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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly reporting period ended June 30, 2021

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission file number 001-38467

Ceridian HCM Holding Inc.
(Exact name of registrant as specified in its charter)

Delaware	**46-3231686**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

3311 East Old Shakopee Road
Minneapolis, Minnesota 55425
(952) 853-8100
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value	CDAY	New York Stock Exchange

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

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

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

Large accelerated filer	☒	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 to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as the latest practicable date: 149,861,732 shares of Common Stock, $0.01 par value per share, as of July 28, 2021.

Ceridian HCM Holding Inc.
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains, or incorporates by reference, not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”) and that are subject to the safe harbor created by those sections. Forward-looking statements, including, without limitation, statements concerning the conditions of the human capital management solutions industry and our operations, performance, and financial condition, including, in particular, statements relating to our business, growth strategies, product development efforts, and future expenses. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “assumes,” “projects,” “could,” “may,” “will,” “should,” and similar references to future periods, or by the inclusion of forecasts or projections.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national, or global political, economic, business, competitive, market, and regulatory conditions and the following:

- the impact of the Coronavirus disease 2019 (“COVID-19”) pandemic on our business, operations, and financial results;
- our inability to manage our growth effectively or execute on our growth strategy;
- our inability to successfully expand our current offerings into new markets or further penetrate existing markets;
- our failure to provide new or enhanced functionality and features;
- significant competition in the market in which our solutions compete;
- our failure to manage our aging technical operations infrastructure;
- system breaches, interruptions or failures, including cyber-security breaches, identity theft, or other disruptions that could compromise customer information or sensitive company information;
- our failure to comply with applicable privacy, security, data, and financial services laws, regulations and standards, including our ongoing consent order with the Federal Trade Commission regarding data protection;
- our failure to properly update our solutions to enable our customers to comply with applicable laws;
- changes in regulations governing financial services, privacy concerns, and laws or other domestic or foreign data protection regulations;
- our inability to maintain necessary third party relationships, and third party software licenses, and identify errors in the software we license;
- our inability to offer and deliver high-quality technical support, implementation and professional services;
- our inability to attract and retain key executive officers and highly skilled employees;
- the impact of our outstanding debt obligations on our financial condition, results of operations, and value of our common stock; or
- other risks and uncertainties described in our most recent annual report on Form 10-K and other filings with the Securities and Exchange Commission.

Please refer to Part II, Item IA, “Risk Factors” of this Form 10-Q and Part I, Item IA, “Risk Factors” of our most recently filed Annual Report on Form 10-K, for the year ended December 31, 2020 (“2020 Form 10-K”), for a further description of these and other factors. Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. If any of these risks materialize, or if any of the above assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. For the reasons described above, we caution you against relying on any forward-looking statements. Any forward-looking statement made by us in this Form 10-Q 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 undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should be viewed as historical data.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Ceridian HCM Holding Inc.
Condensed Consolidated Balance Sheets

(Dollars in millions, except share data)	June 30, 2021 (unaudited)	December 31, 2020
ASSETS		
Current assets:		
Cash and equivalents	$ 335.2	$ 188.2
Restricted cash	2.0	—
Trade and other receivables, net	118.2	101.1
Prepaid expenses and other current assets	84.9	73.9
Total current assets before customer funds	540.3	363.2
Customer funds	3,215.4	3,759.4
Total current assets	3,755.7	4,122.6
Right of use lease asset	33.6	27.9
Property, plant, and equipment, net	146.2	136.4
Goodwill	2,329.5	2,031.8
Other intangible assets, net	341.2	195.0
Other assets	200.8	187.6
Total assets	$ 6,807.0	$ 6,701.3
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 8.3	$ 7.2
Current portion of long-term lease liabilities	10.0	10.5
Accounts payable	39.0	38.9
Deferred revenue	43.2	24.4
Employee compensation and benefits	59.1	64.6
Other accrued expenses	42.5	20.5
Total current liabilities before customer funds obligations	202.1	166.1
Customer funds obligations	3,171.9	3,697.8
Total current liabilities	3,374.0	3,863.9
Long-term debt, less current portion	1,118.5	660.6
Employee benefit plans	22.6	24.4
Long-term lease liabilities, less current portion	41.4	33.6
Other liabilities	50.7	20.6
Total liabilities	4,607.2	4,603.1
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Common stock, $0.01 par, 500,000,000 shares authorized, 149,752,249 and 148,571,412 shares issued and outstanding, respectively	1.5	1.5
Additional paid in capital	2,739.8	2,606.5
Accumulated deficit	(278.8)	(233.8)
Accumulated other comprehensive loss	(262.7)	(276.0)
Total stockholders' equity	2,199.8	2,098.2
Total liabilities and equity	$ 6,807.0	$ 6,701.3

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions, except share and per share data, unaudited)	2021	2020	2021	2020
Revenue:				
Recurring	$ 208.1	$ 159.1	$ 404.1	$ 340.6
Professional services and other	42.3	33.5	80.8	74.7
Total revenue	250.4	192.6	484.9	415.3
Cost of revenue:				
Recurring	65.4	49.3	125.1	101.5
Professional services and other	47.3	37.9	92.0	80.5
Product development and management	31.8	17.0	57.6	34.6
Depreciation and amortization	13.8	9.8	24.9	19.6
Total cost of revenue	158.3	114.0	299.6	236.2
Gross profit	92.1	78.6	185.3	179.1
Selling, general, and administrative	111.8	74.6	207.4	148.8
Operating (loss) profit	(19.7)	4.0	(22.1)	30.3
Interest expense, net	9.9	6.6	15.5	13.5
Other expense, net	8.2	0.3	12.8	2.9
(Loss) income before income taxes	(37.8)	(2.9)	(50.4)	13.9
Income tax benefit	(12.0)	(8.4)	(5.4)	(0.2)
Net (loss) income	$ (25.8)	$ 5.5	$ (45.0)	$ 14.1
Net (loss) income per share:				
Basic	$ (0.17)	$ 0.04	$ (0.30)	$ 0.10
Diluted	$ (0.17)	$ 0.04	$ (0.30)	$ 0.09
Weighted-average shares outstanding:				
Basic	149,293,833	145,593,019	149,006,538	145,119,172
Diluted	149,293,833	151,444,901	149,006,538	151,321,093

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)

(Dollars in millions, except share data, unaudited)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net (loss) income	$ (25.8)	$ 5.5	$ (45.0)	$ 14.1
Items of other comprehensive income before income taxes:				
Change in foreign currency translation adjustment	13.0	21.6	24.0	(27.5)
Change in unrealized (loss) gain from invested customer funds	(5.4)	20.1	(22.1)	43.5
Change in pension liability adjustment (a)	3.8	3.3	7.6	6.6
Other comprehensive income before income taxes	11.4	45.0	9.5	22.6
Income tax (benefit) expense, net	(0.4)	5.9	(3.8)	12.7
Other comprehensive income after income taxes	11.8	39.1	13.3	9.9
Comprehensive (loss) income	$ (14.0)	$ 44.6	$ (31.7)	$ 24.0

(a) The amount of the pension liability adjustment recognized in the condensed consolidated statements of operations within other expense, net was $3.7 million and $3.3 million during the three months ended June 30, 2021, and 2020, respectively, and $7.5 million and $6.6 million during the six months ended June 30, 2021, and 2020, respectively.

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Stockholders' Equity

	Common Stock Shares	Common Stock $	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	(Dollars in millions, except share data, unaudited)					
Balance as of December 31, 2020	148,571,412	$ 1.5	$ 2,606.5	$ (233.8)	$ (276.0)	$ 2,098.2
Net loss	—	—	—	(19.2)	—	(19.2)
Issuance of common stock under share-based compensation plans	341,975	—	11.3	—	—	11.3
Share-based compensation	—	—	22.8	—	—	22.8
Equity component of convertible senior notes	—	—	77.7	—	—	77.7
Purchase of capped calls related to convertible senior notes	—	—	(33.0)	—	—	(33.0)
Foreign currency translation	—	—	—	—	11.0	11.0
Change in unrealized gain, net of tax of ($4.4)	—	—	—	—	(12.3)	(12.3)
Change in pension liability adjustment, net of tax of $1.0	—	—	—	—	2.8	2.8
Balance as of March 31, 2021	148,913,387	$ 1.5	$ 2,685.3	$ (253.0)	$ (274.5)	$ 2,159.3
Net loss	—	—	—	(25.8)	—	(25.8)
Issuance of common stock under share-based compensation plans	838,862	—	23.1	—	—	23.1
Share-based compensation	—	—	31.4	—	—	31.4
Foreign currency translation	—	—	—	—	13.0	13.0
Change in unrealized gain, net of tax of ($1.4)	—	—	—	—	(4.0)	(4.0)
Change in pension liability adjustment, net of tax of $1.0	—	—	—	—	2.8	2.8
Balance as of June 30, 2021	149,752,249	$ 1.5	$ 2,739.8	$ (278.8)	$ (262.7)	$ 2,199.8

	Common Stock Shares	Common Stock $	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	(Dollars in millions, except share data, unaudited)					
Balance as of December 31, 2019	144,386,618	$ 1.4	$ 2,449.1	$ (229.8)	$ (338.4)	$ 1,882.3
Net income	—	—	—	8.6	—	8.6
Issuance of common stock under share-based compensation plans	551,328	—	11.4	—	—	11.4
Share-based compensation	—	—	12.5	—	—	12.5
Foreign currency translation	—	—	—	—	(49.1)	(49.1)
Change in unrealized gain, net of tax of $6.0	—	—	—	—	17.4	17.4
Change in pension liability adjustment, net of tax of $0.8	—	—	—	—	2.5	2.5
Balance as of March 31, 2020	144,937,946	$ 1.4	$ 2,473.0	$ (221.2)	$ (367.6)	$ 1,885.6
Net income	—	—	—	5.5	—	5.5
Issuance of common stock under share-based compensation plans	1,865,986	0.1	40.1	—	—	40.2
Share-based compensation	—	—	15.3	—	—	15.3
Foreign currency translation	—	—	—	—	21.6	21.6
Change in unrealized gain, net of tax of $5.1	—	—	—	—	15.0	15.0
Change in pension liability adjustment, net of tax of $0.8	—	—	—	—	2.5	2.5
Balance as of June 30, 2020	146,803,932	$ 1.5	$ 2,528.4	$ (215.7)	$ (328.5)	$ 1,985.7

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Cash Flows

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(Dollars in millions, unaudited)	
Net (loss) income	$ (45.0)	$ 14.1
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Deferred income tax benefit	(29.2)	0.3
Depreciation and amortization	38.3	23.9
Amortization of debt issuance costs and debt discount	6.2	0.6
Provision for doubtful accounts	0.9	0.5
Net periodic pension and postretirement cost	4.4	1.7
Non-cash share-based compensation	54.2	27.8
Other	(0.4)	0.4
Changes in operating assets and liabilities excluding effects of acquisitions and divestitures:		
Trade and other receivables	(3.7)	(3.8)
Prepaid expenses and other current assets	(12.1)	(6.4)
Accounts payable and other accrued expenses	(1.5)	(1.8)
Deferred revenue	1.7	(1.1)
Employee compensation and benefits	(14.3)	(21.3)
Accrued interest	0.4	0.2
Accrued taxes	27.4	(3.7)
Other assets and liabilities	(4.2)	(7.5)
Net cash provided by operating activities	23.1	23.9
Cash Flows from Investing Activities		
Purchase of customer funds marketable securities	(280.8)	(24.8)
Proceeds from sale and maturity of customer funds marketable securities	276.2	214.0
Expenditures for property, plant, and equipment	(5.9)	(9.9)
Expenditures for software and technology	(25.4)	(19.8)
Acquisition costs, net of cash and restricted cash acquired	(373.6)	(58.3)
Net cash (used in) provided by investing activities	(409.5)	101.2
Cash Flows from Financing Activities		
Increase in customer funds obligations, net	(566.1)	(571.4)
Proceeds from issuance of common stock under share-based compensation plans	34.4	51.5
Repayment of long-term debt obligations	(2.7)	(5.4)
Proceeds from revolving credit facility	295.0	295.0
Repayment of revolving credit facility	(295.0)	—
Proceeds from issuance of convertible senior notes, net of issuance costs	561.8	—
Purchases of capped calls related to convertible senior notes	(45.0)	—
Net cash used in financing activities	(17.6)	(230.3)
Effect of exchange rate changes on cash, restricted cash, and equivalents	6.7	(12.4)
Net decrease in cash, restricted cash, and equivalents	(397.3)	(117.6)
Cash, restricted cash, and equivalents at beginning of period	2,228.5	1,658.6
Cash, restricted cash, and equivalents at end of period	$ 1,831.2	$ 1,541.0
Reconciliation of cash, restricted cash, and equivalents to the condensed consolidated balance sheets		
Cash and equivalents	$ 335.2	$ 526.9
Restricted cash	2.0	—
Restricted cash and equivalents included in customer funds	1,494.0	1,014.1
Total cash, restricted cash, and equivalents	$ 1,831.2	$ 1,541.0

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Organization

Ceridian HCM Holding Inc. and its subsidiaries (also referred to in this report as "Ceridian," "we," "our," "us," or the "Company") offer a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll-related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance programs, and recruitment and applicant screening. Our technology-based services are typically provided through long-term customer relationships that result in a high level of recurring revenue.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accounting policies we follow are set forth in Note 2, "Summary of Significant Accounting Policies," to our audited consolidated financial statements in our 2020 Form 10-K. The following notes should be read in conjunction with these policies and other disclosures in our 2020 Form 10-K.

In the opinion of management, the unaudited condensed consolidated financial statements contained herein reflect all adjustments (consisting only of normal recurring adjustments, except as set forth in these notes to condensed consolidated financial statements) necessary to present fairly in all material aspects the financial position, results of operations, comprehensive income (loss), and cash flows from all periods presented. Interim results are not necessarily indicative of results for a full year.

Convertible Senior Notes

On March 5, 2021, we issued $500.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due 2026, and on March 16, 2021, after the initial purchasers exercised their option to purchase additional securities in full, we issued an additional $75.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due 2026, resulting in an aggregate principal amount of $575.0 million (collectively, the "Notes"). The total net proceeds from the offering, after deducting initial purchase discounts and issuance costs, were $561.8 million. Please refer to Note 7, "Debt" for additional information.

In accounting for the issuance of the Notes, we separated the Notes into liability and equity components. The carrying amounts of the liability component was calculated by measuring the fair value of similar liabilities that do not have associated convertible features using a discounted cash flow model. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the Notes as a whole. This difference represents a debt discount that is amortized to interest expense over the respective terms of the Notes using the effective interest rate method. The equity component was recorded in additional paid-in capital and is not remeasured as long as it continues to meet the conditions for equity classification.

In accounting for the related debt issuance costs, we allocated the total amount incurred to the liability and equity components of the Notes based on their relative values. Issuance costs attributable to the liability component are being amortized to interest expense over the contractual term of the Notes. The issuance costs attributable to the equity component were netted against the equity component representing the conversion option in additional paid-in capital.

To the extent that we receive the Notes conversion requests prior to their maturity, a portion of the equity component is classified as temporary equity, which is measured as the difference between the principal and net carrying amount of the Notes requested for conversion. Upon settlement of the conversion requests, the difference between the fair value and the amortized book value of the liability component of the Notes requested for conversion is recorded as a gain or loss on early note conversion. The fair value of the Notes is measured based on a similar liability that does not have an associated convertible feature based on the remaining term of the Notes.

Deferred Costs

Deferred costs, which primarily consist of deferred sales commissions, included within Other assets on our condensed consolidated balance sheets were $131.8 million and $132.9 million as of June 30, 2021, and December 31, 2020, respectively. Amortization expense for the deferred costs was $11.3 million and $9.1 million for the three months ended June 30, 2021, and 2020, respectively, and $22.3 million and $18.1 million for the six months ended June 30, 2021, and 2020, respectively.

Recently Issued Accounting Pronouncements from the Financial Accounting Standards Board

Standard	Issuance Date	Description	Adoption Date	Effect on the Financial Statements
Accounting Standards Update ("ASU") 2019-12, Income Taxes (Topic 740)	December 2019	These amendments simplify the accounting for income taxes, eliminates certain exceptions to the general principles in Topic 740 and clarifies certain aspects of the current guidance to improve consistent application among reporting entities.	January 2021	The adoption of this standard did not have a significant impact on our financial statements.
ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40)	August 2020	This amendment simplifies the accounting for convertible instruments by removing certain separation models required under current GAAP for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, a convertible debt instrument will be accounted for as a single liability measured at its amortized cost.	January 2022	We plan to adopt the guidance as of January 1, 2022, using the modified retrospective method of transition. Upon adoption, we expect to record a cumulative-effect adjustment to the opening balance of accumulated deficit on our consolidated balance sheet, primarily due to the reduction in non-cash interest expense associated with the historical separation of debt and equity components for our Notes.
ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	March 2020	This amendment provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.	Not yet adopted	This amendment may be elected over time through December 31, 2022 as reference rate reform activities occur. We do not expect the adoption of this guidance to have a significant impact on our financial statements.

3. Business Combinations

Ideal

On April 30, 2021, we completed the purchase of 100% of the outstanding shares of O5 Systems, Inc. dba Ideal (“Ideal”) for $41.3 million, subject to a working capital adjustment. Ideal is a talent intelligence software provider based in Toronto, Ontario, Canada.

The financial results of Ideal have been included within our condensed consolidated financial statements from the acquisition date forward and are classified as Cloud. For the three months ended June 30, 2021, Ideal revenue included within our condensed consolidated statement of operations was $0.7 million. The acquisition of Ideal was recorded using the acquisition method of accounting, in which the assets and liabilities assumed are recognized at their fair value. The purchase accounting has not been finalized as of June 30, 2021 but we have conducted a preliminary assessment of certain assets and liabilities related to the acquisition of Ideal. The intangible assets consist of developed technology, trade name, and customer relationships.

The major classes of assets and liabilities to which we have preliminarily allocated the purchase price were as follows:

	(Dollars in millions)	
Cash and equivalents	$	2.6
Trade receivables, prepaid expenses, and other current assets		0.5
Property, plant, and equipment		0.1
Goodwill		26.7
Other intangible assets		18.3
Accounts payable and other current liabilities		(3.6)
Other non-current liabilities		(3.3)
Total purchase price	$	41.3

Ascender

On March 1, 2021, we completed the purchase of 100% of the outstanding shares of Ascender HCM Pty Ltd. (“Ascender”) for $359.6 million, subject to working capital and other adjustments. Ascender is a payroll and human resources solutions provider in the Asia Pacific Japan region. We entered into a forward foreign currency contract to hedge the purchase price for the Ascender acquisition which was denominated in Australian dollars, resulting in the recognition of a realized gain of $4.2 million included as a component of other expense, net in our condensed consolidated statement of operations.

The financial results of Ascender have been included within our condensed consolidated financial statements from the acquisition date forward and are classified among both Cloud and Bureau solutions. For the three and six months ended June 30, 2021, Ascender revenue included within our condensed consolidated statement of operations was $22.9 million and $29.6 million, respectively. The acquisition of Ascender was recorded using the acquisition method of accounting, in which the assets and liabilities assumed are recognized at their fair value. The purchase accounting has not been finalized as of June 30, 2021 but we have conducted a preliminary assessment of certain assets and liabilities related to the acquisition of Ascender. During the three months ended June 30, 2021, we continued to refine our purchase accounting, resulting in certain reclassifications among balance sheet accounts, primarily goodwill and other intangible assets. The intangible assets consist of customer relationships, trade name, and developed technology.

The major classes of assets and liabilities to which we have preliminarily allocated the purchase price were as follows:

	(Dollars in millions)
Cash and equivalents	$ 3.1
Restricted cash	2.0
Trade receivables, prepaid expenses, and other current assets	15.7
Customer funds	18.9
Property, plant, and equipment and other assets	18.7
Goodwill	262.2
Other intangible assets	138.0
Accounts payable and other current liabilities	(31.4)
Customer funds obligations	(18.8)
Other non-current liabilities	(48.8)
Total purchase price	$ 359.6

After consideration of the Ideal and Ascender acquisitions, management has concluded that we continue to have one operating and reportable segment. This conclusion aligns with how management monitors operating performance, allocates resources, and deploys capital. Pro forma financial information is not presented as neither the acquisition of Ideal nor Ascender qualified as a significant business combination.

4. Fair Value Measurements

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Assets				
Available for sale customer funds assets	$ —	$ 1,721.4 (a)	$ —	$ 1,721.4
Total assets measured at fair value	$ —	$ 1,721.4	$ —	$ 1,721.4

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Assets				
Available for sale customer funds assets	$ —	$ 1,719.1 (a)	$ —	$ 1,719.1
Total assets measured at fair value	$ —	$ 1,719.1	$ —	$ 1,719.1

(a) Fair value is based on inputs that are observable for the asset or liability, other than quoted prices.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities acquired as part of business combinations and recognized as part of our convertible debt issuance have been recorded at fair value on a nonrecurring basis. Please refer to Note 3, “Business Combinations,” and Note 7, “Debt” for additional information.

5. Customer Funds

In certain jurisdictions, we collect funds for payment of payroll and taxes; temporarily hold such funds until payment is due; remit the funds to the clients’ employees and appropriate taxing authorities; file federal, state, and local tax returns; and handle related regulatory correspondence and amendments. The customer assets are held in segregated accounts intended for the specific purpose of satisfying client fund obligations and therefore are not freely available for our general business use. In the U.S. and Canada, these customer funds are held in trusts.

Investment income from invested customer funds, also referred to as float revenue or float, is a component of our compensation for providing services under agreements with our customers. Investment income from invested customer funds included in recurring revenue was $10.4 million and $11.5 million for the three months ended June 30, 2021, and 2020, respectively, and $21.1 million and $31.1 million for the six months ended June 30, 2021, and 2020, respectively. Investment income includes interest income, realized gains and losses from sales of customer funds' investments, and unrealized credit losses determined to be unrecoverable.

The amortized cost of customer funds as of June 30, 2021, and December 31, 2020, is the original cost of assets acquired. The amortized cost and fair values of investments of customer funds available for sale were as follows:

	June 30, 2021			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
	(Dollars in millions)			
Money market securities, investments carried at cost and other cash equivalents	$ 1,479.0	$ —	$ —	$ 1,482.4
Available for sale investments:				
U.S. government and agency securities	558.4	15.5	(1.8)	572.1
Canadian and provincial government securities	407.5	10.4	(0.1)	417.8
Corporate debt securities	454.1	13.6	(0.5)	467.2
Asset-backed securities	184.6	3.1	—	187.7
Mortgage-backed securities	5.1	0.1	—	5.2
Other short-term investments	7.0	—	—	7.0
Other securities	64.6	0.1	(0.3)	64.4
Total available for sale investments	1,681.3	42.8	(2.7)	1,721.4
Invested customer funds	3,160.3	$ 42.8	$ (2.7)	3,203.8
Receivables	11.6			11.6
Total customer funds	$ 3,171.9			$ 3,215.4

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
	(Dollars in millions)			
Money market securities, investments carried at cost and other cash equivalents	$ 2,027.1	$ —	$ —	$ 2,027.1
Available for sale investments:				
U.S. government and agency securities	494.0	21.6	(0.1)	515.5
Canadian and provincial government securities	396.4	15.5	—	411.9
Corporate debt securities	548.5	19.4	—	567.9
Asset-backed securities	192.2	4.9	—	197.1
Mortgage-backed securities	9.9	0.2	—	10.1
Other securities	16.5	0.1	—	16.6
Total available for sale investments	1,657.5	61.7	(0.1)	1,719.1
Invested customer funds	3,684.6	$ 61.7	$ (0.1)	3,746.2
Receivables	13.2			13.2
Total customer funds	$ 3,697.8			$ 3,759.4

The following represents the gross unrealized losses and the related fair value of the investments of customer funds available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	June 30, 2021					
	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	(Dollars in millions)					
U.S. government and agency securities	$ (1.8)	$ 172.0	$ —	$ —	$ (1.8)	$ 172.0
Canadian and provincial government securities	(0.1)	19.0	—	—	(0.1)	19.0
Corporate debt securities	(0.5)	68.4	—	—	(0.5)	68.4
Asset-backed securities	—	16.5	—	—	—	16.5
Other securities	(0.3)	43.0	—	—	(0.3)	43.0
Total available for sale investments	$ (2.7)	$ 318.9	$ —	$ —	$ (2.7)	$ 318.9

Management does not believe that any individual unrealized loss was unrecoverable as of June 30, 2021. The unrealized losses are primarily attributable to changes in interest rates and not to credit deterioration. We currently do not intend to sell or expect to be required to sell the securities before the time required to recover the amortized cost.

The amortized cost and fair value of investment securities available for sale at June 30, 2021, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or to prepay obligations with or without call or prepayment penalties.

	June 30, 2021	
	Cost	Fair Value
	(Dollars in millions)	
Due in one year or less	$ 1,923.5	$ 1,931.6
Due in one to three years	688.6	712.4
Due in three to five years	402.8	407.5
Due after five years	145.4	152.3
Invested customer funds	$ 3,160.3	$ 3,203.8

6. Goodwill and Intangible Assets

Goodwill

Goodwill and changes therein were as follows:

	(Dollars in millions)
Balance at December 31, 2019	$ 1,973.5
Acquisition	42.7
Translation	15.6
Balance at December 31, 2020	2,031.8
Acquisitions	288.9
Translation	8.8
Balance at June 30, 2021	$ 2,329.5

Please refer to Note 3, "Business Combinations," for further discussion of the Ascender and Ideal acquisitions.

Intangible Assets

Other intangible assets consisted of the following:

	June 30, 2021			
	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
	(Dollars in millions)			
Customer lists and relationships	$ 306.9	$ (217.4)	$ 89.5	4-15
Trade name	184.5	(2.9)	181.6	3-5 and Indefinite
Technology	233.6	(163.5)	70.1	3-5
Total other intangible assets	$ 725.0	$ (383.8)	$ 341.2	

	December 31, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net	Estimated Life Range (Years)
	(Dollars in millions)			
Customer lists and relationships	$ 229.0	$ (212.1)	$ 16.9	5-15
Trade name	177.7	(2.5)	175.2	3-5 and Indefinite
Technology	159.5	(156.6)	2.9	3-4
Total other intangible assets	$ 566.2	$ (371.2)	$ 195.0	

We perform an impairment assessment of our indefinite-lived trade name intangible assets as of October 1 of each year. We continue to evaluate the use of our trade names and branding in our sales and marketing efforts. If there is a fundamental shift in the method of our branding in the future, we will assess the impact on the carrying amount of our trade name intangible assets to determine whether an impairment exists. If it is determined that an impairment has occurred, it would be recognized during the period in which the decision was made to make the fundamental shift.

Amortization expense related to definite-lived intangible assets was $9.8 million and $0.4 million for the three months ended June 30, 2021, and 2020, respectively, and $12.0 million and $0.7 million for the six months ended June 30, 2021, and 2020 respectively.

7. Debt

Overview

Our debt obligations consisted of the following as of the periods presented:

	June 30, 2021		December 31, 2020	
	(Dollars in millions)			
Term Debt, interest rate of 2.6%	$	661.3	$	664.7
Revolving Credit Facility ($300.0 million available capacity less amounts reserved for letters of credit, which were $0.4 million and $0.4 million, respectively)		—		—
Convertible Senior Notes, interest rate of 0.25%		575.0		—
Australia Line of Credit (AUD $4.2 million letter of credit capacity, which was fully utilized; USD $3.1 million and USD $0 million, respectively)		—		—
Canada Line of Credit (CAD $7.0 million letter of credit capacity, which was fully utilized; USD $5.6million and USD $5.4 million, respectively)		—		—
Financing lease liabilities (Please refer to Note 13)		10.2		8.8
Total debt		1,246.5		673.5
Less unamortized discount on Term Debt and Convertible Senior Notes		104.7		1.2
Less unamortized debt issuance costs on Term Debt and Convertible Senior Notes		15.0		4.5
Less current portion of long-term debt		8.3		7.2
Long-term debt, less current portion	$	1,118.5	$	660.6

Accrued interest and fees related to the debt obligations was $0.5 million and $0.1 million as of June 30, 2021, and December 31, 2020, respectively, and is included within Other accrued expenses in our condensed consolidated balance sheets.

Senior Secured Credit Facility

On April 30, 2018, we completed the refinancing of our debt by entering into a new credit agreement. Pursuant to the terms of the new credit agreement, we became borrower of (i) a $680.0 million term loan debt facility (the “Term Debt”) and (ii) a $300.0 million revolving credit facility (the “Revolving Credit Facility”) (collectively, the “Senior Secured Credit Facility”). The obligations of Ceridian under the Senior Secured Credit Facility are secured by first priority security interests in substantially all of the assets of Ceridian and the domestic subsidiary guarantors, subject to permitted liens and certain exceptions. The Term Debt has a maturity date of April 30, 2025, and the Revolving Credit Facility has a maturity date of April 30, 2023. On February 19, 2020, we completed the first amendment to the Senior Secured Credit Facility in which the Term Debt interest rate was reduced from LIBOR plus 3.00% to LIBOR plus 2.50%. Further, the interest rate trigger under the applicable rating by Moody’s Investor Service was removed by the first amendment.

Convertible Senior Notes

In March 2021, we issued $575.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due 2026 in a private offering to qualified institutional buyers pursuant to Rule 144A promulgated under the Securities Act of 1933, as amended, and pursuant to exemptions from the prospectus requirements of applicable Canadian securities laws, including the exercise in full by the initial purchasers of their option to purchase an additional $75.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due 2026 (collectively, the “Notes”). The Notes bear interest at a rate of 0.25% per year and interest is payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2021. The Notes mature on March 15, 2026, unless earlier converted, redeemed or repurchased. The total net proceeds from the offering, after deducting initial purchase discounts and other debt issuance costs, were $561.8 million.

The Notes are unsecured obligations and do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by us or any of our subsidiaries.

The following table presents details of the Notes:

	Initial Conversion Rate per $1,000 Principal	Initial Conversion Price per Share
Notes	7.5641 shares	$132.20

The Notes will be convertible at the option of the holders at any time only under the following circumstances:

- During any calendar quarter commencing after the calendar quarter ending on June 30, 2021, if the last reported sale price per share of our common stock exceeds 130% of the conversion price for each of at least 20 trading days during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter;

- During the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the "measurement period") in which the trading price per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of our common stock on such trading day and the conversion rate on such trading day;

- Upon the occurrence of certain corporate events or distributions on our common stock, as described in the indenture under which the Notes were issued;

- If we call such Notes for redemption; or

- At any time from, and including, September 15, 2025 until the close of business on the second scheduled trading day immediately before the maturity date.

Upon conversion, we may satisfy the conversion obligation by paying or delivering, as applicable, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in the manner and subject to the terms and conditions provided in the indenture under which the Notes were issued. During the quarter ended June 30, 2021, the conditions allowing holders of the Notes to convert have not been met. The Notes were therefore not convertible during the second quarter of 2021 and are classified as a noncurrent liability in our condensed consolidated balance sheet as of June 30, 2021.

We may not redeem the Notes prior to March 20, 2024. On or after March 20, 2024, and on or before the 30th scheduled trading day immediately preceding the maturity date, we may redeem the Notes at a cash purchase price equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, but only if the last reported sale price per share of our common stock exceeds 130% of the conversion price on (1) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date we send the related redemption notice; and (2) the trading day immediately before the date we send such notice. In addition, calling any Note for redemption will constitute a make-whole fundamental change with respect to that Note, in which case the conversion rate applicable to the conversion of that Note will be increased in certain circumstances if it is converted after it is called for redemption.

If a "fundamental change" (as defined in the indenture under which the Notes were issued) occurs, then noteholders may require us to repurchase their notes at a cash repurchase price equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any.

In accounting for the issuance of the Notes and the related transaction costs, we separated the Notes into liability and equity components. The carrying amount of the liability component was initially calculated by measuring the fair value of similar liabilities that do not have associated convertible features utilizing the interest rate of 4.5%. The carrying amount of the equity component representing the conversion option was $108.6 million and was determined by deducting the fair value of the liability component from the par value of the Notes. This difference represents a debt discount that is amortized to interest expense over the term of the Notes using the effective interest rate method. The equity component was recorded in additional paid-in capital and is not remeasured as long as it continues to meet the conditions for equity classification.

Total issuance costs of $14.4 million related to the Notes were allocated between liability, totaling $11.7 million, and equity, totaling $2.7 million, in the same proportion as the allocation of the total proceeds to the liability and equity components. Issuance costs attributable to the liability component are being amortized to interest expense over the term of the Notes. The excess of the principal amount of the liability component over its carrying amount is amortized to interest expense over the contractual term of the Notes at an effective interest rate of 5.1%. The issuance costs attributable to the equity component were netted against additional paid-in capital. The amount recorded for the equity component of the Notes was $77.7 million, net of allocated issuance costs of $2.7 million and deferred tax impact of $28.2 million.

The following table sets forth total interest expense recognized related to the Notes for the period:

	Three Months Ended June 30, 2021	Six Months Ended June 30, 2021
	(Dollars in millions)	
Contractual interest expense	$ 0.4	$ 0.5
Amortization of debt discount	4.4	5.1
Amortization of debt issuance costs	0.5	0.6
Total	$ 5.3	$ 6.2

Capped Calls

In March 2021, in connection with the pricing of the Notes, we entered into capped call transactions with the option counterparties (the “Capped Calls”). The Capped Calls each have an initial strike price of $132.20 per share, and an initial cap price of $179.26 per share, both subject to certain adjustments. The capped call transactions are generally expected to reduce potential dilution to our common stock upon any conversion of the Notes and/or offset any potential cash payments we would be required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. For accounting purposes, the Capped Calls are separate transactions, and not part of the terms of the Notes. As the Capped Calls qualify for a scope exception from derivative accounting for instruments that are both indexed to the issuer's own stock and classified in stockholder’s equity in our condensed consolidated balance sheet, we have recorded an amount of $33.0 million as a reduction to additional paid-in capital which will not be remeasured. This represents the premium of $45.0 million paid for the purchase of the Capped Calls, net of the deferred tax impact of $12.0 million.

Future Payments and Maturities of Debt

The future principal payments and maturities of our indebtedness, excluding financing lease obligations, are as follows:

Years Ending December 31,	Amount
	(Dollars in millions)
Remainder of 2021	$ 3.4
2022	6.8
2023	6.8
2024	6.8
2025	637.5
Thereafter	575.0
	$ 1,236.3

Fair Value of Debt

Our debt does not trade in active markets. Based on the borrowing rates currently available to us for bank loans with similar terms and average maturities, the trading price of our common stock and the limited trades of our debt, the fair value of our debt was estimated to be $1,232.8 million and $657.6 million as of June 30, 2021, and December 31, 2020, respectively. The fair value of the Notes was determined based on the closing trading price per $1,000 of the Notes as of the last day of trading for the period. We consider the fair value of the Notes at June 30, 2021 to be a Level 2 measurement as they are not actively traded. The fair value of the Notes is primarily affected by the trading price of our common stock and market interest rates.

8. Employee Benefit Plans

The components of net periodic cost for our defined benefit pension plan and for our postretirement benefit plan are included in the following tables:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Periodic Pension Cost	(Dollars in millions)			
Interest cost	$ 1.7	$ 3.2	$ 3.4	$ 6.4
Actuarial loss amortization	4.3	3.9	8.6	7.8
Less: Expected return on plan assets	(3.3)	(5.7)	(6.6)	(11.4)
Net periodic pension cost	$ 2.7	$ 1.4	$ 5.4	$ 2.8

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Net Periodic Postretirement Benefit	(Dollars in millions)			
Interest cost	$ 0.1	$ 0.2	$ 0.1	$ 0.3
Actuarial gain amortization	(0.5)	(0.6)	(1.0)	(1.2)
Prior service credit amortization	(0.1)	(0.1)	(0.1)	(0.2)
Net periodic postretirement benefit gain	$ (0.5)	$ (0.5)	$ (1.0)	$ (1.1)

9. Share-Based Compensation

Our share-based compensation consists of performance-based stock options, term-based stock options, restricted stock units (“RSUs”), and performance-based stock units (“PSUs”). We also offer an employee stock purchase plan.

Prior to November 1, 2013, Ceridian employees participated in a share-based compensation plan of the former ultimate parent of Ceridian, the 2007 Stock Incentive Plan (“2007 SIP”). Effective November 1, 2013, although most participants who held stock options under the 2007 SIP converted their options to a newly created option plan, the 2013 Ceridian HCM Holding Inc. Stock Incentive Plan, as amended (“2013 SIP”), a small number of participants maintained their stock options in the 2007 SIP. Concurrent with the initial public offering (“IPO”) and legal reorganization, all outstanding stock options under the 2007 SIP were converted into options to purchase common stock of Ceridian. As of June 30, 2021, there were 1,936 stock options outstanding under the 2007 SIP.

Stock options awarded under the 2013 SIP vest either annually on a pro rata basis over a four- or five-year period or on a specific date if certain performance criteria are satisfied and certain equity values are attained. In addition, upon termination of service, all vested options must be exercised generally within 90 days after termination, or these awards will be forfeited. The stock option awards have a 10-year contractual term and have an exercise price that is not less than the fair market value of the underlying stock on the date of grant. As of June 30, 2021, there were 1,956,504 stock options and RSUs outstanding under the 2013 SIP. We do not intend to grant any additional awards under the 2007 SIP or the 2013 SIP.

On April 24, 2018, in connection with our initial public offering, the Board of Directors and our stockholders approved the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan (“2018 EIP”), which authorized the issuance of up to 13,500,000 shares of common stock to eligible participants through equity awards (the “Share Reserve”). The Share Reserve may be increased on March 31 of each of the first ten calendar years during the term of the 2018 EIP, by the lesser of (i) three percent of the number of shares of our common stock outstanding on each January 31 immediately prior to the date of increase or (ii) such number of shares of our common stock determined by the Board of Directors. Effective on March 31, 2021, the Share Reserve was increased by 4,397,296 shares, pursuant to the terms of the 2018 EIP.

Equity awards under the 2018 EIP vest either annually or quarterly on a pro rata basis, generally over a one-, three-, or four-year period. In addition, upon termination of service, all vested awards must be exercised within 90 days after termination, or these awards will be forfeited. The equity awards have a 10-year contractual term and have an exercise price that is not less than the fair market value of the underlying stock on the date of the grant. As of June 30, 2021, there were 12,893,446 stock options, RSUs, and PSUs outstanding and 13,399,132 shares available for future grants of equity awards under the 2018 EIP.

Total share-based compensation expense was $31.4 million and $15.3 million for the three months ended June 30, 2021, and 2020, respectively, and $54.2 million and $27.8 million for the six months ended June 30, 2021, and 2020, respectively.

Performance-Based Stock Options

Performance-based stock option activity under the 2007 SIP, the 2013 SIP, and the 2018 EIP was as follows:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Performance-based options outstanding at December 31, 2020	1,844,279	$ 64.55	9.2	$ 77.5
Granted	—	—	—	—
Exercised	(3,850)	(13.46)	—	—
Forfeited or expired	(1,347)	—	—	—
Performance-based options outstanding at June 30, 2021	1,839,082	$ 64.65	8.8	$ 57.5
Performance-based options exercisable at June 30, 2021	21,701	$ 13.83	1.1	$ 1.8

In 2020, 1,500,000 performance-based stock options (“Performance Option Award”) were granted under the 2018 EIP with an exercise price of $65.26. The vesting conditions for the Performance Option Award are based on the Company’s performance on the New York Stock Exchange (“NYSE”) with 750,000 shares available to vest when the Company’s per share closing price on the NYSE meets or exceeds $110.94, or 1.7 times the exercise price, for ten consecutive trading days, and the remaining 750,000 shares are available to vest when the Company’s per share closing price on the NYSE meets or exceeds $130.52, or 2.0 times the exercise price, for ten consecutive trading days. The Performance Option Award has a minimum time-based vesting period of 3 years. The vesting conditions must be achieved prior to May 8, 2025, or any unvested portion of the Performance Option Award will terminate. A Monte Carlo simulation model was used to determine the fair value of these performance-based stock options. The Monte Carlo model utilizes multiple input variables that determine the probability of satisfying the market conditions stipulated in the award. We have estimated an expected term of 5.3 years, based on the vesting period and contractual term.

As of June 30, 2021, there was $18.3 million of share-based compensation expense related to unvested performance-based stock option awards not yet recognized, which is expected to be recognized over a weighted average period of 2.8 years.

Term-Based Stock Options

Term-based stock option activity under the 2007 SIP, the 2013 SIP, and the 2018 EIP was as follows:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Term-based options outstanding at December 31, 2020	10,983,074	$ 40.47	7.8	$ 725.9
Granted	755,688	83.99	—	—
Exercised	(929,544)	(22.17)	—	—
Forfeited or expired	(122,079)	(49.20)	—	—
Term-based options outstanding at June 30, 2021	10,687,139	$ 44.26	7.5	$ 552.1
Term-based options exercisable at June 30, 2021	5,058,708	$ 34.14	6.9	$ 312.5

As of June 30, 2021, there was $88.8 million of share-based compensation expense related to unvested term-based stock options not yet recognized, which is expected to be recognized over a weighted average period of 1.6 years.

Restricted Stock Units

RSU activity under the 2013 SIP and the 2018 EIP was as follows:

	Shares
RSUs outstanding at December 31, 2020	1,389,385
Granted	793,698
Shares issued upon vesting of RSUs	(168,117)
Forfeited or canceled	(25,914)
RSUs outstanding at June 30, 2021	1,989,052
RSUs releasable at June 30, 2021	570,021

During the six months ended June 30, 2021, 573,029 RSUs vested. As of June 30, 2021, there were 1,419,031 unvested RSUs outstanding and 570,021 vested RSUs outstanding. As of June 30, 2021, there was $89.9 million of share-based compensation expense related to unvested RSUs not yet recognized, which is expected to be recognized over a weighted average period of 1.6 years.

Performance Stock Units

PSU activity under the 2018 EIP was as follows:

	Shares
PSUs outstanding at December 31, 2020	135,220
Granted	343,233
Shares issued upon vesting of PSUs	(1,148)
Forfeited or canceled	(140,692)
PSUs outstanding at June 30, 2021	336,613
PSUs releasable at June 30, 2021	—

The vesting conditions for the PSUs granted in 2020 were based on the Company’s performance criteria, including Cloud revenue and adjusted EBITDA margin goals under Ceridian HCM Holding Inc. 2020 Management Incentive Plan (the “2020 MIP”) for the incentive period of January 1, 2020 through December 31, 2020. The vesting conditions for the PSUs granted in connection with the 2020 MIP were not met for the incentive period and as a result, the PSUs did not vest and were canceled.

The vesting conditions for the PSUs granted in 2021 are based on the Company's performance criteria, including Cloud revenue and adjusted EBITDA margin goals under the Ceridian HCM Holding Inc. 2021 Management Incentive Plan (the "2021 MIP") for the incentive period of January 1, 2021 through December 31, 2021. The maximum incentive vesting of PSUs may not exceed 150% under the 2021 MIP. Both the Cloud revenue and adjusted EBITDA margin goals are calculated based on the Company's operating results, adjusted for foreign currency and interest rate impacts plus other unique impacts as approved by the Compensation Committee or the Board of Directors. Upon vesting of a PSU, a participant will receive shares of common stock of the Company. The probability of vesting of PSUs will continue to be evaluated throughout the period, and share-based compensation expense will be recognized in accordance with that probability. As of June 30, 2021, there was $22.3 million of share-based compensation expense related to unvested PSUs not yet recognized.

Global Employee Stock Purchase Plan

On November 9, 2018, the Board of Directors approved the Ceridian HCM Holding Inc. Global Employee Stock Purchase Plan ("GESPP"), and the Company's stockholders approved the GESPP on May 1, 2019. The GESPP authorizes the issuance of up to 2,500,000 shares of common stock to eligible participants through purchases via payroll deductions. A total of 1,976,113 shares of common stock are available for future issuances under the plan as of June 30, 2021. The purchase price is the lower of (i) 85% of the fair market value of a share of common stock on the offering date (the first trading day of the offering period commencing on January 1 and concluding on December 31) or (ii) 85% of the fair market value of a share of common stock on the purchase date. The GESPP shall continue for ten years, unless terminated sooner as provided under the GESPP. Quarterly purchase periods commence on January 1, April 1, July 1, and October 1 and shares are purchased on the last trading day of the respective purchase periods.

Our GESPP activity was as follows:

Period Ended	Shares Issued	Purchase Price (per share)
March 31, 2021	39,484	$ 71.63
June 30, 2021	39,440	81.53

10. Revenue

Disaggregation of Revenue

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in millions)			
Revenue:				
Cloud				
Dayforce				
Recurring	$ 150.6	$ 118.5	$ 295.9	$ 246.6
Professional services and other	38.0	33.0	74.8	73.7
Total Dayforce revenue	188.6	151.5	370.7	320.3
Powerpay				
Recurring	20.5	16.2	40.8	38.0
Professional services and other	0.3	0.2	0.6	0.5
Total Powerpay revenue	20.8	16.4	41.4	38.5
Total Cloud revenue	209.4	167.9	412.1	358.8
Bureau				
Recurring	37.0	24.4	67.4	56.0
Professional services and other	4.0	0.3	5.4	0.5
Total Bureau revenue	41.0	24.7	72.8	56.5
Total revenue	$ 250.4	$ 192.6	$ 484.9	$ 415.3

Recurring revenue includes float revenue of $10.4 million and $11.5 million for the three months ended June 30, 2021, and 2020, respectively, and $21.1 million and $31.1 million for the six months ended June 30, 2021, and 2020, respectively.

Contract Balances

A contract asset is generally recorded when revenue recognized for professional service performance obligations exceed the contractual amount of billings for implementation related professional services. Contract assets were $61.3 million and $55.2 million as of June 30, 2021, and December 31, 2020, respectively. Contract assets expected to be recognized in revenue within twelve months are included within Prepaid expenses and other current assets, with the remaining contract assets included within Other assets on our condensed consolidated balance sheets.

Deferred Revenue

Deferred revenue primarily consists of payments received in advance of revenue recognition. The changes in deferred revenue were as follows:

	Six Months Ended June 30,	
	2021	2020
	(Dollars in millions)	
Deferred revenue, beginning of period	$ 24.4	$ 25.5
New billings	244.0	196.1
Acquired billings	17.0	—
Revenue recognized	(241.7)	(197.2)
Effect of exchange rate	(0.5)	(0.4)
Deferred revenue, end of period	$ 43.2	$ 24.0

Transaction Price for Remaining Performance Obligations

In accordance with ASC Topic 606, “Revenue from Contracts with Customers,” the following represents the aggregate amount of transaction price allocated to the remaining performance obligations that are unsatisfied as of the end of the reporting period. As of June 30, 2021, approximately $1,027.0 million of revenue is expected to be recognized over the next three years from remaining performance obligations, which represents contracted revenue for recurring services and fixed price professional services, primarily implementation services, that has not yet been recognized, including deferred revenue and unbilled amounts that will be recognized as revenue in future periods. In accordance with the practical expedient provided in ASC Topic 606, performance obligations that are billed and recognized as they are delivered, primarily professional services contracts that are on a time and materials basis, are excluded from the transaction price for remaining performance obligations disclosed above.

11. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) from Invested Customer Funds	Pension Liability Adjustment	Total
	(Dollars in millions)			
Balance as of December 31, 2020	$ (159.7)	$ 38.4	$ (154.7)	$ (276.0)
Other comprehensive income (loss) before income taxes and reclassifications	24.0	(22.1)	0.1	2.0
Income tax benefit (expense)	—	5.8	(2.0)	3.8
Reclassifications to earnings	—	—	7.5	7.5
Other comprehensive (loss) income	24.0	(16.3)	5.6	13.3
Balance as of June 30, 2021	$ (135.7)	$ 22.1	$ (149.1)	$ (262.7)

12. Income Taxes

Our income tax provision represents federal, state, and international taxes on our income recognized for financial statement purposes and includes the effects of temporary differences between financial statement income and income recognized for tax return purposes. Deferred tax assets and liabilities are recorded for temporary differences between the financial reporting basis and the tax basis of assets and liabilities as adjusted for the expected benefits of utilizing net operating loss carryforwards. We record a valuation allowance to reduce our deferred tax assets to reflect the net deferred tax assets that we believe will be realized. In assessing the likelihood that we will be able to recover our deferred tax assets and the need for a valuation allowance, we consider all available evidence, both positive and negative, including historical levels of pre-tax book income, expiration of net operating losses, expectations and risks associated with estimates of future taxable income, and ongoing prudent and feasible tax planning strategies, as well as current tax laws. As of June 30, 2021, we continue to record a valuation allowance of $16.3 million against deferred tax assets primarily attributable to state net operating loss carryovers.

We recorded an income tax benefit of $5.4 million during the six months ended June 30, 2021, consisting of a $10.6 million tax benefit from current operations, a $3.5 million U.S. state tax benefit, a $1.9 million tax reduction attributed to foreign withholding tax, and a $1.9 million tax reduction attributed to the release of tax reserves, partially offset by tax expense of $2.4 million related to non-deductible share-based compensation, $5.3 million attributed to the base erosion anti-abuse tax (“BEAT”) in the U.S., $2.4 million attributed to the international tax rate differential, and other tax expense items of $2.4 million.

There were no unrecognized tax benefits as of June 30, 2021. The total amount of unrecognized tax benefits as of December 31, 2020 were $1.8 million, including $0.3 million of accrued interest. We make adjustments to these reserves when facts and circumstances change, such as the closing of tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results. For the six months ended June 30, 2021, we released $1.8 million of our reserve primarily attributable to the conclusion of foreign tax audits. It is reasonable to expect that the amount of unrecognized tax benefits could change in the next twelve months; however, we do not expect the change to have a significant impact on our results of operations or financial condition.

We file income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. With a few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2016.

13. Leases

Supplemental balance sheet information related to leases was as follows:

Lease Type	Balance Sheet Classification	June 30, 2021	December 31, 2020
		(Dollars in millions)	
ASSETS			
Operating lease assets	Trade and other receivables, net	$ —	$ 5.4
Operating lease assets	Prepaid expenses and other current assets	2.7	2.2
Operating lease assets	Right of use lease asset	33.6	27.9
Financing lease assets	Property, plant, and equipment, net	8.9	8.0
Total lease assets		$ 45.2	$ 43.5
LIABILITIES			
Current			
Financing lease liabilities	Current portion of long-term debt	$ 1.5	$ 0.4
Operating lease liabilities	Current portion of long-term lease liabilities	10.0	10.5
Noncurrent			
Financing lease liabilities	Long-term debt, less current portion	8.7	8.4
Operating lease liabilities	Long-term lease liabilities, less current portion	41.4	33.6
Total lease liabilities		$ 61.6	$ 52.9

The components of lease expense were as follows:

Lease Cost	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
	(Dollars in millions)			
Operating lease cost	$ 1.4	$ 2.3	$ 2.6	$ 4.6
Financing lease cost:				
Depreciation of lease assets	0.3	0.2	0.7	0.4
Interest on lease liabilities	0.1	0.1	0.1	0.2
Sublease income	(0.7)	(1.1)	(1.3)	(2.1)
Total lease cost, net	$ 1.1	$ 1.5	$ 2.1	$ 3.1

14. Commitments and Contingencies

Legal Matters

We are subject to claims and a number of judicial and administrative proceedings considered normal in the course of our current and past operations, including employment-related disputes, contract disputes, disputes with our competitors, intellectual property disputes, government audits and proceedings, customer disputes, and tort claims. In some proceedings, the claimant seeks damages as well as other relief, which, if granted, would require substantial expenditures on our part.

Our general terms and conditions in customer contracts frequently include a provision indicating that we will indemnify and hold our customers harmless from and against any and all claims alleging that the services and materials furnished by us violate any third party's patent, trade secret, copyright or other intellectual property right. We are not aware of any material pending litigation concerning these indemnifications.

Some of these matters raise difficult and complex factual and legal issues and are subject to many uncertainties, including the facts and circumstances of each particular action, and the jurisdiction, forum, and law under which each action is proceeding. Because of these complexities, final disposition of some of these proceedings may not occur for several years. As such, we are not always able to estimate the amount of our possible future liabilities, if any.

There can be no certainty that we may not ultimately incur charges in excess of presently established or future financial accruals or insurance coverage. Although occasional adverse decisions or settlements may occur, it is management's opinion that the final disposition of these proceedings will not, considering the merits of the claims and available resources or reserves and insurance, and based upon the facts and circumstances currently known, have a material adverse effect on our financial position or results of operations.

15. Related Party Transactions

We provide Dayforce and related services to certain companies that are considered related parties. The revenue from these related parties was as follows:

Counter-Party	Related Persons Interest	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
		(Dollars in millions)			
FleetCor Technologies, Inc.	Shared board members. One board member is also the chief executive officer and the chairman of the counter-party's board	$ 0.2	$ 0.2	$ 0.3	$ 0.5
The Stronach Group	The brother of our chief executive officer ("CEO") was formerly the chief executive officer, and is currently a minority shareholder	—	0.1	0.1	0.1
Verve Senior Living	Our CEO and the brother of our CEO are currently minority shareholders	0.1	—	0.2	—
Fidelity National Financial, Inc.	Shared board members	0.2	0.1	0.2	0.1
Essex Technology Group, LLC	Portfolio company of Thomas H. Lee Partners, L.P. ("THL"), of which certain members of our board are managing directors	0.1	0.2	0.3	0.3
Guaranteed Rate, Inc.	Portfolio company of THL, of which certain members of our board are managing directors	0.4	0.1	0.9	0.3
HighTower Advisors, LLC	Portfolio company of THL, of which certain members of our board are managing directors. One board member also serves on the board of the counter-party	0.1	—	0.1	—
Ten-X, LLC	Portfolio company of THL, of which certain members of our board are managing directors	—	0.1	0.1	0.1
Philips Feed Services	Portfolio company of THL, of which certain members of our board are managing directors	0.1	0.1	0.1	0.1
The Dun and Bradstreet Corporation	Shared board members with Dun & Bradstreet Holdings, Inc., which owns the counter-party	*	—	*	—

*We have entered into a contract to provide Dayforce and related services to The Dun and Bradstreet Corporation.

We are party to service agreements with certain companies that are considered related parties. Payments made to the related parties were as follows:

Counter-Party	Related Persons Interest	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
		(Dollars in millions)			
The Dun and Bradstreet Corporation	Shared board members with Dun & Bradstreet Holdings, Inc., which owns the counter-party	$ 0.1	$ 0.4	$ 0.4	$ 0.4
Manulife Financial	Shared board members. Our President and Chief Operating Officer also serves as a director	$ 2.1	$ 1.9	$ 4.1	$ 3.8

16. Net Income (Loss) per Share

We compute net income (loss) per share of common stock using the treasury stock method. The basic and diluted net income (loss) per share computations were calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in millions, except share and per share data)			
Numerator:				
Net (loss) income	$ (25.8)	$ 5.5	$ (45.0)	$ 14.1
Denominator:				
Weighted-average shares outstanding - basic	149,293,833	145,593,019	149,006,538	145,119,172
Effect of dilutive equity instruments	—	5,851,882	—	6,201,921
Weighted-average shares outstanding - diluted	149,293,833	151,444,901	149,006,538	151,321,093
Net (loss) income per share - basic	$ (0.17)	$ 0.04	$ (0.30)	$ 0.10
Net (loss) income per share - diluted	$ (0.17)	$ 0.04	$ (0.30)	$ 0.09

The following potentially dilutive weighted-average shares were excluded from the calculation of diluted net income (loss) per share because their effect would have been anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Stock options	5,542,424	2,511,973	5,496,018	1,316,676
Restricted stock units	458,018	60,460	500,064	41,119
Performance stock units	729,104	—	667,903	—

The shares underlying the conversion option in the Notes were not considered in the calculation of diluted net income (loss) per share as the effect would have been anti-dilutive. Based on the initial conversion price, the entire outstanding principal amount of the Notes as of June 30, 2021 would have been convertible into approximately 4.3 million shares of our common stock. Since we expect to settle the principle amount of the Notes in cash, we use the treasury stock method for calculating any potential dilutive effect on diluted net income per share, if applicable. As a result, only the amount by which the conversion value exceeds the aggregate principal amount of the Notes (the “conversion spread”) is considered in the diluted earnings per share computation. The conversion spread has a dilutive impact on diluted net income per share when the average market price of our common stock for a given period exceeds the initial conversion price of $132.20 per share for the Notes. We excluded the potentially dilutive effect of the conversion spread of the Notes as the average market price of our common stock during the three and six months ended June 30, 2021 was less than the conversion price of the Notes. In connection with the issuance of the Notes, we entered into Capped Calls, which were not included for purposes of calculating the number of diluted shares outstanding, as their effect would have been anti-dilutive.

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

The following is a discussion and analysis of our financial condition and results of operations as of, and for, the periods presented. You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and notes thereto included elsewhere in this report and in conjunction with our audited consolidated financial statements and notes thereto for the year ended December 31, 2020, in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC") on February 26, 2021 (our "2020 Form 10-K"). This discussion and analysis contains forward-looking statements, including statements regarding industry outlook, our expectations for the future of our business, and our liquidity and capital resources as well as other non-historical statements. These statements are based on current expectations and are subject to numerous risks and uncertainties, including but not limited to the risks and uncertainties described in Part II, Item 1A, "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." Our actual results may differ materially from those contained in or implied by these forward-looking statements. Any reference to a "Note" in this discussion relates to the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this report unless otherwise indicated.

Overview

Ceridian is a global human capital management ("HCM") software company. We categorize our solutions into two categories: Cloud and Bureau solutions. Cloud revenue is generated from HCM solutions that are delivered via two cloud offerings: Dayforce, our flagship cloud HCM platform, and Powerpay, a cloud human resources ("HR") and payroll solution for the Canadian small business market. We also continue to support customers using our legacy North America Bureau solutions, which we generally stopped actively selling to new customers following the acquisition of Dayforce in 2012, and customers using our acquired Bureau solutions. We invest in maintenance and necessary updates to support our Bureau customers and continue to migrate them to Dayforce. Revenue from our Cloud and Bureau solutions include an allocation of investment income generated from holding customer funds before funds are remitted to taxing authorities, also referred to as float revenue or float.

Dayforce provides HR, payroll, benefits, workforce management, and talent management functionality. Our platform is used by organizations, regardless of industry or size, to optimize management of the entire employee lifecycle, including attracting, engaging, paying, deploying, and developing their people. Dayforce was built as a single application from the ground up that combines a modern, consumer-grade user experience with proprietary application architecture, including a single employee record and a rules engine spanning all areas of HCM. Dayforce provides continuous real-time calculations across all modules to enable, for example, payroll administrators access to data through the entire pay period, and managers access to real-time data to optimize work schedules. Our platform is designed to make work life better for our customers and their employees by improving HCM decision-making processes, streamlining workflows, revealing strategic organizational insights, and simplifying legislative compliance. The platform is designed to ease administrative work for both employees and managers, creating opportunities for companies to increase employee engagement. We are a founder-led organization, and our culture combines the agility and innovation of a start-up with a history of deep domain and operational expertise.

In the first half of 2020, we launched the Dayforce Wallet in the U.S. and followed that with the launch in Canada in 2021. The Dayforce Wallet gives our customers' employees greater control over their financial well-being by providing them with instant access to their earnings. This on-demand pay feature allows employees more choice over when they get paid by making any day payday. Dayforce Wallet enables workers to access their already-earned wages anytime during the pay period, net of taxes, withholdings and other payroll deductions. Leveraging Dayforce's continuous pay calculations, Dayforce Wallet processes a same-day payroll each time a worker requests their pay. The solution is compliant with federal, state, and local remittances and requires no changes to employers' payroll processing including the funding, timing, and close-out of pay. The on-demand wages are loaded onto a paycard, which customers' employees can use anywhere credit or debit cards are accepted, generating interchange fee revenue.

We sell Dayforce through our direct sales force on a subscription per-employee, per-month ("PEPM") basis. Our subscriptions are typically structured with an initial fixed term of between three and five years, with evergreen renewal thereafter. Dayforce can serve customers of all sizes, ranging from 100 to over 100,000 employees. We have rapidly grown the Dayforce platform to 5,164 live Dayforce customers as of June 30, 2021. For the three and six months ended June 30, 2021, we added 125 and 258 net new live Dayforce customers, respectively.

Our Business Model

Our business model focuses on supporting the rapid growth of Dayforce and maximizing the lifetime value of our Dayforce customer relationships. Due to our subscription model, where we recognize subscription revenues ratably over the term of the subscription period, and high customer retention rates, we have historically had a high level of visibility into our future revenues. The profitability of a customer depends, in large part, on how long they have been a customer. We estimate that it takes approximately two years before we are able to recover our implementation, customer acquisition, and other direct costs on a new Dayforce customer contract.

Over the lifetime of the customer relationship, we have the opportunity to realize additional PEPM revenue, both as the customer grows or rolls out the Dayforce solution to additional employees, and also by selling additional functionality to existing customers that do not currently utilize our full platform. We also incur costs to manage the account, to retain customers, and to sell additional functionality. These costs, however, are significantly less than the costs initially incurred to acquire and to implement the customer.

COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) to be a pandemic. The global spread of the COVID-19 pandemic has continued to create global volatility, uncertainty, and economic disruption. We have experienced and may continue to experience curtailed customer demand, primarily as a result of declining employment levels at our customers in certain sectors, such as retail and hospitality, as well as lower customer utilization of professional services, due to the effects of the COVID-19 pandemic. Additionally, the federal funds rate cuts by the U.S. Federal Reserve and the overnight rate target by the Bank of Canada have had and will continue to have negative effects on our float revenue. The broader implications of the pandemic on our results of operations and overall financial performance remain uncertain. Please refer to the "Results of Operations" section below for further discussion of the financial impacts of the COVID-19 pandemic during the three and six months ended June 30, 2021.

Recent Events

On April 30, 2021, we acquired 100% of the outstanding shares of O5 Systems, Inc. dba Ideal ("Ideal"), a talent intelligence software provider based in Toronto, Ontario for $41.3 million. The financial results of Ideal have been included in our consolidated results of operations from the acquisition date forward and are classified as a Cloud solution based on nature of services provided.

On March 1, 2021, we completed the purchase of 100% of the outstanding shares of Ascender HCM Pty Ltd ("Ascender"), a payroll and HR solutions provider in the Asia Pacific Japan region, for $359.6 million. The financial results of Ascender have been included in our consolidated results of operations from the acquisition date forward and are classified within both Cloud and Bureau solutions based on nature of services provided.

In March 2021, we issued $575.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due 2026 (the "Notes"), including the exercise in full by the initial purchasers of the Notes of their option to purchase an additional $75.0 million principal amount of the Notes.

On May 29, 2020, we completed the purchase of 100% of the outstanding shares of Excelity Global Solutions Pte. Ltd. ("Excelity") for $77.2 million. Excelity is a payroll and HR solutions provider in the Asia Pacific region.

How We Assess Our Performance

In assessing our performance, we consider a variety of performance indicators in addition to revenue and net income. Set forth below is a description of our key performance measures.

Live Dayforce Customers

We use the number of customers live on Dayforce as an indicator of future revenue and the overall performance of the business and to assess the performance of our implementation services. We had 5,164 customers live on Dayforce as of June 30, 2021, compared to 4,603 customers live on Dayforce as of June 30, 2020.

Constant Currency Revenue

We present revenue on a constant currency basis to assess how our underlying business performed, excluding the effect of foreign currency rate fluctuations. We believe this non-GAAP financial measure is useful to management and investors. We have calculated revenue on a constant currency basis by applying the average foreign exchange rate in effect during the comparable prior period. The average U.S. dollar to Canadian dollar foreign exchange rate was $1.23, with a daily range of $1.20 to$1.26, for the three months ended June 30, 2021, compared to $1.39, with a daily range of $1.34 to $1.42 for the three months ended June 30, 2020. As of June 30, 2021, the U.S. dollar to Canadian dollar foreign exchange rate was $1.24.

Adjusted EBITDA and Adjusted EBITDA margin

We believe that Adjusted EBITDA and Adjusted EBITDA margin, non-GAAP financial measures, are useful to management and investors as supplemental measures to evaluate our overall operating performance. Adjusted EBITDA and Adjusted EBITDA margin are components of our management incentive plan and are used by management to assess performance and to compare our operating performance to our competitors. We define Adjusted EBITDA as net income or loss before interest, taxes, depreciation, and amortization, as adjusted to exclude foreign exchange gain (loss), share-based compensation expense and related employer taxes, severance charges, restructuring consulting fees, and certain other non-recurring charges. Adjusted EBITDA margin is determined by calculating the percentage that Adjusted EBITDA is of total revenue. Management believes that Adjusted EBITDA and Adjusted EBITDA margin are helpful in highlighting management performance trends because Adjusted EBITDA and Adjusted EBITDA margin exclude the results of decisions that are outside the normal course of our business operations. Please refer to the “Results of Operations” section below for a discussion of Adjusted EBITDA and Adjusted EBITDA margin.

Results of Operations

Three Months Ended June 30, 2021 Compared With Three Months Ended June 30, 2020

	Three Months Ended June 30,		Increase/ (Decrease)		% of Revenue	
	2021	2020	Amount	%	2021	2020
	(Dollars in millions)					
Revenue:						
Recurring						
Cloud	$ 171.1	$ 134.7	$ 36.4	27.0%	68.3%	69.9%
Bureau	37.0	24.4	12.6	51.6%	14.8%	12.7%
Total recurring	208.1	159.1	49.0	30.8%	83.1%	82.6%
Professional services and other	42.3	33.5	8.8	26.3%	16.9%	17.4%
Total revenue	250.4	192.6	57.8	30.0%	100.0%	100.0%
Cost of revenue:						
Recurring						
Cloud	47.9	39.4	8.5	21.6%	19.1%	20.5%
Bureau	17.5	9.9	7.6	76.8%	7.0%	5.1%
Total recurring	65.4	49.3	16.1	32.7%	26.1%	25.6%
Professional services and other	47.3	37.9	9.4	24.8%	18.9%	19.7%
Product development and management	31.8	17.0	14.8	87.1%	12.7%	8.8%
Depreciation and amortization	13.8	9.8	4.0	40.8%	5.5%	5.1%
Total cost of revenue	158.3	114.0	44.3	38.9%	63.2%	59.2%
Gross profit	92.1	78.6	13.5	17.2%	36.8%	40.8%
Selling, general, and administrative	111.8	74.6	37.2	49.9%	44.6%	38.7%
Operating (loss) profit	(19.7)	4.0	(23.7)	(592.5)%	(7.9)%	2.1%
Interest expense, net	9.9	6.6	3.3	50.0%	4.0%	3.4%
Other expense, net	8.2	0.3	7.9	2633.3%	3.3%	0.2%
Loss before income taxes	(37.8)	(2.9)	(34.9)	(1203.4)%	(15.1)%	(1.5)%
Income tax benefit	(12.0)	(8.4)	(3.6)	(42.9)%	(4.8)%	(4.4)%
Net (loss) income	$ (25.8)	$ 5.5	$ (31.3)	(569.1)%	(10.3)%	2.9%
Adjusted EBITDA (a)	$ 39.9	$ 37.5	$ 2.4	6.4%	15.9%	19.5%
Adjusted EBITDA margin (a)	15.9%	19.5%	(3.6)%	(18.5)%		

(a) Please refer to the “Non-GAAP Measures” section for a discussion and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin, non-GAAP financial measures.

Revenue. The following table sets forth certain information regarding our revenues for the periods presented:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Percentage change in revenue as reported 2021 vs. 2020	Impact of changes in foreign currency (a)	Percentage change in revenue on constant currency basis (a) 2021 vs. 2020
	(Dollars in millions)				
Revenue:					
Dayforce recurring, excluding float	$ 143.1	$ 110.2	29.9%	3.3%	26.6%
Dayforce float	7.5	8.3	(9.6)%	3.7%	(13.3)%
Total Dayforce recurring	150.6	118.5	27.1%	3.3%	23.8%
Powerpay recurring, excluding float	18.5	14.4	28.5%	14.6%	13.9%
Powerpay float	2.0	1.8	11.1%	11.1%	(—)%
Total Powerpay recurring	20.5	16.2	26.5%	14.2%	12.3%
Total Cloud recurring	171.1	134.7	27.0%	4.6%	22.4%
Dayforce professional services and other	38.0	33.0	15.2%	4.0%	11.2%
Powerpay professional services and other	0.3	0.2	50.0%	(—)%	50.0%
Total Cloud professional services and other	38.3	33.2	15.4%	4.0%	11.4%
Total Cloud revenue	209.4	167.9	24.7%	4.4%	20.3%
Bureau recurring, excluding float	36.1	23.0	57.0%	2.2%	54.8%
Bureau float	0.9	1.4	(35.7)%	7.2%	(42.9)%
Total Bureau recurring	37.0	24.4	51.6%	2.4%	49.2%
Bureau professional services and other	4.0	0.3	1,233.3%	(—)%	1,233.3%
Total Bureau revenue	41.0	24.7	66.0%	2.4%	63.6%
Total revenue	$ 250.4	$ 192.6	30.0%	4.2%	25.8%
Dayforce	$ 188.6	$ 151.5	24.5%	3.4%	21.1%
Powerpay	20.8	16.4	26.8%	14.0%	12.8%
Total Cloud revenue	$ 209.4	$ 167.9	24.7%	4.4%	20.3%
Dayforce, excluding float	$ 181.1	$ 143.2	26.5%	3.5%	23.0%
Powerpay, excluding float	18.8	14.6	28.8%	14.4%	14.4%
Cloud revenue, excluding float	199.9	157.8	26.7%	4.5%	22.2%
Cloud float	9.5	10.1	(5.9)%	5.0%	(10.9)%
Total Cloud revenue	$ 209.4	$ 167.9	24.7%	4.4%	20.3%

(a) We have calculated revenue on a constant currency basis by applying the average foreign exchange rate in effect during the comparable prior period.

The COVID-19 pandemic has had an adverse impact on our revenue streams during the three months ended June 30, 2021, primarily in the form of lower employment levels at our customers, lower float revenue resulting from reductions in the U.S. Federal Reserve federal funds rate and the Bank of Canada overnight rate target, lower average float balances for our customer funds, and lower demand for professional services, among other effects. We estimate the impact of lower employment levels at our customers was an approximately $7.5 million decline to our revenue for the three months ended June 30, 2021, of which approximately $6 million was related to Dayforce and approximately $1.5 million was related to Powerpay.

Total revenue increased $57.8 million, or 30.0%, to $250.4 million for the three months ended June 30, 2021, compared to $192.6 million for the three months ended June 30, 2020. This increase was primarily attributable to an increase in Cloud revenue of $41.5 million, or 24.7%, from $167.9 million for the three months ended June 30, 2020, to $209.4 million for the three months ended June 30, 2021. Bureau revenue increased $16.3 million, which included $16.8 million of Ascender revenue and $7.2 million of Excelity revenue for the three months ended June 30, 2021. The Cloud revenue increase was driven by an increase of $36.4 million, or 27.0%, in Cloud recurring revenue and an increase of $5.1 million, or 15.4%, in Cloud professional services and other revenue.

Excluding float revenue and on a constant currency basis, total revenue grew 28.4%, reflecting an 22.2% increase in Cloud revenue and a 70.0% increase in Bureau revenue. Excluding float revenue and on a constant currency basis, Cloud revenue growth reflected a 25.1% increase in Cloud recurring revenue and a 11.4% increase in Cloud professional services and other revenue.

Dayforce revenue increased 24.5%, and Powerpay revenue increased 26.8% for the three months ended June 30, 2021, as compared to the three months ended June 30, 2020. For the three months ended June 30, 2021, Ascender revenue included within Dayforce revenue was $6.1 million. Excluding float revenue and on a constant currency basis, Dayforce revenue increased 23.0%, reflecting a 26.6% increase in Dayforce recurring revenue and an 11.2% increase in Dayforce professional services and other revenue. Excluding float revenue and on a constant currency basis, Powerpay revenue increased 14.4%.

Float revenue included in recurring revenue was $10.4 million and $11.5 million for the three months ended June 30, 2021, and 2020, respectively. Float revenue associated with Cloud revenue was $9.5 million and $10.1 million for the three months ended June 30, 2021, and 2020, respectively. The average float balance for our customer funds for the three months ended June 30, 2021, was $3,771.0 million, compared to $2,976.6 million for the three months ended June 30, 2020, an increase of 26.7%. On a constant currency basis, the average float balance for our customer funds for the three months ended June 30, 2021, increased 21.4% compared to the three months ended June 30, 2020. The average yield was 1.11% during the three months ended June 30, 2021, a decline of 44 basis points compared to the average yield during the three months ended June 30, 2020. For the three months ended June 30, 2021, approximately 37% of our average float balance consisted of international customer funds, compared to approximately 34% for the three months ended June 30, 2020.

Cost of revenue. Total cost of revenue for the three months ended June 30, 2021, was $158.3 million, an increase of $44.3 million, or 38.9%, compared to the three months ended June 30, 2020. Recurring cost of revenue for the three months ended June 30, 2021, increased $16.1 million, or 32.7%, compared with the three months ended June 30, 2020, primarily due to additional costs related to global expansion, including Ascender costs classified among both Cloud and Bureau and Excelity costs classified as Bureau, and costs to support the growing Dayforce customer base. Professional services and other cost of revenue increased $9.4 million, or 24.8%, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020, primarily due to additional costs incurred to take new customers live.

Product development and management expense increased $14.8 million for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase reflects additional personnel costs and Dayforce product development efforts as well as additional share-based compensation and severance costs. For the three months ended June 30, 2021, and 2020, our investment in software development was $33.1 million and $17.0 million, respectively, consisting of $18.8 million and $7.6 million, of research and development expense, which is included within product development and management expense, and $14.3 million and $9.4 million in capitalized software development costs, respectively.

Depreciation and amortization expense associated with cost of revenue increased by $4.0 million for the three months ended June 30, 2021, compared to the three months ended June 30, 2020, as we continue to capitalize Dayforce related and other development costs and subsequently to amortize these costs.

Gross profit. The following table presents total gross margin and solution gross margins for the periods presented:

	Three Months Ended June 30,	
	2021	2020
Total gross margin	36.8%	40.8%
Gross margin by solution:		
Cloud recurring	72.0%	70.7%
Bureau recurring	52.7%	59.4%
Professional services and other	(11.8)%	(13.1)%

Total gross margin is defined as total gross profit as a percentage of total revenue, inclusive of product development and management costs, as well as depreciation and amortization associated with cost of revenue. Gross margin for each solution in the table above is defined as total revenue less cost of revenue for the applicable solution as a percentage of total revenue for that related solution, exclusive of any product development and management or depreciation and amortization cost allocations.

Total gross margin for the three months ended June 30, 2021, declined 400 basis points compared to total gross margin for the three months ended June 30, 2020, and gross profit increased by $13.5 million, or 17.2% as we continued developing and expanding our service offerings.

Cloud recurring gross margin was 72.0% for the three months ended June 30, 2021, compared to 70.7% for the three months ended June 30, 2020. Excluding float revenue, Cloud recurring gross margin improved 200 basis points for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. The increase in Cloud recurring gross margin, excluding float revenue, reflects an increase in the proportion of Dayforce customers live for more than two years, which increased from 72% as of June 30, 2020, to 78% as of June 30, 2021, and was also attributable to consistent configuration that has enabled us to continue to realize economies of scale in hosting and customer support. Bureau recurring gross margin declined from 59.4% for the three months ended June 30, 2020, to 52.7% for the three months ended June 30, 2021, reflecting lower associated float revenue and a higher proportion of customer support costs to support the end-of-life of our legacy Bureau payroll products, as well as lower margins on acquired Bureau products for Excelity and Ascender. Professional services and other gross margin was (11.8)% for the three months ended June 30, 2021, compared to (13.1)% for the three months ended June 30, 2020, reflecting continued productivity improvements in implementing new customers.

Selling, general, and administrative expense. Selling, general, and administrative expense increased $37.2 million for the three months ended June 30, 2021, compared to the three months ended June 30, 2020. Excluding the impact of share-based compensation and related employer taxes, restructuring consulting fees, severance expense, and certain other non-recurring charges; selling, general, and administrative expenses would have increased by $29.1 million. This adjusted increase reflects an increase of $14.7 million in general and administrative expense and $14.4 million in sales and marketing expense, both of which are primarily driven by employee-related costs. The increase in sales and marketing expense aligns with our growth initiatives. The increase in general and administrative expense is also driven by an increase in amortization expense associated with the intangible assets recognized in relation to our recent acquisitions. Please refer to the "Non-GAAP Measures" section for additional information on the excluded items.

Interest expense, net. Interest expense, net was $9.9 million and $6.6 million for the three months ended June 30, 2021, and 2020, respectively. The increase was primarily due to the interest on our convertible debt.

Other expense, net. For the three months ended June 30, 2021, and 2020, we incurred other expense, net of $8.2 million and $0.3 million, respectively. Other expense, net was primarily comprised of $4.8 million of foreign currency translation loss and $2.2 million of net periodic pension expense for the three months ended June 30, 2021. For the three months ended June 30, 2020, other expense, net was primarily comprised of $0.9 million of net periodic pension expense and $0.6 million of foreign currency translation gain.

Income tax benefit. For the three months ended June 30, 2021, and 2020, we recorded income tax benefit of $12.0 million and $8.4 million, respectively. The $3.6 million increase in income tax benefit was primarily due to the $7.4 million tax benefit from current operations and a $6.3 million tax benefit attributable to U.S. state tax, partially offset by a $3.8 million tax expense increase attributable to the international tax rate differential, a $3.6 million increase attributed to the base erosion anti-abuse tax ("BEAT") in the U.S, and other tax expense increase items of $2.6 million

Net (loss) income. We realized net loss of $25.8 million for the three months ended June 30, 2021, compared to net income of $5.5 million for the three months ended June 30, 2020.

Adjusted EBITDA. Adjusted EBITDA increased by $2.4 million to $39.9 million, for the three months ended June 30, 2021, compared to the three months ended June 30, 2020, and Adjusted EBITDA margin was 15.9% for the three months ended June 30, 2021, compared with Adjusted EBITDA margin of 19.5% for the three months ended June 30, 2020. Please refer to the "Non-GAAP Measures" section for additional information on the excluded items.

Six Months Ended June 30, 2021 Compared With Six Months Ended June 30, 2020

	Six Months Ended June 30,		Increase/ (Decrease)		% of Revenue	
	2021	2020	Amount	%	2021	2020
	(Dollars in millions)					
Revenue:						
Recurring						
Cloud	$ 336.7	$ 284.6	$ 52.1	18.3%	69.4%	68.5%
Bureau	67.4	56.0	11.4	20.4%	13.9%	13.5%
Total recurring	404.1	340.6	63.5	18.6%	83.3%	82.0%
Professional services and other	80.8	74.7	6.1	8.2%	16.7%	18.0%
Total revenue	484.9	415.3	69.6	16.8%	100.0%	100.0%
Cost of revenue:						
Recurring						
Cloud	94.0	80.4	13.6	16.9%	19.4%	19.4%
Bureau	31.1	21.1	10.0	47.4%	6.4%	5.1%
Total recurring	125.1	101.5	23.6	23.3%	25.8%	24.4%
Professional services and other	92.0	80.5	11.5	14.3%	19.0%	19.4%
Product development and management	57.6	34.6	23.0	66.5%	11.9%	8.3%
Depreciation and amortization	24.9	19.6	5.3	27.0%	5.1%	4.7%
Total cost of revenue	299.6	236.2	63.4	26.8%	61.8%	56.9%
Gross profit	185.3	179.1	6.2	3.5%	38.2%	43.1%
Selling, general, and administrative	207.4	148.8	58.6	39.4%	42.8%	35.8%
Operating (loss) profit	(22.1)	30.3	(52.4)	(172.9)%	(4.6)%	7.3%
Interest expense, net	15.5	13.5	2.0	14.8%	3.2%	3.3%
Other expense, net	12.8	2.9	9.9	341.4%	2.6%	0.7%
(Loss) income before income taxes	(50.4)	13.9	(64.3)	(462.6)%	(10.4)%	3.3%
Income tax benefit	(5.4)	(0.2)	(5.2)	2600.0%	(1.1)%	(0.0)%
Net (loss) income	$ (45.0)	$ 14.1	$ (59.1)	(419.1)%	(9.3)%	3.4%
Adjusted EBITDA (a)	$ 84.4	$ 92.7	$ (8.3)	(9.0)%	17.4%	22.3%
Adjusted EBITDA margin (a)	17.4%	22.3%	(4.9)%	(21.9)%		

(a) Please refer to the "Non-GAAP Measures" section for a discussion and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin, non-GAAP financial measures.

Revenue. The following table sets forth certain information regarding our revenues for the periods presented:

	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020	Percentage change in revenue as reported 2021 vs. 2020	Impact of changes in foreign currency (a)	Percentage change in revenue on constant currency basis (a) 2021 vs. 2020
	(Dollars in millions)				
Revenue:					
Dayforce recurring, excluding float	$ 280.7	$ 224.2	25.2%	2.4%	22.8%
Dayforce float	15.2	22.4	(32.1)%	1.8%	(33.9)%
Total Dayforce recurring	295.9	246.6	20.0%	2.3%	17.7%
Powerpay recurring, excluding float	36.9	33.4	10.5%	9.3%	1.2%
Powerpay float	3.9	4.6	(15.2)%	6.5%	(21.7)%
Total Powerpay recurring	40.8	38.0	7.4%	9.0%	(1.6)%
Total Cloud recurring	336.7	284.6	18.3%	3.2%	15.1%
Dayforce professional services and other	74.8	73.7	1.5%	3.0%	(1.5)%
Powerpay professional services and other	0.6	0.5	20.0%	20.0%	(—)%
Total Cloud professional services and other	75.4	74.2	1.6%	3.1%	(1.5)%
Total Cloud revenue	412.1	358.8	14.9%	3.2%	11.7%
Bureau recurring, excluding float	65.4	51.9	26.0%	1.7%	24.3%
Bureau float	2.0	4.1	(51.2)%	2.5%	(53.7)%
Total Bureau recurring	67.4	56.0	20.4%	1.8%	18.6%
Bureau professional services and other	5.4	0.5	980.0%	(—)%	980.0%
Total Bureau revenue	72.8	56.5	28.8%	1.7%	27.1%
Total revenue	$ 484.9	$ 415.3	16.8%	3.0%	13.8%
Dayforce	$ 370.7	$ 320.3	15.7%	2.4%	13.3%
Powerpay	41.4	38.5	7.5%	9.1%	(1.6)%
Total Cloud revenue	$ 412.1	$ 358.8	14.9%	3.2%	11.7%
Dayforce, excluding float	$ 355.5	$ 297.9	19.3%	2.5%	16.8%
Powerpay, excluding float	37.5	33.9	10.6%	9.4%	1.2%
Cloud revenue, excluding float	393.0	331.8	18.4%	3.2%	15.2%
Cloud float	19.1	27.0	(29.3)%	2.6%	(31.9)%
Total Cloud revenue	$ 412.1	$ 358.8	14.9%	3.2%	11.7%

(a) We have calculated revenue on a constant currency basis by applying the average foreign exchange rate in effect during the comparable prior period.

The COVID-19 pandemic has had an adverse impact on our revenue streams during the six months ended June 30, 2021, primarily in the form of lower employment levels at our customers, lower float revenue resulting from reductions in the U.S. Federal Reserve federal funds rate and the Bank of Canada overnight rate target, lower average float balances for our customer funds, and lower demand for professional services, among other effects. We estimate the impact of lower employment levels at our customers was an approximately $15 million decline to our revenue for the six months ended June 30, 2021, of which approximately $12 million was related to Dayforce and approximately $3 million was related to Powerpay.

Total revenue increased $69.6 million, or 16.8%, to $484.9 million for the six months ended June 30, 2021, compared to $415.3 million for the six months ended June 30, 2020. This increase was primarily attributable to an increase in Cloud revenue of $53.3 million, or 14.9%, from $358.8 million for the six months ended June 30, 2020, to $412.1 million for the six months ended June 30, 2021. Bureau revenue increased $16.3 million, which included $21.4 million of Ascender revenue and $14.3 million of Excelity revenue for the six months ended June 30, 2021. The Cloud revenue increase was driven by an increase of $52.1 million, or 18.3%, in Cloud recurring revenue and an increase of $1.2 million, or 1.6%, in Cloud professional services and other revenue.

Excluding float revenue and on a constant currency basis, total revenue grew 17.7%, reflecting a 15.2% increase in Cloud revenue and a 33.4% increase in Bureau revenue. Excluding float revenue and on a constant currency basis, Cloud revenue growth reflected a 20.0% increase in Cloud recurring revenue and a 1.5% decline in Cloud professional services and other revenue.

Dayforce revenue increased 15.7%, and Powerpay revenue increased 7.5% for the six months ended June 30, 2021, as compared to the six months ended June 30, 2020. For the six months ended June 30, 2021, Ascender revenue included within Dayforce revenue was $8.2 million. Excluding float revenue and on a constant currency basis, Dayforce revenue increased 16.8%, reflecting a 22.8% increase in Dayforce recurring revenue partially offset by an 1.5% decline in Dayforce professional services and other revenue. Excluding float revenue and on a constant currency basis, Powerpay revenue increased 1.2%.

Float revenue included in recurring revenue was $21.1 million and $31.1 million for the six months ended June 30, 2021, and 2020, respectively. Float revenue associated with Cloud revenue was $19.1 million and $27.0 million for the six months ended June 30, 2021, and 2020, respectively. The average float balance for our customer funds for the six months ended June 30, 2021, was $4,049.7 million, compared to $3,535.0 million for the six months ended June 30, 2020, an increase of 14.6%. On a constant currency basis, the average float balance for our customer funds for the six months ended June 30, 2021, increased 11.5% compared to the six months ended June 30, 2020. The average yield was 1.06% during the six months ended June 30, 2021, a decline of 71 basis points compared to the average yield during the six months ended June 30, 2020. For the six months ended June 30, 2021, approximately 34% of our average float balance consisted of international customer funds, compared to approximately 32% for the six months ended June 30, 2020.

Cost of revenue. Total cost of revenue for the six months ended June 30, 2021, was $299.6 million, an increase of $63.4 million, or 26.8%, compared to the six months ended June 30, 2020. Recurring cost of revenue for the six months ended June 30, 2021, increased $23.6 million, or 23.3%, compared with the six months ended June 30, 2020, primarily due to additional costs related to global expansion, including Ascender costs classified among both Cloud and Bureau and Excelity costs classified as Bureau, and costs to support the growing Dayforce customer base. Professional services and other cost of revenue increased $11.5 million, or 14.3%, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020, primarily due to additional costs incurred to take new customers live.

Product development and management expense increased $23.0 million for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase reflects additional personnel costs and Dayforce product development efforts that are not eligible for capitalization and additional share-based compensation and severance costs. For the six months ended June 30, 2021, and 2020, our investment in software development was $59.3 million and $34.2 million, respectively, consisting of $34.0 million and $15.7 million, of research and development expense, which is included within product development and management expense, and $25.3 million and $18.5 million in capitalized software development costs, respectively.

Depreciation and amortization expense associated with cost of revenue increased by $5.3 million for the six months ended June 30, 2021, compared to the six months ended June 30, 2020, as we continue to capitalize Dayforce related and other development costs and subsequently to amortize these costs.

Gross profit. The following table presents total gross margin and solution gross margins for the periods presented:

	Six Months Ended June 30,	
	2021	**2020**
Total gross margin	38.2%	43.1%
Gross margin by solution:		
Cloud recurring	72.1%	71.7%
Bureau recurring	53.9%	62.3%
Professional services and other	(13.9)%	(7.8)%

Total gross margin is defined as total gross profit as a percentage of total revenue, inclusive of product development and management costs, as well as depreciation and amortization associated with cost of revenue. Gross margin for each solution in the table above is defined as total revenue less cost of revenue for the applicable solution as a percentage of total revenue for that related solution, exclusive of any product development and management or depreciation and amortization cost allocations.

Total gross margin for the six months ended June 30, 2021, declined 490 basis points compared to total gross margin for the six months ended June 30, 2020, and gross profit increased by $6.2 million, or 3.5% as we continued to leverage our investment in people and processes, while also developing and expanding our service offerings.

Cloud recurring gross margin was 72.1% for the six months ended June 30, 2021, compared to 71.7% for the six months ended June 30, 2020. Excluding float revenue, Cloud recurring gross margin improved by 160 basis points for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. The increase in Cloud recurring gross margin, excluding float revenue, reflects an increase in the proportion of Dayforce customers live for more than two years, which increased from 72% as of June 30, 2020, to 78% as of June 30, 2021, and was also attributable to consistent configuration that has enabled us to continue to realize economies of scale in hosting and customer support. Bureau recurring gross margin declined from 62.3% for the six months ended June 30, 2020, to 53.9% for the six months ended June 30, 2021, reflecting lower associated float revenue and a higher proportion of customer support costs to support the end-of-life process of our legacy Bureau payroll products, as well as lower margins on acquired Bureau products for Excelity and Ascender. Professional services and other gross margin was (13.9)% for the six months ended June 30, 2021, compared to (7.8)% for the six months ended June 30, 2020, reflecting additional costs incurred to take new customers live as well as expansion of our international implementation.

Selling, general, and administrative expense. Selling, general, and administrative expense increased $58.6 million for the six months ended June 30, 2021, compared to the six months ended June 30, 2020. Excluding the impact of share-based compensation and related employer taxes, restructuring consulting fees, severance expense, and certain other non-recurring charges; selling, general, and administrative expenses would have increased by $39.3 million. This adjusted increase reflects an increase of $20.1 million in general and administrative expense and $19.2 million in sales and marketing, both of which are primarily driven by employee-related costs. The increase in sales and marketing expense aligns with our growth initiatives. The increase in general and administrative expense is also driven by an increase in amortization expense associated with the intangible assets recognized in relation to our recent acquisitions. Please refer to the "Non-GAAP Measures" section for additional information on the excluded items.

Interest expense, net. Interest expense, net was $15.5 million and $13.5 million for the six months ended June 30, 2021, and 2020, respectively. The increase was primarily due to interest on our convertible debt.

Other expense, net. For the six months ended June 30, 2021, and 2020, we incurred other expense, net of $12.8 million and $2.9 million, respectively. Other expense, net was primarily comprised of $6.7 million of foreign currency translation loss and $4.4 million of net periodic pension expense for the six months ended June 30, 2021. For the six months ended June 30, 2020, other expense, net was primarily comprised of $1.7 million of net periodic pension expense and $1.2 million of foreign currency translation loss.

Income tax benefit. For the six months ended June 30, 2021, and 2020, we recorded income tax benefit of $5.4 million and $0.2 million, respectively. The $5.2 million increase in income tax benefit was primarily due to the $13.5 million tax benefit from current operations and a $5.8 million tax benefit attributable to U.S. state tax, partially offset by a $6.2 million tax expense increase attributable to non-deductible share-based compensation, a $6.2 million tax expense increase attributed to the base erosion anti-abuse tax ("BEAT") in the U.S., and other tax expense increase items of $1.8 million.

Net (loss) income. We realized net loss of $45.0 million for the six months ended June 30, 2021, compared to net income of $14.1 million for the six months ended June 30, 2020.

Adjusted EBITDA. Adjusted EBITDA declined by $8.3 million to $84.4 million, for the six months ended June 30, 2021, compared to the six months ended June 30, 2020, and Adjusted EBITDA margin was 17.4% for the six months ended June 30, 2021, compared with Adjusted EBITDA margin of 22.3% for the six months ended June 30, 2020. Please refer to the "Non-GAAP Measures" section for additional information on the excluded items.

Liquidity and Capital Resources

Our primary sources of liquidity are our existing cash and equivalents, cash provided by operating activities, availability under our Revolving Credit Facility, and proceeds from debt issuances and equity offerings. As of June 30, 2021, we had cash and equivalents of $335.2 million and our total debt balance was $1,246.5 million.

On March 5, 2021, we completed the private offering of $500.0 million Notes, and on March 16, 2021, the initial purchasers exercised their full option to purchase an additional $75.0 million Notes, resulting in an aggregate principal amount of $575.0 million. The total net proceeds from the offering, after deducting initial purchase discounts and issuance costs, were $561.8 million. In connection with the Notes, we entered into capped call transactions which are expected to reduce the potential dilution of our common stock upon any conversion of the Notes and/or offset any cash payments we could be required to make in excess of the principal amount of converted Notes. We used an aggregate amount of $45.0 million of the net proceeds of the Notes to purchase the capped calls. Please refer to Note 7, "Debt," to our condensed consolidated financial statements for further information on our Notes, and the related indenture. We used the remainder of the net proceeds from the offering (i) to repay $295.0 million principal amount under the Revolving Credit Facility and pay related accrued interest and (ii) for general corporate purposes, which may include potential investments in businesses or acquisitions of companies that we may identify in the future.

On February 19, 2020, we completed the first amendment to the Senior Secured Credit Facility, in which the Term Debt interest rate was reduced from LIBOR plus 3.00% to LIBOR plus 2.50%. Further, the interest rate trigger under the applicable rating by Moody's Investor Service was removed by the first amendment. Please refer to Note 7, "Debt," to our condensed consolidated financial statements for further information on our Senior Secured Credit Facility.

On April 2, 2020, in light of the current uncertainty in the global capital markets resulting from the COVID-19 pandemic, Ceridian elected to borrow $295.0 million under the 2018 Revolving Credit Facility as a precautionary measure to increase our cash position and to preserve financial flexibility. We repaid the $295.0 million draw on December 8, 2020.

Our primary liquidity needs are related to funding of general business requirements, including the payment of interest and principal on our debt, capital expenditures, and product development. As of June 30, 2021, we held $2.0 million of restricted cash as collateral for bank guarantees. The bank guarantees provide financial assurance that we will fulfill certain lease obligations. The cash is restricted as to withdrawal or use while the related bank guarantee is outstanding.

We believe that our cash flow from operations, available cash and equivalents, and availability under our revolving credit facility will be sufficient to meet our liquidity needs for the foreseeable future. We anticipate that to the extent that we require additional liquidity, it will be funded through the issuance of equity, the incurrence of additional indebtedness, or a combination thereof. We cannot assure you that we will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and to 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 assure you that our business will generate sufficient cash flow 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, which would result in additional expenses or dilution.

Our customer funds are held and invested with the primary objectives being to protect the principal balance and to ensure adequate liquidity to meet cash flow requirements. In accordance with these objectives, we maintain approximately 55% of customer funds in liquidity portfolios with maturities ranging from one to 120 days, consisting of high-quality bank deposits, money market mutual funds, commercial paper, collateralized short-term investments or government securities; and we maintain approximately 45% of customer funds in fixed income portfolios with maturities ranging from 120 days to 10 years, consisting of government securities, as well as highly rated asset-backed, mortgage-backed, corporate, and bank securities. To maintain sufficient liquidity to meet payment obligations, we also have financing arrangements and may pledge fixed income securities for short-term financing. The customer assets are held in segregated accounts intended for the specific purpose of satisfying client fund obligations and therefore are not freely available for our general business use.

Statements of Cash Flows

Changes in cash flows due to purchases of customer fund marketable securities and proceeds from the sale or maturity of customer fund marketable securities, as well as the carrying value of customer fund accounts as of period end dates can vary significantly due to several factors, including the specific day of the week the period ends, which impacts the timing of funds collected from customers and payments made to satisfy customer obligations to employees, taxing authorities, and others. The customer funds are fully segregated from our operating cash accounts and are evaluated and tracked separately by management. Therefore, we have provided the table below excluding the cash flows and restricted cash and equivalents held within our customer funds to provide supplemental information regarding the cash flows related to our core business.

	Six Months Ended June 30,	
	2021	2020
	(Dollars in millions)	
Net cash provided by operating activities, excluding customer funds	$ 23.1	$ 12.7
Net cash used in investing activities, excluding customer funds	(423.8)	(100.3)
Net cash provided by financing activities, excluding customer funds	548.5	341.1
Effect of exchange rate changes on cash and equivalents	1.2	(7.9)
Net increase in cash and equivalents and restricted cash, excluding customer funds	149.0	245.6
Cash and equivalents and restricted cash, excluding customer funds at beginning of period	188.2	281.3
Cash and equivalents and restricted cash, excluding customer funds at end of period	337.2	526.9
Net customer funds restricted cash provided by operating activities	—	11.2
Net customer funds restricted cash provided by investing activities	14.3	201.5
Net customer funds restricted cash used in financing activities	(566.1)	(571.4)
Effect of exchange rate changes on restricted cash and equivalents	5.5	(4.5)
Net decrease in restricted cash and equivalents including customer funds	(546.3)	(363.2)
Restricted cash and equivalents included in customer funds at beginning of period	2,040.3	1,377.3
Restricted cash and equivalents included in customer funds at end of period	1,494.0	1,014.1
Net decrease in cash, restricted cash, and equivalents	(397.3)	(117.6)
Cash, restricted cash, and equivalents at beginning of period	2,228.5	1,658.6
Cash, restricted cash, and equivalents at end of period	$ 1,831.2	$ 1,541.0

Operating Activities

Net cash provided by operating activities, excluding customer fund activity, was $23.1 million during the six months ended June 30, 2021, primarily attributable to the net impact of adjustments for certain non-cash items of $74.4 million, including $54.2 million of non-cash share-based compensation expense and $38.3 million of depreciation and amortization, partially offset by the deferred income tax benefit of $29.2 million. These net non-cash increases along with net working capital additions of $6.3 million, were largely offset by net loss of $45.0 million. The net working capital additions included an increase of $27.4 million of accrued taxes primarily due to tax accruals, offset by a $14.3 million reduction in liabilities for employee compensation and benefits due to payments of accrued commissions and incentive compensation, a $12.1 million decrease in prepaid expenses and other current assets, primarily due to payments for annual maintenance contracts. Included within net cash flows provided by operating activities for the six months ended June 30, 2021, was $9.2 million in cash interest payments on our long-term debt and $3.2 million in cash tax payments, net of refunds.

Net cash provided by operating activities, excluding customer fund activity, was $12.7 million during the six months ended June 30, 2020, primarily attributable to net income of $14.1 million and the net impact of adjustments for certain non-cash items of $55.2 million, including $27.8 million of non-cash share-based compensation expense and $23.9 million of depreciation and amortization. These items were partially offset by net working capital reductions of $56.6 million, which included a $21.3 million reduction in liabilities for employee compensation and benefits primarily due to payments of accrued incentive compensation, a $7.5 million net change in other assets and liabilities, and a $6.4 million increase in prepaid expenses and other current assets, primarily due to annual maintenance contracts. Included within net cash flows provided by operating activities for the six months ended June 30, 2020, was $14.3 million in cash interest payments on our long-term debt and $2.2 million in cash tax payments, net of refunds.

Investing Activities

During the six months ended June 30, 2021, net cash used in investing activities, excluding customer funds activity, was $423.8 million, consisting of acquisition costs, net of cash acquired of $392.5 million and capital expenditures of $31.3 million. Our capital expenditures included $25.4 million for software and technology and $5.9 million for property and equipment.

During the six months ended June 30, 2020, net cash used in investing activities, excluding customer fund activity, was $100.3 million, related to acquisition costs, net of cash and restricted cash acquired of $70.6 million and capital expenditures of $29.7 million. Our capital expenditures included $19.8 million for software and technology and $9.9 million for property and equipment.

Financing Activities

Net cash provided by financing activities, excluding the change in customer fund obligations, was $548.5 million during the six months ended June 30, 2021. This cash inflow is primarily attributable to proceeds from the issuance of our Notes of $561.8 million and proceeds from issuance of common stock upon exercise of stock options of $34.4 million, partially offset by the purchase of the capped calls related to the Notes of $45.0 million and payments on our long-term debt obligations of $2.7 million.

Net cash provided by financing activities, excluding the change in customer fund obligations, was $341.1 million during the six months ended June 30, 2020. This cash inflow is primarily attributable to proceeds from a draw on the Revolving Credit Facility of $295.0 million and proceeds from the issuance of common stock upon exercise of stock options of $51.5 million, partially offset by payments on our long-term debt obligations of $5.4 million. The payments on our long-term debt obligations included $3.4 million in principal payments towards our Term Debt and $2.0 million in payments towards our financing lease obligations.

Backlog

Backlog is equivalent to our remaining performance obligations, which represents contracted revenue for recurring and fixed price professional services, primarily implementation services, that has not yet been recognized, including deferred revenue and unbilled amounts that will be recognized as revenue in future periods. As of June 30, 2021, our remaining performance obligations were approximately $1,027.0 million. Please refer to Note 10, "Revenue," to our condensed consolidated financial statements for further discussion of our remaining performance obligations.

Off-Balance Sheet Arrangements

As of June 30, 2021, we did not have any "off-balance sheet arrangements" (as such term is defined in Item 303 of Regulation S-K).

Critical Accounting Policies and Estimates

During the six months ended June 30, 2021, there were no significant changes to our critical accounting policies and estimates as described in the consolidated financial statements contained in our 2020 Form 10-K.

Non-GAAP Measures

Adjusted EBITDA and Adjusted EBITDA Margin

We believe that Adjusted EBITDA and Adjusted EBITDA margin, non-GAAP financial measures, are useful to management and investors as supplemental measures to evaluate our overall operating performance. Adjusted EBITDA and Adjusted EBITDA margin are components of our management incentive plan and are used by management to assess performance and to compare our operating performance to our competitors. We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation, and amortization, as adjusted to exclude foreign exchange gain (loss), share-based compensation expense and related employer taxes, severance charges, restructuring consulting fees, and certain other non-recurring charges. Adjusted EBITDA margin is determined by calculating the percentage Adjusted EBITDA is of total revenue. Management believes that Adjusted EBITDA and Adjusted EBITDA margin are helpful in highlighting management performance trends because Adjusted EBITDA and Adjusted EBITDA margin exclude the results of decisions that are outside the control of operating management.

Our presentation of Adjusted EBITDA and Adjusted EBITDA margin are intended as supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. Adjusted EBITDA and Adjusted EBITDA margin should not be considered as alternatives to net income (loss), earnings per share, or any other performance measures derived in accordance with GAAP, or as measures of operating cash flows or liquidity. Our presentation of Adjusted EBITDA and Adjusted EBITDA margin should not be construed to imply that our future results will be unaffected by these items. Adjusted EBITDA and Adjusted EBITDA margin are included in this discussion because they are key metrics used by management to assess our operating performance.

Adjusted EBITDA and Adjusted EBITDA margin are not defined under GAAP, are not measures of net income (loss) or any other performance measures derived in accordance with GAAP, and are subject to important limitations. Our use of the terms Adjusted EBITDA and Adjusted EBITDA margin may not be comparable to similarly titled measures of other companies in our industry and are not measures of performance calculated in accordance with GAAP.

Adjusted EBITDA and Adjusted EBITDA margin have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Some of these limitations are that Adjusted EBITDA and Adjusted EBITDA margin do not reflect the following:

- our cash expenditures or future requirements for capital expenditures or contractual commitments;
- changes in, or cash requirements for, our working capital needs;
- any charges for the assets being depreciated and amortized that may need to be replaced in the future;
- the impact of share-based compensation and related employer taxes upon our results of operations;
- the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- our income tax expense or the cash requirements to pay our income taxes; and
- certain other non-recurring charges.

In evaluating Adjusted EBITDA and Adjusted EBITDA margin, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation.

The following table reconciles net income (loss) to Adjusted EBITDA for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Dollars in millions)			
Net (loss) income	$ (25.8)	$ 5.5	$ (45.0)	$ 14.1
Interest expense, net	9.9	6.6	15.5	13.5
Income tax benefit	(12.0)	(8.4)	(5.4)	(0.2)
Depreciation and amortization	23.3	12.1	38.3	23.9
EBITDA (a)	(4.6)	15.8	3.4	51.3
Foreign exchange loss (gain)	5.1	(0.5)	7.0	1.3
Share-based compensation (b)	31.9	16.5	54.9	29.2
Severance charges (c)	1.6	0.7	3.7	4.7
Restructuring consulting fees (d)	4.3	5.1	12.1	6.6
Other non-recurring charges (e)	1.6	(0.1)	3.3	(0.4)
Adjusted EBITDA	$ 39.9	$ 37.5	$ 84.4	$ 92.7
Adjusted EBITDA margin	15.9%	19.5%	17.4%	22.3%

(a) We define EBITDA as net income or loss before interest, taxes, and depreciation and amortization.
(b) Represents share-based compensation expense and related employer taxes.
(c) Represents costs for severance compensation paid to employees whose positions have been eliminated or who have been terminated not for cause.
(d) Represents consulting fees and expenses incurred during the periods presented in connection with any acquisition, investment, disposition, recapitalization, equity offering, issuance or repayment of debt, issuance of equity interests, or refinancing.

(e) Represents (1) in 2021 the difference between the historical five-year average pension expense and the current period actuarially determined pension expense associated with the planned termination of the frozen U.S. pension plan and related changes in investment strategy associated with protecting the now fully funded status, (2) charges of $0.1 million and $0.4 million during the three and six months ended June 30, 2021, respectively, related to the abandonment of certain leased facilities, and (3) recovery in 2020 of duplicate payments associated with the 2019 isolated service incident.

The following tables present a reconciliation of our reported results to our non-GAAP Adjusted EBITDA basis for all periods presented:

	Three Months Ended June 30, 2021				
	As reported	Share-based compensation	Severance charges	Other operating expenses (a)	Adjusted
	(Dollars in millions)				
Cost of revenue:					
Recurring	$ 65.4	$ 3.9	$ 0.6	$ —	$ 60.9
Professional services and other	47.3	2.7	0.1	—	44.5
Product development and management	31.8	4.8	—	—	27.0
Depreciation and amortization	13.8	—	—	—	13.8
Total cost of revenue	158.3	11.4	0.7	—	146.2
Sales and marketing	52.3	3.7	0.2	—	48.4
General and administrative	59.5	16.8	0.7	4.4	37.6
Operating (loss) profit	(19.7)	31.9	1.6	4.4	18.2
Other expense, net	8.2	—	—	6.6	1.6
Depreciation and amortization	23.3	—	—	—	23.3
EBITDA	$ (4.6)	$ 31.9	$ 1.6	$ 11.0	$ 39.9

(a) Other operating expenses includes foreign exchange loss, restructuring consulting fees, the difference between the historical five-year average pension expense and the current period actuarially determined pension expense associated with the planned termination of the frozen U.S. pension plan and related changes in investment strategy associated with protecting the now fully funded status, and charges related to the abandonment of certain leased facilities.

	Three Months Ended June 30, 2020				
	As reported	Share-based compensation	Severance charges	Other operating expenses (a)	Adjusted
	(Dollars in millions)				
Cost of revenue:					
Recurring	$ 49.3	$ 1.9	$ —	$ —	$ 47.4
Professional services and other	37.9	1.0	0.1	—	36.8
Product development and management	17.0	1.4	0.1	—	15.5
Depreciation and amortization	9.8	—	—	—	9.8
Total cost of revenue	114.0	4.3	0.2	—	109.5
Sales and marketing	36.0	1.8	0.2	—	34.0
General and administrative	38.6	10.4	0.3	5.0	22.9
Operating profit	4.0	16.5	0.7	5.0	26.2
Other expense (income), net	0.3	—	—	(0.5)	0.8
Depreciation and amortization	12.1	—	—	—	12.1
EBITDA	$ 15.8	$ 16.5	$ 0.7	$ 4.5	$ 37.5

(a) Other operating expenses includes foreign exchange gain, restructuring consulting fees, and recovery of duplicate payments associated with the 2019 isolated service incident.

	Six Months Ended June 30, 2021				
	As reported	Share-based compensation	Severance charges	Other operating expenses (a)	Adjusted
	(Dollars in millions)				
Cost of revenue:					
Recurring	$ 125.1	$ 6.2	$ 1.3	$ —	$ 117.6
Professional services and other	92.0	4.6	0.1	—	87.3
Product development and management	57.6	7.9	0.2	—	49.5
Depreciation and amortization	24.9	—	—	—	24.9
Total cost of revenue	299.6	18.7	1.6	—	279.3
Sales and marketing	98.4	6.5	1.0	—	90.9
General and administrative	109.0	29.7	1.1	12.5	65.7
Operating (loss) profit	(22.1)	54.9	3.7	12.5	49.0
Other expense, net	12.8	—	—	9.9	2.9
Depreciation and amortization	38.3	—	—	—	38.3
EBITDA	$ 3.4	$ 54.9	$ 3.7	$ 22.4	$ 84.4

(a) Other operating expenses includes foreign exchange loss, restructuring consulting fees, the difference between the historical five-year average pension expense and the current period actuarially determined pension expense associated with the planned termination of the frozen U.S. pension plan and related changes in investment strategy associated with protecting the now fully funded status, and charges related to the abandonment of certain leased facilities.

	Six Months Ended June 30, 2020				
	As reported	Share-based compensation	Severance charges	Other operating expenses (a)	Adjusted
	(Dollars in millions)				
Cost of revenue:					
Recurring	$ 101.5	$ 2.7	$ 0.8	$ —	$ 98.0
Professional services and other	80.5	1.5	0.9	—	78.1
Product development and management	34.6	2.3	0.4	—	31.9
Depreciation and amortization	19.6	—	—	—	19.6
Total cost of revenue	236.2	6.5	2.1	—	227.6
Sales and marketing	76.7	4.0	1.0	—	71.7
General and administrative	72.1	18.7	1.6	6.2	45.6
Operating profit	30.3	29.2	4.7	6.2	70.4
Other expense, net	2.9	—	—	1.3	1.6
Depreciation and amortization	23.9	—	—	—	23.9
EBITDA	$ 51.3	$ 29.2	$ 4.7	$ 7.5	$ 92.7

(a) Other operating expenses includes foreign exchange loss, restructuring consulting fees, and recovery of duplicate payments associated with the 2019 isolated service incident.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks related to foreign currency exchange rates, interest rates, and pension obligations. We seek to minimize or to manage these market risks through normal operating and financing activities. These market risks may be amplified by events and factors surrounding the COVID-19 pandemic. We do not trade or use instruments with the objective of earning financial gains on the market fluctuations, nor do we use instruments where there are not underlying exposures.

Foreign Currency Risk. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian Dollar. Due to the relative size of our international operations to date, we have not instituted an active hedging program. We expect our international operations to continue to grow in the near term, and we are monitoring the foreign currency exposure to determine if we should begin a hedging program.

Interest Rate Risk. In certain jurisdictions, we collect funds for payment of payroll and taxes; temporarily hold such funds in segregated accounts until payment is due; remit the funds to the customers' employees and appropriate taxing authority; file federal, state and local tax returns; and handle related regulatory correspondence and amendments. We invest the customer funds in high- quality bank deposits, money market mutual funds, or collateralized short-term investments. We may also invest these funds in government securities, as well as highly rated asset-backed, mortgage-backed, corporate, and bank securities.

Based on current market conditions, portfolio composition and investment practices, a 100 basis point increase in market investment rates would result in approximately $21 million increase in float revenue over the ensuing twelve month period. There are no incremental costs of revenue associated with changes in float revenue.

We do not enter into investments for trading or speculative purposes. Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates. However, because we classify our securities as "available for sale," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be unrecoverable.

We do not believe that a change in interest rates of 100 basis points would have a material effect on our operating results or financial condition. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income, and are realized only if we sell the underlying securities.

A 100 basis point increase in LIBOR rates would result in an approximately $7 million increase in our interest expense, net over the ensuing twelve-month period.

Pension Obligation Risk. We provide a pension plan for certain current and former U.S. employees that closed to new participants on January 2, 1995. In 2007, the U.S. pension plan was amended (1) to exclude from further participation any participant or former participant who was not employed by the company or another participating employer on January 1, 2008, (2) to discontinue participant contributions, and (3) to freeze the accrual of additional benefits as of December 31, 2007. In applying relevant accounting policies, we have made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, discount rates, and health care cost trends. The cost of pension benefits in future periods will depend on actual returns on plan assets, assumptions for future periods, contributions, and benefit experience. In 2020, we contributed $105.0 million to the U.S. pension plan, which represented $17.0 million of required minimum contributions and $88.0 million of voluntary contributions. At the same time, we began the process to terminate the pension plan, which included modifying our investment strategy to protect the now fully funded status. The effective discount rate used in accounting for pension and other benefit obligations in 2020 ranged from 1.42% to 1.87%. The expected rate of return on plan assets for qualified pension benefits in 2021 is 2.70%.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rule 13(a)-15(e) of the Exchange Act, are controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q pursuant to Rule 13a-15(b) of the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Form 10-Q are effective. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected.

Changes in Internal Control over Financial Reporting

There were no changes to our internal controls over financial reporting during the three months ended June 30, 2021, that have materially affected, or that are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, we believe would individually or taken together have a material adverse effect on our business, financial condition or liquidity. Discussion of Legal Matters is incorporated by reference from Part I, Item 1, Note 14, "Commitments and Contingencies," of this Form 10-Q and should be considered an integral part of Part II, Item 1, "Legal Proceedings".

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, the reader should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. There have been no material changes in the Company's risk factors from those disclosed in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 with the exception of the items listed below, related to the issuance of the Notes and related Capped Calls in March 2021.

The accounting method for the Notes could adversely affect our reported financial condition and results of operations.

The accounting method for reflecting the Notes on our balance sheet, accruing interest expense for the Notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition.

Under applicable accounting principles, the initial liability carrying amount of the Notes was the fair value of a similar debt instrument that does not have a conversion feature, valued using our cost of capital for straight, non-convertible debt. We reflect the difference between the net proceeds from the offering of the Notes and the initial carrying amount as a debt discount for accounting purposes, which is amortized into interest expense over the term of the Notes. As a result of this amortization, the interest expense that we recognize for the Notes for accounting purposes will be greater than the cash interest payments we will pay on the Notes, which will result in lower reported income or higher reported loss. The lower reported income or higher reported loss resulting from this accounting treatment could depress the trading price of our common stock and the Notes. However, in August 2020, the Financial Accounting Standards Board published an ASU, which we refer to as ASU 2020-06, that in certain cases will eliminate the separate accounting for the debt and equity components as described above. ASU 2020-06 will be effective for SEC-reporting entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. However, early adoption is permitted in certain circumstances for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. When effective, we expect to qualify for the elimination of the separate accounting described above which, as a result, will reduce the interest expense that we expect to recognize for the Notes for accounting purposes.

In addition, because we intend to settle conversions by paying the conversion value in cash up to the principal amount being converted and any excess in shares, we expect to be eligible to use the treasury stock method to reflect the shares underlying the Notes in our diluted earnings per share. Under this method, if the conversion value of the Notes exceeds their principal amount for a reporting period, then we will calculate our diluted earnings per share assuming that all the Notes were converted and that we issued shares of our common stock to settle the excess. However, if reflecting the Notes in diluted earnings per share in this manner is anti-dilutive, or if the conversion value of the Notes does not exceed their principal amount for a reporting period, then the shares underlying the Notes will not be reflected in our diluted earnings per share. In addition, if accounting standards change in the future and we are not permitted to use the treasury stock method, then our diluted earnings per share may decline. For example, ASU 2020-06 amends these accounting standards, effective as of the dates referred to above, to change the criteria to qualify for application of the treasury stock method for convertible instruments and instead may require application of the "if-converted" method. Under the "if-converted" method, diluted earnings per share would generally be calculated assuming that all the Notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti-dilutive. If we are required to apply the "if-converted" method, it may reduce our reported diluted earnings per share.

Furthermore, if any of the conditions to the convertibility of the Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the Notes as a current, rather than long-term, liability. This reclassification could be required even if no noteholders convert their Notes and could materially reduce our reported working capital.

The Capped Calls may affect the value of the Notes and our common stock.

In connection with the pricing of the Notes, we entered into the Capped Calls. Please refer to Note 7, "Debt" for additional information. The Capped Calls are expected generally to reduce the potential dilution to our common stock upon any conversion of the Notes and/or offset any potential cash payments we are required to make in excess of the principal amount of converted Notes, as the case may be, with such reduction and/or offset subject to a cap.

In addition, the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions following any conversion of the Notes, any repurchase of the Notes by us on any fundamental change repurchase date, any redemption date, or any other date on which the Notes are retired by us, in each case if we exercise our option to terminate the relevant portion of the Capped Calls. This activity could also cause or avoid an increase or a decrease in the market price of our common stock or the Notes, which could affect the ability of a noteholder to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of Notes, could affect the number of shares of common stock, if any, and value of the consideration that a noteholder will receive upon conversion of the Notes.

In addition, if any such Capped calls fails to become effective, the option counterparties or their respective affiliates may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock and the value of the Notes.

The Capped Calls are separate transactions (in each case that we entered into with the option counterparties), are not part of the terms of the Notes and will not change the holders' rights under the Notes. A noteholder will not have any rights with respect to the Capped Calls.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We are subject to counterparty risk with respect to the Capped Calls, and the Capped Call may not operate as planned.

The option counterparties are financial institutions, and we are subject to the risk that they might default under the Capped Calls. Our exposure to the credit risk of the option counterparties is not secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions, including the bankruptcy filing by Lehman Brothers Holdings Inc. and its various affiliates. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with that option counterparty. Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated with increases in the market price or the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any option counterparty.

In addition, the Capped Calls are complex, and they may not operate as planned. For example, the terms of the Capped Calls may be subject to adjustment, modification, or in some cases, renegotiation if certain corporate or other transactions occur. Accordingly, these transactions may not operate as we intend if we are required to adjust their terms as a result of transactions in the future or upon unanticipated developments that may adversely affect the functioning of the Capped Calls.

Provisions in the indenture under which the Notes were issued could delay or prevent an otherwise beneficial takeover of us.

Certain provisions in the Notes and the indenture, dated as of March 5, 2021, between Wells Fargo Bank, National Association, as trustee, and us (the "Indenture") could make a third-party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change (as defined in the Indenture), then noteholders will have the right to require us to repurchase their Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change (as defined in the Indenture), then we may be required to temporarily increase the conversion rate (as defined in the Indenture). In either case, and in other cases, our obligations under the Notes and the Indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable.

Conversion of the Notes may dilute the ownership interest of existing stockholders.

The conversion of some or all of the Notes will dilute the ownership interests of existing stockholders to the extent we deliver shares of our common stock upon conversion of any of the Notes. Any sales in the public market of the common stock issuable upon such conversion could adversely affect our common stock's prevailing market prices. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could be used to satisfy short positions, or anticipated conversion of the Notes into shares of our common stock could depress the price of our common stock.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and results of operations.

Under certain circumstances, noteholders may convert their Notes at their option prior to the scheduled maturities. Upon conversion of the Notes, unless we elect to deliver solely shares of our common stock to settle such conversion, we will be obligated to make cash payments. In addition, noteholders will have the right to require us to repurchase their Notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date (as defined in the Indenture). Although it is our intention and we currently expect to settle the conversion value of the Notes in cash up to the principal amount and any excess in shares, there is a risk that we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes surrendered therefor or Notes being converted. In addition, our ability to make payments may be limited by law, by regulatory authority, or by agreements governing our future indebtedness. Our failure to repurchase Notes when the Indenture requires the repurchase or to pay any cash payable on future conversions of the Notes as required by the Indenture would constitute a default under the Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or make cash payments upon conversions thereof. In addition, even if noteholders do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Notes as a current, rather than long-term, liability, which would result in a material reduction of our net working capital.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

The following exhibits are filed or furnished as a part of this report:

Exhibit No.	Description
10.1**	Employment Agreement, effective June 7, 2021, between William McDonald and Ceridian HCM, Inc.
31.1**	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2**	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104**	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management compensatory plan or arrangement.
** Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CERIDIAN HCM HOLDING INC.

Date: August 4, 2021	By: /s/ David D. Ossip Name: David D. Ossip Title: Chief Executive Officer (Principal Executive Officer)
Date: August 4, 2021	By: /s/ Noémie C. Heuland Name: Noémie C. Heuland Title: Executive Vice President and Chief Financial Officer (Principal Financial Officer)

EMPLOYMENT AGREEMENT

Ceridian HCM, Inc.

- and -

William McDonald
("*Employee*" or "*Executive*")

Date: June __7__, 2021

ARTICLE 1
DEFINITIONS

In this Employment Agreement (the "**Agreement**"), unless something in the subject matter or context is inconsistent therewith, all defined terms shall have the meanings set forth below:

1.01 "**Affiliate**" shall mean with respect to any specified Person, a Person that directly or indirectly controls, is controlled by, or is under common control with, such Person, where "control" means the possession, directly or indirectly, or the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

1.02 "**Base Salary**" shall mean the regular cash compensation paid on a periodic basis as contemplated in Section 3.01, exclusive of benefits, bonuses or incentive payments.

1.03 "**Board**" shall mean the Board of Directors of Ceridian HCM Holdings Inc.

1.04 "**Cause**" shall mean cause as defined under Section 4.01.

1.05 "**Ceridian**" shall mean Ceridian HCM and all of its respective Affiliates, or any one of them.

1.06 **"Ceridian HCM"** shall mean Ceridian HCM, Inc. a Delaware corporation having a business address at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425 U.S.A., and any successor in interest by way of consolidation, operation of law, merger or otherwise.

1.07 **"Ceridian HCM Holding**" means Ceridian HCM Holding Inc., a Delaware corporation having a business address at 3311 East Old Shakopee Road, Minneapolis, Minnesota 55425 U.S.A., and any successor in interest by way of consolidation, operation of law, merger or otherwise.

1.08 "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

1.09 "**Confidential Information**" shall mean all information created, developed, known or used by Ceridian in connection with its business, including but not limited to any computer software and designs, program, code, formula, design, prototype, compilation of information, data, techniques, process, information relating to any product, device, equipment or machine, industrial or commercial designs, customer information, financial information, marketing information, business opportunities, and the results of research and development, including without limitation (and whether or not marked as "proprietary," "private" or "confidential"):

(a) information or material relating to Ceridian and its business as conducted or anticipated to be conducted, including without limitation: business plans; operations; past, current or anticipated services, products or software; customers or prospective customers; relations with business partners or prospective business partners; or research, engineering, development, manufacturing, purchasing, accounting, or marketing activities;

(b) information or material relating to Ceridian's inventions, ideas, improvements, discoveries, "know-how," "negative know how," technological developments, or unpublished writings or other works of authorship, or to the materials, apparatus, processes, formulae, plans or methods used in the development, manufacture or marketing of Ceridian's services, products or software;

(c) information on or material relating to Ceridian which when received is marked as "proprietary," "private" or "confidential;"

(d) trade secrets of Ceridian;

(e) software of Ceridian in various stages of development, software designs, web-based solutions, specifications, programming aids, programming languages, interfaces, visual displays, technical documentation, user manuals, data files and databases of Ceridian;

(f) information relating to employees of Ceridian including with respect to compensation, positions, job descriptions, responsibilities, areas of expertise and experience; and

(g) any similar information of the type described above which Ceridian obtained from another party and which Ceridian treats as or designates as being proprietary, private or confidential, whether or not owned or developed by Ceridian.

Notwithstanding the foregoing, "Confidential Information" does not include any information which is now or subsequently becomes properly generally publicly available or in the public domain; is independently made available to Employee in good faith by a third party who has not violated a confidential relationship with Ceridian; or is required to be disclosed by law or legal process. Notwithstanding the foregoing, information which is made generally publicly available by or with the aid of Employee outside the scope of employment or contrary to the requirements of this Agreement and reasonable business practice will not be generally publicly available or in the public domain for the purposes of this Agreement.

1.10 "**Disability**" shall mean total and permanent disability, as defined in the Disability Plan.

1.11 **"Disability Plan"** shall mean Ceridian's group long-term disability plan applicable to Employees, as may be amended from time to time in Ceridian's sole discretion.

1.12 "**Effective Date**" has the meaning set forth in Section 2.03 of this Agreement.

1.13 "**Good Reason**" means one or more of the following events which shall occur without Executive's express written consent:

(a) A change in Executive's reporting responsibilities which has the effect of materially diminishing Executive's responsibility or authority, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith and which is remedied by Ceridian promptly after receipt of written notice thereof given by Executive and excluding any diminution attributable to a sale, spin-off, reverse spin-off or similar disposition of any Affiliate of Ceridian;

(b) A reduction in Executive's Base Salary or opportunity to earn incentive pay (as contemplated under Section 3.02 below, but for certainty subject to Ceridian's discretion as expressly set forth therein), as the same may be increased from time to time thereafter or any failure by Ceridian to pay any portion of Executive's compensation when due, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by Ceridian promptly after receipt of written notice thereof given by Executive;

(c) Without replacement by plans, programs or arrangements which, taken as a whole, provide benefits to Executive at least reasonably comparable to those discontinued or adversely affected, (A) the failure by Ceridian to continue in effect, any life insurance, health, accident, disability, or any other employee compensation or benefit plan, program or arrangement, in which Executive is participating; or (B) the taking of any action by Ceridian that would materially and adversely affect Executive's participation or materially reduce Executive's benefits under any of such plans, programs or arrangements, in each case, other than an isolated, insubstantial and inadvertent failure or reduction not occurring in bad faith and which is remedied retroactively by Ceridian promptly but in no event later than sixty (60) days after receipt of written notice thereof given by Executive;

(d) Any material breach of this Agreement by Ceridian, or the failure by a successor to Ceridian to assume the provisions this Agreement, other than an isolated, insubstantial and inadvertent breach or failure not occurring in bad faith which is remedied retroactively by Ceridian promptly but in no event later than sixty (60) days after receipt of written notice thereof given by Executive.

Notwithstanding anything to the contrary contained in this definition, no Good Reason shall be effective or deemed to occur, unless notice referencing the definition of Good Reason in this Agreement and including a description of the factors constituting the alleged "Good Reason" is provided in writing to the Chief Executive Officer of Ceridian by Executive (or his representatives on his behalf) and Ceridian fails to cure such alleged "Good Reason" within 30 days; <u>provided</u> that in the event Ceridian terminates Executive for Cause, any failure by Executive (or his representatives on his behalf) to provide notice of an alleged "Good Reason" prior to such termination shall not prejudice Executive's right to claim that a "Good Reason" occurred prior to such termination.

1.14 "**Person**" is to be interpreted broadly and shall include any individual, partnership, firm, corporation, company, limited liability or joint stock company, trust, unincorporated association, joint venture, syndicate, governmental entity or any other entity, and pronouns have a similarly extended meaning.

ARTICLE 2
EMPLOYMENT, DUTIES AND TERM

2.01 **Employment**. Upon the terms and conditions set forth in this Agreement, Ceridian HCM hereby confirms the employment of the Employee as EVP, General Counsel and Corporate Secretary for Ceridian HCM, reporting to the Chief Executive Officer of Ceridian, or to such other role as identified by Ceridian in its sole discretion going forward, and Employee hereby accepts such employment.

2.02 **Duties and Responsibilities**. As EVP, General Counsel and Corporate Secretary of Ceridian HCM, Employee shall:

(a) devote his or her full-time and reasonable best efforts to Ceridian and to fulfilling the duties of his or her position which shall include such duties as set out in Appendix A hereto, and as may from time to time be assigned to him/her by his or her manager, provided that such duties are reasonably consistent with Employee's education, experience and background;

(b) comply with Ceridian's policies and procedures, including, but not limited to its Code of Conduct, to the extent that such policies and procedures are not inconsistent with this Agreement, in which case the provisions of this Agreement shall prevail.

2.03 Term. Subject to the provisions of ARTICLE 4, this Agreement shall be effective and Employee's duties as EVP, General Counsel and Corporate Secretary shall commence on July 1, 2021, or such earlier date as the parties agree (the "**Effective Date**"), and shall continue until terminated by either party in accordance with the terms hereof (the "**Term**").

2.04 Employee Representation. Employee hereby represents to Ceridian HCM that the execution and delivery of this Agreement by Employee and the performance by Employee of Employee's duties hereunder shall not constitute a breach of, or otherwise contravene the terms of any other employment agreement or other agreement or policy to which Employee is a party or otherwise bound.

2.05 Legal Work Requirements. This Agreement and Employee's continued employment with Ceridian HCM is contingent upon Employee meeting and maintaining throughout his or her employment, all requirements necessary to be legally entitled to work for Ceridian HCM within the United States, performing the roles assigned in connection with this position.

ARTICLE 3
COMPENSATION AND EXPENSES

3.01 Base Salary. In exchange for all services rendered by Employee under this Agreement during the Term, Ceridian HCM shall pay Employee a Base Salary of Four Hundred Thousand Dollars ($400,000) USD per year, which amount will be subject to periodic review in accordance with Ceridian HCM's salary review process. The Base Salary shall be paid in accordance with Ceridian HCM's normal payroll procedures and policies, as such procedures and policies may be modified from time to time.

3.02 Incentive Plan. Employee shall be eligible to participate in a variable incentive plan (the "**Incentive Plan**"), which plan will be pro-rated in 2021 to the Effective Date (i) on the same terms and conditions applicable to other similarly situated Ceridian employees, (ii) with a target annual value based on sixty percent (60%) of Employee's Base Salary. The Incentive Plan compensation payable shall be at the sole discretion of Ceridian HCM. The specific objectives and success criteria of the Incentive Plan shall be established by Ceridian each year, subject to change from time to time, in its sole discretion and subject to the plan documents for each element of the Incentive Plan. Ceridian shall have the right to alter, amend or discontinue any incentive plans, including the Incentive Plan, or Employee's participation therein, with or without prior notice and without compensation to Employee, provided the changes are consistent with those affecting other employees at Employee's same or similar level and the Employee acknowledges and agrees that such changes will not constitute a constructive dismissal of the Employee's employment. Payment, if any, under the Incentive Plan is at the sole discretion of Ceridian HCM and will only be made if Ceridian's senior management team, the Board of Directors, compensation committee and/or other required personnel approve the amount to fund the Plan.

3.03 Benefit Plans. Employee shall be entitled to participate in the employee health and welfare, retirement and other employee benefits programs offered generally from time to time by Ceridian to its senior Employee employees in the applicable country, to the extent that Employee's position, tenure, salary, and other qualifications make Employee eligible to participate.

3.04 Business Expenses. Ceridian HCM shall, consistent with its policies in effect from time to time, bear all ordinary and necessary business expenses incurred by Employee in performing his or her duties as an employee of Ceridian HCM, provided that Employee accounts promptly for such expenses to Ceridian HCM in accordance with Ceridian HCM's applicable expense reimbursement policy the manner prescribed from time to time by Ceridian HCM.

3.05 **Vacation**. Employee is entitled to participate in Ceridian's Vacation Time Away from Work or other employee personal days off/vacation programs offered generally from time to time by Ceridian to its senior executive employees in the applicable country, to the extent that Employee's position, tenure, salary and other qualifications make the Employee eligible to participate.

3.06 **Equity Grants**. Subject to approval by the Board and the execution and delivery of appropriate documentation related thereto, Ceridian HCM will recommend to the Board to provide the Employee with a restricted stock units ("RSUs") award under the Ceridian HCM Holding Inc. 2018 Equity Incentive Plan (as may be amended from time to time ("2018 EIP")) with a value of Two Hundred and Fifty Thousand Dollars ($250,000.00) USD following the Effective Date. All equity awards are granted subject to and in conformity with the provisions of the 2018 EIP, the applicable award agreement, and/or such other agreements as may be required to be entered into between the Employee and Ceridian. On the date of grant of the equity awards, the number of RSUs awarded will be determined based upon the closing price of a share of common stock of Ceridian HCM Holding on the New York Stock Exchange. Ceridian's ticker symbol is "CDAY". Details of the RSU award will be communicated to the Employee under separate cover upon approval by the Board.

The RSU grant will vest in three equal tranches, one third (1/3) each, on the first three (3) anniversaries of the date of grant, subject to the Employee's continued service through the applicable vesting date.

3.07 **LTIP** In addition, commencing in 2022, Executive will be eligible to participate in the Ceridian's Long-term Incentive Plan (LTIP), commensurate with Executive's level in place from time to time. Any granting under the LTIP plan would be conditional upon company performance, individual performance, any other measure as deemed appropriate in Ceridian's sole discretion and subject to board approval. The LTIP grant will be in the form of either stock options, RSUs and/or performance awards (units or shares) based on specific performance objectives and success criteria timely established by Ceridian in good faith, subject to change from time to time, in its sole discretion.

Future Long-term equity incentive grants will reflect levels of competitiveness consistent with Ceridian's compensation philosophy. The specific objectives and success criteria of the long-term equity incentive shall be timely established by Ceridian in good faith each year, subject to change from time to time, in its sole discretion. Ceridian shall have the right to alter, amend or discontinue any long-term equity incentive plan or Executive's participation therein, with or without prior notice and without compensation to Executive, provided the changes are consistent with those affecting other employees at Executive's same or similar level and the Executive acknowledges and agrees that such changes will not constitute a constructive dismissal of the Executive's employment.

All equity contemplated under this Section 3.08 shall be provided subject to and in conformity with the provisions of the 2018 EIP (and / or such other agreements as may be required by Ceridian HCM Holding) to be entered into between Executive and Ceridian HCM Holding.

3.08 **Deductions.** Ceridian HCM shall be entitled to make such deductions and withholdings from Employee's remuneration as Ceridian HCM reasonably determines are by law are required to be made, and as may be required by Employee's participation in any of the benefit programs described herein.

3.09 **Indemnification and Insurance.** In addition to any benefits provided under applicable law, Employee will be entitled to the benefits of those provisions of Ceridian HCM's Certificate of Incorporation and By-Laws, as may be amended from time to time, which provide for indemnification of directors and officers of Ceridian HCM (and no such provision shall be amended in any way to limit or reduce the extent of indemnification available to the Employee as a director or officer of Ceridian

HCM). The rights of the Employee under such indemnification obligations shall survive the termination of this Agreement and be applicable for so long as the Employee may be subject to any claim, demand, liability, cost or expense, which the indemnification obligations referred to in this Section 3.10 are intended to protect and indemnify him or her against.

Ceridian HCM shall, at no cost to the Employee, at all times include the Employee, during the Term and for so long thereafter as the Employee may be subject to any such claim, as an insured under any directors' and officers' liability insurance policy maintained by Ceridian HCM, which policy shall provide such coverage in such amounts as the Board of Directors of Ceridian HCM shall deem appropriate for coverage of all directors and officers of Ceridian HCM.

ARTICLE 4
EARLY TERMINATION

4.01 **Termination for Cause**. Ceridian HCM may terminate this Agreement and Employee's employment immediately for Cause. For the purpose hereof "**Cause**" shall mean:

(a) conduct by Employee involving theft or misappropriation of assets of Ceridian;

(b) fraud, embezzlement or an indictable offense by Employee;

(c) any material act of dishonesty, financial or otherwise, by Employee against Ceridian;

(d) intentional violations of law by Employee involving moral turpitude;

(e) any material violation of Ceridian's Code of Conduct and ethics policies by Employee; or

(f) the continued failure by Employee to attempt in good faith to perform his or her duties as reasonably assigned to Employee pursuant to Section 2.02 of ARTICLE 2 of this Agreement, after receiving not less than 90 days written notice of such failure and a demand to rectify such failure (which notice specifically identifies the manner in which it is alleged Employee has not attempted in good faith to perform such duties).

(g) Should Employee be terminated with cause, Employee is only entitled to payment of unpaid wage and accrued, yet unused vacation (if applicable), up to and including the separation date.

4.02 **Termination Without Cause.** Ceridian HCM may terminate this Agreement and Employee's employment Without Cause immediately upon written notice to Employee. In the event of termination of Employee's Employment pursuant to this Section 4.02 and subject to Section 4.05 and 4.06, compensation shall be paid to Employee as follows, within 60 days after the date the Executive's employment termination date and after signing and not revoking the release agreement set out in Section 4.05:

(a) a lump sum cash payment (subject to receipt of the general release of claims to be executed by the Employee contemplated in Section 4.05 below), equal to 12 months Base Salary and Incentive Plan payment at the annual target amount.

(b) reasonable outplacement services, to be provided through Ceridian HCM's preferred provider of such services;

(c) for a period of up to 6 months following the date of Employee's termination, or until Employee is no longer eligible for "COBRA" continuation coverage, whichever is earlier, and subject to Employee's valid election to continue health care coverage under Section 4980B of the Code ("**COBRA**"), Ceridian HCM will subsidize Employee's COBRA payment obligations, and the payment obligations of Employee'[s covered family members (as long as they are qualified beneficiaries at the time of Employee's termination and remain qualified beneficiaries in accordance with the terms and conditions of the benefit plan).

4.03 **Termination by Employee upon Written Notice.** Employee may terminate this Agreement and his or her employment at any time on at least 90 days' prior written notice to Ceridian HCM, or such shorter period of notice as may be accepted by Ceridian HCM in writing. Ceridian HCM shall be entitled to waive entirely, or abridge, such notice period, without being required to pay Employee any severance payment in lieu or other compensation in respect of such notice period.

4.04 **Termination in the Event of Death or Disability**. This Agreement and Employee's employment shall terminate in the event of death or Disability of Employee, in which case the following will apply:

(a) In the event of Employee's Disability, Base Salary shall be terminated as of the end of such period that Employee is unable to perform his or her duties on a full-time basis and that establishes that Employee suffers from a Disability pursuant to the Disability Plan;

(b) In the event of termination by reason of Employee's death or Disability, and subject to Sections 4.06 and 4.07, Ceridian HCM shall pay to Employee a prorated portion (to the date of termination) of the Incentive Plan compensation (at target level), if any, to which Employee would otherwise have become entitled for the fiscal year in which his or her death or Disability occurs had Employee remained continuously employed for the full fiscal year, calculated by multiplying such Incentive Plan compensation by a fraction, the numerator of which is the number of days in the applicable fiscal year through the date of termination and the denominator or which is 365. The amount payable pursuant to this Section 4.04(b) shall be paid within 15 days after the date such Incentive Plan would have otherwise been paid had Employee remained employed for the full fiscal year; i.e. the payout date for all other Ceridian employees and Employees.

4.05 **Termination for Good Reason**. Executive may terminate his employment with Ceridian for Good Reason (in accordance with the notice requirements set forth herein) and receive the compensation set out in Section 4.02.

4.06 **Entire Termination Payment.** The compensation provided for in this ARTICLE 4 for termination of this Agreement and Employee's employment pursuant to Sections 4.02, 4.03 or 4.04 shall constitute Employee's sole remedy for such termination. Employee shall not be entitled to any other notice of termination, or termination or severance payment which otherwise may be payable to Employee under common law, case law, statute, in equity or other agreement between Employee and Ceridian HCM, and he or she shall have no action, cause of action, claim or demand against Ceridian HCM or other Ceridian Affiliate or any other Person as a consequence of such termination. It shall be a condition of the payment of the compensation provided for in this ARTICLE 4 that Employee shall timely execute a general release of claims in a form satisfactory to Ceridian and not revoke the release in the time provided to do so. Ceridian HCM shall provide Employee with a form of release not later than five business days following the Employee's termination of employment and Employee must execute and deliver the release within 21 days (or, to the extent required by applicable law, 45 days) following the date Ceridian HCM delivers the release to the Employee.

4.07 **Return of Records upon Termination.** Immediately upon termination of Employee's employment with Ceridian HCM for any reason whatsoever, all documents, records, notebooks, and similar repositories of, or containing, trade secrets or intellectual property of Ceridian, or any

Confidential Information, then in Employee's possession or control, including copies thereof, whether prepared by Employee or others, will be returned to Ceridian.

4.08 **Code Section 409A**. It is the parties' intention that payments under this ARTICLE 4 will be exempt from the requirements of Section 409A of the Code ("**Section 409A**") because they are short term deferrals under Treas. Reg. Sec. 1.409A-1(b)(4) or payments under a separation pay plan within the meaning of Treas. Reg. Sec. 1.409A-1(b)(9) and the Agreement shall be construed and administered in a manner consistent with such intent. If any payment is or becomes subject to the requirements of Section 409A, the Agreement, as it relates to such payment, is intended to comply with the requirements of Section 409A. Further, any payments that are subject to the requirements of Section 409A may be accelerated or delayed only if and to the extent otherwise permitted under Section 409A. All payments to be made under the Agreement upon a termination of employment may only be made upon a "separation of service" as defined under Section 409A and any "separation from service" shall be treated as a termination of employment. If the provision of a benefit or a payment is determined to be subject to Section 409A, then, if Employee is a "specified employee" within the meaning of the Treasury Regulations issued pursuant to Section 409A as of Employee's date of termination, no amount that constitutes a deferral of compensation that is payable on account of the Employee's separation from service shall be paid to Employee before the date that is the first day of the seventh month after Employee's date of termination or, if earlier, the date of Employee's death (the "**delayed payment date**"). All such withheld amounts will be accumulated and paid, without interest, on the delayed payment date.

Notwithstanding anything to the contrary in this Agreement, with respect to payments that are not exempt from Section 409A (if any) and are subject to the Employee's execution and delivery of a release:

(i) If the Employee fails to execute the release on or prior to the expiration date set forth in the release or timely revokes Employee's acceptance of the release thereafter, the Employee shall not be entitled to any payments or benefits otherwise conditioned on the release, and

(ii) In any case where the employment termination date and the latest date the release revocation period could expire fall in two separate taxable years, any payments required to be made to the Employee that are conditioned on the release (and would otherwise be made in the earlier of such taxable years) shall be made in the later taxable year. Any payments that are delayed pursuant to this Section (ii) shall be paid in a lump sum on the latest of the date the Employee executes and does not revoke the release (and the applicable revocation period has expired), the first business day in such later taxable year, or the date payment is otherwise due under the terms of this Agreement.

ARTICLE 5
CONFIDENTIALITY AND ETHICS

5.01 **Confidentiality**. Employee acknowledges Ceridian's representation that it has taken reasonable measures to preserve the secrecy of its Confidential Information. Employee will not, during the term or after the termination or expiration of this Agreement or his or her employment, download, upload, copy, transfer, publish, disclose, or utilize in any manner any Confidential Information obtained while employed by Ceridian HCM, except that, during Employee's employment, Employee shall be entitled to download, upload, copy, transfer, use and disclose Confidential Information (i) as reasonably required to perform Employee's duties as an employee of Ceridian, and (ii) in the reasonable conduct of the business and Employee's role within the business. If Employee leaves the employ of Ceridian, Employee will not, without Ceridian's prior written consent, retain, remove, or take away any drawing, writing or other record in any form containing any Confidential Information. Further, Employee agrees to comply with the terms and conditions of Ceridian's Privacy Guidelines & Pledge of Confidentiality, the terms of which are attached hereto as **Appendix B** and are incorporated herein by reference and form a part of this Agreement.

5.02 Business Conduct and Ethics. During the Term, Employee will engage in no activity or employment which may conflict with the interest of Ceridian, and will comply with Ceridian's policies and guidelines pertaining to business conduct and ethics.

5.03 Policies. Employee agrees to follow the policies and procedures established by Ceridian from time to time.

ARTICLE 6
INTELLECTUAL PROPERTY RIGHTS, DISCLOSURE AND ASSIGNMENT

6.01 Disclosure. Employee will disclose promptly in writing to Ceridian all inventions, improvements, discoveries, software, writings and other works of authorship which are conceived, made, discovered, or written jointly or singly on Ceridian time or on Employee's own time, providing the invention, improvement, discovery, software, writing or other work of authorship is capable of being used by Ceridian in the normal course of business. All such inventions, improvements, discoveries, software, writings and other works of authorship shall belong solely to Ceridian immediately upon conception, development, creation, production or reduction to practice, and Employee hereby waives any and all moral rights that he or she may have therein.

6.02 Instruments of Assignment. Employee will sign and execute all instruments of assignment and other papers to evidence transfer of Employee's entire right, title and interest in such inventions, improvements, discoveries, software, writings or other works of authorship in Ceridian, at the request and the expense of Ceridian, and Employee will do all acts and sign all instruments of assignment and other papers Ceridian may reasonably request relating to applications for patents, patents, copyrights, and the enforcement and protection thereof. If Employee is needed, at any time, to give testimony, evidence, or opinions in any litigation or proceeding involving any patents or copyrights or applications for patents or copyrights, both domestic and foreign, relating to inventions, improvements, discoveries, software, writings or other works of authorship conceived, developed or reduced to practice by Employee, Employee agrees to do so, and if Employee leaves the employ of Ceridian, Ceridian shall pay Employee at a rate mutually agreeable to Employee and Ceridian, plus reasonable travel or other expenses.

6.03 Ceridian's IP Development Agreement. Without limiting the generality of the foregoing, Employee agrees to comply with the terms and conditions of Ceridian's Intellectual Property Agreement as amended from time to time, the current terms of which are attached hereto as **Appendix C** and are incorporated herein by reference and form a part of this Agreement.

NON-COMPETITION, NON-RECRUITMENT, NON-DISPARAGEMENT

7.01 General. The parties hereto recognize and agree that (a) Employee is a senior employee of Ceridian, (b) Employee has received, and will in the future receive Confidential Information (c) Ceridian's business is conducted on a worldwide basis and, (d) provision for non-competition, non-recruitment and non-disparagement obligations by Employee is critical to Ceridian's continued economic well-being and protection of Ceridian's Confidential Information. In light of these considerations, this ARTICLE 7 sets forth the terms and conditions of this Employees obligations of non-competition, non-recruitment and non-disparagement subsequent to the termination of this Agreement and/or Employee's employment for any reason.

7.02 Non-competition. During the terms of this Agreement, Employee will devote full time and energy to furthering Ceridian's business and will not pursue any other business activity without Ceridian's written consent. Unless the obligation is waived or limited by Ceridian in accordance this Section 7.02, Employee agrees that during his or her employment and for a period of time, as defined in Section 8.15, ("Restrictive Period") following termination of employment with Ceridian for any reason, Employee will not directly or indirectly, alone or as a partner, officer, director, shareholder or an employee, engage in any commercial activity on behalf of the following specified competitors of Ceridian (and/ or their respective affiliates or subsidiaries), having acknowledged that all such entities provide products or services or are otherwise engaged in a competitive business with the business carried out by Ceridian: Workday, Inc., Automatic Data Processing, Inc/ADP, LLC., Ultimate Software Group, Inc., Kronos Incorporated, Paycom Software Inc., SAP SE, Oracle Corporation and Paylocity Corporation, in competition with Ceridian's business as conducted as of the date of such termination of employment, in the United States or Canada. For purposes of this subsection, "shareholder" shall not include beneficial ownership of less than five percent (5%) of the combined voting power of all issued and outstanding voting securities of a publicly held corporation whose stock is traded on a major stock exchange. For the avoidance of doubt "Ceridian's business" as used herein shall include business conducted by any Ceridian Affiliate and any partnership or joint venture in which Ceridian or its Affiliates is a partner or join venture, including in particular the provision of human capital management software and services.

7.03 Non-Recruitment. During the term of employment and for a Restrictive Period following termination of employment for any reason, Employee will not directly or indirectly:

(a) hire any of Ceridian's employees, or solicit any of Ceridian's employees for the purpose of hiring them or inducing them to leave their employment with Ceridian, nor will Employee own, manage, operate, join, control, consult with, participate in the ownership, management, operation or control of, be employed by or be connected in any manner with any person or entity which engages in the conduct prescribed in this Section 7.03(a). This provision shall not preclude Employee from responding to a request (other than by Employee's employer) for a reference with respect to an individual's employment qualifications; or

(b) in connection with a business which competes with Ceridian's business (as defined in 7.02), solicit or endeavor to entice away from Ceridian, or any of its affiliates, any customers or prospective customers of Ceridian, or who were in such position at any time during the immediately preceding twelve (12) month period of the Employee's employment prior to termination thereof, with the purpose or effect of reducing the business of any customers or prospective customers, with Ceridian or any of its subsidiaries or affiliates.

7.04 Non-Disparagement. Employee will not, during the term or after the termination or expiration of this Agreement or Employee's employment, make disparaging statements, in any form, about Ceridian, its officers, directors, agents, employees, products or services which Employee knows, or has reason to believe, are false or misleading.

7.05 Survival and Enforceability. Without limiting the generality of Section 8.03, the obligations of this ARTICLE 7 shall survive the termination or expiration of this Agreement and Employee's employment. Should any provisions of this ARTICLE 7 be held invalid or illegal, such illegality shall not invalidate the whole of this ARTICLE 7 or the agreement, but, rather, ARTICLE 7 shall be construed as if it did not contain the illegal part or narrowed to permit its enforcement, and the rights and obligations of the parties shall be construed and enforced accordingly. In furtherance of and not in limitation of the foregoing, Employee expressly agrees that should the duration of or geographical extent of, or business activities covered by, any provision of this ARTICLE 7 be in excess of that which is valid or enforceable under applicable law, then such provisions shall be construed to cover only that duration, extent or activities that may validly be covered. Employee acknowledges the uncertainty of the law in this respect and expressly stipulates that this ARTICLE 7 shall be construed in a manner that renders its provisions valid and enforceable to the maximum extent (not exceeding its expressed terms) possible under applicable law. This ARTICLE 7 does not replace and is in addition to any other agreements Employee may have with Ceridian on the matters addressed herein.

ARTICLE 8
GENERAL PROVISIONS

8.01 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Ceridian HCM, whether by way of merger, consolidation, operation of law, assignment, purchase or other acquisition of substantially all of the assets or business of Ceridian HCM, and any such successor or assign shall absolutely and unconditionally assume all of Ceridian HCM's obligations hereunder.

8.02 Notices. All notices, requests and demands given to or made pursuant hereto shall, except as otherwise specified herein, be in writing and be delivered or mailed to any such party at the addresses set forth in the signature blocks below. Either party may, by notice hereunder, designate a changed address. Any notice, if mailed properly addressed, postage prepaid, registered or certified mail, shall be deemed dispatched on the registered date or that stamped on the certified mail receipt, and shall be deemed received within the second business day thereafter or when it is actually received, whichever is sooner.

8.03 Survival. The obligations of Section 5.01 and Articles 6 and 7 shall survive the expiration or termination of this Agreement and Employee's employment.

8.04 Captions. The various headings or captions in this Agreement are for convenience only and shall not affect the meaning or interpretation of this Agreement.

8.05 Governing Law. The laws of the State of Minnesota will govern the validity, construction and performance of this Agreement. Any legal proceeding related to this Agreement will be brought in an appropriate Minnesota court, and both Ceridian HCM and the Employee hereby consent to the exclusive jurisdiction of that court for this purpose.

8.06 Construction. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Subject to applicable law, if there is a conflict or inconsistency between the terms of this Agreement and applicable law, the terms of this Agreement will govern to the extent of that conflict or inconsistency, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.07 Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision shall be conclusively deemed to be severable and to have been severed from this Agreement and the balance of this Agreement shall remain in full force and effect, notwithstanding such severance. To the extent permitted by law, each of the parties hereto hereby waives any law, rule or regulation that might otherwise render any provision of this Agreement invalid, illegal or unenforceable.

8.08 Waivers. No failure on the part of either party to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy granted hereby or by any related document or by law.

8.09 Modification. Any changes or amendments to this Agreement must be in writing and signed by both parties.

8.10 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties hereto in reference to all the matters herein agreed upon. This Agreement replaces in full all prior employment or change of control agreements or understandings of the parties hereto with respect to such subject matter, and any and all such prior agreements or understandings are hereby rescinded by mutual agreement.

8.11 Execution of Agreement. This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterpart together shall constitute one and the same agreement. For the purposes of this Section, the delivery of a facsimile copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering a facsimile copy shall deliver an original copy of this Agreement as soon as possible after delivering the facsimile copy.

8.12 Taxes. Ceridian is authorized to withhold from any payments made hereunder and any other compensation payable to Employee in any capacity amounts of withholding and other taxes due or potentially payable in connection therewith, and to take such other action as Ceridian reasonable determines is advisable to enable Ceridian and Employee to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any payments made under this Agreement.

8.13 Currency. All payments made hereunder shall be in the currency of the United States.

8.14 Breach of Restrictive Covenants. Employee acknowledges and agrees that any breach by Employee of the restrictions set forth in Article 5 and Article 7 shall be considered a material breach of this Agreement entitling Ceridian to seek damages and pursue any additional rights or remedies as may be available to it at law or in equity.

8.15 Restrictive Period.

The Restrictive Period is 12 months. At its sole option, Ceridian may, by written notice to Employee at any time within the Restrictive Period, waive or limit the time and/or terms of the restriction.

ARTICLE 9
EMPLOYEE’S UNDERSTANDING

9.01 Employee’s Understanding. Employee recognizes and agrees that he or she has read and understood all and each Article, Section and paragraph of this Agreement, and that he or she has received adequate explanations on the nature and scope of those Articles, Sections and paragraphs which he or she did not understand. Employee recognizes that he or she has been advised that the Agreement entails important obligations on his or her part, and recognizes that he or she has had the opportunity of consulting his or her legal adviser before signing the Agreement.

9.02 Employment At-Will. Nothing in this Agreement is intended to establish any minimum period of the Employee’s continuing employment, and such employment continues to be on an “at-will” basis. The Employee acknowledges that his or her employment with Ceridian HCM is terminable at will at any time by either party subject to the provisions regarding Termination in ARTICLE 4.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

CERIDIAN HCM, INC.

Per: ______________________________

Name: David Ossip
Title: Chief Executive Officer

Ceridian HCM, Inc.
Attn: Legal Department
3311 East Old Shakopee Road
Bloomington, MN 55425

EMPLOYEE

____
William McDonald

ADDRESS: 5408 Kellogg Avenue
Edina, MN
55424

APPENDIX A

The EVP, General Counsel and Corporate Secretary will partner effectively with the senior leadership team and lead the legal function across the organization. This person will be an officer of the Company who comes to the role with a flexible, proactive and inclusive approach to leadership. S/he will be a business savvy partner and contributor to the executive leadership team.

Key responsibilities include:

- Serve as a key strategic partner to Ceridian's executive leadership and Board in formulating and driving the overall corporate strategy of the Company.
- Provide legal advice and assistance globally across the organization.
- Provide strategic counsel on global M&A transactions, supervising external M&A counsel as needed.
- Provide Board support by managing and documenting all Board meetings/Committee meetings.
- Represent the organization with significant internal and external parties, including federal and state government agencies, as well as outside consultants and advisors globally.
- Design, implement and oversee all matters of legal significance to the organization including corporate governance, risk management and legal compliance.
- Oversee and provide guidance for all SEC related local, state and federal filings, including licensing forms, required to maintain the legal good standing of Ceridian HCM Inc.
- Partner with management to develop contract negotiating strategies and actively participate in contract negotiations complex in nature.
- Manage intellectual property rights of the organization.
- Keep abreast of practices, standards and trends affecting the industry. Review existing policies and develop new policies to ensure compliance to local laws in all geographies where Ceridian operates.
- Define the mission statement and value proposition of Ceridian's' global legal function with a view to deepening its business partnering mindset.
- Provide strategic direction and leadership to the global legal function of Ceridian, including oversight of staff, development and succession of key staff, and budget management.

Appendix B

Privacy Guidelines & Pledge of Confidentiality

As an employee of Ceridian HCM, Inc. or one of its affiliates (collectively "**Ceridian**"), you will be in a position of trust and confidence, and will have access to and become familiar with Confidential Information (as that term is defined in the Employment Agreement to which this Appendix is attached) created, developed, used by or in possession of Ceridian. The unauthorized uploading, downloading, copying, transfer, disclosure to or unauthorized use could seriously harm Ceridian's business and cause monetary loss that would be difficult, if not impossible, to measure

Ceridian is sensitive to the necessity of maintaining the confidentiality of Confidential Information. Ceridian recognizes both the inherent right to privacy of every individual and its obligation to preserve the confidentiality of Confidential Information kept in its files. Ceridian is also aware of the concerns about individual privacy and perceived possible abuses of Confidential Information kept in automated data banks and other forms. Ceridian has, therefore, established privacy guidelines to ensure the protection, to the best of Ceridian's ability, of all Confidential Information in its possession, in whatever form it is kept, whether it be an automated data bank, manual (or paper) file, microfiche or any other form. Accordingly, all Confidential Information in the possession of Ceridian, whether from clients or from Ceridian's own employees or contractors, must be handled and protected in accordance with the following principles:

1. The independent consideration which you shall be entitled to receive in consideration of agreeing to the terms of this Appendix, shall consist of employment by Ceridian in accordance with Ceridian's written offer of employment. You acknowledge that the foregoing independent consideration consists of real, bargained-for benefits to which you would have no entitlement but for your agreement to be bound by the terms set forth in this Appendix. You further acknowledge that you were not entitled to receive the foregoing independent consideration prior to agreeing to the terms of this Appendix. The terms of this Appendix shall and do form an integral part of the terms of your employment with Ceridian, and shall be considered incorporated into the terms of your offer of employment and / or employment agreement with Ceridian.

2. You acknowledge Ceridian's representation that it has taken and intends to take reasonable measures to preserve the secrecy of its Confidential Information, including, but not limited to, requiring you to agree to the terms of this Appendix, as a condition of and part of the terms of your employment with Ceridian. You will hold all Confidential Information in the strictest confidence, and will not directly or indirectly copy, reproduce, disclose or divulge, or permit access to or use of, or obtain any benefit from, the Confidential Information or directly or indirectly use the Confidential Information other than as (a) as reasonably required to perform your duties as an employee of Ceridian, or (b) in the reasonable conduct of the business and your role within the business. For greater certainty, you shall not use the Confidential Information directly or indirectly upload, download, copy, transfer, in any business other than the business of Ceridian, without the prior written consent of Ceridian. Confidential Information is the exclusive property of Ceridian or its Clients (as the case may be), and you will not divulge any Confidential Information to any person except to Ceridian's qualified employees or advisers or other third parties with whom Ceridian has confidential business relations, and you will not, at any time, use Confidential Information for any purpose whatsoever, except as required to perform your duties as an employee of Ceridian or in the reasonable conduct of the business or your role within the business. Without limiting the generality of the foregoing, you acknowledge and agree that Confidential Information received from a Client is to be used only for the purposes intended by the Client when entering into an agreement with Ceridian, and will not be uploaded, downloaded, copied, transferred or used for any other purpose. Confidential Information will only be kept for the limited period of time

necessary for Ceridian to fulfil its obligations. Regardless of the reason for termination of your employment (and whether or not you or Ceridian terminate the employment relationship): (a) you will not after the term of your employment, disclose Confidential Information which you may learn or acquire during your employment to any other person or entity or use any Confidential Information for your own benefit or for the benefit of another; and (b) you will immediately deliver to Ceridian all property and Confidential Information in your possession or control which belong to Ceridian.

3. You acknowledge that your breach of the terms of this Appendix may cause irreparable harm to Ceridian and that such harm may not be compensable entirely with monetary damages. If you violate the terms of this Appendix, Ceridian may seek injunctive relief or any other remedy allowed at law, in equity, or under the terms of this agreement. In connection with any suit by Ceridian hereunder, Ceridian shall be entitled to an accounting, and to the repayment of all profits, compensation, commissions, fees or other remuneration which you have realized, as a result of the violation of the terms of this agreement which is the subject of the suit. In addition to the foregoing, Ceridian shall be entitled to collect from you any reasonable attorney’s fees and costs incurred by Ceridian in bringing any successful action against you or in otherwise successfully enforcing the terms hereof against you. You acknowledge and agree that nothing herein shall affect Ceridian’s rights to bring an action in a court of law for any legal claim against any third party who aids you in violating the terms of this agreement or who benefits in any way from your violation hereof.

4. You understand and agree that the terms of this Appendix shall apply no matter when, how or why your employment terminates and regardless whether the termination is voluntary or involuntary, and that the terms shall survive the termination of your employment.

5. If any one or more of the terms of this Appendix are deemed to be invalid or unenforceable by a court of law, the validity, enforceability and legality of the remaining provisions will not, in any way, be affected by or impaired thereby; and, notwithstanding the foregoing, all provisions hereof shall be enforced to the extent that is reasonable.

6. Ceridian’s decision to refrain from enforcing a breach of any term of this Appendix will not prevent Ceridian from enforcing the terms hereof as to any other breach that Ceridian discovers and shall not operate as a waiver against any future enforcement of any part of this Appendix, any other agreement with you or any other agreement with any other employee of Ceridian.

7. You hereby represent and agree with Ceridian that: (a) you are not bound or restricted by a non-competition agreement, a confidentiality or non-disclosure agreement, or any other agreement with a former employer or other third party, which would conflict with the terms of this offer; and (b) you will not use any trade secrets or other intellectual property belonging to any third party while performing services for Ceridian; and (c) you are of legal age, under no legal disability, have full legal authority to enter into this agreement and have had a reasonable and adequate opportunity to consult with independent counsel regarding the effect of this Appendix, the sufficiency of the independent consideration provided to you, and the reasonableness of the restrictions set forth herein.

Ceridian employs a Privacy Officer who is charged with ensuring that Ceridian complies with all privacy-related obligations imposed by statute or contract. Any questions regarding the collection, use, access, disclosure, retention or destruction of Confidential Information should be directed to the Privacy Officer.

Adherence to the guidelines set out above is a requirement for continued employment with Ceridian. Material breaches of these guidelines may result in discipline up to and including dismissal, or in the case of contractors, cancellation of your contract with Ceridian.

APPENDIX C

Intellectual Property Agreement

In consideration of Ceridian HCM, Inc. or one of its affiliates (collectively **"Ceridian"**) offering me employment, I hereby expressly acknowledge and agree as follows:

1.0 All Ceridian developments which I may solely or jointly author, conceive, or develop, or reduce to practice, or cause to be authored, conceived, or developed, or reduced to practice, during the term of my employment with Ceridian (collectively "**Developments**") are the property of Ceridian. I will promptly make fullest disclosure to Ceridian of all Ceridian Developments. I further agree to execute such documents and do such things as Ceridian may reasonably require from time to time to assign to Ceridian all right, title, and interest in and to all Ceridian Developments, and agree, at Ceridian's expense, during the term of my employment and thereafter, to execute any and all applications or assignments relating to intellectual property including patents, copyrights, industrial designs and trademarks, and to execute any proper oath or verify any proper document in connection with carrying out the terms of this agreement.

2.0 In the event Ceridian is unable for any reason whatsoever to secure my signature to any lawful and necessary documents relating to paragraph 1 hereof and to apply for, or to prosecute, any applications for letters patent, copyright, designs or trademarks (foreign or domestic) in respect to the Ceridian Developments, I hereby irrevocably designate and appoint Ceridian and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright, designs or trademarks thereon with the same legal force and effect as if executed by me.

3.0 At the time of leaving the employ of Ceridian I will deliver to Ceridian, and will not keep in my possession, nor deliver to anyone else, any and all information in any tangible form and all copies, partial copies, notes, summaries, records, descriptions, drawings, reports and other documents, data or materials of or relating to the Ceridian Developments or which contain or make reference to the Ceridian Developments, in my possession or control.

4.0 I hereby waive for the benefit of Ceridian and, where legally possible, assign to Ceridian any moral rights I have, or may in the future have, in any Ceridian Developments.

5.0 This agreement shall extend to and endure to the benefit of the successors and assigns of Ceridian and shall be binding upon me and my heirs, executors, administrators, successors and assigns.

Exhibit 31.1

CERTIFICATIONS

I, David D. Ossip, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ceridian HCM Holding 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)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2021

By: /s/ David D. Ossip

David D. Ossip
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Noémie Heuland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ceridian HCM Holding 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)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2021

By: /s/ Noémie Heuland

Noémie Heuland
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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 Ceridian HCM Holding 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: August 4, 2021

By: /s/ David D. Ossip
David D. Ossip
Chief Executive Officer

Exhibit 32.2

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 Ceridian HCM Holding 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: August 4, 2021

By: /s/ Noémie Heuland
Noémie Heuland
Executive Vice President and Chief Financial Officer