

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in millions, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Software-enabled services	\$ 1,043.4	\$ 989.5
License, maintenance and related	190.0	184.1
Total revenues	1,233.4	1,173.6
Cost of revenues:		
Software-enabled services	595.5	583.5
License, maintenance and related	78.8	82.1
Total cost of revenues	674.3	665.6
Gross profit	559.1	508.0
Operating expenses:		
Selling and marketing	92.0	91.4
Research and development	107.9	104.9
General and administrative	90.1	92.9
Total operating expenses	290.0	289.2
Operating income	269.1	218.8
Interest expense, net	(51.4)	(77.4)
Other income (expense), net	18.0	(15.3)
Equity in earnings of unconsolidated affiliates, net	0.3	0.7
Loss on extinguishment of debt	(0.3)	(2.8)
Income before income taxes	235.7	124.0
Provision for income taxes	60.8	24.8
Net income	\$ 174.9	\$ 99.2
Basic earnings per share	\$ 0.68	\$ 0.39
Diluted earnings per share	\$ 0.65	\$ 0.37
Basic weighted-average number of common shares outstanding	257.0	255.3
Diluted weighted-average number of common and common equivalent shares outstanding	268.1	265.6
Net income	\$ 174.9	\$ 99.2
Other comprehensive income (loss), net of tax:		
Change in unrealized gain (loss) on interest rate swaps	0.5	(2.4)
Foreign currency exchange translation adjustment	8.4	(150.7)
Total other comprehensive income (loss), net of tax	8.9	(153.1)
Comprehensive income (loss)	\$ 183.8	\$ (53.9)

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in millions)
(unaudited)

	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 253.7	\$ 209.3
Funds receivable and funds held on behalf of clients	2,030.0	1,227.4
Accounts receivable, net	674.5	648.0
Contract asset	27.2	20.4
Prepaid expenses and other current assets	209.4	187.5
Restricted cash	4.4	5.9
Total current assets	3,199.2	2,298.5
Property, plant and equipment, net	402.7	412.8
Operating lease right-of-use assets	339.2	350.8
Investments	193.6	183.5
Unconsolidated affiliates	228.5	225.6
Contract asset	81.7	82.0
Goodwill	8,078.1	8,078.7
Intangible and other assets, net	4,166.1	4,291.7
Total assets	<u>\$ 16,689.1</u>	<u>\$ 15,923.6</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 178.2	\$ 53.9
Client funds obligations	2,030.0	1,227.4
Accounts payable	27.9	28.1
Income taxes payable	46.8	9.3
Accrued employee compensation and benefits	177.5	311.5
Interest payable	—	27.5
Other accrued expenses	323.0	293.1
Deferred revenue	349.9	332.5
Total current liabilities	3,133.3	2,283.3
Long-term debt, net of current portion	6,338.1	6,388.5
Operating lease liabilities	311.8	323.6
Other long-term liabilities	280.9	287.9
Deferred income taxes	890.8	923.8
Total liabilities	10,954.9	10,207.1
Total stockholders' equity	5,734.2	5,716.5
Total liabilities and stockholders' equity	<u>\$ 16,689.1</u>	<u>\$ 15,923.6</u>

SS&C Technologies Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
Cash flow from operating activities:		
Net income	\$ 174.9	\$ 99.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	169.5	184.7
Equity in earnings of unconsolidated affiliates, net	(0.3)	(0.7)
Cash distributions received from unconsolidated affiliates	—	2.0
Gain on bargain purchase	(2.9)	—
Stock-based compensation expense	27.8	22.5
Net (gains) losses on investments	(13.6)	11.3
Amortization and write-offs of loan origination costs and original issue discounts	3.3	3.5
Loss on extinguishment of debt, net	0.3	0.4
Loss on sale or disposition of property and equipment	—	3.7
Deferred income taxes	(33.5)	(32.3)
Provision for doubtful accounts	2.1	2.3
Changes in operating assets and liabilities, excluding effects from acquisitions:		
Accounts receivable	(24.9)	(27.2)
Prepaid expenses and other assets	(13.9)	13.2
Contract assets	(6.5)	(10.5)
Accounts payable	(2.6)	6.4
Accrued expenses and other liabilities	(147.7)	(171.0)
Income taxes prepaid and payable	47.2	38.1
Deferred revenue	6.5	2.1
Net cash provided by operating activities	185.7	147.7
Cash flow from investing activities:		
Cash paid for business acquisitions, net of cash acquired	7.3	(16.3)
Additions to property and equipment	(9.1)	(8.5)
Additions to capitalized software	(22.3)	(18.0)
Investments in securities	(10.0)	(40.0)
Proceeds from sales / maturities of investments	13.4	6.9
Collection of other non-current receivables	2.8	2.6
Net cash used in investing activities	(17.9)	(73.3)
Cash flow from financing activities:		
Cash received from debt borrowings	170.0	246.0
Repayments of debt	(99.4)	(95.9)
Net increase (decrease) in client funds obligations	777.0	(670.7)
Proceeds from exercise of stock options	30.6	38.1
Withholding taxes paid related to equity award net share settlement	(1.9)	(3.3)
Purchases of common stock for treasury	(181.4)	—
Dividends paid on common stock	(41.2)	(31.9)
Net cash provided by (used in) financing activities	653.7	(517.7)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1.7)	(7.1)
Net increase (decrease) in cash, cash equivalents and restricted cash	819.8	(450.4)
Cash, cash equivalents and restricted cash, beginning of period	1,337.9	1,789.4
Cash, cash equivalents and restricted cash and cash equivalents, end of period	\$ 2,157.7	\$ 1,339.0
Reconciliation of cash, cash equivalents and restricted cash and cash equivalents:		
Cash and cash equivalents	\$ 253.7	\$ 373.7
Restricted cash and cash equivalents	4.4	8.3
Restricted cash and cash equivalents included in funds receivable and funds held on behalf of clients	1,899.6	957.0
	\$ 2,157.7	\$ 1,339.0

SS&C Technologies Holdings, Inc. and Subsidiaries
Disclosures Relating to Non-GAAP Financial Measures

Note 1. Reconciliation of Revenues to Adjusted Revenues

Adjusted revenues represents revenues adjusted to include a) amounts that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisition and b) amounts that would have been recognized if not for adjustments to deferred revenue and retained earnings related to the adoption of ASC 606. Adjusted revenues is presented because we use this measure to evaluate performance of our business against prior periods and believe it is a useful indicator of the underlying performance of our business. Adjusted revenues is not a recognized term under generally accepted accounting principles (“GAAP”). Adjusted revenues does not represent revenues, as that term is defined under GAAP, and should not be considered as an alternative to revenues as an indicator of our operating performance. Adjusted revenues as presented herein is not necessarily comparable to similarly titled measures presented by other companies. Below is a reconciliation of adjusted revenues to revenues, the GAAP measure we believe to be most directly comparable to adjusted revenues.

(in millions)	Three Months Ended March 31,	
	2021	2020
Revenues	\$ 1,233.4	\$ 1,173.6
ASC 606 adoption impact	0.1	2.2
Purchase accounting adjustments impact on revenue	1.9	2.2
Adjusted revenues	<u>\$ 1,235.4</u>	<u>\$ 1,178.0</u>

The following is a breakdown of software-enabled services and license, maintenance and related revenues and adjusted software-enabled services and license, maintenance and related revenues.

(in millions)	Three Months Ended March 31,	
	2021	2020
Software-enabled services	\$ 1,043.4	\$ 989.5
License, maintenance and related	190.0	184.1
Total revenues	<u>\$ 1,233.4</u>	<u>\$ 1,173.6</u>
Software-enabled services	\$ 1,045.2	\$ 991.3
License, maintenance and related	190.2	186.7
Total adjusted revenues	<u>\$ 1,235.4</u>	<u>\$ 1,178.0</u>

Note 2. Reconciliation of Operating Income to Adjusted Operating Income

Adjusted operating income represents operating income adjusted for amortization of intangible assets, stock-based compensation, purchase accounting adjustments for deferred revenue and related costs, ASC 606 adoption impact and other expenses. Adjusted operating income is presented because we use this measure to evaluate performance of our business and believe it is a useful indicator of our underlying performance. Adjusted operating income is not a recognized term under GAAP. Adjusted operating income does not represent operating income, as that term is defined under GAAP, and should not be considered as an alternative to operating income as an indicator of our operating performance. Adjusted operating income as presented herein is not necessarily comparable to similarly titled measures by other companies. The following is a reconciliation between adjusted operating income and operating income, the GAAP measure we believe to be most directly comparable to adjusted operating income.

(in millions)	Three Months Ended March 31,	
	2021	2020
Operating income	\$ 269.1	\$ 218.8
Amortization of intangible assets	144.6	157.6
Stock-based compensation	27.8	22.5
Purchase accounting adjustments (1)	10.2	9.5
ASC 606 adoption impact	0.2	2.3
Other (2)	23.9	33.5
Adjusted operating income	<u>\$ 475.8</u>	<u>\$ 444.2</u>

- (1) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisition, (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions and (c) an adjustment to decrease depreciation expense by the amount that would not have been recognized if property, plant and equipment were not adjusted to fair value at the date of acquisition.

- (2) Other includes expenses and income that are permitted to be excluded per the terms of our Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance. These include expenses and income related to foreign currency transactions, facilities and workforce restructuring, legal settlements and business acquisitions.

Note 3. Reconciliation of Net Income to EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA

EBITDA represents net income before interest expense, income taxes, depreciation and amortization. Consolidated EBITDA, defined under our Credit Agreement entered into in April 2018, as amended, is used in calculating covenant compliance, and is EBITDA adjusted for certain items. Consolidated EBITDA is calculated by subtracting from or adding to EBITDA items of income or expense described below. Adjusted Consolidated EBITDA is calculated by subtracting acquired EBITDA (as defined below) from Consolidated EBITDA. EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA are presented because we use these measures to evaluate performance of our business and believe them to be useful indicators of an entity's debt capacity and its ability to service debt. EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA are not recognized terms under GAAP and should not be considered in isolation or as alternatives to operating income, net income or cash flows from operating activities as indicators of our operating performance. These measures are not necessarily comparable to similarly titled measures by other companies. The following is a reconciliation of EBITDA, Consolidated EBITDA and Adjusted Consolidated EBITDA to net income.

(in millions)	Three Months Ended March 31,		Twelve Months Ended March 31,
	2021	2020	2021
Net income	\$ 174.9	\$ 99.2	\$ 700.9
Interest expense, net	51.4	77.4	219.9
Provision for income taxes	60.8	24.8	186.6
Depreciation and amortization	169.5	184.7	710.1
EBITDA	456.6	386.1	1,817.5
Stock-based compensation	27.8	22.5	93.1
Acquired EBITDA and cost savings (1)	1.3	(1.0)	4.0
Non-cash portion of straight-line rent expense	(0.2)	(0.1)	(0.2)
Loss on extinguishment of debt, net	0.3	2.8	1.7
Equity in earnings of unconsolidated affiliates, net	(0.3)	(0.7)	1.9
Purchase accounting adjustments (2)	1.6	1.8	6.7
ASC 606 adoption impact	0.2	2.3	3.2
Other (3)	5.9	48.8	(41.5)
Consolidated EBITDA	\$ 493.2	\$ 462.5	\$ 1,886.4
Less: acquired EBITDA and cost savings (1)	(1.3)	1.0	(4.0)
Adjusted Consolidated EBITDA	<u>\$ 491.9</u>	<u>\$ 463.5</u>	<u>\$ 1,882.4</u>

- (1) Acquired EBITDA reflects the EBITDA impact of significant businesses that were acquired during the period as if the acquisition occurred at the beginning of the period, as well as cost savings enacted in connection with acquisitions.
- (2) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisitions (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions and (c) an adjustment to increase or decrease rent expense by the amount that would have been recognized if lease obligations were not adjusted to fair value at the date of acquisitions.
- (3) Other includes expenses and income that are permitted to be excluded per the terms of our Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance. These include expenses and income related to foreign currency transactions, investment gains and losses, facilities and workforce restructuring, legal settlements, business combinations and other items.

Note 4. Reconciliation of Net Income to Adjusted Net Income and Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share

Adjusted net income and adjusted diluted earnings per share represent net income and earnings per share before amortization of intangible assets and deferred financing costs, stock-based compensation, purchase accounting adjustments and other items. We consider adjusted net income and adjusted diluted earnings per share to be important to management and investors because they represent our operational performance exclusive of the effects of amortization of intangible assets and deferred financing costs, stock-based compensation, purchase accounting adjustments, loss on extinguishment of debt and other items, that are not operational in nature or comparable to those of our competitors. Adjusted net income and adjusted diluted earnings per share are not recognized terms under GAAP. Adjusted net income and adjusted diluted earnings per share do not represent net income or diluted earnings per share, as those terms are defined under GAAP, and should not be considered as alternatives to net income or diluted earnings per share as indicators of our operating performance. Adjusted net income and adjusted diluted earnings per share as presented herein are not necessarily comparable to similarly titled measures presented by other companies. Below is a reconciliation of adjusted net income

and adjusted diluted earnings per share to net income and diluted earnings per share, the GAAP measures we believe to be most directly comparable to adjusted net income and adjusted diluted earnings per share.

(in millions, except per share data)	Three Months Ended March 31,	
	2021	2020
GAAP – Net income	\$ 174.9	\$ 99.2
Plus: Amortization of intangible assets	144.6	157.6
Plus: Amortization of deferred financing costs and original issue discount	3.3	3.5
Plus: Stock-based compensation	27.8	22.5
Plus: Loss on extinguishment of debt	0.3	2.8
Plus: Purchase accounting adjustments (1)	10.2	9.5
Plus: ASC 606 adoption impact	0.2	2.3
(Less): Equity in earnings of unconsolidated affiliates, net	(0.3)	(0.7)
Plus: Other (2)	5.9	48.8
Income tax effect (3)	(50.4)	(71.5)
Adjusted net income	\$ 316.5	\$ 274.0
Adjusted diluted earnings per share	\$ 1.18	\$ 1.03
GAAP diluted earnings per share	\$ 0.65	\$ 0.37
Diluted weighted-average shares outstanding	268.1	265.6

- (1) Purchase accounting adjustments include (a) an adjustment to increase revenues by the amount that would have been recognized if deferred revenue were not adjusted to fair value at the date of acquisition, (b) an adjustment to increase personnel and commissions expense by the amount that would have been recognized if prepaid commissions and deferred personnel costs were not adjusted to fair value at the date of the acquisitions and (c) an adjustment to decrease depreciation expense by the amount that would not have been recognized if property, plant and equipment were not adjusted to fair value at the date of acquisition.
- (2) Other includes expenses and income that are permitted to be excluded per the terms of our Credit Agreement from Consolidated EBITDA, a financial measure used in calculating our covenant compliance. These include expenses and income related to foreign currency transactions, investment gains and losses, facilities and workforce restructuring, legal settlements, business acquisitions and other items.
- (3) An estimated normalized effective tax rate of approximately 26% for the three months ended March 31, 2021 and 2020, respectively, has been used to adjust the provision for income taxes for the purpose of computing adjusted net income.