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

Form 10-Q

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

For the quarterly period ended June 30, 2023

Or

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

For the transition period from __________ to __________

Commission File 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.)*

347 Riverside Avenue		
Jacksonville	**Florida**	**32202**
(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**
1.100% 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 July 31, 2023, 592,465,475 shares of the Registrant’s Common Stock were outstanding.

FORM 10-Q
QUARTERLY REPORT
Quarter Ended June 30, 2023

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

	June 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,982	$ 2,188
Settlement assets	4,100	5,855
Trade receivables, net of allowance for credit losses of $91 and $75, respectively	3,402	3,699
Other receivables	493	493
Prepaid expenses and other current assets	673	583
Total current assets	10,650	12,818
Property and equipment, net	829	862
Goodwill	27,681	34,276
Intangible assets, net	8,084	8,956
Software, net	3,268	3,238
Other noncurrent assets	1,938	2,048
Deferred contract costs, net	1,124	1,080
Total assets	$ 53,574	$ 63,278
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current liabilities:		
Accounts payable, accrued and other liabilities	$ 2,646	$ 2,754
Settlement payables	5,050	6,752
Deferred revenue	818	788
Short-term borrowings	5,144	3,797
Current portion of long-term debt	785	2,133
Total current liabilities	14,443	16,224
Long-term debt, excluding current portion	13,589	14,207
Deferred income taxes	3,376	3,550
Other noncurrent liabilities	1,893	1,891
Total liabilities	33,301	35,872
Redeemable noncontrolling interest	—	180
Equity:		
FIS stockholders' equity:		
Preferred stock $0.01 par value; 200 shares authorized, none issued and outstanding as of June 30, 2023, and December 31, 2022	—	—
Common stock $0.01 par value, 750 shares authorized, 631 and 630 shares issued as of June 30, 2023, and December 31, 2022, respectively	6	6
Additional paid in capital	46,846	46,735
(Accumulated deficit) retained earnings	(22,048)	(14,971)
Accumulated other comprehensive earnings (loss)	(331)	(360)
Treasury stock, $0.01 par value, 39 and 39 common shares as of June 30, 2023, and December 31, 2022, respectively, at cost	(4,207)	(4,192)
Total FIS stockholders' equity	20,266	27,218
Noncontrolling interest	7	8
Total equity	20,273	27,226
Total liabilities, redeemable noncontrolling interest and equity	$ 53,574	$ 63,278

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Revenue	$ 3,746	$ 3,719	$ 7,256	$ 7,210
Cost of revenue	2,188	2,234	4,356	4,475
Gross profit	1,558	1,485	2,900	2,735
Selling, general, and administrative expenses	1,033	1,082	2,037	2,117
Asset impairments	6,841	29	6,841	87
Operating income (loss)	(6,316)	374	(5,978)	531
Other income (expense):				
Interest expense, net	(153)	(47)	(291)	(90)
Other income (expense), net	(53)	30	(63)	92
Total other income (expense), net	(206)	(17)	(354)	2
Earnings (loss) before income taxes	(6,522)	357	(6,332)	533
Provision (benefit) for income taxes	72	77	121	132
Net earnings (loss)	(6,594)	280	(6,453)	401
Net (earnings) loss attributable to noncontrolling interest	(2)	(3)	(3)	(4)
Net earnings (loss) attributable to FIS common stockholders	$ (6,596)	$ 277	$ (6,456)	$ 397
Net earnings (loss) per share-basic attributable to FIS common stockholders	$ (11.14)	$ 0.46	$ (10.91)	$ 0.65
Weighted average shares outstanding-basic	592	608	592	609
Net earnings (loss) per share-diluted attributable to FIS common stockholders	$ (11.14)	$ 0.45	$ (10.91)	$ 0.65
Weighted average shares outstanding-diluted	592	611	592	612

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net earnings (loss)	$ (6,594)	$ 280	$ (6,453)	$ 401
Other comprehensive earnings (loss), before tax:				
Foreign currency translation adjustments	$ 182	$ (1,406)	439	(1,901)
Change in fair value of net investment hedges	(125)	1,177	(421)	1,528
Excluded components of fair value hedges	(23)	—	(23)	—
Other adjustments	1	1	1	5
Other comprehensive earnings (loss), before tax	35	(228)	(4)	(368)
Provision for income tax (expense) benefit related to items of other comprehensive earnings (loss)	(2)	(78)	33	(84)
Other comprehensive earnings (loss), net of tax	33	(306)	29	(452)
Comprehensive earnings (loss)	(6,561)	(26)	(6,424)	(51)
Net (earnings) loss attributable to noncontrolling interest	(2)	(3)	(3)	(4)
Comprehensive earnings (loss) attributable to FIS common stockholders	$ (6,563)	$ (29)	$ (6,427)	$ (55)

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 and six months ended June 30, 2023
(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, March 31, 2023	631	(39)	$ 6	$ 46,802	$ (15,141)	$ (364)	$ (4,206)	$ 7	$ 27,104
Treasury shares held for taxes due upon exercise of stock awards	—	—	—	—	—	—	(1)	—	(1)
Stock-based compensation	—	—	—	44	—	—	—	—	44
Cash dividends declared ($0.52 per share per quarter) and other distributions	—	—	—	—	(311)	—	—	(2)	(313)
Net earnings (loss)	—	—	—	—	(6,596)	—	—	2	(6,594)
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	33	—	—	33
Balances, June 30, 2023	631	(39)	$ 6	$ 46,846	$ (22,048)	$ (331)	$ (4,207)	$ 7	$ 20,273

	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, 2022	630	(39)	$ 6	$ 46,735	$ (14,971)	$ (360)	$ (4,192)	$ 8	$ 27,226
Issuance of restricted stock	1	—	—	—	—	—	—	—	—
Exercise of stock options	—	—	—	40	—	—	—	—	40
Treasury shares held for taxes due upon exercise of stock awards	—	—	—	—	—	—	(15)	—	(15)
Stock-based compensation	—	—	—	64	—	—	—	—	64
Cash dividends declared ($0.52 per share per quarter) and other distributions	—	—	—	—	(621)	—	—	(4)	(625)
Other	—	—	—	7	—	—	—	—	7
Net earnings (loss)	—	—	—	—	(6,456)	—	—	3	(6,453)
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	29	—	—	29
Balances, June 30, 2023	631	(39)	$ 6	$ 46,846	$ (22,048)	$ (331)	$ (4,207)	$ 7	$ 20,273

(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 Equity
Three and six months ended June 30, 2022
(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, March 31, 2022	628	(17)	$ 6	$ 46,536	$ 2,721	$ 106	$ (2,343)	$ 10	$ 47,036
Exercise of stock options	—	—	—	10	—	—	—	—	10
Purchases of treasury stock	—	(3)	—	—	—	—	(300)	—	(300)
Stock-based compensation	—	—	—	88	—	—	—	—	88
Cash dividends declared ($0.47 per share per quarter) and other distributions	—	—	—	—	(289)	—	—	(3)	(292)
Net earnings (loss)	—	—	—	—	277	—	—	2	279
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	(306)	—	—	(306)
Balances, June 30, 2022	628	(20)	$ 6	$ 46,634	$ 2,709	$ (200)	$ (2,643)	$ 9	$ 46,515

	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	—	—	—	—	—	—	—	—
Exercise of stock options	—	—	—	18	—	—	—	—	18
Purchases of treasury stock	—	(3)	—	—	—	—	(300)	—	(300)
Treasury shares held for taxes due upon exercise of stock awards	—	(1)	—	—	—	—	(77)	—	(77)
Stock-based compensation	—	—	—	145	—	—	—	—	145
Cash dividends declared ($0.47 per share per quarter) and other distributions	—	—	—	5	(577)	—	—	(5)	(577)
Net earnings (loss)	—	—	—	—	397	—	—	3	400
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	(452)	—	—	(452)
Balances, June 30, 2022	628	(20)	$ 6	$ 46,634	$ 2,709	$ (200)	$ (2,643)	$ 9	$ 46,515

(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)

	Six months ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net earnings (loss)	$ (6,453)	$ 401
Adjustment to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,782	1,988
Amortization of debt issuance costs	15	15
Asset impairments	6,841	87
Loss (gain) on sale of businesses, investments and other	(2)	(5)
Stock-based compensation	64	145
Deferred income taxes	(177)	(386)
Net changes in assets and liabilities, net of effects from acquisitions and foreign currency:		
Trade and other receivables	311	114
Settlement activity	(242)	(106)
Prepaid expenses and other assets	(139)	(250)
Deferred contract costs	(217)	(190)
Deferred revenue	5	(30)
Accounts payable, accrued liabilities and other liabilities	(69)	137
Net cash provided by operating activities	1,719	1,920
Cash flows from investing activities:		
Additions to property and equipment	(79)	(173)
Additions to software	(467)	(579)
Settlement of net investment hedge cross-currency interest rate swaps	(17)	645
Other investing activities, net	(28)	(22)
Net cash provided by (used in) investing activities	(591)	(129)
Cash flows from financing activities:		
Borrowings	43,750	30,789
Repayment of borrowings and other financing obligations	(44,541)	(31,358)
Debt issuance costs	(2)	—
Net proceeds from stock issued under stock-based compensation plans	40	15
Treasury stock activity	(15)	(378)
Dividends paid	(618)	(574)
Payments on tax receivable agreement	(128)	(92)
Purchase of noncontrolling interest	(173)	—
Other financing activities, net	(10)	(4)
Net cash provided by (used in) financing activities	(1,697)	(1,602)
Effect of foreign currency exchange rate changes on cash	117	(392)
Net increase (decrease) in cash, cash equivalents and restricted cash	(452)	(203)
Cash, cash equivalents and restricted cash, beginning of period	4,813	4,283
Cash, cash equivalents and restricted cash, end of period	$ 4,361	$ 4,080
Supplemental cash flow information:		
Cash paid for interest	$ 396	$ 241
Cash paid for income taxes	$ 269	$ 323

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, 2022.

The preparation of these consolidated financial statements in conformity with United States ("U.S.") generally accepted accounting principles ("GAAP") and the related rules and regulations of the U.S. Securities and Exchange Commission ("SEC" or "Commission") requires our management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the related 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 inflation and economic growth rates. These estimates may change as new events occur and additional information is obtained. Future actual results could differ materially from these estimates. To the extent that there are differences between these estimates, judgments and assumptions and actual results, our consolidated financial statements will be affected.

Certain reclassifications have been made in the 2022 consolidated financial statements to conform to the classifications used in 2023. On the consolidated statements of comprehensive earnings, we reclassified the Change in fair value of net investment hedges from Foreign currency translation adjustments into its own classification. On the consolidated statements of cash flows, we reclassified Settlement of net investment hedges cross-currency interest rate swaps from Other investing activities to its own classification and Payments on tax receivable agreement from Other financing activities into its own classification.

FIS reports its financial performance based on the following segments: Banking Solutions, Merchant Solutions, Capital Market Solutions, and Corporate and Other. The Company regularly assesses its portfolio of assets and reclassified certain businesses from Capital Market Solutions to Banking Solutions and to the Corporate and Other segment in the quarter ended March 31, 2023, and recast all prior-period segment information presented. See Note 11 for more information regarding our segments and the related reclassification.

Amounts in tables in the financial statements and accompanying footnotes may not sum or calculate due to rounding.

(2) Divestitures

Planned Separation of Worldpay Merchant Solutions Business

On July 5, 2023, FIS signed a definitive agreement to sell a 55% equity interest in its Worldpay Merchant Solutions business to private equity funds managed by GTCR, LLC ("GTCR") in a transaction valuing the business at up to $18.5 billion, including potential consideration of $1.0 billion contingent on the returns realized by GTCR exceeding certain thresholds. We expect our net proceeds at closing from the sale to be approximately $11.7 billion, consisting of (i) $8.4 billion of proceeds from a pre-closing distribution from the Worldpay business (funded by new debt) and (ii) $5.0 billion from the sale of 55% of our ownership interest, net of estimated selling price adjustments, debt restructuring fees, taxes and transaction costs. FIS will retain a non-controlling 45% ownership interest in a new standalone joint venture.

Subsequent to June 30, 2023, the Merchant disposal group has met the accounting criteria to be classified as held for sale and will be presented as such beginning with the third quarter of 2023. The planned disposition of the Worldpay Merchant Solutions business represents a strategic shift that will have a major impact on the Company’s operations and financial results. Accordingly, the Company plans to present the operating results and cash flows of the Worldpay Merchant Solutions business as discontinued operations for all periods presented in the financial statements beginning in the third quarter of 2023.

The transaction is expected to close by the first quarter of 2024, subject to regulatory approvals and other customary closing conditions. Following the closing of this transaction, FIS' ownership interest in Worldpay is expected to be reported as income from minority interest.

(3) Acquisitions

Virtus Acquisition

On January 2, 2020, FIS acquired a majority interest in Virtus Partners ("Virtus"), previously a privately held company that provides high-value managed services and technology to the credit and loan market. The acquisition was accounted for as a business combination. FIS acquired a 70% voting and financial interest in Virtus with 30% interest retained by the founders of Virtus ("Founders"). The agreement between FIS and the Founders provided FIS with a call option to purchase, and the Founders with a put option requiring FIS to purchase, all of the Founders' retained interest in Virtus at a redemption value determined pursuant to performance goals stated in the agreement, exercisable at any time after two years and three years, respectively, following the acquisition date. In January 2023, the Founders exercised their put option, and as a result, FIS paid the $173 million redemption value, recorded as a financing activity in the consolidated statement of cash flows, and now owns 100% of Virtus.

(4) 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. Prior-period amounts have been reclassified to conform to the new reportable segment presentation as discussed in Note 11.

For the three months ended June 30, 2023 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Primary Geographical Markets:					
North America	$ 1,456	$ 954	$ 424	$ 27	$ 2,861
All others	246	358	248	33	885
Total	$ 1,702	$ 1,312	$ 672	$ 60	$ 3,746
Type of Revenue:					
Recurring revenue:					
Transaction processing and services	$ 1,279	$ 1,284	$ 346	$ 40	$ 2,949
Software maintenance	91	1	130	—	222
Other recurring	62	20	20	10	112
Total recurring	1,432	1,305	496	50	3,283
Software license	19	—	79	—	98
Professional services	156	—	97	3	256
Other non-recurring fees	95	7	—	7	109
Total	$ 1,702	$ 1,312	$ 672	$ 60	$ 3,746

For the three months ended June 30, 2022 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Primary Geographical Markets:					
North America	$ 1,439	$ 955	$ 375	$ 65	$ 2,834
All others	239	347	257	42	885
Total	$ 1,678	$ 1,302	$ 632	$ 107	$ 3,719
Type of Revenue:					
Recurring revenue:					
Transaction processing and services	$ 1,254	$ 1,276	$ 314	$ 83	$ 2,927
Software maintenance	91	1	123	—	215
Other recurring	51	23	15	10	99
Total recurring	1,396	1,300	452	93	3,241
Software license	23	1	72	—	96
Professional services	154	—	106	2	262
Other non-recurring fees	105	1	2	12	120
Total	$ 1,678	$ 1,302	$ 632	$ 107	$ 3,719

For the six months ended June 30, 2023 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Primary Geographical Markets:					
North America	$ 2,895	$ 1,730	$ 849	$ 54	$ 5,528
All others	492	686	486	64	1,728
Total	$ 3,387	$ 2,416	$ 1,335	$ 118	$ 7,256
Type of Revenue:					
Recurring revenue:					
Transaction processing and services	$ 2,578	$ 2,365	$ 686	$ 80	$ 5,709
Software maintenance	181	1	260	1	443
Other recurring	116	41	39	20	216
Total recurring	2,875	2,407	985	101	6,368
Software license	30	2	152	—	184
Professional services	310	—	197	5	512
Other non-recurring fees	172	7	1	12	192
Total	$ 3,387	$ 2,416	$ 1,335	$ 118	$ 7,256

For the six months ended June 30, 2022 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Primary Geographical Markets:					
North America	$ 2,858	$ 1,740	$ 749	$ 115	$ 5,462
All others	479	674	510	85	1,748
Total	$ 3,337	$ 2,414	$ 1,259	$ 200	$ 7,210
Type of Revenue:					
Recurring revenue:					
Transaction processing and services	$ 2,508	$ 2,364	$ 621	$ 158	$ 5,651
Software maintenance	183	1	249	1	434
Other recurring	103	45	29	19	196
Total recurring	2,794	2,410	899	178	6,281
Software license	54	2	145	—	201
Professional services	298	—	213	4	515
Other non-recurring fees	191	2	2	18	213
Total	$ 3,337	$ 2,414	$ 1,259	$ 200	$ 7,210

Contract Balances

The Company recognized revenue of $184 million and $189 million during the three months and $502 million and $499 million during the six months ended June 30, 2023 and 2022, 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 June 30, 2023, approximately $23.0 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 22% 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, as its contracts either have an original duration of one year or less or contain variable consideration that is allocated entirely to the day of performance under its stand-ready performance obligations comprised of a series of distinct daily services. The aggregate fixed consideration portion of customer contracts with an initial contract duration greater than one year is not material.

(5) 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):

	June 30, 2023	December 31, 2022
Cash and cash equivalents on the consolidated balance sheets	$ 1,982	$ 2,188
Merchant float (in Settlement assets)	2,379	2,625
Total Cash and cash equivalents and restricted cash per the consolidated statements of cash flows	$ 4,361	$ 4,813

Settlement Assets

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

	June 30, 2023	December 31, 2022
Settlement assets		
Settlement deposits	$ 443	$ 492
Merchant float	2,379	2,625
Settlement receivables	1,278	2,738
Total Settlement assets	$ 4,100	$ 5,855

Intangible Assets, Software and Property and Equipment

The following table provides details of Intangible assets, Software and Property and equipment as of June 30, 2023, and December 31, 2022 (in millions):

	June 30, 2023			December 31, 2022		
	Cost	Accumulated depreciation and amortization	Net	Cost	Accumulated depreciation and amortization	Net
Intangible assets	$ 18,464	$ 10,380	$ 8,084	$ 18,260	$ 9,304	$ 8,956
Software	$ 6,827	$ 3,559	$ 3,268	$ 6,607	$ 3,369	$ 3,238
Property and equipment	$ 2,436	$ 1,607	$ 829	$ 2,381	$ 1,519	$ 862

As of June 30, 2023, Intangible assets, net of amortization, includes $7,894 million of customer relationships and $190 million of trademarks and other intangible assets. Amortization expense with respect to Intangible assets was $499 million and $545 million for the three months and $996 million and $1,102 million for the six months ended June 30, 2023 and 2022, respectively.

Depreciation expense for property and equipment was $56 million and $64 million for the three months and $114 million and $137 million for the six months ended June 30, 2023 and 2022, respectively.

Amortization expense with respect to software was $246 million and $274 million for the three months and $497 million and $561 million for the six months ended June 30, 2023 and 2022, respectively. The Company recorded $11 million and $47 million, during the three months and $27 million and $109 million during the six months ended June 30, 2023 and 2022, respectively, of incremental software amortization expense resulting from 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.

For the three and six months ended June 30, 2022, the Company recorded $29 million of impairment primarily related to a non-strategic business. For the six months ended June 30, 2022, the Company also 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 six months ended June 30, 2023, are summarized below (in millions). Prior-period amounts have been reclassified to conform to the new reportable segment presentation as discussed in Note 11.

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate And Other	Total
Balance, December 31, 2022	$ 12,536	$ 17,460	$ 4,260	$ 20	$ 34,276
Asset impairments	—	(6,839)	—	—	(6,839)
Foreign currency adjustments	9	206	29	—	244
Balance, June 30, 2023	$ 12,545	$ 10,827	$ 4,289	$ 20	$ 27,681

We assess goodwill for impairment on an annual basis during the fourth quarter or more frequently if circumstances indicate potential impairment. We evaluated if events and circumstances as of June 30, 2023, indicated potential impairment of our reporting units.

For our Banking and Capital Markets reporting units, we performed a qualitative assessment by examining factors most likely to affect our reporting units' fair values, including the impact of recent U.S. bank failures. The factors examined involve 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 June 30, 2023, we concluded that it remained more likely than not that the fair value continues to exceed the carrying amount for each of these reporting units; therefore, goodwill was not impaired. Given the substantial excess of fair value over carrying amounts, we believe the likelihood of obtaining materially different results based on a change of assumptions to be low.

For our Merchant reporting unit, events and circumstances during the three months ended June 30, 2023, indicated potential goodwill impairment. As recently as December 31, 2022, the Merchant reporting unit’s carrying value was equal to its estimated fair value, creating a possibility of future goodwill impairment as a result of any further decrease in its estimated fair value. Also, as of June 30, 2023, the Company was in negotiations to sell, and expected that it was more likely than not that it would sell, a majority stake in the reporting unit. Accordingly, we performed a quantitative goodwill impairment assessment as of June 30, 2023. To estimate the fair value of the reporting unit, we used a market approach based on the price at which the Company subsequently agreed to sell a majority interest in the Worldpay Merchant Solutions business as further discussed in Note 2 to the consolidated financial statements. Based on this price, inclusive of estimated selling price adjustments and fair value of contingent consideration, the estimated fair value of the reporting unit was less than its carrying value, and we recorded a $6.8 billion impairment charge in the second quarter of 2023. As a result, the Merchant reporting unit's carrying value as of June 30, 2023, is equal to its fair value. The Merchant disposal unit will be evaluated under an asset-held-for-sale accounting model beginning in the third quarter of 2023. Under an asset-held-for-sale model, the disposal unit will be valued at fair value less cost to sell, and the value could be affected by changes in estimated selling price adjustments or fair value of contingent consideration. Additionally, the carrying value will be adjusted to include cumulative translations adjustments. These factors could result in further impairment.

The total carrying amount of goodwill as of June 30, 2023, and December 31, 2022, is net of accumulated impairment charges of $24.5 billion. $24.4 billion of this amount relates to Merchant Solutions stemming from a $6.8 billion impairment recorded in the second quarter of 2023 and $17.6 billion recorded during the fourth quarter of 2022. Additionally, $94 million relates to non-strategic businesses within Corporate and Other.

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. The preferred stock becomes convertible into Visa Inc. Class A common stock ("common stock") in stages as determined by Visa Inc. in accordance with the relevant transaction documents pertaining to the aforementioned disposal of the Visa Europe ownership interest. The preferred stock becomes fully convertible no later than 2028 (subject to a holdback to cover any pending claims). 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 $80 million and $55 million at June 30, 2023, and December 31, 2022, respectively, recorded in Other noncurrent assets on the consolidated balance sheets. The fair value of the CVR liability was $361 million and $342 million at June 30, 2023, and December 31, 2022, 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 $9 million and $25 million for the three months and $6 million and $49 million for the six months ended June 30, 2023 and 2022, 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 by the Company as well as investments obtained through acquisitions. Such investments totaled $365 million and $393 million at June 30, 2023, and December 31, 2022, 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. These adjustments are generally considered Level 2-type fair value measurements. The Company records realized and unrealized gains and losses on these investments as well as impairment losses as Other income (expense), net on the consolidated statements of earnings (loss) and recorded net gains (losses) of $(32) million and $6 million for the three months and $(34) million and $47 million for the six months ended June 30, 2023 and 2022, respectively, related to these investments.

(6) Deferred Contract Costs

Origination and fulfillment costs from contracts with customers capitalized as of June 30, 2023, and December 31, 2022, consisted of the following (in millions):

	June 30, 2023	December 31, 2022
Contract costs on implementations in progress	$ 209	$ 250
Contract origination costs on completed implementations, net	645	579
Contract fulfillment costs on completed implementations, net	270	251
Total Deferred contract costs, net	$ 1,124	$ 1,080

Amortization of deferred contract costs on completed implementations was $85 million and $92 million during the three months and $176 million and $188 million during the six months ended June 30, 2023 and 2022, respectively.

The Company recorded $2 million and $12 million during the three months and $5 million and $28 million during the six months ended June 30, 2023 and 2022, respectively, of incremental amortization expense related to deferred contract costs resulting from the Company's platform modernization.

(7) Debt

Long-term debt as of June 30, 2023, and December 31, 2022, consisted of the following (in millions):

	June 30, 2023				
	Interest Rates	Weighted Average Interest Rate (1)	Maturities	June 30, 2023	December 31, 2022
Fixed Rate Notes					
Senior USD Notes	0.6% - 5.6%	4.0%	2024 - 2052	$ 8,659	$ 9,409
Senior Euro Notes	0.6% - 3.0%	1.9%	2024 - 2039	4,897	6,154
Senior GBP Notes	2.3% - 3.4%	7.1%	2029 - 2031	1,171	1,119
Revolving Credit Facility (2)		6.3%	2026	301	280
Incremental Revolving Credit Facility (3)			2023	—	—
Other (4)				(654)	(622)
Total long-term debt, including current portion				14,374	16,340
Current portion of long-term debt				(785)	(2,133)
Long-term debt, excluding current portion				$ 13,589	$ 14,207

(1) The weighted average interest rate includes the impact of interest rate swaps and excludes the impact of cross-currency interest rate swaps (see Note 8).
(2) Through June 30, 2023, 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. Effective July 1, 2023, the Adjusted Term SOFR replaced LIBOR as the reference rate and added an additional spread to the interest rate of up to 0.428%. The weighted average interest rate on the Revolving Credit Facility excludes fees.
(3) Interest on the Incremental Revolving Credit Facility is generally payable at a rate, at the option of the Company, equal to the Term SOFR Rate plus 0.10% plus a margin of up to 1.625% or equal to the Base Rate plus a margin of up to 0.625%, in either case plus an unused commitment fee of up to 0.225%.
(4) Other includes financing obligations for certain hardware and software, the fair value of interest rate swaps (see Note 8), unamortized non-cash bond discounts and unamortized debt issuance costs.

Short-term borrowings as of June 30, 2023, and December 31, 2022, consisted of the following (in millions):

	June 30, 2023			
	Weighted Average Interest Rate	Maturities	June 30, 2023	December 31, 2022
Euro-commercial paper notes ("ECP Notes")	3.6 %	Up to 183 days	$ 2,851	$ 2,054
U.S. commercial paper notes ("USCP Notes")	5.5 %	Up to 397 days	2,293	1,701
Other			—	42
Total Short-term borrowings			$ 5,144	$ 3,797

As discussed further in Note 8, the Company is a party to interest rate swaps that convert a portion of its fixed-rate debt to variable-rate debt and fixed-for-fixed cross-currency interest rate swaps under which it agrees to receive interest in foreign currency in exchange for paying interest in U.S. dollars. These interest rate swaps are designated as fair value hedges of its fixed rate debt. The Company has also entered into cross-currency interest rate swaps under which it agrees to receive interest in U.S. dollars in exchange for paying interest in a foreign currency. Although these cross-currency interest rate swaps are entered into as net investment hedges of its investments in certain of its non-U.S. subsidiaries, and not for the purpose of hedging interest rates, the benefit or cost of such hedges is reflected in interest expense in the consolidated statement of earnings. As of June 30, 2023, the weighted average interest rate of the Company's outstanding debt was 4.1%, including the impact of interest rate swaps and cross-currency interest rate swaps designated as fair value hedges but excluding the impact of cross-currency interest rate swaps designated as net investment hedges. Including the impact of the net investment hedge cross-currency interest rate swaps on interest expense, the weighted average interest rate of the Company's outstanding debt was 3.4%.

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 8) and net unamortized non-cash bond discounts of $(650) million as of June 30, 2023 (in millions):

	Total
2023 remaining period	$ 22
2024	1,331
2025	1,448
2026	1,261
2027	2,162
Thereafter	8,892
Total principal payments	15,116
Debt issuance costs, net of accumulated amortization	(92)
Total long-term debt	$ 15,024

There are no mandatory principal payments on the Revolving Credit Facility or the Incremental Revolving Credit Facility, and any balance outstanding on the Revolving Credit Facility or the Incremental Revolving Credit Facility will be due and payable at each such facility's scheduled maturity date, which occur on March 2, 2026, and December 15, 2023, respectively.

Senior Notes

On May 21, 2023, FIS repaid an aggregate principal amount of €1.3 billion in Senior Euro Notes, on their due date, pursuant to the related indenture.

On March 1, 2023, FIS repaid an aggregate principal amount of $750 million in Senior USD Notes, on their due date, pursuant to the related indenture.

On December 3, 2022, FIS repaid an aggregate principal amount of €1.0 billion in Senior Euro Notes, on their due date, pursuant to the related indenture.

On July 13, 2022, FIS completed the issuance and sale of Senior USD Notes with an aggregate principal amount of $2.5 billion with interest rates ranging from 4.5% to 5.6% and maturities ranging from 2025 to 2052. The proceeds from the debt issuance were used for the repayment of debt under our commercial paper programs in the third quarter of 2022.

Revolving Credit Facilities

On February 28, 2023, FIS entered into a Incremental Revolving Credit Facility which provides credit commitments outstanding of $2.0 billion, with a scheduled maturity date of December 15, 2023. The proceeds of any borrowings under the Incremental Revolving Credit Facility will be used to provide ongoing working capital and for other general corporate purposes of the Company and its subsidiaries, including the repayment of certain existing debt of the Company and its subsidiaries and to backstop the Company’s commercial paper program. The Incremental Revolving Credit Facility contains customary covenants restricting, among other things, the incurrence of indebtedness, certain restricted payments and use of proceeds as well as to maintain certain financial ratios.

As of June 30, 2023, the borrowing capacity under the Revolving Credit Facility and Incremental Revolving Credit Facility was $2,055 million (net of $5,144 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 $1,799 million and $1,873 million lower than the carrying value, excluding the fair value of the interest rate swaps and unamortized discounts, as of June 30, 2023, and December 31, 2022, respectively.

(8) 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 each of June 30, 2023, and December 31, 2022, 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 $616 million and $578 million reflected as a decrease in the long-term debt balance at June 30, 2023, and December 31, 2022, respectively (see Note 7).

During the quarter ended June 30, 2023, the Company entered into an aggregate notional amount of £925 million fixed-for-fixed cross-currency interest rate swaps to hedge its exposure to foreign currency risk associated with its Senior GBP notes. These swaps are designated as fair value hedges for accounting purposes with a net liability fair value of $2 million at June 30, 2023. Changes in the swap fair values attributable to changes in spot foreign currency exchange rates are recorded in Other income (expense), and changes attributable to excluded components, such as changes in fair value due to forward foreign currency exchange rates and cross-currency basis spreads, are recorded in Accumulated other comprehensive earnings (loss). The Company records the impact of the excluded components in earnings through Interest expense using the amortization approach.

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 and related income tax (expense) benefit within Other comprehensive earnings (loss), net of tax, on the consolidated statements of comprehensive earnings (loss) for its designated net investment hedges as follows (in millions). No ineffectiveness has been recorded on the net investment hedges.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Foreign currency-denominated debt designations	$ (7)	$ 492	$ (123)	$ 666
Cross-currency interest rate swap designations	(84)	381	(189)	468
Total	$ (91)	$ 873	$ (312)	$ 1,134

Foreign Currency-Denominated Debt Designations

The Company has designated certain foreign currency-denominated debt as net investment hedges of its investment in Euro- and Pound Sterling-denominated operations. As of June 30, 2023, and December 31, 2022, an aggregate €7,100 million and €7,646 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 2024 to 2039 and ECP Notes. During the quarter ended June 30, 2023, the Company de-designated its Senior GBP notes as net investment hedges due to the new fair value hedges noted above. As of June 30, 2023, no GBP-denominated debt was designated as a net investment hedge. As of December 31, 2022, an aggregate £726 million was designated as a net investment hedge of the Company's Pound Sterling-denominated operations related to the Senior GBP Notes.

Cross-Currency Interest Rate Swap Designations

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

As of June 30, 2023, and December 31, 2022, aggregate notional amounts of €6,343 million and €6,343 million, respectively, were designated as net investment hedges of the Company's investment in Euro-denominated operations, and aggregate notional amounts of £2,380 million and £2,580 million, respectively, were designated as net investment hedges of the

Company's Pound Sterling-denominated operations. The cross-currency interest rate swap fair values totaled assets of $178 million and $336 million and liabilities of $(150) million and $(72) million at June 30, 2023, and December 31, 2022, respectively.

During the six months ended June 30, 2023 and 2022, the Company (paid) received net proceeds of approximately $(17) million and $645 million, respectively, for the fair values of the cross-currency interest rate swaps as of the settlement dates. The proceeds were recorded within investing activities on the consolidated statements of cash flows. Following the settlement of the existing cross-currency interest rate swaps during 2022, the Company entered into new cross-currency interest rate swaps at current market terms with similar notional amounts and maturity dates as the settled cross-currency interest rate swaps.

(9) Commitments and Contingencies

Securities and Shareholder Matters

On March 6, 2023, a complaint captioned *Palm Bay Police and Firefighters' Pension Fund v. Fidelity National Information Services, Inc., et al.,* was filed in the United States District Court for the Middle District of Florida by a shareholder of the Company seeking damages on behalf of a class consisting of all persons who purchased the Company's common stock between February 9, 2021, and February 10, 2023. This action has been consolidated with a related action that seeks damages on behalf of a class consisting of all persons who purchased the Company's common stock between May 7, 2020, and February 10, 2023, and the consolidated case is now captioned *In re Fidelity National Information Services, Inc. Securities Litigation*. This putative class action, which names the Company and certain of its current and former officers as defendants, seeks damages for alleged violations of federal securities laws in connection with our disclosures relating to our Merchant Solutions segment, including with respect to Worldpay's valuation, integration, and synergies. A lead plaintiff has been appointed, and a consolidated amended complaint is due on August 2, 2023.

On April 27, 2023, a shareholder derivative action captioned *Portia McCollum, derivatively on behalf of Fidelity National Information Services, Inc. v. Gary Norcross et al.,* was filed in the same court by a shareholder of the Company. Plaintiff dismissed the suit without prejudice and sent a demand pursuant to Georgia Code § 14-2-742. Another putative stockholder, City of Hialeah Employees' Retirement System, sent a similar demand. The demands claim that FIS officers and directors violated federal securities laws and breached fiduciary duties in connection with Worldpay's valuation, integration, and synergies, and they demand that the Board investigate and commence legal proceedings against officers and directors in connection with the purported wrongdoing.

While we believe the cases and demands are without merit, no assurance can be given as to their ultimate outcome. We intend to contest them vigorously.

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, of which 13 are still active, asserting potential tax liabilities of approximately $13 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 $36 million, making the total potential exposure for all 38 claims approximately $49 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 2023, the Company exercised its third call option pursuant to the Amendment,
which results in fixed cash payments to Fifth Third of $138 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 June 30, 2023, and December 31, 2022, include a total liability of $138 million and $266 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.

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.

(10) Net Earnings (Loss) per Share

The basic weighted average shares and common stock equivalents for the three and six months ended June 30, 2023 and 2022, were computed using the treasury stock method.

The following table summarizes net earnings and net earnings per share attributable to FIS common stockholders for the three and six months ended June 30, 2023 and 2022 (in millions, except per share amounts):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net earnings attributable to FIS common stockholders	$ (6,596)	$ 277	$ (6,456)	$ 397
Weighted average shares outstanding-basic	592	608	592	609
Plus: Common stock equivalent shares	—	3	—	3
Weighted average shares outstanding-diluted	592	611	592	612
Net earnings per share-basic attributable to FIS common stockholders	$ (11.14)	$ 0.46	$ (10.91)	$ 0.65
Net earnings per share-diluted attributable to FIS common stockholders	$ (11.14)	$ 0.45	$ (10.91)	$ 0.65

The diluted net loss per share for the three and six months ended June 30, 2023, did not include the effect of common stock equivalent shares of 2 million and 1 million, respectively, because the effect would have been anti-dilutive. Options to purchase approximately 9 million and 5 million shares of our common stock for the three months and 9 million and 5 million for the six months ended June 30, 2023 and 2022, respectively, were not included in the computation of diluted earnings per share because they were anti-dilutive.

In January 2021, our Board of Directors approved a 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. Approximately 64 million shares remained available for repurchase as of June 30, 2023.

(11) Segment Information

FIS reports its financial performance based on the following segments: Banking Solutions, Merchant Solutions, Capital Market Solutions and Corporate and Other. Below is a summary of each segment. The Company regularly assesses its portfolio of assets and reclassified certain businesses from Capital Market Solutions to Banking Solutions and to the Corporate and Other segment in the quarter ended March 31, 2023, and recast all prior-period segment information presented. These operations represented less than 1% of second quarter and year-to-date 2023 revenue.

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 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 approximately 100 countries. We provide our clients integrated solutions characterized by multi-year processing contracts that generate 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.

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.

On July 5, 2023, we signed a definitive agreement to sell a 55% equity interest in the Worldpay Merchant Solutions business as further discussed in Note 2 to the consolidated financial statements and in Item 2 *"Management's Discussion and Analysis of Financial Condition and Results of Operations."*

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 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, integration and transformation-related expenses, that are not considered when management evaluates revenue-generating segment performance.

In the Corporate and Other segment, the Company recorded acquisition, integration and other costs comprised of the following (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Acquisition and integration	$ 9	$ 30	$ 16	$ 75
Enterprise transformation, including Future Forward and platform modernization	78	80	153	160
Severance and other termination expenses, including those associated with enterprise cost control initiatives and changes in senior management	23	36	51	47
Planned separation of the Worldpay Merchant Solutions business	20	—	31	—
Stock-based compensation, primarily from certain performance-based awards	6	41	6	65
Other, including divestiture-related expenses and enterprise cost control and other initiatives	4	34	8	63
Total acquisition, integration and other costs	$ 140	$ 221	$ 265	$ 410

Amounts in table may not sum due to rounding.

Other costs in Corporate and Other also included incremental amortization expense associated with shortened estimated useful lives and accelerated amortization methods for certain software and deferred contract cost assets resulting from the Company's platform modernization totaling $13 million and $42 million for the three months and $32 million and $94 million for the six months ended June 30, 2023 and 2022, respectively, which is recorded in depreciation and amortization in the statement of operations. For the three and six months ended June 30, 2023, the Company recorded a $6.8 billion impairment of goodwill related to the Merchant Solutions reporting unit due to its estimated fair value being less than its carrying value. Additionally, the Company recorded $29 million of asset impairments primarily related to the impairment of a non-strategic business during the three and six months ended June 30, 2022 and $58 million of impairments primarily related to real estate-related assets resulting from office space reductions during the six months ended June 30, 2022.

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) and depreciation and amortization, and excludes certain costs and other transactions that management deems non-operational in nature or that otherwise improve the comparability of operating results across reporting periods by their exclusion. The 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. 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 June 30, 2023 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Revenue	$ 1,702	$ 1,312	$ 672	$ 60	$ 3,746
Operating expenses	(1,132)	(776)	(423)	(7,731)	(10,062)
Depreciation and amortization (including purchase accounting amortization)	154	97	88	547	886
Acquisition, integration and other costs	—	—	—	140	140
Asset impairments	—	—	—	6,841	6,841
Adjusted EBITDA	$ 724	$ 633	$ 337	$ (143)	$ 1,551
Adjusted EBITDA					$ 1,551
Depreciation and amortization					(338)
Purchase accounting amortization					(548)
Acquisition, integration and other costs					(140)
Asset impairments					(6,841)
Interest expense, net					(153)
Other income (expense), net					(53)
(Provision) benefit for income taxes					(72)
Net earnings attributable to noncontrolling interest					(2)
Net earnings attributable to FIS common stockholders					$ (6,596)
Capital expenditures (1)	$ 97	$ 103	$ 64	$ 23	$ 287

(1) Capital expenditures include $20 million in other financing obligations for certain hardware.

For the three months ended June 30, 2022 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Revenue	$ 1,678	$ 1,302	$ 632	$ 107	$ 3,719
Operating expenses	(1,081)	(778)	(405)	(1,081)	(3,345)
Depreciation and amortization (including purchase accounting amortization)	149	89	84	653	975
Acquisition, integration and other costs	—	—	—	221	221
Asset impairments	—	—	—	29	29
Adjusted EBITDA	$ 746	$ 613	$ 311	$ (71)	$ 1,599
Adjusted EBITDA					$ 1,599
Depreciation and amortization					(347)
Purchase accounting amortization					(628)
Acquisition, integration and other costs					(221)
Asset impairments					(29)
Interest expense, net					(47)
Other income (expense), net					30
(Provision) benefit for income taxes					(77)
Net earnings attributable to noncontrolling interest					(3)
Net earnings attributable to FIS common stockholders					$ 277
Capital expenditures	$ 120	$ 109	$ 60	$ 51	$ 340

For the six months ended June 30, 2023 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Revenue	$ 3,387	$ 2,416	$ 1,335	$ 118	$ 7,256
Operating expenses	(2,296)	(1,495)	(859)	(8,584)	(13,234)
Depreciation and amortization (including purchase accounting amortization)	309	193	181	1,099	1,782
Acquisition, integration and other costs	—	—	—	265	265
Asset impairments	—	—	—	6,841	6,841
Adjusted EBITDA	$ 1,400	$ 1,114	$ 657	$ (261)	$ 2,910
Adjusted EBITDA					$ 2,910
Depreciation and amortization					(686)
Purchase accounting amortization					(1,096)
Acquisition, integration and other costs					(265)
Asset impairments					(6,841)
Interest expense					(291)
Other income (expense), net					(63)
(Provision) benefit for income taxes					(121)
Net earnings attributable to noncontrolling interest					(3)
Net earnings (loss) attributable to FIS common stockholders					$ (6,456)
Capital expenditures (1)	$ 195	$ 205	$ 127	$ 39	$ 566

(1) Capital expenditures include $20 million in other financing obligations for certain hardware.

For the six months ended June 30, 2022 (in millions):

	Banking Solutions	Merchant Solutions	Capital Market Solutions	Corporate and Other	Total
Revenue	$ 3,337	$ 2,414	$ 1,259	$ 200	$ 7,210
Operating expenses	(2,185)	(1,459)	(818)	(2,217)	(6,679)
Depreciation and amortization (including purchase accounting amortization)	302	181	170	1,335	1,988
Acquisition, integration and other costs	—	—	—	410	410
Asset impairments	—	—	—	87	87
Adjusted EBITDA	$ 1,454	$ 1,136	$ 611	$ (185)	$ 3,016
Adjusted EBITDA					$ 3,016
Depreciation and amortization					(710)
Purchase accounting amortization					(1,278)
Acquisition, integration and other costs					(410)
Asset impairments					(87)
Interest expense, net					(90)
Other income (expense), net					92
(Provision) benefit for income taxes					(132)
Net earnings attributable to noncontrolling interest					(4)
Net earnings attributable to FIS common stockholders					$ 397
Capital expenditures	$ 278	$ 252	$ 144	$ 78	$ 752

(12) Subsequent Event

On July 5, 2023, we signed a definitive agreement to sell a 55% equity interest in the Worldpay Merchant Solutions business as further discussed in Note 2 to the consolidated financial statements and in Item 2 *"Management's Discussion and Analysis of Financial Condition and Results of Operations."*

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, projected revenue or expense synergies or dis-synergies, business and market conditions, outlook, foreign currency exchange rates, deleveraging plans, expected dividends and share repurchases of the Company, the Company's sales pipeline and anticipated profitability and growth, plans, strategies and objectives for future operations, strategic value creation, risk profile and investment strategies, any statements regarding future economic conditions or performance and any statements with respect to the previously announced pending sale of a 55% equity stake in the Worldpay Merchant Solutions business ("pending Worldpay transaction"), the expected financial and operational results of the Company, and expectations regarding the Company's business or organization after the pending Worldpay transaction, 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. These statements may be identified by words such as "expect," "anticipate," "intend," "plan," "believe," "will," "should," "could," "would," "project," "continue," "likely," and similar expressions, and include statements reflecting future results or guidance, statements of outlook and various accruals and estimates. 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 these forward-looking statements. The risks and uncertainties to which forward-looking statements are subject include the following, without limitation:

- 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 or interest, changes in either or both the United States and international lending, capital and financial markets or currency fluctuations;
- 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;
- 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, 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 or privacy 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 risk that partners and third parties may fail to satisfy their legal obligations and risks associated with managing pension cost, cybersecurity issues, IT outages and data privacy;
- uncertainties as to the timing of the consummation of the pending Worldpay transaction or whether such sale will be completed;
- risks associated with the impact, timing or terms of the pending Worldpay transaction;
- risks associated with the expected benefits and costs of the pending Worldpay transaction, including the risk that the expected benefits of the pending Worldpay transaction or any contingent purchase price will not be realized within the expected timeframe, in full or at all;
- the risk that conditions to the pending Worldpay transaction will not be satisfied and/or that the pending Worldpay transaction will not be completed within the expected timeframe, on the expected terms or at all;
- the risk that any consents or regulatory or other approvals required in connection with the pending Worldpay transaction will not be received or obtained within the expected timeframe, on the expected terms or at all;
- the risk that the financing intended to fund the pending Worldpay transaction may not be obtained;
- the risk that the costs of restructuring transactions and other costs incurred in connection with the pending Worldpay transaction will exceed our estimates or otherwise adversely affect our business or operations;
- the impact of the pending Worldpay transaction on our businesses and the risk that the pending Worldpay transaction may be more difficult, time-consuming or costly than expected, including the impact on our resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, governmental authorities, suppliers, employees and other business counterparties;
- 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, 2022, 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 these 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 these 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 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: Banking Solutions ("Banking"), Merchant Solutions ("Merchant"), Capital Market Solutions ("Capital Markets") and Corporate and Other. The Company regularly assesses its portfolio of assets and reclassified certain businesses from Capital Market Solutions to Banking Solutions and to the Corporate and Other Segment in the quarter ended March 31, 2023, and recast all prior-period segment information presented. A description of our segments is included in Note 11 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 solutions, 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, Canada and Brazil. 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 solutions, 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 U.S. and Europe, the two largest geographic areas for our businesses, are experiencing slower economic growth than in recent years. Lengthening sales cycles observed in 2022, particularly across large transactions with a total contract value in excess of $50 million, persisted in the first half of 2023, particularly in Banking. We also experienced, and continue to experience, higher rates of inflation in these markets, including increasing wage and benefits rates, which management believes is in part due to inflation and in part due to competitive job markets for the skilled employees who support our businesses, as well as increasing non-labor-related costs. Given the nature of our varied businesses, the magnitude of future effects of slower economic growth, including lengthy sales cycles and inflation, are difficult to predict, although they have had and are expected to continue to have an adverse effect on our results of operations. In 2022, the strengthening of the U.S. dollar had a negative impact on our revenue and earnings; however, the U.S. dollar has weakened in recent months, tempering the effects. Given the volatility of exchange rates and the mix of currencies involved in both revenues and expenses, the direction and magnitude of future effects of currency fluctuations are uncertain. Rising interest rates have had, and may continue to have, a negative impact on our interest expense.

Slowing Merchant segment revenue growth trends observed over the second half of 2022, reflecting both slower economic growth, particularly in the U.K., and competitive pressures, continued in the first half of 2023, and we anticipate them to continue in the short term. In addition, the war in Ukraine has negatively affected, and as long as it continues is expected to continue to negatively affect, our Merchant business. In 2022, we recorded a goodwill impairment charge of $17.6 billion related to the Merchant Solutions reporting unit, reflecting our intermediate-term expectation of lower growth in the segment. In the second quarter of 2023, we recorded an additional $6.8 billion impairment, reflective of the price at which we agreed to sell a majority interest in the Worldpay Merchant Solutions business as discussed further below. See also "*Goodwill Impairment*" in our Critical Accounting Policies and Note 7 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as well as Critical Accounting Policies and Note 5 to the consolidated financial statements in this Quarterly Report on Form 10-Q for further details on the goodwill impairments.

As a result of the factors noted above, for the Company as a whole, we expect 2023 revenue growth will be substantially slower than 2022, and we expect to experience margin compression in 2023 as compared to 2022. Over the longer term, we expect improvements in revenue growth and margins in response to improving economic conditions and planned management actions, including our Future Forward program discussed below.

On July 5, 2023, we signed a definitive agreement to sell a 55% equity interest in the Worldpay Merchant Solutions business to private equity funds managed by GTCR, LLC ("GTCR") in a transaction valuing the business at up to $18.5 billion, including potential consideration of $1.0 billion contingent on the returns realized by GTCR exceeding certain thresholds. We expect our net proceeds at closing from the sale to be approximately $11.7 billion, consisting of (i) $8.4 billion of proceeds from a pre-closing distribution from the Worldpay business (funded by new debt) and (ii) $5.0 billion from the sale of 55% of our ownership interest, net of estimated selling price adjustments, debt restructuring fees, taxes and transaction costs. The net proceeds are subject to adjustments for closing levels of the Worldpay Merchant Solutions business's debt, working capital relative to an agreed target and available cash relative to an agreed minimum. We will retain a non-controlling 45% ownership interest in a new standalone joint venture. We intend to use proceeds from the sale to pay down debt and return additional capital to shareholders through our existing share repurchase authorization, as well as for general corporate purposes, while maintaining an investment grade credit rating. In connection with the sale, FIS and Worldpay will enter into commercial agreements, preserving a key value proposition for clients of both businesses and minimizing potential dis-synergies. The transaction is expected to close by the first quarter of 2024, subject to regulatory approvals and other customary closing conditions. Following the closing of this transaction, FIS' ownership interest in Worldpay will be reported as income from minority interest. Also in connection with this transaction, we plan to present the operating results and cash flows of the Worldpay Merchant Solutions business as discontinued operations for all periods presented beginning with the third quarter of 2023.

In November 2022, we launched an enterprise-wide efficiency program, Future Forward, with a focus on streamlining operations, accelerating time to market of new solutions and improving profitability and cash flow. As of June 30, 2023, we achieved annualized run-rate Future Forward cash savings of over $315 million exiting the quarter, including over $175 million of operational expense savings and over $140 million of capital expense savings. In light of the recently announced Worldpay separation, we are updating our target post-separation cash savings exiting 2024 from $1.25 billion to $1.0 billion, of which over two-thirds represents annualized run-rate savings. This $1.0 billion represents an expected retention of 80% of the original program's total commitment, prior to the effects of the pending sale of a majority interest in the Worldpay Merchant Solutions business.

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.

We continue to invest in modernization, innovation and integrated solutions 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.

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. 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.

Consolidation within the banking industry has occurred and may 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 solutions if such solutions are chosen to survive the consolidation and to support the newly combined entity. Conversely, we may lose revenue if we are providing solutions to both entities, or if a client of ours is involved in a consolidation and our solutions are not chosen 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 solutions that we currently provide or could provide. We seek to mitigate the risks of consolidations by offering other competitive solutions to take advantage of specific opportunities at the surviving company.

Recent U.S. bank failures could negatively impact our results to the extent more of our customers become illiquid; however, our current exposure to recent failures is limited, and we may be a long-term beneficiary of the recent disruption. As a leading provider of financial technology services to the top 100 U.S. banks by asset size as well as other global financial institutions, FIS boasts a highly diversified customer base, with no single customer accounting for more than approximately 1% of 2022 total Company revenue. With respect to U.S. financial institution customers that closed during the first six months of 2023, FIS continues to provide services for these banks and is paid during their transition, and our revenue exposure from potential contract terminations related to these banks is not material. Further, FIS' core banking customer contracts are generally structured with fees that increase based on the number of active accounts or transactions rather than the amount of deposits. Thus, to the extent account volume increases, we are positioned to benefit from this growth as a leading core banking services provider to large financial institutions.

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 digital currencies. The payment processing industry is adopting new technologies, developing new solutions, 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 solutions 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 in the long term. 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, such as those operated by FIS, continue to grow in frequency, complexity and sophistication. This is a trend we expect to continue. These circumstances present both a threat and an opportunity for FIS. We maintain significant focus on and investment in information security that is designed to mitigate threats to our systems and solutions. Through the expertise we have gained with this ongoing focus and investment, we have developed and offer fraud, security, risk management and compliance solutions to target the 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, 2022, except with respect to our goodwill impairment assessment. As discussed in Note 5 to the consolidated financial statements, the Company performed a quantitative goodwill impairment assessment of the Merchant reporting unit as of June 30, 2023. To estimate the fair value of the reporting unit, we used a market approach based on the price at which the Company has agreed to sell a majority interest in the Worldpay Merchant Solutions business. The estimated fair value included estimated selling price adjustments and fair value of contingent consideration based on the terms and conditions of the definitive agreement related to the sale. A 10% increase or decrease in the estimated net purchase price adjustments and fair value of contingent consideration would not have a material impact to the impairment charge.

Consolidated Results of Operations - Comparisons of three- and six-month periods ended June 30, 2023 and 2022

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(In millions)				(In millions)			
Revenue	$ 3,746	$ 3,719	$ 27	1 %	$ 7,256	$ 7,210	$ 46	1 %
Cost of revenue	(2,188)	(2,234)	46	(2)	(4,356)	(4,475)	119	(3)
Gross profit	1,558	1,485	73	5	2,900	2,735	165	6
Gross profit margin	42 %	40 %			40 %	38 %		
Selling, general and administrative expenses	(1,033)	(1,082)	49	(5)	(2,037)	(2,117)	80	(4)
Asset impairments	(6,841)	(29)	(6,812)	NM	(6,841)	(87)	(6,754)	NM
Operating income	$ (6,316)	$ 374	(6,690)	NM	$ (5,978)	$ 531	(6,509)	NM
Operating margin	(169)%	10 %			(82)%	7 %		

NM = Not meaningful

Revenue

Revenue for the three months ended June 30, 2023, increased primarily due to strong recurring revenue growth in Banking and Capital Markets segments and increased revenue in Merchant driven by increased volumes.

Revenue for the six months ended June 30, 2023, increased primarily due to strong recurring revenue growth in Banking and Capital Markets segments. Revenue in Merchant and Capital Markets was negatively impacted by unfavorable foreign currency movements, primarily related to a stronger U.S. Dollar versus the British Pound Sterling and Euro as compared to the prior-year period. 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 and six months ended June 30, 2023, decreased due to lower intangible asset amortization resulting primarily from foreign currency movements contributing to higher gross profit and gross profit margin.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three and six months ended June 30, 2023, decreased primarily due to lower acquisition, integration and other costs, partially offset by higher corporate expenses.

Asset Impairments

For the three and six months ended June 30, 2023, the Company recorded a $6.8 billion impairment of goodwill related to the Merchant Solutions reporting unit due to its estimated fair value being less than its carrying value. For the three and six months ended June 30, 2022, the Company recorded $29 million of impairments primarily related to a non-strategic business. For the six months ended June 30, 2022, the Company also recorded $58 million of impairments primarily related 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 and six months ended June 30, 2023, resulted from the revenue and cost variances noted above. The operating margin for the three and six months ended June 30, 2023, included impairment of goodwill related to the Merchant Solutions reporting unit and was partially offset by lower intangible asset amortization compared to the prior-year period.

Total Other Income (Expense), Net

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(In millions)				(In millions)			
Other income (expense):								
Interest expense, net	$ (153)	$ (47)	$ (106)	NM	$ (291)	$ (90)	$ (201)	NM
Other income (expense), net	(53)	30	(83)	NM	(63)	92	(155)	NM
Total other income (expense), net	$ (206)	$ (17)	(189)	NM	$ (354)	$ 2	(356)	NM

NM = Not meaningful

The increase in interest expense, net during the three and six months ended June 30, 2023, was primarily due to higher interest rates on our debt and higher outstanding debt throughout the three and six months ended June 30, 2023, offset in part by increased interest income.

Other income (expense), net includes the net change in fair value of the CVR-related preferred stock and CVR liability of $9 million and $25 million for the three months and $6 million and $49 million for the six months ended June 30, 2023 and 2022, respectively. Other income (expense), net also includes net gains (losses) on equity security investments without readily determinable fair values of $(32) million and $6 million for the three months and $(34) million and $47 million for the six months ended June 30, 2023 and 2022, respectively. Net gains (losses) on equity securities investments includes $32 million of impairment for the three and six months ended June 30, 2023, on an equity security investment which the Company agreed to sell for less than its carrying value subsequent to June 30, 2023**.** See Note 5 to the consolidated financial statements.

Provision (Benefit) for Income Taxes

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(In millions)				(In millions)			
Provision (benefit) for income taxes	$ 72	$ 77	$ (5)	NM	$ 121	$ 132	$ (11)	NM
Effective tax rate	(1)%	22 %			(2)%	25 %		

NM = Not meaningful

The decrease in the effective tax rate for the three and six months ended June 30, 2023, was primarily driven by the book impairment of goodwill for which there is no tax basis.

Segment Results of Operations - Comparisons of three- and six- month periods ended June 30, 2023 and 2022

FIS reports its financial performance based on the following segments: Banking Solutions, Merchant 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), depreciation and amortization, and excludes certain costs and other transactions that management deems non-operational in nature or that otherwise improve the comparability of operating results across reporting periods by their exclusion. 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 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. 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 11 to the consolidated financial statements.

Banking Solutions

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(In millions)				(In millions)			
Revenue	$ 1,702	$ 1,678	$ 24	1 %	$ 3,387	$ 3,337	$ 50	1 %
Adjusted EBITDA	$ 724	$ 746	(22)	(3)	$ 1,400	$ 1,454	$ (54)	(4)
Adjusted EBITDA margin	42.5 %	44.5 %			41.3 %	43.6 %		
Adjusted EBITDA margin basis points change	(200)				(230)			

Three months ended June 30:

Revenue in our Banking segment increased 1% year over year for the three months ended June 30, 2023. Recurring revenue contributed 2% to growth, as payments volumes increased year over year, including in our commercial services and value-added processing businesses. Non-recurring revenue contributed (1%) to growth due to a reduction in termination fees versus the prior year.

Adjusted EBITDA and adjusted EBITDA margin declined year over year due to revenue mix.

Six months ended June 30:

Revenue in our Banking segment increased 1% year over year for the six months ended June 30, 2023. Recurring revenue contributed 3% to growth, as payments volumes increased year over year, including in our commercial services and value-added processing businesses. Non-recurring revenue contributed (2%) to growth due to a reduction in termination fees versus the prior year.

Adjusted EBITDA and adjusted EBITDA margin declined year over year due to revenue mix.

Merchant Solutions

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(In millions)				(In millions)			
Revenue	$ 1,312	$ 1,302	$ 10	1 %	$ 2,416	$ 2,414	$ 2	— %
Adjusted EBITDA	$ 633	$ 613	20	3	$ 1,114	$ 1,136	(22)	(2)
Adjusted EBITDA margin	48.3 %	47.1 %			46.1 %	47.0 %		
Adjusted EBITDA margin basis points change	120				(90)			

Three months ended June 30:

Revenue in our Merchant segment increased 1% year over year for the three months ended June 30, 2023, primarily driven by increased transaction volumes. Revenue from our global eCommerce volumes, including revenue related to our Payrix business, contributed 3% to growth. Revenue from our Enterprise business contributed (2%) to growth due to the impact of UK macroeconomic pressures and the decline of low-margin tax processing volumes in the U.S.

Adjusted EBITDA and adjusted EBITDA margin increased year over year due to revenue mix and cost efficiencies.

Six months ended June 30:

Revenue in our Merchant segment was flat year over year for the six months ended June 30, 2023. Higher revenue from our global eCommerce business, including revenue related to our Payrix business, contributed 4% to growth. Enterprise volumes contributed (2%) to growth due to the impact of U.K. macroeconomic pressures and the decline of low-margin tax processing volumes in the U.S. Small- and medium-sized business volumes contributed (1%) to growth. Total revenue was impacted by unfavorable foreign currency movements, which contributed (1%) to growth, due to a stronger U.S. Dollar versus the British Pound Sterling as compared to the prior-year period.

Adjusted EBITDA and adjusted EBITDA margin declined year over year due to revenue mix.

On July 5, 2023, we signed a definitive agreement to sell a 55% equity interest in the Worldpay Merchant Solutions business, as further discussed in Note 2 to the consolidated financial statements and in Item 2 *"Management's Discussion and Analysis of Financial Condition and Results of Operations."*

Capital Market Solutions

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(In millions)				(In millions)			
Revenue	$ 672	$ 632	$ 40	6 %	$ 1,335	$ 1,259	$ 76	6 %
Adjusted EBITDA	$ 337	$ 311	26	8	$ 657	$ 611	46	8
Adjusted EBITDA margin	50.2 %	49.2 %			49.2 %	48.5 %		
Adjusted EBITDA margin basis points change	100				70			

Three months ended June 30:

Revenue in our Capital Markets segment increased 6% year over year for the three months ended June 30, 2023. Recurring revenue contributed 7% to growth due to strong new sales momentum and continued movement to a SaaS-based recurring revenue model. Professional services revenue contributed (1%) to growth.

Adjusted EBITDA and adjusted EBITDA margin increased year over year due to strong contribution margins from revenue growth.

Six months ended June 30:

Revenue in our Capital Markets segment increased 6% year over year for the six months ended June 30, 2023. Recurring revenue contributed 8% to growth due to strong new sales momentum and continued movement to a SaaS-based recurring revenue model. Professional services revenue contributed (1%) to growth. Total revenue was impacted by unfavorable foreign currency movements, which contributed (1%) to growth, due to a stronger U.S. Dollar versus the British Pound Sterling as compared to the prior-year period.

Adjusted EBITDA and adjusted EBITDA margin increased year over year due to strong contribution margins from revenue growth.

Corporate and Other

	Three months ended June 30,				Six months ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
	(In millions)				(In millions)			
Revenue	$ 60	$ 107	$ (47)	(44)%	$ 118	$ 200	$ (82)	(41)%
Adjusted EBITDA	$ (143)	$ (71)	(72)	101	$ (261)	$ (185)	(76)	41

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 June 30:

Revenue in our Corporate and Other segment decreased 44% year over year for the three months ended June 30, 2023, due to the divestiture of non-strategic businesses in 2022.

Adjusted EBITDA decreased from higher corporate expenses as compared to the prior year period.

Six months ended June 30:

Revenue in our Corporate and Other segment decreased 41% year over year for the six months ended June 30, 2023, due to the divestiture of non-strategic businesses in 2022.

Adjusted EBITDA decreased from higher corporate expenses as compared to the prior year period.

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 7 to the consolidated financial statements.

As of June 30, 2023, the Company had $4,037 million of available liquidity, including $1,982 million of cash and cash equivalents and $2,055 million of capacity available under its Revolving Credit Facility and Incremental Credit Facility. Approximately $1,204 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 $19.5 billion, with an effective weighted average interest rate of 3.4%.

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.

A regular quarterly dividend of $0.52 per common share is payable on September 22, 2023, to shareholders of record as of the close of business on September 8, 2023. We currently expect to continue to pay quarterly dividends at a target payout ratio consistent with our previously announced capital allocation strategy. 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, and other factors, including legal and contractual restrictions, that may be considered relevant by our Board of Directors. Additionally, the payment of cash dividends may be limited by covenants in certain debt agreements.

Although we continue to evaluate the optimal capital structure for our business following the completion of the pending sale of a majority interest in the Worldpay Merchant Solutions business, we intend to maintain investment grade debt ratings for FIS. The pending Worldpay transaction will also result in significant one-time costs, a portion of which we may be required to fund.

In January 2021, our Board of Directors approved a 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 share repurchase program has no expiration date and may be suspended for periods, amended or discontinued at any time. Approximately 64 million shares remained available for repurchase as of June 30, 2023. We plan to continue to prioritize debt reduction over share repurchases during the second half of 2023, in part given our outlook for business trends in the second half of 2023. The proceeds from the pending sale of the Worldpay Merchant Solutions business will give us increased flexibility to further reduce debt as well as repurchase shares while maintaining an investment grade credit rating.

Cash Flows from Operations

Cash flows from operations were $1,719 million and $1,920 million for the six-month periods ended June 30, 2023, and 2022, 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 decreased $201 million in the six-month period ended June 30, 2023, primarily due to a decrease in net earnings after adjusting to add back depreciation and other non-cash items.

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 $546 million and $752 million in capital expenditures (excluding other financing obligations for certain hardware and software) during the six-month periods ended June 30, 2023 and 2022, respectively. We expect to continue investing in property and equipment, purchased software and internally developed software to support our business.

During the six-month periods ended June 30, 2023 and 2022, we (paid) received approximately $(17) million and $645 million of net cash reflected as investing activities due to the settlement of existing cross-currency interest rate swaps. See Note 8 to the consolidated financial statements. In January 2023, the Founders of Virtus exercised their put option, and as a result, FIS paid the $173 million redemption value, recorded as a financing activity in the consolidated statement of cash flows.

Financing

For more information regarding the Company's debt and financing activity, see "Risk Factors—Risks Related to Our Indebtedness" in Item 1A of our Annual Report on Form 10-K filed on February 27, 2023, and "Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk" in Item 3 as well as Notes 7 and 8 to the consolidated financial statements.

Contractual Obligations

There were no material changes in our contractual obligations through the six months ended June 30, 2023, in comparison to the table included in our Annual Report on Form 10-K for the year ended December 31, 2022, except as disclosed in Note 7 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 Disclosures About Market Risk

Market Risk

We are exposed to market risks primarily from changes in interest rates and foreign currency exchange rates. We periodically use certain derivative financial instruments, including interest rate swaps, cross-currency 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 7 to the consolidated financial statements) represent the majority of our fixed-rate long-term debt obligations as of June 30, 2023. The carrying value, excluding the fair value of the interest rate swaps described below and unamortized discounts, of our senior notes was $14.7 billion as of June 30, 2023. The fair value of our senior notes was approximately $12.9 billion as of June 30, 2023. 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, Revolving Credit Facility and Incremental Revolving Credit Facility (as described in Note 7 to the consolidated financial statements) and the notional amounts of our interest rate swaps designated as fair value hedges (collectively, "variable-rate debt"). At June 30, 2023, our weighted-average cost of debt was 3.4% with a weighted-average maturity of 5.5 years; 57% of our debt was fixed rate, and the remaining 43% was variable-rate debt, inclusive of fair value adjustments of interest rate swaps. A 100 basis-point increase in the weighted-average interest rate on our variable-rate debt would have increased our annual interest expense by $90 million, including the impact of the interest rate swaps designated as fair value hedges. We performed the foregoing sensitivity analysis based solely on the outstanding balance of our variable-rate debt as of June 30, 2023. 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 the outstanding balance of our variable-rate debt as of June 30, 2022, 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 $74 million.

As of June 30, 2023, the following interest rate swaps converting the interest rate exposure on certain of our senior notes from fixed to variable were outstanding (in millions):

Notional Amount by Currency		Maturities	Weighted Average Receive Rate	Weighted Average Pay Rate
$	1,854	2029 - 2031	2.74 %	6.99 %
£	925	2029 - 2031	3.00 %	7.38 %
€	500	2024	1.10 %	4.06 %

By entering into the aforementioned swap agreements, we have assumed risks associated with variable interest rates based upon LIBOR, or Daily Compounded SOFR or 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 8 to the consolidated financial statements. A 100 basis-point increase in the Daily Compounded SOFR rate, Daily Compounded SONIA rate and 3-month Euribor rate, as applicable, for the interest rate swaps outstanding as of June 30, 2023 and 2022, would increase our annual interest expense by approximately $36 million and $35 million, respectively.

Subsequent to June 30, 2023, we de-designated the above interest rate swaps as fair value hedges for accounting purposes and entered into offsetting interest rate swaps, reducing our variable interest rate risk and resulting in 28% variable-rate debt when calculated as if the de-designations occurred and the offsetting interest swaps had been entered into as of June 30, 2023.

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 $717 million and $704 million during the three months and $1,393 million and $1,408 million during the six months ended June 30, 2023 and 2022, 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, Australian Dollar and Indian Rupee. 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 and six months ended June 30, 2023 and 2022 (in millions):

	Three months ended June 30,		Six months ended June 30,	
Currency	**2023**	**2022**	**2023**	**2022**
Pound Sterling	$ 46	$ 45	$ 89	$ 88
Euro	8	7	15	14
Real	4	4	7	8
Rupee	2	3	4	5
Australian Dollar	3	3	6	6
Total increase or decrease	$ 63	$ 62	$ 121	$ 121

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 and utilizes cross-currency interest rate swaps designated as fair value hedges in order to mitigate the impact of foreign currency risk associated with our foreign currency-denominated debt (see Note 8 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, 2022, for a detailed discussion of risk factors affecting the Company. There have been no material changes in the risk factors described therein except for the addition of the risk factors included below.

Bank failures or sustained financial market disruptions could adversely affect our business, financial condition and results of operations.

We regularly maintain domestic cash deposits in banks that are not subject to insurance protection against loss or exceed the deposit limits. We also maintain cash deposits in foreign banks where we operate, some of which are not insured or are only partially insured. The failure of a bank, or events involving limited liquidity, defaults, non-performance or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, or concerns or rumors about such events, may lead to disruptions in access to our bank deposits or otherwise adversely impact our liquidity and financial performance. There can be no assurance that our deposits in excess of the insurance limits will be backstopped by the U.S. or applicable foreign government, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions or otherwise in the event of a failure or liquidity crisis.

Our clients, including those of our clients that are banks, may be similarly adversely affected by any bank failure or other event affecting financial institutions. Any resulting adverse effects to our clients’ liquidity or financial performance could reduce the demand for our services or affect our allowance for credit losses and collectability of trade receivables. A significant change in the liquidity or financial position of our clients could cause unfavorable trends in receivable collections and cash flows and additional allowances for anticipated losses may be required. These additional allowances could materially adversely affect our future financial results.

In addition, instability, liquidity constraints or other distress in the financial markets, including the effects of bank failures, defaults, non-performance or other adverse developments that affect financial institutions, could impair the ability of one or more of the banks participating in our current or any future credit facilities to honor their commitments. This could have an adverse effect on our business if we were not able to replace those commitments or to locate other sources of liquidity on acceptable terms.

The completion of the announced sale of a majority stake in the Worldpay Merchant Solutions business, its separation into a new standalone joint venture and GTCR's investment therein are subject to various risks and uncertainties, may not be completed in accordance with announced plans, on the currently expected timeline, or at all, and the pending sale may be disruptive to our business operations and adversely affect our profitability.

The pending sale of a majority stake in the Worldpay Merchant Solutions business is subject to various risks and uncertainties that could adversely affect our business, financial condition and results of operations. We have expended and will continue to expend significant management time and resources and have incurred and will continue to incur significant expenses due to legal, advisory and financial services fees related to the sale. These expenses are payable by us regardless of whether the sale is consummated. Accordingly, if the pending sale of a majority stake in the Worldpay Merchant Solutions business is delayed or is not completed on the terms set forth in the definitive purchase and sale agreement, or at all, our business, results of operations, financial condition, cash flows and/or stock price could be adversely affected.

Additionally, the pendency and/or completion of the sale, including negotiating and finalizing the commercial agreements to be entered into between FIS and Worldpay that will govern the post-closing relationship between FIS and Worldpay, may impose challenges on our business, including business disruption; the diversion of management time on matters relating to the sale; impact on our resources, systems, procedures and controls; the incurrence of significant expenses associated with the pursuit of the sale; potential adverse impacts on our ability to attract, retain or motivate management personnel and talent; potential adverse impacts on our relationships with customers, governmental authorities, suppliers, employees and other business counterparties; and other unanticipated adverse impacts.

If the pending sale of a majority stake in the Worldpay Merchant Solutions business is completed, we may not achieve the anticipated benefits of the sale, and the costs or dis-synergies of the sale may exceed the anticipated amounts. The completion of the sale may also expose us to new risks.

If the pending sale of a majority stake in the Worldpay Merchant Solutions business is completed, our operational and financial profile will change upon the separation of the Worldpay Merchant Solutions business from our other remaining businesses. As a result, our diversification of revenue sources will diminish, and our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and greater risk as a result of the concentration of our business on serving financial institutions. Moreover, the shares of our common stock will represent an investment in a smaller company than exists today, and our exposure to the risks inherent in our remaining businesses will increase.

Following the closing of the sale of the Worldpay Merchant Solutions business, we plan to use the net proceeds from the sale to pay down debt and return additional capital to shareholders through our existing share repurchase authorization, as well as for general corporate purposes, while maintaining an investment grade credit rating. These uses of the net proceeds may not improve our results of operations or cash flows. Further, the anticipated benefits to us of the pending sale, including the retention of a 45% equity interest in the new standalone joint venture that will own the assets and liabilities of the Worldpay Merchant Solutions business, are based on a number of assumptions, some of which may prove incorrect. Any such incorrect assumptions could adversely affect our business, financial condition or results of operations.

In addition, we expect to have continuing operational and financial obligations to Worldpay pursuant to the commercial agreements and transition services agreements to be entered into between FIS and Worldpay at closing. These ongoing arrangements will require significant management and operational resources and may reduce our ability to fully realize cost savings and efficiency initiatives that we would otherwise be able to implement following the closing of the sale.

Item 5. Other Information

During the period covered by this report, none of the Company's directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Exchange Act).

Item 6. Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed/ Furnished Herewith
		Form	SEC File Number	Exhibit	Filing Date	
2.1	Purchase and Sale Agreement, dated as of July 5, 2023, by and among Fidelity National Information Services, Inc., New Boost Holdco, LLC, GTCR W Aggregator LP, GTCR W Merger	8-K	001-16427	2.1	7/11/2023	
31.1	Certification of Stephanie Ferris, 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 Erik Hoag, 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 Stephanie Ferris, 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 Erik Hoag, 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: August 2, 2023	By: /s/ Erik Hoag
	Erik Hoag
	Corporate Executive Vice President and Chief Financial Officer (Principal Financial Officer)
	FIDELITY NATIONAL INFORMATION SERVICES, INC.
Date: August 2, 2023	By: /s/ Christopher Thompson
	Christopher Thompson
	Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Stephanie Ferris, 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:	August 2, 2023	By:	/s/ Stephanie Ferris
			Stephanie Ferris
			Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Erik Hoag, 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:	August 2, 2023	By:	/s/ Erik Hoag
			Erik Hoag
			Chief Financial Officer

Exhibit 32.1

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

The undersigned hereby certifies that he is the duly appointed and acting Chief Executive Officer of 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:	August 2, 2023	By:	/s/ Stephanie Ferris
			Stephanie Ferris
			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:	August 2, 2023	By:	/s/ Erik Hoag
			Erik Hoag
			Chief Financial Officer