

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

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

For the quarterly period ended **June 30, 2023**  
OR

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

For the transition period from            to

Commission file number: 001-16111

**globalpayments**

**GLOBAL PAYMENTS INC.**

(Exact name of registrant as specified in charter)

<b>Georgia</b> (State or other jurisdiction of incorporation or organization)	<b>58-2567903</b> (I.R.S. Employer Identification No.)
<b>3550 Lenox Road, Atlanta, Georgia</b> (Address of principal executive offices)	<b>30326</b> (Zip Code)

**Registrant's telephone number, including area code: (770) 829-8000**

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

Title of each class	Trading symbol	Name of exchange on which registered
Common stock, no par value	GPN	New York Stock Exchange
4.875% Senior Notes due 2031	GPN31A	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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of the issuer's common stock, no par value, outstanding as of July 27, 2023 was 259,993,893.

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**GLOBAL PAYMENTS INC.**  
**FORM 10-Q**  
**For the quarterly period ended June 30, 2023**

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**PART I - FINANCIAL INFORMATION****ITEM 1—FINANCIAL STATEMENTS**

**GLOBAL PAYMENTS INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share data)

	<b>Three Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Revenues	\$ 2,452,469	\$ 2,280,906
Operating expenses:		
Cost of service	941,952	962,299
Selling, general and administrative	1,013,514	863,179
Impairment of goodwill	—	833,075
(Gain) loss on business dispositions	(105,738)	152,211
	<u>1,849,728</u>	<u>2,810,764</u>
Operating income (loss)	602,741	(529,858)
Interest and other income	27,944	2,956
Interest and other expense	(191,423)	(99,188)
	<u>(163,479)</u>	<u>(96,232)</u>
Income (loss) before income taxes and equity in income of equity method investments	439,262	(626,090)
Income tax expense	172,211	52,776
Income (loss) before equity in income of equity method investments	267,051	(678,866)
Equity in income of equity method investments, net of tax	17,155	13,815
Net income (loss)	284,206	(665,051)
Net income attributable to noncontrolling interests, net of tax	(10,058)	(7,948)
Net income (loss) attributable to Global Payments	<u>\$ 274,148</u>	<u>\$ (672,999)</u>
Earnings (loss) per share attributable to Global Payments:		
Basic earnings (loss) per share	<u>\$ 1.05</u>	<u>\$ (2.42)</u>
Diluted earnings (loss) per share	<u>\$ 1.05</u>	<u>\$ (2.42)</u>

*See Notes to Unaudited Consolidated Financial Statements.*

**GLOBAL PAYMENTS INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except per share data)

	Six Months Ended	
	June 30, 2023	June 30, 2022
Revenues	\$ 4,744,916	\$ 4,437,160
Operating expenses:		
Cost of service	1,889,705	1,919,457
Selling, general and administrative	2,056,641	1,686,328
Impairment of goodwill	—	833,075
Net loss on business dispositions	139,095	152,211
	<u>4,085,441</u>	<u>4,591,071</u>
Operating income (loss)	659,475	(153,911)
Interest and other income	39,097	4,667
Interest and other expense	(314,368)	(192,471)
	<u>(275,271)</u>	<u>(187,804)</u>
Income (loss) before income taxes and equity in income of equity method investments	384,204	(341,715)
Income tax expense	140,812	104,994
Income (loss) before equity in income of equity method investments	243,392	(446,709)
Equity in income of equity method investments, net of tax	36,394	31,294
Net income (loss)	279,786	(415,415)
Net income attributable to noncontrolling interests, net of tax	(16,679)	(12,851)
Net income (loss) attributable to Global Payments	<u>\$ 263,107</u>	<u>\$ (428,266)</u>
Earnings (loss) per share attributable to Global Payments:		
Basic earnings (loss) per share	\$ 1.00	\$ (1.53)
Diluted earnings (loss) per share	\$ 1.00	\$ (1.53)

*See Notes to Unaudited Consolidated Financial Statements.*

**GLOBAL PAYMENTS INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in thousands)

	<b>Three Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Net income (loss)	\$ 284,206	\$ (665,051)
Other comprehensive income (loss):		
Foreign currency translation adjustments	4,596	(210,882)
Reclassification of accumulated foreign currency translation losses to net loss as a result of the sale of a foreign entity	—	62,925
Income tax (expense) benefit related to foreign currency translation adjustments	(343)	963
Net unrealized gains on hedging activities	40,078	5,051
Reclassification of net unrealized (gains) losses on hedging activities to interest expense	(901)	7,534
Income tax expense related to hedging activities	(9,144)	(3,052)
Other, net of tax	(22)	—
Other comprehensive income (loss)	<u>34,264</u>	<u>(137,461)</u>
Comprehensive income (loss)	318,470	(802,512)
Comprehensive income (loss) attributable to noncontrolling interests	11,906	(5,540)
Comprehensive income (loss) attributable to Global Payments	<u>\$ 306,564</u>	<u>\$ (796,972)</u>

	<b>Six Months Ended</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Net income (loss)	\$ 279,786	\$ (415,415)
Other comprehensive income (loss):		
Foreign currency translation adjustments	42,046	(243,843)
Reclassification of accumulated foreign currency translation losses to net loss as a result of the sale of a foreign entity	—	62,925
Income tax (expense) benefit related to foreign currency translation adjustments	(530)	1,634
Net unrealized gains (losses) on hedging activities	(7,973)	13,985
Reclassification of net unrealized losses on hedging activities to interest expense	485	16,979
Income tax (expense) benefit related to hedging activities	1,806	(7,508)
Other, net of tax	(44)	—
Other comprehensive income (loss)	<u>35,790</u>	<u>(155,828)</u>
Comprehensive income (loss)	315,576	(571,243)
Comprehensive income (loss) attributable to noncontrolling interests	24,901	(5,981)
Comprehensive income (loss) attributable to Global Payments	<u>\$ 290,675</u>	<u>\$ (565,262)</u>

*See Notes to Unaudited Consolidated Financial Statements.*

**GLOBAL PAYMENTS INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share data)

	June 30, 2023 (Unaudited)	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,919,591	\$ 1,997,566
Accounts receivable, net	1,159,266	998,332
Settlement processing assets	1,600,809	2,519,114
Current assets held for sale	7,224	138,815
Prepaid expenses and other current assets	832,254	660,321
Total current assets	5,519,144	6,314,148
Goodwill	26,491,160	23,320,736
Other intangible assets, net	10,741,990	9,658,374
Property and equipment, net	2,084,209	1,838,809
Deferred income taxes	112,087	37,907
Noncurrent assets held for sale	29	1,295,799
Notes receivable	724,644	—
Other noncurrent assets	2,477,617	2,343,241
Total assets	\$ 48,150,880	\$ 44,809,014
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Settlement lines of credit	\$ 528,990	\$ 747,111
Current portion of long-term debt	75,681	1,169,330
Accounts payable and accrued liabilities	2,710,458	2,442,560
Settlement processing obligations	1,802,361	2,413,799
Current liabilities held for sale	942	125,891
Total current liabilities	5,118,432	6,898,691
Long-term debt	16,975,360	12,289,248
Deferred income taxes	2,447,947	2,428,412
Noncurrent liabilities held for sale	164	4,478
Other noncurrent liabilities	693,518	647,975
Total liabilities	25,235,421	22,268,804
Commitments and contingencies		
Redeemable noncontrolling interests	499,479	—
Equity:		
Preferred stock, no par value; 5,000,000 shares authorized and none issued	—	—
Common stock, no par value; 400,000,000 shares authorized at June 30, 2023 and December 31, 2022; 259,962,485 issued and outstanding at June 30, 2023 and 263,081,872 issued and outstanding at December 31, 2022	—	—
Paid-in capital	19,686,035	19,978,095
Retained earnings	2,863,852	2,731,380
Accumulated other comprehensive loss	(378,401)	(405,969)
Total Global Payments shareholders' equity	22,171,486	22,303,506
Nonredeemable noncontrolling interests	244,494	236,704
Total equity	22,415,980	22,540,210
Total liabilities, redeemable noncontrolling interests and equity	\$ 48,150,880	\$ 44,809,014

*See Notes to Unaudited Consolidated Financial Statements.*

**GLOBAL PAYMENTS INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Six Months Ended	
	June 30, 2023	June 30, 2022
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 279,786	\$ (415,415)
<b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b>		
Depreciation and amortization of property and equipment	223,753	199,875
Amortization of acquired intangibles	645,675	656,373
Amortization of capitalized contract costs	59,065	53,113
Share-based compensation expense	136,701	85,414
Provision for operating losses and credit losses	61,313	57,929
Noncash lease expense	32,362	43,036
Deferred income taxes	(317,660)	(180,001)
Equity in income of equity method investments, net of tax	(36,394)	(31,294)
Impairment of goodwill	—	833,075
Net loss on business dispositions	139,095	152,211
Other, net	1,409	17,573
<b>Changes in operating assets and liabilities, net of the effects of business combinations:</b>		
Accounts receivable	(58,981)	(80,580)
Settlement processing assets and obligations, net	213,936	69,595
Prepaid expenses and other assets	(191,478)	(191,652)
Accounts payable and other liabilities	(24,099)	(71,119)
Net cash provided by operating activities	<u>1,164,483</u>	<u>1,198,133</u>
<b>Cash flows from investing activities:</b>		
Business combinations and other acquisitions, net of cash and restricted cash acquired	(4,101,415)	(9,931)
Capital expenditures	(331,002)	(324,027)
Issuance of notes receivable	(50,000)	—
Net cash from sales of businesses	478,695	(29,755)
Other, net	2,186	16
Net cash used in investing activities	<u>(4,001,536)</u>	<u>(363,697)</u>
<b>Cash flows from financing activities:</b>		
Net borrowings from (repayments of) settlement lines of credit	(233,075)	4,139
Net borrowings from commercial paper notes	1,841,675	—
Proceeds from long-term debt	7,359,193	2,954,156
Repayments of long-term debt	(5,673,724)	(2,276,488)
Payments of debt issuance costs	(12,255)	(1,706)
Repurchases of common stock	(418,271)	(1,249,994)
Proceeds from stock issued under share-based compensation plans	19,282	23,619
Common stock repurchased - share-based compensation plans	(33,680)	(26,972)
Distributions to noncontrolling interests	(17,255)	(14,363)
Payment of contingent consideration in business combination	—	(15,726)
Dividends paid	(130,635)	(139,315)
Net cash provided by (used in) financing activities	<u>2,701,255</u>	<u>(742,650)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	34,543	(114,968)
Decrease in cash, cash equivalents and restricted cash	(101,255)	(23,182)
Cash, cash equivalents and restricted cash, beginning of the period	2,215,606	2,123,023
Cash, cash equivalents and restricted cash, end of the period	<u>\$ 2,114,351</u>	<u>\$ 2,099,841</u>

*See Notes to Unaudited Consolidated Financial Statements.*



**GLOBAL PAYMENTS INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(in thousands, except per share data)

	<b>Shareholders' Equity</b>							<b>Redeemable Noncontrolling Interests</b>
	<b>Number of Shares</b>	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Global Payments Shareholders' Equity</b>	<b>Nonredeemable Noncontrolling Interests</b>	<b>Total Equity</b>	
Balance at March 31, 2023	261,771	\$ 19,839,506	\$ 2,654,589	\$ (410,817)	\$ 22,083,278	\$ 243,481	\$ 22,326,759	\$ 556,070
Net income (loss)			274,148		274,148	10,062	284,210	(4)
Other comprehensive income				32,416	32,416	717	33,133	1,131
Stock issued under share-based compensation plans	259	13,179			13,179		13,179	
Common stock repurchased - share-based compensation plans	(62)	(6,290)			(6,290)		(6,290)	
Share-based compensation expense		47,135			47,135		47,135	
Repurchases of common stock	(2,006)	(207,495)			(207,495)		(207,495)	
Distributions to noncontrolling interests					—	(9,766)	(9,766)	(1,271)
Redeemable noncontrolling interests measurement period adjustment					—		—	(56,447)
Cash dividends declared (\$0.25 per common share)			(64,885)		(64,885)		(64,885)	
Balance at June 30, 2023	<u>259,962</u>	<u>\$ 19,686,035</u>	<u>\$ 2,863,852</u>	<u>\$ (378,401)</u>	<u>\$ 22,171,486</u>	<u>\$ 244,494</u>	<u>\$ 22,415,980</u>	<u>\$ 499,479</u>

	<b>Shareholders' Equity</b>							<b>Total Equity</b>
	<b>Number of Shares</b>	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Global Payments Shareholders' Equity</b>	<b>Nonredeemable Noncontrolling Interests</b>		
Balance at March 31, 2022	281,434	\$ 22,338,086	\$ 3,068,683	\$ (247,205)	\$ 25,159,564	\$ 235,241	\$ 25,394,805	
Net income (loss)			(672,999)		(672,999)	7,948	(665,051)	
Other comprehensive loss				(123,973)	(123,973)	(13,488)	(137,461)	
Stock issued under share-based compensation plans	125	15,680			15,680		15,680	
Common stock repurchased - share-based compensation plans	(2)	(220)			(220)		(220)	
Share-based compensation expense		47,014			47,014		47,014	
Repurchases of common stock	(4,524)	(599,986)	(352)		(600,338)		(600,338)	
Distributions to noncontrolling interest					—	(8,829)	(8,829)	
Cash dividends declared (\$0.25 per common share)			(69,073)		(69,073)		(69,073)	
Balance at June 30, 2022	<u>277,033</u>	<u>\$ 21,800,574</u>	<u>\$ 2,326,259</u>	<u>\$ (371,178)</u>	<u>\$ 23,755,655</u>	<u>\$ 220,872</u>	<u>\$ 23,976,527</u>	

*See Notes to Unaudited Consolidated Financial Statements.*

**GLOBAL PAYMENTS INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(in thousands, except per share data)

	<b>Shareholders' Equity</b>							<b>Redeemable Noncontrolling Interests</b>
	<b>Number of Shares</b>	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Global Payments Shareholders' Equity</b>	<b>Nonredeemable Noncontrolling Interests</b>	<b>Total Equity</b>	
Balance at December 31, 2022	263,082	\$ 19,978,095	\$ 2,731,380	\$ (405,969)	\$ 22,303,506	\$ 236,704	\$ 22,540,210	\$ —
Net income (loss)			263,107		263,107	16,683	279,790	(4)
Other comprehensive income				27,568	27,568	7,091	34,659	1,131
Stock issued under share-based compensation plans	1,273	19,282			19,282		19,282	
Common stock repurchased - share-based compensation plans	(328)	(36,479)			(36,479)		(36,479)	
Share-based compensation expense		136,701			136,701		136,701	
Redeemable noncontrolling interests acquired in a business combination							—	556,070
Issuance of share-based awards in connection with a business combination		2,484			2,484		2,484	
Repurchases of common stock	(4,065)	(414,048)			(414,048)		(414,048)	
Distributions to noncontrolling interests						(15,984)	(15,984)	(1,271)
Redeemable noncontrolling interests measurement period adjustment							—	(56,447)
Cash dividends declared (\$0.50 per share)			(130,635)		(130,635)		(130,635)	
Balance at June 30, 2023	<u>259,962</u>	<u>\$ 19,686,035</u>	<u>\$ 2,863,852</u>	<u>\$ (378,401)</u>	<u>\$ 22,171,486</u>	<u>\$ 244,494</u>	<u>\$ 22,415,980</u>	<u>\$ 499,479</u>

	<b>Shareholders' Equity</b>							<b>Total Equity</b>
	<b>Number of Shares</b>	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Global Payments Shareholders' Equity</b>	<b>Nonredeemable Noncontrolling Interests</b>		
Balance at December 31, 2021	284,750	\$ 22,880,261	\$ 2,982,122	\$ (234,182)	\$ 25,628,201	\$ 241,216	\$ 25,869,417	
Net income (loss)			(428,266)		(428,266)	12,851	(415,415)	
Other comprehensive loss				(136,996)	(136,996)	(18,832)	(155,828)	
Stock issued under share-based compensation plans	1,518	23,619			23,619		23,619	
Common stock repurchased - share-based compensation plans	(196)	(27,008)			(27,008)		(27,008)	
Share-based compensation expense		85,414			85,414		85,414	
Repurchases of common stock	(9,039)	(1,161,712)	(88,282)		(1,249,994)		(1,249,994)	
Distributions to noncontrolling interest						(14,363)	(14,363)	
Cash dividends declared (\$0.50 per common share)			(139,315)		(139,315)		(139,315)	
Balance at June 30, 2022	<u>277,033</u>	<u>\$ 21,800,574</u>	<u>\$ 2,326,259</u>	<u>\$ (371,178)</u>	<u>\$ 23,755,655</u>	<u>\$ 220,872</u>	<u>\$ 23,976,527</u>	

*See Notes to Unaudited Consolidated Financial Statements.*

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1—BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Business consolidation and presentation* - We are a leading payments technology company delivering innovative software and services to our customers globally. Our technologies, services and team member expertise allow us to provide a broad range of solutions that enable our customers to operate their businesses more efficiently across a variety of channels around the world. We operate in two reportable segments: Merchant Solutions and Issuer Solutions. As described in "Note 3—Business Dispositions," during the second quarter of 2023, we completed the sale of the consumer portion of our Netspend business, which comprised our former Consumer Solutions segment. Our consolidated financial statements include the results of our former Consumer Solutions segment for periods prior to disposition. See "Note 15—Segment Information" for further information. Global Payments Inc. and its consolidated subsidiaries are referred to herein collectively as "Global Payments," the "Company," "we," "our" or "us," unless the context requires otherwise.

These unaudited consolidated financial statements include our accounts and those of our majority-owned subsidiaries, and all intercompany balances and transactions have been eliminated in consolidation. These unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The consolidated balance sheet as of December 31, 2022 was derived from the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2022 but does not include all disclosures required by GAAP for annual financial statements.

In the opinion of our management, all known adjustments necessary for a fair presentation of the results of the interim periods have been made. These adjustments consist of normal recurring accruals and estimates that affect the carrying amount of assets and liabilities. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022.

*Use of estimates* - The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates. In particular, uncertainty resulting from global events and other macroeconomic conditions are difficult to predict at this time, and the ultimate effect could result in additional charges related to the recoverability of assets, including financial assets, long-lived assets and goodwill and other losses. These unaudited consolidated financial statements reflect the financial statement effects based upon management's estimates and assumptions utilizing the most currently available information.

### NOTE 2—ACQUISITION

#### *EVO Payments, Inc.*

On March 24, 2023, we acquired all of the outstanding common stock of EVO Payments, Inc. ("EVO"). EVO is a leading payment technology and services provider, offering an array of payment solutions to merchants ranging from small and middle market enterprises to multinational companies and organizations across the Americas and Europe. The acquisition aligns with our technology-enabled payments strategy, expands our geographic presence in attractive markets and augments our business-to-business software and payment solutions business.

Total purchase consideration was \$4.3 billion, which consisted of the following (in thousands):

Cash paid to EVO shareholders <sup>(1)</sup>	\$ 3,273,951
Cash paid for equity awards attributable to purchase consideration <sup>(2)</sup>	58,510
Value of replacement awards attributable to purchase consideration <sup>(3)</sup>	2,484
Total purchase consideration transferred to EVO shareholders	3,334,945
Repayment of EVO's unsecured revolving credit facility (including accrued interest and fees)	665,557
Payment of certain acquiree transaction costs and other liabilities on behalf of EVO <sup>(4)</sup>	269,118
Total purchase consideration	<u>\$ 4,269,620</u>

<sup>(1)</sup> Holders of EVO common stock, convertible preferred stock and common units received \$4 for each share of EVO common stock held at the effective time of the transaction.

<sup>(2)</sup> Pursuant to the merger agreement, we cash settled vested options and certain unvested equity awards of EVO equity award holders.

<sup>(3)</sup> Pursuant to the merger agreement, we granted equity awards for approximately 0.3 million shares of Global Payments common stock to certain EVO equity awards holders. Each such replacement award is subject to the same terms and conditions (including vesting and exercisability) that applied to the corresponding EVO equity award. We apportioned the fair value of the replacement awards between purchase consideration (the portion attributable to pre-acquisition services in relation to the total vesting term of the award) and amounts to be recognized in periods following the acquisition as share-based compensation expense over the requisite service period of the replacement awards.

<sup>(4)</sup> Certain acquiree transaction costs and liabilities, including amounts outstanding under EVO's tax receivable agreement, were required to be repaid by us upon consummation of the acquisition.

The cash portion of the purchase consideration was funded through cash on hand and borrowings under our revolving credit facility.

The provisional estimated acquisition-date fair values of major classes of assets acquired and liabilities assumed as of June 30, 2023, including a reconciliation to the total purchase consideration, were as follows:

	Provisional Amounts at Acquisition Date	Measurement-period Adjustments	Provisional Amounts at June 30, 2023
	(in thousands)		
Cash and cash equivalents	\$ 324,859	\$ —	\$ 324,859
Accounts receivable	105,680	(399)	105,281
Settlement processing assets	125,061	(77)	124,984
Deferred income tax assets	15,464	—	15,464
Property and equipment	83,540	(4,261)	79,279
Identifiable intangible assets	1,208,400	360,600	1,569,000
Other assets	157,166	(4,080)	153,086
Accounts payable and accrued liabilities	(277,800)	(4,488)	(282,288)
Settlement lines of credit	(11,371)	—	(11,371)
Settlement processing obligations	(199,161)	—	(199,161)
Deferred income tax liabilities	(168,098)	(80,486)	(248,584)
Other liabilities	(58,089)	(722)	(58,811)
<b>Total identifiable net assets</b>	<b>1,305,651</b>	<b>266,087</b>	<b>1,571,738</b>
Redeemable noncontrolling interests	(556,070)	56,447	(499,623)
Goodwill	3,520,039	(322,534)	3,197,505
<b>Total purchase consideration</b>	<b>\$ 4,269,620</b>	<b>\$ —</b>	<b>\$ 4,269,620</b>

As of June 30, 2023, we considered these amounts to be provisional because we were still in the process of gathering and reviewing information to support the valuations of the assets acquired, liabilities assumed and related tax positions. We made measurement-period adjustments as shown in the table above, and the effects of the measurement-period adjustments on our consolidated statement of income for the second quarter of 2023 were not material.

Goodwill arising from the acquisition was included in the Merchant Solutions segment as of June 30, 2023 and was attributable to expected growth opportunities, potential synergies from combining the acquired business into our existing business and an assembled workforce. We expect that a portion of the goodwill from this acquisition will be deductible for income tax purposes. As the amounts are still provisional, we are still in the process of assigning goodwill to our reporting units.

The following table reflects the provisional estimated acquisition-date fair values of the identified intangible assets of EVO and their respective weighted-average estimated amortization periods:

	<u>Estimated Fair Value</u> <u>(in thousands)</u>	<u>Weighted-Average Estimated</u> <u>Amortization Periods</u> <u>(years)</u>
Customer-related intangible assets	\$ 946,000	10
Contract-based intangible assets	529,000	12
Acquired technologies	88,000	7
Trademarks and trade names	6,000	2
Total estimated identifiable intangible assets	<u>\$ 1,569,000</u>	11

From the acquisition date through June 30, 2023, the acquired operations of EVO contributed less than 10% to our consolidated revenues and operating income. The historical revenue and earnings of EVO were not material for the purpose of presenting pro forma information. In addition, transaction costs associated with this business combination were not material.

### NOTE 3—BUSINESS DISPOSITIONS

*Gaming Business.* On April 1, 2023, we completed the sale of our gaming business for approximately \$400 million, subject to certain closing adjustments. The gaming business was included in our Merchant Solutions segment prior to disposition, and had been presented as held for sale in our consolidated balance sheet since December 31, 2022. In connection with the sale, we provided \$32 million of seller financing as described below. We recognized a gain on the sale of \$104.1 million during the three and six months ended June 30, 2023, and the sale is subject to certain additional final closing adjustments. The gain was presented within gain on business dispositions in the consolidated statement of income.

*Consumer Business.* On April 26, 2023, we completed the sale of the consumer portion of our Netspend business for approximately \$1 billion, subject to certain closing adjustments. The consumer business comprised our former Consumer Solutions segment prior to disposition, and had been presented as held for sale with certain adjustments to report the disposal group at fair value less costs to sell in our consolidated balance sheet since June 30, 2022. In connection with the sale, we provided \$675 million of seller financing as described below. We recognized a gain (loss) on business dispositions in our consolidated statement of income of \$1.6 million and \$(243.2) million during the three and six months ended June 30, 2023, respectively. The gain (loss) during the three and six months ended June 30, 2023 included the effects of incremental negotiated closing adjustments, changes in the estimated fair value of the seller financing and the effects of the final tax structure of the transaction. As further discussed in "Note 5— Goodwill and Other Intangible Assets," we recognized a goodwill impairment charge of \$833.1 million during the three and six months ended June 30, 2022 related to our former Business and Consumer Solutions reporting unit. We also recognized a charge of \$25.0 million during the three and six months ended June 30, 2022 to reduce the disposal group to estimated fair value less costs to sell, which was presented within net loss on business dispositions in our consolidated statement of income.

#### *Notes Receivable and Allowance for Credit Losses*

In connection with the sale of our consumer business, we provided seller financing consisting of the following: (1) a first lien seven-year secured term loan facility with an aggregate principal amount of \$350 million bearing interest at a fixed annual rate of 9.0%, including 3.5% payable quarterly in cash and 5.5% settled quarterly via the issuance of additional paid-in-kind ("PIK") notes with the same terms as the original notes until December 2024, after which interest will be payable quarterly in cash along with quarterly principal payments of \$4.375 million with the remaining balance due at maturity; and (2) a second lien twenty-five year secured term loan facility with an aggregate principal amount of \$325 million bearing interest at a fixed annual rate of 13.0% PIK due at maturity. The aggregate fair value of the first and second lien term loans upon the closing of the transaction was \$653.9 million, calculated using a discounted cash flow approach. In addition, we provided the purchasers a five-year \$50 million secured revolving facility available from the date of closing of the sale, bearing interest at a fixed annual rate of 9.0% payable quarterly in cash. In connection with the sale of our gaming business, we also provided seller financing consisting of an unsecured promissory note due April 1, 2030 with an aggregate principal amount of \$32 million bearing interest at a fixed annual rate of 11.0%.

We classify the notes as held for investment based on the intent and ability to hold for foreseeable future or until maturity or payoff, and the notes are presented at amortized cost within notes receivable in our consolidated balance sheet. Interest income is recognized using the effective interest method, which includes the accretion of the difference between the fair value at inception and the face value of the notes. We recognized interest income of \$14.9 million during the three and six months ended June 30, 2023 as a component of interest and other income in the consolidated statements of income. The issuance of the notes in connection with the sale transactions was a noncash investing activity in our consolidated statement of cash flows for the six months ended June 30, 2023.

We are exposed to credit losses on the notes. We utilize a probability-of-default and loss given default method to develop an estimate of current expected credit losses applied at the loan level. A variety of factors are considered to estimate the expected credit loss, including the probability of default (representing the probability the asset will default within a given time frame), the loss given default (representing the percentage of the asset that is not expected to be collected due to default), leverage ratios, interest rates, market and industry data, and forecasts that affect the collectibility of the reported amount. The estimation process also includes consideration of qualitative and quantitative risk factors associated with expected timing of payment, industry trends and current and anticipated future economic conditions. Expected credit losses are estimated over the life of the loans, adjusted for expected prepayments when appropriate. Upon issuance of the notes in connection with the sales of the two businesses, we recognized an allowance for credit losses and a noncash charge of \$18.2 million, which is included as a component of interest and other expenses in our consolidated statements of income for the three and six months ended June 30, 2023.

As of June 30, 2023, there was an aggregate principal amount of \$769.2 million outstanding on the notes, including PIK, and the notes are presented net of the allowance for credit losses of \$18.2 million within notes receivable in our consolidated balance sheet. The estimated fair value of the notes receivable was \$14.4 million as of June 30, 2023. The estimated fair value of notes receivable was based on a discounted cash flow approach and is considered to be a Level 3 measurement of the valuation hierarchy.

*Assets and Liabilities Held for Sale.* The assets and liabilities of our consumer and gaming businesses were classified as held for sale in our consolidated balance sheets as of December 31, 2022. The major classes of assets presented as held for sale in the consolidated balance sheet as of December 31, 2022 included cash of \$70.6 million, accounts receivable of \$18.4 million, other current assets of \$42.3 million, goodwill of \$529.5 million, other intangible assets of \$717.9 million, property and equipment of \$82.9 million, other noncurrent assets of \$44.9 million and an asset group valuation allowance of \$71.9 million. The major classes of liabilities presented as held for sale in the consolidated balance sheet as of December 31, 2022 included accounts payable and accrued liabilities of \$125.9 million and other noncurrent liabilities of \$4.5 million.

*Sale of Merchant Solutions Business in Russia.* We sold our Merchant Solutions business in Russia effective April 29, 2022 for cash proceeds of \$9 million. During the three months ended June 30, 2022, we recognized a loss of \$127.2 million associated with the sale, comprised of the difference between the consideration received and the net carrying amount of the business and the reclassification of \$63 million of associated accumulated foreign currency translation losses from the separate component of equity. The loss was presented within net loss on business dispositions in our consolidated statement of income.



**NOTE 4—REVENUES**

The following tables present a disaggregation of our revenues from contracts with customers by geography for each of our reportable segments for the three and six months ended June 30, 2023 and 2022 and have been recast to align with the change in the presentation of segment information during 2022 as further described in “Note 15—Segment Information.”

	Three Months Ended June 30, 2023				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	\$ 1,499,130	\$ 455,019	\$ 39,031	\$ (9,155)	\$ 1,984,025
Europe	278,925	125,281	—	—	404,206
Asia Pacific	64,238	10,141	—	(10,141)	64,238
	<u>\$ 1,842,293</u>	<u>\$ 590,441</u>	<u>\$ 39,031</u>	<u>\$ (19,296)</u>	<u>\$ 2,452,469</u>

	Three Months Ended June 30, 2022				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	\$ 1,334,231	\$ 432,963	\$ 161,629	\$ (13,641)	\$ 1,915,182
Europe	187,450	118,239	—	—	305,689
Asia Pacific	60,035	8,437	—	(8,437)	60,035
	<u>\$ 1,581,716</u>	<u>\$ 559,639</u>	<u>\$ 161,629</u>	<u>\$ (22,078)</u>	<u>\$ 2,280,906</u>

	Six Months Ended June 30, 2023				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	\$ 2,865,024	\$ 898,364	\$ 182,740	\$ (26,477)	\$ 3,919,651
Europe	455,023	242,386	—	—	697,409
Asia Pacific	127,856	20,599	—	(20,599)	127,856
	<u>\$ 3,447,903</u>	<u>\$ 1,161,349</u>	<u>\$ 182,740</u>	<u>\$ (47,076)</u>	<u>\$ 4,744,916</u>

	Six Months Ended June 30, 2022				
	Merchant Solutions	Issuer Solutions	Consumer Solutions	Intersegment Eliminations	Total
	(in thousands)				
Americas	\$ 2,576,851	\$ 839,691	\$ 330,744	\$ (28,260)	\$ 3,719,026
Europe	361,505	240,250	—	—	601,755
Asia Pacific	116,379	17,024	—	(17,024)	116,379
	<u>\$ 3,054,735</u>	<u>\$ 1,096,965</u>	<u>\$ 330,744</u>	<u>\$ (45,284)</u>	<u>\$ 4,437,160</u>

The following table presents a disaggregation of our Merchant Solutions segment revenues by distribution channel for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(in thousands)			
Relationship-led	\$ 979,574	\$ 827,577	\$ 1,760,446	\$ 1,564,982
Technology-enabled	862,719	754,139	1,687,457	1,489,753
	<u>\$ 1,842,293</u>	<u>\$ 1,581,716</u>	<u>\$ 3,447,903</u>	<u>\$ 3,054,735</u>

ASC Topic 606, *Revenues from Contracts with Customers* ("ASC 606") requires that we determine for each customer arrangement whether revenue should be recognized at a point in time or over time. For the three and six months ended June 30, 2023 and 2022, substantially all of our revenues were recognized over time.

Supplemental balance sheet information related to contracts from customers as of June 30, 2023 and December 31, 2022 was as follows:

	Balance Sheet Location	June 30, 2023		December 31, 2022	
		(in thousands)			
<b>Assets:</b>					
Capitalized costs to obtain customer contracts, net	Other noncurrent assets	\$	337,535	\$	329,785
Capitalized costs to fulfill customer contracts, net	Other noncurrent assets	\$	178,403	\$	152,520
<b>Liabilities:</b>					
Contract liabilities, net (current)	Accounts payable and accrued liabilities	\$	229,402	\$	226,254
Contract liabilities, net (noncurrent)	Other noncurrent liabilities	\$	54,295	\$	45,613

Net contract assets were not material at June 30, 2023 or at December 31, 2022. Revenue recognized for the three months ended June 30, 2023 and 2022 from contract liability balances at the beginning of each period was \$85.2 million and \$83.2 million, respectively. Revenue recognized for the six months ended June 30, 2023 and 2022 from contract liability balances at the beginning of each period was \$142.9 million and \$149.8 million, respectively.

ASC 606 requires disclosure of the aggregate amount of the transaction price allocated to unsatisfied performance obligations. The purpose of this disclosure is to provide additional information about the amounts and expected timing of revenue to be recognized from the remaining performance obligations in our existing contracts. The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at June 30, 2023. However, as permitted, we have elected to exclude from this disclosure any contracts with an original duration of one year or less and any variable consideration that meets specified criteria. Accordingly, the total amount

of unsatisfied or partially unsatisfied performance obligations related to processing services is significantly higher than the amounts disclosed in the table below (in thousands):

**Year Ending December 31,**

2023	\$	549,127
2024		933,570
2025		754,656
2026		617,850
2027		476,385
2028		221,338
2029 and thereafter		324,302
Total	\$	<u>3,877,228</u>

**NOTE 5—GOODWILL AND OTHER INTANGIBLE ASSETS**

As of June 30, 2023 and December 31, 2022, goodwill and other intangible assets consisted of the following:

	June 30, 2023	December 31, 2022
	(in thousands)	
Goodwill	\$ 26,491,160	\$ 23,320,736
Other intangible assets:		
Customer-related intangible assets	\$ 10,477,777	\$ 9,524,922
Acquired technologies	3,029,770	2,863,731
Contract-based intangible assets	2,299,501	1,741,321
Trademarks and trade names	1,074,496	1,067,745
	16,881,544	15,197,719
Less accumulated amortization:		
Customer-related intangible assets	3,472,869	3,155,838
Acquired technologies	1,870,202	1,692,762
Contract-based intangible assets	248,503	197,478
Trademarks and trade names	547,980	493,267
	6,139,554	5,539,345
	\$ 10,741,990	\$ 9,658,374

The following table sets forth the changes by reportable segment in the carrying amount of goodwill for the six months ended June 30, 2023:

	Merchant Solutions	Issuer Solutions	Total
	(in thousands)		
Balance at December 31, 2022	\$ 13,816,945	\$ 9,503,791	\$ 23,320,736
Goodwill acquired	3,197,505	—	3,197,505
Effect of foreign currency translation	(39,822)	12,977	(26,845)
Measurement period adjustments	(236)	—	(236)
Balance at June 30, 2023	\$ 16,974,392	\$ 9,516,768	\$ 26,491,160

We test goodwill for impairment at the reporting unit level annually and more often if an event occurs or circumstances change that indicate the fair value of a reporting unit may be below its carrying amount. When applying the quantitative assessment, we determine the fair value of our reporting units based on a weighted average of multiple valuation techniques, principally a combination of an income approach and a market approach. The income approach calculates a value based upon the present value of estimated future cash flows, while the market approach uses earnings multiples of similarly situated guideline public companies. Determining the fair value of a reporting unit involves judgment and the use of significant estimates and assumptions, which include assumptions regarding the revenue growth rates and operating margins used to calculate estimated future cash flows, risk-adjusted discount rates and future economic and market conditions.

During the second quarter of 2022, the sustained decline in our share price and recent increases in discount rates, primarily resulting from increased economic uncertainty, indicated a potential decline in fair value and triggered a requirement to evaluate our Issuer Solutions and former Business and Consumer Solutions reporting units for potential impairment as of June 30, 2022. Further, the estimated sales price for the consumer business portion of our former Business and Consumer Solutions reporting unit also indicated a potential decline in fair value as of June 30, 2022. We determined on the basis of the quantitative assessment that the fair value of the Issuer Solutions reporting unit was still greater than its carrying amount as of June 30, 2022, indicating no impairment. Based on the quantitative assessment of the former Business and Consumer Solutions reporting unit, including consideration of the consumer business disposal group and the remaining assets of the reporting unit,

we recognized a goodwill impairment charge of \$833.1 million in our consolidated statement of income for the three and six months ended June 30, 2022.

Accumulated impairment losses for goodwill as of June 30, 2023 were \$57.9 million. Accumulated impairment losses for goodwill as of December 31, 2022 were \$833.1 million, of which \$475.2 million related to assets held for sale.

#### NOTE 6—LONG-TERM DEBT AND LINES OF CREDIT

As of June 30, 2023 and December 31, 2022, long-term debt consisted of the following:

	June 30, 2023	December 31, 2022
	(in thousands)	
3.750% senior notes due June 1, 2023	\$ —	\$ 552,113
4.000% senior notes due June 1, 2023	—	552,747
1.500% senior notes due November 15, 2024	498,654	498,164
2.650% senior notes due February 15, 2025	997,328	996,485
1.200% senior notes due March 1, 2026	1,094,900	1,093,932
4.800% senior notes due April 1, 2026	781,074	786,724
2.150% senior notes due January 15, 2027	745,571	744,945
4.950% senior notes due August 15, 2027	495,953	495,463
4.450% senior notes due June 1, 2028	471,603	473,800
3.200% senior notes due August 15, 2029	1,240,378	1,239,588
5.300% senior notes due August 15, 2029	495,712	495,362
2.900% senior notes due May 15, 2030	991,952	991,367
2.900% senior notes due November 15, 2031	742,975	742,555
5.400% senior notes due August 15, 2032	742,496	742,085
4.150% senior notes due August 15, 2049	740,682	740,503
5.950% senior notes due August 15, 2052	738,376	738,177
4.875% senior notes due March 17, 2031	862,855	—
1.000% convertible notes due August 15, 2029	1,449,359	1,445,225
Revolving credit facility	1,981,700	—
Commercial paper notes	1,841,675	—
Finance lease liabilities	26,956	32,435
Other borrowings	110,842	96,908
<b>Total long-term debt</b>	<b>17,051,041</b>	<b>13,458,578</b>
Less current portion	75,681	1,169,330
<b>Long-term debt, excluding current portion</b>	<b>\$ 16,975,360</b>	<b>\$ 12,289,248</b>

The carrying amounts of our senior notes and convertible notes in the table above are presented net of unamortized discount and unamortized debt issuance costs, as applicable. At June 30, 2023, the unamortized discount on senior notes and convertible notes was \$49.9 million, and unamortized debt issuance costs on senior notes and convertible notes were \$85.6 million. At December 31, 2022, the unamortized discount on senior notes and convertible notes was \$0.8 million and unamortized debt issuance costs on senior notes and convertible notes were \$85.4 million. The portion of unamortized debt issuance costs related to revolving credit facilities is included in other noncurrent assets. At June 30, 2023 and December 31, 2022, unamortized debt issuance costs on the unsecured revolving credit facility were \$21.0 million and \$23.5 million, respectively.

At June 30, 2023, future maturities of long-term debt (excluding finance lease liabilities) are as follows by year (in thousands):

**Year Ending December 31,**

2023	\$	26,093
2024		554,394
2025		1,009,577
2026		1,860,108
2027		5,084,044
2028		450,000
2029 and thereafter		8,122,720
Total	\$	<u>17,106,936</u>

**Senior Notes**

On March 17, 2023, we issued €800 million aggregate principal amount of 4.875% senior unsecured notes due March 2031 and received net proceeds of €790.6 million, or \$843.6 million based on the exchange rate on the issuance date. We issued the senior notes at a discount of \$2.8 million, and we incurred debt issuance costs of \$7.2 million, including underwriting fees, professional services fees and registration fees, which were capitalized and reflected as a reduction of the related carrying amount of the notes in our consolidated balance sheet at June 30, 2023. Interest on the senior unsecured notes is payable annually in arrears on March 17 of each year, commencing March 17, 2024. The notes are unsecured and unsubordinated indebtedness and rank equally in right of payment with all of our other outstanding unsecured and unsubordinated indebtedness. The net proceeds from the offering were used for general corporate purposes.

During the three months ended June 30, 2023, we used borrowings under the revolving credit facility to fund the redemption in full of the 3.750% and 4.000% senior unsecured notes that were due June 1, 2023.

**Commercial Paper**

In January 2023, we established a \$2.0 billion commercial paper program under which we may issue senior unsecured commercial paper notes with maturities of up to 397 days from the date of issue. Commercial paper notes are expected to be issued at a discount from par, or they may bear interest, each at commercial paper market rates dictated by market conditions at the time of their issuance. The proceeds from issuances of commercial paper notes will be used primarily for general corporate purposes but may also be used for acquisitions, to pay dividends, for debt refinancing or for other purposes.

As of June 30, 2023, we had net borrowings under our commercial paper program of \$1,841.7 million outstanding, presented within long-term debt in our consolidated balance sheet based on our intent and ability to continually refinance on a long-term basis, with a weighted average annual interest rate of 5.96%. The commercial program is backstopped by our revolving credit agreement, in that the amount of commercial paper notes outstanding cannot exceed the undrawn portion of our revolving credit facility. As such, we could draw on the revolving credit facility to repay commercial paper notes that cannot be rolled over or refinanced with similar debt.

### **Fair Value of Long-Term Debt**

As of June 30, 2023, our senior notes had a total carrying amount of \$1.6 billion and an estimated fair value of \$10.6 billion. The estimated fair value of our senior notes was based on quoted market prices in an active market and is considered to be a Level 1 measurement of the valuation hierarchy.

As of June 30, 2023, our convertible notes had a total carrying amount of \$1.4 billion and an estimated fair value of \$1.4 billion. The estimated fair value of our convertible notes was based on a lattice pricing model and is considered to be a Level 3 measurement of the valuation hierarchy.

The fair value of other long-term debt approximated its carrying amount at June 30, 2023.

### **Compliance with Covenants**

The convertible notes include customary covenants and events of default for convertible notes of this type. The revolving credit agreement contains customary affirmative covenants and restrictive covenants, including, among others, financial covenants based on net leverage and interest coverage ratios, and customary events of default. The required leverage ratio was increased to 4.50 to 1.00 as a result of the qualifying acquisition of EVO, which will remain in effect for up to eight consecutive quarters with a gradual step-down to 3.75 to 1.00, and the required interest coverage ratio is 3.00 to 1.00. We were in compliance with all applicable covenants as of June 30, 2023.

### **Interest Expense**

Interest expense was \$172.3 million and \$97.1 million for the three months ended June 30, 2023 and 2022, respectively, and \$291.3 million and \$186.4 million for the six months ended June 30, 2023 and 2022, respectively.

## **NOTE 7—DERIVATIVES AND HEDGING INSTRUMENTS**

### **Net Investment Hedge**

We have designated our aggregate €800 million Euro-denominated senior notes due March 2031 as a hedge of our net investment in our Euro-denominated operations. The purpose of the net investment hedge is to reduce the volatility of our net investment in our Euro-denominated operations due to changes in foreign currency exchange rates.

Investments in foreign operations with functional currencies other than the reporting currency are subject to foreign currency risk as the assets and liabilities of these subsidiaries are translated into the reporting currency at the period-end rate of exchange with the resulting foreign currency translation adjustment presented as a component of other comprehensive income and included in accumulated comprehensive income within equity in our consolidated balance sheets. Net investment hedge accounting offers protection from this risk, and the foreign currency remeasurement gains and losses associated with the Euro-denominated senior notes are presented within the same components of other comprehensive income and accumulated comprehensive income.

We recognized a gain (loss) of \$1.8 million and \$(16.5) million within foreign currency translation adjustments in other comprehensive income in our consolidated statement of comprehensive income during the three and six months ended June 30, 2023, respectively.

### **Interest Rate Swaps**

We have interest rate swap agreements with financial institutions to hedge changes in cash flows attributable to interest rate risk on a portion of our variable-rate debt instruments. In the first quarter of 2023, we entered into new interest rate swap agreements with an aggregate notional amount of \$1.5 billion to convert eligible borrowings under our revolving credit facility from a floating term Secured Overnight Financing Rate to a fixed rate. Net amounts to be received or paid under the swap agreements are reflected as adjustments to interest expense. Since we have designated the interest rate swap agreements as cash

flow hedges, unrealized gains or losses resulting from adjusting the swaps to fair value are recorded as components of other comprehensive income. The fair values of our interest rate swaps were determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. These derivative instruments were classified within Level 2 of the valuation hierarchy.

The table below presents information about our interest rate swaps, designated as cash flow hedges, included in the consolidated balance sheets:

Derivative Financial Instruments	Balance Sheet Location	Weighted-Average Fixed Rate of Interest at June 30, 2023	Range of Maturity Dates at June 30, 2023	Fair Values	
				June 30, 2023	December 31, 2022
(in thousands)					
Interest rate swaps (Notional of \$1.5 billion at June 30, 2023)	Other noncurrent liabilities	4.26 %	April 17, 2027 - August 17, 2027	\$ 8,585	\$ —

The table below presents the effects of our interest rate swaps on the consolidated statements of income and statements of comprehensive income for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
(in thousands)				
Net unrealized gains (losses) recognized in other comprehensive income (loss)	\$ 40,078	\$ 5,051	\$ (7,973)	\$ 13,985
Net unrealized gains (losses) reclassified out of other comprehensive income (loss) to interest expense	\$ 901	\$ (7,534)	\$ (485)	\$ (16,979)

As of June 30, 2023, the amount of net unrealized gains in accumulated other comprehensive loss related to our interest rate swaps that is expected to be reclassified into interest expense during the next 12 months was \$9.4 million.

**NOTE 8—INCOME TAX**

For the three and six months ended June 30, 2023, we reported a tax expense of 39.2% and 36.7%, respectively, of the reported income before taxes. For the three and six months ended June 30, 2023, tax expense was greater than the U.S. statutory tax rate as a result of a gain on the dispositions of our consumer and gaming businesses for income tax reporting purposes, while a net loss on the dispositions was recognized for financial reporting purposes. These effects were partially offset by the favorable effect on the rate of foreign interest income not subject to tax, tax credits and the foreign-derived intangible income deduction.

For the three and six months ended June 30, 2022, we incurred income tax expense in spite of reporting a loss before income taxes, primarily due to the unfavorable effects of the goodwill impairment charge and loss on the sale of our Merchant Solutions business in Russia for which no tax benefit was recognized. These unfavorable effects were partially offset by the favorable effects of foreign interest income not subject to tax, tax credits and the foreign-derived intangible income deduction.



On August 16, 2022, the U.S. government enacted the Inflation Reduction Act into law, which, among other things, implemented a 15% corporate alternative minimum tax based on global adjusted financial statement income and a 1% excise tax on share repurchases effective beginning January 1, 2023. We do not expect the corporate alternative minimum tax will have a material effect on our reported results, cash flows or financial position. During the three and six months ended June 30, 2023, we reflected excise taxes of \$2.0 million and \$4.3 million, respectively, within equity as part of the price of common stock repurchased during the periods.

**NOTE 9—REDEEMABLE NONCONTROLLING INTERESTS**

Through the acquisition of EVO, we have certain redeemable noncontrolling interests related to the portion of equity in our consolidated subsidiaries in Poland, Greece, and Chile, not attributable, directly or indirectly, to us, that is redeemable upon the occurrence of an event that is not solely within our control.

We own 66% of our subsidiary in Poland, 51% of our subsidiary in Greece and 50.1% of our subsidiary in Chile. Under the shareholder agreements, the minority shareholders have the option to compel us to purchase their shares at a price per share based on the fair value of the shares, or under certain limited circumstances, at a price determined as stipulated in the shareholder agreement. The option held by the minority shareholder in Poland expires on January 1, 2024. The other options have no expiration date.

Because the exercise of each of these redemption options is not solely within our control, the redeemable noncontrolling interests are presented in the mezzanine section between total liabilities and shareholders' equity, as temporary equity, in our consolidated balance sheet as of June 30, 2023. The redeemable noncontrolling interest for each subsidiary is reflected at the higher of: (i) the initial carrying amount, increased or decreased for the noncontrolling interest's share of comprehensive income (loss), capital contributions and distributions or (ii) the redemption price. Estimates of redemption price are based on projected operating performance of each subsidiary, including key assumptions - revenue growth rates, current and expected market conditions and weighted-average cost of capital.

**NOTE 10—SHAREHOLDERS' EQUITY**

We repurchase our common stock mainly through open market repurchase plans and, at times, through accelerated share repurchase ("ASR") programs. During the three months ended June 30, 2023 and 2022, we repurchased and retired 2,006,016 and 4,523,563 shares of our common stock, respectively, at a cost, including commissions and applicable excise taxes, of \$207.5 million and \$600.3 million, or \$103.44 and \$132.64 per share, respectively. During the six months ended June 30, 2023 and 2022, we repurchased and retired 4,064,918 and 9,039,189 shares of our common stock, respectively, at a cost, including commissions and applicable excise taxes, of \$14.0 million and \$1,250.0 million, or \$101.86 and \$138.29 per share, respectively. As of June 30, 2023, the remaining amount available under our share repurchase program was \$1,090.2 million.

On July 27, 2023, our board of directors declared a dividend of \$0.25 per share payable on September 29, 2023 to common shareholders of record as of September 15, 2023.

**NOTE 11—SHARE-BASED AWARDS AND STOCK OPTIONS**

The following table summarizes share-based compensation expense and the related income tax benefit recognized for our share-based awards and stock options:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(in thousands)			
Share-based compensation expense	\$ 47,135	\$ 47,014	\$ 136,701	\$ 85,414
Income tax benefit	\$ 22,474	\$ 10,318	\$ 31,890	\$ 19,997

### Share-Based Awards

The following table summarizes the changes in unvested restricted stock and performance awards for the six months ended June 30, 2023:

	Shares	Weighted-Average Grant-Date Fair Value
	(in thousands)	
Unvested at December 31, 2022	2,145	\$159.04
Replacement awards	202	98.44
Granted	1,252	112.42
Vested	(940)	160.85
Forfeited	(86)	136.88
Unvested at June 30, 2023	<u>2,573</u>	\$131.35

The total fair value of restricted stock and performance awards vested during the six months ended June 30, 2023 and June 30, 2022 was \$51.1 million and \$96.4 million, respectively.

For restricted stock and performance awards, we recognized compensation expense of \$44.7 million and \$43.6 million during the three months ended June 30, 2023 and 2022, respectively, and \$119.9 million and \$78.7 million during the six months ended June 30, 2023 and 2022, respectively. As of June 30, 2023, there was \$222.7 million of unrecognized compensation expense related to unvested restricted stock and performance awards that we expect to recognize over a weighted-average period of 2.0 years.

### Stock Options

The following table summarizes stock option activity for the six months ended June 30, 2023:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(years)	(in millions)
Outstanding at December 31, 2022	1,139	\$111.75	5.4	\$17.3
Replacement awards	142	98.44		
Granted	233	110.83		
Forfeited	(36)	109.92		
Exercised	(17)	52.80		
Outstanding at June 30, 2023	<u>1,461</u>	\$109.07	3.7	\$19.0
Options vested and exercisable at June 30, 2023	<u>1,155</u>	\$110.39	2.4	\$16.5

We recognized compensation expense for stock options of \$1.1 million and \$1.8 million during the three months ended June 30, 2023 and 2022, respectively, and \$13.9 million and \$3.6 million during the six months ended June 30, 2023 and 2022, respectively. The aggregate intrinsic value of stock options exercised during the six months ended June 30, 2023 and 2022 was \$0.9 million and \$3.8 million, respectively. As of June 30, 2023, we had \$3.6 million of unrecognized compensation expense related to unvested stock options that we expect to recognize over a weighted-average period of 2.0 years.

The weighted-average grant-date fair value of stock options granted, including replacement awards granted in connection with the EVO acquisition, during the six months ended June 30, 2023 and 2022 was \$46.17 and \$48.88, respectively. Fair value was estimated on the date of grant using the Black-Scholes valuation model with the following weighted-average assumptions:

	Six Months Ended	
	June 30, 2023	June 30, 2022
Risk-free interest rate	3.84%	1.87%
Expected volatility	45%	40%
Dividend yield	0.81%	0.56%
Expected term (years)	5	5

The risk-free interest rate was based on the yield of a zero coupon U.S. Treasury security with a maturity equal to the expected life of the option from the date of the grant. Our assumption on expected volatility was based on our historical volatility. The dividend yield assumption was determined using our average stock price over the preceding year and the annualized amount of our most current quarterly dividend per share. We based our assumptions on the expected term of the options on our analysis of the historical exercise patterns of the options and our assumption on the future exercise pattern of options.

#### NOTE 12—EARNINGS PER SHARE

Basic earnings per share ("EPS") was computed by dividing net income (loss) attributable to Global Payments by the weighted-average number of shares outstanding during the period. Earnings available to common shareholders was the same as reported net income (loss) attributable to Global Payments for all periods presented.

Diluted EPS is computed by dividing net income (loss) attributable to Global Payments by the weighted-average number of shares outstanding during the period, including the effect of share-based awards, convertible notes or other potential securities that would have a dilutive effect on EPS. All stock options with an exercise price lower than the average market share price of our common stock for the period are assumed to have a dilutive effect on EPS. The dilutive share base for the three and six months ended June 30, 2023 excluded approximately 0.9 million shares related to stock options that would have an antidilutive effect on the computation of diluted earnings per share. Due to a net loss for the three and six months ended June 30, 2022, no incremental shares were included in the computation of diluted earnings per share because the effect would be antidilutive. Approximately 2.0 million shares related to stock options and share-based awards were therefore excluded from the diluted share base for the three and six months ended June 30, 2022.

The effect of the potential shares needed to settle the conversion spread on the convertible notes is included in diluted EPS if the effect is dilutive. The effect depends on the market share price of our common stock at the time of conversion and would be dilutive if the average market share price of our common stock for the period exceeds the conversion price. For the three and six months ended June 30, 2023, the convertible notes were not included in the computation of diluted EPS as the effect would have been anti-dilutive. Further, the effect of the related capped call transactions is not included in the computation of diluted EPS as it is always anti-dilutive.

The following table sets forth the computation of diluted weighted-average number of shares outstanding for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(in thousands)			
Basic weighted-average number of shares outstanding	260,827	278,181	261,965	280,130
Plus: Dilutive effect of stock options and other share-based awards	501	—	429	—
Diluted weighted-average number of shares outstanding	261,328	278,181	262,394	280,130

**NOTE 13 - SUPPLEMENTAL BALANCE SHEET INFORMATION**

Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash on hand and all liquid investments with a maturity of three months or less when purchased. We regularly maintain cash balances with financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit or the equivalent outside the U.S. As of June 30, 2023, approximately 75% of our total balance of cash and cash equivalents was held within a small group of financial institutions, primarily large money center banks. Although we currently believe that the financial institutions with whom we do business will be able to fulfill their commitments to us, there is no assurance that those institutions will be able to continue to do so. We have not experienced any losses associated with our balances in such accounts for the six months ended June 30, 2023.

Restricted cash includes amounts that cannot be withdrawn or used for general operating activities under legal or regulatory restrictions. Restricted cash consists of amounts deposited by customers for prepaid card transactions and funds held as a liquidity reserve that are subject to local regulatory restrictions requiring appropriate segregation and restriction in their use. Restricted cash is included in prepaid expenses and other current assets in the consolidated balance sheets with a corresponding liability in accounts payable and accrued liabilities.

A reconciliation of the amounts of cash and cash equivalents and restricted cash in the consolidated balance sheets to the amount in the consolidated statements of cash flows is as follows:

	June 30, 2023	December 31, 2022
	(in thousands)	
Cash and cash equivalents	\$ 1,919,591	\$ 1,997,566
Restricted cash included in prepaid expenses and other current assets	193,318	147,422
Cash included in assets held for sale	1,442	70,618
Cash, cash equivalents and restricted cash shown in the statement of cash flows	\$ 2,114,351	\$ 2,215,606

Long-lived assets

During the six months ended June 30, 2023, we entered into a new agreement to acquire software, of which \$8.0 million was financed utilizing a five-year vendor financing arrangement.

In connection with the completion of the EVO acquisition, we acquired right-of-use assets for operating leases of approximately \$0.0 million, primarily related to real estate leases, and assumed the associated lease liabilities. As of June 30, 2023, maturities of the acquired operating lease liabilities were as follows: \$4.4 million in 2023, \$9.3 million in 2024, \$8.6 million in 2025, \$7.8 million in 2026, \$6.3 million in 2027, \$3.2 million in 2028 and \$0.8 million thereafter.

**NOTE 14—ACCUMULATED OTHER COMPREHENSIVE LOSS**

The changes in the accumulated balances for each component of other comprehensive income (loss) were as follows for the three and six months ended June 30, 2023 and 2022:

	Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Hedging Activities	Other	Accumulated Other Comprehensive Loss
	(in thousands)			
Balance at March 31, 2023	\$ (349,695)	\$ (58,135)	\$ (2,987)	\$ (410,817)
Other comprehensive income (loss)	2,405	30,033	(22)	32,416
Balance at June 30, 2023	<u>\$ (347,290)</u>	<u>\$ (28,102)</u>	<u>\$ (3,009)</u>	<u>\$ (378,401)</u>
Balance at March 31, 2022	\$ (209,895)	\$ (34,567)	\$ (2,743)	\$ (247,205)
Other comprehensive income (loss)	(133,506)	9,533	—	(123,973)
Balance at June 30, 2022	<u>\$ (343,401)</u>	<u>\$ (25,034)</u>	<u>\$ (2,743)</u>	<u>\$ (371,178)</u>

Other comprehensive income (loss) attributable to noncontrolling interests, which relates only to foreign currency translation, was \$1.8 million and \$(13.5) million for the three months ended June 30, 2023 and 2022, respectively.

	Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Hedging Activities	Other	Accumulated Other Comprehensive Loss
	(in thousands)			
Balance at December 31, 2022	\$ (380,584)	\$ (22,420)	\$ (2,965)	\$ (405,969)
Other comprehensive income (loss)	33,294	(5,682)	(44)	27,568
Balance at June 30, 2023	<u>\$ (347,290)</u>	<u>\$ (28,102)</u>	<u>\$ (3,009)</u>	<u>\$ (378,401)</u>
Balance at December 31, 2021	\$ (182,949)	\$ (48,490)	\$ (2,743)	\$ (234,182)
Other comprehensive income (loss)	(160,452)	23,456	—	(136,996)
Balance at June 30, 2022	<u>\$ (343,401)</u>	<u>\$ (25,034)</u>	<u>\$ (2,743)</u>	<u>\$ (371,178)</u>

Other comprehensive income (loss) attributable to noncontrolling interests, which relates only to foreign currency translation, was \$8.2 million and \$(18.8) million for the six months ended June 30, 2023 and 2022, respectively.

**NOTE 15—SEGMENT INFORMATION**

During 2022, as a result of the pending divestiture of the consumer business and changes in how the business is managed, we realigned the businesses previously comprising our Business and Consumer Solutions segment to include the business-to-business portion within our Issuer Solutions segment and the consumer portion forming our Consumer Solutions segment. The presentation of segment information for the three months ended June 30, 2022 has been recast to align with the segment presentation for the three months ended June 30, 2023. As described in "Note 3 - Business Dispositions," during the second quarter of 2023, we completed the sale of the consumer portion of our Netspend business, which comprised of our former Consumer Solutions segment. Our reportable segments now include: Merchant Solutions and Issuer Solutions. Our former Consumer Solutions segment is presented below for periods prior to disposition.

We evaluate performance and allocate resources based on the operating income of each operating segment. The operating income of each operating segment includes the revenues of the segment less expenses that are directly related to those revenues. Operating overhead, shared costs and share-based compensation costs are included in Corporate. Impairment of goodwill and

gains or losses on business dispositions are not included in segment operating income. Interest and other income, interest and other expense, income tax expense and equity in income of equity method investments, net of tax, are not allocated to the individual segments. We do not evaluate the performance of or allocate resources to our operating segments using asset data. The accounting policies of the reportable operating segments are the same as those described in our Annual Report on Form 10-K for the year ended December 31, 2022 and our summary of significant accounting policies in "Note 1—Basis of Presentation and Summary of Significant Accounting Policies."

Information on segments and reconciliations to consolidated revenues, consolidated operating income (loss) and consolidated depreciation and amortization were as follows for the three and six months ended June 30, 2023 and 2022:

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(in thousands)			
<b>Revenues:</b> <sup>(1)</sup>				
Merchant Solutions	\$ 1,842,293	\$ 1,581,716	\$ 3,447,903	\$ 3,054,735
Issuer Solutions	590,441	559,639	1,161,349	1,096,965
Consumer Solutions	39,031	161,629	182,740	330,744
Intersegment eliminations	(19,296)	(22,078)	(47,076)	(45,284)
Consolidated revenues	\$ 2,452,469	\$ 2,280,906	\$ 4,744,916	\$ 4,437,160
<b>Operating income (loss)</b> <sup>(1)</sup> :				
Merchant Solutions	\$ 603,548	\$ 535,359	\$ 1,110,757	\$ 979,889
Issuer Solutions	95,701	77,499	178,511	146,641
Consumer Solutions	1,890	21,942	(3,908)	44,560
Corporate <sup>(2)</sup>	(204,136)	(179,372)	(486,790)	(339,715)
Impairment of goodwill	—	(833,075)	—	(833,075)
Net gain (loss) on business dispositions	105,738	(152,211)	(139,095)	(152,211)
Consolidated operating income (loss)	\$ 602,741	\$ (529,858)	\$ 659,475	\$ (153,911)
<b>Depreciation and amortization:</b> <sup>(1)</sup>				
Merchant Solutions	\$ 295,058	\$ 248,891	\$ 536,631	\$ 498,852
Issuer Solutions	161,922	155,807	322,775	310,352
Consumer Solutions	—	17,918	—	35,764
Corporate	5,110	4,960	10,022	11,280
Consolidated depreciation and amortization	\$ 462,090	\$ 427,576	\$ 869,428	\$ 856,248

<sup>(1)</sup> Revenues, operating income (loss) and depreciation and amortization reflect the effects of acquired businesses from the respective acquisition dates and the effects of divested businesses through the respective disposal dates. See "Note 2—Acquisition" and "Note 3—Business Dispositions" for further discussion.

<sup>(2)</sup> Operating loss for Corporate included acquisition and integration expenses of \$60.2 million and \$61.4 million for the three months ended June 30, 2023 and 2022, respectively. Operating loss for Corporate included acquisition and integration expenses of \$148.0 million and \$109.5 million for the six months ended June 30, 2023 and 2022, respectively.

## NOTE 16—COMMITMENTS AND CONTINGENCIES

### Legal Matters

We are party to a number of claims and lawsuits incidental to our business. In our opinion, the liabilities, if any, which may ultimately result from the outcome of such matters, individually or in the aggregate, are not expected to have a material adverse effect on our financial position, liquidity, results of operations or cash flows.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report and the Management's Discussion and Analysis of Financial Condition and Results of Operations and consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2022. This discussion and analysis contains forward-looking statements about our plans and expectations of what may happen in the future. Forward-looking statements are based on a number of assumptions and estimates that are inherently subject to significant risks and uncertainties, and our actual results could differ materially from the results anticipated by our forward-looking statements.

### Executive Overview

We are a leading payments technology company delivering innovative software and services to our customers globally. Our technologies, services and team member expertise allow us to provide a broad range of solutions that enable our customers to operate their businesses more efficiently across a variety of channels around the world.

We have grown organically, as well as through acquisitions, and continue to invest in new technology solutions and innovation, infrastructure to support our growing business and the ongoing consolidation and enhancement of our operating platforms. These investments include new product development and innovation to further enhance and differentiate our suite of technology and cloud-based solutions available to customers, along with migration of certain underlying technology platforms to cloud environments to enhance performance, improve speed to market and drive cost efficiencies. We also continue to execute on integration and other activities, such as combining business operations, streamlining technology infrastructure, eliminating duplicative corporate and operational support structures and realizing scale efficiencies.

We have furthered our business strategy through several recent key transactions, including the following:

- On March 24, 2023, we acquired all of the outstanding common stock of EVO Payments, Inc. ("EVO") for total purchase consideration of \$4.3 billion. EVO is a leading payment technology and services provider, offering an array of payment solutions to merchants ranging from small and middle market enterprises to multinational companies and organizations across the Americas and Europe. The cash portion of the purchase consideration was funded through cash on hand and borrowings from our revolving credit facility.
- On April 26, 2023, we completed the sale of the consumer portion of our Netspend business for approximately \$1 billion, subject to certain closing adjustments. In connection with the sale, we provided \$675 million of seller financing and a five-year \$50 million secured revolving facility available from the date of closing of the sale. We recognized a gain (loss) on business dispositions in our consolidated statement of income of \$1.6 million and \$(243.2) million during the three and six months ended June 30, 2023, respectively, related to the consumer business disposal group.
- On April 1, 2023, we completed the sale of our gaming business for approximately \$400.0 million, subject to certain closing adjustments. In connection with the sale, we provided \$32 million of seller financing. We recognized a gain of \$104.1 million during the three months ended June 30, 2023 in connection with the sale.
- Our capital allocation priorities were supported by the issuance of Euro-denominated senior notes and the launch of a commercial paper program during the first quarter of 2023.
  - On March 17, 2023, we issued €800 million aggregate principal amount of 4.875% senior unsecured notes due March 2031 and received net proceeds of €790.6 million, or \$843.6 million based on the exchange rate on the issuance date. The net proceeds from the offering were used for general corporate purposes.
  - In January 2023, we established a \$2.0 billion commercial paper program under which we may issue senior unsecured commercial paper notes with maturities of up to 397 days from the date of issue. The program is backstopped by our revolving credit agreement, in that the amount of commercial paper notes outstanding cannot exceed the undrawn portion on the revolving credit facility. The proceeds from issuances of

commercial paper notes will be used for acquisitions, to pay dividends, for debt refinancing or for other general corporate purposes.

Highlights related to our financial condition at June 30, 2023 and results of operations for the three and six months then ended include the following:

- Consolidated revenues for the three and six months ended June 30, 2023 increased to \$2,452.5 million and \$4,744.9 million, respectively, compared to \$2,280.9 million and \$4,437.2 million, respectively, for the prior year. The increase in consolidated revenues was primarily due to an increase in transaction volumes and revenues from the recently acquired EVO business, partially offset by the effects on revenue of the divested businesses.
- Merchant Solutions segment operating income and Issuer Solutions segment operating income and operating margin for the three and six months ended June 30, 2023 increased compared to the prior year primarily due to the favorable effects of the increase in revenues, since certain fixed costs do not vary with revenues, and continued prudent expense management.
- Consolidated operating income for the three months ended June 30, 2023 included the favorable effects of the gain on sale of the gaming business disposition as described above, partially offset by an increase in acquisition and integration expenses as compared to the prior year, primarily related to the acquisition of EVO. Consolidated operating income for the six months ended June 30, 2023 also included the effects of the loss on sale of the consumer business as described above.

#### **Risks Related to Macroeconomic Conditions**

We are exposed to general economic conditions, including currency fluctuations, inflation, rising interest rates and health and social events or other conditions that affect the overall level of consumer, business and government spending, which could negatively affect our financial performance.

Certain of our operations are conducted in foreign currencies. Consequently, a portion of our revenues and expenses has been and may continue to be affected by fluctuations in foreign currency exchange rates. A continued strengthening of the U.S. dollar or other significant fluctuations in foreign currency exchange rates could result in an adverse effect on our future financial results; however, we are unable to predict the extent of the potential effect on our financial results.

We have reduced our interest rate risk through issuance of fixed rate debt in place of variable rate debt, including the effect of interest rate swap hedging arrangements to convert a significant portion of the eligible variable rate borrowings under our revolving credit facility to a fixed rate. However, inflationary pressure or interest rate fluctuations could adversely affect our business and financial performance as a result of higher costs and/or lower consumer spending. In addition, continued inflation or a rise in interest rates could result in an adverse effect on our future financial results and the recoverability of assets. However, as the future magnitude, duration and effects of these conditions are difficult to predict at this time, we are unable to predict the extent of the potential effect on our financial results.

In addition, failures of several financial institutions, including Silicon Valley Bank and Credit Suisse, have created uncertainty in the global financial markets and a greater focus on the potential failure of other banks in the future. Although we do not have exposure to and did not experience losses as a result of these failures, we regularly maintain cash balances with financial institutions in excess of the Federal Deposit Insurance Corporation insurance limit or the equivalent outside the U.S. A disruption in financial markets could impair our banking partners, which could affect our ability to access our cash or cash equivalents, our ability to provide settlement services or our customers' ability to access their existing cash to fulfill their payment obligations to us. The occurrence of these events could negatively affect our business, financial condition and results of operations.

For a further discussion of trends, uncertainties and other factors that could affect our future operating results, see the section entitled "Risk Factors" in Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2022 and subsequent filings we make with the SEC.



## Results of Operations

During 2022, as a result of then pending divestiture of our consumer business and changes in how the business is managed, we realigned the businesses previously comprising our Business and Consumer Solutions segment to include the business-to-business portion within our Issuer Solutions segment and the consumer portion forming our Consumer Solutions segment. The presentation of segment information for the three months ended June 30, 2022 has been recast to align with the segment presentation for the three months ended June 30, 2023. As described in “Note 3 – Business Dispositions” in the notes to the accompanying unaudited consolidated financial statements, during the second quarter of 2023, we completed the sale of the consumer portion of our Netspend business, which comprised our former Consumer Solutions segment. Our reportable segments now include: Merchant Solutions and Issuer Solutions. Our former Consumer Solutions segment is presented below for periods prior to disposition. For further information about our reportable segments, see “Item 1. Business—Business Segments” within our Annual Report on Form 10-K for the year ended December 31, 2022, incorporated herein by reference, and “Note 15—Segment Information” in the notes to the accompanying unaudited consolidated financial statements.

The following table sets forth key selected financial data for the three months ended June 30, 2023 and 2022, this data as a percentage of total revenues and the changes between the periods in dollars and as a percentage of the prior-year amount. The income statement data for the three months ended June 30, 2023 and 2022 is derived from the accompanying unaudited consolidated financial statements included in Part I, Item 1 — Financial Statements.

	Three Months Ended June 30, 2023	% of Revenues <sup>(1)</sup>	Three Months Ended June 30, 2022	% of Revenues <sup>(1)</sup>	\$ Change	% Change
(dollar amounts in thousands)						
<b>Revenues<sup>(2)</sup>:</b>						
Merchant Solutions	\$ 1,842,293	75.1 %	\$ 1,581,716	69.3 %	\$ 260,577	16.5 %
Issuer Solutions	590,441	24.1 %	559,639	24.5 %	30,802	5.5 %
Consumer Solutions	39,031	1.6 %	161,629	7.1 %	(122,598)	NM
Intersegment eliminations	(19,296)	(0.8) %	(22,078)	(1.0) %	2,782	(12.6)%
Consolidated revenues	<u>\$ 2,452,469</u>	<u>100.0 %</u>	<u>\$ 2,280,906</u>	<u>100.0 %</u>	<u>\$ 171,563</u>	<u>7.5 %</u>
<b>Consolidated operating expenses<sup>(2)</sup>:</b>						
Cost of service	\$ 941,952	38.4 %	\$ 962,299	42.2 %	\$ (20,347)	(2.1)%
Selling, general and administrative	1,013,514	41.3 %	863,179	37.8 %	150,335	17.4 %
Impairment of goodwill	—	— %	833,075	36.5 %	(833,075)	NM
(Gain) loss on business dispositions	(105,738)	(4.3) %	152,211	6.7 %	(257,949)	NM
Operating expenses	<u>\$ 1,849,728</u>	<u>75.4 %</u>	<u>\$ 2,810,764</u>	<u>123.2 %</u>	<u>\$ (961,036)</u>	<u>(34.2)%</u>
<b>Operating income (loss)<sup>(2)</sup>:</b>						
Merchant Solutions	\$ 603,548	24.6 %	\$ 535,359	23.5 %	\$ 68,189	12.7 %
Issuer Solutions	95,701	3.9 %	77,499	3.4 %	18,202	23.5 %
Consumer Solutions	1,890	0.1 %	21,942	1.0 %	(20,052)	NM
Corporate <sup>(3)</sup>	(204,136)	(8.3) %	(179,372)	(7.9) %	(24,764)	13.8 %
Impairment of goodwill	—	— %	(833,075)	(36.5) %	833,075	NM
Gain (loss) on business dispositions	105,738	4.3 %	(152,211)	(6.7) %	257,949	NM
Operating income (loss)	<u>\$ 602,741</u>	<u>24.6 %</u>	<u>\$ (529,858)</u>	<u>(23.2) %</u>	<u>\$ 1,132,599</u>	<u>NM</u>
<b>Operating margin<sup>(2)</sup>:</b>						
Merchant Solutions		32.8 %		33.8 %		(1.0)%
Issuer Solutions		16.2 %		13.8 %		2.4 %
Consumer Solutions		4.8 %		13.6 %		(8.8)%

NM = Not meaningful

<sup>(1)</sup> Percentage amounts may not sum to the total due to rounding.

<sup>(2)</sup> Revenues, consolidated operating expenses, operating income (loss) and operating margin reflect the effects of acquired businesses from the respective acquisition dates and the effects of divested businesses through the respective disposal dates. See “Note 2—Acquisition” and “Note 3—Business Dispositions” for further discussion.

<sup>(3)</sup> Operating loss for Corporate included acquisition and integration expenses of \$60.2 million and \$61.4 million for the three months ended June 30, 2023 and 2022, respectively.

The following table sets forth key selected financial data for the six months ended June 30, 2023 and 2022, this data as a percentage of total revenues and the changes between the periods in dollars and as a percentage of the prior-year amount. The income statement data for the six months ended June 30, 2023 and 2022 is derived from the accompanying unaudited consolidated financial statements included in Part I, Item 1 — Financial Statements.

	Six Months Ended June 30, 2023	% of Revenues <sup>(1)</sup>	Six Months Ended June 30, 2022	% of Revenues <sup>(1)</sup>	\$ Change	% Change
(dollar amounts in thousands)						
<b>Revenues<sup>(2)</sup>:</b>						
Merchant Solutions	\$ 3,447,903	72.7 %	\$ 3,054,735	68.8 %	\$ 393,168	12.9 %
Issuer Solutions	1,161,349	24.5 %	1,096,965	24.7 %	64,384	5.9 %
Consumer Solutions	182,740	3.9 %	330,744	7.5 %	(148,004)	NM
Intersegment eliminations	(47,076)	(1.0) %	(45,284)	(1.0) %	(1,792)	4.0 %
Consolidated revenues	<u>\$ 4,744,916</u>	<u>100.0 %</u>	<u>\$ 4,437,160</u>	<u>100.0 %</u>	<u>\$ 307,756</u>	<u>6.9 %</u>
<b>Consolidated operating expenses<sup>(2)</sup>:</b>						
Cost of service	\$ 1,889,705	39.8 %	\$ 1,919,457	43.3 %	\$ (29,752)	(1.6)%
Selling, general and administrative	2,056,641	43.3 %	1,686,328	38.0 %	370,313	22.0 %
Impairment of goodwill	—	— %	833,075	18.8 %	(833,075)	NM
Net loss on business dispositions	139,095	2.9 %	152,211	3.4 %	(13,116)	NM
Operating expenses	<u>\$ 4,085,441</u>	<u>86.1 %</u>	<u>\$ 4,591,071</u>	<u>103.5 %</u>	<u>\$ (505,630)</u>	<u>(11.0)%</u>
<b>Operating income (loss)<sup>(2)</sup>:</b>						
Merchant Solutions	\$ 1,110,757	23.4 %	\$ 979,889	22.1 %	\$ 130,868	13.4 %
Issuer Solutions	178,511	3.8 %	146,641	3.3 %	31,870	21.7 %
Consumer Solutions	(3,908)	(0.1) %	44,560	1.0 %	(48,468)	NM
Corporate <sup>(3)</sup>	(486,790)	(10.3) %	(339,715)	(7.7) %	(147,075)	43.3 %
Impairment of goodwill	—	— %	(833,075)	(18.8) %	833,075	NM
Net loss on business dispositions	(139,095)	(2.9) %	(152,211)	(3.4) %	13,116	NM
Operating income (loss)	<u>\$ 659,475</u>	<u>13.9 %</u>	<u>\$ (153,911)</u>	<u>(3.5) %</u>	<u>\$ 813,386</u>	<u>NM</u>
<b>Operating margin<sup>(2)</sup>:</b>						
Merchant Solutions		32.2 %		32.1 %		0.1 %
Issuer Solutions		15.4 %		13.4 %		2.0 %
Consumer Solutions		(2.1)%		13.5 %		(15.6)%

NM = Not meaningful

<sup>(1)</sup> Percentage amounts may not sum to the total due to rounding.

<sup>(2)</sup> Revenues, consolidated operating expenses, operating income (loss) and operating margin reflect the effects of acquired businesses from the respective acquisition dates and the effects of divested businesses through the respective disposal dates. See “Note 2—Acquisition” and “Note 3—Business Dispositions” for further discussion.

<sup>(3)</sup> Operating loss for Corporate included acquisition and integration expenses of \$148.0 million and \$109.5 million for the six months ended June 30, 2023 and 2022, respectively.

### Revenues

Consolidated revenues for the three and six months ended June 30, 2023 increased by 7.5% and 6.9%, respectively, to \$2,452.5 million and \$4,744.9 million, respectively, compared to \$2,280.9 million and \$4,437.2 million, respectively, for the prior year. The increase in revenues was primarily due to an increase in transaction volumes and revenues from the recently acquired EVO business.

*Merchant Solutions Segment.* Revenues from our Merchant Solutions segment for the three and six months ended June 30, 2023 increased by 16.5% and 12.9%, respectively, to \$1,842.3 million and \$3,447.9 million, respectively, compared to \$1,581.7 million and \$3,054.7 million, respectively, for the prior year. The increase in revenues was primarily due to an increase in transaction volumes and growth in subscription and software revenue, and revenues from the recently acquired EVO business.

*Issuer Solutions Segment.* Revenues from our Issuer Solutions segment for the three and six months ended June 30, 2023 increased by 5.5% and 5.9%, respectively, to \$590.4 million and \$1,161.3 million, respectively, compared to \$559.6 million and \$1,097.0 million, respectively, for the prior year. The increase in revenues was primarily due to an increase in transaction volumes.

*Consumer Solutions Segment.* Revenues from our Consumer Solutions segment for the three and six months ended June 30, 2023 were \$39.0 million and \$182.7 million, respectively, compared to \$161.6 million and \$330.7 million, respectively, for the prior year. Revenues for the three and six months ended June 30, 2023 reflect the results through the disposal date.

### Operating Expenses

*Cost of Service.* Cost of service for the three and six months ended June 30, 2023 was \$942.0 million and \$1,889.7 million, respectively, compared to \$962.3 million and \$1,919.5 million, respectively, for the prior year. Cost of service as a percentage of revenues decreased to 38.4% and 39.8%, respectively, for the three and six months ended June 30, 2023 compared to 42.2% and 43.3%, respectively, for the prior year. Compared to the prior year, cost of service for the three and six months ended June 30, 2023 decreased primarily due to prudent expense management and inclusion of costs related to the divested businesses for only a portion of the current year, partially offset by effect of the recently acquired EVO business. Cost of service included amortization of acquired intangibles of \$344.4 million and \$327.4 million for the three months ended June 30, 2023 and 2022, respectively, and \$645.7 million and \$656.4 million for the six months ended June 30, 2023 and 2022, respectively. Amortization of acquired intangibles for the three months ended June 30, 2023 increased as a result of the recently acquired EVO business, and amortization of acquired intangibles for the six months ended June 30, 2023 included the favorable effects of lower amortization of acquired intangibles of the divested consumer and gaming business assets.

*Selling, General and Administrative Expenses.* Selling, general and administrative expenses for the three and six months ended June 30, 2023 increased by 17.4% and 22.0%, respectively, to \$1,013.5 million and \$2,056.6 million, respectively, compared to \$863.2 million and \$1,686.3 million, respectively, for the prior year. Selling, general and administrative expenses as a percentage of revenues was 41.3% and 43.3% for the three and six months ended June 30, 2023, respectively, compared to 37.8% and 38.0%, respectively, for the prior year. The increase in selling, general and administrative expenses was primarily due to increases in variable selling and other costs related to the increase in revenues, including due to the recently acquired EVO business, acquisition and integration expenses related primarily to the acquisition of EVO, higher compensation and benefits costs, including an increase in share-based compensation expense for retirement eligible executives and our previous CEO, whose departure was announced on May 1, 2023, and other costs related to the sale of the consumer business. Selling, general and administrative expenses included acquisition and integration expenses of \$67.5 million and \$61.8 million for the three months ended June 30, 2023 and 2022, respectively, and \$168.9 million and \$112.9 million for the six months ended June 30, 2023 and 2022, respectively.

*Corporate.* Corporate expenses for the three and six months ended June 30, 2023 were \$204.1 million and \$486.8 million, respectively, compared to \$179.4 million and \$339.7 million, respectively, for the prior year. The increase for the three and six months ended June 30, 2023 compared to the prior year was primarily due to the increase in acquisition and integration and compensation expenses as described above. Corporate expenses included acquisition and integration expenses of \$60.2 million and \$148.0 million for the three and six months ended June 30, 2023, respectively, compared to \$61.4 million and \$109.5 million for the three and six months ended June 30, 2022, respectively.

*Operating Income and Operating Margin*

Consolidated operating income for the three and six months ended June 30, 2023 was \$602.7 million and \$659.5 million, respectively, compared to \$529.9 million and \$153.9 million, respectively, for the prior year. Operating margin for the three and six months ended June 30, 2023 was 24.6% and 13.9%, respectively, compared to negative margins for the prior year. Consolidated operating income and operating margin for the three and six months ended June 30, 2023 compared to the prior year included the favorable effects of the increase in revenues, since certain fixed costs do not vary with revenues, and a \$104.1 million gain on sale of the gaming business, partially offset by higher acquisition and integration and compensation expenses as described above. Consolidated operating income for the six months ended June 30, 2023 also included the effects of the net loss of \$243.2 million on the consumer business disposition, to reduce the carrying amount of the disposal group to estimated fair value less costs to sell, including the effects of incremental negotiated closing adjustments, changes in the estimated fair value of the seller financing and the effects of the final tax structure of the transaction. The gain (loss) on the sale of the gaming and consumer businesses is presented within gain (loss) on business dispositions in our consolidated statement of income.

Consolidated operating loss and negative operating margin for the three and six months ended June 30, 2022 included the effects of the \$127.2 million loss on the sale of our Merchant Solutions business in Russia and the \$833.1 million goodwill impairment charge related to our former Business and Consumer Solutions reporting unit. We also recognized a charge of \$25.0 million during the three months ended June 30, 2022 to reduce the disposal group to estimated fair value less costs to sell, which is presented within net loss on business dispositions in our consolidated statement of income.

*Segment Operating Income and Operating Margin*

In our Merchant Solutions segment, operating income for the three and six months ended June 30, 2023 increased compared to the prior year primarily due to the favorable effect of the increase in revenues, since certain fixed costs do not vary with revenues, and continued prudent expense management. These favorable effects were partially offset by incremental expenses related to continued investment in new product, innovation and our technology environments. In addition, the inclusion of the recently acquired operations of EVO had an unfavorable effect on the Merchant Solutions operating margin for the three and six months ended June 30, 2023 as compared to the prior year. In our Issuer Solutions segment, operating income and operating margin for the three and six months ended June 30, 2023 increased compared to the prior year primarily due to the favorable effect of the increase in revenues, since certain fixed costs do not vary with revenues, and continued prudent expense management.

*Other Income/Expense, Net*

Interest and other income for the three and six months ended June 30, 2023 increased to \$27.9 million and \$39.1 million, respectively, compared to \$3.0 million and \$4.7 million, respectively, for the prior year, primarily due to the interest income associated with the new seller financing notes receivable.

Interest and other expense for the three and six months ended June 30, 2023 increased to \$191.4 million and \$314.4 million, respectively, compared to \$99.2 million and \$192.5 million, respectively, for the prior year as a result of the increase in our average outstanding borrowings, higher average interest rates on outstanding borrowings and a noncash charge of \$18.2 million for the estimated future credit losses on the new seller financing notes receivable at the inception dates.

*Income Tax Expense*

For the three and six months ended June 30, 2023, we reported a tax expense of 39.2% and 36.7%, respectively, of the reported income before taxes. During the three and six months ended June 30, 2023, we recognized a gain on the dispositions of our consumer and gaming businesses for income tax reporting purposes, while a net loss on the dispositions was recognized for financial reporting purposes. These effects were partially offset by a higher benefit from foreign interest income not subject to tax, tax credits and the foreign-derived intangible income deduction for the three and six months ended June 30, 2023 as compared to the three and six months ended June 30, 2022.

For the three and six months ended June 30, 2022, we incurred income tax expense in spite of reporting a loss before income taxes. We recognized no tax benefit for the goodwill impairment charge and the loss on the sale of our Merchant Solutions business in Russia. The effective tax rate for the six months ended June 30, 2021 included the favorable effect of a change in the assessment of the need for a valuation allowance related to foreign tax credit carryforwards that did not recur in the current year.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act into law, which, among other things, implemented a 15% corporate alternative minimum tax based on global adjusted financial statement income and a 1% excise tax on share repurchases effective beginning January 1, 2023. We do not expect the corporate alternative minimum tax will have a material effect on our reported results, cash flows or financial position. During the three and six months ended June 30, 2023, we reflected excise taxes of \$2.0 million and \$4.3 million, respectively, within equity as part of the price of common stock repurchased during the period.

*Net Income (Loss) Attributable to Global Payments*

Net income attributable to Global Payments was \$274.1 million and \$263.1 million, respectively, for the three and six months ended June 30, 2023 compared to net loss of \$673.0 million and \$428.3 million, respectively, for the prior year, reflecting the changes in operating income noted above.

*Diluted Earnings (Loss) per Share*

Diluted earnings per share was \$1.05 and \$1.00, respectively, for the three and six months ended June 30, 2023 compared to diluted loss per share of \$2.42 and \$1.53, respectively, for the prior year. Diluted earnings per share for the three and six months ended June 30, 2023 reflects the changes in net income.

**Liquidity and Capital Resources**

We have numerous sources of capital, including cash on hand and cash flows generated from operations as well as various sources of financing. In the ordinary course of our business, a significant portion of our liquidity comes from operating cash flows and borrowings, including the capacity under our revolving credit facility.

Our capital allocation priorities are to make planned capital investments in our business, to pursue acquisitions that meet our corporate objectives, to pay dividends, to pay principal and interest on our outstanding debt and to repurchase shares of our common stock. Our significant contractual cash requirements also include ongoing payments for lease liabilities and contractual obligations related to service arrangements with suppliers for fixed or minimum amounts, which primarily relate to software, technology infrastructure and related services. Commitments under our borrowing arrangements are further described in "Note 6—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements and below under "Long-Term Debt and Lines of Credit." For additional information regarding our other cash commitments and contractual obligations, see "Note 7—Leases" and "Note 18—Commitments and Contingencies" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Our capital plan objectives are to support our operational needs and strategic plan for long-term growth while optimizing our cost of capital and financial position. To supplement cash from operating activities, we use a combination of bank financing, such as borrowings under our credit facilities, commercial paper program and senior note issuances, for general corporate purposes and to fund acquisitions. Our commercial paper program, established during the first quarter of 2023, provides a cost effective means of satisfying our short-term liquidity needs and is backstopped by our revolving credit agreement, in that the amount of commercial paper notes outstanding cannot exceed the undrawn portion of our revolving credit facility. Finally, specialized lines of credit are also used in certain of our markets to fund merchant settlement prior to receipt of funds from the card networks.

We regularly evaluate our liquidity and capital position relative to cash requirements, and we may elect to raise additional funds in the future through the issuance of debt or equity or by other means. Accumulated cash balances are invested in high-quality, marketable short-term instruments. We believe that our current and projected sources of liquidity will be sufficient to meet our projected liquidity requirements associated with our operations for the near and long term.

At June 30, 2023, we had cash and cash equivalents totaling \$1,919.6 million. Of this amount, we considered \$683.5 million to be available for general purposes, of which \$62.4 million is undistributed foreign earnings considered to be indefinitely reinvested outside the United States. The available cash of \$683.5 million does not include the following: (i) settlement-related cash balances, (ii) funds held as collateral for merchant losses ("Merchant Reserves") and (iii) funds held for customers. Settlement-related cash balances represent funds that we hold when the incoming amount from the card networks precedes the funding obligation to the merchant. Settlement-related cash balances are not restricted in their use; however, these funds are generally paid out in satisfaction of settlement processing obligations the following day. Merchant Reserves serve as collateral to minimize contingent liabilities associated with any losses that may occur under the merchant's agreement. While this cash is not restricted in its use, we believe that designating this cash as a Merchant Reserve strengthens our fiduciary standing with our member sponsors. Funds held for customers, which are not restricted in their use, include amounts collected before the corresponding obligation is due to be settled to or at the direction of our customers.

We also had restricted cash of \$193.3 million as of June 30, 2023, representing amounts deposited by customers for prepaid card transactions and funds held as a liquidity reserve. These balances are subject to local regulatory restrictions requiring appropriate segregation and restriction in their use.

Operating activities provided net cash of \$1,164.5 million and \$1,198.1 million for the six months ended June 30, 2023 and 2022, respectively, which reflect net income adjusted for noncash items, including depreciation, amortization and the provision for credit losses, charges associated with the net loss on business dispositions and facility exit charges, and changes in operating assets and liabilities. The decrease in cash flows from operating activities from the prior year was due to fluctuations in operating results and related assets and liabilities that are affected primarily by timing of month-end and transaction volume, including changes in settlement processing assets and obligations and accounts payable and other liabilities balances.

We used net cash in investing activities of \$4,001.5 million and \$363.7 million during the six months ended June 30, 2023 and 2022, respectively. Cash used for investing activities primarily represents cash used to fund acquisitions, net of cash and restricted cash acquired, and capital expenditures. During the six months ended June 30, 2023 and 2022, we used cash of \$4,101.4 million and \$9.9 million, respectively, for acquisitions. We made capital expenditures of \$331.0 million and \$324.0 million during the six months ended June 30, 2023 and 2022, respectively. These investments include software and hardware to support the development of new technologies, infrastructure to support our growing business and the consolidation and enhancement of our operating platforms. These investments also include new product development and innovation to further enhance and differentiate our suite of technology and cloud-based solutions available to customers. We expect to continue to make significant capital investments in the business, and we anticipate capital expenditures to grow at a similar rate as our revenue growth for the year ending December 31, 2023. Additionally, investing cash flows for the six months ended June 30, 2023 includes the net effect on cash from the sale of our consumer and gaming businesses and the issuance of a \$50 million secured revolving credit facility available from the date of the sale to the purchasers of the consumer business. Investing cash flows for the six months ended June 30, 2022 includes the net effect on cash from the sale of our Merchant Solutions business in Russia.

Financing activities include borrowings and repayments under our various debt arrangements, as well as borrowings and repayments made under specialized lines of credit to fund daily settlement activities. Our borrowing arrangements are further described in "Note 6—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements and below under "Long-Term Debt and Lines of Credit." Financing activities also include cash flows associated with common stock repurchase programs and share-based compensation programs, cash distributions made to our shareholders and cash contributions from and distributions to noncontrolling interests. Financing activities provided net cash of \$2,701.3 million during the six months ended June 30, 2023, and we used net cash in financing activities of \$742.7 million during the six months ended June 30, 2022.

Proceeds from long-term debt were \$7,359.2 million and \$2,954.2 million for the six months ended June 30, 2023 and 2022, respectively. Repayments of long-term debt were \$5,673.7 million and \$2,276.5 million for the six months ended June 30, 2023 and 2022, respectively. Proceeds from and repayments of long-term debt consist of borrowings and repayments that we make with available cash, from time-to-time, under our revolving credit facility, as well as scheduled principal repayments we make on our term loans, finance leases and other vendor financing arrangements. During the six months ended June 30, 2023, we also had net borrowings of \$1,841.7 million under our commercial paper program. See section "Long-Term Debt and Lines of Credit" below for further discussion of our recent debt transactions.

Activity under our settlement lines of credit is affected primarily by timing of month-end and transaction volume. During the six months ended June 30, 2023, we had net repayments of settlement lines of credit of \$233.1 million. During the six months ended June 30, 2022, we had net borrowings from settlement lines of credit of \$4.1 million.

We repurchase our common stock mainly through open market repurchase plans and, at times, through accelerated share repurchase programs. During the six months ended June 30, 2023 and 2022, we used \$414.0 million and \$1,250.0 million, respectively, to repurchase shares of our common stock. As of June 30, 2023, the remaining amount available under our share repurchase program was \$1,090.2 million.

We paid dividends to our common shareholders in the amounts of \$130.6 million and \$139.3 million during the six months ended June 30, 2023 and 2022, respectively. We made distributions to noncontrolling interests in the amount of \$17.3 million and \$14.4 million during the six months ended June 30, 2023 and 2022, respectively.

#### *Long-Term Debt and Lines of Credit*

##### *Senior Notes*

We have \$10.8 billion in aggregate principal amount of senior unsecured notes, which mature at various dates ranging from November 2024 to August 2052. Interest on the senior notes is payable annually or semi-annually at various dates. Each series of the senior notes is redeemable, at our option, in whole or in part, at any time and from time-to-time at the redemption prices set forth in the related indenture.

On March 17, 2023, we issued €800 million aggregate principal amount of 4.875% senior unsecured notes due March 2031 and received net proceeds of €790.6 million, or \$843.6 million based on the exchange rate on the issuance date. We issued the senior notes at a discount of \$2.8 million, and we incurred debt issuance costs of \$7.2 million, including underwriting fees, fees for professional services and registration fees, which were capitalized and reflected as a reduction of the related carrying amount of the notes in our consolidated balance sheet at June 30, 2023. Interest on the senior unsecured notes is payable annually in arrears on March 17 of each year, commencing March 17, 2024. The notes are unsecured and unsubordinated indebtedness and rank equally in right of payment with all of our other outstanding unsecured and unsubordinated indebtedness. The net proceeds from the offering were used for general corporate purposes.

During the three months ended June 30, 2023, we used borrowings under the revolving credit facility to fund the redemption in full of the 3.750% and 4.000% senior unsecured notes due June 1, 2023.

##### *Convertible Notes*

We have \$1.5 billion in aggregate principal amount of 1.000% convertible notes due 2029, which were issued during 2022 in a private placement pursuant to an investment agreement with Silver Lake Partners.

The convertible notes bear interest at a rate of 1.000% per annum. Interest on the convertible notes is payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2023, to the holders of record on the preceding February 1 and August 1, respectively. The convertible notes mature on August 15, 2029, subject to earlier conversion or repurchase.

##### *Revolving Credit Facility*

Our revolving credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of financial institutions, as lenders and other agents, provides for an unsubordinated unsecured \$5.75 billion revolving credit facility that matures in August 2027.

We may issue standby letters of credit of up to \$250.0 million in the aggregate under the revolving credit facility. Outstanding letters of credit under the revolving credit facility reduce the amount of borrowings available to us. The amounts available to borrow under the revolving credit facility are also determined by a financial leverage covenant. As of June 30,



2023, there were borrowings of \$1,981.7 million outstanding under the revolving credit facility, and the total available commitments under the revolving credit facility were \$1.9 billion.

#### *Commercial Paper*

In January 2023, we established a \$2.0 billion commercial paper program under which we may issue senior unsecured commercial paper notes with maturities of up to 397 days from the date of issue. The program is backstopped by our revolving credit agreement, in that the amount of commercial paper notes outstanding cannot exceed the undrawn portion of our revolving credit facility. As such, we could draw on the revolving credit facility to repay commercial paper notes that cannot be rolled over or refinanced with similar debt.

Commercial paper notes are expected to be issued at a discount from par, or they may bear interest, each at commercial paper market rates dictated by market conditions at the time of their issuance. The proceeds from issuances of commercial paper notes will be used primarily for general corporate purposes but may also be used for acquisitions, to pay dividends, for debt refinancing or for other purposes.

As of June 30, 2023, we had borrowings under our commercial paper program of \$1,841.7 million outstanding with a weighted average annual interest rate of 5.96%.

#### *Compliance with Covenants*

The convertible notes include customary covenants and events of default for convertible notes of this type. The revolving credit agreement contains customary affirmative covenants and restrictive covenants, including, among others, financial covenants based on net leverage and interest coverage ratios, and customary events of default. The required leverage ratio was increased to 4.50 to 1.00 as a result of the qualifying acquisition of EVO, which will remain in effect for up to eight consecutive quarters with a gradual step-down to 3.75 to 1.00, and the required interest coverage ratio is 3.00 to 1.00. We were in compliance with all applicable covenants as of June 30, 2023.

#### *Settlement Lines of Credit*

In various markets where we do business, we have specialized lines of credit that are restricted for use in funding settlement. The settlement lines of credit generally have variable interest rates, are subject to annual review and are denominated in local currency but may, in some cases, facilitate borrowings in multiple currencies. For certain of our lines of credit, the available credit is increased by the amount of cash we have on deposit in specific accounts with the lender. Accordingly, the amount of the outstanding lines of credit may exceed the stated credit limit. As of June 30, 2023, a total of \$89.2 million of cash on deposit was used to determine the available credit.

As of June 30, 2023, we had \$529.0 million outstanding under these lines of credit with additional capacity to fund settlement of \$1.7 billion. During the three months ended June 30, 2023, the maximum and average outstanding balances under these lines of credit were \$1,128.7 million and \$505.8 million, respectively. The weighted-average interest rate on these borrowings was 6.33% at June 30, 2023.

See "Note 6—Long-Term Debt and Lines of Credit" in the notes to the accompanying unaudited consolidated financial statements for further information about our borrowing agreements.

#### **Update to Critical Accounting Estimates**

Redeemable noncontrolling interests - Redeemable noncontrolling interests in our subsidiaries in Poland, Greece, and Chile relate to the portion of equity in each of those subsidiaries not attributable, directly or indirectly, to us, which is redeemable upon the occurrence of an event that is not solely within our control. The redeemable noncontrolling interest for each subsidiary is reflected at the higher of: (i) the initial carrying amount, increased or decreased for the noncontrolling interest's share of comprehensive income (loss), capital contributions and distributions or (ii) the redemption price. Estimates of redemption price are based on projected operating performance of each subsidiary, including key assumptions - revenue growth rates, current and expected market conditions and weighted-average cost of capital. Refer to "Note 9—Redeemable Noncontrolling Interests" in the notes to the accompanying unaudited consolidated financial statements for further information.

### **Effect of New Accounting Pronouncements and Recently Issued Accounting Pronouncements Not Yet Adopted**

From time-to-time, new accounting pronouncements are issued by the Financial Accounting Standards Board or other standards setting bodies that may affect our current and/or future financial statements. There were no new recently adopted accounting pronouncements during the period or recently issued accounting pronouncements not yet adopted as of June 30, 2023.

### **Forward-Looking Statements**

Some of the statements we use in this report, and in some of the documents we incorporate by reference in this report, contain forward-looking statements concerning our business operations, economic performance and financial condition, including in particular: our business strategy and means to implement the strategy; measures of future results of operations, such as revenues, expenses, operating margins, income tax rates, and earnings per share; other operating metrics such as capital expenditures; the effects of economic conditions on our business; statements about the benefits of our acquisitions or divestitures, including future financial and operating results, the company's plans, objectives, expectations and intentions, and the successful integration of our acquisitions or completion of anticipated benefits or strategic initiatives; and our success and timing in developing and introducing new services and expanding our business. You can sometimes identify forward-looking statements by our use of the words "believes," "anticipates," "expects," "intends," "plan," "forecast," "guidance" and similar expressions. For these statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Although we believe that the plans and expectations reflected in or suggested by our forward-looking statements are reasonable, those statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties and contingencies, many of which are beyond our control, cannot be foreseen and reflect future business decisions that are subject to change. Accordingly, we cannot guarantee that our plans and expectations will be achieved. Our actual revenues, revenue growth rates and margins, other results of operations and shareholder values could differ materially from those anticipated in our forward-looking statements as a result of many known and unknown factors, many of which are beyond our ability to predict or control. Important factors, among others, that may otherwise cause actual events or results to differ materially from those anticipated by such forward-looking statements or historical performance include the effects of global economic, political, market, health and social events or other conditions; foreign currency exchange, continuing inflation and rising interest rate risks; difficulties, delays and higher than anticipated costs related to integrating the businesses of acquired companies, including with respect to implementing controls to prevent a material security breach of any internal systems or to successfully manage credit and fraud risks in business units; the effect of a security breach or operational failure on the Company's business; failing to comply with the applicable requirements of Visa, Mastercard or other payment networks or card schemes or changes in those requirements; the ability to maintain Visa and Mastercard registration and financial institution sponsorship; the ability to retain, develop and hire key personnel; the diversion of management's attention from ongoing business operations; the continued availability of capital and financing; increased competition in the markets in which we operate and our ability to increase our market share in existing markets and expand into new markets; our ability to safeguard our data; risks associated with our indebtedness; our ability to meet environmental, social and governance targets, goals and commitments; the potential effects of climate change, including natural disasters; the effects of new or changes in current laws, regulations, credit card association rules or other industry standards on us or our partners and customers, including privacy and cybersecurity laws and regulations; and other events beyond our control, and other factors presented in "Item 1A - Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 and subsequent filings we make with the SEC, which we advise you to review.

These cautionary statements qualify all of our forward-looking statements, and you are cautioned not to place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date they are made and should not be relied upon as representing our plans and expectations as of any subsequent date. While we may elect to update or revise forward-looking statements at some time in the future, we specifically disclaim any obligation to publicly release the results of any revisions to our forward-looking statements, except as required by law.

### **ITEM 3—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

For a discussion of our exposure to market risk, refer to Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our Annual Report on Form 10-K for the year ended December 31, 2022.

With respect to foreign currency exchange rate risk, during the six months ended June 30, 2023, we designated our Euro-denominated senior notes of €800 million as a hedge of our net investment in our Euro-denominated operations. The purpose of the net investment hedge is to offset the volatility of our net investment in our Euro-denominated operations due to changes in foreign currency exchange rates.

With respect to interest rate risk, in March 2023, we entered into interest rate swap agreements with an aggregate notional amount of \$1.5 billion to convert eligible borrowings under our revolving credit facility from a floating term Secured Overnight Financing Rate to a fixed rate, which reduces our exposure to fluctuations in interest rates.

See "Note 7—Derivatives and Hedging Instruments" in the notes to the accompanying unaudited consolidated financial statements for further information about our hedging arrangements.

### **ITEM 4—CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

As of June 30, 2023, management carried out, under the supervision and with the participation of our principal executive officer and principal financial officer, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of June 30, 2023, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and are designed to ensure that information required to be disclosed in those reports is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

#### **Changes in Internal Control over Financial Reporting**

We completed our acquisition of EVO on March 24, 2023. In accordance with our integration efforts, we plan to incorporate EVO's operations into our internal control over financial reporting program within the time provided by the applicable rules and regulations of the U.S. Securities and Exchange Commission.

**PART II—OTHER INFORMATION**

**ITEM 1—LEGAL PROCEEDINGS**

We are party to a number of claims and lawsuits incidental to our business. In our opinion, the liabilities, if any, which may ultimately result from the outcome of such matters, individually or in the aggregate, are not expected to have a material adverse effect on our financial position, liquidity, results of operations or cash flows. See "Note 16—Commitments and Contingencies" in the notes to the accompanying unaudited consolidated financial statements for information about certain legal matters.

**ITEM 1A—RISK FACTORS**

For a discussion of our risk factors, see Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 and Part II, Item 1A. "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023.

**ITEM 2—UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Information about the shares of our common stock that we repurchased during the quarter ended June 30, 2023 is set forth below:

<u>Period</u>	<u>Total Number of Shares Purchased <sup>(1)</sup></u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(2)</sup></u> (in millions)
April 1-30, 2023	901,486	\$ 107.01	887,385	\$ —
May 1-31, 2023	670,638	98.07	668,041	—
June 1-30, 2023	496,122	99.82	450,590	—
Total	<u>2,068,246</u>	\$ 103.35	<u>2,006,016</u>	\$ 1,090.2

<sup>(1)</sup>Our board of directors has authorized us to repurchase shares of our common stock through any combination of Rule 10b5-1 open-market repurchase plans, accelerated share repurchase plans, discretionary open-market purchases or privately negotiated transactions. During the quarter ended June 30, 2023, pursuant to our employee incentive plans, we withheld 62,230 shares, at an average price per share of \$100.70, in order to satisfy employees' tax withholding and payment obligations in connection with the vesting of awards of restricted stock.

<sup>(2)</sup>As of June 30, 2023, the remaining amount available under our share repurchase program was \$1,090.2 million. The authorizations by our board of directors do not expire but could be revoked at any time. In addition, we are not required by the board's authorization or otherwise to complete any repurchases by any specific time or at all.

**ITEM 5—OTHER INFORMATION**

(c) Director and Officer Trading Plans and Arrangements

During the quarter ended June 30, 2023, none of our directors or officers notified us that they adopted, modified or terminated any Rule 10b5-1 trading arrangement or any non-Rule 10b5-1 trading arrangement as defined in Item 408(a) of Regulation S-K.

**ITEM 6—EXHIBITS**

**List of Exhibits**

2.1	<a href="#">Agreement and Plan of Merger, dated as of August 1, 2022, by and among EVO Payments, Inc., Global Payments Inc. and Falcon Merger Sub Inc., incorporated by reference to Exhibit 2.1 to Global Payments Inc.'s Current Report on Form 8-K filed on August 2, 2022.</a> <sup>†</sup>
3.1	<a href="#">Third Amended and Restated Articles of Incorporation of Global Payments Inc., incorporated by reference to Exhibit 4.1 to Global Payment Inc.'s Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 filed on September 18, 2019.</a>
3.2	<a href="#">Articles of Amendment to the Third Amended and Restated Articles of Incorporation of Global Payments Inc., incorporated by reference to Exhibit 3.1 to Global Payments Inc.'s Current Report on Form 8-K filed on May 1, 2020.</a>
3.3	<a href="#">Twelfth Amended and Restated Bylaws of Global Payments Inc., incorporated by reference to Exhibit 3.1 to Global Payment Inc.'s Current Report on Form 8-K filed on February 1, 2023.</a>
10.1*	<a href="#">Amended and Restated Employment Agreement, dated as of May 1, 2023, by and between Global Payments Inc. and Cameron M. Bready (refiled herewith to correct scrivener's error in the version filed as Exhibit 10.1 to Global Payments Inc.'s Current Report on Form 8-K filed on May 1, 2023).</a>
10.2	<a href="#">Letter Agreement, dated as of May 1, 2023, between Global Payments Inc. and Jeffrey S. Sloan, incorporated by reference to Exhibit 10.2 to Global Payments Inc.'s Current Report on Form 8-K filed on May 1, 2023.</a>
31.1*	<a href="#">Certification of the Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of the Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101*	The following information from the Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL (eXtensible Business Reporting Language) and filed electronically herewith: (i) the Unaudited Consolidated Statements of Income; (ii) the Unaudited Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Unaudited Consolidated Statements of Cash Flows; (v) the Unaudited Consolidated Statements of Changes in Equity; (vi) the Notes to Unaudited Consolidated Financial Statements; and (vii) the information included in Part II, Item 5(c). The instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

† Pursuant to Item 601(b)(2) of Regulation S-K, certain schedules have been omitted. The registrant hereby agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

**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.

Global Payments Inc.  
(Registrant)

Date: August 1, 2023

\_\_\_\_\_  
/s/ Joshua J. Whipple  
Joshua J. Whipple  
Senior Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

**AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

This EMPLOYMENT AGREEMENT (this “Agreement”) is made and entered into this 1st day of May 2023 by and between Global Payments Inc., a Georgia corporation (the “Company”), and Cameron M. Bready (“Executive”).

BACKGROUND

Executive shall serve as Chief Executive Officer of the Company. Executive and the Company desire to memorialize the terms of such employment in this Agreement. In addition, the Compensation Committee of the Board of Directors of the Company (the “Committee”) has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change in Control (as defined in § 6). As it is desired and anticipated that Executive will continue to be employed and provide services for the Company’s successor for some period of time following a Change in Control, one purpose of this Agreement is to provide Executive with compensation and benefits arrangements which ensure that the compensation and benefits expectations of Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Committee has caused the Company to enter into this Agreement. This Agreement supersedes any prior agreement or other communication (oral or written) regarding Executive’s employment, except as otherwise provided in § 17 of this Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive agree as follows:

§ 1. Effective Date. This Agreement is effective as of June 1, 2023 (such date, the “Effective Date”).

§ 2. Employment. Executive is hereby employed as the Chief Executive Officer of the Company as of the Effective Date. In such capacity, Executive shall have the duties, responsibilities and authority commensurate with such position as shall be assigned to him by the Board of Directors of the Company (the “Board”), which shall be consistent with the duties, responsibilities, and authority of persons holding such position in a publicly traded company engaged in similar lines of business. Executive shall be a member of the Board and shall report directly and exclusively to the Board.

§ 3. Employment Period. Subject to § 7, Executive’s initial Employment Period pursuant to this Agreement shall be the period which starts on the Effective Date and ends on the third anniversary thereof; *provided*, Executive’s Employment Period shall automatically be extended for one additional year on the second anniversary of the Effective Date and on each subsequent anniversary of the Effective Date unless either the Company or Executive provides notice (in accordance with § 17(f)) before such anniversary date that there will be no such extension. Executive’s initial Employment Period and any subsequent extension of the initial Employment Period shall be referred to collectively as Executive’s “Employment Period.” A failure to extend Executive’s Employment Period shall not be treated for any reason whatsoever as a termination of Executive’s employment under § 7 unless the Company provides notice that there will be no such extension following a Change in Control and Executive’s Employment Period would as a result of such notice end before the second anniversary of the date of such Change in Control, in which case Executive shall have the right to resign effective at any time during the ninety (90)-day period which starts on the date of such notice, and the date his resignation is effective shall be treated as a termination for Good Reason pursuant to § 7(c) of this Agreement and he shall receive all benefits called for under § 8(b) of this Agreement.

§ 4. Extent of Service. During the Employment Period, Executive shall render his services to the Company (or to any successor, including a successor following a Change in Control) in conformity with professional standards, in a prudent and workmanlike manner and in a manner consistent with the obligations imposed on officers of corporations under applicable law. Executive shall promote the

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interests of the Company and its subsidiaries in carrying out Executive's duties and shall not deliberately take any action which could, or fail to take any action which failure could, reasonably be expected to have a material adverse effect upon the business of the Company or any of its subsidiaries or any of their respective affiliates. Executive agrees to devote his business time, attention, skill and efforts exclusively to the faithful performance of his duties hereunder (both before and after a Change in Control); *provided, however*, that it shall not be a violation of this Agreement for Executive to (a) devote reasonable periods of time to charitable and community activities and, with the approval of the Board, industry or professional activities; (b) manage or participate in personal business interests and investments, so long as such activities do not, in the judgment of the Board, materially interfere with the performance of Executive's responsibilities under this Agreement and comply with all Company policies and codes and all of Executive covenants and agreements; and/or (c) subject to the approval of the Committee, serve as a director, trustee, or member of a committee of any organization involving no conflict of interest with the interests of the Company so long as such activities do not, in the judgment of the Board, materially interfere with the performance of Executive's responsibilities under this Agreement and comply with all Company policies and codes and all of Executive's covenants and agreements.

§ 5. Compensation and Benefits.

(a) Base Salary. During the Employment Period, the Company will pay to Executive a base salary in the amount of U.S. \$1,000,000 per year (the "Base Salary"), payable in equal bi-weekly or other installments as provided under the Company's standard payroll practices in effect for senior executives from time to time. Executive's Base Salary will be reviewed at least annually and, subject to approval of the Committee, the Company may increase Executive's Base Salary from time to time. The periodic review of Executive's salary by the Committee will consider, among other things, Executive's own performance and the Company's performance.

(b) Incentive and Savings Plans. During the Employment Period, Executive shall be entitled to participate in all incentive, retirement and savings plans, practices, policies and programs commensurate with Executive's position as Chief Executive Officer. Certain executive programs will be made available on a selective basis at the discretion of the Board or the Committee. Without limiting the foregoing, the following shall apply:

(i) Annual Bonus. Executive will have an annual bonus opportunity for each fiscal year of the Company based on the achievement of financial and performance objectives set by the Committee ("Bonus Opportunity"). The annual Bonus Opportunity and specific performance and financial objectives will be set forth in Executive's individual performance and incentive plan for each fiscal year. Executive's annual Bonus Opportunity at target levels for any year shall not be less than 200% of his then-current Base Salary for such year (the "Target Bonus Opportunity"). Executive must be an active employee on the date the annual bonuses are paid on a Company-wide basis in order to be eligible to receive any bonus payment (except as otherwise expressly provided in § 8), unless (A) Executive's employment terminates following a failure to extend his Employment Period in accordance with § 3, (B) his employment terminates at or after the end of the applicable fiscal year and (C) he satisfies all or substantially all of the performance requirements (other than continued service) for a bonus for such fiscal year, in which event he shall be eligible for a bonus as determined by the Committee, and such bonus, if any, shall be paid no later than two and one-half (2½) months after the end of such fiscal year.

(ii) Equity Awards. Executive will be eligible to participate in the Company's Amended and Restated 2011 Incentive Plan (the "2011 Plan") and any successor to such plan in accordance with the terms and conditions of the 2011 Plan and any successor to such plan. The Company may, from time to time, upon approval by the Committee, grant to Executive options to purchase shares of Company Common Stock, stock appreciation rights, restricted Company Common Stock, restricted stock units, performance shares, and/or performance units and/or other Company Common Stock related grants as a long-term incentive for performance.

(c) Welfare Benefit Plans. During the Employment Period, Executive and Executive's family shall be eligible for participation in, and shall be eligible to receive all benefits under, the welfare benefit plans, practices, policies and programs provided by the Company, including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs on the same basis as similarly situated executives of the Company (the "Welfare Plans").

(d) Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by Executive in accordance with the policies, practices and procedures of the Company; *provided, however*, (i) the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in another calendar year, (ii) no such reimbursement may be exchanged or liquidated for another payment or benefit, and (iii) any reimbursements of such expenses shall be made as soon as practicable under the circumstances but in any event no later than the end of the calendar year following the calendar year in which the related expenses are incurred.

(e) Additional Benefits. During the Employment Period, Executive shall be offered the opportunity to receive or participate in any additional benefits provided to similarly situated executives of the Company in accordance with, and subject to the eligibility requirements of, the plans, practices, programs and policies of the Company and applicable laws and regulations. Executive also shall be provided with vacation entitlements in accordance with the Company's policy as in effect from time to time.

§ 6. Change in Control.

(a) For the purposes of this Agreement, a "Change in Control" shall mean:

(i) The acquisition by any individual, entity or group (within the meaning of § 13(d)(3) or § 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); *provided, however*, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition by a Person who is on the Effective Date the beneficial owner of thirty-five percent (35%) or more of the Outstanding Company Voting Securities, (B) any acquisition directly from the Company, (C) any acquisition by the Company which reduces the number of Outstanding Company Voting Securities and thereby results in any person having beneficial ownership of more than thirty-five percent (35%) of the Outstanding Company Voting Securities, (D) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (E) any acquisition by any corporation pursuant to a transaction which meets the requirements of clauses (A), (B) and (C) of subsection (ii) of this § 6; or

(ii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding shares of the Company's common stock (the "Outstanding Company Common Stock") and Outstanding Company Voting Securities immediately prior to such Business Combination (individually, a "Company Owner") beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as each Company Owner's

ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any Company Owner, the Company or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, thirty-five percent (35%) or more of the combined voting power of the then-outstanding voting securities of such corporation, and (C) at least a majority of the members of the board of directors (or, for a noncorporate entity, equivalent body or committee) of the entity resulting from such Business Combination were Incumbent Directors (as defined below) at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iii) A majority of the individuals who, as of the Effective Date, constitute the Board (the “Incumbent Directors”) are replaced within a twelve (12)-month period; *provided, however*, that, for purposes of this § 6(a)(iii), any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also Incumbent Directors (or deemed to be such pursuant to this proviso) shall be considered Incumbent Directors; *provided, further*, that any individual who was elected to the Board as a result of an election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any “person” (such term for purposes of this definition being as defined in § 3(a)(9) of the Exchange Act, and as used in § 13(d)(3) and § 14(d)(2) of the Exchange Act) other than the Incumbent Directors shall not be considered an Incumbent Director.

(b) For purposes of this Agreement, a “§ 409A Change in Control” shall mean a “Change in Control” which also constitutes a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company, all within the meaning of § 409A of the Internal Revenue Code of 1986, as amended (the “Code”).

§ 7. Termination of Employment. The following Section provides the terms and conditions for the termination of Executive’s employment and the termination of the Employment Period. Following the termination of the Employment Period for any reason under this Section 7, Executive will automatically resign or be deemed to have resigned from the Board as well as any other director position or similar role or officer position with the Company and its affiliates and subsidiaries effective immediately on the Date of Termination without any further action from the parties.

(a) Death, Retirement or Disability. Executive’s employment and the Employment Period shall terminate automatically upon Executive’s death or Retirement. For purposes of this Agreement, “Retirement” shall mean Executive’s voluntary resignation of employment on or after attaining age fifty-five (55) with at least ten (10) years of service. If the Committee determines in good faith that the Disability of Executive has occurred (pursuant to the definition of Disability set forth in this § 7(a)), the Company may give to Executive written notice of its intention to terminate Executive’s employment. In such event, Executive’s employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such written notice by Executive (the “Disability Effective Date”), *provided* that, within the thirty (30) days after such receipt, Executive shall not have returned to full-time performance of Executive’s duties. For purposes of this Agreement, “Disability” shall mean the inability of Executive, as determined by the Committee, to substantially perform the essential functions of his regular duties and responsibilities with or without reasonable accommodation, due to a medically determinable physical or mental illness or other disability which has lasted (or can reasonably be expected to last) for a substantially continuous period of at least six consecutive months.

(b) Termination by the Company With or Without Cause. The Company may terminate Executive’s employment with or without Cause. For all purposes under this Agreement, “Cause” shall mean a determination by the Committee that:

(i) Executive has failed to perform substantially Executive’s duties and responsibilities under this Agreement (other than any such failure resulting from incapacity due to

physical or mental illness, and specifically excluding any failure by Executive, after reasonable efforts, to meet reasonable performance expectations), after a written demand for substantial performance is delivered to Executive by the Chairman of the Committee which specifically identifies the manner in which such person believes that Executive has failed to substantially perform Executive's duties and responsibilities and which has not been cured to the reasonable satisfaction of such person within ten (10) business days of the written demand delivered to Executive; or

(ii) Executive engaged in any act of fraud, misappropriation, embezzlement or similar dishonest or wrongful act, including, without limitation, any violation of the Sarbanes-Oxley Act or similar laws or legal standards, but excluding for this purpose any non-criminal violation of Sarbanes-Oxley or similar laws or legal standards that has no significant adverse impact on the Company or its reputation and does not involve dishonesty or render Executive ineligible for any licensing, bonding or insurance coverage or for employment or engagement in any Company work or activity; or

(iii) Executive has engaged in the abuse of alcohol, prescription drugs or any substance which materially interferes with Executive's ability to perform Executive's duties and responsibilities under this Agreement or Executive has engaged in the use of illegal drugs; or

(iv) Executive has violated any laws, agreements or written Company policies or codes prohibiting employment discrimination, harassment, conflicts of interest, retaliation, competition with the Company, solicitation of Company customers or employees on behalf of anyone other than Company, improper use or disclosure of Trade Secrets, Confidential Information or other proprietary information of the Company; or

(v) Executive has committed, been convicted for, or entered a plea of guilty or *nolo contendere* (or any plea of similar substance or effect) to, a felony or a crime involving dishonesty or other moral turpitude.

The termination of Executive's employment shall not be deemed to be for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority (or, in the case of a Subsequent Change in Control, of not less than three-quarters) of the Board (determined excluding Executive if he is then a member of the Board), at a meeting of the Board called and held for such purpose (after reasonable notice is provided to Executive and Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, Executive has engaged in conduct described in any of clauses (i)-(v) above, and specifying the particulars thereof in detail.

(c) Resignation by Executive. Executive may resign for "Good Reason" or no reason. For all purposes under this Agreement, "Good Reason" shall mean the occurrence of any of the following circumstances without the written consent of Executive:

(i) a material adverse reduction in Executive's position, duties or responsibilities; or

(ii) the Company changes its reporting structure such that Executive no longer reports directly and exclusively to the Board; or

(iii) a reduction by the Company: (A) in Executive's Base Salary as in effect on the Effective Date or as the same may be increased from time to time (unless a similar reduction is made in the salary of similarly situated senior executives); (B) in Executive's Target Bonus Opportunity below the minimum set forth in § 5(b)(i) (unless a similar reduction is made in the bonus opportunity of similarly situated senior executives); or (C) in the benefits pursuant to the Welfare Plans (unless a similar reduction is made in the benefits of similarly situated senior executives); or

- (iv) any failure by the Company to comply with and satisfy § 16(c); or
- (v) a requirement that Executive be based in any office or location other than in the greater metropolitan area of Atlanta, Georgia; or
- (vi) any material breach by the Company of the terms of this Agreement.

Notwithstanding the foregoing, no event or act or omission shall constitute “Good Reason” under this § 7(c) unless (x) Executive in accordance with § 17(f) provides notice of such event or act or omission to the Committee no later than thirty (30) days after Executive has knowledge of such event or act or omission, (y) the Committee fails to remedy such event or act or omission within thirty (30) days of the receipt of such notice (the “Cure Period”) and (z) Executive resigns effective no later than ninety (90) days after the end of the Cure Period.

(d) Notice of Termination. Any termination by the Company or resignation by Executive shall be communicated by Notice of Termination to the other party hereto given in accordance with § 17(f). For purposes of this Agreement, a “Notice of Termination” means a written notice which (i) states the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated and (iii) specifies the applicable Date of Termination. The failure by Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of Executive or the Company, respectively, hereunder or preclude Executive or the Company, respectively, from asserting such fact or circumstance in enforcing Executive’s or the Company’s rights hereunder.

(e) Date of Termination, Separation from Service and Applicable Pay Date.

(i) “Date of Termination” means (1) if Executive resigns for Good Reason, the date specified in the Notice of Termination, provided that (A) the Committee may specify any earlier Date of Termination and (B) the Date of Termination specified in the notice shall not be less than sixty (60) days after the date of delivery of the notice if the resignation is for Good Reason following a Subsequent Change in Control, (2) if Executive’s employment is terminated by the Company other than by reason of Disability, the date of receipt of the Notice of Termination, or any later date specified therein, or (3) if Executive’s employment is terminated by reason of death, Disability or Retirement, the Date of Termination will be the date of death or Retirement, or the Disability Effective Date, as the case may be.

(ii) “Separation from Service” means a “separation from service” within the meaning of § 409A of the Code which occurs in connection with Executive’s termination of employment, and the Company and Executive acknowledge and agree that such a “separation from service” may come before, after or coincide with Executive’s Date of Termination.

(iii) “Applicable Pay Date” means the date that Executive has a Separation from Service (which date shall be referred to as the “Immediate Pay Date”) or, if the Company determines that making a payment or providing a benefit to Executive on the Immediate Pay Date would require the Company to report all or any part of such payment or benefit to the Internal Revenue Service as subject to taxation under § 409A of the Code, the date that is six (6) months and one (1) day after the date Executive has a Separation from Service (which date shall be referred to as the “Delayed Pay Date”).

§ 8. Obligations of the Company upon Termination.

(a) Prior to a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause, Death or Disability. If, prior to a Change in Control or on or after the second (2<sup>nd</sup>) anniversary of the date of a Change in Control, the Company terminates Executive’s employment other than for Cause, death or Disability or Executive resigns for Good Reason, then (and with respect to the payments and benefits described in clauses (ii) through (x) of this § 8(a),

only if Executive executes (and does not revoke) a Release in substantially the form of Exhibit A hereto (the “Release”) within sixty (60) days of the Date of Termination):

(i) the Company will pay to Executive in a lump sum in cash within thirty (30) days after the Date of Termination the sum of (A) Executive’s Base Salary (as in effect on the Date of Termination) earned through the Date of Termination to the extent not theretofore paid, (B) Executive’s business expenses for which reimbursement has been requested pursuant to the Company’s expense reimbursement policy but which have not been reimbursed before Executive’s applicable Date of Termination and (C) Executive’s Annual Bonus, if any, earned for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs, if such bonus has been certified as payable by the Committee but has not been paid before the Date of Termination (the sum of the amounts described in clauses (A), (B) and (C) shall be referred to as the “Accrued Obligations”); and

(ii) (A) if the Applicable Pay Date is the Delayed Pay Date, the Company will pay Executive on the Delayed Pay Date a lump sum equal to the amount of the Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(iii) upon a reduction in Executive’s Base Salary, as in effect immediately prior to such reduction in Base Salary) Executive would have earned if Executive had been continuously employed by Company from the Date of Termination until the Delayed Pay Date or (B) if the Applicable Pay Date is the Immediate Pay Date, the Company will continue to pay Executive an amount equal to his monthly Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(iii) upon a reduction in Executive’s Base Salary, as in effect immediately prior to such reduction in Base Salary) until payments begin under § 8(a)(iii) without any duplication of payments between this § 8(a)(ii) and § 8(a)(iii); and

(iii) commencing on the seven (7)-month anniversary of the date Executive has a Separation from Service, the Company will continue to pay Executive an amount equal to Executive’s monthly Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(iii) upon a reduction in Executive’s Base Salary, as in effect immediately prior to such reduction in Base Salary), payable in equal monthly or more frequent installments in accordance with the Company’s then standard payroll practices for a period of eighteen (18) consecutive months; and

(iv) as additional severance (and not in lieu of any bonus for the fiscal year in which the Date of Termination occurs), the Company will pay Executive a lump sum equal to two (2) times the amount of Executive’s Target Bonus Opportunity (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(iii) as in effect immediately prior to such reduction in Executive’s Target Bonus Opportunity) on the date that is nine (9) months and one (1) day after the date of Executive’s Separation from Service; and

(v) the Company shall pay to Executive a lump sum cash amount within sixty (60) days following the Date of Termination equal to the product of (A) eighteen (18) multiplied by (B) one hundred percent (100%) of the monthly premiums for continuation of health care coverage under the Company’s group health plan for purposes of continuation coverage under Section 4980B of the Code (“COBRA”) with respect to the maximum level of coverage in effect for Executive and his spouse and dependents as of immediately prior to the Date of Termination; and

(vi) the Company will pay Executive a pro-rated annual bonus for the fiscal-year in which the Date of Termination occurs equal to (i) the amount Executive would have earned, if any, under § 5(b)(i) for the year of termination based on actual financial performance for such fiscal year, times (ii) a fraction, the numerator of which is the number of full months in the fiscal year preceding the Date of Termination and the denominator of which is twelve (12); *provided* that such bonus shall be paid only if the pre-established performance targets are in fact certified by the Committee to have been met, and such bonus shall be paid in a single lump sum cash payment no later than two and one-half (2½) months after the end of the fiscal year in which

the bonus is earned; *provided further* that if Executive terminates employment pursuant to § 7(c)(iii) upon a reduction in Executive's Target Bonus Opportunity, such prorated bonus shall be calculated based on Executive's Target Bonus Opportunity as in effect immediately prior to such reduction in Executive's Target Bonus Opportunity; and

(vii) all restricted Company Common Stock or units which represent shares of Company Common Stock, excluding those that are subject to performance conditions ("Restricted Stock"), granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination and, in the case of units, shall be settled within sixty (60) days following the Date of Termination (or any later date required by § 409A of the Code); and

(viii) all options to acquire Company Common Stock or appreciation rights with respect to shares of Company Common Stock ("Options") granted to Executive following the Effective Date and held by Executive as of the Date of Termination that would have become vested (by lapse of time) within the twenty-four (24)-month period immediately following the Date of Termination had Executive remained employed during such period will become immediately vested as of the Date of Termination; and

(ix) all vested but unexercised Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination (including those with accelerated vesting pursuant to § 8(a)(viii)) shall remain exercisable through the earlier of (A) the original expiration date of the Option, (B) the ninetieth (90th) day following the Date of Termination, or (C) the date that is the tenth (10th) anniversary of the original date of grant of the Option; and

(x) any restricted Company Common Stock or units which represent shares of Company Common Stock contingent on the satisfaction of the related performance requirements ("Performance Restricted Stock") granted to Executive following the Effective Date and held by Executive as of the Date of Termination shall be treated as follows:

(1) If the Date of Termination occurs during the first year of a Performance Cycle (as defined in the applicable award agreement), a portion of the total shares of Company Common Stock subject to such award, pro-rated based on the number of days elapsed in the Performance Cycle as of the Date of Termination, shall vest assuming target levels of performance, and such award shall be settled no later than two and one-half (2½) months after the Date of Termination (or any later date required by § 409A of the Code); and

(2) If the Date of Termination occurs after the first year of a Performance Cycle, a portion of the total shares of Company Common Stock subject to such award, pro-rated based on the number of days elapsed in the Performance Cycle as of the Date of Termination (it being understood that proration shall not apply if the Date of Termination occurs after the end of the Performance Cycle but prior to the settlement date of the award), shall vest based on actual performance at the end of the full Performance Cycle, and such award shall be settled no later than two and one-half (2½) months after the end of the Performance Cycle (or any later date required by § 409A of the Code);

*provided, however*, if Executive is Retirement-eligible on the Date of Termination, such Performance Restricted Stock shall be treated in accordance with § 8(d)(iv)(1) and not this § 8(a)(x); and

(xi) to the extent not theretofore paid or provided, the Company will timely pay or provide to Executive pursuant to the timing rules of the controlling terms of any plan, program, policy, practice, contract or agreement of the Company any other amounts or benefits, including but not limited to, previously earned but unpaid annual incentive awards, previously

earned but unpaid long-term incentive awards, and properly documented and approved but unpaid business expenses, required to be paid or provided or which Executive is eligible to receive under any such plan, program, policy or practice or contract or agreement of the Company (such other amounts and benefits shall be hereinafter referred to as the “Other Benefits”);

(b) After or in Connection with a Change in Control: Resignation by Executive for Good Reason; Termination by the Company Other Than for Cause, Death or Disability. If there occurs a Change in Control and the Company terminates Executive’s employment other than for Cause, death or Disability before the second (2<sup>nd</sup>) anniversary of such Change in Control or Executive resigns for Good Reason before the second (2<sup>nd</sup>) anniversary of such Change in Control, then (and with respect to the payments and benefits described in clauses (ii) through (ix) of this § 8(b), only if Executive executes (and does not revoke) the Release within sixty (60) days of the Date of Termination):

(i) the Company (or its successor) shall pay to Executive the Accrued Obligations in a lump sum in cash within thirty (30) days after the Date of Termination; and

(ii) the Company (or its successor) will pay Executive three (3) times the amount of Base Salary (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(iii) as in effect immediately prior to such reduction in Base Salary). If the Change in Control is a § 409A Change in Control, the three (3) times Base Salary amount payable under this § 8(b)(ii) will be paid in a single lump sum on the Applicable Pay Date. However, if the Change in Control is not a § 409A Change in Control, the three (3) times Base Salary amount payable under this § 8(b)(ii) will be paid in three (3) parts—

(A) the first part will be paid in the amount and at the time and in form called for in § 8(a)(ii),

(B) the second part will be paid in the amount and at the time and in the form called for in § 8(a)(iii), and

(C) the balance will be paid in a single lump sum on the date that is nine (9) months and one (1) day after the date of Executive’s Separation from Service; and

(iii) as additional severance (and not in lieu of any bonus for the fiscal year in which the Date of Termination occurs), the Company (or its successor) will pay Executive a lump sum equal to three (3) times the amount of Executive’s Target Bonus Opportunity (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(iii) as in effect immediately prior to such reduction in Executive’s Target Bonus Opportunity) on the date that is nine (9) months and one (1) day after the date of Executive’s Separation from Service; and

(iv) the Company shall pay to Executive a lump sum cash amount within sixty (60) days following the Date of Termination equal to the product of (A) eighteen (18) multiplied by (B) one hundred percent (100%) of the monthly premiums for continuation of health care coverage under the Company’s group health plan for purposes of continuation coverage under COBRA with respect to the maximum level of coverage in effect for Executive and his spouse and dependents as of immediately prior to the Date of Termination; and

(v) Executive will be entitled to a pro-rated bonus under § 5(b)(i) for the fiscal year in which the Date of Termination occurs, the amount and timing of which shall depend upon when the Date of Termination occurs, as follows:

(1) if the Date of Termination occurs before the end of the fiscal year in which the Change in Control occurred, the pro-rated bonus will equal (i) one hundred percent (100%) of Executive’s Target Bonus Opportunity (as in effect on the Date of Termination or, if Executive terminates employment pursuant to § 7(c)(iii) upon a reduction in Executive’s Target Bonus Opportunity, as in effect immediately prior to



such reduction in Executive's Target Bonus Opportunity), times (ii) a fraction, the numerator of which is the number of full months in the fiscal year preceding the Date of Termination and the denominator of which is twelve (12), and such pro-rated bonus shall be paid no later than two and one-half (2½) months after the end of the Company's fiscal year which includes Executive's Date of Termination; or

(2) if the Date of Termination occurs during a fiscal year that began after the Change in Control occurred, the pro-rated bonus (based on the number of full months in the fiscal year preceding the Date of Termination as described in § 8(b)(v)(1)) will be based on actual performance results as certified by the Committee at the end of the fiscal year and will be paid to Executive no later than two and one-half (2½) months after the end of the Company's fiscal year which includes Executive's Date of Termination; *provided* that if Executive terminates employment pursuant to § 7(c)(iii) upon a reduction in Executive's Target Bonus Opportunity, such prorated bonus shall be calculated based on Executive's Target Bonus Opportunity as in effect immediately prior to such reduction in Executive's Target Bonus Opportunity; and

(vi) all Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination; and

(vii) all Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested and exercisable as of the Date of Termination; and

(viii) all vested but unexercised Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination (including those with accelerated vesting pursuant to § 8(b)(vii)) will remain exercisable through the earlier of (A) the original expiration date of the Option, or (B) the ninetieth (90<sup>th</sup>) day following the Date of Termination, or (C) the date that is the tenth (10<sup>th</sup>) anniversary of the original date of grant of the Option; and

(ix) any Performance Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination shall be treated as follows:

(1) If the Date of Termination occurs during the first year of a Performance Cycle, the award shall vest in full (without proration) assuming target levels of performance, and such award shall be settled no later than two and one-half (2½) months after the Date of Termination (or any later date required by § 409A of the Code); and

(2) If the Date of Termination occurs after the first year of a Performance Cycle, the award shall vest in full (without proration) based on actual performance at the end of the full Performance Cycle, and such award shall be settled no later than two and one-half (2½) months after the end of the Performance Cycle (or any later date required by § 409A of the Code);

*provided, however*, if Executive is Retirement-eligible on the Date of Termination, such Performance Restricted Stock shall be treated in accordance with § 8(d)(iv)(1) and not this § 8(b)(ix); and

(x) to the extent not theretofore paid or provided, the Company will timely pay or provide to Executive his Other Benefits pursuant to the timing rules of the controlling terms of any plan, program, policy, practice, contract or agreement of the Company.

(c) In Anticipation of a Change in Control: Termination by the Company Other Than for Cause, Death or Disability or Resignation by Executive for Good Reason. If Executive's employment

is terminated by the Company other than for Cause, death or Disability or Executive resigns for Good Reason after the issuance of press release or a filing is made with the Securities and Exchange Commission regarding a transaction which could lead to a Change in Control and there is a Change in Control as a result of the consummation of such transaction no later than nine (9) months and one (1) day after the date of Executive's Separation from Service, then

(i) Executive will continue to be eligible to receive his benefits under § 8(a) in the amount and form and at the time provided in § 8(a), but

(ii) Executive will in addition receive the benefits described in § 8(b), if greater, as if his employment had been terminated without Cause or he had resigned for Good Reason at the consummation of such Change in Control, *provided* Executive immediately following the Change in Control shall have timely executed and not revoked the Release described in § 8(b), and, *further provided*

(1) there will under no circumstances be any duplication whatsoever of any payments or benefits between this § 8(c)(B) and § 8(c)(A);

(2) the additional severance benefits provided under § 8(b)(ii)(C) will be paid in a single lump sum on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service;

(3) the severance benefits provided under § 8(b)(iii) will be paid in lieu of the severance benefits contemplated by § 8(a)(iv) in a single lump sum on the date that is nine (9) months and one (1) day after the date of Executive's Separation from Service;

(4) if the Change in Control occurs before the date the pro-rated annual bonus provided under § 8(a)(vi) is scheduled to be paid, then Executive will be entitled to the greater of either the pro-rated annual bonus determined and paid under § 8(a)(vi) or the pro-rated bonus determined under § 8(b)(v)(1) but paid in the form and at the time called for under § 8(a)(vi);

(5) any outstanding Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination which failed to vest under § 8(a)(viii) will vest under § 8(b)(vii) at the Change in Control, and the date of the Change of Control will be treated under § 8(b)(viii) as Executive's Date of Termination; and

(6) if the Change in Control occurs before settlement of Performance Restricted Shares granted to Executive following the Effective Date and held by Executive as of the Date of Termination, Executive will be entitled to the number of shares of Company Common Stock to be delivered under § 8(b)(ix), which will be delivered in the form and at the time such shares of Company Common Stock are otherwise scheduled to be delivered under § 8(a)(x).

(d) Death, Disability or Retirement. Upon the Date of Termination due to Executive's death, Disability or Retirement the Company shall pay to Executive the Accrued Obligations in a lump sum in cash within thirty (30) days after the Date of Termination (and with respect to the payments and benefits described in clauses (i) through (iv) of this § 8(d) with respect to Executive's Retirement, only if Executive executes a Release within sixty (60) days of the Date of Termination) and

(i) all Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested as of the Date of Termination; and

(ii) all Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination will become immediately vested and exercisable as of the Date of Termination; and

(iii) all vested but unexercised Options granted to Executive following the Effective Date and held by Executive as of the Date of Termination (including those with accelerated vesting pursuant to the foregoing sentence) shall remain exercisable through the earliest of (A) the original expiration date of the Option, (B) the ninetieth (90<sup>th</sup>) day following the Date of Termination or such longer period as specified in the plan document governing the applicable award, or (C) the date that is the 10th anniversary of the original date of grant of the Option; and

(iv) any grant of Performance Restricted Stock granted to Executive following the Effective Date and held by Executive as of the Date of Termination shall be treated as follows:

(1) in the case of termination on account of Retirement only, the award shall vest in full (without proration) based on actual performance at the end of the full Performance Cycle, and such award shall be settled no later than two and one-half (2½) months after the end of the Performance Cycle (or any later date required by § 409A of the Code); or

(2) in the case of termination on account of death or Disability only, the award shall vest in full (without proration) assuming target levels of performance, and such award shall be settled no later than two and one-half (2½) months after the Date of Termination (or any later date required by § 409A of the Code); and

(v) for the period of months required by COBRA after the Date of Termination due to Executive's death, Disability or Retirement, Executive or his dependents shall have the right to elect continuation of healthcare coverage under the Company's group plan (if allowed by the plan) in accordance with COBRA, *provided* Executive or his dependents shall pay the entire cost of such coverage; and

(vi) to the extent not theretofore paid or provided, the Company will timely pay or provide to Executive his Other Benefits pursuant to the timing rules of the controlling terms of any plan, program, policy, practice, contract or agreement of the Company. The term Other Benefits as used in this § 8(d) shall include, without limitation, and Executive or his estate and/or beneficiaries shall be entitled to receive, benefits under such plans, programs, practices and policies relating to death, disability or retirement benefits, if any, as are applicable to Executive on the Date of Termination.

(e) Cause or Voluntary Resignation without Good Reason. Regardless of whether or not a Change in Control shall have occurred, if Executive's employment is terminated for Cause, or if Executive voluntarily resigns without Good Reason, the Company's obligations under this Agreement to Executive shall terminate, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to Executive in a lump sum in cash within thirty (30) days after the Date of Termination. For the period required by COBRA after the Date of Termination for Cause or for the voluntary resignation by Executive, Executive shall have the right to elect continuation of healthcare coverage under the Company's group plan in accordance with COBRA, *provided* Executive shall pay the entire cost of such coverage.

(f) Full Settlement. Subject to § 17(d), the payments and benefits provided under this § 8 shall be in full satisfaction of the obligations of the Company and its affiliates to Executive under this Agreement or any other plan, agreement, policy or arrangement of the Company and its affiliates upon his termination of employment.

§ 9. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any plan, program, policy or practice provided by the Company and for which Executive may qualify, nor, subject to § 17(d), shall anything herein limit or otherwise affect such rights as Executive may have under any contract or agreement with the Company. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

§ 10. Treatment of Certain Payments.

(a) Anything in the Agreement to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject Executive to the excise tax under § 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to the Agreement (the "Agreement Payments") so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Agreement Payments shall be so reduced only if the Accounting Firm determines that Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Agreement Payments were so reduced. If the Accounting Firm determines that Executive would not have a greater Net After-Tax Receipt of aggregate Payments if the Agreement Payments were so reduced, Executive shall receive all Agreement Payments to which Executive is entitled hereunder.

(b) If the Accounting Firm determines that Agreement Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this § 10 shall be binding upon the Company and Executive and shall be made as soon as reasonably practicable and in no event later than fifteen (15) days following the Date of Termination. For purposes of reducing the Agreement Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under the Agreement (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the payments and benefits in the following order: (i) cash payments that may not be valued under Treas. Reg. § 1.280G-1, Q&A-24(c) ("24(c)"), (ii) equity-based payments that may not be valued under 24(c), (iii) cash payments that may be valued under 24(c), (iv) equity-based payments that may be valued under 24(c) and (v) other types of benefits. With respect to each category of the foregoing, such reduction shall occur first with respect to amounts that are not "deferred compensation" within the meaning of § 409A of the Code and next with respect to payments that are deferred compensation, in each case, beginning with payments or benefits that are to be paid the farthest in time from the Accounting Firm's determination. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(c) As a result of the uncertainty in the application of § 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of Executive pursuant to this Agreement that should not have been so paid or distributed (each, an "Overpayment") or that additional amounts that will have not been paid or distributed by the Company to or for the benefit of Executive pursuant to this Agreement could have been so paid or distributed (each, an "Underpayment"). In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against the Company or Executive that the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of Executive shall be repaid by Executive to the Company (as applicable) together with interest at the applicable federal rate provided for in § 7872(f)(2) of the Code; *provided, however*, that no such repayment shall be required if and to the extent such deemed repayment would not either reduce the amount on which Executive is subject to tax under § 1 and § 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid

by the Company to or for the benefit of Executive together with interest at the applicable federal rate provided for in § 7872(f)(2) of the Code.

(d) To the extent requested by Executive, the Company shall cooperate with Executive in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by Executive (including, without limitation, Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant) before, on or after the date of a change in ownership or control of the Company (within the meaning of Q&A-2(b) of the final regulations under § 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under § 280G of the Code and/or exempt from the definition of the term "parachute payment" within the meaning of Q&A-2(a) of the final regulations under § 280G of the Code in accordance with Q&A-5(a) of the final regulations under § 280G of the Code.

(e) The following terms shall have the following meanings for purposes of this § 10:

(i) "Accounting Firm" shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of § 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder and is reasonably acceptable to Executive, which firm shall not, without Executive's consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(ii) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with § 280G(b)(2)(A)(ii) and § 280G(d)(4) of the Code) of a Payment net of all taxes imposed on Executive with respect thereto under § 1 and § 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under § 1 of the Code and under state and local laws which applied to Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to Executive in the relevant tax year(s).

(iii) "Parachute Value" of a Payment shall mean the present value as of the date of the change of control for purposes of § 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under § 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under § 4999 of the Code will apply to such Payment.

(iv) "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of § 280G(b)(2) of the Code) to or for the benefit of Executive, whether paid or payable pursuant to the Agreement or otherwise.

(v) "Safe Harbor Amount" shall mean 2.99 times Executive's "base amount," within the meaning of § 280G(b)(3) of the Code.

(f) The provisions of this § 10 shall survive the expiration of the Agreement.

§ 11. Costs of Enforcement. In no event shall Executive be obligated to seek other employment by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment. In any action taken in good faith relating to the enforcement of this Agreement or any provision herein, including any arbitration provision in § 14, Executive shall be entitled to be paid any and all costs and expenses incurred by him in enforcing or establishing his rights thereunder, including, without limitation, reasonable attorneys' fees, and whether or not incurred in trial, bankruptcy or appellate proceedings, but only if Executive is successful on at least one material issue raised in the enforcement proceeding. Any costs or expenses that otherwise meet the requirements for reimbursement under this § 11 shall be reimbursed within one hundred and twenty (120) days of submission by Executive of a request for reimbursement, but in no event later than the last day of Executive's taxable year following the taxable

year in which Executive becomes entitled to such reimbursement by reason of being successful on at least one material issue (provided a request for reimbursement has been made).

§ 12. Representations and Warranties. Executive hereby represents and warrants to the Company that Executive is not a party to, or otherwise subject to, any covenant not to compete with any person or entity other than a contract with his current employer, a copy of which has been provided to the Company.

§ 13. Restrictions on Conduct of Executive.

(a) General. Executive and the Company understand and agree that the purpose of the provisions of this § 13 is to protect legitimate business interests of the Company, as more fully described below, and is not intended to eliminate Executive's post-employment competition with the Company *per se*, nor is it intended to impair or infringe upon Executive's right to work, earn a living, or acquire and possess property from the fruits of his labor. Executive hereby acknowledges that the post-employment restrictions set forth in this § 13 are reasonable and that they do not, and will not, unduly impair his ability to earn a living after the termination of this Agreement. Therefore, subject to the limitations of reasonableness imposed by law, Executive shall be subject to the restrictions set forth in this § 13. For the purposes of this § 13, "Company" shall be deemed to include the Company and all its parents, affiliates, subsidiaries and successors.

(b) Definitions. The following terms used in this § 13 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms:

"Competitive Position" means any employment with a Competitor in which Executive has duties for such Competitor that relate to Competitive Services.

"Competitive Services" means services competitive with the business activities engaged in by the Company or an affiliate as of the date of termination of Grantee's employment for any reason or any earlier date of an alleged breach by Grantee of the restrictions in § 13 hereof, which include, but are not limited to, the provision of products and services to facilitate or assist with the movement in electronic commerce of payment and financial information, merchant acquiring, demand deposit accounts and other financial service solutions to the underbanked and other consumers and businesses, payment solutions to card issuers, and software, payroll and processing solutions.

"Competitor" means any individual, corporation, partnership, joint venture, limited liability company, association, or other entity or enterprise which is engaged, wholly or in part, in Competitive Services.

"Confidential Information" means all information regarding the Company, its activities, business or clients that is the subject of reasonable efforts by the Company to maintain its confidentiality and that is not generally disclosed by practice or authority to persons not employed by the Company, but that does not rise to the level of a Trade Secret. "Confidential Information" shall include, but is not limited to, financial plans and data concerning the Company; management planning information; business plans; operational methods; market studies; marketing plans or strategies; product development techniques or plans; lists of current or prospective customers; details of customer contracts; current and anticipated customer requirements; past, current and planned research and development; business acquisition plans; and new personnel acquisition plans. "Confidential Information" shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Company. This definition shall not limit any definition of "confidential information" or any equivalent term under state or federal law.

"Determination Date" means the date of termination of Executive's employment with the Company for any reason whatsoever or any earlier date of an alleged breach of the Restrictive Covenants by Executive.

“Person” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

“Principal or Representative” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

“Protected Customers” means any Person to whom the Company has sold or provided its products or services during the twelve (12) months prior to the Determination Date.

“Protected Employees” means employees of the Company who were employed by the Company at any time within six (6) months prior to the Determination Date.

“Restricted Period” means the Employment Period and a period extending two (2) years from the termination of Executive’s employment with the Company.

“Restricted Territory” means the area in which the Company or an affiliate conducts business, which includes without limitation the entire United States and its territories and possessions.

“Restrictive Covenants” means the restrictive covenants contained in § 13(c) hereof.

“Trade Secret” means all information, without regard to form, including, but not limited to, technical or non-technical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists or a list of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Without limiting the foregoing, Trade Secret means any item of Confidential Information that constitutes a “trade secret” under the common law or applicable state law.

(c) Restrictive Covenants.

(i) Restriction on Disclosure and Use of Confidential Information and Trade Secrets. Executive understands and agrees that the Confidential Information and Trade Secrets constitute valuable assets of the Company and its affiliated entities, and may not be converted to Executive’s own use. Accordingly, Executive hereby agrees that Executive shall not, directly or indirectly, at any time during the Employment Period or at any time following the end of the Employment Period for any reason reveal, divulge, or disclose to any Person not expressly authorized by the Company any Confidential Information, and Executive shall not, directly or indirectly, at any time during the Employment Period or at any time following the end of the Employment Period for any reason use or make use of any Confidential Information in connection with any business activity other than that of the Company. Throughout the term of this Agreement and at all times after the date that this Agreement terminates for any reason, Executive shall not directly or indirectly transmit or disclose any Trade Secret of the Company to any Person, and shall not make use of any such Trade Secret, directly or indirectly, for himself or for others, without the prior written consent of the Company. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Company’s rights or Executive’s obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices.

Executive understands that nothing in this § 13 or this Agreement prohibits or limits Executive from: (i) disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; *provided, however,* that in the event such disclosure is required by law, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive; (ii) reporting possible violations of federal, state, or local law or regulation to any governmental agency or entity, or from making other disclosures that are

protected under the whistleblower provisions of federal, state, or local law or regulation, and Executive shall not need the prior authorization of the Company to make any such reports or disclosures and shall not be required to notify the Company that Executive has made such reports or disclosures; (iii) disclosing a trade secret (as defined by 18 U.S.C. § 1839) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, in either event solely for the purpose of reporting or investigating a suspected violation of law; or (iv) disclosing a trade secret (as defined by 18 U.S.C. § 1839) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and that Executive shall not be held civilly or criminally liable for disclosures covered by clauses (iii) or (iv).

(ii) Non-solicitation of Protected Employees. Executive understands and agrees that the relationship between the Company and each of its Protected Employees constitutes a valuable asset of the Company and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that during the Restricted Period Executive shall not directly or indirectly on Executive's own behalf or as a Principal or Representative of any Person or otherwise solicit or induce any Protected Employee with whom Executive worked or otherwise had material contact through his employment with the Company to terminate his or her employment relationship with the Company or to enter into employment with any other Person.

(iii) Restriction on Relationships with Protected Customers. Executive understands and agrees that the relationship between the Company and each of its Protected Customers constitutes a valuable asset of the Company and may not be converted to Executive's own use. Accordingly, Executive hereby agrees that, during the Restricted Period, Executive shall not, without the prior written consent of the Company, directly or indirectly, on Executive's own behalf or as a Principal or Representative of any Person, solicit, divert, take away or attempt to solicit, divert or take away a Protected Customer for the purpose of providing or selling Competitive Services; *provided, however*, that the prohibition of this covenant shall apply only to Protected Customers with whom Executive had Material Contact on the Company's behalf during the twelve (12) months immediately preceding the termination of his employment hereunder. For purposes of this Agreement, Executive shall be deemed to have "Material Contact" with a Protected Customer if he had business dealings with the Protected Customer on the Company's behalf.

(iv) Non-competition with the Company. The parties acknowledge: (A) that Executive's services under this Agreement require special expertise and talent in the provision of Competitive Services and that Executive will have substantial contacts with customers, suppliers, advertisers and vendors of the Company; (B) that pursuant to this Agreement, Executive will be placed in a position of trust and responsibility and he will have access to a substantial amount of Confidential Information and Trade Secrets and that the Company is placing him in such position and giving him access to such information in reliance upon his agreement not to compete with the Company during the Restricted Period; (C) that due to his management duties, Executive will be the repository of a substantial portion of the goodwill of the Company and would have an unfair advantage in competing with the Company; (D) that due to Executive's special experience and talent, the loss of Executive's services to the Company under this Agreement cannot reasonably or adequately be compensated solely by damages in an action at law; (E) that Executive is capable of competing with the Company; and (F) that Executive is capable of obtaining gainful, lucrative and desirable employment that does not violate the restrictions contained in this Agreement. In consideration of the compensation and benefits being paid and to be paid by the Company to Executive hereunder, Executive hereby agrees that, during the Restricted Period, Executive will not, without prior written consent of the Company, directly or indirectly seek or obtain a Competitive Position in the Restricted Territory; *provided, however*, that (1) the provisions of this Agreement shall not be deemed to prohibit the ownership by Executive of any securities of the Company or its affiliated entities or not more than five percent (5%) of any class of securities of any corporation having a class of securities registered pursuant to the Exchange Act; (2) for purposes of this § 13(c)(iv) only, the Restricted Period shall be reduced to eighteen (18) months if Executive's employment is terminated by Company or Executive pursuant to § 8(a) (Prior to a Change in Control: Resignation by Executive for Good Reason; Termination by



the Company Other Than for Cause, Death or Disability); and (3) this § 13(c)(iv) shall lapse and terminate at the end of the Employment Period if the Company gives notice to Executive pursuant to § 3 that this Agreement will not be extended.

(d) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. In the event Executive breaches, or threatens to commit a breach of, any of the provisions of the Restrictive Covenants, the Company shall have the following rights and remedies, which shall be independent of any others and severally enforceable, and shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity:

(A) the right and remedy to enjoin, preliminarily and permanently, Executive from violating the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company;

(B) the right and remedy to require Executive to account for and pay over to the Company all compensation, profits, monies, accruals, increments or other benefits derived or received by Executive as the result of any transactions constituting a breach of the Restrictive Covenants; and

(C) the right and remedy to cease paying and to the return of any termination-related payments or benefits (other than the Accrued Obligations or Other Benefits) if Executive violates any of the Restrictive Covenants and fails to remedy such violation to the satisfaction of the Board within ten (10) days of written notice of such violation.

(ii) Severability of Covenants. Executive acknowledges and agrees that the Restrictive Covenants are reasonable and valid in time and scope and in all other respects. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities or the definition of information covered is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of the Company and Executive in agreeing to the provisions of this Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws. This § 13 shall survive the expiration or termination of this Agreement, *provided, however*, that the non-competition covenants set forth in § 13(c)(iv) shall not survive and shall terminate at the end of the Employment Period if the Company gives notice to Executive pursuant to § 3 that this Agreement will not be extended.

§ 14. Arbitration. Any claim or dispute arising under this Agreement (other than under § 13) shall be subject to arbitration, and prior to commencing any court action, the parties agree that they shall arbitrate all such controversies. The arbitration shall be conducted in Atlanta, Georgia, in accordance with the Employment Dispute Rules of the American Arbitration Association and the Federal Arbitration Act, 9 U.S.C. §1, *et. seq.* The arbitrator(s) shall be authorized to award both liquidated and actual damages, in addition to injunctive relief, but no punitive damages. The arbitrator(s) shall also award attorney's fees and costs, without regard to any restriction on the amount of such award under Georgia or other applicable law, as required under § 11. Such an award shall be binding and conclusive upon the parties hereto, subject to 9 U.S.C. § 10. Each party shall have the right to have the award made the judgment of a court of competent jurisdiction.

Initials of parties as to this § 14:

Company: /s/ DLG

Executive: /s/ CMB

§ 15. Rabbi Trust. In order to ensure the payment of the severance benefit provided for in §§ 8(b)(ii) and (iii) of this Agreement, immediately following the commencement of any action by a third party with the aim of effecting a Change in Control, or the publicly announced threat by a third party to commence any such action, the Company shall fully fund through the Global Payments Inc. Benefit Security Trust, or similar “rabbi trust” the amount of the severance payment that would have been paid to Executive under §§ 8(b)(ii) and (iii) if the Date of Termination had occurred on the date of commencement, or publicly-announced threat of commencement, of such action by the third party; *provided, however*, that the trust shall not be funded if the funding thereof would result in taxable income to Executive by reason of § 409A(b) of the Code; *and provided, further*, in no event shall any trust assets at any time be located or transferred outside of the United States, within the meaning of § 409A(b) of the Code. Amounts shall be paid to Executive from such trust as provided under this Agreement and the trust. The right of Executive to receive payments under this Agreement shall be an unsecured claim against the general assets of the Company and Executive shall have no rights in or against any specific assets of the Company. Finally, nothing in this § 15 shall relieve the Company of any liabilities under this Agreement to the extent such liabilities are not satisfied by a trust described in this § 15.

§ 16. Assignment and Successors.

(a) This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

§ 17. Miscellaneous.

(a) Waiver. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(b) Severability. If any provision or covenant, or any part thereof, of this Agreement should be held by any court to be invalid, illegal or unenforceable, either in whole or in part, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of the remaining provisions or covenants, or any part thereof, of this Agreement, all of which shall remain in full force and effect.

(c) Other Agents. Nothing in this Agreement is to be interpreted as limiting the Company from employing other personnel on such terms and conditions as may be satisfactory to it.

(d) Entire Agreement. This Agreement contains the entire agreement between the Company and Executive with respect to the subject matter hereof and, from and after the Effective Date, this Agreement shall supersede any other agreement (oral or written) between the Company and Executive with respect to the subject matter hereof; *provided, however*, to the extent Executive continues following the Effective Date to hold outstanding equity-based awards of the Company that were granted prior to the Effective Date, treatment of such awards shall not be governed by this Agreement and shall instead be governed by the terms of the Amended and Restated Employment Agreement between Executive and the Company dated September 20, 2019, the terms of which are otherwise superseded by this Agreement.

(e) Governing Law. Except to the extent preempted by federal law, and without regard to conflict of laws principles, the laws of the State of Georgia shall govern this Agreement in all respects, whether as to its validity, construction, capacity, performance or otherwise.

(f) Notices. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given if delivered or three (3) days after mailing if mailed, first class, certified mail, postage prepaid:

To Company: Global Payments Inc.  
3550 Lenox Road  
Suite 3000  
Atlanta, Georgia 30326  
Office of the Corporate Secretary

To Executive: At his current address or last known address on file with the Company

Any party may change the address to which notices, requests, demands and other communications shall be delivered or mailed by giving notice thereof to the other party in the same manner provided herein.

(g) Indemnification. The Company shall indemnify Executive to the maximum extent permitted under the Company's bylaws. Subject to reasonable availability of such insurance coverage and subject to applicable laws and regulations, a directors' and officers' liability insurance policy (or policies) shall be maintained, during the Employment Period and for six (6) years thereafter, providing coverage that is no less favorable to Executive than the coverage provided to any other present officer or director of the Company and, following a Subsequent Change in Control, the coverage shall be no less favorable to Executive than the coverage provided as of the date of the Subsequent Change in Control.

(h) Amendments and Modifications. This Agreement may be amended or modified only by a writing signed by the Company and Executive, which makes specific reference to this Agreement.

(i) § 409A.

(i) The Company and Executive intend no payments to be made and no benefits to be provided under this Agreement will be subject to taxation under § 409A of the Code and that the terms of this Agreement will be interpreted in good faith in a manner which is intended to minimize the risk that Executive will be subject to tax under § 409A of the Code with respect to any such payments or benefits, and the Company and Executive agree to cooperate fully and in good faith with one another to seek to minimize such risk. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement, and to the extent required by § 409A of the Code, any payment that may be paid in more than one taxable year (depending on the time that Executive executes the Release) shall be paid in the later taxable year.

(ii) Items eligible for expense reimbursement under the terms of this Agreement shall be reimbursed in a manner intended to qualify for an exemption under § 409A of the Code, which shall include implementing the following limitations with respect to reimbursements: (A) the amount of such expenses eligible for reimbursement in any calendar year shall not affect the expenses eligible for reimbursement in another calendar year, (B) no such reimbursement may be exchanged or liquidated for another payment or benefit, (C) any reimbursements of such expenses shall be made as soon as practicable under the circumstances but in any event no later than the end of the calendar year following the calendar in which the related expenses were incurred and (D) the Company's obligation to make reimbursements or to provide in-kind benefits that constitute deferred compensation under § 409A of the Code shall not extend beyond Executive's lifetime or, if later, the end of the twenty (20) year period which starts on the Effective Date.

(iii) Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under § 409A of the Code shall be paid under the applicable exception. The Company and Executive agree that each installment of payments and benefits provided under this Agreement shall be treated as a separate identified payment for purposes of § 409A of the Code and that neither the Company nor Executive shall have the right to accelerate or defer the delivery of any such payments or benefits if a determination is made in good faith that any such acceleration or deferral would present a risk that Executive would be subject to any tax under § 409A of the Code; *provided, however*, to the extent permitted by § 409A of the Code, if the Applicable Pay Date is the Delayed Pay Date and Executive dies before such Delayed Pay Date, then any payments or benefits due on the Delayed Pay Date will be made within thirty (30) days following Executive's death (or, if earlier on the Delayed Pay Date).

(iv) Executive acknowledges and agrees that nothing in this Agreement shall be construed as a guarantee or indemnity by the Company for the tax consequences to the payments and benefits called for under this Agreement, including any tax consequences under § 409A of the Code, and Executive agrees that Executive shall be responsible for paying all taxes due with respect to such payments made and benefits provided to Executive.

(j) Tax Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(k) References; Construction. All references to sections (§) in this Agreement shall be to sections (§) of this Agreement except as expressly set forth in this Agreement. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation hereof. For purposes of this Agreement, the term "including" shall mean "including, without limitation."

(l) Accounting Discrepancies. Executive shall be subject to any policy adopted by the Company after the Effective Date which is applicable to senior executives of the Company generally and which requires restitution by such an executive with respect to any payment made or benefit provided to, or on behalf of, such an executive, the calculation of which is based in whole or in part on accounting discrepancies or erroneous financial information.

(m) Survivability. The provisions of this Agreement that by their terms call for performance subsequent to the termination of either Executive's employment or this Agreement (including the terms of §§ 8, 10, 13 and 17(g)) shall so survive such termination.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Company and Executive hereto have duly executed and delivered this Employment Agreement as of the date first above written.

GLOBAL PAYMENTS INC.

By: /s/ David L. Green

Name: David L. Green

Title: Senior Executive Vice President & General Counsel

EXECUTIVE:

/s/ Cameron M. Bready

Cameron M. Bready

EXHIBIT A

Form of Release

This Release is granted effective as of the [DATE] day of [MONTH], [YEAR], by Cameron M. Bready (“Executive”) in favor of Global Payments Inc. (the “Company”). This is the Release referred to that certain Employment Agreement effective as of July 1, 2023 by and between the Company and Executive (the “Employment Agreement”). Executive gives this Release in consideration of the Company’s promises and covenants as recited in the Employment Agreement, with respect to which this Release is an integral part.

1. Release of the Company. Executive, for himself, his successors, assigns, attorneys, and all those entitled to assert his rights, now and forever hereby releases and discharges the Company and its respective officers, directors, stockholders, trustees, employees, agents, parent corporations, subsidiaries, affiliates, estates, successors, assigns and attorneys (the “Released Parties”), from any and all claims, actions, causes of action, sums of money due, suits, debts, liens, covenants, contracts, obligations, costs, expenses, damages, judgments, agreements, promises, demands, claims for attorneys’ fees and costs, or liabilities whatsoever, in law or in equity, which Executive ever had or now has against the Released Parties, including, without limitation, any claims arising by reason of or in any way connected with any employment relationship which existed between the Company or any of its parents, subsidiaries, affiliates, or predecessors, and Executive. It is understood and agreed that this Release is intended to cover all actions, causes of action, claims or demands for any damage, loss or injury, whether known or unknown, of any nature whatsoever, including those which may be traced either directly or indirectly to the aforesaid employment relationship, or the termination of that relationship, that Executive has, had or purports to have, from the beginning of time to the date of this Release, and including but not limited to claims for employment discrimination under federal or state law, except as provided in Paragraph 2; claims arising under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.*, Title VII of the Civil Rights Act, 42 U.S.C. § 2000(e), *et seq.*, or the Americans With Disabilities Act, 42 U.S.C. § 12101 *et seq.*; claims for statutory or common law wrongful discharge, claims arising under the Fair Labor Standards Act, 29 U.S.C. § 201 *et seq.*; claims for attorney’s fees, expenses and costs; claims for defamation; claims for emotional distress; claims for wages or vacation pay; claims for benefits, including any claims arising under the Executive Retirement Income Security Act, 29 U.S.C. § 1001, *et seq.*; and claims under any other applicable federal, state or local laws or legal concepts; *provided, however,* that nothing herein shall release the Company of (a) obligations to Executive to make termination payments under § 8 of the Employment Agreement or any other rights under the Employment Agreement, (b) any indemnification obligations to Executive under the Company’s bylaws, certificate of incorporation, Delaware law or otherwise; (c) obligations with respect to insurance coverage under any directors’ and officers’ liability insurance policies; (d) any rights that Executive may have as a stockholder of the Company; or (e) vested interests in any pension plan or other benefit or deferred compensation plan.

2. Release of Claims Under Age Discrimination in Employment Act. Without limiting the generality of the foregoing, Executive agrees that by executing this Release, he has released and waived any and all claims he has or may have as of the date of this Release for age discrimination under the Age Discrimination in Employment Act, 29 U.S.C. § 621, *et seq.*, Executive acknowledges and agrees Executive has been, and hereby is, advised by Company to consult with an attorney prior to executing this Release. Executive further acknowledges and agrees that Company has offered Executive the opportunity, before executing this Release, to consider this Release for a period of twenty-one (21) calendar days; and that the consideration he receives for this Release is in addition to amounts to which he was already entitled. It is further understood that this Release is not effective until seven (7) calendar days after the execution of this Release and that Executive may revoke this Release within seven (7) calendar days from the date of execution hereof.

3. Non-Admission. It is understood and agreed by Executive that the payment made to him is not to be construed as an admission of any liability whatsoever on the part of the Company or any of the other Released Parties, by whom liability is expressly denied.

4. Non-Disparagement. Executive agrees that he will not in any way disparage Company, its affiliated and related companies, or their current and former employees, officers, directors, agents and

representatives, or make or solicit any comments, statements, or the like to the media or to others that may be considered to be derogatory or detrimental to the good name or business reputation of any of the aforementioned parties or entities. This paragraph shall not limit the rights of Executive (a) to make any disclosures that are protected under the whistleblower provisions of federal law or regulation or provide testimony pursuant to a valid subpoena or in a judicial or administrative proceeding in which Executive is required to testify or otherwise as required by law or legal process; or (b) to make a complaint to, provide truthful information to, or participate in an investigation conducted by the Equal Employment Opportunity Commission, the National Labor Relations Board, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission.

5. Acknowledgement and Revocation Period. Executive agrees that he has carefully read this Release and is signing it voluntarily. Executive acknowledges that he has had twenty one (21) days from receipt of this Release to review it prior to signing or that, if Executive is signing this Release prior to the expiration of such twenty-one (21)-day period, Executive is waiving his right to review the Release for such full twenty-one (21)-day period prior to signing it. Executive has the right to revoke this release within seven (7) days following the date of its execution by him. In order to revoke this Release, Executive must deliver notice of the revocation in writing to Company's General Counsel before the expiration of the seven (7) day period. However, if Executive revokes this Release within such seven (7) day period, no severance benefit will be payable to him under the Employment Agreement and he shall return to the Company any such payment received prior to that date.

6. No Revocation After Seven Days. Executive acknowledges and agrees that this Release may not be revoked at any time after the expiration of the seven (7) day revocation period and that he/she will not institute any suit, action, or proceeding, whether at law or equity, challenging the enforceability of this Release. Executive further acknowledges and agrees that, with the exception of an action to challenge the waiver of claims under the ADEA, Executive shall not ever attempt to challenge the terms of this Release, attempt to obtain an order declaring this Release to be null and void, or institute litigation against the Company or any other Releasee based upon a claim that is covered by the terms of the release contained herein, without first repaying all monies paid to him/her under § 8 of the Employment Agreement. Furthermore, with the exception of an action to challenge his waiver of claims under the ADEA, if Executive does not prevail in an action to challenge this Release, to obtain an order declaring this Release to be null and void, or in any action against the Company or any other Releasee based upon a claim that is covered by the release set forth herein, Executive shall pay to the Company and/or the appropriate Releasee all their costs and attorneys' fees incurred in their defense of Executive's action.

7. Governing Law and Severability. This Release and the rights and obligations of the parties hereto shall be governed and construed in accordance with the laws of the State of Georgia. If any provision hereof is unenforceable or is held to be unenforceable, such provision shall be fully severable, and this document and its terms shall be construed and enforced as if such unenforceable provision had never comprised a part hereof, the remaining provisions hereof shall remain in full force and effect, and the court or tribunal construing the provisions shall add as a part hereof a provision as similar in terms and effect to such unenforceable provision as may be enforceable, in lieu of the unenforceable provision.



EXECUTIVE HAS CAREFULLY READ THIS RELEASE AND ACKNOWLEDGES THAT IT CONSTITUTES A GENERAL RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AGAINST THE COMPANY UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. EXECUTIVE ACKNOWLEDGES THAT HE HAS HAD A FULL OPPORTUNITY TO CONSULT WITH AN ATTORNEY OR OTHER ADVISOR OF HIS CHOOSING CONCERNING HIS EXECUTION OF THIS RELEASE AND THAT HE IS SIGNING THIS RELEASE VOLUNTARILY AND WITH THE FULL INTENT OF RELEASING THE COMPANY FROM ALL SUCH CLAIMS.

\_\_\_\_\_  
Cameron M. Bready

Date: \_\_\_\_\_

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Cameron M. Bready, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Global Payments Inc.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
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Date: August 1, 2023

By: /s/ Cameron M. Bready

Cameron M. Bready  
Principal Executive Officer

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joshua J. Whipple, certify that:

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

Date: August 1, 2023

By: /s/ Joshua J. Whipple

Joshua J. Whipple  
Principal Financial Officer

