future earnings, tax planning strategies, reversing taxable timing differences and other relevant evidence, we will produce sufficient earnings in the future to realize recorded deferred income tax assets. To the extent we establish a valuation allowance or increase an allowance in a period, we would reflect the increase as expense within Income tax expense in the Consolidated Statements of Earnings and Comprehensive Earnings. Determination of income tax expense requires estimates and can involve complex issues that may require an extended period to resolve. Further, the estimated level of annual earnings before income tax can cause the overall effective income tax rate to vary from period to period. We believe our tax positions comply with applicable tax law, and we adequately provide for any known tax contingencies. Final determination of prior-year tax liabilities, either by settlement with tax authorities or expiration of statutes of limitations, could be materially different than estimates reflected in assets and liabilities and historical income tax expense. The outcome of these final determinations could have a material effect on our income tax expense, net earnings or cash flows in the period that determination is made.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Treasury Shares

Shares held in treasury are at cost. Shares held in treasury at the time of the Distribution were canceled for no consideration. In connection with this transaction, we made a policy election to charge the cost in excess of par value to Retained earnings when we cancel or retire treasury shares.

Recent Accounting Pronouncements**Recently Adopted Pronouncements***Leases (ASC Topic 842, Leases ("ASC 842"))*

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, as well as several other related updates, which were codified as ASC 842. On January 1, 2019, we adopted this update using the effective date transition method. The reported results for the year ended December 31, 2019 reflect the application of ASC 842, while the comparative information has not been restated and continues to be reported under the related lease accounting standards in effect for those periods. The adoption of this update represents a change in accounting principle and resulted in the recognition of right-of-use assets and lease liabilities of \$28.9 million on January 1, 2019. We elected the package of practical expedients, which permits us to leverage our prior conclusions about lease identification, lease classification and initial direct costs incurred. We also elected the practical expedient to combine lease and non-lease components when determining the value of right-of-use assets and lease liabilities, as well as the practical expedient to exclude leases with an initial term of 12 months or less. The primary effect of adopting this update relates to the recognition of our operating leases on our Consolidated Balance Sheets and providing additional disclosures about our leasing activities. As of January 1, 2019, we did not have any finance leases. Refer to Note 11 — *Other Non-Current Assets*, Note 12 — *Long-Term Debt* and Note 15 — *Leases* for additional disclosures related to our leasing activities.

Revenue Recognition (ASC 606)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as well as several other related updates, which were codified as ASC 606. On January 1, 2018, we adopted this update using the modified retrospective method. Under this method, we recognized the cumulative effect of applying the new revenue recognition standard to existing revenue contracts that were active as of the adoption date as an adjustment to the opening balance of Retained earnings. The reported results for the years ended December 31, 2019 and 2018 reflect the application of ASC 606, while the comparative information has not been restated and continues to be reported under the related accounting standards in effect for the period. The adoption of ASC 606 represents a change in accounting principle that is intended to more closely align revenue recognition with the delivery of our services and provides financial statement readers with enhanced disclosures.

The effect of ASC 606 on our consolidated finance statements as of December 31, 2018 and for the year ended December 31, 2018 is disclosed in Note 16 — *Revenues*.

Other Accounting Pronouncements

In October 2018, the FASB issued ASU 2018-16, *Derivatives and Hedging (Topic 815)*. This update expands the permissible benchmark interest rates to include the Secured Overnight Financing Rate and the Overnight Index Swap Rate as benchmark interest rates for hedge accounting purposes. We adopted this update on January 1, 2019. This update is required to be applied prospectively to qualifying new or redesignated hedging relationships entered into on and after the date of adoption. We did not enter into new hedging relationships in 2019. We continue to monitor developments related to London Interbank Offered Rate ("LIBOR") transition date and effects it may have on our strategy, systems and processes. Interest rates related to our credit agreement are based on the Eurodollar rate, which is based on LIBOR. The terms of our interest rate swap agreements are also based on LIBOR.

In August 2018, the FASB issued ASU 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This update more closely aligns the accounting treatment of implementation costs for cloud solutions to the treatment of costs to develop or obtain internal-use software. Costs incurred during the planning and post-implementation stages are typically expensed, while costs incurred during the development stage are typically capitalized. The capitalized implementation costs are to be expensed over the term of the hosting arrangement including renewal options to the extent those options are expected to be utilized. This update also requires the capitalized implementation costs to be presented in the consolidated financial statements consistent with the presentation of the ongoing fees and payments associated with the cloud arrangement. We adopted this update on January 1, 2019 and applied its amendments prospectively. This update did not have a material effect on our Consolidated Financial Statements and related disclosures.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This update allows a reclassification from Accumulated other comprehensive earnings to Retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017 ("Tax Reform Act"). We adopted this update on January 1, 2019 and reclassified \$1.0 million from Accumulated other comprehensive (loss) earnings to Retained earnings.

Not Yet Adopted Pronouncements

Current Expected Credit Losses (ASC Topic 326, Financial Instruments - Credit Losses ("ASC 326"))

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses*, as well as several other related updates, which were codified as ASC 326. This update significantly changes how companies measure and recognize credit impairment for many financial assets. The new Current Expected Credit Loss Model requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets included in the scope of this standard.

Our financial assets that are included in the scope of these updates are primarily trade receivables and contract assets. We applied an integrated approach to analyzing the effects of ASC 326, including developing accounting policies and positions, evaluating differences from applying the requirements of the new standard to our existing business practices and assessing the need for any changes in our processes and design of internal controls.

The primary effect of adopting the new standard relates to the changes in our estimated credit losses and providing additional disclosures about our financial assets that are included in the scope of this new standard. Based on our assessment, we did not identify a material change in our business practices.

The new standard requires companies to use a modified retrospective adoption approach. We will adopt ASC 326 on January 1, 2020 using this approach. We do not expect this update to have a material effect on our consolidated financial statements and related disclosures.

Other Accounting Pronouncements

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This update simplifies accounting for income taxes by eliminating some exceptions to the general approach in ASC 740, *Income Taxes*, related to intraperiod tax allocation, the methodology for calculating income tax in an interim period and the recognition of deferred tax liabilities for outside basis differences. This update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 with early adoption permitted. The amendments in this update should be applied on either a retrospective basis, modified retrospective basis or prospectively, depending on the provision within the amendment. We do not expect the adoption of this update to have a material effect on our consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This update removes, modifies and adds certain disclosure requirements for fair value measurements. This update is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019 with early adoption permitted. We do not expect the adoption of this update to have a material effect on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This update eliminates Step 2 of the goodwill impairment test that required a hypothetical purchase price allocation. Rather, entities should apply the same impairment assessment to all reporting units and recognize an impairment loss for the amount by which a reporting unit's carrying amount exceeds its fair value, without exceeding the total amount of goodwill allocated to that reporting unit. Entities will continue to have the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. This update is effective prospectively for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019 with early adoption permitted. We do not expect this update to have a material effect on our consolidated financial statements and related disclosures.

(3) Business Acquisitions

We include the results of operations of acquired businesses beginning on the respective acquisition dates. The purchase price is allocated to the tangible and intangible assets acquired and the liabilities assumed based on their estimated fair values, with the excess recorded as goodwill. Measurement period adjustments to provisional purchase price allocations are recognized in the period in which they are determined, with the effect on earnings of changes in depreciation, amortization or other income resulting from such changes calculated as if the accounting had been completed on the acquisition date. Acquisition-related costs are expensed as incurred.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

2019 Acquisition

On September 13, 2019, we completed the acquisition of Compass Analytics, LLC ("Compass Analytics"), a financial technology provider of advanced pricing and valuation solutions to support loan officers and capital market professionals. The acquisition expands our footprint in capital markets, adds mortgage servicing rights valuation capabilities to our solutions and establishes end-to-end connectivity and pricing between originators and mortgage investors. The Compass Analytics acquisition does not meet the definition of "significant" pursuant to Article 3 of Regulation S-X (§210.3-05). The results of operations of Compass Analytics are not material to our consolidated financial statements and related disclosures.

Allocation of Purchase Price

The purchase price of the Compass Analytics acquisition was allocated to the assets acquired and liabilities assumed based on their estimated fair value at the acquisition date. The fair value of the acquired Computer software, Other intangible assets and contingent consideration was primarily determined using a third-party valuation based on significant estimates and assumptions, including Level 3 inputs, which are judgmental in nature. These estimates and assumptions include the projected timing and amount of future cash flows, discount rates reflecting the risk inherent in the future cash flows and future market prices. The fair value of estimated liabilities for pre-acquisition tax exposure is preliminary.

Total consideration, net of cash received, was \$61.8 million for 100% of the equity interests in Compass Analytics. The total consideration was as follows (in millions):

Cash paid	\$	55.0
Contingent consideration		9.0
Less: cash acquired		(2.2)
Total consideration, net	\$	<u>61.8</u>

The following table summarizes the total purchase price consideration and the preliminary fair value amounts recognized for the assets acquired and liabilities assumed as of the acquisition date (in millions):

Total purchase price consideration	\$	<u>61.8</u>
Computer software	\$	9.4
Other intangible assets		21.4
Goodwill		31.7
Other current and non-current assets		4.4
Total assets acquired		<u>66.9</u>
Total liabilities assumed		5.1
Net assets acquired	\$	<u>61.8</u>

The purchase agreement requires us to pay additional cash consideration based on revenues recognized over a two-year period from the acquisition date. We recorded a contingent consideration liability of \$9.0 million as part of the Compass Analytics acquisition. As of December 31, 2019, \$4.2 million of the contingent consideration liability is included in Trade accounts payable and other accrued liabilities and \$4.8 million is included in Other non-current liabilities in our Consolidated Balance Sheets. The contingent consideration is subject to remeasurement at each reporting date until settlement. Refer to Note 13 — *Fair Value Measurements*. As of December 31, 2019, the contingent consideration amount approximates half of the total anticipated remaining payments we expect to have related to the purchase agreement. In accordance with ASC Topic 805, *Business Combinations*, the portion of the estimated payment that was not recognized as contingent consideration at the time of the acquisition will be expensed ratably over a two-year period due to an ongoing employment requirement.

Additionally, we incurred direct transaction costs of \$0.2 million for the year ended December 31, 2019 that are included in Transition and integration costs on the Consolidated Statements of Earnings and Comprehensive Earnings.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Estimated Useful Lives of Computer Software and Other Intangible Assets Acquired

As of the acquisition date, the gross carrying value and weighted average estimated useful lives of Computer software and Other intangible assets acquired during the year ended December 31, 2019 consisted of the following (dollars in millions):

	Gross carrying value	Weighted average estimated life (in years)
Computer software	\$ 9.4	5
Other intangible assets:		
Client relationships	19.1	10
Trade names	1.4	3
Non-compete agreements	0.9	5
Other intangible assets	21.4	
Total gross carrying value	\$ 30.8	

2018 Acquisitions

HeavyWater

On May 31, 2018, we completed our acquisition of HeavyWater, Inc. ("HeavyWater"), a provider of artificial intelligence and machine learning to the financial services industry. HeavyWater's AIVASM solution reads, comprehends and draws conclusions based on context to mimic cognitive thinking and build expertise over time. HeavyWater's AIVASM solution is being integrated into our premier solutions and allows clients to deploy artificial intelligence and machine learning within other parts of their organizations to help enhance efficiency, effectiveness and accuracy.

Ernst

On November 6, 2018, we completed the acquisition of Ernst Publishing Co., LLC and two related entities (collectively, "Ernst"), a provider of technology and closing cost data for the real estate and mortgage industries. Ernst's capabilities are being integrated into our premier suite of origination solutions and augment our existing fee engine to create a unified access point for all fee-related needs.

Total consideration paid, net of cash received, was \$43.4 million for 100% of the equity interests in HeavyWater and Ernst. Additionally, we incurred direct transaction costs of \$0.1 million for the year ended December 31, 2018 that are included in Transition and integration costs on the Consolidated Statements of Earnings and Comprehensive Earnings.

(4) Investments in Unconsolidated Affiliates

On August 8, 2018, an investment consortium (the "Consortium") including Cannae Holdings, Inc. ("Cannae"), CC Capital Partners LLC, Bilcar, LLC and funds associated with THL along with other investors entered into equity commitments in connection with the acquisition of The Dun & Bradstreet Corporation, a Delaware corporation ("D&B"). Contemporaneously, D&B entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among D&B, Star Parent, L.P., a Delaware limited partnership ("Star Parent"), and Star Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Star Parent, pursuant to which, through a series of transactions, D&B would be a wholly-owned subsidiary of Star Parent (the "D&B Acquisition").

On January 24, 2019, we entered into an Assignment and Investment Agreement as part of the Consortium.

On February 8, 2019, the Consortium completed the D&B Acquisition for \$145.00 in cash for each share of D&B common stock then outstanding, which included our \$375.0 million investment in Star Parent (the "February 2019 D&B Investment") funded through a borrowing on our revolving credit facility. In connection with the closing, we were issued certain limited partner interests in Star Parent, representing approximately 18.1% of the outstanding common equity of Star Parent.

On July 1, 2019, we invested an additional \$17.6 million in Star Parent (together with the February 2019 D&B Investment, collectively, the "D&B Investment") in exchange for our pro-rata share of additional limited partner interests issued by Star Parent related to D&B's acquisition of Lattice Engines, Inc.

D&B is a global leader in commercial data and analytics that provides various services helping companies improve their operational performance.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Variable Interest Entities

Variable interest entities ("VIEs") are legal entities in which the equity investors as a group lack any of the characteristics of a controlling interest. The primary beneficiary of a VIE is generally the entity with the power to direct the activities that most significantly affect the VIE's economic performance and the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE.

We have variable interests in Star Parent, but we are not the primary beneficiary of Star Parent. We are a limited partner and do not have the power to direct the activities that most significantly affect Star Parent's economic performance. We do not provide any implicit or explicit liquidity guarantees or principal value guarantees to Star Parent. Our maximum exposure related to our variable interests in Star Parent is limited to our investment and commitments we may enter into from time to time to maintain our pro-rata share of limited partner interests.

The table below summarizes the carrying amount of our D&B Investment and our maximum exposure related to our variable interests in Star Parent (in millions):

	December 31, 2019	
	Total assets	Maximum exposure
Investment in Star Parent	\$ 291.3	\$ 291.3

We do not consolidate Star Parent because we are not the primary beneficiary. We account for our D&B Investment as an equity method investment, which results in our D&B Investment being recorded within Investments in unconsolidated affiliates on our Consolidated Balance Sheets.

During 2019, Star Parent adopted ASC 842 using the effective date of January 1, 2019 as its date of initial application. The adoption of this update did not have a material effect on the operating results of Star Parent.

Summarized consolidated financial information for Star Parent is presented below as of December 31, 2019 and for the period from February 8, 2019 to December 31, 2019 (in millions):

	December 31, 2019	
Current assets	\$	418.6
Non-current assets		8,694.0
Total assets	\$	9,112.6
Current liabilities, including short-term debt	\$	1,090.4
Non-current liabilities		5,414.8
Total liabilities		6,505.2
Cumulative preferred series A stock		1,030.6
Total capital		1,576.8
Total liabilities and partners' capital	\$	9,112.6
		For the period February 8 to December 31, 2019
Revenues	\$	1,413.9
Loss before provision for income taxes and equity in net income of affiliates	\$	(540.0)
Net loss	\$	(425.8)
Net loss attributable to Star Parent	\$	(546.3)

The summarized consolidated financial information for Star Parent was derived from the consolidated financial information of Star Parent as of December 31, 2019 and for the period from February 8, 2019 to December 31, 2019.

For the year ended December 31, 2019, equity in losses related to our D&B Investment were \$73.9 million, net of income tax benefit of \$25.0 million.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(5) Earnings Per Share

Basic earnings per share is computed by dividing Net earnings attributable to Black Knight by the weighted-average number of shares of common stock outstanding during the period.

For the periods presented, potentially dilutive securities include unvested restricted stock awards and the shares of BKFS Class B common stock prior to the Distribution. For the year ended December 31, 2017, the numerator in the diluted net earnings per share calculation is adjusted to reflect our income tax expense at an expected effective tax rate assuming the conversion of the shares of BKFS Class B common stock into shares of BKFS Class A common stock on a one-for-one basis prior to the Distribution. The effective tax rate for the year ended December 31, 2017 was (16.7)%, including the effect of the benefit related to the revaluation of our net deferred income tax liability and certain other discrete items recorded during 2017. For the year ended December 31, 2017, the denominator includes approximately 63.1 million shares of BKFS Class B common stock outstanding prior to the Distribution. The denominator also includes the dilutive effect of approximately 0.9 million, 0.6 million and 0.6 million shares of unvested restricted shares of common stock for the years ended December 31, 2019, 2018 and 2017, respectively.

The shares of BKFS Class B common stock did not share in the earnings or losses of Black Knight and were, therefore, not participating securities. Accordingly, basic and diluted net earnings per share of BKFS Class B common stock have not been presented.

The computation of basic and diluted earnings per share is as follows (in millions, except per share amounts):

	Year ended December 31,		
	2019	2018	2017
Basic:			
Net earnings attributable to Black Knight	\$ 108.8	\$ 168.5	\$ 182.3
Shares used for basic net earnings per share:			
Weighted average shares of common stock outstanding	147.7	147.6	88.7
Basic net earnings per share	\$ 0.74	\$ 1.14	\$ 2.06
Diluted:			
Earnings before income taxes and equity in losses of unconsolidated affiliates			\$ 192.4
Income tax benefit excluding the effect of noncontrolling interests			(32.2)
Net earnings			\$ 224.6
Net earnings attributable to Black Knight	\$ 108.8	\$ 168.5	
Shares used for diluted net earnings per share:			
Weighted average shares of common stock outstanding	147.7	147.6	88.7
Dilutive effect of unvested restricted shares of common stock	0.9	0.6	0.6
Weighted average shares of BKFS Class B common stock outstanding	—	—	63.1
Weighted average shares of common stock, diluted	148.6	148.2	152.4
Diluted net earnings per share	\$ 0.73	\$ 1.14	\$ 1.47

(6) Related Party Transactions

D&B

As of February 8, 2019, D&B is considered to be a related party primarily due to the combination of certain shared board members, members of executive management and our D&B Investment. Refer to Note 4 — *Investments in Unconsolidated Affiliates*. As of December 31, 2019, we had a related party receivable of \$0.2 million from D&B.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

FNF

We are party to certain agreements with FNF, including agreements that were entered into when we were related parties. As a result of the Distribution, FNF no longer has an ownership interest in us, but was still considered a related party until December 1, 2019 due to the combination of certain shared board members, members of senior management and various agreements. As of December 1, 2019, the Chairman of our Board of Directors no longer serves as one of our executive officers, and FNF is no longer considered a related party.

We have various agreements with FNF to provide software, data and analytics services, as well as corporate shared services and information technology. We are also a party to certain other agreements under which we incur other expenses or receive revenues from FNF.

A detail of the revenues and expenses, net from FNF is as follows (in millions):

	Year ended December 31,		
	2019 ⁽¹⁾	2018	2017
Revenues	\$ 59.5	\$ 57.6	\$ 56.8
Operating expenses	12.5	12.1	12.3
Guarantee fee	—	—	1.2

(1) Transactions with FNF are summarized through November 30, 2019, the date after which FNF is no longer considered a related party.

We paid to FNF a guarantee fee of 1.0% of the outstanding principal of the Senior Notes (as defined in Note 12 — *Long Term Debt*) in exchange for the guarantee by FNF of the Senior Notes. For the year ended December 31, 2017, the guarantee fee was included in Interest expense, net on the Consolidated Statements of Earnings and Comprehensive Earnings. On April 26, 2017, the Senior Notes were redeemed, and we are no longer required to pay a guarantee fee.

THL

We were party to certain related party agreements with THL until May 11, 2018, the date of an underwritten secondary offering of shares of our common stock by affiliates of THL. As a result of this offering, certain affiliates of THL no longer have an ownership interest in us and are no longer considered related parties. Two managing directors of THL currently serve on our Board of Directors.

A summary of underwritten secondary offerings of shares of our common stock by affiliates of THL is as follows (in millions):

	May 11, 2018	March 15, 2018	February 15, 2018	November 24, 2017	May 12, 2017 (1)
Number of shares sold by affiliates of THL	12.1	8.0	8.0	7.0	5.8
Number of shares Black Knight repurchased from the underwriter	—	1.0	2.0	2.0	—
Shares owned by affiliates of THL immediately after each offering	—	12.1	20.1	28.1	35.1

(1) Includes the effect of an option for the underwriter to purchase an additional 0.8 million shares, which was exercised in full and closed on May 18, 2017.

We purchased software and systems services from certain entities over which THL exercises control. For the year ended December 31, 2017, expenses, net from THL included in Operating expenses on our Consolidated Statements of Earnings and Comprehensive Earnings were \$0.3 million.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Consolidated Statements of Earnings and Comprehensive Earnings

A detail of related party items included in Revenues is as follows (in millions):

	Year ended December 31,		
	2019 ⁽¹⁾	2018	2017
Software services	\$ 40.2	\$ 35.9	\$ 32.8
Data and analytics services	19.3	21.7	24.0
Total related party revenues	\$ 59.5	\$ 57.6	\$ 56.8

(1) Transactions with FNF are summarized through November 30, 2019, the date after which FNF is no longer considered a related party.

A detail of related party items included in Operating expenses (net of expense reimbursements) is as follows (in millions):

	Year ended December 31,		
	2019 ⁽¹⁾	2018	2017
Data entry, indexing services and other operating expenses	\$ 8.8	\$ 8.2	\$ 5.1
Corporate services	3.8	4.9	9.2
Technology and corporate services	(0.1)	(1.0)	(1.7)
Total related party expenses, net	\$ 12.5	\$ 12.1	\$ 12.6

(1) Transactions with FNF are summarized through November 30, 2019, the date after which FNF is no longer considered a related party.

Consolidated Balance Sheets

As of December 31, 2018, related party contract assets were \$4.8 million and are included in Prepaid expenses and other current assets in our Consolidated Balance Sheets. As of December 31, 2018, related party deferred revenues of \$0.1 million are included in Deferred revenues (current) in our Consolidated Balance Sheets.

We believe the amounts earned from or charged by us under each of the foregoing arrangements are fair and reasonable. We believe our service arrangements are priced within the range of prices we offer to third parties, except for certain corporate services provided to FNF and certain corporate services provided by FNF, which are at cost. However, the amounts we earned or that were charged under these arrangements were not negotiated at arm's length and may not represent the terms that we might have obtained from an unrelated third party.

(7) Property and Equipment

Property and equipment consist of the following (in millions):

	December 31,	
	2019	2018
Land	\$ 11.9	\$ 11.9
Buildings and improvements	81.2	71.1
Leasehold improvements	7.1	6.7
Computer equipment	234.1	208.9
Furniture, fixtures and other equipment	11.2	11.0
Property and equipment	345.5	309.6
Accumulated depreciation and amortization	(168.6)	(132.5)
Property and equipment, net	\$ 176.9	\$ 177.1

On December 31, 2019, we entered into finance lease agreements for certain computer equipment. The leased equipment was valued at \$13.7 million, net of prepaid maintenance and \$0.3 million of imputed interest, and is included in Property and equipment, net on the Consolidated Balance Sheets. Refer to Note 12 — *Long-Term Debt* for additional information related to our finance leases.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(8) Computer Software

Computer software, net consists of the following (in millions):

	December 31,	
	2019	2018
Internally developed software	\$ 808.2	\$ 746.0
Purchased software	78.9	60.7
Computer software	887.1	806.7
Accumulated amortization	(481.1)	(401.1)
Computer software, net	\$ 406.0	\$ 405.6

In the fourth quarter of 2019, we entered into agreements to acquire software in exchange for a combination of cash consideration and certain of our products and services. The software was acquired for \$32.0 million, of which software valued at \$6.5 million was received as of December 31, 2019 and resulted in non-cash investing activity of \$4.8 million.

Internally developed software and purchased software are inclusive of amounts acquired through acquisitions. Refer to Note 3 — *Business Acquisitions* for further discussion.

Estimated amortization expense on computer software for the next five fiscal years is as follows (in millions):

2020 ⁽¹⁾	\$ 102.8
2021	96.9
2022	87.8
2023	79.4
2024	25.9

(1) Assumes assets not in service as of December 31, 2019 are placed in service equally throughout the year.

(9) Other Intangible Assets

Other intangible assets consist of the following (in millions):

	December 31, 2019			December 31, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Client relationships	\$ 587.1	\$ (441.4)	\$ 145.7	\$ 568.0	\$ (382.8)	\$ 185.2
Other	9.1	(4.8)	4.3	6.9	(4.1)	2.8
Total intangible assets	\$ 596.2	\$ (446.2)	\$ 150.0	\$ 574.9	\$ (386.9)	\$ 188.0

Client relationships and other intangible assets are inclusive of amounts acquired through acquisitions. Refer to Note 3 — *Business Acquisitions* for further discussion.

Intangible assets, other than those with indefinite lives, are amortized over their estimated useful lives ranging from 3 to 10 years from the acquisition date using either a straight-line or accelerated method.

Estimated amortization expense on other intangible assets for the next five fiscal years is as follows (in millions):

2020	\$ 51.2
2021	39.9
2022	28.4
2023	16.8
2024	5.3

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(10) Goodwill

Goodwill consists of the following (in millions):

	Software Solutions	Data and Analytics	Corporate and Other	Total
Balance, December 31, 2017	\$ 2,134.7	\$ 172.1	\$ —	\$ 2,306.8
HeavyWater and Ernst acquisitions (Note 3)	22.9	—	—	22.9
Balance, December 31, 2018	2,157.6	172.1	—	2,329.7
Compass Analytics acquisition (Note 3)	31.7	—	—	31.7
Balance, December 31, 2019	<u>\$ 2,189.3</u>	<u>\$ 172.1</u>	<u>\$ —</u>	<u>\$ 2,361.4</u>

The increase in Goodwill related to our Compass Analytics acquisition is deductible for tax purposes. For the 2018 increase in Goodwill, \$19.7 million is deductible for tax purposes and \$3.2 million is not deductible for tax purposes.

(11) Other Non-Current Assets

Other non-current assets consist of the following (in millions):

	December 31,	
	2019	2018
Property records database	\$ 60.1	\$ 59.9
Contract assets	37.8	17.0
Right-of-use assets	26.4	—
Deferred compensation plan related assets	15.2	11.1
Unbilled receivables	3.5	5.0
Prepaid expenses	8.1	18.3
Unrealized gains on interest rate swaps	—	6.2
Other	7.7	4.3
Other non-current assets	<u>\$ 158.8</u>	<u>\$ 121.8</u>

(12) Long-Term Debt

Long-term debt consists of the following (in millions):

	December 31, 2019				December 31, 2018			
	Principal	Debt issuance costs	Discount	Total	Principal	Debt issuance costs	Discount	Total
Term A Loan	\$ 1,203.1	\$ (5.2)	\$ —	\$ 1,197.9	\$ 1,234.4	\$ (6.9)	\$ —	\$ 1,227.5
Revolving Credit Facility	310.0	(4.1)	—	305.9	82.5	(5.4)	—	77.1
Other	41.7	—	(1.3)	40.4	32.9	—	(0.8)	32.1
Total long-term debt	1,554.8	(9.3)	(1.3)	1,544.2	1,349.8	(12.3)	(0.8)	1,336.7
Less: Current portion of debt	80.0	(0.2)	(0.7)	79.1	53.2	(0.2)	(0.5)	52.5
Long-term debt, net of current portion	<u>\$ 1,474.8</u>	<u>\$ (9.1)</u>	<u>\$ (0.6)</u>	<u>\$ 1,465.1</u>	<u>\$ 1,296.6</u>	<u>\$ (12.1)</u>	<u>\$ (0.3)</u>	<u>\$ 1,284.2</u>

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Principal Maturities of Debt

As of December 31, 2019, principal maturities, including payments related to our finance leases, are as follows (in millions):

2020	\$	80.0
2021		72.3
2022		111.8
2023		1,290.7
Total	\$	<u>1,554.8</u>

2018 Credit Agreement

On April 30, 2018, our indirect subsidiary, Black Knight InfoServ, LLC ("BKIS") entered into an amended and restated credit and guaranty agreement (the "2018 Credit Agreement") with JPMorgan Chase Bank, N.A. as administrative agent, the guarantors party thereto, the other agents party thereto and the lenders party thereto.

The 2018 Credit Agreement provided for (i) a \$1,250.0 million term loan A facility (the "2018 Term A Loan") and (ii) a \$750.0 million revolving credit facility (the "2018 Revolving Credit Facility" and, together with the 2018 Term A Loan, collectively, the "2018 Facilities"), the proceeds of which were used to repay in full the Term A Loan, Term B Loan and Revolving Credit Facility outstanding under the 2015 Credit Agreement, as amended (defined below).

The 2018 Term A Loan and the 2018 Revolving Credit Facility bear interest at rates based upon, at the option of BKIS, either (i) the base rate plus a margin of between 25 and 50 basis points depending on the total leverage ratio of BKFS LLC and its restricted subsidiaries on a consolidated basis (the "Consolidated Leverage Ratio") or (ii) the Eurodollar rate plus a margin of between 125 and 150 basis points depending on the Consolidated Leverage Ratio. In addition, BKIS will pay an unused commitment fee of between 15 and 20 basis points on the undrawn commitments under the 2018 Revolving Credit Facility, also depending on the Consolidated Leverage Ratio.

As of December 31, 2019, the 2018 Term A Loan and the 2018 Revolving Credit Facility bear interest at the Eurodollar rate plus a margin of 150 basis points. As of December 31, 2019, we have \$440.0 million of unused capacity on the 2018 Revolving Credit Facility and pay an unused commitment fee of 20 basis points. As of December 31, 2019, the interest rates on the 2018 Term A Loan and the 2018 Revolving Credit Facility were 3.30% and 3.10%, respectively.

The 2018 Facilities are guaranteed by all of BKIS's wholly-owned domestic restricted subsidiaries and BKFS LLC, a Delaware limited liability company and the direct parent company of BKIS, and are secured by associated collateral agreements that pledge a lien on substantially all of BKIS's assets, including fixed assets and intangibles, and the assets of the guarantors, in each case, subject to customary exceptions.

The 2018 Term A Loan is subject to amortization of principal, payable in quarterly installments on the last day of each fiscal quarter equal to the percentage set forth below of the initial aggregate principal amount of the term loans for such fiscal quarter:

Payment Dates	Percentage
December 31, 2019 through and including March 31, 2020	0.63%
Commencing on June 30, 2020 through and including March 31, 2022	1.25%
Commencing on June 30, 2022 through and including March 31, 2023	2.50%

The remaining principal balance of the 2018 Term A Loan is due upon maturity. Pursuant to the terms of the 2018 Credit Agreement, the loans under the 2018 Term A Loan and the 2018 Revolving Credit Facility mature on April 30, 2023.

For the year ended December 31, 2018, the amount included in Other expense, net on the Consolidated Statements of Earnings and Comprehensive Earnings related to the April 30, 2018 refinancing was \$5.8 million.

2015 Credit Agreement

On May 27, 2015, BKIS entered into a credit and guaranty agreement (the "2015 Credit Agreement") with JPMorgan Chase Bank, N.A., as administrative agent, the guarantors party thereto and the other agents and lenders party thereto. The 2015 Credit Agreement provided for (i) an \$800.0 million term loan A facility (the "Term A Loan"), (ii) a \$400.0 million term loan B facility (the "Term B Loan") and (iii) a \$400.0 million revolving credit facility (the "Revolving Credit Facility", and collectively with the Term A Loan and Term B Loan, the "Facilities"). The Facilities were guaranteed by substantially all of BKIS's wholly-owned

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

domestic restricted subsidiaries and BKFS LLC, and were secured by associated collateral agreements that pledge a lien on virtually all of BKIS's assets, including fixed assets and intangible assets, and the assets of the guarantors.

Term B Loan Repricing

On February 27, 2017, BKIS entered into a First Amendment to Credit and Guaranty Agreement (the "2015 Credit Agreement First Amendment") with JPMorgan Chase Bank, N.A. as administrative agent. The 2015 Credit Agreement First Amendment reduced the pricing applicable to the loans under the Term B Loan by 75 basis points. Pursuant to the 2015 Credit Agreement First Amendment, the Term B Loan bore interest at rates based upon, at the option of BKIS, either (i) the base rate plus a margin of 125 basis points, or (ii) the Eurodollar rate plus a margin of 225 basis points, subject to a Eurodollar rate floor of 75 basis points. The Term B Loan was to mature on May 27, 2022. In addition, the terms of the 2015 Credit Agreement First Amendment permitted the Distribution. The amount included in Other expense, net on the Consolidated Statements of Earnings and Comprehensive Earnings related to the Term B Loan repricing was \$1.1 million.

The Term B Loan was subject to amortization of principal, payable in equal quarterly installments on the last day of each fiscal quarter, which commenced on September 30, 2015, with 1.0% of the initial aggregate advances thereunder to be payable each year prior to the maturity date of the Term B Loan, and the remaining initial aggregate advances thereunder to be payable at the Term B Loan maturity date.

Term A Loan and Revolver Refinancing

On April 26, 2017, BKIS entered into a Second Amendment to Credit and Guaranty Agreement (the "2015 Credit Agreement Second Amendment") with the JPMorgan Chase Bank, N.A. as administrative agent, the guarantors party thereto, the other agents party thereto and the lenders party thereto. The 2015 Credit Agreement Second Amendment increased (i) the aggregate principal amount of the Term A Loan by \$300.0 million to \$1,030.0 million and (ii) the aggregate principal amount of commitments under the Revolving Credit Facility by \$100.0 million to \$500.0 million. The 2015 Credit Agreement Second Amendment also reduced the pricing applicable to the loans under the Term A Loan and Revolving Credit Facility by 25 basis points and reduced the unused commitment fee applicable to the Revolving Credit Facility by 5 basis points. The Term A Loan and Revolving Credit Facility bore interest at rates based upon, at the option of BKIS, either (i) the base rate plus a margin of between 25 and 100 basis points depending on the total leverage ratio of BKFS LLC and its restricted subsidiaries on a consolidated basis (the "Consolidated Leverage Ratio") or (ii) the Eurodollar rate plus a margin of between 125 and 200 basis points depending on the Consolidated Leverage Ratio, subject to a Eurodollar rate floor of zero basis points. In addition, BKIS was required to pay an unused commitment fee of between 15 and 30 basis points on the undrawn commitments under the Revolving Credit Facility, also depending on the Consolidated Leverage Ratio. Pursuant to the terms of the 2015 Credit Agreement Second Amendment, the Term A Loan and the Revolving Credit Facility were to mature on February 25, 2022. The amount included in Other expense, net on the Consolidated Statements of Earnings and Comprehensive Earnings related to the Term A Loan and Revolving Credit Facility refinancing was \$3.3 million. The 2015 Credit Agreement Second Amendment was replaced by the 2018 Credit Agreement on April 30, 2018.

Other Debt

On April 1, 2018, we entered into a financing agreement for \$32.9 million, with an imputed interest rate of 3.4%, primarily related to certain data processing and maintenance services. On December 31, 2019, we entered into an amendment to the financing agreement for an additional \$16.3 million with an imputed interest rate of 3.3%. Under the terms of the amendment, quarterly payments are due beginning January 2, 2020 through January 2, 2023. As of December 31, 2019, \$10.5 million is included in the Current portion of debt in our Consolidated Balance Sheets and \$15.8 million is included in Long-term debt, net of current portion in our Consolidated Balance Sheets.

Finance Lease

On December 31, 2019, we entered into one-year finance lease agreements. The finance lease liabilities of \$14.1 million as of December 31, 2019 are included in the Current portion of debt on our Consolidated Balance Sheets. Refer to Note 15 — *Leases* for additional information related to our finance leases.

Senior Notes

Through April 25, 2017, BKIS had outstanding 5.75% senior notes, interest paid semi-annually, which were scheduled to mature on April 15, 2023 (the "Senior Notes"). The Senior Notes were senior unsecured obligations, registered under the Securities Act of 1933 and contained customary affirmative, negative and financial covenants, and events of default for indebtedness of this type (with grace periods, as applicable, and lender remedies). On April 26, 2017, we redeemed the remaining \$390.0 million in aggregate principal of the outstanding Senior Notes at a price of 104.825% (the "Senior Notes Redemption") and paid \$0.7 million in accrued interest. The amount included in Other expense, net on the Consolidated Statements of Earnings and Comprehensive Earnings related to the Senior Notes Redemption was \$8.2 million.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

On May 27, 2015, BKIS, Black Knight Lending Solutions, Inc. ("BKLS," and, together with BKIS, the "Issuers"), the guarantors named therein (the "Guarantors") and U.S. Bank National Association, as trustee (the "Trustee"), entered into the Third Supplemental Indenture (the "Third Supplemental Indenture") to the Indenture, dated as of October 12, 2012, governing the Senior Notes, among the Issuers, the Guarantors party thereto and the Trustee (as supplemented to date, the "Indenture"). The Third Supplemental Indenture supplemented the Indenture to add the Guarantors as guarantors of the Issuers' obligations under the Indenture and the Senior Notes. As the Guarantors consisted of substantially all of the subsidiaries of BKHI, with the exception of two insignificant subsidiaries, the consolidated financial statements present all of the required guarantor financial statements, and we have not presented separate guarantor financial statements.

On January 2, 2014, upon consummation of the acquisition of Lender Processing Services, Inc. ("LPS") by FNF, LPS entered into a Supplemental Indenture (the "Supplemental Indenture") with FNF, BKLS and the Trustee, to the Indenture dated as of October 12, 2012, among LPS, the subsidiary guarantors party thereto and the Trustee, related to the Senior Notes. Pursuant to the terms of the Supplemental Indenture, (i) FNF became a guarantor of LPS' obligations under the Senior Notes and agreed to fully and unconditionally guarantee the Senior Notes, on a joint and several basis with the guarantors named in the Indenture and (ii) BKLS became a "co-issuer" of the Senior Notes and agreed to become a co-obligor of LPS' obligations under the Indenture and the Senior Notes, on the same terms and subject to the same conditions as LPS, on a joint and several basis. As a result of FNF's guarantee of the Senior Notes, the Senior Notes were rated as investment grade, which resulted in the suspension of certain restrictive covenants in the Indenture. From May 26, 2015 through April 25, 2017, we paid to FNF a guarantee fee of 1.0% of the outstanding principal of the Senior Notes in exchange for the guarantee by FNF of the Senior Notes.

As a result of the Acquisition, the Senior Notes were adjusted to fair value, resulting in our recording a premium on the Senior Notes of approximately \$23.3 million. The premium was amortized over the remaining term of the Senior Notes using the effective interest method. During the years ended December 31, 2018 and 2017, we recognized \$0.5 million and \$1.5 million of amortization, respectively, which is included as a component of Interest expense, net.

Fair Value of Long-Term Debt

The fair value of the Facilities approximates their carrying value at December 31, 2019 as they are variable rate instruments with short reset periods (either monthly or quarterly), which reflect current market rates. The fair value of our Facilities is based upon established market prices for the securities using Level 2 inputs.

Interest Rate Swaps

We enter into interest rate swap agreements to hedge forecasted monthly interest rate payments on our floating rate debt. As of December 31, 2019, we had the following interest rate swap agreements (collectively, the "Swap Agreements") (in millions):

Effective dates	Notional amount	Fixed rates
March 31, 2017 through March 31, 2022	\$ 200.0	2.08%
September 29, 2017 through September 30, 2021	\$ 200.0	1.69%
April 30, 2018 through April 30, 2023	\$ 250.0	2.61%
January 31, 2019 through January 31, 2023	\$ 300.0	2.65%

Under the terms of the Swap Agreements, we receive payments based on the 1-month LIBOR rate (approximately 1.80% as of December 31, 2019). During the year ended December 31, 2019, the following interest rate swap agreements expired (in millions):

Effective dates	Notional amount	Fixed rates
February 1, 2016 through January 31, 2019	\$ 200.0	1.01%
February 1, 2016 through January 31, 2019	\$ 200.0	1.01%

We entered into the Swap Agreements to convert a portion of the interest rate exposure on our floating rate debt from variable to fixed. We designated these Swap Agreements as cash flow hedges. A portion of the amount included in Accumulated other comprehensive earnings (loss) will be reclassified into Interest expense, net as a yield adjustment as interest payments are made on the hedged debt. The fair value of our Swap Agreements is based upon Level 2 inputs. We have considered our own credit risk and the credit risk of the counterparties when determining the fair value of our Swap Agreements.

It is our policy to execute derivative financial instruments with creditworthy banks and not to enter into such instruments for speculative purposes. We believe our interest rate swap counterparties will be able to fulfill their obligations under our agreements,

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

and we believe we will have debt outstanding through the various expiration dates of the swaps such that the occurrence of future cash flow hedges remains probable.

The estimated fair value of our Swap Agreements in the Consolidated Balance Sheets is as follows (in millions):

Balance sheet accounts	December 31,			
	2019		2018	
Prepaid expenses and other current assets	\$	—	\$	0.5
Other non-current assets	\$	—	\$	6.2
Other non-current liabilities	\$	21.9	\$	4.5

As of December 31, 2019, a cumulative loss of \$21.9 million (\$16.4 million net of tax) is reflected in Accumulated other comprehensive (loss) earnings. As of December 31, 2018, a cumulative gain of \$2.2 million (\$1.6 million net of tax) is reflected in Accumulated other comprehensive (loss) earnings. Below is a summary of the effect of derivative instruments on amounts recognized in Other comprehensive (loss) earnings ("OCE") on the accompanying Consolidated Statements of Earnings and Comprehensive Earnings (in millions):

	Year ended December 31, 2019		Year ended December 31, 2018		Year ended December 31, 2017	
	Amount of loss recognized in OCE	Amount of gain reclassified from Accumulated OCE into Net earnings	Amount of loss recognized in OCE	Amount of gain reclassified from Accumulated OCE into Net earnings	Amount of gain recognized in OCE	Amount of loss reclassified from Accumulated OCE into Net earnings
Swap agreements						
Attributable to noncontrolling interests	\$ —	\$ —	\$ —	\$ —	\$ 1.7	\$ 0.5
Attributable to Black Knight	(18.0)	—	(0.7)	(2.7)	3.7	0.4
Total	\$ (18.0)	\$ —	\$ (0.7)	\$ (2.7)	\$ 5.4	\$ 0.9

Approximately \$6.8 million (\$5.1 million net of tax) of the balance in Accumulated other comprehensive (loss) earnings as of December 31, 2019 is expected to be reclassified into Interest expense, net over the next 12 months.

(13) Fair Value Measurements

Fair value represents the amount that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of financial assets and liabilities are determined using the following fair value hierarchy:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that we have the ability to access.
- Level 2 inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; and
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. We believe our valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following table presents our fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis (in millions):

	December 31, 2019				December 31, 2018			
	Carrying amount	Fair value			Carrying amount	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets:								
Cash and cash equivalents (Note 2)	\$ 15.4	\$ 15.4	\$ —	\$ —	\$ 20.3	\$ 20.3	\$ —	\$ —
Interest rate swaps (Note 12)	—	—	—	—	6.7	—	6.7	—
Liabilities:								
Interest rate swaps (Note 12)	21.9	—	21.9	—	4.5	—	4.5	—
Contingent consideration (Note 3)	9.0	—	—	9.0	0.6	—	—	0.6

(14) Commitments and Contingencies

Legal and Regulatory Matters

In the ordinary course of business, we are involved in various pending and threatened litigation and regulatory matters related to our operations, some of which include claims for punitive or exemplary damages. Our ordinary course litigation may include class action lawsuits, which make allegations related to various aspects of our business. From time to time, we also receive requests for information from various state and federal regulatory authorities, some of which take the form of civil investigative demands or subpoenas. Some of these regulatory inquiries may result in the assessment of fines for violations of regulations or settlements with such authorities requiring a variety of remedies. We believe that none of these actions depart from customary litigation or regulatory inquiries incidental to our business.

We review lawsuits and other legal and regulatory matters (collectively "legal proceedings") on an ongoing basis when making accrual and disclosure decisions. When assessing reasonably possible and probable outcomes, management bases its decision on its assessment of the ultimate outcome assuming all appeals have been exhausted. For legal proceedings where it has been determined that a loss is both probable and reasonably estimable, a liability based on known facts and which represents our best estimate has been recorded. Actual losses may materially differ from the amounts recorded and the ultimate outcome of our pending cases is generally not yet determinable. While some of these matters could be material to our operating results or cash flows for any particular period if an unfavorable outcome results, at present we do not believe the ultimate resolution of currently pending legal proceedings, either individually or in the aggregate, will have a material adverse effect on our financial condition.

PennyMac Litigation

On November 5, 2019, Black Knight Servicing Technologies, LLC ("BKST"), a wholly-owned indirect subsidiary of Black Knight, filed a Complaint and Demand for Jury Trial (the "Black Knight Complaint") against PennyMac Loan Services, LLC ("PennyMac") in the Circuit Court for the Fourth Judicial Circuit in and for Duval County, Florida. The Black Knight Complaint includes causes of action for breach of contract and misappropriation of MSP® System trade secrets in order to develop an imitation mortgage processing system intended to replace the MSP® System. The Black Knight Complaint seeks damages for breach of contract and misappropriation of trade secrets, injunctive relief under the Florida Uniform Trade Secrets Act and declaratory judgment that BKST owns all intellectual property and software developed by or on behalf of PennyMac as a result of its wrongful use of and access to the MSP® System and related trade secret and confidential information. PennyMac has filed a motion to compel arbitration of the Florida action.

Shortly after the filing of the Black Knight Complaint, on November 6, 2019, PennyMac filed an Antitrust Complaint (the "PennyMac Complaint") against Black Knight in the United States District Court for the Central District of California. The PennyMac Complaint includes causes of action for alleged monopolization and attempted monopolization under Section 2 of the Sherman Antitrust Act, violation of California's Cartwright Act, violation of California's Unfair Competition Law and common law unfair competition under California law. The PennyMac Complaint seeks equitable remedies, damages and other monetary relief, including treble and punitive damages. Generally, PennyMac alleges that Black Knight relies on various anticompetitive, unfair, and discriminatory practices to maintain and to enhance its dominance in the mortgage servicing platform market and in an attempt to monopolize the platform software applications market. Black Knight moved to dismiss the PennyMac Complaint or have the action transferred to Florida based upon a forum selection clause in the agreement with BKST. On February 13, 2020, the judge granted Black Knight's motion to transfer the case to Florida and denied as moot the motion to dismiss.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

As these cases continue to evolve, it is not possible to reasonably estimate the probability that we will ultimately prevail on our lawsuit or be held liable for the violations alleged in the PennyMac Complaint, nor is it possible to reasonably estimate the ultimate gain or loss, if any, or range of gain or loss that could result from these cases. We will continue to vigorously defend against the PennyMac Complaint.

Indemnifications and Warranties

We often agree to indemnify our clients against damages and costs resulting from claims of patent, copyright, trademark infringement or breaches of confidentiality associated with use of our software through software licensing agreements. Historically, we have not made any payments under such indemnifications, but continue to monitor the conditions that are subject to the indemnifications to identify whether a loss has occurred that is both probable and estimable that would require recognition. In addition, we warrant to clients that our software operates substantially in accordance with the software specifications. Historically, no costs have been incurred related to software warranties and none are expected in the future, and as such, no accruals for warranty costs have been made.

Indemnification Agreement

We are party to a cross-indemnity agreement dated December 22, 2014 with ServiceLink Holdings, LLC ("ServiceLink"). Pursuant to this agreement, ServiceLink indemnifies us from liabilities relating to, arising out of or resulting from the conduct of ServiceLink's business or any action, suit or proceeding in which we or any of our subsidiaries are named by reason of being a successor to the business of Lender Processing Services, Inc. and the cause of such action, suit or proceeding relates to the business of ServiceLink. In return, we indemnify ServiceLink for liabilities relating to, arising out of, or resulting from the conduct of our business.

Data Processing and Maintenance Services Agreements

We have various data processing and maintenance services agreements with vendors, which expire through 2023, for portions of our computer data processing operations and related functions.

As of December 31, 2019, payment obligations for data processing and maintenance services agreements with initial or remaining terms greater than one year are as follows (in millions):

2020	\$	44.5
2021		32.1
2022		14.4
2023		12.4
Total	\$	<u>103.4</u>

Actual amounts could be more or less depending on various factors such as the introduction of significant new technologies or changes in our data processing needs.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements other than interest rate swaps.

(15) Leases**Operating Leases**

We have operating leases for corporate offices, data centers and certain equipment. Our leases have remaining lease terms of up to six years, some of which include escalation clauses, renewal options for up to five years or termination options within one year.

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Right-of-use assets and lease liabilities are recognized for our leases. Right-of-use assets for our operating leases are included in Other non-current assets in our Consolidated Balance Sheets. Refer to Note 11 — *Other Non-Current Assets*. Operating lease liabilities are included in the Consolidated Balance Sheets as follows (in millions):

	December 31, 2019
Operating lease liabilities:	
Trade accounts payable and other accrued liabilities	\$ 12.3
Other non-current liabilities	13.8
Total lease liabilities	<u>\$ 26.1</u>

As of December 31, 2019, maturities of lease liabilities were as follows (in millions):

2020	\$ 12.6
2021	7.5
2022	4.0
2023	2.0
2024	1.4
Total	<u>27.5</u>
Less: imputed interest	<u>(1.4)</u>
Total	<u>\$ 26.1</u>

As of December 31, 2018, minimum operating lease payments for leases with initial or remaining terms greater than one year were as follows (in millions):

2019	\$ 11.1
2020	10.3
2021	5.2
2022	2.5
2023	1.2
Thereafter	0.7
Total	<u>\$ 31.0</u>

Supplemental information related to leases is as follows (in millions, except lease term and discount rate):

	Year ended December 31, 2019
Operating lease cost ⁽¹⁾	\$ 15.7
Operating cash outflows related to lease liabilities	12.5
Non-cash additions for right-of-use assets, net of modifications	9.1

	December 31, 2019
Weighted average remaining lease term (in years)	2.9
Weighted average discount rate	3.81%

(1) Operating lease cost includes right-of-use asset amortization as well as short-term and variable lease costs.

Rent expense incurred under operating leases for the years ended December 31, 2018 and 2017 was \$10.9 million and \$9.4 million, respectively.

Finance Leases

We entered into one-year finance lease agreements, with an imputed interest rate of 3.3%, commencing on December 31, 2019 with bargain purchase options for certain computer equipment. The leased equipment has a useful life of five years and is depreciated on a straight-line basis. The leased equipment was valued based on the net present value of the minimum lease payments, which was \$13.7 million (net of prepaid maintenance and imputed interest of \$0.3 million) and is included in Property and equipment, net on our Consolidated Balance Sheets. Refer to Note 7 — *Property and Equipment*.

As of December 31, 2019, finance lease liabilities of \$14.1 million (net of imputed interest of \$0.3 million) are included in Current portion of debt on our Consolidated Balance Sheets. For the year ended December 31, 2019, the finance lease right-of-use assets and related liabilities represent a non-cash investing and financing activity.

(16) Revenues

Disaggregation of Revenues

The following tables summarize revenues from contracts with clients (in millions):

	Year ended December 31, 2019					
	Servicing Software	Origination Software	Software Solutions	Data and Analytics	Corporate and Other	Total
Software and hosting solutions	\$ 726.1	\$ 137.0	\$ 863.1	\$ 32.2	\$ —	\$ 895.3
Professional services	84.3	46.4	130.7	1.2	(0.5) (1)	131.4
Data solutions	—	—	—	129.4	—	129.4
Other	5.1	13.4	18.5	2.6	—	21.1
Revenues	\$ 815.5	\$ 196.8	\$ 1,012.3	\$ 165.4	\$ (0.5)	\$ 1,177.2

	Year ended December 31, 2018					
	Servicing Software	Origination Software	Software Solutions	Data and Analytics	Corporate and Other	Total
Software and hosting solutions	\$ 716.3	\$ 108.8	\$ 825.1	\$ 29.8	\$ —	\$ 854.9
Professional services	82.2	44.5	126.7	2.1	(2.5) (1)	126.3
Data solutions	—	—	—	119.7	—	119.7
Other	0.5	9.7	10.2	2.9	—	13.1
Revenues	\$ 799.0	\$ 163.0	\$ 962.0	\$ 154.5	\$ (2.5)	\$ 1,114.0

(1) Revenues for Corporate and Other represent deferred revenue purchase accounting adjustments recorded in accordance with GAAP.

Our Software Solutions segment offers leading software and hosting solutions that facilitate and automate many of the mission-critical business processes across the homeownership lifecycle. These solutions primarily consist of processing and workflow management software applications. Our servicing software solutions primarily include our core servicing software solution that automates loan servicing, including loan setup and ongoing processing, customer service, accounting, reporting to the secondary mortgage market and investors and web-based workflow information systems. Our origination software solutions primarily include our solutions that automate and facilitate the origination of mortgage loans and provide an interconnected network allowing the various parties and systems associated with lending transactions to exchange data quickly and efficiently. Professional services consists of pre-implementation and post-implementation support and services and are primarily billed on a time and materials basis. Professional services may also include dedicated teams provided as part of agreements with software and hosting solutions clients.

Our Data and Analytics segment offers data and analytics solutions to the mortgage, real estate and capital markets verticals. These solutions include property ownership data, lien data, servicing data, automated valuation models, collateral risk scores, behavioral models, a multiple listing service software solution and other data solutions.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Transaction Price Allocated to Future Performance Obligations

Our disclosure of transaction price allocated to these future performance obligations excludes the following:

- Volume-based fees in excess of contractual minimums and other usage-based fees to the extent they are part of a single performance obligation and meet certain variable allocation criteria;
- Performance obligations that are part of a contract with an original expected duration of one year or less; and
- Transactional fees based on a fixed fee per transaction when we have the right to invoice once we have completed the performance obligation.

As of December 31, 2019, the aggregate amount of the transaction price that is allocated to our future performance obligations was approximately \$2.3 billion and is expected to be recognized as follows: 20% by December 31, 2020, 61% by December 31, 2022, 89% by December 31, 2024 and the rest thereafter.

Effect of Adopting ASC 606

The primary effect of adopting ASC 606 relates to the timing differences attributable to the effect of straight-line revenue recognition due to escalating billings related to contractual minimums, certain distinct license arrangements and timing of revenue recognition for professional services. Certain agreements within our origination software solutions with distinct services that are substantially the same and provided ratably over the agreement term resulted in straight-line revenue recognition due to escalating billings related to contractual minimums. Further, we identified timing differences related to recognizing the license portion of certain distinct license arrangements within our origination software solutions and Data and Analytics segment upon delivery rather than ratably over the license term. Finally, we identified timing differences related to revenue recognition for certain distinct professional services for certain solutions within our servicing and origination software solutions, which are recognized in the period the professional services are performed compared to deferred and recognized over the remaining contract term under the previous standard. Moreover, fees for certain post-implementation professional services related to minor customization of hosted software solutions that are not distinct from the hosted software solutions are deferred and recognized over the remaining hosted software contract term rather than over the period the professional services are performed as required under the previous standard.

In addition, based on our analysis of contract acquisition and fulfillment costs, we did not identify a material change to our current practice for capitalizing such costs; however, we amortize certain capitalized contract costs over a longer time period for certain contracts. Based on the requirements of the new standard, we consider the explicit term of the contract with the client, expected renewals and the rate of change related to our solutions in determining the amortization period of our deferred contract costs.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Opening Balance Sheet Adjustment on January 1, 2018

As a result of applying the modified retrospective method to adopt ASC 606, the following amounts on our Consolidated Balance Sheet were adjusted as of January 1, 2018 to reflect the cumulative effect adjustment to the opening balance of Retained earnings (in millions):

	As reported December 31, 2017	Adjustments for ASC 606 adoption	Adjusted January 1, 2018
Trade receivables, net	\$ 201.8	\$ (6.2)	\$ 195.6
Prepaid expenses and other current assets	44.6	11.8	56.4
Receivables from related parties	18.1	(3.7)	14.4
Computer software, net	416.8	1.8	418.6
Deferred contract costs, net	136.1	13.3	149.4
Other non-current assets	104.0	3.3	107.3
Total assets	3,655.9	20.3	3,676.2
Deferred revenues (current)	59.6	(1.9)	57.7
Deferred revenues (non-current)	100.7	6.8	107.5
Deferred income taxes	224.6	4.2	228.8
Total liabilities	1,947.1	9.1	1,956.2
Retained earnings	201.4	11.2	212.6
Total equity	1,708.8	11.2	1,720.0
Total liabilities and equity	3,655.9	20.3	3,676.2

Effect of ASC 606 as of December 31, 2018 and for the Year Ended December 31, 2018

The following table summarizes the effect of adopting ASC 606 on our Consolidated Balance Sheet (in millions):

	As reported December 31, 2018	Effect of ASC 606 adoption	Amounts without adoption of ASC 606 December 31, 2018
Trade receivables, net	\$ 172.3	\$ 6.9	\$ 179.2
Prepaid expenses and other current assets	67.3	(14.4)	52.9
Receivables from related parties	6.2	4.8	11.0
Computer software, net	405.6	(3.7)	401.9
Deferred contract costs, net	161.3	(17.2)	144.1
Other non-current assets	125.6	(7.0)	118.6
Total assets	3,653.4	(30.6)	3,622.8
Deferred revenues (current)	52.9	4.1	57.0
Deferred revenues (non-current)	106.8	(4.3)	102.5
Deferred income taxes	220.9	(8.1)	212.8
Total liabilities	1,866.9	(8.3)	1,858.6
Retained earnings	381.1	(22.3)	358.8
Total equity	1,786.5	(22.3)	1,764.2
Total liabilities and equity	3,653.4	(30.6)	3,622.8

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

The following tables summarize the effect of adopting ASC 606 on our Consolidated Statement of Earnings and Comprehensive Earnings (in millions):

	Year ended December 31, 2018		
	As reported	Effect of ASC 606 adoption	Amounts without adoption of ASC 606
Revenues	\$ 1,114.0	\$ (11.6)	\$ 1,102.4
Operating expenses	625.4	4.5	629.9
Depreciation and amortization	217.0	(1.1)	215.9
Income tax expense	37.7	(3.9)	33.8
Net earnings	168.5	(11.1)	157.4
Earnings per share:			
Basic	\$ 1.14	\$ (0.07)	\$ 1.07
Diluted	\$ 1.14	\$ (0.08)	\$ 1.06

The following table summarizes the effect of adopting ASC 606 on our Consolidated Statement of Cash Flow (in millions):

	Year ended December 31, 2018		
	As reported	Effect of ASC 606 adoption	Amounts without adoption of ASC 606
Cash flows from operating activities:			
Net earnings	\$ 168.5	\$ (11.1)	\$ 157.4
Certain adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	217.0	(1.1)	215.9
Deferred income taxes, net	(7.5)	(3.9)	(11.4)
Changes in assets and liabilities:			
Trade and other receivables, including receivables from related parties	44.5	(1.8)	42.7
Prepaid expenses and other assets	(41.5)	6.3	(35.2)
Deferred contract costs	(44.8)	4.5	(40.3)
Deferred revenues	(6.4)	4.7	(1.7)
Net cash provided by operating activities	435.5	(2.4)	433.1
Cash flows from investing activities:			
Additions to computer software	(73.1)	2.4	(70.7)
Net cash used in investing activities	(144.1)	2.4	(141.7)

(17) Equity-Based Compensation

Omnibus Incentive Plan

In 2015, we established the Black Knight Financial Services, Inc. 2015 Omnibus Incentive Plan (the "BKFS Omnibus Plan") authorizing the issuance of up to 11.0 million shares of BKFS Class A common stock, subject to the terms of the BKFS Omnibus Plan. During 2017, the shares available for future awards was increased by 7.5 million shares. The BKFS Omnibus Plan has been renamed the "Black Knight, Inc. Amended and Restated 2015 Omnibus Incentive Plan" (the "Black Knight Omnibus Plan"). Our board of directors adopted the Black Knight Omnibus Plan as of September 29, 2017, and the Black Knight Omnibus Plan was assumed by Black Knight, Inc. on September 29, 2017. The Black Knight Omnibus Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, other cash and stock-based awards and dividend equivalents. Awards granted are approved by the Compensation Committee of the Board of Directors.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

A summary of restricted shares granted is as follows:

Date	Number of shares granted	Grant date fair value per share	Vesting period (in years)	Vesting criteria
February 3, 2017	203,160	\$ 37.90	3.0	Service and Performance
February 3, 2017	681,410	\$ 37.90	4.0	Service and Performance
Various other 2017 dates	98,194	\$ 41.90 - \$42.25	2.0	Service
February 9, 2018	772,642	\$ 45.85	3.0	Service and Performance
April 2, 2018	159,915	\$ 46.90	3.0	Service and Performance
April 2, 2018	200,427	\$ 46.90	2.3	Service
Various other 2018 dates	13,602	\$ 50.15 - \$53.70	3.0	Service and Performance
February 15, 2019	793,863	\$ 52.38	3.0	Service and Performance
February 28, 2019	5,744	\$ 52.25	2.0	Service
April 8, 2019	1,110	\$ 54.14	3.0	Service and Performance
December 1, 2019	122,203	\$ 63.01	3.0	Service and Performance
Various other 2019 dates	14,202	\$ 56.66 - \$62.50	3.0	Service

Restricted stock transactions under the Black Knight Omnibus plan for the periods presented are as follows:

	Shares	Weighted average grant date fair value
Balance December 31, 2016	2,908,374	*
Granted	982,764	\$ 38.31
Forfeited	(127,801)	\$ 34.23
Vested	(2,181,626)	*
Balance, December 31, 2017	1,581,711	\$ 34.48
Granted	1,146,586	\$ 46.27
Forfeited	(22,515)	\$ 42.71
Vested	(628,517)	\$ 34.90
Balance, December 31, 2018	2,077,265	\$ 40.77
Granted	937,122	\$ 53.84
Forfeited	(90,880)	\$ 46.94
Vested	(908,524)	\$ 39.83
Balance, December 31, 2019	2,014,983	\$ 46.99

* The converted shares were originally BKFS LLC profits interests units granted in 2014 with a weighted average grant date fair value of \$2.10 per unit, which vested over three years with 50% vesting after the second year and 50% vesting after the third year. In connection with our initial public offering, we converted certain outstanding BKFS LLC profits interests units into restricted shares of BKFS Class A common stock, and the fair value of the restricted shares at the date of conversion, May 20, 2015, was \$24.50 per share.

On February 18, 2020, we granted 503,785 restricted shares of our common stock with a grant date fair value of \$74.91 per share, which was based on the closing price of our common stock on the date of grant. 487,096 restricted shares vest over a three-year period; vesting is also based on certain operating performance criteria. 16,689 restricted shares vest after one year.

Equity-based compensation expense was \$50.8 million, \$50.9 million and \$18.9 million for the years ended December 31, 2019, 2018 and 2017, respectively. Equity-based compensation includes accelerated recognition of \$2.9 million, \$6.9 million and \$1.3 million for the years ended December 31, 2019, 2018 and 2017, respectively. These expenses are included in Operating expenses in the Consolidated Statements of Earnings and Comprehensive Earnings.

As of December 31, 2019, the total unrecognized compensation cost related to non-vested restricted shares of our common stock is \$36.3 million, which is expected to be recognized over a weighted average period of approximately 1.5 years.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(18) Employee Stock Purchase Plan and 401(k) Plan**Employee Stock Purchase Plan ("ESPP")**

Effective July 20, 2015, we adopted the Black Knight Financial Services, Inc. Employee Stock Purchase Plan (the "BKFS ESPP ") that allows our eligible employees to voluntarily make after-tax contributions ranging from 3% to 15% of eligible earnings. We contribute varying matching amounts as specified in the BKFS ESPP document. On September 29, 2017, our Board of Directors approved, and BKI assumed the BKFS ESPP and renamed it the Black Knight, Inc. Employee Stock Purchase Plan (the "Black Knight ESPP"), which was amended and restated as of December 5, 2019. Effective January 1, 2020, a one-year holding period was implemented for contributions to the Black Knight ESPP. During the holding period, ESPP purchased shares are not eligible for sale or broker transfer. The other terms of the Black Knight ESPP, as amended, are substantially similar to the terms of the BKFS ESPP.

We recorded expense of \$8.0 million, \$7.8 million and \$6.0 million for the years ended December 31, 2019, 2018 and 2017, respectively, relating to the participation of our employees in the Black Knight ESPP and BKFS ESPP.

401(k) Profit Sharing Plan

Prior to the Distribution, our employees participated in a qualified 401(k) plan sponsored by FNF. Under the terms of the plan and subsequent amendments, eligible employees may contribute up to 40% of their pretax annual compensation, up to the amount allowed pursuant to the Internal Revenue Code ("IRC"). We generally match 37.5% of each dollar of employee contribution up to 6% of the employee's total eligible compensation. As a result of the Distribution, our employees no longer participate in this plan sponsored by FNF. Our indirect subsidiary, BKIS, adopted and established the Black Knight 401(k) Profit Sharing Plan (the "Black Knight 401(k) Plan"), effective September 29, 2017. The terms of the Black Knight 401(k) Plan are consistent with the terms of the 401(k) plan sponsored by FNF.

We recorded expense of \$6.5 million, \$6.3 million and \$5.8 million for the years ended December 31, 2019, 2018 and 2017, respectively, relating to the participation of our employees in the 401(k) plans.

(19) Income Taxes

Income tax expense (benefit) consists of the following (in millions):

	Year ended December 31,		
	2019	2018	2017
Current:			
Federal	\$ 39.5	\$ 35.0	\$ 10.4
State	9.7	9.4	5.3
Foreign	0.9	0.8	0.9
Total current	<u>50.1</u>	<u>45.2</u>	<u>16.6</u>
Deferred:			
Federal	(0.2)	(2.3)	(87.5)
State	(8.0)	(5.2)	9.1
Total deferred	<u>(8.2)</u>	<u>(7.5)</u>	<u>(78.4)</u>
Total income tax expense (benefit)	<u>\$ 41.9</u>	<u>\$ 37.7</u>	<u>\$ (61.8)</u>

On December 22, 2017, the Tax Reform Act was signed into law. Among other provisions, the Tax Reform Act reduced the federal statutory corporate income tax rate from 35% to 21%. During the fourth quarter of 2017, we recorded a one-time, non-cash net tax benefit of \$110.9 million related to the revaluation of our deferred income tax assets and liabilities as a result of the Tax Reform Act.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

A reconciliation of our federal statutory income tax rate to our effective income tax rate is as follows:

	Year ended December 31,		
	2019	2018	2017
Federal statutory rate	21.0 %	21.0 %	35.0 %
State income taxes, net of federal benefit	4.1	5.0	2.9
Noncontrolling interests	—	—	(13.7)
Tax credits	(2.3)	(1.8)	(0.6)
Transaction costs	—	—	1.4
Domestic production activities deduction	—	—	(0.5)
Effect of Tax Reform Act	—	—	(57.6)
Restricted share vesting	(1.1)	(1.0)	(0.5)
Effect of deferred revaluation related to lower blended state tax rate	(3.3)	(2.0)	—
Prior year return to provision adjustments	(0.9)	(2.8)	—
Other	1.1	(0.1)	1.5
Effective tax rate	<u>18.6 %</u>	<u>18.3 %</u>	<u>(32.1)%</u>

Black Knight is treated as a corporation under applicable federal and state income tax laws. Following the Distribution and THL Interest Exchange, we no longer have any noncontrolling interests and indirectly own 100% of BKFS LLC. To reflect the 100% indirect ownership, we recorded a non-cash transaction resulting in an increase of \$292.5 million to Deferred income taxes with an offset to Additional paid-in capital on the Consolidated Balance Sheets to reflect the difference in the tax and financial reporting basis of our assets and liabilities. Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting basis and the tax basis of the corporate subsidiaries' assets and liabilities and expected benefits of utilizing net operating loss carryforwards.

As of December 31, 2019 and 2018, the components of deferred tax assets primarily relate to equity method investments, equity-based compensation, deferred revenues, interest rate swaps, employee benefits accruals and deferred compensation. As of December 31, 2019 and 2018, the components of deferred tax liabilities primarily relate to depreciation and amortization of intangible assets, property and equipment and deferred contract costs.

The significant components of deferred tax assets and liabilities consist of the following (in millions):

	December 31,	
	2019	2018
Deferred tax assets:		
Equity method investments	\$ 25.7	\$ —
Equity-based compensation	12.6	9.2
Deferred revenues	6.2	14.8
Interest rate swaps	5.6	—
Other	13.0	11.4
Total deferred tax assets	<u>63.1</u>	<u>35.4</u>
Deferred tax liabilities:		
Goodwill and other intangibles	(168.7)	(178.9)
Deferred contract costs	(40.3)	(41.9)
Property, equipment and computer software	(34.3)	(28.0)
Other	(5.1)	(7.5)
Total deferred tax liabilities	<u>(248.4)</u>	<u>(256.3)</u>
Net deferred tax liability	<u>\$ (185.3)</u>	<u>\$ (220.9)</u>

ASC Topic 740-10, *Accounting for Uncertain Tax Positions*, requires that a tax position be recognized or derecognized based on a more likely than not threshold. This applies to positions taken or expected to be taken on a tax return. In 2017, as a result of

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

the Distribution, we recorded an \$8.3 million contingent tax liability for an uncertain tax position that was previously recorded at BKHI. As part of the Distribution, we entered into a tax matters agreement with FNF (the "Tax Matters Agreement"). The agreement outlines requirements for items such as the filing of pre and post-spin tax returns, payment of tax liabilities, entitlements of refunds and certain other tax matters. Under the Tax Matters Agreement with FNF, we had an indemnification receivable for the full amount of the contingent tax liability included in Receivables from related parties on the Consolidated Balance Sheets as of December 31, 2018. In 2018, we received notification from the state of Florida that resulted in no change to our income tax liabilities. As a result, the \$8.3 million contingent tax liability was resolved, and we no longer have a related indemnification receivable as of December 31, 2018.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	December 31,	
	2019	2018
Balance, January 1	\$ 0.4	\$ 8.3
Additions based on tax positions of prior years	—	0.4
Decreases based on tax positions of prior years	(0.4)	(8.3)
Balance, December 31	\$ —	\$ 0.4

We are currently under audit by the Internal Revenue Service ("IRS") for the 2017 tax year. Our open tax years also include 2018 and 2019 for federal income tax purposes. We are currently under audit with the state of Missouri for the 2016, 2017 and 2018 tax years. We have open tax years for state income tax purposes for up to six years based on each state's laws. We record interest and penalties related to income taxes, if any, as a component of Income tax expense (benefit) on the Consolidated Statements of Earnings and Comprehensive Earnings.

Tax Matters Agreement

Pursuant to the Tax Matters Agreement with FNF, we were obligated to indemnify FNF during the two-year period following the Distribution for (i) any action by Black Knight, or the failure to take any action within our control that negates the tax-free status of the transactions; or (ii) direct or indirect changes in ownership of Black Knight equity interests that cause the Distribution to be a taxable event to FNF as a result of the application of Section 355(e) of the Internal Revenue Code ("IRC") or to be a taxable event as a result of a failure to satisfy the "continuity of interest" or "device" requirements for tax-free treatment under Section 355 of the IRC. No such events occurred.

Tax Distributions

Prior to the Distribution, the taxable income of BKFS LLC was allocated to its members, including BKFS, and the members were required to reflect on their own income tax returns the items of income, gain, deduction and loss and other tax items of BKFS LLC that were allocated to them. BKFS LLC made tax distributions to its members for their allocable share of BKFS LLC's taxable income. Tax distributions are calculated based on allocations of income to a member for a particular taxable year without taking into account any losses allocated to the member in a prior taxable year. This practice is consistent with IRS regulations. Subject to certain reductions, tax distributions are generally made based on an assumed tax rate equal to the highest combined marginal federal, state and local income tax rate applicable to a U.S. corporation. BKFS LLC made tax distributions of \$75.3 million during the year ended December 31, 2017. The 2017 tax distributions were for the 2016 tax year and 2017 tax year relating to the period before the Distribution. During 2018, the 2017 tax distribution amount was finalized, and we received a refund of \$1.8 million from a former member of BKFS LLC.

(20) Concentrations of Risk

We generate a significant amount of revenues from large clients, including a client that accounted for 10% of total revenues for the year ended December 31, 2019 and 12% of total revenues for the years ended December 31, 2018 and 2017.

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of trade receivables and interest rate swaps.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

(21) Segment Information

ASC Topic 280, *Segment Reporting* ("ASC 280"), establishes standards for reporting information about segments and requires that a public business enterprise reports financial and descriptive information about its segments. Segments are components of an enterprise for which separate financial information is available and are evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. Our chief executive officer is identified as the CODM as defined by ASC 280. To align with the internal management of our business operations based on service offerings, our business is organized into two segments. Refer to Note 16 — *Revenues* for a description of our Software Solutions and Data and Analytics segments.

Separate discrete financial information is available for these two segments and the operating results of each segment are regularly evaluated by the CODM in order to assess performance and allocate resources. We use EBITDA as the primary profitability measure for making decisions regarding ongoing operations. EBITDA is earnings before Interest expense, net, Income tax expense (benefit) and Depreciation and amortization. It also excludes Equity in earnings (losses) of unconsolidated affiliates. We do not allocate Interest expense, Other expense, net, Income tax expense (benefit), equity-based compensation and certain other items, such as purchase accounting adjustments and acquisition-related costs to the segments, since these items are not considered in evaluating the segments' overall operating performance.

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

Summarized financial information concerning our segments is shown in the tables below (in millions):

	Year ended December 31, 2019			
	Software Solutions	Data and Analytics	Corporate and Other	Total
Revenues	\$ 1,012.3	\$ 165.4	\$ (0.5) (1)	\$ 1,177.2
Expenses:				
Operating expenses	412.7	123.4	109.9 (2)	646.0
Transition and integration costs	—	—	5.4 (3)	5.4
EBITDA	599.6	42.0	(115.8)	525.8
Depreciation and amortization	123.9	15.9	96.4 (4)	236.2
Operating income (loss)	475.7	26.1	(212.2)	289.6
Interest expense, net				(63.5)
Other expense, net				(1.4)
Earnings before income taxes and equity in losses of unconsolidated affiliates				224.7
Income tax expense				41.9
Earnings before equity in losses of unconsolidated affiliates				182.8
Equity in losses of unconsolidated affiliates, net of tax				(74.0)
Net earnings				\$ 108.8
Balance sheet data:				
Total assets	\$ 3,242.8	\$ 316.9	\$ 403.1	\$ 3,962.8
Goodwill	\$ 2,189.3	\$ 172.1	\$ —	\$ 2,361.4

	Year ended December 31, 2018			
	Software Solutions	Data and Analytics	Corporate and Other	Total
Revenues	\$ 962.0	\$ 154.5	\$ (2.5) (1)	\$ 1,114.0
Expenses:				
Operating expenses	394.8	115.0	115.6 (2)	625.4
Transition and integration costs	—	—	6.6 (5)	6.6
EBITDA	567.2	39.5	(124.7)	482.0
Depreciation and amortization	112.9	14.1	90.0 (4)	217.0
Operating income (loss)	454.3	25.4	(214.7)	265.0
Interest expense, net				(51.7)
Other expense, net				(7.1)
Earnings before income taxes				206.2
Income tax expense				37.7
Net earnings				\$ 168.5
Balance sheet data:				
Total assets	\$ 3,227.8	\$ 310.2	\$ 115.4 (6)	\$ 3,653.4
Goodwill	\$ 2,157.6	\$ 172.1	\$ —	\$ 2,329.7

BLACK KNIGHT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)

	Year ended December 31, 2017			
	Software Solutions	Data and Analytics	Corporate and Other	Total
Revenues	\$ 904.5	\$ 151.6	\$ (4.5) (1)	\$ 1,051.6
Expenses:				
Operating expenses	388.0	113.2	68.3 (2)	569.5
Transition and integration costs	—	—	13.1 (7)	13.1
EBITDA	516.5	38.4	(85.9)	469.0
Depreciation and amortization	101.2	12.8	92.5 (4)	206.5
Operating income (loss)	415.3	25.6	(178.4)	262.5
Interest expense, net				(57.5)
Other expense, net				(12.6)
Earnings before income taxes				192.4
Income tax benefit				(61.8)
Net earnings				\$ 254.2
Balance sheet data:				
Total assets	\$ 3,223.5	\$ 304.7	\$ 127.7 (6)	\$ 3,655.9
Goodwill	\$ 2,134.7	\$ 172.1	\$ —	\$ 2,306.8

- (1) Revenues for Corporate and Other represent deferred revenue purchase accounting adjustments recorded in accordance with GAAP.
- (2) Operating expenses for Corporate and Other includes equity-based compensation, including certain related payroll taxes, of \$51.7 million, \$51.4 million and \$19.2 million for the years ended December 31, 2019, 2018 and 2017, respectively.
- (3) Transition and integration costs primarily consists of costs associated with expense reduction initiatives and acquisitions.
- (4) Depreciation and amortization for Corporate and Other primarily represents net incremental depreciation and amortization adjustments associated with the application of purchase accounting recorded in accordance with GAAP.
- (5) Transition and integration costs primarily consists of costs associated with executive transition, transition-related costs as we transferred certain corporate functions from FNF and acquisitions.
- (6) Receivables from related parties are included in Corporate and Other.
- (7) Transition and integration costs primarily consists of legal and professional fees related to the Distribution and transition-related costs following the Distribution.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

As of the end of the year covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer ("CEO") and Executive Vice President and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as such term is defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Act is: (a) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms; and (b) accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting. Management has adopted the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

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Item 9B. Other Information

None.

Part III

Items 10-14.

Within 120 days after the close of our fiscal year, we intend to file with the SEC a definitive proxy statement pursuant to Regulation 14A of the Exchange Act, which will include the matters required by these items.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) *Financial Statements*. The following is a list of the consolidated financial statements of Black Knight, Inc. and its subsidiaries included in Item 8 of Part II:

	<u>Page Number</u>
Report of Independent Registered Public Accounting Firm on Effectiveness of Internal Control over Financial Reporting	42
Report of Independent Registered Public Accounting Firm on Consolidated Financial Statements	43
Consolidated Balance Sheets as of December 31, 2019 and 2018	45
Consolidated Statements of Earnings and Comprehensive Earnings for the years ended December 31, 2019, 2018 and 2017	46
Consolidated Statements of Equity for the years ended December 31, 2019, 2018 and 2017	47
Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017	49
Notes to Consolidated Financial Statements	50

(a) (2) *Financial Statement Schedules*. All financial statement schedules have been omitted because they are not applicable or the required information is presented in the consolidated financial statements or the notes thereto.

(a) (3) *Exhibits*. Exhibits required to be filed by Item 601 of Regulation S-K, and by Item 15(b) are included below:

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Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of June 8, 2017, by and among New BKH Corp., Black Knight Financial Services, Inc., Black Knight Holdco Corp., New BKH Merger Sub, Inc., BKFS Merger Sub, Inc. and Fidelity National Financial, Inc. (incorporated by reference to Exhibit 2.1 to the Form 8-K filed by Black Knight Financial Services, Inc. on June 9, 2017 (No. 001-37394))
3.1	Second Amended and Restated Certificate of Incorporation of Black Knight, Inc. (incorporated by reference to Exhibit 3.1 to the Form 8-K filed by Black Knight, Inc. on June 13, 2019 (No. 000-37394))
3.2	Amended and Restated Bylaws of Black Knight, Inc. as adopted on October 30, 2019 (incorporated by reference to Exhibit 3.1 to the Form 8-K filed by Black Knight, Inc. on November 4, 2019 ((No. 000-37494))
4.1	Form of Registration Rights Agreement by and among Black Knight Financial Services, Inc., Black Knight Holdings, Inc., the THL Parties, Chicago Title Insurance Company, Fidelity National Title Insurance Company, Holders, Other Stockholders and, solely in respect of Section 4.16 thereof, Black Knight Financial Services, LLC (incorporated by reference to Exhibit 4.2 to Amendment No. 2 to the Form S-1 Registration Statement filed by Black Knight Financial Services, Inc. on March 30, 2015 (No. 333-201241))
4.2	Description of Common Stock
10.1	Amended and Restated Employment Agreement by and between Kirk T. Larsen and BKFS I Management, Inc. dated April 23, 2015 (incorporated by reference to Exhibit 10.11 to Amendment No. 4 to the Form S-1 Registration Statement filed by Black Knight Financial Services, Inc. on May 4, 2015 (No. 333-201241)) (1)
10.2	Employment Agreement by and between BKFS I Management, Inc. and Michael L. Gravelle, effective as of March 1, 2015 (incorporated by reference to Exhibit 10.16 to Amendment No. 3 to the Form S-1 Registration Statement filed by Black Knight Financial Services, Inc. on April 20, 2015 (No. 333-201241)) (1)
10.3	Black Knight, Inc. Deferred Compensation Plan, effective September 15, 2017 (incorporated by reference to Exhibit 10.12 to the Form 10-K filed by Black Knight, Inc. on February 23, 2018 (No. 001-37394)) (1)
10.4	Cross-Indemnity Agreement by and between Black Knight Financial Services, LLC and ServiceLink Holdings, LLC dated as of December 22, 2014 (incorporated by reference to Exhibit 10.20 to Amendment No. 2 to the Form S-1 Registration Statement filed by Black Knight Financial Services, Inc. on March 30, 2015 (No. 333-201241))
10.5	First Amendment to Amended and Restated Employment Agreement by and between Kirk T. Larsen and BKFS I Management, Inc. dated March 17, 2016 (incorporated by reference to Exhibit 10.1 to the Form 10-O filed by Black Knight Financial Services, Inc. on April 29, 2016 (No. 001-37394)) (1)
10.6	Second Amendment to Employment Agreement by and between BKFS I Management, Inc. and Kirk Larsen effective April 30, 2016 (incorporated by reference to Exhibit 10.1 to the Form 10-O filed by Black Knight Financial Services, Inc. on August 9, 2016 (No. 001-37394)) (1)
10.7	First Amendment to Employment Agreement by and between BKFS I Management, Inc. and Michael L. Gravelle effective April 30, 2016 (incorporated by reference to Exhibit 10.4 to the Form 10-O filed by Black Knight Financial Services, Inc. on August 9, 2016 (No. 001-37394)) (1)
10.8	Employment Agreement by and between BKFS I Services, LLC and Anthony M. Jabbour, effective as of April 1, 2018 (incorporated by reference to Exhibit 10.21 to the Form 10-K filed by Black Knight, Inc. on February 23, 2018 (No. 001-36394)) (1)
10.9	Amendment to the Restricted Stock Award Agreement (Subject to Time-Based Restriction) (incorporated by reference to Exhibit 10.1 to the Form 10-O filed by Black Knight Financial Services, Inc. on November 3, 2016 (No. 001-37394))
10.10	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement (2015) under Black Knight Financial Services, Inc. 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.33 to the Form 10-K filed by Black Knight Financial Services, Inc. on February 26, 2016 (No. 001-37394)) (1)
10.11	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement (2016) with a 3 year vesting under Black Knight Financial Services, Inc. 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.34 to the Form 10-K filed by Black Knight Financial Services, Inc. on February 26, 2016 (No. 001-37394)) (1)
10.12	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement (2016) with a 4 year vesting under Black Knight Financial Services, Inc. 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.35 to the Form 10-K filed by Black Knight Financial Services, Inc. on February 26, 2016 (No. 001-37394)) (1)

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10.13	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement (2017) with a 3 year vesting under Black Knight Financial Services, Inc. 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.40 to the Form 10-K filed by Black Knight Financial Services, Inc. on February 24, 2017 (No. 001-37394)) (1)
10.14	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement (2017) with a 4 year vesting under Black Knight Financial Services, Inc. 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.41 to the Form 10-K filed by Black Knight Financial Services, Inc. on February 24, 2017 (No. 001-37394)) (1)
10.15	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement (2018) under Black Knight, Inc. Amended and Restated 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.28 to the Form 10-K filed by Black Knight, Inc. on February 23, 2018 (No. 001-373394)) (1)
10.16	Form of Notice of Restricted Stock Grant and Restricted Stock Award Agreement (2019) under Black Knight, Inc. Amended and Restated 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.24 to the Form 10-K filed by Black Knight, Inc. on February 22, 2019 (No. 001-373394)) (1)
10.17	Amended and Restated Employment Agreement by and between Joseph M. Nackashi and BKFS I Management, Inc. effective July 17, 2017 (incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Black Knight Financial Services, Inc. on July 28, 2017 (No. 001-37394)) (1)
10.18	Black Knight, Inc. Amended and Restated 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Form 8-K filed by Black Knight, Inc. on October 2, 2017 (No. 001-37394)) (1)
10.19	Black Knight, Inc. Employee Stock Purchase Plan, amended and restated effective as of December 5, 2019.
10.20	Black Knight 401(k) Profit Sharing Plan (incorporated by reference to Exhibit 99.1 to the Form S-8 Registration Statement filed by Black Knight, Inc. on October 3, 2017 (No. 333-220786))
10.21	Amended and Restated Credit and Guaranty Agreement, dated as of April 30, 2018 among Black Knight InfoServ, LLC, as a Borrower, Black Knight Financial Services, LLC, as Holdings, the subsidiaries of the Borrower from time to time party hereto, the Lenders from time to time party hereto JPMorgan Chase Bank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer and Bank of America, N.A., as Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 to the Form 8-K filed by Black Knight, Inc. on May 3, 2018 (No. 001-37394))
10.22	Assignment and Investment Agreement by and among Black Knight, Inc., OIA FIG Holding LLC, Cannae Holdings, Inc. and Star Parent, L.P., dated as of January 24, 2019 (incorporated by reference to Exhibit 10.1 to the Form 8-K filed by Black Knight, Inc. on January 28, 2019 (No. 001-37394))
10.23	Director Services Agreement by and between Black Knight, Inc. and William P. Foley, II effective as of December 1, 2019 (incorporated by reference to Exhibit 99.1 to the Form 8-K filed by Black Knight, Inc. on November 22, 2019 (No. 000-37394)) (1)
10.24	Second Amendment to Employment Agreement by and between BKFS I Services, LLC and Michael L. Gravelle effective as of November 1, 2019 (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Black Knight, Inc. on November 7, 2019 (No. 000-37394)) (1)
21.1	Subsidiaries of the Registrant
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by Chief Executive Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification by Chief Financial Officer of Periodic Financial Reports pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document

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104 Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101

(1) A management or compensatory plan or arrangement required to be filed as an exhibit to this report pursuant to Item 15(b) of Form 10-K.

Item 16. Form 10-K Summary

None.

DESCRIPTION OF COMMON STOCK

The following describes the general terms and provisions of the common stock and certain provisions of the Second Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation"), and Amended and Restated Bylaws (the "Bylaws") of Black Knight, Inc. (the "Company"), and certain related rights. This description is only a summary, does not purport to be complete, and is subject to and qualified in its entirety by reference to the Certificate of Incorporation and the Bylaws, each of which have been filed with the Securities and Exchange Commission.

General

The authorized capital stock of the Company consists of 550,000,000 shares of common stock, par value \$0.0001 per share (the "common stock"), and 25,000,000 shares of preferred stock (the "preferred stock"), par value \$0.0001 per share. The common stock is listed on the New York Stock Exchange under the symbol "BKL."

Voting Rights

Each outstanding share of common stock entitles the holder thereof to one vote for each share held of record on the applicable record date on all matters to be voted upon by the stockholders. The Company's stockholders are not entitled to cumulative voting of their shares in elections of directors.

Dividend Rights

Subject to applicable law and the preferences that may be applicable to any outstanding preferred stock, dividends upon the shares of common stock may be declared from time to time by the Company's board of directors (the "Board of Directors") and paid out of funds legally available to pay dividends.

No Preemptive, Conversion, Redemption or Similar Rights

Holders of common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock.

Liquidation Rights

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company's affairs, the holders of common stock are entitled to share ratably in all assets remaining after payment of the Company's debts and other liabilities, and after payment of the preferential and other amounts, if any, to which holders of then outstanding preferred stock, if any, may be entitled.

Registration Rights

The Company is party to a registration rights agreement with certain persons that hold shares of the common stock (the "Registration Rights Agreement"). The Registration Rights Agreement provides such stockholders with the right to require the Company, at its expense, to register shares of the common stock held by them. In addition, holders of registrable shares of common stock under the Registration Rights Agreement are entitled to request to participate in, or "piggyback" on, registrations of registrable securities for sale by the Company. The Registration Rights Agreement also provides that the Company is required to pay certain expenses of these electing holders relating to such registrations and indemnify them against certain liabilities that may arise under the Securities Act of 1933, as amended.

Certain Certificate of Incorporation and Bylaw Provisions

Number of Directors. The Certificate of Incorporation provides that the Board of Directors shall consist of not less than one and not more than 14 members. Prior to the election of directors at the 2022 annual meeting of the Company's stockholders (the "2022 Annual Meeting"), the Board of Directors is currently divided into three classes, designated Class I, Class II and Class III. The Certificate of Incorporation further provides for the de-classification of the Board of Directors over a three-year period, as follows: Beginning at the 2020 annual meeting of the Company's stockholders (the "2020 Annual Meeting"), the directors whose terms expire at that meeting (or such directors' successors) shall be elected to hold office for a one-year term expiring at the 2021 annual meeting of stockholders (the "2021 Annual Meeting"). At the 2021 Annual Meeting, the directors whose terms expire at that meeting (or such directors' successors) shall be elected to hold office for a one-year term expiring at the 2022 Annual Meeting. At the 2022 Annual Meeting and each annual meeting of stockholders thereafter, all directors shall be elected to hold office for a one-year term expiring at the next annual meeting of stockholders and until such director's successor shall have been elected and qualified. The Certificate of Incorporation also provides that any director elected to serve on the Board of Directors at the 2020 Annual Meeting or thereafter may be removed from office by the stockholders of the Company, with or without cause, by the affirmative vote of the holders of a majority of the outstanding capital stock of the Company then entitled to vote generally in the election of directors.

Special Meetings. The Certificate of Incorporation provides that special meetings of stockholders may be called by a majority vote of the Board of Directors or by the Company's Chairman of the Board or Chief Executive Officer, and may not be called by any other person or persons. Stockholders may not call a special meeting or require that the Board of Directors call a special meeting of shareholders.

Blank Check Preferred. The Certificate of Incorporation provides for 25,000,000 shares of preferred stock. The existence of authorized but unissued shares of preferred stock may enable the Board of Directors to render more difficult or to discourage an attempt to obtain control of the Company by means of a merger, tender offer or otherwise. To the extent the Board of Directors causes shares of preferred stock to be issued, the voting or other rights of a potential acquirer might be diluted. The Board of Directors has the authority to issue shares of preferred stock without any action by stockholders. Any such issuance may have the effect of delaying, deterring or preventing a change of control of the Company.

Section 203 of the General Corporation Law of the State of Delaware (the "DGCL"). The Company has expressly elected to be governed by Section 203 of the DGCL. Section 203 of the DGCL generally prohibits "business combinations," including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary with an interested stockholder who beneficially owns 15% or more of a corporation's voting stock, within three years after the person or entity becomes an interested stockholder, unless: (i) the board of directors of the target corporation has approved, before the acquisition time, either the business combination or the transaction that resulted in the person becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in the person becoming an interested stockholder, the person owns at least 85% of the corporation's voting stock (excluding shares owned by directors who are officers and shares owned by employee stock plans in which participants do not have the right to determine confidentially whether shares will be tendered in a tender or exchange offer) or (iii) at or after the person or entity becomes an interested stockholder, the business combination is approved by the board of directors and authorized at a meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock not owned by the interested stockholder.

BLACK KNIGHT, INC.
EMPLOYEE STOCK PURCHASE PLAN

The board of directors of Black Knight Financial Services, Inc., a Delaware corporation, originally adopted the “Black Knight Financial Services, Inc. Employee Stock Purchase Plan” on July 20, 2015 (the “Effective Date”). The “Black Knight Financial Services, Inc. Employee Stock Purchase Plan”, which is now titled the “Black Knight, Inc. Employee Stock Purchase Plan” (the “Plan”) was adopted by the board of directors of, and assumed by, Black Knight, Inc. (the “Company”) on September 29, 2017, and was last amended and restated effective as of December 5, 2019. The Plan shall remain in effect, subject to the right of the Board to amend or terminate the Plan at any time pursuant to Section 10.1 hereof, until all of the shares of Company Stock authorized under the Plan have been purchased according to the Plan’s provisions.

ARTICLE 1
PURPOSE OF THE PLAN

1.1 PURPOSE. The Company has determined that it is in its best interests to provide an incentive to attract and retain employees and to increase morale by providing a program through which employees may acquire a proprietary interest in the Company through the purchase of shares of Company Stock. The Plan shall permit Participants to purchase shares of Company Stock through payroll deductions and through a Company matching program. Participation in the Plan is entirely voluntary and neither the Company nor any of its Subsidiaries makes any recommendations to Participants as to whether they should participate in the Plan. The Plan is not intended to be an employee benefit plan under the Employee Retirement Income Security Act of 1974, as amended, nor qualify as an “employee stock purchase plan” under Section 423 of the Code.

ARTICLE 2
DEFINITIONS

Capitalized terms used herein without definition shall have the respective meanings set forth below:

2.1 ACCOUNT. “Account” means the bookkeeping entry maintained by the Company on behalf of each Participant for the purpose of accounting for all Participant Contributions credited to the Participant pursuant to the Plan.

2.2 BASE EARNINGS. “Base Earnings” means the amount of a Participant’s regular salary or base pay, before deductions required by law and deductions authorized by the Participant, including any elective deferrals under a plan qualified under Sections 125 or 401(a) of the Code or any nonqualified deferred compensation plan. In the case of Participants primarily compensated on a commission basis, “Base Earnings” may include commission earnings not to exceed \$10,000 per month. “Base Earnings” shall not include: wages paid for overtime, extended workweek schedules or any other form of extra compensation, payments made by a Participating Company or any other entity for Social Security, workers’ compensation, unemployment compensation, disability payments or any other payment mandated by state or federal statute, or salary-related contributions made by a Participating Company or any other entity for insurance, annuity or any other employee benefit.

2.3 BOARD. “Board” means the Board of Directors of the Company.

2.4 BROKER. “Broker” means the financial institution designated by the Company to act as Broker for the Plan.

2.5 CODE. “Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

2.6 COMMITTEE. “Committee” means the Committee described in Article 8.

2.7 COMPANY. “Company” means Black Knight, Inc., a Delaware corporation, and any successor thereto.

2.8 COMPANY STOCK. “Company Stock” means common stock of the Company, par value \$0.0001 per share.

2.9 ELIGIBLE PERSON. "Eligible Person" means each employee of a Participating Company. Notwithstanding the foregoing, persons determined by the Committee not to be Eligible Persons and persons on a leave of absence shall not be treated as "Eligible Persons" for purposes of this Plan.

2.10 FINANCIAL HARDSHIP. "Financial Hardship" means a reasonable financial need of the Participant, as determined by the Black Knight Benefits Manager, in his or her reasonable discretion. Examples of Financial Hardship may include, without limitation, the following: (i) actual or expected unreimbursed medical expenses incurred or expected to be incurred by the Participant or the Participant's spouse or other dependents; (ii) purchase or expected purchase of the Participant's primary residence, or to prevent eviction from, or foreclosure on the mortgage of, the Participant's primary residence; (iii) tuition expenses and related educational fees for the Participant or the Participant's spouse or other dependents for the next twelve (12) months; (iv) burial or funeral expenses for the Participant's parents, spouse or dependents; (v) repair of damage to the Participant's principal residence; (vi) expenses and losses (including the loss of income) incurred as the result of a natural disaster; (vii) actual or expected payment of state or federal income taxes; (viii) Participant becoming financially responsible for a parent, adult child or other family member; (ix) illness or injury to the Participant or Participant's spouse or other circumstances resulting in loss of income; and (x) military deployment or expected military deployment of Participant or Participant's spouse. The foregoing list is not intended to be exhaustive and the Black Knight Benefits Managers is authorized to determine, in their reasonable discretion, whether a Financial Hardship exists based upon the facts and circumstances described in a Participant's written request for a Financial Hardship waiver as provided in Section 6.5.

2.11 MATCHING DATE. "Matching Date" means the date during the calendar month following the annual anniversary of the applicable Quarter End on which Match Shares are credited to a Participant's Account.

2.12 MATCH PRICE. "Match Price" means the closing price of a share of Company Stock on the Wednesday preceding the Matching Date (or on such other date during the week that includes the Matching Date, as determined by the Company).

2.13 MATCH SHARES. "Match Shares" means shares of Company Stock credited to Participants' Share Accounts pursuant to Article 5 and Sections 6.1 and 6.2(a).

2.14 PARTICIPANT. "Participant" means an Eligible Person who has satisfied the eligibility requirements of Section 3.1 and has become a participant in the Plan in accordance with Section 3.2.

2.15 PARTICIPANT CONTRIBUTIONS. "Participant Contributions" shall have the meaning ascribed to such term in Section 4.1.

2.16 PARTICIPATING COMPANY. "Participating Company" means the Company and, to the extent designated by the Committee as a Participating Company, any subsidiary (as that term is used in Form S-8) of the Company.

2.17 PAYROLL PERIOD. "Payroll Period" means the pay periods coinciding with the Participating Company's payroll practices, as revised from time to time.

2.18 PLAN YEAR. "Plan Year" means the twelve consecutive month period ending each December 31.

2.19 PREVIOUSLY RELATED EMPLOYER. "Previously Related Employer" means Black Knight Financial Services, Inc., Fidelity National Financial, Inc., Cannae Holdings, Inc., and Fidelity National Information Services, Inc. (and any predecessor, successor or Subsidiary of any of the foregoing).

2.20 QUALIFYING EMPLOYMENT. "Qualifying Employment" means (i) employment with any Participating Company (including both current employment and, with respect to employees who were reinstated or rehired by a Participating Company within one (1) year after the cessation of employment with a Participating Company, employment with the Participating Company prior to the cessation of employment), and (ii) employment with a Previously Related Employer prior to commencing employment with a Participating Company (provided that the employee was hired by the Participating Company within one (1) year after cessation of employment with the Previously Related Employer).

2.21 QUARTER. "Quarter" means, with respect to each Plan Year, the following four calendar quarters: January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

2.22 QUARTER END. "Quarter End" means the last day of each Quarter (i.e., March 31, June 30, September 30 or December 31).

2.23 SHARE ACCOUNT. "Share Account" means the account maintained by the Broker on behalf of each Participant for the purpose of accounting for Match Shares and Company Stock purchased by the Participant pursuant to the Plan.

2.24 SUBSIDIARY. "Subsidiary" means any corporation or other entity, including, but not limited to, a partnership or joint venture, at least fifty percent (50%) of the total combined voting power of all classes of stock (or, in the case of a non-corporate entity, the voting equity) of which is owned, directly or indirectly, by another entity.

ARTICLE 3 ELIGIBILITY AND PARTICIPATION

3.1 ELIGIBILITY. Unless otherwise determined by the Committee,

(a) each Eligible Person who was a Participant in the Plan as of the effective date of the most recent amendment and restatement shall continue to be eligible to participate in the Plan;

(b) each Eligible Person who was employed by an organization that was part of a corporate transaction with a Participating Company immediately prior to commencing employment with the Participating Company shall be eligible to participate in the Plan upon commencing employment with the Participating Company if (1) such corporate transaction documents provided for such immediate eligibility or (2) the Committee so decides; and

(c) all other Eligible Persons shall be eligible to participate in the Plan following the later of:

(i) attaining the age of eighteen (18), and

(ii) the completion of ninety (90) days of Qualifying Employment.

The Committee may, in its discretion, waive any of the foregoing eligibility requirements on an individual or group basis.

3.2 PARTICIPATION. An Eligible Person who has satisfied the eligibility requirements of Section 3.1 may become a Participant in the Plan upon his or her completion of such enrollment procedures as the Company may prescribe, which procedures may include responding to enrollment procedures set forth via an Internet website or a voice response system authorizing payroll deductions. Payroll deductions for a Participant shall commence as soon as administratively practicable following the completion of the enrollment procedures established by the Company and shall remain in effect until changed by the Participant in accordance with Section 4.2 below. Notwithstanding anything to the contrary, the Committee may, in its sole discretion, preclude any person from participation in the Plan, whether or not such person would otherwise meet the eligibility requirements in Section 3.1 above. Employees who become eligible to participate in the Plan due, in whole or in part, to Qualifying Employment attributable to prior employment with a Participating Company or with a Previously Related Employer will commence participation on the first day of the month following the later of (a) commencement of employment with a Participating Company (if the employee has (90) days of Qualifying Employment on the employment commencement date) and (b) completion of ninety (90) days of Qualifying Employment.

3.3 SPECIAL RULES. In the event that a person is excluded from participation in the Plan and a court of competent jurisdiction determines that the person is eligible to participate in the Plan, the person shall be treated as an Eligible Person only from the date of the court's determination and shall not be entitled to retroactive participation in the Plan.

ARTICLE 4
PARTICIPANT CONTRIBUTIONS

4.1 PARTICIPANT ELECTION. Pursuant to the enrollment procedures established by the Company in Section 3.2, each Participant shall designate the amount of payroll deductions (“Participant Contributions”) to be made from his or her paycheck to purchase Company Stock under the Plan. The amount of Participant Contributions shall be designated in whole percentages of Base Earnings, of at least 3% and not to exceed 15% of Base Earnings for any Plan Year. The amount so designated by the Participant shall be effective as soon as administratively practicable following completion of the enrollment procedures and shall continue until terminated or altered in accordance with Section 4.2 below.

4.2 CHANGES IN ELECTION. In accordance with procedures established by the Company, a Participant may decrease or increase the rate of his or her Participant Contributions or elect to discontinue his or her Participant Contributions, in either case as soon as administratively practicable. No such election may be made retroactive, and any new election shall remain in effect until subsequently modified by the Participant pursuant to this Section 4.2.

4.3 PARTICIPANT ACCOUNTS. The Company shall establish and maintain a separate Account for each Participant. The amount of each Participant’s Participant Contribution shall be credited to his or her Account. No interest shall accrue at any time for any amount credited to an Account of a Participant.

ARTICLE 5
COMPANY MATCH

5.1 ELIGIBILITY TO RECEIVE MATCH SHARES; MATCH FORMULA. Each Participant who remains an Eligible Person on each day from a Quarter End until the Matching Date for such Quarter End shall be eligible to receive Match Shares with respect to Participant Contributions credited to the Participant’s Account for the Quarter ending on such Quarter End; provided, however, that with respect to Participant Contributions credited to a Participant’s Account in the first Quarter of 2020 or thereafter, Match Shares shall only be credited with respect to such Participant Contributions to the extent the Holding Period Requirement (described in Section 6.4) has been satisfied with respect to Company Shares purchased with such Participant Contributions (such Participant Contributions that satisfy the foregoing requirements, the “Match Eligible Participant Contributions”). The number of Match Shares credited to a Participant’s Share Account pursuant to Article 6 shall be determined by dividing the Participant’s “Matching Credit” (determined pursuant to this Article 5) by the applicable Match Price.

5.2 OFFICERS. For each Officer who is a Participant in the Plan and is eligible to receive Match Shares pursuant to Section 5.1, the Matching Credit shall be an amount equal to one-half of the amount of the Match Eligible Participant Contributions credited to the Participant’s Account for the Quarter ending on the applicable Quarter End. For purposes of the Plan and unless otherwise determined by the Committee, “Officer” means chief executive officer, president, executive vice president, senior vice president, vice president, or director of a Participating Company and any other Participant designated as an Officer by the Committee.

5.3 OTHER PARTICIPANTS. For each Participant who is not an Officer and who is eligible to receive Match Shares pursuant to Section 5.1, the Matching Credit shall be an amount equal to one-third of the amount of Match Eligible Participant Contributions credited to the Participant’s Account for the Quarter ending on the applicable Quarter End.

5.4 TEN-YEAR ELIGIBLE PERSONS. Notwithstanding the provisions of Section 5.3 to the contrary, with respect to each Participant who has completed at least ten years of Qualifying Employment (“Ten-Year Eligible Person”), the Matching Credit for such Participant under Section 5.3 above with respect to any Match Eligible Participant Contributions made on or after the date the Participant becomes a Ten-Year Eligible Person shall be one-half of the amount of the Participant’s Match Eligible Participant Contributions instead of one-third. For purposes of this Section 5.4, unless determined otherwise by the Committee, a Participant’s years of employment shall include such Participant’s years of employment with a Previously Related Employer and/or such Participant’s years of employment with an organization that was part of a corporate transaction with the

Company immediately prior to commencing employment with the Participating Company if (1) such corporate transaction documents provided for such credit or (2) if the Committee so decides.

5.5 CHANGES IN STATUS. In the event that a Participant becomes an Officer or a Ten-Year Eligible Person during a Quarter, for purposes of determining such Participant's Matching Credit, all Match Eligible Participant Contributions made during the Quarter in which the change in status occurred shall be considered to have been made as an Officer or Ten-Year Eligible Person for that Quarter.

ARTICLE 6
PURCHASE OF STOCK; ALLOCATION OF MATCH SHARES
AND HOLDING PERIOD REQUIREMENT

6.1 PURCHASE OF COMPANY STOCK. As soon as practicable following the close of each Payroll Period, the amount credited to a Participant's Account shall be transferred by the Participating Company to the Broker, and the Plan shall cause the Broker to use such amount to purchase shares of Company Stock on the open market on the Participant's behalf (each a "Purchase Date"). Any balance remaining after the purchase shall be credited to the Participant's Share Account and shall be used to purchase additional shares of Company Stock as of the next Purchase Date.

6.2 MATCHING ALLOCATIONS. As soon as practicable following each Quarter End, the Company shall cause to be allocated to the Share Account of each Participant who is eligible to receive Match Shares that number of Match Shares determined pursuant to Article 5. Match Shares shall be posted to the Participant's Share Account as soon as practicable after, and credited to such Share Account as of, each Matching Date.

6.3 FEES AND COMMISSIONS. The Company shall pay the Broker's administrative charges for opening the Share Accounts for the Participants and the brokerage commissions on purchases made that are attributable to Match Shares and the purchase of Company Stock with Participant Contributions. Participants shall pay all other expenses of their Share Account, including but not limited to the Broker's fees attributable to the issuance of certificates for any and all shares of Company Stock held in a Participant's Share Account. Participants shall also pay the brokerage commissions and any charges associated with the sale of Company Stock held in the Participant's Share Account.

6.4. HOLDING PERIOD REQUIREMENT. Except (a) in the case of a Financial Hardship waiver described in Section 6.5, (b) in the event of a termination of a Participant's employment or (c) as approved by the Committee in connection with a corporate transaction, Company Stock purchased with Participant Contributions must be held in a Participant's Share Account (and may not be sold, hedged, pledged, hypothecated, made subject to a lien or otherwise disposed of) for a period of at least 365 days from the Purchase Date (the "Holding Period Requirement"). For avoidance of doubt, the Holding Period Requirement will not be considered satisfied for purposes of Section 5.1 and a Participant shall not receive Match Shares with respect to any Participant Contributions if the Company Stock purchased with such Participant Contributions is sold, hedged, pledged, hypothecated, made subject to a lien or otherwise disposed or not held in the Participant's Share Account for a period of at least 365 days from the Purchase Date, whether due to an event described in (a), (b) or (c) in the previous sentence or otherwise.

6.5 FINANCIAL HARDSHIP. In the event of a Financial Hardship, a Participant may seek a waiver of the Holding Period Requirement by making a written request to the Black Knight Benefits Manager at Corporate.Benefits@bkfs.com. Whether a Participant is granted a full or partial waiver under this provision shall be subject to the reasonable discretion of Black Knight Benefits Manager. The proceeds from the sale of Company Stock sold to generate funds needed to alleviate the Financial Hardship must be at least \$200 or, if less, the value of all shares of Company Stock in the Participant's Share Account, and the number of shares of Company Stock sold to alleviate a Financial Hardship should not exceed that number of shares of Company Stock that is reasonably expected to alleviate the financial need demonstrated by the Participant.

ARTICLE 7
TERMINATION OF EMPLOYMENT

7.1 TERMINATION OF EMPLOYMENT. In the event that a Participant's employment with the Participating Company terminates for any reason, the Participant will cease to be a Participant in the Plan as of the date of termination of employment. All cash in the Participant's Account will be transferred to the Participant's Share Account. All restrictions set forth in Section 6.4 shall be released as of the date of a Participant's termination of employment and no further Match Shares shall be allocated to such Participant's Share Account. The Broker may continue to maintain the Participant's Share Account on behalf of the Participant; however, the Participant's Share Account will cease to be administered under or have any other affiliation with the Plan. As of the date of termination of employment, as applicable, the Participant shall pay for any and all expenses and costs related to his or her Share Account, including but not limited to the brokerage commissions on purchases of shares of Company stock made on or after the date of termination and any other fees, commissions, or charges for which the Participant would otherwise have been responsible for if he or she had continued to be a Participant in the Plan.

ARTICLE 8
PLAN ADMINISTRATION

8.1 PLAN ADMINISTRATION.

(a) Authority to control and manage the operation and administration of the Plan shall be vested in the Board, or a committee ("Committee") appointed by the Board. Until such time as the Board appoints a Committee to administer the Plan, the Board shall serve as the Committee for purposes of the Plan. The Board or Committee shall have all powers necessary to supervise the administration of the Plan and control its operations.

(b) In addition to any powers and authority conferred on the Board or Committee elsewhere in the Plan or by law, the Board or Committee shall have the following powers and authority:

(i) To designate agents to carry out responsibilities relating to the Plan;

(ii) To administer, interpret, construe and apply this Plan and to answer all questions that may arise or that may be raised under this Plan by a Participant, his or her beneficiary or any other person whatsoever;

(iii) To establish rules and procedures from time to time for the conduct of its business and for the administration and effectuation of its responsibilities under the Plan; and

(iv) To perform or cause to be performed such further acts as it may deem to be necessary, appropriate, or convenient for the operation of the Plan.

(c) Any action taken in good faith by the Board or Committee or their designated agents in the exercise of authority conferred upon it by this Plan shall be conclusive and binding upon a Participant and his or her beneficiaries. All discretionary powers conferred upon the Board and Committee shall be absolute.

8.2 LIMITATION ON LIABILITY. No employee, officer, member of the Board or Committee, or designated agent of the Board or Committee shall be subject to any liability with respect to his or her duties under the Plan unless the person acts fraudulently or in bad faith. To the extent permitted by law, the Company shall indemnify each member of the Board or Committee and their designated agents, and any other employee or officer with duties under the Plan who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, whether civil, criminal, administrative, or investigative, by reason of the person's conduct in the performance of his or her duties under the Plan.

ARTICLE 9
COMPANY STOCK

9.1 MAXIMUM NUMBER OF SHARES. Subject to Section 9.3 below, the maximum number of shares of Company Stock which may be allocated as Match Shares and purchased under the Plan pursuant to Participant Contributions on or after the Effective Date is 5,000,000 shares. All shares of Company Stock purchased pursuant to the terms of this Plan shall be purchased on the open market.

9.2 VOTING COMPANY STOCK. The Participant will have no interest or voting right in shares of Company Stock to be purchased under Article 6 of the Plan until such shares have been posted to the Participant's Share Account.

9.3 ADJUSTMENTS. In the event of any merger, reorganization, consolidation, recapitalization, liquidation, stock dividend, split-up, spin-off, stock split, reverse stock split, share combination, share exchange, extraordinary dividend, or any change in the corporate structure affecting the shares of Company Stock, such adjustment shall be made in the number and kind of shares of Company Stock that may be purchased under the Plan as set forth in Section 9.1, as may be determined to be appropriate and equitable by the Committee, in its sole discretion. The decision by the Committee regarding any such adjustment shall be final, binding and conclusive.

ARTICLE 10 MISCELLANEOUS MATTERS

10.1 AMENDMENT AND TERMINATION. The Board reserves the right to amend, modify, or terminate the Plan at any time; provided, however, that no amendment that requires stockholder approval in order for the Plan to continue to comply with the New York Stock Exchange listing standards or any rule promulgated by the United States Securities and Exchange Commission or any securities exchange on which the securities of the Company are listed shall be effective unless such amendment shall be approved by the requisite vote of stockholders of the Company entitled to vote thereon within the time period required under such applicable listing standard or rule. Upon termination of the Plan, all cash in the Participant's Account will be transferred to the Participant's Share Account. The Broker may continue to maintain the Participant's Share Account on behalf of the Participant; however, the Participant's Share Account will cease to be administered under or have any other affiliation with the Plan, and the Participant shall thereafter be responsible for any and all expenses and costs related to his or her Share Account. Notwithstanding the foregoing, no such amendment or termination shall affect rights previously granted, nor may an amendment make any change in any right previously granted which adversely affects the rights of any Participant without the consent of such Participant.

10.2 TAX WITHHOLDING. The Company shall have the right to deduct from all amounts payable or provided to a Participant (whether under this Plan or otherwise) any taxes required by law to be withheld in respect of amounts payable or provided under this Plan. Withholding with respect to Match Shares may be satisfied, at the Company's option, by withholding from a Participant's other wages, by reducing the number of Match Shares credited to a Participant's Share Account by that number of shares of Company Stock having a fair market value equal to all or part of the withholding obligation, by requiring the Participant to remit the withholding amount to the Company or the Participant's Employer, and/or by such other means as the Company or the Participant's employer may determine.

10.3 BENEFITS NOT ALIENABLE. Benefits under the Plan may not be assigned or alienated, whether voluntarily or involuntarily, except as expressly permitted in this Plan. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect.

10.4 NO ENLARGEMENT OF EMPLOYEE RIGHTS. This Plan is strictly a voluntary undertaking on the part of the Participating Company and shall not be deemed to constitute a contract between the Participating Company and any Eligible Person or to be consideration for, or an inducement to, or a condition of, the employment of any Eligible Person. Nothing contained in the Plan shall be deemed to give the right to any Eligible Person to be retained as an employee of, or otherwise by, the Participating Company or to interfere with the right of the Participating Company to discharge any Eligible Person at any time.

10.5 GOVERNING LAW. To the extent not preempted by Federal law, the Plan shall be construed in accordance with and governed by the laws of the State of Florida, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan to the substantive law of another jurisdiction.

10.6 NON-BUSINESS DAYS. When any act under the Plan is required to be performed on a day that falls on a Saturday, Sunday or legal holiday, that act shall be performed on the next succeeding day which is not a Saturday, Sunday or legal holiday.

10.7 COMPLIANCE WITH SECURITIES LAWS. Notwithstanding any provision of the Plan to the contrary, the Committee shall administer the Plan in such a way to insure that the Plan at all times complies with any applicable requirements of Federal securities laws.

BLACK KNIGHT, INC.
List of Subsidiaries as of December 31, 2019

Subsidiary	State or Other Jurisdiction of Formation
BKFS I Services, LLC	Delaware
Black Knight Data & Analytics, LLC	Delaware
Black Knight Financial Services, Inc.	Delaware
Black Knight Financial Services, LLC	Delaware
Black Knight Government Solutions, LLC	Delaware
Black Knight India Solutions Private Limited	India
Black Knight InfoServ, LLC	Delaware
Black Knight IP Holding Company, LLC	Delaware
Black Knight Lending Solutions, Inc.	Delaware
Black Knight National TaxNet, LLC	Delaware
Black Knight Origination Technologies, LLC	Delaware
Black Knight Real Estate Data Solutions, LLC	California
Black Knight Real Estate Group, LLC	Delaware
Black Knight Servicing Technologies, LLC	Delaware
Black Knight Technologies, LLC	Delaware
Compass Analytics, LLC	California
eLynx Holdings, LLC	Delaware
eLynx Ltd.	Ohio
Ernst Publishing Co., LLC	Arizona
Espiel, LLC	Delaware
Fidelity National Commerce Velocity, LLC	Delaware
HeavyWater, Inc.	Delaware
Legal Publications, LLC	Arizona
McDash Analytics, LLC	Colorado
Motivity Solutions, LLC	Colorado
Property Insight, LLC	California
RealEC Technologies, LLC	Delaware
Star Parent, L.P.	Delaware
The UCC Guide, Inc.	New York

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Black Knight, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-229712, 333-220786, 333-219871, 333-204317 and 333-205784) on Form S-8 and in the registration statement No. 333-217774 on Form S-3 of Black Knight, Inc. and subsidiaries (the Company) of our report dated February 28, 2020, with respect to the consolidated balance sheets of the Company as of December 31, 2019 and 2018, and the related consolidated statements of earnings and comprehensive earnings, equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of the Company.

Our report dated February 28, 2020, on the consolidated financial statements of the Company contained 1) an explanatory paragraph which stated that the Company changed its method of accounting for revenue and costs as of January 1, 2018 due to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracting with Customers*, and 2) an emphasis of matter paragraph noting the Company's investment in Star Parent, L.P. on February 8, 2019.

/s/ KPMG LLP

February 28, 2020
Jacksonville, Florida

CERTIFICATIONS

I, Anthony M. Jabbour, certify that:

1. I have reviewed this annual report on Form 10-K of Black Knight, 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; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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 28, 2020

By: /s/ Anthony M. Jabbour
Anthony M. Jabbour
Chief Executive Officer

CERTIFICATIONS

I, Kirk T. Larsen, certify that:

1. I have reviewed this annual report on Form 10-K of Black Knight, 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; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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 28, 2020

By: /s/ Kirk T. Larsen
Kirk T. Larsen
Executive Vice President and Chief Financial
Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Chief Executive Officer of Black Knight, Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: February 28, 2020

By: /s/ Anthony M. Jabbour
Anthony M. Jabbour
Chief Executive Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Executive Vice President and Chief Financial Officer of Black Knight, Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: February 28, 2020

By: /s/ Kirk T. Larsen
Kirk T. Larsen
Executive Vice President and Chief Financial Officer