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 March 31, 2022

Or

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

For the transition period from ________ to ________

Commission File No. 001-16427

Fidelity National Information Services, Inc.

(Exact name of registrant as specified in its charter)

Georgia	**37-1490331**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

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

(904) 438-6000
(Registrant's telephone number, including area code)
(Former Name or Former Address, if Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	FIS	New York Stock Exchange
1.700% Senior Notes due 2022	FIS22B	New York Stock Exchange
0.125% Senior Notes due 2022	FIS22C	New York Stock Exchange
0.750% Senior Notes due 2023	FIS23A	New York Stock Exchange
1.100% Senior Notes due 2024	FIS24A	New York Stock Exchange
0.625% Senior Notes due 2025	FIS25B	New York Stock Exchange
1.500% Senior Notes due 2027	FIS27	New York Stock Exchange
1.000% Senior Notes due 2028	FIS28	New York Stock Exchange
2.250% Senior Notes due 2029	FIS29	New York Stock Exchange
2.000% Senior Notes due 2030	FIS30	New York Stock Exchange
3.360% Senior Notes due 2031	FIS31	New York Stock Exchange
2.950% Senior Notes due 2039	FIS39	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 o

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of May 2, 2022, 610,771,236 shares of the Registrant’s Common Stock were outstanding.

FORM 10-Q
QUARTERLY REPORT
Quarter Ended March 31, 2022

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FIDELITY NATIONAL INFORMATION SERVICES, INC.
AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In millions, except per share amounts)
(Unaudited)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,547	$ 2,010
Settlement assets	4,062	4,020
Trade receivables, net of allowance for credit losses of $89 and $76, respectively	3,655	3,772
Other receivables	260	355
Prepaid expenses and other current assets	621	551
Total current assets	10,145	10,708
Property and equipment, net	901	949
Goodwill	52,988	53,330
Intangible assets, net	10,854	11,539
Software, net	3,235	3,299
Other noncurrent assets	2,132	2,137
Deferred contract costs, net	943	969
Total assets	$ 81,198	$ 82,931
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current liabilities:		
Accounts payable, accrued and other liabilities	$ 2,690	$ 2,864
Settlement payables	5,228	5,295
Deferred revenue	847	779
Short-term borrowings	2,682	3,911
Current portion of long-term debt	2,330	1,617
Total current liabilities	13,777	14,466
Long-term debt, excluding current portion	14,208	14,825
Deferred income taxes	4,055	4,193
Other noncurrent liabilities	1,948	1,915
Total liabilities	33,988	35,399
Redeemable noncontrolling interest	174	174
Equity:		
FIS stockholders' equity:		
Preferred stock $0.01 par value; 200 shares authorized, none issued and outstanding as of March 31, 2022, and December 31, 2021	—	—
Common stock $0.01 par value, 750 shares authorized, 628 and 625 shares issued as of March 31, 2022, and December 31, 2021, respectively	6	6
Additional paid in capital	46,536	46,466
Retained earnings	2,721	2,889
Accumulated other comprehensive earnings (loss)	106	252
Treasury stock, $0.01 par value, 17 and 16 common shares as of March 31, 2022, and December 31, 2021, respectively, at cost	(2,343)	(2,266)
Total FIS stockholders' equity	47,026	47,347
Noncontrolling interest	10	11
Total equity	47,036	47,358
Total liabilities, redeemable noncontrolling interest and equity	$ 81,198	$ 82,931

See accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

FIDELITY NATIONAL INFORMATION SERVICES, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings (Loss)
(In millions, except per share amounts)
(Unaudited)

	Three months ended March 31,	
	2022	2021
Revenue	$ 3,492	$ 3,223
Cost of revenue	2,242	2,118
Gross profit	1,250	1,105
Selling, general, and administrative expenses	1,035	1,006
Asset impairments	58	—
Operating income	157	99
Other income (expense):		
Interest expense, net	(43)	(74)
Other income (expense), net	61	(493)
Total other income (expense), net	18	(567)
Earnings (loss) before income taxes and equity method investment earnings (loss)	175	(468)
Provision (benefit) for income taxes	54	(97)
Equity method investment earnings (loss)	—	1
Net earnings (loss)	121	(370)
Net (earnings) loss attributable to noncontrolling interest	(1)	(3)
Net earnings (loss) attributable to FIS common stockholders	$ 120	$ (373)
Net earnings (loss) per share-basic attributable to FIS common stockholders	$ 0.20	$ (0.60)
Weighted average shares outstanding-basic	610	621
Net earnings (loss) per share-diluted attributable to FIS common stockholders	$ 0.20	$ (0.60)
Weighted average shares outstanding-diluted	614	621

See accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

FIDELITY NATIONAL INFORMATION SERVICES, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Earnings (Loss)
(In millions)
(Unaudited)

	Three months ended March 31,			
	2022		2021	
Net earnings (loss)		$ 121		$ (370)
Other comprehensive earnings (loss), before tax:				
Unrealized gain (loss) on derivatives	$ —		$ 9	
Foreign currency translation adjustments	(144)		185	
Other adjustments	4		—	
Other comprehensive earnings (loss), before tax	(140)		194	
Provision for income tax (expense) benefit related to items of other comprehensive earnings	(6)		(127)	
Other comprehensive earnings (loss), net of tax	$ (146)	(146)	$ 67	67
Comprehensive earnings (loss)		(25)		(303)
Net (earnings) loss attributable to noncontrolling interest		(1)		(3)
Comprehensive earnings (loss) attributable to FIS common stockholders		$ (26)		$ (306)

See accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

FIDELITY NATIONAL INFORMATION SERVICES, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Equity
Three months ended March 31, 2022, and March 31, 2021
(In millions, except per share amounts)
(Unaudited)

	Number of shares		Amount							
			FIS Stockholders							
	Common shares	Treasury shares	Common stock	Additional paid in capital	Retained earnings	Accumulated other comprehensive earnings (loss)	Treasury stock	Noncontrolling interest (1)	Total equity
Balances, December 31, 2021	625	(16)	$ 6	$ 46,466	$ 2,889	$ 252	$ (2,266)	$ 11	$ 47,358
Issuance of restricted stock	3	—	—	5	—	—	—	—	5
Exercise of stock options	—	—	—	8	—	—	—	—	8
Treasury shares held for taxes due upon exercise of stock awards	—	(1)	—	—	—	—	(77)	—	(77)
Stock-based compensation	—	—	—	57	—	—	—	—	57
Cash dividends declared ($0.47 per share per quarter) and other distributions	—	—	—	—	(288)	—	—	(2)	(290)
Net earnings (loss)	—	—	—	—	120	—	—	1	121
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	(146)	—	—	(146)
Balances, March 31, 2022	628	(17)	$ 6	$ 46,536	$ 2,721	$ 106	$ (2,343)	$ 10	$ 47,036

	Number of shares		Amount							
			FIS Stockholders							
	Common shares	Treasury shares	Common stock	Additional paid in capital	Retained earnings	Accumulated other comprehensive earnings (loss)	Treasury stock	Noncontrolling interest (1)	Total equity
Balances, December 31, 2020	621	(1)	$ 6	$ 45,947	$ 3,440	$ 57	$ (150)	$ 13	$ 49,313
Issuance of restricted stock	3	—	—	1	—	—	—	—	1
Exercise of stock options	—	—	—	47	—	—	—	—	47
Purchases of treasury stock	—	(3)	—	—	—	—	(400)	—	(400)
Treasury shares held for taxes due upon exercise of stock awards	—	—	—	—	—	—	(95)	—	(95)
Stock-based compensation	—	—	—	157	—	—	—	—	157
Cash dividends declared ($0.39 per share per quarter) and other distributions	—	—	—	—	(244)	—	—	(1)	(245)
Net earnings	—	—	—	—	(373)	—	—	2	(371)
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	67	—	—	67
Balances, March 31, 2021	$ 624	$ (4)	$ 6	$ 46,152	$ 2,823	$ 124	$ (645)	$ 14	$ 48,474

(1) Excludes redeemable noncontrolling interest that is not considered equity.

See accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

FIDELITY NATIONAL INFORMATION SERVICES, INC.
AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three months ended March 31,	
	2022	**2021**
Cash flows from operating activities:		
Net earnings (loss)	$ 121	$ (370)
Adjustment to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,013	953
Amortization of debt issuance costs	7	7
Asset impairments	58	—
Loss (gain) on sale of businesses, investments and other	—	(1)
Loss on extinguishment of debt	—	528
Stock-based compensation	57	157
Deferred income taxes	(112)	(22)
Net changes in assets and liabilities, net of effects from acquisitions and foreign currency:		
Trade and other receivables	62	(219)
Settlement activity	(162)	122
Prepaid expenses and other assets	(152)	(129)
Deferred contract costs	(73)	(113)
Deferred revenue	55	89
Accounts payable, accrued liabilities and other liabilities	22	(166)
Net cash provided by operating activities	896	836
Cash flows from investing activities:		
Additions to property and equipment	(108)	(69)
Additions to software	(304)	(229)
Other investing activities, net	122	(23)
Net cash provided by (used in) investing activities	(290)	(321)
Cash flows from financing activities:		
Borrowings	15,902	13,858
Repayment of borrowings and other financing obligations	(16,609)	(14,364)
Debt issuance costs	—	(74)
Net proceeds from stock issued under stock-based compensation plans	33	73
Treasury stock activity	(77)	(494)
Dividends paid	(287)	(244)
Other financing activities, net	(47)	(136)
Net cash provided by (used in) financing activities	(1,085)	(1,381)
Effect of foreign currency exchange rate changes on cash	(103)	(40)
Net increase (decrease) in cash, cash equivalents and restricted cash	(582)	(906)
Cash, cash equivalents and restricted cash, beginning of period	4,283	4,030
Cash, cash equivalents and restricted cash, end of period	$ 3,701	$ 3,124
Supplemental cash flow information:		
Cash paid for interest	$ 75	$ 95
Cash paid for income taxes	$ 46	$ 68

See accompanying notes, which are an integral part of these unaudited condensed consolidated financial statements.

Unless stated otherwise or the context otherwise requires, all references to "FIS," "we," "our," "us," the "Company" or the "registrant" are to Fidelity National Information Services, Inc., a Georgia corporation, and its subsidiaries.

(1) Basis of Presentation

The unaudited financial information included in this report includes the accounts of FIS and its subsidiaries prepared in accordance with U.S. generally accepted accounting principles and the instructions to Form 10-Q and Article 10 of Regulation S-X. All adjustments considered necessary for a fair presentation have been included. This report should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

The preparation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reported periods. The inputs into management's critical and significant accounting estimates consider the economic impact of the outbreak of the novel coronavirus ("COVID-19") and the subsequently declared COVID-19 pandemic ("the pandemic") by the World Health Organization on March 11, 2020. The extent to which the pandemic further affects our results of operations and financial position will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the duration and spread of the pandemic and any recurrence or new strain of COVID-19, its severity, the success of vaccines or other actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Accordingly, our future results could be materially affected by changes in our estimates.

Certain reclassifications have been made in the 2021 consolidated financial statements to conform to the classifications used in 2022. Amounts in tables in the financial statements and accompanying footnotes may not sum or calculate due to rounding.

(2) Acquisitions

Payrix Acquisition

On December 23, 2021, FIS acquired 100% of the equity of Payrix Holdings, LLC, and subsidiaries ("Payrix"), previously a privately held fintech company that specializes in embedding and monetizing payments in SaaS platforms to serve the eCommerce needs of small- to medium-sized businesses through a global card-not-present offering. The acquisition was accounted for as a business combination. We recorded a provisional allocation of the $777 million purchase price, primarily paid in cash, to tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values, consisting primarily of $131 million in software assets. We also recorded adjustments to our provisional allocation of the purchase price as of March 31, 2022, resulting in $631 million in total goodwill. Our purchase price allocation is provisional as of March 31, 2022, and we expect to finalize as soon as practicable, but no later than one year from the date of acquisition.

(3) Revenue

Disaggregation of Revenue

In the following tables, revenue is disaggregated by primary geographical market and type of revenue. The tables also include a reconciliation of the disaggregated revenue with the Company's reportable segments.

For the three months ended March 31, 2022 (in millions):

	Reportable Segments				
	Merchant Solutions	Banking Solutions	Capital Market Solutions	Corporate and Other	Total
Primary Geographical Markets:					
North America	$ 785	$ 1,406	$ 386	$ 51	$ 2,628
All others	327	239	272	26	864
Total	$ 1,112	$ 1,645	$ 658	$ 77	$ 3,492
Type of Revenue:					
Recurring revenue:					
Transaction processing and services	$ 1,087	$ 1,248	$ 321	$ 70	$ 2,726
Software maintenance	1	87	130	—	218
Other recurring	22	52	23	—	97
Total recurring	1,110	1,387	474	70	3,041
Software license	1	30	74	—	105
Professional services	—	142	110	1	253
Other non-recurring fees	1	86	—	6	93
Total	$ 1,112	$ 1,645	$ 658	$ 77	$ 3,492

For the three months ended March 31, 2021 (in millions):

	Reportable Segments				
	Merchant Solutions	Banking Solutions	Capital Market Solutions	Corporate and Other	Total
Primary Geographical Markets:					
North America	$ 681	$ 1,311	$ 370	$ 58	$ 2,420
All others	285	229	255	34	803
Total	$ 966	$ 1,540	$ 625	$ 92	$ 3,223
Type of Revenue:					
Recurring revenue:					
Transaction processing and services	$ 943	$ 1,164	$ 291	$ 84	$ 2,482
Software maintenance	1	88	127	—	216
Other recurring	20	38	24	3	85
Total recurring	964	1,290	442	87	2,783
Software license	1	24	68	—	93
Professional services	—	146	106	1	253
Other non-recurring fees	1	80	9	4	94
Total	$ 966	$ 1,540	$ 625	$ 92	$ 3,223

Contract Balances

The Company recognized revenue of $310 million and $327 million during the three months ended March 31, 2022 and 2021, respectively, that was included in the corresponding deferred revenue balance at the beginning of the periods.

Transaction Price Allocated to the Remaining Performance Obligations

As of March 31, 2022, approximately $22.5 billion of revenue is estimated to be recognized in the future primarily from the Banking Solutions and Capital Market Solutions segments' remaining unfulfilled performance obligations, which are primarily comprised of recurring account- and volume-based processing services. This excludes the amount of anticipated recurring renewals not yet contractually obligated. The Company expects to recognize approximately 30% of the Banking Solutions and Capital Market Solutions segments' remaining performance obligations over the next 12 months, approximately another 21% over the next 13 to 24 months, and the balance thereafter.

As permitted by ASC 606, *Revenue from Contracts with Customers*, the Company has elected to exclude from this disclosure an estimate for the Merchant Solutions segment, which is primarily comprised of contracts with an original duration of one year or less or variable consideration that meet specific criteria. This segment's core performance obligations consist of variable consideration under a stand-ready series of distinct days of service, and revenue from the segment's products and service arrangements are generally billed and recognized as the services are performed. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

(4) Condensed Consolidated Financial Statement Details

Cash and Cash Equivalents

The Company records restricted cash in captions other than Cash and cash equivalents in the consolidated balance sheets. The reconciliation between Cash and cash equivalents in the consolidated balance sheets and Cash, cash equivalents and restricted cash per the consolidated statements of cash flows is as follows (in millions):

	March 31, 2022	December 31, 2021
Cash and cash equivalents on the consolidated balance sheets	$ 1,547	$ 2,010
Merchant float (in Settlement assets)	2,154	2,273
Total Cash and cash equivalents and restricted cash per the consolidated statements of cash flows	$ 3,701	$ 4,283

Settlement Assets and Payables

The principal components of the Company's settlement assets and payables on the consolidated balance sheets are as follows (in millions):

	March 31, 2022	December 31, 2021
Settlement assets		
Settlement deposits	$ 527	$ 530
Merchant float	2,154	2,273
Settlement receivables	1,381	1,217
Total Settlement assets	$ 4,062	$ 4,020
Settlement payables	$ 5,228	$ 5,295

Allowance for Credit Losses

The Company monitors trade receivable balances and contract assets as well as other receivables and estimates the allowance for lifetime expected credit losses. Estimates of expected credit losses are based on historical collection experience and other factors, including those related to current market conditions and events. The allowance for credit losses is separate from the chargeback liability described in Note 8.

While the COVID-19 pandemic did not result in a significant increase in the Company's expected credit loss allowance recorded as of March 31, 2022, and December 31, 2021, it is reasonably possible that future developments related to the economic impact of the COVID-19 pandemic could have a material impact on management's estimates.

Property and Equipment, Intangible Assets and Software

The following table provides details of Property and equipment, Intangible assets and Software as of March 31, 2022, and December 31, 2021 (in millions):

	March 31, 2022			December 31, 2021		
	Cost	Accumulated depreciation and amortization	Net	Cost	Accumulated depreciation and amortization	Net
Property and equipment	$ 2,511	$ 1,610	$ 901	$ 2,520	$ 1,571	$ 949
Intangible assets	$ 18,734	$ 7,880	$ 10,854	$ 18,919	$ 7,380	$ 11,539
Software	$ 6,384	$ 3,149	$ 3,235	$ 6,195	$ 2,896	$ 3,299

As of March 31, 2022, Intangible assets, net of amortization, includes $10,522 million of customer relationships and $332 million of trademarks and other intangible assets. Amortization expense with respect to Intangible assets was $557 million and $595 million for the three months ended March 31, 2022 and 2021, respectively.

During the three months ended March 31, 2022, the Company recorded $62 million of incremental software amortization expense driven by the Company's platform modernization. Platform modernization includes sunsetting certain technology platforms, which resulted in shortened estimated useful lives and accelerated amortization methods primarily impacting the associated assets over approximately three years, beginning in the third quarter of 2021.

Impairments

During the three months ended March 31, 2022, the Company recorded $58 million of impairments primarily related to real estate-related assets as a result of office space reductions.

Goodwill

Changes in goodwill during the three months ended March 31, 2022, are summarized below (in millions).

	Merchant Solutions	Banking Solutions	Capital Market Solutions	Corporate And Other	Total
Balance, December 31, 2021	$ 36,403	$ 12,244	$ 4,663	$ 20	$ 53,330
Foreign currency adjustments	(323)	(7)	(23)	—	(353)
Goodwill attributable to acquisitions	11	—	—	—	11
Balance, March 31, 2022	$ 36,091	$ 12,237	$ 4,640	$ 20	$ 52,988

We assess goodwill for impairment on an annual basis during the fourth quarter or more frequently if circumstances indicate potential impairment. Due to the continued economic impact of the COVID-19 pandemic, we evaluated if events and circumstances as of March 31, 2022, indicated potential impairment of our reporting units. We performed a qualitative assessment by examining factors most likely to affect our reporting units' fair values and considered the impact to our business from the COVID-19 pandemic. The factors examined involve significant use of management judgment and included, among others, (1) forecast revenue, growth rates, operating margins, and capital expenditures used to calculate estimated future cash flows, (2) future economic and market conditions and (3) FIS' market capitalization. Based on our interim impairment assessment as of March 31, 2022, we concluded that it remained more likely than not that the fair value continues to exceed the carrying amount for each of our reporting units; therefore, goodwill was not impaired.

However, it is reasonably possible that future developments related to the economic impact of the COVID-19 pandemic on our Merchant Solutions business or other macroeconomic conditions could have a material impact on one or more of the estimates and assumptions used to evaluate goodwill impairment and could result in future goodwill impairment.

Visa Europe and Contingent Value Rights

As part of the Worldpay acquisition, the Company acquired certain assets and liabilities related to the June 2016 Worldpay Group plc (Legacy Worldpay) disposal of its ownership interest in Visa Europe to Visa Inc. As part of the disposal, Legacy Worldpay received proceeds from Visa Inc. in the form of cash ("cash consideration") and convertible preferred stock ("preferred stock"), the value of which may be reduced by losses incurred relating to ongoing interchange-related litigation involving Visa Europe. Also in connection with the disposal and pursuant to the terms of an amendment executed on September 17, 2020, the Company will pay the former Legacy Worldpay owners 90% of the net-of-tax proceeds from the disposal, known as contingent value rights, which is recorded as a liability ("CVR liability") on the consolidated balance sheets.

The Company has elected the fair value option under ASC 825, *Financial Instruments* ("ASC 825"), for measuring its preferred stock asset and CVR liability. The fair value of the preferred stock was $213 million and $197 million at March 31, 2022, and December 31, 2021, respectively, recorded in Other noncurrent assets on the consolidated balance sheets. The fair value of the CVR liability was $469 million and $478 million at March 31, 2022, and December 31, 2021, respectively, recorded in Other noncurrent liabilities on the consolidated balance sheets. Pursuant to ASC 825, the Company remeasures the fair value of the preferred stock and CVR liability each reporting period. The net change in fair value was $25 million and $5 million for the three months ended March 31, 2022 and 2021, respectively, recorded in Other income (expense), net on the consolidated statements of earnings (loss).

Equity Security Investments

The Company holds various equity securities without readily determinable fair values that primarily represent strategic investments made through our FIS Impact Ventures program as well as investments obtained through acquisitions. Such investments totaled $409 million and $358 million at March 31, 2022, and December 31, 2021, respectively, and are included within Other noncurrent assets on the consolidated balance sheets. The Company accounts for these investments at cost, less impairment, and adjusts the carrying values for observable price changes from orderly transactions for identical or similar investments of the same issuer. The Company records gains and losses on these investments, realized and unrealized, as Other income (expense), net on the consolidated statements of earnings (loss) and recorded net gains of $41 million and $15 million for the three months ended March 31, 2022 and 2021, respectively, related to these investments.

(5) Deferred Contract Costs

Origination and fulfillment costs from contracts with customers capitalized as of March 31, 2022, and December 31, 2021, consist of the following (in millions):

	March 31, 2022	December 31, 2021
Contract costs on implementations in progress	$ 173	$ 218
Contract origination costs on completed implementations, net	584	553
Contract fulfillment costs on completed implementations, net	186	198
Total Deferred contract costs, net	$ 943	$ 969

Amortization of deferred contract costs on completed implementations was $96 million and $68 million during the three months ended March 31, 2022 and 2021, respectively.

During the three months ended March 31, 2022, the Company recorded $16 million of incremental amortization expense related to deferred contract costs driven by the Company's platform modernization.

(6) Debt

Long-term debt as of March 31, 2022, and December 31, 2021, consists of the following (in millions):

	March 31, 2022				
	Interest Rates	Weighted Average Interest Rate (1)	Maturities	March 31, 2022	December 31, 2021
Fixed Rate Notes					
Senior USD Notes	0.4% - 4.8%	1.9%	2023 - 2048	$ 6,909	$ 6,909
Senior Euro Notes	0.1% - 3.0%	1.2%	2022 - 2039	7,502	7,656
Senior GBP Notes	1.7% - 3.4%	1.6%	2022 - 2031	1,609	1,655
Revolving Credit Facility (2)		1.7%	2026	838	325
Other (3)				(320)	(103)
Total long-term debt, including current portion				16,538	16,442
Current portion of long-term debt				(2,330)	(1,617)
Long-term debt, excluding current portion				$ 14,208	$ 14,825

(1) The weighted average interest rate includes the impact of interest rate swaps (see Note 7).
(2) Interest on the Revolving Credit Facility is generally payable at LIBOR plus an applicable margin of up to 1.625% plus an unused commitment fee of up to 0.225%, each based upon the Company's corporate credit ratings. The weighted average interest rate on the Revolving Credit Facility excludes fees.
(3) Other includes financing obligations for certain hardware and software, the fair value of interest rate swaps (see Note 7), unamortized non-cash bond discounts and unamortized debt issuance costs.

Short-term borrowings as of March 31, 2022, and December 31, 2021, consist of the following (in millions):

	March 31, 2022			
	Weighted Average Interest Rate	Maturities	March 31, 2022	December 31, 2021
Euro-commercial paper notes ("ECP Notes")	(0.3) %	Up to 183 days	$ 1,689	$ 1,723
U.S. commercial paper notes ("USCP Notes")	0.8 %	Up to 397 days	993	2,087
Other			—	101
Total Short-term borrowings			$ 2,682	$ 3,911

As of March 31, 2022, the weighted average interest rate of the Company's outstanding debt was 1.0%, including the impact of interest rate swaps (see Note 7).

The following summarizes the aggregate maturities of our long-term debt, including other financing obligations for certain hardware and software, based on stated contractual maturities, excluding the fair value of the interest rate swaps (see Note 7) and net unamortized non-cash bond discounts of $(324) million as of March 31, 2022 (in millions):

	Total
2022 remaining period	$ 1,563
2023	2,163
2024	1,313
2025	701
2026	2,094
Thereafter	9,125
Total principal payments	16,959
Debt issuance costs, net of accumulated amortization	(97)
Total long-term debt	$ 16,862

There are no mandatory principal payments on the Revolving Credit Facility, and any balance outstanding on the Revolving Credit Facility will be due and payable at its scheduled maturity date, which occurs on March 2, 2026.

Senior Notes

In March 2021, pursuant to cash tender offers and make-whole redemptions, FIS purchased and redeemed an aggregate principal amount of $5.1 billion in Senior Notes, comprised of $3,529 million in Senior USD Notes, $600 million in Senior Euro Notes, $871 million in Senior GBP Notes, and $66 million in Senior Euro Floating Rate Notes, with interest rates ranging from 0.0% to 5.0% and maturities ranging from 2021 to 2029, resulting in a loss on extinguishment of debt of approximately $528 million, recorded in Other income (expense), net on the consolidated statement of earnings (loss), relating to tender premiums, make-whole amounts, and fees; the write-off of unamortized bond discounts and debt issuance costs; and losses on related derivative instruments. The Company funded the purchase and redemption of the Senior Notes with proceeds on borrowings from the issuance and sale of Senior USD Notes on March 2, 2021.

On March 2, 2021, FIS completed the issuance and sale of Senior USD Notes with an aggregate principal amount of $5.5 billion with interest rates ranging from 0.4% to 3.1% and maturities ranging from 2023 to 2041 ("new Senior USD Notes"). The proceeds from the debt issuance were subsequently used to purchase and redeem the Senior Notes discussed above with the remainder used to repay a portion of our commercial paper notes. The new Senior USD Notes are subject to customary covenants, including, among others, customary events of default. The new Senior USD Notes also include redemption provisions at the option of FIS, similar to the other Senior Notes.

Revolving Credit Facility

On March 2, 2021, FIS entered into an amendment to the Revolving Credit Facility agreement to amend certain covenant provisions, revise lender commitments for certain counterparties, and extend the scheduled maturity date to March 2, 2026. As of March 31, 2022, the borrowing capacity under the Revolving Credit Facility was $1,980 million (net of $2,682 million of capacity backstopping our commercial paper notes).

Fair Value of Debt

The fair value of the Company's long-term debt is estimated to be approximately $437 million lower than the carrying value and $570 million higher than the carrying value, excluding the fair value of the interest rate swaps and unamortized discounts, as of March 31, 2022, and December 31, 2021, respectively.

(7) Financial Instruments

Fair Value Hedges

The Company holds interest rate swaps with aggregate notional amounts of $1,854 million, £925 million and €500 million at March 31, 2022, and December 31, 2021, converting the interest rate exposure on certain of the Company's Senior USD Notes, Senior GBP Notes and Senior Euro Notes, as applicable, from fixed to variable. These swaps are designated as fair value hedges for accounting purposes with a net liability fair value of $283 million and $85 million reflected as a decrease in the long-term debt balance at March 31, 2022, and December 31, 2021, respectively (see Note 6).

Net Investment Hedges

The purpose of the Company's net investment hedges, as discussed below, is to reduce the volatility of FIS' net investment value in its Euro- and Pound Sterling-denominated operations due to changes in foreign currency exchange rates.

The Company recorded net investment hedge aggregate gain (loss) for the change in fair value as Foreign currency translation adjustments and related income tax (expense) benefit within Other comprehensive earnings (loss), net of tax, on the consolidated statements of comprehensive earnings (loss) of $260 million and $321 million during the three months ended March 31, 2022 and 2021, respectively. No ineffectiveness has been recorded on the net investment hedges.

Foreign Currency-Denominated Debt Designations

The Company designates certain foreign currency-denominated debt as net investment hedges of its investment in Euro- and Pound Sterling-denominated operations. As of March 31, 2022, and December 31, 2021, an aggregate €8,265 million and €8,275 million, respectively, was designated as a net investment hedge of the Company's investment in Euro-denominated operations related to Senior Euro Notes with maturities ranging from 2022 to 2039 and ECP Notes. As of March 31, 2022, and December 31, 2021, an aggregate £1,140 million and £1,193 million, respectively, was designated as a net investment hedge of the Company's Pound Sterling-denominated operations related to the Senior GBP Notes with maturities ranging from 2022 to 2031.

Cross-Currency Interest Rate Swap Designations

The Company holds cross-currency interest rate swaps and designates them as net investment hedges of its investment in Euro- and Pound Sterling-denominated operations.

As of March 31, 2022, and December 31, 2021, aggregate notional amounts of €5,906 million and €5,906 million, respectively, were designated as net investment hedges of the Company's investment in Euro-denominated operations, and aggregate notional amounts of £2,386 million and £2,345 million, respectively, were designated as net investment hedges of the Company's Pound Sterling-denominated operations. The cross-currency interest rate swap fair values were net assets of $245 million at March 31, 2022, and net assets of $258 million at December 31, 2021, respectively. The Company recorded net cash inflows related to the fair value at maturity or termination of cross-currency interest rate swaps within Other investing activities, net, on the consolidated statements of cash flows of $135 million during the three months ended March 31, 2022.

(8) Commitments and Contingencies

Brazilian Tax Authorities Claims

In 2004, Proservvi Empreendimentos e Servicos, Ltda., the predecessor to Fidelity National Servicos de Tratamento de Documentos e Informatica Ltda. ("Servicos"), a subsidiary of Fidelity National Participacoes Ltda., our former item processing and remittance services operation in Brazil, acquired certain assets and employees and leased certain facilities from the Transpev Group ("Transpev") in Brazil. Transpev's remaining assets were later acquired by Prosegur, an unrelated third party. When Transpev discontinued its operations after the asset sale to Prosegur, it had unpaid federal taxes and social contributions owing to the Brazilian tax authorities. The Brazilian tax authorities brought a claim against Transpev and, beginning in 2012, brought claims against Prosegur and Servicos on the grounds that Prosegur and Servicos were successors in interest to Transpev. To date, the Brazilian tax authorities filed 14 claims against Servicos asserting potential tax liabilities of approximately $11 million. There are potentially 24 additional claims against Transpev/Prosegur for which Servicos is named as a co-defendant or may be named but for which Servicos has not yet been served. These additional claims amount to approximately $30 million, making the total potential exposure for all 38 claims approximately $41 million. We do not believe a liability for these 38 total claims is probable and, therefore, have not recorded a liability for any of these claims.

Tax Receivable Agreement

The Company assumed in the Worldpay acquisition a Tax Receivable Agreement ("TRA") under which the Company agreed to make payments to Fifth Third Bank ("Fifth Third") of 85% of the federal, state, local and foreign income tax benefits realized by the Company as a result of certain tax deductions. In December 2019, the Company entered into a Tax Receivable Purchase Addendum (the "Amendment") that provides written call and put options (collectively "the options") to terminate certain estimated obligations under the TRA in exchange for fixed cash payments.

The remaining TRA obligations not subject to the Amendment are based on the cash savings realized by the Company by comparing the actual income tax liability of the Company to the amount of such taxes the Company would have been required to pay had there been no deductions related to the tax attributes. Under the TRA, in certain specified circumstances, such as certain changes of control, the Company may be required to make payments in excess of such cash savings.

Obligations recorded in our consolidated financial statements pursuant to the TRA are based on estimates of future deductions and future tax rates and, in the case of the obligations subject to the Amendment, reflect management's expectation that the options will be exercised. In January 2022, the Company exercised its second call option pursuant to the Amendment,
which results in fixed cash payments to Fifth Third of $186 million. The timing and/or amount of aggregate payments due under the TRA may vary based on a number of factors, including the exercise of options, the amount and timing of taxable income the Company generates in the future and the tax rate then applicable, the use of loss carryforwards and amortizable basis. Each reporting period, the Company evaluates the assumptions underlying the TRA obligations.

The consolidated balance sheets as of March 31, 2022, and December 31, 2021, include a total liability of $405 million and $451 million, respectively, relating to the TRA.

Chargeback Liability

Through services offered in our Merchant Solutions segment, the Company is exposed to potential losses from merchant-related chargebacks. A chargeback occurs when a dispute between a cardholder and a merchant, including a claim for non-delivery of the product or service by the merchant, is not resolved in favor of the merchant and the transaction is charged back to the merchant resulting in a refund of the purchase price to the cardholder. If the Company is unable to collect this chargeback amount from the merchant due to closure, bankruptcy or other reasons, the Company bears the loss for the refund paid to the cardholder. The risk of chargebacks is typically greater for those merchants that promise future delivery of goods and services rather than delivering goods or rendering services at the time of payment. The economic impact of the COVID-19 pandemic has not resulted in material chargeback losses as of March 31, 2022; however, it is reasonably possible that the Company has incurred or may incur significant losses related to future chargebacks. Due to the unprecedented nature of the pandemic and the numerous current and future uncertainties that may impact any potential chargeback losses, and considering that the Company has no historical experience with similar uncertainties, a reasonable estimate of the possible accrual for future chargeback losses or range of losses cannot be made.

Indemnifications and Warranties

The Company generally indemnifies its clients, subject to certain limitations and exceptions, against damages and costs resulting from claims of patent, copyright, or trademark infringement associated solely with its customers' use of the Company's software applications or services. Historically, the Company has not made any material payments under such indemnifications but continues to monitor the conditions that are subject to the indemnifications to identify whether it is probable that a loss has occurred, in which case it would recognize any such losses when they are estimable. In addition, the Company warrants to customers that its software operates substantially in accordance with the software specifications. Historically, no material costs have been incurred related to software warranties, and no accruals for warranty costs have been made.

(9) Stock Compensation Plans

On January 1, 2021, the Company established a Qualified Retirement Equity Program that modified our existing stock compensation plans. The modification implemented a new retirement policy that permits retirees that meet certain eligibility criteria to continue vesting in unvested equity awards in accordance with the terms of the respective grant agreements, resulting in accelerated stock compensation expense for those employees meeting the definition of retirement eligible. During the quarter ended March 31, 2021, the Company recorded $104 million in accelerated stock compensation expense included in Selling, general, and administrative expenses in the consolidated statement of earnings to reflect the impact of the modification on unvested equity awards outstanding at January 1, 2021.

(10) Related-Party Transactions

The Company held a noncontrolling ownership stake in Cardinal Holdings ("Cardinal"), which operated the Capco consulting business, through April 29, 2021, when we sold our ownership stake due to an acquisition transaction of the Capco consulting business by Wipro Ltd. Prior to the sale, the Company recorded the ownership stake in Cardinal as an equity method investment included within Other noncurrent assets on the consolidated balance sheet.

FIS provides ongoing management consulting services and other services to Cardinal. FIS also purchases services and software licenses from Cardinal from time to time. Cardinal was a related party through April 29, 2021. Amounts transacted through these agreements were not significant to the 2021 period presented when Cardinal was a related party.

(11) Net Earnings (Loss) per Share

The basic weighted average shares and common stock equivalents for the three months ended March 31, 2022 and 2021, were computed using the treasury stock method.

The following table summarizes net earnings (loss) and net earnings (loss) per share attributable to FIS common stockholders for the three months ended March 31, 2022 and 2021 (in millions, except per share amounts):

	Three months ended March 31,	
	2022	2021
Net earnings (loss) attributable to FIS common stockholders	$ 120	$ (373)
Weighted average shares outstanding-basic	610	621
Plus: Common stock equivalent shares	4	—
Weighted average shares outstanding-diluted	614	621
Net earnings (loss) per share-basic attributable to FIS common stockholders	$ 0.20	$ (0.60)
Net earnings (loss) per share-diluted attributable to FIS common stockholders	$ 0.20	$ (0.60)

The diluted net loss per share for the three months ended March 31, 2021, did not include the effect of common stock equivalent shares of 5 million because the effect would have been anti-dilutive. The diluted net earnings (loss) per share for the three months ended March 31, 2022 and 2021, did not include options to purchase approximately 5 million and 1 million shares of our common stock for the three months ended March 31, 2022 and 2021, respectively, because they were anti-dilutive.

In January 2021, our Board of Directors approved a new share repurchase program under which it authorized the Company to repurchase up to 100 million shares of our common stock at management's discretion from time to time on the open market or in privately negotiated transactions and through Rule 10b5-1 plans. The new repurchase program has no expiration date and may be suspended for periods, amended or discontinued at any time. Under the new share repurchase program, approximately 85 million shares remain available for repurchase as of March 31, 2022.

(12) Segment Information

FIS reports its financial performance based on the following segments: Merchant Solutions, Banking Solutions, Capital Market Solutions and Corporate and Other. Below is a summary of each segment.

Merchant Solutions ("Merchant")

The Merchant segment is focused on serving merchants of all sizes globally, enabling them to accept, authorize and settle electronic payment transactions. Merchant includes all aspects of payment processing, including value-added services, such as security, fraud prevention, advanced data analytics, foreign currency management and numerous funding options. Merchant serves clients in over 100 countries. Our Merchant clients are highly-diversified, including global enterprises, national retailers and small- to medium-sized businesses. The Merchant segment utilizes broad and varied distribution channels, including direct sales forces and multiple referral partner relationships that provide us with access to new and existing markets.

Banking Solutions ("Banking")

The Banking segment is focused on serving financial institutions of all sizes with core processing software, transaction processing software and complementary applications and services, many of which interact directly with core processing software. We sell these solutions and services on either a bundled or stand-alone basis. Clients in this segment include global financial institutions, U.S. regional and community banks, credit unions and commercial lenders, as well as government institutions and other commercial organizations. Banking serves clients in more than 100 countries. We provide our clients integrated solutions characterized by multi-year processing contracts that generate highly recurring revenue. The predictable nature of cash flows generated from the Banking segment provides opportunities for further investments in innovation, integration, information and security, and compliance in a cost-effective manner.

Capital Market Solutions ("Capital Markets")

The Capital Markets segment is focused on serving global financial services clients with a broad array of buy- and sell-side solutions. Clients in this segment operate in more than 100 countries and include asset managers, buy- and sell-side securities brokerage and trading firms, insurers, private equity firms, and other commercial organizations. Our buy- and sell-side solutions include a variety of mission-critical applications for recordkeeping, data and analytics, trading, financing and risk management. Capital Markets clients purchase our solutions and services in various ways including licensing and managing technology "in-house," using consulting and third-party service providers, as well as procuring fully outsourced end-to-end solutions. Our long-established relationships with many of these financial and commercial institutions generate significant recurring revenue. We have made, and continue to make, investments in modern platforms, advanced technologies, open APIs, machine learning and artificial intelligence, and regulatory technology to support our Capital Markets clients.

Corporate and Other

The Corporate and Other segment consists of corporate overhead expense, certain leveraged functions and miscellaneous expenses that are not included in the operating segments, as well as certain non-strategic businesses that we plan to wind down or sell. The overhead and leveraged costs relate to corporate marketing, corporate finance and accounting, human resources, legal, and amortization of acquisition-related intangibles and other costs, such as acquisition and integration expenses, that are not considered when management evaluates revenue-generating segment performance.

In the Corporate and Other segment, for the three months ended March 31, 2022, the Company recorded acquisition and integration costs primarily related to the Worldpay acquisition as well as certain other costs, including cost associated with the Company's platform modernization totaling $80 million. The Company also recorded $58 million of asset impairments primarily for real estate-related assets as a result of office space reductions as well as $52 million of incremental amortization expense associated with shortened estimated useful lives and accelerated amortization methods for certain software and deferred contract cost assets driven by the Company's platform modernization for the three months ended March 31, 2022. For the three months ended March 31, 2021, the Company also recorded $104 million in accelerated stock compensation expense to reflect the impact of establishing a Qualified Retirement Equity Program that modified unvested equity awards outstanding at January 1, 2021 (see Note 9) as well as costs related to data center consolidation activities totaling $15 million. In addition, the Company recorded incremental costs directly related to COVID-19 of $9 million for the three months ended March 31, 2021.

Adjusted EBITDA

Adjusted EBITDA is a measure of segment profit or loss that is reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. For this reason, Adjusted EBITDA, as it relates to our segments, is presented in conformity with FASB ASC Topic 280, *Segment Reporting*. Adjusted

EBITDA is defined as net earnings (loss) before net interest expense, net other income (expense), income tax provision (benefit), equity method investment earnings (loss), and depreciation and amortization, and excludes certain costs and other transactions that management deems non-operational in nature. The non-operational items affecting the segment profit measure generally include the purchase price amortization of acquired intangible assets as well as acquisition, integration and certain other costs and asset impairments. Adjusted EBITDA also excludes incremental and direct costs resulting from the COVID-19 pandemic. These costs and adjustments are recorded in the Corporate and Other segment for the periods discussed below. Adjusted EBITDA for the respective segments excludes the foregoing costs and adjustments.

Summarized financial information for the Company's segments is shown in the following tables. The Company does not evaluate performance or allocate resources based on segment asset data; therefore, such information is not presented.

For the three months ended March 31, 2022 (in millions):

	Merchant Solutions	Banking Solutions	Capital Market Solutions	Corporate and Other	Total
Revenue	$ 1,112	$ 1,645	$ 658	$ 77	$ 3,492
Operating expenses	(682)	(1,099)	(439)	(1,115)	(3,335)
Depreciation and amortization (including purchase accounting amortization)	92	151	89	681	1,013
Acquisition, integration and other costs	—	—	—	190	190
Asset impairments	—	—	—	58	58
Adjusted EBITDA	$ 522	$ 697	$ 308	$ (109)	$ 1,418
Adjusted EBITDA					$ 1,418
Depreciation and amortization					(363)
Purchase accounting amortization					(650)
Acquisition, integration and other costs					(190)
Asset impairments					(58)
Interest expense, net					(43)
Other income (expense), net					61
(Provision) benefit for income taxes					(54)
Net earnings attributable to noncontrolling interest					(1)
Net earnings attributable to FIS common stockholders					$ 120
Capital expenditures	$ 143	$ 158	$ 84	$ 27	$ 412

For the three months ended March 31, 2021 (in millions):

	Merchant Solutions	Banking Solutions	Capital Market Solutions	Corporate and Other	Total
Revenue	$ 966	$ 1,540	$ 625	$ 92	$ 3,223
Operating expenses	(603)	(1,018)	(419)	(1,084)	(3,124)
Depreciation and amortization (including purchase accounting amortization)	88	145	82	638	953
Acquisition, integration and other costs	—	—	—	256	256
Adjusted EBITDA	$ 451	$ 667	$ 288	$ (98)	$ 1,308
Adjusted EBITDA					$ 1,308
Depreciation and amortization					(279)
Purchase accounting amortization					(674)
Acquisition, integration and other costs					(256)
Interest expense, net					(74)
Other income (expense), net					(493)
(Provision) benefit for income taxes					97
Equity method investment earnings (loss)					1
Net earnings attributable to noncontrolling interest					(3)
Net earnings attributable to FIS common stockholders					$ (373)
Capital expenditures	$ 104	$ 106	$ 54	$ 34	$ 298

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless stated otherwise or the context otherwise requires, all references to "FIS," "we," "our," "us," the "Company" or the "registrant" are to Fidelity National Information Services, Inc., a Georgia corporation, and its subsidiaries.

The following discussion should be read in conjunction with Item 1. Condensed Consolidated Financial Statements (Unaudited) and the Notes thereto included elsewhere in this report. The statements contained in this Form 10-Q or in our other documents or in oral presentations or other management statements that are not purely historical are forward-looking statements within the meaning of the U.S. federal securities laws. Statements that are not historical facts, including statements about anticipated financial outcomes, including any earnings guidance or projections of the Company, projected revenue or expense synergies, business and market conditions, outlook, foreign currency exchange rates, deleveraging plans, expected dividends and share repurchases, the Company's sales pipeline and anticipated profitability and growth, as well as other statements about our expectations, beliefs, intentions, or strategies regarding the future, or other characterizations of future events or circumstances, are forward-looking statements. In many cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," or "continue," or the negative of these terms and other comparable terminology. These statements relate to future events and our future results and involve a number of risks and uncertainties. Forward-looking statements are based on management’s beliefs as well as assumptions made by, and information currently available to, management.

Actual results, performance or achievement could differ materially from those contained in these forward-looking statements. The risks and uncertainties to which forward-looking statements are subject include the following, without limitation:

- the outbreak or recurrence of the novel coronavirus and any related variants ("COVID-19") and measures to reduce its spread, including the impact of governmental or voluntary actions such as business shutdowns and stay-at-home orders in certain geographies;
- the duration, including any recurrence, of the COVID-19 pandemic and its impacts, including reductions in consumer and business spending, and instability of the financial markets in heavily impacted areas across the globe;
- the economic and other impacts of COVID-19 on our clients which affect the sales of our solutions and services and the implementation of such solutions;
- the risk of losses in the event of defaults by merchants (or other parties) to which we extend credit in our card settlement operations or in respect of any chargeback liability, either of which could adversely impact liquidity and results of operations;
- changes in general economic, business and political conditions, including those resulting from COVID-19 or other pandemics, a recession, intensified international hostilities, acts of terrorism, increased rates of inflation, changes in either or both the U.S. and international lending, capital and financial markets or currency fluctuations;
- the risk that acquired businesses will not be integrated successfully or that the integration will be more costly or more time-consuming and complex than anticipated;
- the risk that cost savings and synergies anticipated to be realized from acquisitions may not be fully realized or may take longer to realize than expected;
- the risks of doing business internationally;
- the effect of legislative initiatives or proposals, statutory changes, governmental or applicable regulations and/or changes in industry requirements, including privacy and cybersecurity laws and regulations;
- the risks of reduction in revenue from the elimination of existing and potential customers due to consolidation in, or new laws or regulations affecting, the banking, retail and financial services industries or due to financial failures or other setbacks suffered by firms in those industries;
- changes in the growth rates of the markets for our solutions;
- the amount, declaration and payment of future dividends is at the discretion of our Board of Directors and depends on, among other things, our investment opportunities, results of operations, financial condition, cash requirements, future prospects, the duration and impact of the COVID-19 pandemic, and other factors that may be considered relevant by our Board of Directors, including legal and contractual restrictions;
- the amount and timing of any future share repurchases is subject to, among other things, our share price, our other investment opportunities and cash requirements, our results of operations and financial condition, our future prospects and other factors that may be considered relevant by our Board of Directors and management;
- failures to adapt our solutions to changes in technology or in the marketplace;
- internal or external security breaches of our systems, including those relating to unauthorized access, theft, corruption or loss of personal information and computer viruses and other malware affecting our software or platforms, and the reactions of customers, card associations, government regulators and others to any such events;

- the risk that implementation of software, including software updates, for customers or at customer locations or employee error in monitoring our software and platforms may result in the corruption or loss of data or customer information, interruption of business operations, outages, exposure to liability claims or loss of customers;
- the reaction of current and potential customers to communications from us or regulators regarding information security, risk management, internal audit or other matters;
- the risk that policies and resulting actions of the current administration in the U.S. may result in additional regulations and executive orders, as well as additional regulatory and tax costs;
- competitive pressures on pricing related to the decreasing number of community banks in the U.S., the development of new disruptive technologies competing with one or more of our solutions, increasing presence of international competitors in the U.S. market and the entry into the market by global banks and global companies with respect to certain competitive solutions, each of which may have the impact of unbundling individual solutions from a comprehensive suite of solutions we provide to many of our customers;
- the failure to innovate in order to keep up with new emerging technologies, which could impact our solutions and our ability to attract new, or retain existing, customers;
- an operational or natural disaster at one of our major operations centers;
- failure to comply with applicable requirements of payment networks or changes in those requirements;
- fraud by merchants or bad actors; and
- other risks detailed elsewhere in the Risk Factors and other sections of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, in our Quarterly Reports on Form 10-Q and in our other filings with the Securities and Exchange Commission.

Other unknown or unpredictable factors also could have a material adverse effect on our business, financial condition, results of operations and prospects. Accordingly, readers should not place undue reliance on our forward-looking statements. These forward-looking statements are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict. Except as required by applicable law or regulation, we do not undertake (and expressly disclaim) any obligation, and do not intend, to publicly update or review any of our forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. We enable the movement of commerce by unlocking the financial technology that powers the world's economy. Our employees are dedicated to advancing the way the world pays, banks and invests through our trusted innovation, system performance and flexible architecture. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500® and the Standard & Poor's 500® Index.

We have grown both organically and through acquisitions. Organic growth has been driven by a number of factors, including growth of our customers' businesses, our internal development of new solutions that enhance our client offerings, and our sales and marketing efforts to expand our customer base and addressable markets. Acquisitions have contributed additional solutions and services that complement or enhance our offerings, diversify our client base, expand our geographic coverage, and provide entry into new and attractive adjacent markets that align with our strategic objectives. We continue to strategically allocate resources to both organic and inorganic growth initiatives to enhance the long-term value of our business.

FIS reports its financial performance based on the following segments: Merchant Solutions ("Merchant"), Banking Solutions ("Banking"), Capital Market Solutions ("Capital Markets") and Corporate and Other. A description of our segments is included in Note 12 to the consolidated financial statements. Revenue by segment and the Adjusted EBITDA of our segments are discussed below in Segment Results of Operations. Amounts in tables below may not sum or calculate due to rounding.

Business Trends and Conditions

Our revenue is primarily derived from a combination of technology and processing services, transaction fees, professional services and software license fees. While we are a global company and do business around the world, the majority of our revenue is generated by clients in the U.S. The majority of our international revenue is generated by clients in the U.K., Germany, Australia, Brazil, Canada, and India. In addition, the majority of our revenue has historically been recurring and has been provided under multi-year Banking and Capital Markets contracts that contribute relative stability to our revenue stream. These services, in general, are considered critical to our clients' operations. Although Merchant has a lesser percentage of multi-year contracts, substantially all of our Merchant revenue is recurring, derived from transaction processing fees that fluctuate with the number or value of transactions processed, among other variable measures associated with consumer activity.

Professional services revenue is typically non-recurring, though recognition often occurs over time rather than at a point in time. Sales of software licenses are typically non-recurring with point-in-time recognition and are less predictable.

The distribution of vaccines against COVID-19 curtailed the impact of the pandemic in 2021 in many of the larger countries in which we do business, but the timing of a complete recovery remains uncertain as new variants of COVID-19 continue to impact consumer spending. In the fourth quarter of 2021, some governmental restrictions were re-imposed based upon a resurgence of variants of COVID-19 in many areas of the U.S. and Europe, which resulted in an adverse impact on payment volumes and transactions over those anticipated following the easing of restrictions in the prior two quarters. These changes in spending affected our business, results of operations and financial condition throughout 2021 and will likely continue to have an impact in 2022, although the magnitude and duration of their ultimate effect is not possible to predict.

We continue to assist financial institutions in migrating to outsourced integrated technology solutions to improve their profitability and address increasing and ongoing regulatory requirements. As a provider of outsourced solutions, we benefit from multi-year recurring revenue streams, which help moderate the effects of broader year-to-year economic and market changes that otherwise might have a larger impact on our results of operations. We believe our integrated solutions and outsourced services are well-positioned to address this outsourcing trend across the markets we serve.

Over the last five years, we have moved over 80% of our server compute, primarily in North America, to our FIS cloud located in our strategic data centers. This allows us to further enhance security for our clients' data and increases the flexibility and speed with which we can provide solutions and services to our clients, at lesser cost. We have also completed our data center consolidation program in 2021.

Following the successful modernization of our IT infrastructure and consolidation of our data centers, we are now accelerating the modernization of our strategic applications and sunsetting of our redundant platforms. Our multi-year platform modernization initiative is designed to create a componentized, cloud-native set of capabilities that can be consumed by clients as end-to-end business applications or as individual components. Although our platform modernization will result in additional near-term costs, we expect it will result in improvements in our operational efficiencies over time.

We continue to invest in modernization, innovation and integrated solutions and services to meet the demands of the markets we serve and compete with global banks, financial and other technology providers, and emerging technology innovators. We invest both organically and through investment opportunities in companies building complementary technologies in the financial services space. Our internal efforts in research and development activities have related primarily to the modernization of our proprietary core systems in each of our segments, design and development of next-generation digital and innovative solutions and development of processing systems and related software applications and risk management platforms. We expect to continue our practice of investing an appropriate level of resources to maintain, enhance and extend the functionality of our proprietary systems and existing software applications, to develop new and innovative software applications and systems to address emerging technology trends in response to the needs of our clients, and to enhance the capabilities of our outsourcing infrastructure.

In addition, we are investing in the development of new solutions and venture opportunities by establishing FIS Impact Ventures. This group prioritizes development of, and investment in, next-generation technology and innovation.

Since the beginning of the pandemic, the Company has taken several actions related to the health and safety of its employees while maintaining business continuity, including implementing its comprehensive Pandemic Plan. The Pandemic Plan includes site-specific plans as well as travel restrictions, medical response protocols, work-from-home strategies and enhanced cleaning within our locations.

Consumer preference continues to shift from traditional branch banking services to digital banking solutions, and our clients seek to provide a single integrated banking experience through their branch, mobile, internet and voice banking channels. The COVID-19 pandemic has resulted in accelerating digitization of banking and payment services by requiring, in many cases, banks and bank customers to transact through digital channels. We have been providing our large regional banking customers in the U.S. with Digital One, an integrated digital banking platform, and are now adding functionality and offering Digital One to our community bank clients to provide a consistent, omnichannel experience for consumers of banking services across self-service channels like mobile banking and online banking, as well as supporting channels for bank staff operating in bank branches and contact centers. The uniform customer experience extends to support a broad range of financial services including opening new accounts, servicing of existing accounts, money movement, and personal financial management, as well as other consumer, small business and commercial banking capabilities. Digital One is integrated into several of the core banking platforms offered by FIS and is also offered to customers of non-FIS core banking systems.

We anticipate consolidation within the banking industry will continue, primarily in the form of merger and acquisition activity among financial institutions, which we believe would broadly be detrimental to the profitability of the financial technology industry. However, consolidation resulting from specific merger and acquisition transactions may be beneficial to our business. When consolidations of financial institutions occur, merger partners often operate systems obtained from competing service providers. The newly formed entity generally makes a determination to migrate its core and payments systems to a single platform. When a financial institution processing client is involved in a consolidation, we may benefit by their expanding the use of our services if such services are chosen to survive the consolidation and to support the newly combined entity. Conversely, we may lose revenue if we are providing services to both entities, or if a client of ours is involved in a consolidation and our services are not chosen to survive the consolidation and to support the newly combined entity. It is also possible that larger financial institutions resulting from consolidation may have greater leverage in negotiating terms or could decide to perform in-house some or all of the services that we currently provide or could provide. We seek to mitigate the risks of consolidations by offering other competitive services to take advantage of specific opportunities at the surviving company.

We continue to see demand in the payments market for innovative solutions that will deliver faster, more convenient payment options in mobile channels, internet applications, in-store cards, and the growing area of cryptocurrencies. The payment processing industry is adopting new technologies, developing new solutions and services, evolving new business models, and being affected by new market entrants and by an evolving regulatory environment. As merchants and financial institutions respond to these changes by seeking services to help them enhance their own offerings to consumers, including the ability to accept card-not-present ("CNP") payments in eCommerce and mobile environments as well as contactless cards and mobile wallets at the point of sale, FIS believes that payment processors will seek to develop additional capabilities in order to serve clients' evolving needs. To facilitate this expansion, we believe that payment processors will need to enhance their technology platforms so they can deliver these capabilities and differentiate their offerings from other providers.

We believe that these market changes present both an opportunity and a risk for us, and we cannot predict which emerging technologies or solutions will be successful. However, FIS believes that payment processors, like FIS, that have scalable, integrated business models, provide solutions across the payment processing value chain and utilize broad distribution capabilities will be best positioned to enable emerging alternative electronic payment technologies. Further, FIS believes that its depth of capabilities and breadth of distribution will enhance its position as emerging payment technologies are adopted by merchants and other businesses. FIS' ability to partner with non-financial institution enterprises, such as mobile payment providers and internet, retail and social media companies, continues to create attractive growth opportunities as these new entrants seek to become more active participants in the development of alternative electronic payment technologies and to facilitate the convergence of retail, online, mobile and social commerce applications.

Globally, attacks on information technology systems continue to grow in frequency, complexity and sophistication. This is a trend we expect to continue. Such attacks have become a point of focus for individuals, businesses and governmental entities. The objectives of these attacks include, among other things, gaining unauthorized access to systems to facilitate financial fraud, disrupt operations, cause denial of service events, corrupt data, and steal non-public information. These circumstances present both a threat and an opportunity for FIS. As part of our business, we electronically receive, process, store and transmit a wide range of confidential information, including sensitive customer information and personal consumer data. We also operate payment, cash access and prepaid card systems.

FIS remains focused on making strategic investments in information security to protect our clients and our information systems. These investments include both capital expenditures and operating expense related to hardware, software, personnel and consulting services. We also participate in industry and governmental initiatives to improve information security for our clients. Through the expertise we have gained with this ongoing focus and involvement, we have developed fraud, security, risk management and compliance solutions to target this growth opportunity in the financial services industry.

Critical Accounting Policies and Estimates

There have been no significant changes to our critical accounting policies as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021. For discussion regarding the impact of the COVID-19 pandemic on our critical and significant accounting estimates subject to risk and uncertainties, see Notes 1, 4 and 8 to the consolidated financial statements.

Related-Party Transactions

We are a party to certain historical related party agreements as discussed in Note 10 to the consolidated financial statements.

Consolidated Results of Operations - Comparisons of three-month periods ended March 31, 2022 and 2021

	Three months ended March 31,			
	2022	2021	$ Change	% Change
	(In millions)			
Revenue	$ 3,492	$ 3,223	$ 269	8 %
Cost of revenue	(2,242)	(2,118)	(124)	6
Gross profit	1,250	1,105	145	13
Gross profit margin	36 %	34 %		
Selling, general and administrative expenses	(1,035)	(1,006)	(29)	3
Asset impairments	(58)	—	(58)	NM
Operating income	$ 157	$ 99	58	59
Operating margin	4 %	3 %		

NM = Not meaningful

Revenue

Revenue for the three months ended March 31, 2022, increased primarily due to increased Merchant volumes and due to onboarding of large new clients in Banking and Capital Markets driving recurring revenue growth. Revenue was negatively impacted by unfavorable foreign currency movements, primarily related to a stronger U.S. Dollar versus the Euro and the British Pound Sterling. See Segment Results of Operations below for more detailed explanation.

Cost of Revenue, Gross Profit and Gross Profit Margin

Cost of revenue for the three months ended March 31, 2022, increased primarily due to the revenue variances noted above. Gross profit and gross profit margin for the three months ended March 31, 2022, increased primarily due to revenue growth in the Merchant segment. This increase was partially offset by $78 million of incremental amortization expense associated with shortened estimated useful lives and accelerated amortization methods for certain software and deferred contract cost assets driven by the Company's platform modernization initiatives.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended March 31, 2022, increased primarily due to higher compensation and commission expense due in part to the acquisition of Payrix and staffing related to commencement of large outsourcing arrangements, partially offset by lower stock compensation expense. The 2021 period included accelerated stock compensation expense recorded associated with the establishment of the Qualified Retirement Equity Program that modified our existing stock compensation plans as described in Note 9 to the consolidated financial statements.

Asset Impairments

During the three months ended March 31, 2022, asset impairments primarily relate to real estate-related assets as a result of office space reductions.

Operating Income and Operating Margin

The change in operating income for the three months ended March 31, 2022, resulted from the revenue and cost variances noted above. The operating margin for the three months ended March 31, 2022, increased primarily due to a positive shift in revenue mix as compared to prior-year period. This increase was partially offset by asset impairments discussed above.

Total Other Income (Expense), Net

	Three months ended March 31,			
	2022	2021	$ Change	% Change
Other income (expense):	(In millions)			
Interest expense, net	$ (43)	$ (74)	$ 31	(42)%
Other income (expense), net	61	(493)	554	NM
Total other income (expense), net	$ 18	$ (567)	585	NM

NM = Not meaningful

The decrease in interest expense, net is primarily due to lower outstanding debt and lower weighted average interest rate on the outstanding debt throughout the three months ended March 31, 2022.

Other income (expense), net for the three months ended March 31, 2022, primarily includes net gains on equity security investments without readily determinable fair values of $41 million (see Note 4 to the consolidated financial statements). For the three months ended March 31, 2021, other income (expense) primarily represents loss on extinguishment of debt of approximately $528 million relating to tender premiums, make-whole amounts, and fees; the write-off of unamortized bond discounts and debt issuance costs; and losses on related derivative instruments. The foregoing loss resulted from the debt refinancing activity we undertook in the first quarter of 2021 (see Note 6 to the consolidated financial statements), which substantially reduces our ongoing interest expense. This loss was partially offset by fair value adjustments on certain non-operating assets and liabilities and foreign currency transaction remeasurement gains.

Provision (Benefit) for Income Taxes

	Three months ended March 31,			
	2022	2021	$ Change	% Change
	(In millions)			
Provision (benefit) for income taxes	$ 54	$ (97)	$ 151	NM
Effective tax rate	31 %	21 %		

NM = Not meaningful

The increase in the effective tax rate for the 2022 period is primarily due to the difference in pre-tax earnings relative to income tax provision (benefit).

Segment Results of Operations - Comparisons of three-month periods ended March 31, 2022 and 2021

FIS reports its financial performance based on the following segments: Merchant Solutions, Banking Solutions, Capital Market Solutions, and Corporate and Other.

Adjusted EBITDA is defined as net earnings (loss) before net interest expense, net other income (expense), income tax provision (benefit), equity method investment earnings (loss), depreciation and amortization, and excludes certain costs and other transactions that management deems non-operational in nature. This measure is reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segments and assessing their performance. For this reason, Adjusted EBITDA, as it relates to our segments, is presented in conformity with FASB ASC Topic 280, *Segment Reporting*. The non-operational items affecting the segment profit measure generally include purchase price amortization of acquired intangible assets as well as acquisition, integration and certain other costs and asset impairments. Adjusted EBITDA also excludes incremental and direct costs resulting from the COVID-19 pandemic. These costs and adjustments are recorded in the Corporate and Other segment for the periods discussed below. Adjusted EBITDA for the respective segments excludes the foregoing costs and adjustments. Financial information, including details of Adjusted EBITDA, for each of our segments is set forth in Note 12 to the consolidated financial statements.

Merchant Solutions

	Three months ended March 31,			
	2022	2021	$ Change	% Change
	(In millions)			
Revenue	$ 1,112	$ 966	$ 146	15 %
Adjusted EBITDA	$ 522	$ 451	71	16
Adjusted EBITDA margin	47.0 %	46.7 %		
Adjusted EBITDA margin basis points change	30			

Three months ended March 31:

Revenue increased primarily due to easing lockdown restrictions and the continued global economic recovery from the COVID-19 pandemic, with higher card-present volumes contributing 10% to growth and card-not-present volumes, including those related to our recent Payrix acquisition, contributing 6% to growth. Revenue was negatively impacted by unfavorable foreign currency movements, contributing (1%) to growth primarily related to a stronger U.S. Dollar versus the British Pound Sterling.

Adjusted EBITDA increased primarily due to the revenue impacts noted above. Adjusted EBITDA margin increased primarily due to revenue growth in the higher-margin card-not-present channel.

Banking Solutions

	Three months ended March 31,			
	2022	2021	$ Change	% Change
	(In millions)			
Revenue	$ 1,645	$ 1,540	$ 105	7 %
Adjusted EBITDA	$ 697	$ 667	30	5
Adjusted EBITDA margin	42.4 %	43.3 %		
Adjusted EBITDA margin basis points change	(90)			

Three months ended March 31:

Revenue increased primarily due to recurring revenue contributing 7% to growth, primarily driven by the completion of large implementations.

Adjusted EBITDA increased primarily due to the revenue impacts noted above. Adjusted EBITDA margin decreased primarily due to wage inflation, reduction in revenue related to pandemic-related programs and recent onboarding of several large outsourcing contracts.

Capital Market Solutions

	Three months ended March 31,			
	2022	2021	$ Change	% Change
	(In millions)			
Revenue	$ 658	$ 625	$ 33	5 %
Adjusted EBITDA	$ 308	$ 288	20	7
Adjusted EBITDA margin	46.8 %	46.2 %		
Adjusted EBITDA margin basis points change	60			

Three months ended March 31:

Revenue increased primarily due to recurring revenue contributing 6% to growth from strong new sales driving outsourced solutions and services. Revenue was negatively impacted by unfavorable foreign currency movements, contributing (1%) to growth primarily related to a stronger U.S. Dollar versus the British Pound Sterling and the Swedish Krona.

Adjusted EBITDA increased primarily due to the revenue impacts noted above. Adjusted EBITDA margin increased primarily due to continued operating leverage.

Corporate and Other

	Three months ended March 31,			
	2022	2021	$ Change	% Change
	(In millions)			
Revenue	$ 77	$ 92	$ (15)	(16)%
Adjusted EBITDA	$ (109)	$ (98)	(11)	11

The Corporate and Other segment results consist of selling, general and administrative expenses and depreciation and intangible asset amortization not otherwise allocated to the reportable segments. Corporate and Other also includes operations from certain non-strategic businesses.

Three months ended March 31:

Revenue decreased primarily due to client attrition in our non-strategic businesses.

Adjusted EBITDA decreased primarily due to the revenue impact noted above as well as higher infrastructure expense compared to prior year.

Liquidity and Capital Resources

Cash Requirements

Our ongoing cash requirements include operating expenses, income taxes, tax receivable obligations, mandatory debt service payments, capital expenditures, stockholder dividends, regulatory requirements, working capital and timing differences in settlement-related assets and liabilities, and may include discretionary debt repayments, share repurchases and business acquisitions. Our principal sources of funds are cash generated by operations and borrowings, including the capacity under our Revolving Credit Facility, the U.S. commercial paper program and the Euro-commercial paper program discussed in Note 6 to the consolidated financial statements.

As of March 31, 2022, the Company had $3,527 million of available liquidity, including $1,547 million of cash and cash equivalents and $1,980 million of capacity available under its Revolving Credit Facility. Approximately $896 million of cash and cash equivalents is held by our foreign entities, including amounts related to regulatory requirements. The majority of our domestic cash and cash equivalents relates to settlement payables and net deposits-in-transit, which are typically settled within a few business days. Debt outstanding totaled $19.2 billion, with an effective weighted average interest rate of 1.0%.

The Company remains committed to reaching and maintaining its target leverage while ensuring ample liquidity.

We believe that our current level of cash and cash equivalents plus cash flows from operations will be sufficient to fund our operating cash requirements, capital expenditures and mandatory debt service payments for the next 12 months and the foreseeable future.

We currently expect to continue to pay quarterly dividends. In January 2022, the Board of Directors approved a quarterly dividend increase of 21% to $0.47 per share beginning with the first quarter of 2022. A regular quarterly dividend of $0.47 per common share was paid on March 25, 2022, to shareholders of record as of the close of business on March 11, 2022. Consistent with our capital allocation strategy, we plan to increase our annual dividend approximately 20% per year over the next several years, as compared to approximately 10% per year increases in recent years, to gradually increase our dividend payout ratio beginning with the quarterly dividend payable in March 2022. However, the amount, declaration and payment of future dividends is at the discretion of the Board of Directors and depends on, among other things, our investment opportunities (including potential mergers and acquisitions), results of operations, financial condition, cash requirements, future prospects, the duration and impact of the COVID-19 pandemic, and other factors that may be considered relevant by our Board of Directors, including legal and contractual restrictions. Additionally, the payment of cash dividends may be limited by covenants in certain debt agreements. A regular quarterly dividend of $0.47 per common share is payable on June 24, 2022, to shareholders of record as of the close of business on June 10, 2022.

In January 2021, our Board of Directors approved a new share repurchase program under which it authorized the Company to repurchase up to 100 million shares of our common stock at management's discretion from time to time on the open market or in privately negotiated transactions and through Rule 10b5-1 plans. The new share repurchase program has no expiration date and may be suspended for periods, amended or discontinued at any time. Under the new share repurchase program, approximately 85 million shares remain available for repurchase as of March 31, 2022.

We currently expect to utilize free cash flow through the end of 2023 primarily to return capital to shareholders. During 2022, we expect to repurchase shares worth approximately $3 billion, primarily during the second half of the year.

Cash Flows from Operations

Cash flows from operations were $896 million and $836 million for the three-month periods ended March 31, 2022 and 2021, respectively. Our net cash provided by operating activities consists primarily of net earnings, adjusted to add back depreciation and amortization and other non-cash items. Cash flows from operations increased $60 million in the 2022 period primarily due to an increase in operating income and working capital timing, partially offset by settlement timing.

Capital Expenditures and Other Investing Activities

Our principal capital expenditures are for software (purchased and internally developed) and additions to property and equipment. We invested approximately $412 million and $298 million in capital expenditures (excluding other financing obligations for certain hardware and software) during the three-month periods ended March 31, 2022 and 2021, respectively. We expect to continue investing in property and equipment, purchased software and internally developed software to support our business.

Financing

For more information regarding the Company's debt and financing activity see Note 6 to the consolidated financial statements.

Contractual Obligations

There were no material changes in our contractual obligations through the three months ended March 31, 2022, in comparison to the table included in our Annual Report on Form 10-K for the year ended December 31, 2021, except as disclosed in Note 6 to the consolidated financial statements.

Recent Accounting Pronouncements

No new accounting pronouncement issued or effective during the fiscal year had or is expected to have a material impact on our consolidated financial statements or disclosures.

Item 3. Quantitative and Qualitative Disclosure About Market Risks

Market Risk

We are exposed to market risks primarily from changes in interest rates and foreign currency exchange rates. Such risks may be exacerbated by the effects of the COVID-19 pandemic. We periodically use certain derivative financial instruments, including interest rate swaps and foreign currency forward contracts, to manage interest rate and foreign currency risk. We do not use derivatives for trading purposes, to generate income or to engage in speculative activity.

Interest Rate Risk

In addition to existing cash balances and cash provided by operating activities, we use fixed-rate and variable-rate debt to finance our operations. We are exposed to interest rate risk on these debt obligations and related interest rate swaps.

Our fixed rate senior notes (as included in Note 6 to the consolidated financial statements) represent the majority of our fixed-rate long-term debt obligations as of March 31, 2022. The carrying value, excluding the fair value of the interest rate swaps described below and unamortized discounts, of our senior notes was $16.0 billion as of March 31, 2022. The fair value of our senior notes was approximately $15.6 billion as of March 31, 2022. The potential reduction in fair value of the senior notes from a hypothetical 10 percent increase in market interest rates would not be material to the overall fair value of the debt.

Our variable-rate risk principally relates to borrowings under our U.S. commercial paper program, Euro-commercial paper program, and Revolving Credit Facility (as included in Note 6 to the consolidated financial statements) and interest rate swaps on our fixed-rate long-term debt (collectively, "variable-rate debt"). At March 31, 2022, our weighted-average cost of debt was 1.0% with a weighted-average maturity of 5.5 years; 64% of our debt was fixed rate, and the remaining 36% was variable-rate debt. A 100 basis-point increase in the weighted-average interest rate on our variable-rate debt would have increased our annual interest expense by $71 million. We performed the foregoing sensitivity analysis based solely on the principal amount of our variable-rate debt as of March 31, 2022. This sensitivity analysis does not take into account any changes that occurred in the prior 12 months or that may take place in the next 12 months in the amount of our outstanding debt. Further, this sensitivity analysis assumes the change in interest rates is applicable for an entire year. For comparison purposes, based on principal amounts of variable-rate debt outstanding as of March 31, 2021, and calculated in the same manner as set forth above, an increase of 100 basis points in the weighted-average interest rate would have increased our annual interest expense by approximately $64 million.

As of March 31, 2022, the following interest rate swaps converting the interest rate exposure on certain of our senior notes from fixed to variable are outstanding (in millions):

Notional Amount by Currency		Maturities	Weighted Average Receive Rate		Weighted Average Pay Rate	
$	1,854	2029 - 2031	2.74	%	2.04	%
£	925	2029 - 2031	3.00	%	2.47	%
€	500	2024	1.10	%	0.32	%

By entering into the aforementioned swap agreements, we have assumed risks associated with variable interest rates based upon LIBOR, or Daily Compounded SONIA as applicable based on the phase-out of LIBOR rates, or Euribor. Changes in the overall level of interest rates affect the interest expense that we recognize. We designated the interest rate swaps as fair value hedges for accounting purposes as described in Note 7 to the consolidated financial statements. A 100 basis-point increase in the 3-month USD LIBOR rate, Daily Compounded SONIA rate (previously 6-month GBP LIBOR rate), and 3-month Euribor rate, as applicable, for the interest rate swaps outstanding as of March 31, 2022 and 2021, would increase our annual interest expense by approximately $36 million and $35 million, respectively.

Foreign Currency Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries, transaction gains and losses associated with intercompany loans with foreign subsidiaries and transactions denominated in currencies other than a location's functional currency. We manage the exposure to these risks through a combination of normal operating activities and the use of foreign currency forward contracts and non-derivative and derivative investment hedges.

Our exposure to foreign currency exchange risks generally arises from our non-U.S. operations, to the extent they are conducted in local currency. Changes in foreign currency exchange rates affect translations of revenue denominated in currencies other than the U.S. Dollar. We generated approximately $703 million and $641 million during the three months ended March 31, 2022 and 2021, respectively, in revenue denominated in currencies other than the U.S. Dollar. The major currencies to which our revenue is exposed are the British Pound Sterling, Euro, Brazilian Real, Indian Rupee and Australian Dollar. A 10% movement in average exchange rates for these currencies (assuming a simultaneous and immediate 10% change in all of such rates for the relevant period) would have resulted in the following increase or decrease in our reported revenue for the three months ended March 31, 2022 and 2021 (in millions):

Currency	Three months ended March 31, 2022	2021
Pound Sterling	$ 43	$ 38
Euro	7	10
Real	4	3
Rupee	3	3
Australian Dollar	3	3
Total increase or decrease	$ 60	$ 57

While our results of operations have been impacted by the effects of currency fluctuations, our international operations' revenue and expenses are generally denominated in local currency, which reduces our economic exposure to foreign exchange risk in those jurisdictions.

Our foreign exchange risk management policy permits the use of derivative instruments, such as forward contracts and options, to reduce volatility in our results of operations and/or cash flows resulting from foreign exchange rate fluctuations. We do not enter into foreign currency derivative instruments for trading purposes or to engage in speculative activity. We do periodically enter into foreign currency forward contracts to hedge foreign currency exposure to intercompany loans and other balance sheet items. The Company also utilizes foreign currency-denominated debt and cross-currency interest rate swaps designated as net investment hedges in order to reduce the volatility of the net investment value of certain of its Euro and Pound Sterling functional subsidiaries (see Note 7 to the consolidated financial statements).

Item 4. Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms and (b) accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II: OTHER INFORMATION

Item 1A. Risk Factors

See Item 1A. *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2021, for a detailed discussion of risk factors affecting the Company. There have been no material changes in the risk factors described therein except for an update to the risk factor included below.

Global economic, political and other conditions, including business cycles and consumer confidence, as well as geopolitical conflicts, may adversely affect our clients or trends in consumer spending, which may adversely impact the demand for our services and our revenue and profitability.

A significant portion of our revenue is derived from transaction processing fees. The global transaction processing industries depend heavily upon the overall level of consumer, business and government spending. Any change in economic factors, including a sustained deterioration in general economic conditions or consumer confidence, particularly in the U.S., or inflation and increases in interest rates in key countries in which we operate may adversely affect consumer spending, consumer debt levels and credit and debit card usage, and as a result, adversely affect our financial performance by reducing the number or average purchase amount of transactions that we service. Supply chain issues globally, including those caused by the COVID-19 pandemic, can slow down the provision of parts for our products, such as chips in EMV cards, and could adversely impact revenue. In addition, the direct and indirect effects of other current or future geopolitical conflicts could materially adversely affect global economic activity and transaction processing volumes.

When there is a slowdown or downturn in the economy, a drop in stock market levels or trading volumes, or an event that disrupts the financial markets, our business and financial results, particularly with respect to our Capital Markets segment, may suffer for a number of reasons. Customers may react to worsening conditions by reducing their capital expenditures in general or by specifically reducing their information technology spending. In addition, customers may curtail or discontinue trading operations, delay or cancel information technology projects, or seek to lower their costs by renegotiating vendor contracts. Moreover, competitors may respond to market conditions by lowering prices and attempting to lure away our customers to lower cost solutions. Any further protective trade policies or actions taken by the U.S. may also result in other countries reducing, or making more expensive, services permitted to be provided by U.S.-based companies. If any of these circumstances remain in effect for an extended period of time, there could be a material adverse effect on our financial results.

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	SEC File Number	Exhibit	Filing Date	
31.1	Certification of Gary A. Norcross, President and Chief Executive Officer of Fidelity National Information Services, Inc., pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
31.2	Certification of James W. Woodall, Corporate Executive Vice President and Chief Financial Officer of Fidelity National Information Services, Inc., pursuant to rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					*
32.1	Certification of Gary A. Norcross, President and and Chief Executive Officer of Fidelity National Information Services, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					*
32.2	Certification of James W. Woodall, Corporate Executive Vice President and Chief Financial Officer of Fidelity National Information Services, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					*

* Filed or furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

	FIDELITY NATIONAL INFORMATION SERVICES, INC.	
Date: May 3, 2022	By:	/s/ JAMES W. WOODALL
		James W. Woodall
		Corporate Executive Vice President and Chief Financial Officer (Principal Financial Officer)
	FIDELITY NATIONAL INFORMATION SERVICES, INC.	
Date: May 3, 2022	By:	/s/ THOMAS K. WARREN
		Thomas K. Warren
		Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Gary A Norcross, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fidelity National Information Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: May 3, 2022

By: /s/ GARY A. NORCROSS
Gary A. Norcross
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, James W. Woodall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fidelity National Information Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: May 3, 2022

By: /s/ JAMES W. WOODALL
James W. Woodall
Corporate Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Chief Executive Officer of Fidelity National Information Services, Inc., a Georgia corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date:	May 3, 2022	By:	/s/ GARY A. NORCROSS
			Gary A. Norcross
			President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Chief Financial Officer of Fidelity National Information Services, Inc., a Georgia corporation (the “Company”), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date:	May 3, 2022	By:	/s/ JAMES W. WOODALL
			James W. Woodall
			Corporate Executive Vice President and Chief Financial Officer
			(Principal Financial Officer)