Fiserv Reports Third Quarter 2021 Results

October 27, 2021

GAAP revenue increased 10% in the quarter and 9% year to date;
GAAP EPS increased 64% in the quarter and 55% year to date;
Internal revenue growth was 10% in the quarter and 11% year to date;
Adjusted EPS increased 23% in the quarter and 29% year to date;
Company now expects 2021 internal revenue growth outlook of 11% and improves adjusted EPS growth outlook to $5.55 to $5.60

BROOKFIELD, Wis.--(BUSINESS WIRE)--Oct. 27, 2021-- Fiserv, Inc. (NASDAQ: FISV), a leading global provider of payments and financial services technology solutions, today reported financial results for the third quarter of 2021.

Third Quarter 2021 GAAP Results

GAAP revenue for the company increased 10% to $4.16 billion in the third quarter of 2021 compared to the prior year period, with 18% growth in the Acceptance segment, 5% growth in the Fintech segment and 6% growth in the Payments segment. GAAP revenue for the company increased 9% to $11.97 billion in the first nine months of 2021 compared to the prior year period, with 17% growth in the Acceptance segment, 4% growth in the Fintech segment and 5% growth in the Payments segment.

GAAP earnings per share was $0.64 in the third quarter and $1.49 in the first nine months of 2021, an increase of 64% and 55%, respectively, compared to the prior year periods. GAAP operating margin was 15.3% and 14.7% in the third quarter and first nine months of 2021, respectively, compared to 14.3% and 12.1% in the third quarter and first nine months of 2020, respectively. Net cash provided by operating activities was $2.69 billion in the first nine months of 2021 compared to $2.96 billion in the prior year period.

"We posted another strong quarter of double-digit adjusted revenue and adjusted EPS growth as we continue to invest in organic and inorganic growth and demonstrate unmatched execution," said Frank Bisignano, President and Chief Executive Officer of Fiserv.

Third Quarter 2021 Non-GAAP Results and Additional Information

- Adjusted revenue increased 10% to $3.96 billion in the third quarter and 11% to $11.37 billion in the first nine months of 2021 compared to the prior year periods.
- Internal revenue growth (organic, constant currency) was 10% in the third quarter of 2021, led by 18% growth in the Acceptance segment, 4% growth in the Fintech segment and 6% growth in the Payments segment.
- Internal revenue growth was 11% in the first nine months of 2021, led by 21% growth in the Acceptance segment, 4% growth in the Fintech segment and 5% growth in the Payments segment.
- Adjusted earnings per share increased 23% to $1.47 in the third quarter and 29% to $4.01 in the first nine months of 2021 compared to the prior year periods.
- Adjusted operating margin increased 130 basis points to 34.2% in the third quarter and 330 basis points to 33.2% in the first nine months of 2021 compared to the prior year periods.
- Free cash flow was $2.29 billion in the first nine months of 2021 compared to $2.59 billion in the prior year period.
- The company repurchased 3.2 million shares of common stock for $365 million in the third quarter and 13.4 million shares of common stock for $1.57 billion in the first nine months of 2021.
- In October 2021, the company entered into a definitive merger agreement to acquire BentoBox, a digital marketing and commerce platform for restaurants, to accelerate the omni-commerce capabilities of Clover®. The company expects the transaction to close during the fourth quarter of 2021, subject to customary approvals and closing conditions.

Outlook for 2021

Fiserv tightens its full year outlook for internal revenue growth to 11% and improves its adjusted earnings per share outlook to a range of $5.55 to $5.60, representing growth of 26% to 27%, for 2021.

"Given our strong financial results year to date and increased visibility into the fourth quarter, we are tightening our internal revenue growth and adjusted EPS outlook," said Bisignano. "The strength of our assets, our agility and our new product launches continue to accelerate our growth."

Earnings Conference Call

The company will discuss its third quarter 2021 results in a live webcast at 7 a.m. CT on Wednesday, October 27, 2021. The webcast, along with supplemental financial information, can be accessed on the investor relations section of the Fiserv website at investors.fiserv.com. A replay will be available approximately one hour after the conclusion of the live webcast.

About Fiserv

Fiserv, Inc. (NASDAQ: FISV) aspires to move money and information in a way that moves the world. As a global leader in payments and financial technology, the company helps clients achieve best-in-class results through a commitment to innovation and excellence in areas including account processing and digital banking solutions; card issuer processing and network services; payments; e-commerce; merchant acquiring and processing; and the Clover® cloud-based point-of-sale solution. Fiserv is a member of the S&P 500® Index and the FORTUNE® 500, and is among FORTUNE World's Most Admired Companies®. Visit fiserv.com and follow on social media for more information and the latest company news.

Use of Non-GAAP Financial Measures

In this news release, the company supplements its reporting of information determined in accordance with generally accepted accounting principles ("GAAP"), such as revenue, operating income, operating margin, net income attributable to Fiserv, earnings per share and net cash provided by operating activities, with "adjusted revenue," "internal revenue," "internal revenue growth," "organic revenue" (which is calculated in the same manner as internal revenue; see page 4 of this release), "organic revenue growth," "adjusted operating income," "adjusted operating margin," "adjusted net income," "adjusted earnings per share," "adjusted earnings per share growth," and "free cash flow." Management believes that adjustments for certain non-cash or other items and the exclusion of certain pass-through revenue and expenses should enhance shareholders' ability to evaluate the company's performance, as such measures provide additional insights into the factors and trends affecting its business. Therefore, the company excludes these items from its GAAP financial measures to calculate these unaudited non-GAAP measures. The corresponding reconciliations of these unaudited non-GAAP financial measures to the most comparable GAAP measures are included in this news release, except for forward-looking measures where a reconciliation to the corresponding GAAP measures is not available due to the variability, complexity and limited visibility of the non-cash and other items described below that are excluded from the non-GAAP outlook measures. See page 15 for additional information regarding the company's forward-looking non-GAAP financial measures.

Examples of non-cash or other items may include, but are not limited to, non-cash deferred revenue adjustments arising from acquisitions; non-cash intangible asset amortization expense associated with acquisitions; non-cash impairment charges; restructuring costs; severance costs; net charges associated with debt financing activities; merger and integration costs; gains or losses from the sale of businesses or investments; and certain discrete tax benefits and expenses. The company excludes these items to more clearly focus on the factors management believes are pertinent to the company's operations, and management uses this information to make operating decisions, including the allocation of resources to the company's various businesses.

The company adjusts its non-GAAP results to exclude amortization of acquisition-related intangible assets as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Management believes that the adjustment of acquisition-related intangible asset amortization supplements GAAP information with a measure that can be used to assess the comparability of operating performance. Although the company excludes amortization from acquisition-related intangible assets from its non-GAAP expenses, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.

Management believes internal revenue growth, also referred to as organic revenue growth, is useful because it presents adjusted revenue growth including deferred revenue purchase accounting adjustments and excluding the impact of foreign currency fluctuations, acquisitions, dispositions and the company's Output Solutions postage reimbursements. Management believes free cash flow is useful to measure the funds generated in a given period that are available for debt service requirements and strategic capital decisions. Management believes this supplemental information enhances shareholders' ability to evaluate and understand the company's core business performance.

These unaudited non-GAAP measures may not be comparable to similarly titled measures reported by other companies and should be considered in addition to, and not as a substitute for, revenue, operating income, operating margin, net income attributable to Fiserv, earnings per share and net cash provided by operating activities or any other amount determined in accordance with GAAP.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated internal revenue growth, adjusted earnings per share, adjusted earnings per share growth and other statements regarding our future financial performance. Statements can generally be identified as forward-looking because they include words such as “believes,” “anticipates,” “expects,” “could,” “should,” or words of similar meaning. Statements that describe the company's future plans, objectives or goals are also forward-looking statements.

Forward-looking statements are subject to assumptions, risks and uncertainties that may cause actual results to differ materially from those contemplated by such forward-looking statements. The factors that could cause the company’s actual results to differ materially include, among others, the following, many of which are, and may continue to be, amplified by the COVID-19 pandemic: the duration and intensity of the COVID-19 pandemic, including how quickly the global economy recovers from the impact of the pandemic; governmental and private sector responses to the COVID-19 pandemic and the impact of such responses on the company; the impact of the COVID-19 pandemic on the company's employees, clients, vendors, supply chain, operations and sales; the possibility that the company may be unable to achieve expected synergies and operating efficiencies from the acquisition of First Data within the expected time frames or that the integration of First Data may be more difficult, time-consuming or costly than expected; the company's ability to compete effectively against new and existing competitors and to continue to introduce competitive new products and services on a timely, cost-effective basis; changes in customer demand for the company's products and services; the ability of the company's technology to keep pace with a rapidly evolving marketplace; the successful management of the company's merchant alliance program which involves several alliances not under its sole control; the impact of a security breach or operational failure on the company's business including disruptions caused by other participants in the global financial system; the failure of the company's vendors and merchants to satisfy their obligations; the successful management of credit and fraud risks in the company's business and merchant alliances; changes in local, regional, national and international economic or political conditions and the impact they may have on the company and its customers; the effect of proposed and enacted legislative and regulatory actions affecting the company or the financial services industry as a whole; the company's ability to comply with government regulations and applicable card association and network rules; the protection and validity of intellectual property rights; the outcome of pending and future litigation and governmental proceedings; the company's ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the impact of the company's strategic initiatives; the company's ability to attract and retain key personnel; volatility and disruptions in financial markets that may impact the company's ability to access preferred sources of financing and the terms *on which the company is able to obtain financing or increase its costs of borrowing; adverse impacts from currency exchange rates or currency controls; changes in corporate tax and interest rates; and other factors included in "Risk Factors" in the company's Annual Report on Form 10-K for the year ended December 31, 2020, and in other documents that the company files with the Securities and Exchange Commission, which are available at http://www.sec.gov. You should consider these factors carefully in evaluating forward-looking statements and are cautioned not to place undue reliance on such statements. The company assumes no obligation to update any forward-looking statements, which speak only as of the date of this news release.*

Fiserv, Inc.

Condensed Consolidated Statements of Income

(In millions, except per share amounts, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	**2021**	2020
Revenue				
Processing and services	**$ 3,407**	$ 3,153	**$ 9,822**	$ 9,118
Product	**756**	633	**2,147**	1,902
Total revenue	**4,163**	3,786	**11,969**	11,020
Expenses				
Cost of processing and services	**1,530**	1,387	**4,425**	4,488
Cost of product	**521**	481	**1,500**	1,467
Selling, general and administrative	**1,476**	1,412	**4,289**	4,193
Gain on sale of businesses	**—**	(36)	**—**	(464)
Total expenses	**3,527**	3,244	**10,214**	9,684
Operating income	**636**	542	**1,755**	1,336
Interest expense, net	**(172)**	(174)	**(523)**	(535)
Other income	**14**	13	**36**	34
Income before income taxes and income from investments in unconsolidated affiliates	**478**	381	**1,268**	835

Income tax provision	**(54)**	(124)	**(300)**	(176)
Income from investments in unconsolidated affiliates	**22**	19	**80**	3
Net income	**446**	276	**1,048**	662
Less: net income attributable to noncontrolling interests	**18**	12	**47**	4
Net income attributable to Fiserv	**$ 428**	$ 264	**$ 1,001**	$ 658
GAAP earnings per share attributable to Fiserv - diluted	**$ 0.64**	$ 0.39	**$ 1.49**	$ 0.96
Diluted shares used in computing earnings per share attributable to Fiserv	**669.7**	680.3	**674.1**	684.1

Earnings per share is calculated using actual, unrounded amounts.

Fiserv, Inc.

Reconciliation of GAAP to

Adjusted Net Income and Adjusted Earnings Per Share

(In millions, except per share amounts, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	**2021**	2020
GAAP net income attributable to Fiserv	**$ 428**	$ 264	**$ 1,001**	$ 658
Adjustments:				
Merger and integration costs [1]	**210**	185	**483**	648
Severance costs [2]	**24**	13	**38**	92
Amortization of acquisition-related intangible assets [3]	**490**	477	**1,509**	1,523

Non wholly-owned entity activities [4]	**33**	34	**40**	53
Tax impact of adjustments [5]	**(174)**	(162)	**(476)**	(532)
Gain on sale of businesses [6]	**—**	(36)	**—**	(464)
Tax impact of gain on sale of businesses [5]	**—**	12	**—**	124
Discrete tax items [7]	**(24)**	32	**110**	32
Adjusted net income	**$ 987**	$ 819	**$ 2,705**	$ 2,134
GAAP earnings per share attributable to Fiserv	**$ 0.64**	$ 0.39	**$ 1.49**	$ 0.96
Adjustments - net of income taxes:				
Merger and integration costs [1]	**0.24**	0.21	**0.55**	0.73
Severance costs [2]	**0.03**	0.02	**0.04**	0.10
Amortization of acquisition-related intangible assets [3]	**0.56**	0.54	**1.72**	1.71
Non wholly-owned entity activities [4]	**0.04**	0.04	**0.05**	0.06
Gain on sale of businesses [6]	**—**	(0.04)	**—**	(0.50)
Discrete tax items [7]	**(0.04)**	0.05	**0.16**	0.05
Adjusted earnings per share	**$ 1.47**	$ 1.20	**$ 4.01**	$ 3.12

See pages 3-4 for disclosures related to the use of non-GAAP financial measures.
Earnings per share is calculated using actual, unrounded amounts.

1 Represents acquisition and related integration costs incurred in connection with various acquisitions, primarily related to the First Data acquisition. First Data integration costs in the third quarter and first nine months of 2021 primarily include $95 million and $210 million, respectively, of third party professional service fees associated with integration activities; $13 million and $41 million, respectively, of incremental share-based compensation, including the fair value of stock awards assumed by Fiserv; and $60 million and $153 million, respectively, of other integration-related compensation costs. First Data integration costs in the third quarter and first nine months of 2020 primarily include $51 million and $154 million, respectively, of third party professional services fees associated with integration activities; $34 million and $126 million, respectively, of incremental share-based compensation, including the fair value of stock awards assumed by Fiserv; $27 million and $105 million, respectively, of other integration-related compensation costs; $35 million and $115 million, respectively, of accelerated depreciation and amortization associated with the termination of certain vendor contracts; and $4 million and $44 million, respectively, of non-cash impairment charges associated with the early exit of certain leased facilities. The company expects to complete the integration activities associated with the achievement of cost synergies related to the First Data acquisition by the end of 2021.

2 Represents severance costs associated with the achievement of expense management initiatives, primarily related to the First Data acquisition.

3 Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology and trade names. This adjustment does not exclude the amortization of other intangible assets such as contract costs (sales commissions and deferred

conversion costs), capitalized and purchased software, and financing costs and debt discounts. See additional information on page 14 for an analysis of the company's amortization expense.

4 Represents the company’s share of amortization of acquisition-related intangible assets at its unconsolidated affiliates, as well as the minority interest share of amortization of acquisition-related intangible assets at its subsidiaries in which the company holds a controlling financial interest. This adjustment during the third quarter and first nine months of 2021 also includes net gains totaling $2 million and $75 million, respectively, related to the fair value remeasurement and sale of certain equity investments.

5 The tax impact of adjustments is calculated using a tax rate of 23%, which approximates the company's anticipated annual effective tax rate, exclusive of the actual tax impacts associated with the gain on the sale of businesses.

6 Represents the gain associated with the sale of a 60% interest in the Investment Services business in February 2020 and the dissolution of the Banc of America Merchant Services joint venture in July 2020.

7 Represents certain discrete tax items, such as foreign derived intangible income tax benefits from a subsidiary restructuring and the revaluation of deferred taxes due to a change in the respective statutory tax rates in the United Kingdom and Argentina.

Fiserv, Inc.

Financial Results by Segment

(In millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	**2021**	2020
Total Company				
Revenue	**$ 4,163**	$ 3,786	**$ 11,969**	$ 11,020
Adjustments:				
Output Solutions postage reimbursements	**(209)**	(207)	**(616)**	(640)
Deferred revenue purchase accounting adjustments	**8**	11	**21**	34
Merchant Services adjustment [1]	**—**	—	**—**	(126)
Adjusted revenue	**$ 3,962**	$ 3,590	**$ 11,374**	$ 10,288
Operating income	**$ 636**	$ 542	**$ 1,755**	$ 1,336
Adjustments:				
Merger and integration costs	**206**	185	**479**	648

Severance costs	**24**	13	**38**	92
Amortization of acquisition-related intangible assets	**490**	477	**1,509**	1,523
Merchant Services adjustment [1]	**—**	—	**—**	(59)
Gain on sale of businesses	**—**	(36)	**—**	(464)
Adjusted operating income	**$ 1,356**	$ 1,181	**$ 3,781**	$ 3,076
Operating margin	**15.3 %**	14.3 %	**14.7 %**	12.1 %
Adjusted operating margin	**34.2 %**	32.9 %	**33.2 %**	29.9 %
Merchant Acceptance ("Acceptance")				
Revenue	**$ 1,716**	$ 1,454	**$ 4,779**	$ 4,078
Adjustments:				
Deferred revenue purchase accounting adjustments	**—**	2	**—**	6
Merchant Services adjustment [1]	**—**	—	**—**	(126)
Adjusted revenue	**$ 1,716**	$ 1,456	**$ 4,779**	$ 3,958
Operating income	**$ 552**	$ 423	**$ 1,463**	$ 985
Adjustments:				
Merger and integration costs	**—**	2	**—**	5
Merchant Services adjustment [1]	**—**	—	**—**	(59)
Adjusted operating income	**$ 552**	$ 425	**$ 1,463**	$ 931
Operating margin	**32.2 %**	29.1 %	**30.6 %**	24.1 %
Adjusted operating margin	**32.2 %**	29.2 %	**30.6 %**	23.5 %
Financial Technology ("Fintech") [2]				

Revenue	**$ 761**	$ 727	**$ 2,251**	$ 2,159
Operating income	**$ 275**	$ 265	**$ 794**	$ 721
Operating margin	**36.0 %**	36.4 %	**35.3 %**	33.4 %

Fiserv, Inc.

Financial Results by Segment (cont.)

(In millions, unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	**2021**	2020
Payments and Network ("Payments")				
Revenue	**$ 1,471**	$ 1,387	**$ 4,297**	$ 4,093
Adjustments:				
Deferred revenue purchase accounting adjustments	**8**	9	**21**	28
Adjusted revenue	**$ 1,479**	$ 1,396	**$ 4,318**	$ 4,121
Operating income	**$ 643**	$ 599	**$ 1,850**	$ 1,712
Adjustments:				
Merger and integration costs	**7**	9	**21**	29
Adjusted operating income	**$ 650**	$ 608	**$ 1,871**	$ 1,741
Operating margin	**43.7 %**	43.2 %	**43.1 %**	41.8 %
Adjusted operating margin	**44.0 %**	43.5 %	**43.4 %**	42.3 %

Corporate and Other

Revenue	**$ 215**	$ 218	**$ 642**	$ 690
Adjustments:				
Output Solutions postage reimbursements	**(209)**	(207)	**(616)**	(640)
Adjusted revenue	**$ 6**	$ 11	**$ 26**	$ 50
Operating loss	**$ (834)**	$ (745)	**$ (2,352)**	$ (2,082)
Adjustments:				
Merger and integration costs	**199**	174	**458**	614
Severance costs	**24**	13	**38**	92
Amortization of acquisition-related intangible assets	**490**	477	**1,509**	1,523
Gain on sale of businesses	**—**	(36)	**—**	(464)
Adjusted operating loss	**$ (121)**	$ (117)	**$ (347)**	$ (317)

See pages 3-4 for disclosures related to the use of non-GAAP financial measures.

Operating margin percentages are calculated using actual, unrounded amounts.

1 Represents an adjustment primarily related to the company's joint venture with Bank of America. The Banc of America Merchant Services joint venture (BAMS) was dissolved effective July 1, 2020. The company owned 51% of BAMS and, through June 30, 2020, BAMS' financial results were 100% consolidated into the company's financial statements for GAAP reporting purposes. In connection with the dissolution of the joint venture, the company received a 51% share of the joint venture's value via an agreed upon contractual separation. In addition, the company will continue providing merchant processing and related services to Bank of America for its merchant clients. This non-GAAP adjustment reduces adjusted revenue and adjusted operating income by the joint venture revenue and expense that was not expected to be retained by the company upon dissolution and is partially offset by an increase to processing and services revenue.

2 For all periods presented in the Fintech segment, there were no adjustments to GAAP measures presented and thus the adjusted measures are equal to the GAAP measures presented.

Fiserv, Inc.

Condensed Consolidated Statements of Cash Flows

(In millions, unaudited)

Nine Months Ended

September 30,

	2021	2020
Cash flows from operating activities		
Net income	**$ 1,048**	$ 662
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and other amortization	**861**	833
Amortization of acquisition-related intangible assets	**1,554**	1,603
Amortization of financing costs and debt discounts	**41**	36
Share-based compensation	**190**	286
Deferred income taxes	**(266)**	(125)
Gain on sale of businesses	**—**	(464)
Income from investments in unconsolidated affiliates	**(80)**	(3)
Distributions from unconsolidated affiliates	**17**	12
Non-cash impairment charges	**6**	44
Other operating activities	**(26)**	(4)
Changes in assets and liabilities, net of effects from acquisitions and dispositions:		
Trade accounts receivable	**(298)**	460
Prepaid expenses and other assets	**(242)**	(150)
Contract costs	**(210)**	(229)
Accounts payable and other liabilities	**97**	34
Contract liabilities	**(1)**	(34)
Net cash provided by operating activities	**2,691**	2,961
Cash flows from investing activities		
Capital expenditures, including capitalized software and other intangibles	**(814)**	(689)
Proceeds from sale of business	**—**	578
Payments for acquisition of businesses, net of cash acquired	**(495)**	(137)
Distributions from unconsolidated affiliates	**91**	94

Purchases of investments	**(250)**	—
Proceeds from sale of investments	**503**	—
Net cash used in investing activities	**(965)**	(154)
Cash flows from financing activities		
Debt proceeds	**5,177**	8,125
Debt repayments	**(6,515)**	(9,307)
Net proceeds from (repayments of) commercial paper and short-term borrowings	**1,388**	(28)
Payments of debt financing costs	**—**	(16)
Proceeds from issuance of treasury stock	**105**	108
Purchases of treasury stock, including employee shares withheld for tax obligations	**(1,768)**	(1,612)
Distributions paid to noncontrolling interests and redeemable noncontrolling interests	**(41)**	(61)
Payments of acquisition-related contingent consideration	**(36)**	—
Other financing activities	**(2)**	6
Net cash used in financing activities	**(1,692)**	(2,785)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	**(11)**	(4)
Net change in cash, cash equivalents and restricted cash	**23**	18
Cash, cash equivalents and restricted cash, beginning balance	**919**	933
Cash, cash equivalents and restricted cash, ending balance	**$ 942**	$ 951

Fiserv, Inc.

Condensed Consolidated Balance Sheets

(In millions, unaudited)

	September 30, 2021	December 31, 2020
Assets		

Cash and cash equivalents	**$ 933**	$ 906
Trade accounts receivable – net	**2,793**	2,482
Prepaid expenses and other current assets	**1,455**	1,310
Settlement assets	**13,244**	11,521
Total current assets	**18,425**	16,219
Property and equipment – net	**1,717**	1,628
Customer relationships – net	**10,347**	11,603
Other intangible assets – net	**3,921**	3,755
Goodwill	**36,303**	36,322
Contract costs – net	**782**	692
Investments in unconsolidated affiliates	**2,602**	2,756
Other long-term assets	**1,670**	1,644
Total assets	**$ 75,767**	$ 74,619
Liabilities and Equity		
Accounts payable and accrued expenses	**$ 3,340**	$ 3,186
Short-term and current maturities of long-term debt	**449**	384
Contract liabilities	**529**	546
Settlement obligations	**13,244**	11,521
Total current liabilities	**17,562**	15,637
Long-term debt	**20,540**	20,300
Deferred income taxes	**4,113**	4,389
Long-term contract liabilities	**204**	187
Other long-term liabilities	**764**	777
Total liabilities	**43,183**	41,290

Redeemable noncontrolling interests	**260**	259
Fiserv shareholders' equity	**31,596**	32,330
Noncontrolling interests	**728**	740
Total equity	**32,324**	33,070
Total liabilities and equity	**$ 75,767**	$ 74,619

Fiserv, Inc.

Selected Non-GAAP Financial Measures and Additional Information

(In millions, unaudited)

Internal Revenue Growth [1]	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Growth	**2021**	2020	Growth
Total Company						
Adjusted revenue	**$ 3,962**	$ 3,590		**$ 11,374**	$ 10,288	
Currency impact [2]	**3**	—		**(18)**	—	
Acquisition adjustments	**(12)**	—		**(26)**	—	
Divestiture adjustments	**(6)**	(12)		**(272)**	(287)	
Internal revenue	**$ 3,947**	$ 3,578	10 %	**$ 11,058**	$ 10,001	11 %
Acceptance						
Adjusted revenue	**$ 1,716**	$ 1,456		**$ 4,779**	$ 3,958	
Currency impact [2]	**5**	—		**4**	—	
Acquisition adjustments	**(6)**	—		**(11)**	—	

Divestiture adjustments	**—**	—		**(246)**	(217)	
Internal revenue	**$ 1,715**	$ 1,456	18 %	**$ 4,526**	$ 3,741	21 %
Fintech						
Adjusted revenue	**$ 761**	$ 727		**$ 2,251**	$ 2,159	
Currency impact [2]	**(1)**	—		**(9)**	—	
Internal revenue	**$ 760**	$ 727	4 %	**$ 2,242**	$ 2,159	4 %
Payments						
Adjusted revenue	**$ 1,479**	$ 1,396		**$ 4,318**	$ 4,121	
Currency impact [2]	**(1)**	—		**(13)**	—	
Acquisition adjustments	**(6)**	—		**(15)**	—	
Divestiture adjustments	**—**	(1)		**—**	(20)	
Internal revenue	**$ 1,472**	$ 1,395	6 %	**$ 4,290**	$ 4,101	5 %
Corporate and Other						
Adjusted revenue	**$ 6**	$ 11		**$ 26**	$ 50	
Divestiture adjustments	**(6)**	(11)		**(26)**	(50)	
Internal revenue	**$ —**	$ —		**$ —**	$ —	

See pages 3-4 for disclosures related to the use of non-GAAP financial measures.

Internal revenue growth is calculated using actual, unrounded amounts.

1 Internal revenue growth is measured as the change in adjusted revenue (see pages 9-10) for the current period excluding the impact of foreign currency fluctuations and revenue attributable to acquisitions and dispositions, divided by adjusted revenue from the prior period excluding revenue attributable to dispositions. Revenue attributable to dispositions also includes current and prior period revenue associated with merchants retained by the company from the Banc of America Merchant Services joint venture through the one year period following the joint venture's July 1, 2020 dissolution date, and transition services revenue within Corporate and Other.

2 Currency impact is measured as the increase or decrease in adjusted revenue for the current period by applying prior period foreign currency exchange rates to present a constant currency comparison to prior periods.

Fiserv, Inc.

Selected Non-GAAP Financial Measures and Additional Information (cont.)

(In millions, unaudited)

Free Cash Flow	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities	**$ 2,691**	$ 2,961
Capital expenditures	**(814)**	(689)
Adjustments:		
Distributions paid to noncontrolling interests and redeemable noncontrolling interests	**(41)**	(61)
Distributions from unconsolidated affiliates included in cash flows from investing activities	**91**	94
Severance, merger and integration payments	**414**	368
Tax payments on adjustments	**(95)**	(79)
Tax payments on gain on sale of investments in unconsolidated affiliates	**44**	—
Free cash flow	**$ 2,290**	$ 2,594

Total Amortization [1]	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	**2021**	2020
Acquisition-related intangible assets	**$ 509**	$ 504	**$ 1,554**	$ 1,603
Capitalized software and other intangibles	**76**	41	**202**	119
Purchased software	**57**	78	**181**	212
Financing costs and debt discounts	**16**	13	**41**	36
Sales commissions	**24**	23	**72**	67
Deferred conversion costs	**13**	8	**37**	22
Total amortization	**$ 695**	$ 667	**$ 2,087**	$ 2,059

See pages 3-4 for disclosures related to the use of non-GAAP financial measures.

[1] The company adjusts its non-GAAP results to exclude amortization of acquisition-related intangible assets as such amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions (see corresponding adjustment on page 7). The adjustment for acquired First Data software/technology excludes only the incremental amortization related to the fair value purchase accounting allocation. Management believes that the adjustment of acquisition-related intangible asset amortization supplements the GAAP information with a measure that can be used to assess the comparability of operating performance. Although the company excludes amortization from acquisition-related intangible assets from its non-GAAP expenses, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.

Fiserv, Inc.
Full Year Forward-Looking Non-GAAP Financial Measures

Reconciliations of unaudited non-GAAP financial measures to the most comparable GAAP measures are included in this news release, except for forward-looking measures where a reconciliation to the corresponding GAAP measures is not available due to the variability, complexity and limited visibility of these items that are excluded from the non-GAAP outlook measures. The company's forward-looking non-GAAP financial measures for 2021, including internal revenue growth, adjusted earnings per share and adjusted earnings per share growth, are designed to enhance shareholders' ability to evaluate the company's performance by excluding certain items to focus on factors and trends affecting its business.

Internal Revenue Growth - The company's internal revenue growth outlook for 2021 includes deferred revenue purchase accounting adjustments and excludes the impact of foreign currency fluctuations, acquisitions, dispositions and the impact of the company's Output Solutions postage reimbursements. These adjustments are subject to variability and are anticipated to negatively impact 2021 GAAP revenue growth by approximately 1% as compared to internal revenue growth, primarily due to the BAMS dissolution in the prior year.

Adjusted Earnings Per Share - The company's adjusted earnings per share outlook for 2021 excludes certain non-cash or other items such as non-cash intangible asset amortization expense associated with acquisitions; non-cash impairment charges; restructuring costs; merger and integration costs; severance costs; gains or losses from the sale of businesses and investments; and certain discrete tax benefits and expenses, and includes non-cash deferred revenue purchase accounting adjustments. The company estimates that amortization expense in 2021 with respect to acquired intangible assets will approximate the amount incurred in 2020. Other adjustments to the company's financial measures that were incurred in 2020 and for the three and nine months ended September 30, 2021 are presented in this news release; however, they are not necessarily indicative of adjustments that may be incurred throughout 2021 or beyond. Estimates of these impacts and adjustments on a forward-looking basis are not available due to the variability, complexity and limited visibility of these items.

Fiserv, Inc.

Full Year Forward-Looking Non-GAAP Financial Measures (cont.)

The company's adjusted earnings per share growth outlook for 2021 is based on 2020 adjusted earnings per share performance.

2020 GAAP net income attributable to Fiserv	$ 958	
Adjustments:		
Merger and integration costs [1]	902	
Severance costs [2]	108	
Amortization of acquisition-related intangible assets [3]	2,024	
Non wholly-owned entity activities [4]	94	
Tax impact of adjustments [5]	(719	)
Gain on sale of businesses [6]	(464	)
Tax impact of gain on sale of businesses [5]	124	
Discrete tax items [7]	(7	)

2020 adjusted net income	$ 3,020
Weighted average common shares outstanding - diluted	683.4
2020 GAAP earnings per share attributable to Fiserv	$ 1.40
Adjustments - net of income taxes:	
Merger and integration costs [1]	1.02
Severance costs [2]	0.12
Amortization of acquisition-related intangible assets [3]	2.28
Non wholly-owned entity activities [4]	0.11
Gain on sale of businesses [6]	(0.50)
Discrete tax items [7]	(0.01)
2020 adjusted earnings per share	$ 4.42
2021 adjusted earnings per share outlook	$5.55 - $5.60
2021 adjusted earnings per share growth outlook	26% - 27%

In millions, except per share amounts, unaudited. Earnings per share is calculated using actual, unrounded amounts.

See pages 3-4 for disclosures related to the use of non-GAAP financial measures.

Fiserv, Inc.

Full Year Forward-Looking Non-GAAP Financial Measures (cont.)

1 Represents acquisition and related integration costs incurred in connection with various acquisitions. Merger and integration costs include $865 million related to the First Data acquisition. First Data integration costs primarily include $224 million of third party professional service fees associated with integration activities; $165 million of incremental share-based compensation, including the fair value of stock awards assumed by Fiserv; $118 million of accelerated depreciation and amortization associated with the termination of vendor contracts; $137 million of other integration-related compensation costs; and $124 million of non-cash impairment charges associated with the early exit of certain leased facilities.

2 Represents severance costs associated with the achievement of expense management initiatives, primarily related to the First Data acquisition.

3 Represents amortization of intangible assets acquired through various acquisitions, including customer relationships, software/technology, and trade names. This adjustment does not exclude the amortization of other intangible assets such as contract costs (sales commissions and deferred conversion costs), capitalized and purchased software, and financing costs and debt discounts.

[4] Represents the company's share of amortization of acquisition-related intangible assets at its unconsolidated affiliates, as well as the minority interest share of amortization of acquisition-related intangible assets at its subsidiaries in which the company holds a controlling financial interest.

[5] The tax impact of adjustments is calculated using a tax rate of 23%, which approximates the company's anticipated annual effective tax rate, exclusive of the actual tax impacts associated with the gain on sale of businesses.

[6] Represents the earnings attributable to divested businesses and the gain on the associated divestiture transactions, including the sale of a 60% interest in the Investment Services business in February 2020 and the dissolution of the Banc of America Merchant Services joint venture in July 2020.

[7] Represents certain discrete tax items, primarily related to foreign income tax benefits from a subsidiary restructuring and the revaluation of deferred taxes due to a change in the statutory tax rate in the United Kingdom.

FISV-E

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