



fiserv.

# 2021 Annual Meeting of Shareholders

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Appendix

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# Forward-Looking Statements

During the meeting, we may make “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those that express a plan, belief, expectation, estimation, anticipation, intent, contingency, future development or similar expression, and can generally be identified as forward-looking because they include words such as “believes,” “anticipates,” “expects,” “could,” “should” or words of similar meaning. Statements regarding our future financial performance or that describe our 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 our actual results to differ materially include, among others, the following, many of which are, and will 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 us; the impact of the COVID-19 pandemic on our employees, clients, vendors, operations and sales; the possibility that we may be unable to achieve expected synergies and operating efficiencies from the acquisition of First Data Corporation (“First Data”) within the expected time frames; the possibility that integration of First Data may be more difficult, time-consuming or costly than expected; profitability following the transaction may be lower than expected, including due to unexpected costs, charges or expenses resulting from the transaction; operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected following the transaction; unforeseen risks relating to our liabilities or those of First Data may exist; our ability to meet expectations regarding the accounting and tax treatments of the transaction; our 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 our products and services; the ability of our technology to keep pace with a rapidly evolving marketplace; the successful management of our merchant alliance program which involves several alliances not under our sole control; the impact of a security breach or operational failure on our business including disruptions caused by other participants in the global financial system; the failure of our vendors and merchants to satisfy their obligations; the successful management of credit and fraud risks in our business and merchant alliances; changes in local, regional, national and international economic or political conditions and the impact they may have on us and our customers; the effect of proposed and enacted legislative and regulatory actions affecting us or the financial services industry as a whole; our 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; our ability to successfully identify, complete and integrate acquisitions, and to realize the anticipated benefits associated with the same; the impact of our strategic initiatives; our ability to attract and retain key personnel; volatility and disruptions in financial markets that may impact our ability to access preferred sources of financing and the terms on which we are able to obtain financing or increase our 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 our Annual Report on Form 10-K for the year ended December 31, 2020 and in other documents that we file 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, which speak only as of this meeting. We undertake no obligation to update forward-looking statements to reflect events or circumstances occurring after this meeting.

# Non-GAAP Financial Measures

Due to the financial impact of the First Data acquisition, the company's full year 2019 unaudited non-GAAP financial performance measures have been recalculated in this appendix on a combined company basis. The full year 2019 combined financial information has been prepared by making certain adjustments to the sum of historical First Data financial information determined in accordance with generally accepted accounting principles ("GAAP") and historical Fiserv financial information determined in accordance with GAAP. The full year 2019 combined financial information includes various estimates and is not necessarily indicative of the operating results of the combined companies had the transaction been completed at the assumed date or of the combined companies in the future. The full year 2019 combined financial information does not reflect any cost savings or other synergies anticipated as a result of the acquisition. In addition, the full year 2019 combined financial information does not reflect the impact of any purchase accounting adjustments that arose from the acquisition as those impacts would be excluded in the preparation of the combined financial information. The unaudited combined financial information is not pro forma information prepared in accordance with Article 11 of Regulation S-X of the Securities and Exchange Commission, and the preparation of information in accordance with Article 11 would result in a significantly different presentation.

This appendix includes the following unaudited non-GAAP financial measures: "combined revenue," "adjusted revenue," "internal revenue," "internal revenue growth," "combined operating income," "adjusted operating income," "adjusted operating margin," "adjusted operating margin expansion," "combined net income attributable to Fiserv," "adjusted net income," "combined earnings per share," "adjusted earnings per share," and "free cash flow." Management believes that providing combined full year 2019 financial information and making adjustments for certain non-cash or other items and excluding certain pass-through revenue and expenses should enhance shareholders' ability to evaluate the company's performance, including providing additional insights into the factors and trends affecting the company's business and, with respect to combined financial information, providing a reasonable basis of comparison with its post-acquisition results. Additional information about these measures and reconciliations to the nearest GAAP financial measures are provided in this appendix.

# Adjusted Revenue and Adjusted Operating Income

	<u>2020</u>	<u>2019</u>
Revenue	\$ 14,852	\$ 10,187
First Data revenue <sup>1</sup>	—	5,609
Combined revenue	<u>14,852</u>	<u>15,796</u>
Combined adjustments:		
Intercompany eliminations <sup>2</sup>	—	(4)
Output Solutions postage reimbursements	(864)	(978)
Deferred revenue purchase accounting adjustments	46	18
Merchant Services adjustment <sup>3</sup>	(126)	(387)
Adjusted revenue	<u>\$ 13,908</u>	<u>\$ 14,445</u>
Operating income	\$ 1,852	\$ 1,609
First Data operating income <sup>1</sup>	—	1,088
Combined operating income	<u>1,852</u>	<u>2,697</u>
Combined adjustments:		
Merger and integration costs	902	467
Severance and restructuring costs	108	150
Amortization of acquisition-related intangible assets	2,024	1,222
Merchant Services adjustment <sup>3</sup>	(59)	(230)
Gain on sale of businesses	(464)	(12)
Adjusted operating income	<u>\$ 4,363</u>	<u>\$ 4,294</u>
Operating margin	12.5 %	15.8 %
Adjusted operating margin	31.4 %	29.7 %

\$ in millions, unaudited. Operating margin percentages are calculated using actual, unrounded amounts.  
See page 3 for information regarding non-GAAP financial measures.

# Adjusted Revenue and Adjusted Operating Income (cont.)

- <sup>1</sup> Represents the financial results of First Data prior to the date of acquisition. For the year ended December 31, 2019, this includes the results of First Data from January 1, 2019 through July 28, 2019.
- <sup>2</sup> Represents the elimination of intercompany revenue and expense between First Data and the company.
- <sup>3</sup> 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. The 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.

# Internal Revenue Growth

	<u>2020</u>	<u>2019</u>	<u>Growth</u>
Adjusted revenue	\$ 13,908	\$ 14,445	
Currency impact	133	—	
Acquisition adjustments	(6)	—	
Divestiture adjustments	(516)	(901)	
Internal revenue	<u>\$ 13,519</u>	<u>\$ 13,544</u>	0%

\$ in millions, unaudited. Internal revenue growth is calculated using actual, unrounded amounts. See page 3 for information regarding non-GAAP financial measures.

Internal revenue growth is measured as the change in adjusted revenue (see pages 4-5) for the current period excluding the impact of foreign currency fluctuations and revenue attributable to acquisitions (except for full year 2019 revenue attributable to First Data which is presented on a combined company basis) 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, which was dissolved effective July 1, 2020, transition services revenue within Corporate and Other, and, in the Payments segment, certain adjustments to conform prior period amounts to be consistent with the combined company's presentation. 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.

# Adjusted Net Income

	<b>2020</b>	<b>2019</b>
GAAP net income	\$ 958	\$ 893
GAAP net income attributable to First Data <sup>1</sup>	—	303
Combined net income attributable to Fiserv	<u>958</u>	<u>1,196</u>
Combined adjustments:		
Merger and integration costs <sup>2</sup>	902	467
Severance and restructuring costs <sup>3</sup>	108	150
Amortization of acquisition-related intangible assets <sup>4</sup>	2,024	1,222
Debt financing activities <sup>5</sup>	—	287
Impact of divestitures <sup>6</sup>	—	(46)
Non wholly-owned entity activities <sup>7</sup>	94	(53)
Tax impact of adjustments <sup>8</sup>	(719)	(470)
Gain on sale of businesses <sup>6</sup>	(464)	(12)
Tax impact on gain on sale of businesses <sup>8</sup>	124	3
Discrete tax items <sup>9</sup>	(7)	(5)
Adjusted net income	<u>\$ 3,020</u>	<u>\$ 2,739</u>
Weighted average common shares outstanding - diluted	683.4	522.6
Issuance of shares for combination	—	167.0
Dilutive impact of exchanged equity awards	<u>—</u>	<u>4.5</u>
Combined weighted average common shares outstanding - diluted <sup>10</sup>	<u>683.4</u>	<u>694.1</u>
GAAP earnings per share <sup>10</sup>	\$ 1.40	\$ 1.71
Combined earnings per share <sup>10</sup>	\$ 1.40	\$ 1.72

\$ in millions, except per share amounts, unaudited. See page 3 for information regarding non-GAAP financial measures.

# Adjusted Net Income (cont.)

- <sup>1</sup> Represents the financial results of First Data prior to the date of acquisition. For the year ended December 31, 2019, this includes the results of First Data from January 1, 2019 through July 28, 2019.
- <sup>2</sup> Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include \$865 million and \$408 million in 2020 and 2019, respectively, related to the First Data acquisition. First Data integration-related costs in 2020 primarily include \$224 million of third party professional service fees associated with integration-related 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 certain 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. Merger and integration costs related to the First Data acquisition in 2019 include \$199 million of legal and other professional service fees, primarily consisting of transaction costs, as well as \$108 million of incremental share-based compensation, including the fair value of stock awards assumed by Fiserv.
- <sup>3</sup> Represents severance and other costs associated with the achievement of expense management initiatives, including real estate and data center consolidation activities. Amounts during the second through fourth quarters of 2020 consisted entirely of severance costs. Severance and restructuring costs in 2019 include a non-cash impairment charge of \$48 million, primarily related to an international core processing platform.
- <sup>4</sup> 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 12 for an analysis of the company's amortization expense.
- <sup>5</sup> Represents losses on early debt extinguishments and other costs associated with the refinancing of certain indebtedness, including that of First Data. Debt financing activities in 2019 include \$220 million of early debt extinguishment costs and \$98 million of bridge term loan facility expenses, partially offset by \$50 million of net currency transaction gains related to foreign currency denominated debt.
- <sup>6</sup> 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, the dissolution of the Banc of America Merchant Services joint venture in July 2020, and two businesses acquired as part of the First Data acquisition that were sold in October 2019.
- <sup>7</sup> 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 it holds a controlling financial interest. This adjustment also includes a \$14 million net gain on the merger of a joint venture that occurred in 2019.
- <sup>8</sup> The tax impact of adjustments is calculated using a tax rate of 23%, which approximates the combined company's annual effective tax rate, exclusive of the actual tax impacts associated with the gain on sale of businesses.
- <sup>9</sup> 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 in 2020, as well as non-deductible transaction costs associated with the acquisition of First Data in 2019.
- <sup>10</sup> GAAP earnings per share is computed by dividing GAAP net income by the weighted average common shares outstanding - diluted during the year. Combined earnings per share is computed by dividing combined net income attributable to Fiserv by the combined weighted average common shares outstanding - diluted during the year. The 2019 combined weighted average common shares outstanding - diluted is computed based on the historical Fiserv weighted average shares outstanding - diluted determined in accordance with GAAP, adjusted to include the Fiserv shares issued as merger consideration and shares subject to First Data equity awards assumed by Fiserv in connection with the First Data acquisition.

# Adjusted EPS

	<b>2020</b>	<b>2019</b>
GAAP EPS <sup>1</sup>	\$ 1.40	\$ 1.71
Combined EPS <sup>1</sup>	\$ 1.40	\$ 1.72
Combined adjustments - net of income taxes:		
Merger and integration costs <sup>2</sup>	1.02	0.52
Severance and restructuring costs <sup>3</sup>	0.12	0.17
Amortization of acquisition-related intangible assets <sup>4</sup>	2.28	1.36
Debt financing activities <sup>5</sup>	—	0.32
Impact of divestitures <sup>6</sup>	—	(0.05)
Non wholly-owned entity activities <sup>7</sup>	0.11	(0.06)
Gain on sale of businesses <sup>6</sup>	(0.50)	(0.01)
Discrete tax items <sup>8</sup>	(0.01)	(0.01)
<b>Adjusted EPS</b>	<b>\$ 4.42</b>	<b>\$ 3.95</b>

Unaudited. Earnings per share is calculated using actual, unrounded amounts.

See page 3 for information regarding non-GAAP financial measures.

<sup>1</sup> GAAP earnings per share is computed by dividing GAAP net income by the weighted average common shares outstanding - diluted during the year. Combined earnings per share is computed by dividing combined net income attributable to Fiserv by the combined weighted average common shares outstanding - diluted during the year. The 2019 combined weighted average common shares outstanding - diluted is computed based on the historical Fiserv weighted average shares outstanding - diluted determined in accordance with GAAP, adjusted to include the Fiserv shares issued as merger consideration and shares subject to First Data equity awards assumed by Fiserv in connection with the First Data acquisition.

<sup>2</sup> Represents acquisition and related integration costs incurred as a result of the company's various acquisitions. Merger and integration costs include \$865 million and \$408 million in 2020 and 2019, respectively, related to the First Data acquisition. First Data integration-related costs in 2020 primarily include \$224 million of third party professional service fees associated with integration-related 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 certain 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. Merger and integration costs related to the First Data acquisition in 2019 include \$199 million of legal and other professional service fees, primarily consisting of transaction costs, as well as \$108 million of incremental share-based compensation, including the fair value of stock awards assumed by Fiserv.

# Adjusted EPS (cont.)

- <sup>3</sup> Represents severance and other costs associated with the achievement of expense management initiatives, including real estate and data center consolidation activities. Amounts during the second through fourth quarters of 2020 consisted entirely of severance costs. Severance and restructuring costs in 2019 include a non-cash impairment charge of \$48 million, primarily related to an international core processing platform.
- <sup>4</sup> 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 12 for an analysis of the company's amortization expense.
- <sup>5</sup> Represents losses on early debt extinguishments and other costs associated with the refinancing of certain indebtedness, including that of First Data. Debt financing activities in 2019 include \$220 million of early debt extinguishment costs and \$98 million of bridge term loan facility expenses, partially offset by \$50 million of net currency transaction gains related to foreign currency denominated debt.
- <sup>6</sup> 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, the dissolution of the Banc of America Merchant Services joint venture in July 2020, and two businesses acquired as part of the First Data acquisition that were sold in October 2019.
- <sup>7</sup> 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 it holds a controlling financial interest. This adjustment also includes a \$14 million net gain on the merger of a joint venture that occurred in 2019.
- <sup>8</sup> 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 in 2020, as well as non-deductible transaction costs associated with the acquisition of First Data in 2019.

# Free Cash Flow

	<b>2020</b>
Net cash provided by operating activities	\$ 4,147
Capital expenditures	(900)
Adjustments:	
Distributions paid to noncontrolling interests and redeemable noncontrolling interests	(104)
Distributions from unconsolidated affiliates included in cash flows from investing activities	109
Severance, restructuring, merger and integration payments	505
Tax payments on adjustments	(109)
Free cash flow	<u>\$ 3,648</u>

\$ in millions, unaudited. See page 3 for information regarding non-GAAP financial measures.

# Additional Information – Amortization Expense

## Total Amortization <sup>1</sup>

	2020	2019
Acquisition-related intangible assets	\$ 2,133	\$ 1,036
Capitalized software and other intangibles	161	160
Purchased software	269	103
Financing costs, debt discounts and other	47	127
Sales commissions	90	83
Deferred conversion costs	34	22
Total amortization	<u>\$ 2,734</u>	<u>\$ 1,531</u>
First Data acquisition-related intangible assets	\$ —	\$ 233
First Data capitalized software and other intangibles	—	62
First Data purchased software	—	72
First Data financing costs, debt discounts and other	—	7
First Data sales commissions	—	—
First Data deferred conversion costs	—	22
Total First Data amortization <sup>2</sup>	<u>\$ —</u>	<u>\$ 396</u>
Combined acquisition-related intangible assets	\$ 2,133	\$ 1,269
Combined capitalized software and other intangibles	161	222
Combined purchased software	269	175
Combined financing costs, debt discounts and other	47	134
Combined sales commissions	90	83
Combined deferred conversion costs	34	44
Total combined amortization	<u>\$ 2,734</u>	<u>\$ 1,927</u>

\$ in millions, unaudited.

<sup>1</sup> 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 pages 7-10). 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 unaudited 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.

<sup>2</sup> Represents the financial results of First Data prior to the date of acquisition. For the year ended December 31, 2019, this includes the results of First Data from January 1, 2019 through July 28, 2019.