

# Amdocs Limited

## NASDAQ: DOX

Fiscal Q4 2022 Earnings Presentation

November 8, 2022

Shuky Sheffer  
President & CEO

Tamar Rapaport-Dagim  
CFO & COO



# Disclaimer

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This presentation includes non-GAAP financial measures, including non-GAAP operating margin, free cash flow, normalized free cash flow, revenue on a constant currency basis, non-GAAP net income and non-GAAP earnings per share. Free cash flow equals cash generated by operating activities less net capital expenditures and other. Normalized free cash flow, a measure of our operating performance, is further adjusted to exclude net capital expenditures related to the new campus development, payments for non-recurring and unusual charges (such as capital gains tax to be paid in relation to the divestiture of OpenMarket), and payments of acquisition related liabilities. These non-GAAP financial measures are not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. Amdocs believes that non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Amdocs' results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Amdocs' results of operations in conjunction with the corresponding GAAP measures. Please refer to the appendix for a reconciliation of these metrics to the most comparable GAAP provision.

This presentation also includes pro forma metrics which exclude the financial impact of OpenMarket (divested on December 31, 2020) from fiscal year 2021.

Please also review the information contained in Amdocs' press release dated November 8, 2022 with respect to earnings for fiscal Q4 2022. The press release contains additional information regarding Amdocs' outlook for fiscal year 2023 and certain non-GAAP metrics and their reconciliations.

# Today's Speakers



**Shuky  
Sheffer**

President &  
Chief Executive Officer

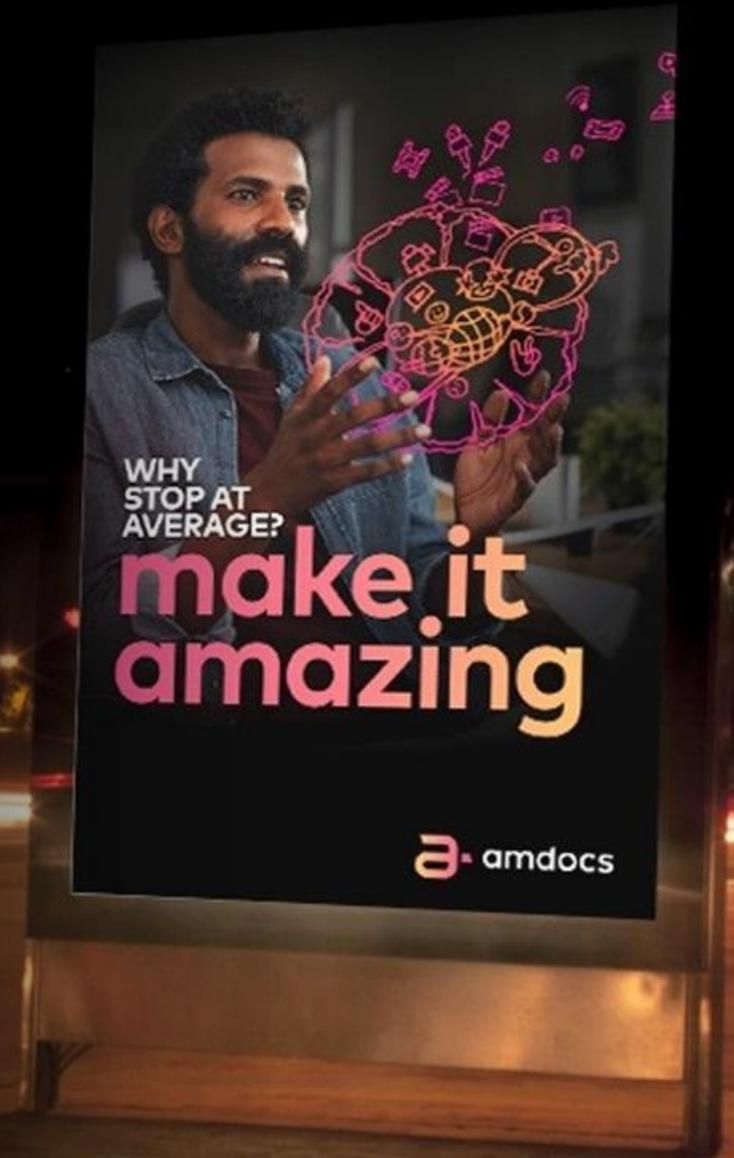


**Tamar  
Rapaport-Dagim**

Chief Financial Officer &  
Chief Operating Officer

# Earnings call agenda

- 1 Strategy & Business Performance Update**  
Shuky Sheffer,  
President & Chief Executive Officer
- 2 Financial Review & FY2023 Outlook**  
Tamar Rapaport-Dagim,  
Chief Financial Officer & Chief Operating Officer
- 3 Q&A**





# Shuky Sheffer

President & Chief Executive Officer

**Strategy and Business Performance Update**



# A huge thank you to our employees

FY22: landmark year for the company

We delivered **accelerated and profitable growth** while playing a major role in serving the **mission-critical needs** and **strategic requirements** of the global communications and media industry

None of this would have been possible **without the dedication and commitment** of our **globally diverse and talented employees**



# Record annual financial performance

Strong fiscal 2022 financial performance with solid Q4 results, in line with our guidance, despite FX headwinds throughout the quarter



## Revenue

Record \$4,577m

Up 10.3% YoY<sup>(1)(2)</sup>

Consistent with the high-end of our outlook of 6-10%<sup>(1)(2)</sup> provided at the start of the year



## 12-month backlog

Record \$3.97B

Up 7.6% YoY

Reflecting healthy sales momentum



## Non-GAAP EPS<sup>(3)</sup>

Record \$5.30

Up 12.1% YoY<sup>(1)(3)</sup>

Supported by Accelerated and profitable growth



## Free cash flow<sup>(3)</sup>

\$665m

102% earning to cash conversion

>100% returned to shareholders via share repurchases and dividends

1. Pro forma, excludes the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.
2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
3. Non-GAAP. See reconciliation tables in appendix

# FY22 Operational Highlights



## Growth<sup>(1)(2)</sup> in all 3 operating regions

### Record year in North America:

(i) Progressing on major transformation projects



(ii) Extended activities with many customers



### Further expanded in Europe and RoW; won strategic awards

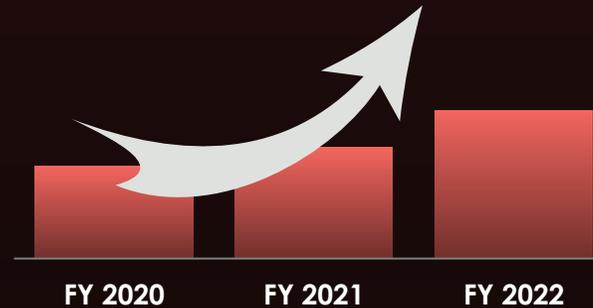
#### Longstanding Customers



#### New



## Unrivalled execution



### Major project go-lives in Q4



## Technological leadership

### Record R&D spend

### >30 accounts on latest CES 20+ suite

Rapid cadence

Microservices based

Cloud native, cloud agnostic

Recognized by industry analysts

### Added capabilities through strategic M&A



1. Pro forma. excludes the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021  
 2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

# Committed to making a positive impact

*1 example out of dozens CSR activities*

Corporate social responsibility is tightly interwoven with our strategic business focus at Amdocs and will continue to be so in fiscal 2023 and beyond



Enable the rollout of Winity's 4G and 5G networks across remote communities in Brazil

bringing connectivity to more than 600 small municipalities

to help close the gap in the digital divide

# Progress in Strategic Domains

Enable our customers to drive growth, improve cost-efficiency and provide an amazing experience to consumers and enterprises

wins

business value



## Cloud

End to end cloud platforms and services



Migrate Amdocs systems from on-premises to the cloud

Enable **quick adoption** of latest 5G innovations, provide **flexibility & capacity growth**, facilitating new business models as AT&T Mexico's network evolves



Move Amdocs services and applications to Rogers' private cloud

**Provide flexibility & capacity growth**



## Digital transformation

Creating seamless digital experiences by transforming IT operations



Implement Amdocs' AI and Data Platform on the cloud

Unlock business insights for **improved customer experience**



(Argentina, Chile, Peru)

BSS and cloud-native OSS modules on the public cloud

**Reduce costs & deliver faster time to market** for new services, advanced digital capabilities & an **improved customer experience**



Modernize BSS and OSS infrastructure with a cloud-native platform

**Improve time-to-market** for new products and services while **increasing efficiency** by digitizing and streamlining processes



## 5G monetization

Monetization of new 5G services



Deployment of CatalogONE, cloud-native platform

Designed to rapidly **create and launch new 5G service offerings**

2 tier-one operators in North America

Amdocs Charging

Enable **rapid time to market** and the **monetization of innovative new services and use cases** across standalone 5G networks and beyond



## Network automation

Delivering dynamic connected experiences with real-time, automated networks



(Multi-orbit satellites operator)

Managed services (**03b mPOWER satellite constellation**)

**Optimize experience** for SES's customers



EAP - Criada conforme determinação da ANATEL

Build a private network for the Brazilian government

Enable **secure adoption** of latest 5G innovations



## Media

Positive customer momentum at Vubiquity



Preferred Fulfillment Partner of the Year award



Digital content agreement for FiberTV viewers

Provide subscribers with **personalized content experiences**



# FY23 Outlook: Expect revenue growth in line with our 6%-10%<sup>(1)</sup> long term target

While Amdocs and our global customers are **not immune to macroeconomic cycles**, we are **confident in our unique and relatively resilient business model**:

**Highly recurring** revenue with **multi-year engagements**

Supporting **mission-critical systems**

**Rich pipeline** of opportunities as a **key technology enabler**

As **trusted long-term partner**, we remain **committed** to helping our customers address the complex macro-economic situation;  
**We bring highly relevant capabilities in digital, cloud and automation**

## Our added value ++ +

**Improved customer experience**

**Accelerated cost reduction**

**Increased efficiency**



1. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

# FY23 Outlook: Expect revenue growth in all operating regions with improved profitability and robust cash flow generation

A

Revenue<sup>(1)</sup>

**6%-10%**

YoY growth

- Consistent with our long-term guidance
- Driven by **growth across all operating regions** with Europe and Rest of World accelerate as recent awards continue to ramp-up

B

Non-GAAP  
EBIT  
Margin<sup>(2)</sup>

**17.5% - 18.1%**

% margin

**improved level of profitability** compared to FY22

C

Non-GAAP  
EPS<sup>(2)</sup>

**8%-12%**

YoY growth

Driven by growth and improved profitability

D

Free cash  
flow<sup>(2)</sup>

**~100%** earning to cash flow

**conversion**, in line with historical performance

Majority of which we plan to return to shareholders

We are positioned to deliver **double-digit expected total shareholder returns<sup>(3)</sup>** for the **third** straight year in 2023

1. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

2. Non-GAAP. See reconciliation tables in appendix

3. Expected total shareholder return assumes Non-GAAP EPS growth plus dividend yield (based on fiscal year end closing share price); FY2023E assumed midpoint of pro forma non-GAAP EPS outlook, and dividend yield based on proposed new quarterly rate of \$0.435 as of share price on 11/8/22



# Tamar Rapaport-Dagim

Chief Financial Officer  
& Chief Operating Officer

**Financial Update & Outlook**

# Q4 FY2022 Financial Highlights

**Record** revenue, +7.3% YoY as reported and **+9.5% YoY** constant currency<sup>(2)</sup>

**Best-ever** quarter in North America

**Consistent** non-GAAP operating margin while accelerating R&D investments

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.
2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
3. Non-GAAP. See reconciliation tables in appendix

## Q4 2022 Results

### Q4 Revenue

**\$1,167 million**

+7.3% YoY, +9.5% constant currency <sup>(2)</sup>  
Slightly **above** guidance midpoint  
(\$1,145M - \$1,185M)

### Q4 Non-GAAP<sup>(3)</sup> Operating Margin

**17.6%, +10bps YoY**

**Above** midpoint of annual target range of **17.2% - 17.8%**, and stable QoQ

### Q4 GAAP Diluted EPS

**\$1.05**

**Higher-end of** guidance  
(\$0.98 - \$1.06)

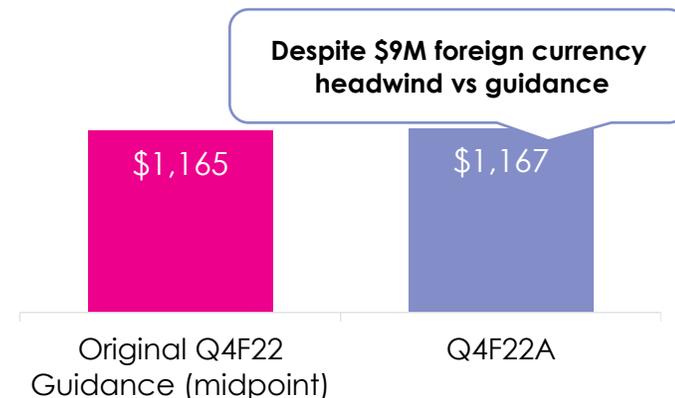
### Q4 Non-GAAP<sup>(3)</sup> Diluted EPS

**\$1.29**

**Midpoint** of guidance  
(\$1.26 - \$1.32)

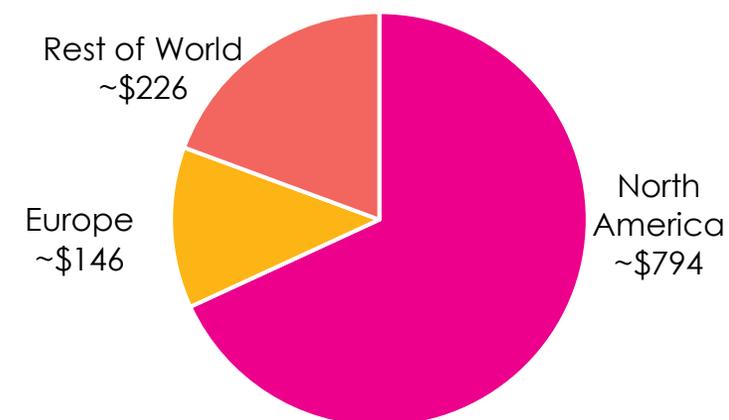
## Q4 2022 Revenue vs. Guidance

\$ Millions



## Q4 2022 Revenue by Region

\$ Millions



# Full Year Fiscal 2022 Highlights

**Record** revenue, +6.7% YoY as reported and **+10.3% YoY** pro forma<sup>(1)</sup> constant currency<sup>(2)</sup>

**Consistent** non-GAAP<sup>(3)</sup> operating margin: **17.6%, +10 bps YoY in FY2022**

**Record** non-GAAP<sup>(3)</sup> diluted EPS: **\$5.30, +12.1% YoY** pro forma<sup>(1)</sup>

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.
2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
3. Non-GAAP. See reconciliation tables in appendix

**Very strong** growth in North America, both at **top two** customers and the **broader** region

**Europe grew**<sup>(1)(2)</sup> on ramp-up of new project activities

**Growth** in **Southeast Asia** and **Latin America**

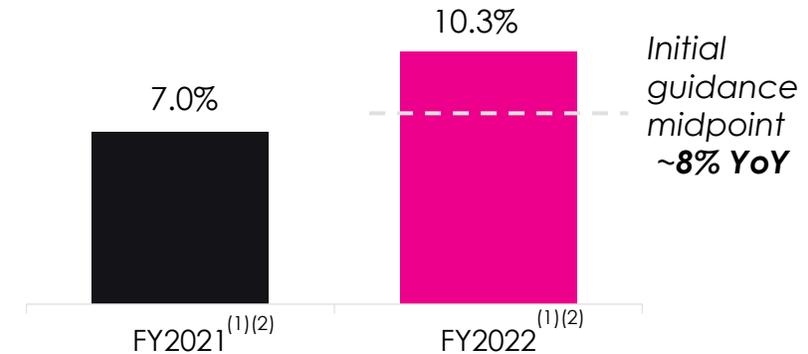
**6** of top 10 customers located outside North America in FY2022

Number of countries with over **\$40M** annual revenue has almost **doubled** in the last decade

## Revenue Growth

Y/Y% growth constant currency<sup>(2)</sup>

FY2021 & FY2022 are pro forma<sup>(1)</sup> constant currency<sup>(2)</sup>



## Non-GAAP<sup>(3)</sup> EPS Y/Y % Growth

FY2021 & FY2022 are pro forma<sup>(1)</sup>



# Leading Indicators & Business Model Resiliency

## 12-Month Backlog

~\$3.97B

Record-high level as of September 30, 2022  
~ +7.6% YoY, +\$20M QoQ

## Leading Indicator

Roughly 80%

12-month backlog typically covers ~80% of forward 12-month revenue

## Record Quarterly 12-Month Backlog in Q4F22

\$ Billions



## 12-month backlog includes:

- Anticipated revenue related to contracts
- Estimated revenue from **managed services** contracts
- Letters of intent
- **Maintenance**
- Estimated **ongoing support** activities

# Leading Indicators & Business Model Resiliency

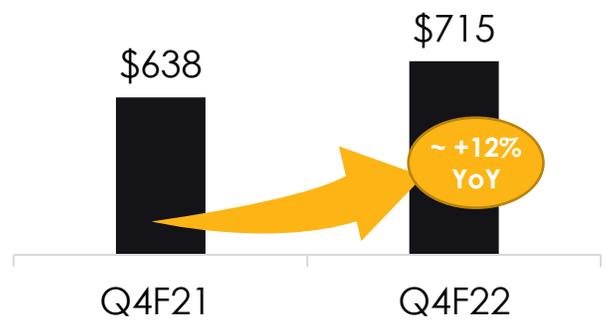
**Managed Services**  
**~\$715M**  
 ~ +12.1% YoY  
 ~61% of total revenue

Close to **100%** managed services contract renewals

## Managed Services Revenue: Q4 2022

\$ Millions

Managed services arrangements support business model resiliency with highly recurring revenue streams, multi-year engagements and high renewal rates, and may also include large-scale digital transformation projects



Expanded managed services agreement, providing ongoing support for Charter's growth of Spectrum mobile.



Multi-year agreement to deploy new BSS and cloud-native OSS modules on public cloud in Argentina, Chile and Peru



Multi-year agreement provides anomaly detection, monitoring, diagnostics, and remediation across SES's new satellite communications system.

# Balance Sheet & Cash Flow

Normalized free cash flow<sup>(2)</sup> of **\$665 million** in FY2022, **beating** guidance of \$650 million

**Ample** liquidity to support ongoing business needs while retaining the capacity to fund future strategic growth investments

## DSO's

**74 days**

+1 days YoY and -8 days QoQ  
DSO's may fluctuate from quarter to quarter

## Deferred revenue > unbilled

**-\$7 million YoY**

Deferred revenue: -\$23M YoY  
Unbilled receivables: -\$16M YoY

Items fluctuate from quarter to quarter in line with normal business activities.

## Liquidity: Cash + Credit Facility

**\$1.3 billion**

Ample liquidity including available \$500M revolving credit facility

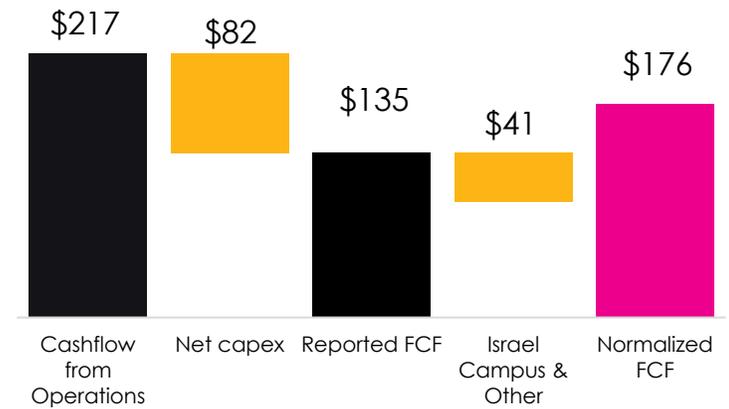
**Baa2**  
Moody's

**BBB**  
S&P

Remain committed to maintaining our Investment grade credit rating

## Q4 2022 Free cash flow<sup>(2)</sup> bridge

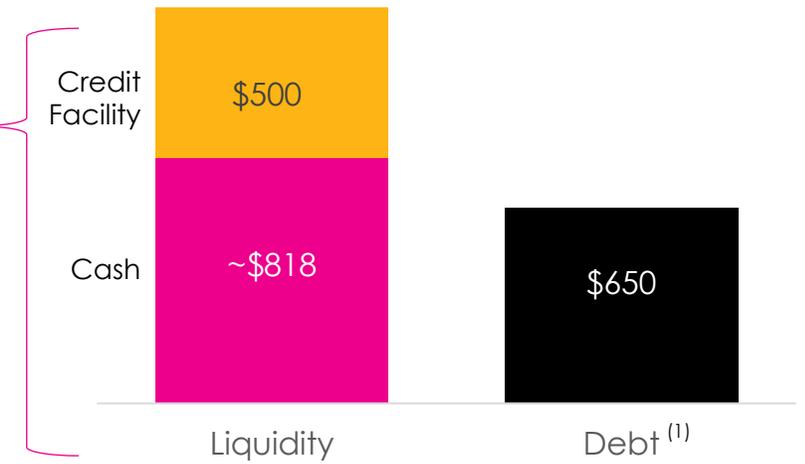
Reported FCF vs. Normalized FCF, \$ Millions



\*Figures may not sum due to rounding

## Cash, Credit Facility & Debt Position

\$ Millions, as of September 30, 2022



1. \$650M senior note, maturing June 2030  
2. Non-GAAP. See reconciliation tables in appendix

# Disciplined Capital Allocation

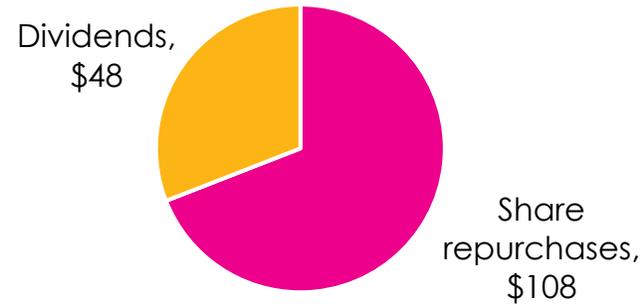
**Expected** free cash flow<sup>(1)</sup> (FCF) outlook of **\$700M** in FY2023, equating to ~100% cash conversion

~**7%** free cash flow yield<sup>(2)</sup>

Expects to return the **majority** of free cash flow to shareholders in FY2023

1. Non-GAAP. See appendix tables for reconciliation of normalized FCF
2. Yield = expected reported free cash flow of \$700M in FY2023 as a percentage of Amdocs' market capitalization as of November 8, 2022
3. Expected FY2023 FCF on a reported basis; normalized FCF disclosure to be discontinued

## Q4 2022 Cash Returned to Shareholders \$ Millions



As of September 30, roughly **\$0.5B** of share repurchase authorization capacity remained

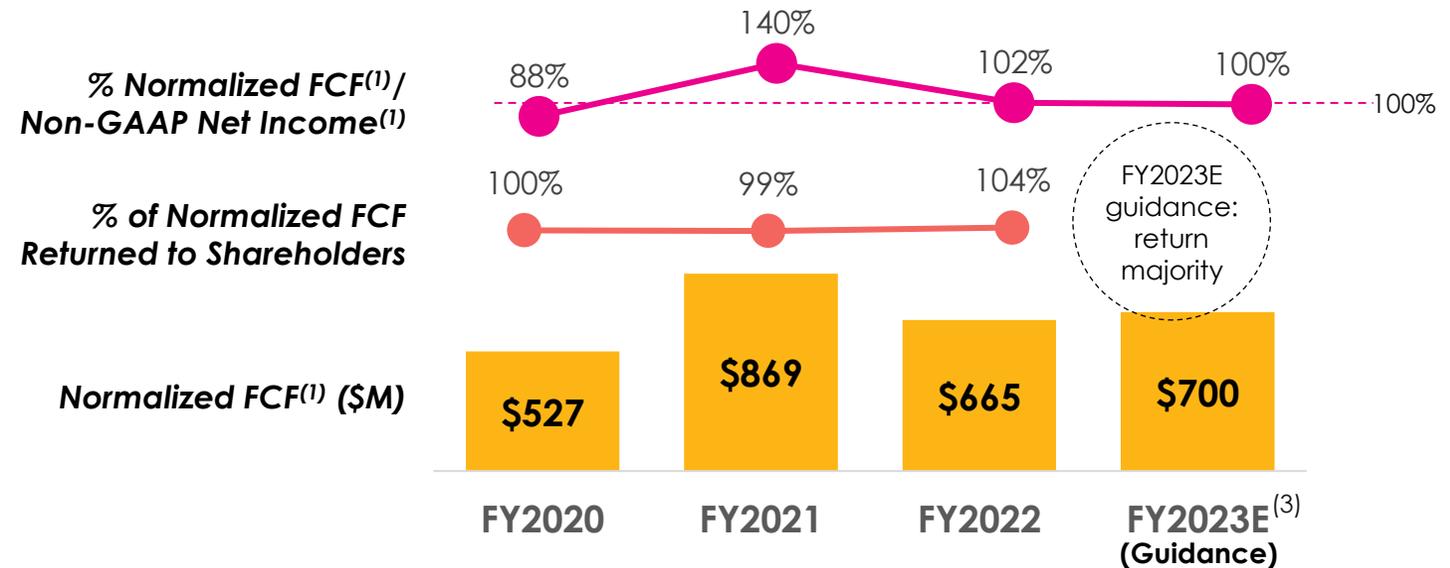
## Dividend Growth

Board authorized new quarterly dividend payment:

**43.5 cents, +10%**

New payment subject to shareholder approval at Amdocs annual meeting in January 2023

## Normalized FCF<sup>(1)</sup> : Three-year historical trend and FY2023E outlook



# FY2023 Outlook

Revenue growth of **~6%-10% YoY<sup>(4)</sup>** in FY2023E, including **~60bps** from MYCOM OSI<sup>(5)</sup>

Non-GAAP operating margin target **raised** to new and improved range of **17.5% - 18.1%**

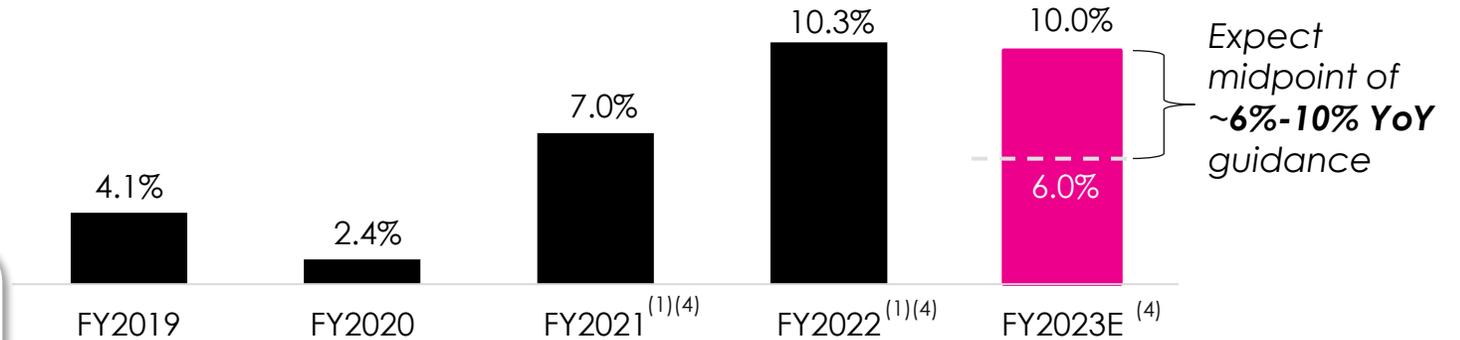
Targeting **double-digit** expected total shareholder returns for the **third** year running

1. Pro forma metrics exclude the financial impact of OpenMarket (which was divested on December 31, 2020) from fiscal year 2021.
2. Non-GAAP. See reconciliation tables in appendix
3. Expected total shareholder return assumes Non-GAAP EPS growth plus dividend yield (based on fiscal year end closing share price); FY2023E assumed midpoint of pro forma non-GAAP EPS outlook, and dividend yield based on proposed new quarterly rate of \$0.435 as of share price on 11/8/22
4. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period
5. Subject to certain regulatory approvals the acquisition is expected to close before the end of the first quarter fiscal 2023

## Revenue Growth

YoY% Growth Constant Currency<sup>(4)</sup>

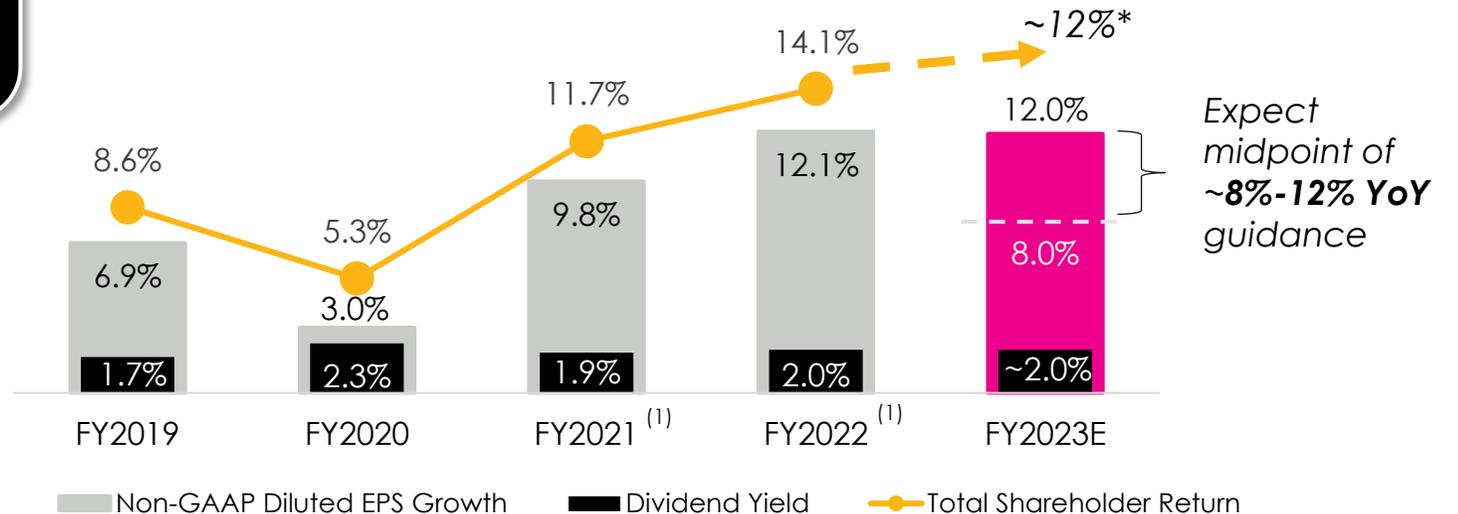
FY21 and FY22 revenue is pro forma<sup>(1)</sup> constant currency<sup>(4)</sup>



## Total Shareholder Return<sup>(3)</sup>

Non-GAAP<sup>(2)</sup> Diluted EPS Growth YoY % + Dividend Yield

FY21 and FY22 non-GAAP EPS growth is presented pro forma<sup>(1)</sup>



\*Non-GAAP EPS growth of 10%, plus ~2% dividend yield

# Q&A



Let's  
**make it**  
**amazing**



# Q1 & FY2023 Outlook

Firmly positioned to deliver **double-digit** total shareholder returns for the **third** year running

1. Non-GAAP. See reconciliation tables in appendix

2. Constant currency. Assumes exchange rates in the current period were unchanged from the prior period

## Q1 Fiscal 2023 Outlook

Revenue	\$1,155 - \$1,195 million
GAAP EPS	\$1.00 - \$1.08
Non-GAAP <sup>(1)</sup> EPS	\$1.29 - \$1.35
Share Count	122 million
Effective Tax Rate Non-GAAP <sup>(1)</sup>	<b>Above</b> high-end of annual target range of 13%-17%

## Full Year Fiscal 2023 Outlook

Revenue growth As reported	4.0% - 8.0%
Revenue growth Constant currency <sup>(2)</sup>	6.0% - 10.0%
GAAP EPS growth	3.0% - 10.0%
Non-GAAP <sup>(1)</sup> EPS growth	8.0% - 12.0%
Operating Margin Non-GAAP <sup>(1)</sup>	17.5%-18.1%
Effective Tax Rate Non-GAAP <sup>(1)</sup>	13.0%-17.0%
Free cash flow <sup>(1)</sup>	\$700 million

# Appendix

## Reconciliation Tables



# Reconciliation Tables

- a) Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- b) Tax payment related to capital gain from divestiture of OpenMarket, which was completed on December 31, 2020.
- c) The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$521 and \$328 for the Fiscal years ended September 30, 2022 and 2021, respectively.

## AMDOCS LIMITED Selected Financial Metrics (In thousands, except per share data)

	Three months ended September 30,		Fiscal year ended September 30,	
	2022	2021	2022	2021 <sup>(a)</sup>
Revenue	\$ 1,166,504	\$ 1,087,309	\$ 4,576,697	\$ 4,288,640
Non-GAAP operating income	205,337	190,195	804,894	750,665
Non-GAAP net income	157,548	147,470	655,147	621,820
Non-GAAP diluted earnings per share	\$ 1.29	\$ 1.16	\$ 5.30	\$ 4.81
Diluted weighted average number of shares outstanding	122,320	126,820	123,650	129,284

## Free Cash Flows and Normalized Free Cash Flow (In thousands)

	Three months ended September 30,		Fiscal year ended September 30,	
	2022	2021	2022	2021 <sup>(a)</sup>
Net Cash Provided by Operating Activities	\$ 216,919	\$ 199,713	\$ 756,719	\$ 925,807
Purchases of property and equipment, net <sup>(c)</sup>	(81,819)	(60,873)	(227,219)	(210,438)
Free Cash Flow	135,100	138,840	529,500	715,369
Tax payment on sale of business <sup>(b)</sup>	-	809	3,193	39,596
Payments of acquisition related liabilities	1,925	-	16,275	13,234
Net capital expenditures related to the new campus development	38,683	32,801	116,359	100,680
Normalized Free Cash Flow	\$ 175,708	\$ 172,450	\$ 665,327	\$ 868,879

# Reconciliation Tables

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## AMDOCS LIMITED Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP (In thousands)

	Three months ended September 30, 2022						Non-GAAP
	GAAP	Reconciliation items					
	Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in certain acquisitions related liabilities measured at fair value	Other	Tax effect		
Operating expenses:							
Cost of revenue	\$ 751,358	\$ -	\$ (8,356)	\$ 3,294	\$ -	\$ -	\$ 746,296
Research and development	96,218		(1,538)				94,680
Selling, general and administrative	129,404		(9,213)				120,191
Amortization of purchased intangible assets and other	17,838	(17,838)					-
Total operating expenses	994,818	(17,838)	(19,107)	3,294	-	-	961,167
Operating income	171,686	17,838	19,107	(3,294)			205,337
Interest and other expense, net	(7,399)				400		(6,999)
Income taxes	35,351					5,439	40,790
Net income	\$ 128,936	\$ 17,838	\$ 19,107	\$ (3,294)	\$ 400	\$ (5,439)	\$ 157,548

	Three months ended September 30, 2021						Non-GAAP
	GAAP	Reconciliation items					
	Amortization of purchased intangible assets and other	Equity based compensation expense	Changes in certain acquisitions related liabilities measured at fair value	Other	Tax effect		
Operating expenses:							
Cost of revenue	\$ 707,366	\$ -	\$ (6,148)	\$ (3,285)	\$ -	\$ -	\$ 697,933
Research and development	81,324	-	(1,145)	-	-	-	80,179
Selling, general and administrative	126,015	-	(7,013)	-	-	-	119,002
Amortization of purchased intangible assets and other	18,274	(18,274)	-	-	-	-	-
Total operating expenses	932,979	(18,274)	(14,306)	(3,285)	-	-	897,114
Operating income	154,330	18,274	14,306	3,285	-	-	190,195
Interest and other expense, net	(1,099)	-	-	-	(4,360)	-	(5,459)
Income taxes	29,706	-	-	-	-	7,560	37,266
Net income	\$ 123,525	\$ 18,274	\$ 14,306	\$ 3,285	\$ (4,360)	\$ (7,560)	\$ 147,470

# Reconciliation Tables

- Since January 1, 2021, OpenMarket results are not included in the Consolidated Statements of Income given its divestiture.
- Tax payment related to capital gain from divestiture of OpenMarket, which was completed on December 31, 2020.
- The amounts under "Purchase of property and equipment, net" include proceeds from sale of property and equipment of \$521 and \$328 for the Fiscal years ended September 30, 2022 and 2021, respectively.

## AMDOCS LIMITED Reconciliation of Selected Financial Metrics from GAAP to Non-GAAP (In thousands)

GAAP	Fiscal year ended September 30, 2022						Non-GAAP
	Amortization of purchased intangible assets and other	Equity based compensation expense	Reconciliation items Changes in certain acquisitions related liabilities measured at fair value	Gain from sale of a business	Other	Tax effect	
Operating expenses:							
Cost of revenue	\$ 2,957,547	\$ -	\$ (32,096)	\$ 2,785	\$ -	\$ -	\$ 2,928,236
Research and development	354,706		(5,631)				349,075
Selling, general and administrative	528,572		(34,080)				494,492
Amortization of purchased intangible assets and other	71,075	(71,075)					-
Total operating expenses	3,911,900	(71,075)	(71,807)	2,785	-	-	3,771,803
Operating income	664,797	71,075	71,807	(2,785)	-		804,894
Interest and other expense, net	(26,391)				(1,605)		(27,996)
Gain from sale of a business	10,000			(10,000)			-
Income taxes	98,905					22,846	121,751
Net income	\$ 549,501	\$ 71,075	\$ 71,807	\$ (2,785)	\$ (10,000)	\$ (22,846)	\$ 655,147

GAAP	Fiscal year ended September 30, 2021 <sup>(a)</sup>						Non-GAAP
	Amortization of purchased intangible assets and other	Equity based compensation expense	Reconciliation items Changes in certain acquisitions related liabilities measured at fair value	Gain from sale of a business	Other	Tax effect	
Operating expenses:							
Cost of revenue	\$ 2,810,967	\$ -	\$ (22,691)	\$ (18,939)	\$ -	\$ -	\$ 2,769,337
Research and development	312,941	-	(4,021)	-	-	-	308,920
Selling, general and administrative	487,255	-	(27,537)	-	-	-	459,718
Amortization of purchased intangible assets and other	78,784	(78,784)	-	-	-	-	-
Total operating expenses	3,689,947	(78,784)	(54,249)	(18,939)	-	-	3,537,975
Operating income	598,693	78,784	54,249	18,939	-	-	750,665
Interest and other expense, net	(10,797)	-	-	-	(5,046)	-	(15,843)
Gain from sale of a business	226,410	-	-	-	(226,410)	-	-
Income taxes	125,932	-	-	-	-	(12,930)	113,002
Net income	\$ 688,374	\$ 78,784	\$ 54,249	\$ 18,939	\$ (226,410)	\$ (5,046)	\$ 621,820

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