UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

Mannual report pursuant to section 13 or 15(d) of the securities exchange act of 1934

For the fiscal year ended December 31, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITON PERIOD FROM _____ TO ____

Commission File Number 0-27512

CSG SYSTEMS INTERNATIONAL, INC.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)
6175 S. Willow Drive, 10th Floor Greenwood Village, Colorado (Address of principal executive offices)

47-0783182

(I.R.S. Employer Identification No.)

80111 (Zip Code)

Registrant's telephone number, including area code: (303) 200-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, Par Value \$0.01 Per Share

Trading Symbol CSGS

Name of Each Exchange on Which Registered

NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES 🗵 NO 🗆

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES □ NO ☒

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 \boxtimes NO \square

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES \square NO \boxtimes

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of common stock on The NASDAQ Stock Market on June 30, 2021, was \$1,079,517,371.

The number of shares of Registrant's Common Stock outstanding as of February 15, 2022 was 32,348,439.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for its 2022 Annual Meeting of Stockholders to be filed on or prior to April 30, 2022, are incorporated by reference into Part III of this Report.

CSG SYSTEMS INTERNATIONAL, INC.

2021 FORM 10-K

TABLE OF CONTENTS

		Page
PART I		
Item 1.	<u>Business</u>	4
Item 1A.	Risk Factors	10
Item 1B.	Unresolved Staff Comments	19
Item 2.	<u>Properties</u>	19
Item 3.	<u>Legal Proceedings</u>	19
Item 4.	Mine Safety Disclosures	19
PART II	[
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	24
Item 6.	[Reserved]	
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	39
Item 8.	Financial Statements and Supplementary Data	41
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	74
Item 9A.	Controls and Procedures	74
Item 9B. Item 9C.	Other Information Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	74
PART II		
Item 10.	Directors, Executive Officers and Corporate Governance	75
Item 11.	Executive Compensation	75
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	75
Item 13.	Certain Relationships and Related Transactions, and Director Independence	75
Item 14.	Principal Accounting Fees and Services	75
PART I	<u>v</u>	
Item 15. Item 16.	Exhibits, Financial Statement Schedules Form 10-K Summary	75 75
	Signatures	83

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K, including Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may also make forward-looking statements in other reports filed with the Securities and Exchange Commission, in materials delivered to stockholders, and in press releases. In addition, our representatives may from time to time make oral forward-looking statements.

Forward-looking statements relate to future events and typically address our expected future business and financial performance. Statements in this report that are not historical facts are forward looking statements. Words such as "expect," "anticipate," "intend," "plan," "aspire," "believe," "seek," "seek," "seek," "will," "would," "may," "target," and similar expressions and variations or negatives of these words, typically identify such forward-looking statements. These include, among others, statements relating to:

- •risks related to the global pandemic associated with the COVID-19 pandemic;
- •relationships with and financial condition of our significant customers;
- •continued market acceptance of our products and services;
- •our ability to continuously develop and enhance products in a timely, cost-effective, technically advanced, and competitive manner;
- •our ability to deliver our solutions in a timely fashion within budget, particularly large and complex software implementations;
- •our dependency on the industries in which we serve;
- •our ability to meet our financial expectations;
- •increasing competition in our market from companies of greater size and with broader presence;
- •our ability to successfully integrate and manage acquired businesses or assets to achieve expected strategic, operating, and financial goals;
- •our ability to protect our intellectual property rights;
- •our ability to maintain a reliable, secure computing environment;
- •our ability to conduct business in the international marketplace;
- our ability to comply with applicable U.S. and international laws and regulations; and
- •fluctuations in credit market conditions, general global economic and political conditions, and foreign currency exchange rates.

We assume no obligation to update or revise any forward-looking statements except as required by federal securities laws.

Forward-looking statements are based on management's beliefs, assumptions and expectations of future events and trends that are subject to risks and uncertainties. Forward-looking statements speak only as of the date made, and actual future results and trends may differ materially from historical results or those reflected in any such forward-looking statements depending on a variety of factors. We have included important factors in this Form 10-K, particularly under "Item 1A. Risk Factors" that we believe could cause actual results to differ materially from any forward-looking statement. Investors are cautioned not to place undue reliance on forward-looking statements. For additional information concerning factors that may cause actual results to vary materially from those stated in the forward-looking statements, see our reports on Form 10-K, 10-Q, and 8-K filed with the Securities and Exchange Commission ("SEC").

PART I

em 1. Business

Who We Are

CSG Systems International, Inc. (the "Company", "CSG", or forms of the pronoun "we") is a purpose-driven, SaaS platform company that enables large enterprise customers in a wide variety of industry verticals to tackle the ever-growing complexity of business in the digital age. Our cloud-first architecture and customer-centric approach help companies around the world acquire, monetize, engage, and retain their B2B (business-to-business) and B2C (business-to-consumer) customers. CSG manages billions of critical customer interactions annually, and we do it with a singular focus – an obsession on our customers' success.

As a global technology leader, we aspire to envision, invent, and shape a better, more future-ready world. Specifically, our mission is focused on helping leading brands compete and win in the digital age by making it easier for their customers do business with them by channeling the power of all to make ordinary customer and employee experiences extraordinary.

Every company needs to make it easier for their consumer and enterprise customers to do business with them in the customers' preferred modality that provides an exceptional experience for their employees. They need to make it easier for customers to identify which product or service is right for them; easier to buy, procure, and provision their goods and services; easier to communicate with or get updates from them; easier to modify the goods/services they buy; and easier to pay for the products and services they purchase. This is exactly where CSG's SaaS platforms come in.

Industry leaders in telecom, broadband, cable media, retail, healthcare, financial services, insurance, government and other industries leverage the power of our technology to compete and win in the digital age. For example, this past year, two of the largest drugstore chains in the United States ("U.S.") and one of the largest retailers used our technology to help improve their digital customer experience related to COVID-19 vaccinations, appointment scheduling, prescription refill notifications, and other transactional engagements. We also helped one of the largest financial services providers in the U.S. to streamline and personalize their mortgage and auto lending processes in a digital world with our journey orchestration and analytics offerings. And, we helped some of the largest Communication Service Providers ("CSPs") in the world scale and grow their enterprise and consumer businesses by consolidating, standardizing, and automating their disparate systems to a modern platform that can scale and manage complex ecosystems, new digital B2B marketplaces, 5G deployments, and multi-sided business models.

Our 5,000-plus employees around the globe have made CSG a trusted technology leader and SaaS platform company to some of the biggest and most innovative brands around the world.

We have offices in over 20 countries and our corporate headquarters is located at 6175 S. Willow Drive, 10th Floor, Greenwood Village, Colorado 80112, and the telephone number at that address is (303) 200-2000.

Our common stock is listed on the NASDAQ Stock Market LLC ("NASDAQ") under the symbol "CSGS". We are a member of the S&P Small Cap 600 and Russell 2000 indices.

What We Do

Simply put, CSG helps companies solve their toughest business challenges. We help our customers deliver secure, scalable, and integrated customer experience solutions that wow customers with mission-critical, massively scalable back-end platforms that monetize their business.

Our Industry-Leading Solutions

Revenue Management and Digital Monetization: We provide robust, integrated real-time revenue management platforms leveraging public cloud, private cloud, or on-premise deployments to optimize and monetize transactions at every stage of the customer lifecycle. Our flexible, configurable business support systems help companies monetize and digitally enable their customers' experiences. These solutions span the commerce lifecycle, streamlining the entire revenue monetization process from concept to cash, helping companies address digital transformation in the ever-changing and dynamic business world in which they operate.

The power and capacity of 5G will fuel the growth of digital services across many industries including health, education, transport, agriculture, and manufacturing. This will change the way we work, live, and interact bringing a new digital reality to everything we do. For CSPs, it provides new revenue sources beyond connectivity, information, and communications services. For consumers, it enables personalized new digital capabilities in a simpler to consume and engage model. But, behind these 'simple' user experiences are complex B2B platforms, rich collaboration ecosystems, and a web of partnerships which are underpinned by open application programming interface, or API, distributed architecture, and microservices technology. Our solutions are architected to bring speed, agility, and interoperability without sacrificing the operational stability, security, or mission-critical reliability and scalability needed to power these complex ecosystems that underpin them. We enable companies to bring new services to market with hyper speed and scale with our Revenue Management and Digital Monetization revenue management platforms which are key to competing in a digital world.

Transformational Customer Experiences: Customer experience is the number one differentiator for businesses today. Delivering exceptional customer experience is a critical strategic lever that companies need to utilize to grow faster, improve retention, and drive customer loyalty.

We provide some of the biggest brands in the world with strategic insights, experience design, customer journey management, business intelligence analytics, and customer communication solutions aimed at driving extraordinary customer experiences throughout their journey and delivering better business outcomes. We help companies deliver unique customer experiences across both traditional and digital channels creating moments that are personalized, predictive, and proactive.

Today, many companies utilize an average of eight or more communication channels to interact with customers including website, call center, physical location, SMS text, print, and more. Each of these channels provides a massive amount of information that could help these companies to craft extraordinary customer journeys. Each customer touchpoint illuminates key moments of truth that are pivotal in growing customer acquisition and retention. Continuous active customer profiling and decisioning for care and commerce – based on real-time and stored data from a variety of sources – provides value to our customers by powering them with insights needed to optimize every interaction with its customers.

These solutions are designed to help the end consumers easily interact with our customers' brands through their preferred channel of choice. We take a holistic approach to orchestrating end-to-end customer experiences that helps brands see, think, act and react in real-time to drive conversion, retention, and loyalty. Our approach yields better business results with quicker time to value and lower risk.

Payments: The move to digital payments was already occurring pre-COVID. Now, because of the pandemic, we've seen an increase in the velocity and the expectations from our merchants and partners that make digital payments table stakes for every facet of their customer's life – whether that be paying rent, property taxes, gym memberships, educational fees, or other goods and services.

At CSG, we have been recognized as a leader in payments, providing a full end-to-end SaaS payments platform, allowing organizations to accept electronic check/ACH, debit and credit card payments, and offer the ability to receive funds quicker via same-day ACH. With one of the most robust and complete payments platforms in the market, we enable integrated software vendors (ISV) to differentiate their solution stack by offering a fully customizable payments platform that seamlessly integrates into existing architectures to help their customers scale payments smarter and faster. Our all-in-one payments platform simplifies and enables businesses and governments to onboard merchants quickly, deliver ongoing innovation, and address the changing market demands in digital payments. Our platform handles tens of billions of dollars in payment volumes for more than 81,000 merchants annually. And we do this all in a secure, PCI-compliant environment.

Taken in whole or in modules, our SaaS payments platform combined with our deep domain expertise, helps leading brands across different industries optimize their business processes and integrate critical back- and front-office technology platforms to create a differentiated customer experience, resulting in accelerated growth and profits.

Technology Innovation & Operations

Our customers are looking for the best, most modern, and cost-efficient technologies to solve their toughest business challenges. We continue to make meaningful investments in research and development ("R&D") to ensure that we stay ahead of our customers' needs, advancing our customers' businesses as well as our own. Our products are recognized by industry analysts as best-in-class in the 5G/IOT monetization, financial services, technology, telecom, field service management, OSS/BSS, and customer experience.

In addition, we provide operational services encompassing infrastructure management (including hardware, application, and environmental management), application configuration management (including configuration development, release, and deployment) and business operations management (including event processing, revenue management, and settlement). Our pre-integrated approach, combined with our deep domain experts managing the applications, allows our customers to scale their operations and do what matters most – focus on satisfying their end customers and growing their businesses.

Why We Win

At CSG, our customer relationships span decades. To earn the right to do business with companies for that length of time, you need to be trusted, dependable, and innovative. You need to be problem solvers, change agents, and future-oriented technologists. You need to be responsive – and most important – you need to deliver

How do we do this? We obsess over the needs and success of our customers as we help them design and deliver exceptional, digitally-enabled, customer and employee experiences. We believe in innovating jointly with customers to anticipate future-market trends and then redesign and technologically-enable personalized engagements with their consumer and enterprise customers. And, since our modular solutions are mission-critical systems at the heart of our customers' business, operational excellence, security, and reliability will always be our top priority.

In addition, by working side-by-side with some of the biggest and most innovative companies in the world, we can develop breakthrough technology that address the market's most pressing needs today and in the future.

How We Grow

We believe the successful execution of our goals will allow us to accelerate our revenue and earnings growth, and therefore, create long-term sustained value for our customers, employees, and stockholders.

Our strategic focus is underpinned by our key business priorities:

Harnessing the best culture, the best talent, and the most energized and globally diverse team: Our employees continue to be CSG's greatest competitive differentiator. As a purpose-driven, SaaS platform company, we foster a culture where we prioritize employee experience, learning, and development to provide the workplace where our employees can do their best work and thrive. We foster a culture of diversity, equity, and belonging for all employees that live our values. By being customer obsessed every day, CSG will continue to win big in the market.

Accelerating our revenue growth: We aspire to increase our long-term revenue growth rates and unlock significant value with more disciplined strategic, financial, and targeted acquisitions. We will do this by acquiring capabilities, market share in new and existing verticals, and human capital talent to continuously improve our effectiveness as we relentlessly focus on delivering greater value to customers as they navigate the dynamic landscape of their customer's experiences.

In addition, we will continue to look for and acquire companies that have strong cultures, energized employees, and innovative technology that is complementary and additive to our market offerings and SaaS and related solutions. We will remain highly disciplined by ensuring every acquisition meets our four M&A criteria: strategic fit, culture/integration fit, financial fit, and risk/return profile.

Creating and leading with category-defining technology: Our broad portfolio of SaaS and related solutions provide companies a competitive advantage. These solutions enable providers to efficiently manage their traditional businesses while being able to quickly deliver new digital services and a more personalized and relevant experience to their consumers. We will continually add relevant capabilities to what we do as a company, both in terms of our people and our solutions.

Delivering an exceptional customer experience: We believe we deliver more business value by doing what we say and being easy to do business with. We do this by putting the customer at the heart of our decision-making and by continuing to raise the bar on our agility, delivery capabilities, efficiency, and reliability to power our customers' success.

Becoming the SaaS technology provider of choice for CSPs: We have a strong presence in the world's largest CSPs technology ecosystem with our award-winning revenue management platforms. However, as these companies wrestle with new competitors, changes in customer demands, and disruptive technologies like 5G, they need a partner that can provide them with a suite of solutions that can help them turn these challenges into opportunities. With our vast portfolio of solutions, we can help service providers launch and scale new digital services quickly, provide a great customer experience across any channel, and simplify and monetize B2B2X ecosystems and marketplaces, across industry verticals.

Expanding into big, higher growth industry verticals: Big brands in many large, high growth industry verticals rely on and need the technology products and platforms that CSG provides. We are focused on increasing the amount of revenue we generate from customers outside of the CSP industry. While we've made significant progress over the years, we have significant opportunity to expand our footprint in these verticals. CSG is helping some of the biggest brands in retail, healthcare, financial services, and government digitize and modernize their customer engagement and payments capabilities.

Customers

We work with some of the world's leading brands in a wide variety of industry verticals. These range from working with leading CSPs like Charter, Comcast, MTN, Airtel Africa, DISH, Mobily, Verizon, AT&T, American Movil, and Telstra. Outside of the CSP space, we work with hundreds of other customers and over 81,000 merchants including some of the largest financial services companies like Bank of America, Citigroup, Discover, and Synchrony, three of the largest pharmacy retailers in the U.S., property management companies, and local governments.

Customers that represented 10% or more of our revenue for 2021 and 2020 were as follows (in millions, except percentages):

		2021		2020
	Amount	% of Revenue	Amount	% of Revenue
Charter	\$ 2.	21 21%	\$ 209	21 %
Comcast	2	21 %	213	22 %

See the Significant Customer Relationships section of our Management's Discussion and Analysis ("MD&A") for additional information regarding our business relationships with these key customers.

Professional Services

We employ professional services experts globally who bring a wide-ranging expertise – including solution architecture, project management, systems implementation, system integration, and business consultancy – to every services project. We apply a structured methodology to each of our engagements, leveraging consistent world-class processes, best-practice programs, and systemized templates in the development of our solutions.

Sales and Marketing

We organize our sales efforts to customers primarily within our geographically dispersed, dedicated account teams, with senior level account managers who are responsible for new revenue and renewal of existing contracts. In addition, we have partnerships and alliances with leading industry participants. The account teams are supported by sales support personnel who are experienced in the various SaaS and related solutions that we provide. And because our customers trust and depend on CSG, we have built a self-sustaining customer ecosystem that provides us with the opportunity to gain more share of our customers' IT spend by cross-selling more solutions to them. Today, almost 60% of our revenue comes from customers who buy more than one CSG solution.

In marketing, we have taken a digital-first approach aimed at accelerating opportunities through the pipeline by establishing CSG as a thought leader and proven partner in helping our customers solve their toughest business problems.

Competition

The market for our offerings is competitive and evolving. We compete with both independent providers and in-house developers of revenue management, digital monetization, customer experience, and payments systems. Our current competitors include companies who deliver on-premise bespoke custom offerings (i.e., Amdocs Limited, NEC Netcracker), packaged software solutions (i.e., SalesForce, Adobe, PegaSystems, Twilio), internally developed enterprise applications, network operators (i.e., Ericsson, Huawei), large outsourced transactional communications companies (i.e., Intrado, Fiserv), systems integrators (i.e., Accenture, Tech Mahindra) and large payments processors (i.e., FIS and Fiserv) and payments specialists (i.e., Stripe and Paya).

Proprietary Rights and Licenses

We rely on a combination of trade secret, copyright, trademark, and patent laws in the U.S. and similar laws in other countries, and non-disclosure, confidentiality, and other types of contractual arrangements to establish, maintain, and enforce our intellectual property rights in our solutions. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated. Although we hold a select number of patents and patent applications on some of our newer solutions, we do not rely upon patents as a primary means of protecting our rights in our intellectual property. In any event, there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties. Also, much of our business and many of our solutions rely on key technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms. Our failure to adequately establish, maintain, and protect our intellectual property rights could have a material adverse impact on our business, financial position, and results of operations. For a description of the risks associated with our intellectual property rights, see "Item 1A - Risk Factors - Failure to Protect Our Intellectual Property Rights or Claims by Others That We Infringe Their Intellectual Property Rights Could Substantially Harm Our Business, Financial Position and Results of Operations," and "Item 1A - Risk Factors - We Rely on A Limited Number of Third-Party Vendor Relationships to Execute Our Business Which Exposes Us to Supply Chain Disruptions, Costs Increases, and Cyberattacks."

Human Capital

We believe that our culture serves as a competitive differentiator in the marketplace and gives CSG a competitive edge. As a result, our success is dependent upon our ability to attract, develop, and retain this smart, talented, and diverse stakeholder group and we have introduced a framework that outlines our ethos for how we serve not only our customers and each other, but the greater communities in which we operate.

Our Purpose:

To envision, invent and shape a better, more future-ready world.

Our Mission:

By channeling the power of all, we make ordinary customer and employee experiences extraordinary.

Our Guiding Principles:

Integrity: Be Authentic, Be Inclusive, Be Trusted Team PlayersInspiration: Be Bold, Be Inventive, Be Agile

Impact: Be Customer Obsessed, Be Game Changers, Be Driver of Growth

At CSG, we believe in the power of all so much that it leads off our mission statement. The power of all means that we draw on the experiences and innovations of the best, most diverse global talent to delight our customers. The power of all means we are mindful of living our guiding principles and creating a diverse and inclusive environment where employees around the world and in all departments can choose their future while bringing their authentic selves to work. And the power of all means that together, we work to envision, invent, and shape a better, more future-ready world.

Delivering on our greater purpose and mission at speed and scale while delighting our customers and being mindful of our team members' growth, wellbeing, and happiness requires a people and culture philosophy that accelerates sustainable growth and innovation through three pillars:

- •Leading the Future of Work through our Flexible First approach. This means optimizing physical space to engage and inspire our employees, providing programs and events focusing on wellbeing and mental health of all team members, and inspiring collaborative and connected teams. Today, approximately 90% of our employees have the option to work from home when it makes sense for them, their team, and the business.
- •Winning with Talent by attracting and retaining the best, most diverse global talent; accelerating time to productivity, integration, and engagement; embedding diversity, equity, and inclusion considerations into our strategy, and ensuring our global team members thrive in an inclusive environment. In 2021, in addition to our already competitive pay and benefits, we introduced many new benefits that focused on the "whole person" designed to promote mental and physical wellness.
- •Grow@CSG by developing bold, agile, inventive team members and leaders; innovating on talent development and succession planning; and expanding cross-company and cross-unit rotations and promotions. In 2021, we expanded our curated and personalized learning platform and launched an internal talent marketplace, which allows employees to browse open roles, see their skills match for roles they might be interested in, and receive curated learning pathways designed to provide them the skills they need to take on more responsibility or move to an entirely different role or department.

We believe that our culture and our employees are a key reason our customers continue to rely on us to help them achieve their business goals and objectives and do business with us for years.

As of December 31, 2021, we employed approximately 5,200 people, of which approximately 47% were in North America, 39% were in our locations in Asia-Pacific-Australia, 10% were in our locations in Europe, the Middle East, and Africa, and 4% in our locations in South and Central America.

As of December 31, 2021, our workforce was approximately 64% male, 36% female, and less than 1% nonbinary or undeclared. The race/ethnicity of our U.S. workforce was 69% White, 7% Black or African American, 7% Hispanic or Latino, 11% Asian, <1% American Indian/Alaskan Native, <1% Native Hawaiian/Pacific Islander, 1% two or more races, and 4% unknown or undeclared.

We believe our employee relations are good.

Social Impact & Responsibility

We aspire to envision, invent, and create a better, more future ready world by channeling the power of all. To accomplish that, we are focusing on these key areas:

Expanding Our Community Impact: We support Community Based Organizations ("CBOs") that enable women and people of color the opportunity to participate, thrive, and make a lasting impact on the technology industry across the globe. We expanded our partnerships with CBOs like Cape Innovation and Technology, and established new ones with Girls Who Code and WeMakeChange. In addition, we established our first Global Day of Action.

Enhancing Our Environmental Stewardship: With offices in 20 countries and serving customers in 120 countries, this is a vital and important focus area. We are working with our partners that are committed to reducing and recycling waste, investing in green energy, and responsible sourcing to create a more sustainable future. CSG has made a commitment to join the UN Global Compact.

Enabling Digital Inclusion: We strive to develop solutions that make the world more future-ready with technology that promotes social progress and make navigating the digital world easier.

Regulatory Matters

We are subject to numerous international, federal, state, and local laws and regulations. These laws and regulations govern matters that include environmental, employment, and occupational health and safety matters. Additionally, these laws and regulations also require us to obtain and comply with permits, registrations, and other authorizations issued by governmental authorities. These authorities can modify or revoke our permits, registrations, or other authorizations and can enforce compliance through fines and injunctions. We expect to incur ongoing costs to comply with existing and future requirements.

We are also subject to regulation by various U.S. federal regulatory agencies and by the applicable regulatory authorities in countries in which we operate. Additionally, as a U.S. entity operating through subsidiaries in non-U.S. jurisdictions, we are subject to foreign exchange control, transfer pricing, and custom laws that regulated the flow of funds between CSG and its subsidiaries. We are also required to be in compliance with transfer pricing, securities laws, and other statutes and regulations, such as the Foreign Corrupt Practices Act ("FCPA"), and other countries' anti-corruption and anti-bribery laws.

In addition, we are subject to laws relating to information security, privacy, anti-money laundering, counter-terrorist financing, consumer credit, protection, and fraud. An increasing number of government and industry groups worldwide have established data privacy laws and standards for the protection of personal information, including financial information, social security numbers, and health information. We are also subject to labor and employment laws, including regulations established by the U.S. Department of Labor, the countries in which we do business, and other local regulatory agencies, which sets laws governing working conditions, paid leave, workplace safety, wage and hour stands, and hiring and employment practices.

We believe that our operations are in compliance with all applicable laws and regulations in all material respects, and that we hold all necessary permits to operate our business in each jurisdiction in which we operate. Laws and government regulations are subject to change and interpretation. In some cases, compliance with applicable laws and regulations may cause us to make additional capital and operational expenditures. While there are no current regulatory matters that we expect to be material to our results of operations, financial position, or cash flows, there can be no assurances that existing or future environmental laws or other regulations applicable to our operations would not lead to a material adverse impact on our results of operations, financial position, or cash flows.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy materials, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act are available free of charge on our website at www.csgi.com. Additionally, these reports are available on the SEC's website at www.sec.gov.

Code of Conduct and Business Ethics

A copy of our Code of Conduct and Business Ethics (the "Code of Conduct") is maintained on our website. Any future amendments to the Code of Conduct, or any future waiver of a provision of our Code of Conduct, will be timely posted to our website upon their occurrence. Historically, we have had minimal changes to our Code of Conduct and have had no waivers of a provision of our Code of Conduct.

Item 1A. Risk Factors

We or our representatives from time-to-time may make or may have made certain forward-looking statements, whether orally or in writing, including without limitation, any such statements made or to be made in MD&A contained in our various Securities and Exchange Commission ("SEC") filings or orally in conferences or teleconferences. We wish to ensure that such statements are accompanied by meaningful cautionary statements, so as to ensure, to the fullest extent possible, the protections of the safe harbor established in the Private Securities Litigation Reform Act of 1995.

We operate in rapidly changing and evolving markets throughout the world addressing the complex needs of industry leaders in the telecom, broadband, cable media, retail, healthcare, financial services, insurance, government and other industries. As a result, new risk factors will likely emerge and currently identified risk factors will likely evolve in their scope. Further, as we enter new market sectors as well as new geographic markets, we could be subject to new regulatory requirements that increase the risk of non-compliance and the potential for economic harm to us and our customers. Accordingly, the risk factors and any forward-looking statements are qualified in their entirety by reference to and are accompanied by the following meaningful cautionary statements:

- •If any of the following risk factors would occur, it could have a material adverse effect on our business, financial position, results of operations, and/or trading price of our common stock.
- •This list of risk factors is not exhaustive, and management cannot predict all of the relevant risk factors, nor can it assess the potential impact, if any, of such risk factors on our business or the extent to which any risk factor, or combination of risk factors, may create.
- •There can be no assurances that forward-looking statements will be accurate indicators of future actual results, and it is likely that actual results will differ from results projected in the forward-looking statements, and that such differences may be material.

Risks Related to Our Business

We Derive a Significant Portion of Our Revenue from a Limited Number of Customers, and the Loss of the Business of a Significant Customer Could Have a Material Adverse Effect on Our Financial Position and Results of Operations.

Over the past decade, the global communications industry has experienced significant consolidation, resulting in a large percentage of the market being served by a limited number of CSPs, with greater size and scale, and there are possibilities of further consolidation. Consistent with this market concentration, we generate over 40% of our revenue from our two largest customers, which are Charter and Comcast, which each individually accounted for over 10% or more of our total revenue. See the Significant Customer Relationships section of MD&A for a brief summary of our business relationship with these customers.

There are inherent risks whenever a large percentage of total revenue is concentrated with a limited number of customers. Such risks include, but are not limited to, a significant customer: (i) undergoing a formalized process to evaluate alternative providers for solutions and services we provide; (ii) terminating or failing to renew their contracts with us, in whole or in part for any reason; (iii) significantly reducing the number of customer accounts processed on our solutions, the price paid for our solutions and services, or the scope of solutions and services that we provide; or (iv) experiencing significant financial or operating difficulties.

Our industry is highly competitive, and as a result, it is possible that a competitor could increase its footprint and share of customers serviced at our expense or a customer could develop their own internal solutions. While our customers may incur some costs in switching to our competitors or developing their own solutions, they may do so for a variety of reasons, including: (i) price; (ii) dissatisfaction with our solutions or service levels; or (iii) dissatisfaction with our relationship.

A Reduction in Demand for Our Revenue Management Platforms Could Have a Material Adverse Effect on Our Financial Position and Results of Operations.

Historically, a substantial percentage of our total revenue has been generated from our core SaaS based platform, Advanced Convergent Platform ("ACP"), and related solutions. This platform and solutions are expected to continue to provide a large percentage of our total revenue in the foreseeable future. Any significant reduction in demand for these products could have a material adverse effect on our business.

The Delivery of Our Solutions is Dependent on a Variety of Computing and Processing Environments and Communications Networks Which May Not Be Available or May Be Subject to Security Attacks.

Our solutions are generally delivered through a variety of sources including public and hybrid cloud, third-party data center and other service providers, and internally operated computing and processing environments (collectively referred to hereafter in this section as "Systems"). We and/or end users are connected to the Systems through a variety of public and private communications networks, which we will collectively refer to herein as "Networks." Our solutions are generally considered to be mission critical customer management systems by our customers. As a result, our customers are highly dependent on the consistent availability and uncompromised security of the Networks and Systems to conduct their business operations.

Networks and Systems are subject to the risk of an extended interruption, outage, or security breach due to many factors such as: (i) changes to the Systems and Networks for such things as scheduled maintenance and technology upgrades, or conversions to other technologies, service providers, or physical location of hardware; (ii) failures or lack of continuity of services from public cloud or third-party data center and other service providers; (iii) defects and/or critical security vulnerabilities in software program(s); (iv) human and machine error; (v) acts of war and/or nature; (vi) intentional, unauthorized attacks from computer "hackers", or cyber-attacks; and (vii) using the Systems to perpetrate identity theft through unauthorized authentication to our customers' accounts. Most recently, the marketplace is experiencing an ever-increasing exposure to both the number and severity of cyber-attacks. In particular, ransomware attacks are becoming increasingly prevalent and can lead to significant reputational harm, loss of data, operational disruption, and significant monetary loss. Organized criminals, nation state threat actors, and motivated hacktivists that target us have the possibility of impacting our systems, networks, data and business operations. In order to properly recover from a ransomware attack, extortion payments are demanded from threat actors; however, we may be unwilling or unable to make payments of this nature based on laws and regulations that may apply. In addition, we continue to expand our use of third-party Systems and Networks with our solution offerings thereby permitting, for example, our customers' customers to use the Internet to review account balances, order services or execute similar account management functions. Access to Networks and Systems via the Internet has the potential to increase their vulnerability to unauthorized access and corruption, as well as increasing the dependency of the Systems' reliability on the availability and performance of the Internet and end use

The method, manner, cause and timing of an extended interruption, outage, or security breach in third-party and/or the Networks or Systems are impossible to predict. As a result, there can be no assurances that these Networks and Systems will not fail or suffer a security breach or that the third-party and/or our business continuity or remediation plans will adequately mitigate the negative effects of a disruption or security breach to the Networks or Systems. Further, our property, technology errors and omissions, contractual relationship with third-party providers, and business interruption insurance may not adequately compensate us for losses that we incur as a result of such interruptions or security breaches. Should the Networks or Systems: (i) experience an extended interruption or outage; (ii) have their security breached; (iii) have their data lost, corrupted or otherwise compromised; and/or (iv) fail to meet contractual requirements related to our cybersecurity program, it would impede our ability to meet solution and service delivery obligations, and likely have an immediate impact to the business operations of our customers. This would most likely result in damaging our reputation as well as our long-term ability to attract and retain new customers. The loss of confidential information could result in losing the customers' confidence, as well as claims for contractual breach, and imposition of penalties, fines, and/or damages. These risks will increase as our business continues to expand to include new solutions, technologies, verticals, and markets.

We May Not Be Able to Efficiently and Effectively Implement New Solutions or Migrate Customers and Merchants onto Our Solutions.

Our continued growth plans include the implementation of new solutions, as well as migrating both new and existing customers and merchants to our solutions. Such implementations or migrations (collectively referred to hereafter in this section as "implementations"), regardless of whether they involve new solutions or new customers, have become increasingly more difficult because of the sophistication, complexity, and interdependencies of the various software and network environments impacted, combined with the increasing complexity of our current and potential customers' and merchants' underlying business processes. In addition, the complexity of the implementations increases when the arrangement includes other vendors participating in the project, including but not limited to, prime and subcontractor relationships with our company. For these reasons, implementations subject our customers and merchants to potential business disruption, which could cause them to delay or even cancel future implementations.

As a result, there is a risk that we may experience cancellations, delays, or unexpected costs associated with implementations. In addition, our inability to complete implementations in an efficient and effective manner could damage our reputation in the marketplace, reducing our opportunity to grow our organic business with both new and existing customers and merchants.

We May Not Be Successful in the Integration or Achievement of Financial Targets of Our Acquisitions.

As part of our growth strategy, we seek to acquire assets, technology, access to new markets, human capital talent and businesses which will provide the technology and personnel to expedite our solutions and services development efforts, provide complementary solutions, or provide access to new markets and customers.

Acquisitions involve a number of risks and potential disruptions, including: (i) expansion into new markets and business ventures; (ii) the requirement to understand local business practices; (iii) the diversion of management's attention to the integration of acquired operations and personnel; (iv) being bound by acquired customer or vendor contracts with unfavorable terms; and (v) potential adverse effects on a company's operating results for various reasons, including, but not limited to, the following items: (a) the inability to achieve financial targets; (b) the inability to achieve certain integration expectations, operating goals, and synergies; (c) costs incurred to exit current or acquired contracts or restructuring activities; (d) costs incurred to service acquisition debt, if any; and (e) the amortization or impairment of acquired intangible assets.

Due to the multiple risks and potential disruptions associated with any acquisition, there can be no assurance that we will be successful in achieving our expected strategic, operating, and financial goals for any such acquisition(s).

We May Not Be Able to Respond to Rapid Technological Changes.

The market for our solutions is characterized by rapid changes in technology and is highly competitive with respect to the need for timely innovations and new product and technology introductions. As a result, we believe that our future success in sustaining and growing our revenue depends upon: (i) our ability to continuously expand, adapt, modify, maintain, and operate our solutions to address the increasingly complex and evolving needs of our customers without sacrificing the reliability or quality of the solutions; (ii) the integration of acquired technologies and their widely distributed, complex worldwide operations; and (iii) creating and maintaining an integrated suite of products and technologies which are portable to new verticals. In addition, the market is demanding that our solutions have greater architectural flexibility and interoperability, and that we are able to meet the demands for technological advancements to our solutions at a greater pace. Our attempts to meet these demands subject our R&D efforts to greater risks. As a result, substantial and effective R&D and solution investment will be required to maintain the competitiveness of our solutions in the market. Technical problems may arise in developing, maintaining, integrating, and operating our solutions as the complexities continue to increase. Development projects can be lengthy and costly, and may be subject to changing requirements, programming difficulties, a shortage of qualified personnel, and/or unforeseen factors which can result in delays. In addition, we may be responsible for the implementation of new solutions and/or the conversion of customers to new solutions, and depending upon the specific solution, we may also be responsible for operations of the solution.

There is an inherent risk in the successful development, implementation, migration, integration, and operation of our solutions as the technological complexities, and the pace at which we must deliver these solutions to market, continue to increase. The risk of making an error that causes significant operational disruption to a customer, or results in incorrect computer processing of customer or vendor data that we perform on behalf of our customers, increases proportionately with the frequency and complexity of changes to our solutions and new delivery models. There can be no assurance: (i) of continued market acceptance of our solutions; (ii) that we will be successful in the development of enhancements or new solutions that respond to technological advances or changing customer needs at the pace the market demands; or (iii) that we will be successful in supporting the implementation, conversion, integration, and/or operations of enhancements or new solutions.

We Rely on A Limited Number of Third-Party Vendor Relationships to Execute Our Business Which Exposes Us to Supply Chain Disruptions, Cost Increases, and Cyberattacks.

We rely on third-party providers for software, distributed computing infrastructure environments (or commonly referred to as "cloud" computing services), processing, and other suppliers to deliver our solutions to our customers. Our ability to deliver according to our contractual commitments and market demands depends significantly on being able to obtain the necessary licenses, components, computing capacity, and other vital services and supplies as needed and on competitive terms. Our growth and ability to meet customer demands depend in part on our ability to obtain timely deliveries from our suppliers and partners. In addition, if a third party were to experience a material breach of their information technology systems which results in the unauthorized access, theft, use, destruction, or unauthorized disclosures of customers' or employees' data or confidential information of the Company stored in such systems, including through cyberattacks or other external or internal methods, it could result in a material loss of revenue from the potential adverse impact to our reputation, our ability to retain or attract new customers, potential disruption or loss of services from the vendor and disruption to our business. Such a breach could also result in contractual claims, and it could lead to our being named as a party in consumer litigation brought by or on behalf of impacted individuals. Although we strive to avoid single-source supplier solutions, this is not always possible. Failure by any of our third-party vendors could interrupt our operations and the delivery of our solutions, and/or drastically increase our costs. Additionally, if these third-party vendors would decide to significantly increase our costs, due to inflationary pressures or otherwise, it could have an adverse financial impact to our business as we have limited third-party options and the ability to shift to a competing solution, or redesign our solutions would take considerable time, effort, and money.

Our Alliances with Strategic Partners Could Put Our Business at Risk if the Partner Does Not Perform as Expected.

CSG has entered into a number of long-term strategic partnerships and alliances with leading industry participants to develop new technologies, deliver large, complex customer implementations and products and execute strategic growth. If CSG's strategic partners encounter financial or other business difficulties, if their strategic objectives change, or if they no longer perceive CSG to be an attractive alliance partner, they may no longer desire or be able to participate in CSG's partnerships and alliances. CSG's business could be hurt if unable to continue one or more of its alliances. CSG participates in large, complex projects where various other companies provide services and products that are integrated into systems to meet customer requirements. If any of the services or products that any other company provides have any defects or problems causing the integrated systems to malfunction or otherwise fail to meet customer requirements, CSG's reputation and business could be harmed.

Failure to Deal Effectively with Fraud, Fictitious Transactions, Bad Transactions, and Negative Experiences Could Increase Our Loss Rate and Harm Our Payments Business, and Could Severely Diminish Merchant and Consumer Confidence in and Use of Our Services.

In the event that merchants do not fulfill their obligations to consumers, or a consumer disputes a transaction for various reasons, we may incur losses as a result of chargebacks and/or claims from consumers. We would seek to recover such losses from the merchant; however, we may not be able to recover the amounts in full if the merchant is unwilling or unable to pay or the deposit does not cover the damages. While we have established financial reserves based on assumptions and estimates that we believe are reasonable to cover such eventualities, these reserves on individual merchants may be insufficient. We may also incur losses from claims that the consumer did not authorize the purchase, from consumer fraud, from erroneous transactions, and as a result of consumers who have closed bank accounts or have insufficient funds in their bank accounts to satisfy payments. In addition, if losses incurred by us related to payment card transactions become excessive, we could lose the right to process credit card transactions, which would significantly impact our payments business. We have taken measures to detect and reduce the risk of fraud, including underwriting and risk management procedures and processes, but these measures need to be continually updated to address emerging means of perpetrating fraud or to accommodate new solution offerings.

Our Global Operations Subject Us to Additional Risks.

We currently conduct a portion of our business outside the U.S. We are subject to certain risks associated with operating internationally including the following items:

- •Our solutions may not meet local requirements;
- •Fluctuations in foreign currency exchange rates for which a natural or purchased hedge does not exist or is ineffective;
- •Unexpected changes in foreign currency rates due to inflation and interest rate spreads;
- •Staffing and managing of our global operations at a reasonable cost;
- •Longer sales cycles for new contracts;

- •Longer collection cycles for customer billings or accounts receivable, as well as heightened customer collection risks, especially in countries with highly inflationary economies and/or restrictions on the movement of cash out of the country;
- •Trade barriers:
- •Governmental sanctions;
- •Complying with varied legal and regulatory requirements across jurisdictions;
- •Growing requirements related to human rights and occupational safety and health;
- •Reduced protection for intellectual property rights in some countries;
- •Inability to recover value added taxes and/or goods and services taxes in foreign jurisdictions;
- •Political and financial instability and threats of terrorism and/or war;
- •A potential adverse impact to our overall effective income tax rate resulting from, among other things:
 - oOperations in foreign countries with higher tax rates than the U.S.;
 - oThe inability to utilize certain foreign tax credits; and
 - oThe inability to utilize some or all of losses generated in one or more foreign countries.

Our Use of Open Source Software May Subject Us to Certain Intellectual Property-Related Claims or Require Us to Re-Engineer Our Software, Which Could Harm Our Business.

We use open source software in connection with our solutions, processes, and technology. Companies that use or incorporate open source software into their solutions have, from time to time, faced claims challenging their use, ownership and/or licensing rights associated with that open source software. As a result, we could be subject to suits by parties claiming certain rights to what we believe to be open source software. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code in their software and make any derivative works of the open source code available on unfavorable terms or at no cost. In addition to risks related to license requirements, use of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, support, or controls with respect to origin of the software. Use of open source software also complicates compliance with export-related laws. While we take measures to protect our use of open source software in our solutions, open source license terms may be ambiguous, and many of the risks associated with usage of open source software cannot be eliminated. If we were found to have inappropriately used open source software, we may be required to release our proprietary source code, re-engineer our software, discontinue the sale of certain solutions in the event re-engineering cannot be accomplished on a timely basis, or take other remedial action that may divert resources away from our development efforts.

Failure to Protect Our Intellectual Property Rights or Claims by Others That We Infringe Their Intellectual Property Rights Could Substantially Harm Our Business, Financial Position and Results of Operations.

We rely on a combination of trade secret, copyright, trademark, and patent laws in the U.S. and similar laws in other countries, and non-disclosure, confidentiality, and other types of contractual arrangements to establish, maintain, and enforce our intellectual property rights in our solutions. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented, or misappropriated. Further, our contractual arrangements may not effectively prevent disclosure of our confidential information or provide an adequate remedy in the event of unauthorized disclosure of our confidential information. Others may independently discover trade secrets and proprietary information, which may complicate our assertion of trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position. In addition, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the U.S. Therefore, in certain jurisdictions, we may be unable to protect our proprietary technology adequately against unauthorized third party copying or use, which could adversely affect our competitive position.

Although we hold a limited number of patents and patent applications on some of our solutions, we do not rely upon patents as a primary means of protecting our rights in our intellectual property. In any event, there can be no assurance that our patent applications will be approved, any issued patents will adequately protect our intellectual property, or such patents will not be challenged by third parties. Also, much of our business and many of our solutions rely on key technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

Finally, third parties may claim that we, our customers, licensees or other parties indemnified by us are infringing upon their intellectual property rights. Even if we believe that such claims are without merit, they can be time consuming and costly to defend and distract management and technical staff attention and resources. Claims of intellectual property infringement also might require us to redesign affected solutions, enter into costly settlement or license agreements or pay material damage awards, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our solutions. Even if we have an agreement to indemnify us against such costs, the indemnifying party may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology on reasonable pricing terms or at all, or substitute similar technology from another source, our business could be adversely impacted. Our failure to adequately establish, maintain, and protect our intellectual property rights could have a material adverse effect on our business.

We May Incur Material Restructuring or Reorganization Charges in the Future.

In the past, we have recorded restructuring charges related to involuntary employee terminations, various facility abandonments, and various other restructuring and reorganization activities. We continually evaluate ways to reduce our operating expenses through new restructuring opportunities, including more effective utilization of our assets, workforce, and operating facilities. As a result, there is a risk, which is increased during economic downturns and with expanded global operations, that we may incur material restructuring or reorganization charges in the future.

Risks Related to Our Industry

Our Business is Highly Dependent on the Global Communications Industry.

Since a large percentage of our revenue is generated from customers that operate within the global communications industry, we are highly dependent on the health and the business trends occurring within this industry (in particular for our North American cable and satellite customers). Key factors within this industry that could potentially impact our customers' businesses, and thus, our business, are as follows:

• Key Market Conditions: The global communications industry has undergone significant fluctuations in growth rates and capital investment cycles in the past decade.

In addition, changes in demand for traditional services for CSPs are causing them to seek new revenue sources, while also managing their cost structure and quality of service delivery during their business transformation. The result is that many CSPs are delaying investment decisions on legacy systems, directing investment towards internal development and engineering efforts and making investments in new solutions to drive their business forward into new areas. However, cost pressures may begin to cause a decline in new revenue opportunities.

•Market Consolidation: The pace of consolidation within the industry continues to accelerate as CSPs look to increase the scale of their operations and footprint within the entire digital communications ecosystem. Potential byproducts of this consolidation that could impact us are as follows: (i) there could be fewer providers in the market, each with potentially greater bargaining power and economic leverage due to their larger size, which may result in our having to lower our prices to remain competitive, retain our market share, or comply with the surviving customer's current more favorable contract terms, and (ii) the controlling entity in a consolidation that is not our current customer, may acquire one of our existing customers and choose to consolidate both entities onto the controlling entity's customer management platform, thus reducing and possibly eliminating our business with our existing customer.

Also, as consolidated entities execute on their revenue and operational synergies, there is generally a slowdown in decision-making on discretionary spending and/or on new business initiatives. While this could be a timing issue only, it could impact quarterly and annual results.

•Competition: Our customers operate in a highly competitive environment. Our competitors include companies who deliver packaged software solutions (i.e., SalesForce, Adobe, PegaSystems, Twilio), on-premise bespoke custom offerings (i.e., Amdocs Limited, NEC Netcracker), internally developed enterprise applications, network operators (i.e., Ericsson, Huawei), large outsourced transactional communications companies (i.e., Intrado, Fiserv), systems integrators (i.e., Accenture, Tech Mahindra) and large payments processors (i.e., FIS and Fiserv) and payments specialists (i.e., Stripe and Paya). Should these competitors be successful in their strategies, it could threaten our customers' market share, pricing power, and level of services delivered. These threats could negatively impact our customers' revenue, putting pressure on our source of revenue, as generally speaking, these companies do not use our core solutions and there can be no assurance that new entrants will become our customers. In addition, demand for spectrum, network bandwidth and content continue to increase and any changes in the regulatory environment could have a significant impact to not only our customers' businesses, but in our ability to help our customers be successful.

The above industry factors are impacting our customers' businesses, and thus could cause delays, cancellations/loss of business, and/or downward pricing pressure on our sales and services. This could cause us to either fall short of revenue expectations or have a cost model that is misaligned with revenue.

We Face Significant Competition in Our Industry.

The market for our solutions is highly competitive. We directly compete with both independent providers and in-house solutions developed by existing and potential customers. In addition, some independent providers are entering into strategic alliances with other independent providers, resulting in either new competitors, or competitors with greater resources. Many of our current and potential competitors have significantly greater financial, marketing, technical, and other competitive resources than our company, many with significant and well-established domestic and international operations. There can be no assurance that we will be able to compete successfully with our existing competitors or with new competitors.

Risks Related to Laws and Regulations

The Occurrence or Perception of a Security Breach or Disclosure of Confidential Personally Identifiable Information Could Harm Our Business.

In providing solutions to our customers, we transmit, use, store and otherwise process, confidential and personally identifiable information ("PII"), including social security numbers, health-related information (including protected health information, or "PHI" as defined under HIPAA), and financial information (including information regulated under the GLBA and other financial privacy laws). Our treatment of such information is subject to contractual restrictions and federal, state, and foreign data privacy laws and regulations, which continue to evolve resulting in greater scrutiny and regulation over the protection of PII. In response to these evolving restrictions and regulations (which include, without limitation, the Health Insurance Portability and Accountability Act ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act ("HITECH"), the California Consumer Privacy Act ("CCPA"), the Gramm-Leach-Bliley Act ("GLBA"), and other U.S. federal and state financial privacy laws and regulations, the European Union's General Data Protection Regulation ("GDPR"), the South Africa Protection of Personal Information Act ("POPIA") and the Brazilian General Data Protection Low ("LGPD") we have implemented and maintain administrative, technical, and physical security measures and it is our standard practice to contractually require our service providers to whom we disclose data (including PII) to implement and maintain reasonable privacy, data protection, and information security measures, in each case to protect against loss, theft, misuse, or unauthorized access to or disclosure of such information, and otherwise comply with these laws and regulations. These measures include standard industry practices (e.g., payment card industry ("PCI") requirements), periodic security reviews of our systems by independent parties, secure development practices, network firewalls, policy directives, procedural controls, training of our personnel, intrusion detection systems, and antivirus applications. However, due to the inherent risks and complexities to defend against cybercrime and other information security incidents, these measures may fail to adequately protect this information. Any failure on our part to protect the security and privacy of PII and other confidential information, or otherwise comply with data privacy laws and regulations may subject us to contractual liability and damages, loss of business, damages from individual claimants (including class action litigation), substantial fines/penalties, criminal prosecution, and unfavorable publicity.

Even the mere perception of a security breach or inadvertent disclosure of PII could damage our reputation and inhibit market acceptance of our solutions. In addition, third-party vendors that we engage to perform services for us may unintentionally release PII or otherwise fail to comply with applicable laws and regulations. Under our terms of service and our contracts with customers, if there is a breach of PII that we store, we could be liable to the customer for their losses and related expenses. As new laws and regulations emerge and evolve and as our business continues to expand to include new products and technologies, these risks will likely continue to increase, and our compliance costs are likely to increase substantially as well. Bad actors, individual and State sponsored, will increasingly attempt to compromise our security controls or gain unauthorized access to our, and our customers', sensitive information and PII. Further, as we continue to have a significant number of our employees working remotely, these security risks may increase. We have implemented heightened monitoring of our Networks and Systems, but cannot guarantee that our efforts, or those of third parties on whom we rely or with whom we partner, will be successful in preventing any such information security incidents or attacks.

We May Be Subject to Enforcement Actions or Financial Penalties with Payments Regulation in the U.S.

Many states in which we operate have laws that govern payments activities and have implemented various definitions and licensing requirements for entities deemed to be money transmitters, including licensure. We have applied for and been issued money transmitter licenses in a majority of states, and for those states where we have applied and not yet received licensure, we could be subject to enforcement actions and financial penalties and other costs. An enforcement action could result in restrictions on, or a prohibition on engaging in, the business of money transmission in one or more states and it could delay or prevent us from obtaining a money transmitter license in one or more states. Enforcement actions could also result in reputational harm to our business and force us to cease or limit certain aspects of our business or prevent us from growing our business. Further, laws governing payments activities may evolve and changes in such law could affect our ability to provide our solutions or services in the same form and on the same terms as we have historically, or at all.

While we have currently applied for money transmitter licenses, our applications in remaining states are under review and there can be no assurance that we will be able to obtain any such licenses and such application process may be prolonged and costly. During the application process, states may impose disclosure and vetting requirements of persons deemed in control of our business. In addition, there are substantial costs and potential solution changes involved in maintaining such licenses, and we could be subject to fines or other enforcement action if we are found to have violated applicable federal, state, and local laws and regulations, including those related to licensing and supervision, anti-money laundering, the Bank Secrecy Act, financial privacy, and cybersecurity and data security. These factors could impose substantial additional costs and involve considerable delay to the development or provision of our solutions or services, or could require significant and costly operational changes or prevent us from providing our solutions or services in a given market. These limitations may adversely affect our ability to grow our business.

We may also be subject to card association and network rules and requirements, and violations of such rules and requirements could result in fines or the inability to use third-party networks to conduct our business.

We Are Subject to Various Anti-Money Laundering and Counter-Terrorist Financing Laws and Regulations.

We are subject to various anti-money laundering ("AML") and counter-terrorist financing laws and regulations that prohibit, among other things, our involvement in processing the proceeds of criminal activities. We maintain AML Compliance Policies and Procedures applicable to our payments processing business which policies are intended to comply with any applicable U.S. federal and foreign requirements. The laws or their application, our interpretation of the laws, and/or our services may change so that we could be subject to additional regulation and incur additional costs of compliance. We may not be able to meet additional regulatory requirements or the cost of adhering to such requirements could be substantial or could severely impact our ability to continue to maintain and/or grow our payments processing business or retain merchants or partners. The regulations of other countries and/or any increased compliance costs associated with such regulations, could prevent us from entering new markets for our services.

Our Global Operations Require Us to Comply With Applicable U.S. and International Laws and Regulations.

Doing business on a global basis requires our company and our subsidiaries to comply with the laws and the regulations of the U.S. government and various international jurisdictions. In addition, the number of countries enacting anti-corruption laws and related enforcement activities is increasing. These regulations place restrictions on our operations, trade practices and trade partners, as such we may face increasing compliance and legal costs in operating our trade compliance program. In particular, our global operations are subject to U.S. and foreign anti-corruption laws and regulations such as the Foreign Corrupt Practices Act ("FCPA"), the U.K. Anti-Bribery Act and economic sanction programs administered by the Office of Foreign Assets Control ("OFAC").

The FCPA prohibits us from providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business. In addition, the FCPA imposes accounting standards and requirements on publicly traded U.S. corporations and their foreign affiliates, which are intended to prevent the diversion of corporate funds to the payment of bribes and other improper payments, and to prevent the establishment of "off books" slush funds from which such improper payment can be made. As part of our business, we regularly deal with state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. In addition, some of the international locations in which we operate lack a developed legal system and have higher than normal levels of corruption. We inform our personnel and third-party sales representatives of the requirements of the FCPA and other anti-corruption laws, including, but not limited to their reporting requirements. We have also developed and will continue to develop and implement systems for formalizing contracting processes, performing due diligence on agents and partners while improving our recordkeeping and auditing practices regarding these regulations. However, there is no guarantee that our employees, third-party sales representatives or other agents have not or will not engage in conduct undetected by our processes and for which we might be held responsible under the FCPA or other anti-corruption laws.

Economic sanctions programs restrict our business dealings with certain countries and individuals. As a global provider, we are exposed to a heightened risk of violating OFAC regulations. Violations of these laws and regulations are punishable by civil penalties, including fines, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. While we actively screen and monitor the global companies and individuals that we do business with, utilizing a risk-based approach, there is no guarantee that we have not or will not, through the lack of accurate information, changing customer business structures, process failure, oversight, or error, have violations occur.

General Risks

Our Business May be Disrupted and Our Results of Operations and Cash Flows May be Adversely Affected by the Coronavirus (COVID-19) Pandemic.

In March 2020, the World Health Organization declared a global pandemic related to the coronavirus (COVID-19) outbreak which has led to a global health emergency. Although vaccines have been produced there is still significant uncertainty related to the duration and scope of the pandemic. The significance of the impact on our operations depends on numerous evolving factors that we may not be able to accurately predict or effectively respond to, including, among others:

- •the effect on global economic activity and the resulting impact on our customer's businesses, their credit and liquidity, and their demand for our solutions and services, as well as their ability to pay;
- •our ability to deliver and implement our solutions in a timely manner, including as a result of supply chain disruptions, one or more print and mail facility closures for an extended period, restrictions on travel for our and customer personnel, as well as shelter-in-place orders; and
- •actions taken by U.S., foreign, state, and local governments, suppliers, and individuals in response to the outbreak.

While we have significant sources of cash and liquidity and access to a committed credit line, a prolonged period of generating lower cash from operations could adversely affect our financial condition and the achievement of our strategic objectives.

Failure to Attract and Retain Our Key Management and Other Highly Skilled Personnel Could Have a Material Adverse Effect on Our Business.

Our future success depends in large part on the continued service of our key management, sales, product development, professional services, and operational personnel. We believe that our future success also depends on our ability to attract and retain a diverse, highly skilled technical, managerial, operational, and sales and marketing personnel, including, in particular, personnel in the areas of R&D, professional services, and technical support. Competition for qualified personnel at times can be intense, particularly in the areas of R&D, conversions, software implementations, and technical support which could lead to increased costs to attract and/or retain personnel. This risk is heightened with a widely dispersed customer base and employee populations, and potential inflationary pressures on wages. For these reasons, we may not be successful in attracting and retaining the personnel we require, which could have a material adverse effect on our ability to meet our commitments and new solution delivery objectives.

Variability of Our Quarterly Revenue and Our Failure to Meet Revenue and Earnings Expectations Would Negatively Affect the Market Price of Our Common Stock.

From time to time, we may experience variability in quarterly revenue and operating results. Common causes of failure to meet revenue and operating expectations include, among others:

- •Inability to close and/or recognize revenue on certain transactions in the period originally anticipated;
- •Inability to accurately forecast payments transaction volumes and related transaction costs;
- •Delays in renewal of multiple or individually significant agreements;
- •Inability to renew existing customer or vendor arrangements at anticipated rates;
- •Delays in timing of initiation and/or implementation of significant projects or arrangements;
- •Inability to meet customer expectations materially within our cost estimates;
- •Changes in spending and investment levels;
- •Inflationary pressures;
- •Significant increase in our cost of borrowing;
- •Foreign currency fluctuations; and
- •Economic and political conditions.

Should we fail to meet our revenue and earnings expectations of the investment community, by even a relatively small amount, it could have a disproportionately negative impact upon the market price of our common stock.

Substantial Impairment of Long-lived Assets in the Future May Be Possible.

As a result of various acquisitions and the growth of our company over the last several years, as of December 31, 2021, we have approximately \$207 million of long-lived assets other than goodwill (principally, property and equipment, software, acquired customer contracts, and customer contract costs) and approximately \$321 million of goodwill. Long-lived assets are required to be evaluated for possible impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. We utilize our market capitalization, third party valuation and/or cash flow models as the primary basis to estimate the fair value amounts used in our long-lived asset impairment valuations. If an impairment was to be recorded in the future, it could materially impact our results of operations in the period such impairment is recognized, but such an impairment charge would be a non-cash expense, and therefore would have no impact on our current or future cash flows.

em 1B. Unresolved Staff Comments

None.

em 2. Properties

As of December 31, 2021, we were operating in over 30 leased sites around the world, representing approximately 700,000 square feet.

Our corporate headquarters is located in Greenwood Village, Colorado. In addition, we lease office space in the U.S. in Allen, Texas; Atlanta, Georgia; Boston, Massachusetts; Chicago, Illinois; Irving, Texas; Omaha, Nebraska; and Philadelphia, Pennsylvania. The leases for these office facilities expire in the years 2022 through 2031. We also maintain leased facilities internationally in Australia, Brazil, Canada, Colombia, France, India, Indonesia, Ireland, Malaysia, Mexico, Portugal, Saudi Arabia, Slovakia, South Africa, Sweden, United Arab Emirates, and the U.K. The leases for these international office facilities expire in the years 2022 through 2026. We utilize these office facilities primarily for the following: (i) customer services, training, and support; (ii) product and operations support; (iii) systems and programming activities; (iv) professional services staff; (v) R&D activities; (vi) sales and marketing activities; and (vii) general and administrative functions

Additionally, we lease four statement production and mailing facilities totaling approximately 350,000 square feet. These facilities are located in: (i) Omaha, Nebraska; (ii) Crawfordville, Florida; (iii) Austin, Texas; and (iv) Fort Worth, Texas. The leases for these facilities expire in the years 2022 through 2028.

We believe that our facilities are adequate for our current needs and that additional suitable space will be available as required. We also believe that we will be able to either: (i) extend our current leases as they terminate; or (ii) find alternative space without experiencing a significant increase in cost. See Note 6 to our Financial Statements for information regarding our obligations under our facility leases.

em 3. Legal Proceedings

From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business. In the opinion of our management, we are not presently a party to any material pending or threatened legal proceedings.

em 4. Mine Safety Disclosures

Not applicable.

xecutive Officers of the Registrant

As of the date of this filing, our executive officers are Brian A. Shepherd (President and Chief Executive Officer), Hai Tran (Executive Vice President and Chief Financial Officer), Kenneth M. Kennedy (Executive Vice President, Chief Operating Officer and President, Revenue Management and Digital Monetization) and Elizabeth A. Bauer (Executive Vice President, Chief Marketing & Customer Officer). We have employment agreements with each of the executive officers.

Brian A. Shepherd President and Chief Executive Officer

Mr. Shepherd, 54, joined CSG in 2016 and is President and Chief Executive Officer of CSG. Mr. Shepherd was appointed President and CEO of CSG and a member of our Board in January 2021. He joined the Company in 2016 and before becoming CEO, he was Executive Vice President and Group President of CSG, where he led the profit and loss organization for the entire global organization. He also served as Executive Vice President and President of Global Broadband, Cable and Satellite Business from 2016 to 2017, where he focused on accelerating the growth and strategic direction of CSG's global broadband, cable and direct broadcast satellite business. Mr. Shepherd received an M.B.A. from Harvard Business School and graduated magna cum laude from Wabash College with a B.A. in Economics.

Hai Tran

Executive Vice President and Chief Financial Officer

Mr. Tran, 52, is Chief Financial Officer of CSG, where he oversees the finance, accounting, treasury and investor relations functions for the organization. Mr. Tran joined CSG in November 2021 and brings 30 years of finance and operational experience, having most recently served as president and chief operating officer at SOC Telemed, the largest U.S. provider of acute care telemedicine solutions. Prior to that he has served as chief financial officer at a number of companies including SOC Telemed, BioScrip, Inc., Harris Healthcare Solutions, and Catalyst Health Solutions. Mr. Tran holds a B.S. in Electrical Engineering from the University of Virginia and an M.B.A from the University of Richmond.

Kenneth M. Kennedy

Executive Vice President, Chief Operating Officer and President, Revenue Management & Digital Monetization

Mr. Kennedy, 52, is Chief Operating Officer of CSG and President of Revenue Management & Digital Monetization, responsible for driving revenue and creating scalable monetization solutions that help CSG deepen customer relationships. Prior to becoming COO, Mr. Kennedy served as President of Technology and Product, where he oversaw all product management, engineering, platform architecture, and operations across CSG's solutions portfolio. He also served as CSG's Executive Vice President of Product Development from 2016 to 2017, and as Chief Technology Officer and Senior Vice President of Product Management, Development and Operations from 2006 to 2016. Prior to CSG, Mr. Kennedy was one of the original founders of Telution, where he served as Vice President of Software Development and Professional Services from 1998 to 2006. Before Telution, he worked at Accenture (f.k.a. Andersen Consulting), where he was responsible for developing highly scalable distributed software solutions for the financial services and communications industries. Mr. Kennedy is a member of the TM Forum Beyond Connectivity Council and holds a B.B.A. in Management Information Systems from the University of Notre Dame.

Elizabeth A. Bauer

Executive Vice President, Chief Marketing & Customer Officer

Ms. Bauer, 59, is Chief Marketing & Customer Officer of CSG, and is dedicated to delivering a differentiated customer experience that focuses on deepening customer relationships, enhancing customer engagement and promoting new business growth. Previously senior vice president, chief investor relations and communications officer, her influence has spanned the company's growth strategy and the development of CSG's customer-first, values-based culture. She brings over 30 years of combined business management, investor relations, and integrated communications experience. In addition to her work at CSG, Ms. Bauer is a current member of the World 50 CXO 50 community and a founding member of the TM Forum Diversity & Inclusion Council. She served on the board of the National Investor Relations Institute, the founding board of West Denver Preparatory Charter School, and previously chaired the Rocky Mountain WICT Gala. Ms. Bauer holds a B.S.B.A. in Business and Journalism from Creighton University.

Board of Directors of the Registrant

Information related to our Board of Directors (the "Board") is provided below.

Donald B. Reed

Mr. Reed, 77, was appointed to the Board in May 2005 and has served as CSG's non-executive Chairman of the Board since January 2010. Mr. Reed is presently retired. From 2000 to 2003, he served as CEO of Cable & Wireless Global (a subsidiary of Cable & Wireless plc), a provider of Internet Protocol ("IP") and data services to business customers in the U.S., United Kingdom, Europe, and Japan. From June 1998 until May 2000, Mr. Reed served Cable & Wireless in various other executive positions. Prior to that he was CEO of Cabletron Systems and held numerous executive positions over a 30 year career at NYNEX Corporation (now part of Verizon), a regional telephone operating company, including President and Group Executive Vice President at Bell Atlantic, and President of Nynex New England (New England Telephone). While serving from 1995 to 1997 as President and Group Executive of NYNEX Corporation, Mr. Reed had responsibility for directing the company's regional, national, and international government affairs, public policy initiatives, legislative and regulatory matters, and public relations. Mr. Reed holds a B.A. degree in History from Virginia Military Institute and served in the United States military as an officer with the 82nd Airborne and 1st Infantry Divisions in Vietnam.

David G. Barnes

Mr. Barnes, 60, was appointed to the Board in February 2014. Mr. Barnes is Chief Financial Officer of Trimble Inc., a position he assumed in January 2020. Previously, he served as Executive Vice President, Global Operations of Stantec Inc., a publicly traded global provider of engineering, consulting, and construction services from 2016 through 2018. From 2009 through 2016, he served as Executive Vice President and CFO of MWH Global Inc., an employee-owned engineering and construction firm. MWH Global Inc. was acquired by Stantec Inc. in 2016. From 2006 to 2008, he was Executive Vice President of Western Union Financial Services. From 2004 to 2006, Mr. Barnes served as CFO of Radio Shack Corporation, and from 1999 to 2004, he was Vice President, Treasurer, and U.S. CFO for Coors Brewing Company. Mr. Barnes holds an M.B.A. degree from the University of Chicago and a B.A. degree from Yale University.

Gregory A. Conley

Mr. Conley, 66, was appointed to the Board in October 2021 and currently serves as a board member of TTEC holdings (Nasdaq: TTEC), to which he was appointed in 2019, where he is the Chair of the Audit Committee and a member of the Compensation Committee, and currently serves as a board member of Travelport, a travel technology company. Mr. Conley brings over 30 years of experience in the technology and software industries having served as CEO of Aha! Software, a privately held predictive analytics and cloud computing company from 2012-2014, as CEO of Odyssey Group, a Switzerland-based technology services and software company from 2009-2011, and as CEO of Verio, a leading global provider of hosting and network services from 2004-2005. Prior to these roles, Mr. Conley was the CEO and Board member of Tanning Technology (NASDAQ: TANN) from 2001-2003, Global General Manager of e-markets and Global General Manager of Travel and Transportation Industries at IBM from 1995-2001 (NYSE: IBM), General Counsel and CEO of Galileo International (a predecessor company of Travelport) from 1989-1989, and an attorney at the law firm of Covington & Burling from 1983-1989. Mr. Conley holds a J.D. from Georgetown University and a B.S. in Electrical Engineering from Purdue University.

Ronald H. Cooper

Mr. Cooper, 65, was appointed to the Board in November 2006. Mr. Cooper is presently retired. He most recently served as the President and CEO of Clear Channel Outdoor Americas, Inc. (an outdoor advertising company) from 2009 through 2012. Prior to this position, he was a Principal at Tufts Consulting LLC from 2006 through 2009. Previously, he spent nearly 25 years in the cable and telecommunications industry, most recently at Adelphia Communications where he served as President and COO from 2003 to 2006. Prior to Adelphia, Mr. Cooper held a series of executive positions at AT&T Broadband, RELERA Data Centers & Solutions, MediaOne and its predecessor Continental Cablevision, Inc. He has served on various boards of directors and committees with the National Cable Television Association, California Cable & Telecommunications Association, Cable Television Association for Marketing, New England Cable Television Association, and Outdoor Advertising Association of America. Mr. Cooper holds a B.A. degree from Wesleyan University.

Marwan H. Fawaz

Mr. Fawaz, 59, was appointed to the Board in March 2016. Mr. Fawaz is currently an Executive Advisor to Google and Alphabet Inc. (since Jan 2019) after joining Alphabet as the CEO of Nest Labs Inc in May 2016. With more than 30 years of experience in the media, cable, telecommunications, and broadband industries, Mr. Fawaz offers a wealth of knowledge and expertise, developed from his time as Executive Vice President and CEO of Google/Motorola Mobility from 2012 to 2013 and Executive Vice President of Strategy and Operations and Chief Technology Officer of Charter Communications from 2006 to 2011. In addition, he served as Senior Vice President and Chief Technology Officer of Adelphia Communications from 2003 to 2006 and held leadership positions for other cable industry companies such as MediaOne, among others. He was the founder and principal of Sarepta Advisors, a strategic advisory and consulting group supporting the technology, media, and telecommunications industries. He holds an M.S. degree in Electrical and Communication Engineering and a B.S. degree in Electrical Engineering, both from California State University at Long Beach.

Rajan Naik

Dr. Naik, 50, was appointed to the Board in August 2018. Dr. Naik currently serves as Chief Strategy Officer for Motorola Solutions, Inc., where he is responsible for the corporate strategy organization, M&A, venture capital portfolio and competitive and market intelligence. Motorola Solutions is a global leader in land mobile radio mission-critical communications, video security and analytics and command center software for enterprise and public safety customers. Prior to joining Motorola Solutions, Dr. Naik held the role of Senior Vice President, Chief Strategy Officer at Advanced Micro Devices (AMD), a provider of high-performance computing, graphics and visualization technologies. From 2000 to 2012, Dr. Naik was a Partner at McKinsey & Company in the technology/media/telecom practice. Dr. Naik formerly served as a director on the board for Sonim Technologies from February 2018 to February 2019. He holds a BSc. degree in Engineering from Cornell University and a Ph.D. degree in Engineering from the Massachusetts Institute of Technology.

Janice I. Obuchowski

Ms. Obuchowski, 70, was appointed to the Board in November 1997. Ms. Obuchowski is the founder and President of Freedom Technologies, Inc. (a firm providing public policy, strategic, and engineering advice to companies in the communications sector, government agencies, and international clients), a position she has held since 1992. In 2003, Ms. Obuchowski was appointed by President George W. Bush to serve as Ambassador and Head of the U.S. Delegation to the World Radiocommunication Conference. She has served as Assistant Secretary for Communications and Information at the Department of Commerce, Administrator for the National Telecommunications and Information Administration ("NTIA"), and as the head of international government relations at NYNEX Corporation. Ms. Obuchowski also served as Senior Legal Advisor to Chairman Fowler of the Federal Communications Commission. Ms. Obuchowski formerly served as a director on the board for Inmarsat plc. (May 2009 to December 2019) and Orbital ATK (February 2015 to June 2018) and also served earlier on the boards of Qualcomm Technologies, Inc. and Stratos Global Corporation (then TSE traded). She also serves or has served on several non-profit and private company boards. She holds a J.D. degree from Georgetown University and a B.A. degree from Wellesley College, and also attended the University of Paris.

Brian A. Shepherd

Mr. Shepherd's biographical information is included in the "Executive Officers of the Registrant" section shown directly above.

Frank V. Sica

Mr. Sica, 71, has served as a director of the Company since its formation in 1994. Mr. Sica has been a Partner of Tailwind Capital (a private equity firm) since 2006. He currently serves as a director on the boards of Kohl's Corporation (since 1988) and Safe Bulkers, Inc. (since 2008), and formerly served as a director on the board for JetBlue Airways (December 1998 to May 2020). Mr. Sica holds an M.B.A. degree from the Tuck School of Business at Dartmouth College and a B.A. degree from Wesleyan University.

Haiyan Song

Ms. Song, 56, was appointed to the Board in January 2020. Ms. Song currently serves as Executive Vice President and General Manager at F5 Networks. Prior to that, Ms. Song served as Senior Vice President and General Manager of Security Markets for Splunk, Inc. from 2014 to 2020. Prior to that, she spent four years from 2010 to 2014 with Hewlett Packard Enterprise Co., in engineering and general manager roles within Hewlett Packard's ArcSight Business Unit. Ms. Song joined Hewlett Packard following the company's acquisition of ArcSight, Inc. in 2010. Ms. Song was Vice President of Engineering & Product with ArcSight from 2005 to 2010. Ms. Song holds both M.S. and B.S. degrees in Computer Science from Florida Atlantic University. She also studied at Tsinghua University in China and completed the Stanford University Graduate School of Business Executive Program in General Management in 2012.

Silvio Tavares

Mr. Tavares, 50, was appointed to the Board in May 2020. Mr. Tavares is the President and CEO of VantageScore, a leading national credit score model company. He is also Chairman of the board of directors (and former President and CEO) of The Digital Commerce Alliance, a leading global trade association for the digital commerce, payments, and fin-tech industries, since 2013. Prior to that, Mr. Tavares was Senior Vice President and the Global Head of the Information Products Business Unit at Visa, Inc., and before that was with First Data Corp. (now part of Fiserv) from 2006 to 2012, where he was Senior Vice President and the Head of the Global Information and Analytics Business Unit and also held other senior finance roles. Mr. Tavares formerly served as a board director, Audit committee chairman and designated financial expert for CPI Card Group. He holds a J.D. degree from the Boston University School of Law; an M.B.A. degree from the Boston College Carroll School of Management; and a B.S. degree in Electrical and Computer Engineering from Tufts University.

Tse Li "Lily" Yang

Ms. Yang, 49, was appointed to the Board in February 2021. Ms. Yang is currently Chief Financial Officer of Strava, Inc., where she is responsible for finance and legal. From 2017-2021, Ms. Yang was the Chief Accounting Officer for Pinterest, Inc. where she was instrumental in taking the company from late stage private to public in 2019 and enabling the scale of growth by 5X. From 2015 to 2017, she spent two years with Medivation as the Vice President of Finance and Accounting where she was tasked with driving strategic growth and expansion before the company was acquired by Pfizer. Ms. Yang worked at Gilead Sciences from 2003 to 2015, finishing her tenure as Vice President and Corporate Controller. Ms. Yang holds a B.S. in Accounting and Managerial Information Systems from Boston University and is a certified public accountant.

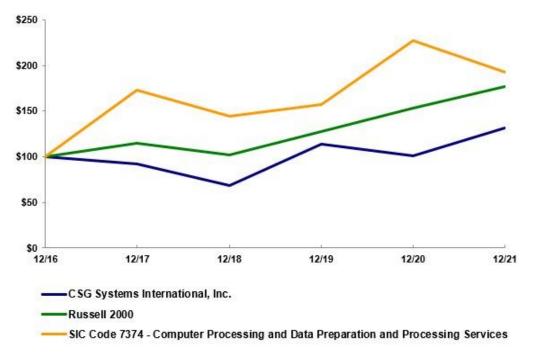
PART II

em 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on NASDAQ under the symbol "CSGS". On January 31, 2022, the number of holders of record of common stock was 123.

Stock Price Performance

The following graph compares the cumulative total stockholder return on our common stock, the Russell 2000 Index, and our Standard Industrial Classification ("SIC") Code Index: Computer Processing and Data Preparation and Processing Services during the indicated five-year period. The graph assumes that \$100 was invested on December 31, 2016, in our common stock and in each of the two indexes, and all dividends, if any, were reinvested.



	As of December 31,										
	2016		2017		2018		2019		2020		2021
CSG Systems International, Inc.	\$ 100.00	\$	92.32	\$	68.36	\$	113.50	\$	101.01	\$	131.83
Russell 2000 Index	100.00		114.65		102.02		128.06		153.62		176.39
Data Preparation and Processing Services	100.00		172.66		144.53		157.17		227.19		193.05

Equity Compensation Plan Information

The following table summarizes certain information about our equity compensation plans as of December 31, 2021:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	-	\$ -	4,703,890

Of the total number of securities remaining available for future issuance, 4,614,524 shares can be used for various types of stock-based awards, as specified in the equity compensation plan, with the remaining 89,366 shares to be used for our employee stock purchase plan. See Note 13 to our Financial Statements for additional discussion of our equity compensation plans.

Issuer Repurchases of Equity Securities

The following table presents information with respect to purchases of our common stock made during the fourth quarter of 2021 by CSG Systems International, Inc. or any "affiliated purchaser" of CSG Systems International, Inc., as defined in Rule 10b-18(a)(3) under the Exchange Act.

Period	Total Number of Shares Purchased (1) (2)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs (2)
October 1 - October 31	43,359	\$ 50.18	42,800	3,856,717
November 1 - November 30	75,840	52.41	75,000	3,781,717
December 1 - December 31	190,893	55.25	177,000	3,604,717
Total	310,092	\$ 53.84	294,800	

⁽¹⁾ The total number of shares purchased that are not part of the Stock Repurchase Program represents shares purchased and cancelled in connection with stock incentive plans.

⁽²⁾See Note 12 to our Financial Statements for additional information regarding our share repurchases.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report contains a number of forward-looking statements relative to our future plans and our expectations concerning our business and the industries we serve. These forward-looking statements are based on assumptions about a number of important factors and involve risks and uncertainties that could cause actual results to differ materially from estimates contained in the forward-looking statements. Some of the risks that are foreseen by management are outlined above within Item 1A., "Risk Factors". Item 1A. constitutes an integral part of this report, and readers are strongly encouraged to review this section closely in conjunction with MD&A.

Impact of COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the rapidly spreading coronavirus (COVID-19) outbreak which has led to a global health emergency. Throughout the COVID-19 crisis, we have remained focused on protecting the health and safety of our employees, while meeting the needs of our customers. While we have taken measures to protect our employees, to include a remote working environment for those employees who are able to conduct business from home and reduced travel, we are still conducting business as usual and are working with our customers to minimize any potential disruption. Additionally, we have implemented a workplace of the future philosophy that supports work-life integration and employees' diverse needs, providing flexibility and personal choice so employees can do their best work from anywhere. We do not believe that our workplace philosophy and limited staffing in select office locations has adversely impacted our internal controls, financial reporting systems, or our operations.

The full extent of the impact of the COVID-19 pandemic on our business, operations, and financial results will depend on numerous evolving factors that we may not be able to accurately predict. See Part II Item 1A. Risk Factors of this report for additional details. As we continue to manage our business in this uncertain environment, our priorities remain the health and safety of our employees, providing our customers with world-class services and solutions, and prudently managing our liquidity to ensure our continued financial strength. As a result of COVID-19 related supply chain issues, our capital expenditures may increase in the short-term as we forward purchase IT related hardware and other supplies. However, given our financial strength, we do not believe our liquidity will be significantly impacted by these conditions. As of December 31, 2021, we had approximately \$234 million in cash, cash equivalents and short-term investments, and an additional \$450 million available to borrow under our revolving credit facility.

Acquisition Activity

During 2021, we completed the following acquisitions: (i) Tango Telecom Limited ("Tango") in May; (ii) Kitewheel, LLC ("Kitewheel") in July; (iii) Keydok, LLC in September; and (iv) DGIT Systems Pty Ltd ("DGIT") in October. Additionally, in July 2021, we obtained a controlling interest in MobileCard Holdings, LLC ("MobileCard"). The results of these businesses are included in our 2021 results of operations from the acquisition date forward. As a result, our year-over-year results of operations may not be comparable between years due to the timing of the transactions. The comparable differences have been described below where relevant or significant.

These acquisitions are discussed in greater detail in Note 7 to our Financial Statements.

Executive Transition Costs

In 2020, we entered into a Separation Agreement and subsequent amendment with our former President and CEO, Bret Griess. Under the terms of the Separation Agreement, Mr. Griess was entitled to: (i) additional compensation totaling \$7.3 million, which was expensed ratably over his remaining service period, for which approximately \$5 million was paid in 2021 and approximately \$2 million will be paid in 2022; and (ii) accelerated stock vestings, which resulted in additional stock-based compensation expense of \$5.7 million in 2020. The total \$13.0 million of executive transition costs for 2020 were recorded in selling, general and administrative ("SG&A") expense.

Management Overview

Results of Operations. A summary of our results of operations for 2021 and 2020, and other key performance metrics are as follows (in thousands, except percentages and per share amounts):

	Year Ended December 31,			
	2021		2020	
Revenue	\$ 1,046,487	\$	990,533	
Transaction fees (1)	66,722		67,671	
Operating Results:				
Operating income	124,186		105,556	
Operating income margin	11.9%		10.7%	
Diluted EPS	\$ 2.26	\$	1.82	
Supplemental Data:				
Restructuring and reorganization charges (2)	\$ 4,870	\$	5,328	
Executive transition costs (2)	503		13,012	
Acquisition-related costs:				
Amortization of acquired intangible assets	11,645		11,816	
Earn-out compensation	(2,521)		-	
Transaction-related costs	1,450		(587)	
Stock-based compensation (2)	21,580		19,762	
Amortization of OID	3,021		2,983	
Loss on acquisition of controlling interest (3)	6,180		-	

- (1)Transaction fees are primarily comprised of interchange and other payment-related fees that we pay, in conjunction with the delivery of service to customers under our payment services contracts, to third-party payment processors and financial institutions. Because we control the integrated service provided under our payment services customer contracts, these transaction fees are presented gross, and not netted against revenue.
- (2)Stock-based compensation included in the table above exclude amounts that have been recorded in restructuring and reorganization charges and executive transition costs.
- (3)During 2021, we acquired a controlling interest in MobileCard (see Note 7 to our Financial Statements). Upon acquisition, we recognized a non-cash loss in other income (expense) related to the fair value remeasurement of the previously held equity investment interest.

Revenue. Revenue for 2021 was \$1,046.5 million, a 5.6% increase when compared to \$990.5 million for 2020, with the increase mainly attributed to the continued growth of our revenue management platforms, as the majority of the increase was attributed to organic growth.

Operating Results. Operating income for 2021 was \$124.2 million, or an 11.9% operating income margin percentage, compared to \$105.6 million, or a 10.7% operating income margin percentage for 2020. The increase in operating income in 2021 is reflective of the higher revenue generated. Additionally, operating income in 2020 was negatively impacted by the \$13.0 million of executive transition costs, discussed above, and an approximately \$10 million impairment charge, discussed below.

Diluted Earnings Per Share ("EPS"). Diluted EPS for 2021 was \$2.26 compared to \$1.82 for 2020, reflective of the higher operating income discussed above.

Balance Sheet and Cash Flows. As of December 31, 2021, we had cash, cash equivalents, and short-term investments of \$233.7 million, compared to \$240.3 million as of December 31, 2020. Cash flows from operating activities for 2021 were \$140.2 million, compared to \$173.0 million for 2020. See the Liquidity section below for further discussion of our cash flows.

Significant Customer Relationships

A large percentage of our historical revenue has been generated from our two largest customers, which are Charter Corporation Inc. ("Charter") and Comcast Corporation ("Comcast").

Charter. For 2021 and 2020, revenue from Charter was \$221 million and \$209 million, respectively, representing approximately 21% of our total revenue, for both periods. On November 2, 2021, we entered into an amendment to our current agreement with Charter (the "Amended Agreement"). The Amended Agreement provides the framework for Charter to consolidate its residential and small and medium business internet, video, and landline voice customer accounts ("Customer Account(s)") onto ACP. The key terms of the Amended Agreement are as follows:

- •The Amended Agreement is effective January 1, 2022, and extends our contractual relationship with Charter through December 31, 2027 (a six-year initial term). In addition, the Amended Agreement will automatically be extended for an additional one-year term, subject to Charter achieving certain conditional processing minimums on July 1, 2027, unless Charter provides us with written notice of non-renewal.
- •Consistent with the previous agreements, the fees to be generated under the Amended Agreement will be based primarily on monthly recurring charges for our revenue and customer management solutions and related services per Customer Account, and various other ancillary services based on actual usage. Certain of the per-unit fees include volume-based pricing tiers, and may be subject to annual price escalators.
- •The Amended Agreement contains modified pricing and a minimum commitment associated with the number of Customer Accounts that are to be processed on ACP which encompasses all subscribers receiving services. However, if Charter fails to achieve the minimum commitment by December 31, 2027, Charter will be obligated to pay a minimum commitment true-up, to be invoiced in January 2028. In order for Charter to meet the minimum commitment, Charter will need to convert additional Customer Accounts onto ACP. As such, the Amended Agreement outlines the estimated conversion and go-live for the remaining Customer Accounts not already on ACP, and includes incentives for the conversion of those additional Customer Accounts onto ACP.
- •We maintain the exclusive right to provide print and mail services to all current and future Customer Accounts through the term of the Amended Agreement.
- •The Amended Agreement contains certain rights and obligations of both parties, including the following key items: (i) the termination of the Amended Agreement under certain conditions; (ii) various service level commitments; and (iii) remedies and limitation on liabilities associated with specified breaches of contractual obligations.

During 2021, Charter migrated approximately five million Charter Customer Accounts onto ACP from a competitor's product. As outlined in the Amended Agreement, Charter currently plans to migrate their remaining Customer Accounts onto ACP over the next nine to fifteen months. The Amended Agreement did not have a material impact to our 2021 results of operations.

The anticipated revenue impact from the Amended Agreement in both the near and long terms may vary depending on the actual number of Customer Accounts converting, the timing of such conversion and the actual level of products and services consumed by Charter and actual results may vary depending upon a variety of factors. We undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

A copy of the Amended Agreement, with confidential information redacted, is filed as exhibit 10.26AW to this Form 10-K.

Comcast. For 2021 and 2020, revenue from Comcast was \$216 million and \$213 million, respectively, representing approximately 21% and 22% of our total revenue. Our agreement with Comcast runs through December 31, 2024 for processing on ACP and other related solutions, and through December 31, 2025 for print and mail services for residential customer accounts, with the option to extend the ACP processing agreement for an additional one-year term.

A copy of the Comcast agreement and related amendments, with confidential information redacted, is included in the exhibits to our periodic filings with the SEC.

Stock-Based Compensation Expense

Stock-based compensation expense is included in the following (in thousands):

	2021	2020	2019
Cost of revenue	\$ 4,561	\$ 4,947	\$ 4,584
Research and development	3,276	2,745	2,657
Selling, general and administrative (1)	13,743	12,070	13,655
Restructuring and reorganization charges	(180)	(215)	(977)
Total stock-based compensation expense	\$ 21,400	\$ 19,547	\$ 19,919

(1)SG&A stock-based compensation in the table above excludes the \$5.7 million of executive transition costs in 2020.

See Notes 2 and 13 to our Financial Statements for additional discussion of our stock-based compensation expense.

Critical Accounting Policies

The preparation of our Financial Statements in conformity with accounting principles generally accepted in the U.S. requires us to select appropriate accounting policies, and to make judgments and estimates affecting the application of those accounting policies. In applying our accounting policies, different business conditions or the use of different assumptions may result in materially different amounts reported in our Financial Statements.

We have identified the most critical accounting policies that affect our financial position and the results of our operations. These critical accounting policies were determined by considering our accounting policies that involve the most complex or subjective decisions or assessments. Our most critical accounting policies identified relate to: (i) revenue recognition; (ii) impairment assessments of long-lived assets; (iii) income taxes; and (iv) loss contingencies. These critical accounting policies, as well as our other significant accounting policies, are disclosed in the notes to our Financial Statements.

Revenue Recognition. Revenue is recognized upon conclusion that a contract with a customer exists. Such conclusion is made by us when the contract is legally enforceable and certain criteria, including collectability, are met. In making our determination of collectability, we consider a number of factors depending upon the specific aspects of an arrangement, which may include, but is not limited to, the following items: (i) an assessment of the customer's specific credit worthiness, evidenced by its current financial position and/or recent operating results, credit ratings, and/or a bankruptcy filing status (as applicable); (ii) the customer's current accounts receivable status and/or its historical payment patterns with us (as applicable); (iii) the economic condition of the industry in which the customer conducts the majority of its business; and/or (iv) the economic conditions and/or political stability of the country or region in which the customer is domiciled and/or conducts the majority of its business. The evaluation of these factors, and the ultimate determination of collectability, requires significant judgments to be made by us. Our judgments could have a significant effect to the amount and timing of revenue recognized in any period.

Our contracts with customers include SaaS based revenue management platform arrangements, managed services arrangements, SaaS payments platform arrangements, software license and service arrangements, professional services arrangements, and bundled service arrangements. The revenue recognition policies that involve the most complex and subjective decisions or assessments that may have a material impact on our operations relate to the accounting for revenue management platform arrangements, software license and service arrangements, and bundled service arrangements.

Our SaaS based revenue management platform arrangements are complex agreements that typically include multiple performance obligations. Key factors considered in accounting for SaaS based revenue management platform arrangements include the following criteria: (i) identification of performance obligations within the contract; (ii) determination of the transaction price given the variable nature of the consideration and significance of the consideration; (iii) determination of stand-alone selling price for each performance obligation and the allocation of value between the performance obligations; and (iv) calculation of revenue recognized in each period. The evaluation of these factors and ultimate revenue recognition decision requires significant judgements to be made by us. Depending on the significance of variable consideration, number of solutions/services, complex pricing structures and long-term nature of these types of contracts, our judgements and estimates made in this area could have a significant effect on the amount and timing of revenue recognized in any period. In addition, certain solutions and arrangements require us to assess whether we are a principal to the transaction (gross revenue) or an agent to the transaction (net revenue). Such assessments can have a significant effect on the amount of total revenue recognized.

Our software license and related services arrangements include multiple performance obligations which may be complex and require considerable judgement. Key factors considered in accounting for our software license and related service arrangements include the following criteria: (i) identification of performance obligations within the contract; (ii) assessment of whether services included in the arrangement represent significant production, modification or customization of the software (as applicable), such that the delivery of the software license and related services required to implement the software represent one combined performance obligation; (iii) determination of the transaction price for the contract as these types of arrangements may include both fixed and variable consideration; (iv) determination of stand-alone selling price for each performance obligation including the allocation of value between performance obligations; and (v) estimates to measure progress for delivery. The evaluation of these factors and ultimate revenue recognition decision requires significant judgements to be made by us. We generally determine stand-alone selling prices using pricing calculations (which include regional market factors) for our software license fees and maintenance, and cost-plus margins for services. The pricing calculations can be complex and require estimates based on volumes. Additionally, our use of an hours-based method of accounting for software license and other professional services performance obligations that are satisfied over time requires estimates of total project revenue and costs, along with the expected hours necessary to complete a project. Changes in estimates as a result of additional information as work progresses on a project are inherent characteristics of this method of revenue recognition method is more difficult for projects of greater length and/or complexity. Our judgments and estimates could: (i) have a significant effect on revenue recognized in any period by changing the amount

Our contracts are subject to modification via amendment, change requests, and/or statement of works. Such modifications may occur frequently. The accounting for contract modifications is complex and requires significant judgements to be made by us as to whether the contract modification is treated as either a separate contract or part of the existing contract. Our judgements could have a significant effect on the revenue recognized in any period by changing the amount and/or timing of the revenue recognized.

Our contracts typically include service level agreements or other incentives which may result in refunds or credits to our customers. Failure to meet service level standards under the terms of the contract represent adjustments to the overall consideration (reductions in revenue) and may need to be estimated at the outset of the arrangement as part of the overall variable consideration. Such estimates require significant judgement by us and may impact the amount and/or timing of the revenue recognized.

Impairment Assessments of Long-Lived Assets. Long-lived assets relate primarily to property and equipment, software, acquired customer contracts, and customer contract costs. These assets are required to be evaluated for possible impairment as events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. A long-lived asset (or group of long-lived assets) is impaired if estimated future undiscounted cash flows associated with that asset, without consideration of interest, are insufficient to recover the carrying amount of the long-lived asset. Once deemed impaired, even if by \$1, the long-lived asset is written down to its fair value which could be considerably less than the carrying amount or future undiscounted cash flows. The determination of estimated future cash flows and, if required, the determination of the fair value of a long-lived asset, are by their nature, highly subjective judgments. Changes to one or more of the assumptions utilized in such an analysis could materially affect our impairment conclusions for long-lived assets.

Income Taxes. We are required to estimate our income tax liability in each jurisdiction in which we operate, including U.S. federal, state, and foreign income taxes.

Various judgments are required in evaluating our income tax positions and determining our provisions for income taxes. We regularly assess the likelihood of the future realization of our deferred income tax assets. To the extent we believe that it is not more likely than not that a deferred income tax asset will be realized, a valuation allowance is established. During the ordinary course of our business, there are certain transactions and calculations for which the ultimate income tax determination may be uncertain. In addition, we may be subject to examination of our income tax returns by various tax authorities which could result in adverse outcomes. For these reasons, we establish a liability associated with unrecognized tax benefits based on estimates of whether additional taxes and interest may be due. We adjust this liability based upon changing facts and circumstances, such as the closing of a tax audit, the closing of a tax year upon the expiration of a statute of limitations, or the refinement of an estimate. Should any of the factors considered in determining the adequacy of this liability change significantly, an adjustment to the liability may be necessary. Due to the potential significance of these issues, such an adjustment could be material.

One of the more complex items within our income tax expense is the determination of our annual research and experimentation income tax credit ("R&D tax credit"). We have incurred approximately \$120 - \$135 million annually in R&D expense over the last three years. The calculation of the R&D tax credit involves the identification of qualifying projects, as well as an estimation of the qualifying costs for such projects. Due to the size, nature, and the number of projects worked on in any given year, the calculation can become complex and certain judgments are necessary in determining the amount of the R&D tax credits claimed.

Loss Contingencies. In the ordinary course of business, we are subject to potential claims related to various items including but not limited to the following: (i) legal and regulatory matters; (ii) vendor contracts; (iii) solution and service delivery matters; and (iv) labor matters. Accounting and disclosure requirements for loss contingencies requires us to assess the likelihood of any adverse judgments in or range of potential outcomes for these matters. A determination of the amount of reserves for such contingencies, if any, is based on an analysis of the issues, often with the assistance of legal counsel. The evaluation of such issues, and our ultimate accounting and disclosure decisions, are by their nature, subject to various estimates and highly subjective judgments. Should any of the factors considered in determining the adequacy of any required reserves change significantly, an adjustment to the reserves may be necessary. Due to the potential significance of these issues, such an adjustment could be material.

Detailed Discussion of Results of Operations

The following discussion includes a comparison of our results of operations and liquidity for 2021 compared to 2020. For a discussion of the 2020 compared to 2019, please refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on February 19, 2021.

Total Revenue. Total revenue for 2021 was \$1,046.5 million, a 5.6% increase when compared to \$990.5 million for 2020. The increase in total revenue can be mainly attributed to continued growth of our revenue management solutions and to a lesser degree, the revenue generated from customer experiences solutions and the acquired businesses (discussed above), and favorable foreign currency movements.

We use the location of the customer as the basis of attributing revenue to individual countries and corresponding geographic regions. Revenue by geographic regions for 2021 and 2020 were as follows (in thousands):

	2021	2020
Americas (principally the U.S.)	\$ 887,428	\$ 856,858
Europe, Middle East, and Africa	117,431	96,480
Asia Pacific	41,628	37,195
Total revenue	\$ 1,046,487	\$ 990,533

Total Operating Expenses. Our operating expenses for 2021 increased 4.2% to \$922.3 million, from \$885.0 million for 2020. The increase in operating expenses is reflective of our increase in revenue and can be primarily attributed to increased employee related costs and the additional costs of the acquired businesses, as we continue to invest in our people and our future-ready platforms to position ourselves for accelerated growth, and to a lesser degree, unfavorable foreign currency movements. These costs were offset to a certain degree by the \$13.0 million of executive transition costs, discussed above; and an approximately \$10 million impairment charge for the write-off of capitalized customer contract costs related to a discontinued project implementation, both recorded in 2020.

Cost of Revenue (Exclusive of Depreciation). Our cost of revenue consist principally of the following: (i) computing capacity and network communications costs; (ii) statement production costs (e.g., labor, paper, envelopes, equipment, equipment maintenance, etc.); (iii) transaction fees-interchange and other payment-related fees to third-party payment processors and financial institutions; (iv) customer support organizations (e.g., our customer support call center, account management, etc.); (v) professional services organization; (vi) various product delivery and support organizations (e.g., managed services delivery, product management, product maintenance, etc.); (vii) third-party software costs and/or royalties related to certain software products; (viii) facilities and infrastructure costs related to the statement production and support organizations; and (ix) amortization of acquired intangibles. The costs related to new solution development (including significant enhancements to existing products and services) are included in R&D expense.

The cost of revenue for 2021 increased 1.4% to \$543.2 million, from \$535.6 million for 2020, reflective of the increase in revenue, driven mainly by employee-related costs, to include the acquired businesses. Additionally, in 2020 we recorded an approximately \$10 million impairment charge, mentioned above. Total cost of revenue as a percentage of revenue for 2021 and 2020 was 51.9% and 54.1%, respectively.

R&D Expense (Exclusive of Depreciation). R&D expense for 2021 was \$134.7 million, a 9.6% increase when compared to \$122.8 million for 2020, with the increase mainly attributed to higher employee related costs, to include the R&D activities of the acquired businesses.

Our R&D efforts are focused on the continued evolution of our solutions that enable our customers worldwide to provide a more personalized customer experience while introducing new digital solutions. This includes the continued investment in our products and integration of the recently acquired assets into our solutions.

As a percentage of total revenue, R&D expense for 2021 and 2020 was 12.9% and 12.4%, respectively. We anticipate the level of R&D investment in the near-term to be relatively consistent with 2021.

SG&A Expense (Exclusive of Depreciation). SG&A expense for 2021 increased 8.3% to \$214.7 million, from \$198.3 million for 2020. The increase in SG&A expense between 2021 and 2020 is reflective of our growth strategy and is primarily due to higher employee related costs and the SG&A activities of the acquired businesses. This was offset to a certain degree by the \$13.0 million of executive transition costs in 2020, discussed above. As a percentage of total revenue, SG&A expense for 2021 and 2020 was 20.5% and 20.0%, respectively.

Depreciation Expense. Depreciation expense for all property and equipment is reflected separately from cost of revenue or the other components of operating expenses. Depreciation expense for 2021 was \$24.8 million, an 8.3% increase from \$22.9 million for 2020. The increase can be primarily attributed to expenditures on software, technology, and security infrastructure, which generally have shorter depreciable lives.

Restructuring and Reorganization Charges. In 2021 and 2020, we implemented cost reduction and efficiency initiatives that resulted in restructuring and reorganization charges of \$4.9 million and \$5.3 million, respectively. These initiatives were primarily made up of organizational changes made to pursue global opportunities and efficiencies.

See Note 8 to our Financial Statements for additional information regarding these initiatives.

Operating Income. Operating income and operating income margin for 2021 was \$124.2 million, or 11.9% of total revenue, compared to \$105.6 million, or 10.7% of total revenue for 2020. The increase in operating income in 2021 is reflective of the higher revenue generated. Additionally, operating income in 2020 was negatively impacted by the \$13.0 million of executive transition costs, and an approximately \$10 million impairment charge, discussed above.

Interest Expense and Amortization of Original Issue Discount ("OID"). Our interest expense relates primarily to our 2016 Convertible Notes and our 2018 and 2021 Credit Agreements. See Note 5 to our Financial Statements for additional discussion of our long-term debt, to include the non-cash interest expense related to the amortization of the convertible debt OID.

Other, net. During 2021, we made an additional investment in MobileCard (see Note 7 to our Financial Statements), resulting in a controlling interest of the company. Upon obtaining control of MobileCard, the fair value of our pre-existing equity investment was remeasured resulting in a \$6.2 million non-cash loss as of the acquisition date.

Income Tax Provision. Our effective income tax rates for 2021 and 2020 were as follows:

2021		2020	
	28%		31%

The 2020 effective income tax rate reflects the income tax impact related to the executive transition costs, discussed above (see Note 9 to our Financial Statements).

Liquidity

Cash and Liquidity. As of December 31, 2021, our principal sources of liquidity included cash, cash equivalents, and short-term investments of \$233.7 million, compared to \$240.3 million as of December 31, 2020. We generally invest our excess cash balances in low-risk, short-term investments to limit our exposure to market and credit risks.

During 2021, we refinanced our 2018 Credit Agreement which extended the term of the loan from March 2023 to September 2026. The 2021 Credit Agreement increased our liquidity and capital resources position by approximately \$30 million. Additionally, as part of our 2021 Credit Agreement, we expanded our revolving loan facility, the 2021 Revolver, from \$200 million to \$450 million. As of December 31, 2021, there were no borrowings outstanding on the 2021 Revolver. The 2021 Credit Agreement contains customary affirmative, negative, and financial covenants. As of December 31, 2021, and the date of this filing, we believe we are in compliance with the provisions of the 2021 Credit Agreement.

Our cash, cash equivalents, and short-term investment balances as of the end of the indicated periods were located in the following geographical regions (in thousands):

	December 31,	December 31,
	2021	2020
Americas (principally the U.S.)	\$ 164,561	\$ 183,918
Europe, Middle East and Africa	56,368	47,513
Asia Pacific	12,743	8,866
Total cash, equivalents and short-term investments	\$ 233,672	\$ 240,297

We generally have ready access to substantially all of our cash, cash equivalents, and short-term investment balances, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences. As of December 31, 2021, we had \$1.4 million of cash restricted as to use primarily to collateralize guarantees and outstanding letters of credit included in our total cash, cash equivalents and short-term investments balance.

Cash Flows From Operating Activities. We calculate our cash flows from operating activities beginning with net income, adding back the impact of non-cash items or non-operating activity (e.g., depreciation, amortization, amortization of OID, impairments, gain/loss from debt extinguishments, deferred income taxes, stock-based compensation, etc.), and then factoring in the impact of changes in operating assets and liabilities.

Our primary source of cash is from our operating activities. Our current business model consists of a significant amount of recurring revenue sources related to our long-term revenue management platforms and other related solutions and managed services arrangements (primarily billed monthly), payments transaction services (primarily billed monthly), and software maintenance agreements (which may be billed monthly, quarterly, or annually). This recurring revenue base provides us with a reliable and predictable source of cash. In addition, software license fees and professional services revenue are sources of cash, but the payment streams for these items are less predictable.

The primary use of our cash is to fund our operating activities. Over half of our total operating costs relate to labor costs (both employees and contracted labor) for the following: (i) compensation; (ii) related fringe benefits; (iii) incentive compensation; and (iv) reimbursements for travel and entertainment expenses. Other operating expenses consist of: (i) computing capacity and related services and communication lines for our outsourced cloud-based business; (ii) paper, envelopes, and related supplies for our statement processing solutions; (iii) transaction fees paid in conjunction with the delivery of services under our payment services contracts; (iv) hardware and software maintenance; and (v) rent and related facility costs. These items are purchased under a variety of both short-term and long-term contractual commitments. A discussion of our material contractual obligations is provided below.

Our 2021 and 2020 net cash flows from operating activities, broken out between operations and changes in operating assets and liabilities, for the indicated quarterly periods are as follows (in thousands):

Cash Flows from Operating Activities:	Operations	Changes in Operating Assets and Liabilities	(Net Cash Provided by Used In) Operating Activities – Totals
2021:				
March 31 (1)(2)	\$ 49,273	\$ (51,497)	\$	(2,224)
June 30 (2)	42,930	1,523		44,453
September 30	42,417	3,663		46,080
December 31	44,609	7,305		51,914
Total	\$ 179,229	\$ (39,006)	\$	140,223
2020:				
March 31 (1)(2)	\$ 52,938	\$ (59,900)	\$	(6,962)
June 30 (2)	41,022	16,800		57,822
September 30 (2)	31,971	33,298		65,269
December 31	37,747	19,117		56,864
Total	\$ 163,678	\$ 9,315	\$	172,993

(1)Cash flows from operating activities for the first quarter of 2021 and 2020 reflect the negative impacts of the payment of the 2020 and 2019 year-end accrued employee incentive compensation in the first quarter subsequent to the year-end accrual for those items.

(2)Cash flows from operating activities for the first quarter of 2021 and the first and second quarters 2020 were negatively impacted by the timing of certain recurring key customer payments that were delayed and received subsequent to quarter-end, of approximately \$26 million for the first quarter of 2021, and \$33 million and \$26 million for the first and second quarters of 2020. As of the end of the second quarter of 2021 and the third quarter of 2020, these recurring key customer payments were current, resulting in the second quarter of 2021 and the third quarter of 2020 cash flows from operating activities having the benefit of an additional payment due to the timing delays in previous quarters.

We believe the above table illustrates our ability to generate recurring quarterly cash flows from our operations, and the importance of managing our working capital items. The quarterly and annual variations in our net cash provided by operating activities are generally related to the changes in our operating assets and liabilities (related mostly to fluctuations in timing at quarter-end of customer payments and changes in accrued expenses), and generally over longer periods of time, do not significantly impact our cash flows from operations.

Significant fluctuations in key operating assets and liabilities between 2021 and 2020 that impacted our cash flows from operating activities are as follows:

Billed Trade Accounts Receivable

Management of our billed accounts receivable is one of the primary factors in maintaining strong cash flows from operating activities. Our billed trade accounts receivable balance includes significant billings for several non-revenue items (primarily postage, sales tax, and deferred revenue items). As a result, we evaluate our performance in collecting our accounts receivable through our calculation of Days Billings Outstanding ("DBO") rather than a typical Days Sales Outstanding ("DSO") calculation.

Our gross and net billed trade accounts receivable and related allowance for doubtful accounts receivable ("Allowance") as of the end of the indicated quarterly periods, and the related DBOs for the quarters then ended, are as follows (in thousands, except DBOs):

Quarter Ended	Gross	Allowance	Net Billed	DBOs
2021:				
March 31	\$ 250,743	\$ (3,718)	\$ 247,025	70
June 30	226,774	(3,546)	223,228	68
September 30	246,317	(3,157)	243,160	65
December 31	248,567	(4,250)	244,317	66
2020:				
March 31	\$ 264,601	\$ (3,888)	\$ 260,713	72
June 30	248,470	(4,057)	244,413	73
September 30	228,847	(3,730)	225,117	68
December 31	230,251	(3,628)	226,623	67

As of December 31, 2021 and 2020, over 95% of our billed accounts receivable balances were less than 60 days past due.

The DBO metric for the first quarter of 2021 and the first and second quarters of 2020 were negatively impacted by the delays of certain recurring key customer payments, as noted above. We may experience future adverse impacts to our DBOs if and when these payment delays occur. However, these recurring monthly payments that cross a reporting period-end do not raise any collectability concerns, as payment is generally received subsequent to quarter-end. All other changes in our gross and net billed accounts receivable reflect the normal fluctuations in the timing of customer payments at quarter-end, as evidenced by our relatively consistent DBO metric.

As a global provider of solutions and services, a portion of our accounts receivable balance relates to international customers. This diversity in the geographic composition of our customer base may adversely impact our DBOs as longer billing cycles (i.e., billing terms and cash collection cycles) are an inherent characteristic of international software and professional services transactions. For example, our ability to invoice and collect arrangement fees may be dependent upon, among other things: (i) the completion of various customer administrative matters, local country billing protocols and processes (including local cultural differences), and non-customer administrative matters; (ii) meeting certain contractual invoicing milestones; or (iii) the overall project status in certain situations in which we act as a subcontractor to another vendor on a project.

Income Taxes Payable/Receivable

Net income taxes payable/receivable (current and non-current) at December 31, 2021 was a net income taxes receivable balance of \$2.0 million, compared to a net income taxes payable balance of \$6.9 million at December 31, 2020. This net \$8.9 million change is primarily due to the timing of our estimated Federal and state income tax payments.

Cash Flows From Investing Activities. Our typical investing activities consist of purchases and sales of short-term investments and purchases of software, property and equipment, which are discussed below. During 2021, we made the following cash payments for the acquisitions of (all shown net of cash acquired, if applicable): (i) Tango for \$11.4 million; (ii) Kitewheel for \$33.8 million; (iii) Keydok for \$1.0 million; and (iv) DGIT for \$12.5 million. We also made an investment in MobileCard of \$6.1 million. During 2020, we acquired Tekzenit Inc. ("Tekzenit") for \$10.0 million and made an investment in MobileCard of \$1.5 million. All of these activities are included in our cash flows from investing activities.

Purchases/Sales of Short-term Investments

During 2021 and 2020 we purchased \$67.0 million and \$81.8 million, respectively, and sold or had mature \$90.5 million and \$56.5 million, respectively, of short-term investments. We continually evaluate the possible uses of our excess cash balances and will likely purchase and sell additional short-term investments in the future.

Software, Property and Equipment

Our annual capital expenditures for software, property and equipment for 2021 and 2020 were \$26.6 million and \$29.4 million, respectively. Our capital expenditures for these periods consisted principally of investments in computer hardware, software, and related equipment, statement production equipment, and infrastructure.

Cash Flows From Financing Activities. Our financing activities typically consist of various debt-related transactions and activities with our common stock, which are discussed below.

Issuance of Common Stock

Proceeds from the issuance of common stock for 2021 and 2020 were \$2.6 million and \$2.5 million, respectively, and relate primarily to our employee stock purchase plan.

Repurchase of Common Stock

During 2021 and 2020 we repurchased approximately 733,000 shares and 624,000 shares of our common stock under the guidelines of our Stock Repurchase Program for \$36.0 million and \$26.3 million, respectively.

Additionally, outside of our Stock Repurchase Program, during 2021 and 2020, we repurchased from our employees and then canceled approximately 130,000 shares and 254,000 shares, of our common stock for \$6.3 million and \$11.9 million, respectively, in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

Through December 31, 2021 and 2020, we have paid \$42.3 million and \$38.1 million, respectively, for our total repurchases of common stock, with the differences when compared to the amounts accrued attributed to the timing of the settlement.

Cash Dividends Paid on Common Stock

During 2021 and 2020, the Board approved dividend payments totaling \$32.7 million and \$30.9 million, respectively. During 2021 and 2020, we paid dividends of \$32.6 million and \$31.1 million, respectively, with the differences between the amount approved and paid attributed to dividends accrued on unvested incentive shares that are paid upon vesting.

Long-term Debt

In 2021, we refinanced our 2018 Credit Agreement and as a result, we repaid the outstanding principal balance of \$120.0 million and borrowed \$150.0 million under the 2021 Credit Agreement, resulting in a net increase of available cash of \$30.0 million. As part of the refinancing, we paid \$3.0 million of deferred financing costs.

Additionally, during 2021 and 2020 we made principal repayments of \$8.4 million and \$10.3 million, respectively, on our long-term debt balance.

See Note 5 to our Financial Statements for additional discussion of our long-term debt.

Settlement and Merchant Reserve Activity

During 2021 and 2020, we had net settlement and merchant reserve activity of \$20.3 million and (\$15.1) million, respectively, related to the cash collected, held on behalf, and paid to our merchants related to our payments services and the net change in deposits held on behalf of our merchants.

Contractual Obligations and Other Commercial Commitments and Contingencies

We have various contractual obligations that are recorded as liabilities in our Consolidated Balance Sheets. Other items, such as certain purchase commitments and other executory contracts, are not recognized as liabilities in our Balance Sheets but are required to be disclosed.

We have elected to redeem all of our outstanding 2016 Convertible Notes on March 15, 2022 at a redemption price of 100% of the principal amount. As of December 31, 2021, the outstanding balance of our 2016 Convertible Notes was \$230.0 million and the remaining interest payments are approximately \$5 million. Additionally, the conversion obligation in excess of par value, if any, will be settled in cash.

Our 2021 Credit Agreement includes the mandatory quarterly amortization payments on the term loan, interest payments throughout the life of the term loan, and a commitment fee on the unused balance of the revolver. As of December 31, 2021, the outstanding balance on our 2021 Credit Agreement was \$148.1 million, our estimated interest over the remaining life of the loan was approximately \$10 million, and our estimated commitment fee was approximately \$3 million, based on the current leverage ratio, LIBOR rates, and unused revolver balance.

Our long-term debt obligations are discussed in more detail in Note 5 to our Financial Statements.

Our operating leases are discussed in Note 6 to our Financial Statements. As of December 31, 2021, the value of our obligations under our real estate and equipment leases was approximately \$87 million.

Our purchase obligations consist primarily of our expected minimum base fees under our outsourced computing service agreement with Ensono, Inc., which includes embedded lease components (discussed in Notes 6 and 11 to our Financial Statements). As of December 31, 2021, the total value of our purchase obligations was approximately \$274 million.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements are mainly limited to money transmitter bonds, bid bonds, and performance bonds. These arrangements do not have a material impact and are not reasonably likely to have a material future impact to our financial condition, results of operation, liquidity, capital expenditures, or capital resources. See Note 11 to our Financial Statements for additional information on these guarantees.

Capital Resources

The following are the key items to consider in assessing our sources and uses of capital resources:

Current Sources of Capital Resources.

- •Cash, Cash Equivalents and Short-term Investments. As of December 31, 2021, we had cash, cash equivalents, and short-term investments of \$233.7 million, of which approximately 66% is in U.S. dollars and held in the U.S. We have \$1.4 million of restricted cash included in cash and cash equivalents, used primarily to collateralize guarantees and outstanding letters of credit. For the remainder of the monies denominated in foreign currencies or located outside the U.S., we do not anticipate any material amounts being unavailable for use in running our business.
- •Operating Cash Flows. As described in the Liquidity section above, we believe we have the ability to generate strong cash flows to fund our operating activities and act as a source of funds to meet our capital resource needs.
- •<u>Revolving Loan Facility.</u> In 2021, we refinanced our 2018 Credit Agreement, which includes a \$450 million revolving loan facility, our 2021 Revolver. As of December 31, 2021, we had no borrowing outstanding on our 2021 Revolver and had the entire \$450 million available to us. Our long-term debt obligations are discussed in more detail in Note 5 to our Financial Statements.

Uses/Potential Uses of Capital Resources. Below are the key items to consider in assessing our uses/potential uses of capital resources:

•Common Stock Repurchases. We have made repurchases of our common stock in the past under our Stock Repurchase Program. As of December 31, 2021, we had 3.6 million shares authorized for repurchase remaining under our Stock Repurchase Program. Our 2021 Credit Agreement places certain limitations on our ability to repurchase our common stock.

Under our Stock Repurchase Program, we may repurchase shares in the open market or in privately negotiated transactions, including through an accelerated stock repurchase plan or under a SEC Rule 10b5-1 plan. The actual timing and amount of share repurchases are dependent on the current market conditions and other business-related factors. Our common stock repurchases are discussed in more detail in Note 12 to our Financial Statements.

During 2021, we repurchased 733,000 shares of our common stock for \$36.0 million (weighted-average price of \$49.13 per share) under our Stock Repurchase Program.

Outside of our Stock Repurchase Program, during 2021, we repurchased from our employees and then cancelled 130,000 shares of our common stock for \$6.3 million in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

- •Executive Transition. In 2020, we entered into a Separation Agreement and subsequent amendment with our former President and CEO, which included a commitment to pay additional compensation of approximately \$7 million, for which approximately \$5 million was paid in 2021 and approximately \$2 million will be paid in 2022.
- •Cash Dividends. During 2021, the Board declared dividends totaling \$32.7 million. Going forward, we expect to pay cash dividends each year in March, June, September, and December, with the amount and timing subject to the Board's approval.
- •Acquisitions. During 2021, we completed the following acquisitions, and as a result, have the following potential future obligations:
 - oIn May we acquired Tango for a purchase price of approximately \$13 million, or approximately \$11 million, net of cash acquired.
 - oIn July we acquired Kitewheel for a purchase price of \$40.0 million, of which \$34.0 million was paid upon close and the remaining \$6.0 million will be paid in annual payments over the next three years.
 - oIn July, we made an additional investment of \$6.1 million in MobileCard. After this investment, we now hold a 64% controlling interest in the company.
 - oIn September we acquired Keydok for a purchase price of \$1.0 million, which includes provisions for up to \$18.0 million of potential future earn-out payments. The earn-out period is through September 30, 2025. As of December 31, 2021, we have not accrued any amounts related to the potential earn-out payments.

oIn October we acquired DGIT for a purchase price of approximately \$16 million, which includes escrowed funds of approximately \$2 million to be paid over the next four years subject to certain reductions, as applicable, and provisions for up to approximately \$13 million of potential future earn-out payments. The earn-out period is through September 30, 2025. As of December 31, 2021 we have accrued \$0.3 million related to the potential earn-out payments.

Additionally, the 2020 Tekzenit acquisition includes provisions for additional purchase price payments in the form of earn-out and qualified sales payments for up to \$10 million over a measurement period through March 31, 2023. As of December 31, 2021, we have made no earn-out or qualified sales payments for this acquisition.

These acquisitions were funded from currently available cash. Our acquisitions are discussed in more detail in Note 7 to our Financial Statements. As part of our growth strategy, we are continually evaluating potential business and/or asset acquisitions and investments in market share expansion with our existing and potential new customers and expansion into verticals outside the global communications market.

- •Capital Expenditures. During 2021, we spent \$26.6 million on capital expenditures. As of December 31, 2021, we had committed to purchase \$10.5 million of equipment.
- •Stock Warrants. We have issued Stock Warrants with an exercise price of \$26.68 per warrant to Comcast as an incentive for Comcast to convert new customer accounts to ACP. Once vested, Comcast may exercise the Stock Warrants and elect either physical delivery of common shares or net share settlement (cashless exercise). Alternatively, the exercise of the Stock Warrants may be settled with cash based solely on our approval, or if Comcast were to beneficially own or control in excess of 19.99% of the common stock or voting of the Company. As of December 31, 2021, approximately 1.0 million Stock Warrants were outstanding, none of which were vested.

The Stock Warrants are discussed in more detail in Note 12 to our Financial Statements.

•Long-Term Debt. As of December 31, 2021, our long-term debt consisted of the following: (i) 2016 Convertible Notes with a par value of \$230.0 million; and (ii) 2021 Credit Agreement term loan borrowings of \$148.1 million.

2016 Convertible Notes

Our 2016 Convertible Notes will be convertible at the option of the note holders during the period from December 15, 2021 to the close of business on the business day immediately preceding March 15, 2022. For notes presented during this time frame, the settlement amount will be equal to the sum of the daily settlement amounts for each of the following 40 consecutive trading days during the related observation period (January 12, 2022 - March 10, 2022). We have elected to redeem all of the outstanding notes on March 15, 2022 at a redemption price of 100% of the principal amount. We will settle the par amount in cash using our available cash and our 2021 Revolver. As a result, we expect our required debt service outlay during the next twelve months for the 2016 Convertible Notes to be the \$230.0 million par value, the conversion obligation in excess of par value, if any, and interest payments of \$4.9 million.

2021 Credit Agreement

Our 2021 Credit Agreement mandatory repayments and the cash interest expense (based upon current interest rates and leverage ratio) for the next twelve months is \$7.5 million, and \$2.4 million, respectively. We have the ability to make prepayments on our 2021 Credit Agreement without penalty.

Our long-term debt obligations are discussed in more detail in Note 5 to our Financial Statements.

In summary, we expect to continue to have material needs for capital resources going forward, as noted above. We believe that our current cash, cash equivalents and short-term investments balances and our 2021 Revolver, together with cash expected to be generated in the future from our current operating activities, will be sufficient to meet our anticipated capital resource requirements for at least the next twelve months. We believe we could obtain additional capital through other debt sources which may be available to us if deemed appropriate.

em 7A.Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices. As of December 31, 2021, we are exposed to various market risks, including changes in interest rates, fluctuations, and changes in the market value of our cash equivalents and short-term investments, and changes in foreign currency exchange rates. We have not historically entered into derivatives or other financial instruments for trading or speculative purposes.

Interest Rate Risk

Long-Term Debt. The interest rate on our 2016 Convertible Notes is fixed, and thus, as it relates to our convertible debt borrowings, we are not exposed to changes in interest rates.

The interest rates under our 2021 Credit Agreement are based upon an adjusted LIBOR rate plus an applicable margin, or an alternate base rate plus an applicable margin. Refer to Note 5 to our Financial Statements for further details of our long-term debt.

A hypothetical adverse change of 10% in the December 31, 2021 adjusted LIBOR rate would not have had a material impact upon our results of operations.

Market Risk

Cash Equivalents and Short-Term Investments. Our cash and cash equivalents as of December 31, 2021 and 2020 were \$205.6 million and \$188.7 million, respectively. Certain of our cash balances are swept into overnight money market accounts on a daily basis, and at times, any excess funds are invested in low-risk, somewhat longer term, cash equivalent instruments and short-term investments. Our cash equivalents are invested primarily in institutional money market funds, commercial paper, and time deposits held at major banks. We have minimal market risk for our cash and cash equivalents due to the relatively short maturities of the instruments.

Our short-term investments as of December 31, 2021 and 2020 were \$28.0 million and \$51.6 million, respectively. Currently, we utilize short-term investments as a means to invest our excess cash only in the U.S. The day-to-day management of our short-term investments is performed by a large financial institution in the U.S., using strict and formal investment guidelines approved by our Board. Under these guidelines, short-term investments are limited to certain acceptable investments with: (i) a maximum maturity; (ii) a maximum concentration and diversification; and (iii) a minimum acceptable credit quality. At this time, we believe we have minimal liquidity risk associated with the short-term investments included in our portfolio.

Settlement and Merchant Reserve Assets. We are exposed to market risk associated with cash held on behalf of our merchants related to our payments services. As of December 31, 2021 and 2020, we had \$186.3 million and \$166.0 million, respectively, of cash collected on behalf of our merchants. The cash is held in accounts with various major financial institutions in the U.S. and Canada in an amount equal to at least 100% of the aggregate amount owed to our merchants. These balances can significantly fluctuate between periods due to activity at the end of the period and the day in which the period ends.

Long-Term Debt. The fair value of our convertible debt is exposed to market risk. We do not record our convertible debt at fair value but present the fair value for disclosure purposes (see Note 2 to our Financial Statements). Generally, the fair value of our convertible debt is impacted by changes in interest rates and changes in the price and volatility of our common stock. As of December 31, 2021, the fair value of the 2016 Convertible Notes was estimated at \$245.0 million using quoted market prices.

Foreign Currency Exchange Rate Risk

Due to foreign operations around the world, our balance sheet and income statement are exposed to foreign currency exchange risk due to the fluctuations in the value of currencies in which we conduct business. While we attempt to maximize natural hedges by incurring expenses in the same currency in which we contract revenue, the related expenses for that revenue could be in one or more differing currencies than the revenue stream.

During the year ended December 31, 2021, we generated approximately 87% of our revenue in U.S. dollars. We expect that, in the foreseeable future, we will continue to generate a very large percentage of our revenue in U.S. dollars.

As of December 31, 2021 and 2020, the carrying amounts of our monetary assets and monetary liabilities on the books of our non-U.S. subsidiaries in currencies denominated in a currency other than the functional currency of those non-U.S. subsidiaries are as follows (in thousands, in U.S. dollar equivalents):

	Decembe	er 31, 2021	December 31, 2020			
	Monetary Liabilities	Monetary Assets	Monetary Liabilities	Monetary Assets		
Pounds sterling	\$ (4)	\$ 1,829	\$ (148)	\$ 1,673		
Euro	(297)	2,702	(288)	7,734		
U.S. Dollar	(541)	30,212	(292)	24,445		
South African Rand	(95)	3,631	-	4,809		
Other	(10)	976	(6)	1,071		
Totals	\$ (947)	\$ 39,350	\$ (734)	\$ 39,732		

A hypothetical adverse change of 10% in the December 31, 2021 exchange rates would not have had a material impact upon our results of operations.

em 8. Financial Statements and Supplementary Data

CSG SYSTEMS INTERNATIONAL, INC. CONSOLIDATED FINANCIAL STATEMENTS INDEX

Management's Report on Internal Control Over Financial Reporting	42
Reports of Independent Registered Public Accounting Firm (PCAOB: 185)	43
Consolidated Balance Sheets as of December 31, 2021 and 2020	45
Consolidated Statements of Income for the Years Ended December 31, 2021, 2020, and 2019	46
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2021, 2020, and 2019	47
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2021, 2020, and 2019	48
Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020, and 2019	49
Notes to Consolidated Financial Statements	50

Management's Report on Internal Control Over Financial Reporting

Management of CSG Systems International, Inc. and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- (i)Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii)Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (iii)Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*. Management has excluded from its evaluation the internal control over financial reporting: (i) MobileCard Holdings, LLC, which beginning in July 2021, the Company held a controlling interest in; (ii) Keydok, LLC, which was acquired on September 14, 2021; and (iii) DGIT Systems Pty Ltd, which was acquired on October 4, 2021; which are discussed in Note 7 to the Consolidated Financial Statements. At December 31, 2021, these combined acquisitions had \$30.7 million and \$27.3 million of total assets and net assets, respectively. For the year ended December 31, 2021, the Consolidated Statement of Income included total revenue associated with these acquisitions of \$1.5 million. In accordance with guidance issued by the Securities and Exchange Commission, companies are allowed to exclude acquisitions from their assessment of internal controls over financial reporting during the first year subsequent to the acquisition while integrating the acquired operations.

Based on our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2021.

The Company's independent registered public accounting firm, KPMG LLP, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2021. That report appears immediately following.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors CSG Systems International, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited CSG Systems International, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated February 18, 2022 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired MobileCard Holdings, LLC, Keydok, LLC, and DGIT Systems Pty Ltd during 2021, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, MobileCard Holdings, LLC, Keydok, LLC, and DGIT Systems Pty Ltd's internal control over financial reporting associated with total assets of \$30.7 million and total revenue of \$1.5 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2021. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of MobileCard Holdings, LLC, Keydok, LLC, and DGIT Systems Pty Ltd.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Omaha, Nebraska February 18, 2022

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors CSG Systems International, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of CSG Systems International, Inc. and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 18, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Agreements with significant customers

As discussed in Note 3 to the consolidated financial statements, the Company generated 42% of its revenue from its significant customers. The agreements with these significant customers are complex and subject to modification in the form of amendments, change requests, or statements of work, which can occur frequently. The accounting for these agreements requires significant judgments to be made by the Company, specifically whether a new or revised agreement is treated as either a separate contract or modification of an existing contract. The judgments could significantly affect revenue recognized in any period.

We identified the evaluation of agreements with significant customers as a critical audit matter. Due to the subjectivity and complexity in the application of the portion of the accounting standard related to contract modifications, the assessment of the Company's judgments regarding whether each new or revised agreement is treated as a separate contract or modification of an existing contract required a higher degree of auditor judgment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's revenue recognition process. This included controls over monitoring and evaluating agreements with significant customers. For certain new or revised agreements with significant customers, we obtained and read the agreement, performed an independent analysis of the accounting treatment as a separate contract or modification of an existing contract, and compared our conclusions to those made by the Company.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Omaha, Nebraska February 18, 2022

CSG SYSTEMS INTERNATIONAL, INC. CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts)

(in thousands, except per share amounts)				
	De	cember 31,	De	ecember 31,
		2021		2020
<u>ASSETS</u>				
Current assets:	Φ.	205 625	Φ.	100 (00
Cash and cash equivalents	\$	205,635	\$	188,699
Short-term investments		28,037 233,672		51,598
Total cash, cash equivalents and short-term investments Settlement and merchant reserve assets		186,267		240,297 166,031
Trade accounts receivable:		180,207		100,031
Billed, net of allowance of \$4,250 and \$3,628		244,317		226,623
Unbilled		244,317		220,023
Cholined		35,802		37,785
Income taxes receivable		6,414		2,167
Other current assets		41,727		41,688
Total current assets		748,199		714,591
Non-current assets:		,		, ,
Property and equipment, net of depreciation of \$111,244 and \$105,073		73,580		81,759
Operating lease right-of-use assets		86,034		110,756
Software, net of amortization of \$152,283 and \$139,836		29,757		26,453
Goodwill		321,330		272,322
Acquired customer contracts, net of amortization of \$114,166 and \$105,778		57,207		48,012
Customer contract costs, net of amortization of \$32,410 and \$39,893		46,618		47,238
Deferred income taxes		8,584		10,205
Other assets		15,840		20,664
Total non-current assets		638,950		617,409
Total assets	\$	1,387,149	\$	1,332,000
LIABILITIES AND STOCKHOLDERS' EOUITY				
Current liabilities:				
Current portion of long-term debt	\$	237,500	\$	14,063
Operating lease liabilities		23,270		22,651
Customer deposits		43,546		39,992
Trade accounts payable		35,397		29,834
Accrued employee compensation		91,115		86,289
Settlement and merchant reserve liabilities		185,276		165,064
Deferred revenue		53,748		52,357
Income taxes payable		398		6,627
Other current liabilities		24,852		19,383
Total current liabilities		695,102		436,260
Non-current liabilities:				
Long-term debt, net of unamortized discounts of \$3,406 and \$5,346		137,219		337,154
Operating lease liabilities		70,068		95,926
Deferred revenue		19,599		17,275
Income taxes payable		4,058		2,436
Deferred income taxes		7,752		5,109
Other non-current liabilities		13,107		15,445
Total non-current liabilities		251,803		473,345
Total liabilities		946,905		909,605
Stockholders' equity:				
Preferred stock, par value \$.01 per share; 10,000 shares authorized; zero shares issued and outstanding Common stock, par value \$.01 per share; 100,000 shares authorized; 4,704 and 5,929 shares reserved for		-		-
employee stock purchase plan and stock incentive plans; 32,495 and 32,713 shares outstanding		705		700
Additional paid-in capital		488,303		470,557
Treasury stock, at cost; 36,713 and 35,980 shares		(930,106)		(894,126)
Accumulated other comprehensive income (loss):		(750,100)		(0)7,120)
Unrealized gains on short-term investments, net of tax		(6)		13
Cumulative foreign currency translation adjustments		(38,347)		(31,151)
Accumulated earnings		916,060		876,402
Total CSG stockholders' equity		436,609		422,395
Noncontrolling interest		3,635		-
Total stockholders' equity		440,244		422,395
Total liabilities and stockholders' equity	\$	1,387,149	\$	1,332,000
1 2	<u> </u>	, ,, ,		

CSG SYSTEMS INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

	Year Ended December 31,					
		2021		2020		2019
Revenue	\$	1,046,487	\$	990,533	\$	996,810
Cost of revenue (exclusive of depreciation, shown separately below)		543,211		535,597		525,122
Other operating expenses:						
Research and development		134,691		122,847		127,994
Selling, general and administrative		214,694		198,279		191,329
Depreciation		24,835		22,926		21,422
Restructuring and reorganization charges		4,870		5,328		4,834
Total operating expenses		922,301		884,977		870,701
Operating income		124,186		105,556		126,109
Other income (expense):						
Interest expense		(14,569)		(15,500)		(17,748)
Amortization of original issue discount		(3,021)		(2,983)		(2,819)
Interest and investment income, net		365		1,244		1,785
Other, net		(6,015)		(2,961)		(1,604)
Total other		(23,240)		(20,200)		(20,386)
Income before income taxes		100,946		85,356		105,723
Income tax provision		(28,615)		(26,645)		(22,953)
Net income	\$	72,331	\$	58,711	\$	82,770
		-				
Weighted-average shares outstanding:						
Basic		31,776		32,010		32,051
Diluted		32,010		32,278		32,465
		, ,		,		,
Earnings per common share:						
Basic	\$	2.28	\$	1.83	\$	2.58
Diluted		2.26		1.82		2.55

CSG SYSTEMS INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (in thousands)

	Year Ended December 31,				
		2021	2020	2019	
Net income	\$	72,331	\$ 58,711	\$ 82,770	
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments		(7,196)	8,368	3,418	
Unrealized holding gains (losses) on short-term investments arising					
during period		(19)	(3)	14	
Other comprehensive income (loss), net of tax		(7,215)	8,365	3,432	
Total comprehensive income, net of tax	\$	65,116	\$ 67,076	\$ 86,202	

CSG SYSTEMS INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (in thousands)

	Shares of Common Stock Outstanding	Common Stock	Common Stock Warrants	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Accumulated Earnings	Noncontrolling Interest	Total Stockholders' Equity
BALANCE, January 1, 2019	33,158	\$ 693	\$ 9,082	\$ 441,417	\$ (842,360)	\$ (42,935)	795,127	\$ - \$	361,024
Comprehensive income:									
Net income Unrealized gain on short-term	-	-	-	-	-	- 14	82,770	-	
investments, net of tax Foreign currency translation	-	-	-	-	-	14	-	-	
adjustments	-	-	-	-	-	3,418	-	-	86,202
Total comprehensive income Repurchase of common stock	(693)	-	_	(5,068)	(25,457)	_	-	_	(30,525)
Issuance of common stock pursuant to employee stock purchase plan	55	-	-	2,227	-	-	-	-	2,227
Issuance of restricted common stock pursuant to stock-based compensation plans	513	4	_	(4)					
Cancellation of restricted common	313	4	-	(4)	<u>-</u>	-	-	-	-
stock issued pursuant to stock-based compensation plans	(142)	(1)	-	1	-	-	-	-	-
Stock-based compensation expense Exercise of Comcast stock warrants	-	-	(9,082)	19,919	-	-	-	-	19,919 (12,911)
Dividends	-	-	(9,082)	(3,829)	-	- -	(29,274)	-	(12,911)
BALANCE, December 31, 2019	32,891	696	-	454,663	(867,817)	(39,503)	848,623	-	396,662
Comprehensive income:									
Net income	-	-	-	-	-	-	58,711	-	
Unrealized gain on short-term investments, net of tax	-	-	-	-	-	(3)	-	-	
Foreign currency translation adjustments	-	-	-	-	-	8,368	-	-	
Total comprehensive income	(050)			(11.050)	(2 (200)				67,076
Repurchase of common stock Issuance of common stock pursuant to employee stock purchase plan	(878) 68	-	-	(11,859) 2,523	(26,309)	-	-	-	(38,168)
Issuance of restricted common stock pursuant to stock-based compensation	00			2,323					2,323
plans	672	7	-	(7)	-	-	-	-	-
Cancellation of restricted common stock issued pursuant to stock-based compensation plans	(40)	(3)	_	_	_	_	_	_	(3)
Stock-based compensation expense	`-´	-	-	25,237	-	-	-	-	25,237
Dividends	22.712	700	-	470.557	(904.126)	(21.120.)	(30,932)	-	(30,932)
BALANCE, December 31, 2020	32,713	700	-	470,557	(894,126)	(31,138)	876,402	-	422,395
Comprehensive income:									
Net income Unrealized gain on short-term	-	-	-	-	-	-	72,331	-	
investments, net of tax Foreign currency translation	-	-	-	-	-	(19)	-	-	
adjustments	-	-	-	-	-	(7,196)	-	-	
Total comprehensive income Repurchase of common stock	(863)			(6,258)	(35,980)				65,116 (42,238)
Issuance of common stock pursuant to	· · ·	-	-	` ` `	(33,980)	-	-	-	, , ,
employee stock purchase plan	64	-	-	2,610	-	-	-	-	2,610
Issuance of restricted common stock pursuant to stock-based compensation plans	661	6	_	(6)	_	_	_	_	_
Cancellation of restricted common stock issued pursuant to stock-based									
Compensation plans Stock-based compensation expense	(80)	(1)	-	21,400	-	-	-	-	(1) 21,400
Dividends	-	-	-	21,400	-		(32,673)	-	(32,673)
Noncontrolling interest related to business combination	-	-	-	-	_	-	-	3,635	3,635
BALANCE, December 31, 2021	32,495	\$ 705	\$ -	\$ 488,303	\$ (930,106)	\$ (38,353)	916,060	\$ 3,635 \$	440,244

CSG SYSTEMS INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

Cash lows from operating activities: Net mome \$ 7.3.31 \$ 5.011 \$ 8.7.02 Net mome \$ 7.3.31 \$ 5.011 \$ 5.7.02 Adjustments to reconcile net income to net cash provided by operating activities: 24,345 22.92 1.2.02 Comprehension 47.96 4.947 4.500 Amountization of original issue discount 1.00 4.947 4.500 Asset impairment 1.00 1.00 4.80 Asset impairment 1.00 1.00 4.80 Loss on acquisition of controlling interest 1.00 2.53 1.90 Description in the control in the				Y	ear Ended		
Net income			2021				2019
Net income	Cash flows from operating activities:						
Depreciation		\$	72,331	\$	58,711	\$	82,770
Amottzation of original issue discount	Adjustments to reconcile net income to net cash provided by operating activities-						
Asst impairment			24,835		22,926		21,422
Asset impairment 1,270			47,966		43,947		45,700
Glain Joss on schritterin investments and other 132 1	Amortization of original issue discount		3,021		2,983		2,819
Class on extinguishment of debt 132			1,270		11,030		438
Defermed nome taxes and part of the part	(Gain)/loss on short-term investments and other		(294)		(123)		(364)
Deferred income taxes					-		-
Stock-based compensation 21,000 25,237 19,919 10,000 14,659 4,015 4,01					-		-
Changes in operating assets and liabilities, net of acquired amounts. 10,702			2,388				
Trade accounts receivable, net			21,400		25,237		19,919
Other current and non-current assets and liabilities (1,527) (10,715) (17,762) Income taxes payable rand accrued liabilities (10,174) 5,405 4,771 Trade accounts payable and accrued liabilities (15,607) (5,752) (10,317) Deferred revenue (996) 5,718 5,737 Net cash provided by operating activities 140,223 172,933 151,041 Cash flows from investing activities Purchases of Software, property and equipment (26,562) (29,397) (37,319) Purchases of Software, property and equipment (66,906) (81,824) (54,258) Proceeds from sale/maturity of short-term investments (66,906) (66,258) (56,366) Proceeds from sale/maturity of short-term investments (66,006) (66,258) (56,366) Cash flows from financing activities (66,006) (66,258) (56,366) Cash flows from financing activities 2,610 2,523 2,227 Payment so for financing activities 3(3,287) (31,056) (29,126) Repurchase of common stock 3(3,287)							
Income taxes payable/receivable (10,174) 5,405 4,711 Trade accounts payable and accrued liabilities (15,607) (5,752) (10,317) Deferred revenue (996) 5,718 5,737 Net cash provided by operating activities (10,104) Easily Storm investing activities (10,104) Purchases of software, property and equipment (26,562) (29,397) (37,319) Purchases of short-term investments (66,970) (81,824) (54,258) Purchases of short-term investments (90,452) (56,454) (52,353) Acquisition of and investments in business, net of cash acquired (63,626) (11,91) (17,194) Net cash used in investing activities (66,706) (66,258) (56,636) The storm substraints in business, net of cash acquired (63,626) (11,91) (17,194) Net cash used in investing activities (66,706) (62,583) (56,636) The storm substraints activities (66,706) (62,583) (66,706) (62,583) (66,706) Proceeds from issuance of common stock (26,158) (29,126)	·				,		
Trade accounts payable and accrued liabilities (15,607) (5,752) (10,317) Deferred revenue (996) 5,718 5,737 Net cash provided by operating activities 140,223 172,993 151,041 Cash flows from investing activities: Purchases of software, property and equipment (26,562) (29,397) (37,319) Purchases of short-term investments (66,970) (81,824) (54,288) Proceeds from sale/maturity of short-term investments 90,452 56,44 52,135 Acquisition of and investments in business, net of cash acquired (36,562) (11,491) (17,194) Net cash used in investing activities (66,706) (62,528) (56,636) Cash flows from financing activities 2,610 2,523 2,227 Payment of cash dividends (32,587) (31,056) (29,126) Repurchase of common stock 2,610 2,523 2,227 Payment of cash dividends (32,587) (31,056) (29,126) Repurchase of common stock warrants 15,000 1 1 Exercise of							
Deferred revenue (996) 5,718 5,737 Net cash provided by operating activities 140,223 172,993 151,041							
Net cash provided by operating activities							
Cash flows from investing activities: Variables of software, property and equipment (26,562) (29,397) (37,319) Purchases of short-term investments (66,970) (81,824) (54,288) Proceeds from sale/maturity of short-term investments 90,452 56,454 52,135 Acquisition of and investments in business, net of cash acquired (63,026) (11,491) (17,194) Net cash used in investing activities 8 2,610 2,523 2,227 Payment of cash dividends 2,2610 2,523 2,227 Payment of cash dividends (32,587) (31,056) (29,126) Repurchase of common stock 2,253 38,123 (30,918) Exercise of common stock warrants - - - (12,911) Proceeds from long-term debt 150,000 - - - (12,911) Payments of deferred financing costs (3,000) - - - - - - - - - - - - - - - - - -							
Purchases of software, property and equipment (26,562) (29,397) (37,319) Purchases of short-term investments (66,970) (81,824) (54,258) Proceeds from sale/maturity of short-term investments 90,452 56,454 52,135 Acquisition of and investments in business, net of cash acquired (66,706) (66,268) (56,636) Cash flows from financing activities: The contract of the common stock of common stock 2,610 2,523 2,227 Payment of cash dividends 3(3,287) (31,056) (29,126) Repurchase of common stock 4(2,253) (38,123) (30,918) Exercise of common stock warrants 150,000	Net cash provided by operating activities		140,223		172,993		151,041
Purchases of software, property and equipment (26,562) (29,397) (37,319) Purchases of short-term investments (66,970) (81,824) (54,258) Proceeds from sale/maturity of short-term investments 90,452 56,454 52,135 Acquisition of and investments in business, net of cash acquired (66,706) (66,268) (56,636) Cash flows from financing activities: The contract of the common stock of common stock 2,610 2,523 2,227 Payment of cash dividends 3(3,287) (31,056) (29,126) Repurchase of common stock 4(2,253) (38,123) (30,918) Exercise of common stock warrants 150,000							
Purchases of short-term investments (66,970) (81,824) (54,288) Proceeds from sale/maturity of short-term investments 90,452 56,454 52,135 Acquisition of and investments in business, net of cash acquired (63,662) (11,491) (17,194) Net cash used in investing activities 86,6706 (66,706) (66,28) (56,636) Cash flows from financing activities: 92,610 2,523 2,227 Payment of cash dividends (32,887) (31,056) (29,126) Repurchase of common stock (42,253) (38,123) (30,918) Exercise of common stock warrants 150,000 - - Proceeds from long-term debt (128,438) (10,313) (7,500) Payments on long-term debt (128,438) (10,313) (7,500) Payments of deferred financing costs (3,000) - - Settlement and merchant reserve activity 20,277 (15,144) 42,303 Net cash used in financing activities 33,391 92,113 65,925 Effect of exchange rate fluctuations on cash, cash equivalents and restricted cas							
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Acquisition of and investments in business, net of cash acquired Net cash used in investing activities (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,766) (66,258) (56,636) (66,258) (56,636) (66,258) (56,636) (66,258) (56,636) (66,258) (56,636) (66,258) (56,636) (56,63							
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Proceeds from issuance of common stock 2,610 2,523 2,227 Payment of cash dividends (32,587) (31,056) (29,126) Repurchase of common stock (42,253) (38,123) (30,918) Exercise of common stock warrants - - (12,911) Proceeds from long-term debt 150,000 - - Payments on long-term debt (30,000) - - Payments of deferred financing costs (30,000) - - Settlement and merchant reserve activity 20,277 (15,144) 42,303 Net cash used in financing activities (33,391) (92,113) (35,925) Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash (2,954) 2,454 1,102 Net increase in cash, cash equivalents and restricted cash 37,172 17,076 59,582 Cash, cash equivalents and restricted cash, beginning of period 354,730 337,654 278,072 Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 37,054 Supplemental disclosures of cash flow information:<							
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Exercise of common stock warrants - (12,911)							
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Payments of deferred financing costs (3,000) - - Settlement and merchant reserve activity 20,277 (15,144) 42,303 Net cash used in financing activities (33,391) (92,113) (35,925) Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash (2,954) 2,454 1,102 Net increase in cash, cash equivalents and restricted cash 37,172 17,076 59,582 Cash, cash equivalents and restricted cash, beginning of period 354,730 337,654 278,072 Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for- 11,002 Interest \$ 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106			,		(10.212)		(7.500)
Settlement and merchant reserve activity 20,277 (15,144) 42,303 Net cash used in financing activities (33,391) (92,113) (35,925) Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash (2,954) 2,454 1,102 Net increase in cash, cash equivalents and restricted cash 37,172 17,076 59,582 Cash, cash equivalents and restricted cash, beginning of period 354,730 337,654 278,072 Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for- Interest \$ 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106							(7,500)
Net cash used in financing activities (33,391) (92,113) (35,925) Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash (2,954) 2,454 1,102 Net increase in cash, cash equivalents and restricted cash 37,172 17,076 59,582 Cash, cash equivalents and restricted cash, beginning of period 354,730 337,654 278,072 Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for-							42.202
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash (2,954) 2,454 1,102 Net increase in cash, cash equivalents and restricted cash 37,172 17,076 59,582 Cash, cash equivalents and restricted cash, beginning of period 354,730 337,654 278,072 Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for- 11,082 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106							
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Cash, cash equivalents and restricted cash, beginning of period 354,730 337,654 278,072 Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for- Interest \$ 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106	Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash		(2,954)		2,454		1,102
Cash, cash equivalents and restricted cash, beginning of period 354,730 337,654 278,072 Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for- Interest \$ 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106	Not in constant and a continuous and acquired and		27 172		17.076		50.592
Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for- Interest \$ 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 181,106	Net increase in cash, cash equivalents and restricted cash		3/,1/2		17,076		59,582
Cash, cash equivalents and restricted cash, end of period \$ 391,902 \$ 354,730 \$ 337,654 Supplemental disclosures of cash flow information: Cash paid during the period for- Interest \$ 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 181,106	Cash and ancipulate and anticted cash beginning of ancipul		254 720		227.654		279.072
Supplemental disclosures of cash flow information: Cash paid during the period for- 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106		ø		¢.		¢.	
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Cash paid during the period for- \$ 12,882 \$ 13,681 \$ 16,064 Interest \$ 36,690 \$ 22,431 \$ 18,358 Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 \$ 166,031 \$ 181,106							
Interest \$ 12,882 \$ 13,681 \$ 16,064 Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents Cash and merchant reserve assets \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106	11						
Income taxes 36,690 22,431 18,358 Reconciliation of cash, cash equivalents and restricted cash: 205,635 188,699 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106		•	4.000	•	10.001		4.5.0.5.4
Reconciliation of cash, cash equivalents and restricted cash: Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets \$ 186,267 \$ 166,031 \$ 181,106		\$		\$		\$	
Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106	Income taxes		36,690		22,431		18,358
Cash and cash equivalents \$ 205,635 \$ 188,699 \$ 156,548 Settlement and merchant reserve assets 186,267 166,031 181,106	December 17 district Const. on the contract of						
Settlement and merchant reserve assets 186,267 166,031 181,106		Ф.	205 (25	¢.	100 (00	Ф	156540
		\$		\$		\$	
1 otal cash, cash equivalents and restricted cash $\frac{$391,902}{$354,730}$ $\frac{$357,654}{$351,902}$		Φ.		¢.		d.	
	1 otal cash, cash equivalents and restricted cash	\$	391,902	2	354,/30	3	33/,634

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

CSG Systems International, Inc. (the "Company", "CSG", or forms of the pronoun "we"), a Delaware corporation, was formed in October 1994 and is based in Denver, Colorado. We are a purpose-driven, SaaS platform company with revenue management and digital monetization, customer engagement, and payments solutions serving a wide variety of industry verticals. Our cloud-first architecture and customer-centric approach help companies around the world acquire, monetize, engage, and retain their B2B (business-to-business) and B2C (business-to-consumer) customers. Over the years, we have focused our research and development ("R&D") and acquisition investments on expanding our solution set to address the complex, transformative needs of our customers. We are a member of the S&P SmallCap 600 and Russell 2000 indices.

The accompanying Consolidated Financial Statements ("Financial Statements") are prepared in conformity with generally accepted accounting principles ("GAAP") in the United States of America ("U.S.").

2. Summary of Significant Accounting Policies

Principles of Consolidation. Our Financial Statements include all of our accounts and our subsidiaries' accounts. All material intercompany accounts and transactions have been eliminated.

Translation of Foreign Currency. Our foreign subsidiaries use the local currency of the countries in which they operate as their functional currency. Their assets and liabilities are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenue, expenses, and cash flows are translated at the average rates of exchange prevailing during the period. Foreign currency translation adjustments are included in comprehensive income in stockholders' equity. Foreign currency transaction gains and losses are included in the determination of net income.

Use of Estimates in Preparation of Our Financial Statements. The preparation of our Financial Statements requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of our Financial Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The more critical accounting estimates and related assumptions that may affect our financial position and results of operations are in the areas of: (i) revenue recognition; (ii) impairment assessments of long-lived assets; (iii) income taxes; and (iv) loss contingencies.

Reclassifications. Certain amounts for the prior periods have been reclassified to conform to the December 31, 2021 presentation.

Beginning with the second quarter of 2021, we determined that settlement and merchant reserve assets consist of restricted cash and are now included within cash, cash equivalents and restricted cash when reconciling the beginning-of-period and end-of-period total amounts shown on the Consolidated Statements of Cash Flows (the "Statements of Cash Flows"). Historically, we presented the change in settlement and merchant reserve assets and liabilities as part of the changes in operating assets and liabilities on the Statements of Cash Flows. Additionally, cash flows related to our settlement and merchant reserve liabilities have been reclassified from cash flows from operating activities to cash flows from financing activities.

Prior period amounts have been reclassified to conform to the current period presentation. These changes have no impact on our previously reported consolidated net income, total assets, including cash and cash equivalents, liabilities, and equity. In addition, these changes have no material impact on our previously reported cash flows from operating activities.

Revenue Recognition. Our revenue from customer contracts is measured based on consideration specified in our contracts as discussed further below. We recognize revenue for our products and services separately if there are distinct performance obligations. A product or service, or group of products or services, has a distinct performance obligation if it is separately identifiable from other items in the context of the contract and if our customer can benefit from the product or service on their own or with other resources that are readily available to that customer. We recognize revenue when we satisfy our performance obligations by transferring control of a particular product or service, or group of products or services, to our customers, as described in more detail below. Taxes assessed on our products and services based on governmental authorities at the time of invoicing are excluded from our revenue.

SaaS and Related Solutions

Our SaaS and related solutions include: (i) revenue management platforms and various related ancillary services; (ii) our managed services offering in which we operate software solutions (primarily our software solutions) on behalf of our customers; and (iii) SaaS payments platform.

We contract for our SaaS based solutions using long-term arrangements whose terms have typically ranged from three to five years. These arrangements consist of a series of multiple services delivered daily or monthly, to include such things as: (i) revenue management platforms; (ii) related products and services (e.g., field service management tools, consumer credit verifications, etc.); (iii) digital enablement and delivery functions; and (iv) customer statement invoice printing and mailing services. The fees for these services typically are billed to our customers monthly based upon actual monthly volumes and/or usage of services (e.g., the number of customer accounts maintained on our solutions, the number of transactions processed on our solutions, and/or the quantity and content of the monthly statements and mailings processed through our solutions).

For SaaS based solution contracts, the total contract consideration (including impacts of discounts or incentives) is primarily variable dependent upon actual monthly volumes and/or usage of services; however, these contracts can also include ancillary fixed consideration in the form of one-time, monthly, or annual fees. Pricing of products and services in these contracts is generally at stand-alone selling price, with no allocation of value between the individual performance obligations. In situations where we do an allocation, we determine stand-alone selling price based on established pricing and/or cost, plus an applicable margin. Revenue is generally recognized based on activities performed over a series of daily or monthly periods.

We contract for managed services using long-term arrangements whose terms have typically ranged from three to five years. Under managed services agreements, we operate software products (primarily our software solutions) on behalf of our customers: (i) out of a customer's data center; (ii) out of a data center we own and operate; or (iii) out of a third-party data center we contract with for such services. Managed services can also include us providing other services, such as transitional services, fulfillment, remittance processing, operational consulting, back office, and end-user billing services.

For managed services contracts, the total contract consideration is typically a fixed monthly fee, but these contracts may also have variable fee components. The fees for these services typically are billed to our customers on a monthly basis. Unless managed services are included with a software license contract (as discussed further below), there is generally only one performance obligation and revenue is recognized for these arrangements on a ratable basis as the services are performed.

Our contracts for SaaS payments platform solutions are generally month-to-month or fixed term with automatic renewals. Services provided under these arrangements primarily include Automated Clearing House ("ACH") transaction processing, credit/debit card processing, web-based and telephone payment processing, and real-time check verification and authentication services. The fees for these services typically are billed on a monthly basis.

Our SaaS payments platform are comprised of one performance obligation. Revenue for these services are based primarily on a fee per transaction or a percentage of the transaction principal and recognized as delivered over a series of daily service periods. Transaction fees collected from merchants are recognized as revenue on a gross basis when we are the principal in completing the payment processing transaction. As a principal to the transaction, we control the service of processing payments on our platform. We bear primary responsibility for the fulfillment of the payment service, contract directly with the merchant, and have full discretion in determining the fee charged to our customers which is independent of the costs we incur when we utilize payment processors or other financial institutions to perform services on our behalf. We therefore bear full margin risk when completing a payment processing transaction. Transaction fees paid to third-party payment processors and other financial institutions are primarily comprised of interchange and other payment-related fees paid in conjunction with the delivery of service to customers under our payments services contracts. These fees are recognized in cost of revenue.

Fees related to set-up or implementation activities for both SaaS and related solutions and managed services contracts are deferred and recognized ratably over the related service period to which the activities relate.

Depending on the significance of variable consideration, number of products/services, complex pricing structures and long-term nature of these types of contracts, the judgments and estimates made in this area could have a significant effect on the amount and timing of revenue recognized in any period.

Software and Services

Our software and services revenue relates primarily to: (i) software license sales on either a perpetual or term license basis; and (ii) professional services to implement the software. Our software and services contracts are often contracted in bundled arrangements that include not only the software license and related implementation services, and may also include maintenance, managed services, and/or additional professional services.

For our software arrangements, total contract consideration is allocated between the separate performance obligations based on stand-alone selling prices for software licenses, cost plus applicable margin for services and established pricing for maintenance. The initial sale of our software products generally requires significant production, modification, or customization, such that the delivery of the software license and related professional services required to implement the software represent one combined performance obligation that is satisfied over time based on hours worked (i.e., hours-based method). We are using hours worked on the project, compared against expected hours to complete the project, as the measure to determine progress toward completion as we believe it is the most appropriate metric to measure such progress. The software and services fees are generally fixed fees billed to our customers on a milestone or date basis.

The determination of the performance obligations and allocation of value for software license arrangements require significant judgment. We generally determine stand-alone selling prices using pricing calculations (which include regional market factors) for our software license fees and maintenance, and cost-plus margins for services. Additionally, our use of an hours-based method of accounting for software license and other professional services performance obligations that are satisfied over time requires estimates of total project revenue and costs, along with the expected hours necessary to complete a project. Changes in estimates as a result of additional information or experience on a project as work progresses are inherent characteristics of this method of revenue recognition as we are exposed to business risks in completing these types of performance obligations. The estimation process to support our hours-based recognition method is more difficult for projects of greater length and/or complexity. The judgments and estimates made for these types of obligations could: (i) have a significant effect on revenue recognized in any period by changing the amount and/or the timing of the revenue recognized; and/or (ii) impact the expected profitability of a project, including whether an overall loss on an arrangement has occurred. To mitigate the inherent risks in using this hours-based method, we track our current hours expended against our estimates on a periodic basis and continually reevaluate the appropriateness of our estimates.

In certain instances, we sell software license volume upgrades, which provide our customers the right to use our software to process higher transaction volume levels. In these instances, we analyze the contract to determine if the volume upgrade is a separate performance obligation and if so, we recognize the value associated with the software license as revenue on the effective date of the volume upgrade.

A portion of our professional services revenue is contracted separately (e.g., business consulting services, etc.). Such contracts can either be on a fixed-price or time-and-materials basis. Revenue from fixed-price professional service contracts is recognized using an estimated hours-based method, as these professional services represent a performance obligation that is satisfied over time. Revenue from professional services contracts billed on a time-and-materials basis is recognized as the services are performed.

Maintenance

Our maintenance revenue relates primarily to support of our software once it has been implemented and placed in service. Maintenance revenue is recognized ratably over the software maintenance period as services are provided. Our maintenance consists primarily of customer and product support, technical updates (e.g., bug fixes, etc.), and unspecified upgrades or enhancements to our software products. If specified upgrades or enhancements are offered in a contract, which are rare, they are accounted for as a separate performance obligation. Maintenance may be invoiced to our customers on a monthly, quarterly, or annual basis.

Transaction Price Allocated to the Remaining Performance Obligations

As of December 31, 2021, our aggregate amount of the transaction price allocated to the remaining performance obligations is approximately \$2 billion, which is made up of fixed fee consideration and guaranteed minimums expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied). We expect to recognize approximately 70% of this amount by the end of 2024, with the remaining amount recognized by the end of 2028. We have excluded from this amount variable consideration expected to be recognized in the future related to performance obligations that are unsatisfied. The majority of our future revenue is related to our SaaS and related solutions customer contracts that includes variable consideration dependent upon a series of monthly volumes and/or daily usage of services and have contractual terms ending from 2022 through 2028.

Disaggregation of Revenue

The nature, amount, timing, and uncertainty of our revenue and how revenue and cash flows are affected by economic factors is most appropriately depicted by revenue type, geographic region, and customer vertical.

Revenue by type for 2021, 2020, and 2019 was as follows (in thousands):

	2021	2020	2019
Revenue:			
SaaS and related solutions	\$ 926,290	\$ 880,822	\$ 896,164
Software and services	72,818	63,239	52,364
Maintenance	47,379	46,472	48,282
Total revenue	\$ 1,046,487	\$ 990,533	\$ 996,810

We use the location of the customer as the basis of attributing revenue to geographic regions. Revenue by geographic region for 2021, 2020, and 2019, as a percentage of our total revenue, was as follows:

	2021	2020	2019
Americas (principally the U.S.)	85 %	86 %	87%
Europe, Middle East and Africa (principally Europe)	11%	10%	9 %
Asia Pacific	4 %	4 %	4 %
Total revenue	100 %	100 %	100%

We generate our revenue primarily from the global communications markets; however, we serve an expanding group of customers in markets including retail, financial services, healthcare, insurance, and government entities. Revenue by customer vertical for 2021, 2020, and 2019, as a percentage of our total revenue, was as follows:

	2021	2020	2019
Broadband/Cable/Satellite	57 %	58%	58 %
Telecommunications	19%	19 %	19 %
Other	24 %	23 %	23 %
Total revenue	100 %	100 %	100 %

Billed and Unbilled Accounts Receivable. Billed accounts receivable represents our unconditional rights to consideration. Once invoiced, our payment terms are generally between 30-60 days. We rarely have contracts with financing arrangements. Unbilled accounts receivable represents our rights to consideration for work completed but not billed. Unbilled accounts receivable is transferred to billed accounts receivable when the rights become unconditional which is generally at the time of invoicing.

The following table rolls forward our unbilled accounts receivable from January 1, 2020 to December 31, 2021 (in thousands):

	Unbilled Reco	eivables
Beginning Balance, January 1, 2020	\$	33,450
Recognized during the period		248,574
Reclassified to receivables		(244,574)
Other		335
Ending Balance, December 31, 2020		37,785
Recognized during the period		252,661
Reclassified to receivables		(254,482)
Other		(162)
Ending Balance, December 31, 2021	<u>\$</u>	35,802

Deferred Revenue. Deferred revenue represents consideration received from customers in advance of services being performed.

The following table rolls forward our deferred revenue from January 1, 2020 to December 31, 2021 (in thousands):

	Deferi	red Revenue
Beginning Balance, January 1, 2020	\$	(63,646)
Revenue recognized that was included in deferred revenue at the beginning of the period		40,811
Consideration received in advance of services performed net of revenue recognized in the current period		(46,719)
Other		(78)
Ending Balance, December 31, 2020		(69,632)
Revenue recognized that was included in deferred revenue at the beginning of the period		49,052
Consideration received in advance of services performed net of revenue recognized in the current period		(53,084)
Other		317
Ending Balance, December 31, 2021	\$	(73,347)

Postage. We pass through to our customers the cost of postage that is incurred on behalf of those customers, and typically require an advance payment on expected postage costs. These advance payments are included in customer deposits in the accompanying Consolidated Balance Sheets ("Balance Sheets" or "Balance Sheet") and are classified as current liabilities regardless of the contract period. We net the cost of postage against the postage reimbursements for those customers where we require advance deposits and include the net amount (which is not material) in SaaS and related solutions revenue.

Cash and Cash Equivalents. We consider all highly liquid investments with original maturities of three months or less as of the date of purchase to be cash equivalents. As of December 31, 2021 and 2020, our cash equivalents consist primarily of institutional money market funds, commercial paper, and time deposits held at major banks. For the cash and cash equivalents denominated in foreign currencies and/or located outside the U.S., we do not anticipate any material amounts being unavailable for use in running our business, but may face limitations on moving cash out of certain foreign jurisdictions due to currency controls and potential negative economic consequences.

Restricted Cash. Restricted cash includes cash that is legally or contractually restricted, as well as our settlement and merchant reserve assets (discussed below). As of December 31, 2021 and 2020, we had \$1.4 million and \$1.7 million, respectively, of restricted cash that serves to collateralize bank guarantees and outstanding letters of credit included in cash and cash equivalents in our Balance Sheets.

Short-term Investments and Other Financial Instruments. Our financial instruments as of December 31, 2021 and 2020 include cash and cash equivalents, short-term investments, settlement and merchant reserve assets and liabilities, accounts receivable, accounts payable, and debt. Due to their short maturities, the carrying amounts of cash equivalents, settlement and merchant reserve assets and liabilities, accounts receivable, and accounts payable approximate their fair value.

Our short-term investments and certain cash equivalents are considered "available-for-sale" and are reported at fair value in our Balance Sheets, with unrealized gains and losses, net of the related income tax effect, excluded from earnings and reported in a separate component of stockholders' equity. Realized and unrealized gains and losses were not material in any period presented.

Primarily all short-term investments held by us as of December 31, 2021 and 2020 have contractual maturities of less than two years from the time of acquisition. Our short-term investments at December 31, 2021 and 2020 consisted almost entirely of fixed income securities. Proceeds from the sale/maturity of short-term investments in 2021, 2020, and 2019 were \$90.5 million, \$56.5 million, and \$52.1 million, respectively.

The following table represents the fair value hierarchy based upon three levels of inputs, of which Levels 1 and 2 are considered observable and Level 3 is unobservable, for our financial assets measured at fair value (in thousands):

	December 31, 2021						December 31, 2020					
		Level 1		Level 2		Total		Level 1		Level 2		Total
Cash equivalents:												
Money market funds	\$	29,305	\$	_	\$	29,305	\$	33,535	\$		\$	33,535
Commercial paper		_		1,000		1,000		_		15,746		15,746
Corporate debt securities				_						1,351		1,351
Short-term investments:												
Corporate debt securities		_		24,352		24,352		_		38,672		38,672
U.S. government agency bonds		_		_		_		_		4,642		4,642
Asset-backed securities		_		3,685		3,685		_		8,284		8,284
Total	\$	29,305	\$	29,037	\$	58,342	\$	33,535	\$	68,695	\$	102,230

Valuation inputs used to measure the fair values of our money market funds were derived from quoted market prices. The fair values of all other financial instruments are based upon pricing provided by third-party pricing services. These prices were derived from observable market inputs.

We have chosen not to record our debt at fair value, with changes recognized in earnings each reporting period. The following table indicates the carrying value and estimated fair value of our debt as of the indicated periods (in thousands):

		Decembe	021		20			
	Car	rying Value		Fair Value	Carrying Value		Fair Value	
2021 Credit Agreement (carrying value including current maturities)	\$	148,125	\$	148,125	\$	_	\$	_
2018 Credit Agreement (carrying value including current maturities)		_		_		126,563		126,563
2016 Convertible debt (par value)		230,000		244,950		230,000		244,663

The fair value for our Credit Agreement was estimated using a discounted cash flow methodology, while the fair value for our convertible debt was estimated based upon quoted market prices or recent sales activity, both of which are considered Level 2 inputs. See Note 5 for discussion regarding our debt.

Settlement and Merchant Reserve Assets and Liabilities. Settlement assets and settlement liabilities represent cash collected on behalf of merchants via payments processing services which is held for an established holding period until settlement with the customer. The holding period is generally one to four business days depending on the payment model and contractual terms with the customer. During the holding period, cash is held in trust with various major financial institutions and a corresponding liability is recorded for the amounts owed to the customer. At any given time, there may be differences between the cash held in trust and the corresponding liability due to the timing of operating-related cash transfers.

Merchant reserves represent deposits collected from merchants to mitigate our risk of loss due to nonperformance of settlement obligations initiated by those merchants using our payments processing services, or non-payment by customers for services rendered by us. We perform a credit risk evaluation on each customer based on multiple criteria, which provide the basis for the deposit amount required for each merchant. For the duration of our relationship with each merchant, we hold their reserve deposits with major financial institutions. We hold these funds in separate accounts and are fully offset by corresponding liabilities

The following table summarizes our settlement and merchant reserve assets and liabilities as of the indicated periods (in thousands):

	December 31, 2021					December 31, 2020			
		Assets		Liabilities		Assets		Liabilities	
Settlement assets/liabilities	\$	171,505	\$	170,514	\$	149,785	\$	148,818	
Merchant reserve assets/liabilities		14,762		14,762		16,246		16,246	
Total	\$	186,267	\$	185,276	\$	166,031	\$	165,064	

Concentrations of Credit Risk. In the normal course of business, we are exposed to credit risk. The principal concentrations of credit risk relate to cash deposits, cash equivalents, short-term investments, and accounts receivable. We regularly monitor credit risk exposures and take steps to mitigate the likelihood of these exposures resulting in a loss. We hold our cash deposits, cash equivalents, and short-term investments with financial institutions we believe to be of sound financial condition.

We generally do not require collateral or other security to support accounts receivable. We evaluate the credit worthiness of our customers in conjunction with our revenue recognition processes, as well as through our ongoing collectability assessment processes for accounts receivable. We maintain an allowance for doubtful accounts receivable based upon factors surrounding the credit risk of specific customers, historical trends, and other information. We use various judgments and estimates in determining the adequacy of the allowance for doubtful accounts receivable. See Note 3 for additional details of our concentration of accounts receivable.

The activity in our allowance for doubtful accounts receivable is as follows (in thousands):

	2021	2020	2019
Balance, beginning of year	\$ 3,628	\$ 3,735	\$ 3,115
Additions to expense	1,102	1,481	778
Write-offs	(466)	(1,532)	(158)
Other	(14)	(56)	_
Balance, end of year	\$ 4,250	\$ 3,628	\$ 3,735

Property and Equipment. Property and equipment are recorded at cost (or at estimated fair value if acquired in a business combination) and are depreciated over their estimated useful lives ranging from three to ten years. Leasehold improvements are depreciated over the shorter of their economic life or the lease term. Depreciation expense is computed using the straight-line method for financial reporting purposes. Depreciation expense for all property and equipment is reflected in our Consolidated Statements of Income ("Income Statement" or "Income Statements") separately in the aggregate and is not included in the cost of revenue or the other components of operating expenses.

Software. We expend substantial amounts on R&D, particularly for new solutions, and enhancements of existing products and services. For development of software solutions that are to be licensed by us, we expense all costs related to the development of the software until technological feasibility is established. For development of software to be used internally (e.g., cloud-based systems software), we expense all costs prior to the application development stage.

During 2021, 2020, and 2019, we expended \$134.7 million, \$122.8 million, and \$128.0 million, respectively, on R&D projects. We did not capitalize any R&D costs in 2021, 2020, and 2019, as the costs subject to capitalization during these periods were not material. We did not have any capitalized R&D costs included in our December 31, 2021 and 2020 Balance Sheets.

Realizability of Long-Lived Assets. We evaluate our long-lived assets, other than goodwill, for possible impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. A long-lived asset is impaired if estimated future undiscounted cash flows associated with that asset are insufficient to recover the carrying amount of the long-lived asset. If deemed impaired, the long-lived asset is written down to its estimated fair value.

Goodwill. We evaluate our goodwill for impairment on an annual basis, as well as we may evaluate our goodwill on a more periodic basis (e.g., quarterly) if events occur or circumstances change that could indicate a potential impairment may have occurred. Goodwill is considered impaired if the carrying value of the reporting unit which includes the goodwill is greater than the estimated fair value of the reporting unit.

Contingencies. We accrue for a loss contingency when: (i) it is probable that an asset has been impaired, or a liability has been incurred; and (ii) the amount of the loss can be reasonably estimated. The determination of loss contingencies is subject to various judgments and estimates. We do not record the benefit from a gain contingency until the benefit is realized.

Earnings Per Common Share ("EPS"). Basic and diluted EPS amounts are presented on the face of our Income Statements.

The reconciliation of the basic and diluted EPS denominators related to the common shares is included in the following table (in thousands):

	2021	2020	2019
Basic weighted-average common shares	31,776	32,010	32,051
Dilutive effect of restricted common stock	234	268	282
Dilutive effect of Stock Warrants	-	-	132
Diluted weighted-average common shares	32,010	32,278	32,465

The Convertible Notes have a dilutive effect only in those periods in which our average stock price exceeds the current effective conversion price (see Note 5).

The Stock Warrants have a dilutive effect only in those periods in which our average stock price exceeds the exercise price of \$26.68 per warrant (under the treasury stock method) and are not subject to performance vesting conditions (see Note 12).

Potentially dilutive common shares related to non-participating unvested restricted stock and Stock Warrants were excluded from the computation of diluted EPS, as the effect was antidilutive, and were not material in any period presented.

Stock-Based Compensation. Stock-based compensation represents the cost related to stock-based awards granted to employees and non-employee directors. We measure stock-based compensation cost at the grant date of the award, based on the estimated fair value of the award and recognize the cost (net of estimated forfeitures) over the requisite service period.

Income Taxes. We account for income taxes using the asset and liability method. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. Deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Accounting Pronouncements Issued But Not Yet Effective. In August 2020, the FASB issued ASU No. 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06"), which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. ASU 2020-06 also amends the related Earnings Per Share guidance. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, and can be adopted on either a fully retrospective or modified retrospective basis. We have elected to adopt this ASU using the modified retrospective transition method in which an approximately \$10 million cumulative-effect adjustment was made to our January 1, 2022 retained earnings balance.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08")*, which requires an entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. ASU 2021-18 is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. However, an entity that elects to early adopt is required to apply the guidance retrospectively to all business combinations that occurred since the beginning of the annual period in which the new guidance was adopted. We elected to early adopt ASU 2021-08 as of October 1, 2021. The effects of adoption on our Financial Statements were not material.

3. Segment Reporting and Significant Concentration

Segment Information. We have evaluated how our chief operating decision maker has organized our company for purposes of making operating decisions and assessing performance, and have concluded that as of December 31, 2021, there is one reportable segment.

Solutions and Services. Our solutions and services help companies around the world monetize and digitally enable the customer experience by accurately capturing, managing, generating, and optimizing the interactions and revenue associated with their customers. We generate a substantial percentage of our revenue from customers utilizing Advanced Convergent Platform ("ACP"), a private SaaS based platform, and related solutions (e.g., field force automation, analytics, electronic bill presentment, ACH, etc.) to the North American cable and satellite markets. In addition, a smaller portion of our revenue is generated from our public cloud, SaaS based revenue management and payments platform serving service providers globally. In addition, we license certain solutions (e.g., mediation, partner management, rating, and charging) and provide our professional services to implement, configure, and maintain these solutions. These solutions are sometimes provided under a managed service arrangement, where we assume long-term responsibility for delivering our solutions and related operations under a defined scope and specified service levels.

Significant Customers. A large percentage of our revenue have been generated from our two largest customers, which are Charter Communications, Inc. ("Charter") and Comcast Corporation ("Comcast").

Revenue from these customers represented the following percentages of our total revenue for the following years:

	2021	2020	2019
Charter	21 %	21 %	20 %
Comcast	21 %	22.%	23 %

As of December 31, 2021 and 2020, the percentage of net billed accounts receivable balances attributable to these customers were as follows:

	As of December	· 31,
	2021	2020
Charter	23 %	20 %
Comcast	20 %	19%

We expect to continue to generate a significant percentage of our future revenue from our significant customers. There are inherent risks whenever a large percentage of total revenue is concentrated with a limited number of customers. Should a significant customer: (i) terminate or fail to renew their contracts with us, in whole or in part for any reason; (ii) significantly reduce the number of customer accounts processed on our solutions, the price paid for our solutions and services, or the scope of solutions and services that we provide; or (iii) experience significant financial or operating difficulties, it could have a material adverse effect on our financial position and results of operations.

4. Long-Lived Assets

Property and Equipment. Property and equipment at December 31 consisted of the following (in thousands, except years):

	Useful Lives		
	(Years)	2021	2020
Computer equipment	3-6	\$ 85,501	\$ 87,289
Leasehold improvements	10	25,183	25,442
Operating equipment	3-8	68,583	67,097
Furniture and fixtures	8	5,557	7,004
		184,824	186,832
Less - accumulated depreciation		(111,244)	(105,073)
Property and equipment, net		\$ 73,580	\$ 81,759

Goodwill. We do not have any intangible assets with indefinite lives other than goodwill. A rollforward of goodwill for 2020 and 2021 is as follows (in thousands):

January 1, 2020 balance	\$ 259,164
Goodwill acquired during the period	9,083
Adjustments related to prior acquisitions	(60)
Effects of changes in foreign currency exchange rates	4,135
December 31, 2020 balance	272,322
Goodwill acquired during the period	50,550
Adjustments related to prior acquisitions	(60)
Effects of changes in foreign currency exchange rates	(1,482)
December 31, 2021 balance	\$ 321,330

Goodwill acquired during 2020 relates to the acquisition of Tekzenit, Inc. Goodwill acquired during 2021 primarily relates to the acquisitions of: (i) Tango Telecom Limited; (ii) Kitewheel, LLC; (iii) Keydok, LLC; and (iv) DGIT Systems Pty Ltd, as well as the additional investment in MobileCard Holdings, LLC. See Note 7 for discussion regarding these acquisitions.

Other Intangible Assets. Our other intangible assets subject to ongoing amortization consist of acquired customer contracts and software. Other intangible assets as of December 31, 2021 include assets acquired in the Tango Telecom Limited, Kitewheel LLC, and DGIT Systems Pty Ltd business acquisitions (see Note 7).

Acquired Customer Contracts. As of December 31, 2021 and 2020, the carrying values of our acquired customer contracts were as follows (in thousands):

		December 31, 2021		December 31, 2020				
	Gross			Gross				
	Carrying	Accumulated	Net	Carrying	Accumulated	Net		
	Amount	Amortization	Amount	Amount	Amortization	Amount		
Acquired customer contracts (1)	\$ 171,373	\$ (114,166)	\$ 57,207	\$ 153,790	\$ (105,778)	\$ 48,012		

The aggregate amortization related to acquired customer contracts included in our operations for 2021, 2020, and 2019 was as follows (in thousands):

	2021	2020	2019
Acquired customer contracts (1)	\$ 9,240 \$	9,963	\$ 10,374

(1)Acquired customer contracts represent assets acquired in our prior business acquisitions. Acquired customer contracts are amortized over their estimated useful lives ranging from one to twenty years based on the approximate pattern in which the economic benefits of the intangible assets are expected to be realized, with the amortization expense included as cost of revenue in our Income Statements.

The remaining weighted-average amortization period of the acquired customer contract as of December 31, 2021 was approximately 88 months. Based on the net carrying value of these acquired customer contracts, the estimated amortization for each of the five succeeding fiscal years ending December 31 will be: 2022 – \$11.2 million; 2023 – \$9.7 million; 2024 – \$8.6 million; 2025 – \$8.0 million; and 2026 – \$6.0 million.

<u>Software</u>. Software consists of: (i) software and similar intellectual property rights from various business acquisitions; and (ii) internal use software. As of December 31, 2021 and 2020, the carrying values of our software assets were as follows (in thousands):

	2021						2020						
	Gross Carrying Accumulated			reumulated	Gro Net Carry							Net	
	·	Amount		mortization		Amount		Amount		nortization	A	Amount	
Acquired software (2)	\$	84,633	\$	(72,675)	\$	11,958	\$	75,602	\$	(70,242)	\$	5,360	
Internal use software (3)		97,407		(79,608)		17,799		90,687		(69,594)		21,093	
Total software	\$	182,040	\$	(152,283)	\$	29,757	\$	166,289	\$	(139,836)	\$	26,453	

The aggregate amortization related to software included in our operations for 2021, 2020, and 2019 was as follows (in thousands):

	2	2021	2020	2019
Acquired software amortization (2)	\$	2,405	\$ 1,853	\$ 2,229
Internal use software amortization (3)		13,316	13,216	10,641
Total software amortization	\$	15,721	\$ 15,069	\$ 12,870

- (2)Acquired software represents software intangible assets acquired in our prior business acquisitions, which are amortized over their estimated useful lives ranging from four to eight years. The amortization of acquired software is reflected as a cost of revenue in our Income Statements.
- (3)Internal use software represents: (i) third-party software licenses; and (ii) the internal and external costs related to the implementation of the third-party software licenses. Internal use software is amortized over its estimated useful life ranging from one to ten years.

The remaining weighted-average amortization period of the software intangible assets as of December 31, 2021 was approximately 37 months. Based on the net carrying value of these intangible assets, the estimated amortization for each of the five succeeding fiscal years ending December 31 will be: 2022 – \$12.5 million; 2023 – \$8.8 million; 2024 – \$4.1 million; 2025 – \$2.8 million; and 2026 – \$1.6 million.

Customer Contract Costs. As of December 31, 2021 and 2020, the carrying values of our customer contract cost assets, related to those contracts with a contractual term greater than one year, were as follows (in thousands):

	December 31, 2021					December 31, 2020						
		Gross						Gross				
		Carrying		Accumulated		Net		Carrying		ccumulated		Net
		Amount	Amortization		Amount		Amount		Amortization		Amount	
Customer contract incentives (4)	\$	4,627	\$	(3,007)	\$	1,620	\$	4,626	\$	(2,320)	\$	2,306
Capitalized costs (5)		63,323		(25,136)		38,187		70,214		(33,104)		37,110
Capitalized commission fees (6)		11,078		(4,267)		6,811		12,291		(4,469)		7,822
Total customer contract costs	\$	79,028	\$	(32,410)	\$	46,618	\$	87,131	\$	(39,893)	\$	47,238

During 2020, we recorded an impairment charge of \$10.3 million for the write-off of capitalized customer contract costs related to a discontinued project implementation. This non-cash impairment charge is primarily included in cost of revenue in our Income Statement.

The aggregate amortization related to our customer contract costs included in our operations for 2021, 2020, and 2019 was as follows (in thousands):

	2021	2020	2019
Customer contract incentives amortization (4)	\$ 687	\$ 708	\$ 6,018
Capitalized costs amortization (5)	17,955	13,803	12,625
Capitalized commission fees amortization (6)	2,576	2,679	2,136
Total customer contract costs amortization	\$ 21,218	\$ 17,190	\$ 20,779

(4)Customer contract incentives consist principally of incentives provided to new or existing customers to convert their customer accounts to, or retain their customer's account on, our outsourced solutions and are amortized ratably over the contract period to include renewal periods, if applicable, which as of December 31, 2021, have termination dates that range from 2024 to 2026. The amortization of customer contract incentives is reflected as a reduction of revenue in our Income Statements.

(5)Capitalized costs are related to customer conversion/set-up activities and direct material costs to fulfill long-term revenue management platform and related solutions and managed services arrangements. These costs are amortized over the contract period based on the transfer of goods or services to which the assets relate, which as of December 31, 2021, range from 2022 to 2028, and are included in cost of revenue in our Income Statements. (6)Capitalized commission fees are incremental commissions paid as a result of obtaining a customer contract. These fees are amortized over the contract period based on the transfer of goods or services to which the assets relate, which as of December 31, 2021, range from 2022 to 2027, and are included in selling, general and administrative ("SG&A") expenses in our Income Statements. Incremental commission fees incurred as a result of obtaining a customer contract are expensed when incurred if the amortization period of the asset that we otherwise would have recognized is one year or less.

5. Debt

As of December 31, 2021 and 2020, our long-term debt was as follows (in thousands):

	December 31, 2021		Dec	cember 31, 2020
2021 Credit Agreement:				
2021 Term loan, due September 2026, interest at adjusted LIBOR plus 1.375% (combined rate of 1.60% at December 31, 2021)	\$	148,125	\$	-
Less – deferred financing costs		(3,406)		-
2021 Term Loan, net of unamortized discounts		144,719		-
\$450 million revolving loan facility, due September 2026, interest at adjusted LIBOR plus applicable margin		-		-
2018 Credit Agreement:				
2018 Term loan, due March 2023, interest at adjusted LIBOR plus 1.5% (combined rate of 1.75% at December 31, 2020)		-		126,563
Less – deferred financing costs		-		(1,155)
2018 Term Loan, net of unamortized discounts		-		125,408
\$200 million revolving loan facility, due March 2023, interest at adjusted LIBOR plus applicable margin		-		-
2016 Convertible Notes:				
2016 Convertible Notes – Senior convertible notes; due March 15, 2036; cash interest at 4.25%		230,000		230,000
Less – unamortized original issue discount		-		(3,021)
Less – deferred financing costs		-		(1,170)
2016 Convertible Notes, net of unamortized discounts		230,000		225,809
Total debt, net of unamortized discounts		374,719		351,217
Current portion of long-term debt, net of unamortized discounts		(237,500)		(14,063)
Long-term debt, net of unamortized discounts	\$	137,219	\$	337,154

2021 Credit Agreement. In September 2021, we entered into a new \$600 million credit agreement (the "2021 Credit Agreement") with a consortium of banks to replace our \$350 million credit agreement ("2018 Credit Agreement").

The 2021 Credit Agreement provides borrowings in the form of: (i) a \$150 million aggregate principal five-year term loan (the "2021 Term Loan"); and (ii) a \$450 million aggregate principal five-year revolving loan facility (the "2021 Revolver"). With the \$150 million proceeds from the 2021 Term Loan, we repaid the outstanding \$120 million balance of the term loan under the 2018 Credit Agreement, resulting in a net increase of available cash by \$30 million, a portion of which we used to pay certain fees and expenses in connection with the refinancing, and the remainder of which will be used for general corporate purposes.

The interest rates under the 2021 Credit Agreement are based upon our choice of an adjusted LIBOR rate plus an applicable margin of 1.375% - 2.125%, or an alternate base rate ("ABR") plus an applicable margin of 0.375% - 1.125%, with the applicable margin, depending on our then-net secured total leverage ratio. We will pay a commitment fee of 0.150% - 0.325% of the average daily unused amount of the 2021 Revolver, with the commitment fee rate also dependent upon our then-net secured total leverage ratio. The 2021 Credit Agreement includes LIBOR transition language in which we can elect an ABR, a Eurodollar rate, an alternate currency term rate, or an alternate currency daily rate.

The 2021 Credit Agreement contains customary affirmative, negative, and financial covenants that places limits on our ability to: (i) incur additional indebtedness; (ii) create liens on its property; (iii) make investments; (iv) enter into mergers and consolidations; (v) sell assets; (vi) declare dividends or repurchase shares; (vii) engage in certain transactions with affiliates; (viii) prepay certain indebtedness; and (ix) issue capital stock of subsidiaries. We must also meet certain financial covenants to include: (i) a maximum total leverage ratio; (ii) a maximum first-lien leverage ratio; and (iii) a minimum interest coverage ratio. In conjunction with the 2021 Credit Agreement, we entered into a security agreement in favor of Bank of America N.A, as collateral agent (the "Security Agreement"). Under the Security Agreement and 2021 Credit Agreement, certain of our domestic subsidiaries have guaranteed its obligations, and have pledged substantially all of our assets to secure the obligations under the 2021 Credit Agreement and such guarantees.

During 2021, we made \$8.4 million of principal repayments on our 2021 and 2018 Term Loans. As of December 31, 2021, our interest rate on the 2021 Term Loan is 1.60% (adjusted LIBOR plus 1.375% per annum), effective through March 31, 2022, and our commitment fee on the 2021 Revolver is 0.15%. As of December 31, 2021, we had no borrowing outstanding on our 2021 Revolver and had the entire \$450.0 million available to us.

In conjunction with the closing of the 2021 Credit Agreement, we incurred financing costs of \$3.0 million. When combined with the remaining deferred financing costs of the 2018 Credit Agreement, financing costs of \$3.7 million have been deferred and are being amortized to interest expense using the effective interest method over the related term of the 2021 Credit Agreement. Additionally, as certain lenders from the 2018 Credit Agreement chose not to participate in the 2021 Credit Agreement syndication group, we wrote-off \$0.1 million of unamortized debt issuance costs and recognized a loss on the extinguishment of the 2018 Credit Agreement.

2016 Convertible Notes. In March 2016, we completed an offering of \$230 million of 4.25% senior convertible notes due March 15, 2036 (the "2016 Convertible Notes") to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. The 2016 Convertible Notes are unsecured obligations and pay 4.25% annual cash interest, payable semiannually in arrears on March 15 and September 15 of each year.

The 2016 Convertible Notes are convertible at the option of the note holders upon the satisfaction of specified conditions and during certain periods. During the period from, and including, December 15, 2021 to the close of business on the business day immediately preceding March 15, 2022, holders may convert all or any portion of their 2016 Convertible Notes at the conversion rate then in effect at any time regardless of these conditions. As a result, the net carrying value of the 2016 Convertible Notes of \$230.0 million has been classified as a current liability in our Balance Sheet as of December 31, 2021. For the 2016 Convertible Notes presented during this time frame, the settlement amount will be equal to the sum of the daily settlement amounts for each of the following 40 consecutive trading days during the related observation period (January 12, 2022 - March 10, 2022).

Under the original terms of the 2016 Convertible Notes, we adjust the conversion rate for any quarterly dividends exceeding \$0.185 per share. As of December 31, 2021, the conversion rate was 17.7621 shares of our common stock per \$1,000 principal amount of the 2016 Convertible Notes, which is equivalent to an initial conversion price of \$56.30 per share of our common stock.

Under the original terms of the 2016 Convertible Notes Indenture (the "2016 Notes Indenture"), we can settle conversions of the 2016 Convertible Notes by paying or delivering, as the case may be, cash, shares of our common stock, or a combination thereof, at our election. In November 2021, we entered into the First Supplemental Indenture to the 2016 Notes Indenture, in which we made an irrevocable election to settle the par amount in cash. On December 15, 2021, we notified holders of the 2016 Convertible Notes that we elected a cash settlement method for any conversions of the 2016 Convertible Notes during the period of December 15, 2021 to March 14, 2022.

On December 27, 2021, we notified holders of the 2016 Convertible Notes that we had elected to redeem all of the outstanding notes on March 15, 2022, at a redemption price of 100% of the principal amount. Holders may still convert their 2016 Convertible Notes at any time prior to the close of business on March 14, 2022.

The 2016 Notes Indenture includes customary terms and covenants, including certain events of default after which the 2016 Convertible Notes may be due and payable immediately. The 2016 Notes Indenture contains customary affirmative covenants, including compliance with terms of certain other indebtedness of the Company over a defined threshold amount.

The original issue discount ("OID") related to the 2016 Convertible Notes was amortized to interest expense through December 15, 2021, the first date the 2016 Convertible Notes could be put back to us by the holders without conditions.

Estimated Maturities on Long-Term Debt. As of December 31, 2021, the maturities of our long-term debt, based upon: (i) the mandatory repayment schedule for the 2021 Term Loan; and (ii) the settlement date of the 2016 Convertible Notes, was as follows (in thousands):

	2022	2023	2024	2025	2026
2021 Term Loan	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 118,125
2016 Convertible Notes	230,000			_	_
Total long-term debt repayments	\$ 237,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 118,125
	62				

Deferred Financing Costs. As of December 31, 2021, net deferred financing costs related to the 2021 Credit Agreement were \$3.4 million and are being amortized to interest expense over the related term of the 2021 Credit Agreement (through September 2026). The net deferred financing costs are presented as a reduction from the carrying amount of the corresponding debt liability in our Balance Sheets. Interest expense for 2021, 2020, and 2019 includes amortization of deferred financing costs of \$1.9 million, \$1.9 million, and \$1.8 million, respectively. The weighted-average interest rate on our debt borrowings, including amortization of OID, amortization of deferred financing costs, and commitment fees on the revolving loan facility, for 2021, 2020, and 2019, was approximately 5%, 5%, and 6%, respectively.

6. Leases

We have operating leases for: (i) real estate which includes office space and our statement production facilities; (ii) our outsourced data center environment, as discussed further in Note 11; and (iii) operating equipment. Our leases have remaining terms of up to nine years, some of which include options to extend the leases for up to an additional ten years. For leases commencing prior to 2019, we used the noncancelable term to calculate the related right-of-use asset and corresponding lease liability. The exercise of lease renewal options is at our sole discretion. Additionally, certain of our leases include payments that are adjusted periodically for inflation.

We have made an accounting policy election not to recognize on our Balance Sheets, leases with an initial term of twelve months or less, for any class of underlying asset. We have also made an election for real estate leases beginning in 2019 and later, not to separate the lease and non-lease components, but rather account for the entire arrangement as a single lease component (a practical expedient allowed under ASU No. 2016-02, *Leases* (Topic 842) ("ASC 842")). For our outsourced data center environment agreement, we have concluded that there are lease and non-lease components, and have allocated the consideration in the agreement on a relative stand-alone price basis. Due to the significant assumptions and judgements required in accounting for leases (to include whether a contract contains a lease, the allocation of the consideration, and the determination of the discount rate), the judgements and estimates made could have a significant effect on the amount of assets and liabilities recognized.

We sublease certain of our leased real estate to third parties. These subleases have remaining lease terms of up to seven years and certain subleases have renewal terms that can extend the lease for up to an additional two years.

The components of lease expense were as follows (in thousands):

	Year Ended December 31,						
	2021		2020				
Operating lease expense	\$ 26,131	\$	26,360				
Variable lease expense	4,530		4,518				
Short-term lease expense	582		625				
Sublease income	(2,596)		(2,066)				
Total net lease expense	\$ 28,647	\$	29,437				

Other information related to leases was as follows (in thousands, except term and discount rate):

	Year Ended December 31,					
	2021			2020		
Supplemental Cash Flows Information:						
Cash paid for amounts included in the measurement of operating lease liabilities	\$	23,272	\$	21,130		
Right-of-use assets obtained in exchange for new operating lease liabilities		3,909		37,987		
Weighted-average remaining lease term - operating leases		59 months		69 months		
Weighted-average discount rate - operating leases		3.30%		3.62 %		

Future minimum lease payments under non-cancelable leases as of December 31, 2021 were as follows (in thousands):

2022	\$ 25,483
2023	22,338
2024	20,925
2025	14,877
2026	5,206
Thereafter	12,231
Total future minimum lease payments (1)	101,060
Less: Interest (2)	(7,722)
Total	\$ 93,338
Current operating lease liabilities	\$ 23,270
Non-current operating lease liabilities	70,068
Total	\$ 93,338

- (1) For leases commencing prior to 2019, minimum lease payments exclude payments for real estate taxes and non-lease components.
- (2) We use our functional currency adjusted incremental borrowing rate for the discount rate.

As of December 31, 2021, we have two operating leases for office space that have not yet commenced of approximately \$13.6 million. These operating leases will commence during 2022 with lease terms through 2029 and 2033, respectively.

7. Acquisitions

Forte Payment Systems, Inc. On October 1, 2018, we acquired Forte Payment Systems ("Forte"), a leading provider of advanced payment solutions, for a purchase price of approximately \$93 million (approximately \$85 million, excluding cash acquired). This acquisition accelerates our ability to offer a comprehensive suite of next generation payments solutions that enables our customers to provide a differentiated customer experience while also strengthening our position in the revenue management and payments sector and grow our footprint into new verticals. The purchase agreement included provisions for \$18.8 million of potential future earn-out payments. The earn-out payments were tied to performance-based goals and a defined service period by the eligible recipients and were being accounted for as post-acquisition compensation. In 2021, a recipient notified us they would be voluntarily resigning during the year. Under the terms of the earn-out provisions, the entire earn-out terminated upon exit of the recipient. As a result, in 2021, we reversed \$2.4 million that had been accrued related to the potential earn-out payments, and the earn-out was terminated.

Tekzenit, Inc. On January 2, 2020, we acquired Tekzenit, Inc. ("Tekzenit") for a purchase price of approximately \$10 million. This acquisition allows us to accelerate our go-to-market approach serving customers who are focused on improving their customers' experience while transforming their business. The purchase agreement includes provisions for additional purchase price ("Provisional Purchase Price") payments in the form of earn-out and qualified sales payments for up to \$10 million over a three-year measurement period upon meeting certain financial and sales criteria. Of the Provisional Purchase Price amount, \$6 million is considered contingent purchase price payments, of which \$1.5 million was accrued upon acquisition. The remaining \$4 million is tied to certain financial and sales criteria over a defined service period by the eligible recipients and is therefore accounted for as post-acquisition compensation. As of December 31, 2021, we have not accrued any amounts related to the post-acquisition compensation payments due to the uncertainty of payment.

Tango Telecom Limited. On May 5, 2021, we acquired Tango Telecom Limited ("Tango"), a leading supplier of convergent policy control and messaging solutions headquartered in Limerick, Ireland. We acquired 100% of the equity of Tango for a purchase price of approximately \$13 million, or approximately \$11 million, net of cash acquired. This acquisition will allow us to deliver digital monetization solutions to our customers and allow our customers to more effectively manage voice and data transactions. Coupled with our charging and digital monetization capabilities, we possess an end-to-end solution for converged voice and data services across 3G, 4G, and 5G networks.

As of December 31, 2021, the purchase accounting for the Tango acquisition was complete. We recorded acquired customer contracts of \$7.0 million, acquired trade accounts receivable of \$3.4 million, acquired software of \$2.0 million, and goodwill of \$1.5 million and liabilities assumed primarily included deferred revenue of \$1.5 million.

Kitewheel, LLC. On July 1, 2021, we acquired Kitewheel, LLC ("Kitewheel"), a leading provider for customer journey orchestration and analytics, headquartered in Boston, Massachusetts. We acquired 100% of the equity of Kitewheel for a purchase price of \$40.0 million, with \$34.0 million paid upon close and the remaining \$6.0 million to be paid in equal annual amounts over the next three years. This acquisition will allow us to expand our customer engagement business, providing real-time, meaningful end-to-end customer experiences for leading brands.

As of December 31, 2021, the purchase accounting for the Kitewheel acquisition was complete. We recorded goodwill of \$30.8 million, acquired customer contracts of \$6.6 million, acquired trade accounts receivable of \$3.1 million, and acquired software of \$3.2 million, and liabilities assumed primarily included deferred revenue of \$3.5 million.

MobileCard Holdings, LLC. In 2018, we invested in MobileCard Holdings, LLC ("MobileCard"), a mobile money fintech payment company that enables omnichannel digital payments and financial inclusion in Latin America. As of June 30, 2021, we held a 15% noncontrolling equity interest with a carrying value of approximately \$8 million included in other non-current assets in our Balance Sheet. In July 2021, we purchased additional LLC units from a third-party for approximately \$4 million and contributed cash of approximately \$2 million. As a result of these transactions, we have a 64% controlling interest in the company. Beginning in the third quarter of 2021, the results of MobileCard are consolidated in our results of operations. We preliminarily recorded goodwill of \$9.6 million and are in the process of reviewing the valuation analysis and calculations necessary to finalize the required purchase price allocations.

Upon obtaining control of MobileCard, the fair value of our pre-exiting equity investment was remeasured resulting in a \$6.2 million non-cash loss as of the acquisition date, which is reflected in other income (expense) on our Income Statement. The fair value was based upon transaction price as it best represented what a market participant would be willing to pay for the LLC units. The non-controlling interest of \$3.6 million is recorded in total stockholders' equity. We will record 100% of the profits and losses until the cumulative losses have been recovered. Profits will then be allocated based on equity sharing ratios.

Keydok, LLC. On September 14, 2021, we acquired Keydok, LLC ("Keydok"), a digital identity and document management platform provider, headquartered in Mexico. We acquired 100% of the equity of Keydok for a purchase price of \$1.0 million, which includes provisions for up to \$18.0 million of potential future earn-out payments. The earn-out payments are tied to performance-based goals and a defined service period by the eligible recipients and are accounted for as post-acquisition compensation. The earn-out period is through September 30, 2025. We have recorded goodwill of \$1.0 million, however, are in the process of obtaining the necessary information to finalize the required purchase price allocations. As of December 31, 2021, we have not accrued any amounts related to the potential earn-out payments due to the uncertainty of payment.

DGIT Systems Pty Ltd. On October 4, 2021, we acquired DGIT Systems Pty Ltd ("DGIT"), a provider of configure, price and quote (CPQ), and order management solutions for the telecommunications industry. We acquired 100% of the equity of DGIT for a purchase price of approximately \$16 million, approximately \$14 million paid upon close and the remaining escrowed funds of approximately \$2 million to be paid over the next four years, subject to certain reductions, as applicable. This acquisition includes provisions for up to approximately \$13 million of potential future earn-out payments. The earn-out payments are tied to performance-based goals and a defined service period by the eligible recipients and are accounted for as post-acquisition compensation, as applicable. The earn-out period is through September 30, 2025. As of December 31, 2021, we have accrued \$0.3 million related to the potential earn-out payments.

The preliminary estimated fair values of assets acquired primarily include goodwill of \$7.5 million, acquired customer contracts of \$5.1 million, and acquired software of \$3.6 million. The estimated fair values are considered provisional and are based on the information that was available as of the acquisition date. Thus, the provisional measurements of fair value set forth above are subject to change. Such changes are not expected to be significant. We expect to finalize the valuation and complete the purchase price allocation as soon as practicable but not later than one year from the acquisition date.

8. Restructuring and Reorganization Charges

Restructuring and reorganization charges are expenses that generally result from cost reduction initiatives and/or significant changes to our business, to include such things as involuntary employee terminations, changes in management structure or skillset, divestitures of businesses, facility consolidations and abandonments, modifications of leases, impairment of acquired intangible assets, and fundamental reorganizations impacting operational focus and direction. The following are the key restructuring and reorganizational activities we incurred over the last three years that have impacted our results from operations:

During 2021 we implemented the following restructuring and reorganizational activities:

- •We reduced our workforce by approximately 100 employees, primarily in North America, as a result of organizational changes and efficiencies. As a result, we incurred restructuring charges related to involuntary terminations of \$3.4 million
- •We modified one of our real estate leases resulting in an earlier termination date. As a result, we incurred restructuring charges related to the accelerated depreciation of furniture and fixtures and leasehold improvements of \$1.2 million.

During 2020 we implemented the following restructuring and reorganizational activities:

•We reduced our workforce by approximately 80 employees, primarily in North America, as a result of organizational changes and efficiencies. As a result, we incurred restructuring charges related to involuntary terminations of \$4.2 million

During 2019 we implemented the following restructuring and reorganizational activities:

•We reduced our workforce by approximately 70 employees, primarily in North America, as a result of organizational changes and efficiencies. As a result, we incurred restructuring charges related to involuntary terminations of \$2.5 million.

The activities discussed above resulted in total charges for 2021, 2020, and 2019 of \$4.9 million, \$5.3 million, and \$4.8 million, respectively, which have been reflected as a separate line item in our Income Statements.

The activity in the business restructuring and reorganization reserves during 2021, 2020, and 2019 is as follows (in thousands):

	Termination Facilities Benefits Abandonment					
	Benefits		Aba	ndonment	Other	Total
January 1, 2019, balance	\$ 1,4	02	\$	2,934	\$ -	\$ 4,336
Charged to expense during period	2,4	.99		-	2,335	4,834
Cash payments	(3,5	51)		-	(1,987)	(5,538)
Adjustment for asset impairment		-		-	(438)	(438)
Adjustment for adoption of ASC 842 (1)		-		(2,934)	-	(2,934)
Other	۷	72		-	90	562
December 31, 2019, balance	8	22		-	-	822
Charged to expense during period	4,1	52		-	1,176	5,328
Cash payments	(4,0	42)		-	(504)	(4,546)
Adjustment for asset impairment		-		-	(672)	(672)
Other		1		-	-	1
December 31, 2020, balance	g	33		-	_	933
Charged to expense during period	3,4	19		-	1,451	4,870
Cash payments	(3,5	16)		-	210	(3,306)
Adjustment for asset impairment		-		-	(415)	(415)
Other (2)	(1	61)		-	(1,246)	(1,407)
December 31, 2021, balance	\$	75	\$	<u>-</u>	\$ 	\$ 675

(1) With the adoption of ASC 842 on January 1, 2019, the facilities abandonment liabilities of \$2.9 million were offset against our initial lease right-of-use assets on our Balance Sheet.

(2)As noted above, during 2021 we modified a real estate lease resulting in an earlier termination date. As a result, we recorded accelerated depreciation expense of furniture and fixtures and leasehold improvements of \$1.2 million.

As of December 31, 2021, \$0.7 million of the business restructuring and reorganization reserves were included in current liabilities.

9. Income Taxes

Income Tax Provision. The components of net income before income taxes are as follows (in thousands):

	2021	2020	2019		
Domestic	\$ 98,261	\$ 77,721	\$	93,510	
India	5,873	6,245		4,769	
Foreign other	(3,188)	1,390		7,444	
Total	\$ 100,946	\$ 85,356	\$	105,723	

The income tax provision consists of the following (in thousands):

	2021			2020	2019
Current:					
Federal	\$	17,012	\$	17,760	\$ 16,616
State		5,835		5,373	2,910
India		959		1,788	1,004
Foreign other		2,443		2,990	2,515
		26,249		27,911	23,045
Deferred:					
Federal		2,294		(497)	(1,943)
State		344		(1,031)	624
India		368		(387)	36
Foreign other		(640)		649	1,191
		2,366		(1,266)	(92)
Total income tax provision	\$	28,615	\$	26,645	\$ 22,953

The effective tax rate in India of 22.6%, 22.4% and 21.8% in 2021, 2020 and 2019 respectively, differs from the statutory rate of approximately 29% due primarily to certain operations occurring within a Special Economic Zone ("SEZ"). Under the terms of SEZ, CSG qualifies for a reduced income tax rate on operations within the SEZ for a period of up to 10 years, beginning in 2018.

The difference between our income tax provision computed at the statutory Federal income tax rate and our financial statement income tax is summarized as follows (in thousands):

	2021	2020	2019
Provision at Federal rate of 21%	\$ 21,199	\$ 17,925	\$ 22,202
State income taxes, net of Federal impact	4,882	3,430	2,792
Research and experimentation credits	(2,062)	(2,705)	(3,314)
Stock award vesting	(538)	(540)	(3,661)
Tax uncertainties	69	(403)	(56)
Section 162(m) compensation limitation	1,610	4,494	978
Foreign rate differential	592	462	930
Valuation allowance for deferred tax assets	1,427	1,002	(495)
Withholding tax	2,305	2,572	2,408
Other impact of foreign operations	(468)	621	227
Statutory rate change	(299)	71	(10)
Other	(102)	(284)	952
Total income tax provision	\$ 28,615	\$ 26,645	\$ 22,953

We have undistributed earnings of approximately \$60 million from certain foreign subsidiaries. We intend to indefinitely reinvest these foreign earnings, therefore, a provision has not been made for foreign withholding taxes that might be payable upon remittance of such earnings. Determination of the amount of unrecognized deferred tax liability on unremitted foreign earnings is not practicable because of the complexities of the hypothetical calculation.

Deferred Income Taxes. Net deferred income tax assets as of December 31, 2021 and 2020 are as follows (in thousands):

	2	2021	2020
Deferred income tax assets	\$	56,065	\$ 59,895
Deferred income tax liabilities		(25,250)	(33,099)
Valuation allowance		(29,983)	(21,700)
Net deferred income tax assets	\$	832	\$ 5,096

The components of our net deferred income tax assets (liabilities) as of December 31, 2021 and 2020 are as follows (in thousands):

	2021		20	020
Net deferred income tax assets:				
Accrued expenses and reserves	\$	9,470	\$	12,587
Stock-based compensation		3,807		3,285
Software		(1,435)		(1,532)
Client contracts and related intangibles		(5,993)		(5,199)
Goodwill		(11,563)		(9,109)
Net operating loss carryforwards		31,548		26,893
Property and equipment		(6,136)		(8,816)
Deferred revenue		3,578		4,020
State taxes		2,020		1,804
Contingent payments		(123)		(1,017)
Foreign exchange gain/loss		1,064		1,406
Operating lease right-of-use assets and lease liabilities		1,768		1,962
Unrecognized tax benefit		522		446
Credits and incentives		951		612
Other		1,337		(546)
Total deferred income tax assets		30,815		26,796
Less: valuation allowance		(29,983)		(21,700)
Net deferred income tax assets	\$	832	\$	5,096

We regularly assess the likelihood of the future realization of our deferred income tax assets. To the extent we believe that it is more likely than not that a deferred income tax asset will not be realized, a valuation allowance is established. As of December 31, 2021, we believe we will generate sufficient taxable income in the future such that we will realize 100% of the benefit of our U.S. Federal deferred income tax assets, thus no valuation allowance has been established. As of December 31, 2021, we have deferred income tax assets net of federal benefit related to state and foreign income tax jurisdictions of \$4.0 million and \$36.7 million, respectively, and have established valuation allowances against those state and foreign income tax deferred income tax assets of \$1.8 million and \$28.2 million, respectively.

As of December 31, 2021 and 2020, we have an acquired U.S. Federal net operating loss ("NOL") carryforward of approximately \$18 million and \$24 million, respectively, which will begin to expire in 2024 and can be utilized through 2033. The acquired U.S. Federal NOL carryforward is attributable to the preacquisition periods of acquired businesses. The annual utilization of this U.S. Federal NOL carryforward is limited pursuant to Section 382 of the Internal Revenue Code of 1986, as amended. In addition, as of December 31, 2021 and 2020, we have: (i) state NOL carryforwards of approximately \$41 million and \$49 million, respectively, which will expire beginning in 2022 with a portion of the losses available over an indefinite period of time; and (ii) foreign subsidiary NOL carryforwards of approximately \$116 million and \$107 million, respectively, which will expire beginning in 2024, with a portion of the losses available over an indefinite period of time.

Accounting for Uncertainty in Income Taxes. We are required to estimate our income tax liability in each jurisdiction in which we operate, including U.S. Federal, state, and foreign income tax jurisdictions. Various judgments and estimates are required in evaluating our tax positions and determining our provisions for income taxes. There are certain transactions and calculations for which the ultimate income tax determination may be uncertain. In addition, we may be subject to examination of our income tax returns by various foreign, federal, state, or local tax authorities, which could result in adverse outcomes. For these reasons, we establish a liability associated with unrecognized tax benefits based on estimates of whether additional taxes and interest may be due. This liability is adjusted based upon changing facts and circumstances, such as the closing of a tax audit, the expiration of a statute of limitations or the refinement of an estimate.

A reconciliation of the beginning and ending balances of our liability for unrecognized tax benefits is as follows (in thousands):

	2021	2020	2019
Balance, beginning of year	\$ 1,393	\$ 1,540	\$ 1,668
Additions related to prior acquisitions	1,508	160	_
Lapse of statute of limitations	(151)	(313)	(420)
Additions for tax positions of prior years	36	111	322
Reductions for tax positions of prior years	(62)	(105)	(30)
Additions for tax positions of current year	205	_	_
Balance, end of year	\$ 2,929	\$ 1,393	\$ 1,540

We recognize interest and penalty expense associated with our liability for unrecognized tax benefits as a component of income tax expense in our Income Statements. In addition to the \$2.9 million, \$1.4 million, and \$1.5 million of liability for unrecognized tax benefits as of December 31, 2021, 2020, and 2019, we had \$0.7 million, \$0.6 million, and \$0.6 million, respectively of income tax-related accrued interest, net of any federal benefit of deduction. If recognized, the \$2.9 million of unrecognized tax benefits as of December 31, 2021, would favorably impact our effective tax rate in future periods.

We file income tax returns in the U.S. Federal jurisdiction, various U.S. state and local jurisdictions, and many foreign jurisdictions. The U.S., U.K., India, and Australia are the primary taxing jurisdictions in which we operate. The years open for audit vary depending on the taxing jurisdiction. We estimate that it is reasonably possible that the amount of gross unrecognized tax benefits will decrease by up to \$0.6 million over the next twelve months due to completion of audits and the expiration of statute of limitations.

10. Employee Retirement Benefit Plans

We sponsor a defined contribution plan covering substantially all of our U.S.-based employees. Participants may contribute up to 100% of their eligible pay, subject to certain limitations, as pretax, salary deferral contributions. We make certain matching, and at our discretion, non-elective employer contributions to the plan. All contributions are subject to certain IRS limitations. The expense related to these contributions for 2021, 2020, and 2019 was \$12.4 million, \$12.1 million, and \$11.3 million, respectively. We also have defined contribution-type plans for certain of our non-U.S.-based employees. The total contributions made to these plans in 2021, 2020, and 2019 were \$6.1 million, \$4.8 million, and \$4.1 million, respectively.

11. Commitments, Guarantees and Contingencies

Service Agreements. We have an agreement with Ensono, Inc. ("Ensono") to provide us outsourced computing services through September 30, 2025. We outsource the computer processing and related services required for the operation of our ACP platform. Our ACP proprietary software and other software applications are run in an outsourced data center environment in order to obtain the necessary computer processing capacity and other computer support services without us having to make the substantial capital and infrastructure investments that would be necessary for us to provide these services internally. Our customers are connected to the outsourced data center environment through a combination of private and commercially provided networks. Our ACP platform is generally considered to be mission critical customer management systems by our customers. As a result, we are highly dependent upon Ensono for system availability, security, and response time.

Guarantees. In the ordinary course of business, we may provide guarantees in the form of bid bonds, performance bonds, or standby letters of credit. At December 31, 2021, we had \$2.4 million of restricted assets used to collateralize these guarantees, with \$1.4 million included in cash and cash equivalents and \$1.0 million included in other non-current assets. We have bid bonds and performance guarantees in form of surety bonds issued through a third-party of \$6.5 million that were not required to be recorded on our Consolidated Balance Sheets. We are ultimately liable for claims that may occur against these guarantees. We have no history of material claims or are aware of circumstances that would require us to pay under any of these arrangements. We also believe that the resolution of any claim that may arise in the future, either individually or in the aggregate, would not be material to our Financial Statements.

Additionally, we have money transmitter bonds issued through a third-party for the benefit of various states to comply with the states' financial requirements and industry regulations for money transmitter licenses. At December 31, 2021, we had total aggregate money transmitter bonds of approximately \$16.6 million outstanding.

Warranties. We generally warrant that our solutions and related offerings will conform to published specifications, or to specifications provided in an individual customer arrangement, as applicable. The typical warranty period is 90 days from delivery of the solution or offering. For certain service offerings we provide a limited warranty for the duration of the services provided. We generally warrant that services will be performed in a professional and workmanlike manner. The typical remedy for breach of warranty is to correct or replace any defective deliverable, and if not possible or practical, we will accept the return of the defective deliverable and refund the amount paid under the customer arrangement that is allocable to the defective deliverable. Our contracts also generally contain limitation of damages provisions in an effort to reduce our exposure to monetary damages arising from breach of warranty claims. Historically, we have incurred minimal warranty costs, and as a result, do not maintain a warranty reserve.

Solution and Services Indemnifications. Our arrangements with our customers generally include an indemnification provision that will indemnify and defend a customer in actions brought against the customer that claim our products and/or services infringe upon a copyright, trade secret, or valid patent. Historically, we have not incurred any significant costs related to such indemnification claims, and as a result, do not maintain a reserve for such exposure.

Claims for Company Non-performance. Our arrangements with our customers typically limit our liability for breach to a specified amount of the direct damages incurred by the customer resulting from the breach. From time-to-time, these arrangements may also include provisions for possible liquidated damages or other financial remedies for our non-performance, or in the case of certain of our revenue management platforms, provisions for damages related to service level performance requirements. The service level performance requirements typically relate to system availability and timeliness of service delivery. As of December 31, 2021, we believe we have adequate reserves, based on our historical experience, to cover any reasonably anticipated exposure as a result of our nonperformance for any past or current arrangements with our customers.

Indemnifications Related to Officers and the Board of Directors. We have agreed to indemnify members of our Board of Directors (the "Board") and certain of our officers if they are named or threatened to be named as a party to any proceeding by reason of the fact that they acted in such capacity. We maintain directors' and officers' ("D&O") insurance coverage to protect against such losses. We have not historically incurred any losses related to these types of indemnifications and are not aware of any pending or threatened actions or claims against any officer or member of our Board. As a result, we have not recorded any liabilities related to such indemnifications as of December 31, 2021. In addition, as a result of the insurance policy coverage, we believe these indemnification agreements are not significant to our results of operations.

Legal Proceedings. From time-to-time, we are involved in litigation relating to claims arising out of our operations in the normal course of business.

12. Stockholders' Equity

Stock Repurchase Program. We currently have a stock repurchase program, approved by our Board, authorizing us to repurchase shares of our common stock from time-to-time as market and business conditions warrant (the "Stock Repurchase Program"). During 2021, 2020, and 2019, we repurchased 733,000 shares of our common stock for \$36.0 million (weighted–average price of \$49.13 per share), 624,000 shares of our common stock for \$26.3 million (weighted-average price of \$42.13 per share), and 576,000 shares of our common stock for \$25.5 million (weighted-average price of \$44.17 per share), respectively, under a Securities and Exchange Commission ("SEC") Rule 10b5-1 Plan.

As of December 31, 2021, the remaining number of shares available for repurchase under the Stock Repurchase Program totaled 3.6 million shares.

Stock Repurchases for Tax Withholdings. In addition to the above-mentioned stock repurchases, during 2021, 2020, and 2019, we repurchased and then cancelled approximately 130,000 shares, 254,000 shares, and 117,000 shares for \$6.3 million, \$11.9 million, and \$5.1 million, respectively, of common stock from our employees in connection with minimum tax withholding requirements resulting from the vesting of restricted stock under our stock incentive plans.

Cash Dividend. During 2021, 2020, and 2019 our Board approved total cash dividends of \$1.00 per share, \$0.94 per share, and \$0.89 per share of common stock, totaling \$32.7 million, \$30.9 million, and \$29.4 million, respectively.

Warrants. In 2014, in conjunction with the execution of an amendment to our current agreement with Comcast Corporation ("Comcast), we issued stock warrants (the "Warrant Agreement") for the right to purchase up to 2.9 million shares of our common stock (the "Stock Warrants") as an additional incentive for Comcast to convert customer accounts onto ACP based on various milestones. The Stock Warrants have a ten-year term and an exercise price of \$26.68 per warrant.

Of the total Stock Warrants issued, 1.9 million Stock Warrants have vested and been exercised. Comcast exercised their remaining 0.4 million vested Stock Warrants in December 2019, which we net cash settled under the provision of the Warrant Agreement. The fair value of the Stock Warrants were \$24.6 million (weighted-average price of \$56.12 per share), resulting in a net cash settlement of \$12.9 million. The difference between the net cash settlement and the \$9.1 million carrying value of the Stock Warrants was recorded as an adjustment to additional paid-in capital.

As of December 31, 2021, 1.0 million Stock Warrants remain issued, none of which were vested. The remaining unvested Stock Warrants will be accounted for as a customer contract cost asset once the performance conditions necessary for vesting are considered probable.

Once vested, Comcast may exercise the Stock Warrants and elect either physical delivery of common shares or net share settlement (cashless exercise). Alternatively, the exercise of the Stock Warrants may be settled with cash based solely on our approval, or if Comcast were to beneficially own or control in excess of 19.99% of the common stock or voting of the Company.

13. Equity Compensation Plans

Stock Incentive Plan. In May 2020, our stockholders approved an increase of 3.6 million shares authorized for issuances under the Amended and Restated 2005 Stock Incentive Plan (the "2005 Plan"), from 21.4 million shares to 25.0 million shares. Shares reserved under the 2005 Plan can be granted to officers and other key employees of our company and its subsidiaries and to non-employee directors of our company in the form of stock options, stock appreciation rights, performance unit awards, restricted stock awards, or stock bonus awards. Shares granted under the 2005 Plan in the form of a performance unit award, restricted stock award, or stock bonus award are counted toward the aggregate number of shares of common stock available for issuance under the 2005 Plan as two shares for every one share granted or issued in payment of such award. As of December 31, 2021, 4.6 million shares were available for issuance, with 4.2 million shares available for grant.

Restricted Stock. We generally issue new shares (versus treasury shares) to fulfill restricted stock award grants. Restricted stock awards are granted at no cost to the recipient. Historically, our restricted stock awards have vested annually primarily over two to four years with no restrictions other than the passage of time (i.e., the shares are released upon calendar vesting with no further restrictions) (or "Time-Based Awards"). Unvested Time-Based Awards are typically forfeited and cancelled upon termination of employment with our company. Certain Time-Based Awards become fully vested (i.e., vesting accelerates) upon a change in control, as defined, and the subsequent involuntary termination of employment, or death. The fair value of the Time-Based Awards (determined by using the closing market price of our common stock on the grant date) is charged to expense on a straight-line basis over the requisite service period for the entire award.

We also issue restricted stock shares to key members of management that vest upon meeting pre-established financial performance objectives ("Performance-Based Awards"). The structure of the performance goals for the Performance-Based Awards has been approved by our stockholders. Certain Performance-Based Awards become fully vested (i.e., vesting accelerates) upon a change in control, as defined, and the subsequent involuntary termination of employment. The fair value of the Performance-Based Awards (determined by using the closing market price of our common stock on the grant date) is charged to expense on a straight-line basis over a two-year performance period.

During 2020, market-based awards for 0.1 million restricted common stock shares were granted to certain members of executive management which vest upon meeting pre-established share price targets over a four-year period ("Market-Based Awards"). The Market-Based Awards become fully vested upon a change in control, as defined, and the subsequent involuntary termination of employment. The fair value of the Market-Based Awards (determined using a Monte Carlo valuation method), is charged to expense over the estimated service period for each separately vesting portion of the award as if the award is, in-substance, multiple awards.

A summary of our unvested restricted stock activity during 2021 is as follows (shares in thousands):

		2021			
	Shares			Weighted- Average Grant Date Fair Value	
Unvested awards, beginning		1,041	\$	41.31	
Awards granted		692		48.82	
Awards forfeited/cancelled		(90)		43.47	
Awards vested		(437)		41.56	
Unvested awards, ending		1,206	\$	45.22	

The weighted-average grant date fair value per share of restricted stock shares granted during 2021, 2020, and 2019 was \$48.82, \$40.86, and \$41.69, respectively. The total market value of restricted stock shares vesting during 2021, 2020, and 2019 was \$21.0 million, \$32.8 million, and \$17.0 million, respectively.

1996 Employee Stock Purchase Plan. As of December 31, 2021, we have an employee stock purchase plan whereby 1.7 million shares of our common stock have been reserved for sale to our U.S. employees through payroll deductions. The price for shares purchased under the plan is 85% of market value on the last day of the purchase period. Purchases are made at the end of each month. During 2021, 2020, and 2019, 64,342 shares, 68,552 shares, and 54,949 shares, respectively, were purchased under the plan for \$2.6 million (\$36.63 to \$48.98 per share), \$2.5 million (\$32.20 to \$42.35 per share), and \$2.3 million (\$30.76 to \$48.99 per share), respectively. As of December 31, 2021, 89,366 shares remain eligible for purchase under the plan.

Stock-Based Compensation Expense. We recorded stock-based compensation expense of \$21.4 million, \$25.2 million, and \$19.9 million, respectively, for 2021, 2020, and 2019. As of December 31, 2021, there was \$35.6 million of total compensation cost related to unvested awards not yet recognized. This amount, excluding the impact of forfeitures, is expected to be recognized over a weighted-average period of 2.1 years.

We recorded a deferred income tax benefit related to stock-based compensation expense during 2021, 2020, and 2019, of \$4.9 million, \$5.8 million, and \$4.3 million, respectively. The actual income tax benefit realized for the tax deductions from the vesting of restricted stock for 2021, 2020, and 2019, totaled \$4.4 million, \$4.0 million, and \$3.9 million, respectively.

Modifications to Stock-Based Awards. In August 2020, we entered into a Separation Agreement (the "Separation Agreement"), with our then-current President and Chief Executive Officer ("CEO") which included a provision that accelerated the vesting of approximately 198,000 shares of unvested restricted stock on December 30, 2020. This modification resulted in a reversal of stock-based compensation expense in 2020 of \$2.7 million. The fair value of the modified award of \$8.4 million was recognized ratably from the date of modification through the resignation date, all of which was recognized in 2020.

em 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

em 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b), our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), conducted an evaluation as of the end of the period covered by this report of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e). Based on that evaluation, the CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Management's Annual Report on Internal Control over Financial Reporting

As required by Rule 13a-15(d), our management, including the CEO and CFO, also conducted an evaluation of our internal control over financial reporting, as defined by Rule 13a-15(f). Management's Report on Internal Control over Financial Reporting is located at the front of Part II, Item 8 of this report.

Our management's evaluation excluded: (i) MobileCard Holdings, LLC, which beginning in July 2021, we held a controlling interest in; (ii) Keydok, LLC, which we acquired on September 14, 2021; and (iii) DGIT Systems Pty Ltd, which we acquired on October 4, 2021. At December 31, 2021, these acquisitions had \$30.7 million and \$27.3 million of total assets and net assets, respectively. For the year ended December 31, 2021, our Consolidated Statement of Income included total revenue associated with these acquisitions of \$1.5 million. In accordance with guidance issued by the SEC, companies are allowed to exclude acquisitions from the assessment of internal controls over financial reporting during the first year subsequent to the acquisition while integrating the acquired operations.

(c) Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2021. KPMG LLP's report is located immediately following Management's Report on Internal Control over Financial Reporting at the front of Part II, Item 8 of this report.

(d) Changes in Internal Control over Financial Reporting

Except as described above under 9A.(b) with respect to the MobileCard Holdings, LLC, Keydok, LLC, and DGIT Systems Pty Ltd acquisitions, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during the fourth quarter of 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

em 9B. Other Information

None.

em 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspection

ot applicable.

PART III

em 10. Directors, Executive Officers and Corporate Governance

See the Proxy Statement for our 2022 Annual Meeting of Stockholders, from which information regarding directors is incorporated herein by reference. Information regarding our executive officers will be omitted from such proxy statement and is furnished in a separate item captioned "Executive Officers of the Registrant" included at the end of Part I of this Form 10-K.

em 11. Executive Compensation

See the Proxy Statement for our 2022 Annual Meeting of Stockholders, from which information in response to this Item is incorporated herein by reference.

em 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

See the Proxy Statement for our 2022 Annual Meeting of Stockholders, from which information required by this Item is incorporated herein by reference, with the exception of the equity compensation plan information which is presented in Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities," and is incorporated herein by reference.

em 13. Certain Relationships and Related Transactions, and Director Independence

See the Proxy Statement for our 2022 Annual Meeting of Stockholders, from which information in response to this Item is incorporated herein by reference.

em 14. Principal Accounting Fees and Services

See the Proxy Statement for our 2022 Annual Meeting of Stockholders, from which information in response to this Item is incorporated herein by reference.

PART IV

em 15. Exhibits, Financial Statement Schedules

- (a) Financial Statements, Financial Statement Schedules, and Exhibits:
 - (1) Financial Statements

The financial statements filed as part of this report are listed on the Index to Consolidated Financial Statements on page 41.

(2) Financial Statement Schedules:

None. Any information required in the Financial Statement Schedules is provided in sufficient detail in our Financial Statements and notes thereto.

(3) Exhibits

Exhibits are listed in the Exhibit Index on page 76.

The Exhibits include management contracts, compensatory plans and arrangements required to be filed as exhibits to the Form 10-K by Item 601 of Regulation S-K.

(b) Exhibits

The Exhibits filed or incorporated by reference herewith are as specified in the Exhibit Index.

em 16. Form 10-K Summary

None.

EXHIBIT INDEX

Exhibit Number	Description					
2.10 (8)	Implementation Agreement between CSG Systems International, Inc. and Intec					
3.01 (1)	Restated Certificate of Incorporation of the Company (P)					
3.02 (13)	Amended and Restated Bylaws of CSG Systems International, Inc.					
3.03 (2)	Certificate of Amendment of Restated Certificate of Incorporation of CSG Systems International, Inc.					
4.01 (1)	Form of Common Stock Certificate (P)					
4.10 (12)	Indenture dated March 15, 2016, between CSG Systems International, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee					
4.50 (17)	\$350 million Credit Agreement dated as of March 5, 2018, among CSG Systems International, Inc., as Borrower, the Subsidiary Guarantors Party hereto, Bank of America, N.A., as Administrative Agent, Collateral Agent, Swingline Lender and Issuing Bank, Wells Fargo Bank, National Association, as Syndication Agent, Compass Bank and HSBC Bank USA, National Association, as C Documentation Agents, the Lenders Party Hereto, and the Other Issuing Banks Party Hereto Merrill Lynch, Pierce, Fenner & Smi Incorporated and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners					
4.60 (33)	\$600.0 million Amended and Restated Credit Agreement dated September 13, 2021, among CSG Systems International, Inc., as Borrower, the Subsidiary Guarantors Party Hereto, Bank of America, N.A., as Administrative Agent, Collateral Agent, Swingline Lender and an Issuing Bank, Wells Fargo Bank, National Association, as Syndication Agent, BBVA, USA and U.S. Bank National Association, as Co-Documentation Agents, the Lenders Party Hereto, and the Other Issuing Banks Party Hereto BofA Securities, Inc. and Wells Fargo Securities, LLC, as Joint Lead Arrangers and Joint Bookrunners					
4.90 (24)	Description of Capital Stock					
10.02 (9)	Second Amended and Restated 1996 Employee Stock Purchase Plan, as adopted on May 17, 2011					
10.04 (26)	CSG Systems International, Inc. Amended and Restated 2005 Stock Incentive Plan, as amended on May 21, 2020					
10.05 (9)	CSG Systems International, Inc. Performance Bonus Program, as amended on August 14, 2007					
10.06 (5)	CSG Systems International, Inc. 2001 Stock Incentive Plan, as amended August 14, 2007					
10.15 (7)	Form of Indemnification Agreement between CSG Systems International, Inc. and Directors and Executive Officers					
10.16 (4)	Indemnification Agreement between CSG Systems International, Inc. and Mr. Ronald Cooper, dated November 16, 2006					
10.26* (15)	Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26A* (15)	Second Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26B* (15)	Third Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26C* (15)	Fourth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					

10.26D (16)	First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26E* (16)	Fifth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26F* (16)	Sixth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26G* (16)	Eighth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26H* (16)	Ninth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26I (16)	Tenth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26J* (17)	Eleventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26K* (19)	Thirteenth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26L* (19)	Fifteenth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26M* (19)	Seventeenth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26N* (19)	Eighteenth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26O* (20)	Seventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26P* (20)	Twelfth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26Q* (20)	Fourteenth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26R* (20)	Nineteenth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26S* (21)	Twentieth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26T* (22)	Twenty-Second Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26U* (22)	Twenty-Fourth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26V* (22)	Twenty-Fifth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26W* (22)	Twenty-Sixth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC

10.26X* (22)	Twenty-Seventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26Y* (22)	Twenty-Eighth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26Z* (23)	Twenty-Third Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AA* (23)	Thirty-First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AB* (23)	Thirty-Second Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AC* (23)	Thirty-Third Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AD* (23)	Thirty-Fourth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AE* (24)	Thirty-Fifth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AF* (25)	Thirty-Seventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AG* (25)	Thirty-Eighth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AH* (27)	Twenty-First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AI* (27)	Thirty-Ninth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AJ* (27)	Fortieth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AK* (29)	Forty-First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AL* (29)	Forty-Second Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AM* (30)	Forty-Fifth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AN* (30)	Forty-Sixth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AO* (30)	Forty-Seventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AP* (31)	Forty-Eighth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC
10.26AQ* (31)	Forty-Ninth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC

10.26AR* (31)	Forty-Ninth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26AS* (32)	Fifty-First Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26AT* (32)	Fifty-Second Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26AU* (32)	Fifty-Third Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26AV* (33)	Fifty-Fifth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26AW*	Fifty-Seventh Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26AX*	Fifty-Eighth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.26AY*	Fifty-Ninth Amendment to Consolidated CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Charter Communications Operating, LLC					
10.27* (24)	CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27A* (24)	CD Addendum to CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27B* (25)	First Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27C* (30)	Second Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27D* (31)	Third Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27E* (32)	Fourth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27F* (32)	Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27G* (32)	Fifth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27H* (32)	Eighth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27I* (33)	Seventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27J* (33)	Ninth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27K*	Tenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					

10.27L*	Eleventh Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27M*	Twelfth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.27N*	Thirteenth Amendment to the CSG Master Subscriber Management System Agreement between CSG Systems, Inc. and Comcast Cable Communications Management, LLC					
10.39 (20)	CSG Systems, Inc. Wealth Accumulation Plan, as restated and amended effective December 6, 2017					
10.39A (20)	Adoption Agreement to CSG Systems, Inc. Wealth Accumulation Plan, executed September 13, 2018					
10.50 (3)	CSG Systems International, Inc. 2001 Stock Incentive Plan					
10.51 (6)	Employment Agreement with Bret C. Griess, dated February 19, 2009					
10.51A (10)	Amended and Restated Employment Agreement with Bret C. Griess, dated November 19, 2015					
10.51B (14)	Amendment No. 1 to Amended and Restated Employment Agreement with Bret C. Griess, dated November 17, 2016					
10.51C (28)	Separation Agreement with Bret C. Griess, dated August 26, 2020					
10.51D (30)	Amendment No. 1 to Separation Agreement with Bret C. Griess, dated December 31, 2020					
10.53 (11)	Employment Agreement with Kenneth M. Kennedy, dated March 1, 2016					
10.53A (14)	Amendment No. 1 to Employment Agreement with Kenneth Kennedy, dated November 17, 2016					
10.53B (30)	Amendment No. 2 to Employment Agreement with Kenneth M. Kennedy, dated November 8, 2017					
10.53C (30)	Amendment No. 3 to Employment Agreement with Kenneth Kennedy, dated January 1, 2021					
10.54 (18)	Employment Agreement with Rolland B. Johns, dated May 17, 2018					
10.55 (28)	Employment Agreement with Brian A. Shepherd, dated August 26, 2020					
10.56 (32)	Employment Agreement with Elizabeth A. Bauer, dated May 20, 2021					
10.57 (34)	Employment Offer Letter with Hai Tran, dated November 16, 2021					
10.81 (29)	Forms of Agreement for Equity Compensation					
10.82 (29)	Forms of Agreement for Equity Compensation					
10.83 (30)	Forms of Agreement for Equity Compensation					
10.85 (19)	Forms of Agreement for Equity Compensation					
21.01	Subsidiaries of the Registrant					
23.01	Consent of KPMG LLP					
31.01	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					
31.02	Certifications Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					
32.01	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					

101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				
(2)Incorporated by reference (3)Incorporated by reference (4)Incorporated by reference (5)Incorporated by reference (6)Incorporated by reference (6)Incorporated by reference (7)Incorporated by reference (8)Incorporated by reference (10)Incorporated by reference (10)Incorporated by reference (11)Incorporated by reference (12)Incorporated by reference (13)Incorporated by reference (14)Incorporated by reference (15)Incorporated by reference (15)Incorporat	to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 1997. to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2002. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated November 16, 2006. to the exhibit of the same number to the Registrant's Current Report on Form 10-Q for the period ended September 30, 2007. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated February 19, 2009. to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010. to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2010. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 17, 2011. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated Movember 19, 2015. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated February 25, 2016. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated March 9, 2016. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 26, 2016. to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 26, 2016. The to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 26, 2016. The to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 26, 2016. The total Report on Form 8-K for the event dated November 17, 2016. The total Report on Form 10-Q for the period ended September 30, 2017.				

(16)Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017. (17)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2018.

(18)Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 17, 2018.

(19)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2018.

(20)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2018.

(23)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2019. (24)Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019. (25)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2020. (26)Incorporated by reference to the exhibit of the same number to the Registrant's Current Report on Form 8-K for the event dated May 21, 2020. (28)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 8-K for the event dated August 26, 2020. (29)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2020. (30)Incorporated by reference to the exhibit of the same number to the Registrant's Annual Report on Form 10-Q for the year ended December 31, 2020. (31)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2021. (32)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2021. (33)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2021. (33)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2021. (34)Incorporated by reference to the exhibit of the same number to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2021.

* Portions of the exhibit have been omitted pursuant to an application for confidential treatment, and the omitted portions have been filed separately with the Commission.

Pursuant to the requirements of Section 13 or 15(d) 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.

CSG Systems International, Inc.

By: /s/ Brian A. Shepherd

Brian A. Shepherd President and Chief Executive Officer (Principal Executive Officer)

Date: February 18, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in capacities and on the dates indicated.

Signature	Date	
/s/ DONALD B. REED Donald B. Reed	Chairman of the Board of Directors	February 18, 2022
/s/ BRIAN A. SHEPHERD Brian A. Shepherd	Director, President and Chief Executive Officer (Principal Executive Officer)	February 18, 2022
/s/ HAI TRAN Hai Tran	Chief Financial Officer (Principal Financial Officer)	February 18, 2022
/s/ DAVID N. SCHAAF David N. Schaaf	Chief Accounting Officer (Principal Accounting Officer)	February 18, 2022
/s/ DAVID G. BARNES David G. Barnes	Director	February 18, 2022
/s/ GREGORY A. CONLEY Gregory A. Conley	Director	February 18, 2022
/s/ RONALD H. COOPER Ronald H. Cooper	Director	February 18, 2022
/s/ MARWAN H. FAWAZ Marwan H. Fawaz	Director	February 18, 2022
/s/ RAJAN NAIK Rajan Naik	Director	February 18, 2022
/s/ JANICE I. OBUCHOWSKI Janice I. Obuchowski	Director	February 18, 2022
/s/ FRANK V. SICA Frank V. Sica	Director	February 18, 2022
/s/ HAIYAN SONG Haiyan Song	Director	February 18, 2022
/s/ SILVIO TAVARES Silvio Tavares	Director	February 18, 2022
/s/ TSE LI YANG Tse Li Yang	Director	February 18, 2022
	83	

THIS DOCUMENT CONTAINS INFORMATION WHICH HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. SUCH EXCLUDED INFORMATION IS IDENTIFIED BY BRACKETS AND MARKED WITH (***).

FIFTY-SEVENTH AMENDMENT TO CONSOLIDATED CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT BETWEEN CSG SYSTEMS, INC. AND CHARTER COMMUNICATIONS OPERATING, LLC

This Fifty-seventh Amendment (the "Amendment") is made by and between CSG Systems, Inc., a Delaware corporation ("CSG"), and Charter Communications Operating, LLC, a Delaware limited liability company ("Customer"). CSG and Customer entered into that certain Consolidated CSG Master Subscriber Management System Agreement effective as of August 1, 2017 (CSG document no. 4114281), as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment are in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

WHEREAS, CSG and Customer wish to extend the Term of the Agreement, provide financial consideration for the extension of the Term and to modify certain terms that are a condition of the extension of the Term.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CSG and Customer agree to the following as of the Amendment Effective Date (defined below), unless an alternate date is otherwise agreed in a subsection below:

- 1. The Parties wish to extend the Agreement through December 31, 2027. Therefore, Section 1.2 of the Agreement entitled "Term" shall be deleted in its entirety and replaced with the following:

Subsequent Term, this Agreement will automatically be extended for one additional one-year term (the "Additional Term"), subject to Customer processing no fewer than [********] Connected Subscribers, excluding Print and Mail Services, on [********]. CSG will determine such number of Connected Subscribers and provide to Customer written notice of such determination (which may be provided by email to Customer's Group Vice President Billing, Strategy and Operations or equivalent). Customer may, at any time, but in no event later than [****** (**) ****] after receipt of such notice, provide to CSG a written notice of non-renewal to CSG, and in such event this Agreement will not automatically be extended.

"Term" means the Initial Term, Subsequent Term, and the Additional Term, if applicable.

2.Section 2.7(b) (Ownership; Customer Property) shall be deleted in its entirety and replaced with the following:

Customer Property. All documents, data and files necessary to provide billing services to Customer's subscribers which are provided to CSG hereunder by Customer, including the result of CSG's processing of the foregoing ("Customer Data"), are and shall remain Customer's property, and upon request of Customer for any reason or Deconversion of any Connected Subscriber, such Customer Data shall be returned to Customer by CSG provided that Customer will pay all unpaid charges for any Deconverted Connected Subscriber. Customer Data to be returned to Customer includes: Subscriber Master File (including Work Orders, Converters and General Ledger), Computer-Produced Reports (reflecting activity during a period of ninety (90) days immediately prior to termination), House Master File, and any other related data or files held by CSG on behalf of Customer, all of which will be in its standard deconversion format (including available historical data) unless another format is reasonably requested by Customer. Following the Deconversion of any Connected Subscriber, CSG will maintain the Customer Data with respect to such Deconverted Connected Subscriber for no less than twenty-four (24) months in such format that will permit CSG to comply with this Section 2.7(b). Such Customer Data will be provided subject to CSG's reasonable, standard fees for such services, or other mutually-agreed fees. Customer Data will not be utilized by CSG for any purpose other than those purposes related to preparing, offering or rendering the Services to Customer under this Agreement.

3. Section 3.2 Technical Services, is modified by adding the following after the first paragraph:

4.Section 5.2 Invoices and Payment shall be deleted in its entirety and replaced with the following:

1.2. Invoices and Payment

Customer shall pay undisputed, unpaid amounts due hereunder within [********* (**) ****] after the date of invoice. Any amount not paid within [******** (**) ****] after the date of invoice shall thereafter bear interest until paid at a rate equal to the lesser of [*** and ******* percent (***]%) per month, not compounded, and the maximum rate allowed by applicable law. Customer shall pay all amounts due in United States currency. For an invoice (including parts of an invoice) to be considered "disputed": (a) Customer will notify CSG in writing (including by email) to the attention of a member of the CSG billing department and (b) such dispute must be in good faith. Neither Customer's failure to dispute the accuracy of any invoice within [********* (**) ****] of the invoice date, nor Customer's payment of any invoice, shall be deemed to constitute Customer's agreement to the accuracy of the amounts charged therein.

5. Section 5.3 Adjustment to Fees is modified by deleting the first sentence at the beginning of the paragraph and replacing it with the following:

CSG and Customer agree the [****** Adjustment to Fees scheduled for ****** shall be ******], excluding any necessary adjustments to Fees for Materials. Effective [*********, and for each year during the Term, all fees included in this Agreement, except ******* as defined below, shall be increased ******* by the ****** (x) ****** ****** (**%) of an amount equal to the ******* of the ******* (**) ******], prior to CSG's notice, of the published ("CPI") Consumers Price Index, All Urban Consumers, All Items, U.S. City Average 1982-1984, published by the U.S. Department of Labor or any successor index ("[****** Adjustment to Fees") or (y) ***** ******** (*]%).

6. The last full paragraph of Section 6.1 Termination shall be deleted in its entirety and replaced with the following:

In the event of termination or expiration of this Agreement, this Agreement (other than Customer's conversion, exclusivity and minimum fee obligations) shall remain in full force and effect until the last Connected Subscriber is Deconverted. For the avoidance of doubt and without limiting the foregoing, Customer shall be authorized to exercise all of its rights and licenses under Section 2 and CSG shall be required to perform all Services contemplated in this Agreement with respect to each Deconverted Connected Subscriber until such time as such Connected Subscriber is Deconverted. Upon the Deconversion of all Connected Subscribers, all rights granted to Customer under this Agreement (or the relevant rights applicable to a portion of the Agreement) with respect to the terminated Products, Deliverables and Services will cease, and Customer will promptly (i) purge all terminated Software from the Designated Environment and all of Customer's other computer systems, storage media and other files; (ii) destroy the Product(s) and all copies thereof; (iii) deliver to CSG an affidavit which certifies that Customer has complied with these termination obligations; and (iv) pay to CSG all undisputed fees that are due, invoiced, and unpaid pursuant to this Agreement. Notwithstanding the foregoing, Customer may retain one copy of the Software, Products and Deliverables with its legal counsel solely to provide a record of such Software for archival purposes. For purposes of this Agreement, "Deconvert" (and derivations) refers to the act of removing a Connected Subscriber from Customer's Subscriber Master File and Ledger Activity Report. Once a Connected Subscriber is Deconverted, it will no longer be counted as a Connected Subscriber for purposes of Schedule F.

7. Section 6.2 Transition Assistance shall be deleted in its entirety and replaced with the following:

6.2 Transition Assistance

Exhibit 10.26AW

the foregoing, the Parties agree that CSG will prepare and provide to Customer deconversion files upon the request of Customer; provided, however, that CSG may hold any deconversion files requested by Customer for any purpose other than a Deconversion in accordance with this Agreement for a period of up to [**** (*) *****] after the effective cutoff date of such deconversion files ("Transition Assistance"). Customer shall not receive a second set of deconversion files for the same set of system principals, which set of deconversion files will reasonably enable Customer to Deconvert and transition to another billing provider, until either (x) Customer has paid the Basic Services Charge with respect to the Minimum Commitment and the Subsequent Term Minimum Commitment or (y) this Agreement has expired or been terminated (or a termination notice has been served) and Customer has fulfilled its obligations to pay any applicable Termination Liability or payment obligations provided in Section 1.2 Term for the Additional Term as applicable.

8.Section 6.4 Discontinuance Fee shall be deleted in its entirety and replaced with the following: 6.4 Discontinuance Fee

- . (a) Non-Print and Mail Processing. The Parties have mutually agreed upon the fees for non-Print and Mail Products and Services provided hereunder based upon certain assumed volumes of business activity, and the Term of this Agreement. Customer understands that without the certainty of revenue promised by the commitments set forth in this Agreement, CSG would have been unwilling to provide the Products and Services in accordance with the terms set forth herein. Because of the difficulty in ascertaining CSG's actual damages for a termination of this Agreement by Customer without cause or other breach of this Agreement by Customer resulting in termination of this Agreement by CSG, Customer agrees that, upon termination of this Agreement in its entirety for reasons other than by a Party pursuant to section [****] or by Customer pursuant to section [***(*), (*), (*) or (*]), in addition to all other amounts then due and owing to CSG for Products and Services previously rendered, Customer will pay to CSG (as a liquidated damage and not as a penalty) an amount equal to (i) the [***** ******* ("***") ******** by (ii) the provided in Section 1.2, Term (the "Termination Discontinuance Fee (Processing)"). Customer agrees that such amount is a reasonable estimation of the actual damages which CSG would suffer if CSG were to fail to receive the business contemplated in this Agreement. The Parties agree that, excluding any other undisputed amounts due and owing to CSG at the time of such breach, the liquidated damages for non-Print and Mail Products and Services set forth in this section 6.4 shall be available to CSG only as set forth expressly in this subsection (a) to section 6.4, and such liquidated damages shall be CSG's sole and exclusive remedy at law or equity for termination of this Agreement prior to the Term. For the avoidance of doubt, the Parties hereby confirm that Customer has met the Minimum Commitment prior to the end of the Initial Term.
- (b) Print and Mail. The Parties have mutually agreed upon the fees for Print and Mail Services provided hereunder based upon certain assumed volumes of business activity, exclusivity restrictions and the Term of this Agreement. Customer understands that without the certainty of revenue promised by the commitments set forth in this Agreement, CSG would have been unwilling to provide the Print and Mail Services in accordance with the terms set forth herein.

9.Section 9.2 shall be deleted in its entirety and replaced with the following:

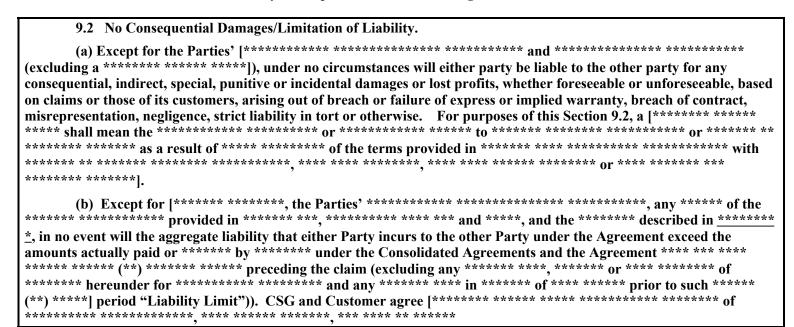


Exhibit 10.26AW

****** and **** ** ***** ******	, not subject to the limitations set forth in subsection (a), but rather subject to
the terms of this subsection (b).	

- (d) The aforementioned exclusions and limitations of damages shall be independent of, and shall survive, any failure of the essential purpose of any warranty or limited remedy stated herein, and shall apply even if a party has been advised of the possibility of such damages. Despite the foregoing exclusion and limitation, this Section 9.2 will not apply to the extent that applicable law specifically requires liability, any breach of the license restrictions provided in Section 2.2, or to any obligation to pay the Termination Discontinuance Fee (Print and Mail), Termination Discontinuance Fee (Processing), Assignment Discontinuance Fee (Print and Mail) or the Assignment Discontinuance Fee (Non-Print and Mail).

10.Section 12.3 shall be deleted in its entirety and replaced with the following: 12.3 Print and Mail [*************

Commitment and Additional Term as applicable, Print and Mail Services shall include and be limited to statement composition and the printing and mailing, through the United States Postal Service ("USPS"), of Customer's monthly billing statements for video, high speed data and residential and commercial voice services.

11. Section 12.7 Sale of Assets shall be deleted in its entirety and replaced with the following: 12.7 Sale of Assets.

In the event that Customer sells, divests or otherwise transfers all or substantially all of its assets, or Charter becomes subject to a change of Control, prior to the expiration of the then current Term to an unrelated third party (a "Successor Entity"), Customer shall use commercially reasonable efforts to assign or transfer this Agreement to the Successor Entity. In the event that such Successor Entity does not assume this Agreement, regardless of whether by contract or operation of law, or otherwise include the Connected Subscribers under this Agreement in such Successor Entity's separate agreement with CSG, which must be executed within [*** (*) ***** of Customer's change of Control. ***** *** *** *** *** *** *** and Customer agrees to pay to CSG (as a liquidated damage and not as a penalty), in addition to any other undisputed amounts due under this Agreement, an this Section 12.7 the "Assignment Discontinuance Fee (Non-Print and Mail)"). For clarification, the Parties agree Customer's payment obligations provided in Section 1.2 Term shall apply to the Additional Term in the event of a sale as provided herein during the Additional Term. In addition to the Assignment Discontinuance Fee (Non-Print and Mail), Customer agrees to pay CSG (as a **** **** *** *** *** *** *** *** provided in <u>Schedule F</u> *** the ***** *** *** *** *** *** (**]%) (for purposes of this Section 12.7 the "Assignment Discontinuance Fee (Print and Mail)"). Customer agrees that such amounts are a reasonable estimation of the actual damages which CSG would suffer if CSG were to fail to receive the business contemplated in this Agreement as a result of events occurring under this section 12.7.

In the event that CSG sells, divests or otherwise transfers all or substantially all of its assets, or CSG otherwise becomes
subject to a change of Control, CSG shall assign or transfer this Agreement to the transferee upon notice to Customer and Customer
will consent to such notice in advance; provided, however, if such assignment or transfer will be made to any [******* ****
*********, or ******* ******* (e.g., ***, *******************, or **********
*******, ******, ***, ***, ***, *****, ****, ***, ***, *****, and ****], in each case to the extent such entities
participate in the foregoing commercial sectors), or with any of their Affiliates or successors (each a "Charter Competitor"), CSG
may not assign or transfer this Agreement without the consent of Customer, which will not be withheld or delayed unreasonably. If
CSG assigns this Agreement to, or becomes subject to the direct or indirect control of, any Charter Competitor, and Customer has a
reasonable basis for objecting to such assignment, Customer may terminate this Agreement at any time within the [****** (**)
***** period following such assignment or change of Control and convert the Connected Subscribers to another provider, with no
******** ****** ** ***

12. Schedule A Definitions shall be modified to include the following definition for Subsequent Term Minimum Commitment:

"Subsequent Term Minimum Commitment" means [********* Subscriber Months during the **********], each as may be adjusted in accordance with the Agreement.

13. Schedule A Definitions shall be modified to include the following definition for Subsequent Term:

"Subsequent Term" shall have the meaning set forth in Section 1.2.

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******* shall not include ****** *** which ****** under this Agreement for the ****** ** *** *** *** *************
Example 1: If there were [*** ****** (*******) ******** ******** ********
Example 2: If there were an [******** ******* ******* (******) ******* ****** ****** ****** in ******* ****, then CSG would provide an ******* ***** ***** ***** ***** ***** ****
CSG provides Customer the [******** ***************************
In the event this Agreement is terminated, except for the limited scenario in which CSG terminates this Agreement without cause prior to the expiration of the [************************************

15.CSG and Customer agree that <u>Schedule F</u>, Section 1. CSG Services, Subsection I. Processing, Subsection A. Video, High Speed Data, and Residential Services section entitled Minimum Commitment shall be deleted in its entirety and replaced by the following:

A.Video, High Speed Data, and Residential Voice Services

paid in accordance with Section 5.2, "Invoices and Payment," of the Agreement and shall be in addition to any other amounts due pursuant to the terms and conditions of the Agreement.

i)Acquisition and Divestiture. Customer and CSG agree [***********************************
ii)[******* ****************************
a.[************************************

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Exhibit 10.26AW
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By way of example and for demonstrative purposes only (rounded):
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Exhibit 10.26AW

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16.CSG and Customer agree that <u>Schedule F</u> of the Agreement shall be amended as set forth below in subsections 16. a. through 16. j. effective January 1, 2022:

n. Schedule F, Section 1. CSG Services, Subsection I. Processing, Subsection A. Video, High Speed Data, and Residential Services, subsection i) Basic Services Charge ("BSC") for Non-Rated Video, Non-Rated High-Speed Data and Residential Voice Services (per Connected Subscriber) (Note 1) shall be deleted in its entirety and replaced by the following:

i)Basic Services Charge ("BSC") for Non-Rated Video, Non-Rated High-Speed Data and Residential Voice Services (per Connected Subscriber) (Note 1). Customer shall pay CSG the BSC monthly calculated pursuant to the tiers in the table immediately below, which corresponds to the total number of Connected Subscribers in such month.

BSC Rate Table

			Exhibit 10.26AW
	Description of Item/Unit of Measure	Frequency	Fee
Tier I	Up to [********] Connected Subscribers	[******]	\$[*****]
Tier II	[****** to ******* To ******** Connected Subscribers	[******	\$[*****]
Tier III	[****** to ******** Tonnected Subscribers	[******	\$[*****]
Tier IV	[******* to ******** Connected Subscribers	[******]	\$[*****]
Tier V	[******* to ******** Connected Subscribers	[******]	\$[*****]
Tier VI	[******* to ******** Connected Subscribers	[******]	\$[*****]
Tier VII	[******* to ******** Connected Subscribers	[******]	\$[*****]
Tier VIII	[******* to ******** Connected Subscribers	[******]	\$[*****]
Tier IX	[******* to ******** Connected Subscribers	[******]	\$[*****]
Tier X	[******* to ******** Connected Subscribers	[******]	\$[*****]
Tier XI	[********] and greater Connected Subscribers	[******]	\$[*****]
next ******** Connected Sub	iers are incremental and not cumulative, meaning the first [************* Connected Subscri * Connected Subscribers processed monthly will be billed at the **** ** ****, etc. For ex- scribers in a certain *****, then CSG would invoice \$*********** (********* x \$***** ****** + ******** x \$******]).	xample, if there were ****** **	***** (********)

a. <u>Schedule F</u>, Section 1. CSG Services, Subsection I. Processing, Subsection A. Video, High Speed Data, and Residential Services section entitled "The Monthly BSC for Video and High Speed Data, and Residential Voices Services includes the following," shall amended to include the following items and, thus, shall no longer be invoiced separately to Customer:

a.Schedule F, Section 1. CSG Services, Subsection I. Processing, Subsection A. Video, High Speed Data, and Residential Services, subsection ii) PDB Access shall be deleted in its entirety and replaced by the following:

i)PDB Access

Description of Item/Unit of Measure Frequency a.PDB Access Fee - for video and/or [** \$[*****] [*****] [*** ******] b.Configuration and Setup Fees

Note 1: In addition to the PDB Access fees, as set forth in Section a of the above table, the existing BSC for Non-Rated Video, Non-Rated High-Speed Data and Residential Voice Services will apply to the accounts associated with PDB Access.

b. Schedule F, Section 1. CSG Services, Subsection I. Processing, Subsection A. Video, High Speed Data, and Residential Voice Services, Subsection v) Ancillary Residential Voice Services, shall be deleted in its entirety and replaced with the following:

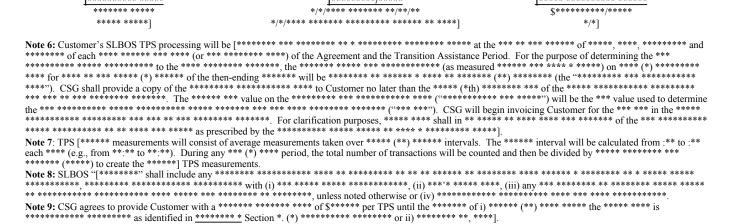
v)Ancillary Residential Voice Services

Description of Item/Unit of Measure	Frequency	Fee
a.Third Party Communication Software for Voice Services (per [***************]) (required for Voice Services)	[******]	[****** ** ***]
(Note 5)_		
b.Customized Alternative Third-Party Voice Access Support Fee (Note 6)	[******]	\$[******
c.New or Updates to Calling/Usage/Rating Plans (Note 1)	[*** ******]	[*****]
d.Updates to existing Service Order Distribution and RDS Interfaces (per [******, per ****]) (Note 2)	[*** ******]	\$[*****]
e.Configuration Changes and Testing in relation to existing voice environments (per [******, per ****]) (Note 2)	[*** ******]	\$[*****]
f.MSAG Process		
1.MSAG Process		
.Setup, Verification, and Certification (Note 3)	[*** ******]	\$******
.Load of MSAG Guide file (per [****, per ******** ***** ***** ***** ***** (**) ****** provided in section h below)	[*** ******]	\$*****
2.MSAG Validation Support for all Customer Markets Launching ACP for Voice (per [***]) (Note 4)	[******	\$[*******
g.Vertex Tax Access (Sales and Use Tax) (Note 7)		
1.Startup	[*** ******	[*****]
ACP Voice Support Fee (Note 8 [******* Fee ******** *****************	[******]	\$[********]
h.Voice Data Storage	[******]	\$[*******]
i.CDR Repository Fee (Note 9) (Note 10) [******* Fee ***************************	[******]	\$[******
•CDR Repository Database Support (up to [*** (*) ********]) •CDR Production Support (up to [*********(**) *****])		

- •Processed Records-Gated & Filtered
- •EPS Processing
- Note 1: Quote relates to services requested by Customer beyond those provided in the initial installation.
- Note 2: All updates to existing service order distribution and RDS interfaces and configuration changes and testing in relation to existing voice environments, the associated fees, and applicable lead times shall be set forth in a mutually agreed upon Statement of Work.
- Note 3: Relates to the setup and implementation of the MSAG process between CSG, Customer, and Customer's chosen third party vendor.
- Note 4: CSG will provide MSAG validation to Customer's markets launching the CSG® ACP for voice address database
- Note 5: Notwithstanding Section 5.3 of the Agreement, Third Party Communication Software for Voice Services shall not be subject to fee increases per third party vendor agreements beyond those applicable under Section 5.3 of the Agreement.
- Note 6: Support Fee includes troubleshooting of issues related to this custom configuration in conjunction with Customer and the third party vendor including one or all of the third party locations ([******* and *********]).
- Note 7: Customer is responsible for third party vendor agreement and any associated fees.

c.<u>Schedule F</u>, Section 1. CSG Services, Subsection II. Interfaces, Subsection C. CSG SmartLink® BOS (SLBOS) and Event Notification Interfaces (ENI) (Note 1) (excluding subsequent notes), shall be amended to delete and replace subsection 4 as follows:

C.CSG SmartLink® BOS (SLBOS) and Event Notification Interfaces (ENI) (Note 1)			
Description of Item/Unit of Measure	Frequency	Fee	
1.Installation and Startup (Note 2)	[*** ******]		[*****]
2.Interface Development and Technical Services (Note 3)	[*** ******]		[*****]
3.Interface Certification Services for Non-Supported Third Party Applications (per ***************************) (Note 4)	[*** ******]		[*****]
Processing Capacity Tiers			
4.SLBOS and ENI Transactions per Second ("TPS") (Notes 5-8)	Frequency	Fee	
a.Processing Level Phases			
i.Initial Transition Phase: Supporting up to [*****]	[******]		******]
ii.Final Transition Phase: Supporting up to [*****]	[******]	\$[****	******]
b.Additional TPS (per [**********] TPS) (Note 9)	[******]	\$[**	******]
Note 1: CSG will support only the current release plus the three (3) prior releases of SLBOS at any given time as such Customer desires to continue maintenance coverage and CSG support, Customer shall be required to upgrade its produ within its application and ensure CSG's ability to support Customer's version of the interface. Note 2: All installation and startup services and the associated fees shall be set forth in a mutually agreed upon Statem Note 3: [******] relates to interface development services and technical services requested by Customer relating to the applications. All interface development services and Technical Services and the associated fees shall be set forth in a relation. Note 4: Any interfaces, accomplished by Customer through any allowable and available SLBOS API and/or ENI API, interfaces. The standard interface certification services shall be quoted using a [***********************************	ent of Work. client side integration of the control of work. client side integration of the control of which is the certified by Control of Customer of Customer of Customer of Customer of the certified by the control of Customer o	of Customer's t statement of Wo SG prior to inte vill be charged '************************************	hird party ork. gration of su- to ******** and/or interface pplications. of Work. Co vided by ****** at ** voicing *** ****** ses, once at t to provide ****** for measuring



d. <u>Schedule F</u>, Section 1. CSG Services, Subsection III. Payment Procurement, Subsection A. Direct Solutions, Subsection 2. Statement Processing (excluding subsequent notes), shall be amended to delete and replace subsections a and b as follows:

A.Direct Solutions (Print and Mail)

Description of Item/Unit of Measure	Frequency	Fee
2. Statement Processing (Note 32)		
a.First Physical Page (Duplex, Black Print Only). Includes laser imaging, mail handling and automated insertion of statement page and remittance envelope (if any). Excludes Materials and postage	[******]	\$[*****]
(per [********, per ****** ********]). b. Additional Physical Page (Duplex, Black Print Only). Includes laser imaging and automated insertion of statement page. Excludes Materials (per [********, per ****** ********]). (Note 5)	[******	\$[*****]

e.<u>Schedule F</u>, Section 1. CSG Services, Subsection III. Payment Procurement, Subsection A. Direct Solutions, Subsection 3. SmartColor Printing (excluding subsequent notes), shall be amended to delete and replace subsection b as follows:

A.Direct Solutions (Print and Mail)

Description of Item/Unit of Measure	Frequency	Fee
3.SmartColor Printing		
b.Print Processing Fee - up to and including twenty percent (20%) ink saturation (per [********	[******]	\$[*****]
****]) (Note 10)		

f. Schedule F, Section 1. CSG Services, Subsection III. Payment Procurement, Subsection A. Direct Solutions, Subsection 8. Materials (excluding subsequent notes), shall be amended to delete and replace subsection a as follows:

A.Direct Solutions (Print and Mail)

Description of Item/Unit of Measure	Frequency	Fee
8.Materials (Note 32)		
a.Paper – 20# or 24# Plain White, with or without perforation*		
1.Connected Subscribers	[****]	\$[*****]
2.Non-ACP Subscribers	[****]	\$[*****]

g. Schedule F, Section 1. CSG Services, Subsection V. Advanced Reporting, Subsection A. CSG Vantage shall be amended to deleted and replace subsections 1 and 2 as follows:

A.CSG Vantage®

Description of Item/Unit of Measure	Frequency	Fee
1.Vantage User Access (per [**** **/******]) (Notes 6-9)	[*** ******	\$[*****]
2.Vantage User Maintenance (per [**** **/*******]) (Notes 6-9)	[******	\$[*****]
Note 6: Includes delivery of Third Party Software required to access the Vantage database.		
Note 7: A Vantage User ID may include [*** (*) or ******** *******. For example, a *** (**) ******* Use	r ID may submit up to *** (**) ******
under a ***** ***** *** *** **].		
Note 8: Vantage User ID and Vantage User Maintenance will [*** be subject to the ***** *** ******* p		
Note 9: CSG agrees to provide Customer as [**** ** *** *** (*) *** ****** *** *** *	*** for ***** **** ****	***** ****** *****
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Vantage User ID may ****** *** (*) or ******* *******. For example, a *** (**) ****** ****** ****	* ** may submit up to *** (**)	******
under a ***** ***** *** *** **]). If Customer desires additional Vantage User ID/Sessions in excess of such p	ermitted ratio, Customer may	purchase such additional User
ID/Sessions in accordance with the fees set forth in Sections 1 and 2 of the table above.		

h. Schedule F, Section 2. CSG Products, Subsection I. Call Center shall be deleted in its entirety and replaced by the following:

I.Call Center

Description of Item/Unit of Measure	Frequency	Fee
A.ACSR with ACSR Module of High Speed Data, Order Workflow, CIT and Third Party Software	[*** ******]	Quote based on \$[***** *** ****]
B.ACSR Remote Server Configuration, Software Installation, and Testing (per [******])	[*** ******]	Quote based on \$[***** *** ****]
C.ACSR (Web-Enabled) Installation (per [****]) (Note 2)	[*** ******]	Quote based on \$[***** *** ****]

Note 1: Includes CSG's standard installation services.

Note 2: ACSR (web enabled) installation services fees shall be capped at \$[******* per ******* (per ******]).

17.CSG and Customer agree to amend <u>Schedule H</u>, EXHIBIT H.5 – SERVICE LEVELS, by deleting H.5 in its entirety and replacing it with Exhibit A which is attached hereto and hereby incorporated by this reference effective December 1, 2021.

18.CSG and Customer agree and acknowledge in order for Customer to meet the Subsequent Term Minimum Commitment, Customer will need to convert additional subscribers as outlined in Section 3. Conversions for Subsequent Term Minimum Commitment which shall be added to Schedule G, STANDARD IMPLEMENTATION AND CONVERSION SERVICES, as follows:

3. Conversions for Subsequent Term Minimum Commitment.

(a) **Account Migration/Conversion Schedule.** CSG and Customer agree to the conversion of subscribers, pursuant to a duly executed Statement of Work, onto the CSG platform in the amounts, time frames and for the sites as provided below which will result in additional Connected Subscribers:

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Additional Connected Subscribers*	[********			
The [*** **** **** *** ** ** ** ** *** *	or **** ***** ****** **	***** ***** Or ******* ** ***	*, however *** **** ****	
******** are to be ******* *** ****************. Additional fees may apply to support [***(*) or **** *****************************				
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20.CSG and Customer agree to work in good faith to execute an Amended and Restated

Agreement within [*** ****** ***** (***) days of e****** of the ******* *****************.

21.Pursuant to Section [****, Customer and CSG have mutually agreed to a *******, **** ***** or ******* of this Amendment.

[Signature Page Follows]

THIS AMENDMENT is executed on the days and year last signed below to be effective as of the date last signed below (the "Amendment Effective Date").

CHARTER COMMUNICATIONS OPERATING, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Michael Ciszek By: /s/ Gregory L. Cannon

Title: SVP- Billing Strategy & Operations

Title: SVP, General Counsel & Secretary

Name: Michael Ciszek Name: Gregory L. Cannon

Date: Nov 2, 2021 Date: Nov 2, 2021

EXHIBIT A

EXHIBIT H.5-SERVICE LEVELS

During the Term and any Transition Assistance Period, CSG shall provide the Products and Services to Customer in accordance with the performance standards described in subsection (a) (each, a "<u>Performance Standard</u>") and subject to the remedies set forth in this Exhibit H.5.

a. Performance Standards

(i)Business Functi	on (also identified as	"Service Components") Processing and Availability.	The following terms shall
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	and be measured relative to the Service Components in Table E, as [******** ** (**) to *:** ** (**) with the ******** ** *********************
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Exhibit 10.26/	4W **
******]".	
(ii) [****** *** ******* ****** ****** ** (*)(**) ** (*)(***))* ** ***** ***	
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FIFTY-EIGHTH AMENDMENT
TO
CONSOLIDATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC

SCHEDULE AMENDMENT

This **Fifty-eighth Amendment** (the "Amendment") is made by and between **CSG Systems, Inc.**, a Delaware corporation ("CSG"), and **Charter Communications Operating, LLC**, a Delaware limited liability company ("Customer"). CSG and Customer entered into that certain Consolidated CSG Master Subscriber Management System Agreement effective as of August 1, 2017 (CSG document no. 4114281), as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment shall be in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment. Except as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

- - II. Workforce Express

Description of Item/Unit of Measure	Frequency	Fee	
E. [*** **** ******* *********			
1.[******* *** *** *********************	[*** ******]	[*****]	
2.[******* *** *** **** ****************	[******]	\$[******	
Note 16: Development and implementation of the integration and associated fees shall be mutually agreed upon and documented in the [*** ***** **************************			
Note 17: Maintenance and Support Fees will include up to [****** (**) ***** of support, *******, for the purposes of (i) ******* ******** and (ii) ********** and (ii) **********************************			
billed to Customer on a [**** and ********] basis at the then current Technical Services Rate (or as otherwise mutually agreed by the parties) in a separate Statement of Work.			
The foregoing notwithstanding, Customer will not be billed for any Maintenance and Support Fees related to any production issues (as set forth in (ii) above) caused by CSG. Maintenance and Support Fees will not include pre-release testing or changes required by use of new features, functions, products, or substantive configuration changes.			
Note 18: Maintenance and Support Fees will be invoiced [******, commencing in the first full ***** following CSC **********************************	G's delivery of the ********	* defined in the *** ****	

THIS AMENDMENT is executed on the days and year last signed below to be effective as of the date last signed below (the "Amendment Effective Date").

CHARTER COMMUNICATIONS OPERATING, LLC ("CUSTOMER") CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Keyul Patel By: /s/ Gregory L. Cannon

Name: Keyur Patel Name: Gregory L. Cannon

Title: Vice President Title: SVP, General Counsel & Secretary

Date: Dec 28, 2021 Date: Dec 28, 2021

FIFTY-NINTH AMENDMENT
TO
CONSOLIDATED
CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT
BETWEEN
CSG SYSTEMS, INC.
AND
CHARTER COMMUNICATIONS OPERATING, LLC

SCHEDULE AMENDMENT

This Fifty-ninth Amendment (the "Amendment") is made by and between CSG Systems, Inc., a Delaware corporation ("CSG"), and Charter Communications Operating, LLC, a Delaware limited liability company ("Customer"). CSG and Customer entered into that certain Consolidated CSG Master Subscriber Management System Agreement effective as of August 1, 2017 (CSG document no. 4114281), as amended (the "Agreement"), and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Amendment. If the terms and conditions set forth in this Amendment are in conflict with the Agreement, the terms and conditions of this Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Amendment shall have the meaning set forth in the Agreement. Upon execution of this Amendment by the parties, any subsequent reference to the Agreement between the parties shall mean the Agreement as amended by this Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect according to their terms.

WHEREAS, Customer has previously purchased and CSG has provided Benchmark Series Kiosk Units more particularly described in and pursuant to the terms and conditions of the Agreement; and

WHEREAS, as a result of discussions between the parties, the parties agree to amend terms of the Agreement with respect to the Precision eCare® Payment Kiosks such that CSG will provide for an upgrade to the Warranty to be available for certain of the Benchmark Series Kiosk Units, and will make such upgrade to the Warranty available for Customer's purchase and consumption.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CSG and Customer agree to the following as of the Amendment Effective Date (defined below):

1.Customer desires to purchase and consume and CSG agrees to provide an upgrade to the Warranty available to the Benchmark Series Kiosk Units, pursuant to the terms and conditions stated herein and in the Agreement (the "Warranty Upgrade"). As a result, and upon execution by the parties of this Amendment, the Agreement is amended as follows:

2. Further, upon execution of this Amendment and pursuant to the terms and conditions of the Agreement, Schedule F, of the Agreement, "Fee Schedule," "Section 1. CSG SERVICES," Subsection III, "Payment Procurement," subsection D., Precision eCare Payment Kiosks," shall be deleted in its entirety and replaced as follows:

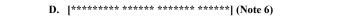


Exhibit 10.26AY

		EXHIDIT 10.20
Description of Item/Unit of Measure	Frequency	Fee
1.Kiosk Unit Purchase and Deployment Fees ([*** ***** ****; ******* *************	[*******	[*****]
2.Kiosk Software Support Services Fees ([*** ***** ****]) (Note 2) (Note 7)		
a.[**** * – up to and including *** ****** (***]) units in service	[******]	\$[*****]
b.[**** ** - *** ****** *** (***) units up to and including **** ****** ************************	[******]	\$[*****]
c.[**** *** – **** ******* (***) units up to and including ***** ****** ***********************	[******]	\$[*****]
d.[**** ** - ***** ****** ***** (***) units up to and including **** ******* ***********************	[******]	\$[*****]
e.[**** * - *** ******* (*****]) or more units in service	[******]	\$[*****]
3.Customer-specific Graphic Design Fees (for front and side graphics; [*** **** ****]) (Note 3)	[******	\$[*****]
4.Kiosk Equipment Upgrades; Replacement Hardware Component Parts/Component Kit (Note 5.EMV Upgrade Fees (Note 5)	[*** ******	The price on the then- current [******* ***** ****]
a.Additional Kiosk Units delivered to Customer that have been designed for EMV retrofit prior to delivery to Customer	[*** **** ****]	[*** ** ******] \$[*******
b.Existing Kiosk Units and Additional Kiosk Units delivered to Customer that have not been designed for EMV retrofit prior to delivery to Customer	[*** **** ****]	[*** ** ******] \$[*******]
6. [******* ***** **** **** ***** ******* [Note 8]	[*** **** ****; *******	\$[******

period, CSG will bill Customer the Software Support Services Fees for the [****** of the *****] that the Software Support is provided, pro-rating the billing period for the actual termination date.

Note 3: Any additional Customer-requested design graphics services will be performed pursuant to a separate Statement of Work which may include additional fees for such services.

Note 4: Customer and CSG acknowledge and agree that, following the delivery date of a Kiosk Unit to Customer's designated location, any changes that occur in the EMV Standard (defined below), the Legal Requirements (as defined in Exhibit C-4(a) Attachment D) and/or the Currency Update Requirements (as defined in Exhibit C-4(a) Attachment D) that impact the Hardware Components of such Kiosk Unit will, upon completion of the Customer requested hardware upgrade or replacement, be subject to the additional fees for any additional or replacement Hardware Components that are set forth in the then current *******| Price List; provided however, that any necessary or appropriate firmware and drivers associated with such additional or replacement hardware shall be provided to such Customer [** ** *************************.].

Note 5: "[*** ******]" means the provision, installation and configuration of all Hardware Component modifications, additions or replacements, any necessary or appropriate firmware and drivers associated with such Hardware Component modifications, additions or replacements, and all Kiosk Software enhancements, necessary in order for the Kiosk Unit to comply with the current version of the technical specifications for the inter-operation of integrated circuit cards ("[**** *****]") and Chip Card capable point of sale terminals for authenticating credit and debit card transactions as defined by [****** of such modified, additional or replacement Hardware Components and Kiosk Software enhancements. For purposes of clarification, each Additional Kiosk Unit delivered to Customer(s) shall be capable of being upgraded to meet the EMV Standard. Once an EMV Standard compliant Kiosk Unit is offered by CSG, (a) the Hardware Components for each Kiosk Unit shall automatically be amended to set forth the additional or replacement hardware for such EMV Standard compliant Kiosk Unit for any Existing and Additional Kiosk Units and (b) from that point forward, CSG may only ship EMV Standard compliant Kiosk Units

Note 6: Only the [***** ******* ****** **** *** listed in the table above are subject to ****** pursuant to ****** ***] of the Agreement. Note 7: The [******] rates are designed to be cumulative meaning that if Customer has elected Kiosk Software Support Services for [**** **** (**) Kiosk Units during the respective ******* billing period, Customer shall pay the then-current **** *** per unit rate for all **** ******* (***]) Kiosk Units. The [*******] maintenance rate to be invoiced for the existing Kiosk Units shall be the then-current [**** *** rate based on *** ****** of

additional [*** (*) ****] period and (ii) Warranty Cleaning Services for:

Benchmark Series Kiosk Units purchased by Customer under that certain Statement of Work (CSG document no. 4132764), executed by the parties and effective as of [******], 2020, ("Benchmark Series Kiosk Unit SOW"), pursuant to that certain Change Order (CSG document no. [******]) to the Benchmark Series Kiosk Unit specifying (i) the Benchmark Series Kiosk Units for which Customer has requested, and (ii) for which CSG will provide the Warranty Upgrade ("Benchmark Series Kiosk Unit SOW Change Order"); and

•Benchmark Series Kiosk Units purchased by Customer, pursuant to the Agreement, from and after the Amendment Effective Date of that certain Fiftyninth Amendment to the Agreement ("Subsequent Benchmark Series Kiosk Units") and as agreed by the parties in any subsequent Statement(s) of Work for implementation of each any Benchmark Series Kiosk Unit(s) for which Customer elects the Warranty Upgrade that will be invoiced by CSG to Customer and Customer shall pay CSG the specified fees in line item 6 of the fee table above.

For purposes of clarification, Customer's ability to purchase and utilize the Warranty Upgrade is limited to only Benchmark Series Kiosk Units purchased in the Benchmark Series Kiosk Unit SOW and Subsequent Benchmark Series Kiosk Units (each as defined above in this Note 8) purchased by Customer. Additionally, Customer's ability to purchase and utilize the Warranty Upgrade for Benchmark Series Kiosk Units under the Benchmark Series Kiosk Series SOW must be identified by Customer, agreed by CSG and documented in that one (1) certain Benchmark Series Kiosk Units SOW Change Order. For purposes of clarification, Customer shall specify whether purchase of any Subsequent Benchmark Series Kiosk(s) shall be for the Warranty Period (i.e., the *] Warranty Period under the Agreement) or if such purchase shall be for the Warranty Period and the Warranty Upgrade in the Statement(s) of Work for implementation of each/any purchased Subsequent Benchmark Series Kiosk Units. For clarification, regardless of the purchase date of the Kiosk Unit under the Benchmark Series Kiosk Unit SOW or the Warranty Upgrade under the Benchmark Series Kiosk Unit Change Order, the Warranty Period commences upon installation of the Kiosk Unit, and the Warranty Upgrade commences immediately upon expiration of the Warranty Period.

For purposes of clarification, any terms to the contrary notwithstanding, the parties acknowledge and agree CSG shall invoice and Customer shall pay Kiosk Software Support Services Fees [******], as provided in and pursuant to the terms of <u>Schedule F</u>, "Fees," "Section 1. CSG SERVICES," Subsection III, "Payment Procurement," subsection D., Precision eCare Payment Kiosks, line item 2 of the fee table and Note 2.

THIS AMENDMENT is executed on the days and year last signed below to be effective as of the date last signed below (the "Amendment Effective Date").

CHARTER COMMUNICATIONS OPERATING, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: Charter Communications, Inc., its Manager

By: /s/ Pattie Eliason By: /s/ Gregory L. Cannon

Name: Pattie Eliason Name: Gregory L. Cannon

Title: SVP, Spectrum Stores and Retail Sales Title: Chief Legal Officer

Date: Nov 16, 2021 Date: Nov 16, 2021

ATTACHMENT 1

Exhibit 2

to

Exhibit Attachment D for Precision eCare® Payment Kiosks

UPGRADE WARRANTY

Benchmark Series Kiosk Units Warranty Upgrade: CSG will provide and Customer will have the right (but not the obligation) to purchase and consume the Benchmark Series Kiosk Units Warranty Upgrade as such Benchmark Series Kiosk Units Warranty Upgrade is described in that certain Fifty-ninth Amendment to the Agreement executed by the parties (CSG document no. 36958).

1. Additional Warranty:

The Upgrade Warranty shall include (i) an additional [*** (*) ****] period of the Warranty that shall commence immediately upon expiration of the Warranty Period (as defined in Section 1, "Term," of the "Additional Warranty Terms" of "Exhibit 1 to Exhibit Attachment D for Precision eCare® Payment Kiosks") and shall continue thereafter for the referenced [*** (*) ****] period (the "Additional Warranty Period").

2. Warranty Cleaning Services:

Commencing upon the Amendment Effective Date of the Fifty-ninth Amendment to the Agreement, during the Warranty Period and the Additional Warranty Period described in Section 1 above, CSG (by and with its Hardware TPV) shall provide [******] cleaning services (the "Warranty Cleaning Services") with respect to each of the Existing Benchmark Series Kiosk Units purchased by Customer pursuant to the Benchmark Series Kiosk Unit SOW (as amended) and deployed at a Customer location and to each of the Subsequent Benchmark Series Kiosk Unit for which Customer has elected to purchase the Warranty Upgrade. To initiate the Warranty Cleaning Services, a technician will be scheduled by CSG (through its Hardware TPV) to arrive at the Customer location with all necessary materials and tools and such technician shall perform the Warranty Cleaning Services, and ensure upon completion, that the Existing Benchmark Series Kiosk Units and the Subsequent Benchmark Series Kiosk Units are performing in accordance with the Benchmark Series Specifications. For purposes of clarification, the Warranty Cleaning Services will not include Warranty Services identified by the technician will be reported by the technician to Customer and Customer shall initiate notification to CSG pursuant to the Trouble Report and Process of the Hardware Warranty and Onsite Hardware Warranty Services.

TENTH AMENDMENT TO THE CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT BETWEEN CSG SYSTEMS, INC. AND COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC

THIS TENTH AMENDMENT (this "Tenth Amendment") is made by and between CSG Systems, Inc. ("CSG") and Comcast Cable Communications Management, LLC ("Customer"). The effective date of this Amendment is the date last signed below (the "Tenth Amendment Effective Date"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the "Agreement") and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Tenth Amendment. If the terms and conditions set forth in this Tenth Amendment conflict with the Agreement, the terms and conditions of this Tenth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Tenth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Tenth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Tenth Amendment. Except as amended by this Tenth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect.

CSG and Customer agree to the following:

Description of Item/Unit of Measure	Frequency	Fee
14.[***** **** *** *** *** ****]		
A.[********* Services (Note 1)	[*** ******]	[*****]
B.[********* *** *******] Fee (Note 2) (Note 3)	[******	\$[*******
Note 1: [********* Services and the ***** ******] Fees are prescribed in that certain Statement of Work effecti	ve [**** **, 2021 ("SOW *****	******]").
Note 2: After the [***** **** has been ********, ***** *** **** **** *******], CSG shall invoice Cus		
Agreement, [** ****** ******** *** *** *** *** Fee. Customer will continue to [** ******* the ********* **		
Agreement; provided, if prior to the expiration of the Agreement, Customer implements [* **** **** solution to support		
the need for CSG to [*** *** **** **** **** *** **** ***		
******** *** *** *** *** ** Fee on and after [*** **** ** *** ***, that the (a) ******* ***/*** ****** ** ***		
utilized (the "[******* ****]"). Specifically, CSG will provide Customer [* ***** against the ******** *** S	upport Fee received by CSG for a	given ****], such fee to be
prorated to the [**** *** *** *** **** in which the ********* ****] occurs. CSG shall provide Customer any [*****	**** ***** on the *** ****	****** that is ****-**
(**) days after the $***************$]. By way of example, if the $[************************************$		
occurs on **** **** of such year, CSG shall provide Customer [* ***** of ***** (*) ***** of the **********	** ****** Fee previously charge	ed and paid.
Note 3: Maintenance and Support includes any minor updates to the solution because of release changes, as well as resolu*****].	ition of any possible problems with	n the [****** **** **

IN WITNESS WHEREOF the parties hereto have caused this Tenth Amendment to be executed by their duly authorized representatives.

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: /s/ Jeur Abeln Name: Jeur Abeln

/s/ Jeur Abeln By: /s/ Gregory L. Cannon

Title: SVP Procurement

Title: SVP, General Counsel & Secretary

Date: _05-Oct-21

Date: Sep 15, 2021

Name: Gregory L. Cannon

ELEVENTH AMENDMENT TO THE CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT BETWEEN CSG SYSTEMS, INC. AND COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC

THIS ELEVENTH AMENDMENT (this "Eleventh Amendment") is made by and between CSG Systems, Inc. ("CSG") and Comcast Cable Communications
Management, LLC ("Customer"). The effective date of this amendment is the date last signed below (the "Eleventh Amendment Effective Date"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the "Agreement") and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Eleventh Amendment. If the terms and conditions set forth in this Eleventh Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Eleventh Amendment shall have the meaning set forth in the Agreement. Upon execution of this Eleventh Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Eleventh Amendment. Except as amended by this Eleventh Amendment. Except as amended by this Eleventh Amendment.

CSG and Customer agree to the following:

1.Customer and CSG are entering that certain Statement of Work (CSG document no. [*****]) whereby CSG added [***** *** ** ("***]") functionality to improve security to [****] user (the "[**** ***]"). Customer requests that CSG support and maintain the [**** ***], and the Parties wish to amend the Agreement to incorporate the fees, terms and conditions of such support and maintenance.

Therefore, as of the Eleventh Amendment Effective Date, <u>Schedule F</u>, "Fees," section entitled "IV. Ancillary Products and Services," subsection A entitled "Ancillary services for Non-Rated Video and Non-Rated High-Speed Data and Residential Voice Services," is amended to add a new subsection 15. "[**** ****** *** ** ("***]")" as follows:

Description of Item/Unit of Measure	Frequency	Fee
15.[**** ***** *** (***])		
A.[************] Services (Note 1)	[*** ******]	[*****]
B.[*********** *** *******] Fee (Note 2) (Note 3)	[******	\$[********
Note 1: [*********** Services and the [******] Fees are prescribed in that certain Statement of Work ef	fective [******* **, 2021 ("S	SOW ***** ******]").
Note 2: CSG shall invoice Customer, consistent with the terms and conditions of the Agreement, an [*******		
*], 2022, or ii) [***** ********* of the project. On [****** *, 2022, Customer will continue to ** *	***** the ******** ***	***** Fee on **
***** basis ******* with the Agreement.		
Note 3: [********* *** ******* includes ****** ******, ******, *** *****, as well as ******* and * **1	******** the data as it relate	ed to **** ***** ****

IN WITNESS WHEREOF the parties hereto have caused this Eleventh Amendment to be executed by their duly authorized representatives.

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: /s/ Jeur Abeln

By: /s/ Gregory L. Cannon

Name: Jeur Abeln

Date: 18-Oct-21

Name: Gregory L. Cannon

Title: SVP Procurement

Title: SVP, General Counsel & Secretary

Date: Oct 7, 2021

TWELFTH AMENDMENT TO THE CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT BETWEEN CSG SYSTEMS, INC. AND COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC

THIS TWELFTH AMENDMENT (this "Twelfth Amendment") is made by and between CSG Systems, Inc. ("CSG") and Comcast Cable Communications Management, LLC ("Customer"). The effective date of this Amendment is the date last signed below (the "Twelfth Amendment Effective Date"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the "Agreement") and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Twelfth Amendment. If the terms and conditions set forth in this Twelfth Amendment conflict with the Agreement, the terms and conditions of this Twelfth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Twelfth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Twelfth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Twelfth Amendment. Except as amended by this Twelfth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect.

CSG and Customer agree to the following:

Description of Item/Unit of Measure	Frequency	Fee
12.[****** ******* *******]		
A.[********* Services (Note 1)	[*** ******]	[*****]
B. [***** *** *** ******* Fees (Note 2) (Note 3)	[*****]	\$******
Note 1: [***************************] Services and the associated fees are set forth in that certain Statement of Work [******	** (CSG document no. *****) ("SOW ***	***") effective *** *], 20
The solution delivered or to be delivered pursuant to SOW [****] is referred to in this subsection 12 and associate	ed Notes as the "[****** ****** ***	*******
Note 2: Support and maintenance includes any minor updates to the format of the [***** *****] because of relea [********, *********, or ****** of the ***** **** as well as any changes to the [****** *****************************		
******* ******* is executed. All other updates (i.e., a new [**** ******)) are considered major updates and		
the Parties mutual written agreement including, but not limited to, Customer requested changes to the [*********		
*****] or other Customer and/or third party systems.		· ·
Note 3: The [****** *** *** ******* Fees shall commence being invoiced by CSG and paid by Customer upo	n [*** ****** ** **** ** (a) ******	**'* ******** ** ***
****** ******** (***) ****** and ******** * ******* ** *** *** ********	*** (**) days **** *** **** of the	******
****** ** ** *** **** provided there are no [******** ******* (*******/********) ******* with		
******* in a ******** ******** Thereafter, such [***** ****** *** *** *** [Fee shall be inv.	oiced by CSG and paid	-

by Customer on [** ****** basis (******* *** *** **** **** *** *** of the ***** in which the ****** Fees was ******* Fees was ********, as determined in accordance with the preceding sentence) for the ****** of the ****].

Description of Item/Unit of Measure	Frequency	Fee
13. [***** ******** *** *** *** *******]	• •	
a)[********	[*** ******]	[*****]
b)[****** *** *******] Fee (Note 2) (Note 3)	[*****]	\$[*******
Note 1: [***********] Services and the associated fees are set forth in that certain Letter of Authorization (CSG document no.	[*****) ("LOA *****") effect	tive ***** **], 2021.
Note 2: Support and maintenance includes any minor updates to the format of the [****] because of release changes, as well as reserved of the [***** **** *** via ***** **** *******. All other updates are considered major updates (ie. a new [**** ******].		
maintenance and will require the Parties mutual written agreement including, but not limited to, Customer requested changes to the accommodate a change in ******** **************************	****** ********* **** *	** ***** to
Note 3: The [****** *** ******** Fee for ***** ******** with *** ****** is in the amount of \$******* *****	***]. For clarification purpose	es, the [*******
****** fee in the amount of \$[******* referenced in that certain LOA ***** entered into between the Parties is ** ***** ****	******]. The [****** ***	****** Fee ****
** **** *** CSG's ***** of the Services described in LOA **** (the "LOA **** **** ****) and on ** *	***** basis thereafter beginning	ng with the *****
****** *** of the *** **** **** Fee will be paid by Cus		
******]" (as such term is defined in that certain SOW titled "2021 Services [********]" (CSG document no. [******) ******	*** ****** **], 2020. Then	reafter, such [*****
****** *** *** *** *** *** *** * Fee shall be invoiced by CSG and paid by Customer on [** ***** hasis for the **** * of the ***	**]	

IN WITNESS WHEREOF the Parties hereto have caused this Twelfth Amendment to be executed by their duly authorized representatives.

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC ("CUSTOMER")

CSG SYSTEMS, INC. ("CSG")

By: /s/ Jeur Abeln
By: /s/ G

By: /s/ Gregory L. Cannon

Name: Jeur Abeln

Date: 29-Oct-21

Name: Gregory L. Cannon

Title: SVP Procurement

Title: SVP, General Counsel & Secretary

Date: Oct 15, 2021

THIRTEENTH AMENDMENT TO THE CSG MASTER SUBSCRIBER MANAGEMENT SYSTEM AGREEMENT BETWEEN CSG SYSTEMS, INC. AND COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC

THIS THIRTEENTH AMENDMENT (this "Thirteenth Amendment") is made by and between CSG Systems, Inc. ("CSG") and Comcast Cable Communications Management, LLC ("Customer"). The effective date of this amendment is the date last signed below (the "Thirteenth Amendment Effective Date"). CSG and Customer entered into a certain CSG Master Subscriber Management System Agreement (CSG document #4131273) with an effective date of January 1, 2020 (the "Agreement") and now desire to further amend the Agreement in accordance with the terms and conditions set forth in this Thirteenth Amendment. If the terms and conditions set forth in this Thirteenth Amendment shall control. Any terms in initial capital letters or all capital letters used as a defined term but not defined in this Thirteenth Amendment shall have the meaning set forth in the Agreement. Upon execution of this Thirteenth Amendment by the Parties, any subsequent reference to the Agreement between the Parties shall mean the Agreement as amended by this Thirteenth Amendment. Except as amended by this Thirteenth Amendment, the terms and conditions set forth in the Agreement shall continue in full force and effect.

Agreement snail continue in full force and effect.	
WHEREAS , Customer and CSG previously executed that certain Ninth Amendment to the Agreement (CSG doc. no. [*****]) entered into effective as of *], 2021 (the "Ninth Amendment"); and	[*****

WHERAS, the Parties desire to amend the Agreement to clarify the terms and conditions upon which Customer may use the [***** ******* and CSG's ***********, to access Customer's ********* in *** and ***] format.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, CSG and Customer agree to the following as of the Thirteenth Amendment Effective Date:

Description of Item/Unit of Measure	Frequency	Fee
X. [***** *******]		
A.[**** (*) ***** (current **** plus *** (*) prior *****) ******, **-***	[******]	\$[*****]
*** *** access to Customer's ******** ****** ***** (*** format per ****		
*****) and *** access to ******* **** (*** format per ***] record) (Note 24)		
XI. [******* ****** ***]		
A.[**** **]	[******]	[*****]
B.[****** ******************************		
1.per [***** (***** *** (*) ******* *****] Note 25)	[******]	[*******]
2. Each additional [***** of *** (*) ******* *****] or portion thereof	[******]	\$[******
Note 24: CSG shall archive [***** (**) **** of ******** ***** in *** format and ******* data in *** format		
****** ****** and *** ***** based on the current **** and *** **** and *** *****		
purposes of clarity, if the current [****** **** and *** ***** is **, ***, ***, the fee shall be \$*****		
Note 25: Upon the Thirteenth Amendment Effective Date and continuing through the [****] of the Agreement, CSG w	/ill provide Customer [*****	** to retrieve *** format and ****** por ***** The [****
******* **** in *** format via ******* **** Pricing for this [***** is based upon the number of *** *** (*) ****** pulls per **** are included in the ***** ****** fee at ** ******** charge. Customer will be		
***** or portion thereof once *** (*) ****** in a ****** period is *******].	c charged for each additiona	i merement or [()

IN WITNESS WHEREOF the parties hereto have caused this Thirteenth Amendment to be executed by their duly authorized representatives.

COMCAST CABLE COMMUNICATIONS MANAGEMENT, LLC CSG SYSTEMS, INC. ("CSG") ("CUSTOMER")

By: /s/ Jeur Abeln By: /s/ Gregory L. Cannon

Name: Jeur Abeln Name: Gregory L. Cannon

Title: SVP Procurement Title: SVP, General Counsel & Secretary

Date: 03-Dec-21____ Date: Nov 23, 2021

CSG Systems International, Inc. **Subsidiaries of the Registrant** As of December 31, 2021

Subsidiary Ascade AB

Ascade Middle East FZ-LLC Billing Intec Uruguay S.A.

CSG Forte Payments Holdings, Inc.

CSG Forte Payments. Inc.

CSG Forte Payments Canada, Inc. CSG International Australia Pty Limited

CSG International Colombia SAS CSG International (NZ) Limited

CSG International Pty Limited

CSG International PTE Ltd

CSG International Sdn Bhd

MobileCard Holdings, LLC

CSG SA Holdings (Pty) Limited CSG SA Services (Pty) Limited

CSG Systems International, Inc.

CSG Systems U.K. Limited

CSG Systems, Inc.

Designgen, Comunicação Visual, Unipessoal Lda.

DGIT Systems Pty, Ltd. DGIT Holdings Pty, Ltd.

DGIT Limited

DGIT NZ Limited Digiquant, Inc.

Independent Technology Billing Solutions S de RL de CV

Inomial Pty, Ltd.

CSG Systems International (India) Pvt. Ltd. Independent Technology Systems Limited Independent Technology Systems SL Unipersonal

Intec Billing Canada Ltd. Intec Billing Ireland Intec Billing Nigeria Limited

Intec Billing, Inc.

Intec Telecom Systems (France) SARL Intec Telecom Systems Denmark A/S Intec Telecom Systems Deutschland GmbH Intec Telecom Systems do Brasil Limitada Intec Telecom Systems Italia S.P.A.

Intec Telecom Systems Limited

Intec Telecom Systems South Africa (Pty) Limited

Keydok Mexico SA de CV Kitewheel (U.K.) Limited PT DGIT Indonesia Tango Telecom Ltd. Tango Telecom Sdn Bhd Volubill Danmark ApS

Volubill, Inc.

State or Country of Organization

Sweden

United Arab Emirates

Uruguay Delaware Delaware Canada Australia Colombia New Zealand Australia Singapore Malaysia Delaware South Africa

South Africa Delaware

United Kingdom Delaware Portugal Australia Australia Ireland New Zealand Delaware

Mexico Australia India

United Kingdom

Spain Canada Ireland Nigeria Delaware France Denmark Germany Brazil Italy

United Kingdom South Africa Mexico United Kingdom Indonesia Ireland Malaysia Denmark Delaware

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-117928, 333-125584, 333-176579, 333-176580, 333-196530, 333-227000, 333-248228) on Form S-8 of our reports dated February 18, 2022, with respect to the consolidated financial statements of CSG Systems International, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Omaha, Nebraska February 18, 2022

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

- I, Brian A. Shepherd, certify that:
- 1.I have reviewed this annual report on Form 10-K of CSG Systems International, 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: February 18, 2022

/s/ Brian A. Shepherd Brian A. Shepherd President and Chief Executive Officer

CERTIFICATIONS PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

- I, Hai Tran, certify that:
- 1.I have reviewed this annual report on Form 10-K of CSG Systems International, 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: February 18, 2022 /s/ Hai Tran Hai Tran

Executive Vice President and Chief Financial Officer

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

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Brian A. Shepherd, the Chief Executive Officer and Hai Tran, the Chief Financial Officer of CSG Systems International, Inc., each certifies that, to the best of his knowledge:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of CSG Systems International, Inc.

February 18, 2022

/s/ Brian A. Shepherd Brian A. Shepherd President and Chief Executive Officer

February 18, 2022

/s/ Hai Tran Hai Tran Executive Vice President and Chief Financial Officer