



Broadridge Reports First Quarter Fiscal Year 2021 Results

Recurring Revenue Grew 8%

Diluted EPS Increased 17%

Adjusted EPS Increased 44% to a First Quarter Record of \$0.98

Fiscal Year 2021 Guidance Updated to Reflect Strong Start to Fiscal Year

NEW YORK, N.Y., October 30, 2020 - Broadridge Financial Solutions, Inc. (NYSE:BR) today reported financial results for the first quarter ended September 30, 2020 of its fiscal year 2021. Results compared with the same period last year were as follows:

Summary Financial Results

Dollars in millions, except per share data

	First Quarter		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Total revenues	1,017	949	7%
Recurring fee revenues	\$671	\$623	8%
Operating income	79	73	8%
<i>Operating income margin</i>	<i>7.7%</i>	7.7%	
Adjusted Operating income - Non-GAAP	151	104	45%
<i>Adjusted Operating income margin - Non-GAAP</i>	<i>14.8%</i>	10.9%	
Diluted EPS	\$0.56	\$0.48	17%
Adjusted EPS - Non-GAAP	\$0.98	\$0.68	44%
Closed sales	\$33	\$38	(13%)

“Broadridge reported strong first quarter results including 8% Recurring revenue growth and record first quarter earnings,” said Tim Gokey, Broadridge’s Chief Executive Officer. “Our continued growth highlights the long-term trends driving our business and the strength of our recurring revenue business model. In addition, our strong cost actions helped drive significant margin expansion. This positive start to the fiscal year gives us additional confidence in our full year guidance and enables us to increase our level of investment in our people, platforms, and technology.

“We have updated our outlook to reflect our increased confidence in our full year results. Our updated guidance now calls for Recurring revenue growth of 3-6% and Adjusted EPS growth of 6-10%,” Mr. Gokey added. “By investing now, we will be even better positioned to address our clients’ accelerating need for next-generation mutualization, resiliency, and digital transformation.”

Fiscal Year 2021 Financial Guidance

		Change / Update ⁽¹⁾
Recurring revenue growth	3 - 6%	Updated from 2 - 6%
Total revenue growth	1 - 4%	Updated from 0 - 4%
Adjusted Operating income margin - Non-GAAP	Increase of ~100 bps	No Change
Adjusted earnings per share growth - Non-GAAP	6 - 10%	Updated from 4 - 10%
Closed sales	\$190 - 235M	No Change

(1) From full year guidance provided in earnings release Q4 FY20 on August 11, 2020

Financial Results for the First Quarter Fiscal Year 2021 compared to First Quarter Fiscal Year 2020

- **Total revenues** increased 7% to \$1,017 million from \$949 million in the prior year period.
 - Recurring fee revenues increased 8% to \$671 million from \$623 million. The increase in Recurring fee revenues was driven primarily by growth from onboarding of net new business.
 - Event-driven fee revenues increased \$5 million, or 13%, to \$46 million, due to increased mutual fund communications activity.
 - Distribution revenues increased \$19 million, or 6%, to \$332 million, driven by the increase in Recurring fee revenues.
 - Currencies negatively impacted revenues by \$3 million due to a combination of foreign acquisitions and continued international revenue growth.
- **Operating income** was \$79 million, an increase of \$5 million, or 8%. Operating income margin was unchanged at 7.7% in the current and prior year periods. Operating income includes the combined impact of \$38 million of charges related to the Company's actions to reduce ongoing costs in the face of the Covid-19 pandemic as well as other Covid-19 related charges.
 - Adjusted Operating income was \$151 million, an increase of \$47 million, or 45%. Adjusted Operating income margin increased to 14.8%, compared to 10.9% for the prior year period.
 - The increase in Operating income and Adjusted Operating income was due to the impact of higher Recurring fee revenues and higher event-driven fee revenues. Adjusted Operating income growth was also driven by the impact of cost initiatives which limited expense growth.
- **Interest expense, net** was \$14 million, an increase of \$1 million, driven by an increase in interest expense from higher average borrowings.
- **The effective tax rate** was 10.6% compared to 12.4% in the prior year period. The decrease in the effective tax rate was driven by higher excess tax benefits attributable to stock-based compensation of \$9 million in the current year period, compared to \$6 million in the comparable prior year period.
- **Net earnings** increased 18% to \$66 million and Adjusted Net earnings increased 43% to \$114 million.
 - Diluted earnings per share increased 17% to \$0.56, compared to \$0.48 in the prior year period and Adjusted earnings per share increased 44% to \$0.98, compared to \$0.68 in the prior year period.
 - The increases in Diluted earnings per share and Adjusted earnings per share were primarily due to the increase in Recurring fee revenues and higher event-driven fee revenues.

Segment and Other Results for the First Quarter Fiscal Year 2021 compared to First Quarter Fiscal Year 2020

Investor Communication Solutions (“ICS”)

- ICS total revenues were \$753 million, an increase of \$50 million, or 7%.
 - Recurring fee revenues increased \$26 million, or 7%, to \$375 million. The increase was attributable to revenues from net new business (5pts) and acquisitions (3pts), partially offset by negative internal growth (1pt). Internal growth was negatively impacted by lower interest rates on cash balances we hold for retirement accounts, which more than offset the benefit of higher volume of equity proxy, mutual fund, and exchange fund communications.
 - Event-driven fee revenues increased \$5 million, or 13%, to \$46 million, mainly from higher mutual fund communications activity.
 - Distribution revenues increased \$19 million, or 6%, to \$332 million driven by the increase in Recurring fee revenue.
- ICS earnings before income taxes were \$53 million, an increase of \$30 million, or 130%, primarily due to the increase in Recurring fee revenues and expense reduction initiatives. Pre-tax margins increased to 7.0% from 3.3%.

Global Technology and Operations (“GTO”)

- GTO Recurring fee revenues were \$296 million, an increase of \$22 million, or 8%. The increase was attributable to the combination of organic growth (6pts) and revenues from acquisitions (2pts). Organic growth benefited from onboarding of new clients. Internal growth contributed 1 point as the benefit of higher equity trading volumes was partially offset by lower software license revenues.
- GTO earnings before income taxes were \$75 million, an increase of \$19 million, or 34%, compared to \$56 million in the prior year period. The increased earnings were primarily due to higher organic revenues and expense reduction initiatives. Expense growth during the quarter was driven by recent acquisitions which more than offset a decline in other expenses. Pre-tax margins increased to 25.4% from 20.6%.

Other

- Other Loss before income tax increased 187% to \$60 million from \$21 million in the prior year period. The increased loss was primarily due to charges related to the Company’s actions to reduce ongoing costs in the face of the Covid-19 pandemic as well as other Covid-19 related charges of \$3 million.

Earnings Conference Call

An analyst conference call will be held today, Friday, October 30, 2020 at 8:30 a.m. ET. A live webcast of the call will be available to the public on a listen-only basis. To listen to the live event and access the slide presentation, visit Broadridge’s Investor Relations website at www.broadridge-ir.com prior to the start of the webcast. To listen to the call, investors may also dial 1-877-328-2502 within the United States and international callers may dial 1-412-317-5419.

A replay of the webcast will be available and can be accessed in the same manner as the live webcast at the Broadridge Investor Relations site. Through November 13, 2020, the recording will also be available by dialing 1-877-344-7529 passcode: 10148570 within the United States or 1-412-317-0088 passcode: 10148570 for international callers.

Explanation and Reconciliation of the Company’s Use of Non-GAAP Financial Measures

The Company’s results in this press release are presented in accordance with U.S. GAAP except where otherwise noted. In certain circumstances, results have been presented that are not generally accepted accounting principles measures (“Non-GAAP”). These Non-GAAP measures are Adjusted Operating income, Adjusted Operating income margin, Adjusted Net earnings, Adjusted earnings per share, and Free cash flow. These Non-GAAP financial measures should be viewed in addition to, and not as a substitute for, the Company’s reported results.

The Company believes our Non-GAAP financial measures help investors understand how management plans, measures and evaluates the Company's business performance. Management believes that Non-GAAP measures provide consistency in its financial reporting and facilitates investors' understanding of the Company's operating results and trends by providing an additional basis for comparison. Management uses these Non-GAAP financial measures to, among other things, evaluate our ongoing operations, and for internal planning and forecasting purposes. In addition, and as a consequence of the importance of these Non-GAAP financial measures in managing our business, the Company's Compensation Committee of the Board of Directors incorporates Non-GAAP financial measures in the evaluation process for determining management compensation.

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted Net Earnings and Adjusted Earnings Per Share

These Non-GAAP measures reflect Operating income, Operating income margin, Net earnings, and Diluted earnings per share, each as adjusted to exclude the impact of certain costs, expenses, gains and losses and other specified items the exclusion of which management believes provides insight regarding our ongoing operating performance. These adjusted measures exclude the impact of: (i) Amortization of Acquired Intangibles and Purchased Intellectual Property, (ii) Acquisition and Integration Costs, (iii) Real Estate Realignment and Covid-19 Related Expenses, (iv) Investment Gain, and (v) Software Charge. Amortization of Acquired Intangibles and Purchased Intellectual Property represents non-cash amortization expenses associated with the Company's acquisition activities. Acquisition and Integration Costs represent certain transaction and integration costs associated with the Company's acquisition activities. Real Estate Realignment and Covid-19 Related Expenses represent costs associated with the Company's real estate realignment initiative, including lease exit and impairment charges and other facility exit costs, as well as certain expenses associated with the Covid-19 pandemic. The Covid-19 Related Expenses are direct expenses incurred by the Company to protect the health and safety of Broadridge associates, including the cost of personal protective equipment, enhanced cleaning measures in our facilities and other related expenses. Investment Gain represents a non-operating, non-cash gain on a privately held investment. Software Charge represents a charge related to an internal use software product that is no longer expected to be used.

We exclude Acquisition and Integration Costs, Real Estate Realignment and Covid-19 Related Expenses, the Investment Gain, and the Software Charge from our Adjusted Operating income (as applicable) and other adjusted earnings measures because excluding such information provides us with an understanding of the results from the primary operations of our business and enhances comparability across fiscal reporting periods, as these items are not reflective of our underlying operations or performance. We also exclude the impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, as these non-cash amounts are significantly impacted by the timing and size of individual acquisitions and do not factor into the Company's capital allocation decisions, management compensation metrics or multi-year objectives. Furthermore, management believes that this adjustment enables better comparison of our results as Amortization of Acquired Intangibles and Purchased Intellectual Property will not recur in future periods once such intangible assets have been fully amortized. Although we exclude Amortization of Acquired Intangibles and Purchased Intellectual Property from our adjusted earnings measures, our management believes that it is important for investors to understand that these intangible assets 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.

Free Cash Flow

In addition to the Non-GAAP financial measures discussed above, we provide Free cash flow information because we consider Free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated that could be used for dividends, share repurchases, strategic acquisitions, other investments, as well as debt servicing. Free cash flow is a Non-GAAP financial measure and is defined by the Company as Net cash flows provided by operating activities plus Proceeds from asset sales, less Capital expenditures as well as Software purchases and capitalized internal use software.

Reconciliations of such Non-GAAP measures to the most directly comparable financial measures presented in accordance with GAAP can be found in the tables that are part of this press release.

Forward-Looking Statements

This press release and other written or oral statements made from time to time by representatives of Broadridge may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature, and which may be identified by the use of words such as “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could be” and other words of similar meaning, are forward-looking statements. In particular, information appearing in the “Fiscal Year 2021 Financial Guidance” section are forward-looking statements. These statements are based on management’s expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. These risks and uncertainties include those risk factors described and discussed in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended June 30, 2020 (the “2020 Annual Report”), as they may be updated in any future reports filed with the Securities and Exchange Commission. All forward-looking statements speak only as of the date of this press release and are expressly qualified in their entirety by reference to the factors discussed in the 2020 Annual Report.

These risks include:

- the potential impact and effects of the Covid-19 pandemic (“Covid-19”) on the business of Broadridge, Broadridge’s results of operations and financial performance, any measures Broadridge has and may take in response to Covid-19 and any expectations Broadridge may have with respect thereto;
- the success of Broadridge in retaining and selling additional services to its existing clients and in obtaining new clients;
- Broadridge’s reliance on a relatively small number of clients, the continued financial health of those clients, and the continued use by such clients of Broadridge’s services with favorable pricing terms;
- a material security breach or cybersecurity attack affecting the information of Broadridge’s clients;
- changes in laws and regulations affecting Broadridge’s clients or the services provided by Broadridge;
- declines in participation and activity in the securities markets;
- the failure of Broadridge’s key service providers to provide the anticipated levels of service;
- a disaster or other significant slowdown or failure of Broadridge’s systems or error in the performance of Broadridge’s services;
- overall market and economic conditions and their impact on the securities markets;
- Broadridge’s failure to keep pace with changes in technology and the demands of its clients;
- Broadridge’s ability to attract and retain key personnel;
- the impact of new acquisitions and divestitures; and
- competitive conditions.

Broadridge disclaims any obligation to update or revise forward-looking statements that may be made to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

About Broadridge

Broadridge Financial Solutions, Inc. (NYSE: BR), a U.S. \$4 billion global Fintech leader, is a leading provider of investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers and corporate issuers. Broadridge's infrastructure underpins proxy voting services for over 50 percent of public companies and mutual funds globally, and processes on average more than U.S. \$8 trillion in fixed income and equity securities trades per day. Broadridge is part of the S&P 500® Index and employs over 12,000 associates in 17 countries.

For more information about Broadridge, please visit www.broadridge.com.

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Condensed Consolidated Statements of Earnings
(Unaudited)

In millions, except per share amounts

	Three Months Ended September 30,	
	2020	2019
Revenues	\$ 1,017.4	\$ 948.6
Operating expenses:		
Cost of revenues	787.1	727.5
Selling, general and administrative expenses	151.7	148.0
Total operating expenses	938.8	875.4
Operating income	78.6	73.1
Interest expense, net	(14.4)	(13.1)
Other non-operating income (expenses), net	9.5	3.8
Earnings before income taxes	73.6	63.8
Provision for income taxes	7.8	7.9
Net earnings	\$ 65.8	\$ 55.9
Basic earnings per share	\$ 0.57	\$ 0.49
Diluted earnings per share	\$ 0.56	\$ 0.48
Weighted-average shares outstanding:		
Basic	115.3	114.4
Diluted	117.4	117.1

Amounts may not sum due to rounding.

Condensed Consolidated Balance Sheets
(Unaudited)

<i>In millions, except per share amounts</i>	September 30, 2020	June 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 356.6	\$ 476.6
Accounts receivable, net of allowance for doubtful accounts of \$7.5 and \$9.8, respectively	619.1	711.3
Other current assets	144.4	140.1
Total current assets	1,120.0	1,328.0
Property, plant and equipment, net	161.7	161.6
Goodwill	1,701.4	1,674.5
Intangible assets, net	560.5	583.8
Other non-current assets	1,206.1	1,141.9
Total assets	<u>\$ 4,749.7</u>	<u>\$ 4,889.8</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ —	\$ 399.9
Payables and accrued expenses	632.3	829.9
Contract liabilities	111.6	111.2
Total current liabilities	743.9	1,341.0
Long-term debt	1,776.1	1,387.6
Deferred taxes	134.8	126.8
Contract liabilities	172.5	175.4
Other non-current liabilities	508.6	512.4
Total liabilities	3,335.9	3,543.2
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: Authorized, 25.0 shares; issued and outstanding, none	—	—
Common stock, \$0.01 par value: Authorized, 650.0 shares; issued, 154.5 and 154.5 shares, respectively; outstanding, 115.6 and 115.1 shares, respectively	1.6	1.6
Additional paid-in capital	1,198.5	1,178.5
Retained earnings	2,302.1	2,302.6
Treasury stock, at cost: 38.8 and 39.3 shares, respectively	(2,025.5)	(2,035.7)
Accumulated other comprehensive loss	(62.9)	(100.4)
Total stockholders' equity	1,413.8	1,346.5
Total liabilities and stockholders' equity	<u>\$ 4,749.7</u>	<u>\$ 4,889.8</u>

Amounts may not sum due to rounding.

Condensed Consolidated Statements of Cash Flows
(Unaudited)

Dollars in millions

	Three Months Ended September 30,	
	2020	2019
Cash Flows From Operating Activities		
Net earnings	\$ 65.8	\$ 55.9
Adjustments to reconcile net earnings to net cash flows used in operating activities:		
Depreciation and amortization	15.4	20.5
Amortization of acquired intangibles and purchased intellectual property	32.3	28.1
Amortization of other assets	26.3	22.8
Write-down of long-lived assets and related charges	31.7	—
Stock-based compensation expense	10.4	11.8
Deferred income taxes	4.7	7.5
Other	(16.1)	(11.0)
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Current assets and liabilities:		
Decrease in Accounts receivable, net	101.1	63.8
Increase in Other current assets	(22.2)	(33.4)
Decrease in Payables and accrued expenses	(220.6)	(190.5)
Increase (decrease) in Contract liabilities	(1.6)	3.1
Non-current assets and liabilities:		
Increase in Other non-current assets	(94.6)	(74.4)
Increase in Other non-current liabilities	23.2	9.4
Net cash flows used in operating activities	(44.2)	(86.4)
Cash Flows From Investing Activities		
Capital expenditures	(14.3)	(14.1)
Software purchases and capitalized internal use software	(9.7)	(6.2)
Proceeds from asset sales	18.0	—
Acquisitions, net of cash acquired	—	(48.1)
Other investing activities	(2.7)	(17.9)
Net cash flows used in investing activities	(8.7)	(86.3)
Cash Flows From Financing Activities		
Debt proceeds	530.0	337.5
Debt repayments	(550.0)	(40.0)
Dividends paid	(62.2)	(55.4)
Purchases of Treasury stock	(0.8)	—
Proceeds from exercise of stock options	21.1	18.5
Other financing activities	(10.9)	(2.5)
Net cash flows provided by (used in) financing activities	(72.7)	258.1
Effect of exchange rate changes on Cash and cash equivalents	5.5	(0.2)
Net change in Cash and cash equivalents	(120.0)	85.1
Cash and cash equivalents, beginning of period	476.6	273.2
Cash and cash equivalents, end of period	\$ 356.6	\$ 358.3

Amounts may not sum due to rounding.

**Segment Results
(Unaudited)**

In millions

	Three Months Ended September 30,	
	2020	2019
Revenues		
Investor Communication Solutions	\$ 752.9	\$ 702.6
Global Technology and Operations	296.0	273.9
Foreign currency exchange	(31.5)	(28.0)
Total	<u>\$ 1,017.4</u>	<u>\$ 948.6</u>
Earnings (Loss) before Income Taxes		
Investor Communication Solutions	\$ 52.8	\$ 23.0
Global Technology and Operations	75.3	56.4
Other	(60.5)	(21.1)
Foreign currency exchange	6.0	5.6
Total	<u>\$ 73.6</u>	<u>\$ 63.8</u>
Pre-tax margins:		
Investor Communication Solutions	7.0%	3.3%
Global Technology and Operations	25.4%	20.6%

Amounts may not sum due to rounding.

**Supplemental Reporting Detail - Additional Product Line Reporting
(Unaudited)**

<i>In millions</i>	Three Months Ended September 30,		
	2020	2019	Change
Investor Communication Solutions			
Equity Proxy	\$ 40.1	\$ 29.8	35%
Mutual fund and exchange-traded funds (“ETF”) interims	73.6	65.3	13%
Customer communications and fulfillment	173.5	170.9	2%
Other ICS	88.0	83.2	6%
Total ICS Recurring fee revenues	375.2	349.2	7%
Equity and other	18.3	17.5	5%
Mutual funds	27.2	22.6	20%
Total ICS Event-driven fee revenues	45.5	40.1	13%
Distribution revenues	332.2	313.3	6%
Total ICS Revenues	\$ 752.9	\$ 702.6	7%
Global Technology and Operations			
Equities and Other	\$ 252.4	\$ 230.9	9%
Fixed income	43.6	43.1	1%
Total GTO Recurring fee revenues	296.0	273.9	8%
Foreign currency exchange	(31.5)	(28.0)	13%
Total Revenues	<u>\$1,017.4</u>	<u>\$ 948.6</u>	<u>7%</u>
Revenues by Type			
Recurring fee revenues	\$ 671.2	\$ 623.2	8%
Event-driven fee revenues	45.5	40.1	13%
Distribution revenues	332.2	313.3	6%
Foreign currency exchange	(31.5)	(28.0)	13%
Total Revenues	<u>\$1,017.4</u>	<u>\$ 948.6</u>	<u>7%</u>

Amounts may not sum due to rounding.

**Select Operating Metrics
(Unaudited)**

<i>In millions</i>	Three Months Ended September 30,		
	2020	2019	% Change
Closed Sales	\$32.9	\$37.6	(13)%
<u>Record Growth</u>¹			
Equity proxy	16%	7%	
Mutual fund interims	6%	1%	
<u>Internal Trade Growth</u>²			
Equity	20%	(7)%	
Fixed Income	(11)%	19%	

Amounts may not sum due to rounding.

¹ Stock record growth and interim record growth measure the estimated annual change in total positions eligible for equity proxy materials and mutual fund & ETF interim communications, respectively, for equities and mutual fund position data reported to Broadridge in both the current and prior year periods.

² Internal trade growth represents the estimate change in trade volumes for clients whose contracts are linked to trade volumes and who were on Broadridge's trading platforms in both the current and prior year periods.

**Reconciliation of Non-GAAP to GAAP Measures
(Unaudited)**

In millions, except per share amounts

	Three Months Ended September 30,	
	2020	2019
Reconciliation of Adjusted Operating Income		
Operating income (GAAP)	\$ 78.6	\$ 73.1
Adjustments:		
Amortization of Acquired Intangibles and Purchased Intellectual Property	32.3	28.1
Acquisition and Integration Costs	1.7	2.5
Real Estate Realignment and Covid-19 Related Expenses	31.9	—
Software Charge	6.0	—
Adjusted Operating income (Non-GAAP)	<u>\$ 150.6</u>	<u>\$ 103.7</u>
Operating income margin (GAAP)	7.7%	7.7%
Adjusted Operating income margin (Non-GAAP)	14.8%	10.9%
Reconciliation of Adjusted Net earnings		
Net earnings (GAAP)	\$ 65.8	\$ 55.9
Adjustments:		
Amortization of Acquired Intangibles and Purchased Intellectual Property	32.3	28.1
Acquisition and Integration Costs	1.7	2.5
Real Estate Realignment and Covid-19 Related Expenses	31.9	—
Investment Gain	(8.7)	—
Software Charge	6.0	—
Taxable adjustments	63.3	30.6
Tax impact of adjustments (a)	(14.6)	(6.5)
Adjusted Net earnings (Non-GAAP)	<u>\$ 114.5</u>	<u>\$ 80.0</u>
Reconciliation of Adjusted EPS		
Diluted earnings per share (GAAP)	\$ 0.56	\$ 0.48
Adjustments:		
Amortization of Acquired Intangibles and Purchased Intellectual Property	0.28	0.24
Acquisition and Integration Costs	0.01	0.02
Real Estate Realignment and Covid-19 Related Expenses	0.27	—
Investment Gain	(0.07)	—
Software Charge	0.05	—
Taxable adjustments	0.54	0.26
Tax impact of adjustments (a)	(0.12)	(0.06)
Adjusted earnings per share (Non-GAAP)	<u>\$ 0.98</u>	<u>\$ 0.68</u>

(a) Calculated using the GAAP effective tax rate, adjusted to exclude excess tax benefits associated with stock-based compensation of \$9.3 million in Q1 FY21 and \$5.7 million in Q1 FY20. For purposes of calculating the Adjusted earnings per share, the same adjustments were made on a per share basis.

	Three Months Ended September 30,	
	2020	2019
Reconciliation of Free Cash Flow		
Net cash flows used in operating activities (GAAP)	\$ (44.2)	\$ (86.4)
Capital expenditures and Software purchases and capitalized internal use software	(23.9)	(20.2)
Proceeds from asset sales	18.0	—
Free cash flow (Non-GAAP)	<u>\$ (50.2)</u>	<u>\$ (106.7)</u>

Amounts may not sum due to rounding.

Fiscal Year 2021 Guidance
Reconciliation of Non-GAAP to GAAP Measures
Adjusted Earnings Per Share Growth and Adjusted Operating Income Margin
(Unaudited)

FY21 Adjusted Earnings Per Share Growth Rate (a)	
Diluted earnings per share - GAAP	5 - 12% growth
Adjusted earnings per share - Non-GAAP	6 - 10% growth
FY21 Adjusted Operating Income Margin (b)	
Operating income margin % - GAAP	Increase of ~180 bps
Adjusted Operating income margin % - Non-GAAP	Increase of ~100 bps

(a) Adjusted earnings per share growth (Non-GAAP) is adjusted to exclude the projected impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs, Real Estate Realignment and Covid-19 Related Expenses, Investment Gain and Software Charge, and is calculated using diluted shares outstanding. Fiscal year 2021 Non-GAAP Adjusted earnings per share guidance estimates exclude, net of taxes, approximately \$1.15 per share.

(b) Adjusted Operating income margin (Non-GAAP) is adjusted to exclude the projected impact of Amortization of Acquired Intangibles and Purchased Intellectual Property, Acquisition and Integration Costs, Real Estate Realignment and Covid-19 Related Expenses, and Software Charge. Fiscal year 2021 Non-GAAP Adjusted Operating income margin guidance estimates exclude, net of taxes, approximately \$142 million.