

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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly reporting period ended March 31, 2023

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from _____ to _____

Commission file number 001-38467



Ceridian HCM Holding Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

46-3231686
(I.R.S. Employer
Identification Number)

**3311 East Old Shakopee Road
Minneapolis, Minnesota 55425
(952) 853-8100**

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.01 par value	CDAY	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of 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, a 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.

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

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as the latest practicable date:
155,030,843 shares of common stock, \$0.01 par value per share, as of April 25, 2023.

Ceridian HCM Holding Inc.
Table of Contents

	<u>Page</u>
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	3
PART I. FINANCIAL INFORMATION	4
Item 1. Condensed Consolidated Financial Statements (unaudited)	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3. Quantitative and Qualitative Disclosures about Market Risk	34
Item 4. Controls and Procedures	35
PART II. OTHER INFORMATION	36
Item 1. Legal Proceedings	36
Item 1A. Risk Factors	36
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	36
Item 3. Defaults Upon Senior Securities	36
Item 4. Mine Safety Disclosures	36
Item 5. Other Information	36
Item 6. Exhibits	37

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") contains, or incorporates by reference, not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act") and that are subject to the safe harbor created by those sections. Forward-looking statements, including, without limitation, statements concerning the conditions of the human capital management solutions industry and our operations, performance, and financial condition, including, in particular, statements relating to our business, growth strategies, product development efforts, and future expenses. Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "assumes," "projects," "could," "may," "will," "should," and similar references to future periods, or by the inclusion of forecasts or projections.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Consequently, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national, or global political, economic, business, competitive, market, and regulatory conditions. In particular:

- our inability to manage our growth effectively or execute on our growth strategy;
- our failure to provide new or enhanced functionality and features;
- our inability to successfully compete in the market in which we operate and expand our current offerings into new markets or further penetrate existing markets due to competition;
- our inability to offer and deliver high-quality technical support, implementation and professional services;
- system breaches, interruptions or failures, including cyber-security breaches, identity theft, or other disruptions that could compromise customer information or sensitive company information;
- our failure to comply with applicable privacy, security, data, and financial services laws, regulations and standards, including our ongoing consent order with the Federal Trade Commission regarding data protection;
- our failure to properly update our solutions to enable our customers to comply with applicable laws;
- our failure to manage our aging technical operations infrastructure;
- our inability to maintain necessary third-party relationships, and third-party software licenses, and identify errors in the software we license;
- our inability to attract and retain senior management employees and highly skilled employees;
- the impact of our outstanding debt obligations on our financial condition, results of operations, and value of our common stock; or
- the duration and scope of the Coronavirus disease 2019 ("COVID-19") pandemic, including the uncertainty around the surge of different variants and the actions that governmental authorities may take in all the jurisdictions where we operate.

Please refer to Part II, Item IA, "Risk Factors" of this Form 10-Q and Part I, Item IA, "Risk Factors" of our most recently filed Annual Report on Form 10-K, for the year ended December 31, 2022 ("2022 Form 10-K"), for a further description of these and other factors. Although we have attempted to identify important risk factors, there may be other risk factors not presently known to us or that we presently believe are not material that could cause actual results and developments to differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. If any of these risks materialize, or if any of the above assumptions underlying forward-looking statements prove incorrect, actual results and developments may differ materially from those made in or suggested by the forward-looking statements contained in this Form 10-Q. For the reasons described above, we caution against relying on any forward-looking statements. Any forward-looking statement made by us in this Form 10-Q speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or to revise any forward-looking statement, whether as a result of new information, future developments, or otherwise, except as may be required by law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should be viewed as historical data.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Ceridian HCM Holding Inc. Condensed Consolidated Balance Sheets (Unaudited)

	March 31, 2023	December 31, 2022
(Dollars in millions, except share data)		
ASSETS		
Current assets:		
Cash and equivalents	\$ 428.6	\$ 431.9
Restricted cash	0.8	0.8
Trade and other receivables, net	204.6	180.1
Prepaid expenses and other current assets	122.3	98.0
Total current assets before customer funds	756.3	710.8
Customer funds	6,285.4	4,183.2
Total current assets	7,041.7	4,894.0
Right of use lease assets, net	20.1	24.3
Property, plant, and equipment, net	185.5	174.9
Goodwill	2,281.1	2,280.0
Other intangible assets, net	274.9	281.6
Other assets	258.2	262.4
Total assets	<u>\$ 10,061.5</u>	<u>\$ 7,917.2</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 7.7	\$ 7.8
Current portion of long-term lease liabilities	7.7	10.0
Accounts payable	61.1	54.3
Deferred revenue	47.0	41.2
Employee compensation and benefits	58.2	97.4
Other accrued expenses	31.3	24.0
Total current liabilities before customer funds obligations	213.0	234.7
Customer funds obligations	6,378.4	4,298.8
Total current liabilities	6,591.4	4,533.5
Long-term debt, less current portion	1,212.4	1,213.4
Employee benefit plans	15.7	17.7
Long-term lease liabilities, less current portion	22.2	23.7
Other liabilities	25.6	19.5
Total liabilities	7,867.3	5,807.8
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock, \$0.01 par, 500,000,000 shares authorized, 155,006,926 and 153,856,645 shares issued and outstanding, respectively	1.6	1.5
Additional paid in capital	3,020.4	2,965.5
Accumulated deficit	(362.7)	(372.6)
Accumulated other comprehensive loss	(465.1)	(485.0)
Total stockholders' equity	2,194.2	2,109.4
Total liabilities and stockholders' equity	<u>\$ 10,061.5</u>	<u>\$ 7,917.2</u>

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
(Dollars in millions, except share and per share data)		
Revenue:		
Recurring	\$ 317.9	\$ 247.9
Professional services and other	52.7	45.4
Total revenue	370.6	293.3
Cost of revenue:		
Recurring	80.1	82.3
Professional services and other	63.9	54.5
Product development and management	51.0	40.4
Depreciation and amortization	15.3	13.0
Total cost of revenue	210.3	190.2
Gross profit	160.3	103.1
Selling, general, and administrative	121.9	122.0
Operating profit (loss)	38.4	(18.9)
Interest expense, net	9.2	5.8
Other expense (income), net	0.8	(0.3)
Income (loss) before income taxes	28.4	(24.4)
Income tax expense	18.5	3.0
Net income (loss)	\$ 9.9	\$ (27.4)
Net income (loss) per share:		
Basic	\$ 0.06	\$ (0.18)
Diluted	\$ 0.06	\$ (0.18)
Weighted-average shares outstanding:		
Basic	154,247,972	152,124,151
Diluted	157,700,701	152,124,151

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
(Dollars in millions)		
Net income (loss)	\$ 9.9	\$ (27.4)
Items of other comprehensive income (loss) before income taxes:		
Change in foreign currency translation adjustment	1.2	15.6
Change in unrealized gain (loss) from invested customer funds	23.9	(69.4)
Change in pension liability adjustment (a)	1.5	3.1
Other comprehensive income (loss) before income taxes	26.6	(50.7)
Income tax expense (benefit), net	6.7	(17.6)
Other comprehensive income (loss) after income taxes	19.9	(33.1)
Comprehensive income (loss)	\$ 29.8	\$ (60.5)

- (a) The amount of the pension liability adjustment recognized in the condensed consolidated statements of operations within other expense, net was \$1.5 million and \$2.9 million during the three months ended March 31, 2023, and 2022, respectively.

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	\$	Paid In	Deficit	Other	Stockholders'
			Capital		Comprehensive	Equity
					Loss	
(Dollars in millions, except share data)						
Balance as of December 31, 2022	153,856,645	\$ 1.5	\$ 2,965.5	\$ (372.6)	\$ (485.0)	\$ 2,109.4
Net income	—	—	—	9.9	—	9.9
Issuance of common stock under share-based compensation plans	1,150,281	0.1	14.7	—	—	14.8
Share-based compensation	—	—	40.2	—	—	40.2
Foreign currency translation	—	—	—	—	1.2	1.2
Change in unrealized gain, net of tax of (\$6.3)	—	—	—	—	17.6	17.6
Change in pension liability adjustment, net of tax of (\$0.4)	—	—	—	—	1.1	1.1
Balance as of March 31, 2023	<u>155,006,926</u>	<u>\$ 1.6</u>	<u>\$ 3,020.4</u>	<u>\$ (362.7)</u>	<u>\$ (465.1)</u>	<u>\$ 2,194.2</u>

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	\$	Paid In	Deficit	Other	Stockholders'
			Capital		Comprehensive	Equity
					Loss	
(Dollars in millions, except share data)						
Balance as of December 31, 2021	151,995,031	\$ 1.5	\$ 2,860.0	\$ (309.2)	\$ (324.8)	\$ 2,227.5
Cumulative-effect adjustments related to the adoption of ASU 2020-06	—	—	(77.7)	10.0	—	(67.7)
Net loss	—	—	—	(27.4)	—	(27.4)
Issuance of common stock under share-based compensation plans	535,418	—	6.0	—	—	6.0
Share-based compensation	—	—	35.5	—	—	35.5
Foreign currency translation	—	—	—	—	15.6	15.6
Change in unrealized loss, net of tax of \$(18.4)	—	—	—	—	(51.0)	(51.0)
Change in pension liability adjustment, net of tax of \$0.8	—	—	—	—	2.3	2.3
Balance as of March 31, 2022	<u>152,530,449</u>	<u>\$ 1.5</u>	<u>\$ 2,823.8</u>	<u>\$ (326.6)</u>	<u>\$ (357.9)</u>	<u>\$ 2,140.8</u>

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
(Dollars in millions)		
Net income (loss)	\$ 9.9	\$ (27.4)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred income tax expense	6.1	4.5
Depreciation and amortization	22.1	20.9
Amortization of debt issuance costs and debt discount	1.1	1.0
Provision for doubtful accounts	2.4	0.9
Net periodic pension and postretirement cost	0.4	1.2
Share-based compensation	40.2	35.5
Change in fair value of contingent consideration	3.5	0.8
Other	0.5	—
Changes in operating assets and liabilities:		
Trade and other receivables	(26.9)	1.0
Prepaid expenses and other current assets	(20.6)	(14.1)
Accounts payable and other accrued expenses	4.2	(4.6)
Deferred revenue	6.0	(1.1)
Employee compensation and benefits	(40.1)	(8.2)
Accrued interest	(0.5)	(0.4)
Accrued taxes	8.3	(3.3)
Other assets and liabilities	(5.3)	(1.2)
Net cash provided by operating activities	11.3	5.5
Cash Flows from Investing Activities		
Purchase of customer funds marketable securities	(72.5)	(276.9)
Proceeds from sale and maturity of customer funds marketable securities	100.5	112.1
Expenditures for property, plant, and equipment	(6.5)	(2.1)
Expenditures for software and technology	(21.9)	(17.8)
Other	(1.0)	—
Net cash used in investing activities	(1.4)	(184.7)
Cash Flows from Financing Activities		
Increase in customer funds obligations, net	2,078.1	3,879.8
Proceeds from issuance of common stock under share-based compensation plans	14.8	6.0
Repayment of long-term debt obligations	(2.1)	(2.1)
Net cash provided by financing activities	2,090.8	3,883.7
Effect of exchange rate changes on cash, restricted cash, and equivalents	(7.7)	1.7
Net increase in cash, restricted cash, and equivalents	2,093.0	3,706.2
Cash, restricted cash, and equivalents at beginning of period	2,604.9	1,952.8
Cash, restricted cash, and equivalents at end of period	<u>\$ 4,697.9</u>	<u>\$ 5,659.0</u>
Reconciliation of cash, restricted cash, and equivalents to the condensed consolidated balance sheets		
Cash and equivalents	\$ 428.6	\$ 354.8
Restricted cash	0.8	1.9
Restricted cash and equivalents included in customer funds	4,268.5	5,302.3
Total cash, restricted cash, and equivalents	<u>\$ 4,697.9</u>	<u>\$ 5,659.0</u>

See accompanying notes to condensed consolidated financial statements.

Ceridian HCM Holding Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Organization

Ceridian HCM Holding Inc. and its subsidiaries (also referred to in this report as “Ceridian,” “we,” “our,” “us,” or the “Company”) offer a broad range of services and software designed to help employers more effectively manage employment processes, such as payroll, payroll-related tax filing, human resource information systems, employee self-service, time and labor management, employee assistance programs, and recruitment and applicant screening. Our technology-based services are typically provided through long-term customer relationships that result in a high level of recurring revenue. While we operate in 18 countries globally, our operations are primarily located in the United States and Canada.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and notes required by GAAP for complete financial statements. The accounting policies we follow are set forth in Note 2, “Summary of Significant Accounting Policies,” to our audited consolidated financial statements in our [2022 Form 10-K](#). The following notes should be read in conjunction with these policies and other disclosures in our 2022 Form 10-K.

In the opinion of management, the unaudited condensed consolidated financial statements contained herein reflect all adjustments (consisting only of normal recurring adjustments, except as set forth in these notes to the condensed consolidated financial statements) necessary to present fairly in all material aspects the financial position, results of operations, comprehensive income (loss), and cash flows from all periods presented. Interim results are not necessarily indicative of results for a full year.

Deferred Costs

Deferred costs, which primarily consist of deferred sales commissions, included within other assets on our condensed consolidated balance sheets were \$156.2 million and \$151.2 million as of March 31, 2023, and December 31, 2022, respectively. Amortization expense for the deferred costs was \$4.7 million and \$12.6 million for the three months ended March 31, 2023, and 2022, respectively.

Recently Issued and Adopted Accounting Pronouncements from the Financial Accounting Standards Board

Standard	Issuance Date	Description	Adoption Date	Effect on the Financial Statements
Accounting Standards Update (“ASU”) 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848	December 2022	This amendment provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.	Not yet adopted	This amendment may be elected over time through December 31, 2024 as reference rate reform activities occur. We do not expect the adoption of this guidance to have a significant impact on our financial statements.

3. Fair Value Measurements

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our financial assets and liabilities measured at fair value on a recurring basis were categorized as follows:

	March 31, 2023			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Assets				
Available for sale customer funds assets	\$ —	\$ 2,016.9 (a)	\$ —	\$ 2,016.9
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 2,016.9</u>	<u>\$ —</u>	<u>\$ 2,016.9</u>
Liabilities				
DataFuzion contingent consideration	\$ —	\$ —	\$ 14.1 (b)	\$ 14.1
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14.1</u>	<u>\$ 14.1</u>

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Assets				
Available for sale customer funds assets	\$ —	\$ 2,011.0 (a)	\$ —	\$ 2,011.0
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 2,011.0</u>	<u>\$ —</u>	<u>\$ 2,011.0</u>
Liabilities				
DataFuzion contingent consideration	\$ —	\$ —	\$ 10.6 (b)	\$ 10.6
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10.6</u>	<u>\$ 10.6</u>

- (a) Fair value is based on inputs that are observable for the asset or liability, other than quoted prices.
- (b) For the contingent consideration related to the 2021 acquisition of certain assets and liabilities of DataFuzion HCM, Inc. ("DataFuzion"), we utilize an option pricing model, specifically a Black-Scholes-Merton model, to estimate the fair value of the contingent liability as of the reporting dates. This model uses certain assumptions related to risk-free rates and volatility as well as certain judgments in forecasting annual recurring revenue. The contingent consideration has been measured as Level 3 given the unobservable inputs that are significant to the measurement of liability. The contingent consideration is included within other liabilities in our condensed consolidated balance sheets.

During the three months ended March 31, 2023, and 2022, we recognized expense of \$3.5 million and \$0.8 million, respectively, within selling, general, and administrative expense in our condensed consolidated statements of operations due to the remeasurement of the DataFuzion contingent consideration.

Financial Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the three months ended March 31, 2023 and year ended December 31, 2022, we did not re-measure any financial assets or liabilities at fair value on a nonrecurring basis.

4. Customer Funds

Overview

In certain jurisdictions, we collect funds for payment of payroll and taxes; temporarily hold such funds until payment is due; remit the funds to the customers' employees and appropriate taxing authorities; file federal, state, and local tax returns; and handle related regulatory correspondence and amendments. The customer assets are held in segregated accounts intended for the specific purpose of satisfying customer funding obligations and therefore are not freely available for our general business use. In the U.S. and Canada, these customer funds are held in trusts.

Our customer funds are held and invested with the primary objectives being to protect the principal balance and to ensure adequate liquidity to meet cash flow requirements. Accordingly, we maintain on average approximately 45% to 55% of customer funds in liquidity portfolios with maturities ranging from one to 120 days, consisting of high-quality bank deposits, money market mutual funds, commercial paper, or collateralized short-term investments; and we maintain on average approximately 45% to 55% of customer funds in fixed income portfolios with maturities ranging from 120 days to 10 years, consisting of U.S. Treasury and agency securities, Canada government and provincial securities, as well as highly rated asset-backed, mortgage-backed, municipal, corporate, and bank securities. To maintain sufficient liquidity to meet payment obligations, we also have financing arrangements and may pledge fixed income securities for short-term financing.

Financial Statement Presentation

Investment income from invested customer funds, also referred to as float revenue or float, is a component of our compensation for providing services under agreements with our customers. Investment income from invested customer funds included in recurring revenue was \$46.9 million and \$11.4 million for the three months ended March 31, 2023, and 2022, respectively. Investment income includes interest income, realized gains and losses from sales of customer funds' investments, and unrealized credit losses determined to be unrecoverable.

The amortized cost of customer funds as of March 31, 2023, and December 31, 2022, is the original cost of assets acquired. The amortized cost and fair values of investments of customer funds available for sale were as follows:

		March 31, 2023		
	Amortized Cost	Gross Unrealized		Fair Value
		Gain	Loss	
		(Dollars in millions)		
Money market securities, investments carried at cost and other cash equivalents	\$ 4,245.1	\$ —	\$ —	\$ 4,245.1
Available for sale investments:				
U.S. government and agency securities	1,157.7	0.7	(56.4)	1,102.0
Canadian and provincial government securities	—	—	—	—
Corporate debt securities	622.9	0.2	(29.1)	594.0
Asset-backed securities	187.0	0.3	(4.9)	182.4
Mortgage-backed securities	23.1	0.1	(0.4)	22.8
Other short-term investments	45.8	—	—	45.8
Other securities	74.8	—	(4.9)	69.9
Total available for sale investments	2,111.3	1.3	(95.7)	2,016.9
Invested customer funds	6,356.4	\$ 1.3	\$ (95.7)	6,262.0
Receivables	23.7			23.4
Total customer funds	\$ 6,380.1			\$ 6,285.4

	December 31, 2022			
	Amortized	Gross Unrealized		Fair
	Cost	Gain	Loss	Value
	(Dollars in millions)			
Money market securities, investments carried at cost and other cash equivalents	\$ 2,152.4	\$ —	\$ —	\$ 2,152.4
Available for sale investments:				
U.S. government and agency securities	721.3	—	(53.1)	668.2
Canadian and provincial government securities	438.7	0.1	(17.8)	421.0
Corporate debt securities	653.8	0.5	(35.5)	618.8
Asset-backed securities	169.6	0.1	(6.1)	163.6
Mortgage-backed securities	14.5	—	(0.7)	13.8
Other short-term investments	57.0	—	—	57.0
Other securities	74.4	—	(5.9)	68.6
Total available for sale investments	2,129.3	0.7	(119.1)	2,011.0
Invested customer funds	4,281.7	\$ 0.7	\$ (119.1)	4,163.4
Receivables	20.0			19.8
Total customer funds	\$ 4,301.7			\$ 4,183.2

The following represents the gross unrealized losses and the related fair value of the investments of customer funds available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	March 31, 2023					
	Less than 12 months		12 months or more		Total	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
	(Dollars in millions)					
U.S. government and agency securities	\$ (4.0)	\$ 266.9	\$ (52.4)	\$ 707.1	\$ (56.4)	\$ 974.0
Canadian and provincial government securities	—	—	—	—	—	—
Corporate debt securities	(3.1)	181.8	(26.0)	375.8	(29.1)	557.6
Asset-backed securities	(1.1)	81.9	(3.8)	68.2	(4.9)	150.1
Mortgage-backed securities	(0.4)	17.1	—	1.0	(0.4)	18.1
Other securities	(0.2)	8.3	(4.7)	61.3	(4.9)	69.6
Total available for sale investments	<u>\$ (8.8)</u>	<u>\$ 556.0</u>	<u>\$ (86.9)</u>	<u>\$ 1,213.4</u>	<u>\$ (95.7)</u>	<u>\$ 1,769.4</u>

Management does not believe that any individual unrealized loss was unrecoverable as of March 31, 2023. The unrealized losses are primarily attributable to changes in interest rates and not to credit deterioration. We currently do not intend to sell or expect to be required to sell the securities before the time required to recover the amortized cost.

The amortized cost and fair value of investment securities available for sale at March 31, 2023, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or to prepay obligations with or without call or prepayment penalties.

	March 31, 2023	
	Cost	Fair Value
	(Dollars in millions)	
Due in one year or less	\$ 4,604.3	\$ 4,600.6
Due in one to three years	691.0	658.8
Due in three to five years	963.7	906.7
Due after five years	97.4	95.9
Invested customer funds	<u>\$ 6,356.4</u>	<u>\$ 6,262.0</u>

5. Leases

Supplemental balance sheet information related to leases was as follows:

Lease Type	Balance Sheet Classification	March 31, 2023	December 31, 2022
(Dollars in millions)			
ASSETS			
Operating lease assets	Trade and other receivables, net	\$ 0.9	\$ 0.1
Operating lease assets	Prepaid expenses and other current assets	2.6	2.8
Operating lease assets	Right of use lease assets, net	20.1	24.3
Financing lease assets	Property, plant, and equipment, net	6.6	7.0
Total lease assets		\$ 30.2	\$ 34.2
LIABILITIES			
Current			
Financing lease liabilities	Current portion of long-term debt	\$ 0.9	\$ 1.0
Operating lease liabilities	Current portion of long-term lease liabilities	7.7	10.0
Noncurrent			
Financing lease liabilities	Long-term debt, less current portion	7.1	7.4
Operating lease liabilities	Long-term lease liabilities, less current portion	22.2	23.7
Total lease liabilities		\$ 37.9	\$ 42.1

The components of lease expense were as follows:

	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions)	
Lease Cost		
Operating lease cost	\$ 2.4	\$ 2.5
Financing lease cost:		
Depreciation of lease assets	0.4	0.3
Interest on lease liabilities	0.1	0.1
Sublease income	(0.1)	(0.1)
Total lease cost, net	\$ 2.8	\$ 2.8

6. Goodwill and Other Intangible Assets, Net

Goodwill

Goodwill and changes therein were as follows:

	(Dollars in millions)
Balance at December 31, 2022	\$ 2,280.0
Foreign currency translation	1.1
Balance at March 31, 2023	<u>\$ 2,281.1</u>

Other Intangible Assets, Net

Other intangible assets, net consisted of the following:

	March 31, 2023			
	Gross Carrying Amount	Accumulated Amortization (Dollars in millions)	Net	Estimated Life Range (Years)
Customer lists and relationships	\$ 298.9	\$ (230.4)	\$ 68.5	4-12
Trade name	183.4	(5.2)	178.2	3-5 and Indefinite
Technology	213.0	(184.8)	28.2	3-5
Total other intangible assets	<u>\$ 695.3</u>	<u>\$ (420.4)</u>	<u>\$ 274.9</u>	

	December 31, 2022			
	Gross Carrying Amount	Accumulated Amortization (Dollars in millions)	Net	Estimated Life Range (Years)
Customer lists and relationships	\$ 299.8	\$ (228.6)	\$ 71.2	4-12
Trade name	183.4	(4.7)	178.7	3-5 and Indefinite
Technology	213.5	(181.8)	31.7	3-5
Total other intangible assets	<u>\$ 696.7</u>	<u>\$ (415.1)</u>	<u>\$ 281.6</u>	

As of October 1 each year, we perform an impairment assessment of our indefinite-lived intangible assets, which includes our Ceridian and Dayforce trade names, which have a carrying value of \$167.2 million and \$4.4 million, respectively as of March 31, 2023. We continue to evaluate the use of our trade names and branding in our sales and marketing efforts. If there is a fundamental shift in the method of our branding in the future, we will assess the impact on the carrying amount of our trade name intangible assets to determine whether an impairment exists. If it is determined that an impairment has occurred, it would be recognized during the period in which the decision was made to make the fundamental shift.

Amortization expense related to definite-lived intangible assets was \$5.5 million and \$7.8 million for the three months ended March 31, 2023, and 2022, respectively.

7. Debt

Overview

Our debt obligations consisted of the following:

	March 31, 2023	December 31, 2022
	(Dollars in millions)	
Term Debt, interest rate of 7.3% and 6.9%, respectively	\$ 649.4	\$ 651.1
Revolving Credit Facility (\$300.0 available capacity less \$1.4 reserved for letters of credit)	—	—
Convertible Senior Notes, interest rate of 0.25%	575.0	575.0
Australia Line of Credit (AUD \$1.0 and \$1.5 letter of credit capacity, respectively, which were fully utilized; USD \$0.7 and USD \$1.0, respectively)	—	—
Financing lease liabilities (Please refer to Note 5)	8.0	8.4
Total debt	1,232.4	1,234.5
Less unamortized discount on Term Debt	0.6	0.6
Less unamortized debt issuance costs on Term Debt and Convertible Senior Notes	11.7	12.7
Less current portion of long-term debt	7.7	7.8
Long-term debt, less current portion	<u>\$ 1,212.4</u>	<u>\$ 1,213.4</u>

Accrued interest and fees related to the debt obligations was \$0.2 million and \$0.7 million as of March 31, 2023 and December 31, 2022, respectively, and is included within other accrued expenses in our condensed consolidated balance sheets.

Senior Secured Credit Facility

On April 30, 2018, we completed the refinancing of our debt by entering into a new credit agreement. Pursuant to the terms of the new credit agreement, we became borrower of (i) a \$680.0 million term loan debt facility (the “Term Debt”) and (ii) a \$300.0 million revolving credit facility (the “Revolving Credit Facility”) (collectively, the “Senior Secured Credit Facility”). Our obligations under the Senior Secured Credit Facility are secured by first priority security interests in substantially all of our assets and the domestic subsidiary guarantors, subject to permitted liens and certain exceptions.

The Term Debt will mature on April 30, 2025. We are required to make annual amortization payments in respect of the Term Debt in an amount equal to 1.00% of the original principal amount thereof, payable in equal quarterly installments of 0.25% of the original principal amount of the first lien term debt. On December 15, 2021, we completed the second amendment to our Senior Secured Credit Facility, which extended the maturity date of the Revolving Credit Facility from April 30, 2023 to January 29, 2025. The Revolving Credit Facility does not require amortization payments.

Convertible Senior Notes

In March 2021, we issued \$575.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due 2026 in a private offering to qualified institutional buyers pursuant to Rule 144A promulgated under the Securities Act of 1933, as amended, and pursuant to exemptions from the prospectus requirements of applicable Canadian securities laws, including the exercise in full by the initial purchasers of their option to purchase an additional \$75.0 million in aggregate principal amount of 0.25% Convertible Senior Notes due 2026 (collectively, the “Convertible Senior Notes”). The Convertible Senior Notes bear interest at a rate of 0.25% per year and interest is payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2021. The Convertible Senior Notes mature on March 15, 2026, unless earlier converted, redeemed or repurchased. The total net proceeds from the offering, after deducting initial purchase discounts and other debt issuance costs, were \$561.8 million.

The following table presents details of the Convertible Senior Notes:

	Initial Conversion Rate per \$1,000 Principal	Initial Conversion Price per Share
Convertible Senior Notes	7.5641 shares	\$ 132.20

The Convertible Senior Notes will be convertible at the option of the holders at any time only under certain circumstances as outlined in Note 9, “Debt,” to our audited consolidated financial statements in our [2022 Form 10-K](#). The conditions allowing holders of the Convertible Senior Notes to convert have not been met and therefore were not convertible as of March 31, 2023.

On December 30, 2021, we notified the holders of the Convertible Senior Notes of our irrevocable election to settle the conversion obligation in connection with the Convertible Senior Notes submitted for conversion on or after January 1, 2022, or at maturity with a combination of cash and shares of our common stock. Generally, under this settlement method, the conversion value will be settled in cash in an amount no less than the principal amount being converted, and any excess of the conversion value over the principal amount will be settled, at our election, in cash or shares of common stock.

The Convertible Senior Notes are accounted for as a single liability, and the carrying amount of the Convertible Senior Notes was \$566.1 million as of March 31, 2023, with principal of \$575.0 million, net of issuance costs of \$8.9 million. The Convertible Senior Notes are included within Long-term debt, less current portion in our condensed consolidated balance sheets as of March 31, 2023. The issuance costs related to the Convertible Senior Notes are being amortized to interest expense over the contractual term of the Convertible Senior Notes at an effective interest rate of 5.1%.

Interest expense recognized related to the Convertible Senior Notes was as follows:

	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions)	
Contractual interest expense	\$ 0.4	\$ 0.3
Amortization of debt issuance costs	0.7	0.7
Total	\$ 1.1	\$ 1.0

Capped Calls

In March 2021, in connection with the pricing of the Convertible Senior Notes, we entered into capped call transactions with the option counterparties (the “Capped Calls”). The Capped Calls each have an initial strike price of \$132.20 per share, and an initial cap price of \$179.26 per share, both subject to certain adjustments. The capped call transactions are generally expected to reduce potential dilution to our common stock upon any conversion of the Convertible Senior Notes and/or offset any potential cash payments we would be required to make in excess of the principal amount of converted Convertible Senior Notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. For accounting purposes, the Capped Calls are separate transactions, and not part of the terms of the Convertible Senior Notes. As the Capped Calls qualify for a scope exception from derivative accounting for instruments that are both indexed to the issuer's own stock and classified in stockholder's equity in our condensed consolidated balance sheet, we have recorded an amount of \$33.0 million as a reduction to additional paid-in capital which will not be remeasured. This represents the premium of \$45.0 million paid for the purchase of the Capped Calls, net of the deferred tax impact of \$12.0 million.

Future Payments and Maturities of Debt

The future principal payments and maturities of our indebtedness, excluding financing lease obligations, are as follows:

Years Ending December 31,	Amount
	(Dollars in millions)
2023	\$ 5.1
2024	6.8
2025	637.5
2026	575.0
	\$ 1,224.4

Fair Value of Debt

Our debt does not trade in active markets and was considered to be a Level 2 measurement at March 31, 2023. The fair value of the Term Debt was based on the borrowing rates currently available to us for bank loans with similar terms and average maturities and the limited trades of our debt. The fair value of the Convertible Senior Notes was determined based on the closing trading price per \$1,000 of the Convertible Senior Notes as of the last day of trading for the period and is primarily affected by the trading price of our common stock and market interest rates. The fair value of our debt was estimated to be \$1,157.8 million and \$1,142.3 million as of March 31, 2023, and December 31, 2022, respectively.

8. Employee Benefit Plans

The components of net periodic cost (gain) for our defined benefit pension plan and for our postretirement benefit plan are included in the following tables:

	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions)	
Net Periodic Pension Cost		
Interest cost	\$ 4.3	\$ 2.2
Actuarial loss amortization	2.1	3.4
Less: Expected return on plan assets	(5.5)	(3.9)
Net periodic pension cost	\$ 0.9	\$ 1.7
	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions)	
Net Periodic Postretirement Benefit		
Interest cost	\$ 0.1	\$ —
Actuarial gain amortization	(0.6)	(0.5)
Net periodic postretirement benefit gain	\$ (0.5)	\$ (0.5)

9. Share-Based Compensation

Our share-based compensation consists of stock options, restricted stock units ("RSU"), and performance stock units ("PSU"). We also offer an employee stock purchase plan.

Under the 2013 Ceridian HCM Holding Inc. Stock Incentive Plan, as amended ("2013 SIP") and Ceridian HCM Holding Inc. 2018 Equity Incentive Plan (as amended and restated from time to time, the "2018 EIP"), we have shares reserved for issuance of common stock to eligible employees and our Board of Directors. The 2018 EIP serves as a successor to the 2013 SIP as we ceased granting awards under the 2013 SIP as of April 24, 2018, and we do not intend to grant any additional awards under the 2013 SIP. Most of our equity awards under the 2018 EIP vest either annually or quarterly on a pro rata basis, generally over a one-, three-, four-, or five-year period or on a specific date if certain performance criteria are satisfied and certain equity values are attained. In addition, upon termination of service, all vested awards must be exercised generally within 90 days after termination, or these awards will be forfeited. The equity awards have a 10-year contractual term, and the options have an exercise price that is not less than the fair market value of the underlying stock on the date of grant.

As of March 31, 2023, there were 804,308 stock options and RSUs outstanding under the 2013 SIP and there were 12,727,310 stock options, RSUs, and PSUs outstanding and 11,759,391 shares available for future grants of equity awards under the 2018 EIP.

Total share-based compensation expense was \$40.2 million and \$35.5 million for the three months ended March 31, 2023, and 2022, respectively.

Performance-Based Stock Options

Performance-based stock option activity was as follows:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2022	1,760,438	\$ 66.10	7.4	\$ 0.1
Granted	—	—	—	—
Exercised	(2,857)	(49.72)	—	—
Forfeited or expired	—	—	—	—
Outstanding at March 31, 2023	1,757,581	\$ 65.23	7.1	\$ 14.0
Exercisable at March 31, 2023	257,581	\$ 65.06	7.3	\$ 2.1

As of March 31, 2023, there was \$0.8 million of share-based compensation expense related to unvested performance-based stock option awards not yet recognized, which is expected to be recognized over a weighted-average period of 0.1 year.

Performance Stock Units

PSU activity was as follows:

	Shares
Outstanding at December 31, 2022	706,467
Granted	651,122
Vested and released	(247,603)
Forfeited or canceled	(114,562)
Outstanding at March 31, 2023	995,424
Releasable at March 31, 2023	101,380

On February 28, 2023, we granted PSUs under the 2023 Ceridian HCM Holding, Inc. Management Incentive Plan (the “2023 MIP”) for the incentive period of January 1, 2023 through December 31, 2023, and also as part of long term incentive grants to certain members of management. The vesting conditions for the PSUs are primarily based on key financial metrics and the probability of vesting will continue to be evaluated throughout 2023, and share-based compensation will be recognized in accordance with that probability.

As of March 31, 2023, there was \$50.7 million of share-based compensation expense related to unvested PSUs not yet recognized.

Restricted Stock Units

RSU activity was as follows:

	Shares
Outstanding at December 31, 2022	2,890,817
Granted	1,506,681
Vested and released	(556,143)
Forfeited or canceled	(59,560)
Outstanding at March 31, 2023	3,781,795
Releasable at March 31, 2023	712,279

As of March 31, 2023, there was \$187.8 million of share-based compensation expense related to unvested RSUs not yet recognized, which is expected to be recognized over a weighted-average period of 1.9 years.

Term-Based Stock Options

Term-based stock option activity was as follows:

	Shares	Weighted Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2022	7,296,086	\$ 50.59	6.4	\$ 117.4
Granted	—	—	—	—
Exercised	(280,971)	(40.29)	—	—
Forfeited or expired	(18,335)	(59.03)	—	—
Outstanding at March 31, 2023	6,996,780	\$ 50.98	6.2	\$ 164.1
Exercisable at March 31, 2023	5,887,425	\$ 46.85	6.0	\$ 158.6

As of March 31, 2023, there was \$23.0 million of share-based compensation expense related to unvested term-based stock options not yet recognized, which is expected to be recognized over a weighted-average period of 0.5 year.

Global Employee Stock Purchase Plan

We maintain the Ceridian HCM Holding Inc. Global Employee Stock Purchase Plan (“GESPP”) pursuant to which we have shares reserved for the issuance of common stock to eligible participants through quarterly purchases via payroll deductions. A total of 1,596,174 shares of common stock are available for future issuances under the plan as of March 31, 2023. The purchase price is the lower of 85% of the fair market value of a share of common stock on (i) January 1 or (ii) the purchase date.

Our GESPP activity was as follows:

Period Ended	Shares Issued	Purchase Price (per share)
March 31, 2023	62,584	\$ 62.24

10. Revenue

Disaggregation of Revenue

	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions)	
Revenue:		
Recurring revenue:		
Dayforce recurring	\$ 271.2	\$ 188.6
Powerpay recurring	24.1	21.6
Total Cloud recurring	295.3	210.2
Other recurring	22.6	37.7
Total recurring revenue	317.9	247.9
Professional services and other	52.7	45.4
Total revenue	\$ 370.6	\$ 293.3

Recurring revenue includes float revenue of \$46.9 million and \$11.4 million for the three months ended March 31, 2023, and 2022, respectively.

Contract Balances

A contract asset is generally recorded when revenue recognized for professional service performance obligations exceed the contractual amount of billings for implementation related professional services. Contract assets were \$73.4 million and \$68.5 million as of March 31, 2023, and December 31, 2022, respectively. Contract assets expected to be recognized in revenue within twelve months are included within prepaid expenses and other current assets, with the remaining contract assets included within other assets on our condensed consolidated balance sheets.

Deferred Revenue

Deferred revenue primarily consists of payments received in advance of revenue recognition. The changes in deferred revenue were as follows:

	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions)	
Deferred revenue, beginning of period	\$ 41.2	\$ 48.7
New billings	147.8	125.3
Revenue recognized	(141.7)	(126.6)
Effect of exchange rate	(0.3)	0.7
Deferred revenue, end of period	\$ 47.0	\$ 48.1

Transaction Price for Remaining Performance Obligations

As of March 31, 2023, approximately \$1,191.0 million of revenue is expected to be recognized over the next three years from remaining performance obligations, which represents contracted revenue for recurring services and fixed price professional services, primarily implementation services, that has not yet been recognized, including deferred revenue and unbilled amounts that will be recognized as revenue in future periods. Performance obligations that are billed and recognized as they are delivered, primarily professional services contracts that are on a time and materials basis, are excluded from the transaction price for remaining performance obligations disclosed above.

11. Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive loss were as follows:

	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) from Invested Customer Funds	Pension Liability Adjustment	Total
	(Dollars in millions)			
Balance as of December 31, 2022	\$ (234.0)	\$ (96.4)	\$ (154.6)	\$ (485.0)
Other comprehensive income before income taxes and reclassifications	1.2	23.9	—	25.1
Income tax expense	—	(6.3)	(0.4)	(6.7)
Reclassifications to earnings	—	—	1.5	1.5
Other comprehensive income	1.2	17.6	1.1	19.9
Balance as of March 31, 2023	\$ (232.8)	\$ (78.8)	\$ (153.5)	\$ (465.1)

12. Income Taxes

Our income tax provision represents federal, state, and international taxes on our income recognized for financial statement purposes and includes the effects of temporary differences between financial statement income and income recognized for tax return purposes. Deferred tax assets and liabilities are recorded for temporary differences between the financial reporting basis and the tax basis of assets and liabilities. We record a valuation allowance to reduce our deferred tax assets to reflect the net deferred tax assets that we believe will be realized. In assessing the likelihood that we will be able to recover our deferred tax assets and the need for a valuation allowance, we consider all available evidence, both positive and negative, including historical levels of pre-tax book income, expiration of net operating losses, changes in our debt and equity structure, expectations and risks associated with estimates of future taxable income, ongoing prudent and feasible tax planning strategies, as well as current tax laws. As of March 31, 2023, we have a valuation allowance of \$44.5 million against certain deferred tax assets consisting primarily of \$31.0 million for deferred taxes attributable to previous business combinations, and \$13.2 attributable to state and foreign net operating loss carryovers.

We recorded income tax expense of \$18.5 million during the three months ended March 31, 2023, which included tax expense of \$6.0 million attributable to operations, \$4.3 million attributable to share-based compensation, \$2.7 million attributable to U.S. state taxes, and \$1.2 million attributable to the U.S. Base Erosion and Anti-Abuse Tax ("BEAT").

There were no unrecognized tax benefits as of March 31, 2023, and December 31, 2022. We make adjustments to these reserves when facts and circumstances change, such as the closing of tax audits or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results.

We file income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2018.

13. Commitments and Contingencies

Legal Matters

We are subject to claims and a number of judicial and administrative proceedings considered normal in the course of our current and past operations, including employment-related disputes, contract disputes, disputes with our competitors, intellectual property disputes, government audits and proceedings, customer disputes, and tort claims. In some proceedings, the claimant seeks damages as well as other relief, which, if granted, would require substantial expenditures on our part.

Our general terms and conditions in customer contracts frequently include a provision indicating we will indemnify and hold our customers harmless from and against any and all claims alleging that the services and materials furnished by us violate any third party's patent, trade secret, copyright, or other intellectual property right. We are not aware of any material pending litigation concerning these indemnifications.

Some of these matters raise difficult and complex factual and legal issues and are subject to many uncertainties, including the facts and circumstances of each particular action, and the jurisdiction, forum, and law under which each action is proceeding. Because of these complexities, final disposition of some of these proceedings may not occur for several years. As such, we are not always able to estimate the amount of our possible future liabilities, if any.

There can be no certainty that we may not ultimately incur charges in excess of presently established or future financial accruals or insurance coverage. Although occasional adverse decisions or settlements may occur, it is management's opinion that the final disposition of these proceedings will not, considering the merits of the claims and available resources or reserves and insurance, and based upon the facts and circumstances currently known, have a material adverse effect on our financial position or results of operations.

14. Net Income (Loss) per Share

We compute net income (loss) per share of common stock using the treasury stock method. The basic and diluted net income (loss) per share computations were calculated as follows:

	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions, except share and per share data)	
Numerator:		
Net income (loss)	\$ 9.9	\$ (27.4)
Denominator:		
Weighted-average shares outstanding - basic	154,247,972	152,124,151
Effect of dilutive equity instruments	3,452,729	—
Weighted-average shares outstanding - diluted	157,700,701	152,124,151
Net income (loss) per share - basic	\$ 0.06	\$ (0.18)
Net income (loss) per share - diluted	\$ 0.06	\$ (0.18)

The following potentially dilutive weighted-average shares were excluded from the calculation of diluted net income (loss) per share because their effect would have been anti-dilutive:

	Three Months Ended March 31,	
	2023	2022
Stock options	2,496,740	5,361,160
Restricted stock units	588,632	535,754
Performance stock units	65,738	590,284

The shares underlying the conversion option in the Convertible Senior Notes were not considered in the calculation of diluted net income (loss) per share as the effect would have been anti-dilutive. Based on the initial conversion price, the entire outstanding principal amount of the Convertible Senior Notes as of March 31, 2023 would have been convertible into approximately 4.3 million shares of our common stock. Since we expect to settle the principal amount of the Convertible Senior Notes in cash, we use the treasury stock method for calculating any potential dilutive effect on diluted net income per share, if applicable. As a result, only the amount by which the conversion value exceeds the aggregate principal amount of the Convertible Senior Notes (the "conversion spread") is considered in the diluted earnings per share computation. The conversion spread has a dilutive impact on diluted net income per share when the average market price of our common stock for a given period exceeds the initial conversion price of \$132.20 per share for the Convertible Senior Notes. We excluded the potentially dilutive effect of the conversion spread of the Convertible Senior Notes as the average market price of our common stock during the three months ended March 31, 2023 was less than the conversion price of the Convertible Senior Notes. In connection with the issuance of the Convertible Senior Notes, we entered into Capped Calls, which were not included for purposes of calculating the number of diluted shares outstanding, as their effect would have been anti-dilutive.

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

The following is a discussion and analysis of our financial condition and results of operations as of, and for, the periods presented and should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included elsewhere in this report and with our audited consolidated financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on March 1, 2023 (our "[2022 Form 10-K](#)"). This discussion and analysis contains forward-looking statements, including statements regarding industry outlook, our expectations for the future of our business, and our liquidity and capital resources as well as other non-historical statements. These statements are based on current expectations and are subject to numerous risks and uncertainties, including but not limited to the risks and uncertainties described in [Part II, Item 1A, "Risk Factors"](#) and ["Cautionary Note Regarding Forward-Looking Statements."](#) Our actual results may differ materially from those contained in or implied by these forward-looking statements. Any reference to a "Note" in this discussion relates to the accompanying notes to the unaudited condensed consolidated financial statements included elsewhere in this report unless otherwise indicated.

Overview

Ceridian is a global human capital management ("HCM") software company. We categorize our solutions into three categories: Cloud recurring, other recurring (formerly referred to as Bureau), and professional services and other. Cloud recurring revenue is generated from HCM solutions that are primarily delivered via two offerings: Dayforce, our flagship Cloud HCM platform, and Powerpay, a Cloud human resources ("HR") and payroll solution for the Canadian small business market. Revenue from our Cloud recurring and other recurring solutions includes investment income generated from holding customer funds before funds are remitted to taxing authorities, also referred to as float revenue or float.

Dayforce provides HR, payroll, benefits, workforce management, and talent management functionality. Our platform is used by organizations of all sizes, from small businesses to global organizations, regardless of industry, to optimize management of the entire employee lifecycle, including attracting, engaging, paying, deploying, and developing their people. Dayforce was built as a single application from the ground up that combines a modern, consumer-grade user experience with proprietary application architecture, including a single employee record and a rules engine spanning all areas of HCM. Dayforce provides continuous real-time calculations across all modules to enable, for example, payroll administrators access to data through the entire pay period, and managers access to real-time data to optimize work schedules. Our platform is designed to make work life better for our customers and their employees by improving HCM decision-making processes, streamlining workflows, revealing strategic organizational insights, and simplifying legislative compliance. The platform is designed to ease administrative work for both employees and managers, creating opportunities for companies to increase employee engagement. We sell Dayforce through our direct sales force on a subscription per-employee, per-month ("PEPM") basis. Our subscriptions are typically structured with an initial fixed term of between three and five years, with evergreen renewal thereafter.

Dayforce Wallet is a digital payment solution for customers' employees on the Dayforce platform, and is currently available in the U.S., Canada, and the United Kingdom. Dayforce Wallet gives our customers' employees greater control over their financial well-being by providing them with instant access to their earnings. This on-demand pay feature allows employees more choice over when they get paid by making any day payday. Dayforce Wallet enables workers to access their already-earned wages anytime during the pay period, net of taxes, withholdings and other payroll deductions. Leveraging Dayforce's continuous pay calculations, Dayforce Wallet processes a same-day payroll each time a worker requests their pay. The solution is compliant with federal, state, and local remittances and requires no changes to payroll processing including the funding, timing, and close-out of pay. The on-demand wages are loaded onto a paycard, which customers' employees can use anywhere credit or debit cards are accepted, generating interchange fee revenue. The Dayforce Wallet mobile app makes it easy for customers' employees to check their pay deposits, account balance, and transaction history. As of March 31, 2023, we had more than 1,540 customers signed onto Dayforce Wallet with over 930 customers live on the product. As of March 31, 2023, the average registration rate was above 50% of all eligible employees.

Our Business Model

Our business model focuses on supporting the rapid growth of Dayforce and maximizing the lifetime value of our Dayforce customer relationships. Due to our subscription model, where we recognize subscription revenues ratably over the term of the subscription period, and our high customer retention rates, we have a high level of visibility into our future revenues. The profitability of a customer depends, in large part, on how long they have been a customer. We estimate that it takes approximately two years before we are able to recover our implementation, customer acquisition, and other direct costs on a new Dayforce customer contract.

Over the lifetime of the customer relationship, we have the opportunity to realize additional PEPM revenue, both as the customer grows or rolls out the Dayforce solution to additional employees, and also by selling additional functionality to existing customers that do not currently utilize our full suite of capabilities. We also incur costs to manage the account, to retain customers, and to sell additional functionality. These costs, however, are significantly less than the costs initially incurred to acquire and to take customers live.

Global Events

Beginning in 2022, the U.S. Federal Reserve and the Bank of Canada enacted several increases to the federal funds rate and the overnight rate target, respectively. The rate increases have favorably impacted our float revenue, and conversely, have increased the cost of our term debt borrowing. There continues to be uncertainty in the changing market and economic conditions, including the possibility of additional measures that could be taken by the U.S. Federal Reserve, the Bank of Canada, or other government agencies, related to concerns over inflation risk.

Recent Events

The Office of Comptroller of the Currency (the "OCC") authorized the Ceridian National Trust Bank to open on January 3, 2023. Effective on this day, the Ceridian National Trust Bank commenced banking operations, acting as trustee for our U.S. payroll trust. Historically, certain aspects of our U.S. client money movement activity were subject to regulation at both the federal and individual state levels with resulting inherent complexity across multiple jurisdictions. With the establishment of the Ceridian National Trust Bank, regulatory oversight will now be under the OCC, a single federal government agency. Our payroll trust structure will continue to benefit our customers by providing bankruptcy-remoteness protection for client funds pending remittance to employees of our clients, tax authorities, and other payees.

How We Assess Our Performance

In assessing our performance, we consider a variety of annual and quarterly performance indicators in addition to revenue and net income. Set forth below are descriptions of our quarterly key performance measures. Additional information on our annual performance measures is described in Part II, "Item 7. Management's Discussion and Analysis" under the heading "How We Assess Our Performance" contained in our [2022 Form 10-K](#). Please refer to the ["Non-GAAP Financial Measures"](#) and ["Results of Operations"](#) sections below for further description and definitions of certain performance indicators which are considered non-GAAP financial measures.

Live Dayforce Customers

We use the number of live Dayforce customers as an indicator of future revenue and the overall performance of the business and to assess the performance of our implementation services.

Dayforce Recurring Revenue Per Customer

We use Dayforce recurring revenue per customer, a non-GAAP financial measure, as an indicator of the average size of our Dayforce customer, which we believe is also useful to management and investors. We calculate and monitor Dayforce recurring revenue per customer on a quarterly basis. Our Dayforce recurring revenue per customer may fluctuate as a result of a number of factors, including the number of live Dayforce customers and the number of customers purchasing the comprehensive suite of Dayforce functionality.

Constant Currency Revenue

We present revenue on a constant currency basis to assess how our underlying business performed, excluding the effect of foreign currency rate fluctuations. We believe this non-GAAP financial measure is useful to management and investors. The average U.S. dollar to Canadian dollar foreign exchange rate was \$1.35, with a daily range of \$1.33 to \$1.39, for the three months ended March 31, 2023, compared to \$1.27, with a daily range of \$1.25 to \$1.29 for the three months ended March 31, 2022. As of March 31, 2023, the U.S. dollar to Canadian dollar foreign exchange rate was \$1.35.

Adjusted Operating Profit, Adjusted EBITDA, Adjusted EBITDA Margin, and Adjusted Cloud Recurring Gross Margin

We believe that Adjusted operating profit, Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted Cloud recurring gross margin, non-GAAP financial measures, are useful to management and investors as supplemental measures to evaluate our overall operating performance. Adjusted EBITDA is a component of our management incentive plan and Adjusted Cloud recurring gross margin is a component of certain performance based equity awards for our named executive officers, and these metrics are used by management to assess performance and to compare our operating performance to our competitors. Management believes that Adjusted operating profit, Adjusted EBITDA, Adjusted EBITDA margin, and Adjusted Cloud recurring gross margin are helpful in highlighting management performance trends because these metrics exclude the results of decisions that are outside the normal course of our business operations.

Results of Operations

Three Months Ended March 31, 2023 Compared With Three Months Ended March 31, 2022

	Three Months Ended March 31,		Increase/(Decrease)		% of Revenue	
	2023	2022	Amount	%	2023	2022
(Dollars in millions)						
Revenue:						
Recurring						
Cloud	\$ 295.3	\$ 210.2	\$ 85.1	40.5%	79.7%	71.7%
Other	22.6	37.7	(15.1)	(40.1)%	6.1%	12.9%
Total recurring	317.9	247.9	70.0	28.2%	85.8%	84.5%
Professional services and other	52.7	45.4	7.3	16.1%	14.2%	15.5%
Total revenue	370.6	293.3	77.3	26.4%	100.0%	100.0%
Cost of revenue:						
Recurring						
Cloud	66.9	64.6	2.3	3.6%	18.1%	22.0%
Other	13.2	17.7	(4.5)	(25.4)%	3.6%	6.0%
Total recurring	80.1	82.3	(2.2)	(2.7)%	21.6%	28.1%
Professional services and other	63.9	54.5	9.4	17.2%	17.2%	18.6%
Product development and management	51.0	40.4	10.6	26.2%	13.8%	13.8%
Depreciation and amortization	15.3	13.0	2.3	17.7%	4.1%	4.4%
Total cost of revenue	210.3	190.2	20.1	10.6%	56.7%	64.8%
Gross profit	160.3	103.1	57.2	55.5%	43.3%	35.2%
Selling, general, and administrative	121.9	122.0	(0.1)	(0.1)%	32.9%	41.6%
Operating profit (loss)	38.4	(18.9)	57.3	303.2%	10.4%	(6.4)%
Interest expense, net	9.2	5.8	3.4	58.6%	2.5%	2.0%
Other expense (income), net	0.8	(0.3)	1.1	366.7%	0.2%	(0.1)%
Income (loss) before income taxes	28.4	(24.4)	52.8	216.4%	7.7%	(8.3)%
Income tax expense	18.5	3.0	15.5	516.7%	5.0%	1.0%
Net income (loss)	\$ 9.9	\$ (27.4)	\$ 37.3	136.1%	2.7%	(9.3)%
Net profit margin (a)	2.7%	(9.3)%				
Adjusted EBITDA (b)	\$ 105.4	\$ 57.4	\$ 48.0	83.6%	28.4%	19.6%

- (a) Net profit margin is determined by calculating the percentage that net income (loss) is of total revenue.
- (b) Please refer to the ["Non-GAAP Financial Measures"](#) section for a discussion and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin, non-GAAP financial measures.

Revenue. The following table sets forth certain information regarding our revenues for the periods presented:

	Three Months Ended March 31,		Percentage change in revenue as reported	Impact of changes in foreign currency (a)	Percentage change in revenue on a constant currency basis (a)
	2023	2022	2023 vs. 2022		2023 vs. 2022
	(Dollars in millions)				
Revenue:					
Recurring revenue:					
Dayforce recurring, excluding float	\$ 229.6	\$ 180.3	27.3%	(2.0)%	29.3%
Dayforce float	41.6	8.3	401.2%	(7.5)%	408.7%
Total Dayforce recurring	271.2	188.6	43.8%	(2.2)%	46.0%
Powerpay recurring, excluding float	19.5	19.4	0.5%	(7.0)%	7.5%
Powerpay float	4.6	2.2	109.1%	(13.8)%	122.9%
Total Powerpay recurring	24.1	21.6	11.6%	(7.7)%	19.3%
Total Cloud recurring	295.3	210.2	40.5%	(2.8)%	43.3%
Other recurring (b)	22.6	37.7	(40.1)%	(2.8)%	(37.3)%
Total recurring revenue	317.9	247.9	28.2%	(2.8)%	31.0%
Professional services and other (c)	52.7	45.4	16.1%	(3.5)%	19.6%
Total revenue	\$ 370.6	\$ 293.3	26.4%	(2.9)%	29.3%

- (a) We have calculated revenue on a constant currency basis by applying the average foreign exchange rate in effect during the comparable prior period. Please refer to the [“Non-GAAP Financial Measures”](#) section for discussion of revenue on a constant currency basis.
- (b) Other recurring contains solutions previously described as Bureau. Float attributable to this solution was \$0.7 million and \$0.9 million for the three months ended March 31, 2023, and 2022, respectively.
- (c) For the three months ended March 31, 2023, Professional services and other consisted of \$49.4 million and \$3.3 million associated with Dayforce and Other, respectively. For the three months ended March 31, 2022, Professional services and other consisted of \$41.6 million, \$3.6 million, and \$0.2 million associated with Dayforce, Other, and Powerpay, respectively.

Total revenue increased \$77.3 million, or 26.4%, to \$370.6 million for the three months ended March 31, 2023, compared to \$293.3 million for the three months ended March 31, 2022. This increase was primarily attributable to the increase in live Dayforce customers, the increase in Dayforce recurring revenue per customer, and the increase in float revenue. The number of live Dayforce customers increased 10.2% to 6,179 at March 31, 2023 from 5,609 at March 31, 2022. Additionally, for the trailing twelve months ended March 31, 2023, Dayforce recurring revenue per customer grew to \$126,127 compared to \$110,947 for the comparable period in 2022.¹ Please refer to the [“Non-GAAP Financial Measures”](#) section for discussion of Dayforce recurring revenue per customer.

The increase in Dayforce recurring revenue per customer is driven by the growing average size of our customers, as we have been expanding within the enterprise segment, as well as more customers purchasing the comprehensive suite of Dayforce functionality. Additionally, tax migration from legacy infrastructure to the same platform as Dayforce contributed approximately 600 basis points of growth to Dayforce recurring revenue, excluding float in the first quarter of 2023. The increase in float revenue is driven by an increase in average yield of 270 basis points compared to the three months ended March 31, 2022, in addition to a 3.3% increase in average float balance for our customer funds for the three months ended March 31, 2023, which increased to \$5.26 billion, compared to \$5.09 billion for the three months ended March 31, 2022.

Cost of revenue. Total cost of revenue for the three months ended March 31, 2023, was \$210.3 million, an increase of \$20.1 million, or 10.6%, compared to the three months ended March 31, 2022.

¹ Excluding float revenue, the impact of lower employment levels in 2021 due to the COVID-19 pandemic, Ascender and ADAM HCM revenue and on a constant currency basis. Please refer to the [“Non-GAAP Financial Measures”](#) section for discussion of revenue on a constant currency basis.

Recurring cost of revenue for the three months ended March 31, 2023, decreased \$2.2 million, or 2.7%, compared with the three months ended March 31, 2022, primarily due to a \$11.2 million reduction in severance and restructuring costs related to the integration of acquisitions and re-balancing of resources across our global footprint during the three months ended March 31, 2022. The reduction in recurring cost of revenue was partially offset by additional labor-related costs incurred to support the growing Dayforce customer base globally.

Professional services and other cost of revenue increased \$9.4 million, or 17.2%, for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to increased costs incurred to take new customers live.

Product development and management expense increased \$10.6 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022. The increase primarily reflects additional personnel costs and share-based compensation expense. For the three months ended March 31, 2023, and 2022, our investment in software development was \$46.9 million and \$37.7 million, respectively, consisting of \$28.0 million and \$22.6 million, of research and development expense, and \$18.9 million and \$15.1 million in capitalized software development costs, respectively.

Depreciation and amortization expense associated with cost of revenue increased by \$2.3 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, as we continue to capitalize Dayforce related and other development costs and subsequently amortize these costs.

Gross profit. The following table presents total gross margin and solution gross margins for the periods presented:

	Three Months Ended March 31,	
	2023	2022
Total gross margin	43.3%	35.2%
Gross margin by solution:		
Cloud recurring	77.3%	69.3%
Other recurring	41.6%	53.1%
Professional services and other	(21.3)%	(20.0)%

Total gross margin is defined as total gross profit as a percentage of total revenue, which is inclusive of product development and management costs, as well as depreciation and amortization associated with cost of revenue. Gross margin for each solution in the table above is defined as total revenue less cost of revenue for the applicable solution as a percentage of total revenue for that related solution, which is exclusive of any product development and management or depreciation and amortization cost allocations.

Total gross margin for the three months ended March 31, 2023 increased 810 basis points compared to total gross margin for the three months ended March 31, 2022 and gross profit increased by \$57.2 million, or 55.5% for the three months ended March 31, 2023 compared to the three months ended March 31, 2022, primarily due to the \$77.3 million or 26.4% increase in revenue, including float revenue, which outpaced the increase in cost of revenue.

Cloud recurring gross margin was 77.3% for the three months ended March 31, 2023, compared to 69.3% for the three months ended March 31, 2022. Excluding the impact of share-based compensation and related employer taxes and certain other items, Adjusted Cloud recurring gross margin increased by 320 basis points to 78.7%. The increase in Cloud recurring gross margin was primarily due to the increase in float revenue and reduction in severance expense associated with the re-balancing of resources across our global footprint in 2022. The increase is also due to the increase in the proportion of Dayforce customers live for more than two years, which increased from 80% as of March 31, 2022 to 82% as of March 31, 2023. Please refer to the [“Non-GAAP Financial Measures”](#) section for a discussion and reconciliation of Adjusted Cloud recurring gross margin and additional information on the excluded items.

Professional services and other gross margin was (21.3)% for the three months ended March 31, 2023, compared to (20.0)% for the three months ended March 31, 2022, reflecting additional costs to take new customers live and increased share-based compensation expense.

Selling, general, and administrative expense. Selling, general, and administrative expense decreased \$0.1 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022. This reflects a reduction of \$4.2 million in sales and marketing expense and an increase of \$4.1 million in general and administrative expense. The reduction in sales and marketing expense is primarily driven by a reduction in commission expense due to increasing the expected period of benefit of our deferred sales commissions from five years to ten years, partially offset by an increase in investment in our sales force in order to support our growth initiatives and an increase in employee-related costs. The increase in general and administrative expense is driven by the remeasurement of the DataFuzion contingent consideration and an increase in employee-related costs.

Operating profit (loss). Operating profit for the three months ended March 31, 2023, was \$38.4 million, compared to operating loss of \$18.9 million for the three months ended March 31, 2022. The \$57.3 million change was primarily due to the increase in revenue, including float revenue, gross margin expansion, and reductions in severance and restructuring expenses. Additionally, the increase in operating profit was partially due to a reduction in commission expense associated with increasing our expected period of benefit from five years to ten years. Partially offsetting these factors were higher product development and management costs. Adjusted operating profit increased by \$44.1 million to \$88.5 million for the three months ended March 31, 2023, compared to the three months ended March 31, 2022. Please refer to the [“Non-GAAP Financial Measures”](#) section for a discussion and reconciliation of Adjusted operating profit and additional information on the excluded items.

Interest expense, net. Interest expense, net was \$9.2 million and \$5.8 million for the three months ended March 31, 2023, and 2022, respectively. The increase was primarily due to an increase in interest expense on our Term Debt due to the increase in LIBOR rates.

Other expense (income), net. For the three months ended March 31, 2023, and 2022, we incurred other expense, net of \$0.8 million and other income, net of \$0.3 million, respectively. Other expense (income), net was primarily comprised of foreign currency translation (gains) losses and net periodic pension expense.

Income tax expense. For the three months ended March 31, 2023, and 2022, we recorded income tax expense of \$18.5 million and \$3.0 million, respectively. The \$15.5 million increase in income tax expense was primarily due to a \$11.1 million increase attributable to operations, a \$2.3 million increase attributable to U.S. state taxes, and a \$1.8 million increase attributable to international tax rate differences.

Net income (loss). We realized net income of \$9.9 million for the three months ended March 31, 2023, compared to net loss of \$27.4 million for the three months ended March 31, 2022. Net income increased due to the increase in revenue, including float revenue, gross margin expansion, and reductions in severance, restructuring and commission expenses, partially offset by higher product development and management costs. For the three months ended March 31, 2023 and 2022, net profit margin was 2.7% and (9.3)%, respectively.

Adjusted EBITDA. Adjusted EBITDA increased by \$48.0 million to \$105.4 million, for the three months ended March 31, 2023, compared to the three months ended March 31, 2022, and Adjusted EBITDA margin was 28.4% for the three months ended March 31, 2023, compared to 19.6% for the three months ended March 31, 2022. Please refer to the [“Non-GAAP Financial Measures”](#) section for a discussion and reconciliation of Adjusted EBITDA and Adjusted EBITDA margin and additional information on the excluded items.

Liquidity and Capital Resources

Our primary sources of liquidity are our existing cash and equivalents, cash provided by operating activities, availability under our Revolving Credit Facility, and proceeds from debt issuances and equity offerings. As of March 31, 2023, we had cash and equivalents of \$428.6 million and our total debt was \$1,232.4 million.

Our primary liquidity needs are related to funding of general business requirements, including the payment of interest and principal on our debt, capital expenditures, product development, and funding Dayforce Wallet on demand pay requests on behalf of our customers. From time to time, we have made investments in businesses or acquisitions of companies, which are also liquidity needs.

We believe that our cash flow from operations, available cash and equivalents, and availability under our Revolving Credit Facility will be sufficient to meet our liquidity needs for the foreseeable future. Dayforce Wallet on demand pay requests are currently funded from our operating cash balances, until it is reimbursed by our customers through their normal payroll funding cycles. We evaluate the creditworthiness of each customer utilizing the Dayforce Wallet feature. We anticipate that to the extent that we require additional liquidity, it will be funded through the issuance of equity, the incurrence of additional indebtedness, or a combination thereof. We cannot provide assurance that we will be able to obtain this additional liquidity on reasonable terms, or at all. Additionally, our liquidity and our ability to meet our obligations and to fund our capital requirements and Dayforce Wallet on demand pay requests are also dependent on our future financial performance, which is subject to general economic, financial, and other factors that are beyond our control. Accordingly, we cannot provide assurance that our business will generate sufficient cash flow from operations or that future borrowings will be available from additional indebtedness or otherwise to meet our liquidity needs. If we decide to pursue one or more significant acquisitions, we may incur additional debt or raise additional equity to finance such acquisitions, which would result in additional expenses and/or dilution.

Our customer funds are held and invested with the primary objectives being to protect the principal balance and to ensure adequate liquidity to meet cash flow requirements. Accordingly, we maintain on average approximately 45% to 55% of customer funds in liquidity portfolios with maturities ranging from one to 120 days, consisting of high-quality bank deposits, money market mutual funds, commercial paper, or collateralized short-term investments; and we maintain on average approximately 45% to 55% of customer funds in fixed income portfolios with maturities ranging from 120 days to 10 years, consisting of U.S. Treasury and agency securities, Canada government and provincial securities, as well as highly rated asset-backed, mortgage-backed, municipal, corporate, and bank securities. To maintain sufficient liquidity to meet payment obligations, we also have financing arrangements and may pledge fixed income securities for short-term financing. The customer assets are held in segregated accounts intended for the specific purpose of satisfying customer funding obligations and therefore are not freely available for our general business use.

Statements of Cash Flows

Changes in cash flows due to purchases of customer fund marketable securities and proceeds from the sale or maturity of customer fund marketable securities, as well as the carrying value of customer fund accounts as of period end dates can vary significantly due to several factors, including the specific day of the week the period ends, which impacts the timing of funds collected from customers and payments made to satisfy customer obligations to employees, taxing authorities, and others. The customer funds are fully segregated from our operating cash accounts and are evaluated and tracked separately by management. The table below summarizes the activity within the condensed consolidated statements of cash flows:

	Three Months Ended March 31,	
	2023	2022
	(Dollars in millions)	
Net cash provided by operating activities	\$ 11.3	\$ 5.5
Net cash used in investing activities	(1.4)	(184.7)
Net cash provided by financing activities	2,090.8	3,883.7
Effect of exchange rate changes on cash, restricted cash, and equivalents	(7.7)	1.7
Net increase in cash, restricted cash, and equivalents	2,093.0	3,706.2
Cash, restricted cash, and equivalents at beginning of period	2,604.9	1,952.8
Cash, restricted cash, and equivalents at end of period	4,697.9	5,659.0
Cash and equivalents	428.6	354.8
Restricted cash and equivalents	4,269.3	5,304.2
Total cash, restricted cash, and equivalents	\$ 4,697.9	\$ 5,659.0

Operating Activities

Net cash provided by operating activities was \$11.3 million during the three months ended March 31, 2023 compared to \$5.5 million during the three months ended March 31, 2022. For both periods, cash inflows from operating activities are primarily generated from the subscriptions of our solutions. Cash outflows from operating activities for both periods are primarily comprised of personnel-related expenditures that are integral to our business operations. The positive cash inflow in both periods is primarily due to our growing revenue, partially offset by our operating costs, mainly, investment in our sales force to support our growth initiatives and those product development and management costs which are not eligible for capitalization.

Investing Activities

During the three months ended March 31, 2023, net cash used in investing activities was \$1.4 million, consisting of purchases of customer funds marketable securities of \$72.5 million and capital expenditures of \$28.4 million, partially offset by proceeds from the sale and maturity of customer funds marketable securities of \$100.5 million. Our capital expenditures included \$21.9 million for software and technology and \$6.5 million for property and equipment.

During the three months ended March 31, 2022, net cash used in investing activities was \$184.7 million, consisting of purchases of customer funds marketable securities of \$276.9 million and capital expenditures of \$19.9 million, partially offset by proceeds from the sale and maturity of customer funds marketable securities of \$112.1 million. Our capital expenditures included \$17.8 million for software and technology and \$2.1 million for property and equipment.

Financing Activities

Net cash provided by financing activities was \$2,090.8 million during the three months ended March 31, 2023. This cash inflow is primarily attributable to an increase in net customer fund obligations of \$2,078.1 million and proceeds from issuance of common stock under our share-based compensation plans of \$14.8 million, partially offset by payments on our long-term debt obligations of \$2.1 million.

Net cash provided by financing activities was \$3,883.7 million during the three months ended March 31, 2022. This cash inflow is primarily attributable to an increase in net customer fund obligations of \$3,879.8 million and proceeds from issuance of common stock under our share-based compensation plans of \$6.0 million, partially offset by payments on our long-term debt obligations of \$2.1 million.

Backlog

Backlog is equivalent to our remaining performance obligations, which represents contracted revenue for recurring and fixed price professional services, primarily implementation services, that has not yet been recognized, including deferred revenue and unbilled amounts that will be recognized as revenue in future periods. As of March 31, 2023, our remaining performance obligations were approximately \$1,191.0 million. Please refer to [Note 10, "Revenue,"](#) to our condensed consolidated financial statements for further discussion of our remaining performance obligations.

Off-Balance Sheet Arrangements

As of March 31, 2023, we did not have any "off-balance sheet arrangements" (as such term is defined in Item 303 of Regulation S-K).

Critical Accounting Policies and Estimates

During the three months ended March 31, 2023, there were no significant changes to our critical accounting policies and estimates as described in Part II, "Item 7. Management's Discussion and Analysis" under the heading "Critical Accounting Policies and Estimates" contained in our [2022 Form 10-K](#).

Non-GAAP Financial Measures

We use certain non-GAAP financial measures in this document including:

Non-GAAP Financial Measure	GAAP Financial Measure
EBITDA	Net income (loss)
Adjusted EBITDA	Net income (loss)
Adjusted EBITDA margin	Net profit margin
Adjusted Cloud recurring gross margin	Cloud recurring gross margin
Adjusted operating profit	Operating profit (loss)
Adjusted operating profit margin	Operating profit (loss) margin
Adjusted net income	Net income (loss)
Adjusted net profit margin	Net profit margin
Adjusted diluted net income per share	Diluted net income (loss) per share
Revenue, including total revenue and revenue by solution, on a constant currency basis	Revenue, including total revenue and revenue by solution
Dayforce recurring revenue per customer	No directly comparable GAAP measure

We believe that these non-GAAP financial measures are useful to management and investors as supplemental measures to evaluate our overall operating performance including comparison across periods and with competitors. Our management team uses these non-GAAP financial measures to assess operating performance because these financial measures exclude the results of decisions that are outside the normal course of our business operations, and are used for internal budgeting and forecasting purposes both for short- and long-term operating plans. Additionally, Adjusted EBITDA is a component of our management incentive plan and Adjusted Cloud recurring gross margin is a component of certain performance based equity awards for our named executive officers. These non-GAAP financial measures are not required by, defined under, or presented in accordance with, GAAP, and should not be considered as alternatives to our results as reported under GAAP, have important limitations as analytical tools, and our use of these terms may not be comparable to similarly titled measures of other companies in our industry. Our presentation of non-GAAP financial measures should not be construed to imply that our future results will be unaffected by similar items to those eliminated in this presentation.

We define our non-GAAP financial measures as follows:

- EBITDA is defined as net income (loss) before interest, taxes, depreciation, and amortization, and Adjusted EBITDA as EBITDA, as adjusted to exclude share-based compensation expense and related employer taxes, and certain other items.
- Adjusted EBITDA margin is determined by calculating the percentage Adjusted EBITDA is of total revenue.
- Adjusted Cloud recurring gross margin is defined as Cloud recurring gross margin, as adjusted to exclude share-based compensation and related employer taxes, and certain other items, as a percentage of total Cloud recurring revenue.
- Adjusted operating profit is defined as operating profit (loss), as adjusted to exclude share-based compensation expense and related employer taxes, amortization of acquisition-related intangible assets, and certain other items.
- Adjusted operating profit margin is determined by calculating the percentage Adjusted operating profit is of total revenue.
- Adjusted net income is defined as net income (loss), as adjusted to exclude share-based compensation expense and related employer taxes, amortization of acquisition-related intangible assets, and certain other items, all of which are adjusted for the effect of income taxes.
- Adjusted net profit margin is determined by calculating the percentage Adjusted net income is of total revenue.
- Adjusted diluted net income per share is calculated by dividing adjusted net income by diluted weighted average common shares outstanding. When adjusted diluted net income is positive, diluted weighted average common shares outstanding incorporate the effect of dilutive equity instruments.
- Revenue, including total revenue and revenue by solution, on a constant currency basis is calculated by applying the average foreign exchange rate in effect during the comparable prior period.

- Dayforce recurring revenue per customer is an indicator of the average size of Dayforce recurring revenue customers. To calculate Dayforce recurring revenue per customer, we start with Dayforce recurring revenue on a constant currency basis by applying the same exchange rate to all comparable periods for the trailing twelve months and excludes float revenue, the impact of lower employment levels in 2021 due to the COVID-19 pandemic, and Ascender and ADAM HCM revenue. This amount is divided by the number of live Dayforce customers at the end of the trailing twelve month period, excluding Ascender and ADAM HCM. We have not reconciled the Dayforce recurring revenue per customer because there is no directly comparable GAAP financial measure.

The following tables reconcile our reported results to our non-GAAP financial measures:

	Three Months Ended March 31, 2023						
	As reported	As reported margins (a)	Share-based compensation (Dollars in millions, except per	Amortization	Other (b)	As adjusted (b)	As adjusted margins (a)
			compensation		share data)		
Cost of revenue:							
Recurring							
Cloud	\$ 66.9	77.3%	\$ 4.0	\$ —	\$ —	\$ 62.9	78.7%
Other	13.2		0.3	—	—	12.9	
Total recurring	80.1		4.3	—	—	75.8	
Professional services and other	63.9		4.4	—	—	59.5	
Product development and management	51.0		8.1	—	—	42.9	
Depreciation and amortization	15.3		—	—	—	15.3	
Total cost of revenue	210.3		16.8	—	—	193.5	
Sales and marketing	54.2		5.2	—	—	49.0	
General and administrative	67.7		18.2	5.5	4.4	39.6	
Operating profit	38.4	10.4%	40.2	5.5	4.4	88.5	23.9%
Other expense (income), net	0.8		—	—	1.1	(0.3)	
Depreciation and amortization	22.1		—	(5.5)	—	16.6	
EBITDA	59.7		40.2	—	5.5	105.4	28.4%
Interest expense, net	9.2		—	—	—	9.2	
Income tax expense (c)	18.5		—	—	(11.8)	30.3	
Depreciation and amortization	22.1		—	5.5	—	16.6	
Net income	\$ 9.9	2.7%	\$ 40.2	\$ 5.5	\$ (6.3)	\$ 49.3	13.3%
Net income per share - basic (d)	\$ 0.06		\$ 0.26	\$ 0.04	\$ (0.04)	\$ 0.32	
Net income per share - diluted (d)	\$ 0.06		\$ 0.25	\$ 0.03	\$ (0.04)	\$ 0.31	

- Cloud recurring gross margin is defined as total Cloud recurring revenue less cost of Cloud recurring revenue as a percentage of total Cloud recurring revenue. Operating profit margin and net profit margin are determined by calculating the percentage operating profit and net income are of total revenue. Please refer to the "Non-GAAP Financial Measures" section for the definitions of Adjusted Cloud recurring gross margin, Adjusted operating profit, Adjusted EBITDA margin, and Adjusted net profit margin.
- The as adjusted column is a non-GAAP financial measure, adjusted to exclude share-based compensation expense and related employer taxes, amortization of acquisition-related intangible assets, and certain other items including \$3.5 million related to the fair value adjustment for the DataFuzion contingent consideration, \$1.1 million of foreign exchange loss, \$0.8 million of restructuring consulting fees, and \$0.1 million related to the abandonment of certain leased facilities, along with a \$11.8 million net adjustment for the effect of income taxes related to these items.
- Income tax effects have been calculated based on the statutory tax rates in effect in the U.S. and foreign jurisdictions during the period.
- GAAP and Adjusted basic and diluted net income per share are calculated based upon 154,247,972 and 157,700,701 weighted-average shares of common stock, respectively.

Three Months Ended March 31, 2022

	As reported	As reported margins (a)	Share-based compensation (Dollars in millions, except per share data)	Amortization	Other (b)	As adjusted (b)	As adjusted margins (a)
Cost of revenue:							
Recurring							
Cloud	\$ 64.6	69.3%	\$ 3.5	\$ —	\$ 9.6	\$ 51.5	75.5%
Other	17.7		0.4	—	1.5	15.8	
Total recurring	82.3		3.9	—	11.1	67.3	
Professional services and other	54.5		2.9	—	0.2	51.4	
Product development and management	40.4		5.8	—	3.3	31.3	
Depreciation and amortization	13.0		—	—	—	13.0	
Total cost of revenue	190.2		12.6	—	14.6	163.0	
Sales and marketing	58.4		5.2	—	2.1	51.1	
General and administrative	63.6		17.7	7.8	3.3	34.8	
Operating (loss) profit	(18.9)	(6.4)%	35.5	7.8	20.0	44.4	15.1%
Other (income) expense, net	(0.3)		—	—	(0.4)	0.1	
Depreciation and amortization	20.9		—	(7.8)	—	13.1	
EBITDA	2.3		35.5	—	19.6	57.4	19.6%
Interest expense, net	5.8		—	—	—	5.8	
Income tax expense (c)	3.0		—	—	(15.0)	18.0	
Depreciation and amortization	20.9		—	7.8	—	13.1	
Net (loss) income	\$ (27.4)	(9.3)%	\$ 35.5	\$ 7.8	\$ 4.6	\$ 20.5	7.0%
Net (loss) income per share - basic (d)	\$ (0.18)		\$ 0.23	\$ 0.05	\$ 0.03	\$ 0.13	
Net (loss) income per share - diluted (d)	\$ (0.18)		\$ 0.23	\$ 0.05	\$ 0.03	\$ 0.13	

- (a) Cloud recurring gross margin is defined as total Cloud recurring revenue less cost of Cloud recurring revenue as a percentage of total Cloud recurring revenue. Operating profit margin and net profit margin are determined by calculating the percentage operating profit and net income are of total revenue. Please refer to the "Non-GAAP Financial Measures" section for the definitions of Adjusted Cloud recurring gross margin, Adjusted operating profit, Adjusted EBITDA margin, and Adjusted net profit margin.
- (b) The as adjusted column is a non-GAAP financial measure, adjusted to exclude share-based compensation expense and related employer taxes, amortization of acquisition-related intangible assets, and certain other items including \$17.3 million of severance charges, \$1.9 million of restructuring consulting fees, \$0.8 million related to the impact of the fair value adjustment for the DataFuzion contingent consideration, \$0.4 million related to the difference between the historical five-year average pension expense and the current period actuarially determined pension expense associated with the planned termination of the frozen U.S. pension plan and related changes in investment strategy associated with protecting the now fully funded status, and \$0.8 million of foreign exchange gain, along with a \$15.0 million net adjustment for the effect of income taxes related to these items.
- (c) Income tax effects have been calculated based on the statutory tax rates in effect in the U.S. and foreign jurisdictions during the period.
- (d) GAAP basic and diluted net loss per share are calculated based upon 152,124,151 weighted-average shares of common stock, and Adjusted basic and diluted net income per share are calculated based upon 152,124,151 and 155,766,268 weighted-average shares of common stock, respectively.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks related to foreign currency exchange rates, interest rates, and pension obligations. We seek to minimize or to manage these market risks through normal operating and financing activities. These market risks may be amplified by events and factors surrounding global events. We do not trade or use instruments with the objective of earning financial gains on the market fluctuations, nor do we use instruments where there are not underlying exposures.

Foreign Currency Risk. Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian Dollar. Our exposure to foreign currency exchange rates has historically been partially hedged as our foreign currency denominated inflows create a natural hedge against our foreign currency denominated expenses. Accordingly, our results of operations and cash flows were not materially affected by fluctuation in foreign currency exchange rates, and we believe that a hypothetical 10% change in foreign currency exchange rates or an inability to access foreign funds would not materially affect our ability to meet our operational needs or result in a material foreign currency loss in the future. Due to the relative size of our international operations to date, we have not instituted an active hedging program. We expect our international operations to continue to grow in the near term, and we are monitoring the foreign currency exposure to determine if we should begin a hedging program.

Interest Rate Risk. Our operating results and financial condition are subject to fluctuations due to changes in interest rates, primarily in relation to: (1) our customer funds market valuation and float revenue derived therefrom, (2) our debt and the interest paid on such, and (3) our cash and equivalents and the interest income earned on these balances. Collectively, we do not believe that a change in interest rates of 100 basis points would have a material effect on our operating results or financial condition.

In certain jurisdictions, we collect funds for payment of payroll and taxes; temporarily hold such funds in segregated accounts until payment is due; remit the funds to the customers' employees and appropriate taxing authority; file federal, state and local tax returns; and handle related regulatory correspondence and amendments. We invest the customer funds in high-quality bank deposits, money market mutual funds, commercial paper or collateralized short-term investments. We may also invest these funds in government securities, as well as highly rated asset-backed, mortgage-backed, corporate, and bank securities.

We have exposure to risks associated with changes in laws and regulations that may affect customer fund balances. For example, a change in regulations, either reducing the amount of taxes to be withheld or allowing less time to remit taxes to government authorities, would reduce our average customer fund balances and float revenue. Based on current market conditions, portfolio composition and investment practices, a 100 basis point increase in market investment rates would result in approximately \$24 million increase in float revenue over the ensuing twelve month period. There are no incremental costs of revenue associated with changes in float revenue.

We pay floating rates of interest on our Term Debt and Revolving Credit Facility. The interest paid on these borrowings will fluctuate up or down in relation to changes in market interest rates. A 100 basis point increase in the LIBOR rates would result in approximately \$6 million increase in our interest expense over the ensuing twelve-month period. Please refer to [Note 7, "Debt"](#) for additional information.

We do not enter into investments for trading or speculative purposes. Our cash equivalents and our portfolio of marketable securities are subject to market risk due to changes in interest rates. Fixed rate securities may have their market value adversely affected due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectation due to changes in interest rates or we may suffer losses in principal if we are forced to sell securities that decline in market value due to changes in interest rates.

However, because we classify our securities as "available for sale," no gains or losses are recognized due to changes in interest rates unless such securities are sold prior to maturity or declines in fair value are determined to be unrecoverable. Fluctuations in the value of our investment securities caused by a change in interest rates (gains or losses on the carrying value) are recorded in other comprehensive income, and are realized only if we sell the underlying securities. Please refer to [Note 4, "Customer Funds"](#) for additional information.

Pension Obligation Risk. We provide a pension plan for certain current and former U.S. employees that closed to new participants on January 2, 1995. In 2007, the U.S. pension plan was amended (1) to exclude from further participation any participant or former participant who was not employed by the company or another participating employer on January 1, 2008, (2) to discontinue participant contributions, and (3) to freeze the accrual of additional benefits as of December 31, 2007. In applying relevant accounting policies, we have made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, discount rates, and health care cost trends. The cost of pension benefits in future periods will depend on actual returns on plan assets, assumptions for future periods, contributions, and benefit experience. The effective discount rate used in accounting for pension and other benefit obligations in 2022 ranged from 4.72% to 4.84%. The expected rate of return on plan assets for qualified pension benefits in 2023 is 5.20%.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rule 13(a)-15(e) of the Exchange Act, are controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner and (2) accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management has evaluated, under the supervision and with the participation of our Co-Chief Executive Officers and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Form 10-Q pursuant to Rule 13a-15(b) of the Exchange Act. Based on that evaluation, our Co-Chief Executive Officers and Chief Financial Officer have concluded that our disclosure controls and procedures as of the end of the period covered by this Form 10-Q are effective. While our disclosure controls and procedures are designed to provide reasonable assurance of their effectiveness, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected.

Changes in Internal Control over Financial Reporting

There were no changes to our internal controls over financial reporting during the three months ended March 31, 2023 that have materially affected, or that are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to claims and a number of judicial and administrative proceedings considered normal in the course of our current and past operations, including employment-related disputes, contract disputes, disputes with our competitors, intellectual property disputes, government audits and proceedings, customer disputes, and tort claims. In some proceedings, the claimant seeks damages as well as other relief, which, if granted, would require substantial expenditures on our part.

Some of these matters raise difficult and complex factual and legal issues and are subject to many uncertainties, including the facts and circumstances of each particular action, and the jurisdiction, forum, and law under which each action is proceeding. Because of these complexities, final disposition of some of these proceedings may not occur for several years. As such, we are not always able to estimate the amount of our possible future liabilities, if any. We are not presently a party to any legal proceedings that, if determined adversely to us, we believe would individually or taken together have a material adverse effect on our business, financial condition or liquidity.

As previously reported in Part I, Item 3, Legal Proceedings of our Form 10-K for the fiscal year ended December 31, 2022, on October 21, 2021, a claim was issued by purported stockholder, Bluemoon Capital Ltd., in the Superior Court of Justice of Ontario, Canada. The claim is against the Company, together with David Ossip, Chair and Co-Chief Executive Officer of the Company, Arthur Gitajn, former EVP and Chief Financial Officer of the Company, Gnaneshwar Rao, director of the Company, and Brent Bickett, director of the Company, as well as certain third parties. On or about February 22, 2023, the parties reached an agreement that Bluemoon Capital Ltd. will seek the court's approval to discontinue the action on a without costs basis. It is expected this will proceed in short order and the matter will be considered closed.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, such as Item 2 on Part I - under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations", the reader should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our [Annual Report on Form 10-K](#) for the year ended December 31, 2022. There have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

(a) Exhibits

The following exhibits are filed or furnished as a part of this report:

Exhibit No.	Description
3.1	<u>Fourth Amended and Restated Certificate of Incorporation of Ceridian HCM Holding Inc. (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed by the Company on May 5, 2021).</u>
3.2	<u>Third Amended and Restated Bylaws of Ceridian HCM Holding Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
4.1	<u>Certificate of Common Stock (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q filed by the Company on May 24, 2018).</u>
4.2	<u>Registration Rights Agreement, dated April 30, 2018, by and among Ceridian HCM Holding Inc. and the other parties thereto (incorporated by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q filed by the Company on May 24, 2018).</u>
4.3	<u>Indenture, dated as of March 5, 2021, between Ceridian HCM Holding Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Company on March 5, 2021).</u>
4.4	<u>Form of 0.25% Convertible Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Company on March 5, 2021).</u>
10.1	<u>Fourth Amendment to Employment Agreement, effective February 28, 2023, between Ceridian HCM, Inc. and Christopher R. Armstrong (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
10.2	<u>Amended and Restated Employment Agreement, effective February 7, 2023, between Ceridian HCM, Inc. and Stephen H. Holdridge (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
10.3	<u>Ceridian HCM Holding Inc. 2023 Management Incentive Plan (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
10.4*	<u>Ceridian HCM Holding Inc. Amended and Restated Director Compensation Program.</u>
10.5	<u>Form of Performance Stock Unit Award Agreement (for awards made after January 1, 2023) (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
10.6	<u>Form of Performance Stock Unit Award Agreement (for Canadian executive awards made after January 1, 2023) (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
10.7	<u>Form of Restricted Stock Unit Award Agreement (for awards made after January 1, 2023) (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
10.8	<u>Form of Restricted Stock Unit Award Agreement (for Canadian executive awards made after January 1, 2023) (incorporated by reference to Exhibit 10.7 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
10.9	<u>Form of Restricted Stock Unit Award Agreement Cliff Vest (for awards made after January 1, 2023) (incorporated by reference to Exhibit 10.8 to the Current Report on Form 8-K filed by the Company on March 1, 2023).</u>
31.1*	<u>Certification of Co-Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Co-Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.3*	<u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certification of Co-Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of Co-Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>

32.3*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH*	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 (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

SIGNATURES

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

CERIDIAN HCM HOLDING INC.

Date: May 3, 2023

By: /s/ David D. Ossip
Name: David D. Ossip
Title: Co-Chief Executive Officer
(Co-Principal Executive Officer)

Date: May 3, 2023

By: /s/ Leagh E. Turner
Name: Leagh E. Turner
Title: Co-Chief Executive Officer
(Co-Principal Executive Officer)

Date: May 3, 2023

By: /s/ Noémie C. Heuland
Name: Noémie C. Heuland
Title: Executive Vice President and Chief Financial
Officer
(Principal Financial Officer)

CERIDIAN HCM HOLDING INC.

Amended and Restated Director Compensation Program

Director Annual Retention Fee.

Each of our non-employee directors, (a “Non-Employee Director”), will receive an annual retention fee of \$300,000 to be paid following our annual stockholders meeting. The annual retention fee is comprised of restricted stock units and/or stock options at the election of the Non-Employee Director valued at \$250,000 and \$50,000 in cash. The Non-Employee Director may also elect to be paid the \$50,000 cash retainer in whole or in part in the form of additional restricted stock units and/or stock options. Any cash retention fees will be paid in quarterly installments. The annual equity awards will vest quarterly (i.e., twenty-five percent (25%) will vest every three months).

Board Committee Chair Fees.

A Non-Employee Director who is (i) the chair of the Audit Committee receives an additional annual cash fee of \$20,000, (ii) the chair of the Compensation Committee receives an additional annual cash fee of \$12,500, and (iii) the chair of the Corporate Governance and Nominating Committee receives an additional annual cash fee of \$7,500. The Non-Employee Director may also elect to be paid in whole or in part in the form of additional restricted stock units and/or stock options. Such cash Chair Fees will be paid in quarterly installments.

Lead Director Fee.

The Independent Director who serves as lead, independent director (“Lead Director”) receives an additional annual cash fee of \$50,000. The Lead Director may also elect to be paid in whole or in part in the form of additional restricted stock units and/or stock options. Such cash Lead Director fees will be paid in quarterly installments.

Reimbursement of Expenses.

Our Non-Employee Directors will be reimbursed for approved director education courses. Directors will also be reimbursed for reasonable out-of-pocket travel expenses incurred in connection with attendance at Board of Directors and Board committee meetings and other Board-related activities.

One Time Equity Award.

A Non-Employee Director will also receive a one-time restricted stock unit award with a value of \$200,000 which shall vest annually over three years from the date of grant following the Non-Employee Director’s initial appointment to the Board of Directors of the Company.

*All amounts are reflected in USD

CERTIFICATIONS

I, David D. Ossip, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ceridian HCM Holding 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)) 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 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: May 3, 2023

By: /s/ David D. Ossip
David D. Ossip
Co-Chief Executive Officer

CERTIFICATIONS

I, Leagh E. Turner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ceridian HCM Holding 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)) 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 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: May 3, 2023

By: /s/ Leagh E. Turner
Leagh E. Turner
Co-Chief Executive Officer

CERTIFICATIONS

I, Noémie C. Heuland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ceridian HCM Holding 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)) 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 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: May 3, 2023

By: /s/ Noémie C. Heuland

Noémie C. Heuland
Executive Vice President and
Chief Financial Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that he is the duly appointed and acting Co-Chief Executive Officer of Ceridian HCM Holding Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: May 3, 2023

By: /s/ David D. Ossip
David D. Ossip
Co-Chief Executive Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that she is the duly appointed and acting Co-Chief Executive Officer of Ceridian HCM Holding Inc., a Delaware corporation (the "Company"), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite her signature below.

Date: May 3, 2023

By: /s/ Leagh E. Turner

Leagh E. Turner

Co-Chief Executive Officer

CERTIFICATION OF PERIODIC FINANCIAL REPORTS PURSUANT TO 18 U.S.C. §1350

The undersigned hereby certifies that she is the duly appointed and acting Executive Vice President and Chief Financial Officer of Ceridian HCM Holding Inc., a Delaware corporation (the “Company”), and hereby further certifies as follows.

1. The periodic report containing financial statements to which this certificate is an exhibit fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
2. The information contained in the periodic report to which this certificate is an exhibit fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite her signature below.

Date: May 3, 2023

By: /s/ Noémie C. Heuland
Noémie C. Heuland
Executive Vice President and Chief
Financial Officer