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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2023

Or

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

For the transition period from to

Commission File Number 0-25346

ACI WORLDWIDE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-0772104**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2811 Ponce de Leon Blvd PH 1 Coral Gables, Florida	**33134**
(Address of principal executive offices)	**(Zip code)**

(305) 894-2200

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of the Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 1, 2023, there were 108,595,441 shares of the registrant's common stock outstanding.

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.005 par value	**ACIW**	**Nasdaq Global Select Market**

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited and in thousands, except share and per share amounts)

	June 30, 2023	December 31, 2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 132,391	$ 124,981
Receivables, net of allowances of $3,464 and $3,779, respectively	350,094	403,781
Settlement assets	453,276	540,667
Prepaid expenses	35,563	28,010
Other current assets	57,177	17,366
Total current assets	1,028,501	1,114,805
Noncurrent assets		
Accrued receivables, net	269,051	297,818
Property and equipment, net	44,998	52,499
Operating lease right-of-use assets	34,544	40,031
Software, net	114,451	129,109
Goodwill	1,226,026	1,226,026
Intangible assets, net	212,260	228,698
Deferred income taxes, net	74,403	53,738
Other noncurrent assets	64,656	67,171
TOTAL ASSETS	$ 3,068,890	$ 3,209,895
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 48,137	$ 47,997
Settlement liabilities	452,864	539,087
Employee compensation	40,837	45,289
Current portion of long-term debt	74,294	65,521
Deferred revenue	69,352	58,303
Other current liabilities	96,382	102,645
Total current liabilities	781,866	858,842
Noncurrent liabilities		
Deferred revenue	24,503	23,233
Long-term debt	991,829	1,024,351
Deferred income taxes, net	37,294	40,371
Operating lease liabilities	29,394	33,910
Other noncurrent liabilities	31,478	36,001
Total liabilities	1,896,364	2,016,708
Commitments and contingencies		
Stockholders' equity		
Preferred stock; $0.01 par value; 5,000,000 shares authorized; no shares issued at June 30, 2023, and December 31, 2022	—	—
Common stock; $0.005 par value; 280,000,000 shares authorized; 140,525,055 shares issued at June 30, 2023, and December 31, 2022	702	702
Additional paid-in capital	704,096	702,458
Retained earnings	1,234,440	1,273,458
Treasury stock, at cost, 31,929,614 and 32,456,227 shares at June 30, 2023, and December 31, 2022, respectively	(655,660)	(665,771)
Accumulated other comprehensive loss	(111,052)	(117,660)
Total stockholders' equity	1,172,526	1,193,187
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 3,068,890	$ 3,209,895

The accompanying notes are an integral part of the condensed consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Revenues				
Software as a service and platform as a service	$ 209,676	$ 206,978	$ 414,606	$ 401,540
License	44,671	64,314	63,002	124,599
Maintenance	51,391	50,562	101,494	101,980
Services	17,587	18,571	33,899	35,386
Total revenues	323,325	340,425	613,001	663,505
Operating expenses				
Cost of revenue (1)	181,343	179,333	359,897	345,619
Research and development	35,265	40,642	72,383	78,449
Selling and marketing	33,289	35,391	68,724	69,999
General and administrative	31,472	28,362	62,854	54,237
Depreciation and amortization	31,436	32,240	62,975	63,078
Total operating expenses	312,805	315,968	626,833	611,382
Operating income (loss)	10,520	24,457	(13,832)	52,123
Other income (expense)				
Interest expense	(19,909)	(11,784)	(38,801)	(22,678)
Interest income	3,458	3,051	6,963	6,210
Other, net	(4,092)	2,006	(7,487)	4,256
Total other income (expense)	(20,543)	(6,727)	(39,325)	(12,212)
Income (loss) before income taxes	(10,023)	17,730	(53,157)	39,911
Income tax expense (benefit)	(3,313)	4,388	(14,139)	11,079
Net income (loss)	$ (6,710)	$ 13,342	$ (39,018)	$ 28,832
Income (loss) per common share				
Basic	$ (0.06)	$ 0.12	$ (0.36)	$ 0.25
Diluted	$ (0.06)	$ 0.12	$ (0.36)	$ 0.25
Weighted average common shares outstanding				
Basic	108,455	114,669	108,306	114,976
Diluted	108,455	115,205	108,306	115,649

(1) The cost of revenue excludes charges for depreciation but includes amortization of purchased and developed software for resale.

The accompanying notes are an integral part of the condensed consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited and in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Net income (loss)	$ (6,710)	$ 13,342	$ (39,018)	$ 28,832
Other comprehensive income (loss):				
Foreign currency translation adjustments	2,990	(12,620)	6,608	(14,720)
Total other comprehensive income (loss)	2,990	(12,620)	6,608	(14,720)
Comprehensive income (loss)	$ (3,720)	$ 722	$ (32,410)	$ 14,112

The accompanying notes are an integral part of the condensed consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited and in thousands, except share amounts)

	Three Months Ended June 30, 2023					
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total**
Balance as of March 31, 2023	$ 702	$ 701,040	$ 1,241,150	$ (661,223)	$ (114,042)	$ 1,167,627
Net loss	—	—	(6,710)	—	—	(6,710)
Other comprehensive income	—	—	—	—	2,990	2,990
Stock-based compensation	—	5,414	—	—	—	5,414
Shares issued and forfeited, net, under stock plans	—	(2,358)	—	5,882	—	3,524
Repurchase of stock-based compensation awards for tax withholdings	—	—	—	(319)	—	(319)
Balance as of June 30, 2023	$ 702	$ 704,096	$ 1,234,440	$ (655,660)	$ (111,052)	$ 1,172,526

	Three Months Ended June 30, 2022					
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total**
Balance as of March 31, 2022	$ 702	$ 685,354	$ 1,146,771	$ (506,513)	$ (101,647)	$ 1,224,667
Net income	—	—	13,342	—	—	13,342
Other comprehensive loss	—	—	—	—	(12,620)	(12,620)
Stock-based compensation	—	6,800	—	—	—	6,800
Shares issued and forfeited, net, under stock plans	—	(1,580)	—	2,867	—	1,287
Repurchase of 924,240 shares of common stock	—	—	—	(24,847)	—	(24,847)
Repurchase of stock-based compensation awards for tax withholdings	—	—	—	(265)	—	(265)
Balance as of June 30, 2022	$ 702	$ 690,574	$ 1,160,113	$ (528,758)	$ (114,267)	$ 1,208,364

The accompanying notes are an integral part of the condensed consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(unaudited and in thousands, except share amounts)

	Six Months Ended June 30, 2023					
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total**
Balance as of December 31, 2022	$ 702	$ 702,458	$ 1,273,458	$ (665,771)	$ (117,660)	$ 1,193,187
Net loss	—	—	(39,018)	—	—	(39,018)
Other comprehensive income	—	—	—	—	6,608	6,608
Stock-based compensation	—	10,715	—	—	—	10,715
Shares issued and forfeited, net, under stock plans	—	(9,077)	—	13,431	—	4,354
Repurchase of stock-based compensation awards for tax withholdings	—	—	—	(3,320)	—	(3,320)
Balance as of June 30, 2023	$ 702	$ 704,096	$ 1,234,440	$ (655,660)	$ (111,052)	$ 1,172,526

	Six Months Ended June 30, 2022					
	Common Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total**
Balance as of December 31, 2021	$ 702	$ 688,313	$ 1,131,281	$ (475,972)	$ (99,547)	$ 1,244,777
Net income	—	—	28,832	—	—	28,832
Other comprehensive loss	—	—	—	—	(14,720)	(14,720)
Stock-based compensation	—	14,758	—	—	—	14,758
Shares issued and forfeited, net, under stock plans	—	(12,497)	—	15,723	—	3,226
Repurchase of 2,055,488 shares of common stock	—	—	—	(62,707)	—	(62,707)
Repurchase of stock-based compensation awards for tax withholdings	—	—	—	(5,802)	—	(5,802)
Balance as of June 30, 2022	$ 702	$ 690,574	$ 1,160,113	$ (528,758)	$ (114,267)	$ 1,208,364

The accompanying notes are an integral part of the condensed consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	Six Months Ended June 30,	
	2023	**2022**
Cash flows from operating activities:		
Net income (loss)	$ (39,018)	$ 28,832
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation	13,091	11,008
Amortization	49,884	52,721
Amortization of operating lease right-of-use assets	6,491	5,489
Amortization of deferred debt issuance costs	2,492	2,299
Deferred income taxes	(22,641)	(6,385)
Stock-based compensation expense	10,715	14,758
Other	311	1,124
Changes in operating assets and liabilities:		
Receivables	81,856	(14,040)
Accounts payable	(1,954)	(1,319)
Accrued employee compensation	(4,628)	(10,201)
Deferred revenue	12,700	5,532
Other current and noncurrent assets and liabilities	(51,791)	(22,055)
Net cash flows from operating activities	57,508	67,763
Cash flows from investing activities:		
Purchases of property and equipment	(4,576)	(3,657)
Purchases of software and distribution rights	(15,021)	(10,738)
Net cash flows from investing activities	(19,597)	(14,395)
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,426	1,962
Proceeds from exercises of stock options	2,869	1,397
Repurchase of stock-based compensation awards for tax withholdings	(3,320)	(5,802)
Repurchases of common stock	—	(62,707)
Proceeds from revolving credit facility	55,000	60,000
Repayment of revolving credit facility	(45,000)	(20,000)
Repayment of term portion of credit agreement	(34,081)	(21,219)
Payments on or proceeds from other debt, net	(11,830)	(9,369)
Payments for debt issuance costs	(2,160)	—
Net decrease in settlement assets and liabilities	(24,087)	(4,575)
Net cash flows from financing activities	(61,183)	(60,313)
Effect of exchange rate fluctuations on cash	5,427	(1,062)
Net decrease in cash and cash equivalents	(17,845)	(8,007)
Cash and cash equivalents, including settlement deposits, beginning of period	214,672	184,142
Cash and cash equivalents, including settlement deposits, end of period	$ 196,827	$ 176,135
Reconciliation of cash and cash equivalents to the Consolidated Balance Sheets		
Cash and cash equivalents	$ 132,391	$ 118,953
Settlement deposits	64,436	57,182
Total cash and cash equivalents, including settlement deposits	$ 196,827	$ 176,135
Supplemental cash flow information		
Income taxes paid	$ 33,907	$ 18,467
Interest paid	$ 36,102	$ 20,296

The accompanying notes are an integral part of the condensed consolidated financial statements.

ACI WORLDWIDE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Condensed Consolidated Financial Statements

The unaudited condensed consolidated financial statements include the accounts of ACI Worldwide, Inc. and its wholly-owned subsidiaries (collectively, the "Company"). All intercompany balances and transactions have been eliminated. The condensed consolidated financial statements as of June 30, 2023, and for the three and six months ended June 30, 2023 and 2022, are unaudited and reflect all adjustments of a normal recurring nature, which are, in the opinion of management, necessary for a fair presentation, in all material respects, of the financial position and operating results for the interim periods. The condensed consolidated balance sheet as of December 31, 2022, is derived from the audited financial statements.

The condensed consolidated financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2022, filed on March 1, 2023. Results for the three and six months ended June 30, 2023, are not necessarily indicative of results that may be attained in the future.

The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are affected by management's application of accounting policies, as well as uncertainty in the current economic environment. Actual results could differ from those estimates.

Other Current Liabilities

The components of other current liabilities are included in the following table (in thousands):

	June 30, 2023	December 31, 2022
Operating lease liabilities	$ 10,317	$ 11,218
Vendor financed licenses	8,915	13,525
Accrued interest	9,103	9,067
Royalties payable	2,654	3,726
Other	65,393	65,109
Total other current liabilities	$ 96,382	$ 102,645

Settlement Assets and Liabilities

Individuals and businesses settle their obligations to the Company's various Biller clients using credit or debit cards or via automated clearing house ("ACH") payments. The Company creates a receivable for the amount due from the credit or debit card processor and an offsetting payable to the client. Upon confirmation that the funds have been received, the Company settles the obligation to the client. Due to timing, in some instances, the Company may (1) receive the funds into bank accounts controlled by and in the Company's name that are not disbursed to its clients by the end of the day, resulting in a settlement deposit on the Company's books and (2) disburse funds to its clients in advance of receiving funds from the credit or debit card processor, resulting in a net settlement receivable position.

Off Balance Sheet Settlement Accounts

The Company also enters into agreements with certain Biller clients to process payment funds on their behalf. When an ACH or automated teller machine network payment transaction is processed, a transaction is initiated to withdraw funds from the designated source account and deposit them into a settlement account, which is a trust account maintained for the benefit of the Company's clients. A simultaneous transaction is initiated to transfer funds from the settlement account to the intended destination account. These "back to back" transactions are designed to settle at the same time, usually overnight, such that the Company receives the funds from the source at the same time as it sends the funds to their destination. However, due to the transactions being with various financial institutions there may be timing differences that result in float balances. These funds are maintained in accounts for the benefit of the client, which is separate from the Company's corporate assets. As the Company does not take ownership of the funds, these settlement accounts are not included in the Company's balance sheet. The Company is entitled to interest earned on the fund balances. The collection of interest on these settlement accounts is considered in the Company’s determination of its fee structure for clients and represents a portion of the payment for services performed by the Company. The amount of settlement funds as of June 30, 2023, and December 31, 2022, was $317.0 million and $328.7 million, respectively.

Fair Value

The fair value of the Company’s Credit Agreement approximates the carrying value due to the floating interest rate (Level 2 of the fair value hierarchy). The Company measures the fair value of its Senior Notes based on Level 2 inputs, which include quoted market prices and interest rate spreads of similar securities. The fair value of the Company’s 5.750% Senior Notes due 2026 (“2026 Notes”) was $392.0 million and $390.0 million as of June 30, 2023, and December 31, 2022, respectively.

The fair values of cash and cash equivalents approximate the carrying values due to the short period of time to maturity (Level 2 of the fair value hierarchy).

Goodwill

In accordance with the Accounting Standards Codification ("ASC") 350, *Intangibles – Goodwill and Other*, the Company assesses goodwill for impairment annually during the fourth quarter of its fiscal year using October 1 balances or when there is evidence that events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Company evaluates goodwill at the reporting unit level and has identified its operating segments, Banks, Merchants, and Billers, as the reporting units. As of June 30, 2023, the Company's goodwill balance of $1.2 billion was allocated $671.7 million to Banks, $137.3 million to Merchants, and $417.0 million to Billers.

Recoverability of goodwill is measured using a discounted cash flow model incorporating discount rates commensurate with the risks involved. Use of a discounted cash flow model is common practice in impairment testing in the absence of available transactional market evidence to determine the fair value. The calculated fair value was substantially in excess of the current carrying value for all reporting units based upon the October 1, 2022, annual impairment test and there have been no indications of impairment in the subsequent periods.

Equity Method Investment

In July 2019, the Company invested $18.3 million for a 30% non-controlling financial interest in a payment technology and services company in India. The Company accounted for this investment using the equity method in accordance with ASC 323, *Investments - Equity Method and Joint Ventures*. The Company records its share of earnings and losses in the investment on a one-quarter lag basis. Accordingly, the Company recorded an investment of $18.8 million and $17.9 million, which is included in other noncurrent assets in the condensed consolidated balance sheet as of June 30, 2023, and December 31, 2022, respectively.

2. Revenue

In accordance with ASC 606, *Revenue From Contracts With Customers*, revenue is recognized upon transfer of control of promised products and/or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products and services. Revenue is recognized net of any taxes collected from customers and subsequently remitted to governmental authorities. See Note 10, *Segment Information*, for additional information, including disaggregation of revenue based on primary solution category.

Total receivables represent amounts billed and amounts earned that are to be billed in the future (i.e., accrued receivables). Included in accrued receivables are services, software as a service ("SaaS"), and platform as a service ("PaaS") revenues earned in the current period but billed in the following period, and amounts due under multi-year software license arrangements with extended payment terms for which the Company has an unconditional right to invoice and receive payment subsequent to invoicing.

Total receivables, net is comprised of the following (in thousands):

	June 30, 2023	December 31, 2022
Billed receivables	$ 161,656	$ 218,611
Allowance for doubtful accounts	(3,464)	(3,779)
Billed receivables, net	158,192	214,832
Current accrued receivables, net	191,902	188,949
Long-term accrued receivables, net	269,051	297,818
Total accrued receivables, net	460,953	486,767
Total receivables, net	$ 619,145	$ 701,599

No customer accounted for more than 10% of the Company’s consolidated receivables balance as of June 30, 2023. One customer accounted for 10.1% of the Company's consolidated receivables balance as of December 31, 2022.

Deferred revenue includes amounts due or received from customers for software licenses, maintenance, services, and/or SaaS and PaaS services in advance of recording the related revenue.

Changes in deferred revenue were as follows (in thousands):

Balance, December 31, 2022	$ 81,536
Deferral of revenue	65,853
Recognition of deferred revenue	(53,349)
Foreign currency translation	(185)
Balance, June 30, 2023	$ 93,855

Revenue allocated to remaining performance obligations represents contracted revenue that will be recognized in future periods, which is comprised of deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. This does not include:

- Revenue that will be recognized in future periods from capacity overages that are accounted for as a usage-based royalty.
- SaaS and PaaS revenue from variable consideration that will be recognized in accordance with the ‘right to invoice’ practical expedient or meets the allocation objective.

Revenue allocated to remaining performance obligations was $684.0 million as of June 30, 2023, of which the Company expects to recognize approximately 50% over the next 12 months and the remainder thereafter.

During the three and six months ended June 30, 2023 and 2022, revenue recognized by the Company from performance obligations satisfied in previous periods was not significant.

3. Divestiture

Corporate Online Banking Solutions

On June 7, 2022, the Company announced a definitive agreement to divest its corporate online banking solutions related assets and liabilities to One Equity Partners ("OEP") for $100.0 million, including a net working capital adjustment. The sale included employees and customer contracts as well as technology assets and intellectual property and closed on September 1, 2022.

The Company recognized a gain of $38.5 million on the sale during the three months ended September 30, 2022. During the three months ended June 30, 2023, the Company recognized a loss for the final post-closing adjustment pursuant to the definitive agreement of $0.5 million.

The Company and OEP have also entered into a Transition Services Agreement ("TSA"), whereby the Company will continue to perform certain functions on OEP's behalf during a migration period not expected to exceed 18 months. The TSA is meant to reimburse the Company for direct costs in order to provide such functions, which are no longer generating revenue for the Company.

4. Debt

As of June 30, 2023, the Company had $115.0 million, $558.6 million, and $400.0 million outstanding under its Revolving Credit Facility, Term Loans, and Senior Notes, respectively, with up to $383.5 million of unused borrowings under the Revolving Credit Facility portion of the Credit Agreement, as amended, and up to $1.5 million of unused borrowings under the Letter of Credit agreement. The amount of unused borrowings actually available varies in accordance with the terms of the agreement.

Credit Agreement

On April 5, 2019, the Company and its wholly-owned subsidiaries, ACI Worldwide Corp. and ACI Payments, Inc. entered into the Second Amended and Restated Credit Agreement (the “Credit Agreement”) with the lenders, and Bank of America, N.A., as administrative agent for the lenders, to amend and restate the Company's existing agreement, as amended, dated February 24, 2017.

On May 5, 2022, the Company and Bank of America entered into the LIBOR Transition Amendment (the "Amendment") that replaced the LIBOR reference rate with the Secured Overnight Financing Rate ("SOFR") reference rate. No other terms or conditions of the Credit Agreement were changed as a result of the Amendment.

On April 28, 2023, the Company and Bank of America entered into the 2023 Extension Amendment to extend the term of the Credit Facility one year to April 5, 2025. All other terms remained the same.

The Credit Agreement consists of (a) a five-year $500.0 million senior secured revolving credit facility (the “Revolving Credit Facility”), which includes sublimits for (1) the issuance of standby letters of credit and (2) swingline loans, (b) a five-year $279.0 million senior secured term loan facility (the "Initial Term Loan") and (c) a five-year $500.0 million Delayed Draw Term Loan (together with the Initial Term Loan, the "Term Loans", and together with the Initial Term Loan and the Revolving Credit Facility, the “Credit Facility”). The Credit Agreement also allows the Company to request optional incremental term loans and increases in the revolving commitment.

At the Company’s option, borrowings under the Credit Facility bear interest at an annual rate equal to, either (a) a base rate determined by reference to the highest of (1) the annual interest rate publicly announced by the administrative agent as its Prime Rate, (2) the federal funds effective rate plus 1/2 of 1%, or (3) SOFR rate determined by reference to the costs of funds for U.S. dollar deposits for a one-month interest period, adjusted for certain additional costs, plus 1% or (b) a SOFR rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowings, adjusted for certain additional costs, plus an applicable margin. Based on the calculation of the applicable consolidated total leverage ratio, the applicable margin for borrowings under the Credit Facility is between 0.25% to 1.25% with respect to base rate borrowings and between 1.25% and 2.25% with respect to SOFR rate borrowings. Interest is due and payable monthly. The interest rate in effect for the Credit Facility as of June 30, 2023, was 7.20%.

The Company is also required to pay (a) a commitment fee related to the unutilized commitments under the Revolving Credit Facility, payable quarterly in arrears, (b) letter of credit fees on the maximum amount available to be drawn under all outstanding letters of credit in an amount equal to the applicable margin on SOFR rate borrowings under the Revolving Credit Facility on an annual basis, payable quarterly in arrears, and (c) customary fronting fees for the issuance of letters of credit fees and agency fees.

Senior Notes

On August 21, 2018, the Company completed a $400.0 million offering of the 2026 Notes at an issue price of 100% of the principal amount in a private placement for resale to qualified institutional buyers. The 2026 Notes bear interest at an annual rate of 5.750%, payable semi-annually in arrears on February 15 and August 15 of each year. The 2026 Notes will mature on August 15, 2026.

Maturities on debt outstanding as of June 30, 2023, are as follows (in thousands):

Fiscal Year Ending December 31,		
Remainder of 2023	$	38,950
2024		77,900
2025		556,798
2026		400,000
2027		—
Thereafter		—
Total	$	1,073,648

As of June 30, 2023, and at all times during the period, the Company was in compliance with its financial debt covenants.

Total debt is comprised of the following (in thousands):

	June 30, 2023		December 31, 2022	
Term loans	$	558,648	$	592,729
Revolving credit facility		115,000		105,000
5.750% Senior notes, due August 2026		400,000		400,000
Debt issuance costs		(7,525)		(7,857)
Total debt		1,066,123		1,089,872
Less: current portion of term loans		77,900		69,906
Less: current portion of debt issuance costs		(3,606)		(4,385)
Total long-term debt	$	991,829	$	1,024,351

Overdraft Facility

In 2019, the Company and ACI Payments, Inc. entered in to an uncommitted overdraft facility with Bank of America, N.A. The overdraft facility bears interest at the federal funds effective rate plus 2.250% based on the Company’s average outstanding balance and the frequency in which overdrafts occur. The overdraft facility acts as a secured loan under the terms of the Credit Agreement to provide an additional funding mechanism for timing differences that can occur in the bill payment settlement process. Amounts outstanding on the overdraft facility are included in other current liabilities in the condensed consolidated balance sheet. As of June 30, 2023, there was $75.0 million available and no amount outstanding on the overdraft facility. As of December 31, 2022, there was no amount outstanding on the overdraft facility.

Other

The Company finances certain multi-year license agreements for internal-use software. Upon execution, these arrangements have been treated as a non-cash investing and financing activity for purposes of the condensed consolidated statements of cash flows. As of June 30, 2023, $3.6 million was outstanding on these agreements, all of which is included in other current liabilities in the condensed consolidated balance sheet. As of December 31, 2022, $9.3 million was outstanding on these agreements, of which $5.8 million and $3.5 million is included in other current liabilities and other noncurrent liabilities, respectively.

5. Software and Other Intangible Assets

The carrying amount and accumulated amortization of the Company's software assets subject to amortization at each balance sheet date are as follows (in thousands):

	June 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
Software for internal use	$453,419	$ (338,968)	$114,451	$454,171	$ (325,062)	$129,109

Amortization of software for internal use is computed using the straight-line method over an estimated useful life of generally three to eight years. Software for internal use amortization expense recorded during the three months ended June 30, 2023 and 2022, totaled $16.0 million and $17.1 million, respectively. Software for internal use amortization expense recorded during the six months ended June 30, 2023 and 2022, totaled $33.0 million and $33.8 million, respectively. These software amortization expense amounts are reflected in depreciation and amortization in the condensed consolidated statements of operations.

Amortization of software for resale was computed using the greater of (a) the ratio of current gross revenues to the total of current and future gross revenues expected to be derived from the software or (b) the straight-line method over the remaining estimated useful life of generally five to ten years. Software for resale amortization expense recorded during the six months ended June 30, 2022 totaled $0.7 million. Software for resale was fully amortized during the first quarter of 2022 and, therefore, there was no amortization expense recorded during the three months ended June 30, 2022, or the three and six months ended June 30, 2023. The software amortization expense amount was reflected in cost of revenue in the condensed consolidated statements of operations.

The carrying amount and accumulated amortization of the Company’s other intangible assets subject to amortization at each balance sheet date are as follows (in thousands):

	June 30, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Balance	Gross Carrying Amount	Accumulated Amortization	Net Balance
Customer relationships	$ 446,472	$ (236,125)	$ 210,347	$ 444,749	$ (219,057)	$ 225,692
Trademarks and trade names	21,844	(19,931)	1,913	21,678	(18,672)	3,006
Total other intangible assets	$ 468,316	$ (256,056)	$ 212,260	$ 466,427	$ (237,729)	$ 228,698

Other intangible assets amortization expense recorded during the three months ended June 30, 2023 and 2022, totaled $8.5 million and $9.1 million, respectively. Other intangible assets amortization expense recorded during the six months ended June 30, 2023 and 2022, totaled $16.9 million and $18.3 million, respectively.

Based on capitalized intangible assets as of June 30, 2023, estimated amortization expense amounts in future fiscal years are as follows (in thousands):

Fiscal Year Ending December 31,	Software Amortization	Other Intangible Assets Amortization
Remainder of 2023	$ 29,158	$ 16,940
2024	41,545	29,448
2025	28,550	20,989
2026	12,057	20,989
2027	1,774	20,725
Thereafter	1,367	103,169
Total	$ 114,451	$ 212,260

6. Stock-Based Compensation Plans

Employee Stock Purchase Plan

Shares issued under the 2017 Employee Stock Purchase Plan during the six months ended June 30, 2023 and 2022, totaled 65,770 and 70,242, respectively.

Stock Options

A summary of stock option activity is as follows:

	Number of Shares	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value of In-the-Money Options ($)
Outstanding as of December 31, 2022	1,221,219	$ 19.00		
Exercised	(150,199)	19.10		
Expired	(4,614)	19.63		
Outstanding as of June 30, 2023	1,066,406	$ 18.98	2.20	$ 8,530,772
Exercisable as of June 30, 2023	1,066,406	$ 18.98	2.20	$ 8,530,772

The total intrinsic value of stock options exercised during the six months ended June 30, 2023 and 2022, was $0.8 million and $1.1 million, respectively. There were no stock options granted during the six months ended June 30, 2023 or 2022.

Performance Share Awards

During the six months ended June 30, 2023, pursuant to the Company's 2020 Equity and Incentive Compensation Plan, the Company granted performance share awards with a total shareholder return multiplier. These performance awards are earned based upon achievement, over a specified period that must not be less than one year and is typically a three-year performance period, of performance goals related to (i) net revenue growth and (ii) net adjusted EBITDA margin over the performance period as determined by the Company with a TSR multiplier up to plus or minus 20%. Up to 200% of the performance shares could be earned upon achievement of the performance goals, including the multiplier. On a quarterly basis, management evaluates the probability that the threshold performance goals will be achieved, if at all, and the anticipated level of attainment to determine the amount of compensation expense to record in the consolidated financial statements.

A summary of nonvested total shareholder return awards ("TSRs") is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested as of December 31, 2022	1,011,881	$ 39.21
Granted	233,404	26.94
Forfeited	(112,661)	41.08
Change in payout rate	(427,685)	30.01
Nonvested as of June 30, 2023	704,939	$ 40.43

As of June 30, 2023, the TSRs granted in 2020 were earned by the employees. However, the performance goals were not met and no shares were issued.

The fair value of TSRs granted during the six months ended June 30, 2023 and 2022, were estimated on the date of grant using the Monte Carlo simulation model, acceptable under ASC 718, *Compensation - Stock Compensation*, using the following weighted average assumptions:

	Six months ended June 30,	
	2023	**2022**
Expected life (years)	2.9	3.1
Risk-free interest rate	3.6 %	1.5 %
Expected volatility	37.1 %	40.0 %
Expected dividend yield	—	—

Restricted Share Units

A summary of nonvested restricted share unit awards ("RSUs") is as follows:

	Number of Shares	**Weighted Average Grant Date Fair Value**
Nonvested as of December 31, 2022	1,184,024	$ 30.73
Granted	1,453,429	24.76
Vested	(438,542)	30.08
Forfeited	(273,607)	29.24
Nonvested as of June 30, 2023	1,925,304	$ 26.59

During the six months ended June 30, 2023, a total of 438,542 RSUs vested. The Company withheld 127,898 of those shares to pay the employees' portion of the minimum payroll withholding taxes.

As of June 30, 2023, there were unrecognized compensation costs of $45.5 million and $12.6 million related to nonvested RSUs and TSRs, respectively, which the Company expects to recognize over weighted average periods of 2.5 years and 2.0 years, respectively.

The Company recorded stock-based compensation expense recognized under ASC 718 for the three months ended June 30, 2023 and 2022, of $5.4 million and $6.8 million, respectively, with corresponding tax benefits of $1.0 million and $0.9 million, respectively. The Company recorded stock-based compensation expense recognized under ASC 718 for the six months ended June 30, 2023 and 2022, of $10.7 million and $14.8 million, respectively, with corresponding tax benefits of $2.0 million and $2.1 million, respectively.

7. Common Stock and Treasury Stock

In 2005, the board approved a stock repurchase program authorizing the Company, as market and business conditions warrant, to acquire its common stock and periodically authorize additional funds for the program. On February 24, 2023, the board approved the repurchase of the Company's common stock of up to $200.0 million, in place of the remaining purchase amounts previously authorized.

The Company did not repurchase any shares under the program during the six months ended June 30, 2023. Under the program to date, the Company has repurchased 57,981,733 shares for approximately $926.2 million. As of June 30, 2023, the maximum remaining amount authorized for purchase under the stock repurchase program was $200.0 million.

8. Earnings (Loss) Per Share

Basic earnings (loss) per share is computed in accordance with ASC 260, *Earnings Per Share*, based on weighted average outstanding common shares. Diluted earnings (loss) per share is computed based on basic weighted average outstanding common shares adjusted for the dilutive effect of stock options, RSUs, and certain contingently issuable shares for which performance targets have been achieved.

The following table reconciles the weighted average share amounts used to compute both basic and diluted earnings per share (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Weighted average shares outstanding:				
Basic weighted average shares outstanding	108,455	114,669	108,306	114,976
Add: Dilutive effect of stock options and RSUs	—	536	—	673
Diluted weighted average shares outstanding	108,455	115,205	108,306	115,649

The diluted earnings (loss) per share computation excludes 3.7 million and 2.2 million options to purchase shares, RSUs, and contingently issuable shares during the three months ended June 30, 2023 and 2022, respectively, as their effect would be anti-dilutive. The diluted earnings (loss) per share computation excludes 3.1 million and 2.0 million options to purchase shares, RSUs, and contingently issuable shares during the six months ended June 30, 2023 and 2022, respectively, as their effect would be anti-dilutive.

Common stock outstanding as of June 30, 2023, and December 31, 2022, was 108,595,441 and 108,068,828, respectively.

9. Other, Net

Other, net is primarily comprised of foreign currency transaction gains and losses. Other, net was $4.1 million of expense and $2.0 million of income for the three months ended June 30, 2023 and 2022, respectively. Other, net was $7.5 million of expense and $4.3 million of income for the six months ended June 30, 2023 and 2022, respectively.

10. Segment Information

The Company reports financial performance based on its operating segments, Banks, Merchants, and Billers, and analyzes Segment Adjusted EBITDA as a measure of segment profitability.

The Company’s Chief Executive Officer is also the chief operating decision maker ("CODM"). The CODM, together with other senior management personnel, focus their review on consolidated financial information and the allocation of resources based on operating results, including revenues and Segment Adjusted EBITDA, for each segment, separate from Corporate operations. No operating segments have been aggregated to form the reportable segments.

Banks. ACI provides payment solutions to large and mid-size banks globally for retail banking, real time, digital, and other payment services. These solutions transform banks’ complex payment environments to speed time to market, reduce costs, and deliver a consistent experience to customers across channels while enabling them to prevent and rapidly react to fraudulent activity. In addition, they enable banks to meet the requirements of different real-time payments schemes and to quickly create differentiated products to meet consumer, business, and merchant demands.

Merchants. ACI’s support of merchants globally includes Tier 1 and Tier 2 merchants, online-only merchants and the payment service providers, independent selling organizations, value-added resellers, and acquirers who service them. These customers operate in a variety of verticals, including general merchandise, grocery, hospitality, dining, transportation, and others. The Company's solutions provide merchants with a secure, omni-channel payments platform that gives them independence from third-party payment providers. They also offer secure solutions to online-only merchants that provide consumers with a convenient and seamless way to shop.

Billers. Within the billers segment, ACI provides electronic bill presentment and payment (“EBPP”) services to companies operating in the consumer finance, insurance, healthcare, higher education, utility, government, and mortgage categories. The solutions enable these customers to support a wide range of payment options and provide a convenient consumer payments experience that drives consumer loyalty and increases revenue.

Revenue is attributed to the reportable segments based upon the customer. Expenses are attributed to the reportable segments in one of three methods: (1) direct costs of the segment, (2) labor costs that can be attributed based upon time tracking for individual projects, or (3) costs that are allocated. Allocated costs are generally marketing and sales related activities.

Segment Adjusted EBITDA is the measure reported to the CODM for purposes of making decisions on allocating resources and assessing the performance of the Company's segments, and, therefore, Segment Adjusted EBITDA is presented in conformity with ASC 280, *Segment Reporting.* Segment Adjusted EBITDA is defined as earnings (loss) from operations before interest, income tax expense (benefit), depreciation and amortization ("EBITDA") adjusted to exclude net other income (expense).

Corporate and unallocated expenses includes global facilities and information technology costs and long-term product roadmap expenses in addition to corporate overhead costs that are not allocated to reportable segments. The overhead costs relate to human resources, finance, legal, accounting, and merger and acquisition activity. These costs along with depreciation and amortization and stock-based compensation are not considered when management evaluates segment performance.

The following is selected financial data for the Company's reportable segments for the periods indicated (in thousands):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2023	**2022**	**2023**	**2022**
Revenue				
Banks	$ 117,507	$ 141,946	$ 205,547	$ 274,144
Merchants	36,508	36,534	71,289	77,536
Billers	169,310	161,945	336,165	311,825
Total revenue	$ 323,325	$ 340,425	$ 613,001	$ 663,505
Segment Adjusted EBITDA				
Banks	$ 51,622	$ 70,160	$ 76,303	$ 134,874
Merchants	9,911	7,749	16,455	22,462
Billers	31,229	28,324	60,870	54,681
Depreciation and amortization	(31,436)	(32,240)	(62,975)	(63,729)
Stock-based compensation expense	(5,414)	(6,800)	(10,715)	(14,758)
Corporate and unallocated expenses	(45,392)	(42,736)	(93,770)	(81,407)
Interest, net	(16,451)	(8,733)	(31,838)	(16,468)
Other, net	(4,092)	2,006	(7,487)	4,256
Income (loss) before income taxes	$ (10,023)	$ 17,730	$ (53,157)	$ 39,911

Assets are not allocated to segments, and the Company's CODM does not evaluate operating segments using discrete asset information.

The following is revenue by primary solution category for the Company's reportable segments for the periods indicated (in thousands):

	Three Months Ended June 30, 2023			
	Banks	Merchants	Billers	Total
Primary Solution Categories				
Bill Payments	$ —	$ —	$ 169,310	$ 169,310
Digital Business Banking	742	—	—	742
Merchant Payments	—	36,508	—	36,508
Fraud Management	12,153	—	—	12,153
Real-Time Payments	26,499	—	—	26,499
Issuing and Acquiring	78,113	—	—	78,113
Total	$ 117,507	$ 36,508	$ 169,310	$ 323,325

	Three Months Ended June 30, 2022			
	Banks	Merchants	Billers	Total
Primary Solution Categories				
Bill Payments	$ —	$ —	$ 161,945	$ 161,945
Digital Business Banking	12,097	—	—	12,097
Merchant Payments	—	36,534	—	36,534
Fraud Management	7,552	—	—	7,552
Real-Time Payments	24,212	—	—	24,212
Issuing and Acquiring	98,085	—	—	98,085
Total	$ 141,946	$ 36,534	$ 161,945	$ 340,425

	Six Months Ended June 30, 2023			
	Banks	Merchants	Billers	Total
Primary Solution Categories				
Bill Payments	$ —	$ —	$ 336,165	$ 336,165
Digital Business Banking	1,591	—	—	1,591
Merchant Payments	—	71,289	—	71,289
Fraud Management	21,508	—	—	21,508
Real-Time Payments	45,897	—	—	45,897
Issuing and Acquiring	136,551	—	—	136,551
Total	$ 205,547	$ 71,289	$ 336,165	$ 613,001

	Six Months Ended June 30, 2022			
	Banks	Merchants	Billers	Total
Primary Solution Categories				
Bill Payments	$ —	$ —	$ 311,825	$ 311,825
Digital Business Banking	25,585	—	—	25,585
Merchant Payments	—	77,536	—	77,536
Fraud Management	15,329	—	—	15,329
Real-Time Payments	46,139	—	—	46,139
Issuing and Acquiring	187,091	—	—	187,091
Total	$ 274,144	$ 77,536	$ 311,825	$ 663,505

As discussed in Note 3, *Divestiture*, the Company divested its corporate online banking solution assets, which were included in the Digital Business Banking solution category.

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Banks				
Software as a service and platform as a service	$ 9,742	$ 13,985	$ 18,991	$ 27,937
License	42,885	62,942	59,201	117,381
Maintenance	47,624	46,744	93,966	94,087
Services	17,256	18,275	33,389	34,739
Total	$ 117,507	$ 141,946	$ 205,547	$ 274,144
Merchants				
Software as a service and platform as a service	$ 30,648	$ 31,058	$ 59,498	$ 61,825
License	1,786	1,372	3,801	7,218
Maintenance	3,743	3,808	7,480	7,846
Services	331	296	510	647
Total	$ 36,508	$ 36,534	$ 71,289	$ 77,536
Billers				
Software as a service and platform as a service	$ 169,286	$ 161,935	$ 336,117	$ 311,778
License	—	—	—	—
Maintenance	24	10	48	47
Services	—	—	—	—
Total	$ 169,310	$ 161,945	$ 336,165	$ 311,825

The following is the Company's revenue by geographic location for the periods indicated (in thousands):

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Revenue				
United States	$ 205,199	$ 209,459	$ 406,468	$ 408,774
Other	118,126	130,966	206,533	254,731
Total	$ 323,325	$ 340,425	$ 613,001	$ 663,505

The following is the Company’s long-lived assets by geographic location for the periods indicated (in thousands):

	June 30, 2023	December 31, 2022
Long-lived Assets		
United States	$ 1,233,695	$ 1,286,505
Other	732,291	754,847
Total	$ 1,965,986	$ 2,041,352

No single customer accounted for more than 10% of the Company’s consolidated revenues during the three and six months ended June 30, 2023 and 2022. No other country outside the United States accounted for more than 10% of the Company's consolidated revenues during the six months ended June 30, 2023 and 2022.

11. Income Taxes

For the three and six months ended June 30, 2023, the Company's effective tax rate was 33% and 27%, respectively. The Company reported tax benefit on pretax loss for both the three and six months ended June 30, 2023, with foreign entities recognizing earnings of $24.3 million and $17.1 million, respectively.

For the three and six months ended June 30, 2022, the Company's effective tax rate was 25% and 28%, respectively. The Company reported tax expense on pretax income for both the three and six months ended June 30, 2022, with foreign entities recognizing earnings of $27.4 million and $58.3 million, respectively.

The Company’s effective tax rate could fluctuate on a quarterly basis due to the occurrence of significant and unusual or infrequent items, such as vesting of stock-based compensation or foreign currency gains and losses. The Company’s effective tax rate could also fluctuate due to changes in the valuation of its deferred tax assets or liabilities, or by changes in tax laws, regulations, accounting principles, or interpretations thereof. In addition, the Company is occasionally subject to examination of its income tax returns by tax authorities in the jurisdictions it operates. The Company regularly assesses the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of its provision for income taxes.

As of June 30, 2023, and December 31, 2022, the amount of unrecognized tax benefits for uncertain tax positions was $26.4 million, excluding related liabilities for interest and penalties of $0.6 million.

The Company believes it is reasonably possible that the total amount of unrecognized tax benefits will decrease within the next 12 months by approximately $4.6 million, due to the settlement of various audits and the expiration of statutes of limitation.

12. Commitments and Contingencies

Legal Proceedings

In April 2021, ACH files associated with one of the Company's mortgage servicing customers were inadvertently transmitted into the ACH network during a test of the Company's payment processing system. The Company took immediate corrective action and issued reversing ACH files, restoring affected accounts.

The Company was named as a defendant in seven class action lawsuits filed in various federal courts purportedly on behalf of consumers whose mortgage accounts were affected by the inadvertent ACH file transmission. The Company settled these lawsuits by establishing a $5.0 million fund out of which payments will be made to class members and for attorneys’ fees and administrative costs. Additional funds totaling $1.5 million could be required to be established under certain circumstances.

The inadvertent ACH file transmission also gave rise to investigations by the U.S. Consumer Financial Protection Bureau (the "CFPB") and state attorneys general in all 50 states, the District of Columbia, and certain U.S. territories as well as money transmission regulators in most of those jurisdictions. The Company settled the CFPB investigation for $25.0 million plus various undertakings. The Company is proceeding to document agreements in principle to settle with the state money transmission regulators and attorneys general for a total of $20.0 million plus various undertakings. The Company believes that the CPFB and state undertakings will not adversely affect it.

The Company expects that insurance will fund substantially all of the settlement payments and costs, including lawyers’ fees, subject to the retained limits and other terms of the applicable policies.

The Company recorded the payable to the CFPB and a receivable from its insurance carriers, which are included in other current liabilities and other current assets, respectively, in the accompanying condensed consolidated balance sheet as of June 30, 2023, for the $25.0 million settlement. Payment was made to the CFPB and funds received from the insurance carriers subsequent to quarter-end. Funds for the potential state and money transmission regulator settlements have been deposited into an escrow account at a bank by the insurance carriers to be disbursed on finalization of the settlement.

The Company is from time to time subject to other claims, litigation and investigations. While the Company believes that none of the currently pending matters is reasonably likely to have material adverse effect on it, there can be no assurance with respect thereto or future matters.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This report contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. Generally, forward-looking statements do not relate strictly to historical or current facts and may include words or phrases such as “believes,” “will,” “expects,” “anticipates,” “intends,” and words and phrases of similar impact. The forward-looking statements are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended.

Forward-looking statements in this report include, but are not limited to, statements regarding future operations, business strategy, business environment, key trends, and, in each case, statements related to expected financial and other benefits. Many of these factors will be important in determining our actual future results. Any or all of the forward-looking statements in this report may turn out to be incorrect. They may be based on inaccurate assumptions or may not account for known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially from those expressed or implied in any forward-looking statements, and our business, financial condition and results of operations could be materially and adversely affected. In addition, we disclaim any obligation to update any forward-looking statements after the date of this report, except as required by law.

All forward-looking statements in this report are expressly qualified by the risk factors discussed in our filings with the Securities and Exchange Commission (“SEC”). The cautionary statements in this report expressly qualify all of our forward-looking statements. Factors that could cause actual results to differ from those expressed or implied in the forward-looking statements include, but are not limited to, those discussed in our Risk Factors in Part 1, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and in Part 2, Item 1A of this Form 10-Q.

The following discussion should be read together with our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and with our financial statements and related notes contained in this Form 10-Q. Results for the three and six months ended June 30, 2023, are not necessarily indicative of results that may be attained in the future.

Global Economy and Inflation

Since 2022, the global economy has experienced high inflation, increased interest rates, and pressures on gross domestic product. While we believe our business is resilient and can generally weather unusually high levels of inflation, inflationary pressures have had some impact on our financial performance. Specifically, inflation has impacted our interchange costs associated with the Biller segment.

Overview

ACI Worldwide powers digital payments for more than 6,000 organizations around the world. More than 1,000 of the largest banks and intermediaries, as well as thousands of global merchants, rely on ACI to execute $14 trillion each day in payments and securities. In addition, myriad organizations utilize our electronic bill presentment and payment services. Through our comprehensive suite of software solutions delivered on customers' premises, through the public cloud or through ACI's private cloud, we provide real-time, immediate payments capabilities and enable the industry's most complete omni-channel payments experience.

Our products are sold and supported directly and through distribution networks covering three geographic regions – the Americas; Europe, Middle East, and Africa (“EMEA”); and Asia Pacific. Each region has a globally coordinated sales force, supplemented with local independent reseller and/or distributor networks. Our products and solutions are used globally by banks and intermediaries, merchants, and billers, such as third-party electronic payment processors, payment associations, switch interchanges, and a wide range of transaction-generating endpoints, including ATMs, merchant point-of-sale (“POS”) terminals, bank branches, mobile phones, tablets, corporations, and internet commerce sites. Accordingly, our business and operating results are influenced by trends such as information technology spending levels, the growth rate of digital payments, mandated regulatory changes, and changes in the number and type of customers in the financial services industry, as well as economic growth and purchasing habits. Our products are marketed under the ACI Worldwide brand.

We derive a majority of our revenues from domestic operations and believe we have large opportunities for growth in international markets, as well as continued expansion domestically in the United States. Refining our global infrastructure is a critical component of driving our growth. We also continue to maintain centers of expertise in Timisoara, Romania and Pune and Bangalore in India, as well as key operational centers such as in Cape Town, South Africa and in multiple locations in the United States.

Key trends that currently impact our strategies and operations include:

Increasing digital payment transaction volumes. The adoption of digital payments continues to accelerate, propelled by the digitization of cash, financial inclusion efforts of countries throughout the world, the Internet of Things, rapid growth of eCommerce and the adoption of real-time payments. COVID-19 further accelerated this growth as more people, governments, and businesses embraced digital payments - a change likely to continue. We leverage the growth in transaction volumes through the licensing of new systems to customers whose older systems cannot handle increased volume, through the sale of capacity upgrades to existing customers, and through the scalability of our platform-based solutions.

Adoption of real-time payments. Expectations from both consumers and businesses are continuing to drive the payments world to more real-time delivery. This is bolstered by the new data-rich ISO 20022 messaging format, which is delivering greater value to banks and their customers. We are seeing global players with existing schemes working to expand capacity in anticipation of volume growth and new payment types. Mature markets, including India, the United Kingdom, Australia, Malaysia, Singapore, Thailand, and the Nordics, continue to accelerate innovation, especially in terms of overlay services and cross-border connectivity. The United States is driving real-time payments adoption through Zelle, TCH Real-Time Payments, and the planned FedNow service. We are seeing success with real-time payments in the Middle East as well, as they have started to renovate their payment systems from legacy payment types to the modern digital and real-time world. ACI's broad software portfolio, experience, and strategic partnerships with Mastercard, Microsoft, and Mindgate Solutions continue to position us as a leader in real-time payments, helping to drive seamless connectivity, increased security, and end-to-end modernization for organizations throughout the world.

Adoption of cloud technology. ACI has recognized the industry's technical inflection point in the transition from traditional on-premise infrastructure to the public cloud, and we are supporting our customers' cloud strategies. Public and private cloud technology innovations allow the financial services ecosystem to accelerate innovation and ensure scalability and resiliency while improving operating economics over time. As banks and intermediaries, merchants, and billers seek to transition their systems to make use of cloud technology, our investments and partnerships, as demonstrated by our product enablement and initial optimization onto Microsoft Azure, enable us to leverage those cloud technology benefits today and for the future while preserving ACI's fundamental base of performance, resiliency, and scalability.

Payments intelligence. fraud, and compliance. The accelerated adoption of real-time payments increases the urgency for industry-wide collaboration against fraud. As the threat of scams becomes a greater concern for emitting and receiving institutions, consumers are challenged with increased friction to prevent account take-over and criminals successfully persuading consumers to push transactions themselves, inadvertently, to mule accounts they have full control of, created with fake or synthetic identity, or simply "borrowed" with or without consent of the legit account holders. Regulators are beginning to litigate between consumers and financial institutions on the losses, and between emitting and receiving banks on the accountability for reimbursement. Banks and intermediaries, merchants, and billers are pursuing solutions to mitigate their risks while improving their customer experience, protecting their margins, and securing their revenue streams, especially with their new products and offerings. We continue to see opportunity for our advanced machine learning and network intelligence capabilities to stop criminals and enable frictionless legitimate business.

Omni-commerce. Shoppers are increasingly browsing, buying, and returning items across channels, including in-store, online, and mobile. COVID-19 accelerated this trend, leading to an increase in contactless payments, click and collect, and curbside collection. Merchants from all industries, including grocers, fuel and convenience stores, are being tasked with delivering seamless experiences that include pay-in-aisle, kiosks, mobile app payments, QR code payments, eCommerce, traditional and mobile POS, buy online pickup in-store (BOPIS) and buy online return in-store (BORIS). We believe there is significant opportunity to provide merchants with the tools to deliver a seamless, secure, personalized experience that creates loyalty and satisfaction, and drives conversion rates while protecting consumer data and preventing fraud.

Request for Payment (RfP). Markets across the world are introducing an innovative payments service called Request for Payment (RfP). This technology is known by different names in different markets: Collect payments in India, Request 2 Pay in Europe, Request To Pay (RTP) in the United Kingdom, or Request for Payment (RfP) in the United States. RfP offers secure messaging between consumers and billers or merchants, wherein a biller or merchant can request a payment from a consumer through the use of a trusted app, most likely a banking app. RfP is primarily being implemented on top of real-time payments, which are continuing to grow and flourish as countries around the world develop and launch their real-time schemes as noted above. ACI is in a unique position to deliver this overlay service given our real-time payments software, our relationships with banks, merchants and billers, and global real-time connectivity.

Several other factors related to our business may have a significant impact on our operating results from year to year. For example, the accounting rules governing the timing of revenue recognition are complex, and it can be difficult to estimate when we will recognize revenue generated by a given transaction. Factors such as creditworthiness of the customer and timing of transfer of control or acceptance of our products may cause revenues related to sales generated in one period to be deferred and recognized in later periods. For arrangements in which services revenue is deferred, related direct and incremental costs may also be deferred. Additionally, while the majority of our contracts are denominated in the U.S. dollar, a substantial portion of our sales are made, and some of our expenses are incurred, in the local currency of countries other than the United States. Fluctuations in currency exchange rates in a given period may result in the recognition of gains or losses for that period.

We continue to seek ways to grow through organic sources, partnerships, alliances, and acquisitions. We continually look for potential acquisitions designed to improve our solutions' breadth or provide access to new markets. As part of our acquisition strategy, we seek acquisition candidates that are strategic, capable of being integrated into our operating environment, and accretive to our financial performance.

Divestiture

On September 1, 2022, we sold our corporate online banking solutions related assets and liabilities to One Equity Partners ("OEP") for $100.1 million, including a net working capital adjustment. The sale included employees and customer contracts as well as technology assets and intellectual property.

The Company recognized a gain of $38.5 million on the sale during the year ended December 31, 2022. During the three months ended June 30, 2023, the Company recognized a loss for the final post-closing adjustment pursuant to the definitive agreement of $0.5 million.

The Company and OEP have also entered into a Transition Services Agreement ("TSA"), whereby the Company will continue to perform certain functions on OEP's behalf during a migration period not expected to exceed 18 months. The TSA is meant to reimburse the Company for direct costs in order to provide such functions, which are no longer generating revenue for the Company.

Backlog

Backlog is comprised of:

- Committed Backlog, which includes (1) contracted revenue that will be recognized in future periods (contracted but not recognized) from software license fees, maintenance fees, service fees, and SaaS and PaaS fees specified in executed contracts (including estimates of variable consideration if required under ASC 606, *Revenue From Contracts With Customers*) and included in the transaction price for those contracts, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods and (2) estimated future revenues from software license fees, maintenance fees, services fees, and SaaS and PaaS fees specified in executed contracts.
- Renewal Backlog, which includes estimated future revenues from assumed contract renewals to the extent we believe recognition of the related revenue will occur within the corresponding backlog period.

We have historically included assumed renewals in backlog estimates based upon automatic renewal provisions in the executed contract and our historic experience with customer renewal rates.

Our 60-month backlog estimates are derived using the following key assumptions:

- License arrangements are assumed to renew at the end of their committed term or under the renewal option stated in the contract at a rate consistent with historical experience. If the license arrangement includes extended payment terms, the renewal estimate is adjusted for the effects of a significant financing component.
- Maintenance fees are assumed to exist for the duration of the license term for those contracts in which the committed maintenance term is less than the committed license term.
- SaaS and PaaS arrangements are assumed to renew at the end of their committed term at a rate consistent with our historical experiences.
- Foreign currency exchange rates are assumed to remain constant over the 60-month backlog period for those contracts stated in currencies other than the U.S. dollar.
- Our pricing policies and practices are assumed to remain constant over the 60-month backlog period.

In computing our 60-month backlog estimate, the following items are specifically not taken into account:

- Anticipated increases in transaction, account, or processing volumes by our customers.
- Optional annual uplifts or inflationary increases in recurring fees.
- Services engagements, other than SaaS and PaaS arrangements, are not assumed to renew over the 60-month backlog period.
- The potential impact of consolidation activity within our markets and/or customers.

We review our customer renewal experience on an annual basis. The impact of this review and subsequent updates may result in a revision to the renewal assumptions used in computing the 60-month backlog estimates. In the event a significant revision to renewal assumptions is determined to be necessary, prior periods will be adjusted for comparability purposes.

The following table sets forth our 60-month backlog estimate, by reportable segment, as of June 30, 2023, March 31, 2023, and December 31, 2022 (in millions). Dollar amounts reflect foreign currency exchange rates as of each period end. This is a non-GAAP financial measure being presented to provide comparability across accounting periods. We believe this measure provides useful information to investors and others in understanding and evaluating our financial performance.

	June 30, 2023	March 31, 2023	December 31, 2022
Banks	$ 2,207	$ 2,154	$ 2,095
Merchants	810	821	810
Billers	3,396	3,395	3,390
Total	$ 6,413	$ 6,370	$ 6,295

	June 30, 2023	March 31, 2023	December 31, 2022
Committed	$ 2,192	$ 2,266	$ 2,338
Renewal	4,221	4,104	3,957
Total	$ 6,413	$ 6,370	$ 6,295

Estimates of future financial results require substantial judgment and are based on several assumptions, as described above. These assumptions may turn out to be inaccurate or wrong for reasons outside of management's control. For example, our customers may attempt to renegotiate or terminate their contracts for many reasons, including mergers, changes in their financial condition, or general changes in economic conditions in the customer's industry or geographic location. We may also experience delays in the development or delivery of products or services specified in customer contracts, which may cause the actual renewal rates and amounts to differ from historical experiences. Changes in foreign currency exchange rates may also impact the amount of revenue recognized in future periods. Accordingly, there can be no assurance that amounts included in backlog estimates will generate the specified revenues or that the actual revenues will be generated within the corresponding 60-month period. Additionally, because certain components of Committed Backlog and all of Renewal Backlog estimates are operating metrics, the estimates are not required to be subject to the same level of internal review or controls as contracted but not recognized Committed Backlog.

RESULTS OF OPERATIONS

The following table presents the condensed consolidated statements of operations, as well as the percentage relationship to total revenues for items included in our condensed consolidated statements of operations (in thousands):

Three Month Period Ended June 30, 2023 Compared to the Three Month Period Ended June 30, 2022

	Three Months Ended June 30,					
	2023				2022	
	Amount	% of Total Revenue	$ Change vs 2022	% Change vs 2022	Amount	% of Total Revenue
Revenues:						
Software as a service and platform as a service	$ 209,676	65 %	$ 2,698	1 %	$ 206,978	61 %
License	44,671	14 %	(19,643)	(31)%	64,314	19 %
Maintenance	51,391	16 %	829	2 %	50,562	15 %
Services	17,587	5 %	(984)	(5)%	18,571	5 %
Total revenues	323,325	100 %	(17,100)	(5)%	340,425	100 %
Operating expenses:						
Cost of revenue	181,343	56 %	2,010	1 %	179,333	53 %
Research and development	35,265	11 %	(5,377)	(13)%	40,642	12 %
Selling and marketing	33,289	10 %	(2,102)	(6)%	35,391	10 %
General and administrative	31,472	10 %	3,110	11 %	28,362	8 %
Depreciation and amortization	31,436	10 %	(804)	(2)%	32,240	9 %
Total operating expenses	312,805	97 %	(3,163)	(1)%	315,968	92 %
Operating income (loss)	10,520	3 %	(13,937)	(57)%	24,457	8 %
Other income (expense):						
Interest expense	(19,909)	(6)%	(8,125)	69 %	(11,784)	(3)%
Interest income	3,458	1 %	407	13 %	3,051	1 %
Other, net	(4,092)	(1)%	(6,098)	(304)%	2,006	1 %
Total other income (expense)	(20,543)	(6)%	(13,816)	205 %	(6,727)	(1)%
Income (loss) before income taxes	(10,023)	(3)%	(27,753)	(157)%	17,730	7 %
Income tax expense (benefit)	(3,313)	(1)%	(7,701)	(176)%	4,388	1 %
Net income (loss)	$ (6,710)	(2)%	$ (20,052)	(150)%	$ 13,342	6 %

Revenues

Total revenue for the three months ended June 30, 2023, decreased $17.1 million, or 5%, as compared to the same period in 2022.

- The divestiture resulted in a $11.3 million decrease in total revenue for the three months ended June 30, 2023.
- The impact of foreign currencies weakening against the U.S. dollar resulted in a $0.4 million decrease in total revenue during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestitures and foreign currency, total revenue for the three months ended June 30, 2023, decreased $5.4 million, or 2%, as compared to the same period in 2022.

Software as a Service (“SaaS”) and Platform as a Service (“PaaS”) Revenue

The Company’s SaaS arrangements allow customers to use certain software solutions (without taking possession of the software) in a single-tenant cloud environment on a subscription basis. The Company’s PaaS arrangements allow customers to use certain software solutions (without taking possession of the software) in a multi-tenant cloud environment on a subscription or consumption basis. Included in SaaS and PaaS revenue are fees paid by our customers for use of our Biller solutions. Biller-related fees may be paid by our clients or directly by their customers and may be a percentage of the underlying transaction amount, a fixed fee per executed transaction, or a monthly fee for each customer enrolled. SaaS and PaaS costs include payment card interchange fees, the amounts payable to banks and payment card processing fees, which are included in cost of revenue in the condensed consolidated statements of operations. All fees from SaaS and PaaS arrangements that do not qualify for treatment as a distinct performance obligation, which includes set-up fees, implementation or customization services, and product support services, are included in SaaS and PaaS revenue.

SaaS and PaaS revenue increased $2.7 million, or 1%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- The divestiture resulted in a $6.3 million decrease in SaaS and PaaS revenue for the three months ended June 30, 2023.
- Adjusted for the impact of the divestiture, SaaS and PaaS revenue for the three months ended June 30, 2023, increased $9.0 million, or 4%, as compared to the same period in 2022.
- The increase was primarily driven by higher transaction volumes during the three months ended June 30, 2023, as compared to the same period in 2022, as well as new customer go-lives since June 30, 2022.

License Revenue

Customers purchase the right to use ACI software under multi-year, time-based software license arrangements that vary in length but are generally five years. Under these arrangements the software is installed at the customer’s location (i.e. on-premise). Within these agreements are specified capacity limits typically based on customer transaction volume. ACI employs measurement tools that monitor the number of transactions processed by customers and if contractually specified limits are exceeded, additional fees are charged for the overage. Capacity overages may occur at varying times throughout the term of the agreement depending on the product, the size of the customer, and the significance of customer transaction volume growth. Depending on specific circumstances, multiple overages or no overages may occur during the term of the agreement.

Included in license revenue are license and capacity fees that are payable at the inception of the agreement or annually (initial license fees). License revenue also includes license and capacity fees payable quarterly or monthly due to negotiated customer payment terms (monthly license fees). The Company recognizes revenue in advance of billings for software license arrangements with extended payment terms and adjusts for the effects of the financing component, if significant.

License revenue decreased $19.6 million, or 31%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- The impact of certain foreign currencies strengthening against the U.S. dollar resulted in a $0.7 million increase in license revenue during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of foreign currency, license revenue for the three months ended June 30, 2023, decreased $20.3 million, or 31%, as compared to the same period in 2022.
- The decrease was driven by license renewal timing as well as the relative size of new license agreements during the three months ended June 30, 2023, as compared to the same period in 2022.

Maintenance Revenue

Maintenance revenue includes standard and premium maintenance and any post contract support fees received from customers for the provision of product support services.

Maintenance revenue increased $0.8 million, or 2%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- The divestiture resulted in a $2.9 million decrease in maintenance revenue for the three months ended June 30, 2023.
- The impact of foreign currencies weakening against the U.S. dollar resulted in a $0.8 million decrease in maintenance revenue during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, maintenance revenue for the three months ended June 30, 2023, increased $4.5 million or 10%, as compared to the same period in 2022.
- The increase was primarily driven by annual inflationary increases in product support fees subsequent to June 30, 2022.

Services Revenue

Services revenue includes fees earned through implementation services and other professional services. Implementation services include product installations, product configurations, and custom software modifications ("CSMs"). Other professional services include business consultancy, technical consultancy, on-site support services, CSMs, product education, and testing services. These services include new customer implementations as well as existing customer migrations to new products or new releases of existing products.

Services revenue decreased $1.0 million, or 5%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- The divestiture resulted in a $2.1 million decrease in services revenue for the three months ended June 30, 2023.
- The impact of foreign currencies weakening against the U.S. dollar resulted in a $0.3 million decrease in services revenue during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, services revenue for the three months ended June 30, 2023, increased $1.4 million or 9%, as compared to the same period in 2022.
- The increase was primarily driven by the timing and magnitude of project-related work during the three months ended June 30, 2023, as compared to the same period in 2022.

Operating Expenses

Total operating expenses for the three months ended June 30, 2023, decreased $3.2 million, or 1%, as compared to the same period in 2022.

- During the three months ended June 30, 2023, there was a $6.5 million reduction in operating expenses related to the divestiture.
- Total operating expenses for the three months ended June 30, 2023, included $7.6 million for cost reduction strategies, $0.5 million of significant transaction-related expenses, $0.7 million for CEO transition, and $1.2 million of European data center migration expenses during the period, compared to $1.4 million of divestiture transaction-related expenses and $1.3 million of European data center migration expenses for the same period in 2022.
- The impact of foreign currencies weakening against the U.S. dollar resulted in a $1.6 million decrease in total operating expenses during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture, significant transaction-related expenses, and foreign currency, total operating expenses for the three months ended June 30, 2023, decreased $2.4 million, or 1%, as compared to the same period in 2022.

Cost of Revenue

Cost of revenue includes costs to provide SaaS and PaaS services, third-party royalties, amortization of purchased and developed software for resale, the costs of maintaining our software products, as well as the costs required to deliver, install, and support software at customer sites. SaaS and PaaS service costs include payment card interchange fees, amounts payable to banks, and payment card processing fees. Maintenance costs include the efforts associated with providing the customer with upgrades, 24-hour help desk, post go-live (remote) support, and production-type support for software that was previously installed at a customer location. Service costs include human resource costs and other incidental costs such as travel and training required for both pre go-live and post go-live support. Such efforts include project management, delivery, product customization and implementation, installation support, consulting, configuration, and on-site support.

Cost of revenue increased $2.0 million, or 1%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- During the three months ended June 30, 2023, there was a $6.0 million reduction in cost of revenue related to the divestiture.
- The impact of foreign currencies weakening against the U.S. dollar resulted in a $0.8 million decrease in cost of revenue during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, cost of revenue increased $8.8 million, or 5%, for the three months ended June 30, 2023, as compared to the same period in 2022.
- The increase was primarily due to higher personnel and related expenses, payment card interchange and processing fees, and cloud computing fees of $4.5 million, $2.3 million, and $2.0 million, respectively.

Research and Development

Research and development ("R&D") expenses are primarily human resource costs related to the creation of new products, improvements made to existing products as well as compatibility with new operating system releases and generations of hardware.

R&D expense decreased $5.4 million, or 13%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- During the three months ended June 30, 2023, there was a $0.5 million reduction in R&D expense related to the divestiture.
- The impact of foreign currencies weakening against the U.S. dollar resulted in a $0.3 million decrease in R&D expense during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, R&D expense decreased $4.6 million, or 11%, for the three months ended June 30, 2023, as compared to the same period in 2022.
- The decrease was primarily due to lower personnel and related expenses and professional fees of $2.9 million and $1.7 million, respectively.

Selling and Marketing

Selling and marketing includes both the costs related to selling our products to current and prospective customers as well as the costs related to promoting the Company, its products and the research efforts required to measure customers' future needs and satisfaction levels. Selling costs are primarily the human resource and travel costs related to the effort expended to license our products and services to current and potential clients within defined territories and/or industries as well as the management of the overall relationship with customer accounts. Selling costs also include the costs associated with assisting distributors in their efforts to sell our products and services in their respective local markets. Marketing costs include costs incurred to promote the Company and its products, perform or acquire market research to help the Company better understand impending changes in customer demand for and of our products, and the costs associated with measuring customers' opinions toward the Company, our products and personnel.

Selling and marketing expense decreased $2.1 million, or 6%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- The impact of foreign currencies weakening against the U.S. dollar resulted in a $0.2 million decrease in selling and marketing expense during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of foreign currency, selling and marketing expense decreased $1.9 million, or 5%, for the three months ended June 30, 2023, as compared to the same period in 2022.
- The decrease was primarily due to lower advertising and professional fees, travel and entertainment expenses, and personnel and related expenses.

General and Administrative

General and administrative expenses are primarily human resource costs including executive salaries and benefits, personnel administration costs, and the costs of corporate support functions such as legal, administrative, human resources, and finance and accounting.

General and administrative expense increased $3.1 million, or 11%, during the three months ended June 30, 2023, as compared to the same period in 2022.

- General and administrative expenses for the three months ended June 30, 2023, included $7.6 million for cost reduction strategies, $0.5 million of significant transaction-related expenses, $0.7 million for CEO transition, and $1.2 million of European data center migration expenses during the period, compared to $2.7 million of significant transaction-related expenses in the same period in 2022.
- The impact of foreign currencies weakening against the U.S. dollar resulted in a $0.2 million decrease in general and administrative expense during the three months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of significant transaction-related expenses and foreign currency, general and administrative expense decreased $4.0 million, or 16%, for the three months ended June 30, 2023, as compared to the same period in 2022.
- The decrease was primarily due to lower personnel and related expenses.

Depreciation and Amortization

Depreciation and amortization decreased $0.8 million, or 2%, during the three months ended June 30, 2023, as compared to the same period in 2022.

Other Income and Expense

Interest expense for the three months ended June 30, 2023, increased $8.1 million, or 69%, as compared to the same period in 2022, primarily due to higher interest rates.

Interest income includes the portion of software license fees paid by customers under extended payment terms that is attributed to the significant financing component. Interest income for the three months ended June 30, 2023, increased $0.4 million, or 13%, as compared to the same period in 2022.

Other, net is primarily comprised of foreign currency transaction gains and losses. Other, net was $4.1 million of expense and $2.0 million of income for the three months ended June 30, 2023 and 2022, respectively.

Income Taxes

See Note 11, *Income Taxes,* to our unaudited condensed consolidated financial statements in Part I of this Form 10-Q for additional information.

RESULTS OF OPERATIONS

The following table presents the condensed consolidated statements of operations, as well as the percentage relationship to total revenues for items included in our condensed consolidated statements of operations (in thousands):

Six Month Period Ended June 30, 2023 Compared to the Six Month Period Ended June 30, 2022

	Six Months Ended June 30,					
	2023				2022	
	Amount	% of Total Revenue	$ Change vs 2022	% Change vs 2022	Amount	% of Total Revenue
Revenues:						
Software as a service and platform as a service	$ 414,606	67 %	$ 13,066	3 %	$ 401,540	61 %
License	63,002	10 %	(61,597)	(49)%	124,599	19 %
Maintenance	101,494	17 %	(486)	— %	101,980	15 %
Services	33,899	6 %	(1,487)	(4)%	35,386	5 %
Total revenues	613,001	100 %	(50,504)	(8)%	663,505	100 %
Operating expenses:						
Cost of revenue	359,897	59 %	14,278	4 %	345,619	52 %
Research and development	72,383	12 %	(6,066)	(8)%	78,449	12 %
Selling and marketing	68,724	11 %	(1,275)	(2)%	69,999	11 %
General and administrative	62,854	10 %	8,617	16 %	54,237	8 %
Depreciation and amortization	62,975	10 %	(103)	— %	63,078	10 %
Total operating expenses	626,833	102 %	15,451	3 %	611,382	93 %
Operating income (loss)	(13,832)	(2)%	(65,955)	(127)%	52,123	7 %
Other income (expense):						
Interest expense	(38,801)	(6)%	(16,123)	71 %	(22,678)	(3)%
Interest income	6,963	1 %	753	12 %	6,210	1 %
Other, net	(7,487)	(1)%	(11,743)	(276)%	4,256	1 %
Total other income (expense)	(39,325)	(6)%	(27,113)	222 %	(12,212)	(1)%
Income (loss) before income taxes	(53,157)	(8)%	(93,068)	(233)%	39,911	6 %
Income tax expense (benefit)	(14,139)	(2)%	(25,218)	(228)%	11,079	2 %
Net income (loss)	$ (39,018)	(6)%	$ (67,850)	(235)%	$ 28,832	4 %

Revenues

Total revenue for the six months ended June 30, 2023, decreased $50.5 million, or 8%, as compared to the same period in 2022.

- The divestiture resulted in a $23.5 million decrease in total revenue for the six months ended June 30, 2023.
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $5.5 million decrease in total revenue during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, total revenue for the six months ended June 30, 2023, decreased $21.5 million, or 3%, as compared to the same period in 2022.

Software as a Service (“SaaS”) and Platform as a Service (“PaaS”) Revenue

SaaS and PaaS revenue increased $13.1 million, or 3%, during the six months ended June 30, 2023, as compared to the same period in 2022.

- The divestiture resulted in a $13.6 million decrease in SaaS and PaaS revenue for the six months ended June 30, 2023.
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in $1.1 million decrease in SaaS and PaaS revenue during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, SaaS and PaaS revenue for the six months ended June 30, 2023, increased $27.8 million, or 7%, as compared to the same period in 2022.
- The increase was primarily driven by higher transaction volumes during the six months ended June 30, 2023, as compared to the same period in 2022, as well as new customer go-lives since June 30, 2022.

License Revenue

License revenue decreased $61.6 million, or 49%, during the six months ended June 30, 2023, as compared to the same period in 2022.

- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $1.5 million decrease in license revenue during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of foreign currency, license revenue for the six months ended June 30, 2023, decreased $60.1 million, or 49%, as compared to the same period in 2022.
- The decrease was driven by license renewal timing as well as the relative size of new license agreements during the six months ended June 30, 2023, as compared to the same period in 2022.

Maintenance Revenue

Maintenance revenue decreased $0.5 million during the six months ended June 30, 2023, as compared to the same period in 2022.

- The divestiture resulted in a $5.8 million decrease in maintenance revenue for the six months ended June 30, 2023.
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $2.2 million decrease in maintenance revenue during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, maintenance revenue for the six months ended June 30, 2023, increased $7.5 million, or 8%, as compared to the same period in 2022.
- The increase was primarily driven by annual inflationary increases in product support fees subsequent to June 30, 2022.

Services Revenue

Services revenue decreased $1.5 million, or 4%, during the six months ended June 30, 2023, as compared to the same period in 2022.

- The divestiture resulted in a $4.0 million decrease in services revenue for the six months ended June 30, 2023
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $0.7 million decrease in services revenue during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, services revenue for the six months ended June 30, 2023, increased $3.2 million, or 11%, as compared to the same period in 2022.
- The increase was primarily driven by the timing and magnitude of project-related work during the six months ended June 30, 2023, as compared to the same period in 2022.

Operating Expenses

Total operating expenses for the six months ended June 30, 2023, increased $15.5 million, or 3%, as compared to the same period in 2022.

- During the six months ended June 30, 2023, there was a $13.7 million reduction in operating expenses related to the divestiture.
- Total operating expenses for the six months ended June 30, 2023, included $15.9 million for cost reduction strategies, $2.6 million of significant transaction-related expenses, $1.8 million for CEO transition, and $2.2 million of European data center migration expenses during the period, compared to $1.8 million of European datacenter migration expenses and $1.4 million of divestiture transaction-related expenses for the same period in 2022.
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $5.4 million decrease in total operating expenses for the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture, significant transaction-related expenses, and foreign currency, total operating expenses for the six months ended June 30, 2023, increased $15.3 million, or 3%, as compared to the same period in 2022.

Cost of Revenue

Cost of revenue increased $14.3 million, or 4%, during the six months ended June 30, 2023, as compared to the same period in 2022.

- During the six months ended June 30, 2023, there was a $12.7 million reduction in cost of revenue related to the divestiture.
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $2.4 million decrease in cost of revenue during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, cost of revenue increased $29.4 million, or 9%, for the six months ended June 30, 2023, as compared to the same period in 2022.
- The increase was primarily due to higher payment card interchange and processing fees, personnel and related expenses, and cloud computing fees of $15.3 million, $9.8 million, and $4.9 million, respectively.

Research and Development

R&D expense decreased $6.1 million, or 8%, during the six months ended June 30, 2023, as compared to the same period in 2022.

- During the six months ended June 30, 2023, there was a $1.0 million reduction in R&D expenses related to the divestiture.
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $1.0 million decrease in R&D expense during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of the divestiture and foreign currency, R&D expense decreased $4.1 million, or 5%, for the six months ended June 30, 2023, as compared to the same period in 2022.
- The decrease was primarily due to lower professional fees and personnel and related expenses of $2.8 million and $1.3 million, respectively.

Selling and Marketing

Selling and marketing expense decreased $1.3 million, or 2%, during the six months ended June 30, 2023, as compared to the same period in 2022.

- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $0.9 million decrease in selling and marketing expense for the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of foreign currency, selling and marketing expense decreased $0.4 million, for the six months ended June 30, 2023, as compared to the same period in 2022.

General and Administrative

General and administrative expense increased $8.6 million, or 16%, during the six months ended June 30, 2023, as compared to the same period in 2022.

- General and administrative expenses for the six months ended June 30, 2023, included $15.9 million for cost reduction strategies, $2.6 million of significant transaction-related expenses, $1.8 million for CEO transition, and $2.2 million of European data center migration expenses during the period, compared to $3.2 million of significant transaction-related expenses associated with cost reduction strategies implemented during the same period in 2022.
- The impact of certain foreign currencies weakening against the U.S. dollar resulted in a $0.8 million decrease in general and administrative expenses during the six months ended June 30, 2023, as compared to the same period in 2022.
- Adjusted for the impact of significant transaction-related expenses and foreign currency, general and administrative expense decreased $9.9 million, or 20%, for the six months ended June 30, 2023, as compared to the same period in 2022.
- The decrease was primarily due to lower personnel and related expenses and professional and other legal fees of $8.9 million and $1.0 million, respectively.

Depreciation and Amortization

Depreciation and amortization decreased $0.1 million, during the six months ended June 30, 2023, as compared to the same period in 2022.

Other Income and Expense

Interest expense for the six months ended June 30, 2023, increased $16.1 million, or 71%, as compared to the same period in 2022, primarily due to higher interest rates.

Interest income for the six months ended June 30, 2023, increased $0.8 million, or 12%, as compared to the same period in 2022.

Other, net is primarily comprised of foreign currency transaction gains and losses. Other, net was $7.5 million of expense and $4.3 million of income for the six months ended June 30, 2023 and 2022, respectively.

Income Taxes

See Note 11, *Income Taxes*, to our unaudited condensed consolidated financial statements in Part I of this Form 10-Q for additional information.

Segment Results

See Note 10, *Segment Information*, to our unaudited condensed consolidated financial statements in Part I of this Form 10-Q for additional information regarding segments.

The following is selected financial data for our reportable segments for the periods indicated (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenue				
Banks	$ 117,507	$ 141,946	$ 205,547	$ 274,144
Merchants	36,508	36,534	71,289	77,536
Billers	169,310	$ 161,945	336,165	311,825
Total revenue	$ 323,325	$ 340,425	$ 613,001	$ 663,505
Segment Adjusted EBITDA				
Banks	$ 51,622	$ 70,160	$ 76,303	$ 134,874
Merchants	9,911	7,749	16,455	22,462
Billers	31,229	28,324	60,870	54,681
Depreciation and amortization	(31,436)	(32,240)	(62,975)	(63,729)
Stock-based compensation expense	(5,414)	(6,800)	(10,715)	(14,758)
Corporate and unallocated expenses	(45,392)	(42,736)	(93,770)	(81,407)
Interest, net	(16,451)	(8,733)	(31,838)	(16,468)
Other, net	(4,092)	2,006	(7,487)	4,256
Income (loss) before income taxes	$ (10,023)	$ 17,730	$ (53,157)	$ 39,911

Banks Segment Adjusted EBITDA decreased $4.7 million for the three months ended June 30, 2023 due to the divestiture. Excluding the divestiture, Banks Segment Adjusted EBITDA decreased $13.8 million for the three months ended June 30, 2023, compared to the same period in 2022, due to a $13.1 million decrease in revenue primarily related to a decrease in license revenues, and a $0.7 million increase in cash operating expense.

Merchants Segment Adjusted EBITDA increased $2.2 million for the three months ended June 30, 2023, compared to the same period in 2022, due to a $2.2 million decrease in cash operating expense.

Billers Segment Adjusted EBITDA increased $2.9 million for the three months ended June 30, 2023, compared to the same period in 2022, due to a $7.4 million increase in revenue, offset by a $4.5 million increase in cash operating expense primarily for payment card interchange and other processing fees.

Banks Segment Adjusted EBITDA decreased $9.8 million for the six months ended June 30, 2023 due to the divestiture. Excluding the divestiture, Banks Segment Adjusted EBITDA decreased $48.8 million for the six months ended June 30, 2023, compared to the same period in 2022, due to a $45.0 million decrease in revenue primarily related to a decrease in license revenues, and a $3.8 million increase in cash operating expense.

Merchants Segment Adjusted EBITDA decreased $6.0 million for the six months ended June 30, 2023, compared to the same period in 2022, due to a $6.2 million decrease in revenue, offset by a $0.2 million decrease in cash operating expense.

Billers Segment Adjusted EBITDA increased $6.2 million for the six months ended June 30, 2023, compared to the same period in 2022, due to a $24.3 million increase in revenue, offset by a $18.1 million increase in cash operating expense, primarily for payment card interchange and other processing fees.

Liquidity and Capital Resources

General

Our primary liquidity needs are: (i) to fund normal operating expenses; (ii) to meet the interest and principal requirements of our outstanding indebtedness; and (iii) to fund acquisitions, capital expenditures, and lease payments. We believe these needs will be satisfied using cash flow generated by our operations, our cash and cash equivalents, and available borrowings under our revolving credit facility over the next 12 months and beyond.

Cash and cash equivalents consist of highly liquid investments with original maturities of three months or less. As of June 30, 2023, we had $132.4 million of cash and cash equivalents, of which $37.8 million was held by our foreign subsidiaries. If these funds were needed for our operations in the U.S., we may potentially be required to accrue and pay foreign and U.S. state income taxes to repatriate these funds. As of June 30, 2023, only the earnings in our Indian foreign subsidiaries are indefinitely reinvested. The earnings of all other foreign entities are no longer indefinitely reinvested. We are also permanently reinvested for outside book/tax basis difference related to foreign subsidiaries. These outside basis differences could reverse through sales of the foreign subsidiaries, as well as various other events, none of which are considered probable as of June 30, 2023.

Available Liquidity

The following table sets forth our available liquidity for the dates indicated (in thousands):

	June 30, 2023	December 31, 2022
Cash and cash equivalents	$ 132,391	$ 124,981
Availability under revolving credit facility	383,500	393,500
Total liquidity	$ 515,891	$ 518,481

The Company and ACI Payments, Inc., a wholly owned subsidiary, maintain a $75.0 million uncommitted overdraft facility with Bank of America, N.A. The overdraft facility acts as a secured loan under the terms of the Credit Agreement to provide an additional funding mechanism for timing differences that can occur in the bill payment settlement process. As of June 30, 2023, the full $75.0 million was available.

Stock Repurchase Program

Our board approved a stock repurchase program authorizing the Company, as market and business conditions warrant, to acquire its common stock and periodically authorizes additional funds for the program. On February 24, 2023, the board approved the repurchase of the Company's common stock of up to $200.0 million in place of the remaining purchase amounts previously authorized.

We did not repurchase any shares under the program during the six months ended June 30, 2023. Under the program to date, we have repurchased 57,981,733 shares for approximately $926.2 million. As of June 30, 2023, the maximum remaining amount authorized for purchase under the stock repurchase program was approximately $200.0 million. See Note 7, *Common Stock and Treasury Stock,* to our unaudited condensed consolidated financial statements in Part I of this Form 10-Q for additional information.

Cash Flows

The following table sets forth summarized cash flow data for the periods indicated (in thousands):

	Six Months Ended June 30,	
	2023	2022
Net cash provided by (used by):		
Operating activities	$ 57,508	$ 67,763
Investing activities	(19,597)	(14,395)
Financing activities	(61,183)	(60,313)

Cash Flows from Operating Activities

The primary source of operating cash flows is cash collections from our customers for purchase and renewal of licensed software products and various services including software and platform as a service, maintenance, and other professional services. Our primary uses of operating cash flows includes employee expenditures, taxes, interest payments, and leased facilities.

Cash flows provided by operating activities were $10.3 million lower for the six months ended June 30, 2023, compared to the same period in 2022. Our operating cash flows for the current year decreased primarily due to $15.4 million more in income tax payments, which are based upon higher pre-tax income in the previous year, $15.8 million more in interest payments due to increase in interest rates, and the net loss for the six months ended June 30, 2023, compared to net income for the same period in 2022, partially offset by $95.9 million more in customer receipt collections on higher prior year-end receivable balances.

Our cash flow from operating activities can fluctuate from period to period due to several factors, including: the timing of billings, which are typically higher in the third and fourth quarters in conjunction with sales timing and are variable based upon license renewal timing; collections, which will lag the quarters with higher billings; the timing and amounts of interest due to interest rate fluctuations and semi-annual Senior Notes interest payments; income tax and other payments; and our operating results.

Cash Flows from Investing Activities

The changes in cash flows from investing activities primarily relate to the timing of our purchases and investments in capital and other assets, including strategic acquisitions, that support our growth.

During the first six months of 2023, we used cash of $19.6 million to purchase software, property, and equipment, as compared to $14.4 million during the same period in 2022.

Cash Flows from Financing Activities

The changes in cash flows from financing activities primarily relate to borrowings and repayments related to our debt instruments and other debt, stock repurchases, and net proceeds related to employee stock programs.

During the first six months of 2023, we repaid $34.1 million on the Term Loans, $11.8 million of other debt payments, and $2.2 million of debt issuance costs. In addition, we used $3.3 million for the repurchase of stock-based compensation awards for tax withholdings, and $24.1 million for settlement assets and liabilities due to processing timing. We received net proceeds of $10.0 million on the Revolving Credit Facility, and proceeds of $4.3 million from the exercise of stock options and the issuance of common stock under our 2017 Employee Stock Purchase Plan, as amended. During the first six months of 2022, we repaid $21.2 million on the Term Loans and $9.4 million of other debt payments. In addition, we used $62.7 million to repurchase common stock, $5.8 million for the repurchase of stock-based compensation awards for tax withholdings and $4.6 million for settlement assets and liabilities due to processing timing. We received net proceeds of $40.0 million on the Revolving Credit Facility and proceeds of $3.4 million from the exercise of stock options and the issuance of common stock under our 2017 Employee Stock Purchase Plan, as amended.

Contractual Obligations and Commercial Commitments

For the six months ended June 30, 2023, there have been no material changes to the contractual obligations and commercial commitments disclosed in Item 7 of our Form 10-K for the fiscal year ended December 31, 2022.

Critical Accounting Estimates

The preparation of the condensed consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and other assumptions we believe to be proper and reasonable under the circumstances. We continually evaluate the appropriateness of estimates and assumptions used in the preparation of our condensed consolidated financial statements. Actual results could differ from those estimates.

The accounting policies that reflect our more significant estimates, judgments, and assumptions, and that we believe are the most critical to aid in fully understanding and evaluating our reported financial results, include the following:

- Revenue Recognition
- Intangible Assets and Goodwill
- Business Combinations
- Stock-Based Compensation
- Accounting for Income Taxes

During the six months ended June 30, 2023, there were no significant changes to our critical accounting policies and estimates. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for our fiscal year ended December 31, 2022, for a more complete discussion of our critical accounting policies and estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Excluding the impact of changes in interest rates, inflationary pressures, and the uncertainty in the global financial markets, there have been no material changes to our market risk for the six months ended June 30, 2023. We conduct business in all parts of the world and are thereby exposed to market risks related to fluctuations in foreign currency exchange rates. The U.S. dollar is the single largest currency in which our revenue contracts are denominated. Any decline in the value of foreign currencies against the U.S. dollar results in our products and services being more expensive to a potential foreign customer. In those instances where our goods and services have already been sold, receivables may be more difficult to collect. Additionally, in jurisdictions where the revenue contracts are denominated in U.S. dollars and operating expenses are incurred in the local currency, any decline in the value of the U.S. dollar will have an unfavorable impact to operating margins. At times, we enter into revenue contracts that are denominated in the country's local currency, primarily in Australia, Canada, the United Kingdom, other European countries, Brazil, India, and Singapore. This practice serves as a natural hedge to finance the local currency expenses incurred in those locations. We have not entered into any foreign currency hedging transactions. We do not purchase or hold any derivative financial instruments for speculation or arbitrage.

The primary objective of our cash investment policy is to preserve principal without significantly increasing risk. If we maintained similar cash investments for a period of one year based on our cash investments and interest rates on these investments at June 30, 2023, a hypothetical ten percent increase or decrease in effective interest rates would increase or decrease interest income by $0.1 million annually.

We had approximately $1.1 billion of debt outstanding as of June 30, 2023, with $673.6 million outstanding under our Credit Facility and $400.0 million in 2026 Notes. Our Credit Facility has a floating rate, which was 7.20% as of June 30, 2023. Our 2026 Notes are fixed-rate long-term debt obligations with a 5.750% interest rate. A hypothetical ten percent increase or decrease in effective interest rates would increase or decrease interest expense related to the Credit Facility by approximately $4.9 million.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded our disclosure controls and procedures are effective as of June 30, 2023.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) under the Exchange Act) during the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 12 , *Commitments and Contingencies*, to our unaudited condensed consolidated financial statements in Part I of this Form 10-Q for additional information regarding legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in Item 1A of our Form 10-K for the fiscal year ended December 31, 2022. Additional risks and uncertainties, including risks and uncertainties not presently known to us, or that we currently deem immaterial, could also have an adverse effect on our business, financial condition and/or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information regarding our repurchases of common stock during the three months ended June 30, 2023:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
April 1, 2023 through April 30, 2023	—	$ —	—	$ 200,000,000
May 1, 2023 through May 31, 2023	9,813 (1)	23.89	—	200,000,000
June 1, 2023 through June 30, 2023	3,593 (1)	23.66	—	200,000,000
Total	13,406	$ 23.83	—	

(1) Pursuant to our 2016 and 2020 Equity and Performance Incentive Plan, we granted RSUs. Under each arrangement, shares are issued without direct cost to the employee. During the three months ended June 30, 2023, 107,198 shares of RSUs vested. We withheld 13,406 of those shares to pay the employees' portion of the applicable minimum payroll withholding.

In 2005, our board approved a stock repurchase program authorizing us, as market and business conditions warrant, to acquire our common stock and periodically authorize additional funds for the program, with the intention of using existing cash and cash equivalents to fund these repurchases. On February 24, 2023, the board approved the repurchase of the Company's common stock of up to $200.0 million, in place of the remaining purchase amounts previously authorized. As of June 30, 2023, the maximum remaining amount authorized for purchase under the stock repurchase program was approximately $200.0 million.

There is no guarantee as to the exact number of shares we will repurchase. Repurchased shares are returned to the status of authorized but unissued shares of common stock. In March 2005, our board approved a plan under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate the repurchase of shares of common stock under the existing stock repurchase program. Under our Rule 10b5-1 plan, we have delegated authority over the timing and amount of repurchases to an independent broker who does not have access to inside information about the Company. Rule 10b5-1 allows us, through the independent broker, to purchase shares at times when we ordinarily would not be in the market because of self-imposed trading blackout periods, such as the time immediately preceding the end of the fiscal quarter through a period of three business days following our quarterly earnings release.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Plans

None of the Company’s directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the three months ended June 30, 2023.

Submission of Matters to a Vote of Security Holders

As previously reported in the original Form 8-K, at the Annual Meeting a non-binding, advisory vote was taken on the frequency of future advisory votes regarding the compensation of our named executive officers. Among the options presented to stockholders (every year, every two years or every three years), the greatest number of votes were cast in favor of holding such an advisory vote every year, which was also the frequency recommended to the stockholders by the Company’s board of directors. In light of these results and consistent with the previous recommendation and determination of the Company’s board of directors, we will continue to hold a non-binding advisory vote on executive compensation every year until the next required vote on the frequency of stockholder votes on executive compensation.

ITEM 6. EXHIBITS

The following lists exhibits filed as part of this quarterly report on Form 10-Q:

Exhibit No.		Description
3.01	(1)	ACI Worldwide, Inc. Restated Certificate of Incorporation
3.02	(2)	ACI Worldwide, Inc. Amended and Restated Bylaws of the Company
4.01	(3)	Form of Common Stock Certificate (P)
10.01	(4)*	Form of Severance Agreement between ACI Worldwide, Inc. and Thomas Warsop
10.02	(5)*	Form of Change In Control Employment Agreement between ACI Worldwide, Inc. and Thomas Warsop
10.03	(6)*	ACI Worldwide, Inc. 2020 Equity and Incentive Compensation Plan, as amended and restated effective June 1, 2023
10.04	(7)	Extension Agreement, dated as of April 28, 2023, among ACI Worldwide, Inc., ACI Worldwide Corp., ACI Payments, Inc. and Bank of America, N.A., as administrative agent for the lenders
10.05	(8)*	Form of Director Restricted Share Unit Award Agreement for the Company's 2020 Equity and Incentive Compensation Plan
10.06	(8)*	Form of Restricted Share Unit Award Agreement for the Company's 2020 Equity and Incentive Compensation Plan
10.07	(8)*	Form of Performance Share Award Agreement for the Company's 2020 Equity and Incentive Compensation Plan
31.01		Certification of Principal Executive Officer pursuant to SEC Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.02		Certification of Principal Financial Officer pursuant to SEC Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.01	**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.02	**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS		XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH		XBRL Taxonomy Extension Schema
101.CAL		XBRL Taxonomy Extension Calculation Linkbase
101.LAB		XBRL Taxonomy Extension Label Linkbase
101.PRE		XBRL Taxonomy Extension Presentation Linkbase
101.DEF		XBRL Taxonomy Extension Definition Linkbase
104		Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Denotes exhibit that constitutes a management contract, or compensatory plan or arrangement.

** This certification is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference.

(P) Paper Exhibit
(1) Incorporated herein by reference to Exhibit 3.1 to the registrant’s current report on Form 8-K filed August 17, 2017.
(2) Incorporated herein by reference to Exhibit 3.1 to the registrant’s current report on Form 8-K filed April 1, 2022.
(3) Incorporated herein by reference to Exhibit 4.01 to the registrant’s Registration Statement No. 33-88292 on Form S-1.
(4) Incorporated herein by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed May 31, 2023.
(5) Incorporated herein by reference to Exhibit 10.2 to the registrant's current report on Form 8-K filed May 31, 2023.
(6) Incorporated herein by reference to Appendix B to the registrant's Proxy Statement filed April 18, 2023.
(7) Incorporated herein by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed May 4, 2023.
(8) Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ACI WORLDWIDE, INC.
(Registrant)

Date: August 3, 2023

By: /s/ SCOTT W. BEHRENS

Scott W. Behrens
Executive Vice President, Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer)

RESTRICTED SHARE UNIT AWARD AGREEMENT

THIS RESTRICTED SHARE UNIT AWARD AGREEMENT (this “Agreement”) is made as of the date set forth in Schedule A hereto (the “Grant Date”) by and between ACI Worldwide, Inc., a Delaware corporation (the “Corporation”) and the individual identified in Schedule A (the “Grantee”). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the ACI Worldwide, Inc. 2020 Equity and Incentive Compensation Plan (the “Plan”).

WHEREAS, the Board has duly adopted, and the stockholders of the Corporation have approved, the Plan, which authorizes the Corporation to grant to eligible individuals restricted stock units, each such restricted stock unit being equal in value to one share of the Corporation’s common stock, par value of $0.005 per share (the “Common Shares”); and

WHEREAS, the Board has determined that it is desirable and in the best interests of the Corporation and its stockholders to approve a long-term incentive program and, in connection therewith, to grant the Grantee a certain number of restricted stock units, in order to provide the Grantee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto do hereby agree as follows:

1. **Grant of Restricted Share Units**.

(a) Subject to the terms of the Plan, the Corporation has granted to the Grantee the number of restricted stock units (the “Restricted Share Units”) set forth in Schedule A, payment of which is subject to the terms and conditions of this Agreement.

(b) The Grantee’s right to receive all or any portion of the Restricted Share Units shall remain forfeitable at all times prior to the vesting in accordance with Sections 2, 3 and 4 hereof.

2. **Vesting of Restricted Share Units**.

(a) Except as provided herein and subject to such other exceptions as may be determined by the Compensation and Leadership Development Committee of the Board (the “Committee”); provided, however, that at the discretion of the Board, this Plan may be administered by the Board, including with respect to the administration of any responsibilities and duties held by the Committee hereunder, in its discretion, the Restricted Share Units shall vest as set forth in Schedule A.

(b) Conditions; Determination of Vested Award. Except as otherwise provided herein, the Grantee’s right to receive payment for any Restricted Share Units is contingent upon his or her remaining in continuous service on the Board of Directors of the Corporation (the “Board”) through the end of the applicable vesting date set forth on Schedule A.

3. **Disability or Death**. If the Grantee’s service on the Board terminates due to Disability (as defined below) or death, the unvested portion of any Restricted Share Units shall become immediately vested. For purposes of this Agreement, “Disability” means the Grantee’s permanent and total disability as defined in Section 22(e)(3) of the Code.

4. **Other Termination**. If the Grantee's service on the Board terminates before the vesting of the Restricted Share Units for any reason other than as set forth in Section 3 above, the Restricted Share Units will be forfeited.

5. **Change in Control**. Notwithstanding the foregoing, the Restricted Share Units shall become immediately vested if a Change in Control occurs prior to the applicable vesting date set forth on Schedule A and while the Grantee is continuously serving on the Board (to the extent the Restricted Share Units have not previously become vested).

6. **Payment of Restricted Share Units**. Payment of any Restricted Share Units that vest as set forth herein will be made in the form of Common Shares, in cash, or in a combination of the two, as determined in the sole discretion of the Committee. Payment will be made as soon as practicable after the applicable vesting date and in all events within the short-term deferral period specified in Section 409A of the Code.

7. **Withholding of Taxes**. The Grantee will be solely responsible for the payment of all taxes that arise with respect to the granting and payment of the Restricted Share Units, including the payment of any Common Shares.

8. **Forfeiture and Right of Recoupment**. Notwithstanding anything contained herein to the contrary, by accepting these Restricted Share Units, Grantee understands and agrees that if (a) the Corporation is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of Grantee, or (b) it is determined that the Grantee has otherwise engaged in misconduct (whether or not such misconduct is discovered by the Corporation prior to the termination of Grantee's employment), the Corporation may take such action with respect to the Restricted Share Units as the Corporation, in its sole discretion, deems necessary or appropriate and in the best interest of the Corporation and its stockholders. Such action may include, without limitation, causing the forfeiture of unvested Restricted Share Units, requiring the transfer of ownership back to the Corporation of Common Shares issued as payment for vested Restricted Share Units and still held by the Grantee, cash received by the Grantee as payment for vested Restricted Share Units and the recoupment of any proceeds from the sale of Common Shares issued as payment for Restricted Share Units vested pursuant to this Agreement. For purposes of this Section 8, "misconduct" shall mean a deliberate act or acts of dishonesty or misconduct which either (i) were intended to result in substantial personal enrichment to the Grantee at the expense of the Corporation or (ii) have a material adverse effect on the Corporation. Any determination hereunder, including with respect to Grantee's misconduct, shall be made by the Board or its designee in its sole discretion. Notwithstanding any provisions herein to the contrary, Grantee expressly acknowledges and agrees that the rights of the Corporation set forth in this Section 8 shall continue after Grantee's employment with the Corporation or its Subsidiary is terminated, whether termination is voluntary or involuntary, with or without cause, and shall be in addition to every other right or remedy at law or in equity that may otherwise be available to the Corporation.

9. **Dividend Equivalents; Voting and Other Rights**.

(a) The Grantee shall have no rights of ownership in the Common Shares underlying the Restricted Share Units and no right to vote the Common Shares underlying the Restricted Share Units until the date on which the Common Shares underlying the Restricted Share Units are issued or transferred to the Grantee pursuant to Section 6 above.

(b) Grantee shall be credited with cash per Restricted Share Unit equal to the amount of each cash dividend paid by the Corporation (if any) to holders of Common Shares generally with a record date occurring on or after the Grant Date and prior to the time when the

Restricted Share Units are settled in accordance with Section 6 hereof. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including vesting, payment or forfeitability) as apply to the Restricted Share Units based on which the dividend equivalents were credited, and such amounts shall be paid in Common Shares at the same time as the Restricted Share Units to which they relate. The number of shares so paid shall be rounded down to the nearest whole number and shall be determined by dividing such credited amounts by the Market Value per Share on the vesting date.

(c) The obligations of the Corporation under this Agreement will be merely that of an unfunded and unsecured promise of the Corporation to deliver Common Shares in the future, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Corporation will be held or set aside as security for the obligations of the Corporation under this Agreement.

10. **Non-Assignability**. The Restricted Share Units and the Common Shares subject to this grant of Restricted Share Units are personal to the Grantee and may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee until they become vested as provided in this Agreement; provided, however, that the Grantee's rights with respect to such Restricted Share Units and Common Shares may be transferred by will or pursuant to the laws of descent and distribution or pursuant to a domestic relations order (within the meaning of Rule 16a-12 under the Securities Exchange Act of 1934, as amended). Any purported transfer or encumbrance in violation of the provisions of this Section 10, shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Share Units or Common Shares.

11. **Compliance with Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Corporation without the consent of the Grantee).

12. **Consent To Transfer Personal Data**. By accepting these Restricted Share Units, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section 12. Grantee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Grantee's ability to participate in the Plan. The Corporation and its Subsidiaries hold certain personal information about Grantee, that may include Grantee's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any shares of stock held in the Corporation, or details of any entitlement to shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of implementing, managing and administering the Plan ("Data"). The Corporation and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Grantee's participation in the Plan, and the Corporation and/or any of its Subsidiaries may each further transfer Data to any third parties assisting the Corporation in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Grantee's behalf by a broker or

other third party with whom Grantee or the Corporation may elect to deposit any shares of stock acquired pursuant to the Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Corporation; however, withdrawing consent may affect Grantee's ability to participate in the Plan.

13. **Electronic Delivery and Acceptance**. The Corporation may, in its sole discretion, decide to deliver any documents or notices related to current or future participation in the Plan by electronic means. By accepting the Restricted Share Units, electronically or otherwise, Grantee hereby consents to receive such documents or notices by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation, including the use of electronic signatures or click-through acceptance of terms and conditions or other electronic means such as an e-mail acknowledgement.

14. **Miscellaneous**.

(a) The Restricted Share Units granted pursuant to this Agreement are granted subject to the terms and conditions set forth in the Plan, a copy of which has been delivered to the Grantee. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Agreement by reference and shall be deemed to be a part of this Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Agreement. In the event that there is any inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

(b) All decisions and interpretations made by the Board or its designee with regard to any question arising under the Plan or this Agreement shall be binding and conclusive on the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(c) The grant of the Restricted Share Units is discretionary and no provision in this Agreement shall be considered to be an employment contract or a part of the Grantee's terms and conditions of employment, nor shall any provision be construed to confer upon the Grantee the right to be employed or be retained in the service of the Corporation or any Subsidiary, or to interfere in any way with the right and authority of the Corporation or any Subsidiary either to increase or decrease the compensation of the Grantee at any time, or to terminate any employment or other relationship between the Grantee and the Corporation or any Subsidiary.

(d) This Agreement, and the terms and conditions of the Plan, shall bind, and inure to the benefit of the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(e) This Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

(f) Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Delaware or Florida and the parties expressly consent to such venue. The parties consent to the personal jurisdiction of the courts located in Delaware or Florida over them.

(g) Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. The terms and conditions of this Agreement may not be modified, amended or waived, except by an instrument in writing signed by a duly authorized executive officer at the Corporation. Notwithstanding the foregoing, no amendment shall adversely affect the Grantee's rights under this Agreement without the Grantee's consent; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

(h) Any notice hereunder by the Grantee to the Corporation shall be in writing and shall be deemed duly given (i) if mailed or delivered to the Corporation at its principal office, addressed to the attention of Stock Plan Administration, (ii) if electronically delivered to the e- mail address, if any, for Stock Plan Administration or (iii) if so mailed, delivered or electronically delivered to such other address or e-mail address as the Corporation may hereafter designate by notice to the Grantee. Any notice hereunder by the Corporation to the Grantee shall be in writing and shall be deemed duly given (i) if mailed or delivered to the Grantee at Grantee's address listed in the Corporation's records, (ii) if electronically delivered to the e-mail address, if any, for Grantee listed in the Corporation's records or (iii) if so mailed, delivered or electronically delivered to such other address or e-mail address as the Grantee may hereafter designate by written notice given to the Corporation.

(i) If one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

(j) This Agreement and the Plan together constitute the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof.

(k) In the event that it is determined that the Grantee was not eligible to receive this award of Restricted Share Units, the award of Restricted Share Units and this Agreement shall be null and void and of no further effect.

(l) This Agreement will be deemed to be signed by the Corporation and Grantee upon Grantee's acceptance of the Notice of Grant of Award attached as Schedule A.

Schedule A
(Attached)

RESTRICTED SHARE UNIT AWARD AGREEMENT

THIS RESTRICTED SHARE UNIT AWARD AGREEMENT (this "Agreement") is made as of the date set forth in Schedule A hereto (the "Grant Date") by and between ACI Worldwide, Inc., a Delaware corporation (the "Corporation") and the individual identified in Schedule A (the "Grantee"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the ACI Worldwide, Inc. 2020 Equity and Incentive Compensation Plan (the "Plan").

WHEREAS, the Board has duly adopted, and the stockholders of the Corporation have approved, the Plan, which authorizes the Corporation to grant to eligible individuals restricted share units, each such restricted share unit being equal in value to one share of the Corporation's common stock, par value of $0.005 per share (the "Common Shares"); and

WHEREAS, the Board has determined that it is desirable and in the best interests of the Corporation and its stockholders to approve a long-term incentive program and, in connection therewith, to grant the Grantee a certain number of restricted share units, in order to provide the Grantee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto do hereby agree as follows:

a. **Grant of Restricted Share Units**.

(i)Subject to the terms of the Plan, the Corporation hereby grants to the Grantee the number of restricted share units (the "Restricted Share Units") set forth in Schedule A, payment of which is subject to the terms and conditions of this Agreement.

(ii)The Grantee's right to receive all or any portion of the Restricted Share Units shall remain forfeitable at all times prior to the vesting in accordance with Sections 2, 3 and 4 hereof.

b. **Vesting of Restricted Share Units**.

(i)Except as provided herein and subject to such other exceptions as may be determined by the Compensation Committee of the Board (the "Committee"); provided, however, that at the discretion of the Board, this Plan may be administered by the Board, including with respect to the administration of any responsibilities and duties held by the Committee hereunder , in its discretion, the Restricted Share Units shall vest in increments as set forth in Schedule A.

(ii)Conditions; Determination of Vested Award. Except as otherwise provided herein, the Grantee's right to receive any Restricted Share Units is contingent upon his or her remaining in the continuous employ of the Corporation or a Subsidiary through the end of the applicable vesting date set forth on Schedule A. For purposes of this Agreement, the continuous employ of the Grantee shall not be considered interrupted or terminated in the case of transfers between locations of the Corporation and its Subsidiaries.

c. **Disability or Death**. If the Grantee's employment with the Corporation or a Subsidiary terminates due to Disability (as defined below) or death, the unvested portion of any Restricted Stock Units shall become immediately vested. For purposes of this Agreement, “Disability” means the Grantee’s permanent and total disability as defined in Section 22(e)(3) of the Code.

d. **Other Termination**. If the Grantee’s employment with the Corporation or a Subsidiary terminates before the vesting of the Restricted Share Units for any reason other than as set forth in Section 3 above, the Restricted Share Units will be forfeited.

e. [Intentionally Omitted]

f. **Payment of Restricted Share Units**. Payment of any Restricted Share Units that vest as set forth herein will be made in the form of Common Shares, in cash, or in a combination of the two, as determined in the sole discretion of the Committee. Payment will be made as soon as practicable after the applicable vesting date and in all events within the short-term deferral period specified in Section 409A of the Code.

g. **Withholding of Taxes**.

(i)The Grantee shall be liable for any and all federal, state, local or non-US taxes applicable to the Grantee, including, without limitation, withholding taxes, social security/national insurance contributions and employment taxes, arising out of this grant of Restricted Share Units, the issuance of Common Shares as payment for vested Restricted Share Units hereunder or the payment of cash for vested Restricted Share Units. In the event that the Corporation or the Grantee's employer (the “Employer”) is required to withhold taxes as a result of the grant of the Restricted Share Units, the issuance of Common Shares as payment for vested Restricted Share Units or the payment of cash for vested Restricted Share Units, the Grantee shall at the election of the Corporation, in its sole discretion, either (i) surrender a sufficient number of whole Common Shares, having a Market Value per Share on the date such Restricted Share Units become taxable equal to the amount of such taxes, or (ii) make a cash payment, as necessary to cover all applicable required withholding taxes and required social security/national insurance contributions on the date such Restricted Share Units become taxable, unless the Corporation, in its sole discretion, has established alternative procedures for such payment. If the number of shares required to cover all applicable withholding taxes and required social security/national insurance contributions includes a fractional share, then Grantee shall deliver cash in lieu of such fractional share. All matters with respect to the total amount to be withheld shall be determined by the Corporation in its sole discretion.

(ii)Regardless of any action the Corporation or the Grantee's Employer takes with respect to any or all income tax, social security/national insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by him is and remains the Grantee's responsibility and that the Corporation and or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of Restricted Share Units, including the grant of Restricted Share Units, the issuance of Common Shares as payment for vested Restricted Share Units, the payment of cash for vested Restricted Share Units or the subsequent sale of any Common Shares issued hereunder and receipt of any dividends; and (ii) do not commit to structure the terms or any aspect of this grant of Restricted Share Units to reduce or eliminate the Grantee's liability for Tax-Related Items. The Grantee shall pay the Corporation or the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold as a result of the Grantee's participation in the Plan or the Grantee's grant of Restricted Share Units, the Common Shares issued as payment for vested Restricted Share Units or the payment of cash for vested Restricted Share Units that cannot be satisfied by the means previously described above in Section 7(a). The Corporation may refuse to issue Common Shares as payment of vested

Restricted Share Units related thereto if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

h. **Forfeiture and Right of Recoupment**. Notwithstanding anything contained herein to the contrary, by accepting these Restricted Share Units, Grantee understands and agrees that if (a) the Corporation is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of Grantee, or (b) it is determined that the Grantee has otherwise engaged in misconduct (whether or not such misconduct is discovered by the Corporation prior to the termination of Grantee's employment), the Corporation may take such action with respect to the Restricted Share Units as the Corporation, in its sole discretion, deems necessary or appropriate and in the best interest of the Corporation and its stockholders. Such action may include, without limitation, causing the forfeiture of unvested Restricted Share Units, requiring the transfer of ownership back to the Corporation of Common Shares issued as payment for vested Restricted Share Units and still held by the Grantee, cash received by the Grantee as payment for vested Restricted Share Units and the recoupment of any proceeds from the sale of Common Shares issued as payment for Restricted Share Units vested pursuant to this Agreement. For purposes of this Section 8, "misconduct" shall mean a deliberate act or acts of dishonesty or misconduct which either (i) were intended to result in substantial personal enrichment to the Grantee at the expense of the Corporation or (ii) have a material adverse effect on the Corporation. Any determination hereunder, including with respect to Grantee's misconduct, shall be made by the Board or its designee in its sole discretion. Notwithstanding any provisions herein to the contrary, Grantee expressly acknowledges and agrees that the rights of the Corporation set forth in this Section 8 shall continue after Grantee's employment with the Corporation or its Subsidiary is terminated, whether termination is voluntary or involuntary, with or without cause, and shall be in addition to every other right or remedy at law or in equity that may otherwise be available to the Corporation.

i. **Cash Dividends**. Cash dividends on the Restricted Share Units covered by this Agreement shall be sequestered by the Corporation from and after the Grant Date until such time as any of such Restricted Share Units become vested in accordance with this Agreement, whereupon such dividends shall be converted into a number of Common Shares (based on the Market Value per Share on the date such Restricted Share Units become vested) to the extent such dividends are attributable to Restricted Share Units that have become vested. To the extent that Restricted Share Units covered by this Agreement are forfeited, all of the dividends sequestered with respect to such Restricted Share Units shall also be forfeited. No interest shall be payable with respect to any such dividends.

j. **Non-Assignability**. The Restricted Share Units and the Common Shares subject to this grant of Restricted Share Units are personal to the Grantee and may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee until they become vested as provided in this Agreement; provided, however, that the Grantee's rights with respect to such Restricted Share Units and Common Shares may be transferred by will or pursuant to the laws of descent and distribution or pursuant to a domestic relations order (within the meaning of Rule 16a-12 under the Securities Exchange Act of 1934, as amended). Any purported transfer or encumbrance in violation of the provisions of this Section 10, shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Restricted Share Units or Common Shares.

k. **Compliance with Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section

409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Corporation without the consent of the Grantee).

l. **Consent To Transfer Personal Data.** By accepting these Restricted Share Units, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section 12. Grantee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Grantee's ability to participate in the Plan. The Corporation and its Subsidiaries hold certain personal information about Grantee, that may include Grantee's name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock held in the Corporation, or details of any entitlement to shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of implementing, managing and administering the Plan ("Data"). The Corporation and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Grantee's participation in the Plan, and the Corporation and/or any of its Subsidiaries may each further transfer Data to any third parties assisting the Corporation in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Grantee's behalf by a broker or other third party with whom Grantee or the Corporation may elect to deposit any shares of stock acquired pursuant to the Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Corporation; however, withdrawing consent may affect Grantee's ability to participate in the Plan.

m. **Electronic Delivery and Acceptance**. The Corporation may, in its sole discretion, decide to deliver any documents or notices related to current or future participation in the Plan by electronic means. By accepting the Restricted Share Units, electronically or otherwise, Grantee hereby consents to receive such documents or notices by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation, including the use of electronic signatures or click-through acceptance of terms and conditions or other electronic means such as an e-mail acknowledgement.

n. **Miscellaneous.**

(i)The Restricted Share Units granted pursuant to this Agreement are granted subject to the terms and conditions set forth in the Plan, a copy of which has been delivered to the Grantee. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Agreement by reference and shall be deemed to be a part of this Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Agreement. In the event that there is any inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

(ii)All decisions and interpretations made by the Board or its designee with regard to any question arising under the Plan or this Agreement shall be binding and conclusive on the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(iii)The grant of the Restricted Share Units is discretionary and no provision in this Agreement shall be considered to be an employment contract or a part of the Grantee's terms and conditions of employment, nor shall any provision be construed to confer upon the Grantee the right to be employed or be retained in the employ by the Corporation or any Subsidiary, or to interfere in any way with the right and authority of the Corporation or any Subsidiary either to increase or decrease the compensation of the Grantee at any time, or to terminate any employment or other relationship between the Grantee and the Corporation or any Subsidiary.

(iv)This Agreement, and the terms and conditions of the Plan, shall bind, and inure to the benefit of the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(v)This Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

(vi)Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Delaware or Florida and the parties expressly consent to such venue. The parties consent to the personal jurisdiction of the courts located in Delaware or Florida over them.

(vii)Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. The terms and conditions of this Agreement may not be modified, amended or waived, except by an instrument in writing signed by a duly authorized executive officer at the Corporation. Notwithstanding the foregoing, no amendment shall adversely affect the Grantee's rights under this Agreement without the Grantee's consent; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

(viii)Any notice hereunder by the Grantee to the Corporation shall be in writing and shall be deemed duly given (i) if mailed or delivered to the Corporation at its principal office, addressed to the attention of Stock Plan Administration, (ii) if electronically delivered to the e-mail address, if any, for Stock Plan Administration or (iii) if so mailed, delivered or electronically delivered to such other address or e-mail address as the Corporation may hereafter designate by notice to the Grantee. Any notice hereunder by the Corporation to the Grantee shall be in writing and shall be deemed duly given (i) if mailed or delivered to the Grantee at Grantee's address listed in the Corporation's records, (ii) if electronically delivered to the e-mail address, if any, for Grantee listed in the Corporation's records or (iii) if so mailed, delivered or electronically delivered to such other address or e-mail address as the Grantee may hereafter designate by written notice given to the Corporation.

(ix)If one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

(x) This Agreement, the Plan and any Change-in-Control Employment Agreement between the Corporation and the Grantee together constitute the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof.

(xi)In the event that it is determined that the Grantee was not eligible to receive this award of Restricted Share Units, the award of Restricted Share Units and this Agreement shall be null and void and of no further effect.

(xii)This Agreement will be deemed to be signed by the Corporation and Grantee upon Grantee's acceptance of the Notice of Grant of Award attached as Schedule A.

Schedule A
(Attached)

PERFORMANCE SHARE AWARD AGREEMENT

THIS PERFORMANCE SHARE AWARD AGREEMENT (this “Agreement”) is made as of the date set forth in Schedule A hereto (the “Grant Date”) by and between ACI Worldwide, Inc., a Delaware corporation (the “Corporation”) and the individual identified in Schedule A (the “Grantee”). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such terms in the ACI Worldwide, Inc. 2020 Equity and Incentive Compensation Plan (the “Plan”).

WHEREAS, the Board has duly adopted, and the stockholders of the Corporation have approved, the Plan, which authorizes the Corporation to grant to eligible individuals performance shares, each such performance share being equal in value to one share of the Corporation’s common stock, par value of $0.005 per share (the “Common Shares”); and

WHEREAS, the Board has determined that it is desirable and in the best interests of the Corporation and its stockholders to approve a long-term incentive program and, in connection therewith, to grant the Grantee a certain number of performance shares, in order to provide the Grantee with an incentive to advance the interests of the Corporation, all according to the terms and conditions set forth herein and in the Plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto do hereby agree as follows:

a. **Grant of Performance Shares**.

(i)Subject to the terms of the Plan, the Corporation hereby grants to the Grantee the number of performance shares (the “Performance Shares”) set forth in Schedule A, payment of which depends on the Corporation’s performance as set forth in this Agreement and in the Statement of Performance Goals attached hereto and incorporated herein by this reference (the “Statement of Performance Goals”) approved by the Compensation Committee of the Board (the “Committee”); provided, however, that at the discretion of the Board, this Plan may be administered by the Board, including with respect to the administration of any responsibilities and duties held by the Committee hereunder. The Performance Shares are not intended to be a Qualified Performance-Based Award.

(ii)The Grantee’s right to receive all or any portion of the Performance Shares will be contingent upon the achievement of certain management objectives (the “Management Objectives”), as set forth in the Statement of Performance Goals. The achievement of the Management Objectives will be measured during the performance period set forth on the Statement of Performance Goals.

(iii)The Management Objectives for the Performance Period will be as set forth on the Statement of Performance Goals.

b. **Earning of Performance Shares**.

(i)Earning Calculation. If, upon the conclusion of the Performance Period, the applicable Management Objective equals or exceeds the threshold level set forth in the performance matrix contained in the Statement of Performance Goals (the “Performance Matrix”), a proportionate number of the Performance Shares shall become earned for the applicable Management Objective, as determined by mathematical interpolation and rounded down to the nearest whole share.

(ii)Modification. If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Corporation, the manner in which it conducts business or other events or circumstances render the Management Objectives to be unsuitable, the Committee may modify such Management Objectives or the related levels of achievement, in whole or in part, as the Committee deems appropriate.

(iii)Conditions; Determination of Earned Award. Except as otherwise provided herein, the Grantee's right to receive any Performance Shares is contingent upon his or her remaining in the continuous employ of the Corporation or a Subsidiary through the end of the Performance Period. For purposes of this Agreement, the continuous employ of the Grantee shall not be considered interrupted or terminated in the case of transfers between locations of the Corporation and its Subsidiaries. Following the Performance Period, the Committee shall certify that the Management Objectives have been satisfied and shall determine the number of Performance Shares that shall have become earned hereunder.

c. **Retirement, Disability, Death or Termination without Cause**. If the Grantee's employment with the Corporation or a Subsidiary terminates following completion of the first full fiscal quarter of the Performance Period but before the payment of the Performance Shares as set forth in Section 6 below due to (a) the Grantee's retirement approved by the Corporation, (b) Disability (as defined below), (c) death or (d) a termination by the Corporation without cause, the Corporation shall pay to the Grantee or his or her executor or administrator, as the case may be, at the time specified in Section 6, a number of Performance Shares equal to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation for the full Performance Period, multiplied by (ii) a fraction, the numerator of which is the number of full fiscal quarters the Grantee was employed during the Performance Period and the denominator of which is the number of full fiscal quarters in the Performance Period. The remaining Performance Shares shall be forfeited. For purposes of this Agreement, "Disability" means the Grantee's permanent and total disability as defined in Section 22(e)(3) of the Code.

d. **Other Termination**. If the Grantee's employment with the Corporation or a Subsidiary terminates before the payment of the Performance Shares as provided in Section 6 hereof for any reason other than as set forth in Section 3 above, the Performance Shares will be forfeited.

e. **Leaves of Absence**. If the Grantee was on short-term disability, long-term disability or unpaid leave of absence approved by the Corporation for more than thirty (30) consecutive calendar days during any fiscal quarter during Performance Period, the number of Performance Shares earned by the Grantee will be reduced such that the Grantee will only be entitled to (i) the number of Performance Shares to which the Grantee would have been entitled under Section 2 above based on the performance of the Corporation during the Performance Period, multiplied by (ii) a fraction, the numerator of which is the number of fiscal quarters the Grantee was employed during the Performance Period (excluding any fiscal quarters during which the Grantee was on a leave of absence for more than thirty (30) consecutive calendar days) and the denominator of which is the number of full fiscal quarters in the Performance Period.

f. **Payment of Performance Shares**. Payment of any Performance Shares that become earned as set forth herein will be made in the form of Common Shares, in cash, or in a combination of the two, as determined in the sole discretion of the Committee. Payment will be made as soon as practicable after the end of the applicable Performance Period. Performance Shares will be forfeited if they are not earned at the end of the Performance Period and, except as otherwise provided in this Agreement, if the Grantee ceases to be employed by the Corporation or a Subsidiary at any time prior to such shares becoming earned.

g. **Withholding of Taxes**.

(i)The Grantee shall be liable for any and all federal, state, local or non-US taxes applicable to the Grantee, including, without limitation, withholding taxes, social security/national insurance contributions and employment taxes, arising out of this grant of Performance Shares, the issuance of Common Shares as payment for earned Performance Shares hereunder or the payment of cash for earned Performance Shares. In the event that the Corporation or the Grantee's employer (the "Employer") is required to withhold taxes as a result of the grant of the Performance Shares, the issuance of Common Shares as payment for earned Performance Shares or the payment of cash for earned Performance Shares, the Grantee shall at the election of the Corporation, in its sole discretion, either (i) surrender a sufficient number of whole Common Shares, having a Market Value per Share on the date such Performance Shares become taxable equal to the amount of such taxes, or (ii) make a cash payment, as necessary to cover all applicable required withholding taxes and required social security/national insurance contributions on the date such Performance Shares become taxable, unless the Corporation, in its sole discretion, has established alternative procedures for such payment. If the number of shares required to cover all applicable withholding taxes and required social security/national insurance contributions includes a fractional share, then Grantee shall deliver cash in lieu of such fractional share. All matters with respect to the total amount to be withheld shall be determined by the Corporation in its sole discretion.

(ii)Regardless of any action the Corporation or the Grantee's Employer takes with respect to any or all income tax, social security/national insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), the Grantee acknowledges and agrees that the ultimate liability for all Tax-Related Items legally due by him is and remains the Grantee's responsibility and that the Corporation and or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of Performance Shares, including the grant of Performance Shares, the issuance of Common Shares as payment for earned Performance Shares, the payment of cash for earned Performance Shares or the subsequent sale of any Common Shares issued hereunder and receipt of any dividends; and (ii) do not commit to structure the terms or any aspect of this grant of Performance Shares to reduce or eliminate the Grantee's liability for Tax-Related Items. The Grantee shall pay the Corporation or the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold as a result of the Grantee's participation in the Plan or the Grantee's grant of Performance Shares, the Common Shares issued as payment for earned Performance Shares or the payment of cash for earned Performance Shares that cannot be satisfied by the means previously described above in Section 7(a). The Corporation may refuse to issue Common Shares as payment of earned Performance Shares related thereto if the Grantee fails to comply with the Grantee's obligations in connection with the Tax-Related Items.

h. **Forfeiture and Right of Recoupment**. Notwithstanding anything contained herein to the contrary, by accepting these Performance Shares, Grantee understands and agrees that if (a) the Corporation is required to restate its consolidated financial statements because of material noncompliance due to irregularities with the federal securities laws, which restatement is due, in whole or in part, to the misconduct of Grantee, or (b) it is determined that the Grantee has otherwise engaged in misconduct (whether or not such misconduct is discovered by the Corporation prior to the termination of Grantee's employment), the Corporation may take such action with respect to the Performance Shares as the Corporation, in its sole discretion, deems necessary or appropriate and in the best interest of the Corporation and its stockholders. Such action may include, without limitation, causing the forfeiture of unearned Performance Shares, requiring the transfer of ownership back to the Corporation of Common Shares issued as payment for earned Performance Shares and still held by the Grantee, cash received by the Grantee as payment for earned Performance Shares and the recoupment of any proceeds from the sale of Common Shares issued as payment for Performance Shares earned pursuant to this Agreement. For purposes of this Section 8, “misconduct” shall mean a deliberate act or acts of dishonesty or misconduct which either (i) were intended to result in substantial personal enrichment to the Grantee at the expense of the Corporation or (ii) have a material adverse effect on the Corporation. Any determination hereunder, including with respect to Grantee’s misconduct, shall be made by the Board or its designee in its sole discretion. Notwithstanding any provisions herein to the contrary, Grantee expressly acknowledges and agrees that the rights of the Corporation set forth in this Section 8 shall continue after Grantee’s employment with the Corporation or its Subsidiary is terminated, whether termination is voluntary or involuntary, with or without cause, and shall be in addition to every other right or remedy at law or in equity that may otherwise be available to the Corporation.

i. **Cash Dividends**. Cash dividends on the Performance Shares covered by this Agreement shall be sequestered by the Corporation from and after the Grant Date until such time as any of such Performance Shares become earned in accordance with this Agreement, whereupon such dividends shall be converted into a number of Common Shares (based on the Market Value per Share on the date such Performance Shares become earned) to the extent such dividends are attributable to Performance Shares that have become earned. To the extent that Performance Shares covered by this Agreement are forfeited, all of the dividends sequestered with respect to such Performance Shares shall also be forfeited. No interest shall be payable with respect to any such dividends.

j. **Non-Assignability**. The Performance Shares and the Common Shares subject to this grant of Performance Shares are personal to the Grantee and may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee until they become earned as provided in this Agreement; provided, however, that the Grantee’s rights with respect to such Performance Shares and Common Shares may be transferred by will or pursuant to the laws of descent and distribution or pursuant to a domestic relations order (within the meaning of Rule 16a-12 under the Securities Exchange Act of 1934, as amended). Any purported transfer or encumbrance in violation of the provisions of this Section 10, shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Performance Shares or Common Shares.

k. **Compliance with Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Grantee. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Corporation without the consent of the Grantee).

l. **Consent To Transfer Personal Data.** By accepting these Performance Shares, Grantee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this Section 12. Grantee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect Grantee’s ability to participate in the Plan. The Corporation and its Subsidiaries hold certain personal information about Grantee, that may include Grantee’s name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any shares of stock held in the Corporation, or details of any entitlement to shares of stock awarded, canceled, purchased, vested, or unvested, for the purpose of implementing, managing and administering the Plan ("Data"). The Corporation and/or its Subsidiaries will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of Grantee's participation in the Plan, and the Corporation and/or any of its Subsidiaries may each further transfer Data to any third parties assisting the Corporation in the implementation, administration and management of the Plan. These recipients may be located throughout the world, including the United States. Grantee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purpose of implementing, administering and managing Grantee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares of stock on Grantee's behalf by a broker or other third party with whom Grantee or the Corporation may elect to deposit any shares of stock acquired pursuant to the Plan. Grantee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting the Corporation; however, withdrawing consent may affect Grantee's ability to participate in the Plan.

m. **Electronic Delivery and Acceptance**. The Corporation may, in its sole discretion, decide to deliver any documents or notices related to current or future participation in the Plan by electronic means. By accepting the Performance Shares, electronically or otherwise, Grantee hereby consents to receive such documents or notices by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation, including the use of electronic signatures or click-through acceptance of terms and conditions or other electronic means such as an e-mail acknowledgement.

n. **Miscellaneous.**

(i)The Performance Shares granted pursuant to this Agreement are granted subject to the terms and conditions set forth in the Plan, a copy of which has been delivered to the Grantee. All terms and conditions of the Plan, as may be amended from time to time, are hereby incorporated into this Agreement by reference and shall be deemed to be a part of this Agreement, without regard to whether such terms and conditions (including, for example, provisions relating to certain changes in capitalization of the Corporation) are otherwise set forth in this Agreement. In the event that there is any inconsistency between the provisions of this Agreement and of the Plan, the provisions of the Plan shall govern.

(ii)All decisions and interpretations made by the Board or its designee with regard to any question arising under the Plan or this Agreement shall be binding and conclusive on the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(iii)The grant of the Performance Shares is discretionary and no provision in this Agreement shall be considered to be an employment contract or a part of the Grantee's terms and conditions of employment, nor shall any provision be construed to confer upon the Grantee the right to be employed or be retained in the employ by the Corporation or any Subsidiary, or to interfere in any way with the right and authority of the Corporation or any Subsidiary either to increase or decrease the compensation of the Grantee at any time, or to terminate any employment or other relationship between the Grantee and the Corporation or any Subsidiary.

(iv)This Agreement, and the terms and conditions of the Plan, shall bind, and inure to the benefit of the Grantee, the Grantee's estate, executor, administrator, beneficiaries, personal representative and guardian and the Corporation and its successors and assigns.

(v)This Agreement shall be governed by the laws of the State of Delaware (but not including the choice of law rules thereof).

(vi)Any action relating to or arising out of this Agreement shall be brought only in a court of competent jurisdiction located in Delaware or Florida and the parties expressly consent to such venue. The parties consent to the personal jurisdiction of the courts located in Delaware or Florida over them.

(vii)Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. The terms and conditions of this Agreement may not be modified, amended or waived, except by an instrument in writing signed by a duly authorized executive officer at the Corporation. Notwithstanding the foregoing, no amendment shall adversely affect the Grantee's rights under this Agreement without the Grantee's consent; provided, however, that the Corporation unilaterally may waive any provision hereof in writing to the extent that such waiver does not adversely affect the interests of the Grantee hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

(viii)Any notice hereunder by the Grantee to the Corporation shall be in writing and shall be deemed duly given (i) if mailed or delivered to the Corporation at its principal office, addressed to the attention of Stock Plan Administration, (ii) if electronically delivered to the e-mail address, if any, for Stock Plan Administration or (iii) if so mailed, delivered or electronically delivered to such other address or e-mail address as the Corporation may hereafter designate by notice to the Grantee. Any notice hereunder by the Corporation to the Grantee shall be in writing and shall be deemed duly given (i) if mailed or delivered to the Grantee at Grantee's address listed in the Corporation's records, (ii) if electronically delivered to the e-mail address, if any, for Grantee listed in the Corporation's records or (iii) if so mailed, delivered or electronically delivered to such other address or e-mail address as the Grantee may hereafter designate by written notice given to the Corporation.

(ix)If one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

(x) This Agreement, the Plan, any applicable severance plan or policy, and any Change-in-Control Employment Agreement between the Corporation and the Grantee together constitute the entire agreement and supersedes all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof.

(xi)In the event that it is determined that the Grantee was not eligible to receive this award of Performance Shares, the award of Performance Shares and this Agreement shall be null and void and of no further effect.

(xii)This Agreement will be deemed to be signed by the Corporation and Grantee upon Grantee's acceptance of the Notice of Grant of Award attached as Schedule A.

Schedule A
(Attached)

Exhibit 31.01

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Thomas Warsop, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ACI Worldwide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

/s/ THOMAS W. WARSOP, III

Thomas W. Warsop, III
President, Chief Executive Officer, and Director
(Principal Executive Officer)

Exhibit 31.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Scott W. Behrens, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ACI Worldwide, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023

/s/ SCOTT W. BEHRENS

Scott W. Behrens
Executive Vice President, Chief Financial Officer, and Chief Accounting Officer
(Principal Financial Officer)

Exhibit 32.01

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of ACI Worldwide, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Warsop, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2023

/s/ THOMAS W. WARSOP, III

Thomas W. Warsop, III
President, Chief Executive Officer, and Director
(Principal Executive Officer)

Exhibit 32.02

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of ACI Worldwide, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott W. Behrens, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2023

/s/ SCOTT W. BEHRENS

Scott W. Behrens
Executive Vice President, Chief Financial Officer, and Chief Accounting Officer
(Principal Financial Officer)